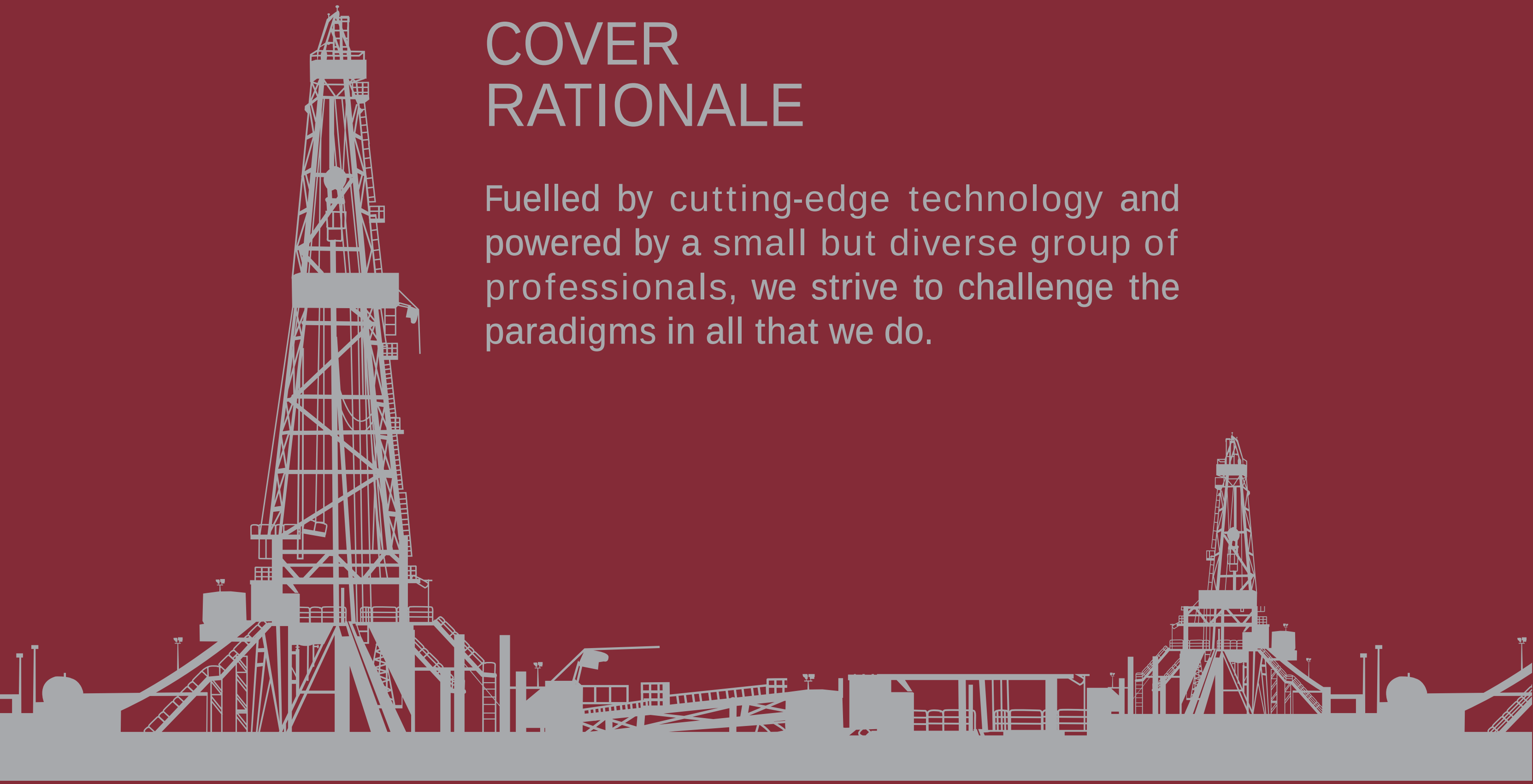
Hibiscus Petroleum

# ANNUAL REPORT 2012/2013

POWERED BY PEOPLE
FUELLED BY TECHNOLOGY



# COVER RATIONALE

Fuelled by cutting-edge technology and powered by a small but diverse group of professionals, we strive to challenge the paradigms in all that we do.

# OUR VISION

## To Be a Respected Independent Oil and Gas Exploration & Production Company

### OUR GOAL

Creating Value Through Our Knowledge And Experience

### OUR VALUES

Enterprising
Trustworthy
Agile

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| Target Areas of Operation | Middle East, Norway, Asia-Pacific |
| Partners | Rex Oil & Gas Ltd (BVI), Schroders & Co Banque SA (Switzerland), 3D Oil Limited (Australia) |
| Manpower | 28 |
| Listing | Main Market of Bursa Malaysia Securities Berhad (July 2011) |
| Head Office | Kuala Lumpur |

Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) is Malaysia's first listed independent oil and gas exploration and production company with assets located in the Middle East, Norway and the Asia-Pacific regions.

Hibiscus Petroleum's journey began in July 2011 when we were listed on the Main Market of Bursa Malaysia Securities Berhad as the first Special Purpose Acquisition Company (SPAC)[1] in South-East Asia, raising a total of RM245 million.

In April 2012, the Company completed its first acquisition - a 35% stake in Lime Petroleum Plc (Lime), a dynamic exploration company which currently holds four exploration concessions in the Middle East and is in the process of finalising interests in up to six exploration concessions in Norway.

In January 2013, as part of our strategy to build a balanced portfolio of assets, Hibiscus Petroleum acquired a 13% stake in an Australian–listed company, 3D Oil Limited (3D Oil) and a 50.1% stake in the latter's VIC/P57 permit located in the prolific Gippsland Basin off south-eastern Australia. The VIC/P57 permit contains a proven discovery of 9.2 million barrels of oil in the West Seahorse field as well as a number of exploration prospects.

In March 2013, the Company entered into a joint venture arrangement with Rex South East Asia Ltd to form HiRex Petroleum Sdn Bhd (HIREX). In July 2013, Panama-based firm, Triax Ventures Corp injected USD10 million into HIREX for a 15% equity stake, thus effectively valuing HIREX at approximately USD67 million.

We are pleased to highlight that we have exclusive rights to use the state-of-the-art Rex Technology Package[2] in 15 countries in the Middle East and on a project basis in Norway. Through HIREX, we have also been provided with the first right of refusal to utilise the Rex Technology Package in 11 countries in the Asia-Pacific region.

At present, the Company is preparing to drill two exploration wells in Lime's Block 50 Oman concession which has estimated prospective resources of 160 million barrels. Another key target is to commence oil production in West Seahorse by early 2015.

The Company's stock trades under the stock code 5199 (HIBISCS).

[1] A SPAC is a shell company that has no operations but goes public with the intention of merging with or acquiring operating companies or businesses with its IPO proceeds.

[2] The Rex Technology Package consists of Rex Gravity, Rex Seepage & Rex Virtual Drilling. The Rex Technology Package seeks to:-

- Increase the probability of success in exploration drilling
- Reduce the time to commercialise viable fields

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# CHAIRMAN'S STATEMENT

Essentially, it has been a very encouraging year for us and it gives me great pleasure to share with you the highlights of our journey over the last 12 months ended 31 March 2013.

**Zainul Rahim bin Mohd Zain**
Chairman

**Dear Shareholders,**

It has been another challenging year for the oil and gas industry, with global financial market volatilities and geopolitical uncertainties combining to cause a downward pressure on the price of oil which, however, managed to stay above USD100 per barrel.

While Hibiscus Petroleum Berhad (Hibiscus Petroleum) is certainly affected by global currents, and especially those that sweep across the oil and gas industry, we are still at an expansionary phase of our journey. Hence, the soft market actually acted in our favour in creating a conducive environment for us to further grow our portfolio of assets via acquisitions that suit our business strategy. Not only have we increased our asset base, we have also extended the right of our jointly-controlled companies to use game-changing technologies in new markets, giving us a definite edge over other Exploration and Production players. At the same time, we have increased our human resources base to provide essential support to our expanding business.

In last year's annual report, we had indicated our intention to balance our portfolio with assets in geographically diverse locations; as well as our target to unlock revenue streams from production by the end of calendar year 2013. Of these targets, we have achieved the former and are on track towards achieving the latter. Essentially, it has been a very encouraging year for us and it gives me great pleasure to share with you the highlights of our journey over the last 12 months ended 31 March 2013.

## FINANCIAL PERFORMANCE

Despite not having achieved production, we managed to increase our revenue by RM0.5 million from the previous financial year (FY), to record RM8.5 million for the FY ended 31 March 2013. This was derived mainly from project management, technical and other services fees, as well as from interest income. At the same time, our expenses grew along with an increase in personnel and the cost of project management and technical resources who have been working on the assets currently in our portfolio. Consequently, we made a loss before taxation of RM3.9 million for the current FY compared to RM4.4 million in the previous financial year. Considering our operational status, on the verge of drilling our first well for oil in Oman, the Board is satisfied with our financial results, and looks forward to a stronger financial position next year.

## ACQUISITION OF ASSETS

Referring once again to last year's annual report, I had shared Hibiscus Petroleum's acquisition of 35% of Lime Petroleum Plc (Lime), our qualifying acquisition. Through Lime, we became the proud owners of four assets in the Middle East, and currently are looking to add up to six concessions in the Norwegian Continental Shelf (NCS), subject to approval by the relevant Norwegian authorities. Lime had negotiated a deal with North Energy ASA (North Energy) to acquire 50% of its equity in up to six of its concessions in this mature and prolific oil and gas territory.

In February this year, Lime's subsidiary, Lime Petroleum Norway AS (Lime Norway), was pre-qualified by the Norwegian Ministry of Petroleum and Energy as a licensee in the NCS. This approval endorses Lime Norway as a qualified oil and gas player in Norway, thus allowing the company to directly hold participating interests in partner-operated licenses in the NCS. After performing in-depth technical evaluations, including using exploratory technologies developed by one of its major shareholders, Rex Oil & Gas Ltd (Rex), Lime Norway made a final selection of up to six production licences. The final number of concessions is still subject to appoval of the relevant authorities in Norway.

At the other end of the world, we subscribed for 13% equity interest in Australian Securities Exchange-listed 3D Oil Limited (3D Oil), an Exploration and Production company based in Melbourne, Australia; and acquired a 50.1% interest and operatorship in VIC/P57, in the Gippsland Basin, off the state of Victoria. The Gippsland Basin is the most productive hydrocarbon province in Australia, and our exploration permit covers the West Seahorse field which has discovered hydrocarbons, with a best estimate contingent resource of 9.2 million[1] barrels of oil.

[1] Reserves and Resources Statement prepared by Gaffney, Client Associates for 3D Oil Limited, February 2011

# CHAIRMAN'S STATEMENT

Continued

To summarise, from having four confirmed assets in the Middle East in the FY 2012, we now have up to ten exploration assets in the Middle East and Norway, as well as one development and exploration asset in Australia. We diversified our portfolio as planned, not only geographically but also geopolitically and geophysically. A significant achievement to note is the addition of a proven field – West Seahorse – into our portfolio which allows us to broaden our business activities from being only an explorer to also an operator of a development field. This addition is a step towards fulfilling our strategy to balance our portfolio by acquiring more moderate and low-risk assets in geo-politically stable regions.

## RIGHTS TO GAME-CHANGING TECHNOLOGY

Another major milestone for the year was the establishment in March 2013 of our joint venture company, HiRex Petroleum Sdn Bhd (HIREX), with Rex South East Asia Ltd and Triax Ventures Corp. HIREX has the first right to use Rex's state-of-the-art technologies – inclusive of the game-changing Rex Virtual Drilling technology – in 11 countries in the Asia-Pacific namely Malaysia, New Zealand, the Philippines, Vietnam, Australia, Thailand, Brunei, Papua New Guinea, Indonesia, Myanmar and Cambodia.

This is an extremely exciting development for us as, previously, Lime's agreement with Rex enabled us to employ its technologies only in the Middle East and in Norway on a project basis. Earlier this year, North Energy released the results of blind tests on historical wells it had conducted which showed that Rex Virtual Drilling was 100% accurate in predicting whether the wells were dry, had traces of oil or if they contained commercial quantities of liquid hydrocarbons.

Following this ground-breaking revelation, Lime Norway entered into a 3-year Intellectual Property Licence Agreement with Rex Technology Management Ltd, an affiliate of Rex, to pursue oil prospects in the NCS using the Virtual Drilling technology. By applying this Virtual Drilling technology, Lime Norway was able to quickly finalise its list of production licences in the NCS, as described above.

Effectively, we are now entitled to use Rex technologies in all the geographic areas where we have exploration assets.

## INCREASE IN HUMAN CAPITAL

It goes without saying that technology has been a major driver of the oil and gas industry since its very beginnings. Various cutting-edge technologies have been responsible for the successful identification, exploration, development and production of hydrocarbons. Today, it is allowing us to access difficult to reach reserves. Equally important is capable human resources – people with the skills and knowledge to make the most of technologies available, hence optimise opportunities and assets.

When we started out, our team of highly experienced personnel from the oil and gas industry was our trump card. Based on their expertise, network and management skills, we were able to attract sufficient investors to launch a highly successful IPO. As we continue to acquire more assets, it has become necessary to increase our human capital, and we have more than doubled our team from 14 in June 2012 to 28 as at 15 July 2013. Our expanded group comprises highly qualified and competent individuals of seven nationalities, representing the different sectors of the industry – from finance management to petrochemical engineering and geosciences.

I believe that the Company's reputation in the market has gone a long way towards attracting and retaining some of the best talents available. Together with their diverse backgrounds, our experienced and talented team stands Hibiscus Petroleum in good stead to establish our footprint regionally and beyond.

## OUTLOOK

The FY 2014 promises to be a turning point for Hibiscus, as this is when we intend to fulfil our promise of first commercial oil discovery. We target to drill two wells, that have been verified by Rex Virtual Drilling, in Block 50 Oman in the fourth quarter of 2013. Meanwhile, we are awaiting approval of our offshore production license for the West Seahorse development from the Australian regulators. As soon as this comes through, we will proceed to drill two development wells, with revenue from first oil targeted by the first quarter of 2015.

# CHAIRMAN'S STATEMENT

WE ARE FULLY AWARE OF OUR RESPONSIBILITY TO THE HEALTH AND SAFETY OF OUR PERSONNEL, AS WELL AS THE PRESERVATION OF THE ENVIRONMENT WHERE WE OPERATE.

As our activities intensify, we are placing greater focus on our Health, Safety, Security and Environment (HSSE) scorecard. We are fully aware of our responsibility to the health and safety of our personnel, as well as the preservation of the environment where we operate. We have brought on board an HSSE Manager and outlined a detailed HSSE policy to ensure safety and related issues are given top priority at all times.

HSSE forms part of Hibiscus Petroleum's commitment to upholding the highest standards of corporate governance thus ensuring integrity and professionalism in all our actions and decisions. As our operations have expanded, we reviewed and updated our internal policies during the year. Consequently, we have developed a comprehensive framework for risk governance under a new Risk Management Policy. This is overseen by an Executive Risk Management Committee which reports to the Audit & Risk Management Committee (ARMC), previously the Audit Committee.

At the same time, our joint venture company HIREX has been exploring for suitable assets to acquire in the Asia-Pacific region, and we are very excited about the possibility of operating in our home ground, with unrivalled technology that promises to increase the probability of exploration success while reducing the time to first oil. This region has been identified as one of the most exciting in terms of drilling activity, with Petronas itself having committed to investing no less than RM300 billion over five years from 2011 to 2015[2] to boost oil and gas production in order to meet the country's needs.

We are without doubt at a very exciting juncture in our journey, and I look forward to reporting a series of successes in FY 2014, which will serve as just reward to our many shareholders who have put their trust in us.

## ACKNOWLEDGEMENTS

I would like to acknowledge our various stakeholders for their support of Hibiscus Petroleum.

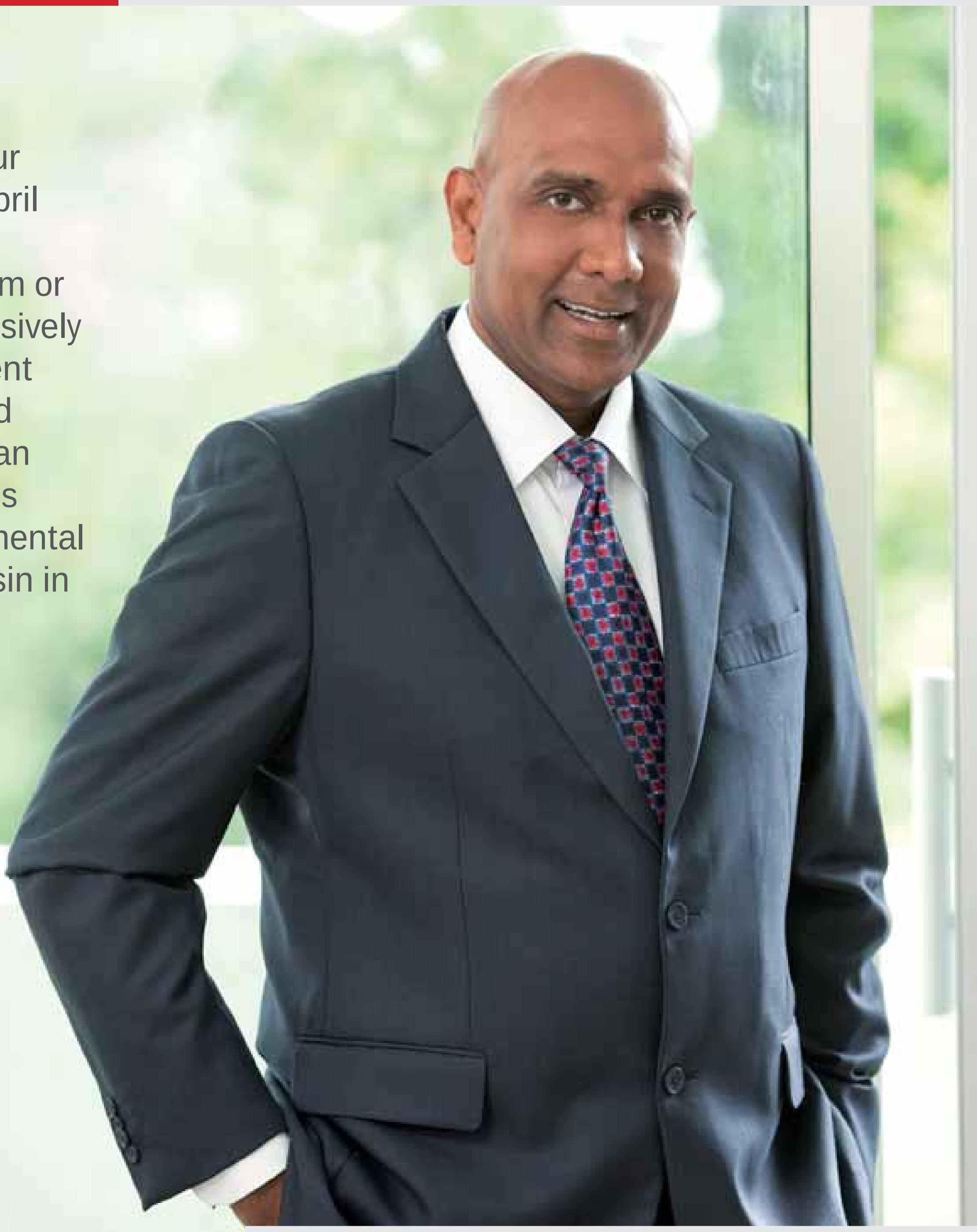
To our shareholders, thank you very much for your continued support. We are just as excited as you are about the next promising phase – of production – that we are about to enter. To our technology partner, Rex, thank you for choosing Hibiscus Petroleum as a vehicle to operationalise your leading-edge technologies. As for our partner companies, Lime and 3D Oil, we fully acknowledge your trust in our ability to take your exploration and production ambitions farther.

I would also like to express my gratitude to my colleagues on the Board of Hibiscus Petroleum for devoting their time and wisdom in steering this still young Company through what has often been uncharted waters – a path we chose to pursue by being the first SPAC and first independent oil and gas company in Malaysia. Last but not least, my heartfelt appreciation goes to the dynamic team at Hibiscus Petroleum; for every individual's total commitment, drive and passion which have seen us overcome many challenges as we continue to make headway in becoming a respected independent exploration and production company.

To all our stakeholders, once again, thank you.

[2] As reported in various newspapers, including the Edge at http://www.theedgemalaysia.com/business-news/228541-petronas-rm300-bil-capex-to-drive-malaysian-oag-sector-in-2013.html

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)



## Introduction

Since the completion of our Qualifying Acquisition in April 2012, Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) has progressively evolved into an independent oil and gas exploration and production company with an asset portfolio that extends from the Norwegian Continental Shelf to the Gippsland Basin in Australia.

**Dr Kenneth Gerard Pereira**
Managing Director

Activities during the year under review have allowed the Company to geopolitically diversify our asset base and have also permitted us to build the future value platform of our Company. As a young organisation, we continue to add invaluable experience as part of our resume in many aspects of international operations and we have become increasingly comfortable with a variety of merger and acquisition processes. We have also gained a wider acceptance in the industry in which we operate and that has had a significant impact on further improving the quality of the human capital that the Company is able to attract. As a spinoff, we have spurred a surge of interest in Special Purpose Acquisition Company (SPAC) listings in the local corporate landscape, pioneering new dimensions of entrepreneurship and investment opportunities. This was one of the secondary objectives that we aspired to achieve when we first set out on our journey and it is satisfying to see other oil and gas entrepreneurs embrace the formula we have developed. We wish them every success.

It has been a very eventful year, and we take great pleasure in providing a detailed review of our overall performance, with particular emphasis on our operations.

As a newly-formed SPAC in 2011, we devoted our energy and experience towards securing a Qualifying Acquisition that had the potential to create value, and deliver significant and sustainable returns to all stakeholders. Our acquisition of a 35% stake in Lime Petroleum Plc (Lime) was the starting point in our journey, transforming us into a full-fledged oil and gas exploration and production company. Since then, we have challenged ourselves with progressively higher targets which we strive hard to achieve them. Powered by people and fuelled by technology, we are driven to attain our long-term vision of becoming the premier Malaysian Independent Oil Company and a respected E&P player.


**Figure 1: Aiming Higher**

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Continued

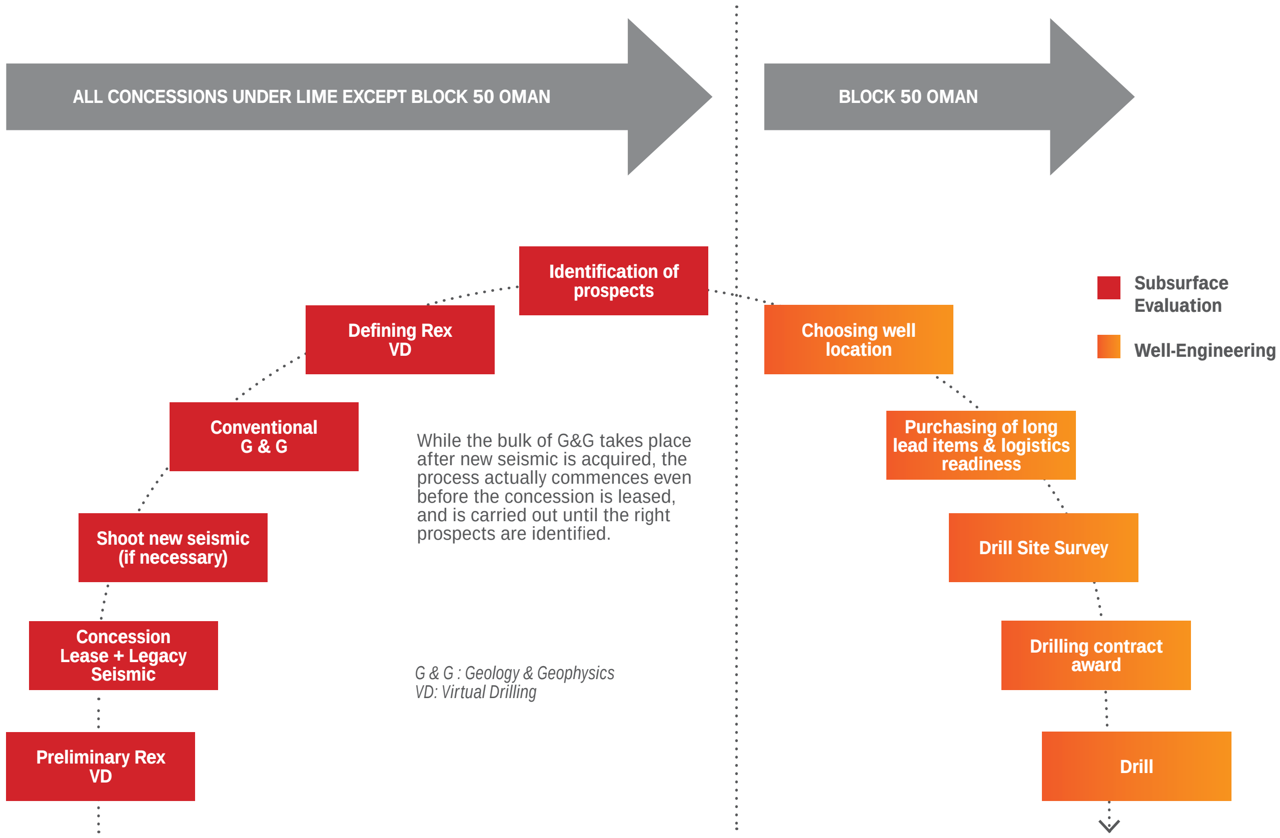



Figure 2: Progress of Exploration Assets under Lime

## MAINTAINING FOCUS ON LIME

Through our investment in Lime, we have accumulated equity positions in exploration assets in the Middle East and the Norwegian Continental Shelf (NCS). The year saw intense work carried out to ascertain the potential of these assets and in the process, Lime achieved several milestones which included robust preparations for drilling in Oman.

## BLOCK 50 OMAN

### *Drilling to Commence in 4Q 2013*

We had targeted to drill our first exploration well in Block 50 Oman in October 2012. We delayed the original drilling program because initial results from Rex Virtual Drilling studies on legacy seismic data indicated that there could be more viable projects in the area than was earlier reported in the Aker Geo AS (Aker Geo)/Pareto Securities Asia Pte Ltd (Pareto) studies (which were used in 2011 as a basis of valuing the Lime concessions).

In order to optimise the returns from our drilling expenditure dollars, we decided to conduct more seismic field and processing activity in order to identify all possible prospects. New seismic data was therefore obtained and when analysed with the Rex Virtual Drilling[1] software tool, yielded positive indications of hydrocarbon accumulations, not only in the previously identified prospects, but also in two new prospects.

To better delineate the two new prospects, an infill 2D seismic programme and a pseudo 100 metre-spacing 3D seismic swath were executed in the first quarter of 2013. The survey was completed in April 2013, and the new 2D seismic data has been processed and interpreted.

The three previously identified prospects reported in the 2011 Aker Geo report remain as viable conventional prospects but the two newly identified prospects are now ranked as the most promising targets for the upcoming 2013 drilling campaign.

***Ongoing Activities***

After detailed consideration of the various options, Masirah Oil Ltd (Masirah), the holder of the Block 50 Oman concession, opted to drill the two (out of three high-graded) very promising, newly identified prospects. These prospects are identified as Masirah North North and Masirah North East; with the third-ranked prospect being referred to as GA-South (refer to Figure 3). As at the time of printing, geotechnical and geophysical surveys have been carried out on all three locations and the results show that the selected surface well locations are suitable for the positioning of a mat-based or independent leg jack-up drilling rig.

Based on current discussions with the selected drilling contractor, our maiden well, Masirah North North # 1 is expected to be spud early in the fourth quarter of 2013.

[1] The Rex Virtual Drilling tool is a proprietary and cutting-edge technology developed by Rex Technology Management Ltd (Rex Management), which uses responses from the low frequency band of a conventional seismic dataset to identify the nature of reservoir fluid accumulations (i.e. fluids oil, condensate or water).

Masirah North North # 1 and Masirah North East # 1 were selected as our top two drilling locations as results from the Rex Virtual Drilling analysis suggested that wells in these locations 1) have a good geological chance of success (GCOS), 2) are expected to be less costly to drill, 3) have a reasonable level of recoverable volumes (approximately 160 mln barrels of oil if discoveries are made) and, 4) if successful, will significantly reduce exploration risks associated with the future drilling of the acreage east of the Melange belt which is anticipated to significantly accrete the valuations of Block 50, Oman.

Of the three prospects that could be drilled:

- Masirah North North is likely to be a structural/stratigraphic play which has a high GCOS as confirmed by consistent results from Virtual Drilling on nine 2D lines from three vintages of seismic and from pseudo 3D (100m line spacing) seismic.
- GA-South has a high GCOS, as indicated by conventional analysis and confirmed by Virtual Drilling on 3D seismic data.
- Masirah North East is a stratigraphic play which has been confirmed through consistent results from Virtual Drilling on 2D lines, and also from pseudo 3D (100m line spacing) seismic survey.


**Figure 3: Well Locations for Block 50 Oman**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# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

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Meanwhile, other groundwork for conducting our drilling operations is progressing well. The procurement process for material and services is now almost complete. In total, 22 tenders were called, these tenders being above the threshold of USD500,000 each and a further 16 contracts were signed after an auditable process of Request for Quotation (RFQ).

We anticipate drilling operations to cost between USD33 million and USD40 million (in total) for a two well program (depending on the combination of wells that are finally drilled).

Throughout the process, Masirah has adhered to tender guidelines laid down by the Omani Ministry of Oil and Gas (MOG) and has worked closely with the relevant domestic government agencies.

It is important to note that the key operations of Masirah are being managed mainly by Hibiscus Petroleum. The Hibiscus Petroleum well-engineering team is located in Dubai in the United Arab Emirates whilst our supply base for the Block 50 Oman drilling project is at Duqm Port, Oman.


Figure 4: Masirah Shore Base, Duqm Port in Oman

Work on setting up a logistics/supply base in Duqm Port, Oman, commenced in May 2013.

***Health, Safety, Security and Environment (HSSE)***

Environmentally, Masirah Bay supports a large fishing fleet that in turn supports much of the local population in and around the Duqm area. Therefore, we are sensitive of our possible impact on the environment as we move into offshore operations and as our air and sea movements increase. In addition, the Bay has a thriving marine mammal population that has varying activity levels throughout the year and this has been fully considered in the preparation and approval of our Environmental Impact Assessment (EIA) report. Given the meticulous planning that is being undertaken for the preservation of the environment, we will endeavour to ensure that our operations cause minimal disruption to marine life.

We have also appointed a full-time HSSE Manager, tasked with developing the HSSE documentation and procedures specific to our drilling project and the associated logistics operations. A major part of his role will be to act as the focal point for initiating HSSE initiatives that will constantly remind all those involved in our operations that we work in an environment that is inherently unsafe and it is only through intensive preparation and careful execution that such latent risks are eliminated or mitigated.

The company currently has active operations in the port of Duqm together with a growing project team and we are proud to say there has been no reportable safety related incidents to-date. We will continue to be diligent in this aspect of our operations to ensure that we will be regarded as a responsible exploration and production partner to the host governments of the jurisdictions in which we operate.

***Extended Well-Testing Strategy***

Should our drilling program deliver positive results and the wells drilled test at rates that will support an Extended Well Testing (EWT) strategy, then it will be our aim to conduct such an EWT at the earliest opportunity. The broad technical objectives of an EWT would be to:

- Ensure production rates are sustainable over a three to six month period prior to considering further appraisal and/or development alternatives
- Test other possible discoveries within Block 50 Oman

Currently, Masirah is provisionally finalising the commercial terms and implementation details of a possible EWT program with the relevant regulatory authorities.

## RAK NORTH OFFSHORE CONCESSION, UNITED ARAB EMIRATES (UAE)

After evaluating the potential of the various prospects within the RAK North Offshore concession, Lime's subsidiary company, Dahan Petroleum Ltd (Dahan), has decided to relinquish an area defined contractually as Area C within the concession area, where neither conventional analysis nor Rex Virtual Drilling revealed commercially viable prospects. Final relinquishment is pending acknowledgement from the Government of Ras Al Khaimah. At the same time, technical work is progressing on prospects within Area B which we assess to have greater potential.

### *Sub-Surface Evaluation*

The team had received access to 3D seismic data acquired in 1984 covering the Saleh field (which has producing wells and lies within, but is excluded from Lime's concession), as well as some acreage within our concession boundaries.

Preliminary Rex Virtual Drilling studies on this data are nearing conclusion with several very positive prospects identified. Additional 3D seismic data acquired in 2012 has been processed and has found seismic anomalies, which have been confirmed by Virtual Drilling. This is encouraging as such anomalies generally indicate the presence of a working petroleum system. Based on conventional evaluation, sequence stratigraphy and the application of the Rex Virtual Drilling technology, a prospect has been prioritized and a well prognosis has been developed.

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Continued

### *Well-Engineering*

Preliminary technical work is continuing in preparation for the drilling of a well in the RAK North Offshore Concession. The team is continuously monitoring the market to identify available and technically appropriate drilling rigs which can drill in a safe and efficient manner. It is expected that the well to be drilled will be reasonably deep (about 4500m), of high temperature and may possibly contain some toxic gases.


**Figure 5: RAK North Offshore Areas**

## SHARJAH CONCESSION, UAE

### *Sub-Surface Evaluation*

Preliminary Rex Virtual Drilling analysis performed on the raw stack seismic data acquired during the 2012 seismic acquisition programme has been followed by conventional studies of the 2D and 3D seismic datasets, which have been undertaken by a third party consultancy. These studies have identified several conventional prospective features. Further Rex Virtual Drilling analysis has been carried out on these areas to align the conventional analysis with the Virtual Drilling anomalies. The results have been positive thus far.

Studies looking to integrate the petrophysical data related to three previously drilled wells with the models developed from other recent studies are ongoing.

## RAK NORTH ONSHORE CONCESSION, UAE

The RAK North Onshore concession is situated to the south of the Emirate of Ras Al Khaimah.

The seismic, gravity and magnetic survey datasets of the concession have been integrated and certain areas have been identified for future seismic acquisition. Tenders for the seismic data have been completed and submissions are being evaluated.

## FOUR CONCESSIONS IN THE NCS, NORWAY

In February 2013, Lime Petroleum Norway AS (Lime Norway) was pre-qualified as a licensee in the Norwegian Continental Shelf (NCS) by the Norwegian Ministry of Petroleum and Energy. This approval endorses Lime Norway as a qualified oil and gas E & P player in Norway, allowing the company to assume direct participating interests in partner-operated licenses in the NCS. The pre-qualification process, which usually takes several months and requires new entrants to demonstrate sufficient geological and geophysical technical expertise as well as sound financial ability, is part of the Norwegian Government's efforts to attract oil and gas players who can contribute to efficient and safe domestic exploration activities. Qualified oil and gas E & P players are able to apply for attractive expenditure rebates offered by the Government of Norway for exploration-related activities.

Pursuant to a process of in-depth technical evaluation (which included Rex Virtual Drilling analysis), Lime Norway finalised its selection of production licenses to be acquired from North Energy ASA (North Energy), subject to Norwegian Government approval. Given the rate at which new opportunities are being offered to Lime Norway on the back of a wider acceptance of the Rex Virtual Drilling technology and our relationship with North Energy, we believe that our activities in Norway will become progressively more significant over the coming years.

## FARMING OUT MIDDLE EAST CONCESSIONS

Efforts are also underway to farm out a portion of our interests in our Sharjah, RAK Onshore and RAK Offshore concessions. This will allow us to mitigate the risks borne by the Company in concessions where Lime has 100% working interests or a commitment to fund wells which have extremely high drilling costs (i.e. RAK North Offshore).

## LEVERAGING ON REX VIRTUAL DRILLING

Since commencing our collaboration with Rex Oil & Gas Ltd in October 2011, we have been encouraged by the accurate results that have been repeatedly delivered by the Rex Virtual Drilling technology in tests that have been conducted in various environments.

As previously mentioned, the Rex Virtual Drilling technology is a software-based tool that detects the phenomenon of resonance occurring in seismic datasets to predict the probability of a presence or absence of liquid hydrocarbon accumulations. Both 2D and 3D seismic datasets may be used for the purposes of analysis. When 3D seismic datasets are used, in-place volumes may be calculated with a high degree of accuracy.

Over the past year, Rex Management has been testing its Virtual Drilling technique through a series of blind tests.

- In 2011, when Hibiscus Petroleum was contemplating our investment in Lime, Rex was requested to test its technology on an existing seismic dataset (1 line of 2D data). Several locations along that line had been drilled and two commercial discoveries had been made by the operator who had drilled the wells. In the 2D seismic line provided to Rex, however, all references to the location where that seismic line was shot and identifying headers were removed. We are pleased to report that Rex was able to provide the locations and depths of the discovered oil accumulations.

- In 2012/early 2013, as part of an agreement between Rex and Oslo Stock Exchange-listed North Energy, Rex was provided seismic datasets from 8 areas which had been drilled, to once again test the accuracy of their proprietary technology. As before, all references to location and identifying headers were removed from the datasets. For each test, Rex Virtual Drilling analysis accurately predicted whether the area was dry, had traces of oil in wells that may have been drilled or if substantial oil reserves could be detected.

| | DRY WELL | TRACE OF OIL | COLUMN OF OIL | |
|---|---|---|---|---|
| Test 1 | | X OK | | Barents Sea |
| Test 2 | X OK | | | Barents Sea |
| Test 3 | | | X OK | Heather Field |
| Test 4 | | | X OK | Ekofisk Field |
| Test 5 | | X OK | | Barents Sea |
| Test 6 | | X OK | | Loppa High |
| Test 7 | | X RELOCATE | | Eldfisk Prospect |
| Test 8 | X OK | | | 10km E of 7 |

Figure 6: Results of tests conducted on Rex Virtual Drilling technology by North Energy ASA

## ACQUISITION OF INTEREST IN 3D OIL AND FARM-IN INVESTMENT IN VIC/P57

Our most significant achievement this year has been the acquisition of a 13.04% stake in Australian-exchange listed 3D Oil Limited (3D Oil), and a 50.1% direct interest and operatorship of the VIC/P57 permit, a concession that we now jointly own with 3D Oil. The concession includes the West Seahorse field which is a proven discovery, as well as a few exploration prospects including Sea Lion and Felix.

Securing a development asset was an integral component of our early portfolio balancing strategy as it significantly reduces the business risk profile of the Company. Furthermore, being appointed the operator of VIC/P57 presents Hibiscus Petroleum with a valuable opportunity to demonstrate our field development and project management capabilities in a mature petroleum regulatory environment.

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Continued

Our wholly-owned subsidiary, Carnarvon Hibiscus Pty Ltd (CHPL), as operator, is responsible for the day-to-day management of work activities within VIC/P57, affording us a high level of financial and operational control in this concession.

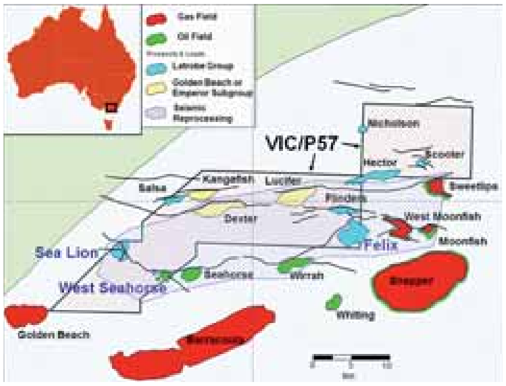


Figure 7: VIC/P57 Boundaries

A project team was set up in Melbourne in late 2012 comprising representatives from Hibiscus Petroleum and 3D Oil as well as other specialists to carry out Concept and Front-End Engineering Design (FEED) studies. Out of 12 concepts originally considered, two were advanced and evaluated further including: (a) an offshore to onshore solution using an offshore located Mobile Offshore Production Unit (MOPU) that exports oil via a subsea pipeline to a Company established onshore processing facility. From the processing facility, this solution relied on a fleet of trucks to deliver oil cargoes to a local refinery; and, (b) an all-offshore based solution, comprising a MOPU and Storage Tanker that exports the produced oil to international markets or local refineries via crude oil tankers.

After careful consideration, the project team selected the all-offshore solution for the West Seahorse development due to the following reasons:

- Reduced time to first oil,
- Reduced capital expenditure,
- Proven development concept for the Bass Strait environment, and
- Opens crude oil sales options to both domestic and international markets.

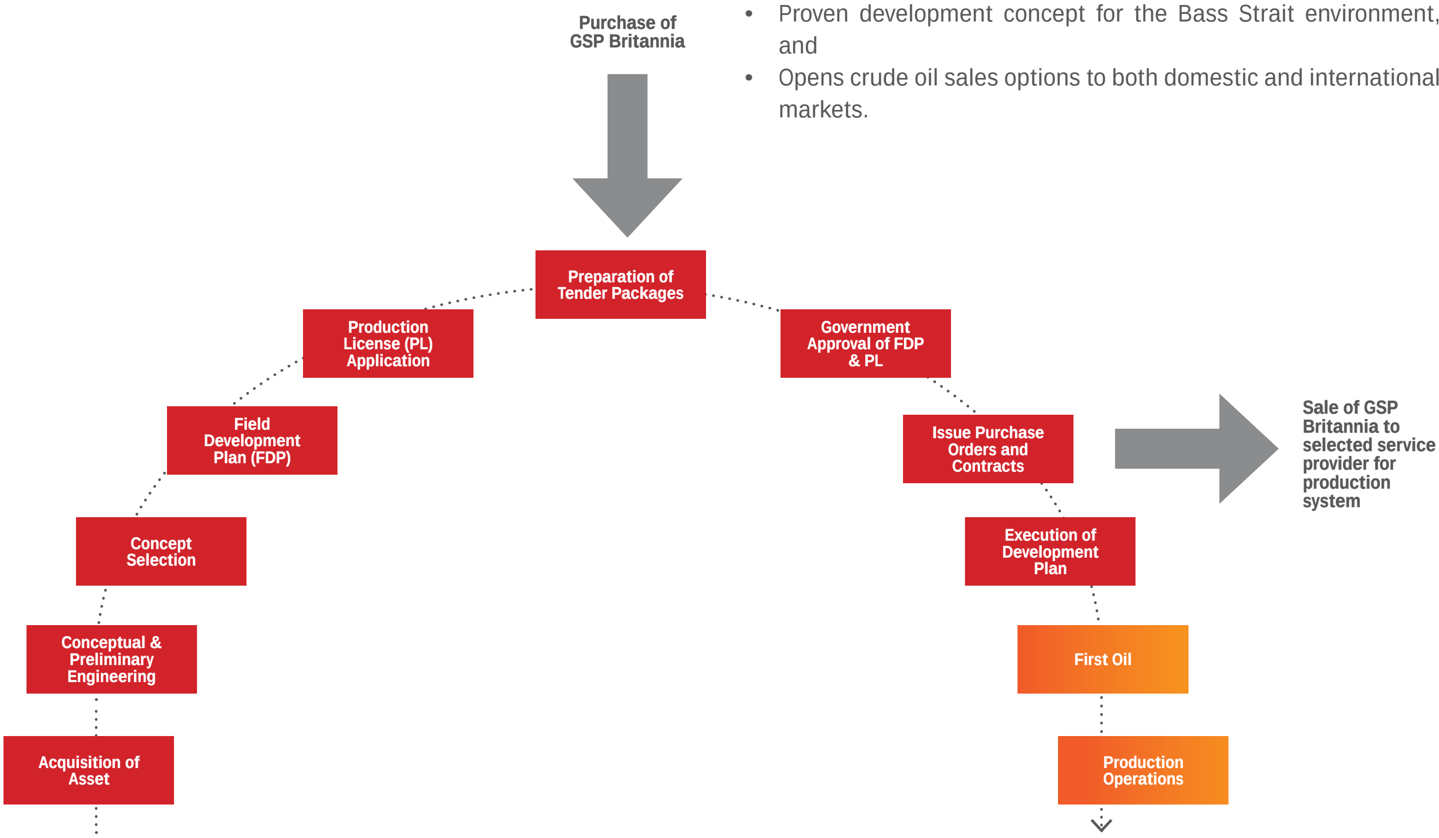


Figure 8: Progress of Development Asset, VIC/P57

As previously mentioned, the all-offshore solution comprises a MOPU, Catenary Anchor Leg Mooring (CALM) Buoy and a Floating Storage and Offloading (FSO) vessel as shown in Figure 9.

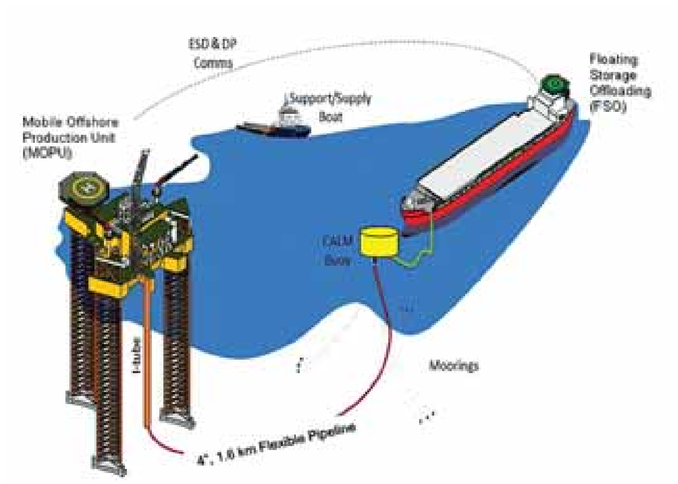


**Figure 9: West Seahorse Development Concept**

**Figure 10: GSP Britannia**

Whilst MOPUs are generally available, securing a unit to operate in the harsh weather environment of the Bass Strait is a somewhat more complex task and was a potential source of delay to our First Oil objective. In order to mitigate this risk and deliver on our target to generate revenue from West Seahorse by early 2015, CHPL and its key contractors performed a global market search and desktop engineering assessments before identifying a drilling unit with the necessary technical specifications that would allow a cost effective conversion (into a MOPU) and timely deployment on our project. The identified unit, the GSP Britannia, was physically surveyed and found to be in good condition and very well maintained.

Commercial negotiations with the rig owner began in May 2013 and two further, more detailed inspections, were performed. Final agreements were reached with the owner and a Sale and Purchase Agreement to acquire the GSP Britannia, on behalf of the West Seahorse joint venture was signed by both parties on 18 July 2013.

A small site team has now been set up in Tuzla, Turkey (where the rig is currently located) to define the scope of work necessary to a) reactivate ABS class and b) enable long term use of the rig as a MOPU for the West Seahorse Project.

We believe that the advantages of this early acquisition of the Britannia are numerous and include:

- Acceleration of First Oil from the West Seahorse Project,
- Facilitates the Australian regulatory approval process as it focuses the team on the final solution immediately,
- Large deck area on the GSP Britannia allows space for an independent, stand-alone Modular Drilling Rig which provides a more cost effective means of drilling both the exploration and development wells for the West Seahorse project before the MOPU is put into production service, and,
- Reduces overall capital cost of the development.

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Continued

At this time, our business strategy does not include the ownership of assets such as the Britannia MOPU. CHPL has secured this unit on behalf of the West Seahorse joint venture as it was technically the right unit available at the right price. If we had not acted positively on this unit, our target of achieving First Oil in early 2015 would have been severely and negatively impacted. It is our objective that the GSP Britannia will not be maintained as a project capital asset but instead be divested to the party selected to provide the West Seahorse joint venture with a turnkey production system on a charter basis. The strategy for the GSP Britannia is depicted in Figure 11.

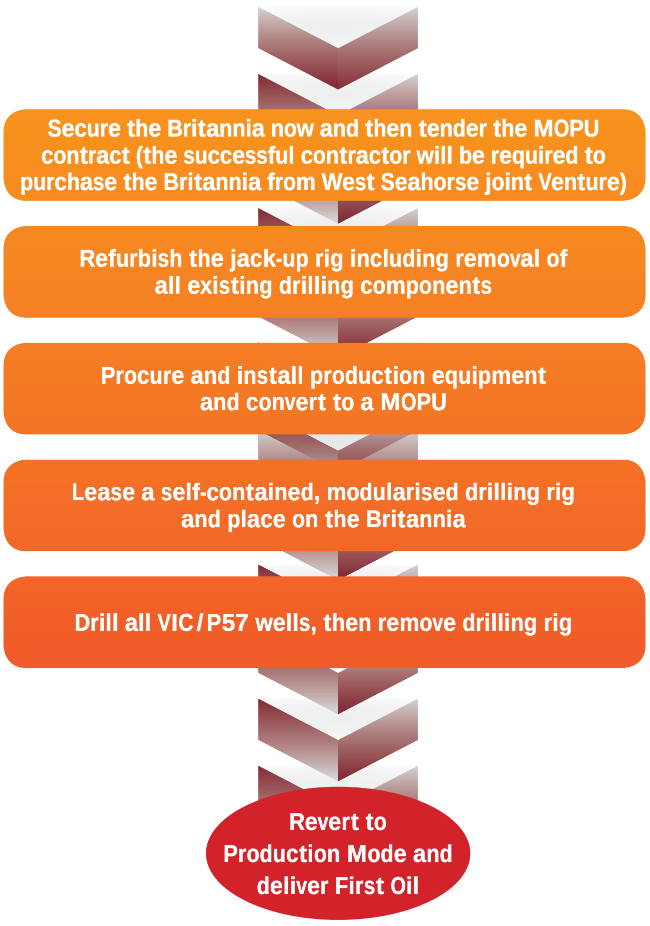


Figure 11: Strategy for the GSP Britannia

Tender packages for the West Seahorse contracts are being prepared, leading to the formal tender process and award of contracts in the second half of 2013. The current schedule for tendering and award of major contracts is as follows:

| Contract Tender | Tender | Contract Award |
|---|---|---|
| **Operations & Maintenance** – the Duty Holder of the field responsible for safe operation of the West Seahorse Project | July 2013 | August 2013 |
| **MOPU** – purchase of the GSP Britannia, refurbishment, reactivate class, supply of equipment, integration and installation | August 2013 | October 2013 |
| **Floating Storage & Offloading (FSO)** – vessel that will store produced oil before selling to the market | September 2013 | December 2013 |
| **Export System** – includes the submarine pipeline, CALM buoy and offloading hose | September 2013 | December 2013 |
| **Drilling** – the supply of a Modular Platform drilling rig including the drilling operations | October 2013 | January 2014 |

The West Seahorse Production License application and the final Field Development Plan were submitted to the Australian National Offshore Petroleum Titles Authority (NOPTA) in April and May 2013 respectively. Regulatory approval is expected to be received in fourth quarter of 2013.

In addition, from a sub-surface perspective, the team has completed the re-mapping of the West Seahorse field based on reprocessed 3D seismic data. Preliminary results indicate a slight improvement in potential reserves. An independent assessment is currently being performed and results are due in mid-August 2013.

First Oil from VIC/P57 is expected in late 2014 or early 2015 subject to a timely receipt of the relevant regulatory approvals.

## FINANCIAL REVIEW

Turning to our financial performance, we recorded revenue of RM8.5 million during the financial year ended 31 March 2013, representing an increase of RM0.5 million from RM8.0 million achieved in the previous financial year. This was derived from fees from project management, technical and other services provided to Lime's projects in the Middle East and VIC/P57 as well as interest income.

As the Group has not commenced production of hydrocarbons, it had recorded a loss before taxation of RM3.9 million in the financial year ended 31 March 2013 as compared with a RM4.4 million loss in the previous financial year.

The Group's investment in a 13.04% stake in 3D Oil positively impacted the income statement, giving rise to a negative goodwill of RM7.4 million as the net fair value of 3D Oil's identifiable assets and liabilities were higher than the consideration paid.

During the financial year under review, increases in expenditure were recorded mainly in personnel remuneration by RM4.7 million, finance costs by RM2.6 million and share of losses in Lime by RM2.3 million. The increase in personnel remuneration is due to the expansion in the corporate, project management and technical teams required to provide services to the concession companies within the Lime Group and in preparation for the development of the West Seahorse prospect in VIC/P57. Accordingly, part of the Group's remuneration expenses totaling RM5.5 million was recovered through the provision of such services.

Finance costs include RM1.4 million arising from changes in the fair value of the discovery bonus payable to Rex Oil & Gas Ltd and RM1.2 million interest expense on the liability portion of CRPS issued. As part of the terms of the Lime Acquisition, it was agreed that USD5 million would be paid to Rex Oil & Gas Ltd if a discovery of hydrocarbons is made, and declared to be commercial by 31 December 2013 by an independent competent expert.

In addition, the team has worked tirelessly to implement the recommendations of the Malaysian Code of Corporate Governance 2012 into our Company operations. We are pleased to report that most recommendations have been successfully rolled out to ensure that shareholders' interests are adequately protected.

## FUTURE PLANS AND PROSPECTS

On the back of our assets in the Middle East, Australia and potentially Norway, the Management is focusing on two main strategies that we believe will secure the long term future of Hibiscus Petroleum. Firstly, our joint venture with Rex to form HiRex Petroleum Sdn Bhd (HIREX) will serve as the platform for the delivery of the leading edge Rex Virtual Drilling technology as we look at exploration activities in the Asia-Pacific region. Secondly, we have a desire to secure a production asset that we believe will balance our business risk profile and improve our prospects of business sustainability.

## HIREX PETROLEUM SDN BHD

HIREX is an initiative to build on the strong relationship that the Company shares with Rex. We were one of the pioneer investors in the Rex Technology package and over the past few months, we have seen it develop into an extremely valuable tool. The results that the technology is repeatedly delivering in Norway makes us confident that the time is right to enhance the technology footprint further and with this in mind, we executed a deal with Rex that gives HIREX first right of refusal to participate in high-impact exploration opportunities in 11 countries in Asia-Pacific shown in Figure 12.


Figure 12: First right of refusal in 11 countries in Asia-Pacific

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Continued

Hibiscus Petroleum has always had the objective of participating in the regional oil and gas exploration and production industry given our strong business networks in the region. In addition, the region is generally geopolitically stable and we believe has great potential for mid-tier upstream oil and gas companies.

The main objectives of HIREX are to:

- identify and pursue high-impact/low entry cost exploration opportunities,
- add value to high-impact/expensive exploration opportunities in selected, commercially attractive cases using the Rex Virtual Drilling package, and,
- obtain small equity stakes at ground level or secure an overriding royalty (for entry above ground level).

Under HIREX, we aim to identify at least three assets for potential investment on a yearly basis. Thus far, 14 opportunities have been placed in the pipeline for Rex Virtual Drilling analysis scanning and a potential investment.

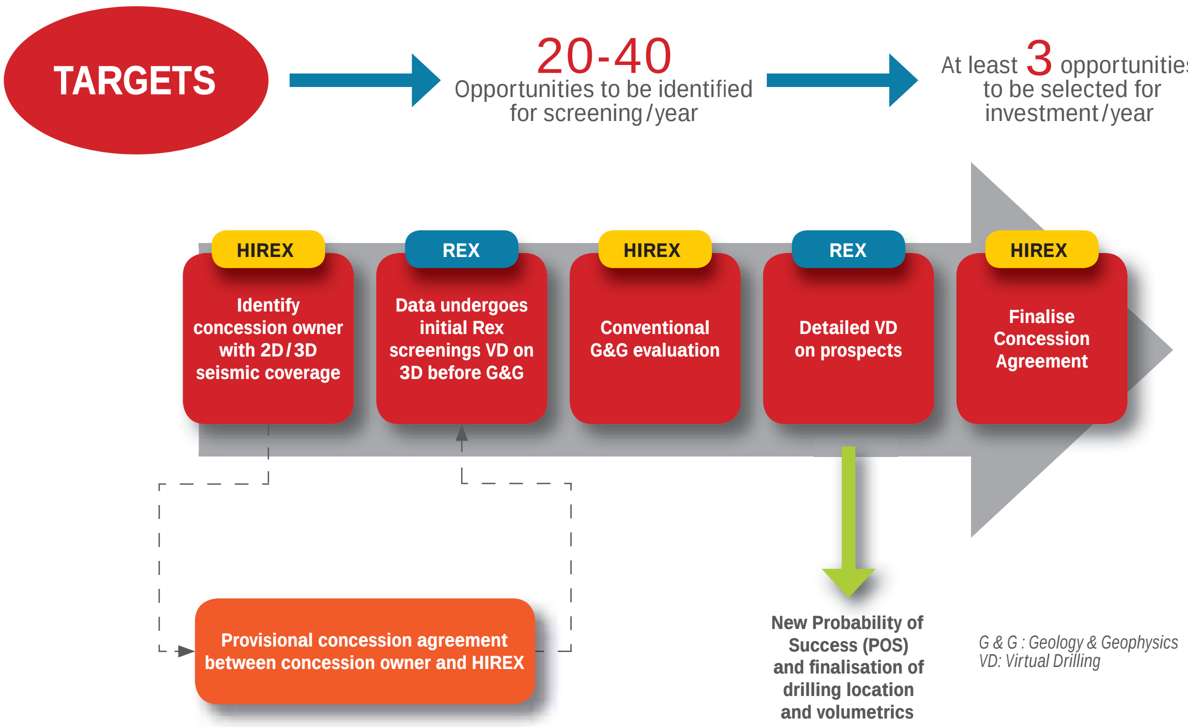


Figure 13: HIREX'S Business Model

In June 2013, HIREX signed an agreement to receive a USD10 million investment from Panama-based company, Triax Ventures Corp in exchange for a 15% stake in the company, thus effectively valuing HIREX at approximately USD67 million. This investment is expected to cover HIREX'S operating costs for its first two years.

## PRODUCTION ASSET

Finally, to complete our portfolio balancing strategy, our management team is also in the process of evaluating several production prospects.

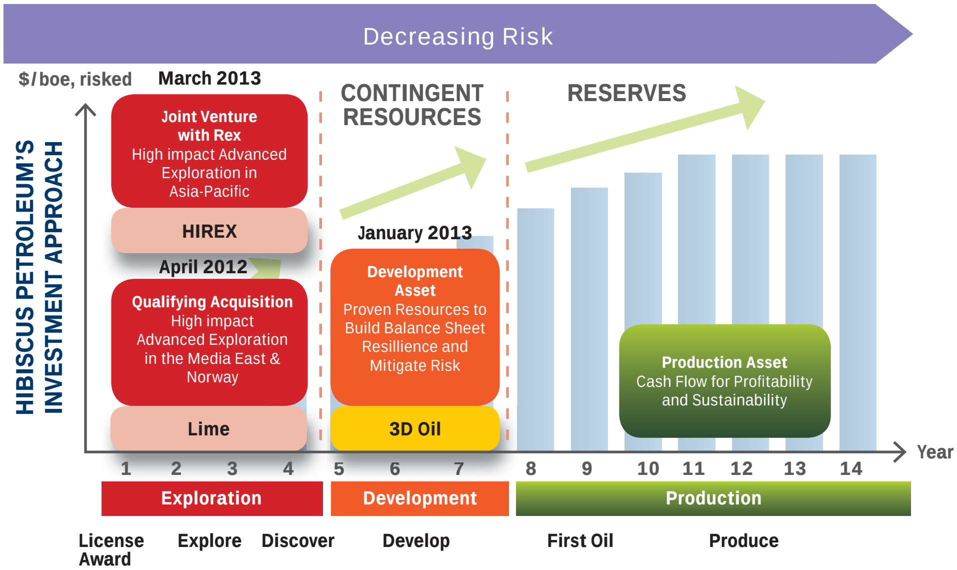


Figure 14: Securing a production asset will balance the Company's portfolio




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Management Discussion & Analysis (MD&A)
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Corporate Structure
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Profile of Board of Directors
Leadership Team & Technical Experts
Profile of Leadership Team & Technical Experts
Statement of Corporate Governance
Audit and Risk Management Committee Report
Statement on Risk Management and Internal Control
Additional Compliance Information
The Board of Directors' Responsibility Statement
Financial Report
Analysis of Shareholdings, Preference Shares Holdings and Warrants Holdings
Notice of the 3rd Annual General Meeting
Form of Proxy

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Continued

Since our inception, Hibiscus Petroleum has grown shareholder value by investing our IPO funds into exploration and development assets, but we have yet to generate our own cash flow to sustain the Company over the long term. Acquiring a production asset will give Hibiscus Petroleum a higher level of business sustainability and it would also allow the Company to reinvest returns from production into new exploration projects with larger growth potential.

Whilst a production asset would be a transformational acquisition for the Company, we will seek out the right investment opportunity. We are comforted by the fact that we expect revenue generation from West Seahorse in early 2015 but if a meaningful opportunity to further balance our asset portfolio presents itself, then the Company will act positively.

## CONCLUSION

We will be drilling the long awaited wells in Oman in the next few months, targeting some very large prospects. We expect to receive the regulatory go-ahead on West Seahorse in Australia and we see excellent growth prospects in Norway and in Asia Pacific. We also continue to seek a production asset to accelerate our journey towards business sustainability.

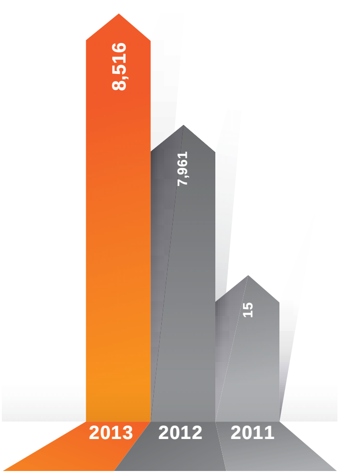
In short, the next six months will be a defining period for Hibiscus Petroleum as we chase our objectives, fuelled by people, powered by technology.

# FINANCIAL HIGHLIGHTS

| | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2011<br>RM'000 |
|---|---|---|---|
| Revenue | 8,516 | 7,961 | 15 |
| Loss after taxation | (4,197) | (4,884) | (1,194) |
| Total assets | 370,249 | 233,514 | 2,934 |
| Shareholders' equity | 241,281 | 232,145 | (1,205) |
| Net assets/(liabilities) per share | RM0.55 | RM0.56 | (RM6,023) |
| Loss per share | (0.96 sen) | (1.60 sen) | (RM5,969) |

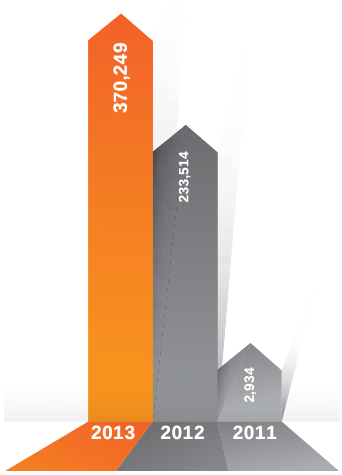
Revenue

**(RM'000)**



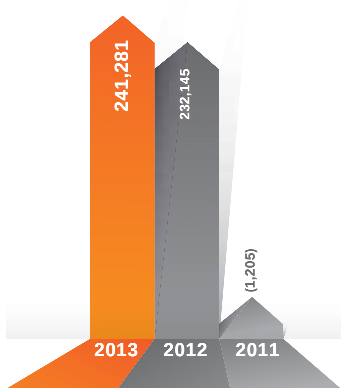

Total Assets

**(RM'000)**




Shareholders' Equity

**(RM'000)**



# CALENDAR OF EVENTS

**10 April 2012**

**New Onshore Ras Al-Khaimah (RAK) Concession and Revised Terms of Existing Ras Al-Khaimah Offshore Concession**

Lime Petroleum Plc (Lime)'s subsidiary, Baqal Petroleum Ltd, signed an Exploration and Production Sharing Agreement (EPSA) with the Government of Ras Al-Khaimah in the United Arab Emirates for an onshore concession.

Lime's subsidiary, Dahan Petroleum Ltd, executed revised EPSAs for RAK North Offshore concession, located offshore in Ras Al-Khaimah.

**18 April 2012**

**Completion of Qualifying Acquisition**

Completed acquisition of 35% equity interest in Lime

**2 May 2012**

**Acquisition of 4 Initial Concessions in Norway**

Lime entered into agreements with North Energy ASA to secure interests in 4 concessions in Norway.

**23 May 2012**

**Increased Stake in Masirah Oil Ltd (Masirah)**

Lime's subsidiary, Lime Petroleum Limited (Lime BVI) executed a revised Masirah Shareholders' Agreement with Petroci Holding, increasing Lime BVI's stake in Masirah from a potential 35% to 64%.

**24 July 2012**

**Audited Financial Report for 2011/2012**

Release of Audited Financial Report for the financial year ended 31 March 2012.

**2 & 3 August 2012**

**Launch of Private Placement of Convertible Redeemable Preference Shares (CRPS)**

Announced private placement of up to RM210 million new CRPS and entered into conditional subscription agreements with the first six investors for the subscription of CRPS totaling RM74.48 million.

**14 August 2012**

**Signing of 3D Oil Limited (3D Oil) and VIC/P57 Transactions Agreements**

Signed two agreements with 3D Oil, an Australian Securities Exchange-listed company for a 13.0% equity interest in 3D Oil and a 50.1% farm-in interest in exploration permit VIC/P57.

**26 September 2012**

**2nd Annual General Meeting & Shareholders' Approval of Private Placement of CRPS**

Received shareholders' approval for private placement of CRPS.

THE EDGE MALAYSIA

Friday 15th February 2013

## Hibiscus unit pre-qualified for Norway ventures

by **Janice Melissa Thean**

KUALA LUMPUR: Hibiscus Petroleum Bhd unit, Lime Petroleum Norway AS (Lime Norway), has been pre-qualified by the Norwegian Ministry of Petroleum and Energy to operate as an oil and gas player in Norway.

In a filing with Bursa Malaysia yesterday, Hibiscus said the prequalification awarded to Lime Norway will enable it to directly assume participating interest in partner-operated licences in the Norwegian continental shelf (NCS).

Lime Norway is a subsidiary of Lime Petroleum plc (Lime), which is 35% owned by Gulf Hibiscus Ltd, which in turn is wholly owned by Hibiscus Petroleum.

"Lime, which is owned by Hibiscus Petroleum, Schroder & Co Banque SA and Rex Oil & Gas Ltd, had on May 2, 2012, signed an agreement to acquire 30% of North Energy ASA's interests in at least four concessions in the NCS. This prequalification is a key step towards completing these transactions," Hibiscus said in the statement.

"We are pleased that Lime Norway has obtained this prequalification. This is a key milestone for us as it gives us the opportunity to operate alongside established exploration and production companies," said Hibiscus managing director and Lime chairman Kenneth Pereira.

Following technical evaluations, Lime Norway is finalising the production licences for which participating interests shall be acquired from North Energy.

Lime currently has four concessions in the Middle East and exclusive access to Rex technologies which "seek to increase the chances of commercial oil and gas discoveries".

According to Hibiscus, Lime Norway's risked capital outlay is reduced as under the Norwegian Petroleum Tax Act, "78% of exploration expenditure incurred is reimbursed at the end of each year, irrespective of whether production is achieved".

Pereira says Lime Norway's prequalification is a 'key milestone' for Hibiscus

### 19 December 2012
**Shareholders' Approval of 3D Oil and VIC/P57 Transactions**

Received shareholders' approval for the 3D Oil and VIC/P57 Transactions.

### 8 January 2013
**Completion of 3D Oil and VIC/P57 Transactions**

Carnarvon Hibiscus Pty Ltd became the operator and 50.1% owner of the VIC/P57 permit area in the Bass Strait, Australia and 13.0% shareholder of 3D Oil.

### 14 February 2013
**Lime Petroleum Norway AS (Lime Norway) Obtains Pre-Qualification**

Lime Norway was pre-qualified as an oil & gas player in Norway and can directly assume participating interests in partner-operated licenses in the Norwegian Continental Shelf (NCS).

### 21 March 2013
**Formation of HiRex Petroleum Sdn Bhd (HIREX) Joint Venture**

Collaboration by Rex South East Asia Ltd and Orient Hibiscus Sdn Bhd to pursue high impact exploration assets in the Asia Pacific utilising Rex technologies.

### 22 March 2013
**Lime Norway Executes Intellectual Property (IP) License Agreement**

Lime Norway obtained the right to use the Rex Technology package in the NCS for a minimum period of 3 years.

### 17 April 2013
**Lime Norway Increases Selection up to 6 Concessions to be Acquired**

Lime Norway increased its selection of up to six production licenses to be obtained from North Energy under a revised agreement.

### 27 May 2013
**3D Oil Secures Exploration Permit in Tasmania**

Hibiscus Petroleum's partner in Australia, 3D Oil, was awarded a new exploration permit, T/49P in the offshore Otway Basin of Tasmania.

### 17 June 2013
**HIREX Receives USD10 million Commitment**

Triax Ventures Corp agreed to invest USD10 million for a 15% equity interest in HIREX.

### 1 July 2013
**HIREX Appoints Executive Director**

Schlumberger veteran, Ainul Azhar Ainul Jamal joins HIREX as Executive Director.

### 17 July 2013
**Audited Financial Report for 2012/2013**

Release of Audited Financial Report for the financial year ended 31 March 2013.



Focus
Hibiscus eyes projects in SE Asia
New technology opens up opportunities for oil and gas exploration and production
Monday 15th April 2013


thestar online
Tuesday June 18, 2013 MYT 4:35:00 PM
Hibiscus Petroleum Unit Gets US$10m Investment


南洋商報
NANYANG SIANG PAU
大红花石油澳洲伙伴
冀产油计划后年赚钱

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Zainul Rahim bin Mohd Zain**
Non-Independent
Non-Executive Chairman

**Dr Kenneth Gerard Pereira**
Managing Director

**Dr Rabi Narayan Bastia**
Non-Independent
Non-Executive Director

**Zainol Izzet bin Mohamed Ishak**
Senior Independent
Non-Executive Director

**Datin Sunita Mei-Lin Rajakumar**
Independent Non-Executive Director

**Roushan Arumugam**
Independent Non-Executive Director

**Tay Chin Kwang**
Independent Non-Executive Director

**Joginder Singh A/L Bhag Singh**
Independent Non-Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson
**Datin Sunita Mei-Lin Rajakumar**

Members
**Zainul Rahim bin Mohd Zain**
**Zainol Izzet bin Mohamed Ishak**
**Tay Chin Kwang**
**Dr Rabi Narayan Bastia**

## NOMINATING COMMITTEE

Chairman
**Zainol Izzet bin Mohamed Ishak**

Members
**Zainul Rahim bin Mohd Zain**
**Datin Sunita Mei-Lin Rajakumar**
**Roushan Arumugam**

## REMUNERATION COMMITTEE

Chairman
**Roushan Arumugam**

Members
**Zainul Rahim bin Mohd Zain**
**Zainol Izzet bin Mohamed Ishak**
**Datin Sunita Mei-Lin Rajakumar**

## COMPANY SECRETARIES

**Tai Yit Chan** (MAICSA 7009143)
**Tan Ai Ning** (MAICSA 7015852)

## REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower,
8 First Avenue,
Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.
Tel: +603-7720 1188
Fax: +603-7720 1111

## PRINCIPAL PLACE OF BUSINESS

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Syed Kechik Foundation Building,
Jalan Kapas, Bangsar,
59100 Kuala Lumpur.
Tel : +603-2092 1300
Fax : +603-2092 1301
**Website: www.hibiscuspetroleum.com**

## AUDITORS

**PricewaterhouseCoopers** (AF 1146)
Level 10, 1 Sentral,
Jalan Travers,
Kuala Lumpur Sentral.
P.O. Box 10192,
50706 Kuala Lumpur.
Tel : +603-2173 1188
Fax : +603-2173 1288

## SHARE REGISTRAR

**Tricor Investor Services Sdn Bhd**
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : +603-2264 3883
Fax : +603-2282 1886

## PRINCIPAL BANKERS

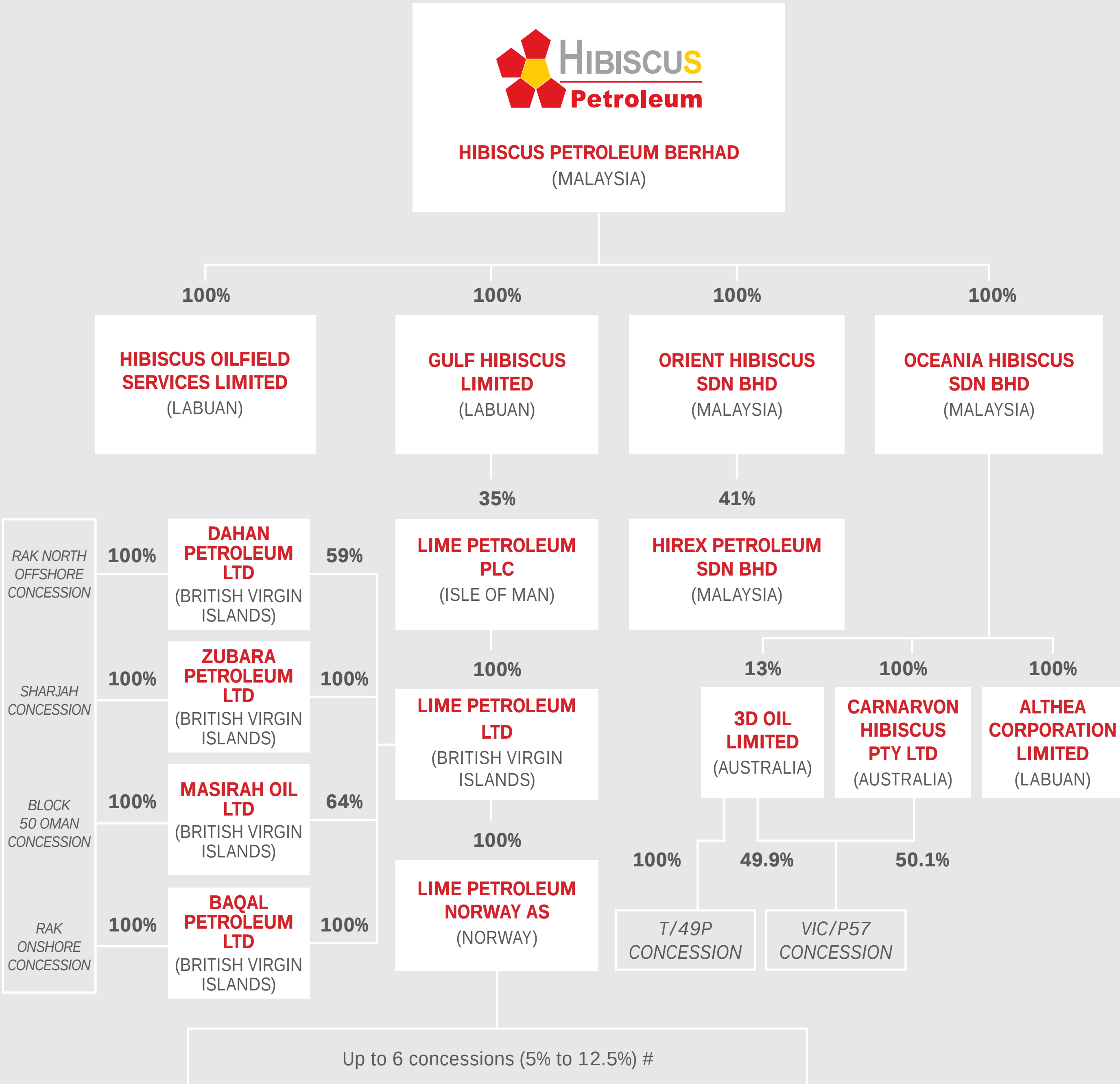
**RHB Bank Berhad**
**RHB Bank (L) Ltd**
**Commonwealth Bank of Australia**

## STOCK EXCHANGE LISTING

**The Main Market of Bursa Securities**
Stock Name: HIBISCS
Stock Code: 5199

# CORPORATE STRUCTURE

(AS AT 17 JULY 2013)




# subject to completion

# BOARD OF DIRECTORS

1 **Zainul Rahim bin Mohd Zain**
Non-Independent Non-Executive Chairman

2 **Dr Kenneth Gerard Pereira**
Managing Director

3 **Dr Rabi Narayan Bastia**
Non-Independent Non-Executive Director

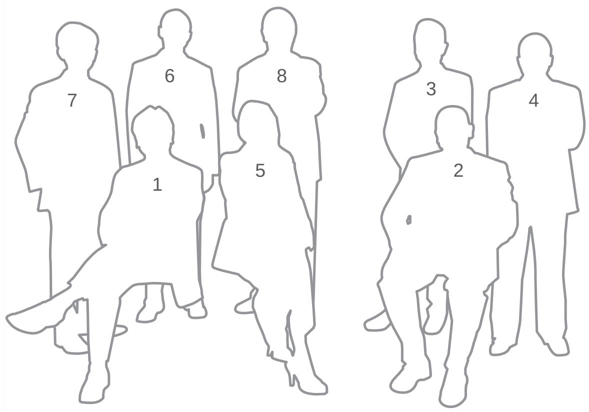
4 **Zainol Izzet bin Mohamed Ishak**
Senior Independent Non-Executive Director

5 **Datin Sunita Mei-Lin Rajakumar**
Independent Non-Executive Director

6 **Roushan Arumugam**
Independent Non-Executive Director

7 **Tay Chin Kwang**
Independent Non-Executive Director

8 **Joginder Singh A/L Bhag Singh**
Independent Non-Executive Director



# PROFILE OF BOARD OF DIRECTORS

**Zainul Rahim bin Mohd Zain**
Non-Independent Non-Executive Chairman

Zainul Rahim bin Mohd Zain, a Malaysian aged 60, was appointed to the Board on 14 December 2010. He is a member of the Audit and Risk Management, Nominating and Remuneration Committees.

Zainul graduated with a Bachelor of Engineering, majoring in Mechanical Engineering, from the University of Western Australia, Australia.

Zainul began his career at Shell Malaysia Exploration and Production (SM-EP) in 1978 as a Wellsite Petroleum Engineer. He held various positions in drilling engineering, petroleum engineering, and information management & technology in SM-EP and during his two assignments in the Netherlands. He was General Manager of SM-EP's Business Services (1997), Technical Services (1999) and the Sarawak Business Unit (2000), before being appointed as Deputy Chairman and Executive Director of Shell Malaysia in December 2001. In July 2003, he double-hatted as Shell Asia Pacific Region's Transition Director based in Singapore. In November 2005, he was appointed to the position of Chairman of Shell companies in Egypt and Managing Director of Shell Egypt N.V., before retiring from the Shell Group on 30 June 2008.

During his tenure as Deputy Chairman of Shell Malaysia, he sat on the boards of 12 companies, including Shell Malaysia Ltd, Shell MDS Sdn Bhd, Shell Trading Sdn Bhd, Sarawak Shell Bhd, Sabah Shell Petroleum Company Ltd and CS Mutiara Sdn Bhd. He was also Chairman, Director and member of various NGOs, including the Society of Petroleum Engineers AsiaPac, Business Council for Sustainable Development Malaysia, Petroleum Industry of Malaysia Mutual Aid Group, and Malaysian International Chamber of Commerce and Industry. While in Egypt, he chaired Shell Egypt's Country Coordination Team and Shell Express CNG, and sat on the boards of Shell Egypt N.V., Shell Egypt Deepwater B.V., and Bapetco.

Zainul sat on the Supervisory Committee of Sime Darby's Energy & Utilities Division for two years until 2010. He currently sits on the boards of UKM Holdings Sdn Bhd, Bank Pembangunan Malaysia Bhd, Petronas Carigali Sdn Bhd, Camco Clean Energy Plc, Camco South East Asia Ltd, and CSEA Clean Energy Sdn Bhd.

**Dr Kenneth Gerard Pereira**
Managing Director

Dr Kenneth Gerard Pereira, a Malaysian aged 55, has been the Managing Director of Hibiscus Petroleum since 13 September 2010. He holds a Bachelor of Science (Honours) degree in Engineering from the University of Bath, UK, a Masters in Business Administration from Cranfield Institute of Technology, UK; and a Doctorate in Business Administration from the University of South Australia, Australia. His doctorate research topic was entitled "Start-up, Survival and Growth Strategic Actions of Initially Small Oil and Gas Exploration and Production Companies".

Dr Kenneth has 25 years' experience in the oil and gas industry, both in the services, and exploration and production sectors. He began his career with Schlumberger Overseas S.A in 1983 as a Field Service Engineer working in Brunei, Thailand, France, Libya, Italy, Norway and Tunisia. In 1990, he joined the Sapura Group, overseeing the service of telecommunication products and later, moved to the Group Corporate Planning Department. In 1997, he was appointed as Vice President of Energy Sector Projects and initiated the building of the oil and gas services business of the company under the Sapura Energy Sendirian Berhad banner. Between 1997 and 2001, several service based businesses in the oil and gas value chain were grown organically or acquired and by 2001, the annual revenue of the oil and gas service business of the Sapura Group was in excess of RM100 million. In 2003, the Sapura Group successfully acquired Crest Petroleum Berhad and he became the Chief Operating Officer (COO) of SapuraCrest Petroleum Bhd, an oil and gas services company listed on the Main Market of Bursa Malaysia Securities Berhad.

In 2008, Dr Kenneth became Managing Director of Interlink Petroleum Ltd, an oil and gas exploration and production company listed on the Mumbai Stock Exchange (2009 to 2011). In 2009, he was appointed to the board of STP Energy Pte Ltd, a privately held Singaporean company with offshore oil and gas exploration interests in New Zealand.

Dr Kenneth holds directorships in all of Hibiscus Petroleum's subsidiaries, 3D Oil Limited and other various private companies. In July 2012, he was appointed Chairman of the board of Lime Petroleum Plc.

Dr Kenneth is also currently the Chairman of the Development Committee of the Malaysian Hockey Confederation.

# PROFILE OF BOARD OF DIRECTORS

**Dr Rabi Narayan Bastia**
Non-Independent Non-Executive Director

Dr Rabi Narayan Bastia, an Indian national aged 54, was appointed to the Board on 15 September 2010. He is a member of the Company's Audit and Risk Management Committee.

Dr Rabi holds a Bachelor of Science (1st Class Honours) degree in Applied Geology from the Indian Institute of Technology, Kharagpur, India; a Bachelor of Science (1st Class Honours) degree in Petroleum Exploration & Reservoir Management from the Norwegian Technological University, Norway; a PhD in Petroleum/Structural Geology from the Indian Institute of Technology, Kharagpur, India and a Doctor of Science degree in Petroleum Geology from Indian School of Mines, Dhanbad, (examined by Alberta University, Canada and Oklahoma University in the USA).

Dr Rabi commenced work as a geoscientist with the Oil and Natural Gas Corporation (ONGC) in India and has worked in different capacities and at various locations during his 16 years with ONGC. In 1996, he started the E&P business in Reliance Industries Limited, a member of the Reliance Group, India's largest private sector enterprise, and his last position was as the Head of the Exploration Management Team for Reliance Industries Limited.

The highlights of his career include the gas discovery of the Krishna-Godavari basin in 2002, the Mahanadi Basin gas discovery in North East Coast of India in 2003, and oil and gas discovery in the deep waters of the Cauvery basin in India in 2007. After heading the exploration group of Reliance for more than 16 years, he has currently taken up some very distinguished and challenging international and domestic assignments. He is the global head of exploration in Lime Petroleum Plc. He holds a Director position in Oil Field Instrumentation Pvt. Ltd, India, and is the President (E&P) in Oilmax Energy Pvt. Ltd, India. Recently he has taken up an Advisory Board position in Trace Atlantic Oil, Switzerland. Dr Rabi is a director of Synergy Oil & Gas Consultancy Private Limited, a private Indian company. He is also a member of numerous professional institutions such as the American Association of Petroleum Geologists, Society of Exploration Geophysicists, International Geological Congress, Petroleum Engineers, Society of Geoscientists and Allied Technologist, Indian Geological Congress, Society of Petroleum Geophysicists and the Association of Indian Petroleum Geologists.

Dr Rabi was conferred the title of "Padmashree" by the Government of India in 2007, a title awarded by the Government of India to Indian citizens to recognise their distinguished contribution in various spheres of activity. Dr Rabi was awarded the Leadership and Excellence Award in E&P by Oceantex in 2010, the Infraline Service to Nation Award in Energy Excellence in 2007, the Ruchi Bharat Gaurav Samman by the state of Orissa, India in 2007, the Gold Medal during the AEG Conference in 2006, the National Mineral Award for significant contribution in the field of hydrocarbon exploration from the Geological Society of India, Bangalore in 2003 and the Young Scientist Award from the Indian National Science Academy in 1990 for best scientific paper. He was awarded the Top 100 Educators by IBC, Cambridge, United Kingdom in 2009 and conferred the Who's Who in the World by American Continental Research in 2008.

**Zainol Izzet bin Mohamed Ishak**
Senior Independent Non-Executive Director

Zainol Izzet bin Mohamed Ishak, a Malaysian aged 52, was appointed to the Board on 13 September 2010 and was appointed as Senior Independent Director on 12 February 2013. He is also Chairman of the Company's Nominating Committee as well as a member of the Audit and Risk Management and Remuneration Committees.

Izzet holds a Bachelor of Arts in Actuarial Studies from Macquarie University, Sydney and a Masters in Business Administration from Cranfield Institute of Technology, UK.

In his early career, Izzet served in several local and international companies including American Express, Seccolor (M) Industries, Kassim Chan & Co and Hymans Robertson & Co, Consulting Actuaries, London.

Izzet joined the Sapura Group as General Manager of Corporate Planning in 1992. He was part of the team to establish Sapura Digital Sdn Bhd, one of the pioneer operators of digital cellular operators in the country. In 1994, he became the CEO of Sapura Digital Sdn Bhd and was subsequently appointed to lead Sapura Energy Group in 1997. He was appointed CEO of SapuraCrest Petroleum Bhd in July 2003 pursuant to the acquisition of Crest Petroleum Berhad by Sapura Technology Bhd from Renong Berhad.

Izzet is currently the Group Managing Director of Perisai Petroleum Teknologi Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He also holds directorships in various private companies.

# PROFILE OF BOARD OF DIRECTORS

**Datin Sunita Mei-Lin Rajakumar**
Independent Non-Executive Director

Datin Sunita Mei-Lin Rajakumar, a Malaysian aged 44, was appointed to the Board on 14 December 2010. She is also Chairman of the Company's Audit and Risk Management Committee as well as a member of the Nominating and Remuneration Committees.

Datin Sunita graduated with a Bachelor of Law (Honours) from the University of Bristol, UK. She qualified as a Member of the Institute of Chartered Accountants (England & Wales) in 1994.

Datin Sunita commenced work as an Assistant Manager at Ernst & Young (London) in 1990 under their Audit and Insolvency Division. In 1994, she joined RHB Sakura Merchant Bankers Berhad's Corporate Finance Department.

Datin Sunita became a Consultant for MIMOS Berhad (MIMOS) in 2000 where she advised MIMOS on the structuring of a multi-million dollar venture capital fund focused on foreign technology-related portfolio companies and the documentation required for the establishment of the fund. When the Encipta Limited venture capital fund was established in 2002, as a wholly owned subsidiary of MIMOS, her company, Artisan Encipta Ltd (Artisan Encipta) was mandated to independently manage the venture fund for MIMOS until 2008.

Since 2005, she has also been the Director and owner of Surprise Voice Sdn Bhd, the Executive Producer of Malaysia's first opera which premiered in March 2006.

Datin Sunita is presently the Principal and Director at Artisan Encipta, a position that she has held since 2002. It is now an organisation which provides consulting services on monitoring and improving national innovation ecosystems. Through Artisan Encipta, she was appointed an Independent Consultant for the King Abdul Aziz City for Science and Technology, based in Riyadh, Kingdom of Saudi Arabia. Recently, she also advised a prominent philanthropist on the impact assessment and governance issues arising from his charitable activities.

Presently, Datin Sunita serves as a trustee of the following charity foundations: Yayasan Seni, Yayasan myNadi and Hai-O Foundation at Hai-O Enterprise Berhad. She is also the chairman of the Audit Committee at Hai-O Enterprise Berhad and holds directorships in Hai-O Enterprise Berhad and Caring Pharmacy Group Berhad (as Chair of the Board of Directors).

**Roushan Arumugam**
Independent Non-Executive Director

Roushan Arumugam, a Malaysian aged 41, was appointed to the Board on 25 July 2011. He is also Chairman of the Company's Remuneration Committee as well as a member of the Nominating Committee.

Roushan holds a MA in English Language and Literature from St. Catherine's College, Oxford University, United Kingdom; a Masters in Business Administration (MBA) from Imperial College Business School, Imperial College, University of London, United Kingdom; and a MA in Law from the University of Bristol, United Kingdom.

Roushan commenced work in 1995 as an Internal Systems Risk Management Consultant at Price Waterhouse, London. In 1997, he joined Caspian Securities Limited as an Analyst, Emerging Markets Equity Research. After completing an MBA, Roushan joined Deutsche Bank A.G. London in 1999 as an Associate with its Investment Banking Division. In 2001, he moved to Malaysia to take up the position of Manager in Debt Capital Markets Division at Nomura Advisory Services Sdn Bhd. He also manages Littleton Holdings Pte Ltd, an investment vehicle.

Since September 2005, Roushan has been an Investment Consultant to the Arumugam Family Office. He also manages an investment vehicle, Littleton Holdings Pte Ltd.

Currently, Roushan serves as a board member of South Pickenham Estate Company Limited, Pneumacare Limited and Sri Inderajaya Holdings Sdn Bhd amongst other private companies. He is also a Domus Fellow of St. Catherine's College, University of Oxford and a Trustee of the East West Trust at St. Catherine's College.

# PROFILE OF BOARD OF DIRECTORS

**Tay Chin Kwang**
Independent Non-Executive Director

Tay Chin Kwang, a Singaporean aged 47, was appointed to the Board on 14 June 2012. He is a member of the Company's Audit & Risk Management Committee.

Chin Kwang graduated with a Bachelor of Accountancy from the National University of Singapore.

He is a Certified Public Accountant and is a fellow member of the Institute of Certified Public Accountants of Singapore. Chin Kwang currently holds the position of Finance Director of Ezra Holdings Limited, a leading offshore contractor and provider of integrated offshore solutions for the oil and gas industry, listed on the Singapore Exchange. He is also a director of various companies in countries such as Singapore, Thailand, Norway and Nigeria.

Chin Kwang started his career with Ernst & Young in Singapore and currently has over 23 years of experience in various accounting, finance management and business advisory functions across a broad spectrum of industries. His wealth of experience in corporate and business structuring, merger and acquisition and corporate finance has empowered him to excel in leadership positions throughout his career.

**Joginder Singh A/L Bhag Singh**
Independent Non-Executive Director

Joginder Singh A/L Bhag Singh, a Malaysian aged 65, was appointed to the Board on 25 June 2013. He graduated with a Bachelor of Economics from University Malaya in 1973 and holds a post-graduate diploma in Financial Management from the University of Stratclyde, Glasgow, UK.

Joginder has 36 years' experience in development and commercial banking. In 1973, he began his career at AGRO Bank and rose to become a Senior Manager where he was tasked with supervision and establishment of the bank's branch network nationwide. In 1987, he joined Public Bank Bhd where he was Senior Manager for Overseas Investments and led the setting up of joint ventures overseas with investments in Hong Kong, China, Singapore, Vietnam, Cambodia and Sri Lanka.

In 1991, Joginder joined DCB Bank Berhad where he held the position of Assistant Vice President – Branch Supervision Department. In 1996, he joined RHB Bank Berhad where he stayed for 5 years overseeing the Branches & Network Management Department which entailed supervision of 202 branches manned by about 4000 staff and 500 self-service terminals including customer service. In 2000, he retired from the bank as Senior Vice President.

**Other information**

None of the Directors have:

(1) Any family relationship with any director and/or major shareholder of the Company;

(2) Any conflict of interest with the Company; and

(3) Any condition for offences for the past 10 years other than traffic offences.

# LEADERSHIP TEAM & TECHNICAL EXPERTS

*Front Table (sitting) from left to right:*

**Dr Pascal Josephus Petronella Hos**
Head of Petroleum Engineering

**David Jayakumar Richards**
Head of Geoscience

**Stephen Craig Dechant**
Chief Development Officer

**Mark John Paton**
Chief Business Development Officer

*Front Table (standing) from left to right:*

**Ainul Azhar Ainul Jamal**
Executive Director of HiRex Petroleum Sdn Bhd

**Joyce Vasudevan**
Chief Financial Officer

**Dr Kenneth Gerard Pereira**
Managing Director

**Azleen Rosemy Ahmad**
General Manager Corporate Finance

*Back Table (sitting) from left to right:*

**Deepak Thakur**
Petroleum Economist

**Joel Sheng**
Head of Information Management and Technology

**Syarifah Aliza Syed Azauddin**
Senior Manager Corporate Finance

**Meera Surin Derpall**
Senior Manager Accounting and Business Processes

*Back Table (standing) from left to right:*

**Christopher Dyas**
Project Director Lime Middle East Concessions

**Elike Mawuli**
Head of Drilling

**Jason Tan**
General Manager E&P Finance

**Ir Mohd Iwan Jefry bin Abdul Majid**
Head of New Ventures

**Thomas J. Stensgaard**
Project Manager West Seahorse Field, VIC/P57

# PROFILE OF LEADERSHIP TEAM & TECHNICAL EXPERTS

## A COMPANY POWERED BY ITS PEOPLE

At Hibiscus Petroleum, we invest in our people as we believe that they are crucial to the long-term success of the Company. The collective expertise and knowledge of our professionals have enabled us to grow exponentially through a diversification of our assets and geographical reach, allowing us to continuously create value for our Company. Our performance is driven by the people we hire who are competent, motivated, and more importantly, passionate about their work.

At present, the majority of Hibiscus Petroleum experts are embedded in each project/venture to reinforce and support the two most critical functions of any project – operational management and financial control. Needless to say, this reflects our view that a hands-on approach is key to safeguarding our investments and ensuring their sustainability.

As we aim to be a lean company, we are highly selective of who we invite into our family and encourage our people to venture outside their comfort zone. Over the last two years, we have increased our talent pool from 3 people to 28, expanding our range of skills and experiences to accommodate and support the growth of our company as we race towards becoming a premier independent oil and gas player.

## LEADERSHIP TEAM & TECHNICAL EXPERTS

### EXECUTIVE STRATEGY

| MANAGING DIRECTOR | CHIEF FINANCIAL OFFICER | CHIEF BUSINESS DEVELOPMENT OFFICER | CHIEF DEVELOPMENT OFFICER |
|---|---|---|---|
| Dr Kenneth Gerard Pereira | Joyce Vasudevan | Mark John Paton | Stephen Dechant |

### PROJECT LEADERSHIP

| LIME PETROLEUM | VIC/P57 | HIREX PETROLEUM |
|---|---|---|
| Christopher Dyas | Thomas J. Stensgaard | Ainul Azhar Ainul Jamal |

### SHARED SUPPORT SERVICES

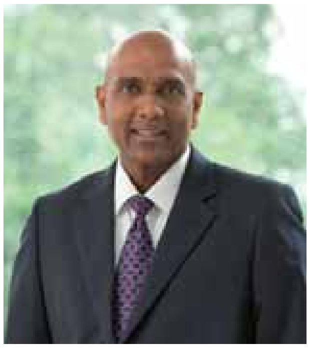
**TECHNICAL DIRECTION**

| | |
|---|---|
| Petroleum Engineering | Dr Pascal Josephus Petronella Hos |
| Geology & Geophysics | David Jayakumar Richards<br>Ir Mohd Iwan Jefri bin Abdul Majid |
| Drilling Operations | Elike Mawuli |
| Petroleum Economics | Deepak Thakur |
| Document Control & IT | Joel Sheng |

**CORPORATE ADVISORY & FINANCIAL SERVICES**

| | |
|---|---|
| Finance and Accounting - E&P | Jason Tan<br>Meera Surin Derpall |
| Corporate Finance | Azleen Rosemy Ahmad<br>Syarifah Aliza Syed Azauddin |

## EXECUTIVE STRATEGY



**Dr Kenneth Gerard Pereira**
Managing Director

Please refer to page 33 of the Annual Report.

**Joyce Vasudevan**
Chief Financial Officer

Joyce Vasudevan, a Malaysian aged 45, graduated with a Bachelor of Economics majoring in Accounting, from LaTrobe University, Melbourne, Australia. She is a member of the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants.

Joyce has more than 23 years' experience in various areas of audit, corporate finance and finance. She started her career as an auditor with Ernst & Young in 1989 and after almost 5 years in audit, Joyce worked in the Corporate Finance department at two investment banks, Malaysian International Merchant Bankers Berhad in 1996 and RHB Sakura Merchant Bankers Berhad from 1997 to 2000. She was involved in numerous projects for government-linked companies and public listed companies including acquisitions, initial public offers, corporate restructurings, equity issuances and valuation exercises.

In 2000, Joyce joined Carlsberg Brewery Malaysia Berhad, where she headed the Business Analysis & Planning Department and was tasked with the set-up of the new department to drive business plans, formulate sales, marketing, production and competitive business models to aid in management decisions, evaluate prospective investments and develop a company-wide balanced scorecard system.

In 2006, she joined SapuraCrest Petroleum Berhad, where she headed the Strategic & Operations Planning Unit of the Chief Operating Officer's (COO) Office, and was responsible for the development of various systems including management reporting, project monitoring, key performance indicators and key processes. She also assisted the COO in driving a Group-wide reorganisation of its operations.

Joyce joined the Company on 1 January 2011 and currently sits on the boards of Hibiscus Upstream Sdn Bhd, Orient Hibiscus Sdn Bhd, Oceania Hibiscus Sdn Bhd, Hibiscus Oilfield Services Limited, Gulf Hibiscus Limited, Carnarvon Hibiscus Pty Ltd, Lime Petroleum Limited, Zubara Petroleum Limited and Baqal Petroleum Limited.

**Mark John Paton**
Chief Business Development Officer

Mark John Paton, a British and Australian citizen aged 54, holds a Bachelor of Science (Honours) degree in Chemical Engineering from the University of Leeds, United Kingdom (UK).

Mark has 33 years' experience in the oil and gas industry, both in the services, and exploration and production sectors. He began his career with BP Exploration in 1980, as a Production and Commissioning Engineer before taking on other roles managing advanced production technology research projects, leading field development activities and assisting in the development of BP's corporate plans and strategy.

In 1989, Mark joined BHP Petroleum and held positions including as Well Services Supervisor, Production Manager and thereafter, as General Manager for BHP Petroleum's Northern Australia Operations. His responsibilities included drilling, well completion, overseeing production from three FPSO production facilities and the management of the Darwin office and logistics base.

In 1997, Mark founded an oil and gas service company, Upstream Petroleum, with a colleague from BHP Petroleum. Upstream Petroleum became the dominant provider of operations, maintenance services and marginal field development solutions to the Australian oil and gas industry. The company grew rapidly to employ over 400 employees with offices in Darwin, Perth, Melbourne and Brisbane and an oil and gas service and logistics centre in Darwin.

In 2007, subsequent to the trade sale of Upstream Petroleum to the AGR Group ASA of Norway for a headline price of AUD $85 million, AGR Group sought Mark's assistance to establish the company's office in Kuala Lumpur, a first step by the company into the South East Asia region. Mark served as AGR's Managing Director in Asia Pacific for two years before returning to Australia as an independent consultant in 2009.

After two years of independent consultancy work, in February 2011, Mark joined ASX-listed Cue Energy Resource Ltd as Chief Executive Officer where he remained until he joined Hibiscus Petroleum in March 2013.

# PROFILE OF LEADERSHIP TEAM & TECHNICAL EXPERTS

Continued

## EXECUTIVE STRATEGY

**Stephen Craig Dechant**
Chief Development Officer

Stephen Craig Dechant, an American aged 56, graduated with a Bachelor of Science degree in Civil Engineering in 1981 from Kansas State University, Manhattan, Kansas.

Steve has over 30 years' experience in the oil and gas industry in a career dedicated to managing large offshore projects globally including Brazil, Nigeria, Angola, Australia, Gulf of Mexico and Malaysia. For the past 16 years, he has been involved in the management of highly complex, capital intensive deepwater projects.

His expertise includes strong leadership skills with a proven ability to assemble very strong management teams, overall project execution planning, project controls, contracting strategy, interface management and execution of both conventional and fast-track projects.

A recent highlight was Steve's senior project management role on the Kikeh Project, the first deepwater project in Malaysia. Steve joined the Kikeh Project shortly after the Kikeh discovery and led all phases of the USD2 billion development which was completed in less than 5 years from discovery.

Steve joined the Company on 1 October 2012 and is a director of Carnarvon Hibiscus Pty Ltd and Althea Corporation Limited.

## PROJECT LEADERSHIP

### LIME PETROLEUM, MIDDLE EAST

**Christopher Dyas**
Project Director

Christopher Dyas, a British national aged 55, is the Head of Projects. He graduated with Master of Science degree in Thermal Power from Cranfield Institute of Technology, UK and Master in Business Administration (MBA) at the Cranfield School of Management.

Chris has 30 years of engineering and project related experience. He also has contractual and financial experience with skills in evaluating, companies, projects, and developing business plans. Chris started his career in 1983 with Cooper Energy Services (now a subsidiary of Rolls-Royce) heading the testing of turbomachinery used primarily in the oil and gas industry where he led a small team of engineers, technicians and QA/QC personnel. He also undertook the build of turbomachinery units in Norway and carried out on-site client training.

In 1986, he joined Marathon Oil (UK) Ltd as a Maintenance and Rotating Equipment Engineer, responsible for offshore facilities and process systems. He spent time offshore during the commissioning of the Brae B platform and was responsible for identifying facilities and system problems in the early stages of production.

Following an MBA in 1990, he worked with Atlantic Power and Gas and Wood Group in Scotland and was at the forefront of risk - reward based contracting in the offshore oil and gas services sector. In Wood Group Gas Turbines, as Business Development and Marketing Manager he was the focal point in bidding onshore and offshore maintenance contracts internationally for the group and in 2000, he was General Manager for the Asia-Pacific region heading a business development team in gas turbine services.

In 2002, he joined SapuraCrest Petroleum Berhad as Project Director/General Manager, where he was engaged in the bidding and execution of several brownfield and greenfield projects related to oil and gas services, and led a project in India to refurbish offshore platforms.

Chris joined the Group on 1 January 2012.

## PROJECT LEADERSHIP

### VIC/P57, AUSTRALIA

**Thomas J. Stensgaard**
Project Manager

Thomas J. Stensgaard, an American aged 43, holds a Bachelor of Science (Honours) degree in Mechanical Engineering from South Dakota School of Mines and Technology and a Masters in Business Administration from Rice University.

Tom has more than 20 years of experience in the upstream energy industry with an emphasis on the commercialisation and development of worldwide offshore projects. He has managed large deepwater capital intensive projects around the world including projects in Malaysia, Brazil, Angola, Nigeria, Ghana, US Gulf of Mexico, and China. He worked for Texaco for a number of years with increasing levels of responsibility with a primary focus on offshore projects and new ventures.

His expertise includes contract negotiations and deal structuring, project management, and fast-track project execution strategies. Tom's strong leadership and project management focus are key attributes to his success.

Tom was recently involved in several megaprojects in West Africa which include the marque Jubilee deepwater project in Ghana which saw the development of a USD3.5 billion development come on stream in less than 3.5 years from discovery. Tom has been published in Offshore Engineer Magazine and has presented on fast track projects at the Offshore Technology Conference.

Tom joined the Group in October 2012 as Project Manager of the West Seahorse Project located in the Bass Strait, Australia.

### HIREX, ASIA - PACIFIC

**Ainul Azhar Ainul Jamal**
Executive Director

Ainul Azhar Ainul Jamal, a Malaysian aged 53, graduated with a Bachelor of Science degree in Electrical Engineering from the University of Sussex in the UK. He attended the Daniels Business School at the University of Denver, Colorado and a management program at the Institute for Management Development (IMD), Lausanne, Switzerland.

Jamal has been with Schlumberger for 29 years at many worldwide locations, with assignments in both the oil field and technology business units. He joined Schlumberger Oilfield Services in 1984 as a Wireline Field Engineer and worked in Australia, New Zealand and Indonesia. From 1996 until 2004, he held various marketing and management positions in a variety of countries around the world. From 2002 until 2004, he was the Managing Director of Schlumberger Oilfield Services, South East Asia based in Kuala Lumpur.

In August 2004, he was transferred to London, UK to serve as Schlumberger's Director of Communications (Internal & Marketing) and in 2005, he became Director of Personnel of WesternGeco, a Schlumberger company. After serving 3 years in this role, he was posted as the Group Human Resource Director for the Reservoir Management Group based in Gatwick, UK before his arrival to Schlumberger's Technology Hub in Kuala Lumpur, in August 2009 as Vice-President, Global Accounts, Asia. In 2010, he was appointed as the Chairman of Schlumberger Group of Companies, Asia Pacific.

He had previously served as Board member and Treasurer of the Schlumberger Foundation and also as council member of Petronas INSTEP Academic Council.

Jamal is currently a member of the Institute of Electrical & Electronic Engineers (UK), the Malaysian Institute of Electrical & Engineers (Malaysia) and the Society of Petroleum Engineers. He is also a council member of the UTP Student Advisory Council and the Malaysian Oil and Gas Services Council.

Jamal joined HIREX on 1 July 2013.

# PROFILE OF LEADERSHIP TEAM & TECHNICAL EXPERTS

Continued

## TECHNICAL DIRECTION

**Dr Pascal Josephus Petronella Hos**
Head of Petroleum Engineering

**David Jayakumar Richards**
Head of Geoscience

Dr Pascal Josephus Petronella Hos, a Dutch national aged 42 holds a Bachelor of Science degree in Mechanical Engineering and a PhD in Mechanical Engineering, from Rice University, Texas, USA.

Dr Pascal has more than 11 years' experience in reservoir engineering, production technology and rock mechanics in major local and foreign companies. He is also experienced in project management, well and reservoir management, reserves reporting, field development planning and project execution. Dr Pascal started his career in 1995 as a Wireline Research Engineer in Schlumberger Sugar Land Technology Center, Houston, USA, where he developed a statistical data analysis software for a new multi-phase fluid velocity wireline logging tool.

In 1996, he worked as a PhD Researcher with the NASA Johnson Space Center, USA, where he discovered a form of heat transfer, which led to a redesign of the oxygen storage tanks used on board the space shuttles. In 2001, Dr Pascal joined Shell International EP, Netherlands, as a Reservoir Engineer/Research Project Manager, for the research, development and deployment of an in-house fractured water injection modelling tool. He also delivered training for operating unit and technology center staff.

In 2006, Dr Pascal joined Sarawak Shell Berhad (SSB) as Senior Reservoir Engineer under the Sabah Inboard Reservoir Management team, where he was in charge of reservoir management for the Barton and St. Joseph fields. During his time in SSB, he also held various other positions namely the Subsurface Team Lead, Water Flood Manager, and was appointed as the regional expert to further standardise water flooding developments and operational design across the Asia-Pacific region. He was involved in key projects such as the St. Joseph Redevelopment project, Barton Water Injection Redevelopment Project, and the Gumusut-Kakap and Malikai projects in Malaysia.

Dr Pascal joined the Company on 14 February 2011 and sits on the board of Dahan Petroleum Limited.

David Jayakumar Richards, a Malaysian aged 50, graduated with a Bachelor of Science (Hons) degree in Earth Science from Universiti Kebangsaan Malaysia (National University of Malaysia).

David has 25 years of experience as a petroleum geoscientist in the exploration, development, and production and planning phases of the oil and gas industry. He started work as a geologist in 1989 with Sun Oil Far East Malaysia Inc. performing acreage evaluations in Pearl River (China), Taranaki (New Zealand), Potwar (Pakistan), Godavari (India) and Thai Basins before moving to ExxonMobil Exploration & Production Malaysia Inc. where he worked for 15 years in the exploration, development, production and planning segments. From 2006 to 2010, he was involved in the exploration and development of gas resources for Carigali-Hess Operating Company Sdn Bhd in the jointly operated area between Malaysia and Thailand. His position prior to joining Hibiscus Petroleum was as Senior Geologist with Newfield Sarawak Malaysia Inc.

He has been involved in providing planning, mapping, geo-modelling, resource/reserve assessments, geologic risk evaluation, seismic interpretation and evaluation, and operations monitoring of drilling and completion of field operations. Additionally, he has experience in integrating evaluations of various seismic data in combination with sequence stratigraphy, fault analysis, reservoir pressure, RFT /MDT sample and petrophysics in geoscientific interpretation.

David joined the Company on 5 October 2011.

## TECHNICAL DIRECTION

**Elike Mawuli**
Head of Drilling

Elike Mawuli, a dual Australian and Ghanaian citizen aged 34, graduated with a Bachelor of Engineering degree in Mechatronics and a Master in Engineering Management, both from Queensland University of Technology, Australia. He is also a member of the Institute of Engineers Australia and the Project Management Institute.

Elike has over 11 years' experience in the oil and gas sector, in both onshore and offshore drilling, well design and well servicing operations, and has worked in various operating environments in Papua New Guinea, Australia, Indonesia, and East Timor. Whilst working in Papua New Guinea, he was exposed to high cost land wells in extremely remote heli-supported locations. In Australia, he has worked on exploration and appraisal wells in the Bowen, Surat, Browse, Bonaparte and Cooper-Eromanga basins. In Indonesia, he was involved in exploration activities in East Java while in East Timor, he was involved in planning deepwater wells and the Timor Leste Exclusive Area (TLEA).

Elike has both conventional and non-conventional oil and gas experience, and has provided consultancy services on the use of drilling technologies to other industries, mainly the coal industry in Queensland and New South Wales.

Elike has worked for small and large operators, and on a number of new start-up operations where he set up the systems required to ensure cost effective and efficient commencement of operations. Companies he has worked for in the past include Santos Limited, InterOil Corporation, Upstream Petroleum, Oil Search Limited, Eni Australia Limited, and Talisman Energy.

Elike joined the Group on 1 January 2012.

**Deepak Thakur**
Petroleum Economist

Deepak Thakur, an Indian national aged 30, graduated with a Bachelor in Technology (B.Tech) in Petroleum Engineering from the Indian School of Mines (ISM), Dhanbad, India. He went on to pursue an MBA (Majoring in Finance) from the Indian Institute of Management (IIM), Bangalore, India.

Deepak has 6 years' experience in developing financial models, performing valuation & sensitivity analysis, reservoir engineering and analysing the fiscal regimes of different geographies. At Hibiscus Petroleum, he is responsible for conducting economic evaluations of existing and potential new business opportunities and for providing regular economic analysis and cash flow forecasts to evaluate specific investment opportunities.

He has performed financial valuations of oil & gas assets in Egypt, Australia, Oman, Malaysia, Indonesia, Philippines, Nigeria, Bangladesh, India, Angola and Tanzania. Previously, he had worked with Morgan Stanley (India), Essar Group (India) and Prize Petroleum (India).

Deepak joined the Company on 1 March 2012.

# PROFILE OF LEADERSHIP TEAM & TECHNICAL EXPERTS

Continued

## TECHNICAL DIRECTION

**Joel Sheng**
Head of Information Management and Technology

Joel Sheng, a Malaysian aged 42, holds a Diploma in National Computing Centre (U.K.) from Systematic College (now SEGi University).

Joel has 21 years' experience in Information Technology and Information Management. He was involved in software design, development and support industry for 15 years, of which 7 years consisted of involvement in the oil and gas, and asset management software businesses. The last 6 years of his career was dedicated to Information and Document Management.

His initial attachment was with Kumpulan Emas Group's Software division as a Trainee Programmer. His work experience included involvement in projects for Dewan Bandaraya Kuala Lumpur, Malayan Flour Mills Berhad and Public Leasing and Factoring Sendirian Berhad. He left the company after attaining the position of an Analyst Programmer in 1994 to join VXL Management Sendirian Berhad as the Senior IT Executive.

In 1999, he joined Sapura Energy Sendirian Berhad as the IT Manager and was involved in multiple IT projects. Between 2006 and 2012, he was assigned to SapuraAcergy Sendirian Berhad as the Document Control Manager and was involved in the setup of the company's corporate management system and also the company's Engineering, Procurement, Installation and Commissioning projects which include Malaysia's first and second Deepwater projects, the Murphy Oil Kikeh Project and Sabah Shell Gumusut Kakap Project.

Joel joined the Company on 1 July 2012.

**Ir Mohd Iwan Jefry bin Abdul Majid**
Head of New Ventures

Ir Mohd Iwan Jefry bin Abdul Majid, Malaysian aged 42, is the Head of New Ventures. He is a Petroleum Engineer with 20 years of experience in the oil and gas exploration and production industry. He obtained his Bachelor's degree in Petroleum and Natural Gas Engineering from Pennsylvania State University, USA and a Masters Degree in Petroleum Engineering from Imperial College of London, UK.

Ir Mohd Iwan has an extensive business network within the upstream oil and gas industry, domestically and regionally. He began his career with Petronas Carigali Sdn Bhd in 1992. He has been involved in various field development projects and offshore well testing operations. Some of the projects he has worked on include the Dulang Field Phase 2 Development Project (Malaysia) as a Reservoir Engineer, Dai Hung Oilfield (Vietnam) as a part of a special task force, and the Heglig Field Development Study project (Sudan) as Team Leader. He has also worked in the Joint Venture Department, managing PSC (Production Sharing Contract) blocks operated by Exxon Mobil Corporation in Peninsular Malaysia.

In 2001, he joined Talisman Energy (Malaysia) Limited as Reservoir Engineer and then later joined Petroleum Development Oman as part of a multidisciplinary reservoir management team for the heavy oil development in South Oman.

In 2005, Ir Mohd Iwan joined Schlumberger Overseas S.A. as the Subsurface Consulting Manager in Indonesia and then later in Malaysia. He has served major clients such as Chevron Corporation, Total SA, ConocoPhillips Company, Inpex Corporation, Eni S.p.A, PT Medco Energi Internasional Tbk and PT. Pertamina (Persero). He then later managed the petroleum engineering and geosciences consultancy business for the East Asia Geomarket for national oil companies like Petronas, PTT Exploration and Production Public Limited Company and Petrovietnam Exploration & Production.

Ir Mohd Iwan has been with the Company since 1 January 2011.

## CORPORATE ADVISORY & FINANCIAL SERVICES

**Jason Tan**
General Manager
E&P Finance

**Meera Surin Derpall**
Senior Manager
Accounting and
Business Processes

Jason Tan, a Malaysian aged 38, holds a Bachelor of Commerce degree in Accounting and Finance from the University of Western Australia, Australia.

Jason has 15 years' experience in the oil and gas industry; both in the services and exploration and production sectors. He began his career with PricewaterhouseCoopers (PwC) Kuala Lumpur as an Audit Assistant, which propelled his proficiency with oil and gas sectors servicing clients such as Sarawak Shell Bhd, Santa Fe, Murphy Oil and Maxis.

In 2003, he joined Talisman Energy Malaysia as a Senior Accountant overseeing the preparation of quarterly Production Sharing Contract Statements, Tax Planning and was a member of the SOX team, acting as the focal point for both internal audit and external audit.

In 2007, he joined Nadaprise Sdn Bhd, a wholly-owned subsidiary of SPK Berhad as Group Financial Controller, overseeing all finance and accounting matters of the group. The company was involved in joint venture operations with companies like Wood Group, ThyssenKruup, CHC Helicopter and PT Rekayasa providing services to Shell, Petronas Carigali, MMHE and Miri Crude Oil Terminal. Jason joined Talisman Australasia Pty Ltd in 2010 as Senior Joint Venture Accountant in Brisbane overseeing joint venture accounting of 13 operated and non-operated oil and gas exploration concessions in Papua New Guinea.

Jason joined the Group on 17 December 2012.

Meera Surin Derpall, a Malaysian aged 38, graduated with a Bachelor of Accounting degree from University of Malaya, Malaysia. She is a member of the Malaysian Institute of Certified Public Accountants.

Meera has more than 15 years' experience in various areas of audit and finance. She started her career as an auditor with PricewaterhouseCoopers, Malaysia in 1998 and after almost 4 years she became an Assistant Manager in the Advisory and Business Assurance Services Division. During this time she led audit teams for various clients mainly from the oil and gas industry, such as Murphy Oil.

Meera joined the Accounting Department of Murphy Sarawak Oil Co Ltd in 2004. She pioneered the first roll out of the Sarbanes-Oxley (SOX) processes and continuously led the coordination of periodic assessments. Through her position as leader of SOX Malaysia, she gained international exposure in accounting and SOX testing in the United States, United Kingdom and Indonesia. Additionally, she has worked closely with Petronas and Petronas Carigali in ensuring compliance with regulatory reporting requirements under the Production Sharing Contracts.

In 2010, she joined General Electric Inc. (Malaysia) as Finance Manager responsible for the entire Finance function for the healthcare division in Malaysia. During her years in General Electric Inc., she was also the Treasurer of the GE Volunteer, and the Communications and Engagement Leader of the GE Women's Network.

Meera joined the Company on 2 February 2012.

# PROFILE OF LEADERSHIP TEAM & TECHNICAL EXPERTS

Continued

## CORPORATE ADVISORY & FINANCIAL SERVICES

**Azleen Rosemy Ahmad**
General Manager
Corporate Finance

**Syarifah Aliza Syed Azauddin**
Senior Manager
Corporate Finance

Azleen Rosemy Ahmad, a Malaysian aged 43, holds a Bachelor of Science degree in Actuarial Science and Finance from the Wharton Business School, University of Pennsylvania, USA, and holds a Masters in Business Administration from the University of Nottingham.

Azleen has 21 years' experience in various areas of corporate finance, finance and general management. She began her career as a management consultant with PricewaterhouseCoopers in 1992 before joining the Corporate Finance Department of RHB Sakura Merchant Bankers Berhad in 1995. During her career as management consultant and corporate adviser, she was involved in numerous projects for government agencies and public listed companies including privatisation exercises, local and foreign mergers and acquisition exercises, valuation exercises, initial public offerings, rights issues and mandatory general offers for both local and foreign companies.

In 2001, she assumed the post of Finance & Administration Manager of RCM Engineering & Services Sdn Bhd. Six years later, she joined SapuraCrest Petroleum Berhad (SapuraCrest) in the Strategic & Operations Planning Unit, where she was part of the team to implement the operational reorganisation of SapuraCrest Group's Offshore Construction business, to develop & monitor the financial performance indicators of the business units and to develop & monitor the key performance indicators of Directors/Heads of the business units. She also led the team for the cost optimisation exercise of the SapuraCrest Group.

Azleen joined the Company on 15 February 2012.

Syarifah Aliza Syed Azauddin, a Malaysian aged 38, holds a Bachelor of Arts (Hons) degree in Accountancy and Finance from Lancaster University, UK, and also a Masters in Business Administration from the International Islamic University of Malaysia.

Aliza has 17 years' experience in various areas of corporate finance, asset management, private equity and general management.

She began her career as an internal auditor at Renong Berhad, pursuant to the completion of her degree under their scholarship. She then went on to work for their wholly-owned subsidiary at the time, PUTRA-LRT in the Commercial & Marketing Department, being entrusted with all revenue-generating activities of the transportation company. During her tenure there, she led the team to win 3 branding and business awards.

In 2005, she joined Artisan Encipta (M) Sdn Bhd, the venture capital arm of MIMOS Berhad where she was responsible for monitoring an investment portfolio comprising start-up technology companies both local and international.

She assumed the position of Senior Manager when she joined the International Business team of Kuwait Finance House (Malaysia) Berhad (KFHMB) in 2008, where she was entrusted to pursue corporate expansion plans for the bank in the Asia-Pacific region. In 2009, she became a member of the pioneer team at KFH Asset Management Sdn Bhd, a subsidiary of KFHMB, holding the position of Deputy Head of Department, Alternative Investment Group. In this capacity, she played a significant role in the management of KFHMB's investment management portfolio valued at approximately USD500 million. She was also involved in numerous fund development efforts, fund raising activities, investment assessments, private equity deals, and was also entrusted to oversee various funds' corporate governance and compliance functions.

Aliza joined the Company on 19 September 2011.

# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors is entrusted with the responsibility of safeguarding the Group's resources in the interests of its shareholders by exercising due and reasonable care. The Board recognises that its primary role is to protect and promote the interests of its shareholders, with the overriding objective of enhancing the long term value of the Group. In this regard, the Board remains focused and committed to maintaining high standards of corporate governance whilst ensuring that the appropriate management of risks is undertaken by leveraging on the Management's knowledge and experience.

The following paragraphs set out the manner the Group has applied and complied with the recommendations of the Malaysian Code of Corporate Governance 2012 (Code) throughout the financial year ended 31 March 2013 and up to 15 July 2013 pursuant to paragraph 15.25 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities).

## 1. ROLES AND RESPONSIBILITIES

### 1.1 Principal Responsibilities of the Board

The Board functions on the principle that all significant and material matters are addressed by the Board as it is accountable under the law for the Group's activities, strategies and financial performance. The Board plays an active role in reviewing and adopting the strategic business plans for the Group, by ensuring that the strategies proposed by the Management are discussed at length and critically examined by the Directors, who are provided with sufficient information to enable their discharge of duties with reasonable care, skill and diligence.

The Board also serves as a panel to provide effective oversight on the assessment of principal risks and the appropriate systems to manage these risks, as well as to review the adequacy and integrity of the Group's internal control systems to safeguard shareholders' investments and the Group's assets.

The Board Charter is available on the Company's website.

In addition, the Group's business performance and results are reviewed periodically by the Board via quarterly reports received from the Management. The Board also ensures that Management positions within the Group are filled by employees who subscribe to the highest standards of ethics and corporate behaviour.

During deliberations at Board meetings, any Director who is faced with conflict of duties or conflict of interests, must declare the conflict, and refrain from participating in the discussion of such papers. During the financial year under review which ended on 31 March 2013, there were no situations of conflict of duties or interests arising save for the following:
- The Managing Director was not present and abstained during the deliberation on his remuneration package.
- Mr Roushan Arumugam had abstained from signing the board resolution relating to the Proposed Private Placement of Convertible Redeemable Preference Shares to Sri Inderajaya (Far East) Sdn Bhd, a corporation whose shareholders and directors are his parents.

For the financial year under review, the Board is satisfied with the existing number and composition of its Directors and is of the view that its members have the necessary mix of skills, knowledge and experience to enable the Board to discharge its duties in an effective and competent manner, in addition to having a balanced and independent perspective by virtue of the presence of its Independent Directors on the Board.

### 1.2 Clear Roles and Responsibilities

***Responsibilities of the Board Committees***

The Board is assisted by three Board Committees namely, the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee. Each committee operates under its respective terms of reference.

The functions and terms of reference of the Board Committees, as well as authority delegated by the Board to these committees, are reviewed from time to time to ensure that they are relevant and up-to-date.

These committees have the authority to examine particular issues within their respective terms of references and advise the Board on their recommendations. The ultimate responsibility for the final decision on most matters lies with the entire Board.

***Audit and Risk Management Committee***

The Audit and Risk Management Committee consists exclusively of Non-Executive Directors, the majority of whom are Independent Directors. The composition of the Audit and Risk Management Committee, its terms of reference and a summary of its activities are set out separately in the Audit and Risk Management Committee Report on pages 62 to 65 of this Annual Report.

***Nominating Committee***

The Nominating Committee is chaired by the Senior Independent Non-Executive Director. Its other members consist exclusively of Non-Executive Directors, the majority of whom are Independent Directors. The Nominating Committee is mainly responsible for assessing and recommending candidates with the required mix of skills and attributes to fill Board and Board Committee vacancies as well as to review or evaluate the appropriate balance, size, optimum mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board. The Nominating Committee also reviews the candidates recommended by the Managing Director to be appointed as Senior Management of the Company and makes the appropriate recommendation to the Board for approval. The Nominating Committee recommends to the Board, the Directors who are seeking re-election subject to the approval of the shareholders at annual general meetings. The Nominating Committee also assesses on an annual basis, the effectiveness of the Board as a whole and the Board Committees as well as the respective individual Directors' performance and contribution. All assessments and evaluations are duly discussed and recorded in the minutes of the Nominating Committee and Board meetings.

According to the terms of reference of the Nominating Committee, the Nominating Committee will meet at least once each year. During the financial year ended 31 March 2013, the Nominating Committee held 5 meetings.

The activities undertaken by the Nominating Committee during the financial year ended 31 March 2013 were as follows:

- Reviewed and recommended the appointment of a new director to the Board of the Company and additional members to the Board Committees;
- Reviewed the mechanism to assess the performance of the Board, the Board Committees, the Managing Director and the Chief Financial Officer;
- Reviewed and recommended the appointment of the Chief Development Officer and Chief Business Development Officer of the Group;
- Reviewed and recommended the Board assessment form, individual Director assessment form and the Board Committee assessment form;
- Nominated and recommended the appointment of the Senior Independent Director;
- Reviewed the findings of the annual performance assessment of Directors for the period of evaluation from 1 January 2012 to 31 December 2012;
- Reviewed the revision to the terms of reference of the Nominating Committee to be consistent with the revised principles and recommendation under the Code; and
- Reviewed the Directors' Assessment and Succession Planning policies for Key Positions.

The Board designated Encik Zainol Izzet bin Mohamed Ishak, the Chairman of the Nominating Committee, as the Senior Independent Director.

# STATEMENT OF CORPORATE GOVERNANCE

Continued

***Remuneration Committee***
The Remuneration Committee comprises a majority of Independent Non-Executive Directors.

In respect of the financial year ended 31 March 2013, the Remuneration Committee undertook the following:

- Reviewed and recommended the remuneration package of the Managing Director and the Senior Management;
- Reviewed the revision to the terms of reference of the Remuneration Committee to be consistent with the revised principles and recommendation under the Code; and
- Reviewed the Directors' Remuneration policy.

Following the above, the Board has implemented the Directors' Remuneration policy which prescribes the fundamental principles of remuneration and acknowledges the various phases that the Company will undergo in its evolution and growth process. As such, the Directors' Remuneration package shall evolve as the Company evolves. The policy states that during the Special Purpose Acquisition Company and the post-qualifying acquisition (non-profitable) phases, minimal remuneration is to be paid to the Directors of the Company.

In addition, the Board has introduced a policy that Executive Directors who are appointed to the Boards of associate or subsidiary companies of the Company which attract directors' remuneration, fees, expenses or benefits, shall, surrender such remuneration, fees, expenses or benefits as soon as practically possible after receipt, provided that such individual is fully and adequately protected and indemnified from all claims and liabilities that may be incurred by the individual concerned in discharging his or her duties in a lawful manner in the interest of the company on whose board he or she is serving.

**1.3 Promoting Ethical Standards**
The Board has formally adopted a Code of Conduct and Ethics (CCE) to govern the conduct of the Directors and employees of the Group. The CCE is available on the Company's website. Each employee of the Company has individually acknowledged and confirmed that he or she has read the CCE and will abide by the provisions contained therein.

**1.4 Promoting Sustainability**
The Board is committed to ensure that the health and safety of our employees and those affected by our business, our physical assets and Group's reputation, and the environment in which we operate are protected. While the Board recognises that Health, Safety, Security and Environment (HSSE) is the responsibility of everyone, policies and protocols are designed and implemented for the wellbeing of employees with the goal being to attain zero injuries, by encouraging a sense of duty amongst employees to discourage unsafe actions and reinforce good behaviours. Additionally, the Group ensures that the work environment provided is a healthy, safe and secure place for everyone. It is the firm belief of the Board that the safe delivery of projects and operation facilities is a critical success factor.

As the Group has yet to generate profits, the Board has deferred the implementation of a corporate social responsibility programme. However, the Board strongly believes in its responsibility towards the community and looks forward to the opportunity to make a positive social impact.

All management decisions will reflect the intentions of the HSSE policy and proper direction, education, training and supervision will be provided to ensure employees understand the required behaviours and the subsequent consequences of non-compliance towards the policy. The Group intends to achieve this by regularly reviewing the HSSE policy and making improvements through experiences to ensure compliance with internationally accepted best practices in HSSE and by fully adhering to the stipulated regulations and guidelines of the relevant government agencies in the jurisdictions in which we operate.

### 1.5 Access to Information and Advice

The Board's rights to information pertaining to the businesses and affairs of the Group and access to independent advice are entrenched in the Board Charter. The Board is also supported by the services of qualified Company Secretaries.

The Board meets at least every quarter and on other occasions, as and when necessary, to approve quarterly financial results, statutory financial statements, the annual report, business plans and budgets as well as to review the performance of the Group and its operational activities, risk management updates, governance matters including key policies and procedures, and business development or acquisition activities.

Each Director is provided a copy of the meeting agenda together with the set of Board papers comprising the minutes of previous meeting(s), operational updates, quarterly financial reports, key risks mitigation plan and regulatory updates, several days prior to the Board meeting, to facilitate informed decision making. The Board papers contain pertinent quantitative and qualitative information, and Management and external advisors (where necessary) attend the Board and Board Committees meetings to advise on relevant agenda items to enable the Directors to substantively assess the subject matter at hand and facilitate eventual decision making.

The Chairman presides at all meetings of Directors. The Managing Director together with the Senior Management leads the presentation of the Board papers and provides comprehensive and concise explanations on material factors. All decisions made at Board meetings are at least through a simple majority. To date, all resolutions have been unanimously approved by the Board.

All proceedings of the Board meetings are minuted and circulated to all Directors for their perusal prior to the confirmation of minutes. Upon confirmation, the minutes of meeting are signed by the Chairman of the meeting in accordance with the provisions of the Malaysian Companies Act, 1965. Minutes of Board meetings which include the decisions made at Board meetings and the resolutions passed, are properly maintained by the Company Secretaries.

The Board may contact any employee of the Group and has unrestricted and immediate access to all information relating to the Group's business affairs, for the efficient discharge of its duties and responsibilities. Full access is also provided to the services of the Company Secretaries. In addition, the Board is at liberty to engage other professional consultants at the Group's expense at reasonable cost, and may even invite external parties with relevant experience to attend the Board meetings, if required.

The Board also has direct communication with the external auditors of the Group.

The above transparent dissemination of information demonstrates that the Board is fully aware of, and acts on, any matters for decision to ensure proper direction and control of the Group. The Group's Limits of Authority clearly establish the authority of the Board and the Management for effective governance.

Thirteen Board meetings were held during the financial year ended 31 March 2013. The Managing Director also attended Board Committee Meetings by invitation, when required.

# STATEMENT OF CORPORATE GOVERNANCE

Continued

The attendance record of individual Directors at Board and Board Committee meetings held during the financial year ended 31 March 2013 since their respective appointments is detailed below:

| Name | Board | Board Committees | | |
|---|---|---|---|---|
| | | Audit and Risk Management | Nominating | Remuneration |
| **Number of meetings held during the financial year** | **13** | **8** | **5** | **3** |
| Zainul Rahim bin Mohd Zain<br>Non-Independent, Non-Executive Chairman | 13/13 | 8/8 | 5/5 | 3/3 |
| Dr Kenneth Gerard Pereira<br>Managing Director | 13/13 | n/a | n/a | n/a |
| Dr Rabi Narayan Bastia<br>Non-Independent, Non-Executive Director<br>(Appointed as a member of the Audit and Risk Management Committee on 25 February 2013) | 8/13 | 1/2 | n/a | n/a |
| Zainol Izzet bin Mohamed Ishak<br>Senior Independent, Non-Executive Director | 12/13 | 8/8 | 5/5 | 3/3 |
| Datin Sunita Mei-Lin Rajakumar<br>Independent, Non-Executive Director | 11/13 | 7/8 | 5/5 | 3/3 |
| Roushan Arumugam<br>Independent, Non-Executive Director<br>(Appointed as a member of the Nominating and Remuneration Committees on 28 March 2013) | 13/13 | n/a | 1/1 | 1/1 |
| Tay Chin Kwang<br>Independent, Non-Executive Director<br>(Appointed as a Director on the Board of Hibiscus Petroleum and on the Audit and Risk Management Committee on 14 June 2012) | 8/9 | 5/6 | n/a | n/a |
| Joginder Singh A/L Bhag Singh<br>Independent, Non-Executive Director<br>(Appointed as a Director on the Board of Hibiscus Petroleum on 25 June 2013) | n/a | n/a | n/a | n/a |

## 2. STRENGTHENING COMPOSITION

The Code places great importance on the role of the Board in providing leadership, enhancing Board effectiveness by strengthening its composition and reinforcing its independence. The Board, as of the date of this Statement, has eight members which comprises a Managing Director and seven Non-Executive Directors. Five out of the eight Directors are independent, which exceeds the minimum requirement of one-third of the Board to be independent directors as prescribed in the Code and the MMLR.

Pursuant to the Company's Articles of Association (Articles), all Directors of the Company shall retire from office at least once in every three years but shall be eligible for re-election at the annual general meeting. New Director(s) appointed during any year shall retire and seek re-appointment at the next annual general meeting. This provides an opportunity for shareholders to renew their mandates and ensures that shareholders have a regular opportunity to reassess the composition of the Board.

Based on the Nominating Committee's recommendation, the Board is responsible for deciding whether to table the proposed re-election of a Director at the next annual general meeting, notwithstanding that specific Directors are required to retire by rotation at the meeting. In the calendar year 2013, the Board approved the recommendation of the Nominating Committee for three Directors, namely Dr. Rabi Narayan Bastia, Datin Sunita Mei-Lin Rajakumar and Mr Joginder Singh A/L Bhag Singh to retire and seek re-election at the 3rd Annual General Meeting in accordance to the Articles.

The Nominating Committee assists the Board in the annual review of the composition of the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

***Recruitment Criteria***

The Nominating Committee is also tasked to set up protocols in accepting appointment for new directorships, criteria in assessing the Directors' independence, and conducting an annual review of the performance of the Board as a whole, Board Committees and each individual Director. The Nominating Committee refers to the results of performance assessment of Directors for the period of evaluation from 1 January 2012 to 31 December 2012, to ensure the requirements of the Board and Board Committees are addressed.

The curriculum vitae of each Director is presented in the section covering the Board of Directors' profiles on pages 32 to 39 of this Annual Report. Given the diversity in experience and qualifications of each Director, the Board considers that the desirable balance of skill sets achieved between Executive and Non-Executive Directors during the financial year under review was appropriate and effective for the control and direction of the Group's business structure and requirements. The Board is also of the opinion that the Board composition during the financial year under review fairly represented the ownership structure of the Group.

***Annual Assessment***

As part of the annual performance appraisal process for the Senior Management, the Nominating Committee is to provide its findings to the Remuneration Committee for their evaluation of the overall remuneration policy for Non-Executive Directors, the Managing Director and the Chief Financial Officer. The Remuneration Committee is to then submit its recommendations of the appropriate remuneration package or adjustment to the package of the Managing Director and the Chief Financial Officer to the Board for approval. The compensation package for Non-Executive Directors is decided by the Board as a whole.

## 3. REINFORCE BOARD INDEPENDENCE

The Independent Directors play a pivotal role in corporate accountability and provide unbiased independent views and judgement to the Board's deliberation and decision making process, which is reflected in their membership of the various Board Committees and attendance of meetings as detailed above. In addition, the Non-Executive Directors ensure that matters and issues brought up to the Board are adequately discussed and examined, taking into account the interest of all stakeholders.

***Assessment of Independent Directors***

In assessing the independence of Independent Directors, the Nominating Committee will consider whether the Director has met the independence guidelines as set out in paragraph 1.01 of the MMLR which include a series of objective tests. The Nominating Committee will also take into account whether the Independent Director has or has had any relationship with the Company other than as a Director as well as the Independent Director's ability to exercise independent judgement at all times and to act in the best interests of the Company.

***Tenure of Independent Directors***

The Board takes cognisance of the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine years. Currently, none of the Independent Directors have served on the Board for nine years.

# STATEMENT OF CORPORATE GOVERNANCE

Continued

***Separation of roles of the Chairman and the Managing Director***

The Board has established the role of the Chairman as separate and distinct from the role of the Managing Director to ensure an effective balance of authority and accountability. The Chairman's main responsibility is to provide overall leadership to the Board while the Managing Director is responsible for ensuring that the Group's corporate and business objectives are achieved.

## 4. FOSTERING COMMITMENT

***Time commitment***

The Directors are fully aware of their responsibilities and dedicate sufficient time to carry out such responsibilities. The Directors attend the Board meetings, Annual and Extraordinary General Meetings and hold regular meetings with Management throughout the financial year. The Board meeting dates are planned ahead of schedule and a commitment is obtained from the Directors on their availability. All the Directors provide notification to the Chairman, who then notifies the Senior Independent Director, before accepting any new appointment on the boards of other companies, to ensure that there is no potential conflict of interest by accepting the appointment.

All Directors have complied with the restrictions on the number of directorships in public listed companies as prescribed under the MMLR. This ensures that their commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively.

***Directors' Training***

In compliance with the MMLR, the Directors are mindful that they are required to attend suitable training programmes to keep abreast with the current developments of the industry as well as the applicable statutory and regulatory requirements.

Every new Director has attended the Mandatory Accreditation Programme (MAP) within four months of the Company's listing or date of appointment, and procured a certificate from the programme organiser. Mr Joginder Singh A/L Bhag Singh who was appointed as a director of the Company on 25 June 2013, will attend the MAP within four months from the date of his appointment.

The Directors had also individually attended several training courses to strengthen their particular skill sets and knowledge in order to effectively discharge their duties.

The collective sets of courses attended by the Board (on an individual member basis) include the following:

- Audit Committee Institute Malaysia: Legal and Regulatory Expectations concerning Responsibilities and Obligations of Independent Directors and briefing by KPMG: The Audit Committee's oversight role on financial reporting- "Aren't the numbers too good to be true?"
- Detecting Red Flags in Creative Accounting
- The Malaysian Code on Corporate Governance 2012
- Launch of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers
- Nominating Committee Program
- Advocacy Sessions on Corporate Disclosure For Directors of Listed Issuers
- 10th Oil and Gas HR Round Table, Mumbai
- Subsea India Conference, New Delhi
- AAPG Annual Meet 2013: Indian School of Mines, Dhanbad
- IHS focus convention: Trends and Insight on deepwater activity, Mumbai
- Introduction to Exploration Petroleum Geology

***Directors' Remuneration***
The Company's remuneration policy that recommends payments to the Non-Executive Directors is primarily based on principles which take into account the nature and size of the Company's operations, market practices, duties and accountability.

In line with this philosophy, remuneration for the Managing Director is aligned to the scope of his duties and responsibilities, pre-requisite qualifications and experiences, strategic targets of the Group, the performance of the individual and the Group, and the current competitive remuneration package for the same position in comparable companies.

The Remuneration Committee and the Board remain supportive of the Group's corporate objectives and are aligned with the interest of shareholders, while taking into account the necessity of ensuring competitive remuneration packages which attract and retain individuals of high calibre within the Group.

The Group maintains a Directors' and Officers' Liability Insurance to indemnify Directors and officers of the Group against any liability incurred by them in the discharge of their duties while holding office. The Directors and officers, however, shall not be indemnified in the event of any deliberately fraudulent act or omission or any wilful violation or breach of any law, regulation or by-law anywhere in the world.

Further details of each Director's remuneration and fees (including benefits in-kind) for the financial year ended 31 March 2013 are as disclosed in Note 27 of the Financial Report section on page 136 of this Annual Report.

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Role of the Audit and Risk Management Committee
In addition to the duties and responsibilities set out under its terms of reference, the Audit and Risk Management Committee assists the Board in the review of the financial statements of the Group to ensure that they are prepared in compliance with the new Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirement of Companies Act, 1965 in Malaysia.

It is the Board's objective to present a balanced and comprehensible assessment of the Group's position and prospects each time it releases its quarterly results and annual financial statements to its shareholders as well as ensuring that the financial statements give a true and fair view of the results of operations and the financial state of affairs of the Group. This aim also applies to other price sensitive reports prepared. The assessment is provided through the Board of Directors' Responsibility Statement set out on page 73.

Details of the Audit and Risk Management Committee's responsibilities and activities during the financial year ended 31 March 2013 are set out in the Audit and Risk Management Committee Report on pages 62 to 65 of this Annual Report.

### 5.2 Assessment of External Auditors
Messrs PricewaterhouseCoopers has provided written confirmation to the Audit and Risk Management Committee that for the financial year ended 31 March 2013, it maintained its independence in accordance to its firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants. Messrs PricewaterhouseCoopers also reviewed the non-audit services to the Group during the financial year in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as the external auditors of the Group.

Messrs PricewaterhouseCoopers has on 15 July 2013 reported their findings upon the completion of the audit for the financial year ended 31 March 2013 and subsequently reaffirmed their independence.

Based on these confirmation representations, the Audit and Risk Management Committee was satisfied with Messrs PricewaterhouseCoopers' technical competency and audit independence and has recommended their re-appointment to the Board, for which shareholders' approval will be sought at this Annual General Meeting.

## 6. RECOGNISE AND MANAGE RISK

The Board acknowledges that it is their responsibility for maintaining a sound system of controls covering operational, financial, compliance as well as risk management elements to safeguard shareholders' investment and the Group's assets. The risk management framework and internal control system are designed to meet the Group's particular needs and to manage the risk to which it is exposed. The Board is cognisant of the importance of such controls, as further elaborated under the Statement on Risk Management and Internal Control on pages 66 to 70 of this Annual Report.

# STATEMENT OF CORPORATE GOVERNANCE

Continued

The Group has outsourced the function of internal audit to a professional service provider as it is more effective and beneficial to do so with the current size of the Group's operations. An annual internal audit plan covering the audit scope is presented to the Audit and Risk Management Committee for approval. Audit findings together with recommendations thereon are presented to Management and follow-up audits are performed to ensure Management's action plans are carried out effectively. Internal audit reports with Management's responses are presented to the Audit and Risk Management Committee upon its conclusion.

## 7. TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognises that timely and high quality disclosure of material information to the public is an integral part of the corporate governance framework. The internal policies and procedures are in place to ensure compliance with the disclosure requirements as set out in the MMLR.

### 7.1 Corporate Disclosure Policies and Procedures

The Board has put in place policies and procedures on Corporate Disclosure whereby the Chairman of the Company, the Managing Director and the Chief Financial Officer have been appointed to assume the role as the authorised Spokespersons of the Company to communicate with audience constituents and respond to questions in relation to the corporate vision, strategies, development, future prospects, financial results, plans, operations amongst others, during press conferences and analyst briefings to ensure disclosures are consistent, factual and correct. To ensure consistent disclosure and to avoid selective disclosure, employees or officers other than the Spokespersons are prohibited from communicating with investors.

The Corporate Disclosure Policies and Procedures are available on the Company's website.

The Investor Relations team maintains a portal, www.hibiscuspetroleum.com, which serves as a platform of communication and a source of information for shareholders and the general public. The information available on the portal includes amongst others, the Company's stock chart, disclosures to Bursa Securities, investor presentations, financial information and press releases.

Each quarter, the Company's financial results are released to the public via announcements made to Bursa Securities. These announcements contain the financial statements, the explanatory notes and the status of development and exploration activities of the Group, its jointly controlled entities and jointly controlled operations.

Maintaining relationship with the investing public is of primary importance to the Company. In addition to engagements during the Annual General Meeting and Extraordinary General Meetings held, the Investor Relations team proactively and regularly facilitates meetings between the authorised Spokespersons and the investment community to share the Group's performance, strategy and development through various modes of communications which includes meetings or briefings, press releases, telephone, emails and posting of relevant presentation materials on the Company's website to ensure timely and fair dissemination of information.

The Investor Relations team welcomes feedback from the investing community, and may be contacted via info@hibiscuspetroleum.com.

## 8. STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Encouraging Shareholders Participation

The Group is fully committed to observing the principles of corporate governance in maintaining transparency and accountability to all stakeholders. This commitment is manifested by the fair disclosure practice observed Group-wide to provide clear, comprehensive and timely information to all stakeholders via a medium which is readily accessible to all (such as Bursa LINK and the corporate website).

In the strict observance of the disclosure requirements of Bursa Securities, announcements are made via Bursa LINK, including the release of the quarterly reports and Annual Report.

In addition, the Management has constantly engaged with the media to provide further awareness on the exploration and production industry in a bid to educate the public on the industry, as well as to disseminate additional information to a wider audience. Such engagements are also carried out during the issuance of press releases on significant matters to facilitate the public's understanding of the updates provided.

The Company's website, www.hibiscuspetroleum.com, also serves as an avenue for the public and the investing community to have access to information such as the corporate profile, updates on the strategic, operational and corporate developments, announcements and press releases, as well as contact details of a member of Management who is available for providing responses to any clarification sought.

Under all circumstances, the Group upholds the strictest standards of confidentiality with regard to undisclosed material information and continually observes the dissemination of information to shareholders and the general public in a timely and fair manner.

### 8.2 Annual and Extraordinary General Meetings

Shareholders' meetings are the principal engagement platform for dialogue between the Board and all shareholders.

During such meetings, the shareholders are encouraged to actively participate in the Question & Answer session to clarify resolutions being proposed or to enquire about the Group's business strategy and activities. The Board, Managing Director and Senior Management are present to provide clarification to the shareholders' queries. The Company's external auditors and relevant advisers of the Company are also invited to attend such general meetings and are available to answer the relevant questions raised, where appropriate.

At these meetings, voting shall be based on a show of hands unless a poll is demanded in accordance with the Articles. The Board advises the shareholders of their right to demand for a poll, prior to the commencement of the voting process. For example, during the Company's Extraordinary General Meeting held on 21 March 2012, shareholders' approval to proceed with the Qualifying Acquisition was obtained via poll voting.

The Board welcomes shareholder engagement as it provides an opportunity to assess market expectations and more significantly, is an effective method of informing our shareholders of the strategies, operational performance and financial results.

The Board has designated Encik Zainol Izzet bin Mohamed Ishak, the Senior Independent Director as the person to whom concerns from the shareholders and/or queries from the public can be conveyed. He may be contacted at izzet@hibiscuspetroleum.com.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit Committee (AC) of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) was formed on 26 February 2011. Subsequently, on 25 February 2013, the Board renamed the AC as the Audit and Risk Management Committee (ARMC) to broaden its scope and highlight the importance placed on the risk management of the various elements of our business whilst also covering the areas of internal control, financial reporting and corporate governance. Given the increased scope of work that was envisaged to be undertaken by the ARMC, the membership was also increased to 5 members.

Following this development, the ARMC is pleased to present the ARMC Report for the financial year ended 31 March 2013 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities).

## COMPOSITION OF ARMC AND ATTENDANCE

The ARMC comprises the people named below.

The attendance of members at the ARMC meetings held during the financial year ended 31 March 2013 are reflected below:

| Name | Designation | Directorship | Attendance at Committee Meetings |
|---|---|---|---|
| Datin Sunita Mei-Lin Rajakumar | Chairperson | Independent Non-Executive Director | 7/8 |
| Zainul Rahim bin Mohd Zain | Member | Non-Independent Non-Executive Director (Chairman) | 8/8 |
| Zainol Izzet bin Mohamed Ishak | Member | Senior Independent Non-Executive Director | 8/8 |
| Tay Chin Kwang (appointed on 14 June 2012) | Member | Independent Non-Executive Director | 5/6 |
| Dr Rabi Narayan Bastia (appointed on 25 Feb 2013) | Member | Non-Independent Non-Executive Director | 1/2 |

Note: *The minimum number of ARMC meetings to be held in a financial year is 4 meetings. Additional meetings may be called at any time, at the discretion of the Chairperson of the ARMC.*

In line with Paragraph 15.09(1)(b) of the MMLR, all ARMC members are Non-Executive Directors, with a majority being Independent Directors. At least one member of the ARMC fulfills such other requirements as prescribed or approved by Bursa Securities pursuant to Paragraph 15.09(1)(c)(iii) of the MMLR.

**TERMS OF REFERENCE**

The ARMC is governed by the Terms of Reference dated 28 March 2013, an extract of which is stated below.

**1. OBJECTIVES**

The ARMC shall assist the Board in:

(a) complying with specified accounting standards and required disclosure as administered by Bursa Securities, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
(b) presenting a balanced and understandable assessment of the Company's position and prospects;
(c) establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and
(d) ensuring a sound system of risk management and internal controls to safeguard shareholders' investment and the Company's assets.

**2. POWERS**

In carrying out its duties and responsibilities, the ARMC shall have the following rights:

(a) The explicit authority to investigate any matter within its Terms of Reference;
(b) Access to the resources which are required to perform its duties;
(c) Full, free and unrestricted access to any information, records, properties and personnel of the Company;
(d) Direct communication channels with the external and internal auditors;
(e) Ability to obtain independent professional or other advice at the Company's cost, and to invite external parties with relevant experience to attend the ARMC meetings, if required, and to brief the ARMC thereof;
(f) Ability to convene meetings with external and internal auditors, or both, whenever deemed necessary, excluding the attendance of other Directors and employees of the Group;
(g) Promptly report to Bursa Securities where a matter reported by the ARMC to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and
(h) The attendance of any particular ARMC meeting by other Directors and employees of the Company shall be at the ARMC's invitation and discretion, and specific to that relevant meeting only.

**3. DUTIES AND RESPONSIBILITIES**

***External Audit***

(a) Nominate and recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditors;
(b) Review with the external auditors, the nature, scope and plan of the audit before the audit commences and report the same to the Board;
(c) Ensure co-ordination if more than one audit firm is involved in the audit;
(d) Review with the external auditors, their audit report and report the same to the Board;
(e) Review with the external auditors, their evaluation of the system of risk management and internal controls and report the same to the Board;
(f) Review the assistance given by the employees of the Company to the external auditors and report the same to the Board;
(g) Review any letter of resignation from the external auditors and report the same to the Board;
(h) Review whether there is reason, supported by grounds, to believe that the external auditors are not suitable for re-appointment and report the same to the Board;
(i) Discuss problems and reservations, if any, arising from the interim and final audits, and any matter which the external auditors wish to discuss in the absence of the Management, where necessary;
(j) Discuss and review the external auditor's management letter and Management response (if any); and
(k) Discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Continued

### *Internal Audit*

(a) Review and report the same to the Board on the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
(b) Review and report the same to the Board on the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;
(c) Ensure that appropriate action is taken on the recommendations of the internal auditors, where necessary;
(d) Review the assistance and co-operation given by the employees of the Company to the internal auditors;
(e) Review the performance of the internal auditors;
(f) Approve any appointment or termination of the internal auditors; and
(g) Inform itself of the resignation of internal auditors and request the resigning firm to submit its reasons for resigning.

### *Risk Management*

(a) Review the Group's risk management framework and assess the resources and knowledge of the Management and employees involved in the risk management process;
(b) Review the effectiveness of internal control systems deployed by the Management to address those risks;
(c) Review and recommend corrective measures to be undertaken to remedy any failings and/or weaknesses;
(d) Review and undertake monitoring of principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommend additional course(s) of action to mitigate such risks;
(e) Monitor and communicate the risk assessment results to the Board; and
(f) Assess the actual and potential impact of any failure or weakness of the internal controls in place.

### *Others*

(a) Review the quarterly results and year-end financial statements and report the same to the Board for their approval, with emphasis given to:
    i. any major changes in accounting policies and practices;
    ii. significant and unusual events;
    iii. the going concern assumption; and
    iv. compliance with accounting standards and other statutory requirements;
(b) Review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and report the same to the Board;
(c) Discuss and review the major findings of any internal investigations and the Management's response;
(d) Review the statement with regard to the state of risk management and internal controls of the Group for inclusion in the Annual Report and report the same to the Board;
(e) Oversee the Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Group's assets from misappropriation and encourage legal and regulatory compliance;
(f) Submit recommendations, where necessary, to the Board for approval;
(g) Perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities; and
(h) Consider other topics as defined by the Board.

## SUMMARY OF THE ARMC ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

In accordance with the approved Terms of Reference of the ARMC, the ARMC carried out the following activities in discharging its functions and duties during the financial year ended 31 March 2013:

1. Reviewed and recommended to the Board the change of the external auditors and the audit fee;
2. Reviewed and discussed with the external auditor the nature and scope of their audit and ensured that the audit is comprehensive;
3. Reviewed the performance and effectiveness of the new external auditor in the provision of statutory audit services;
4. Reviewed the quarterly and annual financial reports of the Group and the Company prior to submission to the Board for consideration and approval;
5. Reviewed the external auditors' management letter and Management's response;
6. Considered the findings by the external auditors during review of the quarterly results and Management's responses thereto;
7. Conducted meetings with the external auditors without the presence of the Management;
8. Reviewed and recommended to the Board the appointment of the external service provider for internal audit services at an agreed audit fee after the Company became an operating company;
9. Reviewed the internal audit plan and scope of work for the year for the Group;
10. Reviewed the internal audit reports, which incorporated audit findings, recommendations and Management responses for the Group and the Company by the external service provider for internal audit services;
11. Reviewed the related party transactions;
12. Reviewed the Group's risk management framework and assessed the resources and knowledge of the Management and employees involved in the risk management process;
13. Reviewed the Group's systems and practices for the identification and management of risks based on the recommendations of the Executive Risk Management Committee (ERMC);
14. Reviewed the Group and each business division's risk profiles and action plans taken by the Management to control and mitigate the risks based on the recommendations of the ERMC; and
15. Reviewed the Statement of Risk Management and Internal Control and the ARMC Report to be published in this Annual Report for the financial year ended 31 March 2013.

## INTERNAL AUDIT FUNCTION

In view of the current size of the Group, the ARMC had outsourced the internal audit function of the Group to an external service provider (Internal Auditors), which is independent from the Management and operations. The Internal Auditors provide an independent and objective assessment on the adequacy and effectiveness of the risk management, internal control and governance processes/framework of the Group.

Through the internal audit function, the Company undertakes regular and systematic reviews on the system of internal control so as to provide reasonable assurance that such a system continues to operate satisfactorily and effectively in the Group.

The Internal Auditors report directly to the ARMC which reviews the internal audit plans and scope of work for the Group as well as the performance of the Internal Auditor in undertaking their internal audit function.

During the financial year under review, the Internal Auditors had conducted their internal audit engagement in accordance with the approved risk-based internal audit plan of the Group.

Details of the internal audit activities carried out by the Internal Auditors for the financial year ended 31 March 2013 are as follows:

1. Prepared and presented a risk-based audit plan, internal audit strategy and scope of work to the ARMC and the Board for deliberation and approval;
2. Evaluated and appraised the soundness, adequacy and application of accounting, financial and other controls and promoting effective controls in the Group and the Company at a reasonable cost;
3. Ascertained the level of operational and business compliance with established policies and procedures, and Limits of Authority;
4. Appraised the reliability and usefulness of information developed within the Group and the Company for Management;
5. Identified and recommended opportunities for improvements to the existing system of internal control and processes in the Group.

The total costs incurred by the Group for the internal audit function for the financial year ended 31 March 2013 was approximately RM36,000.

This Statement is made in accordance with the resolution of the Board dated 15 July 2013.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (Board) affirms its commitment to maintain a sound framework of risk management and internal control in Hibiscus Petroleum Group (Group) and is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2013 and it further applies up to the date of this statement.

## BOARD RESPONSIBILITY

The Board is responsible and accountable for the Group's risk management framework and system of internal control. This responsibility and accountability includes the establishment of an appropriate risk management framework and control environment, as well as reviewing its effectiveness, adequacy and integrity. The system of internal control covers governance, financial, organisational, operational and compliance controls. Due to the limitations inherent in any system of internal controls, this system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's desired objectives. Accordingly, it can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

Management has applied judgement in assessing the risks faced by the Group, identifying the Group's ability to reduce the incidence and impact of risks, and ensuring that the benefits outweigh the costs of operating the controls. The Board, through the Audit and Risk Management Committee (ARMC), observed that measures were taken on areas identified for improvement, as part of Management's continued efforts to strengthen the Group's internal control.

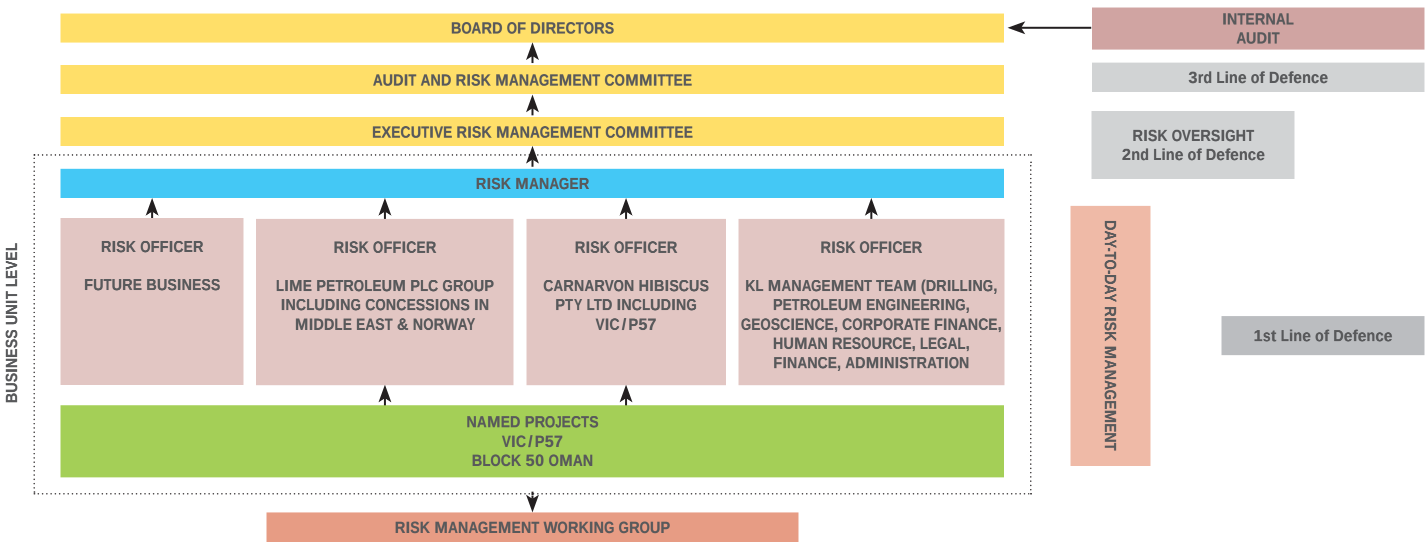
## REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

### RISK MANAGEMENT FRAMEWORK

Risk management is firmly embedded in the Group's system of internal control as it is regarded by the Board to be integral to operations. Managing risk is a shared responsibility and, therefore, is integrated into the Group's governance, business processes and operations. It is an interactive process consisting of steps which are undertaken in sequence and enable continuous improvement in decision-making.

To this end, the Group has established a Risk Management Framework which includes processes for identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation are integral to the Group's strategic planning and day-to-day operations. There is a detailed risk management process, culminating in a Board review, which identifies the key risks facing the Group and each business unit. This information is reviewed by Management as part of the strategic review and periodical business performance process.

- **Risk Management Structure**



- **Management**

  The Management acknowledges that they are responsible for implementing the processes for identifying, evaluating, monitoring and reporting risks and internal control, and for taking appropriate and timely corrective or mitigating actions as needed. The Management has further assured the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

  The risk profile of the Group has been established based on the enterprise risk management concept with principal risks identified and regular reviews of key risk indicators and risk mitigation plans. The Management has implemented the necessary processes to:

  - identify risks relevant to the Group's business and the achievement of its objectives and strategies;
  - design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
  - identify changes to risks or emerging risks, take actions as appropriate, and promptly bring these to the attention of the Board.

  Under the Risk Management Framework, the responsibilities are allocated in the following manner:

  ***Project level***

  Detailed risk assessments and mitigation plans of each project are led by the relevant project manager involving geologists, the drilling contractor, the environmental specialist, the industrial relationship officer and joint venture representatives. Areas covered include business processes, Production Licence submission, regulatory and labour union matters, rig availability and funding.

  ***Company level***

  The respective Risk Officers identify key risks by business unit and project, and are responsible for reviewing key risks, likelihood and impact of the risks, as well as the execution of risk mitigation plans by risk owners.

  These are reported to the Executive Risk Management Committee (ERMC) on a regular basis for monitoring and review. The ERMC, led by the Risk Manager, comprises key management personnel from different technical, commercial, operational and financial disciplines. The ERMC is responsible for ensuring effective risk governance and implementation within the Group and meets at least once each quarter to review and update the risk events, procedures and mitigating measures that are undertaken and proposes new mitigation measures to contain the risks. It provides regular updates based on its review to the ARMC.

  The risk profiles at the business unit level are also regularly discussed at the Management level to ensure risks and controls are aligned to meet the agreed business objectives.

- **Internal Audit**

  Internal Audit complements the role of the ERMC by independently reviewing the adequacy and effectiveness of the controls implemented based on identified risk profiles and risk management strategies relevant to the audit engagement.

  The Group's internal auditors continually assess the quality of risk management and control, and report to the Management and the ARMC on the status of specific areas identified for improvement based on their audit plan.

- **Board**

  In evaluating the effectiveness of the risk oversight and internal control activities of the Group, the Board considers whether business risks have impacted or are likely to impact the Group's achievement of its objectives and strategies. The Board also assesses the effectiveness of the risk management and internal control system in managing those risks.

  The ERMC meets the ARMC at least once a quarter to highlight and discuss the key risks as well as the status of mitigation plans.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Continued

The ARMC, on behalf of the Board:

(i) reviews the adequacy of the Group's risk management framework and assesses the resources and knowledge of the Management and employees involved in the risk management process;
(ii) reviews the Internal Audit findings to consider impact to risk assessment and the effectiveness of internal control systems deployed by the Management to address those risks;
(iii) reviews and recommends corrective measures to be undertaken to remedy any failings and/or weaknesses;
(iv) reviews and undertakes monitoring of principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommend additional course(s) of action to mitigate such risks;
(v) monitors and communicates the risk assessment results to the Board; and
(vi) reviews the actual and potential impact of any failure or weakness of the internal controls in place, particularly those related to financial performance or conditions affecting the Group.

The responsibilities of the Board for the governance of risk and the institution of controls include:

(i) approving the Group's risk philosophy / policy;
(ii) approving the Group's risk portfolio and determining the Group's risk tolerance and risk appetite;
(iii) assessing and monitoring key business risks to safeguard shareholders' investments and the Group's assets;
(iv) providing effective oversight on assessment of principal risks and the appropriate systems to manage these risks; and
(v) reviewing the adequacy and integrity of the Group's internal control systems to safeguard shareholders' investments and the Group's assets.

Throughout the financial year and up to the date of this statement, the Board had considered all key issues that have been highlighted, and how these had been addressed, including all additional information necessary to ensure it had taken into account all significant aspects of risks and internal control of the Group. Among the issues considered were:

- changes in the nature and the extent of significant risks since the previous assessment and how the Group has responded to changes in its business and the external environment;
- the effectiveness of the Group's risk management and internal control system;
- the work of its internal audit, risk management team and other assurance providers, including the external auditors;
- the extent and adequacy of the communication of the results of the monitoring to the Board;
- the incidence of significant control failure or weaknesses that were identified at any time during the period and their impact on the Group's performance or financial, business or operational conditions;
- events that had not been anticipated by the Management which impacted the achievement of the Group's objectives; and
- the adequacy and effectiveness of the risk management and internal control policies as a whole.

## INTERNAL CONTROL FRAMEWORK AND ASSESSMENT

The Group's internal control framework and assessment are segregated into two interrelated components, as follows:

### A. Control Environment

Control environment is the organisational structure and culture created by the Management and employees to sustain organisational support for effective internal control. It is the foundation for all the other components of internal control, providing discipline and structure. Management's commitment to establishing and maintaining effective internal control is cascaded downwards and permeates the Group's control environment, aiding in the successful implementation of internal control.

Key elements include:

**Organisation Structure**

The Group has a well-defined organisation structure that is aligned to its business requirements and ensures check and balance through segregation of duties. Clear reporting lines and authority limits govern the approval process, driven by Limits of Authority set by the Board.

All key strategic, business and investment plans are approved and monitored by the Board. Comprehensive Board papers, which include both financial and non-financial matters such as cash flow forecasts, business strategies, corporate exercises, and any other key matters to consider for the Group, are escalated to the Board for deliberation and approval.

**Limits of Authority (LOA)**

The Board's approving authority is in part, delegated to the Management through a clear and formally defined LOA which deals with areas of corporate, financial, operational, human resource, and work plans and budgets. The LOA is the primary instrument that governs and manages the Group's business decision process. Whilst the objective of the LOA is to empower the Management, the key principle adhered to in its formulation is to ensure that a system of internal control of checks and balances are incorporated therein. The LOA is periodically reviewed and updated to ensure its relevance to the Group's business.

**Board and Management Committees**

The various Board Committees, namely the ARMC, Nominating Committee, Remuneration Committee, and ERMC are all governed by clearly defined terms of reference.

The ARMC comprises a majority of Independent Directors with wide ranging in-depth experience from different backgrounds, knowledge and expertise. Its members continue to meet regularly and have full and unimpeded access to both the internal and external auditors during the financial year.

**Human Resource Policies and Procedures**

There are guidelines within the Group for hiring and termination of staff, annual performance appraisals and other relevant procedures to ensure that employees are competent and adequately trained to carry out their duties and responsibilities.

**Code of Conduct and Ethics (Code)**

Employees and Directors are required to read, understand and adhere to the Code. More information of the Code is set out in the Statement of Corporate Governance.

**Health, Safety, Security and Environmental (HSSE) Policy**

The Group continues to inculcate awareness and build commitment on HSSE throughout the whole organisation. Our goal is zero injuries, with the safe delivery of projects and operation of facilities being a critical success factor.

**Other policies**

Key policies and procedures such as Information Technology, Accounting, Contracting and Procurement, Information Management, Risk Management, Corporate Disclosure and Succession Planning are available via the Group's Sharepoint facility, which are revised periodically to meet changing business, operational and statutory reporting needs.

## B. Monitoring

Monitoring the effectiveness of internal control is embedded in the normal course of the business. Periodic assessments are integral to the Management's continuous monitoring of internal control.

**Management and Board meetings**

The Board meets regularly with a set schedule of matters, which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Managing Director and key management personnel lead the presentation of Board papers and provide explanations of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite.

The Group's overall strategic business plan which maps out its objectives, business direction and highlights project risks with particular focus on the Lime Group and the VIC/P57 concession, are presented by the Management to the Board for their deliberation and approval. The Management provides the Board with regular updates on corporate activities as well as the progress of work plans within the Lime Group which is being managed by Hibiscus in its capacity as Project Manager of the Middle East concessions. In addition, the progress in the VIC/P57 work plan by the Company's wholly-owned subsidiary company, Carnarvon Hibiscus Pty Ltd, as Operator of the concession, is presented and discussed with the Board. The Management, together with the Board, also regularly reviews issues covering, but not limited to, strategy, risks, performance, resources and future business appraisals.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Continued

Significant changes in the business and the external environment, and strategic plans to address these changes are reported by the Management to the Board on an on-going basis.

Quarterly financial results and other information are provided to the ARMC and the Board to enable the Board to monitor and evaluate the business and financial performance.

**Internal Audit**

The outsourced internal audit function assists both the Board and the ARMC by conducting appropriate reviews to ensure that key financial, operational, system and compliance controls established by the Board and Management are operating effectively. To ensure independence from Management, the internal auditor reports directly to the ARMC.

The Audit Plan is approved by the ARMC on an annual basis. The ARMC also monitors major internal and external audit issues to ensure they are promptly addressed and resolved.

Significant findings and recommendations for improvements are highlighted to the Management and ARMC, with follow-up and reviews of action plans.

**Joint Venture and Associate**

The Group's internal control system does not apply to its associate company, which falls within the control of its majority shareholders. Nonetheless, the Group's interests are served through representation on the Board of Directors of the associate company as well as through the review of management accounts received.

The Group's internal control system described in this statement applies for joint ventures where the Group is the operator and holds a majority interest. For non-operated joint ventures with minority stakes, the Group participates in operation committee or board meetings and reviews the management accounts received.

These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

## REVIEW OF THE STATEMENT BY THE BOARD OF DIRECTORS

This Statement on Risk Management and Internal Control has been prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuers 2012. In making the statement, the Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

The Board considers the system of internal control described in this statement to be effective and the risks to be at an acceptable level within the context of the Group's business environment and risk appetite set by the Board. The Board and Management will continue to take measures to strengthen the risk management processes and internal control environment and monitor the health of the risks and internal control framework.

For the financial year under review, the Board is satisfied with the adequacy, integrity and effectiveness of the systems of risk management and internal control and there was no material loss, contingency or uncertainty requiring separate disclosure.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 15 July 2013.

# ADDITIONAL COMPLIANCE INFORMATION

**Material Contracts Involving Directors and Major Shareholders' Interest**

Save as disclosed below, there were no other material contracts of the Company and its subsidiaries involving directors' and major shareholders' interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year:

1. Deed Poll between Hibiscus Petroleum and the Warrants-B holders, who is a major shareholder of the Company, dated 8 June 2011 which governs the subscription and exercise of the Warrants-B into ordinary shares of the Company.

2. The Service Agreement between Hibiscus Petroleum and Dr Kenneth Gerard Pereira dated 1 January 2011 to appoint him as Managing Director of Hibiscus Petroleum.

3. The Convertible Redeemable Preference Share (CRPS) Subscription Agreement between Hibiscus Petroleum and Sri Inderajaya Holdings Sdn Bhd dated 2 August 2012 to subscribe for CRPS totalling RM5,000,000 at a conversion price of RM1.85 for every CRPS. Pursuant to shareholders' approval at the Extraordinary General Meeting (EGM) held on 26 September 2012 and receipt of payment of the subscription monies, 5,000,000 CRPS had been allotted and issued to Sri Inderajaya Holdings Sdn Bhd, an entity which is connected to a Director of Hibiscus Petroleum.

4. The CRPS Subscription Agreement between Hibiscus Petroleum and Sri Inderajaya (Far East) Sdn Bhd dated 11 January 2013 to subscribe for CRPS totalling RM10,000,000 at a conversion price of RM1.65 for every CRPS. The allotment and issuance of the CRPS to Sri Inderajaya (Far East) Sdn Bhd is subject to shareholders' approval at the EGM to be convened on 20 August 2013, in view that the entity is connected to a Director of Hibiscus Petroleum.

**Options, Warrants or Convertible Securities**

1. Options
   There were no options issued during this financial year.

2. Warrants-A
   In the financial year ended 31 March 2013, a total of 22,346,800 Warrants-A were converted into ordinary shares at an exercise price of RM0.50 per Warrant-A. A total of 334,436,522 Warrants-A were issued in 2011 in registered form and are constituted by the Warrants-A Deed Poll. The Warrants-A are listed on the Main Market of Bursa Malaysia Securities Berhad and are exercisable anytime during the period commencing from 18 April 2012 until 24 July 2014.

3. Warrants-B
   There were no Warrants-B exercised during the financial year under review.

4. Redeemable Convertible Preference Shares (RCPS)
   There were no RCPS redeemed during the financial year under review.

5. CRPS
   On 26 September 2012, Hibiscus Petroleum's shareholders had approved the private placement for 210,000,000 new CRPS of RM0.01 each at an issue price of RM1.00 per CRPS.

   During the financial year ended 31 March 2013, CRPS totalling RM79,480,000 were issued through a private placement exercise without prospectus.

# ADDITIONAL COMPLIANCE INFORMATION

Continued

**Variance in Results**

There was no deviation in the loss before taxation between the audited and the unaudited results announced for the financial year ended 31 March 2013.

**Non-audit Fees**

During the financial year under review, non-audit fees paid to external auditors of the Group amounted to RM834,136.

## UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

### Utilisation of Proceeds from Pre-Initial Public Offering ("IPO") and IPO

On 25 July 2011, the entire issued and paid-up share capital of the Company was listed on the Main Market of Bursa Securities. Hibiscus Petroleum received gross proceeds of RM245.2 million from its Pre-IPO and IPO exercise which were utilised in the following manner:

| | RM'million |
|---|---|
| IPO and Listing expenses paid | 6.0 |
| Qualifying Acquisition expenses paid | 5.8 |
| Investment in a jointly controlled entity, Lime Petroleum Plc | 169.6 |

### Utilisation of Proceeds from CRPS

As at 31 March 2013, the Company had placed out Convertible Redeemable Preference Shares (CRPS) totalling RM79.48 million under the Private Placement of CRPS. The proceeds of RM79.48 million raised therefrom have been utilised in the following manner:

| | RM'million |
|---|---|
| Subscription of fully paid ordinary shares in the capital of 3D Oil Limited, an associate company | 6.5 |
| Share issuance costs paid | 1.1 |
| Farm-In Investment* | 71.9 |

* Farm-In investment refers collectively to the purchase consideration of AUD13.5 million and a contribution of AUD13.5 million, payable by Carnarvon Hibiscus Pty Ltd, towards the joint operating activities of the VIC/P57 project, in respect of the acquisition of a 50.1% unencumbered legal and beneficial right and interest in VIC/P57 and any petroleum received from the permit area, together with all reliant property, data and information. The amount stated herein comprises part of the total AUD27 million Farm-in investment.

# THE BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

## In Respect of The Preparation of The Annual Audited Financial Statements

The Board of Directors is required by the Companies Act, 1965 to prepare audited financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia and that give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Board of Directors consider that in preparing the financial statements of the Group and of the Company, the Directors have:

- selected and applied appropriate accounting policies consistently;
- made reasonable and prudent judgments and estimates;
- ensured all applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad have been complied with; and
- based on a going concern basis as the Directors have a reasonable expectation, having made enquires, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Board of Directors has the responsibility for ensuring that the Group and the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure the financial statements comply with the Companies Act, 1965.

The Board of Directors has overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention, detection of fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensible assessment of the Group's position and prospects in the Directors' Report at pages 76 to 81 and the Financial Statements from pages 85 to 152 of this Annual Report.

This statement has been made in accordance with a resolution of the Board of Directors dated 15 July 2013.

# FINANCIAL REPORT

# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

## PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the business of exploration and development of oil and gas, investment holding and the provision of project management, technical and other services relating to the oil and gas exploration and production industry. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

| | Group RM | Company RM |
|---|---|---|
| Loss after taxation for the financial year | (4,196,735) | (6,427,871) |
| Attributable to: | | |
| Owners of the Company | (4,196,735) | (6,427,871) |

## DIVIDENDS

No dividend was paid since the end of the previous financial year and the Directors do not recommend the payment of any dividend for the current financial year.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) the Company increased its authorised capital from RM25,000,000 to RM50,000,000 comprising 4,690,000,000 ordinary shares of RM0.01 each, 100,000,000 Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each and 210,000,000 Convertible Redeemable Preference Shares ("CRPS") of RM0.01 each.

(b) the Company increased its issued and paid-up share capital from RM4,180,479 to RM4,403,947 by way of the conversion of 22,346,800 Warrants-A into new ordinary shares of RM0.01 each at an exercise price of RM0.50 per share. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(c) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("CRPS")

The Company had applied for an extension of time to complete the Private Placement of up to 210,000,000 CRPS of RM0.01 each to 31 August 2013 which was approved by Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 February 2013. On 11 July 2013, the Company applied for a further extension of time to complete the Private Placement of CRPS to 30 November 2013, for which a decision from Bursa Securities is pending.

## WARRANTS

### Warrants-A

The Warrants-A were issued in registered form and are constituted by the Warrants-A Deed Poll. The Warrants-A are listed on the Main Market of Bursa Securities and are exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

The terms of Warrants-A are disclosed in Note 20 to the financial statements. As at 31 March 2013, 22,346,800 Warrants-A have been exercised.

### Warrants-B

The Warrants-B were issued in registered form and are constituted by the Warrants-B Deed Poll. The Warrants-B are not listed and are exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

The terms of Warrants-B are disclosed in Note 20 to the financial statements. As at 31 March 2013, all Warrants-B remained unexercised.

*Note:*

*The Warrants-B are held by Hibiscus Upstream Sdn. Bhd. ("Hibiscus Upstream"), a company set up to hold ordinary shares of RM0.01 each and Warrants-B of the Company on behalf of the Company's Non-Independent Directors and management team. Previously, there was a 50% moratorium imposed on the sale, transfer or assignment of shares and Warrants-B held by Hibiscus Upstream, which has expired on 17 April 2013.*

The ordinary shares issued from the exercise of warrants shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions, rights, allotments and/or any other forms of distribution where the entitlement date of which precedes the relevant date of the allotment and issuance of the new shares arising from the exercise of warrants.

# DIRECTORS' REPORT

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the Directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

## CHANGE OF CIRCUMSTANCES

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 financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

## DIRECTORS

The Directors who served since the date of the last report are as follows:

Zainul Rahim bin Mohd Zain
Dr Kenneth Gerard Pereira
Dr Rabi Narayan Bastia
Zainol Izzet bin Mohamed Ishak
Datin Sunita Mei-Lin Rajakumar
Roushan A/L Arumugam
Tay Chin Kwang
Joginder Singh A/L Bhag Singh (Appointed on 25.06.2013)

In accordance with Article 101 of the Company's Articles of Association, Joginder Singh A/L Bhag Singh shall retire by rotation from the Board at the forthcoming Annual General Meeting ("AGM") of the Company and being eligible, offer himself for re-election.

In accordance with Article 123 of the Company's Articles of Association, Dr Rabi Narayan Bastia and Datin Sunita Mei-Lin Rajakumar shall retire by rotation from the Board at the forthcoming AGM of the Company and being eligible, offer themselves for re-election.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of Directors holding office at the end of the financial year in ordinary shares in the Company and its related corporations during the financial year are as follows:

| | Number of ordinary shares of RM0.01 each | | | |
|---|---|---|---|---|
| | At 01.04.2012 | Bought | Sold | At 31.03.2013 |
| **Indirect interests:** | | | | |
| Dr Kenneth Gerard Pereira* | 83,611,400 | – | – | 83,611,400 |
| Datin Sunita Mei-Lin Rajakumar** | 100,000 | 1,130,000 | (1,080,000) | 150,000 |
| Roushan A/L Arumugam*** | 30,415,000 | 50,000# | – | 30,465,000 |

*  *Deemed interested via his 57.41% equity interest in Hibiscus Upstream.*
**  *Deemed interested via her spouse's (Datuk Dr Jeyaindran C Sinnadurai) shareholdings in the Company.*
***  *Deemed interested via his 100% equity interest in Littleton Holdings Pte. Ltd.*
#  *Deemed interested via his spouse's (Rachel Hannah Arumugam) shareholdings in the Company.*

| | Number of RCPS of RM0.01 each | | | |
|---|---|---|---|---|
| | At 01.04.2012 | Bought | Redeemed | At 31.03.2013 |
| **Indirect interests:** | | | | |
| Dr Kenneth Gerard Pereira* | 2,193,880 | – | – | 2,193,880 |

*  *Deemed interested via his 57.41% equity interest in Hibiscus Upstream.*

| | Number of Warrants-A | | | |
|---|---|---|---|---|
| | At 01.04.2012 | Bought | Exercised | At 31.03.2013 |
| **Indirect interests:** | | | | |
| Datin Sunita Mei-Lin Rajakumar** | 1,000,000 | 1,130,000 | (1,130,000) | 1,000,000 |
| Roushan A/L Arumugam*** | 23,000,000 | – | – | 23,000,000 |

| | Number of Warrants-B | | | |
|---|---|---|---|---|
| | At 01.04.2012 | Allotted | Exercised | At 31.03.2013 |
| **Indirect interests:** | | | | |
| Dr Kenneth Gerard Pereira* | 83,611,200 | – | – | 83,611,200 |

*  *Deemed interested via his 57.41% equity interest in Hibiscus Upstream.*
**  *Deemed interested via her spouse's (Datuk Dr Jeyaindran C Sinnadurai) warrant holdings in the Company.*
***  *Deemed interested via his 100% equity interest in Littleton Holdings Pte.Ltd.*

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 28 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is 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 other than the warrants issued by the Company.

## SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in Note 33 to the financial statements.

## AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 July 2013.

| | |
|---|---|
| DR KENNETH GERARD PEREIRA<br>DIRECTOR | ZAINUL RAHIM BIN MOHD ZAIN<br>DIRECTOR |

Kuala Lumpur

# STATEMENT BY DIRECTORS

## Pursuant To Section 169(15) Of The Companies Act, 1965

We, Dr Kenneth Gerard Pereira and Zainul Rahim bin Mohd Zain, two of the Directors of Hibiscus Petroleum Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 85 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 34 which is not part of the financial statements, is prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 July 2013.

DR KENNETH GERARD PEREIRA
DIRECTOR

ZAINUL RAHIM BIN MOHD ZAIN
DIRECTOR

Kuala Lumpur

# STATUTORY DECLARATION

## Pursuant To Section 169(16) Of The Companies Act, 1965

I, Joyce Theresa Sunita Vasudevan, the officer primarily responsible for the financial management of Hibiscus Petroleum Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 152 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.

Subscribed and solemnly declared by Joyce Theresa Sunita Vasudevan at Kuala Lumpur in the Federal Territory on this 15 July 2013.

JOYCE THERESA SUNITA VASUDEVAN

Before me

LEONG CHIEW KEONG (W409)
COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

To The Members Of Hibiscus Petroleum Berhad
(Incorporated in Malaysia)
(Company No. 798322 P)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Hibiscus Petroleum Berhad on pages 85 to 151, which comprise the statements of financial position as at 31 March 2013 of the Group and of the Company, and the income statements, statements of 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 a summary of significant accounting policies and other explanatory information, as set out in Notes 1 to 33.

### Directors' Responsibility 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, International Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and cash flows for the financial year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("Act"), we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

# INDEPENDENT AUDITORS' REPORT

To The Members Of Hibiscus Petroleum Berhad
(Incorporated in Malaysia)
(Company No. 798322 P)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (cont'd)**

(b) We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 34 on page 152 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**OTHER MATTERS**

1. As stated in Note 3 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 April 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 March 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

PAULINE HO
No. 2684/11/13 (J)
Chartered Accountant

Kuala Lumpur
15 July 2013

# INCOME STATEMENTS
For The Financial Year Ended
31 March 2013

| | Note | Group 2013 RM | Group 2012 RM | Company 2013 RM | Company 2012 RM |
|---|---|---|---|---|---|
| Revenue | 5 | **8,516,155** | 7,961,142 | **4,899,626** | 6,927,300 |
| Other income | 6 | **1,254,833** | – | **1,012,870** | – |
| Administrative expenses | | **(15,343,068)** | (6,269,513) | **(10,425,384)** | (5,282,620) |
| Other expenses | | **(747,837)** | (6,049,944) | **(747,837)** | (6,041,765) |
| Finance costs | 7 | **(2,582,829)** | – | **(1,220,160)** | – |
| Share of results of an associate: | | | | | |
| - share of losses | | **(137,255)** | – | **–** | – |
| - negative goodwill arising from acquisition | | **7,446,934** | – | **–** | – |
| Share of losses of a jointly controlled entity | | **(2,337,040)** | – | **–** | – |
| Loss before taxation | 8 | **(3,930,107)** | (4,358,315) | **(6,480,885)** | (4,397,085) |
| Taxation | 9 | **(266,628)** | (525,930) | **53,014** | (524,012) |
| Loss after taxation | | **(4,196,735)** | (4,884,245) | **(6,427,871)** | (4,921,097) |
| Loss after taxation attributable to: | | | | | |
| Owners of the Company | | **(4,196,735)** | (4,884,245) | **(6,427,871)** | (4,921,097) |
| Loss per share (sen) | | | | | |
| Basic | 10 | **(0.96)** | (1.60) | | |
| Diluted | 10 | **(0.96)** | (1.60) | | |

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME
## For The Financial Year Ended 31 March 2013

| | Group | | Company | |
|---|---|---|---|---|
| | **2013 RM** | **2012 RM** | **2013 RM** | **2012 RM** |
| Loss after taxation | **(4,196,735)** | (4,884,245) | **(6,427,871)** | (4,921,097) |
| Other comprehensive income/(expenses), net of tax: | | | | |
| Foreign currency translation* | **1,969,599** | (1,314,355) | **–** | – |
| Total comprehensive expenses for the financial year | **(2,227,136)** | (6,198,600) | **(6,427,871)** | (4,921,097) |
| Total comprehensive expenses attributable to: | | | | |
| Owners of the Company | **(2,227,136)** | (6,198,600) | **(6,427,871)** | (4,921,097) |

* *Arising from translation of Group entities' financial statements with different functional currencies directly in reserves.*

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION
As At 31 March 2013

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Note | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM |
| ASSETS | | | | | | | |
| NON-CURRENT ASSETS | | | | | | | |
| Investments in subsidiaries | 11 | **–** | – | – | **241,216,589** | 169,862,008 | – |
| Investment in an associate | 12 | **14,161,457** | – | – | **–** | – | – |
| Investment in a jointly controlled entity | 13 | **180,769,740** | 12,258,000 | – | **–** | – | – |
| Intangible assets | 14 | **44,179,141** | – | – | **–** | – | – |
| Equipment | 15 | **3,831,183** | 659,756 | 6,063 | **3,822,781** | 659,756 | 6,063 |
| | | **242,941,521** | 12,917,756 | 6,063 | **245,039,370** | 170,521,764 | 6,063 |
| CURRENT ASSETS | | | | | | | |
| Other receivables, deposits and prepayments | 16 | **656,072** | 217,179 | 411,795 | **373,739** | 213,042 | 411,795 |
| Tax recoverable | | **90,000** | – | – | **90,000** | – | – |
| Amounts owing by subsidiaries | 17 | **–** | – | – | **14,877,979** | 1,842,899 | – |
| Amount owing by a jointly controlled entity | 18 | **572,075** | 1,854,930 | – | **–** | – | – |
| Fixed deposits with licensed banks | 19 | **58,881,270** | 50,016,303 | 2,303,649 | **55,936,643** | 50,016,303 | 2,303,649 |
| Cash and bank balances | 19 | **67,107,571** | 168,507,696 | 212,745 | **4,107,197** | 168,467,289 | 212,745 |
| | | **127,306,988** | 220,596,108 | 2,928,189 | **75,385,558** | 220,539,533 | 2,928,189 |
| TOTAL ASSETS | | **370,248,509** | 233,513,864 | 2,934,252 | **320,424,928** | 391,061,297 | 2,934,252 |

# STATEMENTS OF FINANCIAL POSITION
As At 31 March 2013

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Note | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM |
| EQUITY AND LIABILITIES | | | | | | | |
| EQUITY | | | | | | | |
| Share capital | 20 | **4,403,947** | 4,180,479 | 2 | **4,403,947** | 4,180,479 | 2 |
| Other reserves | 21 | **247,163,121** | 234,053,243 | – | **246,507,877** | 235,367,598 | – |
| Accumulated losses | | **(10,285,753)** | (6,089,018) | (1,204,773) | **(12,553,741)** | (6,125,870) | (1,204,773) |
| | | **241,281,315** | 232,144,704 | (1,204,771) | **238,358,083** | 233,422,207 | (1,204,771) |
| NON-CURRENT LIABILITIES | | | | | | | |
| Deferred tax liabilities | 22 | **317,832** | 41,000 | – | **–** | 41,000 | – |
| Convertible Redeemable Preference Shares (“CRPS”) | 23 | **79,369,400** | – | – | **79,369,400** | – | – |
| | | **79,687,232** | 41,000 | – | **79,369,400** | 41,000 | – |

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Note | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM |
| CURRENT LIABILITIES | | | | | | | |
| Other payables and accruals | | **5,116,096** | 627,495 | 83,523 | **2,032,801** | 609,850 | 83,523 |
| Amounts owing to subsidiaries | 17 | **–** | – | – | **445,256** | 156,289,500 | – |
| Amounts owing to related parties | 18 | **–** | – | 3,000,000 | **–** | – | 3,000,000 |
| Amount owing to an associate | 24 | **29,676,854** | – | – | **–** | – | – |
| Provision for taxation | | **6,262** | 481,277 | – | **–** | 479,352 | – |
| Discovery bonus payable | 25 | **14,261,362** | – | – | **–** | – | – |
| Redeemable Convertible Preference Shares ("RCPS") | 26 | **219,388** | 219,388 | 1,055,500 | **219,388** | 219,388 | 1,055,500 |
| | | **49,279,962** | 1,328,160 | 4,139,023 | **2,697,445** | 157,598,090 | 4,139,023 |
| TOTAL LIABILITIES | | **128,967,194** | 1,369,160 | 4,139,023 | **82,066,845** | 157,639,090 | 4,139,023 |
| TOTAL EQUITY AND LIABILITIES | | **370,248,509** | 233,513,864 | 2,934,252 | **320,424,928** | 391,061,297 | 2,934,252 |

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## For The Financial Year Ended 31 March 2013

| | Share capital RM | Share premium RM | Warrant reserve RM | Foreign exchange reserve RM | Accumulated losses RM | Total RM |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| At 01.04.2011 | 2 | – | – | – | (1,204,773) | (1,204,771) |
| Conversion of RCPS | 836,112 | – | – | – | – | 836,112 |
| Capitalisation of initial investors' utilisation amount and subscription by initial investors | 222,222 | 3,111,111 | 6,666,667 | – | – | 10,000,000 |
| Public issue pursuant to Company's listing ("Public Issue") | 3,122,143 | 10,927,500 | 9,366,429 | – | – | 23,416,072 |
| Reclassification from Financial Liability Component of the Public Issue shares | – | 126,446,792 | 84,297,861 | – | – | 210,744,653 |
| Total Public Issue during the financial year | 3,122,143 | 137,374,292 | 93,664,290 | – | – | 234,160,725 |
| Share issuance costs | – | (3,269,257) | (2,179,505) | – | – | (5,448,762) |
| Loss after taxation | – | – | – | – | (4,884,245) | (4,884,245) |
| Other comprehensive expenses, net of tax: Foreign currency translation | – | – | – | (1,314,355) | – | (1,314,355) |
| Total comprehensive expenses for the financial year | – | – | – | (1,314,355) | (4,884,245) | (6,198,600) |
| At 31.03.2012 | 4,180,479 | 137,216,146 | 98,151,452 | (1,314,355) | (6,089,018) | 232,144,704 |

| | Share capital RM | Share premium RM | Warrant reserve RM | Other reserve RM | Foreign exchange reserve RM | Accumulated losses RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| At 01.04.2012 | **4,180,479** | **137,216,146** | **98,151,452** | **–** | **(1,314,355)** | **(6,089,018)** | **232,144,704** |
| Conversion of warrants | **223,468** | **17,508,340** | **(6,558,407)** | **–** | **–** | **–** | **11,173,401** |
| Equity component of CRPS | **–** | **–** | **–** | **190,346** | **–** | **–** | **190,346** |
| Loss after taxation | **–** | **–** | **–** | **–** | **–** | **(4,196,735)** | **(4,196,735)** |
| Other comprehensive income, net of tax: | | | | | | | |
| Foreign currency translation | **–** | **–** | **–** | **–** | **1,969,599** | **–** | **1,969,599** |
| Total comprehensive expenses for the financial year | **–** | **–** | **–** | **–** | **1,969,599** | **(4,196,735)** | **(2,227,136)** |
| At 31.03.2013 | **4,403,947** | **154,724,486** | **91,593,045** | **190,346** | **655,244** | **(10,285,753)** | **241,281,315** |

# STATEMENTS OF CHANGES IN EQUITY
## For The Financial Year Ended 31 March 2013

| | Share capital RM | Share premium RM | Warrant reserve RM | Other reserve RM | Accumulated losses RM | Total RM |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| At 01.04.2011 | 2 | – | – | – | (1,204,773) | (1,204,771) |
| Conversion of RCPS | 836,112 | – | – | – | – | 836,112 |
| Capitalisation of initial investors' utilisation amount and subscription by initial investors | 222,222 | 3,111,111 | 6,666,667 | – | – | 10,000,000 |
| Public Issue | 3,122,143 | 10,927,500 | 9,366,429 | – | – | 23,416,072 |
| Reclassification from Financial Liability Component of the Public Issue shares | – | 126,446,792 | 84,297,861 | – | – | 210,744,653 |
| Total Public Issue during the financial year | 3,122,143 | 137,374,292 | 93,664,290 | – | – | 234,160,725 |
| Share issuance costs | – | (3,269,257) | (2,179,505) | – | – | (5,448,762) |
| Loss after taxation/total comprehensive expenses for the financial year | – | – | – | – | (4,921,097) | (4,921,097) |
| At 31.03.2012/01.04.2012 | **4,180,479** | **137,216,146** | **98,151,452** | **–** | **(6,125,870)** | **233,422,207** |
| Conversion of warrants | **223,468** | **17,508,340** | **(6,558,407)** | **–** | **–** | **11,173,401** |
| Equity component of CRPS | **–** | **–** | **–** | **190,346** | **–** | **190,346** |
| Loss after taxation/total comprehensive expenses for the financial year | **–** | **–** | **–** | **–** | **(6,427,871)** | **(6,427,871)** |
| At 31.03.2013 | **4,403,947** | **154,724,486** | **91,593,045** | **190,346** | **(12,553,741)** | **238,358,083** |

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended
31 March 2013

| | Group | | Company | |
|---|---|---|---|---|
| | 2013<br>RM | 2012<br>RM | 2013<br>RM | 2012<br>RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Loss before taxation | **(3,930,107)** | (4,358,315) | **(6,480,885)** | (4,397,085) |
| Adjustments for: | | | | |
| Depreciation of equipment | **229,832** | 115,489 | **228,952** | 115,489 |
| Interest income | **(2,332,260)** | (6,112,381) | **(2,201,606)** | (6,112,381) |
| Unrealised (gain)/loss on foreign exchange | **(1,004,833)** | 11,702 | **(145,709)** | 3,523 |
| Listing expenses | **–** | 216,456 | **–** | 216,456 |
| Qualifying acquisition expenses | **45,662** | 5,706,297 | **45,662** | 5,706,297 |
| Finance costs | **2,582,829** | – | **1,220,160** | – |
| Share of results of an associate: | | | | |
| - share of losses | **137,255** | – | **–** | – |
| - negative goodwill arising from acquisition | **(7,446,934)** | – | **–** | – |
| Share of losses of a jointly controlled entity | **2,337,040** | – | **–** | – |
| Operating loss before working capital changes | **(9,381,516)** | (4,420,752) | **(7,333,426)** | (4,467,701) |
| (Increase)/decrease in other receivables, deposits and prepayments | **(436,373)** | 194,616 | **(160,697)** | 198,753 |
| Increase in other payables and accruals | **4,213,519** | 294,275 | **1,172,655** | 276,623 |
| Increase in amounts owing by subsidiaries | **–** | – | **(2,792,236)** | (814,919) |
| Decrease/(increase) in amount owing by a jointly controlled entity | **1,371,922** | (1,854,930) | **–** | – |
| Increase in amount owing to an associate | **29,405,501** | – | **–** | – |
| CASH GENERATED FROM/(USED IN) OPERATIONS | **25,173,053** | (5,786,791) | **(9,113,704)** | (4,807,244) |
| Income tax paid | **(557,338)** | (3,660) | **(557,338)** | (3,660) |
| NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES | **24,615,715** | (5,790,451) | **(9,671,042)** | (4,810,904) |

# STATEMENTS OF CASH FLOWS

## For The Financial Year Ended 31 March 2013

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of equipment | | **(3,401,182)** | (769,182) | **(3,391,977)** | (769,182) |
| Interest received | | **2,332,260** | 6,112,381 | **2,201,606** | 6,112,381 |
| Qualifying acquisition expenses paid | | **(295,366)** | (5,456,593) | **(295,366)** | (5,456,593) |
| Investments in subsidiaries | | **–** | – | **(71,354,581)** | (169,862,008) |
| Investment in an associate | | **(6,851,778)** | – | **–** | – |
| Investment in a jointly controlled entity | | **(157,335,000)** | (12,258,000) | **–** | – |
| Acquisition of intangible assets | | **(43,775,185)** | – | **–** | – |
| NET CASH USED IN INVESTING ACTIVITIES | | **(209,326,251)** | (12,371,394) | **(72,840,318)** | (169,975,402) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| (Repayment)/advances from subsidiaries | | **–** | – | **(166,087,088)** | 156,305,338 |
| Proceeds from issuance of ordinary shares | | **11,173,401** | 241,160,726 | **11,173,401** | 241,160,726 |
| Proceeds from issuance of CRPS | | **79,480,000** | – | **79,480,000** | – |
| Deposit received from a CRPS placee* | | **500,000** | – | **500,000** | – |
| Share issuance costs paid | | **(1,140,414)** | (5,448,763) | **(1,140,414)** | (5,448,763) |
| Listing expenses paid | | **–** | (216,456) | **–** | (216,456) |
| NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES | | **90,012,987** | 235,495,507 | **(76,074,101)** | 391,800,845 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | **(94,697,549)** | 217,333,662 | **(158,585,461)** | 217,014,539 |
| EFFECTS OF FOREIGN EXCHANGE RATE CHANGES | | **2,162,391** | (1,326,057) | **145,709** | (1,047,341) |
| LESS: CASH RESTRICTED IN USE | | **(500,000)** | – | **(500,000)** | – |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | | **218,523,999** | 2,516,394 | **218,483,592** | 2,516,394 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 19 | **125,488,841** | 218,523,999 | **59,543,840** | 218,483,592 |

* *RM500,000 of deposit in respect of CRPS was received from a placee, held in custody of the placement agent.*

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2013

## 1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Securities. The registered office and principal place of business are as follows:

| | | |
|---|---|---|
| Registered office | : | Lot 6.05, Level 6, KPMG Tower,<br>8 First Avenue, Bandar Utama,<br>47800 Petaling Jaya,<br>Selangor Darul Ehsan. |
| Principal place of business | : | 2nd Floor, Syed Kechik Foundation Building,<br>Jalan Kapas, Bangsar,<br>59100 Kuala Lumpur. |

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 15 July 2013.

## 2 PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the business of exploration and development of oil and gas, investment holding and the provision of project management, technical and other services relating to the oil and gas exploration and production industry. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirement of Companies Act, 1965 in Malaysia.

The financial statements of the Group and the Company for the financial year ended 31 March 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards'. The Group and the Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 April 2011 (transition date) and throughout all financial years presented, as if these policies had always been in effect. Subsequent to the transition in the financial reporting framework to MFRS on 1 April 2012, the restated comparative information has not been audited under MFRS. There is no impact arising from the transition from Financial Reporting Standards to MFRS on the Group and the Company's reported financial position, results and cash flows. Therefore, there is no restatement to the comparative figures in the financial statements.

The financial statements have been prepared under the historical cost convention, except as disclosed in Note 4 to the financial statements.

3 **BASIS OF PREPARATION (cont'd)**

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgements 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 4 (a) to the financial statements.

**Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective**

The Group and the Company will apply the new standards, amendments to published standards and interpretations to existing standards in the following periods:

(i) Financial year beginning on/after 1 April 2013

- MFRS 10, 'Consolidated Financial Statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127, 'Consolidated and Separate Financial Statements' and IC Interpretation 112, 'Consolidation - Special Purpose Entities'.

- MFRS 11 'Joint Arrangements' (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group and the Company are assessing the impact arising from the initial application of the standard on the financial statements of the Group and the Company.

- MFRS 12, 'Disclosures of Interests in Other Entities' (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128, 'Investments in Associates'. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

## 3 BASIS OF PREPARATION (cont'd)

**Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd)**

(i) Financial year beginning on/after 1 April 2013 (cont'd)

- MFRS 13, 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127, 'Separate Financial Statements' (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128, 'Investments in Associates and Joint Ventures' (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11. The Group and the Company are assessing the impact arising from the initial application of the standard on the financial statements of the Group and the Company.

- Amendment to MFRS 101, 'Presentation of Items of Other Comprehensive Income' (effective from 1 July 2012) requires entities to separate items presented in other comprehensive income ("OCI") in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 119, 'Employee Benefits' (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains or losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

- Amendment to MFRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

(ii) Financial year beginning on/after 1 April 2014

- Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2013

## 3 BASIS OF PREPARATION (cont'd)

**Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd)**

(iii) Financial year beginning on/after 1 April 2015

- MFRS 9, 'Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI.

  There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity. The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The impact of the above standards, amendments to published standards and interpretations to existing standards on the financial statements are being assessed.

## 4 SIGNIFICANT ACCOUNTING POLICIES

(a) Critical accounting estimates and judgements

Estimates and judgements are continually 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 estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Discovery bonus payable

As disclosed in Note 25, discovery bonus is payable to Rex Oil & Gas Ltd ("Rex") if a discovery of hydrocarbons is made within the existing concessions in the Middle East held by Lime Petroleum Plc ("Lime"), and declared to be commercial by 31 December 2013 by an independent competent expert.

# 4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical accounting estimates and judgements (cont'd)

(i) Discovery bonus payable (cont'd)

Discovery bonus payable is recognised in the period when it is probable that there will be a future outflow of funds upon the commercial discovery of a well no later than year 2013. The estimated cost is discounted and is charged to income statement over the period of up to 31 December 2013. The discount rate used to determine the provision at 31 March 2013 was 11% per annum. The recognition of the outflow requires the application of judgement about the probability of the outflow.

As a result, the judgement is reviewed at each reporting date to reflect the current best estimate. Recognition or reversal of the discovery bonus payable will impact the income statement.

(ii) Impairment on investment in a jointly controlled entity

Impairment is measured by comparing the carrying values of the assets with their recoverable amount. The recoverable amount is determined by the higher of net selling price and value in use. The net selling price which is the jointly controlled entity's share of the fair value is measured by reference to the weighted average enterprise value per barrel of oil for a peer group of listed pure play exploration companies. The enterprise value is derived from the value of each barrel of oil equivalent of the said peer group applied to the net risked recoverable resources of the concessions held by the jointly controlled entity.

The Directors applied judgement in referencing the jointly controlled entity's enterprise value for each barrel of oil equivalent to its peers due to similarity in risks and business activities and after adjusting for private company discount.

In addition, the net risked recoverable resources of the concessions held by the jointly controlled entity are estimated based on analysis performed internally and by an independent subsurface consultant on available seismic data.

The enterprise value and net risked recoverable resources are reviewed at each reporting date to reflect the current best estimate. Asset impairment will impact the carrying value of investment in the jointly controlled entity and income statement.

(iii) Impairment on investment in an associate

Impairment is measured by comparing the carrying value of the investment with its recoverable amount. The recoverable amount is determined by the higher of net selling price and value in use. The net selling price is the share price of the associate. The value in use is determined by valuing the expected cash flows from identifiable assets and liabilities of the associate.

Changes in the underlying expected reserves will have an impact to the recoverable amount of the investment.

**4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(a) Critical accounting estimates and judgements (cont'd)

(iv) Impairment on intangible assets

The recoverable amount of the intangible assets is determined based on the value in use of the cash-generating unit to which the asset is allocated. Value in use is estimated future cash flows from the cash-generating unit and discounted at a suitable discount rate in order to determine the present value of those cash flows.

Changes in the underlying expected reserves will have an impact to the recoverable amount of the intangible assets.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2013.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred also includes the fair value of a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs, other than the costs to issue debt or equity securities, are expensed as incurred.

## 4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(c) Oil and gas expenditure - exploration and evaluation assets

Pre-acquisition costs on oil and gas assets are recognised in the income statement when incurred. Following the acquisition of a concession right to explore a licenced area, the costs incurred such as geological and geophysical surveys, drilling, commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs, are capitalised as intangible exploration and evaluation ("E&E") assets.

Oil and gas expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward in relation to each area of interest to the extent the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions are also met:

  (i) the E&E expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

  (ii) E&E activities in the area of interest have not at the reporting date reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full to profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the proved developed reserves.

## 4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Oil and gas expenditure - exploration and evaluation assets (cont'd)

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The Group will allocate E&E assets to cash-generating units or groups of cash-generating units for the purpose of assessing such assets for impairment. Each cash-generating unit or group of units to which an exploration and evaluation asset is allocated will not be larger than an operating segment as disclosed in Note 29 to the financial statements.

(d) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the reporting date are recognised in profit or loss.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

## 4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Currency translation (cont'd)

(iii) Translation of Group entities' financial statements (cont'd)

On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

(e) Financial instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit and loss, held-to-maturity, loans and receivables, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date. The Group had only financial assets classified as loans and receivables at the reporting date.

Loans and receivables financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

## 4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

(ii) Financial liabilities

All financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity instruments

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

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Compound instruments

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair values. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using effective interest method until extinguished on conversion or maturity of the compound financial instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound financial instrument is redeemed or repurchased before maturity.

## 4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial instruments (cont'd)

(v) RCPS and CRPS

MFRS 132 - Financial Instruments: Presentation requires the Company as an issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition.

RCPS and CRPS, which amongst other conditions, are redeemable at the option of the holder of the RCPS and CRPS are classified as current liability and non-current liability respectively under such circumstances. The RCPS and CRPS are not entitled to any dividend.

(vi) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

The fair value of financial guarantee contracts is the estimated amount that would be payable to the holder for assuming the obligations.

(f) Investments in subsidiaries

Investments in subsidiaries are carried at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of each reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

(g) Investment in an associate

Associate is an entity, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for using the equity accounting method. Under the equity method, the investment is initially recognised at cost less any impairment losses, unless it is classified as available for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income or expense of the associate, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group's investment in associate includes goodwill identified on acquisition.

**4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(g) Investment in an associate (cont'd)

In respect of equity accounted associate, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity accounted associate.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the associate acquired, the difference is recognised in profit or loss.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

On the disposal of the investment in an associate, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

Refer to Note 4 (k) (ii) to the financial statements for the impairment policy.

(h) Investment in joint ventures

The Group has joint ventures which are recognised as jointly controlled operation and jointly controlled entity.

A joint venture is a contractual arrangement whereby the Group and one or more of other parties undertake an economic activity that is subject to joint control, which is the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

A jointly controlled operation involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which the Group has an interest.

In respect of its interests in jointly controlled operations, the Group recognises in its financial statements:

i) the assets that it controls and the liabilities that it incurs; and
ii) the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

## 4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investment in joint ventures (cont'd)

An investment in a jointly controlled entity is accounted for using the equity method, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the jointly controlled entity. The profit or loss of the Group includes its share of the profit or loss of the jointly controlled entity.

The directly attributable transaction costs in the acquisition of jointly controlled entity are included as investment in a jointly controlled entity when it is an asset acquisition and recognised in the income statement when it is a business acquisition.

In respect of equity accounted jointly controlled entity, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity accounted jointly controlled entity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the jointly controlled entity acquired, the difference is recognised in profit or loss.

The acquisition cost comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred also includes the fair value of a contingent consideration arrangement and the fair value of any pre-existing equity interest in the jointly controlled entity.

If the Group's share of losses of a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, the Group discontinues recognising its share of further losses. The interest in a jointly controlled entity is the carrying amount of the investment in the jointly controlled entity under the equity method together with any long term interests that, in substance, form part of the Group's net investment in the jointly controlled entity.

After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and the jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Unrealised losses are eliminated unless cost cannot be recovered.

On the disposal of the investment in a jointly controlled entity, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

Refer to Note 4 (k) (ii) to the financial statements for the impairment policy.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2013

**4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(i) Intangible assets

Expenditure on rights and concession relates to capitalisation of 50.1% of the AUD20.25 million payment for the farm-in investment in permit VIC/P57 and its related transaction costs. Expenditure on conventional studies relate to conceptual study costs incurred for the West Seahorse field development within VIC/P57. Capitalised expenditures are measured at cost less any accumulated amortisation and any accumulated impairment losses. Refer to Note 4 (k) (ii) to the financial statements on policy on impairment of non-financial assets.

Amortisation is based on the cost of an asset less its residual value and is amortised from the date they are available for use. The intangible assets will be amortised using the unit of production method.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(j) Equipment

Equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The costs of an item of equipment initially recognised include purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | |
|---|---|
| Furniture and fittings | 10% |
| Office equipment | 20 - 33.33% |
| Office renovation | 10% |

Work in progress included in equipment relates to purchase of computer software being tested hence is not depreciated as this asset is yet to be available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

4 **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(k) Impairment

(i) Impairment of financial assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when there is an indication that these assets may be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with licensed banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and excludes restricted cash.

**4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(m) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(n) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognised on temporary differences on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred tax is measured:

(i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from business combination is adjusted against goodwill on acquisition, if any.

## 4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Employee Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(p) Revenue

(i) Project management, technical and other services

Revenue is recognised upon the rendering of the project management, technical and other services relating to the oil and gas exploration and production industry, and when the outcome of the transaction can be reliably measured.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Income from financial guarantee contract

Income from financial guarantee contract is recognised on accrual basis over the period of the contract.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Makers ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Board of Directors, Managing Director and senior management team are the Group's CODM.

## 5 REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| Project management, technical and other services fees | **6,183,895** | 1,848,761 | **2,698,020** | 814,919 |
| Interest income | **2,332,260** | 6,112,381 | **2,201,606** | 6,112,381 |
| | **8,516,155** | 7,961,142 | **4,899,626** | 6,927,300 |

## 6 OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| Forfeiture of CRPS deposit | **250,000** | – | **250,000** | – |
| Performance guarantee fee | **–** | – | **617,161** | – |
| Unrealised gain on foreign exchange | **1,004,833** | – | **145,709** | – |
| | **1,254,833** | – | **1,012,870** | – |

## 7 FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| Finance costs in relation to: | | | | |
| - discovery bonus payable | **1,362,669** | – | **–** | – |
| - liability portion of CRPS | **1,220,160** | – | **1,220,160** | – |
| | **2,582,829** | – | **1,220,160** | – |

## 8 LOSS BEFORE TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| Loss before taxation is arrived at after charging/ (crediting) | | | | |
| Auditors' remuneration: | | | | |
| - fees for statutory audit | | | | |
| - PricewaterhouseCoopers, Malaysia | **175,826** | – | **118,500** | – |
| - member firm of PricewaterhouseCoopers International Limited | **89,417** | – | **22,604** | – |
| - others | **–** | 57,596 | **–** | 40,000 |
| - fees for other services | | | | |
| - PricewaterhouseCoopers, Malaysia* | **307,000** | – | **162,000** | – |
| - member firm of PricewaterhouseCoopers International Limited* | **527,136** | – | **80,596** | – |
| - others | **–** | 8,000 | **–** | 8,000 |
| Prospecting costs | **1,412,664** | 480,802 | **1,412,664** | 480,802 |
| Depreciation of equipment | **229,832** | 115,489 | **228,952** | 115,489 |
| Listing expenses | **–** | 216,456 | **–** | 216,456 |
| Qualifying acquisition expenses | **45,662** | 5,706,297 | **45,662** | 5,706,297 |
| Rental expenses | **237,300** | 127,628 | **237,300** | 127,628 |
| Staff costs: | | | | |
| - Directors' fees | **139,133** | 24,000 | **139,133** | 24,000 |
| - salaries | **8,125,394** | 3,820,040 | **5,297,453** | 2,984,730 |
| - defined contribution plan | **508,957** | 241,594 | **495,786** | 241,594 |
| - other benefits | **411,984** | 172,190 | **353,245** | 172,190 |
| (Gain)/loss on foreign exchange: | | | | |
| - unrealised | **(1,004,833)** | 11,702 | **(145,709)** | 3,523 |
| - realised | **473,222** | – | **473,222** | – |

Director's remuneration included within staff costs is as disclosed in Note 27 to the financial statements.

* *Includes fees paid or payable to PricewaterhouseCoopers, Malaysia and member firm of PricewaterhouseCoopers International Limited which are capitalised during the year for the Group and the Company amounting to RM659,540 and RM68,000 respectively. The fees are mainly in relation to the corporate exercises undertaken by the Group and the Company during the year.*

## 9 TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | **2013 RM** | **2012 RM** | **2013 RM** | **2012 RM** |
| Current tax: | | | | |
| - Malaysian income tax | **4,716** | 481,270 | **–** | 479,352 |
| (Over)/underprovision in the previous financial year | **(12,014)** | 3,660 | **(12,014)** | 3,660 |
| | **(7,298)** | 484,930 | **(12,014)** | 483,012 |
| Deferred tax expense (Note 22): | | | | |
| - Origination/(reversal) of temporary differences | **273,926** | 41,000 | **(41,000)** | 41,000 |
| | **266,628** | 525,930 | **(53,014)** | 524,012 |

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013 RM** | **2012 RM** | **2013 RM** | **2012 RM** |
| Loss before taxation | **(3,930,107)** | (4,358,315) | **(6,480,885)** | (4,397,085) |
| Tax at the statutory tax rate of 25% | **(982,527)** | (1,089,579) | **(1,620,221)** | (1,099,271) |
| Non-deductible expenses | **1,147,793** | 1,611,849 | **852,384** | 1,619,623 |
| Non-taxable income | **(2,237,604)** | – | **(62,500)** | – |
| Effects of tax rates in different jurisdictions | **773,250** | – | **–** | – |
| Capital gains tax in relation to farm-in investment in VIC/P57 | **745,174** | – | **–** | – |
| Temporary differences not recognised | **832,556** | – | **789,337** | – |
| (Over)/underprovision in the previous financial year | **(12,014)** | 3,660 | **(12,014)** | 3,660 |
| Income tax expense for the financial year | **266,628** | 525,930 | **(53,014)** | 524,012 |

Included in income tax expense of the Group are tax savings amounting to RM550,402 (2012: RM94,851) from the utilisation of current financial year tax loss.

## 10 LOSS PER SHARE

The basic loss per share for the financial year ended 31 March 2013 is arrived at by dividing the Group's loss attributable to the owners of the Company of RM4,196,735 (2012: RM4,884,245) by the weighted average number of ordinary shares in issue during the financial year of 436,890,353 shares (2012: 304,986,705 shares).

The weighted average number of ordinary shares in issue for the previous financial year for the computation of loss per share has been recalculated and the related basic loss per share restated. The loss after taxation remains the same.

The fully diluted loss per share for the Group in the current financial year is the basic loss per share as the assumed conversion from the exercise of Warrants-A and Warrants-B would be anti-dilutive.

## 11 INVESTMENTS IN SUBSIDIARIES

| | Company | | |
|---|---|---|---|
| | **31.03.2013 RM** | **31.03.2012 RM** | **01.04.2011 RM** |
| Unquoted shares in Malaysia, at cost: | | | |
| At beginning of the financial year | **169,862,008** | – | – |
| Additions during the financial year | **71,354,581** | 169,862,008 | – |
| At end of the financial year | **241,216,589** | 169,862,008 | – |

The additions during the financial year amounting to RM71,354,581 relates to subscription of shares in Oceania Hibiscus Sdn. Bhd. ("Oceania Hibiscus").

The details of the subsidiaries are as follows:

| Name of company | Principal activities | Country of incorporation | Group's effective equity interest (%) 31.03.2013 | 31.03.2012 | 01.04.2011 |
|---|---|---|---|---|---|
| Gulf Hibiscus Limited ("Gulf Hibiscus") | Provision of project management, technical and other services | Malaysia | **100** | 100 | – |
| Hibiscus Oilfield Services Limited ("Hibiscus Oilfield") | Provision of project management, technical and other services | Malaysia | **100** | 100 | – |
| Orient Hibiscus Sdn. Bhd. ("Orient Hibiscus") | Investment holding | Malaysia | **100** | 100 | – |
| Oceania Hibiscus | Investment holding | Malaysia | **100** | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2013

## 11 INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name of company | Principal activities | Country of incorporation | Group's effective equity interest (%) 31.03.2013 | 31.03.2012 | 01.04.2011 |
|---|---|---|---|---|---|
| **Subsidiary of Orient Hibiscus** | | | | | |
| HiRex Petroleum Sdn. Bhd. ("HIREX")* | Exploration of oil and gas | Malaysia | **100** | – | – |
| **Subsidiary of Oceania Hibiscus** | | | | | |
| Carnarvon Hibiscus Pty Ltd ("Carnarvon Hibiscus")# | Exploration and development of oil and gas | Australia | **100** | – | – |

* *Acquired during the financial year. Not audited by PricewaterhouseCoopers, Malaysia. The impact of acquisition is not material to the Group.*

\# *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.*

## 12 INVESTMENT IN AN ASSOCIATE

Additions during the financial year are analysed as follows:

| | Group RM |
|---|---|
| At 01.04.2011/31.03.2012 | – |
| Additions during the financial year | **6,851,778** |
| | **6,851,778** |
| Share of results: | |
| - Negative goodwill arising from acquisition | **7,446,934** |
| - Share of losses | **(137,255)** |
| At 31.03.2013 | **14,161,457** |

The carrying amount above includes capitalised transaction costs amounting to RM307,079.

| | Group RM |
|---|---|
| Fair value of quoted shares | **9,989,593** |

## 12 INVESTMENT IN AN ASSOCIATE (cont'd)

The Group's share of revenue, loss, assets and liabilities of an associate are as follows:

| | Group |
|---|---|
| | **31.03.2013** **RM** |
| Revenue | **9,741** |
| Loss after taxation | **(137,255)** |
| Non-current assets | **9,061,212** |
| Current assets | **6,889,993** |
| Non-current liabilities | **(306,554)** |
| Current liabilities | **(1,593,824)** |
| Exchange differences | **(196,449)** |
| Net assets | **13,854,378** |

The details of the associate are as follows:

| Name of company | Principal activities | Country of incorporation | Group's effective equity interest (%) 31.03.2013 | 31.03.2012 | 01.04.2011 |
|---|---|---|---|---|---|
| 3D Oil Limited ("3D Oil") | Exploration and development of upstream oil and gas assets | Australia | **13.04** | – | – |

The Group acquired 13.04% of the share capital of 3D Oil for a cash consideration of RM6,544,699 on 8 January 2013.

Details of net assets acquired and negative goodwill are as follows:

| | Group |
|---|---|
| | **31.03.2013** **RM** |
| Total tangible assets | **7,095,374** |
| Total liabilities | **(1,896,466)** |
| Rights and concession | **8,792,725** |
| Fair value of net assets acquired | **13,991,633** |
| Less: Purchase consideration | **(6,544,699)** |
| Negative goodwill | **7,446,934** |

# NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2013

## 13 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

| | Group | | |
|---|---|---|---|
| | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM |
| Unquoted shares outside Malaysia, at cost: | | | |
| At beginning of the financial year | **12,258,000** | – | – |
| Additions during the financial year | **170,815,788** | 12,258,000 | – |
| Share of post-acquisition results and reserves | **(2,432,843)** | – | – |
| Exchange differences | **128,795** | – | – |
| | **180,769,740** | 12,258,000 | – |

The Group's share of revenue, loss, assets and liabilities of a jointly controlled entity are as follows:

| | Group | | |
|---|---|---|---|
| | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM |
| Revenue | **–** | – | – |
| Loss after taxation | **(2,337,040)** | – | – |
| Non-current assets | **138,030,285** | 12,258,000 | – |
| Current assets | **44,503,783** | – | – |
| Current liabilities | **(1,764,328)** | – | – |
| Net assets | **180,769,740** | 12,258,000 | – |

The details of the jointly controlled entity are as follows:

| Name of company | Principal activities | Country of incorporation | Group's effective equity interest (%) 31.03.2013 | 31.03.2012 | 01.04.2011 |
|---|---|---|---|---|---|
| Lime | Oil and gas exploration and production business | Isle of Man | **35.0** | 3.1 | – |

In the previous financial year, the investment in a jointly controlled entity of the Group represents a 3.1% equity interest in Lime pursuant to the fulfilment of all tranche one conditions as set out in the conditional share subscription agreement dated 24 October 2011 between Gulf Hibiscus and Lime.

## 13 INVESTMENT IN A JOINTLY CONTROLLED ENTITY (cont'd)

As the Group has the ability to exercise joint control over Lime since November 2011 through its representation on the board of Lime, which requires unanimous consent of the parties sharing control regardless of the equity interest held, the Group has classified its investment in Lime as an investment in a jointly controlled entity.

Subsequently, Gulf Hibiscus increased its investment in Lime with the subscription of 70,317,949 new ordinary shares and the acquisition of 22,153,846 existing ordinary shares, representing 32.7% of the issued and paid-up share capital of Lime. The Group's effective interest in Lime is 35% as at 31 March 2013 and 3.1% as at 31 March 2012.

## 14 INTANGIBLE ASSETS

| | Rights and concession RM | Conventional studies RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| At 01.04.2011/31.03.2012/01.04.2012 | – | – | – |
| Additions | **39,183,373** | **4,995,768** | **44,179,141** |
| At 31.03.2013 | **39,183,373** | **4,995,768** | **44,179,141** |

Rights and concession relates to capitalisation of 50.1% of the AUD20.25 million payment for the farm-in investment in VIC/P57 and its related transaction costs. Conventional studies relate to conceptual study costs incurred for the West Seahorse field development within VIC/P57.

The intangible assets are not amortised as the field has not commenced production during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2013

## 15 EQUIPMENT

| Group | Furniture and fittings RM | Office equipment RM | Office renovation RM | Work in progress RM | Total RM |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 01.04.2011 | – | 6,420 | – | – | 6,420 |
| Additions | 120,028 | 501,094 | 148,060 | – | 769,182 |
| At 31.03.2012/01.04.2012 | 120,028 | 507,514 | 148,060 | – | 775,602 |
| Additions | 31,364 | 737,388 | 173,230 | 2,459,200 | 3,401,182 |
| Exchange differences | – | 85 | – | – | 85 |
| At 31.03.2013 | **151,392** | **1,244,987** | **321,290** | **2,459,200** | **4,176,869** |
| **Accumulated depreciation** | | | | | |
| At 01.04.2011 | – | 357 | – | – | 357 |
| Depreciation for the financial year | 10,075 | 92,477 | 12,937 | – | 115,489 |
| At 31.03.2012/01.04.2012 | 10,075 | 92,834 | 12,937 | – | 115,846 |
| Depreciation for the financial year | 14,339 | 188,188 | 27,305 | – | 229,832 |
| Exchange differences | – | 8 | – | – | 8 |
| At 31.03.2013 | **24,414** | **281,030** | **40,242** | **–** | **345,686** |
| **Net book value** | | | | | |
| At 01.04.2011 | – | 6,063 | – | – | 6,063 |
| At 31.03.2012 | 109,953 | 414,680 | 135,123 | – | 659,756 |
| At 31.03.2013 | **126,978** | **963,957** | **281,048** | **2,459,200** | **3,831,183** |

## 15 EQUIPMENT (cont'd)

| Company | Furniture and fittings RM | Office equipment RM | Office renovation RM | Work in progress RM | Total RM |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 01.04.2011 | – | 6,420 | – | – | 6,420 |
| Additions | 120,028 | 501,094 | 148,060 | – | 769,182 |
| At 31.03.2012/01.04.2012 | 120,028 | 507,514 | 148,060 | – | 775,602 |
| Additions | 31,364 | 728,183 | 173,230 | 2,459,200 | 3,391,977 |
| At 31.03.2013 | **151,392** | **1,235,697** | **321,290** | **2,459,200** | **4,167,579** |
| **Accumulated depreciation** | | | | | |
| At 01.04.2011 | – | 357 | – | – | 357 |
| Depreciation for the financial year | 10,075 | 92,477 | 12,937 | – | 115,489 |
| At 31.03.2012/01.04.2012 | 10,075 | 92,834 | 12,937 | – | 115,846 |
| Depreciation for the financial year | 14,339 | 187,308 | 27,305 | – | 228,952 |
| At 31.03.2013 | **24,414** | **280,142** | **40,242** | **–** | **344,798** |
| **Net book value** | | | | | |
| At 01.04.2011 | – | 6,063 | – | – | 6,063 |
| At 31.03.2012 | 109,953 | 414,680 | 135,123 | – | 659,756 |
| At 31.03.2013 | **126,978** | **955,555** | **281,048** | **2,459,200** | **3,822,781** |

## 16 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Group | | |
|---|---|---|---|
| | 31.03.2013<br>RM | 31.03.2012<br>RM | 01.04.2011<br>RM |
| Other receivables and deposits | **448,631** | 73,400 | 37,308 |
| Prepayments | **207,441** | 143,779 | 374,487 |
| | **656,072** | 217,179 | 411,795 |

| | Company | | |
|---|---|---|---|
| | 31.03.2013<br>RM | 31.03.2012<br>RM | 01.04.2011<br>RM |
| Other receivables and deposits | **173,006** | 73,400 | 37,308 |
| Prepayments | **200,733** | 139,642 | 374,487 |
| | **373,739** | 213,042 | 411,795 |

## 17 AMOUNTS OWING BY/(TO) SUBSIDIARIES

| | Company | | |
|---|---|---|---|
| | 31.03.2013<br>RM | 31.03.2012<br>RM | 01.04.2011<br>RM |
| Amounts owing by subsidiaries: | | | |
| **Current** | | | |
| Trade | **3,607,154** | 814,919 | – |
| Non-trade | **11,270,825** | 1,027,980 | – |
| | **14,877,979** | 1,842,899 | – |
| Amounts owing to subsidiaries: | | | |
| **Current** | | | |
| Non-trade | **(445,256)** | (156,289,500) | – |

The trade balance is receivable on demand and is to be settled in cash.

The non-trade balances represent unsecured, interest-free advances and payments made on behalf. The amounts owing are receivable or repayable on demand and are to be received or settled in cash.

## 18 AMOUNTS OWING BY A JOINTLY CONTROLLED ENTITY/(TO) RELATED PARTIES

| | Group | | |
|---|---|---|---|
| | **31.03.2013 RM** | **31.03.2012 RM** | **01.04.2011 RM** |
| Amount owing by a jointly controlled entity: | | | |
| **Current** | | | |
| Trade | **572,075** | 1,854,930 | – |

| | Group/Company | | |
|---|---|---|---|
| | **31.03.2013 RM** | **31.03.2012 RM** | **01.04.2011 RM** |
| Amounts owing to related parties: | | | |
| **Current** | | | |
| Non-trade | **–** | – | (3,000,000) |

The amount owing by a jointly controlled entity is in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry. The amount is unsecured and is to be settled in cash.

In the previous financial year, the amounts owing to related parties were unsecured, interest-free and were advanced to the Company to defray expenses prior to the Company's listing. In the event that the Company's listing exercise had not been successful, the amounts owing would have been waived by the related parties. As the Company's listing exercise was successful, the amounts owing were subsequently capitalised into ordinary shares with detachable warrants.

# NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended
31 March 2013

## 19 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

| | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM |
|---|---|---|---|
| **Group** | | | |
| Fixed deposits with licensed banks | **58,881,270** | 50,016,303 | 2,303,649 |
| Cash and bank balances | **67,107,571** | 168,507,696 | 212,745 |
| | **125,988,841** | 218,523,999 | 2,516,394 |
| Less: Cash restricted in use | **(500,000)** | – | – |
| Cash and cash equivalents | **125,488,841** | 218,523,999 | 2,516,394 |
| **Company** | | | |
| Fixed deposits with licensed banks | **55,936,643** | 50,016,303 | 2,303,649 |
| Cash and bank balances | **4,107,197** | 168,467,289 | 212,745 |
| | **60,043,840** | 218,483,592 | 2,516,394 |
| Less: Cash restricted in use | **(500,000)** | – | – |
| Cash and cash equivalents | **59,543,840** | 218,483,592 | 2,516,394 |

Included in cash and bank balances of the Group as at 31 March 2013 is RM62,150,467 designated for utilisation for VIC/P57 operations. The weighted average effective interest rate of the fixed deposits with licensed banks of the Group and of the Company at the end of the financial year is 2.82% (2012: 3.4%, 2011: 3.0%) per annum and 2.96% (2012: 3.4%, 2011: 3.0%) per annum respectively. The fixed deposits have an average maturity period of 30 days (2012: 30 days).

## 20 SHARE CAPITAL

The movements in the authorised share capital of the Company are as follows:

| | Par value RM | Number of shares | Share capital RM |
|---|---|---|---|
| **Ordinary shares** | | | |
| At 01.04.2011 | 0.01 | 89,000,000 | 890,000 |
| Increase during the financial year | 0.01 | 2,311,000,000 | 23,110,000 |
| At 31.03.2012/01.04.2012 | 0.01 | 2,400,000,000 | 24,000,000 |
| Increase during the financial year | 0.01 | 2,290,000,000 | 22,900,000 |
| At 31.03.2013 | **0.01** | **4,690,000,000** | **46,900,000** |

The movements in the issued and paid-up share capital of the Company are as follows:

| | Par value RM | Number of shares | Share capital RM |
|---|---|---|---|
| **Ordinary shares** | | | |
| At 01.04.2011 | 0.01 | 200 | 2 |
| Capitalisation of initial investors' utilisation amount and subscription by initial investors | 0.01 | 22,222,222 | 222,222 |
| Public Issue | 0.01 | 312,214,300 | 3,122,143 |
| Conversion of RCPS | 0.01 | 83,611,200 | 836,112 |
| At 31.03.2012/01.04.2012 | 0.01 | 418,047,922 | 4,180,479 |
| Conversion of warrants | 0.01 | 22,346,800 | 223,468 |
| At 31.03.2013 | **0.01** | **440,394,722** | **4,403,947** |

During the financial year:

(a) The Company increased its authorised capital from RM25,000,000 to RM50,000,000 comprising 4,690,000,000 ordinary shares of RM0.01 each, 100,000,000 RCPS of RM0.01 each and 210,000,000 CRPS of RM0.01 each.

(b) The Company increased its issued and paid-up share capital from RM4,180,479 to RM4,403,947 by way of conversion of 22,346,800 Warrants-A into 22,346,800 new ordinary shares of RM0.01 each.

The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

## 20 SHARE CAPITAL (cont'd)

**Warrants**

**Salient terms of Warrants-A**

The Warrants-A were issued on 21 July 2011 in registered form and are constituted by the Warrants-A Deed Poll. The Warrants-A are listed on the Main Market of Bursa Securities and are exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

| | | |
|---|---|---|
| Total issued | : | 334,436,522 |
| Exercise price | : | RM0.50 per Warrant-A |

| | Number of warrants |
|---|---|
| At 01.04.2012 | 334,436,522 |
| Exercised during the financial year | (22,346,800) |
| At 31.03.2013 | **312,089,722** |

**Salient terms of Warrants-B**

The Warrants-B were issued on 21 July 2011 in registered form and are constituted by the Warrants-B Deed Poll. The Warrants-B are not listed and are exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

| | | |
|---|---|---|
| Total issued/At 01.04.2012 | : | 83,611,200 |
| Exercise price | : | RM0.10 per Warrant-B |

As at 31 March 2013, all Warrants-B remained unexercised.

*Note:*
*The Warrants-B are held by Hibiscus Upstream, a company set up to hold ordinary shares of RM0.01 each and Warrants-B of the Company on behalf of the Company's Non-Independent Directors and management team. Previously, there was a 50% moratorium imposed on the sale, transfer or assignment of shares and Warrants-B held by Hibiscus Upstream, which has expired on 17 April 2013.*

The ordinary shares issued from the exercise of warrants shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions, rights, allotments and/or any other forms of distribution where the entitlement date of which precedes the relevant date of the allotment and issuance of the new shares arising from the exercise of warrants.

## 21 OTHER RESERVES

(a) Share premium

The movements in the share premium of the Group and of the Company are as follows:

| | Group/Company | |
|---|---|---|
| | **31.03.2013** | **31.03.2012** |
| | **RM** | **RM** |
| At 01.04.2012/01.04.2011 | **137,216,146** | – |
| Capitalisation of initial investors' utilisation amount and subscription by initial investors | **–** | 3,111,111 |
| Public Issue | **–** | 10,927,500 |
| Reclassification from Financial Liability Component of the Public Issue shares | **–** | 126,446,792 |
| Conversion of warrants | **17,508,340** | – |
| | **154,724,486** | 140,485,403 |
| Share issuance costs | **–** | (3,269,257) |
| At 31.03.2013/31.03.2012 | **154,724,486** | 137,216,146 |

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

(b) Warrant reserve

The movements in the warrant reserve of the Group and of the Company are as follows:

| | Group/Company | |
|---|---|---|
| | **31.03.2013** | **31.03.2012** |
| | **RM** | **RM** |
| At 01.04.2012/01.04.2011 | **98,151,452** | – |
| Capitalisation of initial investors' utilisation amount and subscription by initial investors | **–** | 6,666,667 |
| Public Issue | **–** | 9,366,429 |
| Reclassification from Financial Liability Component of the Public Issue shares | **–** | 84,297,861 |
| Conversion of warrants | **(6,558,407)** | – |
| | **91,593,045** | 100,330,957 |
| Share issuance costs | **–** | (2,179,505) |
| At 31.03.2013/31.03.2012 | **91,593,045** | 98,151,452 |

## 21 OTHER RESERVES (cont'd)

(b) Warrant reserve (cont'd)

The warrant reserve above relates to Warrants-A and arose from the allocation of proceeds received from the initial investors and Public Issue by reference to the fair value of the warrants, amounting to RM0.30 per warrant and net of share issuance costs incurred in relation to the listing exercise.

(c) Foreign exchange reserve

The foreign exchange reserve arose from the translation of the financial statements of operations with different functional currencies and is not distributable by way of dividends.

(d) Other reserve

The other reserve is the equity component of the CRPS in Note 23 to the financial statements and is not distributable by way of dividends.

## 22 DEFERRED TAX LIABILITIES

| | Group | | |
|---|---|---|---|
| | **31.03.2013 RM** | **31.03.2012 RM** | **01.04.2011 RM** |
| Deferred tax liabilities: | | | |
| Deferred tax liabilities to be recovered after more than 12 months | **282,812** | 41,000 | – |
| Deferred tax liabilities to be recovered within 12 months | **35,020** | – | – |
| | **317,832** | 41,000 | – |

| | Company | | |
|---|---|---|---|
| | **31.03.2013 RM** | **31.03.2012 RM** | **01.04.2011 RM** |
| Deferred tax liabilities: | | | |
| Deferred tax liabilities to be recovered after more than 12 months | **–** | 41,000 | – |
| Deferred tax liabilities to be recovered within 12 months | **–** | – | – |
| | **–** | 41,000 | – |

## 22 DEFERRED TAX LIABILITIES (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| At beginning of the financial year | **41,000** | – | **41,000** | – |
| Recognised in profit or loss (Note 9) | **273,926** | 41,000 | **(41,000)** | 41,000 |
| Exchange differences | **2,906** | – | **–** | – |
| At end of the financial year | **317,832** | 41,000 | **–** | 41,000 |

The movements in deferred tax assets and liabilities during the financial year are as follows:

| | Equipment RM | Intangible assets RM | Others RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **Deferred tax liabilities** | | | | |
| At 01.04.2011 | – | – | – | – |
| Recognised in profit or loss | 84,000 | – | – | 84,000 |
| At 31.03.2012/01.04.2012 | 84,000 | – | – | 84,000 |
| Recognised in profit or loss | (50,732) | 1,009,780 | 34,700 | 993,748 |
| Exchange differences | – | 9,318 | 320 | 9,638 |
| At 31.03.2013 | **33,268** | **1,019,098** | **35,020** | **1,087,386** |
| Offsetting | **(33,268)** | **(736,286)** | **–** | **(769,554)** |
| Deferred tax liabilities (after offsetting) | **–** | **282,812** | **35,020** | **317,832** |

| | Tax losses RM | Provisions RM | Total RM |
|---|---|---|---|
| **Deferred tax assets** | | | |
| At 01.04.2011 | – | – | – |
| Recognised in profit or loss | – | (43,000) | (43,000) |
| At 31.03.2012/01.04.2012 | – | (43,000) | (43,000) |
| Recognised in profit or loss | (590,168) | (129,654) | (719,822) |
| Exchange differences | (5,446) | (1,286) | (6,732) |
| At 31.03.2013 | **(595,614)** | **(173,940)** | **(769,554)** |
| Offsetting | **595,614** | **173,940** | **769,554** |
| Deferred tax assets (after offsetting) | **–** | **–** | **–** |

# NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended
31 March 2013

## 22 DEFERRED TAX LIABILITIES (cont'd)

| | Equipment RM | Total RM |
|---|---|---|
| **Company** | | |
| **Deferred tax liabilities** | | |
| At 01.04.2011 | – | – |
| Recognised in profit or loss | 84,000 | 84,000 |
| At 31.03.2012/01.04.2012 | 84,000 | 84,000 |
| Recognised in profit or loss | (50,732) | (50,732) |
| At 31.03.2013 | **33,268** | **33,268** |
| Offsetting | **(33,268)** | **(33,268)** |
| Deferred tax liabilities (after offsetting) | **–** | **–** |

| | Provisions RM | Total RM |
|---|---|---|
| **Company** | | |
| **Deferred tax assets** | | |
| At 01.04.2011 | – | – |
| Recognised in profit or loss | (43,000) | (43,000) |
| At 31.03.2012/01.04.2012 | (43,000) | (43,000) |
| Recognised in profit or loss | 9,732 | 9,732 |
| At 31.03.2013 | **(33,268)** | **(33,268)** |
| Offsetting | **33,268** | **33,268** |
| Deferred tax assets (after offsetting) | **–** | **–** |

## 22 DEFERRED TAX LIABILITIES (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

| | Group | | |
|---|---|---|---|
| | **31.03.2013 RM** | **31.03.2012 RM** | **01.04.2011 RM** |
| Tax losses | **3,106,961** | – | – |
| Provisions | **223,263** | – | – |
| | **3,330,224** | – | – |

| | Company | | |
|---|---|---|---|
| | **31.03.2013 RM** | **31.03.2012 RM** | **01.04.2011 RM** |
| Tax losses | **2,934,085** | – | – |
| Provisions | **223,263** | – | – |
| | **3,157,348** | – | – |

## 23 CRPS

The movements in the CRPS of the Group and of the Company are as follows:

| | **Par value RM** | **Number of CRPS** | **Nominal value RM** |
|---|---|---|---|
| **Authorised** | | | |
| At 01.04.2011/31.03.2012 | – | – | – |
| Increase during the financial year | 0.01 | 210,000,000 | 2,100,000 |
| At 31.03.2013 | **0.01** | **210,000,000** | **2,100,000** |

| | **Subscription Price RM** | **Number of CRPS** | **Nominal value RM** |
|---|---|---|---|
| **Issued and paid-up** | | | |
| At 01.04.2011/31.03.2012 | – | – | – |
| Increase during the financial year | 1.00 | 79,480,000 | 79,480,000 |
| At 31.03.2013 | **1.00** | **79,480,000** | **79,480,000** |

## 23 CRPS (cont'd)

The CRPS recognised in the statements of financial position is calculated as follows:

| | Group/Company |
|---|---|
| | RM |
| Face value of CRPS | 79,480,000 |
| Transaction costs | (1,140,414) |
| Equity component | (190,346) |
| Liability component on initial recognition | 78,149,240 |
| Interest expense | 1,220,160 |
| Liability component at 31.03.2013 | **79,369,400** |

The CRPS are classified as a compound financial instrument, where the instrument contains both liability and equity components. The Company has a financial liability arising from its obligation to repay principal and interest to the holders of the CRPS if they choose to redeem the CRPS in the event the unutilised proceeds as at 31 March 2014 are more than 20% of the total proceeds raised.

The liability component is measured initially at the fair value of a similar liability that does not have an equity conversion option. For the purposes of determining the fair value of the liability component of the CRPS, a discount rate of 5% is used. This discount rate reflects the underlying risk of the CRPS which is backed by cash. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

The maturity date of the CRPS is 30 April 2014.

As at the date of this report, the Company has executed CRPS Subscription Agreements worth RM89.48 million with investors, of which RM79.48 million in CRPS subscription monies have been received.

On 11 January 2013, the Company has entered into a conditional subscription agreement with Sri Inderajaya (Far East) Sdn Bhd ("Sri Inderajaya") for the subscription of 10 million CRPS worth RM10 million. As Sri Inderajaya is an entity connected to a director of the Company, this proposed allotment of CRPS is subject to the approval of the Company's shareholders to be sought during the Extraordinary General Meeting scheduled on 20 August 2013.

The other principal terms of the CRPS are as follows:

| | |
|---|---|
| (a) Dividend rights | The CRPS are not entitled to any dividend |
| (b) Redeemability | Subject to compliance with the requirements of Section 61 of the Companies Act, 1965 ("Act"), the Company does not have an unconditional right to avoid the redemption as it does not have 100% control on the final outcome of the utilisation of the proceeds. The equity component represents the option available to the holders for the following: |

**23 CRPS (cont'd)**

| | | |
|---|---|---|
| (b) Redeemability (cont'd) | (i) | to redeem (on a pro-rated basis) or convert the CRPS into fixed number of new ordinary shares in the Company at fixed price, should less than 80% of the proceeds raised be utilised as permitted; or |
| | (ii) | to convert all or part of the CRPS into fixed number of new ordinary shares in the Company at the earlier of 1 May 2013 or when the market price of the ordinary shares is transacted at RM3.00 per share or more at any point in time and day after the date of issuance of the CRPS. |
| (c) Voting rights | | The CRPS shall entitle the holder to the voting rights as referred in Section 148(2) of the Act and, to fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights. |

## 24 AMOUNT OWING TO AN ASSOCIATE

| | Group | | |
|---|---|---|---|
| | **31.03.2013 RM** | **31.03.2012 RM** | **01.04.2011 RM** |
| **Current** | | | |
| Trade | **29,676,854** | – | – |

Amount owing to an associate represents 3D Oil's 49.9% share of AUD20.25 million in VIC/P57 joint bank accounts less 3D Oil's share of conceptual study costs. These amounts will be reduced against future 3D Oil's share of VIC/P57 expenses accordingly.

## 25 DISCOVERY BONUS PAYABLE

Discovery bonus is payable to Rex if a discovery of hydrocarbons is made within the existing concessions in the Middle East held by Lime, and declared to be commercial by 31 December 2013 by an independent competent expert.

## 26 RCPS

The movements in the RCPS of the Group and of the Company are as follows:

| | Par value RM | Number of RCPS | Nominal value RM |
|---|---|---|---|
| **Authorised** | | | |
| At 01.04.2011 | 0.01 | 11,000,000 | 110,000 |
| Increase during the financial year | 0.01 | 89,000,000 | 890,000 |
| At 31.03.2013/31.03.2012 | **0.01** | **100,000,000** | **1,000,000** |
| **Issued and paid-up** | | | |
| At 01.04.2011 | 0.01 | 10,555,000 | 105,550 |
| Conversion of RCPS during the financial year | 0.01 | (8,361,120) | (83,611) |
| At 31.03.2013/31.03.2012 | **0.01** | **2,193,880** | **21,939** |
| **Share premium** | | | |
| At 01.04.2011 | | | 949,950 |
| Conversion of RCPS during the financial year | | | (752,501) |
| At 31.03.2013/31.03.2012 | | | **197,449** |
| Total liability component | | | **219,388** |

The RCPS are classified as current liabilities as the RCPS are redeemable at the option of the RCPS holders. The remaining RCPS are not convertible into ordinary shares of the Company.

The principal terms of the RCPS are as follows:

(a) Dividend rights — The RCPS are not entitled to any dividend

(b) Convertibility — The RCPS were convertible on the basis of 1 RCPS: 10 ordinary shares with 10 Warrants-B ("Shares"). After receipt of the approval from the Securities Commission ("SC") for the Initial Public Offering ("IPO"), 5,557,000 RCPS were converted into Shares of the Company. Pursuant to the IPO, 2,804,120 RCPS were converted into such number of Shares so that the holder held a total number of Shares equivalent to 20% of the enlarged issued and paid-up ordinary share capital of the Company as at the date of listing. Other than as stated above, the holder is not entitled to convert any additional RCPS into ordinary shares of the Company.

## 26 RCPS (cont'd)

| | |
|---|---|
| (c) Redeemability | Subject to compliance with the requirements of Section 61 of the Companies Act, 1965 ("Act"), all RCPS (unless earlier converted into Shares) shall be fully redeemable at the option of the holder, at the Redemption Price:<br><br>(i) on the date falling 12 months after the date of issue of the RCPS if the approval from the SC is not received by the Company by then; or<br><br>(ii) on the date falling 14 business days after the Company's receipt of any letter from the SC rejecting or stating its non-approval of the Company's application for the IPO; or<br><br>(iii) on any date after the Listing;<br><br>whichever occurs first.<br><br>The Company shall use its reasonable endeavours to ensure that it has sufficient funds (whether through profits or a new issue of shares or otherwise), which can be lawfully applied towards redemption of the RCPS at the relevant time.<br><br>No RCPS redeemed by the Company shall be capable of reissue. |
| (d) Redemption price | RM0.10 per RCPS |
| (e) Voting rights | The RCPS shall entitle the holder to the voting rights as referred to in Section 148 (2) of the Act and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights. |
| (f) Status | The RCPS is not listed or quoted on any stock exchange. |

# NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2013

## 27 DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and/or receivable by Directors of the Group and of the Company during the financial year are as follows:

| | Group/Company | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| Executive Director: | | |
| - salaries | **969,642** | 739,284 |
| - defined contribution plan | **116,359** | 88,716 |
| - other benefits | **68,733** | 48,575 |
| | **1,154,734** | 876,575 |
| Non-executive Directors: | | |
| - fees | **139,133** | 24,000 |
| | **1,293,867** | 900,575 |

(b) Details of Directors' emoluments of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:

| | Group/Company | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| Executive Director: | | |
| RM850,001 - RM900,000 | **–** | 1 |
| RM1,150,001 - RM1,200,000 | **1** | – |
| Non-executive Directors: | | |
| Below RM50,000 | **6** | 2 |
| | **7** | 3 |

## 28 RELATED PARTY DISCLOSURES

(a) Identities of related parties

The related parties of the Group and the Company are:

(i) its subsidiaries, an associate and a jointly controlled entity as disclosed in Note 11, Note 12 and Note 13 to the financial statements; and

(ii) the Directors and senior management team are the key management personnel.

## 28 RELATED PARTY DISCLOSURES (cont'd)

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013 RM** | **2012 RM** | **2013 RM** | **2012 RM** |
| Project management, technical and other services fees receivable from: | | | | |
| - subsidiaries | **–** | – | **2,698,020** | 814,919 |
| - a jointly controlled entity | **6,183,895** | 1,848,761 | **–** | – |
| Payments on behalf of subsidiaries | **–** | – | **10,242,086** | 966,811 |
| Performance guarantee charged to subsidiaries | **–** | – | **617,171** | – |

(c) Key management personnel compensation

| | Group/Company | |
|---|---|---|
| | **2013 RM** | **2012 RM** |
| Included under Director's remuneration | | |
| - fees | **139,133** | 24,000 |
| - salaries | **969,642** | 739,284 |
| - defined contribution plan | **116,359** | 88,716 |
| - other benefits | **68,733** | 48,575 |
| Included under staff costs | | |
| - salaries | **3,137,551** | 1,638,736 |
| - defined contribution plan | **164,778** | 107,307 |
| - other benefits | **272,891** | 92,148 |

## 29 OPERATING SEGMENTS

Operating segments are presented in respect of the Group's business segment. The Group has activities in the following principal areas:

(i) Investment holding — Investment in companies owning/operating oil and gas concessions.

(ii) Lime — Group's investments and operations in the exploration assets of Lime and its subsidiaries ("Lime Group"), located in the Middle East and Norway.

(iii) 3D Oil & VIC/P57 — Group's operations in a development asset, West Seahorse field and other exploration prospects in Australia within exploration permit VIC/P57, and investment in 3D Oil.

| | Investment holding RM | Lime RM | 3D Oil & VIC/P57 RM | Elimination RM | Group RM |
|---|---|---|---|---|---|
| **31.03.2013** | | | | | |
| Non-current assets | **3,822,781** | **180,769,740** | **58,349,000** | **–** | **242,941,521** |
| Revenue | **8,389,412** | **–** | **126,743** | **–** | **8,516,155** |
| Depreciation | **229,832** | **–** | **–** | **–** | **229,832** |
| Loss from operation | **(4,888,867)** | **–** | **(1,431,050)** | **–** | **(6,319,917)** |
| Share of results | **–** | **(2,337,040)** | **7,309,679** | **–** | **4,972,639** |
| Finance costs | **(2,582,829)** | **–** | **(737,035)** | **737,035** | **(2,582,829)** |
| Interest income | **680,669** | **–** | **–** | **(680,669)** | **–** |
| Taxation | **48,298** | **–** | **(314,926)** | **–** | **(266,628)** |
| Profit/(loss) after taxation | **(6,742,729)** | **(2,337,040)** | **4,826,668** | **56,366** | **(4,196,735)** |
| **31.03.2012** | | | | | |
| Non-current assets | 659,756 | 12,258,000 | – | – | 12,917,756 |
| Revenue | 7,961,142 | – | – | – | 7,961,142 |
| Depreciation | 115,489 | – | – | – | 115,489 |
| Loss from operation | (4,358,315) | – | – | – | (4,358,315) |
| Taxation | (525,930) | – | – | – | (525,930) |
| Loss after taxation | (4,884,245) | – | – | – | (4,884,245) |

## 30 CAPITAL COMMITMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| **Approved and contracted for:** | | | | |
| Purchase of software | **614,800** | 76,092 | **614,800** | 76,092 |
| Farm-in consideration for VIC/P57 | **10,867,000** | – | **–** | – |
| Share of an associate's material commitments (3D Oil) | **138,834** | – | **–** | – |
| Share of a jointly controlled operation's material commitments (VIC/P57) | **1,066,808** | – | **–** | – |
| Share of a jointly controlled entity's material commitments (Lime) | **10,112,047** | – | **–** | – |
| | **22,799,489** | 76,092 | **614,800** | 76,092 |
| **Approved but not contracted for:** | | | | |
| Share of an associate's material commitments (3D Oil) | **16,000,000** | – | **–** | – |
| Share of a jointly controlled operation's material commitments (VIC/P57) | **121,000,000** | – | **–** | – |
| Share of a jointly controlled entity's material commitments (Lime) | **50,678,860** | – | **–** | – |
| | **187,678,860** | – | **–** | – |

## 31 OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:

| | Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| Within one year | **435,297** | 237,300 |
| Later than one year but not later than five years | **1,024,583** | 341,171 |
| | **1,459,880** | 578,471 |

| | Company | |
|---|---|---|
| | 2013 RM | 2012 RM |
| Within one year | **244,260** | 237,300 |
| Later than one year but not later than five years | **127,071** | 341,171 |
| | **371,331** | 578,471 |

## 32 FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risks and liquidity risks. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(i) Market risk

*Foreign currency risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Australian Dollar. Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group's and the Company's exposure to foreign currency is as follows:

| | United States Dollar RM | Ringgit Malaysia RM | British Pound RM | Australian Dollar RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2013** | | | | | |
| **Financial assets** | | | | | |
| Amount owing by a jointly controlled entity | 572,075 | – | – | – | 572,075 |
| Other receivables and deposits | – | 173,006 | – | 275,625 | 448,631 |
| Fixed deposits with licensed banks | 10,068,541 | 48,812,729 | – | – | 58,881,270 |
| Cash and bank balances | 1,052,861 | 3,171,573 | – | 62,883,137 | 67,107,571 |
| | 11,693,477 | 52,157,308 | – | 63,158,762 | 127,009,547 |
| **Financial liabilities** | | | | | |
| CRPS | – | 79,369,400 | – | – | 79,369,400 |
| RCPS | – | 219,388 | – | – | 219,388 |
| Other payables and accruals | 354,369 | 2,155,357 | 66,829 | 2,539,541 | 5,116,096 |
| Amount owing to an associate | – | – | – | 29,676,854 | 29,676,854 |
| Discovery bonus payable | 14,261,362 | – | – | – | 14,261,362 |
| | 14,615,731 | 81,744,145 | 66,829 | 32,216,395 | 128,643,100 |

## 32 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management policies (cont'd)

(i) Market risk (cont'd)

*Foreign currency risk (cont'd)*

| | United States Dollar RM | Ringgit Malaysia RM | British Pound RM | Australian Dollar RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2013** | | | | | |
| Net financial (liabilities)/assets | **(2,922,254)** | **(29,586,837)** | **(66,829)** | **30,942,367** | **(1,633,553)** |
| Less: Net financial (assets)/ liabilities denominated in respective entities' functional currencies | **9,985,028** | **29,586,837** | **–** | **(30,209,698)** | **9,362,167** |
| | **7,062,774** | **–** | **(66,829)** | **732,669** | **7,728,614** |
| **2012** | | | | | |
| **Financial assets** | | | | | |
| Amount owing by a jointly controlled entity | 1,854,930 | – | – | – | 1,854,930 |
| Other receivables and deposits | – | 73,400 | – | – | 73,400 |
| Fixed deposits with licensed banks | – | 50,016,303 | – | – | 50,016,303 |
| Cash and bank balances | 156,336,016 | 12,171,680 | – | – | 168,507,696 |
| | 158,190,946 | 62,261,383 | – | – | 220,452,329 |
| **Financial liabilities** | | | | | |
| RCPS | – | 219,388 | – | – | 219,388 |
| Other payables and accruals | 14,645 | 612,850 | – | – | 627,495 |
| | 14,645 | 832,238 | – | – | 846,883 |
| Net financial assets | 158,176,301 | 61,429,145 | – | – | 219,605,446 |
| Less: Net financial assets denominated in respective entities' functional currencies | (1,880,690) | (61,429,145) | – | – | (63,309,835) |
| | 156,295,611 | – | – | – | 156,295,611 |

# NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2013

**32 FINANCIAL INSTRUMENTS (cont'd)**

(a) Financial risk management policies (cont'd)

(i) Market risk (cont'd)

*Foreign currency risk (cont'd)*

| | United States Dollar RM | Ringgit Malaysia RM | British Pound RM | Australian Dollar RM | Total RM |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2013** | | | | | |
| **Financial assets** | | | | | |
| Other receivables and deposits | – | 173,006 | – | – | 173,006 |
| Amounts owing by subsidiaries | 61,928 | 14,816,051 | – | – | 14,877,979 |
| Fixed deposits with licensed banks | 7,123,914 | 48,812,729 | – | – | 55,936,643 |
| Cash and bank balances | 202,956 | 3,171,572 | – | 732,669 | 4,107,197 |
| | 7,388,798 | 66,973,358 | – | 732,669 | 75,094,825 |
| **Financial liabilities** | | | | | |
| CRPS | – | 79,369,400 | – | – | 79,369,400 |
| RCPS | – | 219,388 | – | – | 219,388 |
| Other payables and accruals | 92,892 | 1,873,080 | 66,829 | – | 2,032,801 |
| Amounts owing to a subsidiary | – | 445,256 | – | – | 445,256 |
| | 92,892 | 81,907,124 | 66,829 | – | 82,066,845 |
| Net financial assets/(liabilities) | 7,295,906 | (14,933,766) | (66,829) | 732,669 | (6,972,020) |
| Less: Net financial assets denominated in respective entities' functional currencies | – | 14,933,766 | – | – | 14,933,766 |
| | 7,295,906 | – | (66,829) | 732,669 | 7,961,746 |

## 32 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management policies (cont'd)

(i) Market risk (cont'd)

*Foreign currency risk (cont'd)*

| | United States Dollar RM | Ringgit Malaysia RM | British Pound RM | Australian Dollar RM | Total RM |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2012** | | | | | |
| **Financial assets** | | | | | |
| Other receivables and deposits | – | 73,400 | – | – | 73,400 |
| Amounts owing by subsidiaries | – | 1,842,899 | – | – | 1,842,899 |
| Fixed deposits with licensed banks | – | 50,016,303 | – | – | 50,016,303 |
| Cash and bank balances | 156,295,611 | 12,171,678 | – | – | 168,467,289 |
| | 156,295,611 | 64,104,280 | – | – | 220,399,891 |
| **Financial liabilities** | | | | | |
| RCPS | – | 219,388 | – | – | 219,388 |
| Other payables and accruals | – | 609,850 | – | – | 609,850 |
| Amount owing to a subsidiary | 156,289,500 | – | – | – | 156,289,500 |
| | 156,289,500 | 829,238 | – | – | 157,118,738 |
| Net financial assets | 6,111 | 63,275,042 | – | – | 63,281,153 |
| Less: Net financial assets denominated in respective entities' functional currencies | – | (63,275,042) | – | – | (63,275,042) |
| | 6,111 | – | – | – | 6,111 |

**32 FINANCIAL INSTRUMENTS (cont'd)**

(a) Financial risk management policies (cont'd)

(i) Market risk (cont'd)

*Foreign currency risk (cont'd)*

On 1 April 2011, the Group and the Company did not have any material foreign currency transactions, assets or liabilities and hence were not exposed to any significant or material currency risks.

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the financial year, with all other variables held constant:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013 Increase/ (Decrease) RM** | **2012 Increase/ (Decrease) RM** | **2013 Increase/ (Decrease) RM** | **2012 Increase/ (Decrease) RM** |
| Effects on loss after taxation/equity: | | | | |
| United States Dollar | | | | |
| - strengthened by 5% | **341,326** | 7,814,781 | **364,795** | 306 |
| - weakened by 5% | **(341,326)** | (7,814,781) | **(364,795)** | (306) |
| Australian Dollar | | | | |
| - strengthened by 5% | **2,505,313** | – | **36,633** | – |
| - weakened by 5% | **(2,505,313)** | – | **(36,633)** | – |
| Ringgit Malaysia | | | | |
| - strengthened by 5% | **(731,498)** | – | **–** | – |
| - weakened by 5% | **731,498** | – | **–** | – |

*Interest rate risk*

The Group's and the Company's exposure to interest rate risks relates primarily to the Group's and Company's fixed deposits with licensed banks. Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and Company manage their interest rate risks by placing such funds on short tenures of 1 month or less.

The weighted average effective interest rate of the fixed deposits of the Group and the Company at the end of the financial year was 2.82% and 2.96% per annum respectively.

At the reporting date, if interest rates had been 10 basis points lower/higher, with all variables held constant, the Group's and the Company's loss before tax would have been RM58,881 (2012: RM50,016) and RM55,937 (2012: RM50,016) higher/lower respectively, arising mainly as a result of lower/higher interest income from fixed deposits.

**32 FINANCIAL INSTRUMENTS (cont'd)**

(a) Financial risk management policies (cont'd)

(i) Market risk (cont'd)

*Interest rate risk (cont'd)*

The Group and the Company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates for these financial instruments at the end of the financial year would not affect profit or loss.

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by monitoring the timely receipt of receivables on an on-going basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by a jointly controlled entity which constituted 56% (31.03.2012: 96%, 01.04.2011: Nil) of its total receivables as at the end of the financial year.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the financial year.

Ageing analysis

The ageing analysis of the Group's trade balances owing by a jointly controlled entity at the end of the financial year is as follows:

| | **Gross amount RM** | **Carrying value RM** |
|---|---|---|
| **Group** | | |
| **2013** | | |
| Neither past due nor impaired | **572,075** | **572,075** |
| **2012** | | |
| Neither past due nor impaired | 1,854,930 | 1,854,930 |

On 1 April 2011, the Group did not have any exposure to credit risk, or the risk of counterparties defaulting, arising from receivables. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored closely.

The Company did not have any exposure to credit risk, or the risk of counterparties defaulting, arising from receivables.

## 32 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management policies (cont'd)

(iii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances.

The following table sets out the maturity profile of the financial liabilities as at the end of the financial year based on contractual undiscounted cash flows:

| | Carrying amount RM | Contractual undiscounted RM | Within 1 year RM | Within 1-2 years RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2013** | | | | |
| CRPS* | **79,369,400** | **44,695,612** | **–** | **44,695,612** |
| RCPS | **219,388** | **219,388** | **219,388** | **–** |
| Other payables and accruals | **5,116,096** | **5,116,096** | **5,116,096** | **–** |
| Amount owing to an associate | **29,676,854** | **29,676,854** | **29,676,854** | **–** |
| Discovery bonus payable | **14,261,362** | **15,482,000** | **15,482,000** | **–** |
| Financial guarantee contract | **–** | **21,777,525** | **21,777,525** | **–** |
| | **128,643,100** | **116,967,475** | **72,271,863** | **44,695,612** |
| **2012** | | | | |
| RCPS | 219,388 | 219,388 | 219,388 | – |
| Other payables and accruals | 627,495 | 627,495 | 627,495 | – |
| | 846,883 | 846,883 | 846,883 | – |
| **2011** | | | | |
| RCPS | 1,055,500 | 1,055,500 | 1,055,500 | – |
| Other payables and accruals | 83,523 | 83,523 | 83,523 | – |
| Amounts owing to related parties | 3,000,000 | 3,000,000 | 3,000,000 | – |
| | 4,139,023 | 4,139,023 | 4,139,023 | – |
| **Company** | | | | |
| **2013** | | | | |
| CRPS* | **79,369,400** | **44,695,612** | **–** | **44,695,612** |
| RCPS | **219,388** | **219,388** | **219,388** | **–** |
| Other payables and accruals | **2,032,801** | **2,032,801** | **2,032,801** | **–** |
| Amount owing to a subsidiary | **445,256** | **445,256** | **445,256** | **–** |
| Financial guarantee contract | **–** | **21,777,525** | **21,777,525** | **–** |
| | **82,066,845** | **69,170,582** | **24,474,970** | **44,695,612** |

## 32 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management policies (cont'd)

(iii) Liquidity risk (cont'd)

| | Carrying amount RM | Contractual undiscounted RM | Within 1 year RM | Within 1-2 years RM |
|---|---|---|---|---|
| **Company** | | | | |
| **2012** | | | | |
| RCPS | 219,388 | 219,388 | 219,388 | – |
| Other payables and accruals | 609,850 | 609,850 | 609,850 | – |
| Amount owing to a subsidiary | 156,289,500 | 156,289,500 | 156,289,500 | – |
| | 157,118,738 | 157,118,738 | 157,118,738 | – |
| **2011** | | | | |
| RCPS | 1,055,500 | 1,055,500 | 1,055,500 | – |
| Other payables and accruals | 83,523 | 83,523 | 83,523 | – |
| Amounts owing to related parties | 3,000,000 | 3,000,000 | 3,000,000 | – |
| | 4,139,023 | 4,139,023 | 4,139,023 | – |

* *The contractual undiscounted cash flows relating to CRPS reflects the amount that may be redeemed by the CRPS holders. The portions that have been incurred for the acquisition of 3D Oil and VIC/P57 are no longer redeemable and will be converted to equity at the maturity date.*

(b) Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The debt-to-equity ratio of the Group as at the end of the financial year is not presented as its cash and cash equivalents exceeded the total debts.

Under the requirement of Bursa Securities Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

# NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2013

## 32 FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of financial instruments

| | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM |
|---|---|---|---|
| **Group** | | | |
| **Financial assets** | | | |
| **Loans and receivables** | | | |
| Other receivables and deposits | **448,631** | 73,400 | 37,308 |
| Amount owing by a jointly controlled entity | **572,075** | 1,854,930 | – |
| Fixed deposits with licensed banks | **58,881,270** | 50,016,303 | 2,303,649 |
| Cash and bank balances | **67,107,571** | 168,507,696 | 212,745 |
| | **127,009,547** | 220,452,329 | 2,553,702 |
| **Financial liabilities** | | | |
| CRPS | **79,369,400** | – | – |
| RCPS | **219,388** | 219,388 | 1,055,500 |
| Other payables and accruals | **5,116,096** | 627,495 | 83,523 |
| Amount due to an associate | **29,676,854** | – | – |
| Amounts owing to related parties | **–** | – | 3,000,000 |
| | **114,381,738** | 846,883 | 4,139,023 |
| **Fair value through profit and loss** | | | |
| Discovery bonus payable | **14,261,362** | – | – |

## 32 FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of financial instruments (cont'd)

| | 31.03.2013 RM | 31.03.2012 RM | 01.04.2011 RM |
|---|---|---|---|
| **Company** | | | |
| **Financial assets** | | | |
| **Loans and receivables** | | | |
| Other receivables and deposits | **173,006** | 73,400 | 37,308 |
| Amounts owing by subsidiaries | **14,877,979** | 1,842,899 | – |
| Fixed deposits with licensed banks | **55,936,643** | 50,016,303 | 2,303,649 |
| Cash and bank balances | **4,107,197** | 168,467,289 | 212,745 |
| | **75,094,825** | 220,399,891 | 2,553,702 |
| **Financial liabilities** | | | |
| CRPS | **79,369,400** | – | – |
| RCPS | **219,388** | 219,388 | 1,055,500 |
| Other payables and accruals | **2,032,801** | 609,850 | 83,523 |
| Amounts owing to subsidiaries | **445,256** | 156,289,500 | – |
| Amounts owing to related parties | **–** | – | 3,000,000 |
| | **82,066,845** | 157,118,738 | 4,139,023 |

(d) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2013.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

## 32 FINANCIAL INSTRUMENTS (cont'd)

(e) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

| | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM | Total<br>RM |
|---|---|---|---|---|
| **Liability** | | | | |
| Financial liability at fair value through profit or loss: | | | | |
| **Discovery bonus payable** | | | | |
| At 01.04.2012 | – | – | – | – |
| Initial recognition | – | – | 12,899,388 | 12,899,388 |
| Fair value changes | – | – | 1,362,669 | 1,362,669 |
| Exchange differences | – | – | (695) | (695) |
| At 31.03.2013 | **–** | **–** | **14,261,362** | **14,261,362** |

## 33 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

(i) Proposed acquisition of Participating Interests in Six Concessions in Norway

On 4 May 2012, the Company announced that Lime had entered into transaction agreements with North Energy ASA ("North Energy") to secure 50.00% of North Energy's interest in 4 concessions located in the Norwegian Continental Shelf ("NCS") ("Previous Agreement").

On 17 April 2013, a revised agreement to replace the Previous Agreement was executed by Lime Petroleum Norway AS ("Lime Norway") to secure half of North Energy's interest in up to 6 concessions in the NCS. The final number of concessions in which Lime Norway has an interest in, is currently subject to the approval of the relevant authorities in Norway. The total purchase consideration is estimated at Norwegian Kroner ("NOK") 28.23 million or equivalent to USD4.93 million which comprises the consideration of NOK27.50 million (as per the Previous Agreement) plus interest.

33 **SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR (cont'd)**

(ii) Joint Venture with Rex South East Asia Ltd

On 21 March 2013, the Company's wholly-owned subsidiary, Orient Hibiscus, had entered into a joint venture agreement with Rex South East Asia Ltd to form HIREX with the objective of pursuing investments in exploration assets in 11 countries within the Asia Pacific region.

Subsequently, on 17 June 2013, Triax Ventures Corp, a corporate investor, had agreed to invest USD10.00 million for a 15.0% equity interest in HIREX.

The subscription by the corporate investor is expected to result in an increase in earnings of the Company by approximately RM12.6 million due to the one-off gain arising from the dilution in Orient Hibiscus' equity interest in HIREX from 48.24% to 41.00%.

(iii) Conversion to ordinary shares

As at the date of this report, 4,038,400 Warrants-A have been converted into ordinary shares and 10 million CRPS have been converted into 5,988,023 ordinary shares of the Company according to the terms of the CRPS Subscription Agreement executed earlier.

## 34 SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at the end of the financial year into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013 RM** | **2012 RM** | **2013 RM** | **2012 RM** |
| Total accumulated losses: | | | | |
| Realised | **(10,883,687)** | (6,036,316) | **(12,699,450)** | (6,081,347) |
| Unrealised | **687,001** | (52,702) | **145,709** | (44,523) |
| | **(10,196,686)** | (6,089,018) | **(12,553,741)** | (6,125,870) |
| Less: Consolidation adjustments | **(89,067)** | – | **–** | – |
| | **(10,285,753)** | (6,089,018) | **(12,553,741)** | (6,125,870) |

# ANALYSIS OF SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
As at 28 June 2013

| | | |
|---|---|---|
| Authorised Share Capital | : | RM50,000,000.00 divided into 4,690,000,000 Ordinary Shares of RM0.01 each, 100,000,000 Redeemable Convertible Preference Shares (RCPS) of RM0.01 each and 210,000,000 Convertible Redeemable Preference Shares (CRPS) of RM0.01 each |
| Paid-up Share Capital | : | RM5,219,950.25 comprising 450,321,145 Ordinary Shares of RM0.01 each, 2,193,880 RCPS of RM0.01 each and 69,480,000 CRPS of RM0.01 each |
| No. of Shareholders | : | 2,590 |
| Voting Rights | : | One vote for every ordinary share held |

**ANALYSIS OF ORDINARY SHARES HOLDINGS**

*DISTRIBUTION OF SHAREHOLDERS*

| Category | No. of Shareholders | No. of Shares | % of Total Shareholdings |
|---|---|---|---|
| Less than 100 | 13 | 204 | 0.00 |
| 100 – 1,000 | 594 | 393,120 | 0.09 |
| 1,001 – 10,000 | 1,272 | 6,456,500 | 1.43 |
| 10,001 – 100,000 | 561 | 19,818,200 | 4.40 |
| 10,001 to less than 5% of issued shares | 146 | 249,109,721 | 55.32 |
| 5% and above of issued shares | 4 | 174,543,400 | 38.76 |
| **Total** | **2,590** | **450,321,145** | **100.00** |

# ANALYSIS OF SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
As at 28 June 2013

Continued

Substantial Shareholders as per Register of Substantial Shareholders as at 28 June 2013

| No. | Name | Direct | | Indirect | |
|---|---|---|---|---|---|
| | | No. of Ordinary Shares | % | No. of Ordinary Shares | % |
| 1 | Hibiscus Upstream Sdn Bhd | 83,611,400 | 18.57 | 0 | 0 |
| 2 | Dr Kenneth Gerard Pereira | 0 | 0 | 83,611,400[1] | 18.57 |
| 3 | Lee Chye Tek Lionel | 40,000,000 | 8.88 | 0 | 0 |
| 4 | Littleton Holdings Pte Ltd | 30,415,000 | 6.75 | 0 | 0 |
| 5 | Roushan Arumugam | 0 | 0 | 30,415,000[2] | 6.75 |
| 6 | Mercury Pacific Marine Pte Ltd | 30,495,723 | 6.77 | 5,083,700[3] | 1.13 |
| 7 | Picadilly Middle East Limited | 26,667,000 | 5.92 | 0 | 0 |
| 8 | Mohd Zulkefli bin Mohd Abdah | 200,000 | 0.04 | 46,667,000[4] | 10.36 |

*Notes:*

*(1) Deemed interested by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
*(2) Deemed interested by virtue of his interest in Littleton Holdings Pte Ltd pursuant to Section 6A of the Companies Act, 1965.*
*(3) Deemed interested by virtue of its interest in Perintis Muhibah Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
*(4) Deemed interested by virtue of his interest in Picadilly Middle East Limited and Tericon Solutions Ltd pursuant to Section 6A of the Companies Act, 1965.*

Directors' Shareholdings as per Register of Directors' Shareholdings as at 28 June 2013

| No. | Name | Direct | | Indirect | |
|---|---|---|---|---|---|
| | | No. of Ordinary Shares | % | No. of Ordinary Shares | % |
| 1 | Zainul Rahim bin Mohd Zain | 0 | 0 | 0 | 0 |
| 2 | Dr Kenneth Gerard Pereira | 0 | 0 | 83,611,400[1] | 18.57 |
| 3 | Dr Rabi Narayan Bastia | 0 | 0 | 0 | 0 |
| 4 | Zainol Izzet bin Mohamed Ishak | 0 | 0 | 0 | 0 |
| 5 | Datin Sunita Mei-Lin Rajakumar | 0 | 0 | 150,000[2] | 0.03 |
| 6 | Roushan Arumugam | 0 | 0 | 30,465,000[3] | 6.77 |
| 7 | Tay Chin Kwang | 0 | 0 | 0 | 0 |
| 8 | Joginder Singh A/L Bhag Singh | 2,848,700 | 0.63 | 24,000[4] | 0 |

*Notes:*

*(1) Deemed interested by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
*(2) Deemed interested by virtue of her spouse, Datuk Dr Jeyaindran C Sinnadurai's shareholdings in Hibiscus Petroleum Berhad.*
*(3) Deemed interested by virtue of:-*
*- his interest in Littleton Holdings Pte Ltd pursuant to Section 6A of the Companies Act, 1965.*
*- his spouse, Rachel Hannah Arumugam's shareholdings in Hibiscus Petroleum Berhad.*
*(4) Deemed interested by virtue of his spouse, Sarjit Kaur's shareholdings in Hibiscus Petroleum Berhad.*

### LIST OF TOP 30 SHAREHOLDERS AS AT 28 JUNE 2013

| No. | Name | No. of Shares | % of Total Shareholdings |
|---|---|---|---|
| 1 | Hibiscus Upstream Sdn Bhd | 83,611,400 | 18.57 |
| 2 | UOBM Nominees (Asing) Sdn Bhd<br>United Overseas Bank Nominees (Pte) Ltd for Lee Chye Tek Lionel (UBA0828) | 40,000,000 | 8.88 |
| 3 | RHB Nominees (Asing) Sdn Bhd<br>OSK Capital Sdn Bhd for Picadilly Middle East Limited | 26,667,000 | 5.92 |
| 4 | Maybank Nominees (Asing) Sdn Bhd<br>DBS Bank for Littleton Holdings Pte Ltd (211400) | 24,265,000 | 5.39 |
| 5 | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt an for Citibank NA, Singapore (Julius Baer) | 21,500,000 | 4.77 |
| 6 | ECML Nominees (Asing) Sdn Bhd<br>Pledged Securities Account for Mercury Pacific Marine Pte Ltd (021) | 21,488,023 | 4.77 |
| 7 | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Muhammad Syafiq Baljit bin Abdullah | 21,417,100 | 4.75 |
| 8 | RHB Nominees (Asing) Sdn Bhd<br>OSK Capital Sdn Bhd for Tericon Solutions Ltd | 20,000,000 | 4.44 |
| 9 | Jurunature Sdn Bhd | 19,184,000 | 4.26 |
| 10 | Gud Run International Incorporated | 18,769,000 | 4.17 |
| 11 | Gurmit Singh A/L Sajjan Singh | 18,698,200 | 4.15 |
| 12 | Maybank Nominees (Asing) Sdn Bhd<br>Pledged Securities Account for Mercury Pacific Marine Pte Ltd | 9,000,000 | 2.00 |
| 13 | Sri Inderajaya Holdings Sdn Bhd | 6,750,000 | 1.50 |
| 14 | Maison binti Shaik Abdul Rahman | 6,600,400 | 1.46 |
| 15 | Silicon Designs (M) Sdn Bhd | 6,200,000 | 1.38 |
| 16 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Perintis Muhibah Sdn Bhd | 5,748,600 | 1.28 |
| 17 | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Maison binti Shaik Abdul Rahman | 4,865,100 | 1.08 |
| 18 | Ivory Matrix Sdn Bhd | 3,888,888 | 0.86 |
| 19 | RHB Nominees (Tempatan) Sdn Bhd<br>OSK Capital Sdn Bhd for Mohamad Azmadi bin Fadzil | 3,500,000 | 0.78 |
| 20 | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Gurmit Singh A/L Sajjan Singh | 3,314,300 | 0.73 |
| 21 | Shamsuddin bin Abdul Kadir | 3,135,500 | 0.70 |
| 22 | Geo Distinction Sdn Bhd | 3,000,000 | 0.67 |
| 23 | Kelrix Sdn Bhd | 2,630,000 | 0.58 |
| 24 | Joginder Singh A/L Bhag Singh | 2,368,700 | 0.53 |
| 25 | HLIB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for M.Guna Seger A/L Muniandy | 2,320,100 | 0.51 |
| 26 | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Khaw Ah Lai (E-SLY) | 2,285,000 | 0.51 |
| 27 | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for SMB Resources Sdn Bhd | 2,010,000 | 0.45 |
| 28 | Arumugam A/L A Packiri | 2,000,000 | 0.44 |
| 29 | SJ Holdings Sdn Bhd | 1,407,000 | 0.31 |
| 30 | Au Wei Lien | 1,328,000 | 0.29 |

# ANALYSIS OF SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS

As at 28 June 2013

## ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS) HOLDINGS

| | | |
|---|---|---|
| No. of RCPS Issued | : | 2,193,880 |
| Rights of the RCPS | : | The RCPS holders are entitled to voting rights as referred to in Section 148(2) of the Companies Act, 1965 and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights. |

### DISTRIBUTION OF RCPS HOLDERS

| Category | No. of RCPS Holders | No. of RCPS | % of Total RCPS Holdings |
|---|---|---|---|
| 1 – 99 | 0 | 0 | 0 |
| 100 – 1,000 | 0 | 0 | 0 |
| 1,001 – 10,000 | 0 | 0 | 0 |
| 10,001 – 100,000 | 0 | 0 | 0 |
| 100,001 to less than 5% of issued RCPS | 0 | 0 | 0 |
| 5% and above of issued RCPS | 1 | 2,193,880 | 100 |
| **Total** | **1** | **2,193,880** | **100** |

### DIRECTORS' RCPS HOLDINGS

Directors' RCPS holdings as per Register of Directors' RCPS holders as at 28 June 2013

| | | Direct | | Indirect | |
|---|---|---|---|---|---|
| No. | Name | No. of RCPS | % | No. of RCPS | % |
| 1 | Zainul Rahim bin Mohd Zain | 0 | 0 | 0 | 0 |
| 2 | Dr Kenneth Gerard Pereira | 0 | 0 | 2,193,880[1] | 100 |
| 3 | Dr Rabi Narayan Bastia | 0 | 0 | 0 | 0 |
| 4 | Zainol Izzet bin Mohamed Ishak | 0 | 0 | 0 | 0 |
| 5 | Datin Sunita Mei-Lin Rajakumar | 0 | 0 | 0 | 0 |
| 6 | Roushan Arumugam | 0 | 0 | 0 | 0 |
| 7 | Tay Chin Kwang | 0 | 0 | 0 | 0 |
| 8 | Joginder Singh A/L Bhag Singh | 0 | 0 | 0 | 0 |

*Notes:*

*(1) Deemed interested by virtue of his interest in Hibiscus Upstream Sdn Bhd.*

### LIST OF RCPS HOLDER AS AT 28 JUNE 2013

| No. | Name | No. of RCPS | % of Total RCPS holdings |
|---|---|---|---|
| 1 | Hibiscus Upstream Sdn Bhd | 2,193,880 | 100 |

**ANALYSIS OF CONVERTIBLE REDEEMABLE PREFERENCE SHARES (CRPS) HOLDINGS**

| | | |
|---|---|---|
| No. of CRPS Issued | : | 69,480,000 |
| Rights of the CRPS | : | The CRPS holders are entitled to voting rights as referred to in Section 148 (2) of the Companies Act, 1965 and all other mandatory statutory voting rights. |

**DISTRIBUTION OF CRPS HOLDERS**

| Category | No. of CRPS Holders | No. of CRPS | % of Total CRPS Holdings |
|---|---|---|---|
| 1 – 99 | 0 | 0 | 0 |
| 100 – 1,000 | 0 | 0 | 0 |
| 1,001 – 10,000 | 0 | 0 | 0 |
| 10,001 – 100,000 | 0 | 0 | 0 |
| 100,001 to less than 5% of issued CRPS | 0 | 0 | 0 |
| 5% and above of issued CRPS | 5 | 69,480,000 | 100 |
| **Total** | **5** | **69,480,000** | **100** |

**DIRECTORS' CRPS HOLDINGS**

Directors' CRPS holdings as per Register of Directors' CRPS holdings as at 28 June 2013

| | | Direct | | Indirect | |
|---|---|---|---|---|---|
| No. | Name | No. of CRPS | % | No. of CRPS | % |
| 1 | Zainul Rahim bin Mohd Zain | 0 | 0 | 0 | 0 |
| 2 | Dr Kenneth Gerard Pereira | 0 | 0 | 0 | 0 |
| 3 | Dr Rabi Narayan Bastia | 0 | 0 | 0 | 0 |
| 4 | Zainol Izzet bin Mohamed Ishak | 0 | 0 | 0 | 0 |
| 5 | Datin Sunita Mei-Lin Rajakumar | 0 | 0 | 0 | 0 |
| 6 | Roushan Arumugam | 0 | 0 | 0 | 0 |
| 7 | Tay Chin Kwang | 0 | 0 | 0 | 0 |
| 8 | Joginder Singh A/L Bhag Singh | 0 | 0 | 0 | 0 |

**LIST OF CRPS HOLDERS AS AT 28 JUNE 2013**

| No. | Name | No. of CRPS | % of Total CRPS holdings |
|---|---|---|---|
| 1 | Hanizah binti Mohd Nasir | 22,000,000 | 31.66 |
| 2 | Diran International Inc | 17,000,000 | 24.47 |
| 3 | MDL Energy Services Limited | 16,000,000 | 23.03 |
| 4 | Lee Chye Tek Lionel | 9,480,000 | 13.64 |
| 5 | Sri Inderajaya Holdings Sdn Bhd | 5,000,000 | 7.20 |

# ANALYSIS OF SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS

As at 28 June 2013

Continued

## ANALYSIS OF WARRANTS-A HOLDINGS

| | | |
|---|---|---|
| No. of Warrants-A Issued | : | 334,436,522 |
| No. of Warrants-A Exercised | : | 26,285,200 |
| No. of Warrants-A Unexercised | : | 308,151,322 |
| Maturity Date | : | 24 July 2014 |
| Rights of the Warrants-A Holder | : | The Warrants-A holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants-A holders exercise their Warrants-A into new ordinary shares of the Company. |

### DISTRIBUTION OF WARRANTS-A HOLDERS

| Category | No. of Warrants-A Holders | No. of Warrants-A | % of Total Warrants-A Holdings |
|---|---|---|---|
| Less than 100 | 3 | 75 | 0.00 |
| 100 – 1,000 | 418 | 238,500 | 0.08 |
| 1,001 – 10,000 | 749 | 3,992,200 | 1.29 |
| 10,001 – 100,000 | 517 | 18,911,400 | 6.14 |
| 100,001 to less than 5% of issued Warrants-A | 179 | 142,470,347 | 46.23 |
| 5% and above of issued Warrants-A | 5 | 142,538,800 | 46.26 |
| **Total** | **1,871** | **308,151,322** | **100.00** |

### DIRECTORS' WARRANTS-A HOLDINGS

Directors' Warrants-A holdings as per Register of Directors' Warrants-A Holdings.

| No. | Name | Direct | | Indirect | |
|---|---|---|---|---|---|
| | | No. of Warrants-A | % | No. of Warrants-A | % |
| 1 | Zainul Rahim bin Mohd Zain | 0 | 0 | 0 | 0 |
| 2 | Dr Kenneth Gerard Pereira | 0 | 0 | 0 | 0 |
| 3 | Dr Rabi Narayan Bastia | 0 | 0 | 0 | 0 |
| 4 | Zainol Izzet bin Mohamed Ishak | 0 | 0 | 0 | 0 |
| 5 | Datin Sunita Mei-Lin Rajakumar | 0 | 0 | 1,000,000[1] | 0.32 |
| 6 | Roushan Arumugam | 0 | 0 | 23,000,000[2] | 7.46 |
| 7 | Tay Chin Kwang | 0 | 0 | 0 | 0 |
| 8 | Joginder Singh A/L Bhag Singh | 1,556,500 | 0.51 | 200,000[3] | 0.06 |

*Notes:*

(1) *Deemed interested by virtue of her spouse, Datuk Dr Jeyaindran C Sinnadurai's Warrants-A holdings in Hibiscus Petroleum Berhad.*
(2) *Deemed interested by virtue of his interest in Littleton Holdings Pte Ltd pursuant to Section 6A of the Companies Act, 1965.*
(3) *Deemed interested by virtue of his spouse, Sarjit Kaur's Warrants-A holdings in Hibiscus Petroleum Berhad.*

### LIST OF TOP 30 WARRANTS-A HOLDERS AS AT 28 JUNE 2013

| No. | Name | No. of Warrants-A | % of Total Warrants-A Holdings |
|---|---|---|---|
| 1 | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Muhammad Syafiq Baljit bin Abdullah | 47,571,800 | 15.44 |
| 2 | RHB Nominees (Asing) Sdn Bhd<br>OSK Capital Sdn Bhd for Picadilly Middle East Limited | 26,667,000 | 8.65 |
| 3 | ECML Nominees (Asing) Sdn Bhd<br>Pledged Securities Account for Mercury Pacific Marine Pte Ltd (001) | 25,300,000 | 8.21 |
| 4 | Maybank Nominees (Asing) Sdn Bhd<br>DBS Bank for Littleton Holdings Pte Ltd (211400) | 23,000,000 | 7.46 |
| 5 | RHB Nominees (Asing) Sdn Bhd<br>OSK Capital Sdn Bhd for Tericon Solutions Ltd | 20,000,000 | 6.49 |
| 6 | Gud Run International Incorporated | 13,334,000 | 4.33 |
| 7 | Lee Chye Tek Lionel | 9,433,800 | 3.06 |
| 8 | Kelrix Sdn Bhd | 8,569,889 | 2.78 |
| 9 | Lim Chin Sean | 8,120,000 | 2.63 |
| 10 | Muhammad Syafiq Baljit bin Abdullah | 7,751,800 | 2.51 |
| 11 | Silicon Designs (M) Sdn Bhd | 4,600,000 | 1.49 |
| 12 | ECML Nominees (Asing) Sdn Bhd<br>Pledged Securities Account for Mercury Pacific Marine Pte Ltd (021) | 4,300,000 | 1.39 |
| 13 | ECML Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Ai Ling | 4,202,000 | 1.36 |
| 14 | Maison binti Shaik Abdul Rahman | 4,001,700 | 1.30 |
| 15 | Ivory Matrix Sdn Bhd | 3,888,888 | 1.26 |
| 16 | Scotchlink Limited | 3,680,000 | 1.19 |
| 17 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Perintis Muhibah Sdn Bhd | 3,286,200 | 1.07 |
| 18 | ECML Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Liew Yoon Peck | 3,170,000 | 1.03 |
| 19 | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Maison binti Shaik Abdul Rahman | 2,065,000 | 0.67 |
| 20 | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Lim Ai Ling (MY0582) | 1,900,000 | 0.62 |
| 21 | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Kok Tiu Wan | 1,835,000 | 0.59 |
| 22 | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Kwee Sow Fun (M96066) | 1,804,200 | 0.58 |
| 23 | CIMSEC Nominees (Asing) Sdn Bhd<br>Bank of Singapore Ltd for Kendall Global Corp | 1,690,000 | 0.55 |
| 24 | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Nagendran A/L C Nadarajah (MY1395) | 1,509,500 | 0.49 |
| 25 | ECML Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Wai Chong (MR0650) | 1,365,000 | 0.44 |
| 26 | Jurunature Sdn Bhd | 1,361,800 | 0.44 |
| 27 | Mohan A/L Arunasalam | 1,300,000 | 0.42 |
| 28 | Joginder Singh A/L Bhag Singh | 1,256,500 | 0.41 |
| 29 | Mohamed Azmadi bin Fadzil | 1,160,500 | 0.38 |
| 30 | Alliance Group Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Kwee Sow Fun (8089481) | 1,102,800 | 0.36 |

# ANALYSIS OF SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
As at 28 June 2013

## ANALYSIS OF WARRANTS-B HOLDINGS

| | | |
|---|---|---|
| No. of Warrants-B Issued | : | 83,611,200 |
| No. of Warrants-B Exercised | : | - |
| No. of Warrants-B Unexercised | : | 83,611,200 |
| Maturity Date | : | 24 July 2014 |
| Rights of the Warrants-B Holder | : | The Warrants-B holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants-B holders exercise their Warrants-B into new ordinary shares of the Company. |

### DISTRIBUTION OF WARRANTS-B HOLDERS

| Category | No. of Warrants-B Holders | No. of Warrants-B | % of Total Warrants-B Holdings |
|---|---|---|---|
| 1 – 99 | 0 | 0 | 0 |
| 100 – 1,000 | 0 | 0 | 0 |
| 1,001 – 10,000 | 0 | 0 | 0 |
| 10,001 to less than 5% of issued Warrants-B | 0 | 0 | 0 |
| 5% and above of issued Warrants-B | 1 | 83,611,200 | 100 |
| **Total** | **1** | **83,611,200** | **100** |

### DIRECTORS' WARRANTS-B HOLDINGS

Directors' Warrants-B holdings as per Register of Directors' Warrants-B Holdings

| No. | Name | Direct | | Indirect | |
|---|---|---|---|---|---|
| | | No. of Warrants-B | % | No. of Warrants-B | % |
| 1 | Zainul Rahim bin Mohd Zain | 0 | 0 | 0 | 0 |
| 2 | Dr Kenneth Gerard Pereira | 0 | 0 | 83,611,200 | 100 |
| 3 | Dr Rabi Narayan Bastia | 0 | 0 | 0 | 0 |
| 4 | Zainol Izzet bin Mohamed Ishak | 0 | 0 | 0 | 0 |
| 5 | Datin Sunita Mei-Lin Rajakumar | 0 | 0 | 0 | 0 |
| 6 | Roushan Arumugam | 0 | 0 | 0 | 0 |
| 7 | Tay Chin Kwang | 0 | 0 | 0 | 0 |
| 8 | Joginder Singh A/L Bhag Singh | 0 | 0 | 0 | 0 |

*Notes:*

*(1) Deemed interested by virtue of his interest in Hibiscus Upstream Sdn Bhd.*

### LIST OF WARRANTS-B HOLDER AS AT 28 JUNE 2013

| No. | Name | No. of Warrants-B | % of Total Warrant-B holdings |
|---|---|---|---|
| 1 | Hibiscus Upstream Sdn Bhd | 83,611,200 | 100 |

# NOTICE OF THE 3RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of HIBISCUS PETROLEUM BERHAD will be held at Hilton Petaling Jaya, Kristal Ballroom 1, 1st Floor, West Wing, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 20 August 2013 at 2.30 pm for the following purposes:

**AGENDA**

**As Ordinary Business**

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2013 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the increase of Directors' fees to RM139,133 for the financial year ended 31 March 2013. **[Ordinary Resolution 1]**

3. To re-elect Dr Rabi Narayan Bastia who is retiring pursuant to Article 123 of the Articles of Association of the Company. **[Ordinary Resolution 2]**

4. To re-elect Datin Sunita Mei-Lin Rajakumar who is retiring pursuant to Article 123 of the Articles of Association of the Company. **[Ordinary Resolution 3]**

5. To re-elect Mr Joginder Singh A/L Bhag Singh who is retiring pursuant to Article 101 of the Articles of Association of the Company. **[Ordinary Resolution 4]**

6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Ordinary Resolution 5]**

**As Special Business**

To consider and, if thought fit, to pass the following resolution:

7. **AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **[Ordinary Resolution 6] (Please refer to Explanatory Note 2)**

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM0.01 each in the Company at any time and from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may in their discretion deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being and that such authority shall, unless revoked or varied by an ordinary resolution by the shareholders of the Company in a subsequent general meeting, commence upon the passing of this resolution and expire at the next annual general meeting of the Company AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

8. To transact any other matters that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act, 1965 and the Articles of Association of the Company.

# NOTICE OF THE 3RD ANNUAL GENERAL MEETING

Continued

By Order of the Board
**HIBISCUS PETROLEUM BERHAD**

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Secretaries

Selangor Darul Ehsan
29 July 2013

## Notes:

1. For purposes of determining who shall be entitled to attend this meeting in accordance with Articles 65(b) and 65(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 13 August 2013 and only Depositors whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting.

2. A proxy or attorney or a duly authorised representative may, but need not be a member and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply to the Company.

3. To be valid, the Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).

4. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

7. If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.

## Explanatory Notes

1. Item 1 of the Agenda

   The item 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 ("the Act") does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Item 7 of the Agenda

   The Company had, during its 2nd Annual General Meeting held on 26 September 2012, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. The Company did not issue any shares pursuant to this mandate obtained.

   The Ordinary Resolution 6 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for purpose of possible fund raising activities, funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

HIBISCUS Petroleum

**HIBISCUS PETROLEUM BERHAD**
(798322-P)

| CDS Account No. |
|---|
| |

# > FORM OF PROXY

I/We ______________________________

I.C. No./ Passport/ Company No. ______________________________

of ______________________________

being a member of HIBISCUS PETROLEUM BERHAD (“HIBISCUS PETROLEUM” or “Company”), hereby ______________

appoint ______________________________

______________________________ I.C. No./ Passport No. ______________

of ______________________________

or failing him/her, ______________________ I.C. No./ Passport No. ______________

of ______________________________

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the 3RD ANNUAL GENERAL MEETING of our Company to be held at Hilton Petaling Jaya, Kristal Ballroom 1, 1st Floor, West Wing, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on 20 August 2013 at 2.30 pm or at any adjournment thereof, on the following resolutions referred to in the Notice of the 3rd Annual General Meeting by indicating an “X” in the space provided below :-

| Item | Agenda | | | |
|---|---|---|---|---|
| 1. | To receive the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2013 together with the Reports of the Directors and Auditors thereon. | | | |
| | Ordinary Resolutions | Resolution | FOR | AGAINST |
| 2. | To approve the increase of Directors’ fees to RM139,133 for the financial year ended 31 March 2013. | 1 | | |
| 3. | To re-elect Dr Rabi Narayan Bastia who is retiring pursuant to Article 123 of the Articles of Association of the Company. | 2 | | |
| 4. | To re-elect Datin Sunita Mei-Lin Rajakumar who is retiring pursuant to Article 123 of the Articles of Association of the Company. | 3 | | |
| 5. | To re-elect Mr Joginder Singh A/L Bhag Singh who is retiring pursuant to Article 101 of the Articles of Association of the Company. | 4 | | |
| 6. | To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. | 5 | | |
| | Special Business | | | |
| 7. | Authority for the Directors to allot and issue shares pursuant to section 132D of the Companies Act, 1965. | 6 | | |

Dated this ______________ day of ______________ 2013

| For appointment of two proxies, percentage of shareholdings to be represented by the proxies | | | |
|---|---|---|---|
| | No. of shares | Percentage | |
| Proxy 1 | | | % |
| Proxy 2 | | | % |
| | | 100 | % |

| | |
|---|---|
| Signature/Common Seal | |
| Number of shares held | |

**Notes:**

1. For purposes of determining who shall be entitled to attend this meeting in accordance with Articles 65(b) and 65(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 13 August 2013 and only Depositors whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting.

2. A proxy or attorney or a duly authorised representative may, but need not be a member and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply to the Company.

3. To be valid, the Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).

4. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

7. If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.

Please fold here to seal

affix
postage
stamp

**Share Registrar**

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Please fold here to seal

**HIBISCUS PETROLEUM BERHAD** (798322-P)
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