Hibiscus Petroleum

AGILE & TENACIOUS

ANNUAL REPORT 2014/2015

CONTENTS

ABOUT US

Malaysia's First Listed Independent Oil And Gas Company

Hibiscus Petroleum Berhad (Hibiscus Petroleum) is Malaysia's first listed independent oil and gas exploration and production company. We are committed to high standards of corporate governance and building our business based on a strong technical and commercial foundation. Our strategy in the current oil and gas market is to leverage on the relatively low prices to develop a robust and balanced portfolio that can generate future revenue, thereby delivering sustainable returns to our shareholders.

We are headquartered in Kuala Lumpur and our shares are listed on the Main Market of the Malaysian Stock Exchange (Bursa Malaysia).

Listed on Bursa Malaysia:
July 2011

Market Cap[1]:
RM578.68 million

Current 2P/2C Oil Reserves[2]:
28.2 mmbbls[3]

We are committed to building a robust and risk-balanced portfolio of assets in geopolitically safe jurisdictions.

UNITED KINGDOM

This region holds one of Hibiscus Petroleum's core assets, the Anasuria Cluster[4], which is a package of geographically focused producing fields and the associated infrastructure. With its capability to generate free cash flow, it is an important part of our portfolio of assets upon completion of transaction.

AUSTRALIA

As operator of the two licenses (VIC/P57 exploration permit and VIC/L31 production license) within this region, Hibiscus Petroleum has operational and financial control of these licenses and is focused on the planning and execution of the work programmes.

MIDDLE EAST

The Group's concessions within this region consist of frontier exploration acreage in Oman and United Arab Emirates, where the concessions are owned through Lime Petroleum Plc.

NORWAY

Hibiscus Petroleum's activity within this region are both mature and frontier exploration in the hydrocarbon-prolific Norwegian Continental Shelf (NCS). These assets are held under Lime Petroleum Norway AS (Lime Norway).

Notes:
1 As of 30 October 2015
2 Includes only reserves and resources certified by a third party, excludes Anasuria 2C reserves
3 Million barrels
4 Subject to completion of transaction

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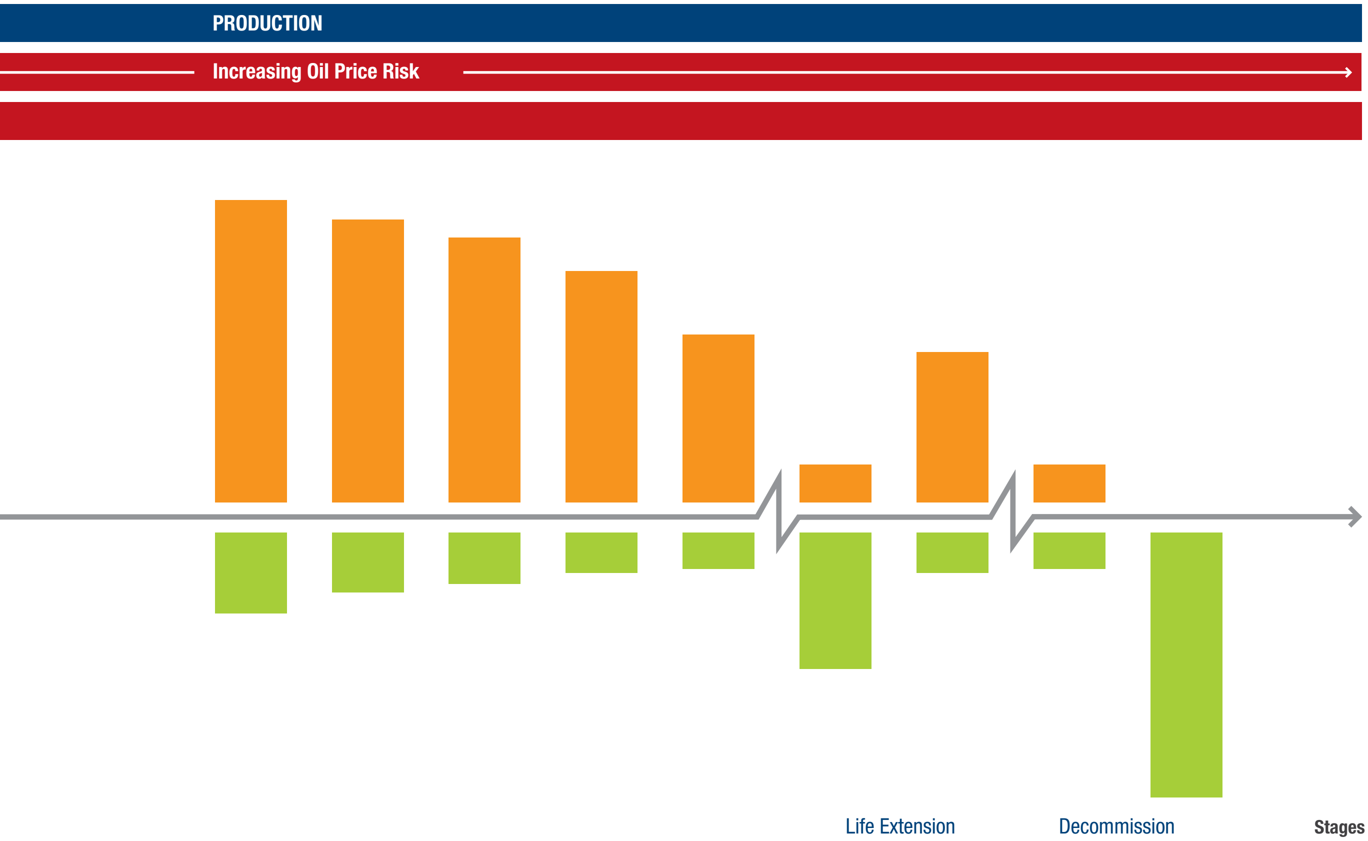
INVESTMENT AND VALUE CREATION IN THE OILFIELD LIFE CYCLE

STAGE	LICENCE AWARD	EXPLORE	DISCOVER	
Reserves/Resources	Prospective Resources			Contingent Resources
Investment/Activity	Bidding or direct negotiation with host countries	Seismic acquisition, processing and interpretation	Drill exploration well	Drill appraisal well/ extended well test
Risks	High geological risks	Geological risks	Geological risks	Decreased geological risks
Typical GCoS[3] range	0 – 25%			25 – 55%
Value Creation	Secure right to explore acreage via the signing of a concession agreement	– Identify drillable prospects – Define GCoS[3] and prospective resources	Discovery of hydrocarbons	Commerical discovery of hydrocarbons

Notes:
- Table above does not account for unconventional concepts and field development
- Inherent operational risks are not included
- Information presented is reflective of the Company's portfolio of assets



FIELD DEVELOPMENT		FIRST OIL	PRODUCE	LIFE EXTENSION	DECOMMISSION
Proven Reserves		Start of oil production from the field	Proven Reserves		–
Pre-FID[2] – Field Development Plan – Plan optimal subsurface development (e.g. no. of wells to drill, amount of oil production achievable) – Front-End Engineering & Design (FEED) for the surface facilities	**Post-FID**[2] Detail design, construction and installation		Maintenance of equipment and wells	Drilling of additional wells or implement secondary oil recovery (e.g. waterflooding)	Facilities and well abandonment
Low geological risks; Oil price risk	Design risks; Oil price risk		Oil price risk	Oil price risk	–
55 – 85%			85 – 100%	60 – 80%	–
Confirm the economic feasibility of the project	Installation of the surface facilities and drilling of oil wells		Ensure optimal oil production from the field	Increased oil production and reserves from the field	Abandonment of the field in an enviromentally safe manner

Notes:
1 Dollars per barrel of oil equivalent
2 Final Investment Decision
3 Geological Chance of Success

CHAIRMAN'S STATEMENT

Business sustainability is a key theme for our Company.

Zainul Rahim bin Mohd Zain
Chairman

DEAR SHAREHOLDERS

After a prolonged period of high oil prices, the biggest story in the oil and gas industry over the last year has been the rapid decline in oil prices, beginning towards end 2014. This has necessitated a re-think in strategy amongst industry players, Hibiscus Petroleum Berhad (Hibiscus Petroleum) notwithstanding. The low oil price environment, however, is not without its silver lining for it has resulted in lower exploration, development and production costs. This has in turn opened up opportunities for the acquisition of assets at competitive prices. Accordingly, throughout the financial period we kept a keen eye out for value accretive assets to acquire.

As of the last financial period, we had acquired a number of exploration assets in Norway and the Middle East. Most significantly, in August 2015, we entered into sale and purchase agreements (SPAs) for the operating rights of the Anasuria Cluster, comprising a number of producing fields in the United Kingdom (UK) Central North Sea. This is an extremely exciting development for Hibiscus Petroleum as it fulfils our long-held strategy of balancing our portfolio with exploration, development and producing assets. To have achieved this milestone within five years of our listing is something we feel truly proud of, and reaffirms our commitment to add value to our shareholders' investment in the company.

OIL PRICE AS A FACTOR OF SUPPLY AND DEMAND

The demand for oil and gas is typically cyclical, with prices dictated by market forces of supply and demand. The current low oil price regime reflects an oversupply, primarily due to a surge in shale oil production amid depressed demand as major economies are slowing down after several years of high growth. The OPEC[1] nations' refusal to curb production exacerbates the situation. Over time, the market will eventually correct itself. As production eases due to low margins, the relative increase in demand will once again drive prices up. It remains to be seen when the tide will turn, with some predicting the current low oil price regime persisting for another three to five years.

Taking a long-term view, however, there can be no doubt that we are looking at an industry that will be very relevant and in demand. Despite advances in alternative forms of energy, the world is still heavily reliant on hydrocarbon-based fuels, which make up about 86.3% of total energy consumption[2]. As populations further increase, accompanied by greater urbanisation as well as overall global economic development, demand for energy and hence hydrocarbons will grow.

Notes:
1 Organisation of Petroleum Exporting Countries
2 BP, BP Statistical Review of World Energy June 2015, 64th Edition, Consumption by Fuel

The demand for oil and gas is typically cyclical, with prices dictated by market forces of supply and demand.

Currently, global demand for oil stands at 92.4 million barrels per day[3]. According to estimates, taking into account factors such as greater energy efficiency brought about by technologies, an additional USD13.7 trillion in oil supply investment will be required to meet 2014-2035 demand[4]. Companies with sound business fundamentals that have both the agility as well as the tenacity to move forward in a challenging environment stand well-positioned to grow along with the industry into a promising future. It is our aspiration that Hibiscus Petroleum will be among these high-growth companies.

FOCUS ON AUSTRALIA

I am pleased to share with you that our involvement and activity in Australia have been progressing well.

In late 2014, we took full control of the West Seahorse field through the acquisition of 100% interest in the VIC/L31 Production Licence, located in the Gippsland Basin, off Victoria. Independent experts estimate the West Seahorse proven reserves at some 6.5 million barrels of oil and contingent resources of 1.5 million barrels of oil. Our development plan for the West Seahorse field is at an advanced stage, awaiting Final Investment Decision (FID) at the appropriate time. In the meantime we continue to evaluate development options, exploring opportunities for cost reduction and production enhancement, with a view to improve project economics.

On the exploration front, we began drilling the Sea Lion exploration well located in the VIC/P57 acreage at end of October 2015. It is an important development for us as it marks our second exploration drilling campaign as an independent exploration and production company.

PREPARING TO SWING INTO PRODUCTION

During the financial period, we entered into agreements to acquire two producing assets.

In June 2014, we initiated the process of acquiring a 25% stake in the Kitan field within the Australia-Timor Leste Joint Petroleum Development Area (JPDA), about 550km north-east of Darwin, Australia. However, the conditions precedent to the relevant agreement were not fully satisfied by the agreed cut-off date, and therefore the agreement was terminated in early June 2015.

In August 2015, we entered into SPAs for the acquisition of 50% interest in the Anasuria Cluster, comprising 100% interest in three producing fields, and 38.65% interest in a fourth producing field. The acquisition includes the Anasuria Floating Production Storage and Offloading vessel, which further strengthens our asset base for future production activity. The Anasuria Cluster is located about 175 kilometres east of Aberdeen in the UK Central North Sea, and has 40.4 million barrels of oil reserves and 27.9 billion standard cubic feet of gas reserves. We are entering into this venture together with Ping Petroleum Limited, which will acquire the remaining 50% interest of the cluster. This deal, which back dates the economic interest to us to 1 January 2015, is expected to achieve financial closure by the first quarter of 2016. It is expected to contribute positively to our earnings in the financial year ending 30 June 2016.

MAINTAINING A SUSTAINABLE MODEL

A key philosophy of Hibiscus Petroleum is business sustainability. As the operator of a number of assets, we are responsible for the health and safety of our people, as well as the preservation of the environment. Recognising this responsibility, we are committed to balancing our growth with health, safety and environmental considerations.

Notes:
3 U.S. Energy Information Administration, Short-Term Energy Outlook – October 2015
4 International Energy Agency, World Energy Investment Outlook 2014

In 2014, Hibiscus Petroleum was declared as having one of the best corporate governance disclosures by Bursa Malaysia Securities Berhad.

Towards this end, we have in place comprehensive Health, Safety, Security and Environment (HSSE) policies and procedures which we share with our contractors and expect them to adhere to. This was reflected in our excellent performance in the Oman Block 50 drilling campaign which was completed in 2014 with no lost time incident (LTI) or environmental issue. Learnings from this drilling campaign, which was our first, have been incorporated into our Crisis Management Plan, further strengthening its efficacy as we prepare to intensify our exploration and development activities.

Prior to commencing our exploration drilling of the Sea Lion well, we worked closely with the Australian authorities to ensure our HSSE policies are comprehensive and fully compliant with their standards. Our extensive Environmental Plan for the exploration drilling was duly approved by the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) in July 2015 after over 12 months of working with the authority. The same attention to detail will be applied to all our drilling activities in the coming years.

BUILDING OUR HUMAN RESOURCES

We have continued to build on our human resources (HR) to support the spurt in activity envisaged in the coming months, bringing on board seven new employees to increase our total headcount from 26 at end 2013 to 33 as at September 2015. As our team is still relatively small, individuals have had to collaborate more intensely with each other, multi-task and assume additional responsibilities in order to meet the many tight deadlines. It is encouraging to note that they have performed professionally and ethically at all times, enhancing their skills, knowledge and professional development in the process. We have developed a new organisation chart that will see some of our people redeployed to new positions in our head office and overseas operations. This exposure will no doubt be both challenging and rewarding.

High Standards of Governance

In terms of delivery, it gives me great pride to share with you that in 2014, Hibiscus Petroleum was declared as having one of the best corporate governance disclosures by Bursa Malaysia Securities Berhad. This was based on a survey conducted on 300 annual reports of companies listed on the local bourse, in which Hibiscus Petroleum scored 79%. Only nine companies attained higher scores. The main criterion used in the ranking was adherence to the guidelines of the Malaysian Code on Corporate Governance 2012 including the establishment of clear roles and responsibilities of the Board and management, upholding integrity in financial reporting, as well as recognising and managing risks. For a small and relatively new company, I believe our performance in this survey speaks very highly of our management and leadership.

We have also brought in a new Head of HR to further strengthen our HR framework and organisation culture to support future growth. Improvement initiatives undertaken by the company include the implementation of a new e-HR system and the introduction of a new Performance Management System aimed at reinforcing our existing performance-driven culture and fostering greater synergies from our cross-functional teams. We believe these initiatives, along with our company values of being enterprising, trustworthy and agile, will keep us "small enough to be humble, yet big enough to deliver".

IN APPRECIATION

I would like to take this opportunity to thank my fellow Board members for continuing to guide Hibiscus Petroleum with sound and independent counsel. On behalf of the entire Board, I would like to acknowledge the contributions of Dr Rabi Narayan Bastia, Mr Joginder Singh A/L Bhag Singh and Mr Tay Chin Kwang, who have stepped down as Directors of the Company, as well as Datuk Zainol Izzet bin Mohamed Ishak who has indicated a desire to retire at the forthcoming annual general meeting (AGM). I would also like to welcome Ms Sara Murtadha Jaffar Sulaiman, who joined our Board in August 2014, bringing with her extensive experience in the finance and oil and gas industries, as well as a strong network within the Omani corporate circle.

I would also like to express my appreciation to all our stakeholders – especially our shareholders – for their continued support and confidence in us. To our Management team and employees, I speak from my heart when I say it would be difficult to find a group that is more passionate and dedicated than you. Thanks to your steadfast commitment, we are at a very exciting phase in our ongoing journey to be a respected, independent oil and gas exploration and production company.

OUR FOCUS IN 2015/16

Our focus in the coming year will be to achieve positive cash flow and deliver value to our shareholders. We aim to pursue the development and production of the West Seahorse field in Australia, maximise value from the Anasuria Cluster in the UK Central North Sea, and high grade our exploration assets in the Middle East and Norway. In other words, the financial year 2015/16 holds much potential for Hibiscus Petroleum and our shareholders. Dr Kenneth Pereira, our Managing Director, will cover this subject in more detail in the Management Discussion and Analysis section of this Annual Report.

With our robust foundation and fundamentals, I have every confidence that our management will be able to translate this potential into even greater value for our Company.

To all our stakeholders, once again, thank you.

Zainul Rahim bin Mohd Zain
Chairman
5 November 2015

MANAGEMENT DISCUSSION AND ANALYSIS

We are simultaneously trying to create sustainable value by pursuing new revenue generating projects whilst retaining value in what we already have.

Dr Kenneth Gerard Pereira
Managing Director

In a tough business environment, Hibiscus Petroleum has been relatively fortunate. Having relied on equity to build our (historically) exploration based asset portfolio, we are now served by a debt free balance sheet. This characteristic has allowed us to operate with some flexibility, which is important in a new type of downturn in our industry.

Market conditions have changed drastically in the 18 months and we have had to adapt to the changes that we perceive are impacting the oil and gas exploration and production sector. As you read through the following paragraphs of this section of our Annual Report, you will note that we have reviewed in depth how we deploy capital and the underlying, recurring theme of all our practical efforts is to transition our company to a position of long term business sustainability.

Our initiatives will take some time if we are to minimise any material diminution in value already created. So in a sense, we are simultaneously trying to create sustainable value by pursuing new revenue generating projects whilst retaining value in what we already have, which have a longer gestation period to revenue.

We have also been fortunate to have assembled a strong and tenacious team of people. With the stamina of our team, we will continue to push the envelope, working towards our vision of becoming a respected independent oil and gas company.

OVERVIEW OF DISCUSSION AND ANALYSIS

On 27 November 2014, OPEC shocked the world by choosing not to cut back on production to support oil prices, but rather – as low cost producers – to defend their market share and tolerate lower revenues.

OUR BUSINESS ENVIRONMENT

The unexpected fall of oil prices

After several years of stability at industry comfortable norms, oil prices have reduced by circa 60% from their June 2014 high of above USD 115/bbl (United States Dollar per barrel) to lows ranging around USD 50/bbl for Brent today. The fall was caused by a slowdown in demand growth coupled with record advances in non-OPEC[1] supply – US (United States) shale, in particular. On 27 November 2014, OPEC shocked the world by choosing not to cut back on production to support oil prices, but rather – as low cost producers – to defend their market share and tolerate lower revenues. This stance by OPEC triggered a rapid decline in oil prices with Brent falling by more than USD 5/bbl in a single day.

The continued, counter-intuitive OPEC position coupled with other global macroeconomic effects has caused an extended period of volatility in oil prices. However, there is one empirical observation that is not often highlighted. Over the course of 2015, oil prices have been subject to severe levels of negative commentary by industry analysts and whilst immediate knee-jerk reactions have been repeatedly evident, a certain level of downside resistance can also be seen circa the USD 45/bbl price-point for the Brent benchmark.

Swift response towards an oil price rebound

In response and as a consequence of the low oil prices, industry players and oil consumers alike are already creating the conditions for the oil price to rebound. We have seen a growth spurt in demand this year – the biggest in five years – as consumers use more of the cheap oil in the market. According to analysts, a supply reduction in the near-term is expected with high cost producers shutting in production that is uneconomic at current price levels. Furthermore, oil companies, notably the supermajors, have moved swiftly to reduce planned capital spending.

Figure 1: Demand/Supply Balance until Q4 2016[2].

The aggregated effect of deferring more than USD200 billion from planned capital budgets of oil and gas exploration, development and production projects from Malaysia to Alaska by national oil companies and independents will undoubtedly choke the supply chain in the future. Already, analysts are forecasting a reversal of current trends and as shown in Figure 1, supply growth is expected to slow down and demand levels to exceed supply by late 2016 – positive indicators which support the increase in oil prices in the next three years.

WHY WE BELIEVE THE LOW OIL PRICE REGIME IS TEMPORARY

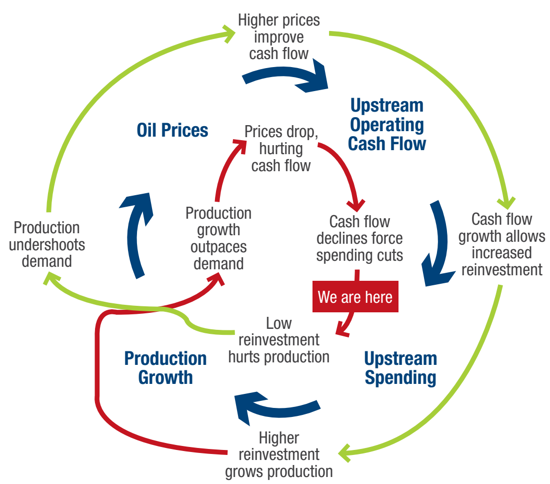
The cyclical nature of the oil and gas industry

Oil prices reflect supply and demand balances, with increasing prices often suggesting a need for greater supply.

In the upcycle of the industry, increases in oil prices are good for oil companies as it improves cash flow. This subsequently allows for increased reinvestment by acquiring new assets or developing existing fields, thereby allowing an increase in oil production. High oil prices create an international boom in the industry. As a consequence, a substantial growth in utilisation and costs in the services sector occurs as well.

When production outpaces demand for oil, the industry then undergoes the downcycle. Oversupply of oil causes prices to drop, and this hurts the cash flows of oil companies, forcing them to go on a spending cut. As a result, low reinvestment hurts production of oil until demand outpaces production once again, and the industry then returns into the upcycle.

Upcycle vs. Downcycle[3]



Notes:
1 Organisation of the Petroleum Exporting Countries
2 International Energy Agency, Oil Market Report, October 2015
3 Morgan Stanley Research
4 Million barrels per day

The 'new' oil environment

Eventually oil economists and commentators will mark 2014 and 2015 as the period when technology dented the 'shield of influence' that OPEC has used to protect an industry it absolutely dominated. OPEC remains extremely relevant in determining the long term trajectory of the industry as it owns and controls the largest known volumes (as seen in Figure 2 and Figure 3) of discovered oil and gas resources. It is the very existence of these discovered resources that gives us the comfort of long term energy supply security and thus, the possibility of low prices.

The desire to maintain market share has resulted in OPEC having lost its influence in controlling short term price points. What we are seeing is a shift in the oil environment from an OPEC-dominated oligopoly to an open market led by the effects of game theory. The impact of this shift is a breakneck pace of supply growth and a great deal of uncertainty in market balance in the near term. This has given rise to a period of volatility and the current low oil price environment.

What this means for the industry players

In the new oil environment, a cost effective operational approach – a result of industry experience, agility and knowledge – will be prized. Moving forward, we can expect to see oil companies adopt off-the-shelf solutions that are proven, relocatable and can be streamlined, allowing speedier delivery of production and eliminating the possibility of cost overruns arising out of design related risks from developing bespoke solutions.

Against this backdrop, it is believed that some oil companies will form alliances and develop innovative, collaborative business models with oil service companies which have hard assets that need to be deployed.

Challenges in our business environment

Business sustainability is valued and business strategies that support sustainability are key

The capital intensive nature of the oil and gas exploration and production (E&P) business means that financial institutions have a significant influence on how industry players – particularly those that are not classified as 'the majors' or national oil companies – will evolve. Independents, especially smaller players, have been or will be negatively impacted if they have relied on the debt markets as a source of capital. In this financial period, Hibiscus Petroleum has not used debt as a means of funding what has been its' primarily exploration based activities. However, we foresee that going forward a reliance on equity funding and a business strategy that is exploration heavy will not be highly valued by the capital markets. We see the signals and we are adapting our business direction accordingly.

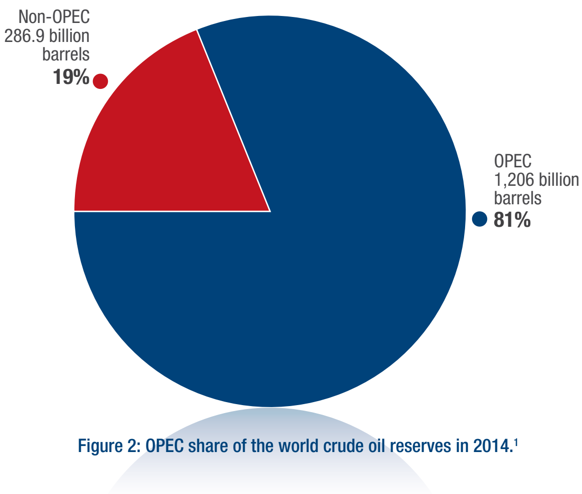


Figure 2: OPEC share of the world crude oil reserves in 2014.[1]

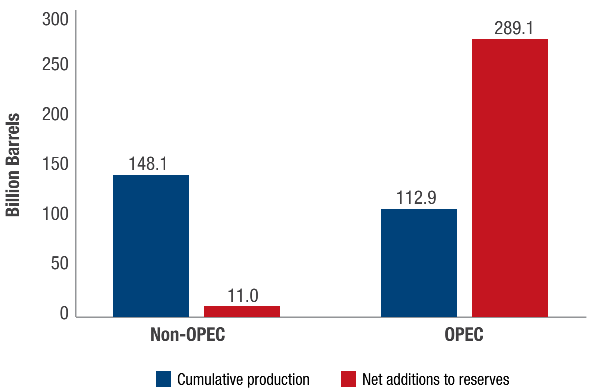


Figure 3: World proven crude oil reserves:
Cumulative production versus net additions, 2005 – 2014.[1]

Notes:
[1] OPEC Annual Statistical Bulletin 2015

Even though the current state of the industry may appear uninviting in the short term, it is likely that an inflection point will occur in the medium term.

Low and volatile oil prices and the competition for capital

As a public listed entity active in the exploration and production of oil and gas, Hibiscus Petroleum is seen as a stock that is a proxy for oil prices. The current low and volatile oil price environment has directly diminished the capital value of our company. Figure 4 clearly shows the correlation that exists between Brent crude prices and our share price. Our share price also shows a similar trend to that of other oil companies in the FTSE 350 Oil and Gas Producers index. In a market awash with negative sentiment, it has been difficult to raise funds from both the capital and debt markets so whilst we are able to identify many opportunities that have arisen in recent months, we have been extremely selective on those projects that we are able to participate in.

Figure 5 is an even more stark depiction of the value that has been lost globally amongst oil and gas players. When so much value has been erased from the portfolio of investors or funders in such a short space of time, then a certain level of inertia is going to occur in the investment community when it is presented with new opportunities. Hibiscus Petroleum has seen an increasing level of reluctance when seeking new investment into our company and we believe that the competition for future funding is going to be even more intense. We see liquidity but the availability of capital for application into the oil and gas sector is not so visible.

Raising funds in Ringgit, spending it in USD

Over the past few months, we have seen the USD dramatically strengthen against many international currencies. Specifically the Ringgit has seen a circa 30% effective devaluation when compared to the USD a year ago. Hibiscus Petroleum's revenues, expenses and future profits are predominantly in USD, but as we are listed in Malaysia where our fund raising efforts are focused, we now require larger sums of Ringgit to undertake the same activities which are priced in USD.

Opportunities in this environment

Value to be found in all segments of the industry

The effect of the new oil environment is that there is long term value to be extracted in all elements of the industry. Crude oil as a commodity is being traded at price levels that are encouraging emerging superpowers like India and China to build strategic stockpiles. National oil companies, with long term outlooks are using this period of reduced service costs to undertake their long term work programmes whilst those E&P companies with surplus cash are scanning the markets for discovered oil instead of employing traditional exploration strategies to increase their resource base.

Hence, even though the current state of the industry may appear uninviting in the short term, it is likely that an inflection point will occur in the medium term.

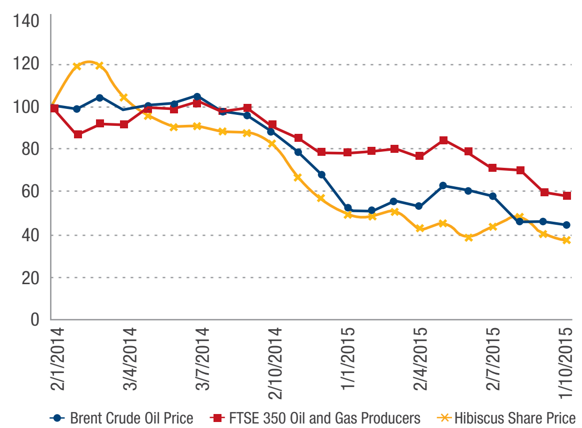


Figure 4: Comparison between the change in the Brent crude oil price and the share prices of the FTSE 350 Oil Producers and Hibiscus Petroleum from January 2014 to October 2015.

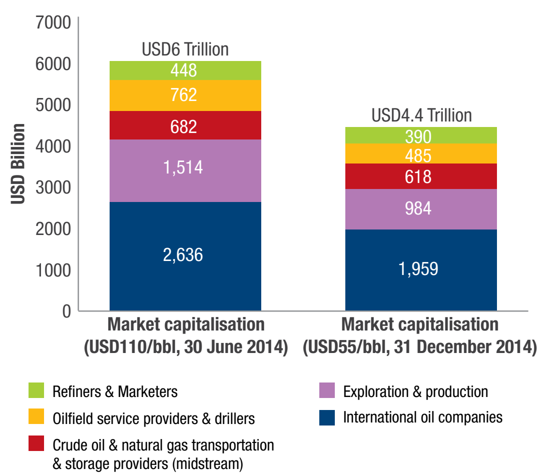


Figure 5: Market capitalisation of oil and gas segments (before and after oil price decline)[2].

Notes:

[2] Following the Capital Trail In Oil and Gas, 10 April 2015, Deloitte Center for Energy Solutions

Staff members based in Melbourne for the drilling of the Sea Lion exploration well.

For Hibiscus Petroleum, we are prospecting for opportunities in which we can utilise the knowledge and experience of our Management team to 'sweat' additional value from assets that are deemed too expensive or simply too small for the larger players (with higher cost structures or materiality thresholds) to operate. Our recent acquisition of the Anasuria Cluster is a case in point.

We are also investigating opportunities that entail the consolidation of minority interests in assets that are managed by high cost operators. Negotiations in such types of transactions are extended and protracted as they involve more than a single party, so we require patience and stamina to accumulate value. We have also noted that the prices of equities across the oil and gas E&P space have fallen dramatically and in some cases, the cheapest place to find oil today may be in the equity markets.

Building Hibiscus Petroleum in tough conditions

In early 2015, Hibiscus Petroleum revisited its business strategy to ensure that we are able to build value during a period of tough market conditions. In such circumstances, we have had to make some tough investment choices and utilise innovative fund raising schemes to ensure long term business sustainability. We have looked exhaustively at every component of our asset portfolio to ensure that current and future investment commitments can show tangible returns in a relatively short timeframe. As we are faced with unceasing media coverage of our industry, we devote time to distil the relevant information that allows us to shape a unique set of business drivers into a value accreting strategy.

The circumstances are complex and the market dynamics in this particular downcycle are unlike previous times. For our company, the positives are that we have the building blocks to survive but it will require a little more patience and faith from our shareholders. We have not chosen the simple path. Our direction has been always to challenge ourselves by aiming high. The hardest work has been done and with the right levels of commitment, we will ride this wave and emerge even stronger.

2014 – 2015 STRATEGY REVIEW

Pursuing profit

Identifying opportunities to secure material cash flow was central to our business objectives last year as part of our pursuit for profitability. We pursued multiple opportunities to participate in producing assets that would allow us to lock-in our first operational profits in 2014 and more significantly, balance our portfolio of assets.

In June 2014, we signed an agreement to effectively acquire a 25% stake in the Kitan producing oil field, located in the Joint-Petroleum Development Area between Australia and Timor-Leste, from Talisman Energy Inc (now a part of the Repsol S.A. group), an oil company listed on Toronto and New York Stock Exchanges. However a significant Condition Precedent to that agreement was not met in the permitted timeframe and the transaction could not successfully complete.

Since August 2014, we were in negotiations to acquire the Anasuria Cluster of oil and gas fields in the United Kingdom sector of the North Sea. A year later, on 6 August 2015, we signed two sale and purchase agreements to acquire a 50% interest in this producing asset from Shell UK Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited. (More details on page 18)

In addition to our efforts in trying to secure producing assets, our strategy to secure profits has also entailed taking our West Seahorse discovered field (under the VIC/L31 production licence in Australia) through field development to First Oil. In order to obtain more control of development plans for First Oil, we signed an agreement with 3D Oil Limited on 4 July 2014 to effectively increase our stake in the VIC/L31 Production Licence from 50.1% to 100%. When doing so, we envisioned First Oil from West Seahorse to flow by the fourth quarter of 2015. However sharp drops in oil price levels during that period caused us to review our timeline for the achievement of this objective. (More details on page 22)

Rationalising our exploration portfolio

In an environment of USD 100/bbl oil, our market capitalisation implied significant carrying values being attributable to exploration assets. Against this backdrop, between 2011 and 2014, we secured equity positions in more than 20 licences. Exploration assets are important for the long term business sustainability of an E&P company, as successful exploration allows a replacement of a reserves base that gradually diminishes due to production. Whilst we have invested a substantial amount to acquire or farm-in to exploration acreage, we are now faced with an industry landscape that generally perceives opportunities in exploration by junior players as potential liabilities unless the exploration activities are in areas served with existing infrastructure which can be utilised to bring in a potential discovery early.

Achieving material positive cash flow and securing long term sustainability of the Company are now critical components of our evolving business plan.

In times of capital scarcity, selective exploration is being pursued and we are currently reviewing our portfolio of licences against a new set of investment criteria. The hurdles are higher but in essence, we are prioritising assets which have a clearly defined path to near term production. We are also investing in assets where we already have firm work commitments. Our current agenda is to take a secondary position in these type of assets whilst the sector struggles to define its short term outlook. In summary, assets located in countries where the development approval cycle is long and/or the unit cost of production is relatively high (when compared to the recently forecasted forward oil price) are unlikely to be of immediate investment importance to us.

Raising funds for our growth

The upstream oil and gas business has always been and remains a highly capital intensive sector. Associated risks are high with potential rewards to match. In our fund raising exercises, our Company has been continuously and extensively engaging across both the sell and buy segments of the capital markets. We have approached institutional funds and high net worth individuals domestically and internationally. Despite the overall softness and negative sentiment associated with the sector, Hibiscus Petroleum has continued to receive investor interests domestically, regionally and also from Europe.

As the Company has yet to achieve a position of securing a steady revenue stream, we have had to rely on shareholders' equity as being the primary source of funding our activities, which were focused on exploration. The positive aspect of this equity based growth strategy is that the Company is mostly free of debt. The recently announced Anasuria transaction is a key building block of our future strategy and we hope that whilst it will mean that we are entering into a phase where we shall assume some debt for development and production activities, it is the first of a series of steps we are taking towards a reducing reliance on shareholder equity infusions. In addition to conventional sources of funding, we have also been exploring innovative financing strategies with potential alliance partners within the oil services sector.

Before we complete the Anasuria transaction, we will need to raise some new money to fund the Sea Lion exploration well. We will strive to keep this amount as small as possible but it is important for our stakeholders to note that any funds raised are destined for utilisation on projects that we hope will bring returns within the timeframes expected in the new oil environment.

Transitioning to the new environment

In the first instance, we will maintain our strategy mantra of building a balanced portfolio of assets. We are also clear that we will operate mainly in areas that are geopolitically stable. Achieving material positive cash flow and securing the long term sustainability of the company are now critical components of our evolving business plan.

We are encouraged that we took steps in the early days of our existence to identify the securing of proven reserves as a key objective. These reserves, which are mainly in Australia and the United Kingdom (pending completion), will allow us an opportunity to become self-sustaining and generate positive cash flow which hopefully will be sufficient to be re-invested into smart exploration prospects.

As we progress, our core assets will be those with early development potential or those already in production, as depicted in Figure 6.

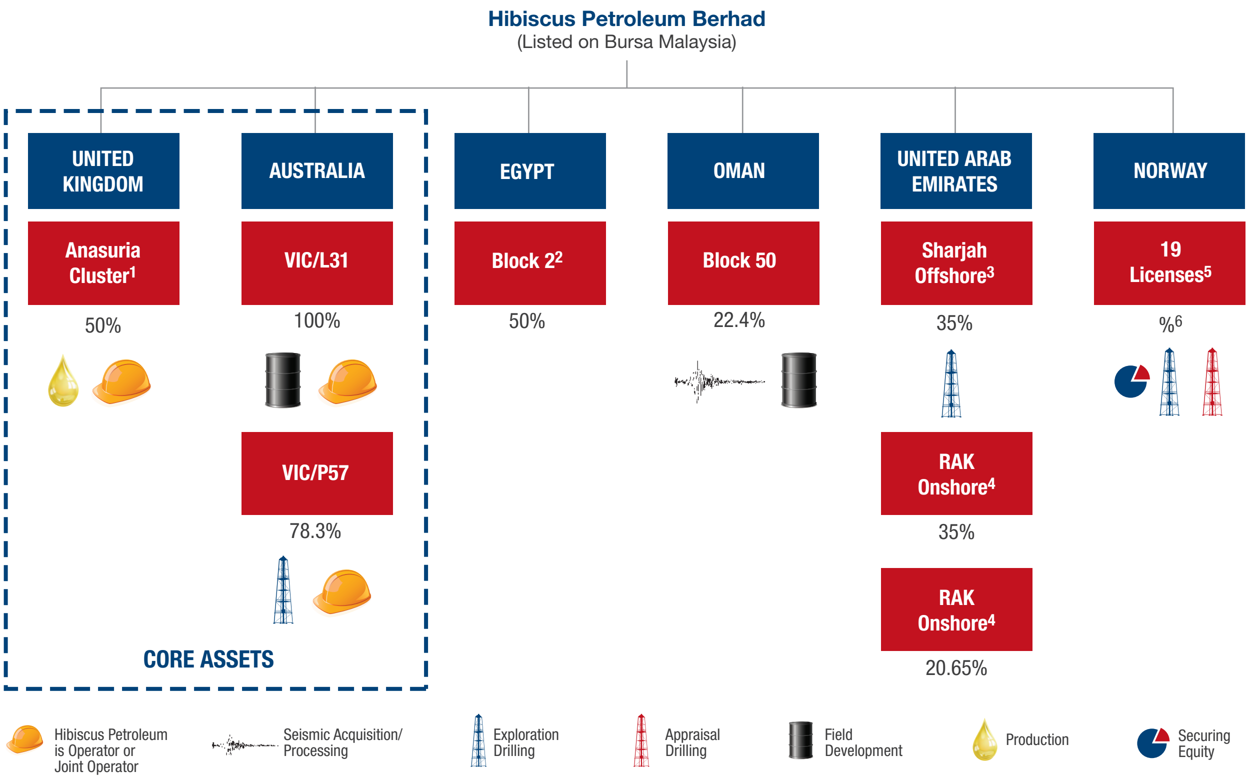


Figure 6: Our portfolio of assets.

Notes:
- Core assets are characterised as those in which:
  - Hibiscus Petroleum has a high equity position and operational control
  - The asset has existing production or is close to production in the field life
  - The unit cost of production is competitive in the current oil price environment
- Numbers are Hibiscus Petroleum's effective interests held under subsidiaries.

As we progress, our core assets will be those with early development potential or those already in production.

OVERVIEW OF OUR ASSETS AND WORK PROGRAMME

CORE ASSETS

PRODUCTION

UNITED KINGDOM
Anasuria Cluster[1]

Q3 2015	Signed SPAs[7] for the acquisition of 50% of the Anasuria Cluster
Q1 2016	Completion of the acquisition transaction

DEVELOPMENT

AUSTRALIA
VIC/L31

Q2 2017	First Oil from the West Seahorse discovered field[8]

EXPLORATION

AUSTRALIA
VIC/P57

Q4 2015	Drill one exploration well in the Sea Lion prospect

EXPLORATION

OMAN
Block 50

Q1 2015	Completed seismic program
Q1 2016	Drill one exploration/appraisal well

EGYPT
Block 2[2]

Q3 2015	Received letter of award for Block 2 concession

UNITED ARAB EMIRATES
Offshore Sharjah East Coast

2016	Drill one exploration well[3]

NORWAY
19 Licences

1H 2015	Drilled three exploration wells

Notes:
1 Subject to completion of transaction
2 Subject to execution of a definitive agreement
3 Subject to government extension of licence and securing a farm-in partner
4 Possibility of relinquishment is being discussed with host government
5 Subject to regulatory approval for PL410 and completion of obligation for PL760 and PL760B
6 Subject to possible changes to shareholding interest
7 Sale and Purchase Agreement
8 Subject to the results of the Sea Lion well

Q Quarter
H Half

OUR PORTFOLIO OF ASSETS

Production in the United Kingdom (UK) sector of the North Sea

Licence Type
Production

Stake
50% of the Anasuria Cluster

2P Reserves[1]
P50 Oil: 40.4 Mstb[2]
P50 Gas: 27.9 Bscf[3]

Average Production Rate[4]
7,700 bopd[5]

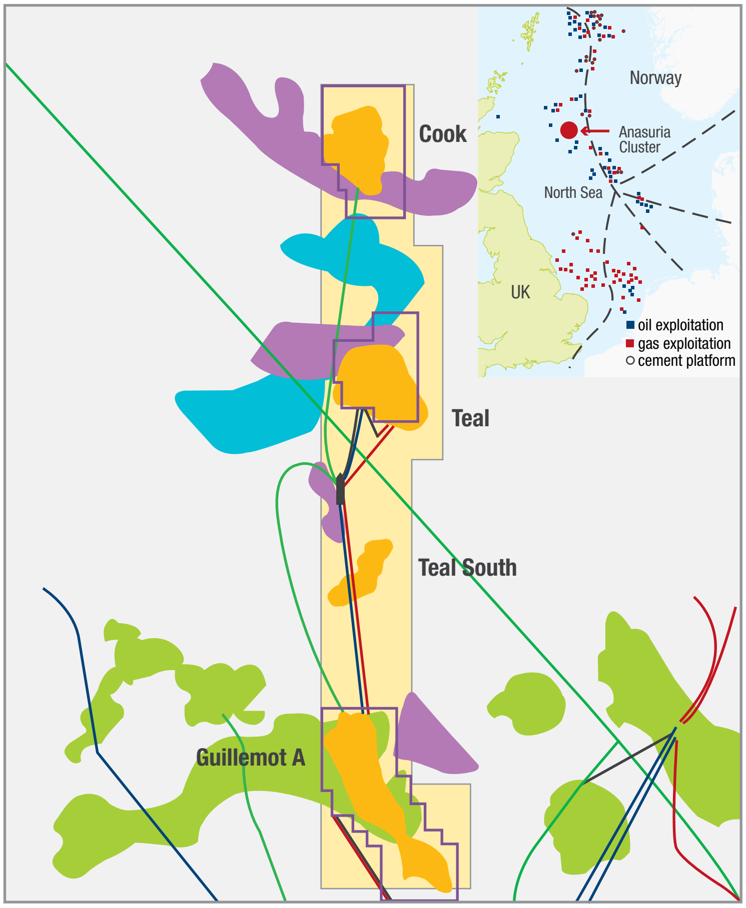


Figure 7: Location of the Anasuria Cluster.

On 6 August 2015, Hibiscus Petroleum via our wholly-owned subsidiary, Anasuria Hibiscus UK Limited, entered into SPAs to acquire 50% of the entire interests of Shell UK Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited in the Anasuria Cluster of oil and gas fields for a consideration of USD52.5 million. The remaining 50% will be acquired by Ping Petroleum UK Limited as part of the same transaction. The acquisition of the Anasuria Cluster is subject to, amongst others, regulatory approvals, and third party consents. These include the approvals of the United Kingdom Government and Hibiscus Petroleum's shareholders.

The Anasuria Cluster is located approximately 175 kilometres east of Aberdeen in the UK Central North Sea and comprises a portfolio of producing fields with significant upside potential.

The infrastructure is primarily subsea with production feeding into a (unencumbered) Floating Production, Storage and Offloading unit (Anasuria FPSO).

The Anasuria Cluster consists of:

- 100% interest in the following fields and the related field facilities;
  - Guillemot A
  - Teal
  - Teal South
- 38.65% interest in the Cook field and the related field facilities; and
- 100% ownership in the common infrastructure known as the Anasuria FPSO and the related subsea equipment.

The Anasuria Cluster is being perceived as a transformational asset for Hibiscus Petroleum.

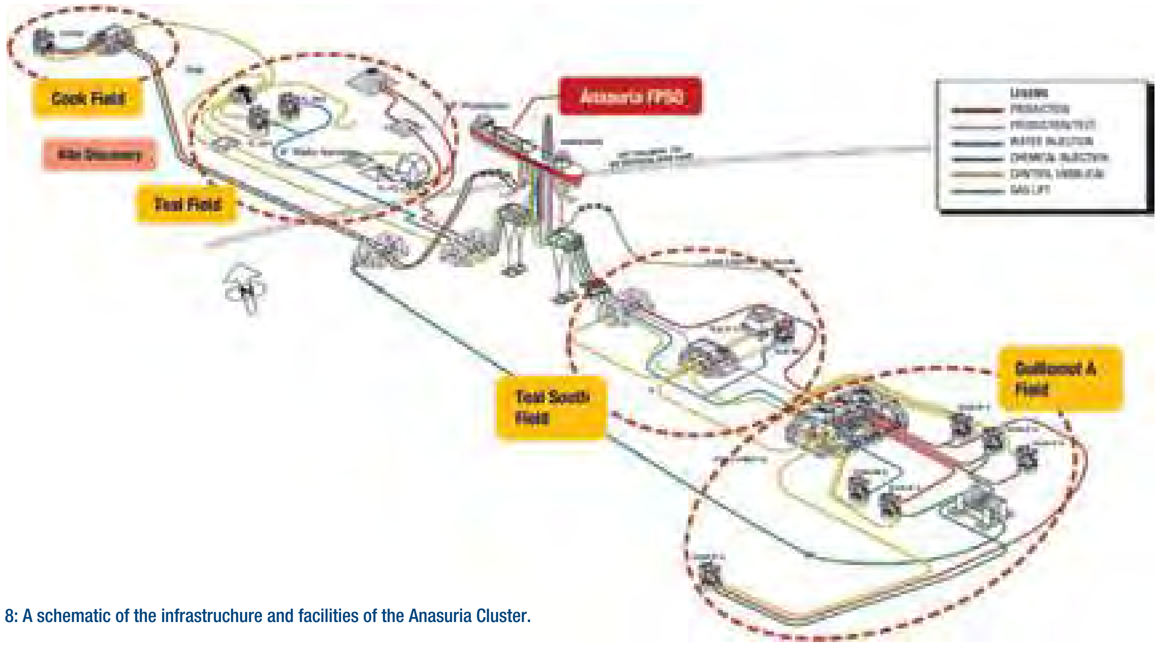


Figure 8: A schematic of the infrastruchure and facilities of the Anasuria Cluster.

The Anasuria Cluster comes with stable positive cash flow from current production with in-field future development opportunities and exploration upside. The Anasuria FPSO has a long life outlook and sufficient capacity for increased volumes from existing and future tie-ins. On top of the potential to reduce operating costs in the near term, a number of incremental development and exploration opportunities exist within the licence areas which are expected to generate significant incremental value for Hibiscus Petroleum in the medium term.

This key acquisition, which is projected to complete in the first quarter of 2016, is one that has been transacted at a low point in the commodity price cycle making it a competitive and an affordable deal for the company. Economic benefits associated with the transaction have been accruing equally to the two buyers since 1st January 2015.

The Anasuria Cluster is being perceived as a transformational asset for Hibiscus Petroleum as it should convert the company from a net user of cash to a net generator of cash over the next few years.

Figure 9: The Anasuria FPSO unit.

Notes:
1 Source from RPS Energy report dated 23 September 2015
2 Million stock tank barrels
3 Billion standard cubic feet
4 Source from Shell, for production 1 January 2015 to 31 May 2015
5 Barrels of oil per day

Exploration and Development in the Bass Straits of Australia

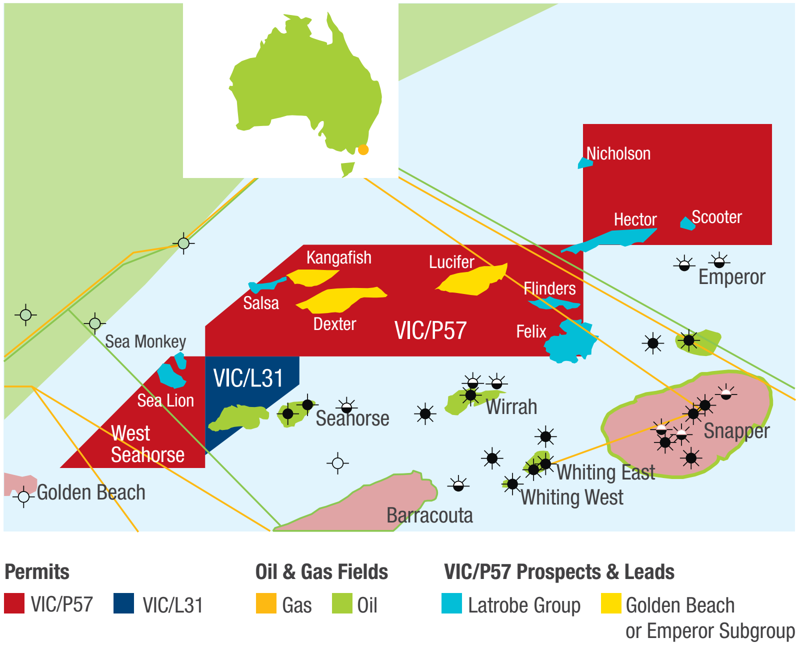


Figure 10: Location of our Australian assets.

2 LICENCES

Licence Type
VIC/P57 – Exploration
VIC/L31 – Production

Stake
VIC/P57 – 78.3%
VIC/L31 – 100%

2P + 2C Reserves
VIC/L31 – 8.0 mmbbls[1]

Prospective Resources
VIC/P57 – 11.0 mmbbls[1]
for Sea Lion prospect only

Hibiscus Petroleum holds substantial equity interest and is the Operator of two licences – VIC/L31 and VIC/P57 – in Australia via our wholly-owned subsidiary, Carnarvon Hibiscus Pty Ltd (CHPL). We raised our ownership levels in both these concessions as part of a commitment to our shareholders to fast track these projects into production and deliver material returns. Both licenses are located offshore, in shallow water, in the Gippsland Basin and are core assets for the company. As the Operator, we have a high level of operational and financial control and we are responsible for the entire planning and execution of all activities under these licences.

The VIC/L31 production licence includes the West Seahorse discovered field, whilst the VIC/P57 exploration licence comprises several geologically exciting prospects, such as Sea Lion, Felix and several others as depicted in Figure 10.

The development of the West Seahorse field has been a key objective of our company. Furthermore, in accordance with our obligations under the terms of the VIC/P57 permit, CHPL made a firm commitment to drill an exploration well in the permit in the second quarter of 2015. After an in-depth technical and commercial evaluation, the target that was selected for drilling is the Sea Lion prospect. It is located approximately 7 km from the West Seahorse discovery and has estimated prospective resources of between 10.6 million barrels on a P50 case to 15.3 million barrels on an upside P10 case.

The Sea Lion prospect is the ideal candidate for an exploration well for the following reasons:

- Close proximity to the West Seahorse discovery
- Positive impact a discovery at Sea Lion will have on the overall economics of West Seahorse
- High Geological Chance of Success

The Sea Lion Exploration Well

CHPL began its well planning, engineering and procurement activities for Sea Lion in the third quarter of 2014. In October 2014, CHPL signed a rig sharing agreement with Australia's Origin Energy Resources (Origin) to assume the services of the Seadrill West Telesto drilling unit, an independent leg cantilever jack-up rig, to spud and drill the Sea Lion exploration well directly after Origin's drilling activities. From the planning work that has been done, we anticipate the drilling of the Sea Lion exploration well to take up to 30 days.

The rig sharing agreement with Origin is a cost effective solution to secure a rig to fulfil our drilling obligations in VIC/P57. It enables the sharing of a number of common costs, the most significant being costs associated with rig mobilisation and demobilisation. We also expected that this arrangement provided certainty of the availability of a rig to drill the well within timelines required by the regulator. Furthermore, it has also enabled us to secure a rig with strong past operating performance, a high level of crew competence and a good health, safety and environment record.

Notes:
[1] Million barrels

Whilst we are keen to ascertain the presence of oil in the target reservoirs of the Sea Lion prospect, the safe and smooth execution of the drilling operations is our foremost priority.

In the second quarter of 2015, Hibiscus Petroleum deployed additional resources to CHPL to ensure smooth operations of the Sea Lion drilling programme. Although we had announced on 11 February 2015 that CHPL had progressed the plan to commence operations of the Sea Lion exploration well in June 2015, weather related delays in the well programme of Origin has deferred the eagerly anticipated commencement of the Sea Lion drilling operations to October 2015.

The drilling of the Sea Lion well is a significant investment which will help us to better understand the prospectivity of the VIC/P57 concession. A Sea Lion success case would high grade some of the other prospects that have already been identified, such as those shown in Figure 10. This drilling programme has added significance as it will be the first of such programme under the full operatorship of Hibiscus Petroleum.

Whilst we are keen to ascertain the presence of oil in the target reservoirs of the Sea Lion prospect, the safe and smooth execution of the drilling operations are our foremost priority. We will not compromise on tested procedures that have enabled us to previously conduct safe offshore drilling operations.

2015 SEA LION DRILLING PROGRAMME MILESTONES	
JAN	• Arrival of the West Telesto rig at Port Philip Bay in Melbourne on a Heavy Lift Vessel in anticipation of the start of Origin's drilling activities prior to handing over the rig to CHPL
FEB	• Commencement of Crisis Management Plan initiative
MAR	• Completion of geotechnical survey for Sea Lion well site
APR	• Long lead items start arriving at the CHPL supply base in Geelong Port
MAY	• West Telesto Safety Case Revision accepted
JUN	• Performed Oil Spill Exercise #1 • Wellhead stack up test successfully completed
JUL	• All drilling equipment arrives in Geelong Port ready for drilling operations • CHPL Drilling Team fully mobilised in Melbourne and ready for drilling operations to commence • Environmental Plan approved • NOPSEMA (National Offshore Petroleum Safety and Environmental Management Authority) approves or accepts: – Oil Pollution Emergency Plan – Operational and Scientific Monitoring Plan – Well Operations Management Plan – Application for Approval to Undertake Well Activities • Completion of geophysical survey for Sea Lion well site • Drill Well On Paper exercise completed • Performed Oil Spill Exercise #2
AUG	• Environmental Plan Summary accepted by NOPSEMA
SEP	• Fully prepared to drill the Sea Lion well
OCT	• Spud the Sea Lion well

The West Seahorse Field Development

We had set up a project team in Melbourne in 2012 that would manage the West Seahorse development project from planning to First Oil. Their responsibilities include activities such as engineering, regulatory compliance, government liaison and project management.

The CHPL project team has achieved the following milestones to date:

- Concept and Front End Engineering Design studies completed (November 2013)
- Field Development Plan approved by National Offshore Petroleum Titles Administrator (NOPTA) (November 2013)
- Production Licence granted by NOPTA (December 2013)
- Certified Reserves Report issued by independent expert (January 2014)
- Major Project Facilitation (MPF) status received from the Australian government (June 2014)

The Field Development Plan that was approved by NOPTA in November 2013 comprises a solution of a Mobile Offshore Production Unit (MOPU), a subsea pipeline and a Floating Storage and Offloading (FSO) vessel. We also secured a jack-up rig, the Britannia, which will be converted into a MOPU in due course.

With all key activities along the critical path achieved, we were able to take the project to the point of a Final Investment Decision (FID) by the fourth quarter of 2014. By this time, however, oil prices were fluctuating and trending downwards. Given uncertainties that encompassed our sector, Hibiscus Petroleum made the decision to defer the capital expenditure on this project until after the drilling of the Sea Lion well.

In the meantime, our project team conducted a value engineering study on the current design concept in an effort to reduce capital and operating costs. A preliminary study was completed in the second quarter of 2015. This activity resulted in a potential 10% overall cost reduction being identified, and to crystallise these savings, the design changes will be incorporated into new scopes of work and contracts.

Subject to a project FID in early 2016, the value engineering results will be implemented and all contracts will then be immediately re-tendered in order to secure a reduced pricing level that is reflective of the current oil services sector. Subsequently, the award of contracts will likely be revised as summarised in Table 1.

Based on the timeline in Table 1, we expect first volumes of commercial production from the West Seahorse field in the second quarter of 2017 and subject to an exploration success at Sea Lion, we expect First Oil at Sea Lion in the middle of 2018.

CONTRACT	EASTIMATE CONTRACT AWARD DATE
Operations & Maintenance – the Duty Holder of the field responsible for safe operation	Q1 2016
MOPU – purchase of the Britannia Rig, refurbishment, reactivate class, supply of equipment, integration and installation	Q1 2016
FSO – purchase or charter of vessel that will store produced oil before selling to the market	Q1 2016
Export System – includes the supply of submarine pipeline and offloading hose	Q2 2016
Drilling – the supply of a Modular Platform drilling rig to drill and complete the wells from the Britannia Rig in the first half of 2017	Q2 2016

Table 1: Estimated Contract Award dates for the West Seahorse Field Development.

Exploration with Development Potential in the Gulf of Suez, Egypt

In August 2015, we were informed by the Government of Egypt that together with Pacific Oil Limited, Hibiscus Petroleum was awarded the Block 2 licence in the Gulf of Suez. We have yet to execute the documentation to confirm our participation in the project. This opportunity fulfils all our technical criteria to be a core asset of the company. Given existing sentiments affecting the sector and the scarcity of capital to fund all our projects, we are making efforts to secure the necessary resources to participate in this project.

Exploration is important for the long term business sustainability of an E&P company. However, our current agenda is to take a secondary position in these type of assets whilst the sector struggles to define its short term outlook.

Exploration in Oman and the United Arab Emirates (UAE)

Figure 13: Map of our assets in the Middle East.

4 LICENCES

Licence Type
Exploration

Acreage
20,800 sq km[1]

Effective Stake
22.4 – 35%

Prospective Resources
1424.4 mmboe[2]

Certain projects in the Middle East form part of our continuing business strategy. These projects were part of our first acquisition in April 2012 – which was a 35% stake of Lime Petroleum Plc (Lime). Initially, Hibiscus Petroleum served as Project Manager for all activities performed in these assets. Today, we are focusing our technical resources on projects which are core to the Company. However, we monitor the activities of the projects that we are involved in diligently and independently.

Block 50, Oman

Block 50, Oman is held under Masirah Oil Limited (Masirah), an incorporated joint-venture between Lime Petroleum Limited (35% is indirectly owned by Hibiscus Petroleum through our 100% held subsidiary, Gulf Hibiscus Limited) and Petroci Holding, the national oil company of the Ivory Coast. Our successful drilling campaign in Block 50 led to Hibiscus Petroleum's First Oil discovery from the GA-South #1 well in early 2014 and has rendered this asset with a high level of potential. The GA South #1 well discovery has unlocked a considerable amount of value in this concession as it has opened up possibilities for the appraisal and exploitation of a new petroleum system in this area.

The Block 50 drilling campaign also demonstrated our technical and operatorship capabilities. We safely managed and executed the drilling operations within budget estimates and in a timely manner. We had some difficult decisions to make, particularly some that concerned the safety and well-being of our people and with respect to that, we believe we made the right choices. On conclusion of the 2013 – 2014 drilling activities, we also conducted workshops to identify process improvements for future implementation.

We were hopeful of advancing the GA South #1 discovery to an Extended Well Test/Early Production activity as part of our commitment to gain a better understanding of the geology and petroleum system operating in the area but as oil prices edged lower, our partners in Masirah preferred to pursue a more traditional appraisal path.

In late 2014, Masirah commissioned a new 3D seismic survey in Block 50 to increase its understanding of the geology around the GA South #1 discovery well. Since completion of the seismic acquisition, fast track seismic interpretation and full processing have been done. Subsequently, Masirah has conducted full seismic interpretation work to identify and rank drillable prospects, with the intent to carry out a drilling programme in 2016.

Notes:
1 Square kilometres
2 Million barrels of oil equivalent

Offshore Sharjah East Coast, UAE

The Offshore Sharjah East Coast concession is 100% held by Zubara Petroleum Limited (Zubara), a wholly-owned subsidiary of Lime. As Lime owns a high equity stake in Zubara, it has always been the intention to share the risks associated with drilling in this concession, and efforts to farm-out a portion of its interests have been difficult in the current oil environment.

This is frontier exploration acreage as it is underexplored and a petroleum system has not yet been proven in this area. Based on subsurface studies done by Lime using the seismic data acquired in 2012, a drillable prospect was identified by the subsurface team in mid-2014. During this time, Zubara had also received an extension of the concession agreement from the Government of the Emirate of Sharjah to drill an exploration well by the end of 2015.

Subsequently, Zubara had commenced the engineering and procurement activities with the award of the well management services contract on 31 July 2014 targeting to drill in the third quarter of 2015. Zubara had then tendered for long lead items and the drilling rig, and completed a preliminary well design and a logistics study. The completion of an Environmental Impact Assessment and the site survey was scheduled for the first quarter of 2015. However, given the low oil price environment, it has been difficult to procure farm-in interest and all work on the exploration well was placed on hold, subject to a further extension of the licence agreement being granted by the host government and a successful farm-out of Lime's interests. In the interim, we have taken the prudent step to write down the investment that we have made in this licence.

RAK North Offshore, UAE

A preliminary prospect was identified in 2013 in RAK North Offshore based on conventional evaluation, sequence stratigraphy and the application of Rex Virtual Drilling on recently acquired 3D seismic. However, there were certain similarities found between the sequence stratigraphy of our drilled MNN #1 well (which was unsuccessful) in Oman and the geology observed in the RAK North Offshore Concession area. Based on results of various studies done subsequently, and given current uncertainties relating to oil price, the possibility of relinquishing this license is being discussed between partners and the host government.

RAK South Onshore, UAE

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 was deferred pending results of a potential farm-out of a portion of Lime's interests in the RAK South Onshore concession. However, given the recent downturn in global oil prices, it has been difficult to secure a farm-in partner and it is likely that as part of a portfolio rationalisation exercise, we shall relinquish this licence back to the host government.

A diverse profile of long term exploration assets in Norway

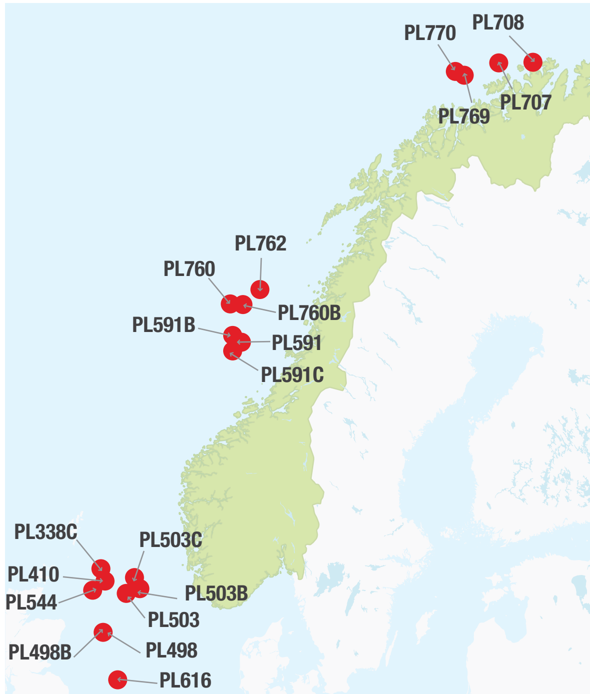


Figure 14: Location of our licences in Norway.

19 LICENCES

Licence Type
Exploration

Acreage
6,690 sq km[1]

Stake
Up to 17.5%

2P + 2C Reserves
10.5 mmboe[2]

Prospective Resources
64.2 mmboe[2]

Notes:
[1] Square kilometres
[2] Million barrels of oil equivalent

With over 250 years of experience collectively, the team consists of business builders and leaders with proven technical, commercial and corporate success.

Norway represented our strategy to diversify our portfolio of exploration assets in a mature and geopolitically stable region. Most of our assets in Norway are located in the hydrocarbon-prolific Norwegian Continental Shelf with opportunities in both mature and frontier areas.

All our interests in Norway are held under the legal entity, Lime Petroleum Norway AS (Lime Norway). Our expectations for Lime Norway were high and the basis of our optimism emanated from the apparent success the Rex Virtual Drilling technology was having in predicting drilling results for some third parties. Lime Norway invested into the potential of the technology but after 3 wells that have been drilled, Hibiscus Petroleum has not been able to properly understand why the technology seemingly works for other parties but in the case of Lime Norway, the pre-drill predictions do not match the post drill empirical results in a manner that we can technically comprehend.

The petroleum tax legislation offered under the Norwegian Petroleum Tax Act – which is unique when compared to other petroleum tax regimes – is a cash refund system that allows Lime Norway to recover approximately 78% of eligible exploration expenditure, irrespective of whether discovery or production is achieved, makes it attractive to undertake exploration activities in Norway. However, we also believe that we should take cognisance of other factors such as the time and cost to take an average exploration prospect to production. Given some of our conclusions and the current capital market sentiment that prefers early visibility of production, we are reviewing our Norway investment thesis and are considering whether to dilute our holdings in Lime Norway at fair valuation.

What has been achieved in Norway, in terms of accumulating a portfolio of licences, is indeed impressive. However, current market conditions make Norway a long term hydrocarbon play. For juniors like Hibiscus Petroleum who currently prioritise an objective of business sustainability in the short term, the Norwegian strategy may not be able to deliver our goals in the timelines we require.

OUR PEOPLE AND CULTURE

Our People

We focus on attracting and keeping people who possess an attitude that is geared towards the creation and delivery of value to our shareholders. Our Management team holds 17.2% equity in the Company and as a significant shareholder of Hibiscus Petroleum, has interests that are aligned with all our shareholders. With over 250 years of experience collectively, the team consists of business builders and leaders with proven technical, commercial and corporate success. The team also possesses the experience and expertise across all key functions of the upstream business.

Whilst we stress on building and developing a motivated workforce with a myriad of skills and the appropriate capabilities, we also value diversity in gender, nationality and cultural background. With a total of 35 employees as at 30 June 2015, the team at Hibiscus Petroleum comprise of personnel from 5 different nationalities and a healthy gender balance.

Over the last year, we have invested in increasing our technical, financial and legal capabilities to further drive the growth in our company. In April 2015, we welcomed Vincent Lee as our new Chief Financial Officer. He brings a wealth of industry experience in areas of finance and accounting through his previous roles in Mubadala Petroleum and PricewaterhouseCoopers. He has replaced Joyce Vasudevan who has assumed a strategy development role in the organisation.

In November 2014, we welcomed Devarajan Indran as the new VP of Petroleum Engineering. Devarajan comes with broad and in-depth technical expertise and leadership competencies from both small and large oil companies, such as Petrofac Malaysia, Petronas Carigali, Shell Thailand, PTTEP Thailand and Apache China. In October 2014, we also welcomed Lim Kock Hooi as our General Counsel. Kock Hooi is a well-rounded individual who started his career as a petroleum geophysicist and then moved into the practice of oil and gas law both as an in-house counsel and as a practising lawyer. He brings legal expertise through his 16 years of legal practice with established law firm Azman, Davidson & Co, and commercial expertise through his experiences working in both large companies like Petronas and small start-up companies like Caelus Energy Asia.

Furthermore, we have expanded our financial and compliance team, as part of our commitment to maintain strong corporate governance and financial control at the corporate and project levels. We have also hired talented recent university graduates as part of our effort to develop and mentor the next generation of industry professionals. Under the Young Engineers & Executives Initiative, we provide our young engineers and executives with on-the-job training and practical exposure to various functions across our business. This effort is also consistent with our business sustainability objectivity.

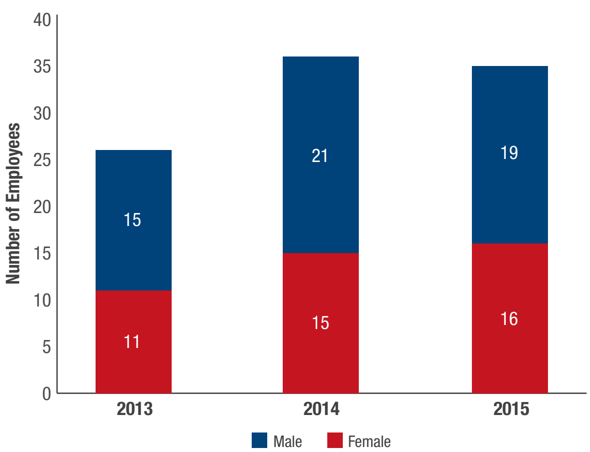


Figure 15: Number of employees and gender balance.

Staff members during Hibiscus Petroleum's 3rd Anniversary company event.

Our Culture

At Hibiscus Petroleum, we strive to cultivate a culture of innovative thinking and we also encourage and nurture an entrepreneurial spirit that recognises potential business risks. We believe it is a formula to deliver value and create a pillar of long term business sustainability for Hibiscus Petroleum. Whilst developing a comprehensive skillset is critical in this industry, we also seek and reward our people with the right attitude, trying always to strike a balance between leadership, teamwork, risk taking, innovation, creativity and opportunism as we expand our human capital.

As a young company, maintaining a compact team with the ability to multi-task and quickly adapt in an industry with inherent uncertainty and complexity helps us remain cost-effective. This is pivotal to remaining relevant in this current oil and gas market. We stretch the 'fit for purpose' approach as our technical mantra to propose innovative and cost-effective solutions.

As Malaysia's first listed independent oil and gas E&P Company, we are committed to setting and maintaining high standards of corporate governance and we take a holistic management approach to any situation with a commitment to transparency in the best interest of our shareholders.

Health, Safety, Security and Environment

Our work environment is inherently hazardous. Therefore, it is vital that we inculcate a culture that promotes health, safety and security at the work place and a care for the environment. Becoming joint operator in the Anasuria Cluster in the North Sea and operating a drilling programme in the Bass Strait, where marine environmental conditions are relatively hostile, gives us added responsibilities to be vigilant in this area. While we have a crisis management plan, this is viewed strictly as a contingency tool and operationally we are focusing on proactive steps to conduct safe and secure operations.

Agility and tenacity are the links that enable a small company to create value in a large, global industry.

OUR PERFORMANCE

Our Scorecard

2014/2015 OBJECTIVES	2014/2015 PERFORMANCE
Production Achieve recurring cash flow and income stream	• Signed SPAs to acquire the Anasuria Cluster. Completion to unlock economic benefits accrued to Hibiscus Petroleum since 1 January 2015 and our 50% entitlement to an estimated average production of 7,700[1] bpd[2]. • Signed but subsequently terminated the Kitan transaction.
Development Cost-effective fast-track development to move asset into production	• Increased the Group's effective equity interest in VIC/L31 production licence in Australia from 56.6% to 100%. • Deferred Final Investment Decision for the West Seahorse field development by a year in response to oil price downturn. • Completed value engineering study resulting in a potential 10% cost reduction to capital and operational expenditures of the West Seahorse field development. • Secured development upside in the Anasuria Cluster with potential to reduce and optimise operational expenditure.
Exploration and appraisal Increase reserves and resources towards mission of 100 mmbbls[3] of reserves	• Four exploration wells drilling programme in 2015. • Increased the Group's effective equity interest in VIC/P57 exploration licence in Australia from 56.6% to 78.3%. • Secured exploration upside in the Anasuria Cluster. • Deferred high cost and high risk exploration expenditures in response to oil price downturn. • Secured an exploration licence in Egypt (subject to execution of a definitive agreement).
Funding Focused capital build to fund operations	• Maintained investor interests despite softness in the market. • Raised RM68 million through share placement between March to August 2015. • Obtained analyst coverage and report by SP Angel, United Kingdom dated 20 July 2015 that valued Hibiscus Petroleum's share price at RM1.78 (before the signing of the Anasuria Cluster). • Nearly 100% conversion of Warrants by July 2014.
Organisation Ensure sufficient expertise to manage operations Maintain high standards of corporate governance	• Developed a new organisational structure to match growth of Hibiscus Petroleum. • Achieved 79% score against an average score of 64% in Bursa Malaysia Securities Berhad's corporate governance disclosure analysis, in which only 9 companies out of 300 achieved a score above 80%.
Portfolio Management Focus on portfolio balancing strategy and expansion of acreage Farm-out of targeted exploration assets	• Achieved portfolio balancing strategy with following assets: – The recently acquired Anasuria Cluster producing asset; and – VIC/L31 development. • Farm-out activities in the Middle East were unsuccessful.

Notes:
1 Source from Shell, for production from 1 January 2015 to 31 May 2015
2 Barrels per day
2 Million barrels

Financial overview

We changed our financial year end from December to June during the year. Thus, this Annual Report covers an 18-month period from 1 January 2014 to 30 June 2015.

We recorded revenue of RM15.6 million during the 18- month financial period ended 30 June 2015 (current period), representing an increase of RM2.3 million from RM13.3 million achieved in the previous 9-month financial period ended 31 December 2013 (previous period). 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 because the period covers 18 months.

The Group recorded a loss before taxation of RM75.8 million in the current period as compared to a profit before taxation of RM10.7 million in the previous period. The profit before taxation in the previous period was mainly due to the reversal of discovery bonus payable and its related finance costs to Rex Middle East Ltd of RM15.8 million arising from the non-discovery of commercially viable hydrocarbons within the existing concessions in the Middle East held by Lime Petroleum Plc (Lime) by 31 December 2013. In addition, in the previous period, the Group recognised a gain on dilution of interest in HiRex Petroleum Sdn Bhd (HIREX) from 100% to 41% of RM13.5 million.

In the current period, there were higher share of losses of joint ventures, namely Lime and its concession companies (Lime Group) and HIREX, amounting to RM23.7 million. Higher share of losses in the Lime Group were largely due to the Group's share of an impairment of the carrying value in the Sharjah East Coast Concession (Sharjah concession), amounting to RM10.2 million, caused by uncertainties in determining the timing of the drilling programme in the Sharjah concession as a result of current economic conditions affecting the oil and gas industry and increased level of operations in Lime Petroleum Norway AS.

Consultancy and professional fees mainly in support of the potential West Seahorse development and activities relating to projects, business development and fund raising for the current period were higher by RM11.2 million.

Depreciation for the Britannia Rig commenced in December 2014 following its completion of works in ensuring its readiness for its intended use. A depreciation charge amounting to RM6.6 million was recognised during the current period. Any costs incurred subsequent to this completion are maintenance in nature which would not enhance the value of the asset, and thus expensed off. Such costs amounted to RM5.2 million.

During the current period, the Group also recognised RM6.1 million of impairment pertaining to its investment in an associate.

OUR FUTURE OUTLOOK

We believe that in years to come, we will look back on the Anasuria transaction and consider it to be a key business building block that came to us at the right time in our evolution. Given that, in the near term, we shall focus on optimising the opportunities that come with this package of assets.

We shall also look for other opportunities with similar characteristics to build our company.

At the time of writing, we anticipate the result of drilling the Sea Lion prospect in the coming weeks. The result of this well will provide a key indicator as to how much, by way of future resources, we shall deploy in Australia. As is the case in all exploration activities, a positive drilling result is what we all wish to attain but whilst we hope for the best, we also plan for the worst. Therefore, in the past months we have been developing contingency plans to cover both safety and environmental mishaps. This has been an area of a great deal of focus.

We have also looked at the business angle and tried to develop scenarios we could pursue if the well was only a technical success or not commercially viable. We have some possibilities but whilst implementing these options is ideal, our business risk management process requires that this type of scenario is investigated and mitigated as far as possible.

Our next financial year will end on 30 June 2016. By then we hope that Hibiscus Petroleum will be a revenue generating business with a balanced portfolio of assets, primarily in mature, geopolitically stable markets. We will rely on agility and tenacity as key components of our corporate DNA[1] to establish ourselves as a recognised E&P player in mature markets.

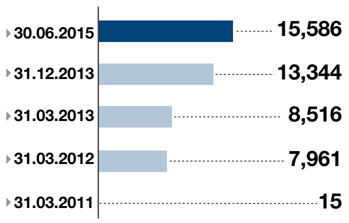
In the meantime, we thank our shareholders for their support and patience to date.

5 November 2015

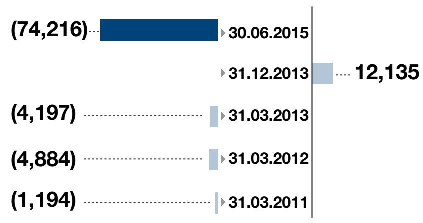
Notes:
[1] Corporate DNA refers to a company's defining essence in its organisational culture

FINANCIAL HIGHLIGHTS

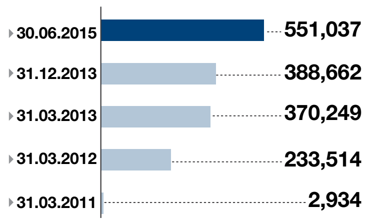
REVENUE
(RM'000)



(LOSS)/PROFIT AFTER TAXATION
(RM'000)

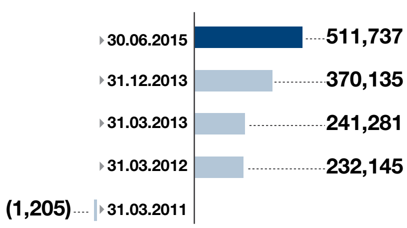


TOTAL ASSETS
(RM'000)

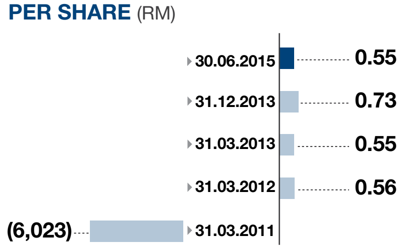


	30.06.2015 RM'000	31.12.2013 RM'000	31.03.2013 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Revenue	15,586	13,344	8,516	7,961	15
(Loss)/Profit after taxation	(74,216)	12,135	(4,197)	(4,884)	(1,194)
Total assets	551,037	388,662	370,249	233,514	2,934
Shareholders' equity	511,737	370,135	241,281	232,145	(1,205)
Net assets/(liabilities) per share	RM0.55	RM0.73	RM0.55	RM0.56	(RM6,023)
(Loss)/Profit per share	(9.68 sen)	2.63 sen	(0.96 sen)	(1.60 sen)	(RM5,969)

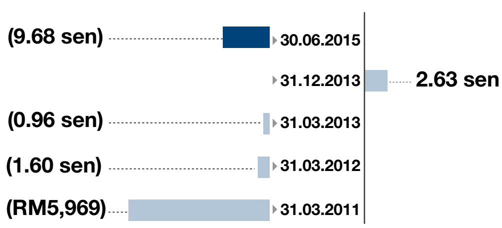
SHAREHOLDERS' EQUITY
(RM'000)



NET ASSETS/(LIABILITIES) PER SHARE (RM)



(LOSS)/PROFIT PER SHARE



CALENDAR OF EVENTS

2014

16 June
Beach Energy Limited acquires 20% working interest in the T/49P exploration permit from 3D Oil Limited (3D Oil) for AUD3 million.

25 June
Zubara Petroleum Ltd receives extension to Concession Agreement from Sharjah Government.

30 June
The Australian Government grants Carnarvon Hibiscus Pty Ltd's (CHPL) West Seahorse project access to the Federal Government Major Project Facilitation services as recognition of the project's national strategic significance.

15 August
CHPL acquires the remaining stake in VIC/L31 Production License from 3D Oil thereby increasing its interest from 50.1% to 100%.

7 October
Lime Petroleum Norway AS (Lime Norway) acquires a stake each in PL591 and PL591B.

17 November
CHPL acquires interests from 3D Oil, thereby increasing its interests in VIC/P57 Exploration Permit from 50% to 55.1% and its interests in the Britannia Rig from 50.1% to 100%.

3D Oil transfers its 20% interest in VIC/P57 to Gippsland Hibiscus Pty Ltd (formerly known as HiRex (Australia) Pty Ltd).

2 December
Masirah Oil Ltd (Masirah) commissions new 3D seismic survey in Block 50 offshore Oman.

9 December
Masirah and Hibiscus Petroleum delivers several presentations at the Offshore Development Oman 2014 Conference, attended by over 200 international and regional offshore industry experts.

2015

21 January
Lime Norway receives PL591C license award, an extension of its current PL591 and PL591B licenses.

11 February
Hibiscus Petroleum announces the arrival of Seadrill's West Telesto rig in mid-January at Port Philip Bay in Melbourne, as part of CHPL's Rig Share Agreement for the Sea Lion drilling programme.

24 February
Lime Norway secures a conditional stake in PL388C, which contains a discovered field.

23 March
Lime Norway secures enlarged financing facility for its 2015 drilling programme, increasing from NOK300 million to NOK700 million, in addition to total capital injection of NOK282 million from its shareholders to date.

31 March
CHPL completes geotechnical survey for the Sea Lion well site.

2015

16 April
Lime Norway acquires a stake in PL544.

4 June
CHPL performs its first Oil Spill Response Exercise as part of its Emergency Preparedness for the Sea Lion drilling programme.

8 July
Australia's National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) accepts CHPL's submission of the Environmental Plan, Oil Pollution Emergency Plan, Operational and Scientific Monitoring Plan for the Sea Lion drilling programme.

13 July
CHPL performs its second Oil Spill Response Exercise as part of its Emergency Preparedness for the Sea Lion drilling programme.

20 July
NOPSEMA accepts CHPL's submission of the Well Operations Management Plan and Application for Approval to Undertake Well Activities for the Sea Lion drilling programme.

3 August
Lime Norway acquires a stake in PL760 and PL760B each.

4 August
Gulf Hibiscus Limited is awarded the South East Ras El Ush concession (also known as Block 2) in Egypt together with Pacific Oil Limited, subject to the execution of a concession agreement for joint and equal ownership of the concession.

6 August
Ping Petroleum UK Limited (Ping Petroleum) and Anasuria Hibiscus UK Limited enter into conditional agreements (subject to regulatory approvals amongst other) to acquire the Anasuria Cluster of oil and gas fields and the Anasuria FPSO located in the UK Central North Sea.

Hibiscus Petroleum completes the placement for 89,164,200 new shares on the Main Market of Bursa Malaysia Securities Berhad, raising a total of RM68.2 million.

19 August
Lime Norway acquires a stake in PL410 in the North Sea, subject to the approval of the relevant authority.

26 August
NOPSEMA accepts CHPL's submission of the Environmental Plan Summary for the Sea Lion drilling campaign.

4 September
CHPL acquires Gippsland Hibiscus Pty Ltd (formerly known as HiRex (Australia) Pty Ltd), increasing the Group's effective interests in VIC/P57 from 55.1% to 78.3%.

13 October
Hibiscus Petroleum receives shareholder approval for the additional listing application of the Proposed Placement of up to 326,935,484 new ordinary shares.

26 October
CHPL commences drilling of the Sea Lion-1 exploration well in Australia.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dr Kenneth Gerard Pereira
Managing Director

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

Datin Sunita Mei-Lin Rajakumar
Independent Non-Executive Director

Dato' Roushan Arumugam
Independent Non-Executive Director

Sara Murtadha Jaffar Sulaiman
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson
Datin Sunita Mei-Lin Rajakumar

Members
Zainul Rahim bin Mohd Zain

Datuk Zainol Izzet bin Mohamed Ishak

Sara Murtadha Jaffar Sulaiman

NOMINATING COMMITTEE

Chairman
Datuk Zainol Izzet bin Mohamed Ishak

Members
Zainul Rahim bin Mohd Zain

Datin Sunita Mei-Lin Rajakumar

Dato' Roushan Arumugam

REMUNERATION COMMITTEE

Chairman
Dato' Roushan Arumugam

Members
Zainul Rahim bin Mohd Zain

Datuk 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 Rakyat
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
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : 603-2783 9299
Fax : 603-2783 9222

PRINCIPAL BANKERS

RHB Bank Berhad

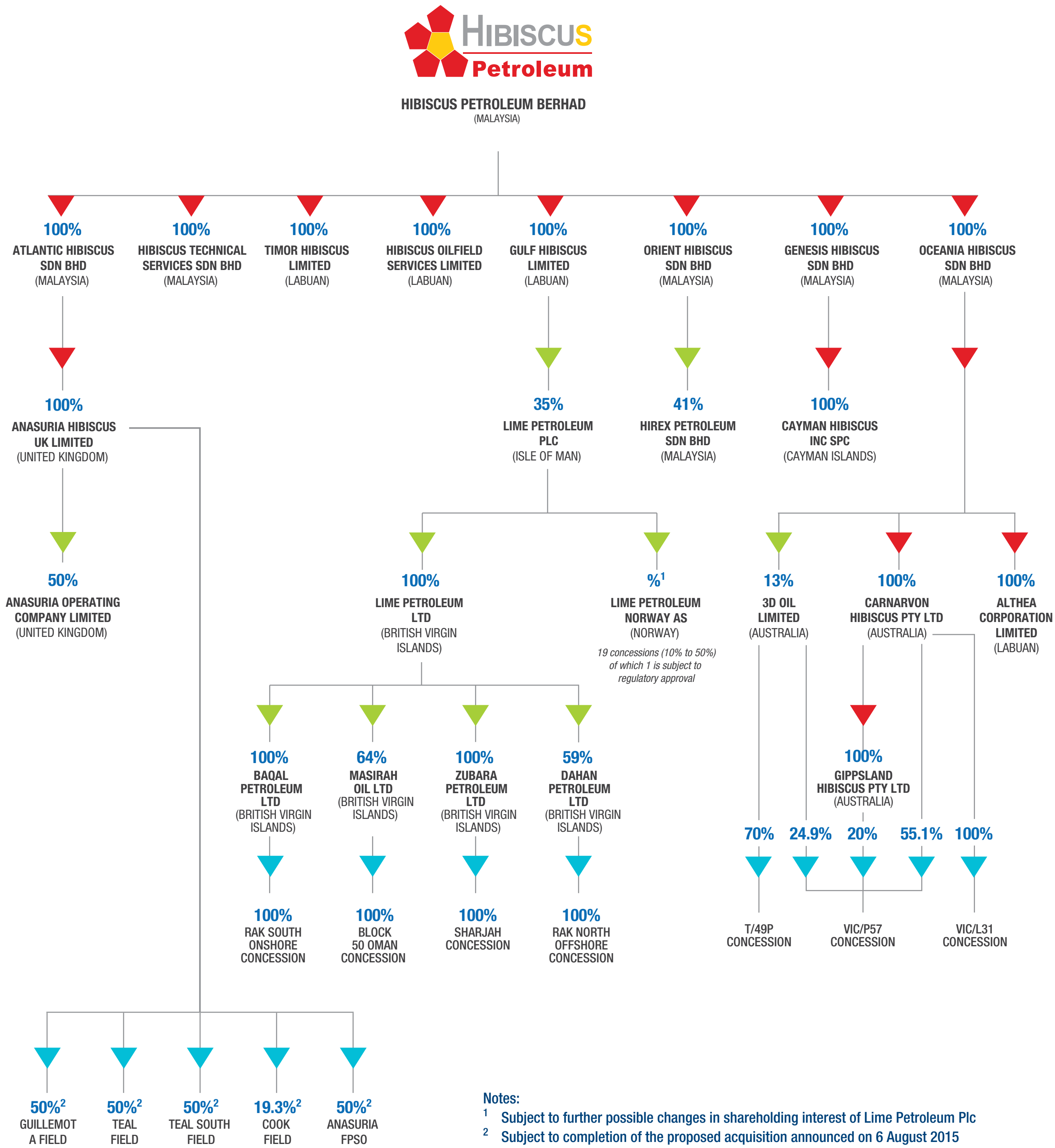
RHB Bank (L) Ltd

Commonwealth Bank of Australia

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE



Notes:
[1] Subject to further possible changes in shareholding interest of Lime Petroleum Plc
[2] Subject to completion of the proposed acquisition announced on 6 August 2015

BOARD OF DIRECTORS

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

2 **Dr Kenneth Gerard Pereira**
Managing Director

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

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

5 **Dato' Roushan Arumugam**
Independent Non-Executive Director

6 **Sara Murtadha Jaffar Sulaiman**
Independent Non-Executive Director

Zainul Rahim bin Mohd Zain

Non-Independent Non-Executive Chairman

Age: 62
Nationality: Malaysian
Date appointed to Board: 14 December 2010

Qualifications

- B.Eng majoring in Mechanical Engineering, University of Western Australia, Australia

Working Experience

- 37 years of experience in the oil & gas exploration & production industry
- Currently serves as Board member of Bank Pembangunan Malaysia Berhad, UKM Holdings Sdn Bhd, Camco Clean Energy Plc, Cenergi SEA Sdn Bhd and Malaysian Dutch Business Council
- Previously Board member of Petronas Carigali Sdn Bhd, 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

Zainul Rahim bin Mohd Zain, a Malaysian aged 62, was appointed to the Board on 4 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 and on the board of Petronas Carigali Sdn Bhd from 2010 to 2014. He currently sits on the boards of UKM Holdings Sdn Bhd, Bank Pembangunan Malaysia Bhd, Camco Clean Energy Plc, Cenergi SEA Sdn Bhd and the Malaysian Dutch Business Council.

Dr. Kenneth Gerard Pereira
Managing Director

Age: 57
Nationality: Malaysian
Date appointed to Board: 13 September 2010

Qualifications
- B.Sc (Honours) in Engineering, Bath University, United Kingdom
- MBA, Cranfield University, United Kingdom
- Doctorate in Business Administration, University of South Australia, Australia

Working Experience
- 27 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 2003 to 2008
- Vice President, Energy Sector Projects of Sapura Energy Sdn Bhd from 1997 to 2003
- Various positions at Sapura Group of companies from 1990 to 1997
- Previously worked for Schlumberger (as a Field Engineer in North Africa and Europe from 1983 to 1990)

Dr Kenneth Gerard Pereira, a Malaysian aged 57, 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 University, 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 27 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.

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 and other various private companies.

Datuk Zainol Izzet bin Mohamed Ishak

Senior Independent Non-Executive Director

Age: 54
Nationality: Malaysian
Date appointed to Board: 13 September 2010

Qualifications

- B.Arts in Actuarial Studies, Macquarie University, Sydney, Australia
- MBA, Cranfield University, 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
- Chief Executive Officer of Sapura Digital Sdn Bhd from 1994 to 1997
- 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

Datuk Zainol Izzet bin Mohamed Ishak, a Malaysian aged 54, 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.

Datuk Izzet holds a Bachelor of Arts in Actuarial Studies from Macquarie University, Sydney and a Masters in Business Administration from Cranfield University, United Kingdom. In his early career, Datuk Izzet served in several local and international companies including American Express, Seccolor (M) Industries, Kassim Chan & Co and Hymans Robertson & Co, Consulting Actuaries, London.

Datuk 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 Chief Executive Officer (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.

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

Datin Sunita Mei-Lin Rajakumar

Independent Non-Executive Director

Age: 47
Nationality: Malaysian
Date appointed to Board: 14 December 2010

Qualifications

- B.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

Datin Sunita Mei-Lin Rajakumar, a Malaysian aged 47, was appointed to the Board on 14 December 2010 as a Non-Executive Independent Director. 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 is also the Chairperson of Caring Pharmacy Group Berhad and Chair of its Audit Committee as a Non-Executive Independent Director.

She is a Non-Executive Independent Director at Hai-O Enterprise Berhad and Chair of its Audit Committee.

Presently, Datin Sunita serves as a trustee of the following charity foundations: Yayasan Seni, Yayasan myNadi, Hai-O Foundation and Yayasan Usman Awang.

Datin Sunita is Director and owner of Artisan Encipta, a position that she has held since 2002, an organisation which provides business consulting services as well as advise 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.

Since 2005, she is also Director and owner of Surprise Voice Sdn Bhd, which was the Executive Producer of Malaysia's first opera which premiered in March 2006 and is now Festival Director of the first Kuala Lumpur International Arts Festival (DiverseCity 2015).

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 Divisions. 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.

Dato' Roushan Arumugam

Independent Non-Executive Director

Age: 43
Nationality: Malaysian
Date appointed to Board: 25 July 2011

Qualifications

- M.A. in English Language and Literature, St. Catherine's College, Oxford University, United Kingdom
- MBA, 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

Dato' Roushan Arumugam, a Malaysian aged 43, 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.

Dato' Roushan holds a Masters 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 and a Masters in Law from the University of Bristol, United Kingdom.

Dato' Roushan commenced work in 1995 as a Consultant at Price Waterhouse, London. In 1997, he joined Caspian Securities Limited as an Analyst in the Emerging Markets Equity Research Department. After completing an MBA, Dato' 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 at Nomura.

Since September 2005, Dato' Roushan has worked as an independent Investment Consultant. He is Managing Director of Littleton Holdings Pte Ltd. Currently, Dato' 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.

Sara Murtadha Jaffar Sulaiman

Independent Non-Executive Director

Age: 37
Nationality: Omani
Date appointed to Board: 27 August 2014

Qualifications

- BA in Economics, Yale University
- MPhil in Economics, University of Cambridge in 2000
- Member of the Chartered Institute of Management Accountants

Working Experience

- Currently serves as an Investment Director at Arle Capital Partners, an energy focused, London based private equity firm
- Advised on a number of mergers and acquisitions transactions within oilfield services at Simmons and Company International, a specialist energy investment bank
- Was involved in several project finance and merger and acquisitions in the oil and gas at KPMG's Energy and Natural Resource corporate finance team in London
- Previously with Petroleum Development Oman in Muscat and subsequently with Shell Chemicals in the United Kingdom in a variety of finance and planning roles

Membership on the Board Committees

- Member of the Audit and Risk Management Committee

Sara Murtadha Jaffar Sulaiman, an Omani, aged 37, was appointed to the Board on 27 August 2014.

Sara graduated with a BA in Economics from Yale University in 1999 and subsequently with an MPhil in Economics from the University of Cambridge in 2000. She is a member of the Chartered Institute of Management Accountants.

Sara started her career in 2000 working for Petroleum Development Oman in Muscat and subsequently Shell Chemicals in the United Kingdom in a variety of finance and planning roles, where she completed her accountancy training. In 2006 she joined KPMG's Energy and Natural Resource corporate finance team in London where she was involved in a number of project finance and merger and acquisition (M&A) transactions in the oil and gas, renewables and power markets. In 2008, Sara joined Simmons and Company International, a specialist energy investment bank, where she advised on a number of M&A transactions within oilfield services.

Sara is currently an Investment Director at Arle Capital Partners, an energy focused, London based private equity firm, which she joined in 2011.

OTHER INFORMATION

None of the Directors have:

- Any family relationship with any director and/or major shareholders of the Company;
- Any conflict of interest with the Company; and
- Any condition for offences for the past 10 years other than traffic offences.

GROWTH

IS NEVER BY MERE CHANCE; IT IS THE RESULT OF FORCES WORKING TOGETHER.

PEOPLE WHO WORK

TOGETHER

WILL WIN, WHATEVER THE CHALLENGE FACED.

LEADERSHIP TEAM AND TECHNICAL EXPERTS

Dr Kenneth Gerard Pereira
Managing Director

Vincent Jacob Lee
Chief Financial Officer/
VP Finance

Mark John Paton
VP New Ventures and Production

Stephen Craig Dechant
VP Exploration and Development

Joyce Vasudevan
VP Strategy Development

David Jayakumar Richards
VP Geoscience

Devarajan Indran
VP Petroleum Engineering

Lim Kock Hooi
General Counsel

Deepak Thakur
Petroleum Economist

Ainul Azhar Ainul Jamal
Executive Director of HIREX, Asia Pacific

Dr Pascal Hos
Chief Operating Officer of HIREX

Uday Jayaram
VP Corporate Planning and Investor Relations

Azleen Rosemy Ahmad
VP Corporate Affairs

Vivian Phang Mun Yee
Head of HR and Administration

Joel Sheng
Head of IT and Document Control

Syarifah Aliza Syed Azauddin
Deputy VP Corporate Finance

Yip Chee Yeong
Deputy VP Finance

Meera Surin Derpall
Business Controller – E&P

Dr Kenneth Gerard Pereira

Managing Director

Please refer to page 36 of the Annual Report.

Vincent Jacob Lee

Chief Financial Officer (CFO)/VP Finance

- Age 41, Malaysian.
- Fellow member of the Association of Chartered Certified Accountants, United Kingdom.
- Over 17 years' experience in the areas of accounting and reporting, financial management, financial due diligence, Enterprise Wide Risk Management (EWRM), audit and assurance related type work, completion audits, upstream oil & gas accounting, and group-wide restructuring.

Vincent's career started at PricewaterhouseCoopers (formerly known as Price Waterhouse) in 1998, with their audit/assurance division. He focused mainly on their energy clients. He was involved in numerous audits including Production Sharing Contracts (PSC), and other audit/assurance type work. He was also involved in a successful large group-wide restructuring for his client. By 2003, he had risen to a managerial position with PricewaterhouseCoopers.

In early 2004, he was seconded to PricewaterhouseCoopers London office. In addition to working on the Shell UK audits, he also managed the audit for a large FTSE listed company, and was part of the team looking at cross border tax efficiencies. He also worked on large EURO Bond offerings for his client, working closely with the lead banks and the PricewaterhouseCoopers London Capital Markets team. During his secondment, he performed completion audit for a purchase of a power plant for one of his client.

Upon his return to Kuala Lumpur in 2006, he led the audits of PricewaterhouseCoopers' large clients (including Shell and Astro). In addition to the audits and assurance type work, he was also involved in presenting technical presentations/public courses on accounting standards (i.e. Financial Reporting Standards) both locally and internationally. He presented a public course in Dubai on "IFRS in the Oil & Gas Industry".

Vincent then joined Mubadala Petroleum Malaysia in 2010 where he was tasked to lead the finance function. During his time with Mubadala Petroleum, he was instrumental in setting up the financial controls and governance for the Malaysian operations. He was responsible for the overall risk management for the Malaysian operations. Vincent is well versed with the PSC requirements. From 2012 to 2014, in addition to Mubadala Petroleum Malaysia, he was also overseeing the finance function for Mubadala Petroleum Vietnam.

Vincent joined the Company on 1 April 2015.

Mark John Paton

VP New Ventures and Production

- Age 56, British and Australian.
- B.Sc (Honours) in Chemical Engineering, University of Leeds, United Kingdom.
- 35 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 the Company in March 2013.

Stephen Craig Dechant

VP Exploration and Development

- Age 58, American.
- B.Sc 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 Althea Corporation Limited.

Joyce Vasudevan

VP Strategy Development

- Age 48, Malaysian.
- B.Economics, majoring in Accounting, LaTrobe University, Melbourne, Australia and Australian CPA.
- Member of the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants.
- 26 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 as CFO and was re-designated as VP Strategy Development of the Company effective 5 May 2015.

Ainul Azhar Ainul Jamal

Executive Director of HIREX, Asia Pacific

- Age 55, 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.
- 31 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, InvestKL's Advisory Council and the Malaysian Petroleum Resources Corporation's (MPRC) Industry Advisor Panel. He sits on the board of International Conference and Exhibition Professionals (iCEP) and Alam Maritim Berhad as an Independent Non-Executive Director.

Jamal joined HIREX on 1 July 2013.

Dr Pascal Hos

Chief Operating Officer of HIREX

- Age 44, Dutch.
- B.Sc in Mechanical Engineering. PhD in Mechanical Engineering, Rice University, Texas, USA.
- 15 years' experience in general management, 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 as Head of Petroleum Engineering and was redesignated as Chief Operating Officer of HIREX. He also sits on the board of Dahan Petroleum Limited and Hibiscus Upstream Sdn Bhd.

Uday Jayaram

VP Corporate Planning and Investor Relations

- Age 47, 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.
- 22 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 (ING) 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 Malaysia Berhad 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 Malaysia Berhad, 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.

Azleen Rosemy Ahmad

VP Corporate Affairs

- Age 46, Malaysian.
- B.Sc in Actuarial Science and Finance, Wharton Business School, University of Pennsylvania, USA. MBA, University of Nottingham.
- 23 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. She is currently pursuing her PhD in Islamic Finance at the Global University of Islamic Finance (INCEIF).

Azleen joined the Company on 15 February 2012.

David Jayakumar Richards

VP Geoscience

- Age 52, Malaysian.
- B.Sc (Honours) in Earth Science, Universiti Kebangsaan Malaysia (National University of Malaysia).
- 26 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 new block acquisition acreage evaluations in The Asia Pacific Region 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. Through his 26 years of experience he has accumulated knowledge of various petroleum bearing provinces in New Zealand, Australia, Indonesia, Malaysia, the Philippines, China, Pakistan, India, Thailand, UAE, Oman, Egypt, Norway and in the North Sea.

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

David joined the Company on 5 October 2011.

Devarajan Indran
VP Petroleum Engineering

- Age 49, Malaysian.
- B. Petroleum Engineering, Universiti Teknologi Malaysia.
- 24 years' experience in the upstream oil and gas industry with specific expertise in Production Technology and Production Optimisation.

Dev has worked for Petronas Carigali, Shell, PTTEP and Petrofac prior to joining Hibiscus Petroleum. He has worked in multiple oil and gas fields around the world including in Malaysia, China, Thailand and Vietnam. During his career, he has held various positions with increasing level of responsibility and has gained a wide range of experience in Well Testing/DST, Workovers, Production Technology and Reservoir Engineering. His expertise includes Well Completion Design, Artificial Lift Selection and Optimsation, Sand Control, Waterflooding and Production Monitoring/Optimisation. He also has very strong mentoring and leadership skills.

Dev was recently the Subsurface Team Leader for Petrofac's Berantai Field in PM-309, offshore Peninsular Malaysia which is the first Risk Service Contract (RSC) Project in Malaysia. The marginal field was successfully brought onstream in October 2012 (gas) and January 2013 (oil), with both gas and oil production being achieved in a fast track manner and within the budgeted cost.

Dev joined the Company in November 2014 and is a director of Carnarvon Hibiscus Pty Ltd, Gippsland Hibiscus Pty Ltd, HiRex Petroleum Sdn Bhd and Baqal Petroleum Ltd.

Lim Kock Hooi
General Counsel

- Age 58, Malaysian.
- B.Sc (Honours) in Applied Geology, University of Malaya. LLB (Hons), University of London.
- Fellow of the London-based Chartered Institute of Arbitrators.
- Over 25 years' experience in oil and gas law practice, project documentation, and management and resolution of project execution issues, claims & disputes. Other related practices include construction, insurance, capital market and private equity financing.

Lim Kock Hooi started his career with PETRONAS in 1981 where he practised as a petroleum geologist before retraining as a lawyer in 1988. He then became an in-house legal counsel with PETRONAS and was the Senior Legal Counsel for E&P when he left in 1996 to practise at the Kuala Lumpur-based law firm of Azman, Davidson & Co. Lim was the managing partner of the firm from 2009 until 2012 when he left to join the management team of Caelus Energy Asia, a US-based E&P start-up, as the Senior Vice President, Legal for the Asia-Pacific region.

Lim has over 25 years' experience in oil and gas law practice both as in-house counsel and as advocate & solicitor whereby he has dealt with projects and assets spanning the entire value chain from upstream concessions through exploration, development and production projects covering areas in Malaysia, Indonesia, Thailand, Vietnam, the Philippines, Cambodia, Algeria and Sudan, and midstream crude/gas sales, petrochemical and refining projects to downstream distribution & retailing in Malaysia.

Lim was on the board of China Automobile Parts Holdings Limited from when it was first listed on the Main Board of Bursa Malaysia in January 2013 until 30 June 2015.

Lim joined the Company on 1 October 2014 and is an alternate director to Dr Kenneth on the boards of Lime Petroleum Ltd and Masirah Oil Ltd.

Deepak Thakur
Petroleum Economist

- Age 33, Indian.
- B.Tech in Petroleum Engineering, Indian School of Mines (ISM), Dhanbad, India. MBA (Major in Finance), Indian Institute of Management (IIM), Bangalore, India.
- 8.5 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 the UK North Sea, Egypt, Australia, Oman, Malaysia, Indonesia, the 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.

Vivian Phang Mun Yee

Head of HR and Administration

- Age 46, Malaysian.
- B.Sc in Business Administration (Human Resources), San Francisco State University, USA. MBA, University of Dubuque, USA.
- 22 years' experience in Human Resources Management.

Vivian began her career at Aseambankers Malaysia Berhad. She joined Nokia Malaysia in 1996 as the Human Resources (HR) Manager, where she was responsible for the entire gamut of HR services encompassing the areas of HR strategy, policy management, compensation and benefits, competence development, resource planning and expatriate management across all of Nokia's business units.

In 2007, Vivian joined Schering-Plough Sdn Bhd as the HR Leader for Malaysia and Singapore. She subsequently assumed the role of HR Director, Malaysia when Schering-Plough was acquired by MSD (Merck & Co) and in this capacity, she played a significant role in reorganizing and harmonising the company's human resources practices. Her last position prior to joining Hibiscus Petroleum was with Johnson Controls as HR Director, South East Asia and India. In this position, Vivian was tasked as a business partner and advisor for HR related matters covering South East Asia and India. She also served as the matrix leader to the in-country HR Managers based in Singapore, Thailand, Indonesia and India.

Vivian joined the Company on 21 January 2015.

Joel Sheng

Head of IT and Document Control

- Age 44, Malaysian.
- Diploma in National Computing Centre (UK), Systematic College.
- 23 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 Sdn Bhd as the IT Manager and was involved in multiple IT projects. Between 2006 and 2012, he was assigned to SapuraAcergy Sdn Bhd 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.

Syarifah Aliza Syed Azauddin

Deputy VP Corporate Finance

- Age 40, Malaysian.
- B.Arts (Honours) in Accountancy and Finance, Lancaster University, UK. MBA, International Islamic University of Malaysia.
- 19 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
Deputy VP Finance

- Age 41, 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.
- 21 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
Business Controller – E&P

- Age 41, Malaysian.
- B.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.
- Over 17 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

THE BOARD OF DIRECTORS OF HIBISCUS PETROLEUM BERHAD 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 Company had strived to continuously fulfil its governance obligations as a company listed on Bursa Malaysia Securities Berhad (Bursa Securities) and to implement the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (CG Code).

In this regard, the Company has scored 79% against an average of 64% in Bursa Securities' analysis of corporate governance disclosures by listed issuers in their annual reports for the financial year ended 31 December 2012 to 30 June 2013. The highest score that was achieved was 89% and only 9 companies achieved a score of 80% and above, among the sample 300 annual reports of listed companies analysed.

The Board has approved this statement and it is satisfied that throughout the financial period ended 30 June 2015 and up to 23 October 2015, the Group has complied with the principles and recommendations outlined in the CG Code.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions Reserved for the Board and Delegated to 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.

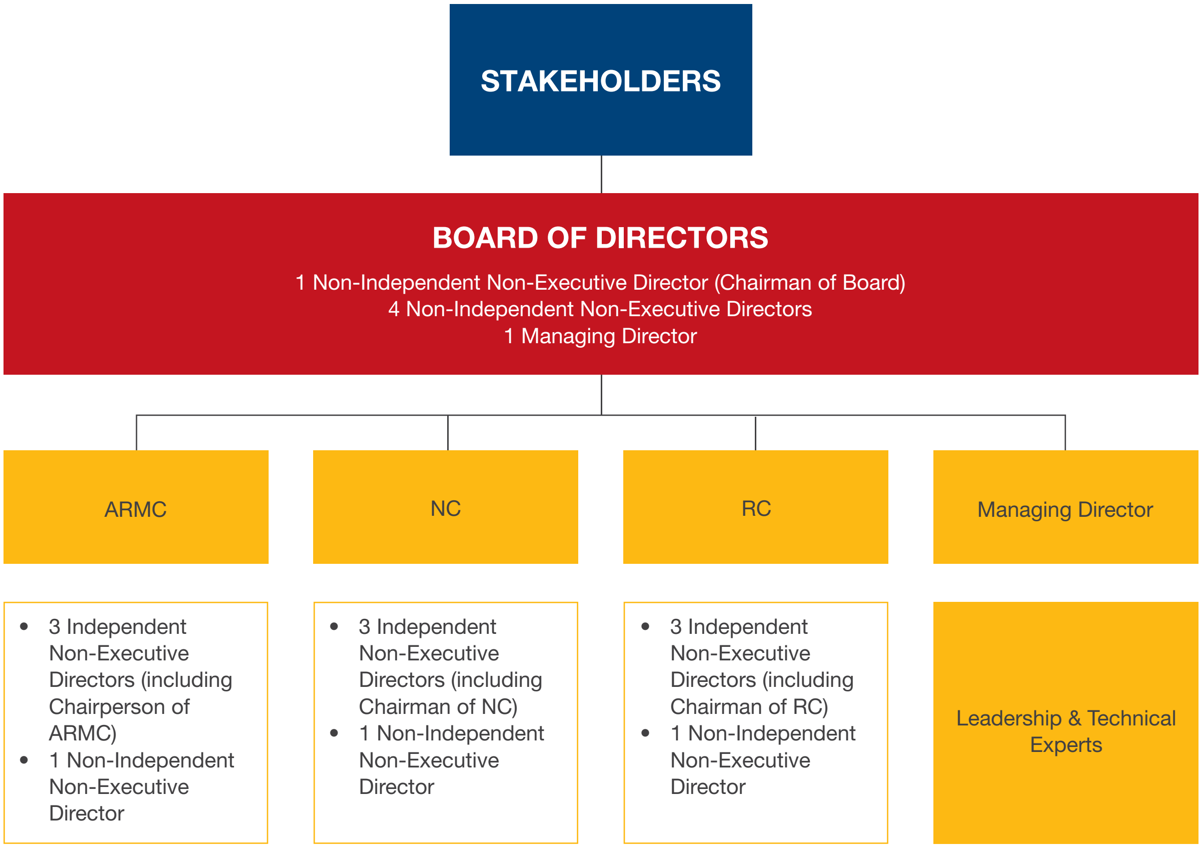
To ensure the effective discharge of its responsibilities, the Board has delineated key matters which are reserved for the Board's approval (Reserved Matters), and those delegated to the Board Committees and the Managing Director. The delegation of authority to the Board Committees and the Managing Director are set out in the terms of reference (TOR) of the respective committees and the Limits of Authority (LOA), respectively.

Reserved Matters are expressly set out in the Board Charter and LOA which include but are not limited to review and approval of transactions with threshold amounts exceeding the LOA of the Managing Director, strategic business plan and annual budget, audited and quarterly financial statements, and major capital expenditure; such considerations are always subject to compliance with the applicable laws and regulations governing the Group.

The LOA matrix sets out the specific approval thresholds for Management decisions and the authorised persons for various scopes/business activities to be undertaken.

The Board has established three Board Committees namely, the Audit and Risk Management Committee (ARMC), the Nominating Committee (NC) and the Remuneration Committee (RC). The Board Committees review in-depth matters within their TORs and make the necessary recommendations to the Board which retains full responsibility for approval of these recommendations. The Board is kept apprised of the activities of the Board Committees through circulation of the minutes of the Board Committee meetings and also by the chairperson of the respective Board Committees who will address the Board on key matters discussed.

The diagram below depicts our Group's overall governance framework:-



Separation of roles of the Board, Board Chairman and Managing Director

The roles of the Board, Board Chairman and Managing Director are clearly defined to ensure accountability and division of responsibilities, as summarised below:-

Board

(a) Establish and promote the Company's business objectives;

(b) Provide leadership to the Company;

(c) Review and adopt the strategic business plans for the Company;

(d) Monitor the Company's performance and build sustainable value for the shareholders;

(e) Identify principal risks and ensure the implementation of proper and appropriate systems to manage these risks;

(f) Review the adequacy, integrity and effectiveness of the Company's risk management and internal control system to safeguard shareholders' investments and the Company's assets;

(g) Ensure a satisfactory framework of reporting on internal financial controls and regulatory compliance;

(h) Establish and review the policies from time to time for enhancing the performance of the Company as contained in the Policies Manual (as defined in the Board Charter which is available on the Company's website);

(i) Monitor the performance of the Directors, Managing Director, Chief Financial Officer (CFO)/VP Finance, VP New Ventures and Production, and VP Exploration and Development;

(j) Determine the succession plan of Senior Management;

(k) Develop and implement a Corporate Disclosure Policy;

(l) Ensure that the Company adheres to high standards of ethics and corporate behavior;

(m) Ensure the Company complies with the Main Market Listing Requirements of Bursa Securities (Listing Requirements); and

(n) Ensure that the financial statements have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the financial position of the Group and the Company.

Board Chairman

(a) Leading the Board in the oversight of management;

(b) Representing the Board to shareholders and to chair and ensure the efficient organisation and conduct of the Board and/or meeting of the shareholders;

(c) Ensuring the integrity of the governance process and issues;

(d) Maintaining regular dialogue with the Managing Director over all operational matters and consulting with the remainder of the Board promptly over any matter that gives cause for major concern;

(e) Ensuring that executive Directors look beyond their executive function and accept their share of responsibilities in governance;

(f) Guiding and mediating Board actions with respect to organisational priorities and governance concerns; and

(g) Performing other responsibilities assigned by the Board from time to time.

Managing Director

(a) Executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget;

(b) Developing long-term strategic and short-term cashf ow plans, designed to ensure that the Group's requirements for growth, profitability and increase in shareholders' value are achieved;

(c) Directing and controlling all aspects of the business operations in a cost effective manner, in consultation with the Senior Management (as defined in the Board Charter);

(d) Effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy and recruitment of Senior Management staff, determination of remuneration as well as terms and conditions of employment for Senior Management;

(e) Ensures that the Group's Financial Reports present a true and fair view of the Group's financial position and operational results and are in accordance with the relevant accounting standards jointly with the CFO/VP Finance;

(f) Assures the Group's corporate identity, products and services are of high standards and are ref ective of the market environment;

(g) Ensures compliance with governmental procedures and regulations;

(h) Coordinates business plans with the businesses heads and cost containment process in consultation with the CFO/VP Finance;

(i) Overseeing the preparation and collation of information necessary for the Board to deal with, the Board agenda and for providing this information to Directors on a timely basis; and

(j) Giving assurance to the Board (at least annually) whether the Company's risk management and internal control system is operating adequately and effectively.

1.2 Clear Roles and Responsibilities

The Board has established clear roles and responsibilities to be effective in the stewardship of the Group and monitoring of its performance. The Board Charter contains specific guidance to the Directors on, inter alia, the Board's principal responsibilities, Reserved Matters, training, code of conduct, annual performance evaluation, access to independent advice, and Board meeting procedures.

The Board has adopted the following principal responsibilities:

(a) Reviewing and adopting a strategic plan for the Group

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.

(b) Overseeing the conduct of the Group's business to evaluate whether the business is properly managed

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 Managing Director is supported by the Leadership Team and Technical Experts.

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 Group's business performance and results are monitored and reviewed periodically by the Board via annual and quarterly financial results, annual report, operational updates, key risks mitigation plans, updates of matters arising from previous meetings, corporate and regulatory updates, and business development opportunities received from the Management. The Directors receive a formal Notice and Agenda together with a comprehensive set of meeting papers ahead of the Board meeting to facilitate informed decision making.

The Board also ensures that Senior Management positions within the Group are filled by employees who subscribe to the highest standards of ethics and corporate behavior, following recommendations received by the NC.

(c) Identifying principal risks, determining risk appetite and ensuring the implementation of appropriate systems to manage these risks

The Board is assisted by the ARMC to monitor the risk management and internal control framework of the Group. Details of such risk management activities are set out in the Statement of Risk Management and Internal Control on page 72 of this report.

(d) Succession Planning Policy – Key Positions

A Succession Planning Policy – Key Positions was adopted to ensure continuity of key critical positions and to guide development activities. The policy governs the process of identifying key positions and the potential successors to key positions.

The Board reviews the Group's talent management plan and human resources initiatives as part of the annual business plan presentation. In this regard, the Board monitors the development and progress of succession management plans through the NC.

(e) Developing and implementing Corporate Disclosure Policies and Procedures (CDPP) for the Group

The Board has put in place policies and procedures on CDPP whereby the Chairman of the Company, the Managing Director and the VP Corporate Planning and Investor Relations 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, and operations, amongst others, during press conferences and analyst briefings to ensure disclosures are consistent, factual and correct.

The CDPP may be accessed from 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.

(f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

The Board has entrusted the ARMC to monitor and ensure that the internal control systems of the Group is adequate and sufficiently robust to mitigate the Group's risk exposures to an acceptable level.

A summary of the risk management and internal control activities is set out in the ARMC Report and the Statement of Risk Management and Internal Control on pages 68 and 72 of this report respectively.

1.3 Formalised Ethical Standards

(a) Code of Conduct and Ethics (CCE)

The Board has formally adopted a CCE which governs the way in which the Directors and employees of the Group conduct themselves. The CCE is available on the Company's website. On an annual basis, each employee of the Company individually acknowledges and confirms that he or she has read the CCE and will abide by the provisions contained therein.

(b) 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 ARMC and the Senior Independent Director.

(c) 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 Strategies Promoting Sustainability

The Board ensures that the Group's strategies promote sustainability with specific attention to health, safety, security and environmental, social and economic attributes of the Group's business.

(a) Health, Safety, Security and Environment (HSSE) Policy

The Board is committed to ensuring 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 ref ect 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 experience, 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.

(b) Corporate Social Responsibility

As the Group has yet to generate positive cash f ow, 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.

For the time being, we have put in place a Young Engineers & Executives Initiative to provide on-the-job training to talented young engineers and executives to develop and mentor the next generation of industry professionals. We regard this effort as our contribution back to society.

(c) 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.

(d) 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 Workforce Diversity

We are committed to create a working environment in which all individuals are treated fairly and respectfully and have equal access to opportunities. Decisions related to recruitment selection, development or promotion are based upon merit and ability to adequately meet the requirements of the job, and are not inf uenced by factors such as gender, marital status, race, ethnic origin, colour, nationality, religion, sexual orientation, age, or disability. We are proud to employ 5 nationalities within our Group. Women continue to make up 46% of our total workforce as at 30 June 2015. In addition, 29% of our Senior Management and 33% of our Board of Directors are female.

1.6 Access to Information and Advice

The Board's rights to information pertaining to the business and affairs of the Group and access to independent professional advice at the expense of the Company are entrenched in the Board Charter.

1.7 Qualified and Competent Company Secretaries

The Board is supported by the services of qualified Company Secretaries. The role and responsibilities of the Company Secretaries include:

(a) Advising the Board and Management in relation to the constitution of companies within the Group arising from the relevant laws and regulations.

(b) Facilitating compliance with the Listing Requirements and companies' legislations that are applicable to the group companies.

(c) Promoting high standards of corporate governance by supporting the Board in respect of maintenance and implementation of Board policies and procedures.

(d) Facilitating communication between the Board and Management, including communication of key Board decisions.

(e) Maintaining the statutory records of the group Companies.

(f) Attending meetings of the Board and shareholders, and ensuring that the meeting proceedings are properly convened and minuted. The Company Secretaries also act as the Secretaries to the Board Committees.

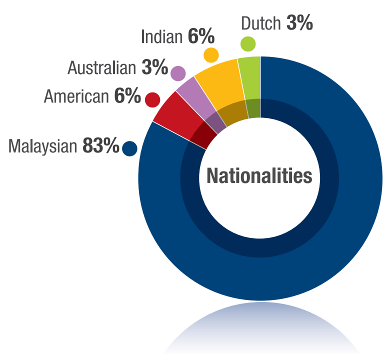
(g) Supporting the Board and Management in the execution of corporate proposals.

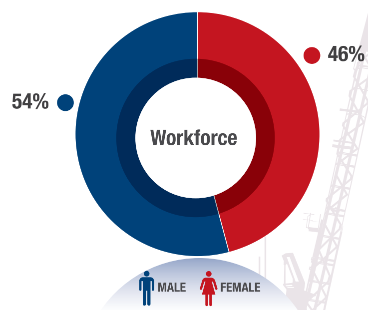
(h) Regularly update and advise the Board on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities.

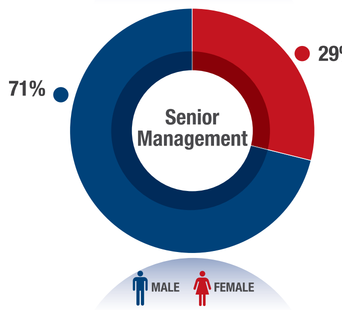
(i) Briefing the Board on the proposed contents and timing of material announcements to be made to regulators.

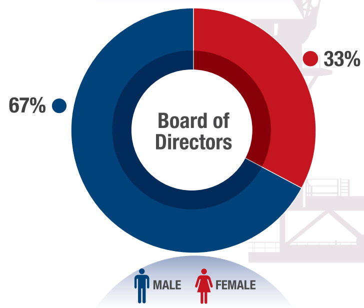
1.8 Periodic Review and Publication of Board Charter

The Board Charter was updated from time to time to ensure it remain consistent with the requirements of the Group and the recommendations of the CG Code. The Board Charter is published on the Company's website at www.hibiscuspetroleum.com.









2 STRENGTHENING COMPOSITION

2.1 Nominating Committee (NC)

The Board has established the NC on 26 February 2011 and its membership was reconstituted in June 2011, February 2013 and March 2013. The Report of the NC is set out on page 65 of this report.

2.2 Criteria for Recruitment and Annual Assessment of Directors, Appointment of Directors and Board Diversity

The NC evaluates the appointment and re-election of Directors. The Board nomination and election process and the criteria used in the selection process are set out in the Report of the NC on page 65 of this report.

The Board recognises the benefits of a diverse Board to maintain an optimal board balance, in addition to a candidate's competency, character, commitment, integrity, qualification and experience in meeting the needs of the Company. The NC will however continue to ensure that suitable women candidates are sought and considered as part of its recruitment exercise. The Board will make the necessary appointment(s) based on the Company's requirements pursuant to the recommendation(s) of the Managing Director, any other Director and NC, following the assessment of the candidate's merit and potential ability to contribute to the overall operations of the Board. As at 30 June 2015, the Board has representation of 2 female Independent Non-Executive Directors, a mix of 3 ethnicities and an age gap of more than 20 years amongst the Directors which it regards as optimal based on the current board composition and needs.

2.3 Annual Assessment of Directors

The assessment undertaken by the NC in respect of the effectiveness of the Board, Board Committees and the individual Directors (Board Assessment) together with the criteria used in the process, are further elaborated in the Report of the NC on page 65 of this report.

Based on the evaluation conducted, the Board (save for the interested director) is satisfied that Miss Sara Murtadha Jaffar Sulaiman who is seeking a re-election in accordance with Article 101 of the Articles of Association, has continued to give effective counsel and commitment to the Group, and accordingly recommends her re-election at the forthcoming Annual General Meeting (AGM) in 2015.

Datuk Zainol Izzet bin Mohamed Ishak, the Director who is retiring by rotation in accordance with Article 123 of the Company's Articles of Association, has expressed his intention not to seek re-election.

2.4 Formalised and Transparent Remuneration Policies for Directors

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.

The Board has established the RC on 26 February 2011 to review the remuneration packages of the Directors, CFO/ VP Finance, VP New Ventures and Production, and VP Exploration and Development. The Report of the RC is set out on page 67 of this report.

2.5 Remuneration of Managing Director

The remuneration for the Managing Director is aligned to the scope of his duties and responsibilities, pre-requisite qualifications and experience, strategic targets of the Group, his performance and that of the Group, and the current competitive remuneration package for the same position in comparable companies.

2.6 Remuneration of Non-Executive Directors

The shareholders have determined by an ordinary resolution of the Company in the 2014 AGM, a fixed fee of RM24,000 per annum per Non-Executive Director to be paid at the end of each quarter, effective from the financial year ended 31 December 2014. The Directors are also reimbursed for expenses reasonably incurred in the course of their duties.

Details of the remuneration of each Director, for the financial period ended 30 June 2015, are set out below:

DIRECTORS	FEES
Zainul Rahim bin Mohd Zain	36,000
Dr. Kenneth Gerard Pereira[1]	–
Dr. Rabi Narayan Bastia[2]	12,000
Datuk Zainol Izzet bin Mohamed Ishak	36,000
Datin Sunita Mei-Lin Rajakumar	36,000
Dato' Roushan Arumugam	36,000
Tay Chin Kwang[3]	36,000
Joginder Singh A/L Bhag Singh[4]	3,857
Sara Murtadha Jaffar Sulaiman[5]	20,323
Total	**216,180**

3 REINFORCING INDEPENDENCE

3.1 Assessing Independence

The Board recognises that Independent Directors play a pivotal role in corporate accountability. The responsibilities of the Independent Non-Executive Directors include:

(a) providing independent and objective views, advice and judgment to ensure that the interests of the Group, shareholders and stakeholders are taken well into account.

(b) bringing impartiality and scrutiny to Board deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner.

(c) constructively challenging and contributing to the development of the business strategies and direction of the Group.

The adoption of the Independent Directors' Self-Assessment Checklist recommended by *Bursa Securities' Corporate Governance Guide: 2nd Edition* was formalised in February 2014 and an annual review of the independence of the Independent Non-Executive Directors had been conducted.

The Board, based on the recommendation of the NC, was satisfied that the Independent Non-Executive Directors continued to exercise independent judgement and acted in the best interests of the Company and its stakeholders.

3.2 Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term of 9 years. However, the Board may provide justifications to retain a Director who has served a cumulative term of 9 years as an Independent Director, and the continuing service of such a Director is subject to the approval of the Company's shareholders. Currently, none of the Independent Directors have served on the Board for 9 years.

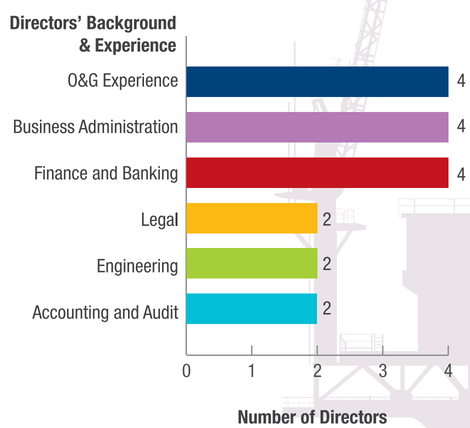
3.3 Separation of the Position of Chairman of the Board and Managing Director

The positions of Chairman of the Board and Managing Director are held by different individuals.

3.4 Board Composition

The Board, as of the date of this statement, comprises 6 members including the Managing Director and 5 Non-Executive Directors. More than 50% of the Board are independent, which is higher than the minimum requirement of one-third of the Board as prescribed in the Listing Requirements of Bursa Securities. Furthermore, as the Chairman of the Board is not an Independent Director, the Board comprises a majority of Independent Directors in compliance with the CG Code. The profiles of Directors are set out on page 35 to 40 of this report.

The Board considers the present composition, size and balance in respect of qualifications and experience of the Board to be appropriate and effective for the control and direction of the Group's business. While the present composition and mix contributes positively to the Board's effectiveness, especially with the balance between Non-Independent and Independent Directors and their diverse experience, the Board size and mix will be continually assessed in line with the growth and complexities of the business. The Board is also of the opinion that the Board composition fairly represents the ownership structure of the Group.



4 FOSTERING COMMITMENT

4.1 Time Commitment

The Directors are aware of the time commitment expected from each of them to attend to matters of the Group generally, including attendance at Board, Board Committee and other types of meetings. The annual Board meeting calendar is planned by the Company Secretaries and agreed with the Directors prior to the commencement of each new financial year.

All the Directors provide notification to the Chairman, who then notifies the Senior Independent Director, when accepting any new appointment on the boards of other companies, to ensure that there is no potential conf ict of interest by accepting the appointment. Any changes to their directorships will be tabled at the quarterly Board meetings for the Directors' review. The Board is satisfied that the present directorships in external organisations held by the Directors (which have not exceeded 5 public listed companies) do not give rise to any conf ict of interest nor impair their ability to discharge their responsibilities to the Group.

13 Board meetings and 8 ARMC meetings were held during the period ended 30 June 2015. The NC and the RC meet at least once annually. The Managing Director and Senior Management had also attended Board Committee meetings by invitation, where required.

The attendance record of individual Directors at duly convened Board and Board Committee meetings are as follows:

NAME	BOARD	ARMC	NC	RC
Number of meetings during the financial year	**13**	**8**	**4**	**3**
Zainul Rahim bin Mohd Zain	13/13	8/8	4/4	3/3
Dr. Kenneth Gerard Pereira	13/13	N/A	N/A	N/A
Datuk Zainol Izzet bin Mohamed Ishak	10/13	7/8	4/4	3/3
Datin Sunita Mei-Lin Rajakumar	13/13	8/8	4/4	3/3
Dato' Roushan Arumugam	12/13	N/A	4/4	3/3
Tay Chin Kwang[3]	8/13	5/8	N/A	N/A
Sara Murtadha Jaffar Sulaiman[5]	7/7	N/A	N/A	N/A
Dr Rabi Narayan Bastia[2]	2/5	1/4	N/A	N/A
Joginder Singh A/L Bhag Singh[4]	1/1	N/A	N/A	N/A

Notes:

1 The Managing Director's remuneration can be found on page 136 of this report.
2 Resigned on 30 June 2014
3 Resigned on 12 August 2015
4 Resigned on 26 February 2014
5 Appointed on 27 August 2014

4.2 Directors' Training

The Board recognises the need to continuously enhance the skills and knowledge of its members and to keep abreast with the developments in the economy, industry and technology in order to remain relevant and progressive. The Board refers to the findings from the annual Board Assessment to determine the training needs of the Board. Training on appropriate topics are organised for the Directors, whether conducted in-house or by external speakers, in conjunction with the Board meetings, where practical. In addition, the Directors are kept informed of available training programmes externally which come to the attention of the Company.

An induction programme is held for newly appointed Directors which include briefings by the Senior Management team and a visit to the Company's head office in Kuala Lumpur. Our Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities.

Our Directors regularly attend briefings on matters relating to the Group. Amongst the seminars or briefings attended by our Directors include:

DIRECTORS' COURSES/SEMINARS ATTENDED FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

DIRECTOR	DATE	COURSES/SEMINARS
Zainul Rahim bin Mohd Zain	26.03.2014	Offshore Technology Conference Asia 2014
	24.04.2014	Pricewaterhouse Coopers: Directors Training – E&P Accounting under Malaysian Financial Reporting Standards
	08.05.2014	ICLIF: The Role of the Board in Behavioural Issues – Board, Committee, Director and CEO Assessments
	09.05.2014	FIDE Forum: Recovery and Resolution Plan – Presentation and Dialogue with Gareth Lambert
	27.05.2014	Putrajaya Premier Lecture Series – Lecture by Dr. Farhan Ahmad Nizami on Past Achievements & Present Challenges in the Muslim World
	28.05.2014	Resource 22nd Networking Cocktail 2014
	29.05.2014	MDBC: New Lens Scenario: The Climate Challenge by Shell Malaysia
	16.06.2014	FIDE Forum: Talent Based Approach to Board Recruitment – Lecture by Vibhas Ratanjee
	23.06.2014	Bursa Securities: Board Chairman Series – The Role of the Chairman
	18.08.2014	ICLIF: Nominating Committee Programme 2: Effective Board Evaluations
	27.08.2014	FIDE Forum: Board Strategic Leadership in Managing Cybersecurity Risk in Financial Institutions – Lecture by Karl Rauscher and Micheal Zamorski
	29.09.2014 to 30.09.2014	Khazanah Megatrends Forum 2014: Scaling the Efficiency Frontier – Institutions, Innovation, Inclusion
	09.10.2014	MDBC: 4 Chamber VIP Luncheon – The Economic Outlook of Malaysia by YB Senator Dato' Seri Abdul Wahid Omar
	13.10.2014	Bursa Securities: Risk Management & Internal Control – Workshops for Audit Committee Members
	25.11.2014	Malaysian German Chamber of Commerce & the British High Commission – Sustainable Mobility Conference
	26.11.2014	Goods and Services Tax Briefing
	29.01.2015	FIDE Forum: An evening with Jane Goodall
	05.02.2015	FIDE Forum: Financial Services in Turbulent Times – A Dialogue with Tan Sri Lin See-Yan

DIRECTORS' COURSES/SEMINARS ATTENDED FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

DIRECTOR	DATE	COURSES/SEMINARS
Zainul Rahim bin Mohd Zain	26.02.2015	Pemandu: Economic Wrap-Up 2014
	12.03.2015	BNM: BNM Annual Report and Financial Stability & Payment Systems Report 2014
	16.03.2015	EUMCCI: EU-Malaysia Trade & Investment Forum
	06.05.2015	FIDE Forum: Remuneration Study (feedback and way forward)
	08.05.2015	Pemandu: Lead the Change; Getting Women on Boards
	13.05.2015	MDBC: Study visits to RAPID (at Pengerang) and Iskandar
	21.05.2015	FIDE Forum: Innovation & Growth in Uncertain Times, by Ram Charan
Dr. Kenneth Gerard Pereira	27.02.2014	Roundtable Meeting and Networking Session with the United Arab Emirates' Minister of Economy, H.E. Eng. Sultan bin Saeed Al Mansori
	21.03.2014	Townhall Briefing by Messrs Murad Yee Partnership: Policy with Regards to Insider Dealing and Whistle Blower Policy
	24.04.2014	Pricewaterhouse Coopers: Directors Training – E&P Accounting under Malaysian Financial Reporting Standards
	09.05.2014	Resource 22nd Networking Cocktail 2014
	23.07.2014	Education Seminar: Overview of ESG Index and Industry Classification Benchmark
	23.09.2014 to 24.09.2014	Arle Capital Partners Limited: Oil & Gas Seminar
	19.10.2014 to 22.10.2014	SPE (Society of Petroleum Engineers): Early Monetisation of Projects
	26.11.2014	Goods and Services Tax Briefing
	09.12.2014	Speaker at Offshore Development Oman: Executing an Offshore Exploration Project in Oman. Case Study: Block 50
	29.01.2015	Presentation at the MIDF Investment Bank Luncheon Talk – "The Current Oil Market From the Perspective of An Oil Producer"
	30.03.2015	– Offshore Technology Conference Asia – Advisory Committee Meeting & Launch Event/Network Reception
	02.06.2015	Oil and Gas Asia 2015 (OGA 2015)
Datuk Zainol Izzet bin Mohamed Ishak	24.04.2014	Pricewaterhouse Coopers: Directors Training – E&P Accounting under Malaysian Financial Reporting Standards
	25.03.2014 to 26.03.2014	Offshore Technology Conference Asia – Oil and Gas
	13.08.2014	KPMG: Directors Training – Fraud Risk Management – Implications to Listed Issuers and How to Plug the Loopholes
	26.11.2014	Goods and Services Tax Briefing
	02.06.2015 to 04.06.2015	OGA 2015

DIRECTORS' COURSES/SEMINARS ATTENDED FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015		
DIRECTOR	**DATE**	**COURSES/SEMINARS**
Datin Sunita Mei-Lin Rajakumar	14.03.2014	Bloomberg Briefing "Invest Asean"
	21.03.2014	Townhall Briefing by Messrs Murad Yee Partnership: Policy with Regards to Insider Dealing and Whistle Blower Policy
	25.03.2014 to 28.03.2014	Offshore Technology Conference Asia – Oil and Gas
	07.04.2014	Briefing on GST Implementation and Progress by Messrs BDO
	22.04.2014	Annual Directors Duties, Governance and Regulatory Updates Seminar 2014 by Malaysian Institute of Corporate Governance
	24.04.2014	Pricewaterhouse Coopers: Directors Training – E&P Accounting under Malaysian Financial Reporting Standards
	21.05.2014	Corporate Governance Statement Reporting Workshops by Securities Industry Development Corporation
	18.08.2014	Bursa Malaysia's Nominating Committee Programme 2: Effective Board Evaluation
	23.09.2014	2nd Malaysian Oil & Gas Services Exhibition & Conference
	10.10.2014	Bursa Malaysia: Great Companies Deserve Great Boards
	21.10.2014	Malaysian Accounting Standards Board: Round Table Discussion on Financial Reporting
	11.11.2014	KPMG – Audit Committee Institute Breakfast Talk "The Impact of Cyber Security at Board Levels"
	26.11.2014	Goods and Services Tax Briefing
	16.01.2015	Malaysian Institute of Management Ambassadorial Brief by HE Cho Byungjae, Ambassador, Embassy of The Republic of Korea to Malaysia: "Economic innovation Korea – Changing Lives, Changing Future".
	07.05.2015	Securities Commission's Audit Oversight Board "Conversation with Audit Committees"
	08.06.2015 to 09.06.2015	7th Annual Corporate Governance Summit "Creating Sustainable Value Through Governance"
Dato' Roushan Arumugam	24.04.2014	Pricewaterhouse Coopers: Directors Training – E&P Accounting under Malaysian Financial Reporting Standards
	25.09.2014 to 26.09.2014	20th Asia Upstream Conference
	26.11.2014	Goods and Services Tax Briefing
	23.04.2015 to 24.04.2015	3rd Corporate Governance Workshop
Sara Murtadha Jaffar Sulaiman	28.08.2014	Introduction/Orientation to the Company by Senior Management team
	19.11.2014 to 20.11.2014	Mandatory Accreditation Programme (MAP) by Bursatra Sdn Bhd
	26.11.2014	Goods and Services Tax Briefing

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed the Board on these updates at Board meetings. The external auditors also briefed the Board on any changes to the Malaysian Financial Reporting Standards which effect the Group's financial statements during the period.

5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

In addition to the duties and responsibilities set out under its TOR, the ARMC assists the Board in the review of the financial statements of the Group to ensure that they are prepared in compliance with the new Malaysian Financial Reporting Standards Framework which comprises the International Financial Reporting Standards.

The ARMC members, chaired by Datin Sunita Mei-Lin Rajakumar, reviewed the Company's quarterly financial reports and audited financial statements in the presence of external auditors prior to recommending them for approval by the Board. The CFO/VP Finance formally presented the quarterly financial reports to the ARMC and the Board detailing the performance review of the current quarter against the previous corresponding quarter results, the current year/period against the previous corresponding year/period results and the current quarter against the preceding quarter results.

The Board is ultimately responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly 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. The assessment is provided through the Directors' Responsibility Statement on page 78 of this report.

5.2 Assessment of External Auditors

The ARMC has received an annual written confirmation of the external auditors' independence in accordance with its firm's requirements and the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants. An assessment of their performance was undertaken by the ARMC.

The areas of assessment are:

(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 auditors.

Based on the abovementioned confirmation by Messrs PricewaterhouseCoopers and the assessment undertaken, the ARMC believes that the independence of Messrs PricewaterhouseCoopers has been maintained and that they have performed satisfactorily.

Accordingly, the ARMC supports the resolution for their reappointment at the forthcoming Annual General Meeting on 11 December 2015.

5.3 Provision of Non-Audit Services

To safeguard the independence and objectivity of the external auditors, the Board has adopted the External Auditor Independence Policy which sets out the types of prohibited services and the requisite approval process for the provision of non-audit services by the external auditors. Messrs PricewaterhouseCoopers had reviewed the non-audit services provided to the Group during the financial year in accordance with the independence requirements, and are not aware of any non-audit services that have compromised their independence as the external auditor of the Group. The ARMC did not note any non-compliances with the External Auditor Independence Policy by the external auditors.

6 RECOGNISE AND MANAGE RISKS

6.1 Sound Risk Management

The Board has established a comprehensive and holistic framework for risk management and a sound internal control system. The Board's Statement on Risk Management and Internal Control, which was reviewed by the external auditors, is set out on page 72 of this report.

6.2 Internal Audit Function

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 proposed audit scope is presented to the ARMC for approval. The ARMC also reviews the composition of the outsourced internal audit team to ensure competent personnel is allocated to carry out internal audit on the Group. An internal audit report containing the audit findings together with recommendations for improvement are presented to the Management and the ARMC, with follow-up audits performed to ensure the Management's action plans are carried out accordingly.

7 TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate 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 principles for disclosure of material information are in accordance with the Main Market Listing Requirements. The preparation of announcements to Bursa Securities is coordinated and reviewed by the Corporate Finance, Company Secretary, Investor Relations, Finance, and Legal Departments to ensure that the information to be disclosed is properly verified before it is disseminated. Depending on the type of information to be released, prior approval of the Board or the Managing Director will be obtained.

In addition to that, the Group's spokespersons adhere to the CDPP in their interactions with the Group's stakeholders.

7.2 Leveraging on Information Technology

The Company's website contains updated information on the Group and its business, including a section on corporate governance whereupon the annual reports, notice of general meetings, investor briefing slides, press releases and public announcements, amongst others, are available for perusal.

8 STRENGTHENING RELATIONSHIP BETWEEN SHAREHOLDERS AND INVESTORS

8.1 Encouraging Shareholder Participation

The Board recognises the importance in providing investors accurate, useful and timely information about the Group, its businesses and its activities. The Board believes that clear and consistent communication with investors encourages a better appreciation of the Group's business and activities, and allows the Group's business and prospects to be better understood and evaluated properly.

8.2 Annual General Meeting (AGM)

The AGM is the principal engagement platform for dialogue between the Board and its shareholders. During the AGM, the Management will present the Group's performance for the period. The Board and Management will take questions from the shareholders present. Voting is carried out on presented resolutions via a show of hands, unless a poll is properly called for, or is mandated, and the outcome of each resolution will be announced on the same AGM day.

The Notice convening the 2015 AGM was issued to shareholders on 19 November 2015, in compliance to the terms of the Listing Requirements to provide sufficient notice to the shareholders.

The Board also encourages other channels of communication with shareholders. For this purpose, the Board has designated Datuk Zainol Izzet bin Mohamed Ishak, the Senior Independent Non-Executive Director, as the contact point for shareholders and/or queries from the public to be directed to. He can be contacted at izzet@hibiscuspetroleum.com.

REPORT OF THE NOMINATING COMMITTEE

The Nominating Committee (NC) comprises exclusively of Non-Executive Directors. Three out of four members are independent. The Senior Independent Non-Executive Director chairs the NC and is responsible for the overall composition of the Board. Details of the NC membership are set out below:

NAME OF COMMITTEE MEMBER	APPOINTMENT DATE	DESIGNATION
Datuk Zainol Izzet bin Mohamed Ishak	26 February 2011	Chairman of NC/Senior Independent Non-Executive Director *(Re-designated as Chairman on 24 June 2011)*
Zainul Rahim bin Mohd Zain	26 February 2011	Member/Non-Independent Non-Executive Director
Datin Sunita Mei-Lin Rajakumar	26 February 2011	Member/Independent Non-Executive Director
Dato' Roushan Arumugam	28 March 2013	Member/Independent Non-Executive Director

NOMINATION, ELECTION AND SELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, one-third of the total number of Directors on the Board or if the number is not a multiple of three, the number nearest to one-third, must be subject to retirement by rotation and re-election at the Annual General Meeting (AGM) each year.

The NC evaluates and recommends to the Board, the Directors who are retiring by rotation and seeking re-election at each AGM. The NC also evaluates a potential Board candidate based on established criteria which include:

(i) skills, knowledge, expertise and experience that provides knowledge of business, financial, governmental or legal matters relevant to the Company's business;

(ii) professionalism and integrity;

(iii) commitment (including time commitment) and contribution to dedicate sufficient time to discharge his/her responsibilities;

(iv) background, character and competence;

(v) Boardroom diversity; and

(vi) in the case of candidate for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidate's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

BOARD EFFECTIVENESS EVALUATION

The Board Assessment is facilitated by the NC annually and the findings are presented to the Board.

The Board's assessment is based on the following areas which include:

(i) strategic leadership, character, experience;

(ii) integrity, ethical and value driven;

(iii) competence, capability;

(iv) commitment including time commitment; and

(v) independence.

The Board Committees are assessed based on the Committee's structure and process, accountability and responsibilities; while Director's self and peer assessments are based on independence, participation, integrity, objectivity, technical competence and recognition.

The NC also conducts an assessment of the Independent Non-Executive Director as part of the Board Assessment and takes into account, their ability to exercise independent judgement and to demonstrate the values and principles associated with independence such as impartiality, objectivity and consideration of all stakeholders' interests, including taking an unpopular stand at times.

Summary of activities undertaken by the NC in respect of the financial period ended 30 June 2015 is as follows:

(a) Reviewed the terms of reference (TOR) of the NC;

(b) Reviewed, assessed and then recommended the suitable candidates to the Board and the appointment of an additional Independent Non-Executive Director to further strengthen the Board;

(c) Completed the annual Board Assessment for the financial period ended 31 December 2013 in April 2014 which comprehensively covered the mix of skills and experience and other qualities of members, including core competencies which Non-Executive Directors brought to the Board, assessed the performance of the Board and each Board Committee as a whole, and the Directors including the Independent Directors on an individual basis. The NC also reviewed the gaps which were highlighted from the Board Assessment conducted in the previous year; and is responsible for the action plans arising therefrom. Under the guidance of the NC, the Board Assessment was coordinated by the Company Secretary who collated the findings based on responses to questionnaires completed by the individual Directors;

(d) Re-assessment of the independence of the Independent Non-Executive Director, based on the established independence criteria;

(e) Considered and recommended to the Board the Directors for re-election at the AGM;

(f) Reviewed the induction checklist for newly appointed Directors;

(g) Completed the annual Board Assessment for the period of evaluation from 1 January 2014 to 31 December 2014 in April 2015 and submitted its findings to the Board. The NC also reviewed the gaps which were highlighted from the Board Assessment, and is responsible for the action plans arising therefrom;

(h) Reviewed and recommended to the Board the appointment of the new Chief Financial Officer/VP Finance;

(i) Reviewed proposed changes to the Organisation Chart of the Company and submitted its recommendations to the Board; and

(j) Reviewed the Analysis of Corporate Governance Disclosure in the Annual Report 2013.

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee (RC) was established on 26 February 2011 and comprises exclusively of Non-Executive Directors. Three out of four members are Independent Directors. Details of the RC membership are set out below:

NAME OF COMMITTEE MEMBER	APPOINTMENT DATE	DESIGNATION
Dato' Roushan Arumugam	28 March 2013	Chairman of RC/Independent Non-Executive Director *(Re-designated as Chairman on 15 July 2013)*
Zainul Rahim bin Mohd Zain	26 February 2011	Member/Independent Non-Executive Director
Datuk Zainol Izzet bin Mohamed Ishak	26 February 2011	Member/Senior Independent Non-Executive Director
Datin Sunita Mei-Lin Rajakumar	26 February 2011	Member/Independent Non-Executive Director

Summary of activities undertaken by the RC in respect of the financial period ended 30 June 2015 is as follows:

(a) Reviewed the Directors' fees for the financial period ended 31 December 2013;

(b) Reviewed the payment of Directors' fees to be paid at the end of each quarter effective from the financial year ended 31 December 2014;

(c) Reviewed the terms of reference (TOR) of the RC; and

(d) Reviewed the remuneration package of the new Chief Financial Officer/VP Finance.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

THE AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC) IS PLEASED TO PRESENT THE ARMC REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 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 members named below.

The attendance of members at the ARMC meetings held during the financial period ended 30 June 2015, is ref ected below:

NAME	DESIGNATION	DIRECTORSHIP	ATTENDANCE AT ARMC MEETINGS
Datin Sunita Mei-Lin Rajakumar	Chairperson	Independent Non-Executive Director	8/8
Zainul Rahim bin Mohd Zain	Member	Non-Independent Non-Executive Chairman	8/8
Datuk Zainol Izzet bin Mohamed Ishak	Member	Senior Independent Non-Executive Director	7/8
Tay Chin Kwang *(Resigned with effect from 12 August 2015)*	Member	Independent Non-Executive Director	5/8
Dr Rabi Narayan Bastia *(Resigned with effect from 30 June 2014)*	Member	Non-Independent Non-Executive Director	1/4

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 presented 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 comprehensible 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;

(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, and recommend corrective measures to remedy and review principal risks; and

(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 Listing Requirements; and

(h) The attendance of any particular ARMC meeting by other Directors and employees of the Company shall be at the ARMC's invitation and discretion, and specific to that relevant meeting only.

3. Duties and Responsibilities

External Audit

(a) Nominate and recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditors;

(b) Review 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 co-ordination 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 that it has the necessary authority to carry out its work;

(b) Review and report the same to the Board on the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;

(c) Ensure that appropriate action is taken on the recommendations of the internal auditors, where necessary;

(d) Review the assistance and co-operation given by the employees of the Company to the internal auditors;

(e) Review the performance of the internal auditors;

(f) Approve any appointment or termination of the internal auditors; and

(g) Inform itself of the resignation of internal auditors and request the resigning firm to submit its reasons for resigning.

Risk Management

(a) Review the 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 conf ict 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 30 JUNE 2015

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 30 June 2015:

1. Reviewed and recommended for Board approval the draft ARMC Report and draft Statement of Risk Management and Internal Control in the Company's Annual Report for the financial period ended 31 December 2013;
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 period ended 31 December 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 plan and the audit fee of the Group for the financial period ended 30 June 2015;
7. Discussed on developments in financial reporting and standards with external auditors in relation to future financial years/period;
8. Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services;
9. Reviewed the fees and type of non-audit services provided by the external auditors;
10. Assessed the independence of the external auditors by obtaining a written confirmation and as set out in the Group's External Auditor Independence Policy on the quality and rigor of the audit performed, the quality of service provided, the audit firm's reputation and the independence of the external auditors;
11. Recommended the re-appointment of external auditors of the Company by the Board, and subject to shareholders' approval;

12. Reviewed the external auditors' internal control recommendations and Management's response;
13. Conducted three (3) meetings with the external auditors, and two (2) meetings with the internal auditors without the presence of the Management;
14. Reviewed the internal audit plan and scope of work for the financial period ended 30 June 2015 for the Group;
15. Reviewed the internal audit and enquiry reports, which also incorporated audit findings, recommendations and Management 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 the related party transactions;
19. Reviewed and recommended the proposed amendments to the ARMC Terms of Reference to the Board for approval; and
20. Reviewed ad-hoc reports as presented to the ARMC.

Internal Audit Function

Since the previous financial period, 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 Auditor 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 plans of the Group. The internal audit plans were 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 and/or the Management.

Details of the internal audit activities carried out by the Internal Auditors for the financial period ended 30 June 2015 are as follows:

1. Prepared and presented risk-based audit plans, internal audit strategy and scope of work to the ARMC and the Board for deliberation and approval;
2. Evaluated and appraised the soundness, adequacy and application of accounting, financial and other controls and promoting effective controls in the Group and the Company;
3. Appraised the level of operational and business compliance with established policies and procedures & 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 fees incurred by the Group for the internal audit function for the financial period ended 30 June 2015 was approximately RM36,000.

This Statement is made in accordance with the resolution of the Board dated 23 October 2015.

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 BERHAD 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 30 JUNE 2015 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

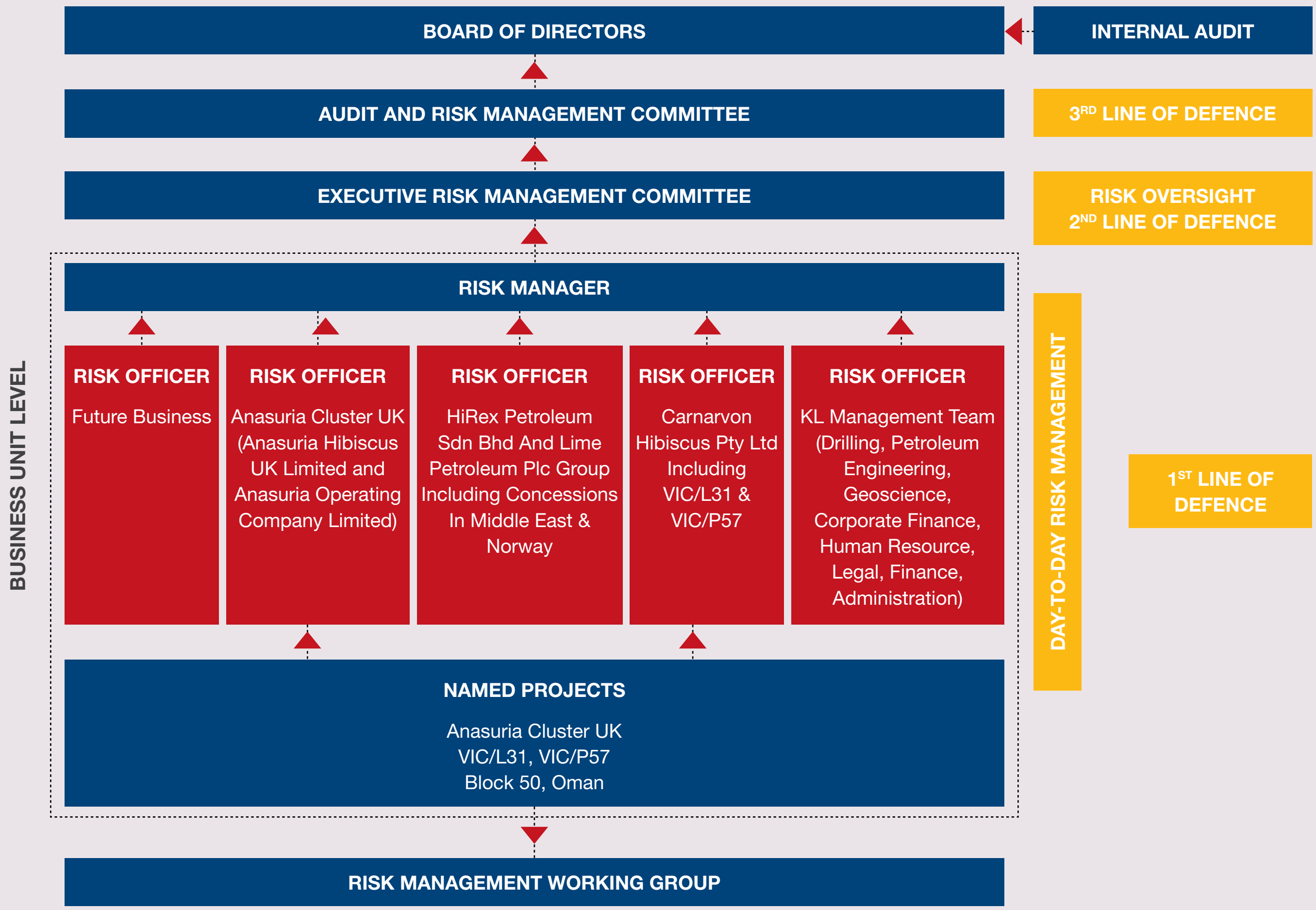
Risk Management Framework

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.

Where breaches of controls are noted, the relevant parties would be informed accordingly and steps would be taken to rectify such breaches.

- **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 risks indicators and risk mitigation plans.

The Management has implemented the necessary processes to:

(a) identify risks relevant to the Group's business and the achievement of its objectives and strategies;

(b) design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and

(c) 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 are led by the relevant project manager involving health, safety, security and environment (HSSE) specialists, geologists, petroleum engineers, primary contractors 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 regularly to highlight and discuss the key risks as well as the status of mitigation plans.

The ARMC, on behalf of the Board:

(a) 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;

(b) reviews the effectiveness of the internal control systems deployed by the Management to address those risks;

(c) reviews and recommends corrective measures to be undertaken to remedy any failings and/or weaknesses;

(d) reviews status updates from Internal Audit on recommended corrective actions;

(e) 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;

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

(g) reviews the actual and potential impact of any failure or weakness of the internal controls in place, particularly those related to financial performance or conditions affecting the Group.

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

(a) approving the Group's risk philosophy/policy;

(b) approving the Group's risk portfolio and determining the Group's risk tolerance and risk appetite;

(c) assessing and monitoring key business risks to safeguard shareholders' investments and the Group's assets;

(d) providing effective oversight on assessment of principal risks and the appropriate systems to manage these risks; and

(e) 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 risk factors and internal control of the Group. Among the issues considered were:

(a) changes in the nature and the extent of significant risk factors since the previous assessment and how the Group has responded to changes in its business and the external environment;

(b) the effectiveness of the Group's risk management and internal control system;

(c) the work of its internal audit, risk management team and other assurance providers, including the external auditors;

(d) the extent and adequacy of the communication of the results of the monitoring to the Board;

(e) 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;

(f) events that had not been anticipated by the Management which impacted the achievement of the Group's objectives; and

(g) 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 (LOA) 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 f ow 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.

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 Petroleum Plc (Lime) and HiRex Petroleum Sdn Bhd (HIREX) and joint operation in VIC/P57.

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.

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 Related Party Transactions, 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 Anasuria Cluster, the VIC/P57 and VIC/L31 concessions, Lime, its subsidiaries and joint ventures (Lime Group) 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. 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.

In 2015, the Company, via its indirectly wholly-owned subsidiary Anasuria Hibiscus UK Limited, with Ping Petroleum UK Ltd, entered into sale and purchase agreements to each acquire 50% of the entire interests of Shell UK Ltd, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited in the Anasuria Cluster of oil and gas fields, subject to, amongst others, regulatory approvals and third party consents, including the United Kingdom Government's approval and the Company's shareholders' approval. Whilst this transaction has not yet been completed, the ARMC and ERMC monitor the risks associated with this acquisition and report their findings to the Board.

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 auditors assist 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.

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 23 October 2015.

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 shareholder's interest, either still subsisting at the end of the financial period ended 30 June 2015 or entered into since the end of the previous financial year:

(a) 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 under review, a total of 297,563,597 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

All 83,611,200 Warrants-B were exercised during the financial period under review.

(d) Redeemable Convertible Preference Shares (RCPS)

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

3. VARIANCE IN RESULTS

There was no deviation in the loss before taxation between the audited and the unaudited results announced for the financial period under review.

4. NON-AUDIT FEES

During the financial period under review, non-audit fees paid to external auditors of the Group amounted to RM741,130.

5. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The Company had, during its 4th Annual General Meeting held on 26 June 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 (the Act). As at 6 August 2015, the completion of the shares placement pursuant to the Section 132D of the Act, 89,164,200 new ordinary shares of RM0.01 each in the Company were issued to third party investors by way of placement of new shares and the shares were listed on the Main Market of Bursa Malaysia Securities Berhad.

Total proceeds of RM68,222,627 was raised and the utilisation of proceeds raised was as follows:-

	AMOUNT RM mil
Capital injection into Lime Petroleum Plc	19.2
Initial payment and associated cost relating to our Group's proposed acquisition of the Anasuria Cluster	19.2
Contribution to the planned Sea Lion exploration well	13.8
Development works of the West Seahorse oilfield	7.7
Corporate overheads and advisory fees	8.3
Total	**68.2**

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.

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 the 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.

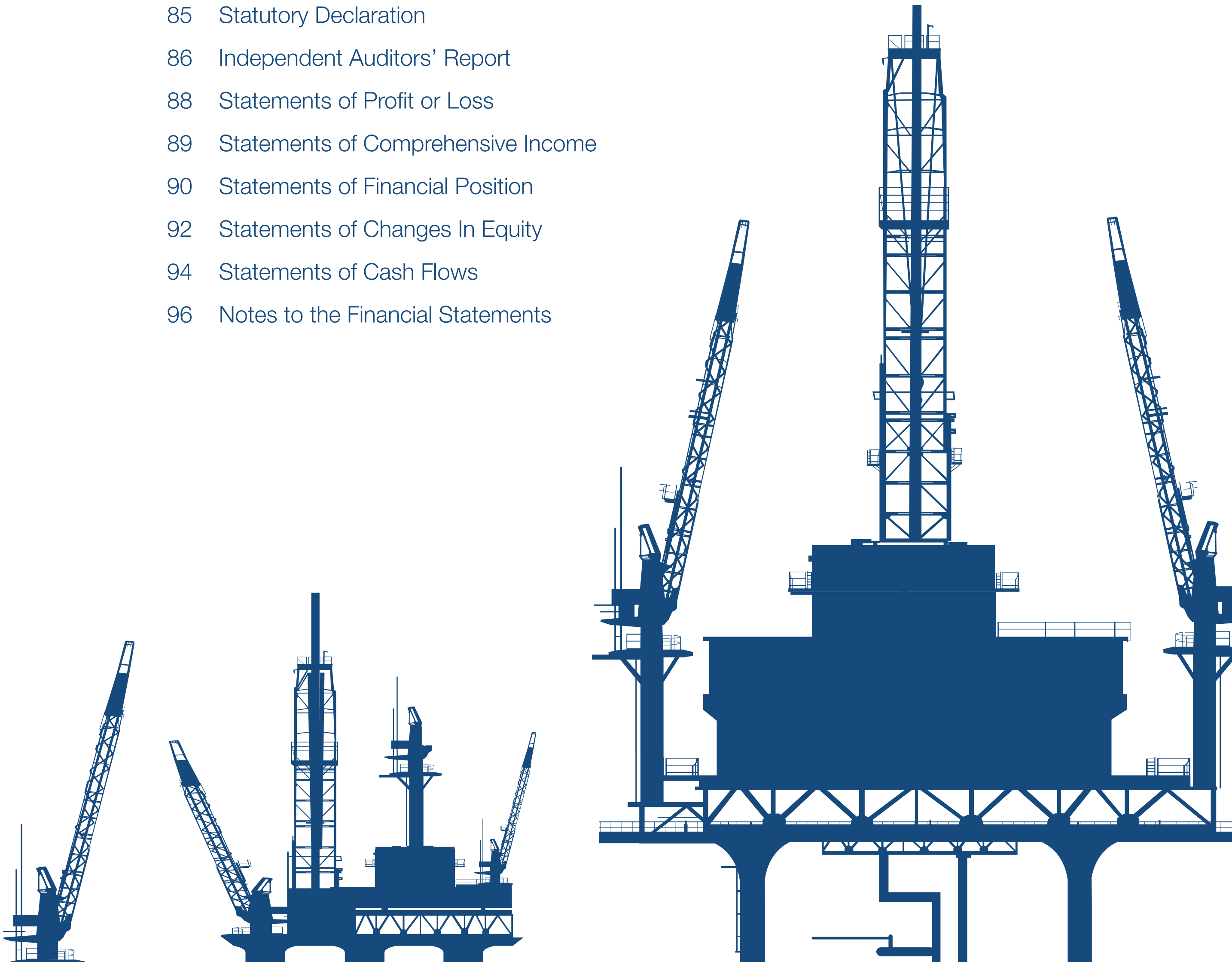
The Board of Directors has overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention, detection of fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensive assessment of the Group's position and prospects in the Directors' Report as pages 80 to 84 and the Financial Statements from pages 88 to 156 of this Annual Report.

This statement has been made in accordance with a resolution of the Board of Directors dated 30 October 2015.

FINANCIAL REPORT

Delivering Sustainable Value Over The Long-Term



DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the 18 months financial period ended 30 June 2015.

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
Loss after taxation for the financial period	(74,216,012)	(2,957,134)

DIVIDENDS

No dividend was paid since the end of the previous financial period 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 16 April 2015, the Board of the Company had approved the change of financial year end of the Company from 31 December to 30 June.

Since the last financial period ended 31 December 2013, the Group had significantly increased its exposure in Australia. In November 2014, the Group's interest in the VIC/L31 production licence increased from 50.1% to 100%, and its interest in the VIC/P57 exploration permit increased from 50.1% to 55.1%. In addition to this, expenditure in VIC/P57 is anticipated to increase considerably with the drilling of the Sea Lion well in the near future. With such increased focus in Australia, the Company is aligning its financial year end to the financial year end applied in Australia of 30 June for Petroleum Resource Rent Tax lodgements so as to enhance its reporting efficiency.

Consequently, the comparatives for the statements of profit or loss, comprehensive income, changes in equity and cash f ows as well as certain comparatives in the notes to the financial statements of the Group and the Company for the period of 18 months from 1 January 2014 to 30 June 2015, are not comparable to those of the previous 9 months ended 31 December 2013. The next financial statements will be for a period of 12 months commencing from 1 July 2015.

ISSUES OF SHARES

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM5,098,757 to RM9,277,787 by way of conversion of 297,563,597 Warrants-A into new ordinary shares of RM0.01 each at an exercise price of RM0.50 per share, conversion of 83,611,200 Warrants-B into new ordinary shares of RM0.01 each at an exercise price of RM0.10 per share and conversion of 1,000,000 convertible redeemable preference shares ("CRPS") into 591,715 new ordinary shares of RM0.01 each at a conversion price of RM1.69 per share and the issue of 36,136,500 new ordinary shares pursuant to S132D of the Companies Act, 1965, raising a total of RM29,907,852, which was undertaken in three tranches; 15,024,900 shares were issued on 4 March 2015 at RM0.88 per share, 14,117,600 shares were issued on 23 March 2015 at RM0.85 per share and 6,994,000 shares were issued on 18 June 2015 at RM0.67 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

During the financial period ended 30 June 2015, the Company did not issue any further CRPS. Following full conversion of the balance 1,000,000 CRPS and the subsequent listing of the ordinary shares on 9 May 2014, there was no further outstanding CRPS as at 30 June 2015.

WARRANTS

Warrants-A

The Warrants-A were issued in registered form and were constituted by the Warrants-A Deed Poll. The Warrants-A were listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and were 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 30 June 2015, 297,563,597 Warrants-A had been exercised. The unexercised Warrants-A of 1,439,325 have expired.

Warrants-B

The Warrants-B were issued in registered form and were constituted by the Warrants-B Deed Poll. The Warrants-B were not listed and were 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 30 June 2015, all Warrants-B had been exercised.

Note:
The Warrants-B were 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.

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. There were no dividends, distributions, rights, allotments and/or any other forms of distribution where the entitlement date of which precede the relevant date of the allotment and issuance of the new shares arising from the exercise of warrants.

SHARE PLACEMENT PURSUANT TO S132D OF THE COMPANIES ACT, 1965

On 17 November 2014, Bursa Securities approved the Company's proposed placement of up to 89,164,225 new ordinary shares of RM0.01 each in the Company, pursuant to the approval obtained from the shareholders of the Company at its Annual General Meeting ("AGM"), 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 ("Placement Shares").

On 29 April 2015, Bursa Securities had approved the application for an extension of time of six months until 16 November 2015 to complete the implementation of the Placement Shares.

During the financial period ended 30 June 2015, 36,136,500 Placement Shares were issued.

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.

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
Datuk Zainol Izzet Bin Mohamed Ishak
Datin Sunita Mei-Lin Rajakumar
Roushan A/L Arumugam
Sara Murtadha Jaafar Sulaiman (appointed on 27.08.2014)
Dr Rabi Narayan Bastia (resigned on 30.06.2014)
Tay Chin Kwang (resigned on 12.08.2015)

In accordance with Article 101 of the Company's Articles of Association, Sara Murtadha Jaafar Sulaiman shall retire from the Board of Directors at the forthcoming AGM of the Company and being eligible, offers herself for re-election.

In accordance with Article 123 of the Company's Articles of Association, Datuk Zainol Izzet Bin Mohamed Ishak shall retire by rotation from the Board of Directors at the forthcoming AGM of the Company.

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 01.01.2014	**Bought/ Warrants exercised**	**Sold**	**At 30.06.2015**
Indirect interests:				
Dr Kenneth Gerard Pereira*	83,611,400	84,961,200	–	168,572,600
Datin Sunita Mei-Lin Rajakumar**	150,000	1,000,000	–	1,150,000
Roushan A/L Arumugam***	30,465,000	23,000,000	–	53,465,000

* *Deemed interested via his 52.50% 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. (53,415,000) and deemed interested via his spouse's (Rachel Hannah Arumugam) shareholdings in the Company (50,000).*

	Number of Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each			
	At 01.01.2014	**Bought**	**Redeemed**	**At 30.06.2015**
Indirect interests:				
Dr Kenneth Gerard Pereira*	2,193,880	–	–	2,193,880

* *Deemed interested via his 52.50% equity interest in Hibiscus Upstream.*

DIRECTORS' INTERESTS (CONTINUED)

	Number of Warrants-A			
	At 01.01.2014	Bought	Exercised	At 30.06.2015
Indirect interests:				
Datin Sunita Mei-Lin Rajakumar*	1,000,000	–	(1,000,000)	–
Roushan A/L Arumugam**	23,000,000	–	(23,000,000)	–

* *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.*

	Number of Warrants-B			
	At 01.01.2014	Allotted	Exercised	At 30.06.2015
Indirect interests:				
Dr Kenneth Gerard Pereira*	83,611,200	–	(83,611,200)	–

* *Deemed interested via his 52.50% equity interest in Hibiscus Upstream.*

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 29 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 35 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 30 October 2015.

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 155 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 30 June 2015 and of the results and cash f ows 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 36 on page 156 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 30 October 2015.

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, Vincent Jacob Lee Nam Sang, 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 156 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 Vincent Jacob Lee Nam Sang at Kuala Lumpur in the Federal Territory on this 30 October 2015.

VINCENT JACOB LEE NAM SANG

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 155, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash f ows 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 35.

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 30 June 2015 and of their financial performance and cash f ows 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 36 on page 156 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
30 October 2015

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

		Group		Company	
	Note	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM
Revenue	5	**15,585,595**	13,343,695	**16,681,796**	10,675,813
Other income	6	**10,697,342**	18,189,500	**23,688,633**	992,526
Administrative expenses		**(65,186,671)**	(22,310,603)	**(41,180,006)**	(17,795,449)
Other expenses		**(8,761,384)**	(5,889,895)	**(2,139,622)**	(627,672)
Finance costs	7	**(8,301)**	(2,693,333)	**(8,301)**	(1,581,514)
Share of losses of an associate		**(1,442,924)**	(403,508)	**–**	–
Share of losses of joint ventures		**(26,695,670)**	(2,960,962)	**–**	–
Gain on dilution of interest in a joint venture		**–**	13,454,858	**–**	–
(Loss)/Profit before taxation	8	**(75,812,013)**	10,729,752	**(2,957,500)**	(8,336,296)
Taxation	9	**1,596,001**	1,405,036	**366**	–
(Loss)/Profit after taxation		**(74,216,012)**	12,134,788	**(2,957,134)**	(8,336,296)
(Loss)/Profit after taxation attributable to:					
– Owners of the Company		**(74,216,012)**	12,134,788	**(2,957,134)**	(8,336,296)
(Loss)/Earnings per share (sen)					
Basic	10	**(9.68)**	2.63		
Diluted	10	**(9.68)**	1.74		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Group		Company	
	18 months ended 30.06.2015 RM	**9 months ended 31.12.2013 RM**	**18 months ended 30.06.2015 RM**	**9 months ended 31.12.2013 RM**
(Loss)/Profit after taxation	**(74,216,012)**	12,134,788	**(2,957,134)**	(8,336,296)
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
– Foreign currency translation	**28,462,742**	9,313,786	**–**	–
Total comprehensive (expenses)/income for the financial period, net of tax	**(45,753,270)**	21,448,574	**(2,957,134)**	(8,336,296)
Total comprehensive (expenses)/income attributable to:				
– Owners of the Company	**(45,753,270)**	21,448,574	**(2,957,134)**	(8,336,296)

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		Group		Company	
	Note	30.06.2015 RM	31.12.2013 RM	30.06.2015 RM	31.12.2013 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	11	**–**	–	**470,352,382**	264,897,361
Investment in an associate	12	**5,022,149**	13,757,949	**–**	–
Investments in joint ventures	13	**259,309,495**	209,156,284	**–**	–
Intangible assets	15	**144,774,097**	61,786,917	**–**	–
Equipment	16	**55,451,375**	31,123,565	**1,990,089**	4,020,183
Amounts owing by subsidiaries	18	**–**	–	**–**	16,380,958
		464,557,116	315,824,715	**472,342,471**	285,298,502
CURRENT ASSETS					
Other receivables, deposits and prepayments	17	**67,477,111**	2,239,114	**3,932,659**	1,598,848
Tax recoverable		**–**	1,241,287	**–**	90,000
Amounts owing by subsidiaries	18	**–**	–	**49,640,305**	17,938,105
Amount owing by an associate	27	**970,399**	1,967,333	**–**	–
Amounts owing by joint ventures	19	**12,102,355**	4,983,761	**–**	–
Amounts owing by related parties	20	**–**	–	**3,199**	591,029
Fixed deposits with licensed banks	21	**–**	34,755,051	**–**	26,842,205
Cash and bank balances	21	**5,930,309**	27,650,409	**3,995,211**	18,275,680
		86,480,174	72,836,955	**57,571,374**	65,335,867
TOTAL ASSETS		**551,037,290**	388,661,670	**529,913,845**	350,634,369

	Note	Group 30.06.2015 RM	Group 31.12.2013 RM	Company 30.06.2015 RM	Company 31.12.2013 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	**9,277,787**	5,098,757	**9,277,787**	5,098,757
Other reserves	23	**574,403,744**	363,186,863	**535,730,990**	353,217,833
(Accumulated losses)/Retained earnings		**(71,944,560)**	1,849,035	**(23,424,754)**	(20,890,037)
		511,736,971	370,134,655	**521,584,023**	337,426,553
CURRENT LIABILITIES					
Other payables and accruals	26	**26,970,011**	16,241,818	**7,515,478**	11,437,072
Amounts owing to subsidiaries	18	**–**	–	**354,359**	543,553
Amount owing to an associate	27	**11,849,103**	1,018,006	**–**	–
Provision for taxation		**21,220**	40,000	**–**	–
Amount owing to a joint venture	19	**240,597**	–	**–**	–
Amount owing to a related party	20	**–**	–	**240,597**	–
Redeemable Convertible Preference Shares	28	**219,388**	219,388	**219,388**	219,388
Convertible Redeemable Preference Shares	25	**–**	1,007,803	**–**	1,007,803
		39,300,319	18,527,015	**8,329,822**	13,207,816
TOTAL LIABILITIES		**39,300,319**	18,527,015	**8,329,822**	13,207,816
TOTAL EQUITY AND LIABILITIES		**551,037,290**	388,661,670	**529,913,845**	350,634,369

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Note	Share capital RM	Share premium RM	Warrant reserve RM	Other reserves RM	Foreign exchange reserve RM	(Accumulated losses)/ Retained earnings 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	22, 23	130,868	10,253,286	(3,840,754)	–	–	–	6,543,400
Conversion of CRPS	22, 23	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

	Note	Share capital RM	Share premium RM	Warrant reserve RM	Other reserves RM	Foreign exchange reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
Group								
At 01.01.2014		**5,098,757**	**265,465,167**	**87,752,291**	**375**	**9,969,030**	**1,849,035**	**370,134,655**
Conversion of warrants	22, 23	**3,811,748**	**240,661,044**	**(87,329,874)**	**–**	**–**	**–**	**157,142,918**
Conversion of CRPS	22, 23	**5,917**	**1,010,562**	**–**	**(375)**	**–**	**–**	**1,016,104**
Issuance of shares	22, 23	**361,365**	**28,594,217**	**–**	**–**	**–**	**–**	**28,955,582**
Share-based payment		**–**	**–**	**–**	**240,982**	**–**	**–**	**240,982**
Loss after taxation		**–**	**–**	**–**	**–**	**–**	**(74,216,012)**	**(74,216,012)**
Other comprehensive income, net of tax: – Foreign currency translation		**–**	**–**	**–**	**–**	**28,462,742**	**–**	**28,462,742**
– Transfer of warrant reserve to retained earnings/ (accumulated loss)		**–**	**–**	**(422,417)**	**–**	**–**	**422,417**	**–**
Total comprehensive (expenses)/income for the financial period		**–**	**–**	**(422,417)**	**–**	**28,462,742**	**(73,793,595)**	**(45,753,270)**
At 30.06.2015		**9,277,787**	**535,730,990**	**–**	**240,982**	**38,431,772**	**(71,944,560)**	**511,736,971**

	Note	Share capital RM	Share premium RM	Warrant reserve RM	Other reserves 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	22, 23	130,868	10,253,286	(3,840,754)	–	–	6,543,400
Conversion of CRPS	22, 23	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

	Note	Share capital RM	Share premium RM	Warrant reserve RM	Other reserves RM	Accumulated losses RM	Total RM
Company							
At 01.01.2014		**5,098,757**	**265,465,167**	**87,752,291**	**375**	**(20,890,037)**	**337,426,553**
Conversion of warrants	22, 23	**3,811,748**	**240,661,044**	**(87,329,874)**	**–**	**–**	**157,142,918**
Conversion of CRPS	22, 23	**5,917**	**1,010,562**	**–**	**(375)**	**–**	**1,016,104**
Issuance of shares	22, 23	**361,365**	**28,594,217**	**–**	**–**	**–**	**28,955,582**
Transfer of warrant reserve to accumulated losses		**–**	**–**	**(422,417)**	**–**	**422,417**	**–**
Loss after taxation/ Total comprehensive expenses for the financial period		**–**	**–**	**–**	**–**	**(2,957,134)**	**(2,957,134)**
At 30.06.2015		**9,277,787**	**535,730,990**	**–**	**–**	**(23,424,754)**	**521,584,023**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

		Group		Company	
	Note	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		**(75,812,013)**	10,729,752	**(2,957,500)**	(8,336,296)
Adjustments for:					
Depreciation of equipment		**8,761,384**	511,337	**2,139,623**	505,011
Interest income		**(1,080,747)**	(1,334,068)	**(840,650)**	(1,005,598)
Unrealised gain on foreign exchange		**(6,719,556)**	(859,467)	**(13,439,402)**	(460,413)
Unrealised loss on foreign exchange		**–**	5,378,557	**–**	122,661
Finance costs		**8,301**	2,693,333	**8,301**	1,581,514
Interest accretion on amounts owing by subsidiaries		**–**	–	**(1,268,903)**	–
Impairment of investment in subsidiaries		**–**	–	**1,287,764**	–
Impairment of investment in an associate		**6,062,019**	–	**–**	–
Impairment of receivables		**242,211**	–	**242,211**	–
Share of losses of an associate		**1,442,924**	403,508	**–**	–
Share of losses of joint ventures		**26,695,670**	2,960,962	**–**	–
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		**(40,399,807)**	(8,764,173)	**(14,828,556)**	(7,593,121)
Other receivables, deposits and prepayments		**(15,997,694)**	(1,278,668)	**(2,332,419)**	(1,225,108)
Other payables and accruals		**16,353,835**	5,959,538	**1,461,061**	3,950,770
Amounts owing by subsidiaries		**–**	–	**9,448,175**	(7,395,794)
Amounts owing by joint ventures		**(6,840,890)**	(4,411,640)	**–**	–
Amount owing to a joint venture		**239,673**	–	**–**	–
Amounts owing by related parties		**–**	–	**345,677**	(591,029)
Amount owing to a related party		**–**	–	**239,673**	–
Amount owing by an associate		**742,886**	(1,995,796)	**–**	–
Amount owing to an associate		**10,894,387**	(26,274,056)	**–**	–
CASH USED IN OPERATIONS		**(35,007,610)**	(36,764,795)	**(5,666,389)**	(12,854,282)
Income tax refunds		**2,815,362**	–	**90,366**	–
NET CASH USED IN OPERATING ACTIVITIES		**(32,192,248)**	(36,764,795)	**(5,576,023)**	(12,854,282)

	Note	Group 18 months ended 30.06.2015 RM	Group 9 months ended 31.12.2013 RM	Company 18 months ended 30.06.2015 RM	Company 9 months ended 31.12.2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment		**(33,409,727)**	(28,235,661)	**(109,529)**	(702,413)
Interest received		**1,080,747**	1,334,068	**840,650**	1,005,598
Investments in subsidiaries		**–**	–	**(132,956,090)**	(19,878,752)
Investments in joint ventures		**(49,058,980)**	(7,947,375)	**–**	–
Acquisition of intangible assets		**(83,952,983)**	(22,116,997)	**–**	–
Deposit for an investment		**(44,302,700)**	–	**–**	–
Advances to subsidiaries		**–**	–	**(83,779,584)**	(15,847,310)
NET CASH USED IN INVESTING ACTIVITIES		**(209,643,643)**	(56,965,965)	**(216,004,553)**	(35,422,877)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares		**186,098,500**	6,543,400	**186,098,500**	6,543,400
Proceeds from issuance of CRPS and related expenses paid		**–**	20,918,255	**–**	20,918,255
Deposit (refunded to)/received from a CRPS placee		**(5,453,500)**	5,453,500	**(5,453,500)**	5,453,500
(Repayment to)/Advances from subsidiaries		**–**	–	**(189,194)**	98,297
NET CASH GENERATED FROM FINANCING ACTIVITIES		**180,645,000**	32,915,155	**180,455,806**	33,013,452
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(61,190,891)**	(60,815,605)	**(41,124,770)**	(15,263,707)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		**4,715,740**	(2,767,776)	**2,096**	337,752
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		**62,405,460**	125,988,841	**45,117,885**	60,043,840
		5,930,309	62,405,460	**3,995,211**	45,117,885
LESS: CASH RESTRICTED IN USE	21	**–**	(5,736,944)	**–**	(5,736,944)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	21	**5,930,309**	56,668,516	**3,995,211**	39,380,941

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

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 30 October 2015.

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.

On 16 April 2015, the Board of the Company had approved the change of financial year end of the Company from 31 December to 30 June. Since the last financial period ended 31 December 2013, the Group had significantly increased its exposure in Australia. In November 2014, the Group's interest in the VIC/L31 production licence increased from 50.1% to 100%, and its interest in the VIC/P57 exploration permit increased from 50.1% to 55.1%. In addition to this, expenditure in VIC/P57 is anticipated to increase considerably with the drilling of the Sea Lion well in the near future. With such increased focus in Australia, the Company is aligning its financial year end to the financial year end applied in Australia of 30 June for Petroleum Resource Rent Tax lodgements so as to enhance its reporting efficiency. Consequently, the comparatives for the statements of profit or loss, comprehensive income, changes in equity and cash f ows as well as certain comparatives in the notes to the financial statements of the Group and the Company for the period of 18 months from 1 January 2014 to 30 June 2015, are not comparable to those of the previous 9 months ended 31 December 2013. The next financial statements will be for a period of 12 months commencing from 1 July 2015.

The Directors are of the view that the Group and the Company will have sufficient cash f ows for the next 12 months from the reporting date to meet their cash f ow requirements, and the Directors have prepared the financial statements of the Group and the Company on a going concern basis.

3 **BASIS OF PREPARATION (CONTINUED)**

In preparing the cash f ow forecast for the next twelve months, the Directors expect to fund their obligations as follows:

(i) Proceeds from placement shares completed on 6 August 2015, as stated in Note 35(a);

(ii) Net cash inf ow from the operations of the Anasuria Cluster post the completion of the sale and purchase agreements to acquire 50% interest in the Anasuria Cluster which comprises 100% interest in the Guillemot A, Teal and Teal South fields, 38.65% in the Cook field and 100% ownership in the Anasuria FPSO. The cash inf ow comprise estimated offtakes from the Anasuria Cluster production based on prevailing market prices and a stand-by call option facility with an external party where the Group has the ability to receive an amount up to RM56.7 million from the premium of the call options. The proposed acquisition is subject to approvals, consents and/or waivers being obtained which is expected to be completed by January 2016 (see Note 35(c));

(iii) Placement of up to 326,935,484 new ordinary shares, as described in Note 35(i); and

(iv) A USD20 million loan facility, as described in Note 35(l).

The Directors are committed to follow through the signing of the definitive agreement and do not expect any impediment to the successful completion of acquisition of the Anasuria Cluster including obtaining shareholders' approval and the receipt of the estimated net cash inf ows thereon.

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.

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's and Company's financial year beginning on or after 1 January 2014 are as follows:

- Amendments to MFRS 132 'Offsetting Financial Assets and Financial Liabilities'
- Amendments to MFRS 139 'Novation of Derivatives and Continuation of Hedge Accounting'
- Amendments to MFRS 10, MFRS 12 and MFRS 127 'Investment Entities'
- Amendment to MFRS 119 'Employee Benefits'
- IC Interpretation 21 'Levies'
- Annual Improvement 2010 – 2012
- Annual Improvement 2011 – 2013

The adoption of the above standards, amendments and interpretations did not have any significant effect on the consolidated and separate financial statements of the Group and the Company respectively upon their initial application.

3 BASIS OF PREPARATION (CONTINUED)

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

A number of new standards and amendments to published standards are effective for annual periods beginning after 1 January 2014. None of these is expected to have a significant effect on the consolidated and separate financial statements of the Group and the Company respectively, except for standards set out below:

- Amendment to MFRS 11 'Joint Arrangements' (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendment to MFRS 116 'Property, Plant and Equipment' and MFRS 138 'Intangible Assets' (effective from 1 January 2016) clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally ref ects factors other than the consumption of the economic benefits embodied in the asset. This amendment has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendment to MFRS 127 'Separate Financial Statements' (effective from 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Annual improvements 2012 – 2014 (effective from 1 July 2016) amend standards from the 2012 – 2014 reporting cycle. It includes changes to:

  i) MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' clarifies that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to plan of sale or distribution. That means, the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution'.

  ii) MFRS 7 'Financial Instruments: Disclosures' introduces two amendments:

    - Servicing contracts: If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, MFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. There is a consequential amendment to MFRS 1 to give the same relief to first time adopters.

    - Interim financial statements: The amendment clarifies that the additional disclosure required by the amendments to MFRS 7 'Disclosure – Offsetting Financial Assets and Financial Liabilities' is not specifically required for all interim periods unless required by MFRS 134. This amendment is retrospective.

  iii) MFRS 134 'Interim Financial Reporting' clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends MFRS 134 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

- Amendments to MFRS 101 'Presentation of Financial Statements' (effective from 1 January 2016) aims to improve financial statement disclosures. The amendments clarify guidance in MFRS 101 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

3 BASIS OF PREPARATION (CONTINUED)

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

- MFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash f ows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'. The complete version of MFRS 9 was issued in November 2014.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash f ow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash f ows and the cash f ows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. 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 income statement, unless this creates an accounting mismatch.

  There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

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

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) Impairment on investments in joint ventures

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 cash generating unit ("CGU") exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical accounting estimates and judgements (continued)

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

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

The enterprise value and net risked recoverable resources are reviewed at each reporting date to ref ect 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 30 June 2015. 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.

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

(i) 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 concession. An average GCoS of between 9% to 24% was applied on the prospects evaluated within these concessions.

(ii) 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 USD3.40 to USD5.10 per barrel (at long-term (4 to 5 years from 30 June 2015) Brent forecasts of USD75.00 per barrel) was applied to the recoverable volumes to compute the expected monetary value of the three Middle East Offshore Concessions after considering the cost of drilling.

(iii) 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 costs overrun).

The RNAV model prepared by management has also not included any internal estimates of resource volumes in the RAK Onshore concession.

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 2015 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.

Investment in HiRex Petroleum Sdn. Bhd. ("HIREX")

As at 30 June 2015, the Directors has considered the net assets value, which is substantially cash, of HIREX as a proxy for fair value as the opportunities identified by HIREX has not been independently valued.

As at 30 June 2015, the Directors are of the view that net assets of HIREX and the opportunities pipeline supports the carrying amount of the Group's investment.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Critical accounting estimates and judgements (continued)

(ii) Impairment on investment in an associate

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 ("FVLCTS") and value in use. The recoverable amount is based on FVLCTS. 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 30 June 2015, the share price was AUD0.056 per share. The fair value is within Level 1 of the fair value hierarchy. The cost to sell is estimated to be immaterial.

The resultant fair value is lower than the carrying amount and therefore an impairment provision of RM6,062,019 has been made as at 30 June 2015.

(iii) Impairment on intangible assets

The recoverable amount of the intangible assets relating to the VIC/L31 production licence is determined based on the higher of value in use valuation performed by management and fair value determine by an external valuation.

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

(i) Discount rate of 10%.

(ii) 4 years projections up to 2019 which is the expected economic limit cut off for the field.

(iii) Total project capital expenditures of approximately USD69 million (before the potential sale and leaseback of mobile offshore production unit rig).

(iv) Total P50 reserves and contingent resources based on the assessment by independent oil and gas reserve experts.

(v) Oil price of USD70.00, USD72.50 and USD75.00 per barrel for 2017, 2018 and 2019 respectively.

(vi) First oil being achieved in May 2017.

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. Based on the sensitivity analysis performed, a USD1.00 reduction in oil price will result in the recoverable amount being equal to the carrying amount.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2015.

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, unrealised gains and unrealised losses 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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

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.

(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, presented as intangible assets.

4 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(c) Oil and gas expenditure – exploration and evaluation (“E&E”) assets (continued)

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:
  - 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
  - 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 financial period 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 to will not be larger than an operating segment as disclosed in Note 31 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 (“RM”), which is the functional and presentation currency of the Company.

(ii) Transactions and balances

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

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Currency translation (continued)

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of hyperinf ationary 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);
- All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve;
- On consolidation, exchange differences arising from translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investment, are recognised in other comprehensive income; and
- 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.

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.

(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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at FVTPL, 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

(i) Financial assets

The Group classifies its financial assets in the following categories: at FVTPL, 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 f ows 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.

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 derecognition 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

(iv) Compound financial 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.

(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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment in an associate

Associate is an entity, in which the Group has significant inf uence, 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 inf uence commences until the date that significant inf uence 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.

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:

(i) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

(ii) 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).

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments in joint arrangements (continued)

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 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.

(i) Intangible assets

Expenditure on rights and concession relates to payment for the VIC/P57 exploration permit and VIC/L31 production licence and their related transaction costs. Expenditure on conventional studies relate to conceptual study costs incurred for the Sea Lion exploration in VIC/P57 and West Seahorse field development in VIC/L31. 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%
Rig	20%

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Equipment (continued)

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 f ow 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.

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 FVTPL), 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 f ows 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 f ows, 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 f ows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash f ows.

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.

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 outf ow 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 ref ect 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) Current and deferred taxation

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 financial 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; and

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

(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	
	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM
Project management, technical and other services fees	**14,504,848**	12,009,627	**14,572,243**	9,670,215
Interest income	**1,080,747**	1,334,068	**840,650**	1,005,598
Interest accretion on amounts owing by subsidiaries	**–**	–	**1,268,903**	–
	15,585,595	13,343,695	**16,681,796**	10,675,813

6 OTHER INCOME

	Group		Company	
	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM
Performance guarantee fee	**–**	–	**–**	89,335
Reversal of discovery bonus payable	**–**	15,793,229	**–**	–
Joint Operating Agreement indirect overheads recovery from joint operation	**1,129,958**	1,034,562	**–**	–
Directors' fee from an associate	**68,024**	181,756	**68,024**	181,756
Unrealised gain on foreign exchange	**6,719,556**	859,467	**13,439,402**	460,413
Realised gain on foreign exchange	**2,779,804**	319,721	**10,181,207**	261,022
Sundry income	**–**	765	**–**	–
	10,697,342	18,189,500	**23,688,633**	992,526

7 FINANCE COSTS

	Group		Company	
	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM
Finance costs in relation to:				
– discovery bonus payable	**–**	1,111,819	**–**	–
– liability portion of CRPS	**8,301**	1,581,514	**8,301**	1,581,514
	8,301	2,693,333	**8,301**	1,581,514

8 (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM	18 months ended 30.06.2015 RM	9 months ended 31.12.2013 RM
(Loss)/Profit before taxation is arrived at after charging:				
Auditors' remuneration:				
– fees for statutory audit				
– PricewaterhouseCoopers, Malaysia	**375,515**	220,975	**279,784**	168,025
– member firm of PricewaterhouseCoopers International Limited	**101,600**	112,682	**–**	–
– fees for audit related services				
– PricewaterhouseCoopers, Malaysia*	**449,643**	316,500	**245,643**	316,500
– fees for other services				
– member firms of PricewaterhouseCoopers International Limited**	**741,130**	354,100	**741,130**	354,100
Prospecting costs and consultancy fees	**17,692,442**	7,856,529	**10,747,320**	7,463,522
Depreciation of equipment	**8,761,384**	511,337	**2,139,623**	505,011
Impairment of investment in subsidiaries	**–**	–	**1,287,764**	–
Impairment of investment in an associate	**6,062,019**	–	**–**	–
Impairment of receivables	**242,211**	–	**242,211**	–
Rental expenses	**577,574**	231,975	**576,242**	231,975
Staff costs:				
– Directors' fees	**216,180**	120,333	**216,180**	120,333
– salaries	**21,429,212**	8,883,379	**18,058,949**	6,223,142
– defined contribution plan	**2,079,798**	514,564	**1,967,847**	493,545
– other benefits	**1,126,304**	263,355	**808,965**	320,894
Foreign exchange:				
– unrealised loss	**–**	5,378,557	**–**	122,661

8 (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

Director's remuneration included within staff costs is as disclosed in Note 29 to the financial statements.

* *Includes fees payable/paid to the external auditors for services relating to various corporate exercises undertaken during the financial period.*

** *Includes fees payable/paid to member firms of PricewaterhouseCoopers International Limited which are capitalised during the year for the Group and the Company amounting to RM218,099 (31.12.2013: RM133,000). The fees of RM741,130 are in relation to taxation matters amounting to RM565,393 which include the assistance in the Goods and Services Tax implementation and the remaining fees are in relation to corporate exercises undertaken by the Group and the Company during the financial period.*

9 TAXATION

	Group		Company	
	18 months ended 30.06.2015 RM	**9 months ended 31.12.2013 RM**	**18 months ended 30.06.2015 RM**	**9 months ended 31.12.2013 RM**
Current tax:				
– Malaysian income tax	**62,822**	38,716	**–**	–
– Foreign income tax	**(1,658,457)**	(1,151,287)	**–**	–
– Over accrual in prior years	**(366)**	–	**(366)**	–
	(1,596,001)	(1,112,571)	**(366)**	–
Deferred tax expense (Note 24):				
– Reversal of temporary differences	**–**	(292,465)	**–**	–
	(1,596,001)	(1,405,036)	**(366)**	–

9 TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to the (loss)/profit 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	
	18 months ended 30.06.2015 RM	**9 months ended 31.12.2013 RM**	**18 months ended 30.06.2015 RM**	**9 months ended 31.12.2013 RM**
(Loss)/Profit before taxation	**(75,812,013)**	10,729,752	**(2,957,500)**	(8,336,296)
Tax at the statutory tax rate of 25%	**(18,953,003)**	2,682,438	**(739,375)**	(2,084,074)
Non-deductible expenses	**3,991,996**	2,623,318	**1,928,962**	1,068,100
Non-taxable income	**(7,994,981)**	(4,037,255)	**(6,222,378)**	–
Effects of tax rates in different jurisdictions	**3,077,496**	(3,362,916)	**–**	–
Share of post tax results from investments accounted for using the equity method	**2,158,614**	349,214	**–**	–
Temporary differences not recognised	**16,338,861**	1,264,748	**5,032,791**	1,015,974
Recognition of previously unrecognised temporary differences	**338,360**	(205,340)	**–**	–
Over accrual in prior years	**(366)**	–	**(366)**	–
Research and development tax incentive, net of previously unrecognised tax losses	**(552,978)**	(719,243)	**–**	–
Income tax for the financial period	**(1,596,001)**	(1,405,036)	**(366)**	–

Included in income tax expense of the Group and of the Company are tax savings amounting to RM213,267 (31.12.2013: RM251,399) and RM210,162 (31.12.2013: RM251,399) respectively from the utilisation of current financial period tax losses.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016.

10 (LOSS)/EARNINGS PER SHARE

The basic earnings per share for the financial period ended 30 June 2015 is arrived at by dividing the Group's loss attributable to the owners of the Company of RM74,216,012 (31.12.2013: profit attributable to the owners of the Company of RM12,134,788) by the weighted average number of ordinary shares in issue during the financial period of 766,407,803 shares (31.12.2013: 461,926,112 shares).

Diluted loss 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. The diluted loss per share for the Group in the current financial period is the basic loss per share as there are no dilutive potential ordinary shares.

The diluted earnings per share for the Group for the financial period ended 31 December 2013 is arrived at by dividing the Group's profit attributable to the owners of the Company for the financial period of RM13,716,302 (profit attributable to the owners of the Company adjusted for the finance cost relating to CRPS issued) by the weighted average number of shares of 786,436,214 (weighted average number of ordinary shares in issue is adjusted for assumed conversion of CRPS of 33,716,016 and Warrants-A of 212,308,215 and Warrants-B of 78,485,871).

11 INVESTMENTS IN SUBSIDIARIES

	Company	
	30.06.2015 RM	**31.12.2013 RM**
Unquoted shares in Malaysia, at cost	**394,051,431**	261,095,341
Less: Impairment losses	**(1,287,764)**	–
	392,763,667	261,095,341
Amounts due from subsidiaries	**77,588,715**	3,802,020
	470,352,382	264,897,361

The additions during the financial period includes RM57,975,944 for subscription of shares in Gulf Hibiscus Limited ("Gulf Hibiscus"), RM71,273,646 for subscription of shares in Oceania Hibiscus Sdn. Bhd. ("Oceania Hibiscus"), RM3,206,500 for subscription of shares in Timor Hibiscus Limited ("Timor Hibiscus") and RM500,000 for subscription of shares in Hibiscus Technical Services Sdn. Bhd. ("Hibiscus Technical Services").

The details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 30.06.2015	Group's effective equity interest (%) 31.12.2013
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 Sdn. Bhd. ("Orient Hibiscus")	Investment holding	Malaysia	**100**	100
Oceania Hibiscus	Investment holding	Malaysia	**100**	100
Genesis Hibiscus Sdn. Bhd. ("Genesis Hibiscus")	Investment holding	Malaysia	**100**	100
Hibiscus Technical Services[(1)]	Provision of project management, technical and other services	Malaysia	**100**	–
Timor Hibiscus[(2)(4)]	Investment holding	Malaysia	**100**	–
Subsidiaries of Oceania Hibiscus				
Carnarvon Hibiscus Pty Ltd ("Carnarvon Hibiscus")[(3)]	Exploration and development of oil and gas	Australia	**100**	100
Althea Corporation Limited ("Althea Corporation")[(4)]	Investment holding	Malaysia	**100**	100

11 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 30.06.2015	Group's effective equity interest (%) 31.12.2013
Subsidiary of Genesis Hibiscus				
Cayman Hibiscus Inc SPC[5]	Dormant	Cayman Islands	**100**	100

(1) *Acquired on 27 June 2014.*

(2) *Acquired on 20 June 2014.*

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

(4) *The Group has elected for all its subsidiaries incorporated in Labuan, being Gulf Hibiscus, Hibiscus Oilfield, Althea Corporation and Timor Hibiscus, to be subject to taxation under Section 7 of the Labuan Business Activity Tax Act, 1990 for the financial period ended 30 June 2015. As such, the financial statements for these subsidiaries were not required to be audited.*

(5) *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 30 June 2015.*

12 INVESTMENT IN AN ASSOCIATE

	Group 30.06.2015 RM	Group 31.12.2013 RM
At 01.01.2014/01.04.2013	**13,757,949**	14,161,457
Share of post-acquisition results and reserves	**(2,673,781)**	(403,508)
Impairment of investment	**(6,062,019)**	–
At 30.06.2015/31.12.2013	**5,022,149**	13,757,949
Fair value of quoted shares (Level 1)	**5,022,149**	11,310,397

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

12 INVESTMENT IN AN ASSOCIATE (CONTINUED)

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

	Group	
	30.06.2015 RM	**31.12.2013 RM**
Revenue	**599,600**	152,430
Loss after taxation	**(11,175,911)**	(3,094,387)
Other comprehensive income	**–**	–
Total comprehensive income	**(11,175,911)**	(3,094,387)
Non-current assets	**64,919,373**	110,794,235
Current assets	**31,179,955**	6,311,552
Non-current liabilities	**(9,482,845)**	(12,295,126)
Current liabilities	**(3,970,095)**	(1,659,821)
Net assets	**82,646,388**	103,150,840
Group's share of net assets (13.04%)	**10,777,089**	13,450,870
Impairment of investment	**(6,062,019)**	–
Transaction costs capitalised	**307,079**	307,079
Carrying amount	**5,022,149**	13,757,949

The information above ref ects 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.

Nature of investment in associate is as follows:

Name of company	Principal activities	Place of business/ Country of incorporation	Measurement method	Group's effective equity interest (%) 30.06.2015	Group's effective equity interest (%) 31.12.2013
3D Oil*	Exploration and development of upstream oil and gas assets	Australia	Equity	**13.04**	13.04

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

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

13 INVESTMENTS IN JOINT VENTURES

	Group	
	30.06.2015 RM	**31.12.2013 RM**
Unquoted shares outside Malaysia, at cost:		
At 01.01.2014/01.04.2013	**209,156,284**	180,769,740
Additions during the financial period	**49,058,980**	7,947,375
Gain on dilution of interest	**–**	12,352,931
Share of post-acquisition results and reserves	**(31,635,928)**	(3,510,531)
Exchange differences	**32,730,159**	11,596,769
At 30.06.2015/31.12.2013	**259,309,495**	209,156,284

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

	Group	
	30.06.2015 RM	**31.12.2013 RM**
Summarised financial position for joint venture – Lime		
Current assets		
– Cash and cash equivalents	**25,028,358**	7,939,972
– Other current assets (excluding cash)	**192,280,504**	29,306,154
Total current assets	**217,308,862**	37,246,126
Trade and other payables	**(261,055,717)**	(21,145,432)
Total current liabilities	**(261,055,717)**	(21,145,432)
Non-current assets	**769,152,271**	550,955,074
Net assets	**725,405,416**	567,055,768
Group's share of net assets (35%)	**253,891,896**	198,469,519
Elimination of unrealised profit	**(432,806)**	(184,318)
Carrying amount	**253,459,090**	198,285,201
Summarised statement of comprehensive income – Lime		
Interest income	**456,399**	686,708
Interest expenses	**(4,699,570)**	(637,316)
Loss before taxation	**(96,071,412)**	(21,485,314)
Income tax refund	**40,330,023**	15,908,461
Loss after taxation	**(55,741,389)**	(5,576,853)
Other comprehensive expenses	**(17,290,737)**	(203,400)
Total comprehensive expenses	**(73,032,126)**	(5,780,253)

The information above ref ects 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.

13 INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

	Group	
	30.06.2015 RM	**31.12.2013 RM**
Summarised financial position for joint venture – HIREX		
Current assets		
– Cash and cash equivalents	**17,774,416**	24,635,447
– Other current assets (excluding cash)	**13,756,165**	994,095
Total current assets	**31,530,581**	25,629,542
Trade and other payables	**(18,701,788)**	(531,088)
Total current liabilities	**(18,701,788)**	(531,088)
Non-current assets	**558,541**	552,351
Non-current liabilities	**–**	(17,915)
Net assets	**13,387,334**	25,632,890
Group's share of net assets (41%)	**5,488,807**	10,509,485
Gain on retained non-controlling interest	**361,598**	361,598
Carrying amount	**5,850,405**	10,871,083
Summarised statement of comprehensive income – HIREX		
Interest income	**167,658**	52,746
Depreciation	**(137,616)**	(12,404)
Loss before taxation	**(16,268,363)**	(5,778,171)
Income tax expense	**(20,252)**	(31,046)
Loss after taxation	**(16,288,615)**	(5,809,217)
Total comprehensive expenses	**(16,288,615)**	(5,809,217)

13 INVESTMENTS IN JOINT VENTURES (CONTINUED)

The information above ref ects 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.

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

Name of company	Principal activities	Place of business/ Country of incorporation	Measurement method	Group's effective equity interest (%) 30.06.2015	Group's effective equity interest (%) 31.12.2013
Lime*	Oil and gas exploration and production business	Isle of Man	Equity	**35.0**	35.0
HIREX**	Exploration of oil and gas	Malaysia	Equity	**41.0**	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 South East Asia Ltd 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.*

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. As at 1 January 2014, Carnarvon Hibiscus had 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.

During the financial period, the Group acquired an additional 5% interest in VIC/P57, increasing its interest in the permit to 55.1%. The exploration period for VIC/P57 has been extended to 9 January 2016.

A production licence, VIC/L31, has been granted by the Australian authorities within the VIC/P57 permit on 5 December 2013. As at that date, Carnarvon Hibiscus had a 50.1% participating interest in VIC/L31. During the financial period, the Group acquired the remaining 49.9% interest in VIC/L31.

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

15 INTANGIBLE ASSETS

	Rights and concession RM	Conventional studies RM	Materials & supplies – consumables RM	Total RM
Group				
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
At 01.01.2014	**44,940,140**	**16,846,777**	**–**	**61,786,917**
Additions	**54,919,845**	**26,340,921**	**2,692,217**	**83,952,983**
Exchange differences	**(671,869)**	**(280,524)**	**(13,410)**	**(965,803)**
At 30.06.2015	**99,188,116**	**42,907,174**	**2,678,807**	**144,774,097**

Rights and concession relates to capitalisation of acquisition costs of VIC/P57 and VIC/L31, and their related transaction costs. Conventional studies relate to conceptual study costs incurred for the Sea Lion exploration in VIC/P57 and West Seahorse field development in VIC/L31.

The intangible assets are not amortised as the field has not commenced production during the financial period.

16 EQUIPMENT

Group	Furniture and fittings RM	Office equipment RM	Office renovation RM	Rig RM	Work in progress RM	Total RM
Cost						
At 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
Transfers	–	2,459,200	–	–	(2,459,200)	–
Exchange differences	–	(875)	–	–	(431,250)	(432,125)
At 31.12.2013/01.01.2014	**164,233**	**4,392,883**	**321,290**	**–**	**27,101,999**	**31,980,405**
Additions	**6,828**	**125,798**	**–**	**–**	**33,277,101**	**33,409,727**
Transfers	**–**	**–**	**–**	**60,379,100**	**(60,379,100)**	**–**
Exchange differences	**–**	**(409)**	**–**	**(416,192)**	**–**	**(416,601)**
At 30.06.2015	**171,061**	**4,518,272**	**321,290**	**59,962,908**	**–**	**64,973,531**
Accumulated depreciation						
At 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 31.12.2013/01.01.2014	**36,279**	**756,222**	**64,339**	**–**	**–**	**856,840**
Depreciation for the financial period	**25,584**	**2,067,865**	**48,194**	**6,619,741**	**–**	**8,761,384**
Exchange differences	**–**	**(30)**	**–**	**(96,038)**	**–**	**(96,068)**
At 30.06.2015	**61,863**	**2,824,057**	**112,533**	**6,523,703**	**–**	**9,522,156**
Net book value						
At 31.12.2013	127,954	3,636,661	256,951	–	27,101,999	31,123,565
At 30.06.2015	**109,198**	**1,694,215**	**208,757**	**53,439,205**	**–**	**55,451,375**

16 EQUIPMENT (CONTINUED)

Company	Furniture and fittings RM	Office equipment RM	Office renovation RM	Work in progress RM	Total RM
Cost					
At 01.04.2013	151,392	1,235,697	321,290	2,459,200	4,167,579
Additions	12,841	689,572	–	–	702,413
Transfers	–	2,459,200	–	(2,459,200)	–
At 31.12.2013/01.01.2014	**164,233**	**4,384,469**	**321,290**	**–**	**4,869,992**
Additions	**6,828**	**102,701**	**–**	**–**	**109,529**
At 30.06.2015	**171,061**	**4,487,170**	**321,290**	**–**	**4,979,521**
Accumulated depreciation					
At 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 31.12.2013/01.01.2014	**36,279**	**749,192**	**64,338**	**–**	**849,809**
Depreciation for the financial period	**25,584**	**2,065,845**	**48,194**	**–**	**2,139,623**
At 30.06.2015	**61,863**	**2,815,037**	**112,532**	**–**	**2,989,432**
Net book value					
At 31.12.2013	127,954	3,635,277	256,952	–	4,020,183
At 30.06.2015	**109,198**	**1,672,133**	**208,758**	**–**	**1,990,089**

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	30.06.2015 RM	**31.12.2013 RM**	**30.06.2015 RM**	**31.12.2013 RM**
Other receivables and deposits	**50,860,954**	1,456,345	**216,990**	821,459
Prepayments and deferred expenses	**16,616,157**	782,769	**3,715,669**	777,389
	67,477,111	2,239,114	**3,932,659**	1,598,848

Other receivables and deposits include a deposit for an investment amounting to RM49,172,500.

Prepayments and deferred expenses include RM10,810,870 of mobilisation cost for a rig contracted to drill the Sea Lion prospect.

18 AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	30.06.2015 RM	**31.12.2013 RM**
Amounts owing by subsidiaries:		
Current		
Trade	**1,103,048**	8,604,980
Non-trade	**48,537,257**	9,333,125
	49,640,305	17,938,105
Non-current		
Trade	**–**	1,946,245
Non-trade	**–**	14,434,713
	–	16,380,958
Amounts owing to subsidiaries:		
Current		
Non-trade	**(354,359)**	(543,553)

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/(TO) A JOINT VENTURE

The amounts owing by joint ventures/(to) a joint venture are in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry, share of VIC/P57 expenses and share of admistrative expenses. The amounts are unsecured and are to be settled in cash.

20 AMOUNTS OWING BY RELATED PARTIES/(TO) A RELATED PARTY

The amounts owing by related parties/(to) a related party are in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry and share of administrative expenses. The amounts are unsecured and are to be settled in cash.

21 CASH AND BANK BALANCES

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

	Group		Company	
	30.06.2015 RM	**31.12.2013 RM**	**30.06.2015 RM**	**31.12.2013 RM**
Fixed deposits with licensed banks	**–**	34,755,051	**–**	26,842,205
Cash and bank balances	**5,930,309**	27,650,409	**3,995,211**	18,275,680
	5,930,309	62,405,460	**3,995,211**	45,117,885
Less: Cash restricted in use	**–**	(5,736,944)	**–**	(5,736,944)
Cash and cash equivalents	**5,930,309**	56,668,516	**3,995,211**	39,380,941
Less: Project cash	**(1,821,069)**	(8,808,512)	**–**	–
	4,109,240	47,860,004	**3,995,211**	39,380,941

Cash restricted in use represents deposits received from a CRPS placee.

Project cash represents amounts held by a subsidiary which can only be utilised for the financing of expenditures relating to VIC/P57 (see Note 27 to the financial statements).

The weighted average effective interest rate of the fixed deposits with licensed banks of the Group and of the Company at the 31.12.2013 was 2.21% per annum and 2.78% per annum respectively. The fixed deposits have an average maturity period of 30 days. There are no fixed deposits with licensed banks at the end of the financial period.

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 31.12.2013/30.06.2015	**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 01.04.2013	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
At 01.01.2014	**0.01**	**509,875,742**	**5,098,757**
Conversion of warrants during the financial period	**0.01**	**381,174,797**	**3,811,748**
Conversion of CRPS during the financial period	**0.01**	**591,715**	**5,917**
Placement Shares issued during the financial period	**0.01**	**36,136,500**	**361,365**
At 30.06.2015	**0.01**	**927,778,754**	**9,277,787**

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM5,098,757 to RM9,277,787 by way of conversion of 297,563,597 Warrants-A into new ordinary shares of RM0.01 each at an exercise price of RM0.50 per share, conversion of 83,611,200 Warrants-B into new ordinary shares of RM0.01 each at an exercise price of RM0.10 per share, conversion of 1,000,000 CRPS into 591,715 new ordinary shares of RM0.01 each and Placement Shares issued of 36,136,500 new ordinary shares of RM0.01 each.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary 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 were listed on the Main Market of Bursa Securities and were exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

Upon expiry on 24 July 2014, 99.6% of the Warrants-A was exercised. The unexercised Warrants-A of 1,439,325 have expired.

Total issued : 334,436,522
Exercise price : RM0.50 per Warrant-A

	Number of warrants
At 01.04.2013	312,089,722
Exercised during the financial period	(13,086,800)
At 31.12.2013/01.01.2014	**299,002,922**
Exercised during the financial period	**(297,563,597)**
Unexercised and expired	**(1,439,325)**
At 30.06.2015	**–**

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 were not listed and were exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

Total issued : 83,611,200
Exercise price : RM0.10 per Warrant-B

	Number of warrants
At 01.04.2013	83,611,200
Exercised during the financial period	–
At 31.12.2013/01.01.2014	**83,611,200**
Exercised during the financial period	**(83,611,200)**
At 30.06.2015	**–**

Note:
The Warrants-B were 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.

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. There were no dividends, distributions, rights, allotments and/or any other forms of distribution where the entitlement date of which precede the relevant date of the allotment and issuance of the new shares arising from the exercise of warrants.

Placement Shares

During the financial period, the Company issued 36,136,500 new ordinary shares, raising a total of RM29,907,852. This was undertaken in three tranches; 15,024,900 shares were issued on 4 March 2015 at RM0.88 per share, 14,117,600 shares were issued on 23 March 2015 at RM0.85 per share and 6,994,000 shares were issued on 18 June 2015 at RM0.67 per share.

23 OTHER RESERVES

(a) Share premium

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

	Group/Company	
	30.06.2015 RM	**31.12.2013 RM**
At 01.01.2014/01.04.2013	**265,465,167**	154,724,486
Conversion of warrants during the financial period	**240,661,044**	10,253,286
Conversion of CRPS during the financial period	**1,010,562**	100,487,395
Placement Shares issued during the financial period	**28,594,217**	–
At 30.06.2015/31.12.2013	**535,730,990**	265,465,167

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	
	30.06.2015 RM	**31.12.2013 RM**
At 01.01.2014/01.04.2013	**87,752,291**	91,593,045
Conversion of warrants during the financial period	**(87,329,874)**	(3,840,754)
Transfer of warrant reserve to (accumulated losses)/retained earnings	**(422,417)**	–
At 30.06.2015/31.12.2013	**–**	87,752,291

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 reserves

Other reserves consist of the equity component of the CRPS as disclosed in Note 25 to the financial statements and the Group's share of a joint venture's share-based payment reserve. Other reserves are not distributable by way of dividends.

24 DEFERRED TAX LIABILITIES

	Group	
	30.06.2015 RM	31.12.2013 RM
Deferred tax liabilities:		
– to be recovered after more than 12 months	–	–
– to be recovered within 12 months	–	–
	–	–

	Group		Company	
	30.06.2015 RM	31.12.2013 RM	30.06.2015 RM	31.12.2013 RM
At 01.01.2014/01.04.2013	–	317,832	–	–
Recognised in profit or loss (Note 9)	–	(292,465)	–	–
Exchange differences	–	(25,367)	–	–
At 30.06.2015/31.12.2013	–	–	–	–

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

	Equipment RM	Intangible assets RM	Others RM	Total RM
Group				
Deferred tax liabilities				
At 01.01.2014	**1,338,696**	**3,121,126**	**–**	**4,459,822**
Recognised in profit or loss	**50,508**	**6,089,467**	**6,298**	**6,146,273**
Exchange differences	**(6,763)**	**(57,995)**	**–**	**(64,758)**
At 30.06.2015	**1,382,441**	**9,152,598**	**6,298**	**10,541,337**
Offsetting	**(1,382,441)**	**(9,152,598)**	**(6,298)**	**(10,541,337)**
Deferred tax liabilities (after offsetting) at 30.06.2015	**–**	**–**	**–**	**–**

	Tax losses RM	Provision and other payables RM	Total RM
Group			
Deferred tax assets			
At 01.01.2014	**(3,460,038)**	**(999,784)**	**(4,459,822)**
Recognised in profit or loss	**(2,257,742)**	**(3,888,531)**	**(6,146,273)**
Exchange differences	**36,528**	**28,230**	**64,758**
At 30.06.2015	**(5,681,252)**	**(4,860,085)**	**(10,541,337)**
Offsetting	**5,681,252**	**4,860,085**	**10,541,337**
Deferred tax assets (after offsetting) at 30.06.2015	**–**	**–**	**–**

The movements in deferred tax assets and liabilities during the previous 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	Provisions 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	–	–	–

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 01.01.2014	**897,750**	**897,750**
Recognised in profit or loss	**(522,683)**	**(522,683)**
At 30.06.2015	**375,067**	**375,067**
Offsetting	**(375,067)**	**(375,067)**
Deferred tax liabilities (after offsetting) at 30.06.2015	**–**	**–**

	Tax losses RM	Total RM
Company		
Deferred tax assets		
At 01.01.2014	**(897,750)**	**(897,750)**
Recognised in profit or loss	**522,683**	**522,683**
At 30.06.2015	**(375,067)**	**(375,067)**
Offsetting	**375,067**	**375,067**
Deferred tax assets (after offsetting) at 30.06.2015	**–**	**–**

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

	Group		Company	
	30.06.2015 RM	31.12.2013 RM	30.06.2015 RM	31.12.2013 RM
Tax losses	**60,263,872**	2,244,488	**22,047,538**	2,244,488
Unabsorbed capital allowance	**4,063,605**	3,966,507	**4,063,605**	3,966,507
Provisions and other payables	**961,478**	1,267,052	**681,821**	450,798
	65,288,955	7,478,047	**26,792,964**	6,661,793

25 CRPS

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

	Par value RM	Number of CRPS	Nominal value RM
Authorised			
At 31.12.2013/30.06.2015	**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.

	Par value RM	Number of CRPS	Nominal value RM
Issued and paid-up			
At 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 31.12.2013/01.01.2014	**0.01**	**1,000,000**	**10,000**
Converted during the financial period	**0.01**	**(1,000,000)**	**(10,000)**
At 30.06.2015	**0.01**	**–**	**–**

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

	Group/Company	
	30.06.2015 RM	**31.12.2013 RM**
Face value of CRPS	**–**	1,000,000
Equity component	**–**	(375)
Liability component on initial recognition	**–**	999,625
Interest expense	**–**	8,178
Liability component at financial period end	**–**	1,007,803

Following full conversion of the balance 1,000,000 CRPS and the subsequent listing of the ordinary shares on 9 May 2014, there was no further outstanding CRPS as at 30 June 2015.

26 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	30.06.2015 RM	**31.12.2013 RM**	**30.06.2015 RM**	**31.12.2013 RM**
Other payables	**22,897,399**	11,253,692	**3,790,616**	9,474,814
Accruals	**4,072,612**	4,988,126	**3,724,862**	1,962,258
	26,970,011	16,241,818	**7,515,478**	11,437,072

27 AMOUNT OWING BY/(TO) AN ASSOCIATE

	Group	
	30.06.2015 RM	**31.12.2013 RM**
Amount owing by an associate:		
Current		
Trade	**970,399**	1,967,333
Amount owing to an associate:		
Current		
Trade	**(11,849,103)**	(1,018,006)

Amount owing by/(to) an associate represents 3D Oil's 24.9% (31.12.2013: 49.9%) share in the VIC/P57 joint bank account less 3D Oil's share of VIC/P57 expenses.

Balance as of 30 June 2015 represents the amount due to 3D Oil for its unutilised contributions on VIC/P57 expenses. The amount is unsecured and is to be settled in cash.

28 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 31.12.2013/30.06.2015	**0.01**	**100,000,000**	**1,000,000**
Issued and paid-up			
At 31.12.2013/30.06.2015	**0.01**	**2,193,880**	**21,939**
Share premium			
At 31.12.2013/30.06.2015			**197,449**
Total liability component			**219,388**

28 RCPS (CONTINUED)

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.

(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.

29 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 are as follows:

	Group/Company	
	30.06.2015 RM	31.12.2013 RM
Executive Director:		
– salaries	**2,594,114**	900,000
– defined contribution plan	**429,895**	108,000
– other benefits	**445,844**	153,846
	3,469,853	1,161,846
Non-executive Directors:		
– fees	**216,180**	120,333
	3,686,033	1,282,179

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

	Group/Company	
	30.06.2015	31.12.2013
Executive Director:		
RM1,150,001 – RM3,500,000	**1**	1
Non-executive Directors:		
Below RM50,000	**8**	7
	9	8

30 SIGNIFICANT 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.

30 SIGNIFICANT 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:

	Group		Company	
	30.06.2015 RM	**31.12.2013 RM**	**30.06.2015 RM**	**31.12.2013 RM**
Project management, technical and other services fees receivable from:				
– subsidiaries	**–**	–	**13,419,291**	8,130,290
– joint ventures held through wholly-owned subsidiaries	**14,504,848**	12,009,627	**1,152,952**	1,539,925
Payments on behalf of				
– subsidiaries	**–**	–	**173,203,720**	15,284,767
– joint ventures held through wholly-owned subsidiaries	**–**	–	**59,460**	250,340
Performance guarantee fee charged to subsidiaries	**–**	–	**–**	89,335
Joint Operating Agreement indirect overheads recovery from				
– an associate	**717,765**	1,034,562	**–**	–
– a joint venture held through a wholly-owned subsidiary	**412,193**	–	**–**	–
Technical and non-technical charges reimbursed from an associate	**1,615,533**	1,165,841	**–**	–
Technical and non-technical, and overhead charges reimbursed to an associate	**(1,102,296)**	(2,335,066)	**–**	–

(c) Key management personnel compensation

	Group/Company	
	30.06.2015 RM	**31.12.2013 RM**
Included under Director's remuneration		
– fees	**216,180**	120,333
– salaries	**2,594,114**	900,000
– defined contribution plan	**429,895**	108,000
– other benefits	**445,844**	153,846
Included under staff costs		
– salaries	**13,161,555**	4,836,242
– defined contribution plan	**1,078,192**	152,584
– other benefits	**867,314**	494,424

31 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 and group activities	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. The investment holding and group activities are located in Malaysia.
(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 and existing investments in exploration assets within the Asia Pacific region. Activities are located in Malaysia.

	Investment holding and group activities RM	Lime RM	3D Oil, VIC/L31 & VIC/P57 RM	HIREX RM	Elimination RM	Group RM
30.06.2015						
Non-current assets	**1,990,089**	**253,459,090**	**203,257,532**	**5,850,405**	**–**	**464,557,116**
Include in the segments assets are:						
Investment in an associate	**–**	**–**	**5,022,149**	**–**	**–**	**5,022,149**
Investments in joint ventures	**–**	**253,459,090**	**–**	**5,850,405**	**–**	**259,309,495**
Additions to non-current assets	**109,529**	**–**	**117,253,822**	**–**	**–**	**117,363,351**
Revenue	**15,585,595**	**–**	**–**	**–**	**–**	**15,585,595**
Depreciation	**(2,139,622)**	**–**	**(6,621,762)**	**–**	**–**	**(8,761,384)**
Loss from operations	**(7,071,804)**	**–**	**(34,531,295)**	**–**	**–**	**(41,603,099)**
Impairment of investment in an associate	**–**	**–**	**(6,062,019)**	**–**	**–**	**(6,062,019)**
Share of results	**–**	**(19,504,136)**	**(1,442,924)**	**(7,191,534)**	**–**	**(28,138,594)**
Finance costs	**(8,301)**	**–**	**(7,016,129)**	**–**	**7,016,129**	**(8,301)**
Interest income	**7,016,129**	**–**	**–**	**–**	**(7,016,129)**	**–**
Taxation	**(62,456)**	**–**	**1,658,457**	**–**	**–**	**1,596,001**
Loss after taxation	**(126,432)**	**(19,504,136)**	**(47,393,910)**	**(7,191,534)**	**–**	**(74,216,012)**

Revenue arises from the provision of project management services which originated from Malaysia.

31 OPERATING SEGMENTS (CONTINUED)

	Investment holding and group activities 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
Include in the segments assets are:						
Investment in an associate	–	–	13,757,949	–	–	13,757,949
Investments in joint ventures	–	198,285,201	–	10,871,083	–	209,156,284
Additions to non-current assets	702,413	–	49,650,245	–	–	50,352,658
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

Revenue arises from the provision of project management services which originated from Malaysia.

32 CAPITAL COMMITMENTS

	Group		Company	
	30.06.2015 RM	**31.12.2013 RM**	**30.06.2015 RM**	**31.12.2013 RM**
Approved and contracted for:				
Share of an associate's material commitments	**4,580,438**	5,011,043	**–**	–
Group's material commitments	**20,525,724**	–	**–**	–
Share of a joint venture's material commitments	**3,054,645**	4,140,876	**–**	–
	28,160,807	9,151,919	**–**	–
Approved but not contracted for:				
Share of an associate's material commitments	**2,302,482**	22,833,164	**–**	–
Group's material commitments	**314,376,086**	175,802,760	**–**	–
Share of a joint venture's material commitments	**35,071,016**	145,944,577	**–**	–
	351,749,584	344,580,501	**–**	–

33 OPERATING LEASE COMMITMENTS

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

	Group	
	30.06.2015 RM	**31.12.2013 RM**
Within one year		
– the Group	**166,080**	145,639
– share of a joint venture's operating lease commitments (Lime)	**207,940**	223,400
– share of a joint venture's operating lease commitments (HIREX)	**76,506**	91,266
	450,526	460,305
Later than one year but not later than five years		
– the Group	**146,770**	42,498
– share of a joint venture's operating lease commitments (Lime)	**471,567**	837,804
– share of a joint venture's operating lease commitments (HIREX)	**6,540**	128,679
	624,877	1,008,981
	1,075,403	1,469,286

	Company	
	30.06.2015 RM	**31.12.2013 RM**
Within one year	**166,080**	145,639
Later than one year but not later than five years	**146,770**	42,498
	312,850	188,137

34 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 RM. 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					
30.06.2015					
Financial assets					
Amount owing by an associate	–	75,433	894,966	–	970,399
Amounts owing by joint ventures	2,165,550	–	9,936,805	–	12,102,355
Other receivables and deposits	49,173,446	211,467	1,465,343	10,698	50,860,954
Cash and bank balances	1,497,934	2,629,908	1,798,553	3,914	5,930,309
	52,836,930	2,916,808	14,095,667	14,612	69,864,017
Financial liabilities					
RCPS	–	219,388	–	–	219,388
Other payables and accruals	14,193,110	6,086,361	6,066,615	623,925	26,970,011
Amount due to an associate	–	–	11,849,103	–	11,849,103
Amount owing to a joint venture	240,597	–	–	–	240,597
	14,433,707	6,305,749	17,915,718	623,925	39,279,099
Net financial assets/(liabilities)	38,403,223	(3,388,941)	(3,820,051)	(609,313)	30,584,918
Less: Net financial (assets)/ liabilities denominated in respective entities' functional currencies	(50,732,972)	2,839,374	4,261,382	–	(43,632,216)
	(12,329,749)	(549,567)	441,331	(609,313)	(13,047,298)

34 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 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
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

34 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					
30.06.2015					
Financial assets					
Other receivables and deposits	–	206,292	–	10,698	216,990
Amounts owing by subsidiaries	47,410,932	1,328,693	900,680	–	49,640,305
Investment in subsidiaries (capitalised inter-company)	63,359,179	4,739,243	9,353,164	137,129	77,588,715
Amounts owing by related parties	3,199	–	–	–	3,199
Cash and bank balances	132,799	2,585,031	1,273,468	3,913	3,995,211
	110,906,109	8,859,259	11,527,312	151,740	131,444,420
Financial liabilities					
RCPS	–	219,388	–	–	219,388
Other payables and accruals	969,190	5,116,372	831,482	598,434	7,515,478
Amounts owing to subsidiaries	251,805	5,670	96,884	–	354,359
Amount owing to a related party	240,597	–	–	–	240,597
	1,461,592	5,341,430	928,366	598,434	8,329,822
Net financial assets/(liabilities)	109,444,517	3,517,829	10,598,946	(446,694)	123,114,598
Less: Net financial assets denominated in respective entities' functional currencies	–	(3,517,829)	–	–	(3,517,829)
	109,444,517	–	10,598,946	(446,694)	119,596,769

34 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 subsidiaries	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

34 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, with all other variables held constant:

	Group		Company	
	30.06.2015 Increase/ (Decrease) RM	**31.12.2013 Increase/ (Decrease) RM**	**30.06.2015 Increase/ (Decrease) RM**	**31.12.2013 Increase/ (Decrease) RM**
Effects on loss after taxation/equity:				
USD				
– strengthened by 5%	**1,723,256**	832,866	**5,472,226**	1,209,683
– weakened by 5%	**(1,723,256)**	(832,866)	**(5,472,226)**	(1,209,683)
AUD				
– strengthened by 5%	**3,928,803**	3,091,959	**529,947**	413,615
– weakened by 5%	**(3,928,803)**	(3,091,959)	**(529,947)**	(413,615)
RM				
– strengthened by 5%	**(53,324)**	(760,670)	**–**	–
– weakened by 5%	**53,324**	760,670	**–**	–

Interest rate risk

The Group and the Company have minimal exposure to interest rate risks.

34 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.

The Company's exposure to credit risk arises from amounts due from subsidiaries, which is related to other receivables as set out in Note 17.

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 19% (31.12.2013: 58%) 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 an associate and joint ventures at the end of the financial period is as follows:

	Gross amount RM	Carrying value RM
Group		
30.06.2015		
Neither past due nor impaired	**3,236,814**	**3,236,814**
Past due 0-30 days but not impaired	**338,015**	**338,015**
Past due 31-120 days but not impaired	**6,582,964**	**6,582,964**
Past due more than 120 days but not impaired	**2,914,961**	**2,914,961**
	13,072,754	**13,072,754**

34 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(ii) Credit risk (continued)

	Gross amount RM	Carrying value RM
Group		
31.12.2013		
Neither past due nor impaired	6,591,169	6,591,169
Past due more than 120 days but not impaired	359,925	359,925
	6,951,094	6,951,094

The credit quality of the Group's receivables that are neither past due nor impaired can be assessed by reference to historical information about counter party default rates:

	Group	
	30.06.2015 RM	**31.12.2013 RM**
Existing related parties with no default in the past	**2,989,076**	6,591,169
Existing related parties with some default in the past	**247,738**	–
	3,236,814	6,591,169

As of 30 June 2015, the Group and the Company's receivable of RM242,211 which was past due for more than 120 days was impaired.

Other than the above, the Company did not have any exposure to credit risk, or the risk of counterparties defaulting, arising from receivables.

34 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 f ows:

	Carrying amount RM	Contractual undiscounted RM	Within 1 year RM	Within 1-2 years RM
Group				
30.06.2015				
RCPS	**219,388**	**219,388**	**219,388**	**–**
Other payables and accruals	**26,970,011**	**26,970,011**	**26,970,011**	**–**
Amount owing to an associate	**11,849,103**	**11,849,103**	**11,849,103**	**–**
Amount owing to a joint venture	**240,597**	**240,597**	**240,597**	**–**
	39,279,099	**39,279,099**	**39,279,099**	**–**
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	–

Payables and commitments as set out in Note 32 will be funded through the proposed placements of shares in Notes 35(a) and 35(i).

34 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				
30.06.2015				
RCPS	**219,388**	**219,388**	**219,388**	**–**
Other payables and accruals	**7,515,478**	**7,515,478**	**7,515,478**	**–**
Amounts owing to subsidiaries	**354,359**	**354,359**	**354,359**	**–**
Amount owing to a related party	**240,597**	**240,597**	**240,597**	**–**
	8,329,822	**8,329,822**	**8,329,822**	**–**
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	–
Amounts owing to subsidiaries	543,553	543,553	543,553	–
	13,207,816	12,761,288	12,761,288	–

* *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.

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.

34 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments

	30.06.2015 RM	31.12.2013 RM
Group		
Financial assets		
Loans and receivables		
Other receivables and deposits	**50,860,954**	1,456,345
Amount owing by an associate	**970,399**	1,967,333
Amounts owing by joint ventures	**12,102,355**	4,983,761
Fixed deposits with licensed banks	**–**	34,755,051
Cash and bank balances	**5,930,309**	27,650,409
	69,864,017	70,812,899
Other financial liabilities		
CRPS	**–**	1,007,803
RCPS	**219,388**	219,388
Other payables and accruals	**26,970,011**	16,241,818
Amount owing to an associate	**11,849,103**	1,018,006
Amount owing to a joint venture	**240,597**	–
	39,279,099	18,487,015

34 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments (continued)

	30.06.2015 RM	31.12.2013 RM
Company		
Financial assets		
Loans and receivables		
Other receivables and deposits	**216,990**	821,459
Amounts owing by subsidiaries	**49,640,305**	34,319,063
Investment in subsidiaries (capitalised inter-company)	**77,588,715**	–
Amounts owing by related parties	**3,199**	591,029
Fixed deposits with licensed banks	**–**	26,842,205
Cash and bank balances	**3,995,211**	18,275,680
	131,444,420	80,849,436
Other financial liabilities		
CRPS	**–**	1,007,803
RCPS	**219,388**	219,388
Other payables and accruals	**7,515,478**	11,437,072
Amounts owing to subsidiaries	**354,359**	543,553
Amount owing to a related party	**240,597**	–
	8,329,822	13,207,816

(d) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2015.

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 approximate their fair values.

35 SIGNIFICANT EVENTS

(a) Placement Shares

Subsequent to the financial period ended 30 June 2015, the Company issued 53,027,700 Placement Shares, raising a total of RM38,314,775.

The Placement Shares were completed on 6 August 2015 with a total of 89,164,200 new ordinary shares issued.

(b) Acquisition of subsidiaries

(i) On 5 August 2015, the Company acquired the entire issued and paid-up share capital of Atlantic Hibiscus Sdn Bhd ("Atlantic Hibiscus"), a company incorporated in Malaysia under the Companies Act, 1965 for RM2.00.

(ii) On 5 August 2015, Atlantic Hibiscus acquired the entire issued and paid-up share capital of Anasuria Hibiscus UK Limited ("Anasuria Hibiscus"), a company incorporated under the laws of England and Wales for GBP1.00.

(c) Proposed Acquisition of 50% interest in the Anasuria Cluster

On 6 August 2015, the Company announced that its indirect wholly-owned subsidiary, Anasuria Hibiscus, had entered into two conditional sale and purchase agreements to acquire 50% interest in the Anasuria Cluster for a total cash consideration of USD52.5 million ("Proposed Acquisition").

The Company paid a deposit of USD4.0 million upon the execution of the two conditional sale and purchase agreements.

The Anasuria Cluster comprises a geographically focused package of operated producing fields and associated infrastructure as follows:

(i) 100% interest in the Guillemot A field and the related field facilities ("Guillemot A Field");

(ii) 100% interest in the Teal field and the related field facilities ("Teal Field");

(iii) 100% interest in the Teal South field and the related field facilities ("Teal South Field");

(iv) 38.65% interest in the Cook field and the related field facilities ("Cook Field"); and

(v) 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Off oading unit and the related equipment ("Anasuria FPSO").

The Guillemot A Field, Teal Field, Teal South Field, Cook Field and Anasuria FPSO are collectively referred to as the "Anasuria Cluster".

35 SIGNIFICANT EVENTS (CONTINUED)

(c) Proposed Acquisition of 50% interest in the Anasuria Cluster (continued)

The Proposed Acquisition is subject to approvals, consents and/or waivers being obtained from the following:

(i) shareholders of Hibiscus Petroleum Berhad at an Extraordinary General Meeting ("EGM") to be convened, for the Proposed Acquisition;

(ii) the Secretary of State for Energy and Climate Change of the UK Government for the following:

- transfer of the Anasuria Cluster;
- the execution of (and the transactions contained in) assignment documents including the transfer of the licenses and transfer of operatorships; and
- the appointment on Completion of Anasuria Operating Company Limited ("AOCL") (or, in relation to the Cook Field, a relevant third party) as operator of the Anasuria Cluster;

(iii) relevant third parties for the transfer by the Vendors to the Purchasers of the Anasuria Cluster and the appointment on Completion of either AOCL or a relevant third party as operator of the Cook Field; and

(iv) other relevant authorities and/or parties, if required.

The Proposed Acquisition will be financed through borrowings, sale of call options and internally generated funds from the Anasuria Cluster.

(d) Proposed call option between HIREX and Carnarvon Hibiscus to grant Carnarvon Hibiscus a call option to acquire 100% of the entire issued and paid-up share capital of HiRex (Australia) Pty Ltd ("HIREX Australia"), for a call option price of USD1.00.

HIREX had on 14 August 2015 entered into a call option agreement with Carnarvon Hibiscus whereby HIREX had granted Carnarvon Hibiscus a call option to acquire 100% of the entire issued and paid-up share capital of HIREX Australia, for a call option price of USD1.00 ("Proposed Call Option"). Carnarvon Hibiscus had on the same day exercised the Proposed Call Option. Therefore, the Group has 78.35% effective interest in VIC/P57 as at 4 September 2015, upon completion of the transaction contemplated in the Proposed Call Option.

On 7 October 2015, HIREX Australia's name was changed to Gippsland Hibiscus Pty Ltd, subsequent to the entity being a wholly-owned entity of Carnarvon Hibiscus.

(e) Participation of interests in further concessions in Norway

On 3 August 2015, the Company announced that Lime Petroleum Norway AS ("Lime Norway"), a subsidiary of Lime, executed an agreement with EnQuest Norge AS to acquire their 50% stake in each of the PL760 and PL760B licenses. The operator of both licenses is Total E&P Norge AS ("Total"). The parties in the licenses will be Total with 50% interest, and Lime Norway with 50%, after closing which is expected to occur on 30 October 2015.

On 19 August 2015, Lime Norway informed that it has executed an agreement with Lundin Norway AS ("Lundin") to acquire a 30% stake in license PL410 in the North Sea. Drilling is anticipated in 2016. Upon completion of the transaction (subject to the relevant authority approval), the parties to the license will be Lundin with 52.35% stake, Lime Norway with 30% and Statoil Petroleum AS with 17.65%. Lundin is the operator of this license.

As at the date of this report, Lime Norway has secured interests in 19 concessions in the Norwegian Continental Shelf, of which 1 is pending regulatory approval and another 2 are subject to closing obligations.

35 SIGNIFICANT EVENTS (CONTINUED)

(f) Drilling activities in Norway

On 21 July 2015, the Company announced that the drilling programme of well 2/11-11 on the Haribo prospect in PL616 was in the process of being completed by the operator, Edison Norge AS. The well was spudded on 21 June 2015 by the semi-submersible rig Transocean Searcher in water depth of 70 metres, some 10 kilometres from the Valhall platform in the southern part of the Norwegian North Sea. Drilling was stopped at 3,388 metres below sea level in the Upper Cretaceous Hidra formation. The well was plugged and abandoned, as the targeted high porosity reworked chalk reservoir was not found. However, the chalk sequence had zones with fair porosity albeit no permeability with traces of hydrocarbons. The estimated post-tax cost of the Group's net interest in the well is USD0.5 million. The license further contains two small oil/gas discoveries in the northern part. Broadband 3D seismic has been reprocessed to evaluate the discoveries and associated upside potential.

On 16 October 2015, the Company announced that Lime Norway will participate in the drilling of exploration well 16/1-25S to clarify the extent and size of the Rolvsnes discovery in North Sea licence PL338C. The drilling of the well commenced on 15 October 2015.

(g) Drilling activities in Australia

On 20 October 2015, the West Telesto drilling rig was handed over to Carnarvon Hibiscus. The spud date for the Carnarvon Hibiscus operated Sea Lion-1 exploration well was 26 October 2015.

The overall Sea Lion exploration drilling program is expected to take up to 30 days. The Sea Lion prospect is located 6 kilometres from the West Seahorse field. In the event of a commercial discovery at Sea Lion, there exists potential for an integrated development with West Seahorse, thereby materially reducing development and operating expenditure. The estimated prospective unrisked recoverable resources are between 8 and 15 million barrels of oil, with a good probability of success.

(h) Award of the South East Ras El Ush Concession in Egypt

Gulf Hibiscus has been awarded the South East Ras El Ush concession ("Block 2") in Egypt by the Ganoub ElWadi Petroleum Holding Company ("Ganope"), an entity of the Ministry of Petroleum, Arab Republic of Egypt ("Award of the Concession").

The award was made pursuant to the successful submission of a bid by Gulf Hibiscus, together with its partner, Pacific Oil Limited ("Pacific Oil"), for a joint equal ownership of the concession.

Pacific Oil will be the operator of the concession, to leverage on its management team's experience in Egypt. Block 2 is an offshore exploration block located in the southern Gulf of Suez, the most prolific petroleum province in Egypt. The block covers an area of 68 square kilometres with water depth of up to 75 metres, and is surrounded by development leases. Block 2 also contains the discovered West Ashrafi field, which is included in the above Award of the Concession, and may be developed with a production tie-in to the nearby existing onshore infrastructures. Two wells previously drilled in the West Ashrafi field had tested commercial oil and gas.

The award is subject to the execution of a definitive agreement. Gulf Hibiscus' financial exposure to undertake the minimum work commitment is estimated to be approximately USD8 million (equivalent to approximately RM30.3 million) over the first 4 years (first exploration phase).

35 SIGNIFICANT EVENTS (CONTINUED)

(i) Proposed placement of shares

On 11 September 2015, the Company announced that it proposes to undertake the placement of up to 326,935,484 new ordinary shares in the Company ("New Placement Shares"), representing up to 25% of the enlarged issued and paid-up ordinary share capital of the Company ("Proposed Placement").

The Proposed Placement is subject to the following approvals and/or consents being obtained:

(i) shareholders of Hibiscus Petroleum Berhad at an EGM to be convened;

(ii) Bursa Securities, for the listing of and quotation for the New Placement Shares; and

(iii) any other relevant authorities and/or parties, if required.

The approval of the shareholders of Hibiscus Petroleum Berhad was obtained for the Proposed Placement at an EGM held on 13 October 2015.

(j) Proposed acquisition of the entire equity interest in Talisman Resources (JPDA 06-105) Pty Limited ("Talisman Resources JPDA")

On 23 June 2014, the Company announced that its wholly-owned subsidiary, Timor Hibiscus, had entered into a conditional share sale agreement ("SSA") with Talisman Oil & Gas (Australia) Pty Limited ("Talisman Oil & Gas") and the Company (as Timor Hibiscus' guarantor) to acquire the entire equity interest in Talisman Resources JPDA, which in turn holds a 25% interest in the Kitan producing oilfield for a purchase price of USD18 million.

A sum of USD13 million has been remitted into a joint escrow account in accordance with the terms of the SSA.

The Company subsequently terminated the agreement on 1 June 2015, as conditions precedent were not fully satisfied by the cut-off date of 31 May 2015, as stipulated within the SSA. Talisman Oil & Gas has disputed the termination of the SSA by the Company. At the date of this report, all matters relating to the dispute have been resolved.

(k) Dilution of effective interest in Lime Norway

Rex International Investments Pte. Ltd. ("RII"), a wholly-owned subsidiary of Rex International Holding Limited, had on 28 September 2015, entered into a subscription agreement with Lime Norway to subscribe for 1,000,000 new Lime Norway shares at a nominal value of NOK100 per share for a total transfer price of NOK100 million as capital injection into Lime Norway. Upon completion of the capital injection, RII will hold 1,000,000 Lime Norway shares, representing approximately 26.18% direct interest in the enlarged issued and paid-up share capital of Lime Norway, with Lime holding the remaining 73.82% direct interest in the enlarged issued and paid-up share capital of Lime Norway. Accordingly, the Group's effective interest in Lime Norway will decrease from approximately 35.00% to 25.84% upon completion of the capital injection.

(l) Loan facilities

As at the date of this report, the Group had entered into a binding arrangement for a loan facility amounting to USD20 million for a tenure of between 18 and 36 months.

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

The breakdown of the retained earnings and accumulated losses of the Group and of the Company as at the end of the financial period into realised and unrealised (losses)/profits is presented in accordance with the directive issued by Bursa Securities 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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	Group		Company	
	30.06.2015 RM	**31.12.2013 RM**	**30.06.2015 RM**	**31.12.2013 RM**
Total (accumulated losses)/ retained earnings:				
Realised	**(77,723,408)**	6,549,431	**(36,864,156)**	(21,227,789)
Unrealised	**6,719,556**	(4,519,090)	**13,439,402**	337,752
	(71,003,852)	2,030,341	**(23,424,754)**	(20,890,037)
Less: Consolidation adjustments	**(940,708)**	(181,306)	**–**	–
	(71,944,560)	1,849,035	**(23,424,754)**	(20,890,037)

ANALYSIS OF ORDINARY SHAREHOLDINGS
AS AT 29 OCTOBER 2015

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 of RM0.01 each
Paid-up Share Capital	: RM9,830,003.34 comprising 980,806,454 ordinary shares of RM0.01 each and 2,193,880 RCPS of RM0.01 each
No. of Shareholders	: 4,611
Voting Rights	: One vote for every Ordinary Share held

ANALYSIS OF ORDINARY SHAREHOLDINGS

DISTRIBUTION OF SHAREHOLDERS

Category	No. of Shareholders	No. of Shares	% of Total Shareholdings
Less than 100	23	440	0.00
100 – 1,000	640	424,721	0.04
1,001 – 10,000	2,292	12,414,100	1.27
10,001 – 100,000	1,314	44,556,900	4.54
10,001 to less than 5% of issued shares	340	750,623,693	76.53
5% and above of issued shares	2	172,786,600	17.62
Total	**4,611**	**980,806,454**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS
As At 29 October 2015

		Direct		Indirect	
No.	Name	No. of Ordinary Shares	%	No. of Ordinary Shares	%
1	Hibiscus Upstream Sdn Bhd	168,572,600	17.19	0	0.00
2	Dr Kenneth Gerard Pereira	0	0.00	168,572,600[1]	17.19
3	Dato' Sri Muhammad Syafiq Baljit bin Abdullah	114,947,000	11.72	0	0.00
4	Picadilly Middle East Limited	53,334,000	5.44	0	0.00
5	Littleton Holdings Pte Ltd	53,415,000	5.45	0	0.00
6	Dato' Roushan Arumugam	0	0.00	53,415,000[2]	5.45
7	Mercury Pacific Marine Pte Ltd	49,813,238	5.08	29,932,100[3]	3.05
8	Mohd Zulkef i bin Mohd Abdah	360,000	0.04	93,334,000[4]	9.52

Notes:

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

(2) *Deemed interest by virtue of his interest in Littleton Holdings Pte Ltd pursuant to Section 6A of the Companies Act, 1965.*

(3) *Deemed interest by virtue of their interest in Perintis Muhibah Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

(4) *Deemed interest by virtue of his interest in Picadilly Middle East Limited and Tericon Solutions Ltd pursuant to Section 6A of the Companies Act, 1965.*

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

As At 29 October 2015

		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	168,572,600[1]	17.19
3	Datuk Zainol Izzet bin Mohamed Ishak	0	0.00	0	0.00
4	Datin Sunita Mei-Lin Rajakumar	0	0.00	1,150,000[2]	0.12
5	Dato' Roushan Arumugam	0	0.00	53,465,000[3]	5.45
6	Sara Murtadha Jaffar Sulaiman	0	0.00	0	0.00

Notes:

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

(2) *Deemed interest by virtue of her spouse, Datuk Dr Jeyaindran C Sinnadurai's shareholdings in Hibiscus Petroleum Berhad.*

(3) *Deemed interest 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 29 October 2015

No.	Name	No. of Shares	% of Total Shareholdings
1	Hibiscus Upstream Sdn Bhd	119,452,600	12.18
2	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Picadilly Middle East Ltd (46210662281D)	53,334,000	5.44
3	Maybank Nominee (Asing) Sdn Bhd DBS Bank for Littleton Holdings Pte Ltd (211400)	47,265,000	4.82
4	OCBC Bank (Malaysia) Berhad as Beneficial Owner (ELCI-TRE)	42,783,000	4.36
5	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Syafiq Baljit bin Abdullah	41,500,000	4.23
6	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Tericon Solutions Ltd (46210662281A)	40,000,000	4.08
7	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hibiscus Upstream Sdn Bhd (MGN-HUS0001M)	29,920,000	3.05
8	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Perintis Muhibah Sdn Bhd	29,362,100	2.99
9	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Syafiq Baljit bin Abdullah	24,346,500	2.48
10	Kenanga Nominees (Asing) Sdn Bhd Pledge Securities Account for Mercury Pacific Marine Pte Ltd (021)	24,163,823	2.46

LIST OF TOP 30 SHAREHOLDERS
As At 29 October 2015

No.	Name	No. of Shares	% of Total Shareholdings
11	TSH Corporation Limited	23,500,000	2.40
12	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	21,840,659	2.23
13	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gurmit Singh A/L Sajjan Singh	19,909,000	2.03
14	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Syafiq Baljit bin Abdullah	19,900,000	2.03
15	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Hibiscus Upstream Sdn Bhd (MY1928)	19,200,000	1.96
16	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Gud Run International Incorporated (46210662281B)	18,769,000	1.91
17	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Mercury Pacific Marine Pte Ltd (021)	18,337,715	1.87
18	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Syafiq Baljit bin Abdullah (MGN-MSB0007M)	14,883,500	1.52
19	Lim Chin Sean	14,448,200	1.47
20	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Hanizah binti Mohd Nasir	14,154,696	1.44
21	Maybank Securities Nominees (Asing) Sdn Bhd Malayan Banking Berhad for Gud Run International Incorporated	13,334,000	1.36
22	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Ling	11,258,900	1.15
23	Kelrix Sdn Bhd	9,889,889	1.01
24	Sri Inderajaya Holdings Sdn Bhd	9,452,702	0.96
25	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for DRA Resources Pte Ltd	9,417,600	0.96
26	MDL Energy Services Limited	8,839,779	0.90
27	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Muhammad Syafiq bin Abdullah (MY1917)	8,823,800	0.90
28	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Norza bin Zakaria	8,000,000	0.82
29	Hanizah binti Mohd Nasir	7,861,700	0.80
30	Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Lye Chee Fei Anthony (E-PTS)	6,940,300	0.71

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS) HOLDINGS

AS AT 29 OCTOBER 2015

No. of RCPS Issued	: 2,193,880
Rights of RCPS Holder	: The RCPS holders are entitled to voting rights as referred to in Section 148(2) of the Companies Act, 1965 and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights.

DISTRIBUTION OF RCPS HOLDERS

Category	No. of RCPS Holders	No. of RCPS	% of Total RCPS Holdings
Less than 100	–	–	–
100 – 1,000	–	–	–
1,001 – 10,000	–	–	–
10,001 – 100,000	–	–	–
100,001 to less than 5% of issued RCPS	–	–	–
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 29 October 2015

		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	Datuk Zainol Izzet bin Mohamed Ishak	0	0	0	0
4	Datin Sunita Mei-Lin Rajakumar	0	0	0	0
5	Dato' Roushan Arumugam	0	0	0	0
6	Sara Murtadha Jaffar Sulaiman	0	0	0	0

Note:

(1) Deemed interest 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 29 October 2015

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

NOTICE OF THE 5TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting of HIBISCUS PETROLEUM BERHAD will be held at Nexus 2, Level 3A, Connexion@Nexus, Bangsar South City, No. 7 Jalan Kerinchi, 59200 Kuala Lumpur on Friday, 11 December 2015 at 9.30 am 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 30 June 2015 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the Directors' fees of RM36,000 per annum per Non-Executive Director for the financial year ending 30 June 2016, to be paid at end of each quarter of the financial year ending 30 June 2016. **[Resolution 1]**

3. To re-elect Ms Sara Murtadha Jaffar Sulaiman who is retiring pursuant to Article 101 of the Articles of Association of the Company. **[Resolution 2]**

   Note: Datuk Zainol Izzet bin Mohamed Ishak who retires in accordance with Article 123 of the Articles of Association of the Company, has expressed his intention not to seek re-election. Hence, he will retire at the conclusion of the 5th Annual General Meeting.

4. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 3]**

As Special Business

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

5. **AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **[Resolution 4] (Please refer Explanatory Note 2)**

   "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 allot and 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."

6. 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
19 November 2015

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 4 December 2015 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 the meeting shall have the same right as a 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 Companies Act, 1965 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 more than one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the 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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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 has 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 5 of the Agenda

   The Company had, during its 4th Annual General Meeting held on 26 June 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act ("Previous Mandate"). As at the date of this notice, 89,164,200 new ordinary shares in the Company were issued pursuant to the Previous Mandate to third party investors by way of placement of new shares which raised a total proceeds of RM68,222,627 for the drilling of appraisal and/or exploration wells in Australia and Norway as well as fufilling working capital purposes including the initial consideration (deposit) for the acquisition of the Anasuria Cluster. As at 6 August 2015, 89,164,200 new ordinary shares of RM0.01 each in the Company were listed on the Main Market of Bursa Malaysia Securities Berhad.

   The Ordinary Resolution 4 proposed under item 5 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 f exibility 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.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 5th Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's, proxy's and/or corporate representative's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 5th Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 5th Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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HIBISCUS PETROLEUM BERHAD
(798322-P)

FORM OF PROXY

CDS Account No.

I/We ____

I.C. No./Passport No./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 5TH ANNUAL GENERAL MEETING of the Company to be held at Nexus 2, Level 3A, Connexion@Nexus, Bangsar South City, No. 7 Jalan Kerinchi, 59200 Kuala Lumpur on Friday, 11 December 2015 at 9.30 am or at any adjournment thereof, on the following resolutions referred to in the Notice of the 5th 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 30 June 2015 together with the Reports of the Directors and Auditors thereon.			
	Ordinary Resolution	**Resolution**	**FOR**	**AGAINST**
2.	To approve the Directors' fees of RM36,000 per annum per Non-Executive Director for the financial year ending 30 June 2016, to be paid at end of each quarter of the financial year ending 30 June 2016.	1		
3.	To re-elect Ms Sara Murtadha Jaffar Sulaiman who is retiring pursuant to Article 101 of the Articles of Association of the Company.	2		
4.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.	3		
5.	Authority for the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965	4		

Dated this _________ day of ________________ 2015

Signature/Common Seal	
Number of shares held	

For appointment of two proxies, percentage of shareholdings to be represented by the proxies

	No. of shares	**Percentage**	
Proxy 1			%
Proxy 2			%
		100	%

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 4 December 2015 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 the meeting shall have the same right as a 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 Companies Act, 1965 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 more than one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the 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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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 has 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.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 5th Annual General Meeting dated 11 December 2015.

affix
postage
stamp

SHARE REGISTRAR

TRICOR INVESTOR SERVICES SDN BHD
Unit 32-01 Level 32 Tower A
Vertical Business Suite Avenue 3
Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia