HIBISCUS Petroleum

SEIZING SUCCESS, SECURING SUSTAINABILITY

ANNUAL REPORT
2013

Our Vision

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

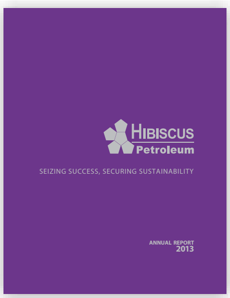
Our Goal

Creating Value Through Our Knowledge and Experience

Our Values

- Enterprising
- Trustworthy
- Agile

Inside this report



Seizing Success, Securing Sustainability

Leveraging on our collective experience and expertise, we are resolute in our aim to build upon our success to secure future business sustainability. As we progress on our path to becoming a respected independent oil and gas player, we strive to create more value for our loyal stakeholders.

About Us

We are 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.

April 2012

Hibiscus Petroleum Berhad (Hibiscus Petroleum) completed its first acquisition – a 35% stake in Lime Petroleum Plc (Lime), a growing exploration company that currently holds 4 concessions in the Middle East and 14 in Norway.

January 2013

Hibiscus Petroleum acquired a 13% stake in Australian-listed company, 3D Oil Limited (3D Oil) and a 50.1% stake in the latter's VIC/P57 permit located in the Gippsland Basin, Australia. The permit has proven, probable and contingent reserves of 8.0 million barrels of oil as well as a number of exploration prospects. 3D Oil also has a 100% stake in the T/49P permit.

July 2011

Hibiscus Petroleum was listed in July 2011 as the first Special Purpose Acquisition Company (SPAC) in South-East Asia, raising a total of RM245 million. The Company was also the first exploration and production company quoted on Bursa Securities Malaysia Berhad.

March 2014

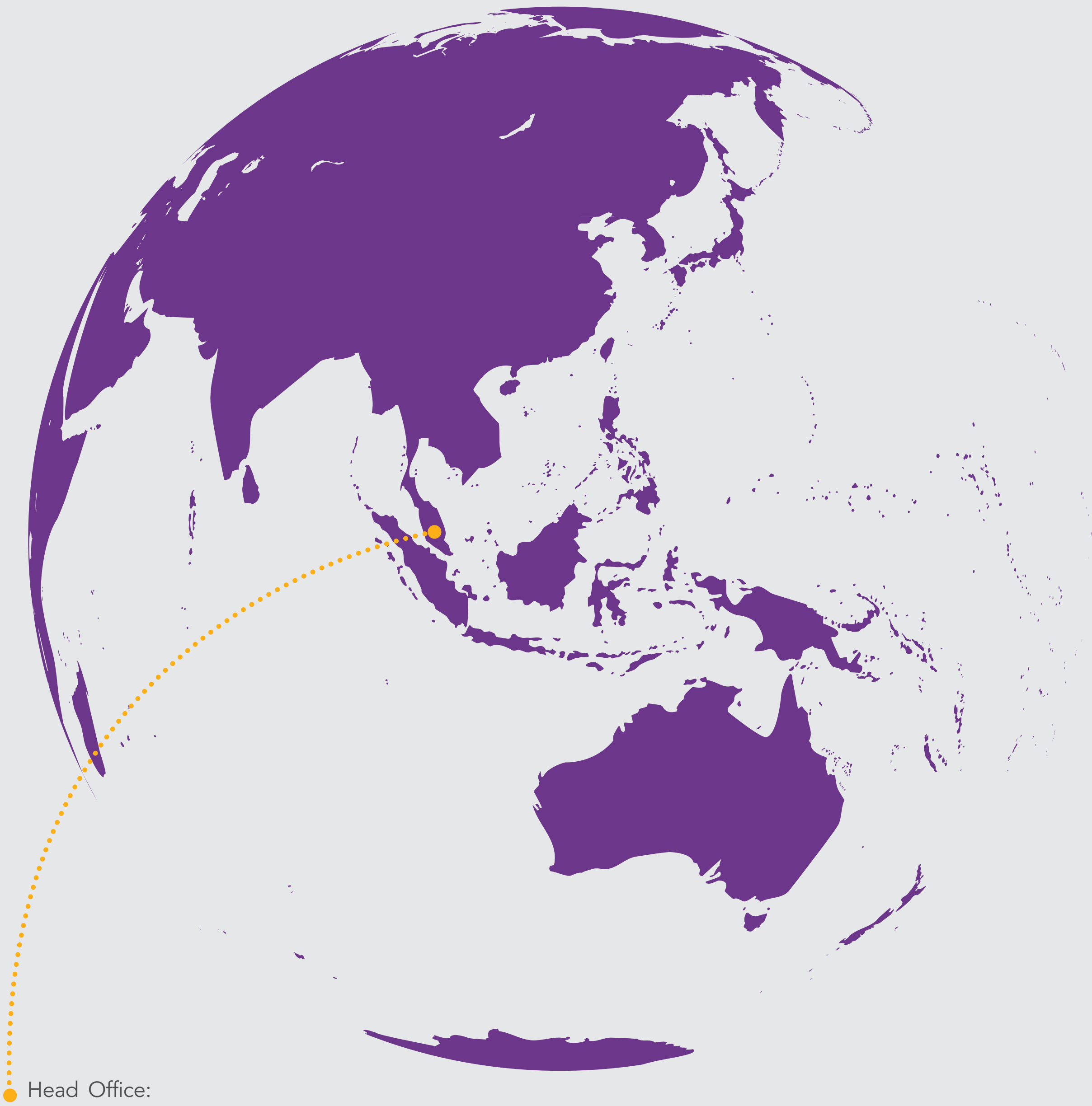
Masirah Oil Limited, a subsidiary of Lime Petroleum Ltd, completed the drilling of two wells in its Block 50 Oman concession. The drilling campaign resulted in an oil discovery with a flow rate of up to 3,000 stock tank barrels per day during a 48-hour flow test.

March 2013

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

November/December 2013

The Australian National Offshore Petroleum Titles Administration (NOPTA) approved the Field Development Plan of West Seahorse and awarded Carnarvon Hibiscus Pty Ltd the VIC/L31 production license over the West Seahorse field.



Head Office:
Hibiscus Petroleum Berhad (798322-P)
2nd Floor, Syed Kechik Foundation Building,
Jalan Kapas, Bangsar,
59100 Kuala Lumpur, Malaysia

Tel : +603 2092 1300
Fax : +603 2092 1301
Web : www.hibiscuspetroleum.com

Chairman's Statement

Business sustainability is a key theme for our company in the coming years.

ZAINUL RAHIM BIN MOHD ZAIN
CHAIRMAN

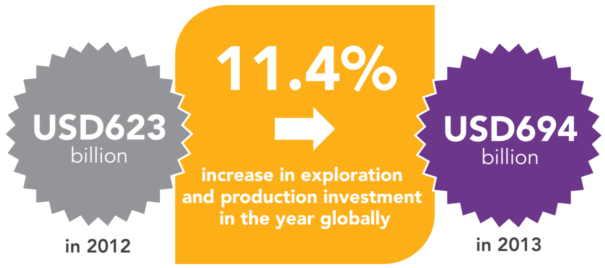
DEAR SHAREHOLDERS,

By the time we formally meet again at our 4th Annual General Meeting, our Company would have been operating for almost three years.

You will note that this year, our financial reporting period has been compressed to nine months, with our year-end now set for the 31st of December each year (instead of 31st March). We made this change to align our financial reporting obligations with those of our partners in Lime Petroleum Plc (Lime) and HiRex Petroleum Sdn Bhd (HIREX). The effort that has been made this year should simplify and streamline our future reporting obligations.

In an industry where geologists refer to time in eons, periods extending millions of years, Hibiscus Petroleum Berhad (Hibiscus Petroleum) by comparison is a mere infant. However, as young as we may be as an organisation, you will note from this Annual Report that we have selected ***business sustainability*** as a recurring theme. It is a deliberate action on our part and it is a direction that we hope wins your support.

In 2013, developed nations on both sides of the Atlantic showed a gradual strengthening of their economies. The United States (US) government responded to these positive signals by commencing a 'tapering-off' of their quantitative easing programme. Economic recovery in the US and in the Eurozone countries has resulted in a robust demand for energy in both the Organisation for Economic Co-operation and Development (OECD) and non-OECD countries. However, increasing levels of production from Iraq and the rising impact of shale gas production in North America have tempered the rise of oil prices. Hence, whilst the benchmark Brent crude traded at an average of approximately USD112 per barrel in 2012, it has maintained a healthy price level in 2013, averaging USD109 per barrel, even though the demand for energy has been on the increase. Steady oil prices served as a positive impetus for oil and gas companies to step up their activities across the value chain from exploration and development to production and enhanced oil recovery. There was an 11.4% increase in exploration and production (E&P) investments during the year globally, from USD623 billion in 2012 to USD694 billion in 2013, according to IFPEN, a reputable French-based energy and environmental think-tank.



BUSINESS & OPERATIONS

The global macro-economic sentiment has had a positive impact on the oil and gas E&P sector. In 2013, the Company saw significant growth, both in terms of market capitalisation and the size of our asset portfolio. Our Norwegian asset base has grown in number and the hydrocarbon potential associated with this increase in opportunity, we hope, will be proven in the not too distant future. We also established a footprint in the Asia-Pacific region through HIREX, a joint venture that we formed with Rex International Holding Limited (Rex) in March 2013. It is intended that HIREX will develop exploration opportunities in the region, utilising the Rex proprietary software suite to high-grade prospects by reducing geological risks. A significant milestone was also achieved in 2013 when HIREX secured a third party equity funding at a very early stage, strengthening our belief that projects with a unique business model and exploration potential will continue to attract investor interest.

I have mentioned business sustainability as a key theme for our Company in the coming years. In this regard, the project we are undertaking in the Bass Strait of Australia has a critical role to play. We concluded our transaction to acquire a 50.1% stake in the VIC/P57 permit in early 2013. By the middle of the same year, we submitted an application for a production licence and by the end of 2013, the VIC/L31 production licence was issued to Carnarvon Hibiscus Pty Ltd. This was certainly a major milestone towards securing business sustainability for the Company. With the production licence in hand, we can now progress with our plan to develop and produce the West Seahorse (WSH) field. In May 2014, we signed a non-binding agreement with 3D Oil Limited (3D Oil) to increase our equity positions in the VIC/P57 and VIC/L31 licences. This is a measure of the importance that we place on the asset and the WSH project, which we regard as one of the key drivers to achieving business sustainability for the Company.

Chairman's Statement

The highlight of the year was the execution of our two-well drilling programme at Block 50 in Oman in November 2013, which led to the discovery of oil from the GA South #1 well in February 2014. This is a major milestone for the Company. Global statistics for oil discoveries in frontier areas range from 1 success for every 7 to 10 attempts. Block 50 is certainly a frontier area of sorts. No oil had been discovered offshore, east of Oman, in more than 30 years of exploration activity; hence this discovery testifies to our technical strength and capability. More importantly, the GA South #1 discovery serves to demonstrate to you, our shareholders, that we are capable of making that significant leap from exploration to discovery. With opportunities to now develop proven discoveries in Oman and Australia, we believe production revenues are achievable in the not too distant future.

CORPORATE GOVERNANCE & RISK MANAGEMENT

Your Board is committed to upholding the highest level of Corporate Governance, and in 2013 we placed much emphasis in complying with the recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012). To ensure compliance with MCCG 2012 recommendations, we launched several key policies and implemented the appropriate processes and procedures throughout the organisation. We have also posted various key documents on our corporate website for easy reference by our stakeholders. These include our Code of Conduct & Ethics for Directors and Employees, Health, Safety, Security and Environment (HSSE) Policy, Corporate Disclosure Policies and Procedures, and Whistle Blower Policy.

The E&P business is a high risk business area, and therefore effective risk management is of primary importance to our overall operations. To safeguard the sustainability of the Company and the investment of our shareholders, we have put in place a structured risk governance framework consisting of a strong board and management oversight, supported by a comprehensive risk management process and sound implementation practices. An Executive Risk Management Committee (ERMC) was established in 2013 to identify and address all relevant risks that we could be exposed to in the various activities we undertake. The ERMC meets at least once every quarter and reports its observations or findings on a regular basis to the Audit & Risk Management Committee, which is a sub-committee of the Board. In this manner, the Board of Hibiscus Petroleum is regularly updated on the risk exposure of the Company and, more importantly, the various mitigation plans that are in place to manage identified business risks.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

As an E&P company operating in a post-Macondo world, we recognise more than ever the importance of adhering to stringent HSSE standards in all our operations. I am proud to share with you that in our very first drilling campaign (i.e. the drilling of two wells offshore Oman), Hibiscus Petroleum performed admirably from a safety standpoint, recording zero Lost Time Incidents. Safety considerations always took priority when making key decisions which affected operations. It should also be noted that our operations were being conducted in waters where there were security concerns, and whilst there were no threats recorded over the course of our 100 day programme, we were always alert and ready with a plan, in case we were confronted with any kind of dangerous situation or emergency. Overall, as a young company, we demonstrated an ability to conduct an offshore drilling operation safely and we also showed that we did not hesitate to take commercially tough decisions in favour of maintaining a safe and secure working environment.

We will always maintain such an HSSE culture.

PEOPLE DEVELOPMENT

We have continued to build on our human resources to provide the required skills and expertise, both technical and non-technical. I am pleased to report that, during the year, we have managed to fill all our key management and executive positions with exceptional and experienced talent. This human capital platform will be the nucleus that will drive our Company forward towards our vision of becoming a respected independent oil and gas E&P company. At the same time, we have put in place a Young Engineers & Executives Initiative to provide on-the-job training to talented young engineers and executives.

Until we achieve sustainable profit, we will not be in a position to embark on a corporate social responsibility programme to benefit communities in regions where we operate. However, for the time being, we regard our current effort in developing and mentoring the next generation of industry professionals to be our contribution back to society.

In line with our Corporate Governance and HSSE policies and procedures, we are committed to being a good and responsible corporate citizen, and we hope that this is reflected in our dealings with all our stakeholders.

At Hibiscus Petroleum, we have assembled a team, both at board and management levels, which brings together a considerable amount of industry experience garnered over several decades.

OUTLOOK

In my experience, successful E&P companies have a clear understanding of their operating landscape and their views are founded on historical and current trends occurring in our industry. At Hibiscus Petroleum, we have assembled a team, both at board and management levels, which brings together a considerable amount of industry experience garnered over several decades. We have mined this foundation of knowledge and developed a plan that will drive the next phase of growth for our Company. The macro-economic elements, that are inputs into our strategy thought process, project a bright and promising future.

According to research done at ExxonMobil, over the next 25 years, the population of our planet will increase from 7 billion to about 9 billion and the size of the global economy will more than double. However, demand for energy will increase only by approximately 35 percent, thanks to gains in energy efficiency. Against this backdrop of global growth, it is estimated that 60 percent of the energy required will be supplied by oil and natural gas. In fact, it is expected that natural gas will surpass coal as the second largest fuel source.

These macro-economic statistics bode well for the sector in which we operate. However, we cannot ignore other developments occurring within our industry. These mostly centre around the aspiration of the US to become less reliant on foreign sources of energy supply. Indeed, the intention of the US is to achieve self-sufficiency over the next decade by exploiting the large reserves of shale/tight gas found within its borders. US companies looking to secure early positions in the domestic shale/tight gas plays are starting to divest their portfolios in foreign jurisdictions. As these companies head back home (to the US), they leave behind opportunities that could be of interest to smaller, more cost-efficient organisations. We are continuously on the lookout for these opportunities.

Our oil discovery offshore Oman and the issuance of our production licence in Australia have been turning points in our venture, firmly establishing Hibiscus Petroleum as a capable and credible E&P operator. Over the next year or so, as we evolve from an explorer into an oil producer, our journey will become more intense and exciting as we observe the delivery of a strategy that we charted several years ago.

There are other growth possibilities that we are currently exploring which we will be sharing with you in due course. At the same time, we will continue with our committed exploration drilling programmes in the Middle East (Sharjah) and Australia (VIC/P57). In Norway, subject to rig availability, we plan to drill at least one exploration well in 2015.

Overall, we expect 2014 to be a very hectic year and we are optimistic that we will be close to achieving one of our more immediate goals, which is to become an oil producer, drawing in a sustainable income stream for the future.

ACKNOWLEDGEMENTS

Hibiscus Petroleum has made encouraging progress since we were listed less than three years ago. For this, there are many people whom I would like to acknowledge. First and foremost, I would like to express my sincere gratitude to all our shareholders who took a leap of faith by investing in our Company – the first SPAC in the region, with no precedent to follow. You invested in the unique strengths we had to offer, namely our highly experienced management team and a well-thought-out business model. Rest assured that we will continue to build on these and other strengths to reward you for your invaluable support and loyalty.

We have also had the good fortune of attracting partners who have added immense value to our operations, and I would like to acknowledge Rex and 3D Oil in particular for their faith in our ability to create significant synergies with their resources and expertise.

Finally, I would like to express my heartfelt appreciation to everyone at Hibiscus Petroleum, from my colleagues on the Board of Directors, to the very capable and dedicated management team and every single employee for working as one team towards achieving our goals. It has been a challenging year, and we can expect even greater challenges ahead as we venture on our journey towards becoming a respected, independent oil and gas E&P company. With the passion and commitment that the team has already shown so far, I have every confidence in our collective ability to realise our full potential.

To all our key stakeholders, once again, thank you.

ZAINUL RAHIM BIN MOHD ZAIN
CHAIRMAN

Management Discussion & Analysis

The year under review was yet another extraordinary one for Hibiscus Petroleum Berhad

DR KENNETH GERARD PEREIRA
MANAGING DIRECTOR

The year under review was yet another extraordinary one for Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company). We achieved a significant number of our objectives and operationally tested the credentials of our Company as a safe offshore operator, capable of drilling for oil and making a discovery in areas where larger and more established companies had not been successful. In these aspects, we have positively enhanced our growing reputation.

WHERE IS HIBISCUS TODAY? AN OVERVIEW

For our Initial Public Offering (IPO), our prospectus made reference to Hibiscus Petroleum investing in exploration assets that were of moderate risk and projects in which initial discoveries had already been made but had yet to be brought on-stream to production. It has been almost three years since our IPO and we remain broadly on track in achieving our goals. As an oil and gas exploration and production (E&P) company, we have good exposure to exploration-type opportunities which are geopolitically diversified and located in some of the most prolific petroleum producing areas of the world. Initially, some of these assets may have seemed 'frontier' in nature from an E&P perspective but we continue to retain confidence in our assessment of the potential of these concessions and believe that the recent Oman oil discovery has also mitigated the overall risk profile of some of our other Middle East projects. We look forward to exploiting the commercial potential of these areas in the years to come.

As indicated in Figure 1, our strategy is to balance our asset portfolio by advancing projects in the development phase of the oil and gas value chain through to production. The VIC/L31 West Seahorse project which is located offshore Australia has a visible path to monetisation. In addition, we are hopeful of advancing the GA South #1 discovery in the Sultanate of Oman to an Extended Well Test/Early Production stage. We are particularly pleased with the progress in Oman as it is occurring at such an early stage after disclosure of a discovery. We hope that both these projects demonstrate our commitment and intent to achieve cash flow and business sustainability at the earliest opportunity.

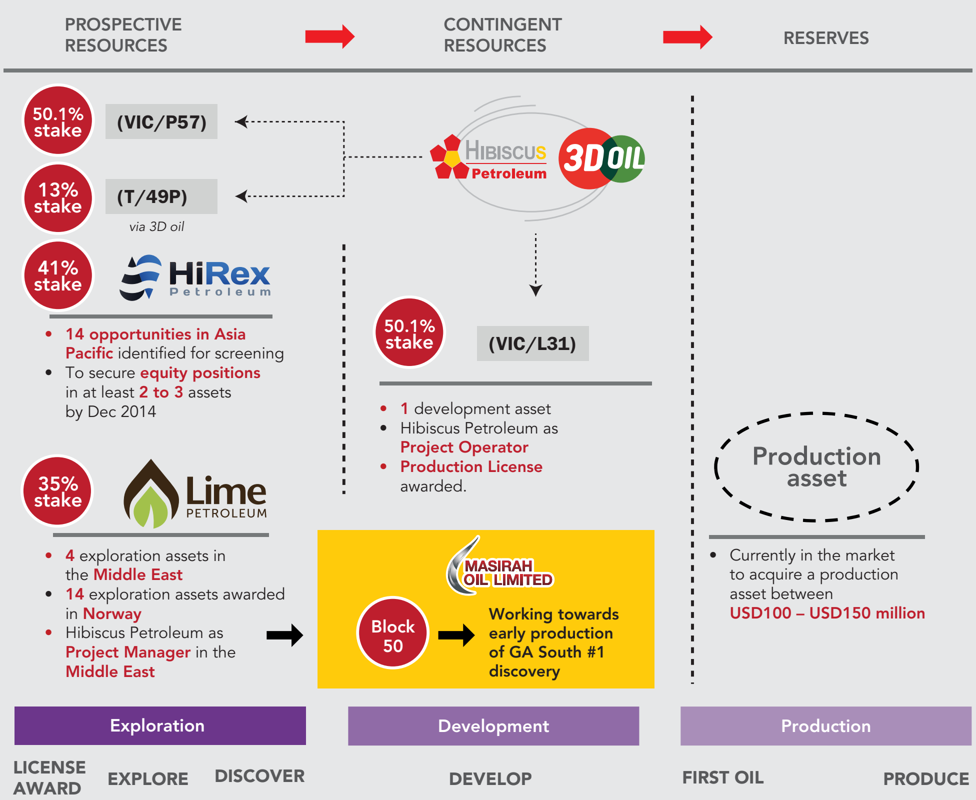


Figure 1: Our Assets and our Portfolio Balancing Approach

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

In our experience, the most critical enabler of long-term participation in the oil and gas E&P sector, particularly as a young, junior independent player, is an unyielding commitment to the achievement of outstanding HSSE performance. This means that the protection of the health and safety of our people and of those affected by our business, the safe-guarding of our physical assets and the preservation of the environment are utmost in our minds when planning and conducting operations.

In the performance of our operational and administrative duties throughout the Middle East (including the Block 50 Oman drilling campaign), Australia and Norway, we 'walked the talk' from an HSSE standpoint. At every juncture, safety and technical concerns took precedence over commercial considerations.

More specifically, for operations in the Middle East, during which approximately 111,585 man-hours were clocked (most of it offshore), we achieved the following HSSE statistics:

- ZERO Fatalities
- ZERO Lost Time Incidents
- ZERO Medical Treatment Cases
- ONE First Aid Case

In the Middle East, apart from managing the occupational safety and environmental aspects of our operations, we also recognised that there was a known threat of piracy in the region where we were drilling. As such, we implemented a strategy to ensure that our operations could be conducted in a secure manner and thus deployed professional security agents to safeguard the offshore vessels and the drilling rig. It is worthy to note that at no time did we come under any kind of threat and all our operations were carried out without security-related issues.

Figure 2: Safety Manager and Drilling Engineer on a Safety Audit during drilling operations in the Middle East

We are pleased with the HSSE performance that has been achieved. This level of performance originates from a demonstrable commitment towards the creation of a safe working environment which is visible at every level of our operating organisation, from the leadership of the company to the operating crews. We sincerely thank each and every person who made a contribution to our safety programmes and initiatives. Irrespective of what has been achieved, we cannot be complacent and we know that there remains much more to be done as our activities intensify in the coming months.

LIME PETROLEUM (MIDDLE EAST) UPDATE

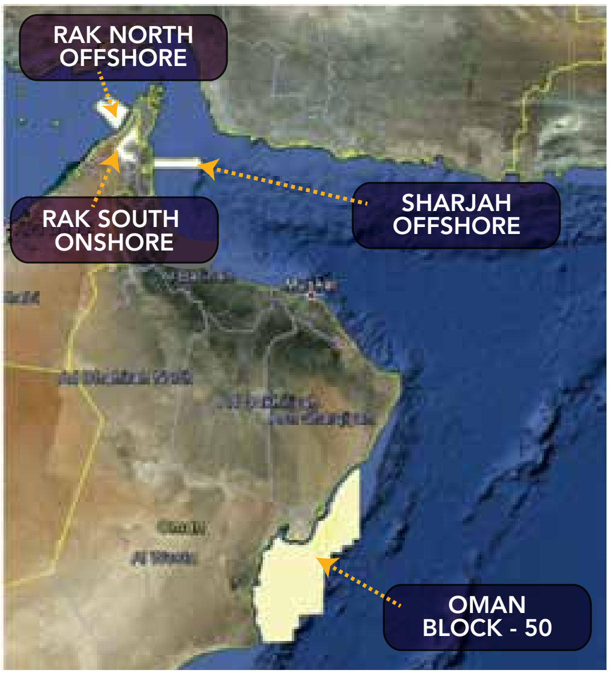


Figure 3: Our Assets in the Middle East

LIME PETROLEUM (MIDDLE EAST) UPDATE: SULTANATE OF OMAN

Our agreements with the regulatory authorities in the Sultanate of Oman require all public disclosures to be approved by the Omani government. Hence the information that is disclosed herewith is only information that has been previously approved for release by the authorities. Below are approved press releases issued regarding our drilling campaign.

Figure 4: The Aban VII, an independent leg cantilever jack-up drilling rig on location in Block 50 Oman

1. 25th November 2013 – HIBISCUS PETROLEUM'S JOINTLY-CONTROLLED ENTITY SPUDS FIRST WELL IN OMAN

Hibiscus Petroleum Berhad (Hibiscus Petroleum) today announced that its jointly-controlled entity, Lime Petroleum Plc (Lime), through its subsidiary Masirah Oil Ltd (Masirah), has begun drilling an exploration well in Masirah North North #1 (MNN #1), located in the Block 50 Oman concession, on 25 November 2013. This is part of a two – well drilling programme in the concession.

The prospect MNN #1, which is about 1,000 metres in depth, was selected for drilling after in-depth technical evaluation and verification using the proprietary Rex Virtual Drilling technology, in addition to confirmations provided via conventional methodologies. The prospect is located in the northern area of the Block 50 Oman concession which is about 17,000 square kilometres in size. The well is being drilled using the independent leg cantilever jack-up drilling rig Aban VII.

Hibiscus Petroleum acquired a 35% stake in Lime for USD55 million as its Qualifying Acquisition in April 2012. Lime has a 64% participating interest in the Block 50 Oman concession, whilst Petroci Holding, the national oil company of Ivory Coast, has a 36% participating interest.

2. 24th December 2013 – OUTCOME OF MAIDEN WELL DRILLED IN OMAN

Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) wishes to announce that Masirah Oil Limited, a jointly-controlled entity of Lime Petroleum Plc (Lime), suspended (on 19 December 2013), for safety reasons, its 1st exploration well, Masirah North North #1 (MNN #1) in Block 50 Oman for further evaluation. The MNN #1 well was drilled to a total depth of approximately 1,000 metres below mean sea level. Mud losses in two carbonate sections of the well prevented Masirah Oil Limited from reaching its planned target depth.

A comprehensive data acquisition, coring and logging programme of the formations that were drilled was completed on 21 December 2013. Data analysis indicated presence of non-commercial hydrocarbons.

Datasets acquired from the coring and logging programmes are now being utilised to refine the geological understanding of the area. In addition, the information acquired has assisted all partners in the Oman Block 50 project to identify the next drilling location. Subject to the approval of the Omani Government, it is anticipated that drilling at this location will commence within the next two weeks.

Hibiscus Petroleum's Managing Director, Dr. Kenneth Pereira, commented that, "whilst we are disappointed with the final result of the MNN #1 drilling programme, we are proud that as a young company, with a small technical team, we have demonstrated our ability to conduct a safe drilling operation, in a remote offshore area of a foreign country without Health, Safety or Environmental (HSE) issues. The well did present technical challenges but these were managed competently and safely by our teams located in Oman, Dubai and Kuala Lumpur. Several times over the past few weeks, commercial and HSE objectives came head to head and each time, HSE considerations over-rode all other objectives. Such operational and HSE performance adds to our credibility as a responsible oil and gas exploration and production operator."

- **25th November 2013** — First well, MNN #1 spudded
- **19th December 2013** — MNN #1 suspended for safety reasons
- **21st December 2013** — Conclusion of data acquisition, coring and logging programme of formations in MNN #1
- **30th December 2013** — Second well, GAS #1 spudded
- **3rd February 2014** — Oil discovered in GAS #1, the first offshore discovery in the east of Oman after 30 years of exploration
- **6th March 2014** — Omani government approved Masirah's entry into second phase of Minimum Work Obligation
- **6th March 2014** — Successful 48-hour flow test yielded light oil flow rate of 3000 stock tank barrels per day with no water production

As a result of data obtained from the drilling of MNN #1, all partners in the Block 50 Oman concession are now in the process of finalising the next drilling location. The proposed well will be defined by 3D seismic mapping and will have strong Rex Virtual Drilling (RVD) indications in various formations. The prospect will also have been analysed using conventional techniques.

On the performance of the RVD Technology, Dr. Pereira observed that, "the RVD technology has been tested exhaustively on 41 locations in Norway and has performed successfully on 40 occasions. The results of these tests are in the public domain. It is a tool that is and will continue to drive a great deal of growth in Lime Norway and is expected to do the same elsewhere for us and our partner, Rex International Holdings. Our current drilling programme was developed to take into account both successful and non-successful outcomes at MNN #1. As we now have a non-commercial outcome, we will execute that leg of the plan to manage the current situation with no compromise of operational safety factors."

Hibiscus Petroleum acquired a 35% stake in Lime for USD55 million as its Qualifying Acquisition in April 2012 due to its portfolio of assets and access to RVD. The Block 50 Oman concession, in which Lime has a 64% participating interest, is estimated to have risked resources of almost 390 million barrels of oil based on the Q4 2011 study by an independent petroleum sub-surface consultant, Aker Geo AS of Norway. Masirah's other shareholder is Petroci Holding, the national oil company of Ivory Coast, which has a 36% participating interest in Block 50 Oman.

3. 6th January 2014 – MASIRAH OIL LIMITED SPUDS SECOND WELL IN OMAN

Masirah Oil Limited & Partners today announced that it has begun drilling an exploration well in GA –South (GAS #1) located in the Block 50 Oman concession, on 30 December 2013. This is the second well in the two-well drilling programme in the concession.

The prospect GAS #1 has a Total Depth (TD) planned at about 2500 metres, was selected for drilling after technical evaluation and verification using the proprietary Rex Virtual Drilling technology, in addition to confirmations provided via conventional methodologies. The prospect is located in the central area of the Block 50 concession. The well is being drilled using the independent leg cantilever jack-up drilling rig Aban VII.

Hibiscus Petroleum acquired a 35% stake in Lime for USD55 million as its Qualifying Acquisition in April 2012. Lime has a 64% participating interest in the Block 50 Oman concession, whilst Petroci Holding, the national oil company of Ivory Coast, has a 36% participating interest.

4. **3rd February 2014 – OIL DISCOVERY IN THE SECOND EXPLORATION WELL IN OMAN**

Masirah Oil Limited (Masirah) today announced the successful reach of the well target depth in the second exploration well in Block 50 Oman to its final depth of >3,000 metres into the Cambrian formation. Hydrocarbons were discovered in several formations with good oil sample extracted. The well will undergo data acquisition before setting the completion for testing. The well was drilled using the independent leg cantilever jack-up drilling rig Aban VII.

Mr Hans Lidgren, Chairman of Masirah, said, "The discovery of hydrocarbons in the 2nd exploration well is a significant step towards the deepening of our knowledge and understanding of the offshore geology in the east of Oman, where no discovery has been made before. The results from this well are vital for the future development of this block. This discovery confirms the high quality and value of the Oman asset. We look forward to a continued fruitful co-operation with the Ministry of Oil and Gas in Oman for many more years to come, and we congratulate our shareholders Hibiscus Petroleum Berhad in Malaysia, responsible for the drilling campaign, PETROCI the National Oil Company of Côte D`Ivoire and Rex International Holding Ltd in Singapore, responsible for the use of Rex Virtual Drilling technology, for a successful venture."

This press release has been approved by Ministry of Oil and Gas of Oman.

5. **6th March 2014 – BLOCK 50 OMAN: ENTRY INTO SECOND PHASE OF THE EPSA WAS APPROVED**

Masirah Oil Limited (Masirah) is pleased to announce that the Ministry of Oil and Gas of Oman, approved Masirah's entry into the Second Phase of the Minimum Work Obligation starting from 23 March 2014, with the fulfilment of the commitments specified in the EPSA for this phase.

Mr Hans Lidgren, Chairman of Masirah, said, "We are very pleased and honoured to be granted the concession extension to proceed with the Second Phase of our work programme for Block 50 Oman. We acquired the concession in February 2011 and we have completed the obligations within the stipulated time-frame with positive results. The data acquired from the drilling of the two initial exploration wells and the subsequent discovery of hydrocarbons have deepened our understanding of the offshore geology east of Oman."

6. **6th March 2014 – SUCCESSFUL FLOW TEST FROM EAST OF OMAN IN 30 YEARS**

Masirah Oil Limited (Masirah) today announced the test flow rates of the previously announced discovery at the second exploration well in Block 50 Oman, were very encouraging.

The exploration well was drilled to its final depth into the Cambrian formation. The key objectives of the exploration well were to prove the presence of movable hydrocarbons and a working petroleum system within the block. Several zones in the well show evidence of hydrocarbon presence.

During a 48-hour test, hydrocarbons were flowed to the surface and the well achieved light oil flow rate of up to 3000 stock tank barrels per day (stb/d) with no water production.

This is the first offshore oil discovery in the east of Oman after more than 30 years of exploration activities.

Mr Hans Lidgren, Chairman of Masirah, said, "The second exploration well produced at high and stable rates and the well is currently suspended. The successful testing will allow us to deepen our knowledge and understanding of the offshore geology in the east of Oman and assist in our decisions on our further exploration, appraisal and development plans for this 17,000-square kilometre block."

"We are excited to continue to collaborate closely with the Ministry of Oil and Gas in Oman and our ultimate shareholders Rex International Holding Ltd in Singapore, Hibiscus Petroleum Berhad in Malaysia and PETROCI the National Oil Company of Côte D`Ivoire," he added.

Figure 5: Well testing operations on the Aban VII

LIME PETROLEUM (MIDDLE EAST UPDATE): SHARJAH OFFSHORE

Sub-Surface Evaluation

Preliminary RVD 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. These studies have identified several conventional prospective features. Further RVD analysis has been carried out over these areas to confirm the results obtained from conventional analysis where initial anomalies were identified. The results have been encouraging thus far. Additionally, studies looking to integrate the petro-physical data related to three previously drilled wells in the concession with the models developed from other recent studies are ongoing.

Drilling Programme

Two drilling locations have been identified and further Virtual Drilling analysis will be performed to select the best prospect for an exploration well to be drilled in the next 12 to 18 months, depending on rig availability and the relevant government approvals.

In the meantime, an Environmental Impact Assessment (EIA), and, the necessary geotechnical and geophysical site surveys will be carried out in preparation for drilling operations, again subject to the necessary government approvals.

LIME PETROLEUM (MIDDLE EAST) UPDATE: RAS AL KHAIMAH

Lime currently has interests in 2 concessions in Ras Al Khaimah (RAK), an emirate in the United Arab Emirates. These are the:

- RAK South Onshore Concession which is situated onshore and to the south of the Emirate of Ras Al Khaimah.
- RAK North Offshore Concession which is situated on the north eastern coast of the Mussadam peninsula.

RAK South Onshore Concession

The available seismic, gravity and magnetic survey datasets have been integrated and certain areas have been identified for future 3D seismic acquisition activities. Tenders for the seismic acquisition, interpretation and processing contract have been completed and submissions have been evaluated. Award of the contract for this work is targeted for the second half of 2014.

RAK North Offshore Concession

Whilst a preliminary prospect was identified last year in RAK North Offshore based on conventional evaluation, sequence stratigraphy and the application of Rex Virtual Drilling on 3D seismic, there is currently a need to review the results of the previous analysis as there are certain similarities between the sequence stratigraphy of our recently drilled MNN # 1 well in Oman and the geology observed in the RAK North Offshore Concession area. Hence, as part of a risk mitigation plan, the drilling schedule in RAK North Offshore has been postponed temporarily pending careful study of all available data.

LIME PETROLEUM (MIDDLE EAST) UPDATE: FARM-OUT OF EQUITY IN BLOCKS

Our business strategy is founded on a risk-managed approach to exploration drilling. Therefore, our preference is for the Company to participate in exploration wells where some of the risks are shared with other parties. Consistent with this strategy, efforts are underway to farm-out a portion of Lime's interests

ABOUT US
CHAIRMAN'S STATEMENT
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL HIGHLIGHTS
CALENDAR OF EVENTS
CORPORATE INFORMATION
CORPORATE STRUCTURE
BOARD OF DIRECTORS
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 ORDINARY SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
NOTICE OF THE 4TH ANNUAL GENERAL MEETING
FORM OF PROXY

in the Sharjah and RAK South Onshore concessions. Additionally, in view of the costs associated with drilling a well in the RAK North Offshore concession, an equity farm-out on this block may also be considered.

LIME PETROLEUM NORWAY AS (LIME NORWAY) UPDATE

Our entry into Norway was part of a strategy to diversify the geo-political risk of our asset portfolio. Indeed, the fiscal terms available to qualified young explorers operating in Norway are attractive and allow for a risk-managed approach in a business sector where high risk profiles and costly operations are usually unavoidable. The attractive fiscal terms offered under the Norwegian Petroleum Tax Act give Lime Norway the opportunity to recover approximately 78% of eligible exploration expenditure, irrespective of whether production is achieved.

Given the attractive fiscal terms that cushion our commercial downside and the Rex technology sharing arrangement in Norway – an area where the RVD technology has been tested extensively – we have been able to grow our portfolio of assets significantly. Indeed, our Norwegian operations are now becoming a substantial part of the overall Lime business.

Business growth has also required capital and to fuel that growth, the shareholders of Lime have made the following investments:

- November 2013 – Advance of USD7 million (RM22.96 million) to Lime. Gulf Hibiscus Limited (Gulf Hibiscus) proportionately contributed USD2.45 million (RM7.83 million) of such funds.
- January 2014 – Advance of a further USD16 million (RM52.48 million) to facilitate the drawdown of a Norwegian Kroner (NOK) 300 million (USD48.62 million/RM159.48 million) government-backed loan from Skandinaviska Enskilda Banken AB (SEB), a leading Nordic corporate bank, to fund the drilling of at least two exploration wells in the Norwegian Continental Shelf and fully finance Lime Norway's activities into mid-2015. The loan facility agreement with SEB was executed in December 2013. Out of the total sum of USD16 million, Gulf Hibiscus invested an amount of USD5.6 million (RM18.37 million).

RVD analysis performed.
Two drilling locations identified

Tender process for 3D seismic acquisition, interpretation and processing completed

Drilling schedule postponed pending further geological and geophysical studies

All concessions are currently undergoing seismic acquisition or processing work as part of the geological evaluation phase. Partners are also expected to make 'drill or drop' decisions on PL708, PL509 and PL616 by the third quarter of 2014.

Contingent upon a viable prospect being identified, Lime Norway is expected to drill one well in PL708 (operated by Lundin) by the second quarter of 2015.

Figure 6: Assets under Lime Norway

ACTIVITIES IN AUSTRALIA

In January 2013, our Company completed a transaction in which we secured a 13.04% investment in the shares of 3D Oil Limited (3D Oil), a company listed on the Australian Securities Exchange, and a 50.1% direct investment in the former's VIC/P57 permit that includes the West Seahorse oilfield, a proven oil discovery and several exploration prospects such as Sea Lion and Felix. The VIC/P57 permit is located in the Gippsland Basin, a historically prolific oil producing region offshore off the south-east Victorian coast.

Securing Sustainability via Production

Securing such a development asset with discovered hydrocarbons was an integral component of our Company's early portfolio balancing strategy. Over the course of 2013, this project has become even more central to this strategy.

The estimated 2P (comprising Proven and Probable Reserves) and 2C Contingent Resources for the West Seahorse field are 8 million barrels in aggregate. These volumes have been certified by Gaffney Cline & Associates (Gaffney Cline), an independent technical assessor. Based on these volume estimates, a viable Field Development Plan was developed and an application was submitted to the various regulatory authorities in May 2013 for the granting of a production license.

In November 2013, our wholly-owned subsidiary, Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus), as operator and the party responsible for the day-to-day management of work activities in VIC/P57, received an approval for the Field Development Plan and was also offered a production license for West Seahorse. This production license, VIC/L31, was awarded by the National Offshore Petroleum Titles Administrator (NOPTA) in December 2013.

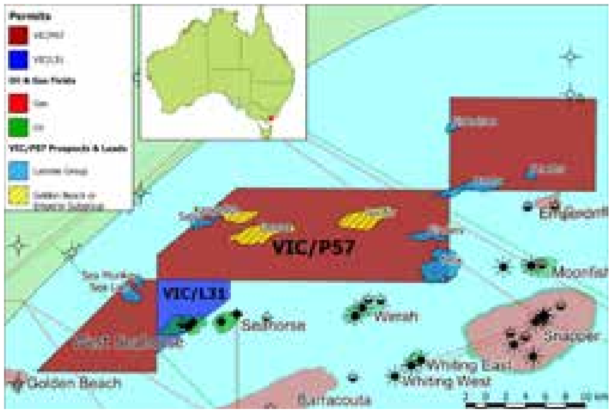


Figure 7: Location map showing the West Seahorse Production Licence VIC/L31 and the Exploration Permit VIC/P57

Regarding operational progress on the asset; in late 2012, a project team was set up in Melbourne comprising representatives from Hibiscus Petroleum and 3D Oil as well as other external specialists to carry out Concept and Front-End Engineering Design studies. The main outcome of this effort was the selection of an all-offshore based development plan for West Seahorse which included the use of a Mobile Offshore Production Unit (MOPU), a subsea pipeline and a Floating Storage and Offloading (FSO) vessel.

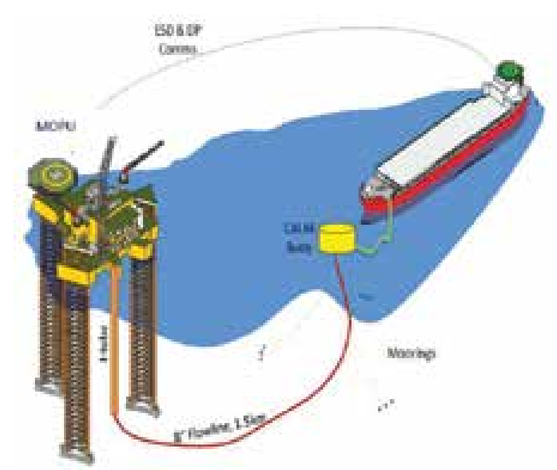


Figure 8: Development concept for the West Seahorse field

Once the development concept was finalised, it then became imperative to prioritise the search and procurement of an appropriate MOPU given the maritime conditions found in the Bass Strait.

Thus, the Britannia, a jack-up rig, was procured on behalf of the VIC/P57 joint venture for conversion into a MOPU in July 2013. A small site team was set up in Tuzla, Turkey (where the rig is currently located) to define the work required;

- to reactivate the rig's ABS class, and,
- for long-term use of the rig as a MOPU for the West Seahorse project.

The work scope necessary to meet the objectives above has since been developed, responses to competitive tenders have been received from the various MOPU contractors and final negotiations are currently ongoing with an effort to award the MOPU contract in Q3 2014. Our contracting strategy involving the sale and lease back of the Britannia had been agreed with the West Seahorse joint venture and is the basis for the ongoing negotiations. However, award of this contract and all other West Seahorse project contracts have been delayed due to a variety of commercial issues. We anticipate that Final Investment Decision (FID) shall be reached in late Q2/ early Q3 2014, paving the way for the award of major contracts in Q3 2014.

A summary of the current plan for award of the major contracts required for West Seahorse is as follows.

Contract	Contract Award
Operations & Maintenance – the Duty Holder of the field responsible for safe operation of the West Seahorse Project	Q3 2014
MOPU – purchase of the Britannia, refurbishment, reactivate class, supply of equipment, integration and installation	Q3 2014
FSO – purchase or charter of vessel that will store produced oil before selling to the market	Q3 2014
Export System – includes the supply of submarine pipeline and offloading hose	Q3 2014
Drilling – the supply of a Modular Platform drilling rig including the drilling operations or alternatively the utilisation of a rig of opportunity that will be used for the VIC/P57 exploration well	Q3 2014

Figure 9: VIC/L31 Schedule for tendering and awards of major contracts subject to FID being secured

From a sub-surface perspective, further independent assessment work was performed by a third party expert, Gaffney Cline, and delivered in early January 2014. This is now being used to finalise financing for the project.

From a regulatory perspective, we believe the project is well-positioned. Since completing the acquisition of VIC/P57, Carnarvon Hibiscus has worked hard to cultivate a strong relationship with the Australian regulatory authorities. This has been crucial in allowing us to advance the asset onto production. Among the important milestones were:-

- October 2013 – The Department of Sustainability, Environment, Water, Population and Communities approved our Environment Protection and Biodiversity Conservation Act referral as a non-controlled action (no threat to items of national significance).
- November 2013 – NOPTA approved the Field Development Plan for West Seahorse.
- December 2013 – NOPTA awarded Carnarvon Hibiscus (on behalf of the VIC/P57 joint venture) the production license VIC/L31 over the West Seahorse oilfield.

First volumes of commercial production from the VIC/L31 West Seahorse field are now expected in the last quarter of 2015.

Exploiting Exploration Upside in VIC/P57

In the near term, the VIC/P57 joint venture has an obligation to drill an exploration well in the concession as required by the terms of the concession agreement. Several geologically exciting targets have been identified, amongst them Sea Lion and Felix. A firm commitment that will lead us to drilling an exploration well in the VIC/P57 permit in the second quarter of 2015 shall be made in the near future subject to drilling rig availability.

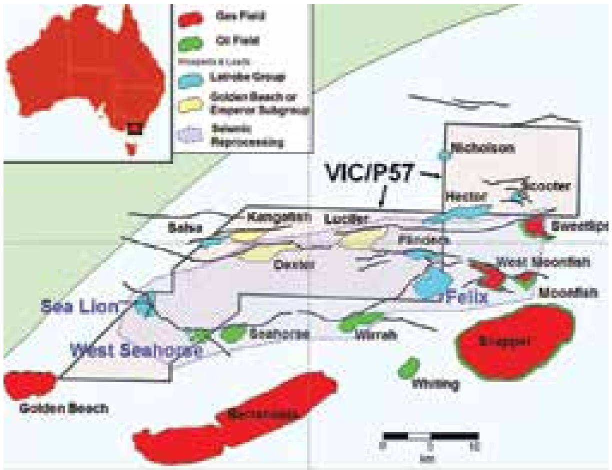


Figure 10: Exploration prospects within VIC/P57

Crystalising Plans for Australia

In joint ventures, it is imperative that all partners are able to fulfil their obligations so that projects undertaken in collaboration achieve successful outcomes. In order for the Company and our partner, 3D Oil, to exploit the full potential of the VIC/P57 and VIC/L31 licenses within the financial capabilities of each, a Heads of Agreement (HOA) was executed on 12 May 2014 in which 3D Oil agreed to transfer a 5% interest in the VIC/P57 exploration permit to Carnarvon Hibiscus and grant an option for a further 20% interest of 3D Oil's share in VIC/P57 to be awarded to HiRex Petroleum Sdn Bhd (HIREX). HIREX, a joint venture between Hibiscus Petroleum and Rex International Holding Limited (a Singapore listed entity) holds the license for use of the proprietary RVD technology in 11 countries in the Asia Pacific region (including Australia).

Under the agreement, HIREX will scan the VIC/P57 exploration permit to identify the best targets for drilling the exploration well planned for 2015. RISC Operations Pty Ltd engaged by Hibiscus Petroleum in 2012, had estimated prospective resources of 11 million barrels of oil (mmboe) at Sea Lion, an exploration prospect in close proximity to the proven VIC/L31 West Seahorse field.

As a second component of the HOA, Carnarvon Hibiscus also secured an exclusive option to increase its stake in the proven VIC/L31 West Seahorse oilfield from its current 50.1% to 100% at fair market value. As previously mentioned, the West Seahorse oilfield contains 6.5 million barrels of proven oil reserves and contingent resources of 1.5 million barrels of oil, as certified by independent expert Gaffney Cline.

Under the final component of the agreement, Carnarvon Hibiscus will pay approximately USD7.5 million for 3D Oil's 49.9% share in the Britannia rig, thus providing Carnarvon Hibiscus full ownership of the rig. The proceeds from the sale of the rig shall be used by 3D Oil to cover its share of the costs for drilling the aforementioned exploration well in 2015.

Figure 11: Britannia rig

In summary, these preliminary arrangements are currently being finalised and will allow:

- low risk, high impact exploration to be pursued in VIC/P57 using RVD technology provided by HIREX;
- the possibility of full ownership of the West Seahorse licence thus giving Carnarvon Hibiscus more latitude to advance development plans;
- full ownership of the Britannia rig which will provide flexibility in deciding where to deploy this rig.

We are extremely pleased that we have been able to develop our collaboration with 3D Oil into a 'win-win' partnership. Furthermore, in May 2013, 3D Oil was awarded a new exploration permit, T/49P in the offshore Otway Basin of Tasmania. The permit, which covers an area of 4,960 km^2, lies adjacent to the Thylacine and Geographe gas fields which have combined gas in place of over 2 TCF (trillion cubic feet).

ASIA PACIFIC UPDATE: HIREX

We have already mentioned the progress that HIREX has made in securing an option to participate in the VIC/P57 permit in Australia. We believe that HIREX can identify viable drilling targets to add value to the concession and we hope to replicate the Company's success at GA South #1 in Oman with our Australian asset. HIREX is also scanning other opportunities and over the course of the next few months, we believe that an equity interest in at least one more viable project will be secured.

FINANCIAL OVERVIEW

Turning to our financial performance, we recorded revenue of RM13.3 million during the nine-month financial period ended 31 December 2013 (current period), representing an increase of RM4.8 million from RM8.5 million achieved in the previous twelve-month financial year. Revenue comprises fees for project management, technical and other services, and interest income from fixed deposits. The increase in revenue in the current period is largely due to the increased project management activity relating to the 2-well drilling programme in Block 50 Oman which commenced during the quarter ended 31 December 2013, as well as business development, technical and financial services provided to HIREX.

As part of the terms of the acquisition of Hibiscus Petroleum's 35% stake in Lime (through Gulf Hibiscus, a wholly-owned subsidiary of the Company), it was agreed that USD5 million would be paid to Rex Middle East Ltd (Rex ME) (formerly known as Rex Oil & Gas Ltd) if a discovery of hydrocarbons was made and declared to be commercial by 31 December 2013 by an independent competent expert. Due to the non-discovery of commercially viable hydrocarbons within the existing concessions in the Middle East held by Lime by 31 December 2013, the discovery bonus payable and its related finance costs of RM15.8 million have been reversed and classified as other income during the current period.

The Group recognised a gain on dilution of interest in HIREX of RM13.5 million during the financial period under review. This gain mainly arose from the USD10 million subscription of shares by Triax Ventures Corp (Triax) for a 15% equity interest in HIREX. The Group's effective interest was diluted from 100% to 41% pursuant to the subscription of shares in HIREX by Triax, Rex Southeast Asia Ltd (an affiliate of Rex) and a minority shareholder.

As a result of higher revenue, the reversal of discovery bonus and the gain on dilution of interest in a joint venture, the Group recorded a profit before taxation of RM10.7 million in the financial period ended 31 December 2013 as compared with a RM3.9 million loss before taxation in the previous financial year.

These gains are partially offset by an increase in unrealised loss on foreign exchange of RM5.4 million, personnel remuneration by RM0.7 million, and consultancy and professional fees incurred mainly in relation to projects and business development activities by RM5.4 million.

The increase in unrealised loss on foreign exchange is mainly because of the weaker Australian Dollar (AUD) against Ringgit Malaysia, which adversely impacted the AUD-denominated intercompany securities (Convertible Mandatory Redeemable Preference Shares) issued by Carnarvon Hibiscus and held by Oceania Hibiscus Sdn Bhd, both of which are wholly-owned subsidiaries of Hibiscus Petroleum. Such unrealised loss on foreign exchange does not affect the cash flows of the Group.

The increase in personnel remuneration is due to the expansion of the project management and technical team required to provide services to the Middle East concession companies within the Lime Group, and HIREX, and in preparation for the development of the West Seahorse project in VIC/L31. Accordingly, the Group was able to recover remuneration, consultancy and overheads expenses totaling RM15.8 million through the provision of project management, technical and other services and indirect overheads recovery from the VIC/L31 joint venture during the current period.

License	Operator	Stake (%)	Phase	2014				2015				2016				2017			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
MIDDLE EAST																			
Block 50 Oman	Masirah/Lime	64	Exploration/ Development					**Wells are planned but are subject to Omani regulatory approval**											
Sharjah Offshore	Zubara/Lime	100	Exploration					**Well timing subject to permit extension and suitable rig availability**											
RAK Onshore	Baqal/Lime	100	Exploration																
RAK Offshore	Dahan/Lime	59	Exploration					**Well decision pending further geological and geophysical work**											
NORWAY																			
PL708	Lundin	10	Exploration																
PL509 S	North Energy	20	Exploration																
PL509 BS	North Energy	20	Exploration																
PL509 CS	North Energy	20	Exploration																
PL616	Edison	5	Exploration																
PL498	Lotos	25	Exploration																
PL498 B	Lotos	25	Exploration																
PL707	Edison	10	Exploration																
PL503	Lotos	12.5	Exploration																
PL503 B	Lotos	12.5	Exploration																
PL503 C	Lotos	12.5	Exploration																
PL762	Noreco	20	Exploration																
PL769	OMV	20	Exploration																
PL770	Edison	20	Exploration																
AUSTRALIA																			
VIC/P57	Hibiscus	50.1	Exploration																
VIC/L31	Hibiscus	50.1	Development																

Figure 12: Hibiscus Petroleum – Overview of Drilling Activities in Various Areas

Drill or Drop Decision
Refers to a decision point in time when partners either make a decision to drill in the concession or to drop/relinquish the concession altogether. In some cases, the partners may ask for an extension of time to make the decision.

Firm/Obligation Well

Contingent Well

OUR FUTURE

Hibiscus Petroleum's vision is to become a respected regional independent oil and gas company with a focus on conventional upstream oil and gas resources. Our five year mission is to build a rapidly growing exploration and production company with a balanced portfolio of oil and gas assets including:

- Exciting exploration permits that have a significant inventory of drillable prospects with a view to participating in at least three transformational drilling activities per year. We will harness RVD to provide us with a significant competitive advantage in building our oil and gas reserves through exploration drilling by focusing on activities in the Middle East, Norway and Asia-Pacific region;
- Development assets where discovered oil and gas reserves are monetised, through creative field development and where we can execute our projects in a timely and cost effective manner. Currently, we have the West Seahorse field and our oil discovery in GA South #1 in Oman as part of our field development inventory; and
- Producing assets which generate sufficient cash to fund our future exploration and development activities while creating a sustainable and growing company without having to seek additional funding from shareholders.

Successful exploration and production companies continue to build reserves where the sum of the finding, development and production costs on a per barrel basis is less than the prevailing oil price. Our access to RVD, our innovative approach to development projects and our cost-effective and disciplined approach to the operation of producing assets is what will ultimately differentiate us from our peers and create a thriving business for the benefit of our shareholders.

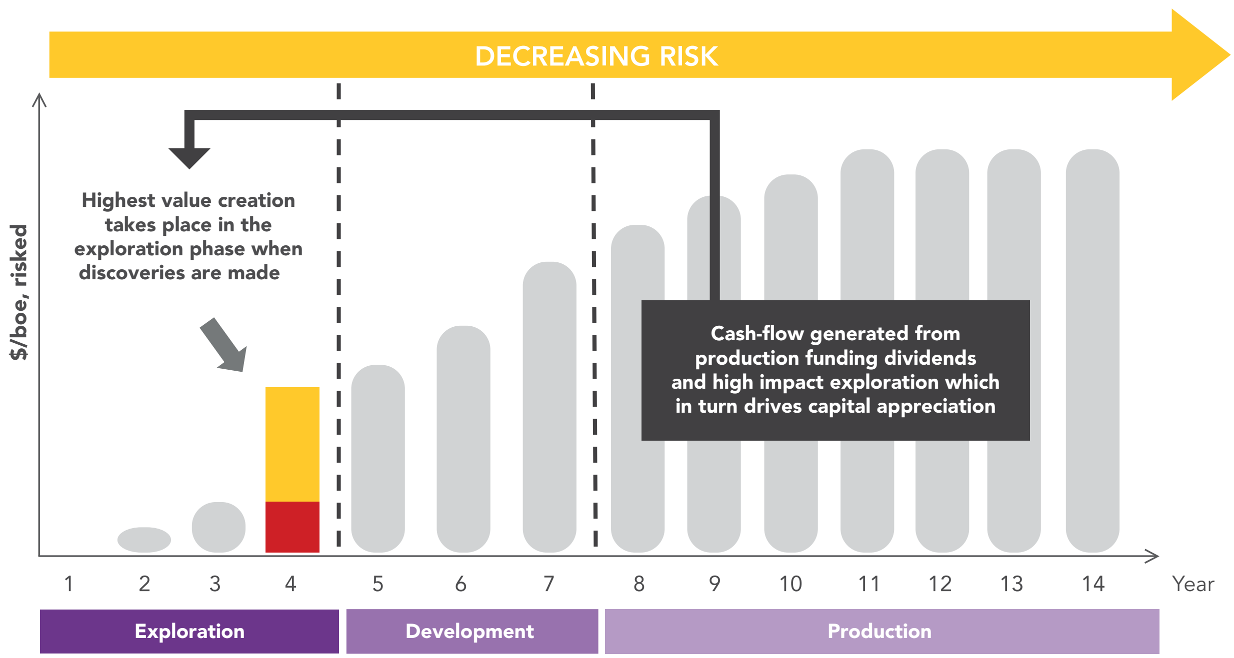


Figure 13: Value Creation in the E&P Industry and Hibiscus Petroleum's Investment Approach

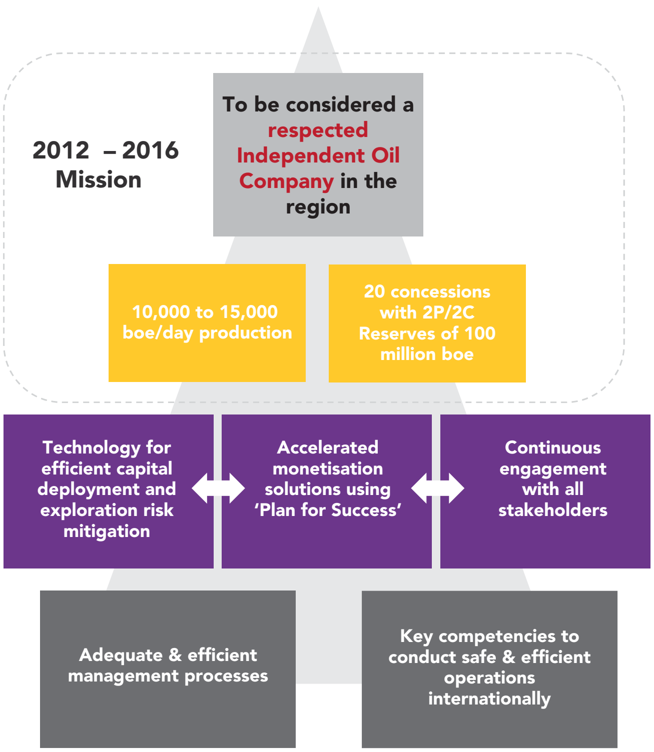


Figure 14: Hibiscus Petroleum's Business Strategy

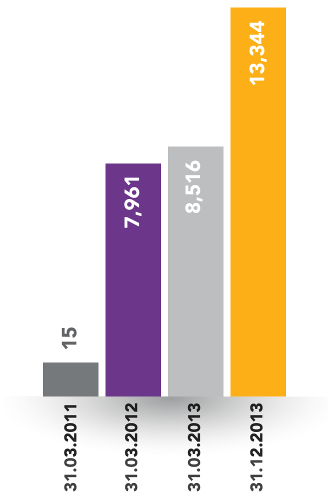
In 2013, we embarked on a mission to achieve first cash flow from offshore operations for the Company by 2015 at the latest, in addition to possessing about 100 million boe of 2P/2C reserves/resources and production levels of 10,000 to 15,000 boe/day by 2016. We are working hard to achieve these objectives in several ways; through the development of West Seahorse, the appraisal through to production of our Oman GA South #1 discovery and by screening and bidding for producing assets where we believe we can extract more value from an asset than the current owners. We have developed our processes for screening opportunities and valuing concessions and have also competed to acquire a number of assets across a broad range of geographies. This type of effort will continue in 2014 as we pursue recurring cashflow, a key component of our business sustainability plan and the catalyst that will drive future growth. Rest assured, we are resolute in our mission to deliver this final and critical element of a business strategy that was conceived three years ago.

Thus far the journey has been interesting. We are convinced however that the future for Hibiscus Petroleum is going to be exciting as we seize on present day success to secure future business sustainability.

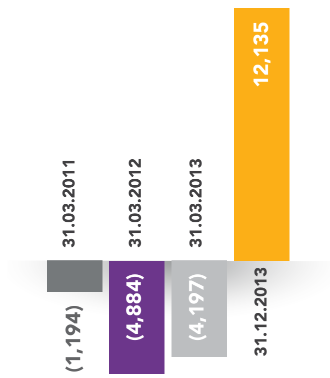
Financial Highlights

	31.12.2013 RM'000	31.03.2013 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Revenue	**13,344**	8,516	7,961	15
Profit/(Loss) after taxation	**12,135**	(4,197)	(4,884)	(1,194)
Total assets	**388,662**	370,249	233,514	2,934
Shareholders' equity	**370,135**	241,281	232,145	(1,205)

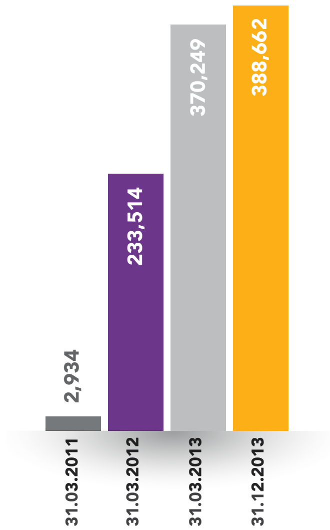
Net assets/(liabilities) per share	**RM0.73**	RM0.55	RM0.56	(RM6,023)
Profit/(Loss) per share	**2.63 sen**	(0.96 sen)	(1.60 sen)	(RM5,969)



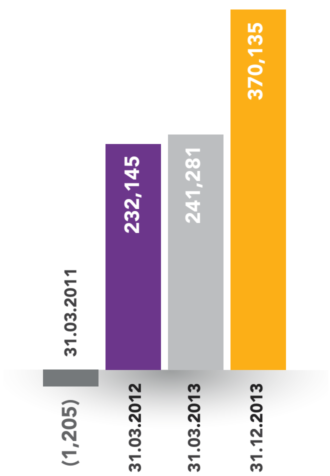
Revenue (RM'000)



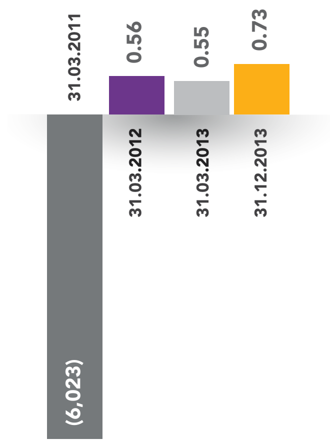
Profit/(Loss) after taxation (RM'000)



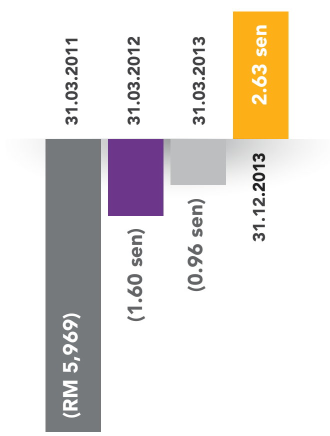
Total assets (RM'000)



Shareholders' equity (RM'000)



Net assets/(liabilities) per share (RM)



Profit/(Loss) per share

Calendar of Events

17 June 2013

HIREX PETROLEUM SDN BHD (HIREX) RECEIVES USD10 MILLION COMMITMENT

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

19 August 2013

MASIRAH OIL LTD AWARDS DRILLING CONTRACT

Lime Petroleum Plc's (Lime) subsidiary, Masirah Oil Ltd (Masirah) awards drilling rig contract to Aban 7 Pte Ltd for its two-well drilling campaign in Block 50 Oman.

3 September 2013

LIME NORWAY'S ACQUISITION OF 4 PRODUCTION LICENSES APPROVED

Lime Petroleum Norway AS (Lime Norway) receives the Norwegian Ministry of Petroleum and Energy's approval to acquire 4 production licenses from North Energy ASA (North Energy).

11 October 2013

LAUNCH OF NEW CONVERTIBLE REDEEMABLE PREFERENCE SHARES (CRPS-2013)

Announces private placement of up to RM500 million new CRPS-2013 (Proposed Private Placement of CRPS-2013).

14 November 2013

CARNARVON HIBISCUS PTY LTD RECEIVES FIELD DEVELOPMENT PLAN APPROVAL

Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) receives approval of the Field Development Plan (FDP) for West Seahorse from the National Offshore Petroleum Titles Administrator (NOPTA) of Australia.

18 November 2013

LIME NORWAY ACQUIRES 2 ADDITIONAL PRODUCTION LICENSES

Lime Norway acquires 2 additional production licenses, PL 707 and PL 708, in the Norwegian Continental Shelf (NCS) from North Energy.

25 November 2013

MASIRAH SPUDS 1ST WELL IN OFFSHORE OMAN

Lime's subsidiary, Masirah begins drilling Masirah North North #1 in Block 50 Oman concession as part of a 2-well exploratory drilling campaign.

3 December 2013

LIME NORWAY ACQUIRES 7TH LICENSE IN NORWAY

Lime Norway signs agreement with North Energy to acquire 20% stake in a new license, PL 509, in Norway.

5 December 2013

VIC/P57 JOINT VENTURE AWARDED A PRODUCTION LICENSE VIC/L31

NOPTA of Australia awards the VIC/P57 joint venture with a Production License VIC/L31 over the West Seahorse oilfield in the offshore Gippsland Basin, Victoria, Australia.

30 December 2013

MASIRAH SPUDS 2ND WELL IN BLOCK 50 OMAN

Masirah commences drilling of its 2nd exploratory well at GA-South #1 in Block 50 Oman.

9 January 2014

CAPITAL INJECTION OF USD8.05 MILLION INTO LIME

Gulf Hibiscus Ltd injects USD8.05 million in two tranches in Lime Norway to partly finance its exploration wells commitment.

21 January 2014

LIME NORWAY OFFERED INTEREST IN 5 NORWEGIAN LICENSES

Lime Norway awards five new offshore licenses in the 2013 Awards in Predefined Areas (APA 2013) licensing round in Norway.

3 February 2014

MASIRAH'S GA-SOUTH #1 WELL IN BLOCK 50 OMAN DISCOVERS OIL FOR THE FIRST TIME AFTER MORE THAN 30 YEARS

Masirah discovers light oil in GA-South #1, the first offshore oil discovery in the east of Oman after more than 30 years of exploration activities.

21 February 2014

LIME NORWAY ACQUIRES 14TH NORWEGIAN LICENSE

Lime Norway acquires a 20% stake in PL 509CS in the North Sea from North Energy.

6 March 2014

SUCCESSFUL FLOW TEST BY MASIRAH IN EAST OF OMAN

Masirah announces hydrocarbons were flowed to the surface and the GA-South #1 well achieved light oil flow rate of up to 3000 stock tank barrels per day with no water production.

12 May 2014

CARNARVON HIBISCUS AND HIREX SIGN HEADS OF AGREEMENT WITH 3D OIL LIMITED (3D OIL)

Carnarvon Hibiscus, HIREX and 3D Oil sign a Heads of Agreement to undertake various proposed transactions, more specifically;

- HIREX to receive an option to acquire a 20% interest in VIC/P57 from 3D Oil;
- Carnarvon Hibiscus to increase its stake in VIC/P57 by an additional 5% to 55.1%;
- Carnarvon Hibiscus to fully acquire the Britannia rig for future conversion into a MOPU; and
- Carnarvon Hibiscus to secure an option to increase its stake in VIC/L31.

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

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

2nd Floor,
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

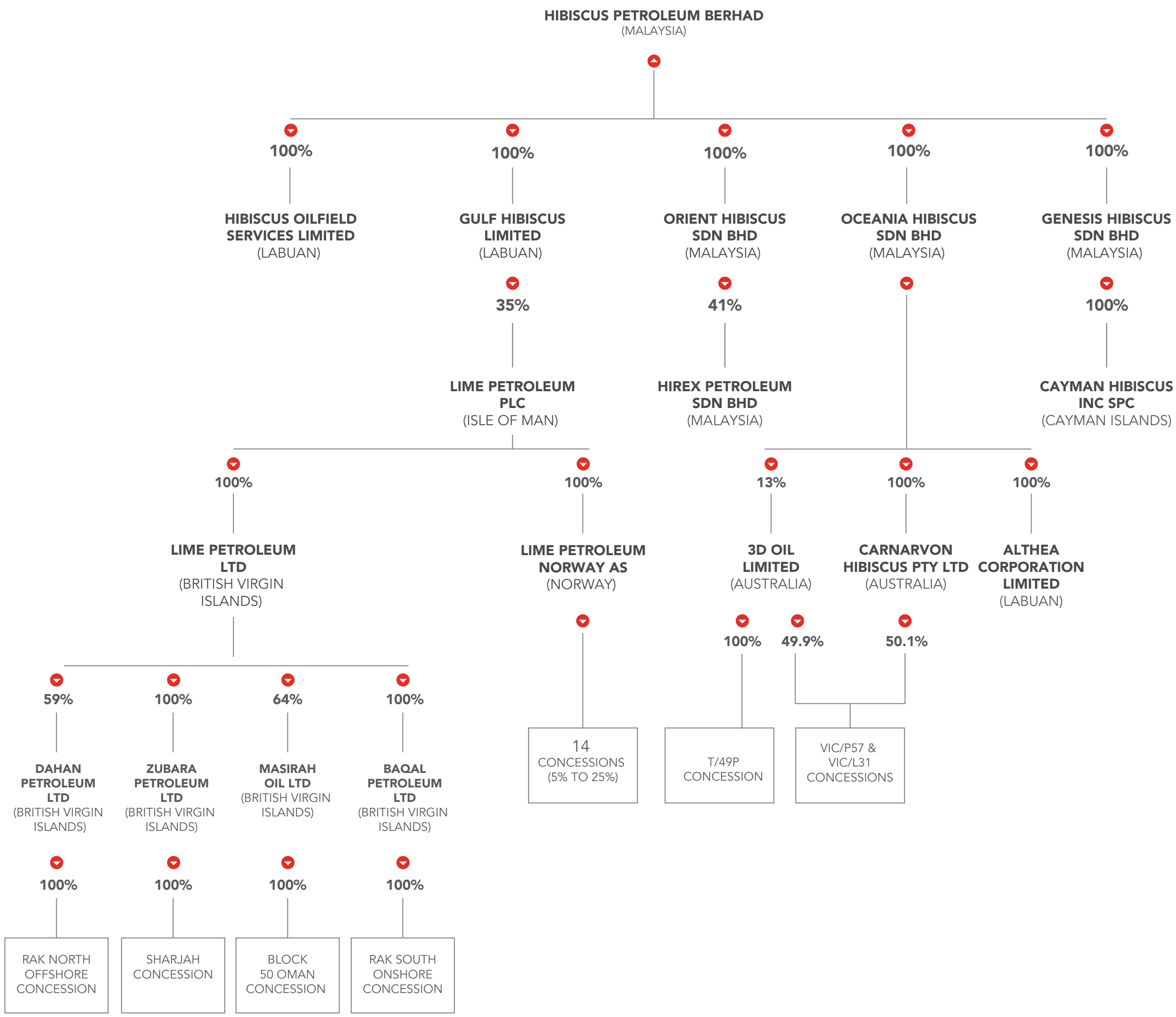
RHB Bank Berhad
RHB Bank (L) Ltd
Commonwealth Bank of Australia

STOCK EXCHANGE LISTING

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

Corporate Structure

as at 9 May 2014



Board of Directors

Standing from left to right:

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

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

Dr Kenneth Gerard Pereira
Managing Director

Roushan Arumugam
Independent Non-Executive Director

Tay Chin Kwang
Independent Non-Executive Director

Profile of Board of Directors

ZAINUL RAHIM BIN MOHD ZAIN

Non-Independent Non-Executive Chairman

Age: 61
Nationality: Malaysian
Date appointed on Board: 14 December 2010

Qualifications

- Bachelor of Engineering, majoring in Mechanical Engineering, University of Western Australia, Australia

Working Experience

- 36 years of experience in the oil & gas exploration & production industry
- Currently serves as Board member of Petronas Carigali Sdn Bhd, Bank Pembangunan Malaysia Berhad, UKM Holdings Sdn Bhd, Camco Clean Energy Plc and Cenergi SEA Sdn Bhd
- Previously Deputy Chairman of Shell Malaysia, Chairman of Shell companies in Egypt and Managing Director of Shell Egypt N.V.

Membership on the Board Committees

- Member of the Audit and Risk Management Committee
- Member of the Nominating Committee
- Member of the Remuneration Committee

DR. KENNETH GERARD PEREIRA

Managing Director

Age: 55
Nationality: Malaysian
Date appointed on Board: 13 September 2010

Qualifications

- Bachelor of Science (Honours) in Engineering, Bath University, United Kingdom
- Masters in Business Administration, Cranfield Institute of Technology, United Kingdom
- Doctorate in Business Administration, University of South Australia, Australia

Working Experience

- 26 years of experience in the oil & gas industry (both in services and exploration & production)
- Managing Director of Interlink Petroleum Ltd, an oil & gas exploration & production company listed on the Mumbai Stock Exchange from 2009 to 2011
- Chief Operating Officer of SapuraCrest Petroleum Berhad from 1997 to 2008
- Previously worked for Schlumberger (as a Field Engineer in North Africa and Europe from 1983 to 1990)

Zainul Rahim bin Mohd Zain, a Malaysian aged 61, 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, and Cenergi SEA Sdn Bhd (formerly known as CSEA Clean Energy Sdn Bhd).

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, United Kingdom, a Masters in Business Administration from Cranfield Institute of Technology, United Kingdom; 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 26 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 Berhad (now part of SapuraKencana Petroleum Berhad Group), an oil and gas services company listed on the Main Market of Bursa Malaysia Securities Berhad.

In 2009, 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.

ABOUT US
CHAIRMAN'S STATEMENT
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL HIGHLIGHTS
CALENDAR OF EVENTS
CORPORATE INFORMATION
CORPORATE STRUCTURE
BOARD OF DIRECTORS
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 ORDINARY SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
NOTICE OF THE 4TH ANNUAL GENERAL MEETING
FORM OF PROXY

Profile of Board of Directors

DR. RABI NARAYAN BASTIA

Non-Independent Non-Executive Director

Age: 55
Nationality: Indian
Date appointed on Board: 15 September 2010

Qualifications

- Doctor of Science degree in Petroleum Geology from the Indian School of Mines, Dhanbad (jointly examined by Alberta University of Canada and Oklahoma University of United States of America)
- Ph.D. in Petroleum/Structural Geology from the Indian Institute of Technology
- Bachelor of Science (1st Class Honours) degree in Petroleum Exploration and Reservoir Management, Norwegian Technological University of Norway, Norway
- Bachelor of Science (1st Class Honours) degree in Applied Geology, Indian Institute of Technology, Kharagpur, India

Working Experience

- 34 years oil & gas exploration & production experience
- Currently serves as Vice President – Exploration, Lime Petroleum Plc
- Previously with Oil and Natural Gas Corporation of India in various positions
- One of the founders of the Reliance Industries Limited's oil & gas exploration & production business
- Conferred the title of "Padmashree" by the Government of India in 2007, a title awarded to Indian citizens to recognise their distinguished contribution in various spheres of activity

Membership on the Board Committees

- Member of the Audit and Risk Management Committee

ZAINOL IZZET BIN MOHAMED ISHAK

Senior Independent Non-Executive Director

Age: 53
Nationality: Malaysian
Date appointed on Board: 13 September 2010

Qualifications

- Bachelor of Arts in Actuarial Studies, Macquarie University, Sydney, Australia
- Masters in Business Administration, Cranfield Institute of Technology, United Kingdom

Working Experience

- Currently, Managing Director of Perisai Petroleum Teknologi Berhad (an oil & gas services company quoted on Bursa Malaysia Securities Berhad)
- Chief Executive Officer of SapuraCrest Petroleum Berhad from 2003 to 2010
- Previously appointed Chief Executive Officer of Sapura Digital Sdn Bhd in 1994
- General Manager of Corporate Planning of Sapura Group in 1992

Membership on the Board Committees

- Chairman of the Nominating Committee
- Member of the Audit and Risk Management Committee
- Member of the Remuneration Committee

Dr Rabi Narayan Bastia, an Indian national aged 55, 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, Society of 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, a Malaysian aged 53, 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, United Kingdom. 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 Berhad, (now part of SapuraKencana Petroleum Berhad Group) 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

Age: 45
Nationality: Malaysian
Date appointed on Board: 14 December 2010

Qualifications
- Bachelor of Law (Honours), University of Bristol, United Kingdom
- Chartered Accountant (Institute of Chartered Accountants, England & Wales)

Working Experience
- Currently serves as Independent Director and Audit Committee Chairperson of Hai-O Enterprise Berhad, and Chairperson of Caring Pharmacy Group Berhad
- Director of Artisan Encipta Ltd (Managed multi-million dollar technology venture capital fund for MIMOS Berhad and Consultant on national innovation ecosystems)
- Previously with Ernst & Young and RHB Sakura Merchant Bankers Berhad

Membership on the Board Committees
- Chairperson of the Audit and Risk Management Committee
- Member of the Nominating Committee
- Member of the Remuneration Committee

ROUSHAN ARUMUGAM
Independent Non-Executive Director

Age: 42
Nationality: Malaysian
Date appointed on Board: 25 July 2011

Qualifications
- M.A. in English Language and Literature, St. Catherine's College, Oxford University, United Kingdom
- Masters in Business Administration from Imperial College Business School, United Kingdom
- M.A. in Law, University of Bristol, United Kingdom

Working Experience
- Currently serves as director of various companies, notably, Sri Inderajaya Holdings Sdn Bhd, Pneumacare Ltd and South Pickenham Estate Company Ltd
- Previously, Investment Banker at Deutsche Bank, London and Nomura Advisory Services, Malaysia
- Previously, Consultant at Price Waterhouse, London, and served as Analyst, Emerging Markets Equity Research with Caspian Securities Ltd

Membership on the Board Committees
- Chairman of the Remuneration Committee
- Member of the Nominating Committee

Datin Sunita Mei-Lin Rajakumar, a Malaysian aged 45, was appointed to the Board on 14 December 2010. She is also Chairperson 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, Hai-O Foundation at Hai-O Enterprise Berhad and Yayasan Usman Awang. She is also the chairperson 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, a Malaysian aged 42, 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 a 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.

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

TAY CHIN KWANG

Independent Non-Executive Director

Age: 48
Nationality: Singaporean
Date appointed on Board: 14 June 2012

Qualifications
- Bachelor of Accountancy from the National University of Singapore, Singapore
- Certified Public Accountant
- Fellow member of the Institute of Singapore Chartered Accountants

Working Experience
- Over 24 years of experience in various accounting, finance management and business advisory functions across a broad spectrum of industries
- Currently serves as advisor of Ezra Holdings Limited
- Prior to his current position, he was Ezra Holdings Limited's Group Finance Director and Executive Director
- Serves as director of various companies in Singapore, Thailand, Norway and Nigeria
- Previously with Ernst & Young in Singapore

Membership on the Board Committees
- Member of the Audit and Risk Management Committee

Tay Chin Kwang, a Singaporean aged 48, was appointed to the Board on 14 June 2012. He is a member of the Company's Audit and 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 Singapore Chartered Accountants.

Chin Kwang is an advisor overseeing strategic partnerships and joint ventures with Ezra Holdings Limited, a leading offshore contractor and provider of integrated offshore solutions for the oil and gas industry, listed on the Singapore Exchange. Prior to this, he was Ezra Holdings Limited's Group Finance Director and Executive Director. He is also a director of various companies in Singapore, Thailand, Norway and Nigeria.

Chin Kwang started his career with Ernst & Young in Singapore and currently has over 24 years of experience in various accounting, finance management and business advisory functions across a broad spectrum of industries.

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.

ABOUT US
CHAIRMAN'S STATEMENT
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL HIGHLIGHTS
CALENDAR OF EVENTS
CORPORATE INFORMATION
CORPORATE STRUCTURE
BOARD OF DIRECTORS
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 ORDINARY SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
NOTICE OF THE 4TH ANNUAL GENERAL MEETING
FORM OF PROXY

Effective leadership is putting first things first. Effective management is discipline, carrying it out.

Individually we are one drop, but

together...

---

we are an ocean.

Leadership Team & Technical Experts

DR KENNETH GERARD PEREIRA
Managing Director

JOYCE VASUDEVAN
Chief Financial Officer

MARK JOHN PATON
Chief Business Development Officer

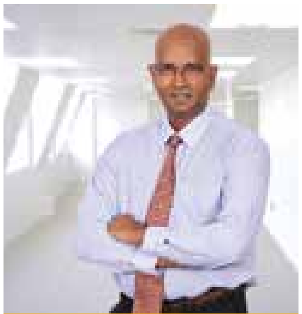
AINUL AZHAR AINUL JAMAL
Executive Director of HIREX, Asia Pacific

STEPHEN CRAIG DECHANT
Chief Development Officer

DR PASCAL HOS
Head of Petroleum Engineering of Hibiscus Petroleum and Chief Operating Officer of HIREX

CHRISTOPHER DYAS
Project Director of Lime Petroleum, Middle East

THOMAS J. STENSGAARD
Project Manager of VIC/L31 and VIC/P57, Australia



DAVID JAYAKUMAR RICHARDS
Head of Geoscience

UDAY JAYARAM
Head of Corporate Planning and Investor Relations

JOEL SHENG
Head of Information Management and Technology

AZLEEN ROSEMY AHMAD
General Manager – Corporate Finance

DEEPAK THAKUR
Petroleum Economist

YIP CHEE YEONG
Financial Controller

MEERA SURIN DERPALL
Senior Manager – Accounting and Business Processes

SYARIFAH ALIZA SYED AZAUDDIN
Senior Manager – Corporate Finance

Profile of Leadership Team & Technical Experts

DR KENNETH GERARD PEREIRA
Managing Director

Please refer to page 32 of the Annual Report.

JOYCE VASUDEVAN
Chief Financial Officer

- Age 46, Malaysian.
- B.Economics, majoring in Accounting, from LaTrobe University, Melbourne, Australia and Australian CPA.
- Member of the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants.
- 25 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 (now part of SapuraKencana Petroleum Berhad Group), 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. She 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, Zubara Petroleum Limited, Baqal Petroleum Limited, Genesis Hibiscus Sdn Bhd and Arya Resources Sdn Bhd.

MARK JOHN PATON
Chief Business Development Officer

- Age 55, British and Australian.
- B.Sc (Honours) in Chemical Engineering, University of Leeds, United Kingdom.
- 34 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 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 Floating Production, Storage and Offloading (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.

Mark joined Hibiscus Petroleum in March 2013.

STEPHEN CRAIG DECHANT
Chief Development Officer

- Age 57, American.
- BSc in Civil Engineering, Kansas State University, United States of America.
- Over 30 years' experience in the oil and gas industry in a career dedicated to managing large offshore projects globally.

Steve began his career with Texaco Inc., followed by Chevron Corporation and then Murphy Oil Corporation managing large projects globally including Brazil, Nigeria, Angola, Australia, Gulf of Mexico and Malaysia. For most of the past 16 years he has been involved in the management of very complex, capital intensive deepwater projects and has demonstrated a very successful track record for meeting or exceeding project goals and targets. A highlight was Steve's senior project management role on the Kikeh Project, the first deepwater project in Malaysia which was completed in less than 5 years from discovery.

He brings a tremendous skill set in overall Project Management including the execution of both conventional and fast-track projects and has the excellent leadership abilities required to assemble a professional, high performing development organisation.

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

Profile of Leadership Team & Technical Experts

UDAY JAYARAM
Head of Corporate Planning and Investor Relations

- Age 46, Malaysian.
- B.Sc (Honours) in Economics majoring in Accounting and Finance, London School of Economics, United Kingdom. Trained and qualified Chartered Accountant with the Institute of Chartered Accountants of England and Wales.
- 21 years of experience covering the fields of audit, management consultancy, equities research, institutional sales, capital markets and stock exchange business.

Uday began his career training in audit at Ernst & Young, London within the banking and finance division. He was involved in auditing several large public limited companies including HSBC Bank, British Airways, ABB Group and IKEA. Additionally, as a special project for the World Bank, Uday worked in Kazakhstan undertaking a diagnostic study of its banks.

In 1995, Uday joined Deutsche Morgan Grenfell, Kuala Lumpur as an equity analyst and subsequently moved to CIMB Bank where he helped build out the group's institutional research presence as a senior analyst. In 1999, he joined ING Barings and became Head of Research in 2003. By then, he was a rated analyst and had covered most sectors in Malaysia including banks, utilities, telecommunications, and plantations. In 2005, following the takeover of ING's broking business in Asia by Australia's Macquarie Bank, Uday spearheaded the investment bank's initiative to be awarded one of five foreign broker's licenses in Malaysia. He became Head of Equity and Division Director of Macquarie Capital Securities building a business with a recognised research and sales presence amongst institutional funds both domestically and globally.

In 2010, Uday joined Bursa Securities as Global Head of Securities Markets responsible for developing the equities markets business of the exchange covering areas such as issuer, investor, product and infrastructure development. Whilst at Bursa Securities, he built strong relationships with regional and global exchanges and furthered efforts to attract greater retail and institutional flows. Uday led the ASEAN Exchanges initiative and was member of Bursa's Market Participants Committee and Chairman of the FTSE-Bursa Index Advisory Committee.

Uday joined the Company in April 2014.

AINUL AZHAR AINUL JAMAL
(HIREX, ASIA PACIFIC)
Executive Director

- Age 54, Malaysian.
- B.Sc in Electrical Engineering, University of Sussex, United Kingdom. Attended the Daniels Business School at University of Denver, Colorado and the Institute for Management Development, Lausanne, Switzerland.
- 30 years' oil & gas experience with Schlumberger working at many worldwide locations, with assignments in both the oil field and technology business units.

Jamal 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 at 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 & Electronics Engineers (UK), the Malaysian Institute of Electrical Engineers (Malaysia) and the Society of Petroleum Engineers. He is also a council member of the Universiti Teknologi Petronas Student Advisory Council and sits on the board of International Conference and Exhibition Professionals (iCEP).

Jamal joined HIREX on 1 July 2013.

CHRISTOPHER DYAS

(LIME PETROLEUM, MIDDLE EAST)

Project Director

- Age 56, British.
- M.Sc in Thermal Power, Cranfield Institute of Technology, United Kingdom. MBA, Cranfield School of Management.
- 31 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 (now part of SapuraKencana Petroleum Berhad Group) 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.

THOMAS J. STENSGAARD

(VIC/L31 AND VIC/P57, AUSTRALLA)

Project Manager

- Age 44, American.
- B.Sc (Honours) in Mechanical Engineering, South Dakota School of Mines and Technology. MBA, Rice University.
- 22 years' of experience in the upstream energy industry with an emphasis on the commercialisation and development of worldwide offshore projects.

Tom has worked for JP Kenny, McDermott International, Texaco, ChevronTexaco, Murphy Oil, and Kosmos Energy. 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. During his career, he has held positions 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.

Profile of Leadership Team & Technical Experts

DR PASCAL HOS
Head of Petroleum Engineering of Hibiscus Petroleum and Chief Operating Officer of HIREX

- Age 43, Dutch.
- B.Sc in Mechanical Engineering and a PhD in Mechanical Engineering, Rice University, Texas, USA.
- 14 years' experience in reservoir engineering, production technology and rock mechanics in major local and foreign companies. Includes experience 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 new 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. He sits on the board of Dahan Petroleum Limited and is Chief Operating Officer of HIREX.

DAVID JAYAKUMAR RICHARDS
Head of Geoscience

- Age 51, Malaysian.
- B.Sc (Honours) in Earth Science, Universiti Kebangsaan Malaysia (National University of Malaysia).
- 25 years of experience as a petroleum geoscientist in the exploration, development, and production and planning phases of the oil and gas industry.

David 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 Berhad 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.

DEEPAK THAKUR
Petroleum Economist

- Age 31, Indian.
- B.Tech in Petroleum Engineering, Indian School of Mines (ISM), Dhanbad, India. MBA (Major in Finance), Indian Institute of Management (IIM), Bangalore, India.
- 7 years' experience in developing financial models, performing valuation & sensitivity analysis, reservoir engineering and analysing the fiscal regime of different geographies.

In Hibiscus Petroleum, Deepak 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.

JOEL SHENG
Head of Information Management and Technology

- Age 43, Malaysian.
- Diploma in National Computing Centre (UK), Systematic College (now SEGi University).
- 22 years' experience in the Information Technology and Information Management.

Joel was involved in software design, development and support industry for 15 years, of which 8 years consisted of involvement in the oil and gas, and asset management software business. The last 7 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 Sdn Bhd. He left the company after attaining the position of an Analyst Programmer in 1994 to join VXL Management Sdn Bhd 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 Project, the Murphy Oil Kikeh Project and Sabah Shell Gumusut-Kakap Project.

Joel joined the Company on 1 July 2012.

Profile of Leadership Team & Technical Experts

AZLEEN ROSEMY AHMAD
General Manager - Corporate Finance

- Age 44, Malaysian.
- B.Sc in Actuarial Science and Finance, Wharton Business School, University of Pennsylvania, USA. MBA, University of Nottingham.
- 22 years' experience in various areas of corporate finance, finance and general management.

Azleen 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 (now part of SapuraKencana Petroleum Berhad Group) 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 and 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
Senior Manager - Corporate Finance

- Age 39, Malaysian.
- B.Arts (Honours) in Accountancy and Finance, Lancaster University, UK. MBA, International Islamic University of Malaysia.
- 18 years' experience in various areas of corporate finance, asset management, private equity and general management.

Aliza 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 entrusted to oversee funds' corporate governance and compliance functions.

Aliza joined the Company on 19 September 2011.

YIP CHEE YEONG
Financial Controller

- Age 39, Malaysian.
- B.Arts in Accounting and Finance, Middlesex University, London, England. Obtained the Association of Chartered Certified Accountants qualification from England.
- Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.
- 18 years' experience in the accounting and finance field in various industries.

Chee Yeong began his career with KPMG, Malaysia in the audit and assurance division in 1996. In 2000, he joined Andersen, Singapore as a Senior Risk Consultant, where he was the focal point for accounting related areas in engagements that involved review and implementation of internal controls and forensic and fraud auditing.

Subsequently, he gained strong experience in the manufacturing industry after spending over seven years as Senior Group Accountant in Brook Crompton, England and as Financial Controller in Danone Dumex (Malaysia) Sdn Bhd, Malaysia.

In 2009, he joined Saatchi & Saatchi as Finance Director of the Malaysia and Singapore offices. He oversaw the finance, information technology, human resource and legal functions, and was very actively involved in business restructuring exercises, negotiations with clients and enterprise resource planning software implementation.

Prior to joining Hibiscus Petroleum, Chee Yeong was with Microsoft (Malaysia) Sdn Bhd, Malaysia, where he led the finance function. He was responsible for company-wide financial management, the controls and compliance agenda, the management of business investment funds, and was a key member of the top management team.

Chee Yeong joined the Company on 25 November 2013.

MEERA SURIN DERPALL
Senior Manager – Accounting and Business Processes

- Age 39, Malaysian.
- Bachelor of Accounting, University of Malaya, Malaysia.
- Member of the Malaysian Institute of Certified Public Accountants (MICPA). Gold medalist in Financial Accounting and Reporting, Examinations PEII (Module 5) for the MACPA Professional Accounting Degree. Silver medalist for Management Accounting, London Chamber of Commerce and Industry (LCCI) (Higher Level) Diploma.
- 16 years' experience in various areas of audit and finance including 10 years in exploration and production accounting.

Meera 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.

Statement of Corporate Governance

INTRODUCTION

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 period ended 31 December 2013 and up to 16 May 2014 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 Clear Functions of the Board and Management

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.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objectives to the Managing Director.

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.

The Directors also observe the requirement that they do not participate in the deliberation of matters in which they are interested (whether directly or indirectly) and abstain from voting in such matters.

For the financial period 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

The roles and functions of the Board as well as the differing roles of the Managing Director and Non-Executive Directors are set out in the Board Charter. The Board reserves a formal schedule of matters for its decisions.

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 reference 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 67 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 period ended 31 December 2013, the Nominating Committee held 2 meetings.

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

- Nominated and recommended the appointment of a new director to the Board of the Company; and
- Reviewed and recommended to the Board, the re-election of the Directors due to retire at the 3rd Annual General Meeting of the Company.

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

The Remuneration Committee had a meeting once during the financial period ended 31 December 2013 to review and recommend to the Board, the Directors' Fee for the Non-Executive Directors for the financial year ended 31 March 2013, for the shareholders' approval at the 3rd Annual General Meeting.

At this juncture, it is noteworthy to highlight that 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-producing) phases, minimal remuneration is to be paid to the Directors of the Company.

Furthermore, it is also a policy of the Company 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, has also been implemented.

1.3 Promoting Ethical Standards

Code of Conduct and Ethics (CCE)
The Board has formally adopted a 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.

Whistle Blower Policy
The Board has also formally adopted a Whistle Blower Policy which is applicable to all Directors and employees of the Group. The policy provides an avenue to report any improper conduct occurring in the course of dealings with the Company and its business operations. Under the policy, confidentiality of the matter raised is maintained and the identity of the whistle blower is protected.

The Whistle Blower Policy is posted on the Company's website at www. hibiscuspetroleum.com. Any improper conduct may be reported in writing directly to whistleblower@hibiscuspetroleum.com, which is accessible by the Chairperson of the Audit and Risk Management Committee and the Senior Independent Director.

Policy with regard to Insider Dealing
The Board and the Management hold a stringent view of the personal duty and obligations of its directors, officers and employees within the Company and Group to comply with the relevant insider trading laws and restrictions.

Efforts taken by the Company include periodic reminders to all employees on the requirement to safeguard confidential information received and the obligations and duties of care required to protect such information, prohibition of trading in the Company's securities during price sensitive periods and notifications on closed periods to directors and relevant employees. A briefing by the Company's legal advisor to employees on the relevant insider trading laws and restrictions was also conducted.

1.4 Promoting Sustainability

Health, Safety, Security and Environment (HSSE) Policy

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 HSSE is the responsibility of everyone, policies and protocols are designed and implemented for the well-being 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 behaviour. 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.

All management decisions have, and will continue to 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.

Corporate Social Responsibility

As the Group has yet to generate positive cashflows, 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 in the future.

Sustainability Policy

The Board has formalised and adopted a Sustainability Policy. The Sustainability Policy sets out the manner in which the Company carries on its business which is undertaken in a socially responsible, trustworthy and ethical manner while accepting accountability for impact on environment, social and governance fronts. Key aspects of the policy focus on social awareness and betterment, environmental preservation, and sound and effective corporate governance. The policy is adopted with a view to enhancing investor perception and public trust.

Economic Sustainability

More importantly, the Company upholds the implementation of effective governance and controls as it believes this can improve operational performance towards creating economic sustainability. The Group's assets and resources are being utilised responsibly towards promoting growth and creating value for the benefit of shareholders. The Board is committed towards developing the Group's present discoveries and finding quality producing assets to ensure not only the near term generation of revenue but its sustainability in the long term.

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 once 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 which include but are not limited to, the minutes of previous meeting(s), operational updates, quarterly financial reports, key risks mitigation plans, updates of matters arising from previous meetings, corporate and regulatory updates, and business development opportunities 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 Committee 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.

Nine Board meetings were held during the financial period ended 31 December 2013. The Managing Director also attended Board Committee meetings by invitation, when required.

The attendance record of individual Directors at Board and Board Committee meetings held during the financial period ended 31 December 2013 since their respective appointments is detailed on the next page:

Name	Board	Board Committees		
		Audit and Risk Management	Nominating	Remuneration
Number of meetings held during the financial period	**9**	**4**	**2**	**1**
Zainul Rahim bin Mohd Zain Non-Independent, Non-Executive Chairman	8/9	4/4	2/2	1/1
Dr Kenneth Gerard Pereira Managing Director	9/9	n/a	n/a	n/a
Dr Rabi Narayan Bastia Non-Independent, Non-Executive Director	6/9	3/4	n/a	n/a
Zainol Izzet bin Mohamed Ishak Senior Independent, Non-Executive Director	5/9	3/4	2/2	1/1
Datin Sunita Mei-Lin Rajakumar Independent, Non-Executive Director	8/9	4/4	2/2	1/1
Roushan Arumugam Independent, Non-Executive Director	8/9	n/a	2/2	1/1
Tay Chin Kwang Independent, Non-Executive Director	7/9	3/4	n/a	n/a
Joginder Singh Bhag Singh Independent, Non-Executive Director (Appointed on 25 June 2013 and vacated office on 26 February 2014)	5/5	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 seven members which comprises a Managing Director and six Non-Executive Directors. Four out of the seven Directors are independent, which exceeds the minimum quantum of independent directors as prescribed in the Code and the MMLR. Furthermore, as the Chairman is not an independent director, the Board comprises a majority of independent directors in compliance with the Code.

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 2014, the Board approved the recommendation of the Nominating Committee for three Directors, namely Encik Zainul Rahim bin Mohd Zain, Mr Roushan Arumugam and Dr. Kenneth Gerard Pereira to retire and seek re-election at the 4th 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 Board has developed criterias to be used in the assessment of Directors that includes strategic, character, experience, integrity, ethical and value driven, competence, capability and commitment. The Nominating Committee refers to the results of the performance assessment of Directors for the period of evaluation from 1 January 2013 to 31 December 2013, 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 30 to 38 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 period 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 period under review fairly represented the ownership structure of the Group.

In so far as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is based on the candidates' competency, character, commitment, integrity and experience in meeting the needs of the Company.

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 that 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. In line with the recommendation of the Code, the Nominating Committee has performed an annual review of the independence of the Independent Directors.

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.

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 (with the exclusion of urgent Board matters) 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.

No fixed time commitment is set for board duties as the time required by Directors may fluctuate depending on the demands of the business and other events. However, it is expected that Directors allocate sufficient time to the Company to perform their duties effectively, including being prepared for meetings and contributing effectively to the business of the Company.

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.

All Directors have attended the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd) in compliance with the MMLR.

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 Directors are as follows:

- Exploration Drilling Programme & Oman Exploration Drilling Campaign Overview
- Breakfast at the Kuala Lumpur Golf And Country Club With Board Chairmen
- Advocacy Sessions On Corporate Disclosure For Directors
- Nominating Committee Program
- KPMG – Audit Committee Institute – Breakfast Round Table Series
- Bursa : Risk Management & Internal Control Workshop for Audit Committee Members
- Directors' Training Group Coaching
- Directors' Forum – What the Board Needs to Know
- Women Directors Onboard Training Programme
- Share Investor's Investor Relation Conference

- The Director's Legal Tool-Kit
- Tools and Techniques for Nominating and Remuneration Committees
- Redefining Markets: Sustaining Growth and Resilience – World Capital Market Symposium
- The 4th Global Entrepreneurship Summit 2013
- Khazanah Megatrends Forum 2013
- Building An Effective Board For Sustainable Growth
- Boardroom Soft Skills And Board Simulation Training
- Managing Sustainable Business Transformation - From Good To Great
- Exploration & Production Accounting under Malaysian Financial Reporting Standards by PricewaterhouseCoopers

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference. The External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards (MFRS) that affect the Group's financial statements during the year.

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 the Directors' remuneration in aggregate for the financial period ended 31 December 2013 are as disclosed in Note 30 of the Financial Report section on page 142 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 MFRS, International Financial Reporting Standards and the requirements of Malaysian Companies Act, 1965.

It is the Board's objective to present a balanced and comprehensible assessment of the Group's position, prospects and status of operations 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 76.

Details of the Audit and Risk Management Committee's responsibilities and activities during the financial period ended 31 December 2013 are set out in the Audit and Risk Management Committee Report on pages 62 to 67 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 period ended 31 December 2013, it has 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 reviewed the non-audit services provided to the Group during the financial period in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as the external auditor of the Group.

Based on the abovementioned confirmation by Messrs PricewaterhouseCoopers and the assessments undertaken by the Audit and Risk Management Committee as set out in the External Auditor Independence Policy (namely (i) the quality and rigour of the audit performed; (ii) the quality of service provided; (iii) the audit firm's reputation; and, (iv) the independence of the external auditor), the Audit and Risk Management Committee was satisfied that the independence of Messrs PricewaterhouseCoopers has been maintained and that they have performed satisfactorily. Accordingly, the Audit and Risk Management Committee 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 risks 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 68 to 73 of this Annual Report.

The Group has outsourced the function of internal audit to a professional service provider as it is more effective and beneficial to do so given 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.

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 joint ventures and joint operations.

Maintaining relationships 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, Company's stock chart, key policies, investor presentations, 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 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. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf. 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. To encourage greater shareholders' participation, the Management will consider the costs and benefits of adopting poll voting for future shareholders' meetings.

The Board welcomes shareholder engagement as it provides an opportunity to assess market expectations and more significantly, is an effective method of informing 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 and Risk Managment Committee (ARMC) is pleased to present the ARMC Report for the financial period ended 31 December 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 period ended 31 December 2013, are reflected below:

Name	Designation	Directorship	Attendance at ARMC Meetings
Datin Sunita Mei-Lin Rajakumar	Chairperson	Independent Non-Executive Director	4/4
Zainul Rahim bin Mohd Zain	Member	Non-Independent Non-Executive Chairman	4/4
Zainol Izzet bin Mohamed Ishak	Member	Senior Independent Non-Executive Director	3/4
Tay Chin Kwang	Member	Independent Non-Executive Director	3/4
Dr Rabi Narayan Bastia	Member	Non-Independent Non-Executive Director	3/4

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) of the MMLR.

TERMS OF REFERENCE

The ARMC is governed by the Terms of Reference dated 28 March 2013 and revised on 24 April 2014, 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 in respect of the integrity of the Company's consolidated financial statements;

(b) Presenting a balanced and understandable assessment of the Company's position and prospects, that requires review of the risks the Company faces, which includes business risks, financial risks, operational risks, technology risks, legal risks and reputation risks;

(c) Establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's internal and external auditors; and

(d) Ensuring a sound system of risk management and internal controls to safeguard shareholders' investment and the Company's assets, review the risk management framework, the effectiveness of internal controls, recommend corrective measures to remedy and review principal risks.

(e) Ensuring that related party transactions are carried out on normal commercial terms and not prejudicial to the interests of the Company or its minority shareholders and review related party transactions (including recurrent related party transactions).

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 MMLR; 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 the suitability, performance and independence of the external auditors based on the approved External Auditor Independence Policy;

(c) Review with the external auditors, the nature, scope and plan of the audit before the audit commences and report the same to the Board;

(d) Ensure coordination if more than one audit firm is involved in the audit;

(e) Review with the external auditors, their audit report and report the same to the Board;

(f) Review with the external auditors, their evaluation of the system of risk management and internal controls and report the same to the Board whenever applicable;

(g) Review the assistance given by the employees of the Company to the external auditors and report the same to the Board;

(h) Review any letter of resignation from the external auditors and report the same to the Board;

(i) 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;

(j) 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;

(k) Discuss and review the external auditor's management letter and Management response (if any); and

(l) 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.

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 to ensure 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 cooperation 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 adequacy of 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) Review the actual and potential impact of any failure or weakness of the internal controls in place, particularly those related to the financial performance or conditions affecting the Group.

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 or implementation in accounting policies and practices;

  ii. significant or unusual events;

  iii. the going concern assumption; and

  iv. compliance with accounting standards and other legal 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 PERIOD ENDED 31 DECEMBER 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 period ended 31 December 2013:

1. Reviewed and recommended the draft ARMC Report and draft Statement of Risk Management and Internal Control for inclusion in the Company's Annual Report for the financial year ended 31 March 2013 for the Board's approval;

2. Reviewed the quarterly financial reports of the Group prior to submission to the Board for consideration and approval;

3. Reviewed the draft audited financial statements of the Group and the Company for the financial year ended 31 March 2013, together with Directors' and Auditors' Reports thereon prior to submission to the Board for consideration and approval;

4. Considered the findings by the external auditors during review of the quarterly and annual results and Management's responses thereto;

5. Reviewed and discussed with the external auditors the nature and scope of their audit and ensured that the audit is comprehensive;

6. Reviewed and approved the external auditors' audit planning memorandum and the audit fee of the Group for the financial period ended 31 December 2013;

7. Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services;

8. Reviewed the fees and type of non-audit services provided by the external auditors;

9. Assessed the suitability and independence of the external auditors and recommended the re-appointment of external auditors to the Board;

10 Reviewed the external auditors' internal control recommendations and Management's responses;

11. Discussed the co-ordination for the Group audit as more than one audit firm was involved;

12. Conducted one (1) meeting with the external auditors without the presence of the Management. Another meeting was conducted in January 2014, prior to the change of financial year end from 31 March to 31 December as approved by the Board in February 2014;

13. Discussed the assistance provided by employees to the external auditors and internal auditors;

14. Reviewed the internal audit plan and scope of work for the period ended 31 December 2013 for the Group;

15. Reviewed the internal audit and enquiry reports, which also incorporated audit findings, recommendations and Management's responses for the Group and the Company by the external service provider for internal audit services;

16. Ensured appropriate actions were taken to ensure the effectiveness of the internal control systems based on feedback received from the external and internal auditors;

17. Reviewed the Group and each business division's key risks and mitigation plans taken or to be taken by the Management to control and mitigate the risks based on the recommendations of the Executive Risk Management Committee (ERMC);

18. Reviewed related party transactions;

19. Reviewed the Group's new policies within the ARMC's duties and responsibilities prior to submission to the Board for consideration and approval;

20. Reviewed and recommended the proposed amendments to the ARMC Terms of Reference to the Board for approval;

21. Reviewed and recommended the proposed amendments to the Risk Management Policy to the Board for approval;

22. Assessed the adequacy of resources within the Finance Department;

23. Reviewed the forex exposure and hedging arrangement of the Group and the Company; and

24. Reviewed the proposed change of financial year-end of the Company prior to recommending to the Board for approval.

Internal Audit Function

Since the previous financial year, 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 controls and governance processes/framework of the Group.

Through the internal audit function, the Company undertakes regular and systematic reviews on the system of internal controls 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 Auditors in undertaking their internal audit function.

During the financial period under review, the Internal Auditors had conducted their internal audit engagement in accordance with the approved risk-based internal audit plan of the Group. This Internal Audit Plan was developed based on the information provided by the Management of the Group through enterprise risk assessments conducted by the ERMC, as well as areas of concern deemed important by the ARMC or the Management.

Details of the internal audit activities carried out by the Internal Auditors for the financial period ended 31 December 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 promoted effective controls in the Group and the Company.

3. Appraised the level of operational and business compliance with established policies, procedures, and Limits of Authority; and

4. Identified and recommended opportunities for improvements to the existing system of internal controls and processes in the Group.

The total costs incurred by the Group for the internal audit function for the financial period ended 31 December 2013 was approximately RM14,000.

This Statement is made in accordance with the resolution of the Board dated 16 May 2014.

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 PERIOD ENDED 31 DECEMBER 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.

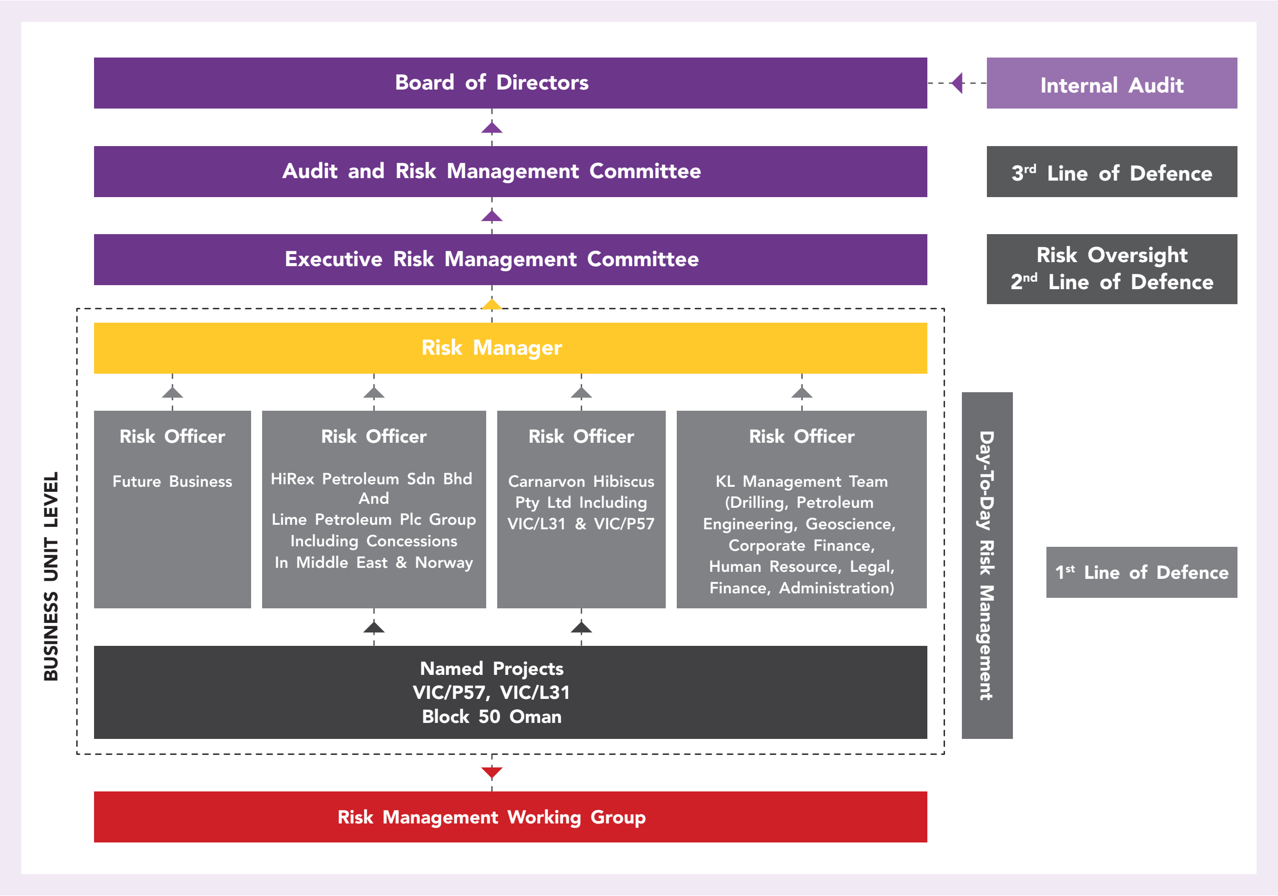
REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

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 a reiterative 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 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 significant 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 mitigating 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 led by the relevant project manager involving geologists, petroleum engineers, primary contractors, HSSE specialists and joint venture representatives. Areas covered include sub surface, wells, facilities, operations, business processes, commercial and regulatory matters.

Company level

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

The key risks 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 also proposes new mitigation measures to contain risks which all remain prevalent. The ERMC 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 designed 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 assist to assess the quality of risk management and control, and report to 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.

  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 the 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 status updates from Internal Audit on recommended corrective actions;

  (v) 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;

(vi) monitors and communicates the risk assessment results to the Board; and

(vii) 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 risks 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 system to safeguard shareholders' investments and the Group's assets.

Throughout the financial period 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 any 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 inter-related 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, business opportunities, corporate exercises, and any other key matters to be considered 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. LOAs are implemented at Corporate level as well as at joint ventures in Lime and HIREX, and joint operations in VIC/P57 and VIC/L31.

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 period.

Human Resource Policies and Procedures

There are guidelines within the Group for the 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 on the Code is available on the Company's website.

Health, Safety, Security and Environment (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 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, Succession Planning, Whistle Blower, Insider Trading, External Auditor Independence and Sustainability are available via the Group's Sharepoint facility. These 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, the VIC/P57 and VIC/L31 concessions and HIREX, 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 Petroleum in its capacity as Project Manager of the Middle East concessions. In addition, the progress in the VIC/L31 and VIC/P57 work plans 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.

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 internal audit function is outsourced to an external service provider. The internal auditor 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 a periodic 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 Ventures 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 has the ability to participate in the key decision-making process of the joint ventures. For non-operated joint ventures with minority stakes, the Group participates in an 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 period 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 16 May 2014.

Additional Compliance Information

1. 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 period or entered into since the end of the previous financial year:

(a) Deed Poll between Hibiscus Petroleum and Hibiscus Upstream Sdn Bhd, the Warrants-B holder, 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.

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

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

(a) Options

There were no options issued during the financial period under review.

(b) Warrants-A

During the financial period ended 31 December 2013, a total of 13,086,800 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.

(c) Warrants-B

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

(d) Redeemable Convertible Preference Shares (RCPS)

There were no RCPS redeemed during the financial period under review.

(e) Convertible Redeemable Preference Shares (CRPS)

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

During the financial period ended 31 December 2013, 21,450,000 CRPS were issued at an issue price of RM1.00 per CRPS through a private placement exercise without prospectus. As at 16 May 2014, 100.93 million CRPS have been issued and fully converted into 56,985,935 ordinary shares of the Company.

3. VARIANCE IN RESULTS

There was no deviation in the profit after taxation between the audited and the unaudited results announced for the financial period ended 31 December 2013.

4. NON-AUDIT FEES

During the financial period under review, non-audit fees paid to external auditors of the Group amounted to RM544,100.

This is net of an amount recoverable from a third party relating to the proposed acquisition of an investment by the Group, amounting to RM340,000.

5. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

As at 31 December 2013, the Company had placed out CRPS totaling RM100.93 million under the Private Placement of CRPS. The proceeds raised therefrom have been utilised in the following manner:

	RM' million
Synergistic Acquisitions:	
Subscription of shares in 3D Oil Limited (3D Oil), an associate company(1)	6.5
Farm-in investment(2)	84.0
Transaction costs(3)	6.3
	96.8
Working capital(4)	4.1
Total	100.9

Notes:

(1) The subscription of shares in 3D Oil, pursuant to the execution of a subscription agreement between Oceania Hibiscus Sdn Bhd (Oceania Hibiscus), a wholly-owned subsidiary of Hibiscus Petroleum and 3D Oil on 14 August 2012.

(2) The farm-in investment in respect to the acquisition of a 50.1% unencumbered legal and beneficial right and interest in VIC/P57 and any petroleum recovered from the permit area, together with all property, data and information relating to VIC/P57, and the contribution towards the joint operating activities of the VIC/P57 permit. The farm-in agreement was entered into between 3D Oil, Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) and our Company on 14 August 2012. Carnarvon Hibiscus is a wholly-owned subsidiary of Oceania Hibiscus. The approval of the shareholders of our Company for the said farm-in investment was obtained at an Extraordinary General Meeting held on 19 December 2012. The farm-in investment was paid in several tranches from December 2012 to July 2013.

(3) Transaction costs and associated expenses required to undertake the subscription of shares in 3D Oil and farm-in investment in VIC/P57, which include advisory and professional fees, fees paid to the authorities and other related transaction costs.

(4) Approximately RM4.1 million was utilised as working capital of the Group for business development, general and administrative expenditure.

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 enquiries, 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 as pages 78 to 84 and the Financial Statements from pages 88 to 161 of this Annual Report.

This statement has been made in accordance with a resolution of the Board of Directors dated 16 May 2014.

Financial Report

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the 9 months financial period ended 31 December 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 period.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) after taxation for the financial period	12,134,788	(8,336,296)

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 period.

RESERVES AND PROVISIONS

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

CHANGE OF FINANCIAL YEAR END

On 24 February 2014, the Board of the Company had approved the change of financial year end of the Company from 31 March to 31 December.

Consequently, the comparatives for the statements of profit or loss, comprehensive income, changes in equity and cash flows as well as certain comparatives in the notes to the financial statements of the Group and the Company for the period of 9 months from 1 April 2013 to 31 December 2013, are not comparable to those of the previous 12 months ended 31 March 2013. The next financial statements will be for a period of 12 months commencing from 1 January 2014.

ISSUES OF SHARES

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM4,403,947 to RM5,098,757 by way of conversion of 13,086,800 Warrants-A into new ordinary shares of RM0.01 each at an exercise price of RM0.50 per share and conversion of 99,930,000 convertible redeemable preference shares ("CRPS") into 56,394,220 new ordinary shares of RM0.01 each at a conversion price range of between RM1.65 to RM1.85 per share. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, 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 ("Private Placement of Existing CRPS") 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 Existing CRPS to 30 November 2013. Bursa Securities had on 6 January 2014 granted the Company the extension of time until 19 April 2014 to issue the circular to the shareholders of the Company. As of 24 April 2014, a total of 100,930,000 CRPS had been issued. The balance of 109,070,000 CRPS is expected to lapse as the Company is not seeking any further extension of time beyond the maturity date of 30 April 2014. Refer to Note 36(iii) to the financial statements for details.

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 22 to the financial statements. During the financial period ended 31 December 2013, 13,086,800 Warrants-A had 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 22 to the financial statements. As at 31 December 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 expired on 17 April 2013 and the moratorium was uplifted during the financial period.

WARRANTS (CONTINUED)

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.

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 period 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 period.

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 period 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 period were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature, except for:

(a) Interest held in HiRex Petroleum Sdn. Bhd. ("HIREX") (formerly known as Revenue Sphere Sdn. Bhd.) at 100% shareholding, which was consolidated as a wholly-owned subsidiary as at 31 March 2013 was deemed disposed via an increase of ordinary shares issuance in HIREX from 2 ordinary shares to 97,562 ordinary shares as of 17 July 2013. This had resulted in a decrease in the Group's shareholding interest in HIREX from 100% as at 31 March 2013 to 41% as at 31 December 2013 accordingly.

(b) A reversal of discovery bonus payable of RM15,793,229 was made to the statements of profit or loss during the financial period as written confirmation from an independent third party of a commercial discovery was not received by 31 December 2013. That dissolved the Group's obligation to pay the contingent consideration as the obligation had expired based on the share purchase agreement dated 24 October 2011.

Apart from the above, there has not arisen in the interval between the end of the financial period 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 period.

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 and resigned on 26.02.2014)

In accordance with Article 115 of the Company's Articles of Association, Dr Kenneth Gerard Pereira shall retire by rotation from the Board of Directors at the forthcoming Annual General Meeting ("AGM") of the Company and being eligible, offers himself for re-election.

In accordance with Article 123 of the Company's Articles of Association, Zainul Rahim Bin Mohd Zain and Roushan A/L Arumugam shall retire by rotation from the Board of Directors at the forthcoming AGM of the Company and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.01 each			
	At 01.04.2013/ Date of appointment	**Bought**	**Sold**	**At 31.12.2013**
Direct interests:				
Joginder Singh A/L Bhag Singh#	2,848,700	–	–	2,848,700

As at 25 June 2013, his appointment date.

Indirect interests:				
Dr Kenneth Gerard Pereira*	83,611,400	–	–	83,611,400
Datin Sunita Mei-Lin Rajakumar**	150,000	–	–	150,000
Roushan A/L Arumugam***	30,465,000	–	–	30,465,000
Joginder Singh A/L Bhag Singh****	24,000	–	24,000	–

* *Deemed interested via his 57.57% 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. (30,415,000) and deemed interested via his spouse's (Rachel Hannah Arumugam) shareholdings in the Company (50,000).*

**** *Deemed interested via his spouse's (Sarjit Kaur) shareholdings in the Company at 25 June 2013, his appointment date.*

DIRECTORS' INTEREST (CONTINUED)

	Number of Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each			
	At 01.04.2013	**Bought**	**Redeemed**	**At 31.12.2013**
Indirect interests:				
Dr Kenneth Gerard Pereira*	2,193,880	–	–	2,193,880

* *Deemed interested via his 57.57% equity interest in Hibiscus Upstream.*

	Number of Warrants-A			
	At 01.04.2013/ Date of appointment	**Bought**	**Exercised**	**At 31.12.2013**
Direct interests:				
Joginder Singh A/L Bhag Singh#	1,556,500	–	–	1,556,500

\# *As at 25 June 2013, his appointment date.*

Indirect interests:				
Datin Sunita Mei-Lin Rajakumar*	1,000,000	–	–	1,000,000
Roushan A/L Arumugam**	23,000,000	–	–	23,000,000
Joginder Singh A/L Bhag Singh***	200,000	–	–	200,000

* *Deemed interested via her spouse's (Datuk Dr Jeyaindran C Sinnadurai) Warrants-A holdings in the Company.*

** *Deemed interested via his 100% equity interest in Littleton Holdings Pte. Ltd.*

*** *Deemed interested via his spouse's (Sarjit Kaur) Warrants-A holdings in the Company at 25 June 2013, his appointment date.*

	Number of Warrants-B			
	At 01.04.2013	**Allotted**	**Exercised**	**At 31.12.2013**
Indirect interests:				
Dr Kenneth Gerard Pereira*	83,611,200	–	–	83,611,200

* *Deemed interested via his 57.57% equity interest in Hibiscus Upstream.*

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 disclosed in Note 30 to 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 and any benefit that may deemed to have been received by certain Directors.

Neither during nor at the end of the financial period 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 PERIOD

The significant events subsequent to the financial period are disclosed in Note 36 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 24 April 2014.

DR KENNETH GERARD PEREIRA
DIRECTOR

ZAINUL RAHIM BIN MOHD ZAIN
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 88 to 160 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2013 and of the results and cash flows of the Group and Company for the financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 1965.

The supplementary information set out in Note 37 on page 161 have been prepared in accordance with the Guidance of 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.

Signed on behalf of the Board of Directors in accordance with their resolution dated 24 April 2014.

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 88 to 161 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by Joyce Theresa Sunita Vasudevan at Kuala Lumpur in the Federal Territory on this 24 April 2014.

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 88 to 160, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 36.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.

(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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 on page 161 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

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. 2684/11/15 (J))
Chartered Accountant

Kuala Lumpur
24 April 2014

Statements of Profit or Loss

For The Financial Period Ended 31 December 2013

		Group		Company	
	Note	Period ended 31.12.2013 RM	Year ended 31.03.2013 RM	Period ended 31.12.2013 RM	Year ended 31.03.2013 RM
Revenue	5	**13,343,695**	8,516,155	**10,675,813**	4,899,626
Other income	6	**18,189,500**	1,254,833	**992,526**	1,012,870
Administrative expenses		**(22,310,603)**	(15,343,068)	**(17,795,449)**	(10,425,384)
Other expenses		**(5,889,895)**	(747,837)	**(627,672)**	(747,837)
Finance costs	7	**(2,693,333)**	(2,582,829)	**(1,581,514)**	(1,220,160)
Share of results of an associate:					
– share of losses		**(403,508)**	(137,255)	**–**	–
– negative goodwill arising from acquisition	12	**–**	7,446,934	**–**	–
Share of losses of joint ventures		**(2,960,962)**	(2,337,040)	**–**	–
Gain on dilution of interest in a joint venture		**13,454,858**	–	**–**	–
Profit/(Loss) before taxation	8	**10,729,752**	(3,930,107)	**(8,336,296)**	(6,480,885)
Taxation	9	**1,405,036**	(266,628)	**–**	53,014
Profit/(Loss) after taxation		**12,134,788**	(4,196,735)	**(8,336,296)**	(6,427,871)
Profit/(Loss) after taxation attributable to:					
– owners of the Company		**12,134,788**	(4,196,735)	**(8,336,296)**	(6,427,871)
Earnings/(Loss) per share (sen)					
Basic	10	**2.63**	(0.96)		
Diluted	10	**1.74**	(0.96)		

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

Statements of Comprehensive Income

For The Financial Period Ended 31 December 2013

	Group		Company	
	Period ended 31.12.2013 RM	**Year ended 31.03.2013 RM**	**Period ended 31.12.2013 RM**	**Year ended 31.03.2013 RM**
Profit/(Loss) after taxation	**12,134,788**	(4,196,735)	**(8,336,296)**	(6,427,871)
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	**9,313,786**	1,969,599	**–**	–
Total comprehensive income/(expenses) for the financial period/year, net of tax	**21,448,574**	(2,227,136)	**(8,336,296)**	(6,427,871)
Total comprehensive income/(expenses) attributable to:				
– owners of the Company	**21,448,574**	(2,227,136)	**(8,336,296)**	(6,427,871)

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

Statements of Financial Position

As At 31 December 2013

	Note	Group		Company	
		31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	11	**–**	–	**264,897,361**	241,216,589
Investment in an associate	12	**13,757,949**	14,161,457	**–**	–
Investments in joint ventures	13	**209,156,284**	180,769,740	**–**	–
Intangible assets	15	**61,786,917**	44,179,141	**–**	–
Equipment	16	**31,123,565**	3,831,183	**4,020,183**	3,822,781
Amounts owing by subsidiaries	18	**–**	–	**16,380,958**	–
		315,824,715	242,941,521	**285,298,502**	245,039,370
CURRENT ASSETS					
Other receivables, deposits and prepayments	17	**2,239,114**	656,072	**1,598,848**	373,739
Tax recoverable		**1,241,287**	90,000	**90,000**	90,000
Amounts owing by subsidiaries	18	**–**	–	**17,938,105**	14,877,979
Amount owing by an associate	27	**1,967,333**	–	**–**	–
Amounts owing by joint ventures	19	**4,983,761**	572,075	**–**	–
Amounts owing by related parties	20	**–**	–	**591,029**	–
Fixed deposits with licensed banks	21	**34,755,051**	58,881,270	**26,842,205**	55,936,643
Cash and bank balances	21	**27,650,409**	67,107,571	**18,275,680**	4,107,197
		72,836,955	127,306,988	**65,335,867**	75,385,558
TOTAL ASSETS		**388,661,670**	370,248,509	**350,634,369**	320,424,928

		Group		Company	
	Note	31.12.2013 RM	31.03.2013 RM	31.12.2013 RM	31.03.2013 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	**5,098,757**	4,403,947	**5,098,757**	4,403,947
Other reserves	23	**363,186,863**	247,163,121	**353,217,833**	246,507,877
Retained earnings/(accumulated losses)		**1,849,035**	(10,285,753)	**(20,890,037)**	(12,553,741)
		370,134,655	241,281,315	**337,426,553**	238,358,083
NON-CURRENT LIABILITIES					
Deferred tax liabilities	24	**–**	317,832	**–**	–
Convertible Redeemable Preference Shares	25	**–**	79,369,400	**–**	79,369,400
		–	79,687,232	**–**	79,369,400
CURRENT LIABILITIES					
Other payables and accruals	26	**16,241,818**	5,116,096	**11,437,072**	2,032,801
Amounts owing to subsidiaries	18	**–**	–	**543,553**	445,256
Amount owing to an associate	27	**1,018,006**	29,676,854	**–**	–
Provision for taxation		**40,000**	6,262	**–**	–
Discovery bonus payable	28	**–**	14,261,362	**–**	–
Redeemable Convertible Preference Shares	29	**219,388**	219,388	**219,388**	219,388
Convertible Redeemable Preference Shares	25	**1,007,803**	–	**1,007,803**	–
		18,527,015	49,279,962	**13,207,816**	2,697,445
TOTAL LIABILITIES		**18,527,015**	128,967,194	**13,207,816**	82,066,845
TOTAL EQUITY AND LIABILITIES		**388,661,670**	370,248,509	**350,634,369**	320,424,928

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

Statements of Changes In Equity

For The Financial Period Ended 31 December 2013

	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 Convertible Redeemable Preference Shares	–	–	–	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 income/ (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

	Share capital RM	Share premium RM	Warrant reserve RM	Other reserve RM	Foreign exchange reserve RM	Retained earnings/ (accumulated losses) RM	Total RM
Group							
At 01.04.2013	**4,403,947**	**154,724,486**	**91,593,045**	**190,346**	**655,244**	**(10,285,753)**	**241,281,315**
Conversion of warrants	**130,868**	**10,253,286**	**(3,840,754)**	**–**	**–**	**–**	**6,543,400**
Conversion of Convertible Redeemable Preference Shares	**563,942**	**100,487,395**	**–**	**(189,971)**	**–**	**–**	**100,861,366**
Profit after taxation	**–**	**–**	**–**	**–**	**–**	**12,134,788**	**12,134,788**
Other comprehensive income, net of tax: Foreign currency translation	**–**	**–**	**–**	**–**	**9,313,786**	**–**	**9,313,786**
Total comprehensive income for the financial period	**–**	**–**	**–**	**–**	**9,313,786**	**12,134,788**	**21,448,574**
At 31.12.2013	**5,098,757**	**265,465,167**	**87,752,291**	**375**	**9,969,030**	**1,849,035**	**370,134,655**

	Share capital RM	Share premium RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM	Total RM
Company						
At 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 Convertible Redeemable Preference Shares	–	–	–	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

	Share capital RM	Share premium RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM	Total RM
Company						
At 01.04.2013	**4,403,947**	**154,724,486**	**91,593,045**	**190,346**	**(12,553,741)**	**238,358,083**
Conversion of warrants	**130,868**	**10,253,286**	**(3,840,754)**	**–**	**–**	**6,543,400**
Conversion of Convertible Redeemable Preference Shares	**563,942**	**100,487,395**	**–**	**(189,971)**	**–**	**100,861,366**
Loss after taxation/total comprehensive expenses for the financial period	**–**	**–**	**–**	**–**	**(8,336,296)**	**(8,336,296)**
At 31.12.2013	**5,098,757**	**265,465,167**	**87,752,291**	**375**	**(20,890,037)**	**337,426,553**

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

Statements of Cash Flows

For The Financial Period Ended 31 December 2013

	Note	Group		Company	
		Period ended 31.12.2013 RM	**Year ended 31.03.2013 RM**	**Period ended 31.12.2013 RM**	**Year ended 31.03.2013 RM**
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		**10,729,752**	(3,930,107)	**(8,336,296)**	(6,480,885)
Adjustments for:					
Depreciation of equipment		**511,337**	229,832	**505,011**	228,952
Interest income		**(1,334,068)**	(2,332,260)	**(1,005,598)**	(2,201,606)
Unrealised gain on foreign exchange		**(859,467)**	(1,004,833)	**(460,413)**	(145,709)
Unrealised loss on foreign exchange		**5,378,557**	–	**122,661**	–
Qualifying acquisition expenses		**–**	45,662	**–**	45,662
Finance costs		**2,693,333**	2,582,829	**1,581,514**	1,220,160
Share of results of an associate:					
– share of losses		**403,508**	137,255	**–**	–
– negative goodwill arising from acquisition		**–**	(7,446,934)	**–**	–
Share of losses of joint ventures		**2,960,962**	2,337,040	**–**	–
Gain on dilution of interest in a joint venture	13	**(13,454,858)**	–	**–**	–
Reversal of discovery bonus payable		**(15,793,229)**	–	**–**	–
Operating loss before working capital changes		**(8,764,173)**	(9,381,516)	**(7,593,121)**	(7,333,426)
Increase in other receivables, deposits and prepayments		**(1,278,668)**	(436,373)	**(1,225,108)**	(160,697)
Increase in other payables and accruals		**5,959,538**	4,213,519	**3,950,770**	1,172,655
Increase in amounts owing by subsidiaries		**–**	–	**(7,395,794)**	(2,792,236)
(Increase)/decrease in amount owing by joint ventures		**(4,411,640)**	1,371,922	**–**	–
Increase in amount owing by related parties		**–**	–	**(591,029)**	–
Increase in amount owing by an associate		**(1,995,796)**	–	**–**	–
(Decrease)/increase in amount owing to an associate		**(26,274,056)**	29,405,501	**–**	–
CASH (USED IN)/GENERATED FROM OPERATIONS		**(36,764,795)**	25,173,053	**(12,854,282)**	(9,113,704)
Income tax paid		**–**	(557,338)	**–**	(557,338)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(36,764,795)**	24,615,715	**(12,854,282)**	(9,671,042)

		Group		Company	
	Note	Period ended 31.12.2013 RM	Year ended 31.03.2013 RM	Period ended 31.12.2013 RM	Year ended 31.03.2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment		**(28,235,661)**	(3,401,182)	**(702,413)**	(3,391,977)
Interest received		**1,334,068**	2,332,260	**1,005,598**	2,201,606
Qualifying acquisition expenses paid		**–**	(295,366)	**–**	(295,366)
Investments in subsidiaries		**–**	–	**(19,878,752)**	(71,354,581)
Investment in an associate		**–**	(6,851,778)	**–**	–
Investments in joint ventures		**(7,947,375)**	(157,335,000)	**–**	–
Acquisition of intangible assets		**(22,116,997)**	(43,775,185)	**–**	–
Advances to subsidiaries		**–**	–	**(15,847,310)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(56,965,965)**	(209,326,251)	**(35,422,877)**	(72,840,318)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment to subsidiaries		**–**	–	**–**	(166,087,088)
Proceeds from issuance of ordinary shares		**6,543,400**	11,173,401	**6,543,400**	11,173,401
Proceeds from issuance of CRPS and related expenses paid		**20,918,255**	79,480,000	**20,918,255**	79,480,000
Deposit received from a CRPS placee	21	**5,453,500**	500,000	**5,453,500**	500,000
Share issuance costs paid		**–**	(1,140,414)	**–**	(1,140,414)
Advances from subsidiaries		**–**	–	**98,297**	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**32,915,155**	90,012,987	**33,013,452**	(76,074,101)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(60,815,605)**	(94,697,549)	**(15,263,707)**	(158,585,461)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		**(2,767,776)**	2,162,391	**337,752**	145,709
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		**125,988,841**	218,523,999	**60,043,840**	218,483,592
		62,405,460	125,988,841	**45,117,885**	60,043,840
LESS: CASH RESTRICTED IN USE	21	**(14,545,456)**	(62,650,467)	**(5,736,944)**	(500,000)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	21	**47,860,004**	63,338,374	**39,380,941**	59,543,840

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

Notes To The Financial Statements

For The Financial Period Ended 31 December 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, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	2nd Floor, Syed Kechik Foundation Building, Jalan Kapas, Bangsar, 59100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 24 April 2014.

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 period.

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 requirements of Companies Act, 1965 in Malaysia.

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

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's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4(a) to the financial statements.

ABOUT US
CHAIRMAN'S STATEMENT
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL HIGHLIGHTS
CALENDAR OF EVENTS
CORPORATE INFORMATION
CORPORATE STRUCTURE
BOARD OF DIRECTORS
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 ORDINARY SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
NOTICE OF THE 4TH ANNUAL GENERAL MEETING
FORM OF PROXY

3 BASIS OF PREPARATION (CONTINUED)

(a) Standards and amendments to published standards that are effective

The following standards and amendments to published standards have been adopted by the Group and the Company for the first time for the financial period beginning on or after 1 April 2013:

- Amendment to MFRS 101, 'Presentation of Items of Other Comprehensive Income' 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.

- MFRS 10, 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. 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. The adoption of MFRS 10 has called for the reassessment of the Company's involvement with the investee and the resulting impact of this to the Group is not material.

- MFRS 11, 'Joint Arrangements' 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 arrangement: 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 venture 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 adoption of MFRS 11 has called for the reassessment of the Company's involvement with the investee and the resulting impact of this to the Group is not material.

- MFRS 12, 'Disclosures of Interests in Other Entities' sets out the required disclosures for all forms of interest in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. 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. The relevant disclosures have been made accordingly in Notes 11, 12, 13 and 14 to the financial statements.

- MFRS 13, 'Fair Value Measurement' 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 adoption of this standard did not have any significant impact to the Group and the Company other than as disclosed in Notes 12 and 18 to the financial statements.

3 BASIS OF PREPARATION (CONTINUED)

(a) Standards and amendments to published standards that are effective (continued)

- Amendment to MFRS 7, 'Financial Instruments: Disclosures' 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. Since these amendments only affect disclosure, the adoption of these amendments did not have any financial impact to the Group.

(b) Amendments to published standard early adopted by the Group and the Company

The amendments to MFRS 136, 'Impairment of Assets' removed certain disclosures of the recoverable amount of cash generating units ("CGUs") which had been included in MFRS 136 by the issuance of MFRS 13, 'Fair Values'. The amendment is not mandatory for the Group until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 April 2013.

Accordingly, these amendments have been considered while making disclosures for impairment of non-financial assets in Notes 4(a)(ii), 4(a)(iii) and 4(a)(iv) to the financial statements.

(c) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective

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

(i) Effective from financial year beginning on/after 1 January 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.

- Amendments to MFRS 10, MFRS 12 and MFRS 127, 'Separate Financial Statements' (effective from 1 January 2014) introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them. The impact of the above standards and amendments to published standards on the financial statements are being assessed.

The Group and the Company are assessing the impact of the above amendments to the financial statements.

3 BASIS OF PREPARATION (CONTINUED)

(c) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

The Group and the Company will apply the new standards and amendments to published standards in the following periods: (continued)

(ii) Effective date yet to be determined by Malaysian Accounting Standards Board

- MFRS 9, 'Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities' replaces the parts of MFRS 139, 'Financial Instruments: Recognition and Measurement' that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch. The Group is yet to assess MFRS 9's full impact. The Group will also consider the impact of the remaining phases of MFRS 9 when completed by the Malaysian Accounting Standards Board.

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) Classification of joint arrangement

The Group's interest in joint ventures, Lime Petroleum Plc ("Lime") and HIREX, are structured in separate incorporated entities based in Isle of Man and Malaysia respectively.

The Group holds a 35% interest in Lime through a shareholders' agreement signed between Rex Middle East Ltd ("Rex") (formerly known as Rex Oil & Gas Ltd), Schroder & Co Banque SA, Gulf Hibiscus Limited ("Gulf Hibiscus") and Lime dated 24 October 2011. Under the joint arrangement agreement, unanimous consent is required from all parties to the agreement for all key relevant activities.

The Group and the parties to the agreement only have rights to the net assets of Lime through the terms of the contractual arrangement.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical accounting estimates and judgements (continued)

(i) Classification of joint arrangement (continued)

The Group holds a 41% interest in HIREX through a shareholders' agreement signed between Rex South East Asia Ltd ("Rex SEA"), Orient Hibiscus Sdn. Bhd. ("Orient Hibiscus"), Rex International Holding Pte Ltd, the Company and HIREX on 21 March 2013. Under the joint arrangement agreement, unanimous consent is required from Rex SEA and Orient Hibiscus to the agreement for all key relevant activities. The Group and the parties to the agreement (including Triax Ventures Corp ("Triax") and a minority shareholder via an executed deed) only have rights to the net assets of HIREX through the terms of the contractual arrangement.

These arrangements are therefore classified as joint ventures of the Group.

(ii) Impairment on investments in joint ventures

Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is determined by the higher of net selling price and value in use.

The carrying amount of investment in joint ventures is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. The Group assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, for example, changes in the Group's business plans, evidence of physical damage or significant downward revisions of estimated oil and gas volumes or increases in estimated future development expenditure. If any such indication of impairment exists, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

Investment in Lime, its subsidiaries and joint ventures ("Lime Group")

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 joint venture and correspondingly, the profit or loss. Management has performed an impairment assessment of the Group's investments in Lime Group as at 31 December 2013. The Group has treated Lime Group as a CGU for the purposes of impairment assessment.

The value in use calculation for Lime Group is based on a Risked Net Asset Value ("RNAV") model which is a commonly used approach in valuing small to medium sized exploration and production companies.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical accounting estimates and judgements (continued)

(ii) Impairment on investments in joint ventures (continued)

Investment in Lime, its subsidiaries and joint ventures ("Lime Group") (continued)

The key bases and assumptions used under the RNAV model are as follows:

- Aker Geo AS (''Aker Geo"), an independent petroleum sub-surface consultancy firm, was appointed in 2011 to assess the best estimate net risked recoverable resources after including the geological chance of success ("GCoS") for each of the prospects within the Block 50 Oman, Sharjah and RAK Offshore concessions ("3 Middle East Offshore Concessions"). An average GCoS of between 5% to 37% was applied on the prospects evaluated within these concessions.

- Pareto Securities Asia Pte Ltd ("Pareto") was appointed in 2011 to conduct an independent financial valuation on Lime Group. Pareto had used a net present value ("NPV")/barrel of oil equivalent ("boe") value based on existing comparable fields in the United Arab Emirates and Oman. The NPV/boe ranging between USD4.20 to USD6.40 per barrel was applied to the recoverable volumes to compute the expected monetary value of the 3 Middle East Offshore Concessions after considering the cost of drilling.

- The RNAV to the Group's 35% share was computed after applying a 60% commercial risking rate (to take into account risks relating to the development process of oil and gas fields), and assuming that 50% of the interests held in the 3 Middle East Offshore Concessions by Lime would be farmed-out to fund future drilling activities.

It should be noted that the GCoS applied by Aker Geo for the prospects within Block 50 Oman was prior to the recent oil discovery in the GA-South prospect.

The RNAV model prepared by management has also not included any internal estimates of resource volumes in the RAK Onshore concession, and interests in its existing 14 concessions in Norway.

The valuation reports prepared by the independent valuers were based on data available in late 2011. With time, it is possible that conclusions and evaluations may vary significantly as new information becomes available. The Directors have performed a review in 2013 and are of the opinion that no material changes are required to the assessment.

The Group's review also included an impact assessment of changes in key assumptions such as 10% changes in GCoS, NPV/boe and recoverable volumes. Based on the assessment performed by management, the Directors concluded that the recoverable amount, calculated based on value in use, is higher than the carrying amount and based on the sensitivity analyses performed, the Directors concluded that no reasonable change in the base case assumptions would cause the carrying amount of the CGU to exceed its recoverable amount.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical accounting estimates and judgements (continued)

(ii) Impairment on investments in joint ventures (continued)

Investment in HIREX

As at 31 December 2013, the Directors applied judgement in referencing the joint venture's enterprise value to a recent sales consideration received from Triax, a corporate investor, who had subscribed for a 15% equity interest in HIREX for USD10 million in July 2013, as the reflection of the enterprise value. Based on this recent transaction in July 2013, the estimated value of the 41% stake in HIREX held by the Group (through Orient Hibiscus) was concluded to be greater than the carrying value as at 31 December 2013.

(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.

Amongst other factors, changes in the underlying estimated reserves will have an impact to the recoverable amount of the investment.

The associate will require to secure funding by means of a capital raising, debt financing, sale of assets, farm out or a combination of these in order to manage its working capital commitments.

An impairment assessment was performed for the Group's investment in 3D Oil Limited ("3D Oil") by comparing the higher of fair value less cost to sell and value in use. As 3D Oil shares are publicly traded on the Australian Stock Exchange, the market price of the shares was used for determining the fair value less cost to sell. As at 31 December 2013, the share price was AUD0.125 per share. The cost to sell is estimated to be immaterial. The Directors compared this against the cost of acquisition of 3D Oil shares on 14 August 2012 of AUD0.066 per share. 3D Oil has a 49.9% interest in VIC/P57. The value in use is determined by using the same assumptions as set out in Note 4(a)(iv). The resultant value in use is higher than the carrying amount of RM13,757,949 as at 31 December 2013.

(iv) Impairment on intangible assets

The recoverable amount of the intangible assets relating to VIC/P57 is determined based on the value in use of the CGU to which the asset is allocated. Value in use is the estimated future cash flows from the CGU and discounted at a suitable discount rate in order to determine the present value of those cash flows.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical accounting estimates and judgements (continued)

(iv) Impairment on intangible assets (continued)

The value in use calculation is based on a discounted cash flow ("DCF") model. These are derived based on the expected cash in/outflow pattern during the production licence period. The key assumptions used to determine the recoverable amount are as follows:

- Discount rate of 10%.
- 5 years projections up to 2019 which is the expected economic limit cut off for the field.
- Total project capital expenditures of approximately USD140 million (before the potential sale and leaseback of mobile offshore production unit ("MOPU") rig).
- Total P50 reserves and contingent resources based on the assessment by independent oil and gas reserve experts.
- Oil price of USD100 per barrel up to 2019.
- First oil being achieved in August 2015.

The Group's review includes an impact assessment of changes in key assumptions such as changes of 10% in production levels, oil price, increases in operating costs and development costs and delay in first oil by 6 months.

Based on the assessment performed, the Directors concluded that the recoverable amount, calculated based on the DCF model, is higher than the carrying amount and based on the sensitivity analyses performed, the Directors concluded that no reasonable change in the base case assumptions would cause the carrying amount of the CGU to exceed its recoverable amount.

(b) Basis of consolidation

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

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

Changes in ownership interests in subsidiaries without change of control

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.

Disposal of subsidiaries

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.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Oil and gas expenditure - exploration and evaluation ("E&E") assets

Pre-acquisition costs on oil and gas assets are recognised in the profit or loss 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 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; or
  - (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 areas 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.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. The Group will allocate E&E assets to CGUs or groups of CGUs for the purpose of assessing such assets for impairment. Each CGU or group of units to which an E&E asset is allocated will not be larger than an operating segment as disclosed in Note 32 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 Group and the Company.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Currency translation (continued)

(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.

(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.

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. Exchange differences are recognised in other comprehensive income.

(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 assets, 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 or an asset 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

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. The Group 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.

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. The Group had not entered into any hedging activities as at the reporting date.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

(ii) Financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(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.

(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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

(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 contract is 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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment in an associate (continued)

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. When necessary, adjustments are made to the financial results of the associate to ensure consistency of accounting policies with those of the Group.

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) Investments in joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method - refer above).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its in interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets

Expenditure on rights and concession relates to capitalisation of 49.9% of the AUD27 million payment for the farm-in investment in the VIC/P57 permit 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 intangible 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%

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 (CONTINUED)

(j) Equipment (continued)

Expenses incurred for the construction of tangible assets attributable to ongoing projects incurred are capitalised as 'work in progress'. Capitalisation is made within tangible assets according to the nature of the expenditure. No depreciation is charged during this phase until the asset is ready for use. The depreciation rate would be calculated based on the useful life of the asset to be assessed once it is ready for use.

(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 an asset 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. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable 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.

ABOUT US
CHAIRMAN'S STATEMENT
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL HIGHLIGHTS
CALENDAR OF EVENTS
CORPORATE INFORMATION
CORPORATE STRUCTURE
BOARD OF DIRECTORS
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 ORDINARY SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
NOTICE OF THE 4TH ANNUAL GENERAL MEETING
FORM OF PROXY

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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. The increase in the provision due to passage of time is recognised as finance cost.

(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 (CONTINUED)

(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. Interest income consists of income from deposits with licensed banks and financial institutions.

(q) Other income

Other income includes:

(i) amounts related to overhead income which is derived from charges to a joint operation to compensate for the operator's administrative contribution of performing services that is not to be considered as direct charge for the benefit of the joint operation. The operator is allowed to recover its indirect charges for the administrative contributions for supporting the joint operation by charging the non-operator the allowed overhead which is calculated based on the agreed percentages under the joint operating agreement.

(ii) income from financial guarantee contract, which is recognised on accrual basis over the period of the contract.

(iii) director's fee received from an associate company, which is recognised on an accrual basis.

(iv) reversal of discovery bonus payable. Refer to Note 28 to the financial statements.

ABOUT US
CHAIRMAN'S STATEMENT
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL HIGHLIGHTS
CALENDAR OF EVENTS
CORPORATE INFORMATION
CORPORATE STRUCTURE
BOARD OF DIRECTORS
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 ORDINARY SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
NOTICE OF THE 4TH ANNUAL GENERAL MEETING
FORM OF PROXY

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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	
	Period ended 31.12.2013 RM	**Year ended 31.03.2013 RM**	**Period ended 31.12.2013 RM**	**Year ended 31.03.2013 RM**
Project management, technical and other services fees	**12,009,627**	6,183,895	**9,670,215**	2,698,020
Interest income	**1,334,068**	2,332,260	**1,005,598**	2,201,606
	13,343,695	8,516,155	**10,675,813**	4,899,626

6 OTHER INCOME

	Group		Company	
	Period ended 31.12.2013 RM	**Year ended 31.03.2013 RM**	**Period ended 31.12.2013 RM**	**Year ended 31.03.2013 RM**
Forfeiture of CRPS deposit	**–**	250,000	**–**	250,000
Performance guarantee fee	**–**	–	**89,335**	617,161
Reversal of discovery bonus payable	**15,793,229**	–	**–**	–
Joint Operating Agreement indirect overheads recovery from joint operation	**1,034,562**	–	**–**	–
Directors' fee from an associate	**181,756**	–	**181,756**	–
Unrealised gain on foreign exchange	**859,467**	1,004,833	**460,413**	145,709
Realised gain on foreign exchange	**319,721**	–	**261,022**	–
Sundry income	**765**	–	**–**	–
	18,189,500	1,254,833	**992,526**	1,012,870

7 FINANCE COSTS

	Group		Company	
	Period ended 31.12.2013 RM	**Year ended 31.03.2013 RM**	**Period ended 31.12.2013 RM**	**Year ended 31.03.2013 RM**
Finance costs in relation to:				
– discovery bonus payable	**1,111,819**	1,362,669	**–**	–
– liability portion of CRPS	**1,581,514**	1,220,160	**1,581,514**	1,220,160
	2,693,333	2,582,829	**1,581,514**	1,220,160

8 PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	Period ended 31.12.2013 RM	**Year ended 31.03.2013 RM**	**Period ended 31.12.2013 RM**	**Year ended 31.03.2013 RM**
Profit/(Loss) before taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
– fees for statutory audit				
– PricewaterhouseCoopers, Malaysia	**220,975**	175,826	**168,025**	118,500
– member firm of PricewaterhouseCoopers International Limited	**112,682**	89,417	**–**	22,604
– fees for audit related services				
– PricewaterhouseCoopers, Malaysia*	**316,500**	307,000	**316,500**	162,000
– fees for other services				
– member firm of PricewaterhouseCoopers International Limited**	**354,100**	527,136	**354,100**	80,596
Prospecting costs and consultancy fees	**7,856,529**	2,259,806	**7,463,522**	1,847,940
Depreciation of equipment	**511,337**	229,832	**505,011**	228,952
Qualifying acquisition expenses	**–**	45,662	**–**	45,662
Rental expenses	**231,975**	237,300	**231,975**	237,300
Staff costs:				
– Directors' fees	**120,333**	139,133	**120,333**	139,133
– salaries	**8,883,379**	8,125,394	**6,223,142**	5,297,453
– defined contribution plan	**514,564**	508,957	**493,545**	495,786
– other benefits	**263,355**	411,984	**320,894**	353,245
Foreign exchange:				
– realised gain	**(319,721)**	–	**(261,022)**	–
– realised loss	**–**	473,222	**–**	473,222
– unrealised gain	**(859,467)**	(1,004,833)	**(460,413)**	(145,709)
– unrealised loss	**5,378,557**	–	**122,661**	–

8 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

Director's remuneration included within staff costs is as disclosed in Note 30 to the financial statements.

* Includes fees paid or payable to PricewaterhouseCoopers, Malaysia which are capitalised during the financial period for the Group and the Company amounting to RM133,000. The fees are in relation to a corporate exercise undertaken by the Group and the Company and quarterly review/procedures during the financial period.

** Includes fees relating to the proposed acquisition of an investment by the Group and tax advisory services paid or payable to member firms of PricewaterhouseCoopers International Limited, net of amount recoverable from a third party.

9 TAXATION

	Group		Company	
	Period ended 31.12.2013 RM	**Year ended 31.03.2013 RM**	**Period ended 31.12.2013 RM**	**Year ended 31.03.2013 RM**
Current tax:				
– Malaysian income tax	**38,716**	4,716	**–**	–
– Foreign income tax	**(1,151,287)**	–	**–**	–
– Overprovision in the previous financial year	**–**	(12,014)	**–**	(12,014)
	(1,112,571)	(7,298)	**–**	(12,014)
Deferred tax expense (Note 24):				
– (Reversal)/origination of temporary differences	**(292,465)**	273,926	**–**	(41,000)
	(1,405,036)	266,628	**–**	(53,014)

9 TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to the profit/(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	
	Period ended 31.12.2013 RM	**Year ended 31.03.2013 RM**	**Period ended 31.12.2013 RM**	**Year ended 31.03.2013 RM**
Profit/(Loss) before taxation	**10,729,752**	(3,930,107)	**(8,336,296)**	(6,480,885)
Tax at the statutory tax rate of 25%	**2,682,438**	(982,527)	**(2,084,074)**	(1,620,221)
Non-deductible expenses	**2,724,195**	1,147,793	**1,068,100**	852,384
Non-taxable income	**(3,788,918)**	(2,237,604)	**–**	(62,500)
Effects of tax rates in different jurisdictions	**(3,362,916)**	773,250	**–**	–
Capital gains tax in relation to farm-in investment in VIC/P57	**–**	745,174	**–**	–
Temporary differences not recognised	**1,264,748**	832,556	**1,015,974**	789,337
Recognition of previously unrecognised temporary differences	**(205,340)**	–	**–**	–
Overprovision in the previous financial year	**–**	(12,014)	**–**	(12,014)
Research and development tax incentive, net of previously unrecognised tax losses	**(719,243)**	–	**–**	–
Income tax (income)/expense for the financial period/year	**(1,405,036)**	266,628	**–**	(53,014)

Included in income tax expense of the Company are tax savings amounting to RM251,399 (31.03.2013: RM550,402) from the utilisation of current financial period tax loss.

10 EARNINGS/(LOSS) PER SHARE

The basic earnings per share for the financial period ended 31 December 2013 is arrived at by dividing the Group's profit attributable to the owners of the Company of RM12,134,788 (31.03.2013: loss attributable to the owners of the Company of RM4,196,735) by the weighted average number of ordinary shares in issue during the financial period of 461,926,112 shares (31.03.2013: 436,890,353 shares).

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Diluted earnings per share is arrived at by dividing the Group's profit attributable to the owners of the Company for the financial period of RM13,716,302 by the weighted average number of shares of 786,436,214.

The diluted loss per share for the Group for the financial year ended 31 March 2013 is the basic loss per share as the assumed conversion from the exercise of Warrants-A, Warrants-B and CRPS would be anti-dilutive.

11 INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2013 RM	**31.03.2013 RM**
Unquoted shares in Malaysia, at cost:		
At beginning of the financial period/year	**241,216,589**	169,862,008
Additions during the financial period/year	**23,680,772**	71,354,581
At end of the financial period/year	**264,897,361**	241,216,589

The additions during the financial period amounting to RM19,878,750 relates to subscription of shares in Oceania Hibiscus Sdn. Bhd. ("Oceania Hibiscus"), RM2 relates to the subscription of shares in Genesis Hibiscus Sdn. Bhd. ("Genesis Hibiscus") and RM3,802,020 relates to the difference between the fair value at initial recognition of amounts owing by subsidiaries and the transaction amount. The fair value has been determined on the basis disclosed in Note 18 to the financial statements.

The details of the subsidiaries are as follows:

			Group's effective equity interest (%)	
Name of company	**Principal activities**	**Country of incorporation**	**31.12.2013**	**31.03.2013**
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	Investment holding	Malaysia	**100**	100
Oceania Hibiscus	Investment holding	Malaysia	**100**	100
Genesis Hibiscus*	Investment holding	Malaysia	**100**	–

* *Acquired during the financial period, on 26 September 2013.*

11 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 31.12.2013	Group's effective equity interest (%) 31.03.2013
Subsidiary of Orient Hibiscus				
HIREX	Exploration of oil and gas	Malaysia	– **	100
Subsidiaries of Oceania Hibiscus				
Carnarvon Hibiscus Pty Ltd ("Carnarvon Hibiscus")***	Exploration and development of oil and gas	Australia	**100**	100
Althea Corporation Limited ("Althea Corporation")****	Investment holding	Malaysia	**100**	–
Subsidiary of Genesis Hibiscus				
Cayman Hibiscus Inc SPC*****	Dormant	Cayman Islands	**100**	–

** *Interest in HIREX has been diluted during the period and classified under investments in joint ventures. Refer to Note 13 of the financial statements.*

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

**** *The Group has elected for all its subsidiaries incorporated in Labuan, being Gulf Hibiscus, Hibiscus Oilfield and Althea Corporation, to be subject to taxation under Section 7 of the Labuan Business Activity Tax Act 1990 for the financial period ended 31 December 2013. As such, the financial statements for these subsidiaries were not required to be audited.*

***** *Acquired by Genesis Hibiscus during the financial period, on 26 September 2013. The financial statements were not required to be audited based on the regulation of its country of incorporation. The Company has not commenced operations during the financial period ended 31 December 2013.*

12 INVESTMENT IN AN ASSOCIATE

	Group	
	31.12.2013 RM	**31.03.2013 RM**
At 01.04.2013/01.04.2012	**14,161,457**	–
Additions during the financial period/year	**–**	6,851,778
Share of post-acquisition results and reserves:		
– Negative goodwill arising from acquisition	**–**	7,446,934
– Share of losses	**(403,508)**	(137,255)
At 31.12.2013/31.03.2013	**13,757,949**	14,161,457
Fair value of quoted shares (Level 1)	**11,310,397**	9,989,593

Refer to Note 4(a)(iii) for critical estimates and judgement relating to the carrying amount of the associate.

Set out below is the summarised financial information for 3D Oil which is accounted for using equity method:

	Group	
	31.12.2013 RM	**31.03.2013 RM**
Revenue	**152,430**	74,700
Loss after taxation	**(3,094,387)**	(1,052,566)
Other comprehensive income	**–**	–
Total comprehensive income	**(3,094,387)**	(1,052,566)
Non-current assets	**110,794,235**	68,516,294
Current assets	**6,311,552**	52,098,631
Non-current liabilities	**(12,295,126)**	(12,051,691)
Current liabilities	**(1,659,821)**	(2,318,004)
Net assets	**103,150,840**	106,245,230
Group's share of net assets (13.04%)	**13,450,870**	13,854,378
Transaction costs capitalised	**307,079**	307,079
Carrying amount	**13,757,949**	14,161,457

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

12 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Nature of investment in associate is as follows:

Name of company	Principal activities	Place of business/ Country of incorporation	Measurement method	Year end	Group's effective equity interest (%)	
					31.12.2013	**31.03.2013**
3D Oil*	Exploration and development of upstream oil and gas assets	Australia	Equity	30 June	**13.04**	13.04

* *3D Oil is a joint venture partner to VIC/P57 and VIC/L31.*

There are no contingent liabilities relating to the Group's interest in the associate.

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 as of 31 March 2013 is 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

ABOUT US
CHAIRMAN'S STATEMENT
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL HIGHLIGHTS
CALENDAR OF EVENTS
CORPORATE INFORMATION
CORPORATE STRUCTURE
BOARD OF DIRECTORS
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 ORDINARY SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
NOTICE OF THE 4TH ANNUAL GENERAL MEETING
FORM OF PROXY

13 INVESTMENTS IN JOINT VENTURES

	Group	
	31.12.2013 RM	**31.03.2013 RM**
Unquoted shares outside Malaysia, at cost:		
At beginning of the financial period/year	**180,769,740**	12,258,000
Additions during the financial period/year	**7,947,375**	170,815,788
Gain on dilution of interest	**12,352,931**	–
Share of post-acquisition results and reserves	**(3,510,531)**	(2,432,843)
Exchange differences	**11,596,769**	128,795
	209,156,284	180,769,740

Set out below is the summarised financial information for Lime which is accounted for using equity method:

	Group	
	31.12.2013 RM	**31.03.2013 RM**
Summarised financial position for joint venture – Lime		
Current assets		
Cash and cash equivalents	**7,939,972**	93,982,019
Other current assets (excluding cash)	**29,306,154**	33,170,619
Total current assets	**37,246,126**	127,152,638
Trade and other payables	**(21,145,432)**	(5,040,232)
Total current liabilities	**(21,145,432)**	(5,040,232)
Non-current assets	**550,955,074**	394,626,914
Net assets	**567,055,768**	516,739,320
Group's share of net assets (35%)	**198,469,519**	180,858,762
Elimination of unrealised profit	**(184,318)**	(89,022)
Carrying amount	**198,285,201**	180,769,740
Summarised statement of comprehensive income – Lime		
Interest income	**686,708**	648,635
Interest expenses	**(637,316)**	(50,689)
Loss before taxation	**(21,485,314)**	(11,149,657)
Income tax refund	**15,908,461**	4,733,744
Loss after taxation	**(5,576,853)**	(6,415,913)
Other comprehensive expenses	**(203,400)**	(18,808)
Total comprehensive expenses	**(5,780,253)**	(6,434,721)

13 INVESTMENTS IN JOINT VENTURES (CONTINUED)

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

Set out below is the summarised financial information for HIREX which is accounted for using equity method:

	Group
	31.12.2013 **RM**
Summarised financial position for joint venture – HIREX	
Current assets	
Cash and cash equivalents	**24,635,447**
Other current assets (excluding cash)	**994,095**
Total current assets	**25,629,542**
Trade and other payables	**(531,088)**
Total current liabilities	**(531,088)**
Non-current assets	**552,351**
Non-current liabilities	**(17,915)**
Net assets	**25,632,890**
Group's share of net assets (41%)	**10,509,485**
Gain on retained non-controlling investment	**361,598**
Carrying amount	**10,871,083**
Summarised statement of comprehensive income – HIREX	
Interest income	**52,746**
Depreciation	**(12,404)**
Loss before taxation	**(5,778,171)**
Income tax expenses	**(31,046)**
Loss after taxation	**(5,809,217)**
Total comprehensive expenses	**(5,809,217)**

The information above reflects the amounts presented in the financial statements of the joint venture (and not Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

13 INVESTMENTS IN JOINT VENTURES (CONTINUED)

The details of the joint ventures below have share capital consisting solely of ordinary shares, which is held directly by the Group:

					Group's effective equity interest (%)	
Name of company	**Principal activities**	**Place of business/ Country of incorporation**	**Measurement method**	**Year end**	**31.12.2013**	**31.03.2013**
Lime*	Oil and gas exploration and production business	Isle of Man	Equity	31 December	**35.0**	35.0
HIREX**	Exploration of oil and gas	Malaysia	Equity	31 December	**41.0**	–

* Lime provides the Group the opportunity to access high-potential acreage in the prolific petroleum basins of the Middle East and Norway.

** HIREX is a joint venture between Orient Hibiscus and Rex SEA which provides HIREX the first right of refusal to participate in exploration opportunities through the utilisation of Rex proprietory technologies in 11 countries in the Asia Pacific region.

On 13 May 2013, Orient Hibiscus had subscribed for 39,998 ordinary shares at par value of RM1.00 each in HIREX. On the same date, Rex SEA also subscribed for 40,000 ordinary shares at par value in HIREX. On 17 June 2013, a minority shareholder subscribed for 2,927 ordinary shares at par value in HIREX. The Group's effective interest in HIREX after these transactions was diluted from 100% to 48.24%.

On 17 June 2013, HIREX entered into an agreement to receive a USD10 million investment from a Panama-based company, Triax in exchange for a 15% equity stake in HIREX. Subsequently, on 17 July 2013, Triax subscribed for 14,635 ordinary shares at par value in HIREX which resulted in the Group's effective interest in HIREX after this transaction being diluted from 48.24% to 41%.

The agreement also provides Triax with a conditional put option of its interest in HIREX to both Orient Hibiscus and Rex SEA based on their respective proportion of interest in HIREX at the fair market value of HIREX's shares if there is no Initial Public Offering or trade sale within 60 months after Triax had become a shareholder of HIREX.

A gain of RM13,454,858 was recognised in the profit or loss arising from the dilution of interest from 100% to 41% during the financial period.

There are no contingent liabilities relating to the Group's interest in these joint ventures.

14 JOINT OPERATION

Carnarvon Hibiscus had entered into a joint arrangement, VIC/P57 Exploration Permit via the Joint Operation Agreement and Farm-In Agreement dated 14 August 2012 to explore and develop oil and gas properties within the permitted area. Carnarvon Hibiscus has a 50.1% participating interest in this arrangement and, under the terms of the agreement, has a direct share in all of the assets employed by the arrangement and is liable for its share of the liabilities incurred. There is no legal or contractual separation between the arrangement and the parties to the arrangement. Carnarvon Hibiscus has therefore classified this arrangement as a joint operation. It has included its interests in the assets, liabilities, revenue and expenses in the appropriate line items in the statement of financial position and profit or loss respectively, in accordance with the accounting policy.

The principal place of business of the joint operation is in Australia.

15 INTANGIBLE ASSETS

	Rights and concession RM	Conventional studies RM	Total RM
Group			
At 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
At 01.04.2013	**39,183,373**	**4,995,768**	**44,179,141**
Additions	**9,599,195**	**12,517,802**	**22,116,997**
Exchange differences	**(3,842,428)**	**(666,793)**	**(4,509,221)**
At 31.12.2013	**44,940,140**	**16,846,777**	**61,786,917**

Rights and concession relates to capitalisation of 49.9% of the AUD27 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 period. The VIC/L31 production licence has been granted on 5 December 2013.

16 EQUIPMENT

Group	Furniture and fittings RM	Office equipment RM	Office renovation RM	Work in progress RM	Total RM
Cost					
At 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 31.03.2013/01.04.2013	**151,392**	**1,244,987**	**321,290**	**2,459,200**	**4,176,869**
Additions	**12,841**	**689,571**	**–**	**27,533,249**	**28,235,661**
Transfer	**–**	**2,459,200**	**–**	**(2,459,200)**	**–**
Exchange differences	**–**	**(875)**	**–**	**(431,250)**	**(432,125)**
At 31.12.2013	**164,233**	**4,392,883**	**321,290**	**27,101,999**	**31,980,405**
Accumulated depreciation					
At 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 31.03.2013/01.04.2013	**24,414**	**281,030**	**40,242**	**–**	**345,686**
Depreciation for the financial period	**11,865**	**475,375**	**24,097**	**–**	**511,337**
Exchange differences	**–**	**(183)**	**–**	**–**	**(183)**
At 31.12.2013	**36,279**	**756,222**	**64,339**	**–**	**856,840**
Net book value					
At 31.03.2013	126,978	963,957	281,048	2,459,200	3,831,183
At 31.12.2013	**127,954**	**3,636,661**	**256,951**	**27,101,999**	**31,123,565**

16 EQUIPMENT (CONTINUED)

Company	Furniture and fittings RM	Office equipment RM	Office renovation RM	Work in progress RM	Total RM
Cost					
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 31.03.2013/01.04.2013	**151,392**	**1,235,697**	**321,290**	**2,459,200**	**4,167,579**
Additions	**12,841**	**689,572**	**–**	**–**	**702,413**
Transfer	**–**	**2,459,200**	**–**	**(2,459,200)**	**–**
At 31.12.2013	**164,233**	**4,384,469**	**321,290**	**–**	**4,869,992**
Accumulated depreciation					
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 31.03.2013/01.04.2013	**24,414**	**280,142**	**40,242**	**–**	**344,798**
Depreciation for the financial period	**11,865**	**469,050**	**24,096**	**–**	**505,011**
At 31.12.2013	**36,279**	**749,192**	**64,338**	**–**	**849,809**
Net book value					
At 31.03.2013	126,978	955,555	281,048	2,459,200	3,822,781
At 31.12.2013	**127,954**	**3,635,277**	**256,952**	**–**	**4,020,183**

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
Other receivables and deposits	**1,456,345**	448,631	**821,459**	173,006
Prepayments	**782,769**	207,441	**777,389**	200,733
	2,239,114	656,072	**1,598,848**	373,739

18 AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	31.12.2013 RM	**31.03.2013 RM**
Amounts owing by subsidiaries:		
Current		
Trade	**8,604,980**	3,607,154
Non-trade	**9,333,125**	11,270,825
	17,938,105	14,877,979
Non-current		
Trade	**1,946,245**	–
Non-trade	**14,434,713**	–
	16,380,958	–
Amounts owing to subsidiaries:		
Current		
Non-trade	**(543,553)**	(445,256)

The carrying amount of the non-current balances as at year end equals to the fair value. The fair value of the non-current balances is calculated based on cash flows discounted using a rate based on the weighted average cost of capital of 11%. The fair values are within level 3 of the fair value hierarchy.

The current trade balance represents receivables on demand and is to be settled in cash.

The current 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.

19 AMOUNTS OWING BY JOINT VENTURES

The amounts owing by joint ventures are in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry. The amounts are unsecured and are to be settled in cash.

20 AMOUNTS OWING BY RELATED PARTIES

The amounts owing by related parties are in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry. The amounts are unsecured and are to be settled in cash.

21 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
Fixed deposits with licensed banks	**34,755,051**	58,881,270	**26,842,205**	55,936,643
Cash and bank balances	**27,650,409**	67,107,571	**18,275,680**	4,107,197
	62,405,460	125,988,841	**45,117,885**	60,043,840
Less: Cash restricted in use	**(14,545,456)**	(62,650,467)	**(5,736,944)**	(500,000)
Cash and cash equivalents	**47,860,004**	63,338,374	**39,380,941**	59,543,840

The cash restricted in use represents amounts held by a subsidiary which can only be utilised for the financing of expenditures relating to the VIC/P57 concession (see Note 27 to the financial statements) and also deposits received from a CRPS placee.

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 period is 2.21% (31.03.2013: 2.82%) per annum and 2.78% (31.03.2013: 2.96%) per annum respectively. The fixed deposits have an average maturity period of 30 days (31.03.2013: 30 days).

ABOUT US
CHAIRMAN'S STATEMENT
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL HIGHLIGHTS
CALENDAR OF EVENTS
CORPORATE INFORMATION
CORPORATE STRUCTURE
BOARD OF DIRECTORS
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 ORDINARY SHAREHOLDINGS, PREFERENCE SHARES HOLDINGS AND WARRANTS HOLDINGS
NOTICE OF THE 4TH ANNUAL GENERAL MEETING
FORM OF PROXY

22 SHARE CAPITAL

There are no movements in the authorised share capital of the Company during the financial period:

	Par value RM	Number of shares	Share capital RM
Ordinary shares			
At 01.04.2013/31.12.2013	**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 01.04.2012	0.01	418,047,922	4,180,479
Conversion of warrants during the financial year	0.01	22,346,800	223,468
At 31.03.2013	0.01	440,394,722	4,403,947
At 01.04.2013	**0.01**	**440,394,722**	**4,403,947**
Conversion of warrants during the financial period	**0.01**	**13,086,800**	**130,868**
Conversion of CRPS during the financial period	**0.01**	**56,394,220**	**563,942**
At 31.12.2013	**0.01**	**509,875,742**	**5,098,757**

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM4,403,947 to RM5,098,757 by way of conversion of 13,086,800 Warrants-A into 13,086,800 new ordinary shares of RM0.01 each and conversion of 99,930,000 CRPS into 56,394,220 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.

22 SHARE CAPITAL (CONTINUED)

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 31.03.2013/01.04.2013	**312,089,722**
Exercised during the financial period	**(13,086,800)**
At 31.12.2013	**299,002,922**

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 December 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 expired on 17 April 2013 and the moratorium was uplifted during the financial period.

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.

23 OTHER RESERVES

(a) Share premium

The movements in the share premium of the Group and of the Company are as follows:

	Group/Company	
	31.12.2013 RM	**31.03.2013 RM**
At 01.04.2013/01.04.2012	**154,724,486**	137,216,146
Conversion of warrants during the financial period/year	**10,253,286**	17,508,340
Conversion of CRPS during the financial period/year	**100,487,395**	–
At 31.12.2013/31.03.2013	**265,465,167**	154,724,486

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	
	31.12.2013 RM	**31.03.2013 RM**
At 01.04.2013/01.04.2012	**91,593,045**	98,151,452
Conversion of warrants during the financial period/year	**(3,840,754)**	(6,558,407)
At 31.12.2013/31.03.2013	**87,752,291**	91,593,045

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, 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 entities and 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 as disclosed in Note 25 to the financial statements and is not distributable by way of dividends.

24 DEFERRED TAX LIABILITIES

	Group	
	31.12.2013 RM	**31.03.2013 RM**
Deferred tax liabilities:		
– to be recovered after more than 12 months	–	282,812
– to be recovered within 12 months	–	35,020
	–	317,832

	Group		Company	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
At beginning of the financial period/year	**317,832**	41,000	–	41,000
Recognised in profit or loss (Note 9)	**(292,465)**	273,926	–	(41,000)
Exchange differences	**(25,367)**	2,906	–	–
At end of the financial period/year	–	317,832	–	–

The movements in deferred tax assets and liabilities during the previous financial year are as follows:

	Equipment RM	**Intangible assets RM**	**Others RM**	**Total RM**
Group				
Deferred tax liabilities				
At 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) at 31.03.2013	–	282,812	35,020	317,832

24 DEFERRED TAX LIABILITIES (CONTINUED)

	Tax losses RM	Provision and other payables RM	Total RM
Group			
Deferred tax assets			
At 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) at 31.03.2013	–	–	–

The movements in deferred tax assets and liabilities during the current financial period are as follows:

	Equipment RM	Intangible assets RM	Others RM	Total RM
Group				
Deferred tax liabilities				
At 01.04.2013	**33,268**	**1,019,098**	**35,020**	**1,087,386**
Recognised in profit or loss	**1,312,444**	**2,233,029**	**(32,224)**	**3,513,249**
Exchange differences	**(7,016)**	**(131,001)**	**(2,796)**	**(140,813)**
At 31.12.2013	**1,338,696**	**3,121,126**	**–**	**4,459,822**
Offsetting	**(1,338,696)**	**(3,121,126)**	**–**	**(4,459,822)**
Deferred tax liabilities (after offsetting) at 31.12.2013	**–**	**–**	**–**	**–**

	Tax losses RM	Provision and other payables RM	Total RM
Group			
Deferred tax assets			
At 01.04.2013	**(595,614)**	**(173,940)**	**(769,554)**
Recognised in profit or loss	**(2,952,735)**	**(852,979)**	**(3,805,714)**
Exchange differences	**88,311**	**27,135**	**115,446**
At 31.12.2013	**(3,460,038)**	**(999,784)**	**(4,459,822)**
Offsetting	**3,460,038**	**999,784**	**4,459,822**
Deferred tax assets (after offsetting) at 31.12.2013	**–**	**–**	**–**

24 DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the previous financial year are as follows:

	Equipment RM	Total RM
Company		
Deferred tax liabilities		
At 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) at 31.03.2013	–	–

	Provisions RM	Total RM
Company		
Deferred tax assets		
At 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) at 31.03.2013	–	–

The movements in deferred tax assets and liabilities during the current financial period are as follows:

	Equipment RM	Total RM
Company		
Deferred tax liabilities		
At 01.04.2013	**33,268**	**33,268**
Recognised in profit or loss	**864,482**	**864,482**
At 31.12.2013	**897,750**	**897,750**
Offsetting	**(897,750)**	**(897,750)**
Deferred tax liabilities (after offsetting) at 31.12.2013	**–**	**–**

24 DEFERRED TAX LIABILITIES (CONTINUED)

	Tax losses RM	Provision RM	Total RM
Company			
Deferred tax assets			
At 01.04.2013	**–**	**(33,268)**	**(33,268)**
Recognised in profit or loss	**(897,750)**	**33,268**	**(864,482)**
At 31.12.2013	**(897,750)**	**–**	**(897,750)**
Offsetting	**897,750**	**–**	**897,750**
Deferred tax assets (after offsetting) at 31.12.2013	**–**	**–**	**–**

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
Tax losses	**2,244,488**	2,352,619	**2,244,488**	2,352,619
Unabsorbed capital allowance	**3,966,507**	245,280	**3,966,507**	245,280
Provisions and other payables	**1,267,052**	–	**450,798**	–
	7,478,047	2,597,899	**6,661,793**	2,597,899

25 CRPS

The movements in the CRPS of the Group and the Company are as follows:

	Par value RM	Number of CRPS	Nominal value RM
Authorised			
At 01.04.2012	0.01	–	–
Increased during the financial year	0.01	210,000,000	2,100,000
At 31.03.2013/31.12.2013	**0.01**	**210,000,000**	**2,100,000**

On 26 September 2012, the Company'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.

25 CRPS (CONTINUED)

	Par value RM	Number of CRPS	Nominal value RM
Issued and paid-up			
At 01.04.2012	0.01	–	–
Issued during the financial year	0.01	79,480,000	794,800
At 31.3.2013/01.04.2013	**0.01**	**79,480,000**	**794,800**
Issued during the financial period	**0.01**	**21,450,000**	**214,500**
Converted during the financial period	**0.01**	**(99,930,000)**	**(999,300)**
At 31.12.2013	**0.01**	**1,000,000**	**10,000**

The CRPS recognised in the statements of financial position is calculated as follows:

	Group/Company	
	31.12.2013 RM	**31.03.2013 RM**
Face value of CRPS	**1,000,000**	79,480,000
Transaction costs	**–**	(1,140,414)
Equity component	**(375)**	(190,346)
Liability component on initial recognition	**999,625**	78,149,240
Interest expense	**8,178**	1,220,160
Liability component at financial period/year end	**1,007,803**	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. As of 31 March 2014, the Company's unutilised proceeds is less than 20% of total proceeds raised, as such no further obligation is required.

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 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.

25 CRPS (CONTINUED)

During the financial period ended 31 December 2013, the Company issued 21.45 million CRPS. Out of the total CRPS issued of 100.93 million, 99.93 million CRPS have been converted into 56,394,220 new ordinary shares of the Company during the period ended 31 December 2013. As at 31 December 2013, the remaining CRPS in issuance amounted to 1.00 million.

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 ("Private Placement of Existing CRPS") 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 Existing CRPS to 30 November 2013. Bursa Securities had on 6 January 2014 granted the Company the extension of time until 19 April 2014 to issue the circular to the shareholders of the Company. As of 24 April 2014, a total of 100,930,000 CRPS had been issued. The balance of 109,070,000 CRPS is expected to lapse as the Company is not seeking any further extension of time beyond the maturity date of 30 April 2014. Refer to Note 36(iii) to the financial statements for details.

26 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
Other payables	**11,253,692**	1,442,906	**9,474,814**	1,203,892
Accruals	**4,988,126**	3,673,190	**1,962,258**	828,909
	16,241,818	5,116,096	**11,437,072**	2,032,801

27 AMOUNT OWING BY/(TO) AN ASSOCIATE

	Group	
	31.12.2013 RM	**31.03.2013 RM**
Amount owing by an associate:		
Current		
Trade	**1,967,333**	–
Amount owing to an associate:		
Current		
Trade	**(1,018,006)**	(29,676,854)

Amount owing by/(to) an associate represents 3D Oil's 49.9% share of AUD27 million in VIC/P57 joint bank account less 3D Oil's share of VIC/P57 expenses.

Balance as of 31 December 2013 represents the amount due from 3D Oil for its share of VIC/P57 expenses. The amount is unsecured and is to be settled in cash.

28 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. As commercially viable hydrocarbons were not discovered by 31 December 2013, the discovery bonus payable which was previously provided for in the financial statements amounting to RM15,793,229, was fully reversed to profit or loss as other income, during the financial period.

29 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 31.03.2013/31.12.2013	0.01	100,000,000	1,000,000
Issued and paid-up			
At 31.03.2013/31.12.2013	0.01	2,193,880	21,939
Share premium			
At 31.03.2013/31.12.2013			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.

29 RCPS (CONTINUED)

(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:

(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

(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

(iii) on any date after the Listing;

whichever occurs first.

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.

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.

30 DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and/or receivable by Directors of the Group and of the Company during the financial period/year are as follows:

	Group/Company	
	31.12.2013 RM	**31.03.2013 RM**
Executive Director:		
– salaries	**900,000**	969,642
– defined contribution plan	**108,000**	116,359
– other benefits	**153,846**	68,733
	1,161,846	1,154,734
Non-executive Directors:		
– fees	**120,333**	139,133
	1,282,179	1,293,867

(b) Details of Directors' emoluments of the Group and of the Company received/receivable for the financial period/year in bands of RM50,000 are as follows:

	Group/Company	
	31.12.2013	**31.03.2013**
Executive Director:		
RM1,150,001 - RM1,200,000	**1**	1
Non-executive Directors:		
Below RM50,000	**7**	6
	8	7

31 RELATED PARTIES DISCLOSURES

(a) Identities of related parties

The related parties of the Group and of the Company are:

(i) its subsidiaries, an associate and the joint ventures as disclosed in Notes 11, 12 and 13 to the financial statements; and

(ii) the Directors and senior management team who are the key management personnel.

31 RELATED PARTIES DISCLOSURES (CONTINUED)

(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 period/year:

	Group		Company	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
Project management, technical and other services fees receivable from:				
– subsidiaries	**–**	–	**8,130,290**	2,698,020
– joint ventures held through wholly-owned subsidiaries	**12,009,627**	6,183,895	**1,539,925**	–
Payments on behalf of				
– subsidiaries	**–**	–	**15,284,767**	10,242,086
– joint ventures held through wholly-owned subsidiaries	**–**	–	**250,340**	–
Performance guarantee fee charged to subsidiaries	**–**	–	**89,335**	617,171
Joint Operating Agreement indirect overheads recovery from an associate	**1,034,562**	–	**–**	–
Technical and non-technical charges reimbursed from an associate	**1,165,841**	937,977	**–**	–
Technical and non-technical, and overhead charges reimbursed to an associate	**(2,335,066)**	(1,572,873)	**–**	–

(c) Key management personnel compensation

	Group/Company	
	31.12.2013 RM	**31.03.2013 RM**
Included under Director's remuneration		
– fees	**120,333**	139,133
– salaries	**900,000**	969,642
– defined contribution plan	**108,000**	116,359
– other benefits	**153,846**	68,733
Included under staff costs		
– salaries	**3,290,762**	3,137,551
– defined contribution plan	**152,584**	164,778
– other benefits	**494,424**	272,891

32 OPERATING SEGMENTS

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas:

(i)	Investment holding	Investment in companies owning/operating oil and gas concessions, and provision of project management, technical and other services relating to the oil and gas exploration and production industry.
(ii)	Lime	Group's investments and operations in the exploration assets of the Lime Group, located in the Middle East and Norway.
(iii)	3D Oil, VIC/L31 & VIC/P57	Group's operations in the production licence VIC/L31 for the West Seahorse field and other exploration prospects in Australia within exploration permit VIC/P57, and investment in 3D Oil.
(iv)	HIREX	Planned investments in exploration assets within the Asia Pacific region. There was no exploration assets secured during the financial period.

	Investment holding RM	Lime RM	3D Oil, VIC/L31 & VIC/P57 RM	HIREX RM	Elimination RM	Group RM
31.12.2013						
Non-current assets	**4,020,183**	**198,285,201**	**102,648,248**	**10,871,083**	**–**	**315,824,715**
Revenue	**13,026,524**	**–**	**317,171**	**–**	**–**	**13,343,695**
Depreciation	**505,011**	**–**	**6,326**	**–**	**–**	**511,337**
Profit from operations	**3,283,041**	**–**	**49,656**	**–**	**–**	**3,332,697**
Share of results	**–**	**(1,967,614)**	**(403,508)**	**(993,348)**	**–**	**(3,364,470)**
Gain on dilution of interest in a joint venture	**–**	**–**	**–**	**13,454,858**	**–**	**13,454,858**
Finance costs	**(2,693,333)**	**–**	**(2,633,471)**	**–**	**2,633,471**	**(2,693,333)**
Interest income	**2,694,163**	**–**	**–**	**–**	**(2,694,163)**	**–**
Taxation	**(38,716)**	**–**	**1,443,752**	**–**	**–**	**1,405,036**
Profit/(Loss) after taxation	**3,245,155**	**(1,967,614)**	**(1,543,571)**	**12,461,510**	**(60,692)**	**12,134,788**

32 OPERATING SEGMENTS (CONTINUED)

	Investment holding RM	Lime RM	3D Oil, VIC/L31 & VIC/P57 RM	HIREX 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 operations	(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)
(Loss)/Profit after taxation	(6,742,729)	(2,337,040)	4,826,668	–	56,366	(4,196,735)

33 CAPITAL COMMITMENTS

	Group		Company	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
Approved and contracted for:				
Purchase of software	**–**	614,800	**–**	614,800
Farm-in consideration for VIC/P57	**–**	10,867,000	**–**	–
Share of an associate's material commitments (3D Oil)	**5,011,043**	138,834	**–**	–
Share of a joint operation's material commitments (VIC/P57 and VIC/L31)	**–**	1,066,808	**–**	–
Share of a joint venture's material commitments (Lime)	**4,140,876**	10,112,047	**–**	–
	9,151,919	22,799,489	**–**	614,800

33 CAPITAL COMMITMENTS (CONTINUED)

	Group		Company	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
Approved but not contracted for:				
Share of an associate's material commitments (3D Oil)	**22,833,164**	16,000,000	**–**	–
Share of a joint operation's material commitments (VIC/P57 and VIC/L31)	**175,802,760**	121,000,000	**–**	–
Share of a joint venture's material commitments (Lime)	**145,944,577**	50,678,860	**–**	–
	344,580,501	187,678,860	**–**	–

34 OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:

	Group	
	31.12.2013 RM	**31.03.2013 RM**
Within one year		
– the Group	**145,639**	244,260
– share of a joint venture's operating lease commitments (Lime)	**223,400**	191,037
– share of a joint venture's operating lease commitments (HIREX)	**91,266**	–
	460,305	435,297
Later than one year but not later than five years		
– the Group	**42,498**	127,071
– share of a joint venture's operating lease commitments (Lime)	**837,804**	897,512
– share of a joint venture's operating lease commitments (HIREX)	**128,679**	–
	1,008,981	1,024,583
	1,469,286	1,459,880

	Company	
	31.12.2013 RM	**31.03.2013 RM**
Within one year	**145,639**	244,260
Later than one year but not later than five years	**42,498**	127,071
	188,137	371,331

35 FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk and interest rate 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	Australian Dollar RM	Others RM	Total RM
Group					
31.12.2013					
Financial assets					
Amount owing by an associate	–	–	1,967,333	–	1,967,333
Amounts owing by joint ventures	4,733,421	250,340	–	–	4,983,761
Other receivables and deposits	69,907	602,854	783,584	–	1,456,345
Fixed deposits with licensed banks	13,195,728	21,559,323	–	–	34,755,051
Cash and bank balances	8,090,301	9,627,130	9,932,964	14	27,650,409
	26,089,357	32,039,647	12,683,881	14	70,812,899

35 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

	United States Dollar RM	Ringgit Malaysia RM	Australian Dollar RM	Others RM	Total RM
Group					
31.12.2013					
Financial liabilities					
CRPS	**–**	**1,007,803**	**–**	**–**	**1,007,803**
RCPS	**–**	**219,388**	**–**	**–**	**219,388**
Other payables and accruals	**2,422,049**	**10,123,768**	**3,665,299**	**30,702**	**16,241,818**
Amount due to an associate	**–**	**–**	**1,018,006**	**–**	**1,018,006**
	2,422,049	**11,350,959**	**4,683,305**	**30,702**	**18,487,015**
Net financial assets/ (liabilities)	**23,667,308**	**20,688,688**	**8,000,576**	**(30,688)**	**52,325,884**
Less: Net financial assets denominated in respective entities' functional currencies	**(12,846,553)**	**(20,688,688)**	**(6,589,629)**	**–**	**(40,124,870)**
	10,820,755	**–**	**1,410,947**	**(30,688)**	**12,201,014**
31.03.2013					
Financial assets					
Amount owing by a joint venture	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

35 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

	United States Dollar RM	Ringgit Malaysia RM	Australian Dollar RM	Others RM	Total RM
Group					
31.03.2013					
Financial liabilities					
CRPS	–	79,369,400	–	–	79,369,400
RCPS	–	219,388	–	–	219,388
Other payables and accruals	354,369	2,155,357	2,539,541	66,829	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	32,216,395	66,829	128,643,100
Net financial (liabilities)/assets	(2,922,254)	(29,586,837)	30,942,367	(66,829)	(1,633,553)
Less: Net financial liabilities/(assets) denominated in respective entities' functional currencies	9,985,028	29,586,837	(30,209,698)	–	9,362,167
	7,062,774	–	732,669	(66,829)	7,728,614

35 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

	United States Dollar RM	Ringgit Malaysia RM	Australian Dollar RM	Others RM	Total RM
Company					
31.12.2013					
Financial assets					
Other receivables and deposits	69,907	602,364	149,188	–	821,459
Amounts owing by subsidiaries	12,466,561	14,893,391	6,959,111	–	34,319,063
Amounts owing by related parties	162,064	250,340	178,625	–	591,029
Fixed deposits with licensed banks	5,282,882	21,559,323	–	–	26,842,205
Cash and bank balances	7,524,086	9,627,128	1,124,452	14	18,275,680
	25,505,500	46,932,546	8,411,376	14	80,849,436
Financial liabilities					
CRPS	–	1,007,803	–	–	1,007,803
RCPS	–	219,388	–	–	219,388
Other payables and accruals	1,311,290	10,084,461	41,321	–	11,437,072
Amounts owing to a subsidiary	545	445,258	97,750	–	543,553
	1,311,835	11,756,910	139,071	–	13,207,816
Net financial assets	24,193,665	35,175,636	8,272,305	14	67,641,620
Less: Net financial assets denominated in respective entities' functional currencies	–	(35,175,636)	–	–	(35,175,636)
	24,193,665	–	8,272,305	14	32,465,984

35 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

	United States Dollar RM	Ringgit Malaysia RM	Australian Dollar RM	Others RM	Total RM
Company					
31.03.2013					
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)	732,669	(66,829)	(6,972,020)
Less: Net financial assets denominated in respective entities' functional currencies	–	14,933,766	–	–	14,933,766
	7,295,906	–	732,669	(66,829)	7,961,746

35 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

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 period/year, with all other variables held constant:

	Group		Company	
	31.12.2013 Increase/ (Decrease) RM	**31.03.2013 Increase/ (Decrease) RM**	**31.12.2013 Increase/ (Decrease) RM**	**31.03.2013 Increase/ (Decrease) RM**
Effects on loss after taxation/equity:				
United States Dollar				
– strengthened by 5%	**832,866**	341,326	**1,209,683**	364,795
– weakened by 5%	**(832,866)**	(341,326)	**(1,209,683)**	(364,795)
Australian Dollar				
– strengthened by 5%	**3,091,959**	2,505,313	**413,615**	36,633
– weakened by 5%	**(3,091,959)**	(2,505,313)	**(413,615)**	(36,633)
Ringgit Malaysia				
– strengthened by 5%	**(760,670)**	(731,498)	**–**	–
– weakened by 5%	**760,670**	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 period was 2.21% and 2.78% per annum respectively (31.03.2013: 2.82% and 2.96% per annum).

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 RM34,755 (31.03.2013: RM58,881) and RM26,842 (31.03.2013: RM55,937) higher/lower respectively, arising mainly as a result of lower/higher interest income from fixed deposits.

35 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(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 joint ventures which constituted 58% (31.03.2013: 56%) of its total receivables as at the end of the financial period.

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 period.

Ageing analysis

The ageing analysis of the Group's trade balances owing by joint ventures at the end of the financial period is as follows:

	Gross amount RM	Carrying value RM
Group		
31.12.2013		
Neither past due nor impaired	**4,733,422**	**4,733,422**
31.03.2013		
Neither past due nor impaired	572,075	572,075

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.

35 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(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 period based on contractual undiscounted cash flows:

	Carrying amount RM	Contractual undiscounted RM	Within 1 year RM	Within 1-2 years RM
Group				
31.12.2013				
CRPS*	**1,007,803**	**561,275**	**561,275**	**–**
RCPS	**219,388**	**219,388**	**219,388**	**–**
Other payables and accruals	**16,241,818**	**16,241,818**	**16,241,818**	**–**
Amount owing to an associate	**1,018,006**	**1,018,006**	**1,018,006**	**–**
	18,487,015	**18,040,487**	**18,040,487**	**–**
31.03.2013				
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

35 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(iii) Liquidity risk (continued)

	Carrying amount RM	Contractual undiscounted RM	Within 1 year RM	Within 1-2 years RM
Company				
31.12.2013				
CRPS*	**1,007,803**	**561,275**	**561,275**	**–**
RCPS	**219,388**	**219,388**	**219,388**	**–**
Other payables and accruals	**11,437,072**	**11,437,072**	**11,437,072**	**–**
Amount owing to subsidiaries	**543,553**	**543,553**	**543,553**	**–**
	13,207,816	**12,761,288**	**12,761,288**	**–**
31.03.2013				
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 subsidiaries	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

* 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.

(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 period is not presented as its cash and cash equivalents exceeded the total debts.

35 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Capital risk management (continued)

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.

(c) Classification of financial instruments

	31.12.2013 RM	31.03.2013 RM
Group		
Financial assets		
Loans and receivables		
Other receivables and deposits	**1,456,345**	448,631
Amount owing by an associate	**1,967,333**	–
Amounts owing by joint ventures	**4,983,761**	572,075
Fixed deposits with licensed banks	**34,755,051**	58,881,270
Cash and bank balances	**27,650,409**	67,107,571
	70,812,899	127,009,547
Other financial liabilities		
CRPS	**1,007,803**	79,369,400
RCPS	**219,388**	219,388
Other payables and accruals	**16,241,818**	5,116,096
Amount due to an associate	**1,018,006**	29,676,854
	18,487,015	114,381,738
Fair value through profit and loss		
Discovery bonus payable	**–**	14,261,362

35 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments (continued)

	31.12.2013 RM	31.03.2013 RM
Company		
Financial assets		
Loans and receivables		
Other receivables and deposits	**821,459**	173,006
Amounts owing by subsidiaries	**34,319,063**	14,877,979
Amounts owing by related parties	**591,029**	–
Fixed deposits with licensed banks	**26,842,205**	55,936,643
Cash and bank balances	**18,275,680**	4,107,197
	80,849,436	75,094,825
Other financial liabilities		
CRPS	**1,007,803**	79,369,400
RCPS	**219,388**	219,388
Other payables and accruals	**11,437,072**	2,032,801
Amounts owing to subsidiaries	**543,553**	445,256
	13,207,816	82,066,845

(d) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 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.

Financial instruments other than those carried at fair value

The carrying amounts of the financial assets and liabilities of the Group and the Company at the reporting date reasonably approximate their fair values.

35 FINANCIAL INSTRUMENTS (CONTINUED)

(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 RM	Level 2 RM	Level 3 RM	Total RM
Liability				
Financial liability at fair value through profit or loss:				
Discovery bonus payable				
At 01.04.2013	–	–	14,261,362	14,261,362
Fair value changes	–	–	1,111,819	1,111,819
Exchange differences	–	–	420,048	420,048
Reversal	–	–	(15,793,229)	(15,793,229)
At 31.12.2013	–	–	–	–

36 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

(i) Drilling activities

On 30 December 2013, Masirah began drilling its second exploration well in GA–South, a prospect located in the central area of the Block 50 Oman concession. On 4 February 2014, Masirah announced the successful reach of its final depth of more than 3,000 metres into the Cambrian formation. Hydrocarbons were discovered in several formations with good oil sample extracted.

On 6 March 2014, Masirah announced the test flow rates at GA–South were very encouraging. During a 48-hour test, hydrocarbons were flowed to the surface and the well achieved light oil flow rate of up to 3,000 stock tank barrels per day (stb/d) with no water production.

(ii) Participation of interests in further concessions in Norway

On 22 January 2014, the Company announced that Lime Petroleum Norway AS (“Lime Norway”), a wholly-owned subsidiary of Lime, was awarded five new offshore licences in the 2013 Awards in Predefined Areas (“APA 2013”) licensing round for geographically mature areas.

36 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD (CONTINUED)

(ii) Participation of interests in further concessions in Norway (continued)

On 21 February 2014, Lime Norway executed an agreement with North Energy ASA ("North Energy") to secure a 20% stake in PL509CS, a concession located in the North Sea. North Energy was awarded operatorship of the licence in APA 2013 on 21 January 2014.

As at the date of this report, Lime Norway has secured interests in 14 concessions in the Norwegian Continental Shelf ("NCS"), of which 3 are pending regulatory approval.

(iii) Private Placement of Existing CRPS

Out of the Private Placement of Existing CRPS, of up to RM210 million, the Company had received RM100.93 million in Existing CRPS subscription monies from investors as at the date of this report.

On 27 February 2014, the Company and Pacific Meadow Sdn. Bhd. ("Pacific Meadow") had mutually agreed to terminate the conditional subscription agreement dated 3 October 2013 ("Pacific Meadow Subscription Agreement") for Pacific Meadow's proposed subscription of RM109.07 million ("Termination"). The Termination was made to, among others, ensure that there would be no unnecessary dilutive effect to the shareholders' equity holding in the Company, as the conversion price of the CRPS of RM1.85 (based on the 5-day volume weighted average market price of the Company's shares immediately prior to the price fixing date) was approximately 13.1% below RM2.13, based on the last transacted price of the Company's shares on the Main Market of Bursa Securities on 26 February 2014, prior to the Termination.

On 18 March 2014, following the mutual termination of the Pacific Meadow Subscription Agreement, the proposed variation to extend the maturity date of the Existing CRPS from 30 April 2014 to 31 December 2014, was not proceeded with. Thus, the maturity date of the Existing CRPS remains as 30 April 2014.

(iv) Proposed Private Placement of CRPS-2013

The Company had announced its proposal to undertake another new issuance of CRPS of up to RM500 million on 11 October 2013 ("Proposed Private Placement of CRPS-2013").

On 29 November 2013, Bursa Securities approved the listing and quotation for up to 277,777,777 new ordinary shares of RM0.01 each in the Company to be issued upon the conversion of the CRPS-2013, subject to certain conditions.

Bank Negara Malaysia approved the issuance of CRPS-2013 by the Company for the amount of up to RM500 million to non-resident investors, subject to certain conditions to be observed, via its letter dated 23 December 2013.

Vide its letter dated 6 January 2014, Bursa Securities granted the Company an extension of time until 19 April 2014 to issue the circular to the shareholders of the Company.

36 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD (CONTINUED)

(iv) Proposed Private Placement of CRPS-2013 (continued)

On 3 April 2014, the Company announced the submission of an application to Bursa Securities for an extension of time of up to 30 June 2014 to issue the circular to shareholders and to obtain and fulfil the necessary approvals and conditions for the implementation of the Proposed Private Placement of CRPS-2013 ("EOT Application"). The EOT Application will allow the Company additional time to solidify its strategy, which include amongst others, potential investments and total resources required, following the positive results from the drilling programme in Oman. In addition, the EOT Application was also made to enable the Company to coincide the Extraordinary General Meeting to be held to obtain shareholders' approval together with the Company's AGM, which will be held no later than 30 June 2014.

Bursa Securities had vide its letter dated 22 April 2014 granted the Company the following:

- An extension of time until 6 June 2014 to issue the circular to the shareholders of the Company on the Proposed Private Placement of CRPS-2013; and
- An extension of time until 28 November 2014 to complete the implementation of the Proposed Private Placement of CRPS-2013.

(v) Proposed Private Placement of Shares

On 4 November 2013, the Company announced the proposal to undertake a private placement of up to 56,537,561 new ordinary shares, pursuant to the approval obtained from the shareholders at the last AGM convened on 20 August 2013 for the Board of Directors to allot and issue new ordinary shares not exceeding 10% of the Company's issued share capital for the time being, pursuant to Section 132D of the Companies Act, 1965 ("Proposed Private Placement of Shares").

Bursa Securities approved the listing and quotation of up to 56,537,561 new ordinary shares to be issued pursuant to the Proposed Private Placement of Shares via its letter dated 11 November 2013.

It is expected that the Proposed Private Placement of Shares will be completed by the first half of 2014.

(vi) Additional investment in a joint venture

In January 2014, Lime advanced USD16 million to facilitate the drawdown of a Norwegian Kroner ("NOK") 300 million (USD48.62 million) government-backed loan from Skandinaviska Enskilda Banken AB ("SEB"), a Nordic corporate bank to fund the drilling of at least 2 exploration wells in the Norwegian Continental Shelf and fully finance Lime Norway's activities into 2015. The loan facility agreement with SEB was executed in December 2013. Out of the total advance of USD16 million, Gulf Hibiscus contributed USD5.6 million, to maintain its 35% indirect equity interest in Lime Norway.

(vii) Conversion to ordinary shares

As at the date of this report, 66,184,600 Warrants-A have been converted into ordinary shares.

37 SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained earnings and accumulated losses of the Group and of the Company as at the end of the financial period/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	
	31.12.2013 RM	**31.03.2013 RM**	**31.12.2013 RM**	**31.03.2013 RM**
Total accumulated profits/(losses):				
Realised	**6,549,431**	(10,883,687)	**(21,227,789)**	(12,699,450)
Unrealised	**(4,519,090)**	687,001	**337,752**	145,709
	2,030,341	(10,196,686)	**(20,890,037)**	(12,553,741)
Less: Consolidation adjustments	**(181,306)**	(89,067)	**–**	–
	1,849,035	(10,285,753)	**(20,890,037)**	(12,553,741)

Analysis of Ordinary Shareholdings, Preference Shares Holdings and Warrants Holdings

As at 9 May 2014

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 : RM5,503,993.37 comprising 548,205,457 Ordinary Shares of RM0.01 each and 2,193,880 RCPS of RM0.01 each

No. of Shareholders : 3,929

Voting Rights : One vote for every Ordinary Share held

ANALYSIS OF ORDINARY SHARES HOLDINGS

DISTRIBUTION OF SHAREHOLDERS

Category	No. of Ordinary Shareholders	No. of Ordinary Shares	% of Total Ordinary Shareholdings
Less than 100	20	347	0.00
100 – 1,000	719	504,152	0.09
1,001 – 10,000	2,100	10,552,300	1.92
10,001 – 100,000	884	28,790,300	5.25
10,001 to less than 5% of issued shares	203	352,640,499	64.33
5% and above of issued shares	3	155,717,859	28.41
Total	**3,929**	**548,205,457**	**100.00**

Substantial Shareholders as per Register of Substantial Shareholders as at 9 May 2014

		Direct		Indirect	
No.	Name	No. of Ordinary Shares	%	No. of Ordinary Shares	%
1	Hibiscus Upstream Sdn Bhd	83,611,400	15.25	0	0.00
2	Dr Kenneth Gerard Pereira	0	0.00	83,611,400[1]	15.25
3	Lee Chye Tek Lionel	45,124,324	8.23	0	0.00
4	Littleton Holdings Pte Ltd	30,415,000	5.55	0	0.00
5	Roushan Arumugam	0	0.00	30,415,000[2]	5.55
6	Mercury Pacific Marine Pte Ltd	42,087,438	7.68	5,874,100[3]	1.07
7	Mohd Zulkefli Bin Mohd Abdah	200,000	0.04	46,667,000[4]	8.51

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

Directors' Shareholdings as per Register of Directors' Shareholdings as at 9 May 2014

		Direct		Indirect	
No.	**Name**	**No. of Ordinary Shares**	**%**	**No. of Ordinary Shares**	**%**
1	Zainul Rahim bin Mohd Zain	0	0.00	0	0.00
2	Dr Kenneth Gerard Pereira	0	0.00	83,611,400[1]	15.25
3	Dr Rabi Narayan Bastia	0	0.00	0	0.00
4	Zainol Izzet bin Mohamed Ishak	0	0.00	0	0.00
5	Datin Sunita Mei-Lin Rajakumar	0	0.00	150,000[2]	0.03
6	Roushan Arumugam	0	0.00	30,465,000[3]	5.56
7	Tay Chin Kwang	0	0.00	0	0.00

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 and his spouse, Rachel Hannah Arumugam's shareholdings in Hibiscus Petroleum Berhad.*

LIST OF TOP 30 SHAREHOLDERS AS AT 9 MAY 2014

No.	**Name**	**No. of Ordinary Shares**	**% of Total Ordinary shareholdings**
1	Hibiscus Upstream Sdn Bhd	83,611,400	15.25
2	UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for Lee Chye Tek Lionel (UBA0828)	40,000,000	7.30
3	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA, Singapore (Julius Baer)	32,106,459	5.86
4	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Picadilly Middle East Ltd (46210662281D)	26,667,000	4.86
5	Maybank Nominee (Asing) Sdn Bhd DBS Bank for Littleton Holdings Pte Ltd (211400)	24,265,000	4.43
6	Gurmit Singh A/L Sajjan Singh	22,499,400	4.10
7	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Mercury Pacific Marine Pte Ltd (021)	21,488,023	3.92
8	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Mercury Pacific Marine Pte Ltd	20,000,000	3.65
9	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Tericon Solutions Ltd (46210662281A)	20,000,000	3.65

Analysis of Ordinary Shareholdings, Preference Shares Holdings and Warrants Holdings
As at 9 May 2014

LIST OF TOP 30 SHAREHOLDERS AS AT 9 MAY 2014 (CONTINUED)

No.	Name	No. of Ordinary Shares	% of Total Ordinary shareholdings
10	Jurunature Sdn Bhd	19,184,000	3.50
11	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Gud Run International Incorporated (46210662281B)	18,769,000	3.42
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Syafiq Baljit Bin Abdullah	18,392,200	3.35
13	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Hanizah Binti Mohd Nasir	12,154,696	2.22
14	Sri Inderajaya Holdings Sdn Bhd	9,452,702	1.72
15	MDL Energy Services Limited	8,839,779	1.61
16	Shamsuddin Bin Abdul Kadir	6,785,500	1.24
17	Muhammad Syafiq Baljit Bin Abdullah	6,678,500	1.22
18	Maison Binti Shaik Abdul Rahman	6,600,400	1.20
19	Silicon Designs (M) Sdn Bhd	6,200,000	1.13
20	Sri Inderajaya (Far East) Sdn Bhd	6,060,606	1.11
21	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Perintis Muhibah Sdn Bhd	5,874,100	1.07
22	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Maison Binti Shaik Abdul Rahman	5,195,100	0.95
23	Lee Chye Tek Lionel	5,124,324	0.93
24	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Yoon Peck	4,335,000	0.79
25	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Ling	4,100,000	0.75
26	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Azmadi Bin Fadzil (46210662281C)	3,500,000	0.64
27	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gurmit Singh A/L Sajjan Singh	3,344,300	0.61
28	Au Wei Lien	2,398,000	0.44
29	Joginder Singh A/L Bhag Singh	2,368,700	0.43
30	Lim Chin Sean	2,185,000	0.40

ANALYSIS OF CONVERTIBLE REDEEMABLE PREFERENCE SHARES (CRPS) HOLDINGS

As at 9 May 2014, all CRPS have been fully converted into ordinary shares of the Company.

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS) HOLDINGS

No. of RCPS Issued : 2,193,880
Rights of RCPS Holder : The RCPS holder is entitled to voting rights as referred to in Section 148(2) of the Companies Act, 1965 (the Act) 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
Less than 100	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 9 May 2014

		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

Note:
(1) Deemed interested by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

LIST OF RCPS HOLDER AS AT 9 MAY 2014

No.	Name	No. of RCPS	% of Total RCPS Holdings
1	Hibiscus Upstream Sdn Bhd	2,193,880	100

Analysis of Ordinary Shareholdings, Preference Shares Holdings and Warrants Holdings
As at 9 May 2014

ANALYSIS OF WARRANTS-A HOLDINGS

No. of Warrants-A Issued	:	334,436,522
No. of Warrants-A Exercised	:	73,171,600
No. of Warrants-A Unexercised	:	261,264,922
Maturity Date	:	24 July 2014
Rights of 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	33	0.00
100 – 1,000	384	218,500	0.08
1,001 – 10,000	899	4,985,100	1.91
10,001 – 100,000	608	20,363,500	7.79
100,001 to less than 5% of issued Warrants-A	124	77,428,789	29.64
5% and above of issued Warrants-A	6	158,269,000	60.58
Total	**2,024**	**261,264,922**	**100.00**

DIRECTORS' WARRANTS-A HOLDINGS

Directors' Warrants-A holdings as per Register of Directors' Warrants-A Holdings as at 9 May 2014

		Direct		Indirect	
No.	Name	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]	0.38
6	Roushan Arumugam	0	0	23,000,000[2]	8.80
7	Tay Chin Kwang	0	0	0	0

Note:

(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.

LIST OF TOP 30 WARRANTS-A HOLDERS AS AT 9 MAY 2014

No.	Name	No. of Warrants-A	% of Total Warrants-A Holdings
1	Muhammad Syafiq Baljit Bin Abdullah	57,758,000	22.11
2	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Picadilly Middle East Ltd (46210662281D)	26,667,000	10.21
3	Maybank Nominees (Asing) Sdn Bhd DBS Bank for Littleton Holdings Pte Ltd (211400)	23,000,000	8.80
4	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Tericon Solutions Ltd (46210662281A)	20,000,000	7.66
5	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Mercury Pacific Marine Pte Ltd (021)	16,831,000	6.44
6	Maybank Securities Nominees (Asing) Sdn Bhd Malayan Banking Berhad for Gud Run International Incorporated	13,334,000	5.10
7	Lim Chin Sean	8,863,200	3.39
8	Kelrix Sdn Bhd	8,569,889	3.28
9	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Perintis Muhibah Sdn Bhd	8,055,000	3.08
10	Maison Binti Shaik Abdul Rahman	4,001,700	1.53
11	Gurmit Singh A/L Sajjan Singh	3,526,500	1.35
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Syafiq Baljit Bin Abdullah	3,396,600	1.30
13	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Ling	2,850,000	1.09
14	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Yoon Peck	1,831,200	0.70
15	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	1,500,000	0.57
16	Jurunature Sdn Bhd	1,361,800	0.52
17	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gurdeep Singh A/L Sardara Singh (CEB)	1,350,000	0.52

Analysis of Ordinary Shareholdings, Preference Shares Holdings and Warrants Holdings
As at 9 May 2014

LIST OF TOP 30 WARRANTS-A HOLDERS AS AT 9 MAY 2014 (CONTINUED)

No.	Name	No. of Warrants-A	% of Total Warrants-A Holdings
18	Joginder Singh A/L Bhag Singh	1,256,500	0.48
19	Mohamad Azmadi Bin Fadzil	1,160,500	0.44
20	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jeyaindran A/L C.Sinnadurai	1,000,000	0.38
21	Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Tan Chee Wee (E-JBU)	999,000	0.38
22	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Maison Binti Shaik Abdul Rahman	920,000	0.35
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ronnie See Eng Siong (E-TSA)	900,000	0.34
24	Mahendran A/L Suppiah	883,000	0.34
25	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Tiu Wan	720,000	0.28
26	Muhammad Syafiq Baljit Bin Abdullah	640,000	0.24
27	Public Invest Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd (Clients)	530,000	0.20
28	Kong Kok Leong	516,000	0.20
29	Goh Siang Giang	500,000	0.19
30	Goh Siang Giang	500,000	0.19

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 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
Less than 100	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 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 as at 9 May 2014

		Direct		Indirect	
No.	Name	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[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

Note:

(1) *Deemed interested by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

LIST OF WARRANTS-B HOLDER AS AT 9 MAY 2014

No.	Name	No. of Warrants-B	% of Total Warrants-B Holdings
1	Hibiscus Upstream Sdn Bhd	83,611,200	100

Notice of the 4th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of HIBISCUS PETROLEUM BERHAD will be held at Pullman Ballroom 2, Level 2, Pullman Kuala Lumpur Bangsar, No.1, Jalan Pantai Jaya, Tower 3, 59200 Kuala Lumpur on Thursday, 26 June 2014 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company and the Group for the financial period ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the Directors' fees of RM120,333 for the financial period ended 31 December 2013. **[Resolution 1]**

3. To approve the payment of Directors' fees of RM24,000 per annum per Non-Executive Director to be paid at the end of each quarter, effective from financial year ending 31 December 2014. **[Resolution 2]**

4. To re-elect Encik Zainul Rahim Bin Mohd Zain who is retiring pursuant to Article 123 of the Articles of Association of the Company. **[Resolution 3]**

5. To re-elect Mr Roushan Arumugam who is retiring pursuant to Article 123 of the Articles of Association of the Company. **[Resolution 4]**

6. To re-elect Dr Kenneth Gerard Pereira who is retiring pursuant to Article 115 of the Articles of Association of the Company. **[Resolution 5]**

7. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 6]**

As Special Business

To consider and, if thought fit, to pass the following resolution:

8. **AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

   "THAT subject always to the Companies Act, 1965 (the Act), 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 Act, 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." **[Resolution 7] (Please refer Explanatory Note 2)**

9. 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 Act and the Articles of Association of the Company.

By Order of the Board
HIBISCUS PETROLEUM BERHAD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Secretaries

Selangor Darul Ehsan
4 June 2014

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 19 June 2014 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting.

2. 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. A proxy appointed to attend and vote at a meeting shall have the same right as the member to speak at the meeting.

3. 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 Act shall not apply to the Company.

4. 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.

5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.

6. 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).

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 Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Item 8 of the Agenda

   The Company had, during its 3rd Annual General Meeting held on 20 August 2013, 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 new shares pursuant to this mandate obtained and accordingly no proceeds were raised.

   The Ordinary Resolution 7 proposed under item 8 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 4TH ANNUAL GENERAL MEETING of the Company to be held at Pullman Ballroom 2, Level 2, Pullman Kuala Lumpur Bangsar, No.1, Jalan Pantai Jaya, Tower 3, 59200 Kuala Lumpur on Thursday, 26 June 2014 at 11.00 a.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of the 4th 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 period ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.			
	Ordinary Resolutions	Resolution	FOR	AGAINST
2.	To approve the Directors' fees to RM120,333 for the financial period ended 31 December 2013.	1		
3.	To approve the payment of Directors' fees of RM24,000 per annum per Non-Executive Director to be paid at the end of each quarter, effective from financial year ending 31 December 2014.	2		
4.	To re-elect Encik Zainul Rahim Bin Mohd Zain who is retiring pursuant to Article 123 of the Articles of Association of the Company.	3		
5.	To re-elect Mr Roushan Arumugam who is retiring pursuant to Article 123 of the Articles of Association of the Company.	4		
6.	To re-elect Dr Kenneth Gerard Pereira who is retiring pursuant to Article 115 of the Articles of Association of the Company.	5		
7.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.	6		
8.	Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	7		

Dated this ______________ day of _____________ 2014.

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 19 June 2014 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting.

2. 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. A proxy appointed to attend and vote at a meeting shall have the same right as the member to speak at the meeting.

3. 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 Act shall not apply to the Company.

4. 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.

5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.

6. 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).

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)

Head Office:

2nd Floor, Syed Kechik Foundation Building, Jalan Kapas, Bangsar,

59100 Kuala Lumpur, Malaysia

Tel: +603 2092 1300   Fax: +603 2092 1301

www.hibiscuspetroleum.com