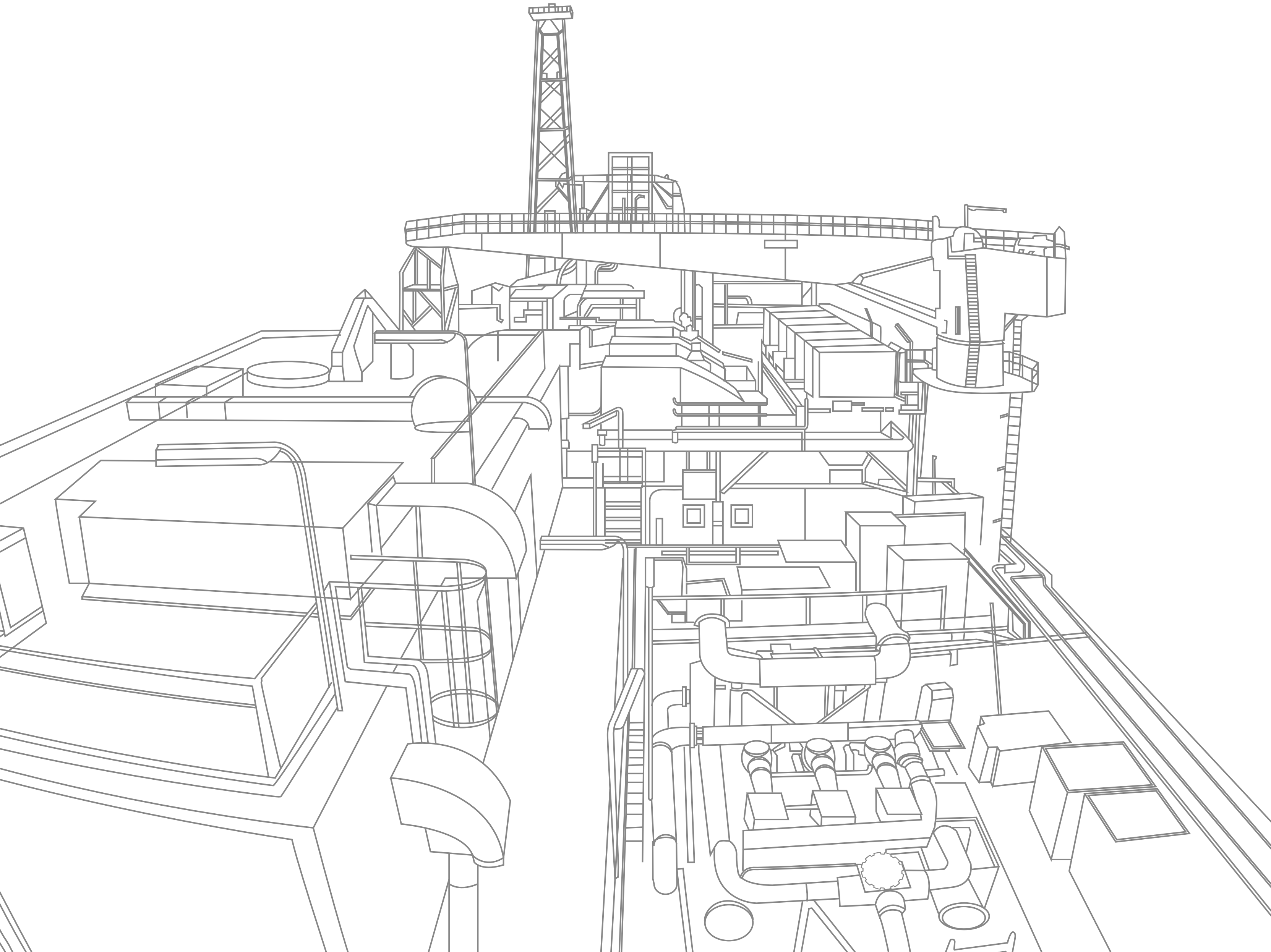
Hibiscus Petroleum

MAKING OUR MARK DELIVERING RESULTS

ANNUAL REPORT 2015/2016

On 10 March 2016, Hibiscus Petroleum Berhad (Hibiscus Petroleum) completed the most significant acquisition to date, taking joint ownership of the Anasuria Cluster in the North Sea, United Kingdom. The acquisition marks a shift in our strategy from a focus on exploration to production, unlocking our potential as an independent oil and gas exploration and production player. A package of geographically-focused producing fields and associated infrastructure, the asset provides a firm platform for recurring cash flows and profits that has delivered a visible turnaround in the Group's financials, effectively placing us in a stronger position to make our mark in the industry.

The tagline-driven approach of this cover design shows the Anasuria FPSO facing forward with confidence, signalling a renewed growth impetus for Hibiscus Petroleum.



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Please visit our website for more information:
http://www.hibiscuspetroleum.com/

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 the building of a business that is based on strong technical and commercial foundations. Our strategy in the current oil and gas market is to develop, organically and through mergers and acquisition, a portfolio that can generate sustainable earnings, thereby delivering value to our shareholders. Our business is focused in three jurisdictions: Malaysia, United Kingdom and Australia.

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

Listed on Bursa Securities:
July 2011

Market Cap[1]:
RM273.5 million

Current 2P/2C Oil Reserves and Resources[2]:
33.45 MMbbls[3]

Daily oil production rate of up to:
4,000 bopd[4]

Notes:
1 As of 30 September 2016
2 Reserves and resources certified by independent third parties
3 Million barrels
4 Barrels of oil per day

This region holds Hibiscus Petroleum's key asset, the Anasuria Cluster, which is a package of geographically focused producing fields and the associated infrastructure. As a joint-operator of a profitable asset, it is an important part of our business portfolio.

UNITED KINGDOM

We are headquartered in Kuala Lumpur and our shares are listed on the Main Market of Bursa Securities.

MALAYSIA

AUSTRALIA

As operator of the West Seahorse field with proven and probable reserves under the VIC/L31 production licence, as well as attractive exploration opportunities in the VIC/P57 exploration licence, Australia is also a core area for Hibiscus Petroleum.

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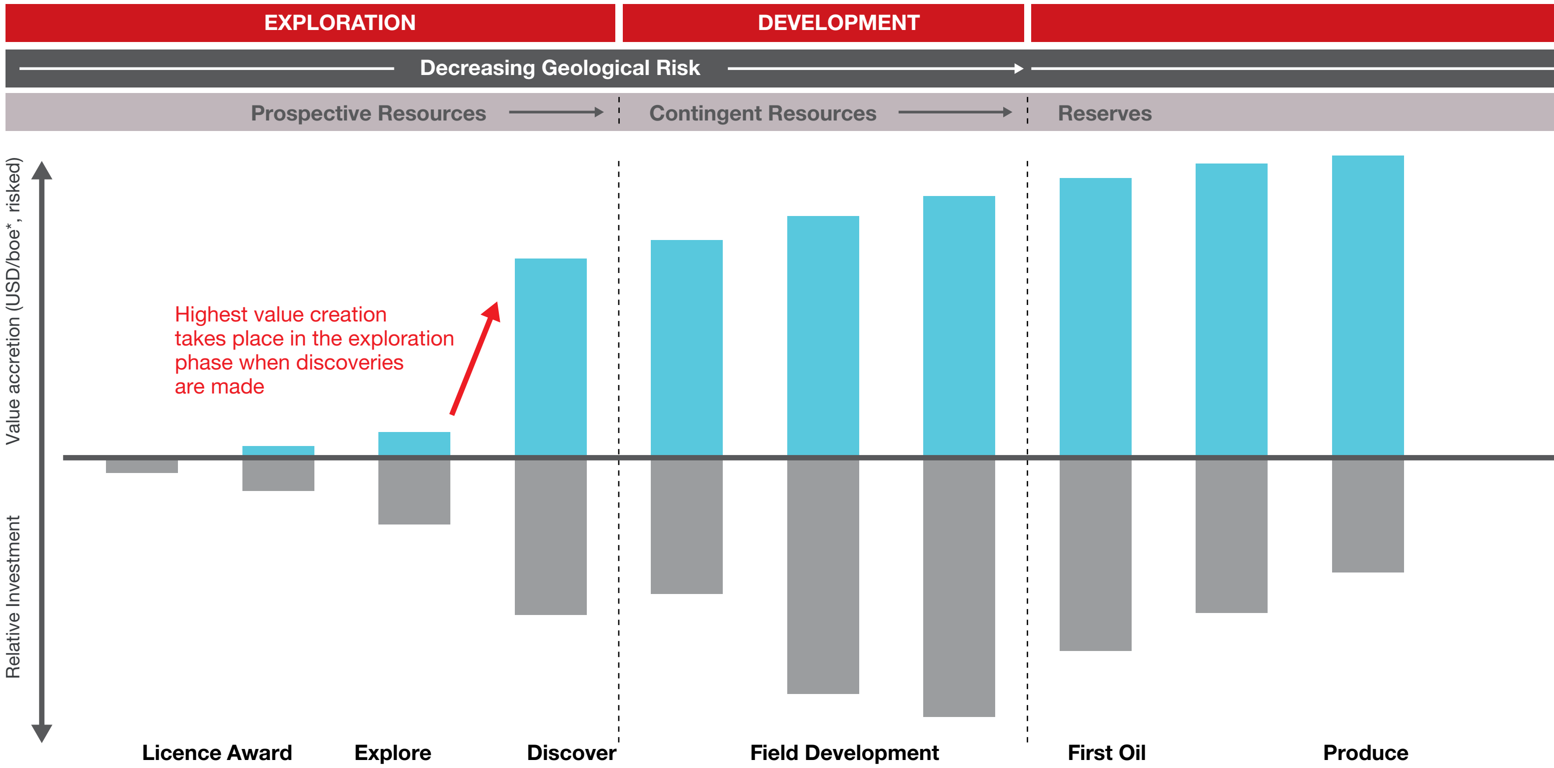
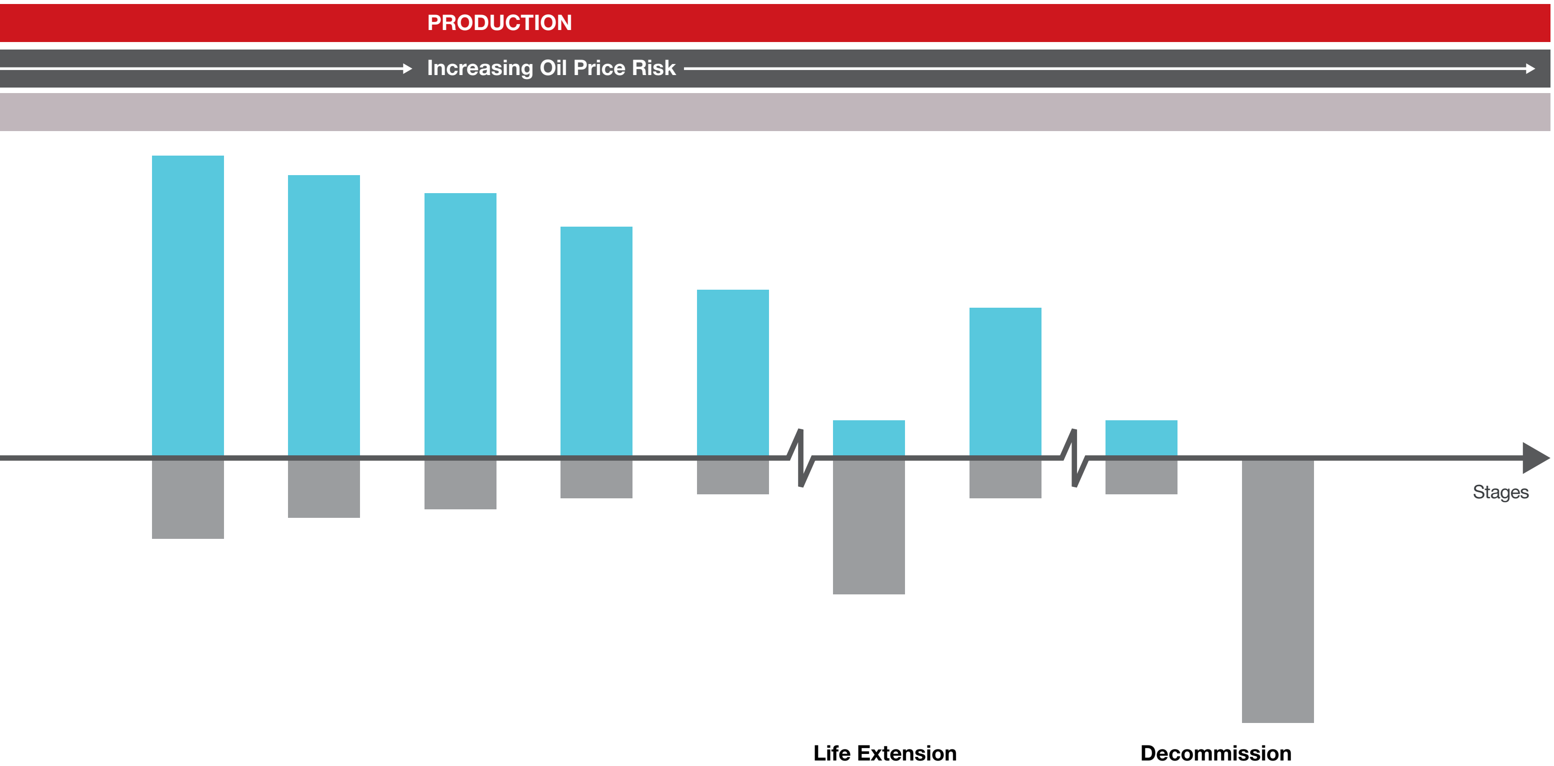
INVESTMENT AND VALUE CREATION IN THE OIL FIELD LIFE CYCLE



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* range**	0 - 25%			25 - 55%
Value Creation	Secure right to explore acreage via the signing of a concession agreement	- Identify drillable prospects - Define GCoS and prospective resources	Discovery of hydrocarbon	Commercial discovery of hydrocarbon

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.

* USD/boe United States Dollar per barrel of oil equivalent
** FID Final Investment Decision
*** GCoS Geological Chance of Success



Field Development		First Oil	Produce	Life Extension	Decommission
Proven Reserves		Start of oil production from the field	Proven Reserves		-
Pre-FID** - Field Development Plan - Plan optimal subsurface development (e.g. no. of wells to drill, amount of oil production achievable) - Front-End Engineering and Design (FEED) for the surface facilities	**Post-FID**** 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 risks	Design risks; Oil price risks		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

CHAIRMAN'S STATEMENT

Zainul Rahim bin Mohd Zain
Chairman

DEAR SHAREHOLDERS

THE OIL AND GAS SECTOR TODAY

The global oil and gas business environment has been undergoing a multi-dimensional 'shake-out'. At the macro-economic level, governments of countries where hydrocarbon resources provided a stable source of fiscal revenues have had to reset their national expenditure budgets and consider serious social issues arising from the many thousands of people being released from the industry. A great deal of industry specific knowledge and expertise is being lost and, of more concern, young, promising talent who have not invested a great deal of time in our industry are now contemplating pursuing their careers in other areas. At the micro-economic level, severe cutbacks in the capital expenditure budgets of oil and gas exploration and production (E&P) companies mean that a high percentage of the engineering and maritime assets that would normally support the oil and gas operations and which were generally in short supply less than two years ago, now lay idle in long-term offshore 'parking lots'. As a result, the capital markets seem to be maintaining a 'wait and see' approach, meticulously identifying companies with the fundamentals and resilience to survive this low oil price cycle, believing that those which make it through, will emerge as long-term stars.

THE IMPORTANCE OF THE ANASURIA CLUSTER

Against this backdrop, our Company achieved two milestones. Firstly and most significantly, we completed the acquisition of the Anasuria Cluster of oil and gas fields from Shell U.K. Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited. Several regulatory and operational hurdles had to be traversed before the deal closed, and by 10 March 2016 we were able to disclose that the title and joint operational management of the asset had been transferred to our wholly-owned subsidiary, Anasuria Hibiscus UK Limited. Even though the transaction was only completed on 10 March 2016, only a small fraction of the investing public realised

"...Most significantly, we completed the acquisition of the Anasuria Cluster of oil and gas fields..."

Representatives from ESSO, Shell, Ping Petroleum, and Hibiscus Petroleum at the Anasuria transaction completion signing ceremony.

Milestones & Achievements:

5 years since IPO

1st listed E&P player quoted on Bursa Securities

1st Malaysian company operating production facilities in the North Sea

that economic interest in the asset was already accruing to us since 1 January 2015. This feature of the transaction resulted in a much reduced sum of cash being required to complete the transaction.

Amidst an industry that is currently experiencing a host of oil price driven uncertainties, the Anasuria Cluster offers our Company some financial stability. While our financial performance is ultimately driven by oil price movements, by reducing asset related operating costs significantly and maintaining financial discipline, we believe we should be able to operate Anasuria profitably without compromising the safety aspects of operations.

Other important objectives we have set for Anasuria are for it to be used as a capability reference and as a training platform for our young professionals. We are operating in one of the toughest regulatory and operating regimes in the world. Harsh maritime conditions do not allow much margin for error and thus planning and implementation methodologies have to be extremely thorough and robust. It is fortunate that we have in our Company people who have previously worked in the North Sea environment and hence we have a clear understanding of what is expected of us. Today, with Anasuria as the platform, the prior experience base of a few individuals has been transformed to a company-held track record. Taking advantage of the tremendous learning opportunity that Anasuria offers, Hibiscus Petroleum Berhad (Hibiscus Petroleum) has assigned two young engineers to our Aberdeen operations office where they are picking up invaluable, on-the-job experience. We intend to continue this training programme so that more of our young and talented Malaysian team will have the requisite exposure to industry accepted best practices. For Hibiscus Petroleum to be accepted as a credible joint-operator of a floating installation in the North Sea is an achievement that speaks volumes for the reputation of the Company.

HIBISCUS PETROLEUM – 5 YEARS SINCE INITIAL PUBLIC OFFERING (IPO)

The completion of the Anasuria transaction and the successful transfer of operatorship from Shell U.K. Limited to the Anasuria Operating Company Limited has been our main focus over the past twelve months. Whilst these were important milestones in our short history as a company, another milestone slipped by, almost unnoticed. It has now been five years since our listing.

CHAIRMAN'S STATEMENT

"As a Company, we have neither rested on our successes, nor have we dwelt on our failures. Instead, we have continuously reviewed our actions, learned from our mistakes, and have strived to do better."

Over the five years since we listed our Company on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities), we have experienced several highlights. We were the first Special Purpose Acquisition Company (SPAC) listing in South East Asia. We were also the first listed E&P player quoted on Bursa Securities. This was followed by us making the first offshore oil discovery in the east coast of the Sultanate of Oman after more than thirty years of exploration drilling by other E&P operators. Today, together with Ping Petroleum UK Limited, we are the first Malaysian company operating production facilities in the North Sea. These successes, however, have been tempered by some low points. We had high hopes for the Sea Lion #1 exploration well that we drilled in the Bass Strait of Australia, but it did not live up to our expectations. The legal actions we are pursuing against our partners in Lime Petroleum Plc have been a bitter and costly experience. Rest assured that the lessons we have learnt from this episode will not be wasted and our battle scars and wounds have made us more resilient as a company.

For the last five years we have confronted the challenges of a business theatre that is truly competitive and global. It is as unforgiving as it is exciting and prospective. Whilst in recent history, Saudi Arabia may have dominated the industry through its influence on the actions of the Organization of Petroleum Exporting Countries (OPEC), today, with the advent of new technologies and practices that make it economically feasible to exploit the once uneconomic tight sand/shale hydrocarbons, no single player has been able to monopolise the marketplace or control the oil price. A high oil price environment makes it conducive for E&P operators to pursue exploration activities but the current state of the industry (low oil price) means that operating cash flow, under-pinned by efficiency, agility, and a disciplined approach towards operational cost and hydrocarbon resource management, are the factors that are critical for a long-term relevance and sustainability in the industry.

As a Company, we have neither rested on our successes, nor have we dwelt on our failures. Instead, we have continuously reviewed our actions, learned from our mistakes, and have strived to do better. Throughout the five years, in keeping with our principles of corporate governance and transparency, we have always sought to be prudent in our reporting and have kept our stakeholders informed of the occurrence of price sensitive events, on a timely basis, through the many disclosures that we have made. We hope that all our stakeholders have benefited from this approach.

OUR NEAR-TERM OBJECTIVES

Over the course of the past year, our Management has developed its broad strategy for the next three years. This strategy has evolved simply as a result of the invaluable lessons we have learnt over the past five years. The strategy going forward will be:

- to focus on opportunities in three geographies: Western Europe (North Sea), Oceania (Australia) and South East Asia (Malaysia) that have clear cash flow visibility;
- to build a resilient balance sheet;
- to provide opportunities for young talent interested in developing their careers in our industry; and
- to strive to unlock value in existing assets for the benefit of our shareholders.

In-built within this broad strategy are several mid-term, measurable Key Performance Indicators. The targets shown in Figure 1 (below) are imposing, but with the right level of endeavour, we believe they are achievable, particularly in an environment where the “majors” are rationalising their asset portfolios.

Vision and Mission
Enhancing Value

Figure 1

We strongly believe that if we are faithful and committed to our strategy, shareholder value in our Company will be enhanced without an increased exposure to business related risks.

OUR THANKS

I would like to take this opportunity to thank my fellow Board members for their dedication in continuing to guide our Company with meticulous care and independent counsel. On behalf of the entire Board, I would like to acknowledge the tireless work and contribution of YBhg Datin Sunita Mei-Lin Rajakumar, who stepped down as Chair of the Audit and Risk Management Committee. In her place, we were privileged to welcome Mr Thomas Michael Taylor, who joined the Board on 1 August 2016, bringing with him extensive industry-specific experience and relationships in the area of finance.

On behalf of our Board, I would also like to extend our thanks to our stakeholders. Three groups merit a special mention. Firstly, to our loyal shareholders, I thank you for your continued trust in us. Hibiscus Petroleum is now five years old, only because of your unrelenting support. Secondly, I would like to also thank the regulators, namely the Securities Commission of Malaysia, Bursa Securities and the Oil and Gas Authority of the United Kingdom, who have shown their confidence in us. Finally, to our Management Team and employees, I would like to commend you on your continued dedication to the mission that you have set yourselves which is beginning to deliver results. You have also managed to maintain high standards of corporate governance and HSSE performance in some of the harshest work environments in our industry. All of you should take pride in what you have achieved so far. Keep up the good work and stay focused on your objectives and we shall be one step closer in realising our vision of being a respected and valuable independent E&P company.

Thank you.

Zainul Rahim bin Mohd Zain
Chairman of the Board
11 October 2016

Notes:

MMbbls 2P reserves (producing)	–	Million barrels of proven and probable reserves for production
Bbls/day production	–	Barrels per day of production
MMbbls 2P reserves/2C resources	–	Million barrels of proven and probable reserves and best estimate of contingent resources
2P/2C acquisition	–	Acquisition of proven and probable reserves and best estimate of contingent resources
HSSE	–	Health, Safety, Security and Environment

MANAGEMENT DISCUSSION AND ANALYSIS

Dr Kenneth Gerard Pereira
Managing Director

When we established Hibiscus Petroleum Berhad (Hibiscus Petroleum), our goals were modest. Initially a Special Purpose Acquisition Company (SPAC), our focus was to secure a Qualifying Acquisition and transform ourselves into a full-fledged public listed company. We achieved that objective with some time to spare. Our next goal was to ensure sustainable profitability and liquidity. It has taken five years but we are now delivering on both counts. Similar to many other junior independent oil companies over the past two years, there has been no 'short cuts' or 'easy rides' for us. The challenges we have encountered have caused us to dig deep into the reserves of our stamina and our motivation. The journey has been far from easy but we are still here, and able to recount some of the highs and lows of the past twelve months.

Overview of Our Discussion and Analysis

OUR BUSINESS ENVIRONMENT

The Reality of the Current Oil Environment

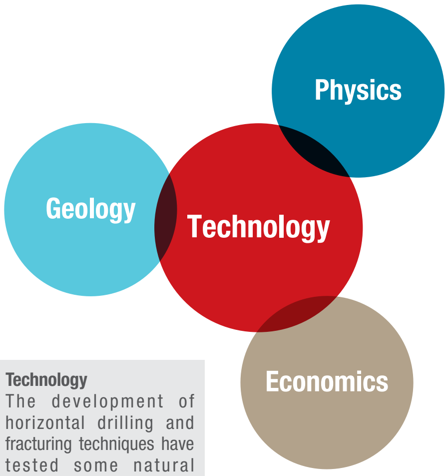
As a participant in a global industry, we are not in control of every factor that affects our business. In an ideal world, we would apply our industry specific experience and pre-empt all of that which could potentially and in particular, negatively, influence our business interests. However, the combined impact of various factors that acted on the 'oil-patch' in the period leading up to July 2014 were foreseen only by a select minority.

Disruptive technologies have made their mark

For decades, the 'doomsday' scenario featured large in the popular imagination. The world's oil production peaks and then starts an inexorable decline – sending costs soaring and forcing nations to embark on rationing programmes that eventually result in battles for shrinking reserves.

To an extent, fiction became fact. Oil production in the United States (US) peaked in the 1970s and sank for decades after, exactly as the 1956 theory of M. King Hubbert had predicted. Then, it did something that theory failed to predict: It started rising again. In 2008, the US was producing approximately five million barrels of oil a day. In 2009, US oil production began to rise – at first slowly, then quickly. Through 2014, it averaged 8.3 million barrels a day. In 2015, it reached a peak of 9.5 million barrels a day and by mid-2016, it had stabilised at 2014 levels.

An innovation in oil-field technology was behind the paradigm shift. Energy service companies combined hydraulic fracturing and horizontal drilling to drain oil and gas out of tight rock formations in North America. Since the second quarter of 2014, industry norms have been redefined as a combination of technologies disrupted oil price stability globally. These technologies unlocked the massive potential of shale oil and gas production thus ensuring that oil supply issues will not be a future bottleneck stifling economic growth. Permeability has always been accepted as a natural, physical phenomenon of the oil or gas reservoir. Today, new techniques in drilling and hydraulic fracturing mean that permeability can be induced along horizontal wellbores. Induced fractures radiate from precisely drilled horizontal wellbores, greatly enhancing drainage areas and we are now able to link, economically, previously stubborn oil-bearing geology to the global oil markets.



Technology
The development of horizontal drilling and fracturing techniques have tested some natural laws of physics to allow permeability to be induced such that previously untapped geology (shales) can now economically become possible.

Figure 1: The role of technology in bridging the gap between geology, physics and economics, making it now economically possible to extract hydrocarbons from geologically challenging areas.

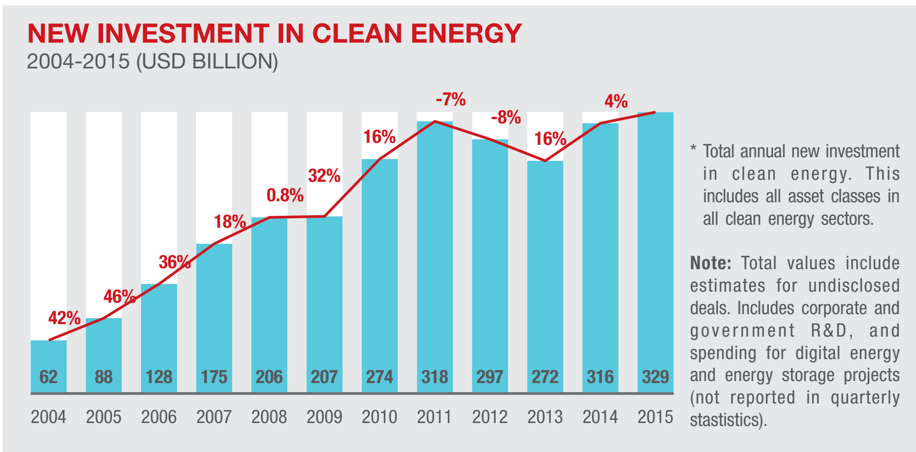


Figure 2: Global new investment in clean energy from 2004 to 2015 (USD billion).[1]

Renewable sources of energy are also being impacted by technology. Mechanical improvements and the utilisation of advanced materials in the design of wind turbines are key drivers towards increasing Capacity Factor[2]. The efficiency of solar cells in converting sunlight to electricity are following suit and the level of investment being made in deploying these ever more efficient renewable technologies are all having an impact on long-term oil price projections.

Notes:
1 Bloomberg New Energy Finance, Clean Energy Investment: Q4 2015 Factpack, January 2016.
2 Capacity Factor is the ratio of its actual output over a period of time, to its potential output if it were possible for it to operate at full maximum effect continuously over the same period of time.

MANAGEMENT DISCUSSION AND ANALYSIS

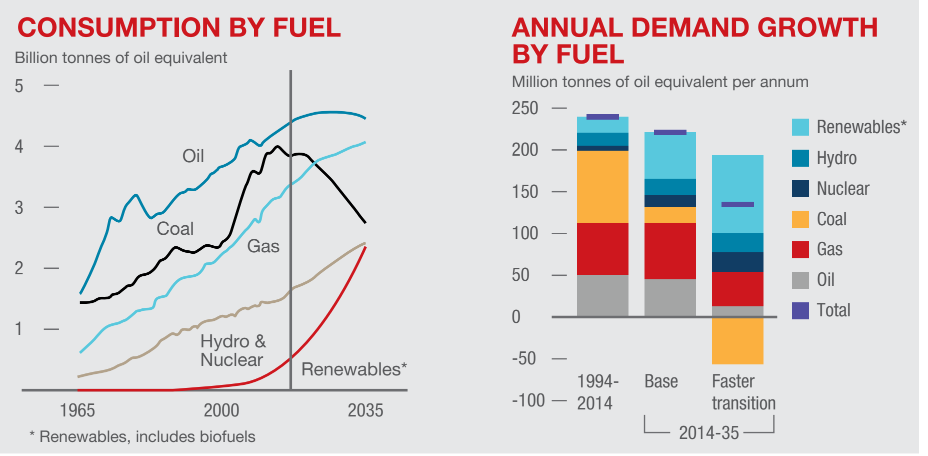


Figure 3: Impact of a faster transition to clean energy on fuel consumption.[1]

"We can maintain a relevance in the market if we react quickly and intelligently when a meaningful opportunity presents itself. The acquisition of our interests in the Anasuria Cluster is a case in point."

Technology has also exerted its influence in other areas. Significant improvements in the way energy can be used efficiently means that less energy is today required to deliver the same output when compared to recent years. It is reported that the world in 2016 uses about 10% less energy per unit of economic output than it did in 2000[2], with half of this gain occurring since 2010. So many of the tools that we use in the conduct of our daily work routine or leisure activities are now more efficient as a result of technological innovation with such efficiencies having a positive impact on carbon emissions and the environment.

As a junior company operating in the oil and gas exploration and production sector, we do not control the application of disruptive technologies in the wider industry. We also believe that viable technologies cannot be suppressed in the long-term by oligopolies or parties acting in concert. We cannot totally insulate ourselves from the effects of those attempting to deploy new techniques and those preventing them doing so but we can maintain a relevance in the market if we react quickly and intelligently when a meaningful opportunity presents itself.

We may not see every curve ball hurled in our direction but if we can 'duck' in time and meticulously work a response, there are opportunities which may be pursued that lead to superior performance and business sustainability. The acquisition of our interests in the Anasuria Cluster of oil and gas fields in the United Kingdom Continental Shelf (UKCS) is a case in point. It was an opportunity that we pursued at the bleakest of the economic times that affected our business but it is now a very significant component of our business.

Short-term consumption projections are uncertain post the Golden Decade

In the short-term, the prognosis for global economic consumption is uncertain. Whilst the twin pillars of the Indian and Chinese economies provide a base requirement of energy, the demand side dynamics of many other nations remain volatile. Post-Brexit Europe remains uncertain in economic direction but in the US, cheaper sources of energy, driven by the development of tight oil and gas, and shale plays, are making American products more competitive.

Many commentators of the oil and gas sector have been looking back to the period between 2004 and 2014 and referring to it as the 'Golden Decade' of our industry. Their belief is that the current tough business environment is here to stay for a while. The veracity of such a view can only be confirmed in time. Our preference is to adopt an alternative perspective, founded on recent historical facts. The oil and gas industry has repeatedly shown itself to operate in cycles. We may not see oil price levels previously seen during the Golden Decade in the near future, but we believe that we will see an improved situation soon. That outlook has caused

Notes:
1 BP Energy Outlook, Outlook to 2035, 2016 edition.
2 ExxonMobil, 2016 Outlook for Energy: A View to 2040.

"A positive cash flow stream in the current environment should only get stronger as oil prices track north, making our Company even more valuable in the near future."

us to execute a strategy that calls for our Company to apply its limited resources to evaluate and secure positions in opportunities with long-term potential that are located within the geographies that we have interest. Most significantly, they must demonstrate a degree of positive cash flow generation at our point of entry. Our objective is to build a sound business platform and a viable and present day positive cash flow stream. A positive cash flow stream in the current environment would only get stronger as oil prices track north, making our Company even more valuable in the near future.

Capital has become scarce and very expensive

Scores of companies operating in our business sector are experiencing the burden of borrowings that were drawn-down during the boom times. Many financial institutions that subscribed to debt instruments or loaned funds out to E&P players now find themselves impairing their debt books or having to restructure financial facilities. The result of the collapse of the Golden Decade has been to make any form of capital a scarce resource today. Money, that is available, comes at a high cost.

Current day lenders to our sector seem to expect equity level returns with the associated risks cushioned by debt-type downside protection. In these circumstances, our Company has relied on equity investors as our primary source of capital. We have been fortunate that we have been able to issue equity in the current market, each time at prices very close to our share trading price. Many other industry players have not been able to do the same. The quality of the funds investing in our Company has also been steadily improving and today, our shareholders include reputable local and international investment houses.

Rebalancing – Wait or act?

Traditional supply versus demand economics teaches us that if supply is choked, continued demand will eventually drive prices higher. Since the onset of the oil price downturn in the third quarter of 2014, the industry has been in cash conservation mode and a severe cutback of about USD1 trillion of capital expenditure to-date is choking back supply, waiting for demand to 'catch-up'. The point at which demand meets supply signifies a 'rebalanced' market. The data shown in Figure 4 is one of many forecasts that predicts a 'rebalance' late in 2017.

A rebalanced oil and gas sector may be an imminent event or it could take time to materialise. As an operating business entity, sustainability is key so we cannot rely on a projection (which has a high dependency on economic growth taking place in tandem with shortfalls in oil supply). We can, however act to be cost-competitive at current oil price points and allow rebalancing to provide us with a business upside.

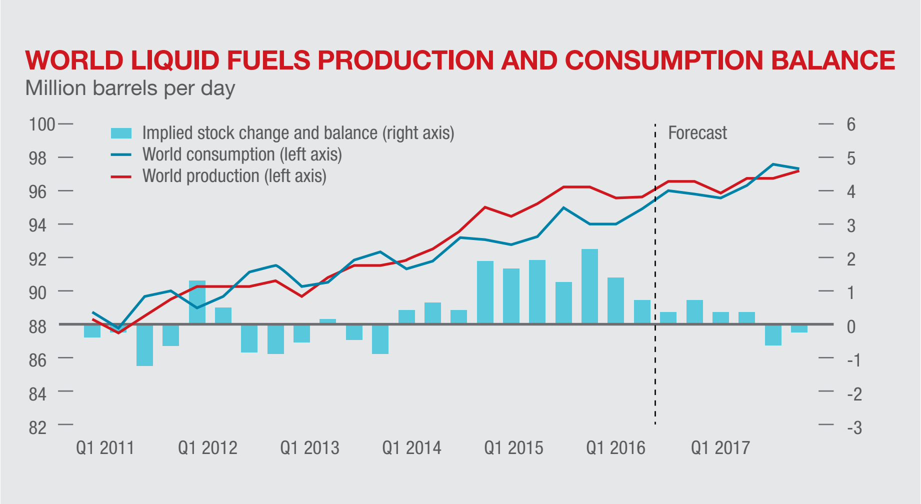


Figure 4: Oil supply and demand forecast up to Q4 2017.[1]

Note:
[1] U.S. Energy Information Administration, Short-Term Energy Outlook, September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

The Near Future

Whilst the macro situation may not look promising, we believe that a clear opportunity exists for companies of our profile. The larger players are streamlining their portfolios and within these assets is value to be monetised by those who have the skills and experience to sweat late life oil and gas fields. Our work to maximise economic recovery in the Anasuria Cluster in the UKCS is yielding the financial results to strengthen our balance sheet and furthermore, is building our operating experience and confidence, allowing us to pursue similar opportunities elsewhere.

Oil Prices – Logic will prevail and the industry will be forced to adapt

Without doubt, oil is a commodity of finite availability. The facts are that today, oil and natural gas provides approximately 55% of global energy consumption[1] and by 2040, it will still be a significant source of energy supply, with oil and natural gas expected to supply 60% of global energy demand[2] to an enlarged consumption base. Furthermore, today, as a result of cash conservation strategies and drastic capital expenditure cuts in exploration, as an industry, we are replacing only a quarter of the reserves that we are producing. Such a scenario supports a strong argument for an imminent increase in oil prices.

Counterbalancing this outlook is the threat of shale. The business case for more shale oil coming on-stream is being driven by specific production related technologies becoming cheaper to apply. Furthermore, the response of the Organization of Petroleum Exporting Countries (OPEC) in protecting its market share by aggressively delivering supply to a low-priced market can only work for a limited time horizon. Budget deficits in the OPEC nations could precipitate into social and security issues and eventually, market driven tensions would force logic to come into play. The OPEC strategy may have shut down inefficient oil production, delayed the implementation of new developments, rationalised portfolios and caused a multitude of bankruptcies amongst E&P players and oil service companies alike, but it is also creating a more efficient industry that will deliver a more competitive product, which in turn will catalyse global consumption.

Against this backdrop, our Company has only a single agenda. Our unit production cost metric has to be in the range of costs that delivers the production of oil volumes the world cannot afford to live without.

M&A activities are increasing – Assets are finding appropriate homes

As shown in Figure 5, mergers and acquisitions (M&A) during this extended period of low oil prices have reduced, with deal flow tracking the declining trend in oil prices. The number of completed deals over the last two years reached their lowest level in the first quarter of 2016, a period that also experienced the lowest oil prices in more than 10 years.

"Our Company has only a single agenda. Our unit production cost metric has to be in the range of costs that delivers the production of oil volumes the world cannot afford to live without."

Notes:
1 International Energy Agency, Key World Energy Statistics.
2 ExxonMobil, 2016 Outlook for Energy: A View to 2040.

In recent months however, this trend has started to demonstrate change. Following a relatively quiet period, there has since been some increase in M&A activities over the third quarter of 2016 and the trend is that assets with potential are finding their appropriate homes. A motivated buyer would, in normal circumstances, have a pre-conceived plan for the newly acquired asset and thus commences the sectoral re-investment cycle, building capacity for future demand.

Our Company relentlessly pursues our business objectives, as articulated in Figure 6 below. Therefore, we are constantly evaluating new ventures within our core geographical boundaries and when the assets that fit our screening criteria become available, we make a determined effort to secure them. Hence, M&A is a significant component of our business strategy.

UPSTREAM TOTAL DEAL VALUE AND DEAL COUNT BY QUARTER

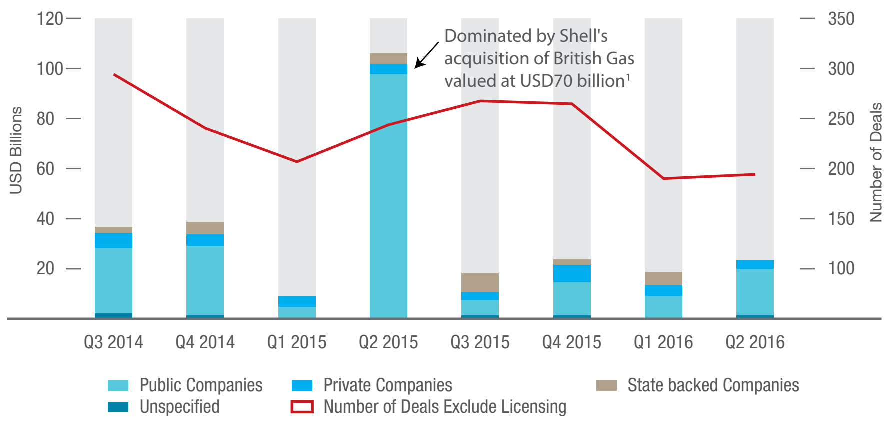


Figure 5: Upstream total deal value and deal count by quarter depicts M&A activities in the oil industry.[2]

Today, oil and natural gas provides approximately **55%** of global energy consumption.

By 2040, oil and natural gas is expected to supply **60%** of global energy demand to an enlarged consumption base.

2016-2018 MISSION

Core Mission

- 50 MMbbls 2P reserves (producing) in existing core asset areas of the United Kingdom, Australia and Malaysia
- 10,000 bbls/day production

Strategic Mission

- Additional 50 MMbbls 2P reserves/2C resources by 2020

Figure 6: Hibiscus Petroleum's Mission

Notes:

1 Bloomberg, Shell Will Buy BG Group for USD70 Billion in Cash, Shares, 8 April 2015, 2.50pm.

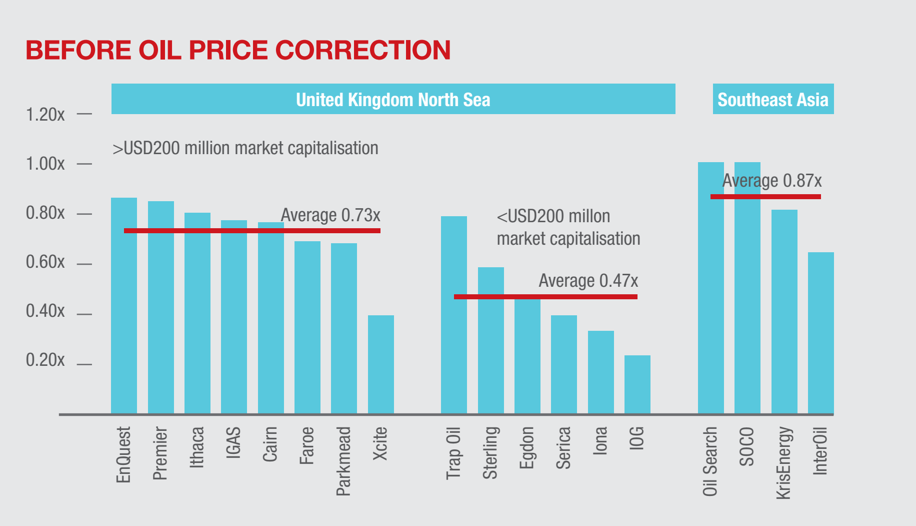
2 Evaluate Energy, Q2 2016 Upstream M&A Review, July 2016.

MMbbls 2P reserves (producing)
– Million barrels of proven and probable reserves for production

Bbls/day production
– Barrels per day of production

MMbbls 2P reserves/2C resources
– Million barrels of proven and probable reserves and best estimate of contingent resources

MANAGEMENT DISCUSSION AND ANALYSIS



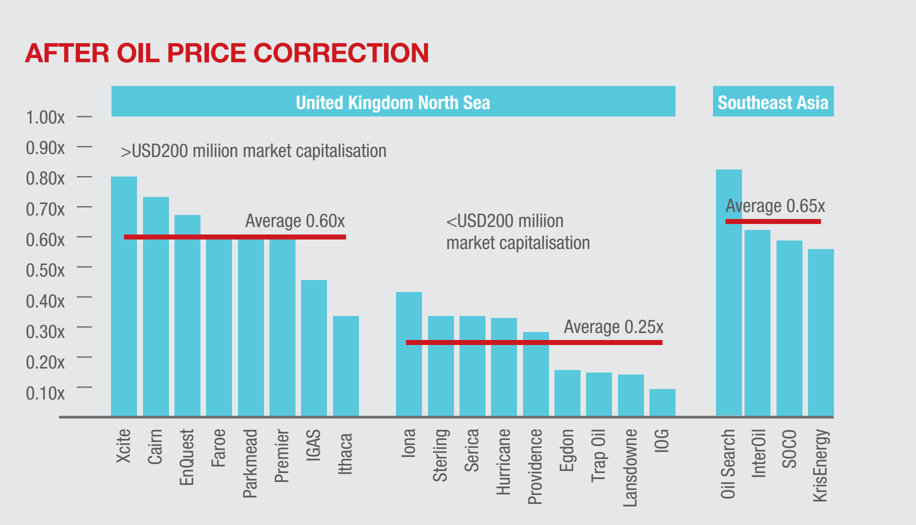


Figure 7: Charts above show that regardless of oil price expectations, the sector is traditionally trading below Tangible/Core Net Asset Valuation where only projected cash flows from producing assets are taken into account and generally no value is given for exploration and appraisal assets.[1] **Note:** Holding company discounts have increased since the oil price correction.

"As an industry, we have repeatedly demonstrated our resilience and shown an ability to adapt, quickly evolving in a stronger and more relevant ecosystem serving the energy demands of the global population.

Capital markets will bounce back and accord companies their fair value

Our market capitalisation does not do justice to the latent valuation of our assets. Until there is some reconciliation of these metrics, our work is not yet complete. We are not alone in facing this dilemma. Across the global capital markets, this is a recurrent theme. Investors, unsure as to who will survive and who will fail amongst the junior independents, have drastically discounted and risked the valuations of the majority of the players. This is not the first time the industry has seen such value indiscriminately wiped out but again, history has demonstrated that commercial logic will prevail in the longer term. As long as we can deliver a reasonable bottom line and generate positive cash flow, we strongly believe that we will be accorded a fair valuation when capital markets regain their appetite for oil and gas stocks.

History guides us to be optimistic

If we are to be guided by history, then we should remain optimistic. Competitive forces dictate that some will fall along the way but overall, as an industry, we have repeatedly demonstrated our resilience and shown an ability to adapt, quickly evolving in a stronger and more relevant ecosystem serving the energy demands of the global population. Against the mega-dimensional backdrop of this industry sector is our Company, Hibiscus Petroleum. We face a multitude of challenges and experience certain limitations currently, but during one of the most difficult periods ever for the global oil and gas industry, we have started to make our mark and deliver tangible results.

Note:

[1] Highgate Capital Management LLP, Corporate Presentation, May 2016.

2015-2016 STRATEGY REVIEW

Delivering Results – Our Journey Towards Profitability

Early in our life as an E&P company, we had clearly stated that it was our vision to own a balanced portfolio of assets with interests in exploration, development and production permits. When we kicked-off the 2015 financial year, we were in the midst of exhaustive negotiations with two of the largest independent oil companies in the world to acquire an interest in the Anasuria Cluster of producing oil and gas fields. We were single-minded and focused in the pursuit of Anasuria because we wished to deliver on our promises of a balanced asset portfolio and profitability.

The results disclosed over the four quarters of the 2015-2016 financial period demonstrate the impact of Anasuria. Whilst the top line of our income statement is currently dictated by factors such as reservoir performance and global oil price wars, our Company, as joint operator of the asset, has focused on initiatives to maintain facilities uptime and well performance. In addition, we influenced or participated in activities that resulted in tangible operating cost reductions. This work is a continuous endeavour but results are already evident. Profits have replaced losses on the bottom line of our income statement and there have been enhancements to the valuation of the asset reported by independent, competent experts.

Key strategic actions that have led to improvements in our financial performance include:

- Implementation of the rigour of big company processes in a small company environment;
- Fostering a culture that questions where every dollar is spent;

"We were single-minded and focused in the pursuit of Anasuria because we wanted to deliver on our promises of a balanced asset portfolio and profitability."

- Implementation of contracts that incentivise our business partners to pursue value safely; and, most critically,
- Recruitment of those people who have the experience to ask the right questions and the passion and motivation to find answers that add value.

Underpinning these initiatives has been a will to keep everything simple through seamless communications and transparency.

Building Our Track Record of Delivering Results – Competency and Values

Our goal is to be a respected and valuable independent E&P company. Goals take time to achieve and comprise of intangible and tangible components. To be respected as an industry player calls for a high level of competency underpinned by a value system that insists on a business approach that is transparent and fair. To be a valuable E&P company demands that our financial performance is relatively good and sustainable. It also means that our balance sheet has to be robust to weather the occasional business shocks we may encounter.

We are working on all components that drive the achievement of our primary goal in an effort to create a credible track record of delivery.

At Anasuria, honest endeavour and the application of rigour in our processes are now translating into financial performance. We have a certain level of competence that is being enhanced each day that we operate in the North Sea and we are concurrently building our organisational experience and track record. We have created a foundation and we are cognisant that the next chapter is about consistency and sustainability.

"We have a certain level of competence that is being enhanced each day that we operate in the North Sea and we are concurrently building our organisational experience and track record. We have created a foundation and we are cognisant that the next chapter is about consistency and sustainability."

MANAGEMENT DISCUSSION AND ANALYSIS

Transparent Reporting

Being balanced in the way we do our business requires that we communicate our position in a clear, transparent and most significantly, realistic manner. Being overly prudent may hide value whilst being extremely optimistic may over-state a particular position.

During the past financial year, we encountered certain legal issues with our former joint-venture partners in Lime Petroleum Plc and its subsidiaries (Lime Group). By the end of the financial year, it became too subjective to assess if we could maintain the quantum stated in our balance sheet for our investments in Lime Group and continue to remain true to our values. Even though legal proceedings are ongoing and we firmly believe that we have valid claims against various parties, our Company took the decision – from a prudent perspective – to impair our investment in Lime Group in totality (without prejudice to our legal claims and on an all rights reserved basis).

One can dwell on the merits or demerits of this action but we have chosen to focus on the positives. The near and mid-term future of our Company and the industry is about development, production and cash flow. By impairing the carrying values of all our Lime Group related investments – a business with an exploration bias and clouded in legal issues – we now have a balance sheet that reflects the direction we wish to pursue and we also have a solid base from which to build.

As things stand, our investors will not have to fear future write-downs caused by unfavourable legal decisions emanating from the Lime Group legal proceedings. We hope instead to see write-backs. The steps we have taken should also demonstrate that our Company is prepared to make tough decisions in the interest of transparency and presenting a fair position of the business.

Growth – Deals and Exploration

Over the past five years, we have been involved in transactions or licence bid rounds in the Middle East and North Africa, Norway, Australia and in the United Kingdom (UK). As a result, we now have within our Company a great deal of global bidding and M&A transaction experience.

Operationally, over the past financial year, we drilled the Sea Lion #1 exploration well in the Bass Strait of Australia and we concluded the Anasuria transaction in the UK.

Sea Lion #1 was not commercially successful but was an obligation well that we had to drill to retain legal rights over our VIC/P57 exploration licence. Globally, exploration activities are at a crossroad as it is a recurrent theme that it is now generally cheaper to buy discovered oil than explore for it. This apparent anomaly is the outcome of a global market in disarray with oversupply. Over the longer term this situation is not tenable but in the near-term, the lessons learnt from the 2015-2016 initiatives show that in the current market environment, we should

"The steps we have taken should also demonstrate that our Company is prepared to make tough decisions in the interest of transparency and presenting a fair position of the business."

In total, we raised new money at an average price of

20.1 sen/share

88.5% of the shares issued from December 2015 to September 2016 were issued to financial institutions, local and international corporations.

our Balance Sheet is **debt-free**

spend drilling dollars on infill candidate wells or strong appraisal opportunities whilst we secure new oil reserves through M&A activity.

Our M&A experience has shown us that an opportunity takes between nine and eighteen months to mature from an initial bid to completion so it is imperative that we are constantly assessing potential new ventures. Even an initial screening of a new opportunity is a costly exercise so we have to be focused and understand exactly where and why we could be successful with a specific target before we even embark on a bid. At this time, we are strictly focused on opportunities that are in production, generate positive cash flow and are geographically located in our core business areas of:

- UK;
- Malaysia; and
- Australia.

We believe that in the years to come, security considerations will play an increasingly important role in the valuation of companies in our sector of business and given this view, we have decided to address new opportunities that exclusively emerge in our core business areas.

Funding

Growth always requires some form of investment and over the past year, all our growth related capital came via the issuance of new equity. In total, we raised new money at an average price of 20.1 sen per share. We received some feedback that equity issuance was not the ideal funding strategy as our share price is relatively low and the effective dilution to existing shareholders would be expensive. Certainly, there is some merit to this view but it should be noted that our Company explored multiple debt alternatives and that straight equity was the only option. It is our understanding that, unfortunately, domestic banks in Malaysia have no capacity (or little appetite) to take on further oil and gas related debt. International financial institutions in Singapore and London were also very selective and are mostly waiting to lend to companies in distressed positions or 'special situations'. We were repeatedly informed that we did not fall into either category, hence with little else to choose from, we relied on new equity to close a gap. It should be noted that this gap had been caused by a binding USD20 million term sheet with a reputable London-based financial institution coming to an end, despite best efforts made to proceed.

Whilst we have issued a considerable number of new shares, we consciously did so in tranches to allow price stability. We also used the opportunity to introduce into our shareholder register several reputable funds, and for the first time, we have had international and local funds actively take an interest in investing in our Company. Of the 421 million shares issued from December 2015 to September 2016, 88.5% were issued to financial institutions, local and international corporations. Going forward, as our cash flow streams become more visibly robust, our intention is to minimise equity based solutions as a source of capital and, instead, leverage on the fact that our Balance Sheet is debt free.

"Going forward, as our cash flow streams become more visibly robust, our intention is to minimise equity based solutions as a source of capital and, instead, leverage on the fact that our Balance Sheet is debt free."

MANAGEMENT DISCUSSION AND ANALYSIS

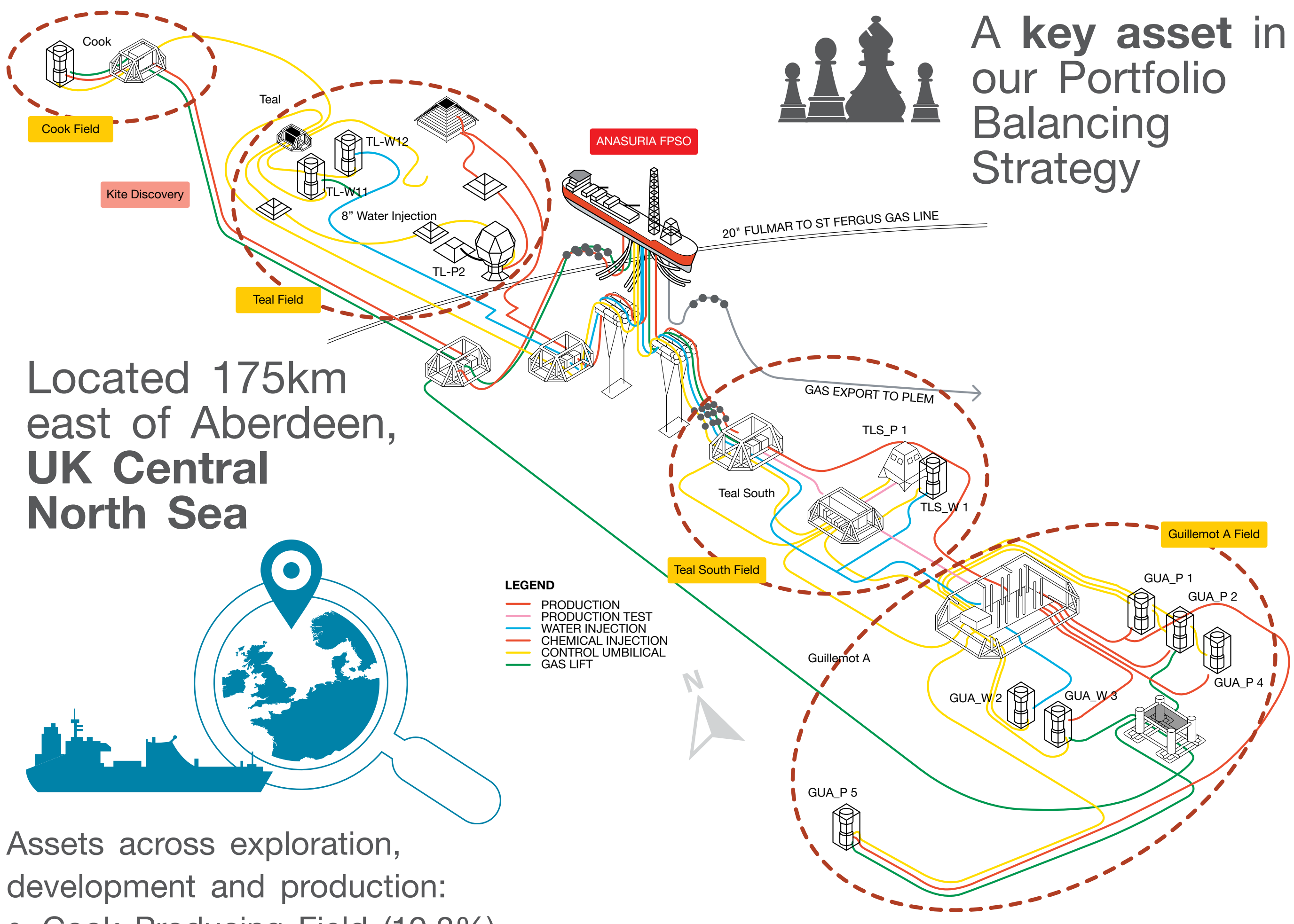
OUR PORTFOLIO OF ASSETS

Production in the UK Sector of the North Sea

ANASURIA CLUSTER AT A GLANCE

On 10 March 2016, Hibiscus Petroleum acquired a package of geographically focused producing fields and its associated infrastructure in the North Sea, UK, collectively known as the Anasuria Cluster. It is our very first producing asset and fulfills the long-held strategy of balancing our portfolio with assets that span the E&P value chain – from exploration to development and production. The Anasuria Cluster (or Anasuria) comes with stable positive cash flow from current production with in-field future development opportunities and exploration upside.

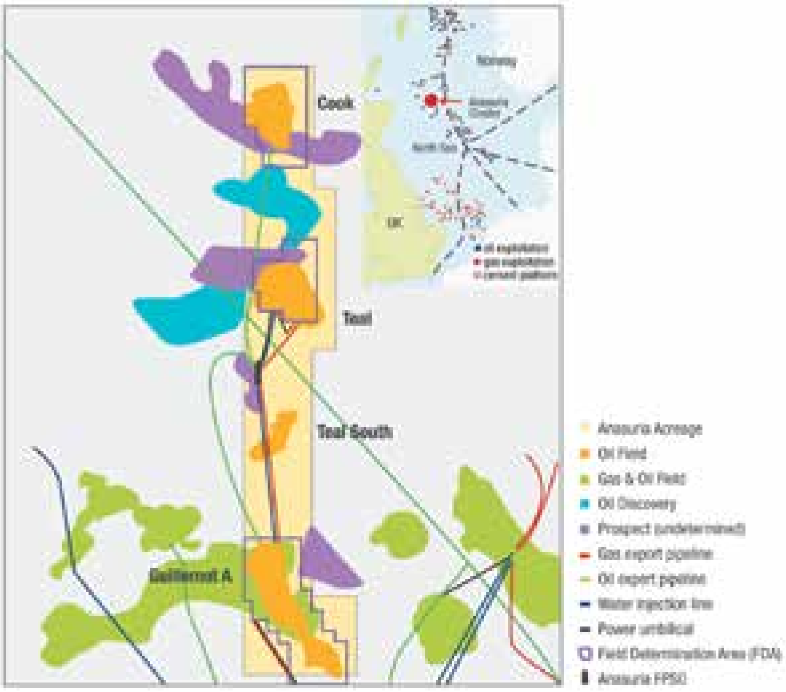
A **key asset** in our Portfolio Balancing Strategy



Located 175km east of Aberdeen, **UK Central North Sea**

Assets across exploration, development and production:

- Cook Producing Field (19.3%)
- Teal Producing Field (50%)
- Teal South Producing Field (50%)
- Guillemot A Producing Field (50%)
- Anasuria FPSO (50%)



20 years
Remaining Production Life[1]

Daily production rate of **up to 4,000 bbl** of oil per day

130 people working on the day-to-day operations
(as at 5 October 2016)

50-50 joint ownership and operationship with Ping Petroleum UK Limited

Transaction with two Oil and Gas supermajors:
Shell & ExxonMobil

USD52.5 million
Total Purchase Consideration

84% Uplift
in Valuation to **USD208 million**[2] in 2016
(from USD113 million[3] in 2015)

20.2 MMstb
2P Oil Reserves[2]

14.2 Bscf
2P Gas Reserves[2]

Hibiscus Petroleum's **2P/2C** oil reserves and resources increased from **8** MMbbl to **33.45** MMbbl

Notes:

1	Subject to investment, operating expenditure, oil price and 2P reserves
2	Source from RPS Energy Report dated June 2016
3	Source from RPS Energy Report dated September 2015
bbl	- Barrel
Bscf	- Billions of standard cubic feet of gas
km	- Kilometre
m	- Metre
MMstb	- Million Stock Tank Barrels
RPS Energy	- RPS Energy Consultants Limited
USD	- United States Dollar
2P Oil Reserves	- Proven and probable oil reserves
2P Gas Reserves	- Proven and probable gas reserves
2P/2C	- Proven and probable reserves and best estimate of contingent resources

MANAGEMENT DISCUSSION AND ANALYSIS

ANASURIA FPSO AT A GLANCE

The acquisition of the Anasuria Cluster includes the 100% ownership of Anasuria FPSO and its existing infrastructure (jointly with Ping Petroleum UK Limited). The Anasuria FPSO is the primary infrastructure hub and represents the core of the Anasuria Cluster. The purpose-built FPSO was designed and constructed by Mitsubishi Heavy Industries (MHI) in Nagasaki in 1995 and later installed in 1996 for the combined development of the Teal, Teal South and Guillemot A fields in the UK North Sea. The Cook field was tied in 4 years later.

A marine offloading system is utilised to transport oil from the Anasuria Cluster to tandem shuttle tanker whereas the gas is exported to the onshore St Fergus Terminal in Aberdeenshire via the Fulmar gas export trunk line (the Fulmar Gas Line).

Length **234.2m** x Breadth **44.8m** x Draught **23.8m**

129,550 dwt

Processing & Gas Treatment facilities:
- 2 x first stage separator
- 1 x second stage separator
- 1 x third stage separator
- 2 HP water injection pumps
- 7 oil cargo tanks @ 20,000 MMscm each
- 3 x gas compressors

Processing capability:
- 850,000 bbl oil storage capacity
- 70,000 bbl/day gross of liquids
- Up to 30 MMcfd of associated gas processing and compression
- 60,000 bbl/day produced water treatment
- 85,000 bbl/day water injection

Notes:
Source from Shell Information Memorandum dated June 2014
bbl - Barrel
bbl/day - Barrels Per Day
dwt - deadweight tonnage
FPSO - Floating Production Storage and Offloading vessel
HP - Horse Power
m - Metre
MMcfd - Million Cubic Feet per Day
MMscm - Million Metric Standard Cubic Metres
t - Tonne

Stabilised crude oil is stored in the tanks of the FPSO before being exported to oil tankers

Operated by Anasuria Operating Company

Located midway between Teal and Guillemot A in the Anasuria Cluster, North Sea, UK

Co-mingled oil and gas produced from the reservoirs are delivered to the FPSO, where the gas is separated from the oil

360°
weathervaning capability

12 mooring lines are anchored to the seabed by piles in six pairs. The piles weigh 87t, are 37m long and 2.1m in diameter.

Permanently moored in
90m
of water

Duty Holder:
Petrofac Facilities Management Limited

Gas is treated to export quality levels for supply to the UK domestic gas market through the Fulmar Gas Line of the Shell SEGAL pipeline network

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction to Anasuria

Activity commenced in 1964 when Shell and Esso companies in the UK secured various interests in licences (P013 and P185) in the UKCS. Subsequent exploration proved the blocks to be resource prone and follow-on appraisal activities, coupled with the advent of viable subsea and floating production systems, transformed mid-water depth discoveries into commercially exploitable opportunities. Today, the five discovered, oil fields within our licence boundaries include Guillemot A, Teal, Teal South, Cook and Kite. Within these fields, there are:

- existing production which remains cash flow positive at current oil prices;
- discovered but undeveloped reserves;
- discovered but not, at this time, commercially proven resources called Contingent Resources; and,
- some potential oil and gas deposits which are yet to be proven, called Prospective Resources.

The Guillemot A, Teal, Teal South and Cook fields have the necessary infrastructure installed and have been producing to the Anasuria FPSO since the late 1990's. Based on our (internal and independent third party) assessment of these assets, we believe that – subject to oil price, capital investment and operating expenditures – another 20 years of economic production is feasible.

Legal ownership of interests and operatorship of Anasuria

The Company's interest in the licences, P013 and P185, and the Ansuria FPSO is held by its wholly-owned subsidiary, Anasuria Hibiscus UK Limited (Anasuria Hibiscus).

Given that all partners of the various fields within the Anasuria Cluster have technical and operational skills and experience to offer, operatorship responsibilities were split in the following manner:

- Anasuria Operating Company (50:50 joint-ownership between Ping Petroleum UK Limited (Ping Petroleum) and Anasuria Hibiscus) operate Guillemot A, Teal, Teal South and Kite fields in addition to the Anasuria FPSO facility; and,
- Ithaca Energy UK Limited (who holds 61.4% of the Cook field) operates the Cook asset.

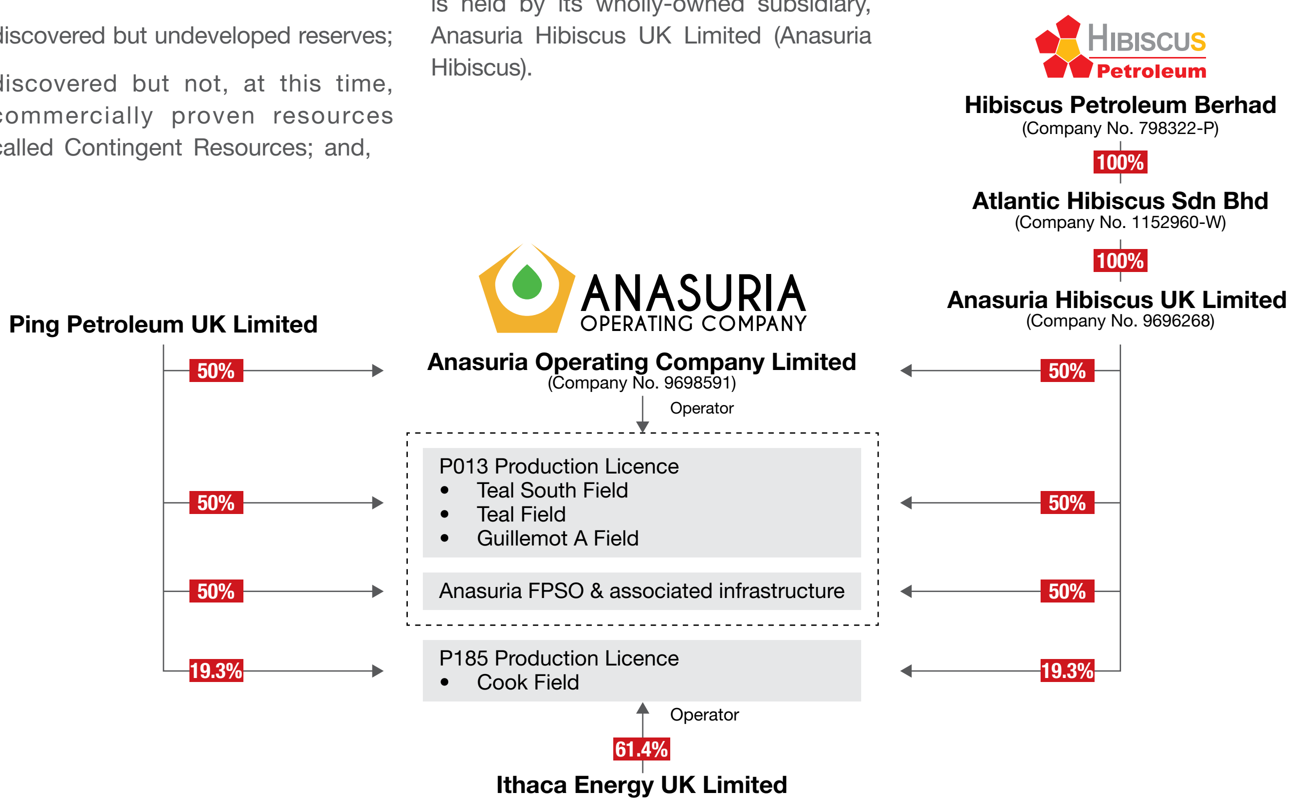


Figure 8: Ownership structure of the Anasuria Cluster.

Innovative solutions that made the Anasuria transaction a reality

Our participation in Anasuria was greatly enhanced by a sincere willingness of two of the largest global oil companies to collaborate with junior independents like Hibiscus Petroleum to arrive at a deal structure that fairly allocated risk and reward. In the first instance, we had to collectively mitigate and manage future liabilities associated with abandonment of the wells and decommissioning and disposal of the facilities. Whilst our abandonment and decommissioning responsibilities may be crystalising more than a decade away, it was important to craft a strategy that was acceptable to all stakeholders (UK government regulator, the vendors and shareholders of the purchasers) to manage these future liabilities in an appropriate manner.

In order to prepare for the abandonment eventuality, Anasuria Hibiscus and Ping Petroleum have committed to establishing a trust fund to which we shall contribute a variable sum per barrel of oil produced (dependent on oil price) over the economic life of fields within the Cluster. In effect, for the first time in the UKCS, a '*pay as you go*' scheme has been introduced and implemented to address abandonment obligations. The flexibility of the vendors to adopt such a scheme was instrumental in making this transaction a reality. The acceptance of the UK Oil and Gas Authority in buying into this concept was also much appreciated and we sincerely hope that it transforms the UKCS into a hotbed of M&A activity.

There was also the challenge of introducing two new entrants as operators into one of the most technically demanding operating environments in the world. Both Ping Petroleum and Anasuria Hibiscus comprised of individuals who had operating experience from the UKCS and other regions, but as companies, both were new entrants to the North Sea. This challenge was mitigated by combining in-house expertise residing in both companies with that of Petrofac Facilities Management Limited (as Duty Holder) (Petrofac or Duty Holder) to create a model that was acceptable as an operating entity with the UK Health and Safety Executive, the Department of Energy and Climate Change and the UK Oil and Gas Authority.

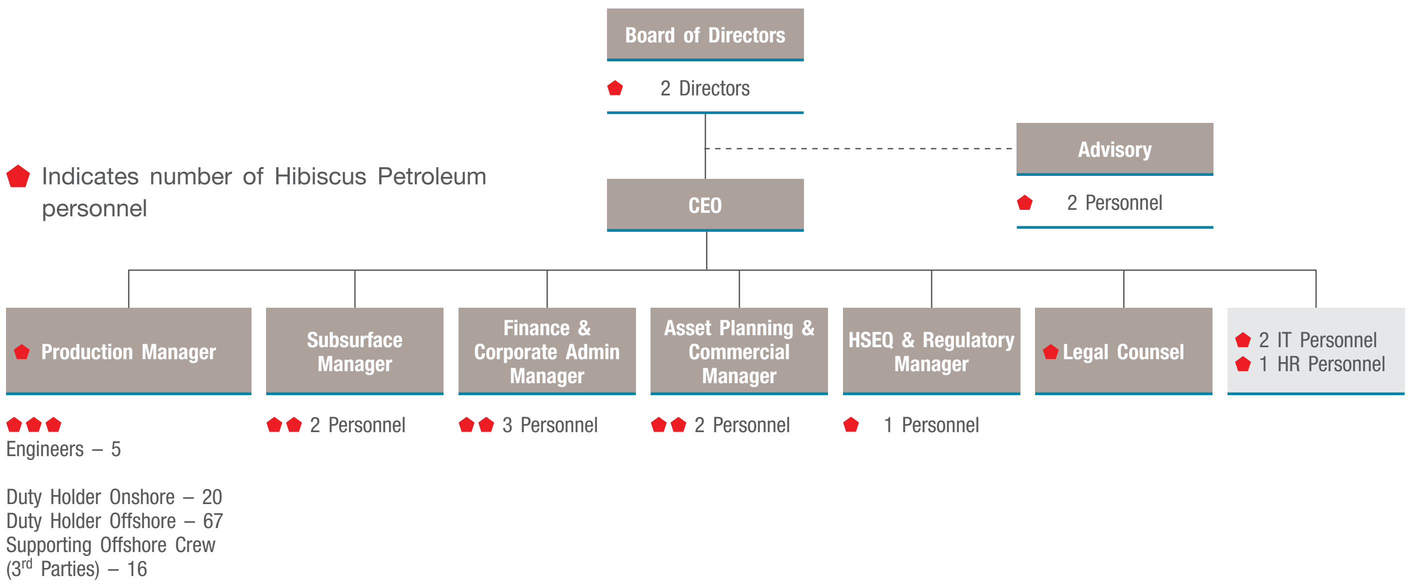


Figure 9: Operational management of AOC consists of a combination of experts from HIbiscus Petroleum, Ping Petroleum and independent personnel, as of 5 October 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Hibiscus Petroleum and Ping Petroleum have jointly committed an accomplished team of professionals to support an Aberdeen-based organisation to operate the Anasuria Cluster under an operating company called the Anasuria Operating Company Limited (AOC). This company will exclusively focus on operating jointly-owned assets located in the UKCS.

Petrofac, a reputable oil and gas services company that employs over 1,000 professionals in Aberdeen provides substantial depth to AOC's overall operating capability. As Duty Holder (i.e. the Facilities Operator) for the Anasuria Cluster, where AOC is the operator, Petrofac is responsible for day-to-day management of the Anasuria FPSO, pipelines and wells in a safe and environmentally responsible manner. In our operating model, the Duty Holder is also the owner of the Safety Case.

Enhancing the valuation of the Anasuria Cluster

At the time of the acquisition of our interests in the Anasuria Cluster, both Anasuria Hibiscus and Ping Petroleum commissioned RPS Energy to provide a valuation of the hydrocarbon reserves that comprised the Anasuria Cluster. RPS Energy undertook detailed analysis that utilised past production performance and applied recognised algorithms to determine possible future production profiles. By combining predicted production profiles with various cost assumptions, RPS Energy derived a valuation of the oilfields that make up the Anasuria Cluster.

Over the past 12 months, RPS Energy provided valuation estimates of the Anasuria Cluster on two occasions. In the first instance, a valuation, based on information available as of 1 January 2015, was performed. It yielded a valuation for Anasuria Hibiscus' (net) interest in the asset to be USD113 million. In March 2016, on completion of the transaction, a second valuation was undertaken. Given all information available as of March 2016, Anasuria Hibiscus' net interest in the Anasuria Cluster was valued at USD208 million. Figure 10 summarises how this enhancement in valuation came about.

Change/Comment		RPS Report September 2015 (Net to Anasuria Hibiscus)	RPS Report June 2016 (Net to Anasuria Hibiscus)	Impact to Valuation
Reserves	Increased due to higher oil production rate and higher facility uptime	20.2 MMbbls	20.25 MMbbls	↑
Prices	Forecast prices reduced from RPS report dated September 2015	See Figure 11		↓
Opex	Reduced Annual Opex per the actuals in 2015 and 2016 Work Programme and Budget	USD43 million	USD30.5 million*	↑
Capex	FPSO reduced estimates based on AOC experience since transition and input from Petrofac	USD129 million	USD40 million*	↑
	Workover and Infill drilling cost estimates reduced	USD111 million	USD60 million	↑
Abex	Abandonment costs reduced	USD288 million	USD236 million**	↑
Fiscal	Supplementary tax reduced by UK government effective 1 January 2016	20%	10%	↑
Valuation of Anasuria		**USD113 million**	**USD208 million**	↑

Figure 10: Reconciliation between RPS Energy Reports dated September 2015 and June 2016.

Notes:

*	Based on Petrofac report of May 2016
**	Based on Petrofac report of May 2015
Opex	Operating Expenditure
Capex	Capital Expenditure
Abex	Abandonment Expenditure
MMbbls	Million barrels

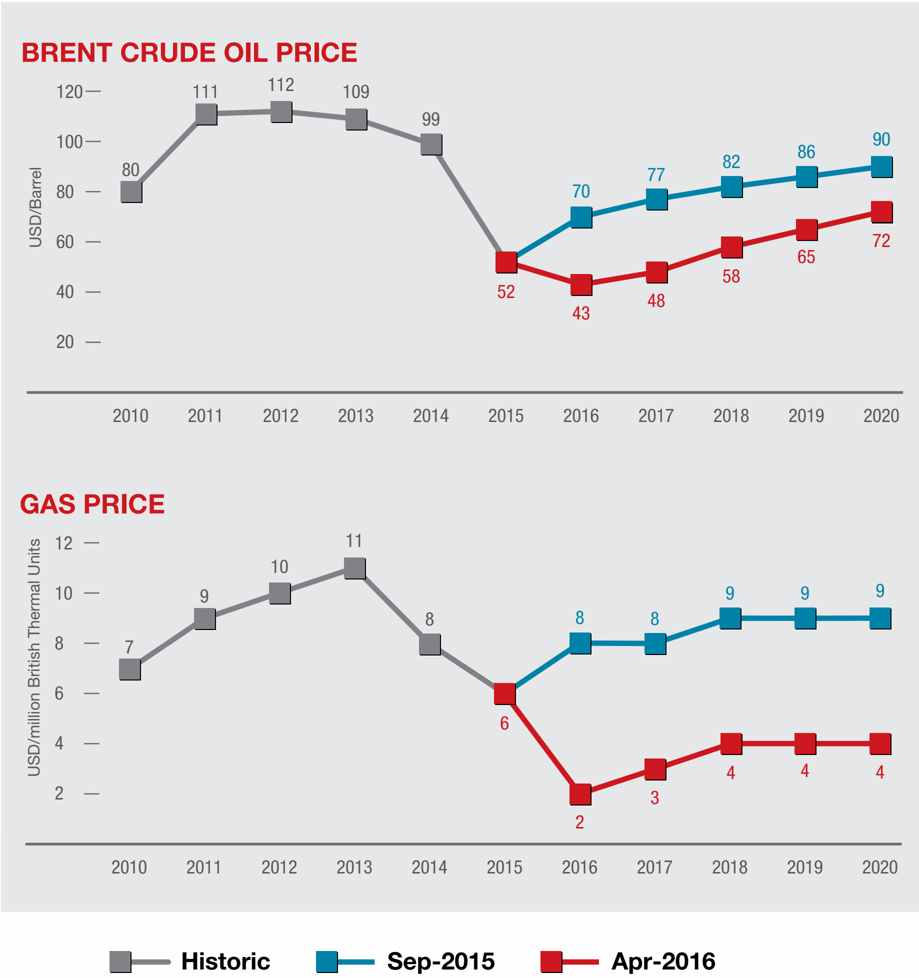


Figure 11: Forecast oil and gas prices used by RPS Energy for the independent valuation reports dated September 2015 and June 2016.

To deliver the enhanced valuation of USD208 million, further capital will be required. However, the timing and extent of capital expenditure will be scheduled to dovetail with our cash flow generation profile.

Capital expenditure is not and will not be the only source of enhanced valuations going forward. As previously mentioned, our Company will only have a sustainable position in the new oil environment if we are cost competitive as an oil producer and operational costs are monitored and managed diligently without any compromise to asset integrity, safety or the environment.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance of Anasuria

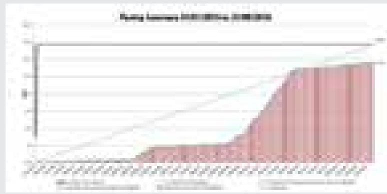
Since assuming the operatorship of the Anasuria Cluster, the leadership team has been fostering a work ethic that we hope will safely drive cost competitiveness and a care for the environment that will make our Company a respected late life field operator. Our desired culture and work ethic require that fundamental assumptions regarding our business are challenged with the rigour expected of the larger players but with a sense of practicality and agility to be found mostly in the smaller companies. This approach has allowed major milestones to be achieved and operational performance to be enhanced.

• Six Achievements in Six Months – Operator – Anasuria Operating Company

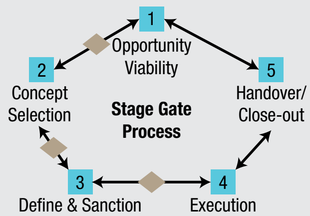
1. Succesful Handover and Running of Operations

2. Completed 4 Liftings from the Anasuria FPSO (3 to AOC, 1 to Ithaca)

3. Gained support from Oil and Gas Authority (OGA) to Increase Flaring Consents



4. AOC's Integrated & Collaborative Gate Approach



5. Realised Incremental Production Impact

- Increased Cook production by increasing Gas to Oil Ratio limits
- Flare consent increase with OGA support
- Increased Gua-P4 well production by lowering back pressure
- Completed FPSO-based scale squeeze on TL-P2 and Gua-P3 wells

6. Growing an Integrated and Collaborative Team

• Six Achievements in Six Months – Duty Holder – Petrofac

i Scale Squeeze

- Teal P2 and Guillemot P3 Scale Squeeze was done to protect the production from these wells against the build up of scale.
- Teal P2 programme was the world's largest offshore scale squeeze that involved prolonged supply vessel bunkering operations with multiple pumping spreads & tanks across the FPSO and supply vessel.
- Project was completed within the estimated time and budget and with no major HSE incidents.
- The squeezes were delivered from the FPSO in fast-tracked timescale (2 months).
- Realised cost savings by conducting operations from the FPSO rather than utilising subsea well intervention vessel.

ii Swivel Seal Change Out

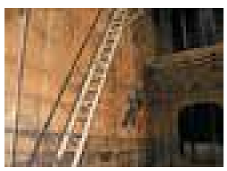
- The Teal swivel was leaking.
- The swivel was isolated then the seals were replaced.
- During re-instatement leak testing, a new leak was found elsewhere in the swivel.
- A novel repair methodology has been developed and will be attempted in October.
- Following this, the swivel can be returned to service.

iii K-2020 Compressor Bundle Change Out

- Offshore strip of K-2020 and dry gas seal strip onshore. Compressor casing showing significant build up of deposits. Internally showing discharge port blockage.
- Compressor rebuilt completed successfully and operating without issue.

iv Tank Inspections

- 6 tanks inspected in 6 months, on track to deliver Lloyds pre-inspection requirements by the end of 2016.
- Currently cleaning the port diesel storage tank for inspection.
- 3 large tanks and 5 small tanks remain to be inspected this year.



v G-8030 Engine Change Out

- Exhaust collector required welding repairs.
- Exhaust section cracks were identified which have led to replacement of the Silencer and Elbow sections.
- Transit frames and offshore lifting frame were identified for recertification.

vi Integrity Catches

- Six integrity catches on bolts and pipework were done since taking over operatorship, thereby demonstrating a good inspection regime.

- **Operational Metrics**

	Units	March 2016 to June 2016 (Net to Anasuria Hibiscus)
Oil production rate	barrel (bbl)/day	2,971
Gas export rate*	bbl of oil equivalent (boe)/day	236
Oil equivalent production rate	boe/day	3,206
Average oil price	USD/bbl	40.1
Average gas price	USD/one million British Thermal Units (MMbtu)	1.2/3.1^
Capex	USD million	–
Opex per calendar month	USD million	2.25
Opex per boe	USD/boe	23.1

Source: AOC
All figures are net to Anasuria Hibiscus.

* Conversion rate of 6,000 scf/boe.
^ Per current Gas Sales Agreement (GSA), USD1.2/MMmbtu for Cook field and USD3.1/MMbtu for Guillemot A field, Teal field and Teal South field.

Significance of the Anasuria Cluster to Hibiscus Petroleum

Completion of the Anasuria transaction brought about the fulfilment of several important milestones for our Company. In the first instance, Anasuria was and is an important component of our strategy to build a balanced portfolio of assets founded on production that generates positive cash flow. The asset also allowed us to expand our geographical footprint to the UKCS and gain a track record in one of the toughest operating environments in the world. Other secondary milestones were:

- It was a transaction negotiated and concluded with two supermajors; and,
- It enabled the implementation of an innovative framework to manage abandonment liabilities.

The transaction, which was centred on a positive cash-flow generating asset with a long remaining production life, was also (likely) concluded at a low point in the commodity price cycle. As an additional bonus, a substantial volume of contingent resources was not included in the valuation of the asset and presents an upside opportunity.

Exploration and Development in the Bass Strait of Australia

Carnarvon Hibiscus Pty Ltd (CHPL), a wholly-owned subsidiary of our Company, is responsible, as operator, for the day-to-day management of work activities within the VIC/P57 Exploration Permit (VIC/P57) and the VIC/L31 Production Licence (VIC/L31), affording us a high level of financial and operational control in these concessions.

MANAGEMENT DISCUSSION AND ANALYSIS

On 17 November 2014, CHPL acquired additional interest in VIC/L31, bringing its total interest held in the production licence to 100%. Following an exercise of an option to acquire the interest in VIC/P57 held by HiRex (Australia) Pty Ltd (now known as Gippsland Hibiscus Pty Ltd), the Group increased its interest in the exploration licence to 78.3%.

The VICP/P57 permit included, as part of a committed work programme, an obligation to drill two exploration wells over two phases, whereby the first phase was due by January 2016 and the second by January 2018. Even though pre-drill geological prognosis on the Sea Lion prospect, assessed internally and by external subsurface specialists, predicted a geologic chance of success (GCoS)[1] in excess of 30%, on 11 November 2015, CHPL announced that no zone of commercial hydrocarbons had been encountered in Sea Lion #1. The well was subsequently plugged and abandoned.

While unsuccessful from a commercial perspective, drilling operations were carried out without any recordable safety or environmental incidents. Operations were also conducted ahead of schedule and within tight budgets, thereby enhancing our reputation as a safe and reliable Bass Strait operator that had fulfilled its initial phase work programme commitments.

For the next phase work programme, the additional obligation well in VIC/P57 is due for drilling by January 2018. Discussions with the regulatory authorities have been initiated with the intention to seek a deferment of the next phase work programme by one year; i.e. to drill by January 2019, in order to provide CHPL with additional time to re-assess future possible drill options and properly integrate the results of Sea Lion #1 well prior to making a commitment to drill another exploration well in the licence.

West Seahorse Field Development

The West Seahorse Field contains 8 MMbbls of 2P/2C reserves and resources. Initially, this asset was identified as a fast-track development, envisioned to bring the Group its First Oil by 2015. Indeed, in October 2013, the Department of Sustainability, Environment, Water, Population and Communities of the Australian government approved our Environment Protection and Biodiversity Conservation Act Referral as a non-controlled action (no threat to items of national significance). In November 2013, the Australian National Offshore Petroleum Titles Administrator (NOPTA) approved the Field Development Plan for West Seahorse. In December 2013, NOPTA awarded CHPL (on behalf of the VIC/P57 Joint Venture) the VIC/L31 Production Licence over the West Seahorse oilfield. Today, with volatile oil prices and having secured Anasuria as a producing asset, we have decided to defer the development of West Seahorse until oil prices stabilise and capital is more readily available.

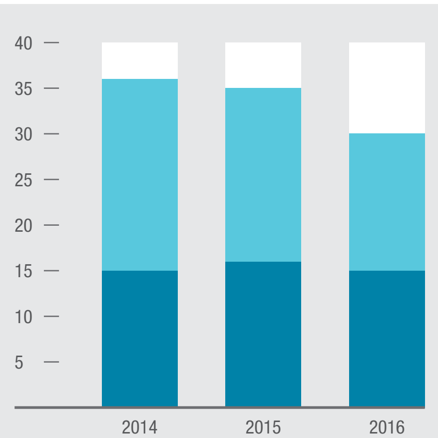
CHPL will continue to identify and aggregate suitable stranded assets (that utilise similar infrastructure as envisaged for the West Seahorse field) which will allow a viable development of the West Seahorse field in the mid-term.

Note:
1 GCoS for exploration wells can typically range between 0-25%.

OUR PEOPLE AND CULTURE

Our People

Our Company is about its people and their passion and attitude that are on daily display. A relatively small team of 30 people oversee operations in the North Sea and the Bass Strait – two regions that require compliance to operating and regulatory standards that are amongst the highest to be found globally. We have conducted safe and successful offshore drilling operations in the Sultanate of Oman and Australia and we are also jointly operating a substantial offshore floating production facility in the North Sea.



	2014	2015	2016
Male	21	19	15
Female	15	16	15

Figure 12: Hibiscus Petroleum consistently maintains a compact team with a healthy gender balance, as at 30 June 2016.

Apart from technical expertise, inherent within our team is the knowledge and experience of closing M&A transactions or bidding for licences in Australia, the Middle East and North Africa, Norway and the UK.

International M&A transactions are generally complex but within our Company, we have developed the competence to undertake this type of activity. We learnt a great deal from the Anasuria transaction. In the first instance, we understood how the large players conduct a sale process to closure. Most significantly, we also gained a certain level of confidence when we realised that we had the capability to close a transaction with two of the largest players in the global E&P industry.

Our Culture

Multiple challenges were confronted in the 2015-2016 financial year but throughout, teamwork prevailed and problems were addressed meticulously. We have developed a workplace where innovative thinking is encouraged but in all instances, solutions have had to meet high standards of compliance and governance without compromise. With five nationalities represented in our Company, Hibiscus Petroleum embraces diversity and encourages our people to treat each with fairness and respect. This approach to our daily work life has become part of our corporate DNA[1].

Health, Safety, Security and Environment (HSSE)

Safety is of vital importance given the inherently hazardous nature of our work environment. Across all of our operations to-date, the Company has recorded the following HSSE performance:

- Zero fatalities
- Zero lost time incidents
- Zero environmental incidents
- No security incidents

In some of our previous activities, we have had to contend with security risks (such as piracy). Today, we are focusing on building an asset base in secure areas, so there is less emphasis placed on security risks linked to operations.

In the Anasuria Cluster, the Company's jointly controlled operating arm, AOC, has put in place an integrated Management System Standard (MSS) which provides a framework for the management of health, safety and the environment at AOC's operating sites.

The MSS applies to all aspects of AOC's Operations and Maintenance activities and includes contractors and other third parties operating on the sites. As part of a process enhancement effort, AOC is currently reviewing the MSS for areas of improvement.

In principle, the MSS is designed specifically to:

- Provide a set of performance standards covering the various aspects (or elements) of health, safety and environmental management which are managed to ensure complete coverage of the assets and activities controlled by AOC;
- Provide an auditable trail from management's policy statements of health, safety and environment through the MSS to the documents that define the physical activities on the Operating Sites managed by AOC; and
- Be consistent with the International and UK standards for Safety and Environmental Management.

The MSS has been operationalised within the Anasuria Cluster. To date, AOC has conducted three planned audits of the Duty Holder for 2016.

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

OUR PERFORMANCE

Our Scorecard

2015/2016 Objectives	2015/2016 Performance
Production – Achieve recurring cash flow and income stream	• Completed the Anasuria Cluster transaction. • Anasuria Cluster maintains profitability despite prolonged low oil prices.
Development – Identify and aggregate suitable stranded assets to allow a viable development of West Seahorse field	• Identified several stranded assets in Western Australia and was in advanced discussions with a potential vendor of these assets. Conditions precedent to the agreement were not met, despite best efforts being expended and transaction was aborted.
Exploration and Appraisal – Increase reserves and resources towards mission of 50 MMbbls of reserves by 2018	• Sea Lion exploration well drilled in 2015. • Increased 2P/2C reserves and resources by 25.4 MMbbls with the completion of the Anasuria transaction. • The Anasuria Cluster acreage contains the Kite discovered oilfield which has 5.2 MMbbls of contingent resources to be appraised and opportunities for exploration work in the future.
Funding – Focused capital build to fund operations – Institutionalise shareholder base – Create leverage via debt instruments	• Maintained investor interest despite continued softness in the market. • Raised RM73.8 million through share placement exercises between December 2015 to September 2016. • Evolved shareholding profile from being entirely retail to currently being comprised of local and international corporate and institutional holders. • Engaged with international financial institutions for the possibility of raising debt. Discussions are ongoing.
Organisation – Ensure sufficient expertise to manage operations – Maintain high standards of corporate governance	• Created new relationships with specialised experts in several key areas who can be available as and when required. • Maintained lean structure of the organisation. • Continued to reinforce a culture of complying with high standards of corporate governance.
Portfolio Management – Focus on production and development assets in geopolitically secure areas	• Core assets are with proven reserves and located in secure areas of the world.

Financial Overview

This Annual Report covers a 12-month period from 1 July 2015 to 30 June 2016, as compared to an 18-month period from 1 January 2014 to 30 June 2015 in the previous financial period. During the previous financial period, we changed our financial year end from December to June.

On 10 March 2016, the Group completed the acquisition of a 50% interest in the Anasuria Cluster. From the date of acquisition to 30 June 2016, the Anasuria Cluster contributed RM78.7 million to revenue and RM37.9 million to gross profit from the sale of crude oil and gas. In addition, the Group recognised negative goodwill of RM364.1 million upon completion of the acquisition.

The Group recorded a loss before taxation of RM56.3 million in the current financial year as compared to a loss before taxation of RM75.8 million in the previous financial period. In the current financial year, following the Group's assessment of its carrying value of investment in Lime and its concession companies (Lime Group), an impairment of RM225.4 million was put through to profit or loss. In addition, prior to the impairment assessment, the share of losses in the Lime Group were higher by RM42.1 million as a result of the Group accounting for its share of a purported dilution in the Lime Group. Such impairment and accounting treatment is without prejudice to the Group's legal position and rights (all of which are fully reserved).

The Group announced on 11 November 2015 that its wholly-owned subsidiary, CHPL advised that wireline evaluation and sampling of formation fluids over

the 6 zones of interest identified on preliminary Sea Lion #1 data was complete and that no zones of commercial hydrocarbons were encountered in the Sea Lion #1 well subsequent to commencement of drilling operations on 26 October 2015. Following that, the Group performed an assessment of the carrying value of the VIC/P57 exploration permit and has during the current financial year recognised an impairment of RM17.5 million.

During the current financial year, the Group incurred the following costs relating to the Anasuria Cluster:

- One-off and non-recurring items relating to the acquisition of the Anasuria Cluster:
  - o Introducer fee – RM25.3 million;
  - o Transition costs and professional fees – RM9.2 million;
- Depreciation and amortisation – RM17.1 million; and
- Accretion of finance costs for deferred consideration and decommissioning costs – RM6.7 million.

In addition, the Group had during the current financial year written off business development expenditure amounting to RM30.9 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 RM12.5 million was recognised during the current financial year as compared to RM6.6 million in the previous financial period.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR FUTURE

In the years to come, waves of economic growth and advances in technology will shape our energy needs. Furthermore, both the supply and demand of energy will be influenced by a wide range of government policies. Some of these policies will encourage access to renewable, modern forms of energy whilst there will be others that will serve to reduce the risks of environmental damage and global climate change.

The foundation of the energy supply chain will continue to be dominated by fossil fuels. Today, these remain the primary option available to meet the needs of a growing global population. Natural gas demand and utilisation will grow more than that of any other energy source in the coming years and oil will remain the world's foremost fuel.

Hibiscus Petroleum is in a business sector that has global demand for the foreseeable future. For as long as oil remains dominant as a source of energy supply and our costs of production are competitive, we have a sustainable place in the industry. For as long as the world's largest oil reserves remain within the member states of the OPEC, then OPEC will continue to have place in the supply dynamics of the industry. If OPEC remains non-aligned in its approach, all participants, including our Company, will need to strive to be cost competitive in order to survive.

It is no secret that whilst the more influential members of OPEC are currently protecting market share, the economies of their respective countries are being subject to testing times. We do not believe that low prices can prevail for an extended period and therefore, we remain optimistic that oil

prices will recover some of the losses suffered over the past 2 years.

For Hibiscus Petroleum, our goals have been disclosed. Targets for 2018 to 2020 have been set, are publicly-disclosed and we are working to achieve them. Specific projects have been identified for Anasuria that will have a considerable impact on our financial performance in the years to come. These need to be funded and implemented safely and efficiently as soon as practicable. We believe that security is going to be an increasingly important issue to be considered in the years to come and hence, our decision to focus on investment opportunities in stable jurisdictions like the UK, Australia and our home country, Malaysia. Specific targets have been identified within these countries and we are pursuing them.

It has been 5 years since our Initial Public Offering (IPO). We are now in an era of volatility and uncertainty and at such times, transformation and adaptation are continuous pursuits. Our stakeholders do not measure us on how hard we tried. At the end of the quarter, they evaluate us on what we deliver. The lessons we have learnt have made us stronger and today, we are making our mark and delivering results.

11 October 2016

Identified Production Enhancement Projects For Anasuria

GUA-P1 and TLS-P1 Souring Project

To reinstate TLS-P1 and GUA-P1 back on production as they are currently shut-in due to high production of Hydrogen Sulphide (H_2S) gas

GUA-P4 Gas Lift Installation

Add production and recoverable reserves by installing gas lift to GUA-P4 well in Guillemot A field

Facilities Debottlenecking

Reduce back pressure on certain wells and increase throughput

Two infill wells at Guillemot A

Increase the production and recoverable reserves in Guillemot A field by drilling of infill wells

GUA-P2 Restart/Recompletion

Optimise production from existing Fulmar formation and perforating Forties reservoir to achieve incremental production and recoverable reserves

Reduce Inlet Pressures

Reduce the back pressure on certain wells by flowing them directly to the 2nd stage separator in order to increase the throughput from these wells

Kite Development Concept

Drilling of appraisal and development wells in the Kite field to drain the oil reserves in this discovered oil accumulation

Cook Water Injector

Increase the recoverable oil reserves from Cook field by drilling a water injector and implementing waterflood for reservoir pressure maintenance

Sale of crude oil and gas from Anasuria Cluster contributed:

RM78.7 mil
in Revenue

RM37.9 mil
in Gross Profit

RM364.1 mil
in Negative Goodwill recognised upon completion of the acquisition

CALENDAR OF EVENTS

2015

2 DECEMBER

Polo Resources Limited's subsidiary, Polo Investments Limited, acquires 8.40% of the enlarged issued ordinary share capital of Hibiscus Petroleum Berhad (Hibiscus Petroleum) to become a strategic shareholder of the Company.

2016

20 JANUARY

Hibiscus Petroleum issues a circular on the proposed acquisition by Anasuria Hibiscus UK Limited (Anasuria Hibiscus) of a 50% interest in the Anasuria Cluster from Shell U.K. Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited for a total cash consideration of USD52.5 million (Proposed Acquisition) for deliberation and approval of the shareholders at the extraordinary general meeting scheduled on 4 February 2016.

4 FEBRUARY

Hibiscus Petroleum receives unanimous shareholder approval for the Proposed Acquisition.

15 FEBRUARY

The Secretary of State for Energy and Climate Change of the United Kingdom Government grants its consents and approvals in relation to the Proposed Acquisition, subject to certain terms.

29 FEBRUARY

Hibiscus Petroleum reports first half results with the Anasuria transaction on track for completion which will provide stable revenues and profits at current oil price levels.

10 MARCH

Hibiscus Petroleum announces that all conditions precedent to the Proposed Acquisition of the Anasuria Cluster have been fulfilled.

11 MARCH

Hibiscus Petroleum completes the Proposed Acquisition on 10 March 2016. On the same day, Anasuria Operating Company Limited, a company jointly incorporated by Anasuria Hibiscus and Ping Petroleum UK Limited assumed operatorship of the Anasuria Cluster (with the exception of the Cook Field).

31 MAY

Hibiscus Petroleum moves into profitability: posts significant gains from the completion of the Anasuria acquisition.

30 JUNE

RPS Energy issues a revised report showing a 84% uplift in the valuation of the Anasuria Cluster to USD208 million net to Hibiscus Petroleum, from USD113 million previously.

9 AUGUST

Hibiscus Petroleum announces its proposal to undertake a proposed private placement of up to 82,305,362 ordinary shares of RM0.01 each in the Company (Hibiscus Petroleum Shares) representing approximately 6.05% of the existing issued and paid-up ordinary share capital of Hibiscus Petroleum (Proposed Private Placement).

24 AUGUST

Hibiscus Petroleum closes the financial year with a fair value gain of RM364.1 million from the consolidation of the Anasuria Cluster. Anasuria operations contribute RM78.7 million to revenue and RM36.6 million to gross profit since completion on 10 March 2016.

6 SEPTEMBER

Bursa Securities Malaysia Berhad approves the listing and quotation of up to 82,305,362 new Hibiscus Petroleum Shares to be issued pursuant to the Proposed Private Placement, subject to certain conditions.

12 OCTOBER

SEA Hibiscus Sdn Bhd (SEA Hibiscus) enters into a conditional sale and purchase agreement with Sabah Shell Petroleum Company Limited and Shell Sabah Selatan Sdn Bhd (collectively Shell) to acquire Shell's entire 50% participating interests in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (PSC) for a purchase consideration of USD25 million (excluding post completion adjustments and reimbursements to Shell). Shell's interest also include operatorship responsibilities which would transfer from Shell to SEA Hibiscus through a transfer of operatorship programme.

FINANCIAL HIGHLIGHTS

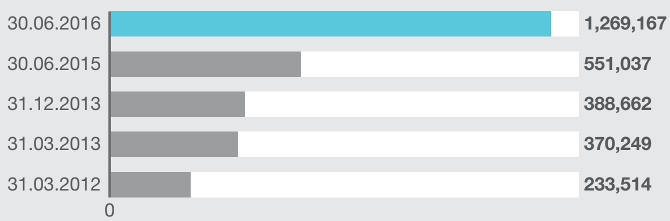
	30.06.2016 RM'000	30.06.2015 RM'000	31.12.2013 RM'000	31.03.2013 RM'000	31.03.2012 RM'000
Revenue	**81,695**	15,586	13,344	8,516	7,961
(Loss)/Profit after taxation	**(59,960)**	(74,216)	12,135	(4,197)	(4,884)
Total assets	**1,269,167**	551,037	388,662	370,249	233,514
Shareholders' equity	**584,259**	511,737	370,135	241,281	232,145

Net assets per share	**RM0.45**	RM0.55	RM0.73	RM0.55	RM0.56
(Loss)/Profit per share	**(5.66 sen)**	(9.68 sen)	2.63 sen	(0.96 sen)	(1.60 sen)

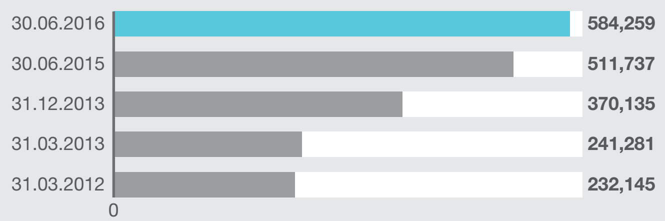
REVENUE
(RM'000)

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

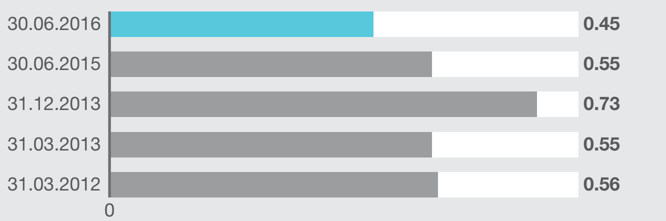
TOTAL ASSETS
(RM'000)



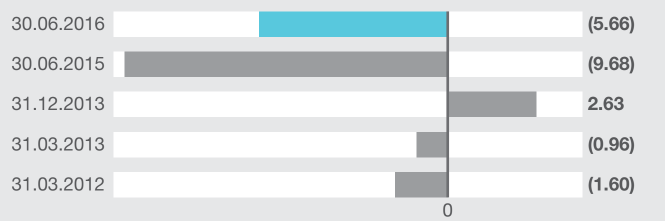
SHAREHOLDERS' EQUITY
(RM'000)



NET ASSETS PER SHARE
(RM)



(LOSS)/PROFIT PER SHARE
(sen)



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dr Kenneth Gerard Pereira
Managing Director

Dato' Roushan Arumugam
Independent Non-Executive Director

Sara Murtadha Jaffar Sulaiman
Independent Non-Executive Director

Thomas Michael Taylor
Senior Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Thomas Michael Taylor
Chairman

Zainul Rahim bin Mohd Zain
Member

Sara Murtadha Jaffar Sulaiman
Member

NOMINATING COMMITTEE

Zainul Rahim bin Mohd Zain
Member

Dato' Roushan Arumugam
Member

Thomas Michael Taylor
Member

REMUNERATION COMMITTEE

Dato' Roushan Arumugam
Chairman

Zainul Rahim bin Mohd Zain
Member

Thomas Michael Taylor
Member

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

STOCK EXCHANGE LISTING

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

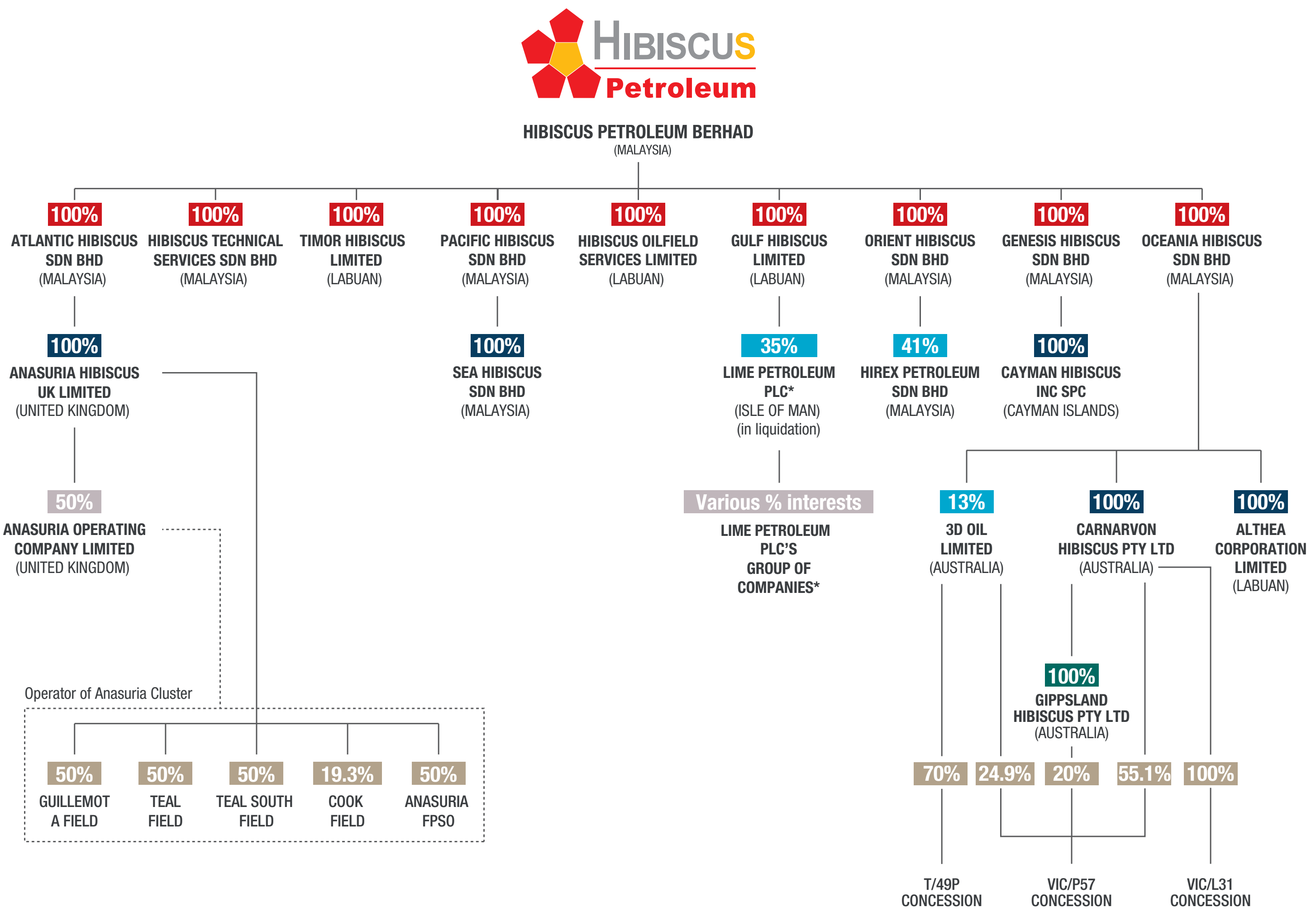
SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222

PRINCIPAL BANKERS

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

CORPORATE STRUCTURE
(AS AT 10 OCTOBER 2016)



Note:
* Subject to claims and ongoing legal proceedings by Hibiscus Petroleum Berhad Group

BOARD OF DIRECTORS

from left to right
Dr Kenneth Gerard Pereira | Zainul Rahim bin Mohd Zain | Sara Murtadha Jaffar Sulaiman | Thomas Michael Taylor | Dato' Roushan Arumugam

BOARD OF DIRECTORS

Zainul brings extensive exploration & production (E&P) experience to the Board, including a 30-year career with Shell.

ZAINUL RAHIM BIN MOHD ZAIN

Non-Independent Non-Executive Chairman
Age: 63
Gender: Male
Nationality: Malaysian
Date appointed to Board: 14 December 2010

QUALIFICATIONS

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

WORKING EXPERIENCE

- 38 years of experience in the oil & gas E&P industry
- Currently serves as Board member of UKM Holdings Sdn Bhd, RedT Energy Plc (formerly known as Camco Clean Energy Plc), Cenergi SEA Sdn Bhd and Malaysian Dutch Business Council
- Previously Board member of Bank Pembangunan Malaysia Berhad, 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

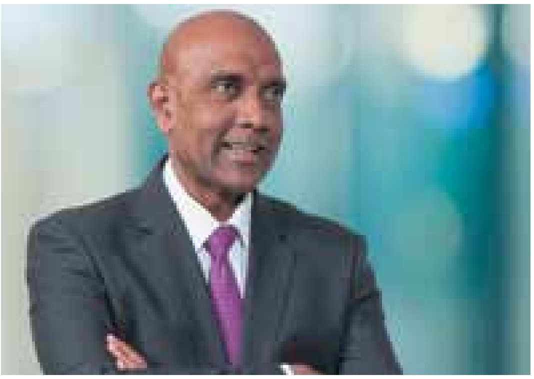
- Member of the Audit and Risk Management Committee
- Member of the Nominating Committee
- Member of the Remuneration Committee

Zainul Rahim bin Mohd Zain, a Malaysian aged 63, was appointed to the Board on 14 December 2010. He is a member of the Audit and Risk Management, Nominating and Remuneration Committees. Zainul graduated with a Bachelor of Engineering, majoring in Mechanical Engineering from the University of Western Australia, Australia.

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

During his tenure as Deputy Chairman of Shell Malaysia, he sat on the boards of 12 companies, including Shell Malaysia Ltd, Shell MDS Sdn Bhd, Shell Trading Sdn Bhd, Sarawak Shell Bhd, Sabah Shell Petroleum Company Ltd and CS Mutiara Petroleum 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 was 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 and Bank Pembangunan Malaysia Bhd from 2010 to 2016. He currently sits on the boards of UKM Holdings Sdn Bhd, RedT Energy Plc, Cenergi SEA Sdn Bhd and the Malaysian Dutch Business Council.



Dr Kenneth keeps the Board looped in on the day-to-day operations of Hibiscus Petroleum.

DR KENNETH GERARD PEREIRA

Managing Director
Age: 58
Gender: Male
Nationality: Malaysian
Date appointed to Board: 13 September 2010

QUALIFICATIONS

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

WORKING EXPERIENCE

- 28 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 (now part of SapuraKencana Petroleum Berhad Group) 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 58, 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 28 years’ experience in the oil and gas industry, both in the services and exploration and production sectors. He began his career with Schlumberger Overseas S.A. in 1983 as a Field Service Engineer working in Brunei, Thailand, France, Libya, Italy, Norway and Tunisia. In 1990, he joined the Sapura Group, overseeing the service of telecommunication products and later, moved to the Group Corporate Planning Department.

In 1997, he was appointed as Vice President of Energy Sector Projects and initiated the building of the oil and gas services business of the company under the Sapura Energy Sendirian Berhad banner. Between 1997 and 2001, several service based businesses in the oil and gas value chain were grown organically or acquired and by 2001, the annual revenue of the oil and gas service business of the Sapura Group was in excess of RM100 million. In 2003, the Sapura Group successfully acquired Crest Petroleum Berhad and he became the Chief Operating Officer (COO) of SapuraCrest Petroleum Berhad (now part of SapuraKencana Petroleum Berhad Group), an oil and gas services company listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities). 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.

BOARD OF DIRECTORS

Dato Roushan's expertise as an analyst adds weight to the investment decisions.

DATO' ROUSHAN ARUMUGAM

Independent Non-Executive Director
Age: 44
Gender: Male
Nationality: Malaysian
Date appointed to Board: 25 July 2011

QUALIFICATIONS

- MBA, Imperial College Business School, Imperial College, London
- MA in Law, University of Bristol, United Kingdom
- MA in English Language and Literature, St. Catherine's College, Oxford University, United Kingdom

WORKING EXPERIENCE

- Currently serves as Director of various companies, notably, Littleton Holdings Pte Ltd, 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, Analyst, Emerging Markets Equity Research, Caspian Securities Ltd, London
- Previously, Consultant at Price Waterhouse, London

MEMBERSHIP ON THE BOARD COMMITTEES

- Chairman of the Remuneration Committee
- Member of the Nominating Committee

Dato' Roushan Arumugam, a Malaysian aged 44, 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 degree 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 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's transactional and investment experience within the oil and gas sector is invaluable to the continued growth of Hibiscus Petroleum.

SARA MURTADHA JAFFAR SULAIMAN

Independent Non-Executive Director
Age: 38
Gender: Female
Nationality: Omani
Date appointed to Board: 27 August 2014

QUALIFICATIONS

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

WORKING EXPERIENCE

- Served as an Investment Director at Arle Capital Partners, an energy focused, London based private equity firm
- Advised on a number of merger and acquisition (M&A) transactions within oilfield services at Simmons and Company International, a specialist energy investment bank
- Was involved in several project finance and M&A 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 COMMITTEE

- Member of the Audit and Risk Management Committee

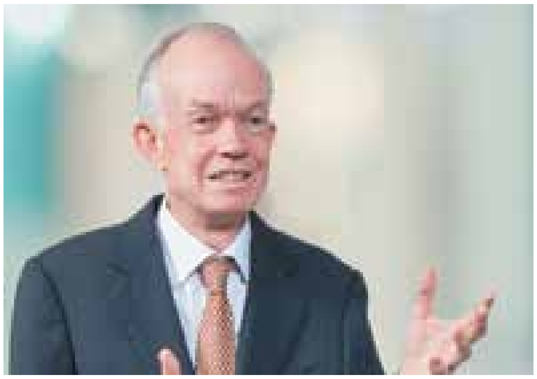
Sara Murtadha Jaffar Sulaiman, an Oman citizen aged 38, was appointed to the Board on 27 August 2014.

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 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 has most recently been an Investment Director at Arle Capital Partners, an energy focused, London based private equity firm, which she joined in 2011.

BOARD OF DIRECTORS



Michael provides financial insight on the oil and gas industry.

THOMAS MICHAEL TAYLOR

Senior Independent Non-Executive Director
Age: 60
Gender: Male
Nationality: British
Date appointed to Board: 1 August 2016

QUALIFICATIONS

- MA, Engineering, University of Cambridge
- Member of the Institute of Management Accountants

WORKING EXPERIENCE

- 28 years' of oil and gas industry experience
- Served as Finance Director of Sakhalin Energy Investment Company, Finance Director of Shell Malaysia, and Finance Director of Brunei Shell Petroleum
- Previously held Board memberships in a number of oil and gas companies, in all sectors of the industry in Malaysia, Brunei, Russia, Hungary and France.

MEMBERSHIP ON THE BOARD COMMITTEES

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

Thomas Michael Taylor, a British citizen aged 60, was appointed to the Board on 1 August 2016 as a Non-Executive Independent Director and was appointed as Senior Independent Director on 11 October 2016. He is also Chairman of the Company's Audit and Risk Management Committee as well as a member of the Nominating and Remuneration Committees.

He graduated with an MA in Engineering from the University of Cambridge in 1978. After Cambridge he joined Unilever PLC in 1979 on their management training programme. As part of this programme he did a variety of finance roles in Unilever's UK businesses and qualified as an accountant becoming a member of the Chartered Institute of Management Accountants.

In 1984, he joined Shell where he worked until his retirement in 2012. During his time with Shell he did a wide variety of financial, audit and HR roles in the UK, the French West Indies, Hungary, Russia, Malaysia and Brunei. Most recently, from 2000 to 2004 he was Finance Director of Sakhalin Energy Investment Company (a joint venture between Shell, Mitsui and Mitsubishi). Then from 2004 to 2009 he was Finance Director of Shell Malaysia and then from 2009 to 2012 he was Finance Director of Brunei Shell Petroleum, a joint venture between Shell and the Government of Brunei.

Whilst in Russia he sat on the Board and Supervisory Board of Sakhalin Energy. In Malaysia, he sat on the boards of 14 companies including Shell Malaysia Ltd, Shell Refining Company (Federation of Malaya) Berhad, SMDS Sdn Bhd, Shell Malaysia Trading Sdn Bhd, Sarawak Shell Bhd, Sabah Shell Petroleum Company Ltd and CS Mutiara Petroleum Sdn Bhd. In Brunei, he was on the boards of Brunei Shell Petroleum, Brunei Shell Marketing and Brunei Shell Tankers. He does not currently hold any other directorships.

OTHER INFORMATION

None of the Directors has:
- Any family relationship with any director and/or major shareholders of the Company;
- Any conflict of interest with the Company; and
- Any convictions for offences for the past five (5) years other than traffic offences.

THE PESSIMIST
COMPLAINS ABOUT
THE WIND.

THE OPTIMIST
EXPECTS IT
TO CHANGE.

THE LEADER
ADJUSTS THE SAILS

LEADERSHIP TEAM AND TECHNICAL EXPERTS

— 01
Dr Kenneth Gerard Pereira
Managing Director

— 02
Vincent Jacob Lee
Chief Financial Officer (CFO)/VP Finance

— 03
Mark John Paton
VP Production and Operations

— 04
Stephen Craig Dechant
VP Exploration and Development

— 05
Ainul Azhar bin Ainul Jamal
Executive Director of HIREX, Asia Pacific

— 06
Dr Pascal Hos
VP New Ventures

— 07
Uday Jayaram
VP Corporate Planning and Investor Relations

— 08
David Jayakumar Richards
VP Geoscience


09


11


14


10


12


15


13


16

— 09
Devarajan Indran
VP Petroleum Engineering

— 10
Lim Kock Hooi
General Counsel

— 11
Deepak Thakur, CFA
Petroleum Economist

— 12
Vivian Phang Mun Yee
Head of HR and Administration

— 13
Joel Sheng
Head of IT and Document Control

— 14
Syarifah Aliza Syed Azauddin
Deputy VP Corporate Finance

— 15
Yip Chee Yeong
Deputy VP Finance

16
Meera Surin Derpall
Business Controller – E&P

LEADERSHIP TEAM AND TECHNICAL EXPERTS

DR KENNETH GERARD PEREIRA

Managing Director

Please refer to page 43 of the Annual Report.

VINCENT JACOB LEE

Chief Financial Officer (CFO)/VP Finance
Age: 42
Gender: Male
Nationality: Malaysian
Date appointed to Company: April 2015
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- Fellow member of the Association of Chartered Certified Accountants, United Kingdom.Leeds, United Kingdom.

WORKING EXPERIENCE

- Over 18 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 clients.

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.

MARK JOHN PATON

VP Production and Operations
Age: 57
Gender: Male
Nationality: British and Australian
Date appointed to Company: March 2013
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- B.Sc (Honours) in Chemical Engineering, University of Leeds, United Kingdom.

WORKING EXPERIENCE

- 36 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 AUD85 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.

STEPHEN CRAIG DECHANT

VP Exploration and Development
Age: 59
Gender: Male
Nationality: American
Date appointed to Company: October 2012
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- B.Sc in Civil Engineering, Kansas State University, United States of America.

WORKING EXPERIENCE

- Over 31 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 is a director of Althea Corporation Limited.

AINUL AZHAR BIN AINUL JAMAL

Executive Director of HIREX, Asia Pacific
Age: 56
Gender: Male
Nationality: Malaysian
Date appointed to HIREX: July 2013
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- B.Sc in Electrical Engineering, University of Sussex, United Kingdom.
- Attended Daniels Business School, at University of Denver, Colorado and The Institute for Management Development, Lausanne, Switzerland.

WORKING EXPERIENCE

- 32 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.

LEADERSHIP TEAM AND TECHNICAL EXPERTS

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.

DR PASCAL HOS

VP New Ventures
Age: 45
Gender: Male
Nationality: Dutch
Date appointed to Company: February 2011
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- PhD in Mechanical Engineering, Rice University, Texas, USA.
- B.Sc in Mechanical Engineering.

WORKING EXPERIENCE

- 16 years' experience in general management, field development, reservoir engineering, production technology and rock mechanics in major local and foreign companies. Includes experience in project management, field development planning, development project execution, well and reservoir management and reserves reporting.

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 on October 2014. He was subsequently redesignated as VP, New Ventures of the Company on 8 May 2016.

UDAY JAYARAM

VP Corporate Planning and Investor Relations
Age: 48
Gender: Male
Nationality: Malaysian
Date appointed to Company: April 2014
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- B.Sc (Honours) in Economics majoring in Accounting and Finance, London School of Economics, United Kingdom.
- Chartered Accountant, Institute of Chartered Accountants of England and Wales.

WORKING EXPERIENCE

- 23 years' 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 licences 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.

DAVID JAYAKUMAR RICHARDS

VP Geoscience
Age: 53
Gender: Male
Nationality: Malaysian
Date appointed to Company: October 2011
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- B.Sc (Honours) in Earth Science, Universiti Kebangsaan Malaysia (National University of Malaysia).

WORKING EXPERIENCE

- 27 years' 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 27 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.

LEADERSHIP TEAM AND TECHNICAL EXPERTS

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.

DEVARAJAN INDRAN

VP Petroleum Engineering
Age: 50
Gender: Male
Nationality: Malaysian
Date appointed to Company: November 2014
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- B. Petroleum Engineering, Universiti Teknologi Malaysia.

WORKING EXPERIENCE

- 25 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 Optimisation, Sand Control, Waterflooding and Production Monitoring/Optimisation. He also has very strong mentoring and leadership skills.

Dev is a director of Carnarvon Hibiscus Pty Ltd, Gippsland Hibiscus Pty Ltd, HiRex Petroleum Sdn Bhd and Anasuria Hibiscus UK Limited.

LIM KOCK HOOI

General Counsel
Age: 59
Gender: Male
Nationality: Malaysian
Date appointed to Company: October 2014
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- Fellow of the London-based Chartered Institute of Arbitrators.
- LLB (Honours), University of London.
- B.Sc (Honours) in Applied Geology, University of Malaya.

WORKING EXPERIENCE

- Over 26 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 USA-based E&P start-up, as the Senior Vice President, Legal for the Asia-Pacific region.

Lim has over 26 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 joined the Company on 1 October 2014 and is a director on the boards of several companies including Anasuria Hibiscus UK Limited.

DEEPAK THAKUR, CFA

Petroleum Economist
Age: 34
Gender: Male
Nationality: Indian
Date appointed to Company: March 2012
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, United States of America (2013-16)
- MBA (Major in Finance), Indian Institute of Management (IIM), Bangalore, India (2008-10).
- B.Tech in Petroleum Engineering, Indian Institute of Technology (IIT), Dhanbad, India (2001-05).

WORKING EXPERIENCE

- Over 9 years' experience in oil & gas industry in a career dedicated to developing financial models & cash flows, performing valuation & sensitivity analysis, financial due diligence and reservoir engineering.

Deepak started his career in 2005 as Petroleum Engineer with Prize Petroleum, Gurgaon, India, where he worked on reservoir simulation, well test analysis and developing strategies for offshore oil project near Bombay High. In 2009, he joined Morgan Stanley, Mumbai, India as a Summer Analyst and worked on valuation models for the oil & gas and banking sector and Black-Scholes derivative model.

In 2010, Deepak joined Business Leadership Program (BLP) of Essar in Mumbai, India and worked on several oil & gas opportunities such as Nigerian Oil & Gas assets, Bangladesh Gas assets, Tanzania Gas assets and Indian PSCs.

VIVIAN PHANG MUN YEE

Head of HR and Administration
Age: 47
Gender: Female
Nationality: Malaysian
Date appointed to Company: January 2015
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- MBA, University of Dubuque, USA.
- B.Sc in Business Administration (Human Resources), San Francisco State University, USA.

WORKING EXPERIENCE

- 23 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.

LEADERSHIP TEAM AND TECHNICAL EXPERTS

JOEL SHENG

Head of IT and Document Control
Age: 45
Gender: Male
Nationality: Malaysian
Date appointed to Company: July 2012
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- Diploma in National Computing Centre (UK), Systematic College.

WORKING EXPERIENCE

- 24 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 solutions. 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.

SYARIFAH ALIZA SYED AZAUDDIN

Deputy VP Corporate Finance
Age: 41
Gender: Female
Nationality: Malaysian
Date appointed to Company: September 2011
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- MBA, International Islamic University of Malaysia.
- B.Arts (Hons) in Accountancy and Finance, Lancaster University, UK.

WORKING EXPERIENCE

- 20 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.

YIP CHEE YEONG

Deputy VP Finance
Age: 42
Gender: Male
Nationality: Malaysian
Date appointed to Company: November 2013
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- Fellow member of the Association of Chartered Certified Accountants, England and member of the Malaysian Institute of Accountants, Malaysia.
- Association of Chartered Certified Accountants qualification, England.
- Bachelor of Arts in Accounting and Finance, Middlesex University, London, England.

WORKING EXPERIENCE

- 22 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 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 UK Ltd, 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 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.

MEERA SURIN DERPALL

Business Controller – E&P
Age: 42
Gender: Female
Nationality: Malaysian
Date appointed to Company: February 2012
List of convictions for offences within the past five (5) years other than traffic offences: Nil

QUALIFICATIONS

- Member of the Malaysian Institute of Certified Public Accountants (MICPA).
- B.Accounting, University of Malaya, Malaysia.
- 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.

WORKING EXPERIENCE

- Over 18 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.

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.

STATEMENT OF CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS OF HIBISCUS PETROLEUM BERHAD (HIBISCUS PETROLEUM) 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 in 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 has 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) with the aim of ensuring the Board's effectiveness in enhancing the Group's value.

The Board has approved this statement and is satisfied that throughout the financial year ended 30 June 2016 and up to 11 October 2016, the Group has applied the principles and recommendations outlined in the CG Code, where necessary and appropriate.

SUMMARY OF KEY ACTIVITIES OF THE BOARD DURING FINANCIAL YEAR ENDED 30 JUNE 2016

Summary of key matters deliberated by the Board during the course of the financial year ended 30 June 2016:

(a) One of the key roles and responsibilities of the Board is to define and set the strategic direction of the Company. As in previous years, the Board reviewed the strategies, budgets and targets developed by the Management team. The Company remains focused in delivering sustainable returns to the shareholders. In a challenging economic environment, the Board also focused on expenditure optimisation strategies whilst prioritising expansion strategies in tandem with current and potential market changes, particularly the fall in oil prices.

The Board believes that an effective company should be forward looking, especially in this challenging and volatile oil and gas environment. Companies must be nimble and quick to make decisions in order to seize appropriate opportunities. Therefore, during the year, the Board allocated more time at the quarterly and Board meetings for discussions in relation to strategic planning and performance of the Company with respect to the key risks faced.

(b) As part of the oversight responsibility, the Board reviewed the Group's operating results on a quarterly basis.

(c) During the year, the Company had completed the acquisition of Anasuria Cluster which generated a significant fair value gain and provides the Company a firm platform for recurring cash flows and profits for the foreseeable future to the Company.

(d) The Board also reviewed the adequacy of the Group's controls and risk management plans through-out the year. The Audit and Risk Management Committee (ARMC) assisted the Management team in reviewing the status of risk management activities by the respective business segments on a quarterly basis.

(e) The Board also reviewed the progress of legal proceedings against various parties with respect to the investments in Lime Group and made the decision to impair the entire carrying value of this investment to present a prudent view in the financial reports (without prejudice to our legal claims and on an all rights reserved basis).

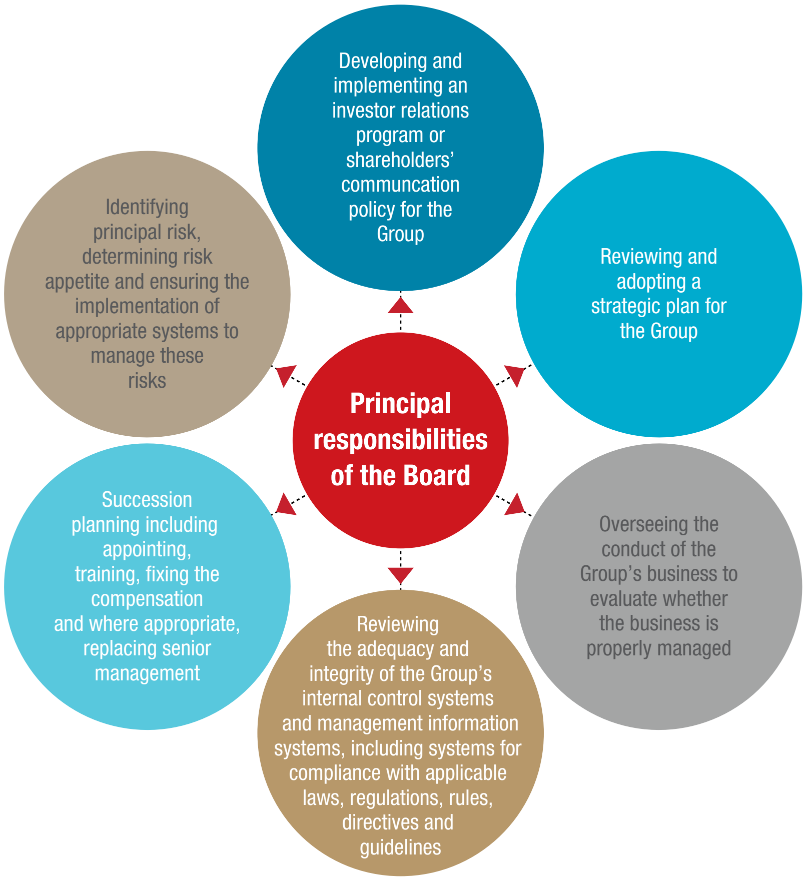
(f) The effectiveness of the Board, Board Committees and their respective charters/terms of reference to bring the provisions in line with best practices, were assessed. Through the ARMC, the Board also assessed the efficacy of external and internal auditors in discharging their duties.

(g) The Board also met twice, in accordance with the terms of reference of the ARMC, with the external auditors without the presence of Management to confirm that there was no undue influence or interference applied by Management to the audit teams.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board has a wide responsibility which are discharged in the best interest of the Company in pursuance of its commercial objectives. The Board plays an active role to guide the strategic direction, supervise management, review performance and determine the risk parameters. The Board's Terms of Reference (TOR) contains specific guidance to the Directors on, inter alia, the key values, principles and ethos of the Group, the Board's principal responsibilities, specific delineated key matters which are reserved for the Board's approval (Reserved Matters), Directors' qualification standards, orientation and training, compensation, code of conduct, annual performance evaluation, access to independence advice, the division of responsibilities and Board meeting procedures. The Board Charter, List of Reserved Matters and TOR of the Board Committees are published on Hibiscus Petroleum's website, http://www.hibiscuspetroleum.com/ and are reviewed periodically.

The principal responsibilities as the Board are mapped out in the diagram below:



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 Reserved Matters, from 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 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 the 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.

STATEMENT OF CORPORATE GOVERNANCE

The Board has established three Board Committees namely, the 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 Chairman of the respective Board Committees who will address the Board on key matters discussed.

STAKEHOLDERS

BOARD OF DIRECTORS

- Provides strategic leadership necessary to enable the Group's business objectives to be met within a framework of internal controls
- Ensures that the interest of the stakeholders are safeguarded
- Responsible for overseeing the Management and business affairs and makes all the policy decisions of the Group

ARMC
Monitors integrity of financial statements, risk management and internal controls, and effectiveness of external and internal audit processes

NC
Ensures that the Group adheres to corporate governance best practices and reviews Board composition, skills and mix

RC
Ensures that the remuneration strategy and policy, for the Non-Executive Directors, Managing Director and Senior Management are aligned to the business and interest of the stakeholders

MANAGING DIRECTOR

LEADERSHIP & TECHNICAL EXPERTS

- Has the overall responsibility over day-to-day operations and management
- Ensures organisational effectiveness and implementation of Board policies, strategies and decisions
- Responsible for providing leadership to Management and advancing relationships with regulators

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 behaviour;

(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 plans and short-term cash flow 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;

STATEMENT OF CORPORATE GOVERNANCE

(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 reflective of the market environment;

(g) Ensures compliance with governmental procedures and regulations;

(h) Coordinates business plans with the respective business 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 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 Chairman of the ARMC or 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 the 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.

1.3 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 in ensuring that the health and safety of the employees and those affected by the business, the physical assets and the Group's reputation, and the environment in which the Group operates are protected. While the Board recognises that HSSE is the responsibility of everyone, policies and protocols are designed and implemented for the well-being of employees with the goal being to attain zero injuries, by encouraging a sense of duty amongst employees to discourage unsafe actions and reinforce good behaviour. Additionally, the Group ensures that the work environment provided is a healthy, safe and secure place for everyone. It is the firm belief of the Board that the safe delivery of projects and operation facilities is a critical success factor.

All management decisions have, and will continue to reflect the intentions of the HSSE policy and proper direction, education, training and supervision will be provided to ensure employees understand the required behaviours and the subsequent consequences of non-compliance towards the policy. The Group intends to achieve this by regularly reviewing the HSSE policy and making improvements, through 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 the Group operates.

(b) Corporate Social Responsibility

As the Group has yet to achieve profits after tax, 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, the Group has 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. The Group regards this effort as its 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 new quality producing assets to ensure not only the near-term generation of revenue but its sustainability in the long-term.

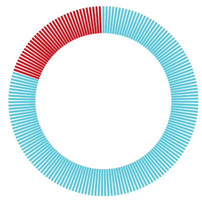
1.4 Workforce Diversity

The Group is 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 in influenced 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 the Group. Women continue to make up 48.57% of the total workforce as at 11 October 2016.

In addition, 20% of the Senior Management and 20% of the Board of Directors are female.

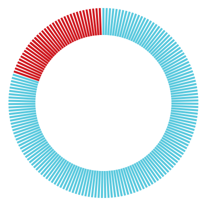
Board of Directors

Male 80%
Female 20%



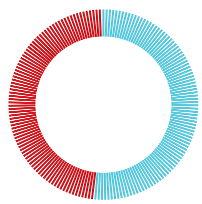
Senior Management

Male 80%
Female 20%



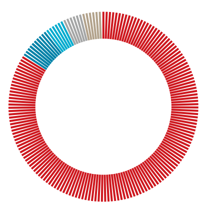
Workforce

Male 51.43%
Female 48.57%



Nationalities

Malaysian 85%
Indian 3%
Australian 3%
American 6%
Dutch 3%



STATEMENT OF CORPORATE GOVERNANCE

1.5 Access to Information and Advice

The Directors have full and unrestricted access to information pertaining to the businesses and affairs of the Group, and may obtain independent professional advice at the expense of the Company as entrenched in the Board Charter.

1.6 Qualified and Competent Company Secretaries

The Board is supported by the services of qualified Company Secretaries. Their responsibilities include advising the Board and Management on matters relating to the constitution of companies and facilitating compliance with the Listing Requirements and the relevant companies' legislations. The Company Secretaries provide support in the execution of corporate proposals and acts as the Secretary to the Board Committees. In addition to their statutory duties, the Company Secretaries also facilitate communication between the Board and Management.

The Company Secretaries issue a formal Notice of Board Meeting and agenda together with a comprehensive set of meeting papers ahead of each Board meeting electronically. This has enabled the Directors to have immediate access to the meeting materials.

2. STRENGTHENING COMPOSITION

2.1 Criteria for Recruitment and Annual Assessment of Directors

Appointment of Directors and Board Diversity

An effective Board should have a diverse suite of knowledge and experience, and it is equally important for Directors to complement each other in respect of personality and background to have a more cohesive Board. The selection criteria which is more particularly set out on pages 71 to 72, takes into account feedback obtained from the Board and Board Committees Assessment undertaken by the NC annually. The Board will ultimately make the appointment based on merit and contribution to the overall working of the Board. In relation to gender diversity, the Board members include a female Director who has been appointed to the Board based on her knowledge, skills and experience.

In respect of gender diversity within the Group, we are pleased that 48.57% of the employees are female.

2.2 Annual Assessment of Directors

The Board annually assesses the effectiveness of the Board as a whole, Board Committees and Directors individually through the NC. Further details are shared in the Report of the NC on pages 71 to 72. In August 2016, the NC conducted an assessment of the Board's effectiveness and recommended the re-election of Encik Zainul Rahim bin Mohd Zain, the Director who is retiring by rotation in accordance with Article 123 of the Company's Articles of Association and Mr Thomas Michael Taylor the Director who is seeking for re-election in accordance with Article 101 of the Company's Articles of Association at the forthcoming AGM in December 2016. The Board (save for the interested Directors who have abstained from deliberations) is satisfied that they have continued to contribute to the Board's effectiveness and have discharged their responsibilities as Directors. Therefore, their re-election to the Board is recommended for the shareholders' approval.

2.3 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 (SPAC) 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 Directors' fee presently paid to a Non-Executive Director is RM36,000 per annum. The Directors are also, inter-alia, reimbursed for expenses reasonably incurred in the course of their duties.

2.4 Remuneration of Managing Director

The Managing Director is remunerated in accordance with the terms of his employment contract. His remuneration 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.

The breakdown of the Managing Director's remuneration can also be referred to in the Audited Financial Statements on page 160.

2.5 Analysis of Total Non-Executive Directors' Fees in respect of financial year ended 30 June 2016

The aggregate amount of Directors' fees paid in respect of financial year ended 30 June 2016 amounted RM164,226.

The details of the Directors' fee and other remuneration paid to the Non-Executive Directors are set out below.

Non-Executive Directors	Fee (RM)
Zainul Rahim bin Mohd Zain	36,000
Datuk Zainol Izzet bin Mohamed Ishak[1]	16,065
Datin Sunita Mei-Lin Rajakumar[2]	36,000
Dato' Roushan Arumugam	36,000
Tay Chin Kwang[3]	4,161
Sara Murtadha Jaffar Sulaiman	36,000
Thomas Michael Taylor[4]	Nil

The breakdown of the Directors' remuneration can also be referred to in the Audited Financial Statements on page 160.

Notes:
1 Retired on 11 December 2015
2 Resigned on 1 August 2016
3 Resigned on 12 August 2015
4 Appointed on 1 August 2016

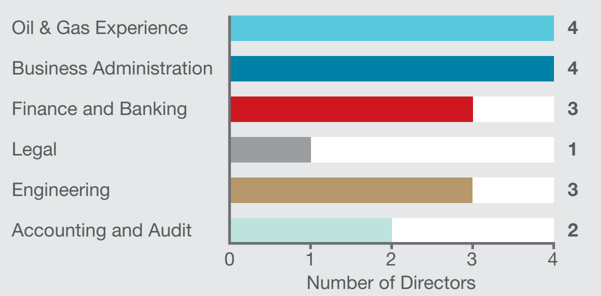
3. BOARD STRUCTURE

3.1 Board Composition

The Board, as of the date of this statement, comprises 5 members including the Managing Director and 4 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. 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 the Directors are set out on pages 42 to 46 of this report.

The background and experience of the Directors are shown below:

QUALIFICATIONS AND EXPERIENCE



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.

STATEMENT OF CORPORATE GOVERNANCE

3.2 Tenure of Independent Directors

In respect of financial year ended 30 June 2016, the tenure of the Independent Non-Executive Directors is as follows:

Independent Non-Executive Directors	Appointed Date	Tenure
Datuk Zainol Izzet bin Mohamed Ishak[1]	13 September 2010	5 years
Datin Sunita Mei-Lin Rajakumar[2]	14 December 2010	5 years
Dato' Roushan Arumugam	25 July 2011	5 years
Tay Chin Kwang[3]	14 June 2012	3 years
Sara Murtadha Jaffar Sulaiman	27 August 2014	1 year
Thomas Michael Taylor[4]	1 August 2016	Less than 1 year

Notes:
1 Retired on 11 December 2015
2 Resigned on 1 August 2016
3 Resigned on 12 August 2015
4 Appointed on 1 August 2016 which is after the financial year ended 30 June 2016

The Independent Non-Executive Directors are assessed annually based on the criteria which the Board has established. In assessing independence, we have considered the CG Code's recommendation for the tenure of Independent Directors to be limited to nine years, and hence, do not encourage a Director whose term of appointment has exceeded a cumulative period of nine years to be retained as an Independent Director. At this juncture, there is no such Director who has served for such an extended period of time. However, if and when such an occasion arises, the experience and knowledge of long-service Directors would be taken into consideration and the Board has authorised the NC to conduct an assessment of the independence of such Directors prior to seeking shareholders' approval to retain such Independent Non-Executive Directors on the Board.

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 meetings, Board Committee meeting and other types of meetings. Furthermore, the annual Board meeting calendar is planned and agreed by the Directors prior to the commencement of each new financial year.

We have enhanced procedures for acceptance of external directorships. The Directors are required to provide immediate notification to the Chairman of the Board when accepting any new directorships to ensure that there are no potential conflicts of interest. Any change to their directorships will be tabled at the quarterly Board meetings. None of the Directors are Directors of more than five public listed companies and we are satisfied that the present directorships in external organisations held by the Directors do not give rise to any conflicts of interests nor impair their ability to discharge their responsibilities to the Group.

A total of 8 Board meetings and 5 ARMC meetings were held during financial year ended 2016. 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 held during the financial year	**8**	**5**	**2**	**1**
Zainul Rahim bin Mohd Zain	7/8	4/5	2/2	1/1
Dr Kenneth Gerard Pereira	8/8	n/a	n/a	n/a
Datuk Zainol Izzet bin Mohamed Ishak[1]	3/5	2/3	0	0
Datin Sunita Mei-Lin Rajakumar[2]	8/8	5/5	2/2	1/1
Dato' Roushan Arumugam	4/8	n/a	2/2	1/1
Tay Chin Kwang[3]	0	n/a	n/a	n/a
Sara Murtadha Jaffar Sulaiman[4]	7/8	4/4	n/a	n/a
Thomas Michael Taylor[5]	n/a	n/a	n/a	n/a

Notes:
1 Retired on 11 December 2015
2 Resigned on 1 August 2016
3 Resigned on 12 August 2015
4 Appointed as a member of the ARMC with effect from 26 August 2015
5 Appointed as an Independent and Non-Executive Director and as the Chairman of the ARMC on 1 August 2016. He was subsequently appointed as a member of the NC on 16 August 2016

4.2 Decision of the Board

Pursuant to Article 140 of Articles of Association, decisions of the Board at a physically convened Board meeting shall be decided by a majority of votes or alternatively, circular resolutions must be signed by a majority of the Directors or their alternates. The Company Secretary keeps the Minutes of the Board meetings, a draft of which is circulated to Management and Directors for their comments prior to approval by the Chairman. To date, all resolutions have been unanimously approved by the Board.

4.3 Directors' Training

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 external training programmes which come to the attention of the Company.

It is the Group's policy that an induction programme be arranged for newly appointed Director(s) which include briefings by the Senior Management team and a visit to the Company's head office in Kuala Lumpur. The Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities.

STATEMENT OF CORPORATE GOVERNANCE

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

Date	Courses
31.07.2015	Bursa Securities: Corporate Governance (CG) Breakfast Series with Directors – Bringing the Best out of Directors
22.10.2015	ICLIF and Bursa Securities: Board Chairman Series: Tone from the Chair and Establishing Boundaries
23.10.2015	PricewaterhouseCoopers: Directors Training – Briefing on Integrated Reporting
06.11.2015	Bursa Securities: Invitation to Focus Group on AGM Guide
26.11.2015	MINDA: Board Reward and Recognition
04.12.2015	Hai-O Enterprise Berhad In-House Training: Valuation of New Projects and Ventures by Lee Hock Chye
05-15.01.2016	Ministry of Culture Lab Conference
26.02.2016	Bursa Securities: CG Breakfast Series for Directors – Improving Board Risk Oversight Effectiveness
11.03.2016	Bursa Securities: Ring The Bell for Gender Equality
21-22.03.2016	8^{th} Annual Corporate Governance Summit “Decoding Uncertainties, Delivering Values”
22-25.03.2016	Petronas Offshore Technology Conference Asia (OTC Asia) Advisory Committee for the 2^{nd} OTC Asia 2016 held in Kuala Lumpur
22.03.2016	Petronas: OTC Asia
05.04.2016	Bursa Securities: Fraud Risk Management – Workshop
27.04.2016	Securities Commission of Malaysia: The Role of Corporate ASEAN in driving the Sustainable Development Goals
06.05.2016	Bursa Securities: CG Breakfast Series with Directors – “The Strategy, The Leadership, the Stakeholders and the Board”
08.05.2016	PEMANDU in collaboration with the Ministry of Women, Family and Community Development: Lead the Change – Getting Women on Boards
11.05.2016	KPMG: Cybersecurity & Risk Consulting
15.05.2016	Boardroom Corporate Services: Aon Hewitt’s Paving The Road Ahead Breakfast Talk
30.05.2016	The Shell New Lens Scenarios: Geopolitical Trends and The Global Energy Landscape
27.06.2016	Bursa Securities: CG Breakfast Series for Directors “Future of Auditor Reporting” – The Game Changer for Boardroom
25.07.2016	FIDE Forum: “3 Distinguished Board Leadership Series” – Effective Board Evaluation By Ms Beverly Behan
05.08.2016	Introduction/Orientation to the Company by Senior Management Team

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 provisions of the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia (Act).

The ARMC members, chaired by Datin Sunita Mei-Lin Rajakumar until her resignation on 1 August 2016 and subsequently by Mr Thomas Michael Taylor, 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.

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. In respect of financial year ended 30 June 2016, Messrs PricewaterhouseCoopers has re-affirmed their independence to act as the Company's External Auditors in accordance with the relevant professional and regulatory requirements.

An assessment of their performance was undertaken by the ARMC.

The areas of assessment were:

(i) the quality and rigour of the audit performed;
(ii) the quality of service provided; and
(iii) the audit firm's reputation.

Based on the abovementioned confirmation by Messrs PricewaterhouseCoopers and the assessment undertaken, the ARMC believes that the independence of Messrs PricewaterhouseCoopers has been maintained. The ARMC is satisfied that Messrs PricewaterhouseCoopers has performed satisfactorily throughout the financial year ended 30 June 2016.

Accordingly, the ARMC supports the resolution for their re-appointment and remuneration at the forthcoming Annual General Meeting (AGM) on 6 December 2016.

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. During the financial year ended 30 June 2016, the Group incurred approximately RM729,087 in non-audit fees representing 49.3% of the total fees to 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 pages 77 to 83 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.

STATEMENT OF CORPORATE GOVERNANCE

7. TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure

The Company is guided by the Corporate Disclosure Guide for Directors issued by Bursa Securities to promote timely and high quality disclosure of material information to the public. We have enhanced a process for the preparation of announcements to Bursa Securities, which is coordinated between the Corporate Finance, Company Secretary, Investor Relations, Finance, and Legal teams 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 will be obtained. Otherwise, the approval of the Managing Director is obtained.

As a responsible corporate citizen, the Group's spokespersons adhere to the Corporate Disclosure Policies and Procedures in their interaction with the Group's stakeholders.

7.2 Leveraging on Information Technology

The Group leverages on information technology to disseminate vital information to the public. From the website (www.hibiscuspetroleum.com), the stakeholders can access information such as annual reports, notice of general meetings, investor briefing slides, press releases and public announcements, amongst others.

There are also dedicated sections on corporate governance and financial results.

8. STRENGTHENING RELATIONSHIP BETWEEN SHAREHOLDERS AND INVESTORS

8.1 Encouraging Shareholder Participation

We recognise the importance of shareholder engagement, which is reflective of the Board's fiduciary duties to the shareholders. The Board believes that clear and consistent communication encourages a better appreciation of the business and activities, and allows the business and prospects to be better understood and evaluated properly by the shareholders.

Press conferences are initiated at regular intervals to keep the media abreast on the Group's performance and recent developments, amongst others.

8.2 AGM

The Notice convening the 2016 AGM was issued to shareholders on 31 October 2016, in compliance to the terms of the Listing Requirements to provide sufficient notice to the shareholders.

We are pleased to receive support from the shareholders as indicated by their active participation at the AGM last year, which was held on 11 December 2015.

All the Directors and Senior Management together with the key corporate advisors attended the 2015 AGM. The AGM in 2015 lasted approximately 1½ hours, with presentations from the Managing Director on operational and financial performance for the past financial year. The shareholders were then given the opportunity to raise questions on the agenda items to the Board and Management.

The Chairman highlighted the voting procedures to the shareholders, including the right to demand for a poll.

The outcome of each resolution was subsequently announced upon voting for each resolution. Minutes of the AGM are recorded by the Company Secretaries and are available upon request by a shareholder in accordance with the Act.

The Board also encourages other channels of communication with the stakeholders.

If required, queries or concerns may be directed to the Board through the Chairman or the Senior Independent Director:

Encik Zainul Rahim bin Mohd Zain (Chairman)
Email : zainulrahim@hibiscuspetroleum.com
Tel : +603 2092 1300
Fax : +603 2092 1301

Mr Thomas Michael Taylor (Senior Independent Director)
Email : tmiketaylor@hibiscuspetroleum.com
Tel : +603 2092 1300
Fax : +603 2092 1301

REPORT OF THE NOMINATING COMMITTEE

This report has been reviewed by the Nominating Committee (NC) approved by the Board of Directors of HIbiscus Petroleum Berhad (Hibiscus Petroleum) for inclusion in this Annual Report.

1. COMPOSITION

The NC was established on 26 February 2011 and comprises three members who are exclusively of Non-Executive Directors in compliance with the CG Code.

The NC membership is set out below:

Name of Committee Member	Appointment Date	Designation
Thomas Michael Taylor	15 August 2016	Member/Senior Independent Non-Executive Director
Zainul Rahim bin Mohd Zain	26 February 2011	Member/Non-Independent Non-Executive Director
Dato' Roushan Arumugam	28 March 2013	Member/Independent Non-Executive Director

Notes:
Previous NC members who have served on the Board of the NC during the financial year ended 30 June 2016 and have retired/resigned as at the date of this report:

- Datuk Zainol Izzet bin Mohamed Ishak (retired on 11 December 2015)
- Datin Sunita Mei-Lin Rajakumar (resigned on 1 August 2016)

2. TERMS OF REFERENCE (TOR)

The TOR of the NC are published on Hibiscus Petroleum's website: www.hibiscuspetroleum.com

(i) Nomination, Election and Selection of Directors

The Company Secretaries monitor the Directors' retirement by rotation at each Annual General Meeting (AGM) and submits the proposal to the NC in accordance with the Articles of Association, which requires one-third of the total number of Directors, or if the number is not a multiple of three, the number nearest to one-third, to retire by rotation at the AGM each year. The NC will review the performance of the said Director(s) who are retiring by rotation as part of the Annual Board Assessment and make the appropriate recommendation to the Board.

In respect of new Board appointees, the NC evaluates a potential Board candidate based on established selection criteria, which include among others:

- Education and experience on areas that are relevant to the Group's strategies and business plan
- Character of the individual to ensure that there will be a right fit
- Ability to dedicate sufficient time to discharge his/her responsibilities
- Unblemished reputation for integrity and ability to exercise good business judgment

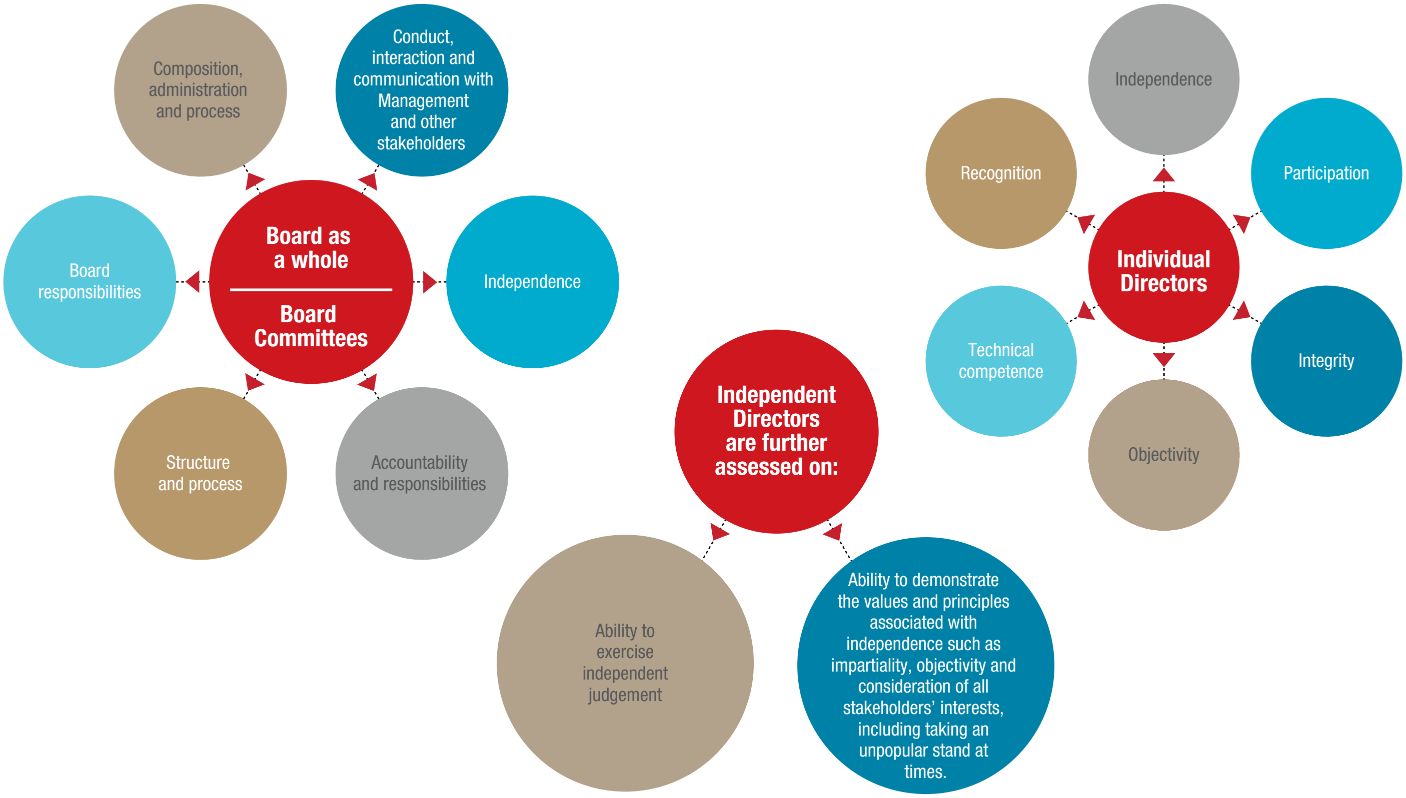
Each Director will be given the opportunity to meet the proposed candidate before appointment. The NC will then recommend the candidate to the Board for its final decision.

REPORT OF THE NOMINATING COMMITTEE

BOARD EFFECTIVENESS EVALUATION

The Board Assessment is facilitated by the NC annually with the support of the Company Secretaries and the findings are presented to the Board.

The parameters used in the assessment are briefly set out below:



The NC held 2 meetings in the financial year ended 30 June 2016 and discussed, inter alia, on the following matters:

(a) Reviewed the TOR of the NC to ensure they are in line with the regulations;

(b) Reviewed the appointment of Mr Thomas Michael Taylor as a Director and as a Chairman of the Audit and Risk Management Committee (ARMC), in place of Datin Sunita Mei-Lin Rajakumar who resigned on 1 August 2016;

(c) Administered the annual Board assessment for the period from 1 July 2015 to 30 June 2016 in August 2016 on the mix of skills, professionalism, competency, integrity, diversity and gender. Based on the results, the Board is satisfied that the Board as whole, Board Committees, Board Chairman and Chairman of the respective Committees and the Directors individually have performed well and continued to discharge their responsibilities as expected of them. The Directors believe that the effectiveness of the Board can be further enhanced by appointing fresh members to the Board to add more diversity of thought; and

(d) Assessed the independence of Datin Sunita Mei-Lin Rajakumar, Dato' Roushan Arumugam and Miss Sara Murtadha Jaffar Sulaiman. All the Independent Directors satisfied the criteria of independence pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

REPORT OF THE REMUNERATION COMMITTEE

This Report has been reviewed by the Remuneration Committee (RC) and approved by the Board of Directors of Hibiscus Petroleum Berhad (Hibiscus Petroleum) for inclusion in this Annual Report.

The RC was established on 26 February 2011 and comprises exclusively of Non-Executive Directors.

The RC membership is 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
Thomas Michael Taylor	15 August 2016	Member/Independent Non-Executive Director

Notes:
Previous RC members who have served on the Board of the RC during the financial year ended 30 June 2016 and have retired/resigned as at the date of this report:

- Datuk Zainol Izzet bin Mohamed Ishak (retired on 11 December 2015)
- Datin Sunita Mei-Lin Rajakumar (resigned on 1 August 2016)

The primary function of the RC is to set up the policy framework and recommend to the Board on remuneration packages. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The determination of the remuneration for the Non-Executive Directors will be a matter to be decided by the Board as a whole with the Directors' concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board recommends the Directors' fee payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the Annual General Meeting (AGM).

Summary of activities undertaken by the RC in respect of the financial year ended 30 June 2016 is as follows:

The RC held 1 meeting in the financial year ended 30 June 2016, inter alia, on the following matters:

(a) Reviewed the TOR of the RC to ensure that they are in line with the regulations; and

(b) Reviewed the benchmarking of the Non-Executive Directors' fee against that of other similiar public listed companies. Following the review, the RC recommended a revision to the Company's Non-Executive Directors' fee and a new meeting allowance benefit for the Non-Executive Directors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

THE AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC) IS PLEASED TO PRESENT THE ARMC REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 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 year ended 30 June 2016, is reflected below:

Name	Designation	Directorship	Attendance at ARMC Meetings
Datin Sunita Mei-Lin Rajakumar[1]	Chairperson	Independent Non-Executive Director	5/5
Thomas Michael Taylor[2]	Chairman	Independent Non-Executive Director	n/a
Zainul Rahim bin Mohd Zain	Member	Non-Independent Non-Executive Chairman	4/5
Sara Murtadha Jaffar Sulaiman[3]	Member	Independent Non-Executive Director	4/4
Datuk Zainol Izzet bin Mohamed Ishak[4]	Member	Senior Independent Non-Executive Director	2/3
Tay Chin Kwang[5]	Member	Independent Non-Executive Director	n/a

Notes:
- 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 Chairman of the ARMC.

1 Resigned as Chairperson and member on 1 August 2016
2 Appointed as Chairman on 1 August 2016
3 Appointed with effect from 26 August 2015
4 Ceased as member on 11 December 2015
5 Resigned with effect from 12 August 2015

In line with Paragraph 15.09(1)(b) of the MMLR, all ARMC members are Non-Executive Directors, with the 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.

SUMMARY OF THE ARMC ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

In accordance with the approved Terms of Reference (TOR) of the ARMC, the ARMC carried out the following activities in discharging its functions and duties during the financial year ended 30 June 2016:

1. Reviewed and recommended for Board of Directors of Hibiscus Petroleum Berhad (Hibiscus Petroleum) approval the draft ARMC Report and draft Statement of Risk Management and Internal Control in the Company's Annual Report for the financial year ended 30 June 2015;

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

3. Reviewed the draft audited financial statements of the Group and the Company for the financial year ended 30 June 2015, 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 the external auditors' audit plan and the audit fee of the Group for the financial year ended 30 June 2016;

7. Discussed on developments in financial reporting and standards with external auditors in relation to future financial years/periods;

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. Deliberated and approved the renewal of the Internal Auditors' engagement;

14. Conducted two (2) meetings with the external auditors, and one (1) meeting with the internal auditors without the presence of the Management;

15. Reviewed the internal audit plan and scope of work for the financial year ended 30 June 2016 for the Group;

16. Reviewed the internal audit report on the design and function of the Enterprise Risk Management (ERM) process for the Group, which also incorporated audit findings, recommendations and Management responses, for the Group and the Company by the external service provider for internal audit services;

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

18. 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);

19. Reviewed the related party transactions; and

20. Approved and adopted Related Party Transaction and Recurrent Related Party Transaction flowchart designed by Management.

The TOR of the ARMC is available on the Company's website at www.hibiscuspetroleum.com.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

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

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

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

During the financial year under review, the Internal Auditors had conducted their internal audit engagement in accordance with the approved risk-based internal audit 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 year ended 30 June 2016 are as follows:

1. Prepare and present risk-based audit plans, internal audit strategy and scope of work to the ARMC and the Board for deliberation and approval;

2. Perform high level review on the design and function of the ERM process for the Group including the reporting structure as well as risk responses and related control activities;

3. Evaluate and appraise the soundness, adequacy and application of accounting, financial and other controls and promoting effective controls in the Group and the Company;

4. Appraise the level of operational and business compliance with established policies and procedures and Limits of Authority (LOA); and

5. Identify and recommend opportunities for improvements to the existing system of internal controls and processes in the Group.

The total fees committed by the Group for the internal audit function for the financial year ended 30 June 2016 was approximately RM23,000.

This Statement is made in accordance with the resolution of the Board dated 11 October 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS (BOARD) OF HIBISCUS PETROLEUM BERHAD (HIBISCUS PETROLEUM OR THE COMPANY) AFFIRMS ITS COMMITMENT TO MAINTAIN A SOUND FRAMEWORK OF RISK MANAGEMENT AND INTERNAL CONTROL IN HIBISCUS PETROLEUM GROUP (GROUP) AND IS PLEASED TO PROVIDE THE FOLLOWING STATEMENT, WHICH OUTLINES THE NATURE AND SCOPE OF RISK MANAGEMENT AND INTERNAL CONTROL OF THE GROUP DURING THE FINANCIAL YEAR ENDED 30 JUNE 2016 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

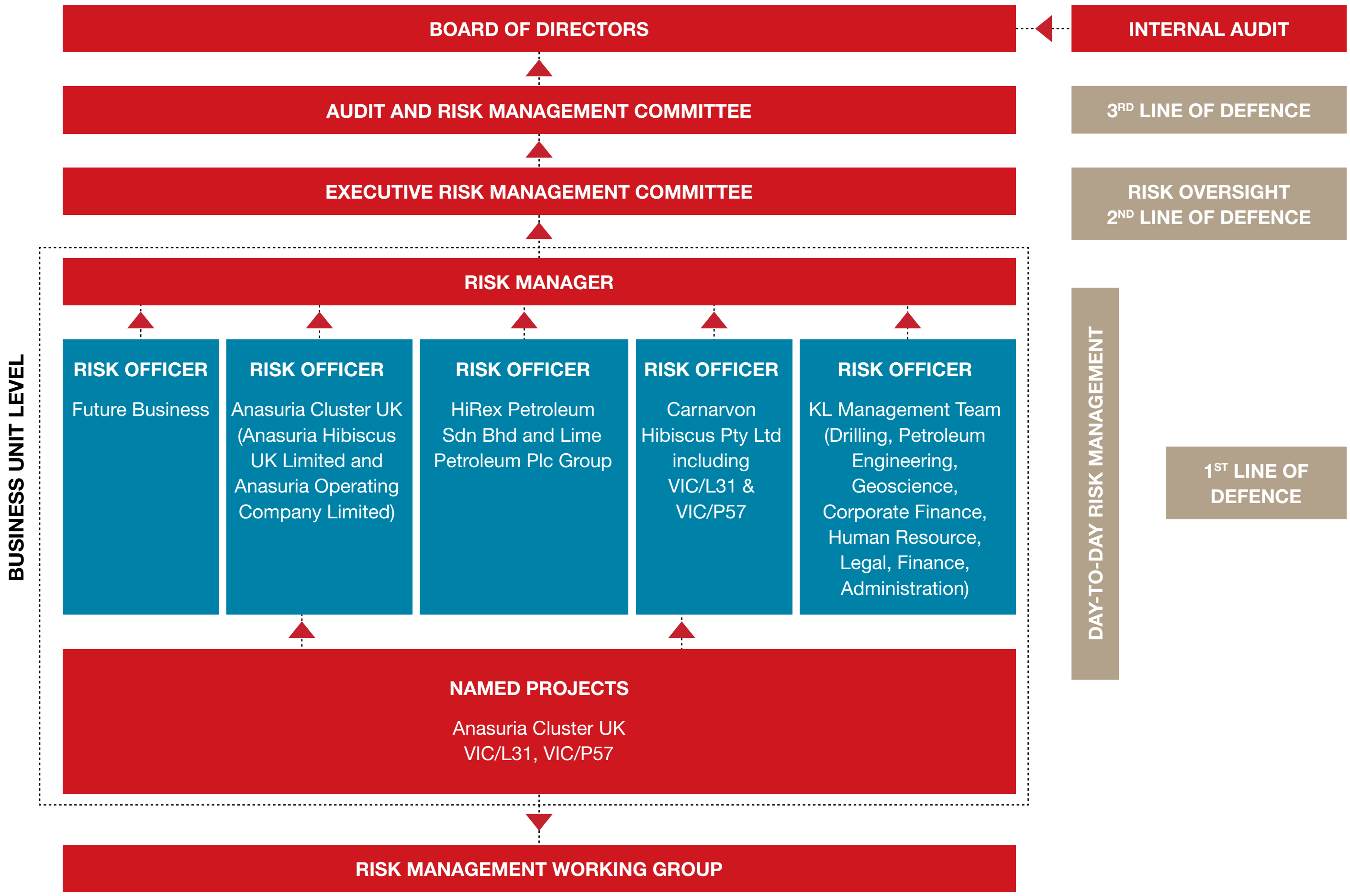
Risk management is firmly embedded in the Group's system of internal control as it is regarded by the Board to be integral to operations. Managing risk is a shared responsibility and therefore, is integrated into the Group's governance, business processes and operations. It is a reiterative process consisting 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(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 year and up to the date of this statement, the Board had considered all key issues that have been highlighted, and how these had been addressed, including all additional information necessary to ensure it had taken into account all significant aspects of 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 year 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 flow forecasts, business strategies, business opportunities, corporate exercises, and any other key matters to be considered for the Group, are escalated to the Board for deliberation and approval.

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 relevant joint operations such as Anasuria Operating Company Limited, VIC/P57 and VIC/L31.

Board and Management Committees

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

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

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. The 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, Sustainability and Diversity 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 Petroleum Plc, its subsidiaries and joint ventures and HiRex Petroleum Sdn Bhd, are presented by the Management to the Board for their deliberation and approval. 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 concessions, is presented and discussed with the Board by the Management. The Management, together with the Board, also regularly reviews issues covering, but not limited to, strategy, risks, performance, resources and future business appraisals.

In August 2015, the Company, via its indirectly wholly-owned subsidiary Anasuria Hibiscus UK Limited, with Ping Petroleum UK Ltd, entered into sale and purchase agreements (SPAs) to each acquire 50% of the entire interests of Shell U.K. 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. The Company subsequently completed the transaction on 10 March 2016 after meeting all the conditions precedent to the SPAs. 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 year under review, the Board is satisfied with the adequacy, integrity and effectiveness of the systems of risk management and internal control and save as disclosed in the financial report for the financial year ended 30 June 2016, there was no other 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 11 October 2016.

ADDITIONAL COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS INVOLVING THE INTEREST OF THE DIRECTORS AND MAJOR SHAREHOLDERS

Save as disclosed below, there were no other material contracts of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) and its subsidiaries involving the interests of the directors and major shareholders, either still subsisting at the end of the financial year ended 30 June 2016 or entered into since the end of the previous financial period:

- 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. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans of the Company involving the interest of the directors and major shareholders.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

(a) Options

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

(b) Redeemable Convertible Preference Shares (RCPS)

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

4. VARIANCE IN RESULTS

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

5. AUDIT AND NON-AUDIT FEES

During the financial year under review, non-audit fees payable or paid to external auditors of the Group and the Company amounted to RM729,087 and RM705,555 respectively.

The breakdown of the fees is as follows:

	Group RM	Company RM
Financial and tax due diligence on the potential acquisition of oil and gas assets	694,255	694,255
Corporate tax related advise	34,832	11,300
Total	**729,087**	**705,555**

6. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

6.1 Specific Mandate

During the Extraordinary General Meeting (EGM) held on 13 October 2015, we obtained our shareholders' approval to undertake a placement of up to 326,935,484 new ordinary shares of RM0.01 each in Hibiscus Petroleum, representing up to 25% of the enlarged issued and paid-up share capital of the Company (Placement of New Hibiscus Petroleum Shares). The details of the share issuance is as follows:

Tranche	Placement Date	No. of Hibiscus Petroleum Shares	Issue price per Hibiscus Petroleum Shares RM	Total proceeds raised RM
1	07.12.2015	90,000,000	0.235	21,150,000
2	21.12.2015	12,398,000	0.245	3,037,510
3	21.01.2016	19,586,000	0.200	3,917,200
4	29.03.2016	30,000,000	0.200	6,000,000
5	11.05.2016	26,000,000	0.190	4,940,000
6	29.06.2016	100,000,000	0.180	18,000,000
7	13.07.2016	48,900,000	0.180	8,802,000
		326,884,000		**65,846,710**

6.2 General Mandate

During our previous 5th Annual General Meeting held on 11 December 2015, we had obtained our shareholders' approval to undertake a placement of up to 10% of the existing issued and paid-up share capital of the Company pursuant to Section 132D of the Act (General Mandate).

On 9 August 2016, the Company announced the proposed private placement involving the issuance of up to 82,305,362 ordinary shares of RM0.01 each in Hibiscus Petroleum (Hibiscus Petroleum Share(s)) (Placement Share(s)), representing approximately 6.05% of the existing issued and paid-up share capital of the Company.

ADDITIONAL COMPLIANCE INFORMATION

The details of the shares issued under the General Mandate as at 11 October 2016 is as follows:

Placement Date		No. of Hibiscus Petroleum Shares	Issue price per Hibiscus Petroleum Shares RM	Total proceeds raised RM
Approved for issuance under the General Mandate		136,153,899	-	-
Tranche 1	25.05.2016	(50,257,345)	0.205	Not applicable[(a)]
Tranche 2	23.06.2016	(3,591,192)	0.205	Not applicable[(a)]
Tranche 3	21.09.2016	(41,000,000)	0.195	7,995,000
Balance to be issued		**41,305,362**	-	**7,995,000**

Note:

(a) On 14 March 2016, the Company had announced a proposal to undertake a settlement of an amount owing to Ping Petroleum Limited (Ping Petroleum) via issuance of up to 53,848,537 new ordinary shares of RM0.01 each in the Company (Settlement Shares), representing up to 4.88% of the issued and paid-up share capital of the Company, in relation to the introducer fee agreed between the parties payable upon successful completion of the acquisition of a 50% interest in the Anasuria Cluster, as Ping Petroleum had already achieved the preferred bidder status with the vendors prior to Hibiscus Petroleum's entry into the transaction.

Bursa Malaysia Securities Berhad (Bursa Securities), vide its letter dated 20 April 2016, resolved to approve the listing and quotation of the Settlement Shares at an issue price of RM0.205 per Settlement Share, being the 5-day VWAP of the Shares immediately prior to 14 March 2016 (Issue Price), subject to certain conditions.

6.3 Utilisation of Proceeds

The breakdown of the total utilisation of proceeds raised from the Specific and General Mandate is shown in the table below:

Utilisation	Amount RM million
Ongoing projects (including the Sea Lion exploration well)	45.56
Expenses in relation to future development projects	4.45
Working capital including administrative expenses and corporate overheads	23.83
Total	**73.84**

THE BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Board of Directors of Hibiscus Petroleum Berhad (Hibiscus Petroleum) is required by the Companies Act, 1965 (Act) 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 Act 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 Act.

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

The Board is satisfied that it has met its obligation to present a balanced and comprehensible assessment of the Group's position and prospects in the Directors' Report as pages 90 to 95 and the Financial Statements from pages 99 to 186 of this Annual Report.

This statement has been made in accordance with a resolution of the Board of Directors dated 19 October 2016.


THE MEASURE OF
WHO WE ARE
IS
WHAT WE DO
WITH
WHAT WE HAVE

FINANCIAL REPORT

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

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 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year, except for the commencement of production of oil and gas subsequent to the acquisition of a business as set out in Note 15 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Loss after taxation for the financial year	(59,959,747)	(280,899,455)

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 year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM9,277,787 to RM13,126,390 by way of:

(i) issuance of 53,027,700 new ordinary shares pursuant to Section 132D of the Companies Act, 1965 ("Act"), raising a total of RM38,314,775, which was undertaken in two tranches; 18,200,000 shares were issued on 13 July 2015 at RM0.67 per share and 34,827,700 shares were issued on 4 August 2015 at RM0.75 per share;

(ii) issuance of 277,984,000 new ordinary shares, raising a total of RM57,044,710, which was undertaken in six tranches; 90,000,000 shares were issued on 4 December 2015 at RM0.235 per share, 12,398,000 shares were issued on 17 December 2015 at RM0.245 per share, 19,586,000 shares were issued on 19 January 2016 at RM0.200 per share, 30,000,000 shares were issued on 28 March 2016 at RM0.200 per share, 26,000,000 shares were issued on 10 May 2016 at RM0.190 per share and 100,000,000 shares were issued on 27 June 2016 at RM0.180 per share; and

ISSUES OF SHARES (CONTINUED)

(iii) issuance of 53,848,537 new ordinary shares as settlement of an amount owed to Ping Petroleum Limited ("Ping Petroleum"), which was undertaken in two tranches; 50,257,345 shares were issued on 24 May 2016 and 3,591,192 shares were issued on 20 June 2016 totalling RM11,038,950.

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

SHARE PLACEMENT PURSUANT TO SECTION 132D OF THE ACT

On 17 November 2014, Bursa Malaysia Securities Berhad ("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 and paid-up ordinary share capital for the time being, pursuant to Section 132D of the Act ("Placement Shares").

On 29 April 2015, Bursa Securities had approved the application for an extension of time of 6 months until 16 November 2015 to complete the implementation of the Placement Shares.

During the financial year ended 30 June 2016, 53,027,700 Placement Shares were issued.

SHARE PLACEMENT OF UP TO 326,935,484 NEW ORDINARY SHARES IN THE COMPANY, REPRESENTING 25% OF THE ENLARGED ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY

Bursa Securities gave its approval for the listing and quotation of up to 326,935,484 new ordinary shares in the Company, representing 25% of the enlarged issued and paid-up ordinary share capital of the Company ("New Placement Shares") on 23 September 2015. The approval of the shareholders of the Company was obtained for the New Placement Shares at an Extraordinary General Meeting ("EGM") held on 13 October 2015.

On 15 March 2016, the Company received a letter from Bursa Securities approving an extension of time of 6 months from 23 March 2016 to 22 September 2016 for the Company to complete the implementation of the New Placement Shares.

During the financial year ended 30 June 2016, 277,984,000 New Placement Shares were issued.

DIRECTORS' REPORT (CONT'D)

SHARE ISSUANCE AS SETTLEMENT OF AN AMOUNT OWED TO PING PETROLEUM

Bursa Securities, vide its letter dated 20 April 2016, resolved to approve the listing and quotation of up to 53,848,537 new ordinary shares of RM0.01 each in the Company ("Settlement Shares"), representing up to 4.88% of the issued and paid-up ordinary share capital of the Company for the settlement of an amount owed to Ping Petroleum which amounted to USD2.7 million ("Ping Petroleum Settlement"). The Settlement Shares are to be allotted and issued at an issue price of RM0.205 per Settlement Share, being the 5-day volume weighted average price of the Settlement Shares immediately prior to 14 March 2016.

The Ping Petroleum Settlement has been completed with the listing of and quotation for 50,257,345 and 3,591,192 Settlement Shares on the Main Market of Bursa Securities on 25 May 2016 and 23 June 2016 respectively.

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 all known bad debts have been written off and adequate provision made for impairment.

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 impairment of receivables in the financial statements of the Group and of the Company other than as disclosed in Note 9 to the financial statements.

VALUATION METHODS

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

CURRENT ASSETS

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

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, the results of the operations of the Group during the financial year were substantially affected by the recognition of negative goodwill amounting to RM364,132,443 upon the acquisition of a 50% interest in the Anasuria Cluster (refer to Note 15 to the financial statements) and impairment of investment in joint ventures amounting to RM229,002,330 (refer to Note 14 to the financial statements). The results of the operations of the Company during the financial year were substantially affected by impairment of investment in subsidiaries amounting to RM230,648,695 (refer to Note 12 to the financial statements).

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

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

Zainul Rahim bin Mohd Zain	
Dr Kenneth Gerard Pereira	
Dato' Roushan A/L Arumugam	
Sara Murtadha Jaafar Sulaiman	
Thomas Michael Taylor	(appointed on 01.08.2016)
Datuk Zainol Izzet bin Mohamed Ishak	(retired on 11.12.2015)
Datin Sunita Mei-Lin Rajakumar	(resigned on 01.08.2016)

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONTINUED)

In accordance with Article 101 of the Company's Articles of Association, Thomas Michael Taylor shall retire from the Board of Directors at the forthcoming AGM of the Company and being eligible, offers himself for re-election.

In accordance with Article 123 of the Company's Articles of Association, Zainul Rahim bin Mohd Zain shall retire by rotation from the Board of Directors at the forthcoming AGM of the Company and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors holding office at the end of the financial year in securities of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares of RM0.01 each			
	At 01.07.2015	Bought	Sold	At 30.06.2016
Indirect interests:				
Dr Kenneth Gerard Pereira*	168,572,600	–	–	168,572,600
Datin Sunita Mei-Lin Rajakumar**	1,150,000	–	–	1,150,000
Dato' Roushan A/L Arumugam***	53,465,000	–	–	53,465,000

* *Deemed interested via his 58.75% equity interest in Hibiscus Upstream Sdn. Bhd. ("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 01.07.2015	Bought	Redeemed	At 30.06.2016
Indirect interests:				
Dr Kenneth Gerard Pereira*	2,193,880	–	–	2,193,880

* *Deemed interested via his 58.75% 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 37 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.

DIRECTORS' BENEFITS (CONTINUED)

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in Note 43 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 19 October 2016.

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 99 to 185 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 2016 and of the results and cash flows of the Group and Company for the financial year 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 44 on page 186 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 19 October 2016.

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 99 to 186 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 19 October 2016.

VINCENT JACOB LEE NAM SANG

Before me

SAMUGAM VASSOO (W632)
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 99 to 185, which comprise the statements of financial position as at 30 June 2016 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 flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 43.

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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the year 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, we also report the following:

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONT'D)
(Incorporated in Malaysia) (Company No. 798322 P)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

(b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 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 44 on page 186 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. 2684/11/17 (J))
Chartered Accountant

Kuala Lumpur
19 October 2016

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group Year ended 30.06.2016 RM	Group 18 months ended 30.06.2015 RM	Company Year ended 30.06.2016 RM	Company 18 months ended 30.06.2015 RM
Revenue	5	**81,694,910**	15,585,595	**39,347,666**	16,681,796
Cost of sales	6	**(40,803,448)**	–	**–**	–
Gross profit		**40,891,462**	15,585,595	**39,347,666**	16,681,796
Other income	7	**9,286,124**	10,697,342	**7,621,869**	23,688,633
Administrative expenses		**(363,994,158)**	(65,186,671)	**(324,766,259)**	(41,180,006)
Impairment of investments in joint ventures		**(229,002,330)**	–	**–**	–
Reversal of impairment/(Impairment) of investment in an associate		**682,778**	(6,062,019)	**–**	–
Impairment of intangible assets		**(17,548,684)**	–	**–**	–
Impairment of investment in subsidiaries		**–**	–	**(230,648,695)**	(1,287,764)
Other administrative expenses		**(118,125,922)**	(59,124,652)	**(94,117,564)**	(39,892,242)
Other expenses		**(30,901,000)**	(8,761,384)	**(2,840,908)**	(2,139,622)
Finance costs	8	**(8,196,194)**	(8,301)	**(261,823)**	(8,301)
Share of results of an associate		**(4,099,083)**	(1,442,924)	**–**	–
Share of results of joint ventures		**(63,440,323)**	(26,695,670)	**–**	–
Negative goodwill from business combination	15	**364,132,443**	–	**–**	–
Loss before taxation	9	**(56,320,729)**	(75,812,013)	**(280,899,455)**	(2,957,500)
Taxation	10	**(3,639,018)**	1,596,001	**–**	366
Loss after taxation		**(59,959,747)**	(74,216,012)	**(280,899,455)**	(2,957,134)
Loss after taxation attributable to:					
– Owners of the Company		**(59,959,747)**	(74,216,012)	**(280,899,455)**	(2,957,134)
Loss per share (sen)					
Basic	11	**(5.66)**	(9.68)		
Diluted	11	**(5.66)**	(9.68)		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Group		Company	
	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
Loss after taxation	**(59,959,747)**	(74,216,012)	**(280,899,455)**	(2,957,134)
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
– Foreign currency translation	**29,631,328**	28,462,742	**–**	–
Total comprehensive expenses for the financial year/period, net of tax	**(30,328,419)**	(45,753,270)	**(280,899,455)**	(2,957,134)
Total comprehensive expenses attributable to:				
– Owners of the Company	**(30,328,419)**	(45,753,270)	**(280,899,455)**	(2,957,134)

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	12	**–**	–	**319,984,283**	470,352,382
Investment in an associate	13	**1,940,135**	5,022,149	**–**	–
Investments in joint ventures	14	**–**	259,309,495	**–**	–
Intangible assets	17	**997,146,295**	144,774,097	**–**	–
Equipment	18	**211,451,745**	55,451,375	**711,225**	1,990,089
		1,210,538,175	464,557,116	**320,695,508**	472,342,471
CURRENT ASSETS					
Trade receivables	19	**1,984,841**	–	**–**	–
Other receivables, deposits and prepayments	20	**21,502,127**	67,477,111	**659,302**	3,932,659
Inventories	21	**5,542,725**	–	**–**	–
Amounts owing by subsidiaries	22	**–**	–	**27,503,528**	49,640,305
Amounts owing by joint ventures	23	**120,770**	12,102,355	**–**	–
Amount owing by an associate	35	**732,753**	970,399	**–**	–
Amount owing by a related party	24	**–**	–	**–**	3,199
Cash and bank balances	25	**28,745,860**	5,930,309	**20,166,165**	3,995,211
		58,629,076	86,480,174	**48,328,995**	57,571,374
TOTAL ASSETS		**1,269,167,251**	551,037,290	**369,024,503**	529,913,845

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONT'D)

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	26	**13,126,390**	9,277,787	**13,126,390**	9,277,787
Other reserves	27	**703,036,681**	574,403,744	**634,584,774**	535,730,990
Accumulated losses		**(131,904,307)**	(71,944,560)	**(304,324,209)**	(23,424,754)
		584,258,764	511,736,971	**343,386,955**	521,584,023
NON-CURRENT LIABILITIES					
Deferred consideration	28	**26,548,885**	–	**–**	–
Contingent consideration	29	**1,483,782**	–	**–**	–
Deferred tax liabilities	30	**390,866,134**	–	**–**	–
Provision for decommissioning costs	31	**115,352,034**	–	**–**	–
		534,250,835	–	**–**	–
CURRENT LIABILITIES					
Trade payables	33	**60,260**	–	**–**	–
Other payables and accruals	34	**88,775,294**	26,970,011	**24,248,708**	7,515,478
Deferred consideration	28	**55,808,587**	–	**–**	–
Amounts owing to subsidiaries	22	**–**	–	**859,463**	354,359
Amount owing to a joint venture	23	**315,254**	240,597	**–**	–
Amount owing to an associate	35	**5,449,035**	11,849,103	**–**	–
Provision for taxation		**29,834**	21,220	**–**	–
Amount owing to a related party	24	**–**	–	**309,989**	240,597
Redeemable Convertible Preference Shares	36	**219,388**	219,388	**219,388**	219,388
		150,657,652	39,300,319	**25,637,548**	8,329,822
TOTAL LIABILITIES		**684,908,487**	39,300,319	**25,637,548**	8,329,822
TOTAL EQUITY AND LIABILITIES		**1,269,167,251**	551,037,290	**369,024,503**	529,913,845

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		Non-distributable						
	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	26, 27	3,811,748	240,661,044	(87,329,874)	–	–	–	157,142,918
Conversion of Convertible Redeemable Preference Shares	26, 27	5,917	1,010,562	–	(375)	–	–	1,016,104
Issuance of shares	26, 27	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 losses)		–	–	(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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

	Note	Share capital RM	Share premium RM	Other reserves RM	Foreign exchange reserve RM	Accumulated losses RM	Total RM
		Non-distributable					
Group							
At 01.07.2015		9,277,787	535,730,990	240,982	38,431,772	(71,944,560)	511,736,971
Issuance of shares	26, 27	3,848,603	98,853,784	–	–	–	102,702,387
Share-based payment		–	–	147,825	–	–	147,825
Loss after taxation		–	–	–	–	(59,959,747)	(59,959,747)
Other comprehensive income, net of tax:							
– Foreign currency translation		–	–	–	29,631,328	–	29,631,328
Total comprehensive income/(expenses) for the financial year		–	–	–	29,631,328	(59,959,747)	(30,328,419)
At 30.06.2016		13,126,390	634,584,774	388,807	68,063,100	(131,904,307)	584,258,764

	Note	Share capital RM	Share premium RM	Warrant reserve RM	Other reserves RM	Accumulated losses RM	Total RM
		Non-distributable					
Company							
At 01.01.2014		5,098,757	265,465,167	87,752,291	375	(20,890,037)	337,426,553
Conversion of warrants	26, 27	3,811,748	240,661,044	(87,329,874)	–	–	157,142,918
Conversion of Convertible Redeemable Preference Shares	26, 27	5,917	1,010,562	–	(375)	–	1,016,104
Issuance of shares	26, 27	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

	Note	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
		Non-distributable			
Company					
At 01.07.2015		**9,277,787**	**535,730,990**	**(23,424,754)**	**521,584,023**
Issuance of shares	26, 27	**3,848,603**	**98,853,784**	**–**	**102,702,387**
Loss after taxation/Total comprehensive expenses for the financial year		**–**	**–**	**(280,899,455)**	**(280,899,455)**
At 30.06.2016		**13,126,390**	**634,584,774**	**(304,324,209)**	**343,386,955**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group Year ended 30.06.2016 RM	Group 18 months ended 30.06.2015 RM	Company Year ended 30.06.2016 RM	Company 18 months ended 30.06.2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		**(56,320,729)**	(75,812,013)	**(280,899,455)**	(2,957,500)
Adjustments for:					
Depreciation and amortisation of equipment and intangible assets		**30,901,000**	8,761,384	**1,305,391**	2,139,623
Interest income		**(116,454)**	(1,080,747)	**(15,323)**	(840,650)
Unrealised (gain)/loss on foreign exchange		**(876,765)**	(6,719,556)	**1,535,517**	(13,439,402)
Finance costs		**8,196,194**	8,301	**261,823**	8,301
Interest accretion on amounts owing by subsidiaries		**–**	–	**–**	(1,268,903)
Impairment of investments in subsidiaries		**–**	–	**230,648,695**	1,287,764
(Reversal of impairment)/Impairment of investment in an associate		**(682,778)**	6,062,019	**–**	–
Impairment of investments in joint ventures		**229,002,330**	–	**–**	–
Impairment of intangible assets		**17,548,684**	–	**–**	–
Impairment of receivables		**2,232,049**	242,211	**30,877,624**	242,211
Share of results of an associate		**4,099,083**	1,442,924	**–**	–
Share of results of joint ventures		**63,440,323**	26,695,670	**–**	–
Negative goodwill from business combination	15	**(364,132,443)**	–	**–**	–
Write-off of business development expenditure		**30,889,500**	–	**–**	–
Operating loss before working capital changes		**(35,820,006)**	(40,399,807)	**(16,285,728)**	(14,828,556)
Trade receivables		**(1,435,766)**	–	**–**	–
Other receivables, deposits and prepayments		**18,218,284**	(15,997,694)	**1,835,264**	(2,332,419)
Trade payables		**88,595**	–	**–**	–
Other payables and accruals		**61,900,631**	16,353,835	**25,176,621**	1,461,061
Inventories		**16,687,662**	–	**–**	–
Amounts owing by subsidiaries		**–**	–	**(2,296,815)**	9,448,175
Amounts owing by joint ventures		**10,167,138**	(6,840,890)	**–**	–
Amount owing to a joint venture		**(747,494)**	239,673	**–**	–
Amount owing by a related party		**–**	–	**3,199**	345,677
Amount owing to a related party		**–**	–	**50,760**	239,673
Amount owing by an associate		**250,488**	742,886	**–**	–
Amount owing to an associate		**(6,813,107)**	10,894,387	**–**	–
CASH GENERATED FROM/(USED IN) OPERATIONS		**62,496,425**	(35,007,610)	**8,483,301**	(5,666,389)
Income tax (paid)/refunds		**(1,274)**	2,815,362	**–**	90,366
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**62,495,151**	(32,192,248)	**8,483,301**	(5,576,023)

		Group		Company	
	Note	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment		**(26,527)**	(33,409,727)	**(26,527)**	(109,529)
Interest received		**116,454**	1,080,747	**15,323**	840,650
Investments in subsidiaries		**–**	–	**–**	(132,956,090)
Investments in joint ventures		**–**	(49,058,980)	**–**	–
Acquisition of intangible assets		**(104,358,447)**	(83,952,983)	**–**	–
Deposit for an investment		**–**	(44,302,700)	**–**	–
Net cash outflow arising from business combination	15	**(27,568,922)**	–	**–**	–
Advances to subsidiaries		**–**	–	**(87,860,844)**	(83,779,584)
NET CASH USED IN INVESTING ACTIVITIES		**(131,837,442)**	(209,643,643)	**(87,872,048)**	(216,004,553)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from issuance of ordinary shares		**92,572,183**	186,098,500	**92,572,183**	186,098,500
Cash advances from directors		**3,150,000**	–	**3,150,000**	–
Repayment of cash advances from directors		**(500,000)**	–	**(500,000)**	–
Deposit refunded to a Convertible Redeemable Preference Shares placee		**–**	(5,453,500)	**–**	(5,453,500)
Advances from/(Repayment to) subsidiaries		**–**	–	**447,764**	(189,194)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**95,222,183**	180,645,000	**95,669,947**	180,455,806
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**25,879,892**	(61,190,891)	**16,281,200**	(41,124,770)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		**(3,064,341)**	4,715,740	**(110,246)**	2,096
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		**5,930,309**	62,405,460	**3,995,211**	45,117,885
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	25	**28,745,860**	5,930,309	**20,166,165**	3,995,211

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 19 October 2016.

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 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year, except for the commencement of production of oil and gas subsequent to the acquisition of a business as set out in Note 15 to the financial statements.

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 the Act.

The Board of the Company had on 16 April 2015 approved the change of financial year end of the Company from 31 December to 30 June. Consequently, the comparatives for the statements of profit or loss, comprehensive income, changes in equity and cash flows as well as certain comparatives in the notes to the financial statements of the Group and the Company for the current financial year of 12 months from 1 July 2015 to 30 June 2016, are not comparable to those of the previous 18 months ended 30 June 2015.

As at 30 June 2016, the Group is in a net current liabilities position of RM92,028,576 (2015: net current assets position of RM47,179,855) and recorded a loss after taxation for the financial year ended 30 June 2016 of RM59,959,747 (2015: loss after taxation for 18 months ended 30 June 2015 of RM74,216,012).

The Directors are of the view that the Group and the Company will have sufficient cash flows for the next twelve months from the reporting date to meet their cash flow requirements, and there is no material uncertainty on their ability to continue as going concerns. Therefore, the Directors have prepared the financial statements of the Group and the Company on a going concern basis.

3 BASIS OF PREPARATION (CONTINUED)

The Group's cash requirements for the next twelve months include the settlement of the deferred consideration for the acquisition of the Anasuria Cluster, operational requirements for the Anasuria Cluster, the VIC/P57 exploration permit ("VIC/P57"), the Britannia Rig, payment to creditors and corporate overheads.

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

(i) Cash inflow from the operations of the Anasuria Cluster. The cash inflow assumes four offtakes of approximately 250,000 barrels per offtake net to the Group from the Anasuria Cluster production. The production profile is in line with the production profile estimated at the date of completion of the acquisition. For the purposes of the cash flow forecast, the oil prices are estimated based on Brent futures prices in 2017 which ranges from USD51.02 per barrel ("bbl") to USD54.21 per bbl. The Brent futures is a proxy for the prevailing spot prices on the respective offtake dates;

(ii) Placement of up to 82,305,362 new ordinary shares, as described in Note 43(b) to the financial statements; and

(iii) A USD10 million prepaid lease rental from a third party charterer, as described in Note 43(d) to the financial statements.

The estimated cash inflow from the operations of the Anasuria Cluster is sensitive to changes in the spot price on the respective offtake dates. A reduction in Brent price by more than USD1 per bbl will result in the need for additional funding. The Group has the ability to obtain additional funding via debt and/or equity funding where required.

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.

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

There are no new accounting standards, amendments to published standards and interpretations that are effective for the first time for the financial year beginning on 1 July 2015.

(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 standards and interpretations are effective for financial year beginning after 1 July 2015. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following 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.

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)

- 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 item of property, plant and equipment is not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances 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.

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

  The amendments shall be applied retrospectively.

- MFRS 9 'Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2018) replaces the parts of MFRS 139 'Financial Instruments: Recognition and Measurement' that relate to the classification and measurement of financial instruments.

  MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

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 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations.

  The standard 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 flows 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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

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) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

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.

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. The accounting policy for goodwill is set out in Note 4(h)(i) to the financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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.

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 cash generating unit ("CGU")s 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 39 to the financial statements.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Currency translation (continued)

(ii) Transactions and balances

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

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

(iii) Translation of Group entities' financial statements

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

- Assets and liabilities are translated at the closing exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions);
- 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.

(d) 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss ("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.

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

(ii) Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. The Group had not entered into any hedging activities as at the reporting date.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(ii) Financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the 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.

(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 Convertible Redeemable Preference Shares ("CRPS")

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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.

(f) Investment in an associate

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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).

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.

(h) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's CGUs that are expected to benefit from the synergies of the combination.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets (continued)

(i) Goodwill (continued)

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill form part of a CGU and part of the operation within the CGU is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstances is measured on the relative fair values of the operations disposed off and the portion of the CGU retained.

(ii) Other intangible assets

Intangible assets acquired separately are measured at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation of producing oil and gas properties is computed based on the unit of production method using proven and probable reserves for capitalised acquisition costs.

Amortisation of other intangible assets are 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.

Changes in the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in the accounting estimate. Cost associated with production and general corporate activities are expensed in the period incurred. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Oil and gas assets

Expenditure on the construction, installation and completion of infrastructure facilities is capitalised within equipment.

(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%
Floating production storage and offloading vessel ("FPSO")	5%

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

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

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

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.

Depreciation of oil and gas assets comprising subsea facilities and equipment is computed based on the unit-of-production method using proven and probable developed reserves.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

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

(ii) Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss immediately.

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

(l) Inventories

Inventories of diesel, spares and chemical are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of petroleum products includes direct costs and transportation charges incurred in bringing the inventories to their present condition and location, and is determined on a weighted average basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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.

(n) Provisions

(i) Decommissioning costs

Provision for future decommissioning costs is made in full when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. Periodic estimates are made for such future facility abandonment costs. The estimated cost of decommissioning and restoration is discounted to its net present value. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised and amortised over the life of the underlying asset on a unit-of-production basis over proven and probable developed reserves. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the oil and gas asset.

The unwinding of the discount applied to future decommissioning provisions is included under finance costs in profit or loss as hydrocarbons are produced. The estimated interest rate used in discounting the cash flow is reviewed at least annually.

Any change in the expected future cost, interest rate and inflation rate is reflected as an adjustment in the provision for decommissioning costs of the corresponding oil and gas asset.

(ii) Other

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

(o) 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred taxation (continued)

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.

(p) 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.

(q) Revenue

(i) Sale of oil and gas products

Oil and gas revenues comprise the Group’s share of sales of hydrocarbons when the significant risks and rewards of ownership have been passed to the buyer.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue (continued)

(ii) 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.

(iii) Interest income

Interest income is recognised using the effective interest method. Interest income consists of income from deposits with licensed banks and financial institutions.

(r) Cost of sales

(i) Under/over-lift

Under or over-lifted positions of hydrocarbons are valued at the spot price or contract price prevailing at the reporting date.

(s) 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.

(t) 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Critical estimates and judgement

(i) Estimation of oil and gas reserves

Oil and gas reserves are key elements in the Group's investment decision making process. They are also an important element in testing for impairment. Changes in proved and probable developed oil and gas will affect unit-of-production depreciation charges to profit or loss. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made.

Proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgment and are subject to future revision. Accordingly, financial and accounting measures (such as the discounted cash flow, depreciation, depletion and amortisation charges, and decommissioning provisions) that are based on proved reserves are also subject to change.

Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proved reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimates of proved reserves only include volumes for which access to market is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

In general, changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions. In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

Changes to the Group's estimates of proved and probable reserves, particularly proved and probable developed reserves, also affect the amount of depreciation and amortisation recorded for oil and gas assets and rights and concessions related to revisions. A reduction in proved and probable developed reserves will increase depreciation and amortisation charges (assuming constant production) and reduce income.

Although the possibility exists for changes in reserves to have a critical effect on depreciation and amortisation charges and, therefore, income, it is expected that in the normal course of business, the Group will continue to prioritise exploration and timely project delivery which ultimately results in maximisation of reserve recovery and will thus constrain the likelihood for changes to occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

5 REVENUE

	Group		Company	
	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
Crude oil sales	**76,723,264**	–	**–**	–
Gas sales	**1,930,283**	–	**–**	–
Project management, technical and other services fees	**2,924,909**	14,504,848	**39,332,343**	14,572,243
Interest income	**116,454**	1,080,747	**15,323**	840,650
Interest accretion on amounts owing by subsidiaries	**–**	–	**–**	1,268,903
	81,694,910	15,585,595	**39,347,666**	16,681,796

Included in interest income is profit income received from deposits with a licensed Islamic bank amounting to RM5,626 (2015: Nil).

6 COST OF SALES

	Group	
	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
Cost of operations	**730,891**	–
Tariff and transportation expenses	**1,288,071**	–
Crude oil inventory movement	**38,784,486**	–
	40,803,448	–

7 OTHER INCOME

	Group		Company	
	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
Joint Operating Agreement indirect overheads recovery from joint operation	**465,156**	1,129,958	**–**	–
Directors' fee from an associate	**–**	68,024	**–**	68,024
Unrealised gain on foreign exchange	**876,765**	6,719,556	**–**	13,439,402
Realised gain on foreign exchange	**7,797,512**	2,779,804	**7,598,669**	10,181,207
Sundry income	**146,691**	–	**23,200**	–
	9,286,124	10,697,342	**7,621,869**	23,688,633

8 FINANCE COSTS

	Group		Company	
	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
Unwinding of discount on deferred consideration (Note 28)	**2,778,068**	–	**–**	–
Unwinding of discount on contingent consideration (Note 29)	**50,050**	–	**–**	–
Unwinding of discount on provision for decommissioning costs (Note 31)	**3,891,035**	–	**–**	–
Interest expense	**1,477,041**	–	**261,823**	–
Liability portion of CRPS	**–**	8,301	**–**	8,301
	8,196,194	8,301	**261,823**	8,301

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

9 LOSS BEFORE TAXATION

	Group		Company	
	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
Loss before taxation is arrived at after charging:				
Auditors' remuneration:				
– fees for statutory audit				
– PricewaterhouseCoopers, Malaysia	**348,860**	375,515	**212,800**	279,784
– member firm of PricewaterhouseCoopers International Limited	**152,023**	101,600	**–**	–
– fees for audit related services				
– PricewaterhouseCoopers, Malaysia*	**248,430**	449,643	**248,430**	245,643
– fees for other services				
– member firms of PricewaterhouseCoopers International Limited**	**729,087**	741,130	**705,555**	741,130
Prospecting costs and consultancy fees	**47,673,797**	17,692,442	**14,825,632**	10,747,320
Depreciation and amortization of equipment and intangible assets	**30,901,000**	8,761,384	**1,305,391**	2,139,623
Impairment of receivables	**2,232,049**	242,211	**30,877,624**	242,211
Rental expenses	**762,369**	577,574	**491,371**	576,242
Unrealised loss on foreign exchange	**–**	–	**1,535,517**	–
Staff costs:				
– Directors' fees and allowances	**270,226**	216,180	**270,226**	216,180
– salaries	**14,712,987**	21,429,212	**9,129,388**	18,058,949
– defined contribution plan	**1,433,199**	2,079,798	**985,395**	1,967,847
– other benefits	**535,301**	1,126,304	**416,401**	808,965

Director's remuneration included within staff costs is as disclosed in Note 37 to the financial statements.

* *Includes fees payable/paid to PricewaterhouseCoopers, Malaysia which are capitalised during the financial year for the Group amounting to RM40,000 (2015: RM153,000) and for the Company amounting to RM40,000 (2015: Nil).*

** *Includes fees payable/paid to member firms of PricewaterhouseCoopers International Limited which are capitalised during the previous financial period for the Group amounting to RM65,099.*

10 TAXATION

	Group		Company	
	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
Current tax:				
– Malaysian income tax	**32,515**	62,822	**–**	–
– Foreign income tax	**–**	(1,658,457)	**–**	–
– Under/(over) accrual in prior periods	**54**	(366)	**–**	(366)
	32,569	(1,596,001)	**–**	(366)
Deferred tax expense (Note 30):				
– Reversal of temporary differences	**3,606,449**	–	**–**	–
	3,639,018	(1,596,001)	**–**	(366)

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

	Group		Company	
	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM	Year ended 30.06.2016 RM	18 months ended 30.06.2015 RM
Loss before taxation	**(56,320,729)**	(75,812,013)	**(280,899,455)**	(2,957,500)
Tax at the statutory tax rate of 24% (2015: 25%)	**(13,516,975)**	(18,953,003)	**(67,415,869)**	(739,375)
Non-deductible expenses	**13,230,718**	3,991,996	**58,841,976**	1,928,962
Non-taxable income	**(184,499,391)**	(7,994,981)	**(1,823,680)**	(6,222,378)
Effects of tax rates in different jurisdictions	**162,415,067**	3,077,496	**–**	–
Share of post tax results from investments accounted for using the equity method	**1,416,113**	2,158,614	**–**	–
Temporary differences not recognised	**24,593,432**	16,338,861	**10,397,573**	5,032,791
Recognition of previously unrecognised temporary differences	**–**	338,360	**–**	–
Under/(over) accrual in prior periods	**54**	(366)	**–**	(366)
Research and development tax incentive, net of previously unrecognised tax losses	**–**	(552,978)	**–**	–
Income tax for the financial year/period	**3,639,018**	(1,596,001)	**–**	(366)

Included in income tax expense of the Group and of the Company are tax savings amounting to RM3,677 (2015: RM213,267) and RM3,677 (2015: RM210,162) respectively from the utilisation of current financial year tax losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

11 LOSS PER SHARE

The basic loss per share for the financial year ended 30 June 2016 is arrived at by dividing the Group's loss attributable to the owners of the Company of RM59,959,747 (2015: RM74,216,012) by the weighted average number of ordinary shares in issue during the financial year of 1,058,775,142 shares (2015: 766,407,803 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 year is the basic loss per share as there are no dilutive potential ordinary shares.

12 INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	**2015 RM**
Unquoted shares in Malaysia, at cost	**394,051,431**	394,051,431
Less: Impairment losses	**(231,544,446)**	(1,287,764)
	162,506,985	392,763,667
Amounts due from subsidiaries	**157,869,311**	77,588,715
Less: Impairment losses	**(392,013)**	–
	319,984,283	470,352,382

The details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 2016	2015
Gulf Hibiscus Limited ("Gulf Hibiscus")[(1)]	Provision of project management, technical and other services	Malaysia	**100**	100
Hibiscus Oilfield Services Limited ("Hibiscus Oilfield")[(1)]	Provision of project management, technical and other services	Malaysia	**100**	100
Orient Hibiscus Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Oceania Hibiscus Sdn. Bhd. ("Oceania Hibiscus")	Investment holding	Malaysia	**100**	100
Genesis Hibiscus Sdn. Bhd. ("Genesis Hibiscus")	Investment holding	Malaysia	**100**	100

12 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 (%) 2016	2015
Hibiscus Technical Services Sdn. Bhd. ("Hibiscus Technical")	Provision of project management, technical and other services	Malaysia	**100**	100
Timor Hibiscus Limited ("Timor Hibiscus")(1)	Investment holding	Malaysia	**100**	100
Atlantic Hibiscus Sdn. Bhd. ("Atlantic Hibiscus")(2)	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")(1)	Investment holding	Malaysia	**100**	100
Subsidiary of Genesis Hibiscus				
Cayman Hibiscus Inc SPC(4)	Dormant	Cayman Islands	**100**	100
Subsidiary of Atlantic Hibiscus				
Anasuria Hibiscus UK Limited ("Anasuria Hibiscus")(2)(3)	Exploration and production of oil and gas	United Kingdom	**100**	–
Subsidiary of Carnarvon Hibiscus				
Gippsland Hibiscus Pty Ltd ("Gippsland Hibiscus")(5) (previously known as HiRex (Australia) Pty Ltd)	Exploration and development of oil and gas	Australia	**100**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

(1) *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 year ended 30 June 2016. As such, the financial statements for these subsidiaries were not required to be audited.*

(2) *Acquired on 5 August 2015.*

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

(4) *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 year ended 30 June 2016.*

(5) *Acquired on 4 September 2015.*

The Company has recognised an impairment in its interest in subsidiaries mainly as a result of the review of the recoverability of its underlying interest in Lime Petroleum Plc ("Lime") as set out in Note 14 to the financial statements.

13 INVESTMENT IN AN ASSOCIATE

	Group	
	2016 RM	**2015 RM**
At 01.07.2015/01.01.2014	**5,022,149**	13,757,949
Share of post-acquisition results and reserves	**(3,764,792)**	(2,673,781)
Reversal of impairment/(Impairment) of investment	**682,778**	(6,062,019)
At 30.06.2016/30.06.2015	**1,940,135**	5,022,149
Fair value of quoted shares (Level 1)	**1,940,135**	5,022,149

13 INVESTMENT IN AN ASSOCIATE (CONTINUED)

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

	Group	
	2016 RM	**2015 RM**
Revenue	**262,673**	599,600
Loss after taxation	**(31,434,686)**	(11,175,911)
Other comprehensive income	**–**	–
Total comprehensive income	**(31,434,686)**	(11,175,911)
Non-current assets	**54,046,544**	64,919,373
Current assets	**29,889,852**	31,179,955
Non-current liabilities	**(12,424,164)**	(9,482,845)
Current liabilities	**(17,736,948)**	(3,970,095)
Net assets	**53,775,284**	82,646,388
Group's share of net assets (13.04%)	**7,012,297**	10,777,089
Impairment of investment	**(5,379,241)**	(6,062,019)
Transaction costs capitalised	**307,079**	307,079
Carrying amount	**1,940,135**	5,022,149

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

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 (%) 2016	Group's effective equity interest (%) 2015
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.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

13 INVESTMENT IN AN ASSOCIATE (CONTINUED)

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

An impairment assessment was performed for the Group's investment in 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 2016, the share price was AUD0.021 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 in the previous financial period by RM5,379,241, and as a result, RM682,778 of provision for impairment has been reversed during the financial year as the recoverable amount is higher than the carrying amount as at 30 June 2016.

14 INVESTMENTS IN JOINT VENTURES

	Group	
	2016 RM	**2015 RM**
Unquoted shares outside Malaysia, at cost:		
At 01.07.2015/01.01.2014	**259,309,495**	209,156,284
Additions during the financial year/period	**–**	49,058,980
Share of post-acquisition results and reserves	**(55,652,403)**	(31,635,928)
Exchange differences	**25,345,238**	32,730,159
Impairment of investment	**(229,002,330)**	–
At 30.06.2016/30.06.2015	**–**	259,309,495

Lime

As announced on 14 April 2016, an application for the winding up of Lime has been filed by Rex Middle East Ltd ("Rex") and Schroder & Co Banque S.A. and/or Lime (acting under the direction of Laurence Keenan, Karl Helge Tore Lidgren and Simon Comina) in the Isle of Man courts.

The High Court of Justice of the Isle of Man has, at a court hearing of the application on 30 June 2016, granted an order for the winding-up of Lime on the ground that it was unable to pay its debts. Provisional liquidators for Lime have been appointed by the court. The written judgement for the above court order was subsequently issued on 26 July 2016.

Gulf Hibiscus, having considered the relevant factors and without prejudice to its legal position and rights (all of which are fully reserved), has decided to impair its investment in the Lime Group pending the next course of action.

Having considered the relevant factors and without prejudice to the Group's legal position and rights (all of which are fully reserved), the Group has recognised an impairment of RM224,353,954 in the financial year ended 30 June 2016.

The Group had during the financial year ended 30 June 2016 shared post-acquisition results and reserves for the period from 1 July 2015 to 31 December 2015. The summarised financial information for the current financial year for Lime is not disclosed as such information has not been made available by Lime.

14 INVESTMENTS IN JOINT VENTURES (CONTINUED)

Lime (continued)

Set out below is the summarised financial information for the financial period ended 30 June 2015 for Lime which was accounted for using equity method:

	Group 2015 RM
Summarised financial position for joint venture – Lime	
Current assets	
– Cash and cash equivalents	25,028,358
– Other current assets (excluding cash)	192,280,504
Total current assets	217,308,862
Trade and other payables	(261,055,717)
Total current liabilities	(261,055,717)
Non-current assets	769,152,271
Net assets	725,405,416
Group's share of net assets (35%)	253,891,896
Elimination of unrealised profit	(432,806)
Carrying amount	253,459,090
Summarised statement of comprehensive income – Lime	
Interest income	456,399
Interest expenses	(4,699,570)
Loss before taxation	(96,071,412)
Income tax refund	40,330,023
Loss after taxation	(55,741,389)
Other comprehensive expenses	(17,290,737)
Total comprehensive expenses	(73,032,126)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

14 INVESTMENTS IN JOINT VENTURES (CONTINUED)

HiRex Petroleum Sdn. Bhd. ("HIREX")

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

	Group	
	2016	**2015**
	RM	**RM**
Summarised financial position for joint venture – HIREX		
Current assets		
– Cash and cash equivalents	**14,639,272**	17,774,416
– Other current assets (excluding cash)	**539,010**	13,756,165
Total current assets	**15,178,282**	31,530,581
Trade and other payables	**(5,208,561)**	(18,701,788)
Total current liabilities	**(5,208,561)**	(18,701,788)
Non-current assets	**485,835**	558,541
Non-current liabilities	**–**	–
Net assets	**10,455,556**	13,387,334
Group's share of net assets (41%)	**4,286,778**	5,488,807
Gain on retained non-controlling interest	**361,598**	361,598
Impairment of investment	**(4,648,376)**	–
Carrying amount	**–**	5,850,405
Summarised statement of comprehensive income – HIREX		
Interest income	**58,972**	167,658
Depreciation	**(109,007)**	(137,616)
Loss before taxation	**(4,392,640)**	(16,268,363)
Income tax expense	**(990)**	(20,252)
Loss after taxation	**(4,393,630)**	(16,288,615)
Total comprehensive expenses	**(4,393,630)**	(16,288,615)

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

As at 30 June 2016, the Directors have fully impaired the Group's investment in HIREX amounting to RM4,648,376 as HIREX is not evaluating any prospect in the foreseeable future.

14 INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

Name of company	Principal activities	Place of business/ Country of incorporation	Measurement method	Group's effective equity interest (%) 2016	2015
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

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

15 BUSINESS COMBINATION

On 10 March 2016, the Group completed the acquisition of a 50% interest in the Anasuria Cluster.

The Anasuria Cluster represents an attractive, geographically focused package of operated interests in producing fields and associated infrastructure. The assets have a proven and producing resource base which provides a platform for further development. A number of incremental development and exploration opportunities exist within the licence areas which are expected to generate significant incremental value in the medium term.

The base consideration of USD52.5 million comprises the following:

- Initial consideration of USD30.0 million; and
- Deferred consideration of USD22.5 million.

The initial consideration was payable upon completion of the acquisition. After certain working capital and other interim period adjustments from the economic date of 1 January 2015, the resulting net cash outlay was USD7.6 million (RM31.2 million), out of which USD6.7 million (RM27.6 million) was paid during the current financial year.

The deferred consideration will be payable as follows:

- USD15.0 million within 12 months from completion; and
- USD7.5 million within 18 months from completion.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

15 BUSINESS COMBINATION (CONTINUED)

The fair value of the identifiable assets and liabilities of the Anasuria Cluster as at the date of acquisition was:

	Fair value recognised on acquisition RM
Group	
Assets	
– Intangible assets	795,911,293
– Equipment	176,453,668
– Inventories	22,287,899
	994,652,860
Liabilities	
– Deferred tax liabilities	(397,955,647)
– Provision for decommissioning costs	(114,633,482)
– Other payables and accruals	(3,457,810)
	(516,046,939)
Total identifiable net assets at fair value	478,605,921
Negative goodwill from business combination	(364,132,443)
	114,473,478
Purchase consideration:	
– Cash paid and payable	31,154,488
– Contingent consideration	1,474,539
– Deferred consideration	81,844,451
	114,473,478

The negative goodwill has been recognised in profit or loss in the financial year ended 30 June 2016. The transaction resulted in a gain as the Group has the skill sets and capabilities to enhance the value of the assets post acquisition. As a result, the fair value of the assets is greater than the purchase consideration.

15 BUSINESS COMBINATION (CONTINUED)

Deferred tax liabilities recognised upon completion of a business combination are in relation to temporary differences in the tax base of intangible assets (i.e. rights and concession) acquired and their accounting base. This balance is non-cash and will reverse in line with the depletion of the said intangible assets. The reversal of the deferred tax liabilities will result in a tax credit being recorded in profit or loss. Deferred tax liabilities relating to fair value of the identifiable assets and liabilities of the Anasuria Cluster recognised as at 30 June 2016 are measured at the tax rate expected to apply to the period when such liabilities are settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The Group has duly adopted the applicable rate of the Supplementary Charge in the United Kingdom as at 30 June 2016 to compute deferred tax liabilities. The United Kingdom's Finance Bill 2016 ("Finance Bill 2016") published on 24 March 2016 stated a downward revision of the rate of the Supplementary Charge, but that has not received Royal Assent and therefore, not been substantively enacted as at 30 June 2016. Due to the fact that the Finance Bill 2016 is yet to be enacted, or substantively enacted, the reduction in the rate of the Supplementary Charge announced cannot be taken into account when calculating deferred tax liabilities as at 30 June 2016. The change in tax rate subsequent to the financial year end will be recognised as a tax credit in the financial quarter when and if Royal Assent is granted (refer to Note 43(c) to the financial statements).

It is not practicable to disclose the results of operations from the Anasuria Cluster had the combination had taken place from 1 July 2015 as such information was not made available by the sellers, namely Shell U.K. Ltd ("Shell UK"), Shell EP Offshore Ventures Limited ("Shell EP") and Esso Exploration and Production UK Limited ("Esso UK").

Transaction costs and professional fees incurred relating to the Anasuria Cluster of RM9.2 million was expensed to the profit or loss.

16 JOINT OPERATIONS

Anasuria Operating Company Limited ("AOCL")

During the financial year, the Company, via its indirectly wholly-owned subsidiary, Anasuria Hibiscus with Ping Petroleum UK Limited, completed the transaction to each acquire 50% of the entire interests of Shell UK, Shell EP and Esso UK in the Anasuria Cluster of oil and gas fields.

The Anasuria Cluster is located approximately 175 kilometres east of Aberdeen in the UK Central North Sea and consists of:

- 100% interest in the Guillemot A field and the related field facilities;
- 100% interest in the Teal field and the related field facilities;
- 100% interest in the Teal South field and the related field facilities;
- 38.65% interest in the Cook field and the related field facilities; and
- 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Offloading unit and the related equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

16 JOINT OPERATIONS (CONTINUED)

Anasuria Operating Company Limited ("AOCL") (continued)

The Company, together with Ping Petroleum has established the joint operating company, AOCL in Aberdeen and this company has been approved as the License Operator for the assets by the Secretary of State for Energy and Climate Change of the United Kingdom Government. On 10 March 2016, AOCL successfully assumed the role of operator for the assets from Shell UK.

VIC/P57 and VIC/L31 production license ("VIC/L31")

Carnarvon Hibiscus had entered into a joint arrangement, VIC/P57 via the Joint Operation Agreement ("VJOA") 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 previous financial period, the Group acquired an additional 5% interest in VIC/P57, increasing its interest in the permit to 55.1%. During the financial year, the exploration period for VIC/P57 has been extended to 9 January 2018. Further, with the acquisition of Gippsland Hibiscus, the Group's interest in VIC/P57 increased by an additional 20% to 75.1%. The terms of the VJOA remain unchanged and hence the permit continues to be classified as a joint operation.

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 previous 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.

17 INTANGIBLE ASSETS

	Rights and concession RM	Conventional studies RM	Materials & supplies – consumables RM	Total RM
Group				
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
At 01.07.2015	**99,188,116**	**42,907,174**	**2,678,807**	**144,774,097**
Additions	**572,753**	**102,832,845**	**952,849**	**104,358,447**
Acquisition through business combination (Note 15)	**795,911,293**	**–**	**–**	**795,911,293**
Impairment	**(2,167,849)**	**(15,380,835)**	**–**	**(17,548,684)**
Amortisation	**(13,275,471)**	**–**	**–**	**(13,275,471)**
Transfers	**–**	**3,735,149**	**(3,735,149)**	**–**
Exchange differences	**(17,728,982)**	**552,102**	**103,493**	**(17,073,387)**
At 30.06.2016	**862,499,860**	**134,646,435**	**–**	**997,146,295**

Included in rights and concession is the carrying amount of producing field licenses in Anasuria Cluster amounting to RM761,900,810 (2015: Nil) and capitalised acquisition and related transaction costs of VIC/P57 and VIC/L31 amounting to RM100,599,050 (2015: RM99,188,116). Capitalised expenditures are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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 for VIC/P57 and VIC/L31 are not amortised as the field has not commenced production during the financial year.

The recoverable amount of the intangible assets relating to VIC/L31 and VIC/P57 is determined based on the higher of value in use valuation performed by management and fair value. The value in use calculation is based on a discounted cash flow ("DCF") model. These are derived based on the expected cash in/outflow pattern during the production licence period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

17 INTANGIBLE ASSETS (CONTINUED)

The key assumptions used to determine the recoverable amount for VIC/L31 are as follows:

(i) Discount rate of 10% (2015: 10%);

(ii) 3 years projections from 2019 to 2021 (2015: 4 years projections from 2016 to 2019) which is the expected economic limit cut-off for the field;

(iii) Total project capital expenditures of approximately USD69 million (2015: USD69 million) (before the potential sale and leaseback of mobile offshore production unit rig);

(iv) Oil production profile based on the assessment by independent oil and gas reserve experts;

(v) Brent oil price of USD69.27, USD78.81 and USD78.81 per bbl for 2019, 2020 and 2021 respectively (2015: USD70.00, USD72.50 and USD75.00 per bbl for 2017, 2018 and 2019 respectively) and 2% premium to Brent oil prices; and

(vi) First oil being achieved in July 2019 (2015: May 2017).

The key assumptions used to determine the recoverable amount for VIC/P57 are as follows:

(i) Discount rate of 11% (2015: 10%);

(ii) Prospective resources estimated by in-house geological and geophysical team;

(iii) Exploration well costs of USD28 million for a 1,800 metres depth for oil well (based on an external independent consultant report); and

(iv) Brent oil price of USD69.27, USD78.81 and USD78.81 per bbl for 2019, 2020 and 2021 respectively (2015: USD70.00, USD72.50 and USD75.00 per bbl for 2017, 2018 and 2019 respectively) and 2% premium to Brent oil prices.

Based on the assessments performed, the Directors concluded that the recoverable amounts calculated based on the DCF model, are higher than the carrying amount for VIC/L31, but lower for VIC/P57. Consequently, an impairment of RM17,548,684 has been recognised during the current financial year. Also, based on the sensitivity analysis performed, a USD5.73 per bbl reduction in oil price will result in the recoverable amount being equal to the carrying amount.

18 EQUIPMENT

Group	Furniture and fittings RM	Office equipment RM	Office renovation RM	Oil and gas assets RM	FPSO RM	Rig RM	Work in progress RM	Total RM
Cost								
At 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/ 01.07.2015	**171,061**	**4,518,272**	**321,290**	**–**	**–**	**59,962,908**	**–**	**64,973,531**
Additions	**8,710**	**17,817**	**–**	**–**	**–**	**–**	**–**	**26,527**
Acquisition through business combination (Note 15)	**–**	**–**	**–**	**147,623,468**	**28,830,200**	**–**	**–**	**176,453,668**
Exchange differences	**–**	**945**	**–**	**(3,924,821)**	**(766,500)**	**1,874,199**	**–**	**(2,816,177)**
At 30.06.2016	**179,771**	**4,537,034**	**321,290**	**143,698,647**	**28,063,700**	**61,837,107**	**–**	**238,637,549**
Accumulated depreciation								
At 01.01.2014	36,279	756,222	64,338	–	–	–	–	856,839
Depreciation for the financial period	25,584	2,067,865	48,194	–	–	6,619,741	–	8,761,384
Exchange differences	–	(29)	–	–	–	(96,038)	–	(96,067)
At 30.06.2015/ 01.07.2015	**61,863**	**2,824,058**	**112,532**	**–**	**–**	**6,523,703**	**–**	**9,522,156**
Depreciation for the financial year	**17,862**	**1,263,286**	**32,129**	**3,516,748**	**286,410**	**12,509,094**	**–**	**17,625,529**
Exchange differences	**–**	**316**	**–**	**(112,757)**	**(9,183)**	**159,743**	**–**	**38,119**
At 30.06.2016	**79,725**	**4,087,660**	**144,661**	**3,403,991**	**277,227**	**19,192,540**	**–**	**27,185,804**
Net book value								
At 30.06.2015	109,198	1,694,214	208,758	–	–	53,439,205	–	55,451,375
At 30.06.2016	**100,046**	**449,374**	**176,629**	**140,294,656**	**27,786,473**	**42,644,567**	**–**	**211,451,745**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

18 EQUIPMENT (CONTINUED)

Company	Furniture and fittings RM	Office equipment RM	Office renovation RM	Total RM
Cost				
At 01.01.2014	164,233	4,384,469	321,290	4,869,992
Additions	6,828	102,701	–	109,529
At 30.06.2015/01.07.2015	**171,061**	**4,487,170**	**321,290**	**4,979,521**
Additions	**8,710**	**17,817**	**–**	**26,527**
At 30.06.2016	**179,771**	**4,504,987**	**321,290**	**5,006,048**
Accumulated depreciation				
At 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 30.06.2015/01.07.2015	**61,863**	**2,815,037**	**112,532**	**2,989,432**
Depreciation for the financial year	**17,863**	**1,255,399**	**32,129**	**1,305,391**
At 30.06.2016	**79,726**	**4,070,436**	**144,661**	**4,294,823**
Net book value				
At 30.06.2015	109,198	1,672,133	208,758	1,990,089
At 30.06.2016	**100,045**	**434,551**	**176,629**	**711,225**

19 TRADE RECEIVABLES

Trade receivables are in relation to the sales of gas and the provision of project management, technical and other services relating to the oil and gas exploration and production industry. The amounts are unsecured and are to be settled in cash.

20 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables and deposits	**12,434,532**	50,860,954	**816,863**	216,990
Prepayments and deferred expenses	**9,597,593**	16,616,157	**372,437**	3,715,669
	22,032,125	67,477,111	**1,189,300**	3,932,659
Less:				
Impairment of receivables	**(529,998)**	–	**(529,998)**	–
	21,502,127	67,477,111	**659,302**	3,932,659

The Group had during the current financial year written off business development expenditure amounting to RM30,889,500, originally included under other receivables and deposits.

Prepayments and deferred expenses in the current financial year include RM8,506,873 of the Group's share of prepaid costs paid to Petrofac Facilities Management Limited, the contract operator appointed by AOCL to manage the day-to-day operations and maintenance of the Anasuria Cluster.

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

21 INVENTORIES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Crude oil	**4,248,463**	–	**–**	–
Diesel	**931,654**	–	**–**	–
Spares	**269,320**	–	**–**	–
Chemical	**93,288**	–	**–**	–
	5,542,725	–	**–**	–

Inventories recognised as expenses during the financial year amounted to RM38,784,486. These were included in cost of sales as disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

22 AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2016	**2015**
	RM	**RM**
Amounts owing by subsidiaries:		
Current		
Trade	**1,067,174**	1,103,048
Non-trade	**56,765,348**	48,537,257
Less: Impairment of receivables (non-trade)	**(30,328,994)**	–
	27,503,528	49,640,305
Amounts owing to subsidiaries:		
Current		
Trade	**(49,937)**	–
Non-trade	**(809,526)**	(354,359)
	(859,463)	(354,359)

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.

23 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 administrative expenses. The amounts are unsecured and are to be settled in cash.

During the financial year, impairment of receivables was made amounting to RM1,683,419.

24 AMOUNTS OWING BY/(TO) A RELATED PARTY

The amounts owing by/(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.

During the financial year, impairment of receivables was made amounting to RM18,632 (2015: RM242,211).

25 CASH AND BANK BALANCES

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

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Cash and cash equivalents	**28,745,860**	5,930,309	**20,166,165**	3,995,211
Less: Project cash	**(720,427)**	(1,821,069)	**–**	–
	28,025,433	4,109,240	**20,166,165**	3,995,211

Project cash represents amounts held by a subsidiary which can only be utilised for the financing of expenditures relating to VIC/P57 (refer to Note 35 to the financial statements).

26 SHARE CAPITAL

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

	Par value RM	Number of shares	Share capital RM
Ordinary shares			
At 30.06.2015/30.06.2016	**0.01**	**4,690,000,000**	**46,900,000**

26 SHARE CAPITAL (CONTINUED)

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 01.01.2014	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
At 01.07.2015	**0.01**	**927,778,754**	**9,277,787**
Placement Shares issued during the financial year	**0.01**	**53,027,700**	**530,277**
New Placement Shares issued during the financial year	**0.01**	**277,984,000**	**2,779,840**
Ping Petroleum Settlement during the financial year	**0.01**	**53,848,537**	**538,486**
At 30.06.2016	**0.01**	**1,312,638,991**	**13,126,390**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM9,277,787 to RM13,126,390 by way of Placement Shares issued of 53,027,700 new ordinary shares of RM0.01 each, New Placement Shares issued of 277,984,000 new ordinary shares of RM0.01 each and issuance of 53,848,537 new ordinary shares of RM0.01 each pursuant to the Ping Petroleum Settlement.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

Placement Shares

During the financial year, the Company issued 53,027,700 new ordinary shares, raising a total of RM38,314,775. This was undertaken in two tranches; 18,200,000 shares were issued on 13 July 2015 at RM0.670 per share and 34,827,700 shares were issued on 4 August 2015 at RM0.750 per share.

New Placement Shares

During the financial year, the Company issued 277,984,000 new ordinary shares, raising a total of RM57,044,710. This was undertaken in six tranches; 90,000,000 shares were issued on 4 December 2015 at RM0.235 per share, 12,398,000 shares were issued on 17 December 2015 at RM0.245 per share, 19,586,000 shares were issued on 19 January 2016 at RM0.200 per share, 30,000,000 shares were issued on 28 March 2016 at RM0.200 per share, 26,000,000 shares were issued on 10 May 2016 at RM0.190 per share and 100,000,000 shares were issued on 27 June 2016 at RM0.180 per share.

26 SHARE CAPITAL (CONTINUED)

Ping Petroleum Settlement

During the financial year, the Company issued 53,848,537 new ordinary shares to settle an amount owed to Ping Petroleum. This was undertaken in two tranches, both at RM0.205 per share; 50,257,345 shares were issued on 24 May 2016 and 3,591,192 shares were issued on 20 June 2016.

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 01.01.2014	299,002,922
Exercised during the financial period	(297,563,597)
Unexercised and expired	(1,439,325)
At 30.06.2015/30.06.2016	–

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
01.01.2014	83,611,200
Exercised during the financial period	(83,611,200)
At 30.06.2015/30.06.2016	–

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

27 OTHER RESERVES

(a) Share premium

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

	Group/Company	
	2016 RM	2015 RM
At 01.07.2015/01.01.2014	**535,730,990**	265,465,167
Conversion of warrants during the financial year/period	**–**	240,661,044
Conversion of CRPS during the financial year/period	**–**	1,010,562
Placement Shares issued during the financial year/period	**37,073,846**	28,594,217
New Placement Shares issued during the financial year/period	**51,279,473**	–
Ping Petroleum Settlement during the financial year/period	**10,500,465**	–
At 30.06.2016/30.06.2015	**634,584,774**	535,730,990

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 Act.

(b) Warrant reserve

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

	Group/Company	
	2016 RM	2015 RM
At 01.07.2015/01.01.2014	**–**	87,752,291
Conversion of warrants during the financial year/period	**–**	(87,329,874)
Transfer of warrant reserve to accumulated losses	**–**	(422,417)
At 30.06.2016/30.06.2015	**–**	–

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.

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 Securities and were exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014. The unexercised Warrants-A of 1,439,325 as at 24 July 2014 have expired.

27 OTHER RESERVES (CONTINUED)

(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 Group's share of a joint venture's share-based payment reserve. Other reserves are not distributable by way of dividends.

28 DEFERRED CONSIDERATION

The base consideration for the acquisition of a 50% interest in the Anasuria Cluster comprises the following:

- Initial consideration of USD30.0 million; and
- Deferred consideration of USD22.5 million.

The initial consideration was paid upon completion of the acquisition.

The deferred consideration will be payable as follows:

- USD15.0 million within 12 months from completion; and
- USD7.5 million within 18 months from completion.

	Group	
	2016 RM	2015 RM
Current		
At 01.07.2015/01.01.2014	**–**	–
Acquisition through business combination (Note 15)	**55,460,944**	–
Unwinding of discount (Note 8)	**1,882,526**	–
Exchange differences	**(1,534,883)**	–
At 30.06.2016/30.06.2015	**55,808,587**	–
Non-current		
At 01.07.2015/01.01.2014	**–**	–
Acquisition through business combination (Note 15)	**26,383,507**	–
Unwinding of discount (Note 8)	**895,542**	–
Exchange differences	**(730,164)**	–
At 30.06.2016/30.06.2015	**26,548,885**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

29 CONTINGENT CONSIDERATION

	Group	
	2016 RM	2015 RM
Non-current		
At 01.07.2015/01.01.2014	**–**	–
Acquisition through business combination (Note 15)	**1,474,539**	–
Unwinding of discount (Note 8)	**50,050**	–
Exchange differences	**(40,807)**	–
At 30.06.2016/30.06.2015	**1,483,782**	–

As part of the acquisition of a 50% interest in the Anasuria Cluster, a contingent consideration is payable to Shell UK, Shell EP and Esso UK from 2018 to 2021, if and only when in a calendar year, the annual average oil price (USD Y) exceeds USD75 per bbl, in which case, Shell UK, Shell EP and Esso UK will be paid USD0.15 x (Y-USD75) per bbl of the production from the Anasuria Cluster. The contingent consideration is limited by the production volume and the average oil price for the relevant calendar year.

30 DEFERRED TAX LIABILITIES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deferred tax liabilities:				
- to be recovered after more than 12 months	**390,467,727**	9,210,584	**–**	–
- to be recovered within 12 months	**37,616,266**	1,330,753	**96,904**	375,067
	428,083,993	10,541,337	**96,904**	375,067
Deferred tax assets:				
- to be recovered after more than 12 months	**(16,222,328)**	(10,478,872)	**–**	–
- to be recovered within 12 months	**(20,995,531)**	(62,465)	**(96,904)**	(375,067)
	(37,217,859)	(10,541,337)	**(96,904)**	(375,067)
Deferred tax liabilities (net)	**390,866,134**	–	**–**	–

30 DEFERRED TAX LIABILITIES (CONTINUED)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 01.07.2015/01.01.2014	**–**	–	**–**	–
Acquisition through business combination (Note 15)	**397,955,647**	–	**–**	–
Recognised in profit or loss (Note 10)	**3,606,449**	–	**–**	–
Exchange differences	**(10,695,962)**	–	**–**	–
At 30.06.2016/30.06.2015	**390,866,134**	–	**–**	–

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 01.01.2014	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	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

30 DEFERRED TAX LIABILITIES (CONTINUED)

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

	Equipment RM	Intangible assets RM	Others RM	Total RM
Group				
Deferred tax liabilities				
At 01.07.2015	1,382,441	9,152,598	6,298	10,541,337
Acquisition through business combination (Note 15)	–	397,955,647	–	397,955,647
Recognised in profit or loss	29,263,836	1,428,267	(6,298)	30,685,805
Exchange differences	(941,827)	(10,156,969)	–	(11,098,796)
At 30.06.2016	29,704,450	398,379,543	–	428,083,993
Offsetting	(29,704,450)	(7,513,409)	–	(37,217,859)
Deferred tax liabilities (after offsetting) at 30.06.2016	–	390,866,134	–	390,866,134

	Equipment RM	Decom-missioning costs RM	Tax losses RM	Provision and other payables RM	Total RM
Group					
Deferred tax assets					
At 01.07.2015	–	–	(5,681,252)	(4,860,085)	(10,541,337)
Recognised in profit or loss	(5,517,621)	(3,350,423)	(16,363,141)	(1,848,171)	(27,079,356)
Exchange differences	44,906	107,423	382,907	(132,402)	402,834
At 30.06.2016	(5,472,715)	(3,243,000)	(21,661,486)	(6,840,658)	(37,217,859)
Offsetting	5,472,715	3,243,000	21,661,486	6,840,658	37,217,859
Deferred tax assets (after offsetting) at 30.06.2016	–	–	–	–	–

30 DEFERRED TAX LIABILITIES (CONTINUED)

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 01.01.2014	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	–	–

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

	Equipment RM	Total RM
Company		
Deferred tax liabilities		
At 01.07.2015	**375,067**	**375,067**
Recognised in profit or loss	**(278,163)**	**(278,163)**
At 30.06.2016	**96,904**	**96,904**
Offsetting	**(96,904)**	**(96,904)**
Deferred tax liabilities (after offsetting) at 30.06.2016	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

30 DEFERRED TAX LIABILITIES (CONTINUED)

	Tax losses RM	Total RM
Company		
Deferred tax assets		
At 01.07.2015	**(375,067)**	**(375,067)**
Recognised in profit or loss	**278,163**	**278,163**
At 30.06.2016	**(96,904)**	**(96,904)**
Offsetting	**96,904**	**96,904**
Deferred tax assets (after offsetting) at 30.06.2016	**–**	**–**

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax losses	**134,063,536**	60,263,872	**34,617,853**	22,031,364
Unabsorbed capital allowance	**4,187,922**	4,063,605	**4,187,922**	4,139,254
Provisions and other payables	**32,067,650**	961,478	**31,369,885**	681,821
	170,319,108	65,288,955	**70,175,660**	26,852,439

31 PROVISION FOR DECOMMISSIONING COSTS

	Group	
	2016 RM	2015 RM
Non-current		
At 01.07.2015/01.01.2014	**–**	–
Acquisition through business combination (Note 15)	**114,633,482**	–
Unwinding of discount (Note 8)	**3,891,035**	–
Exchange differences	**(3,172,483)**	–
At 30.06.2016/30.06.2015	**115,352,034**	–

The Group makes full provision for the future costs of decommissioning of its oil production facilities and pipelines on a discounted basis. With respect to the Anasuria Cluster, the decommissioning provision is based on the Group's share of the contractual obligation of 50%.

The provision represents the present value of decommissioning costs which are expected to be incurred up to 2036 assuming no further development of the cluster. The liability is discounted at a rate of 10% and includes an inflationary factor of 2%.

32 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 30.06.2015	0.01	210,000,000	2,100,000

	Par value RM	Number of CRPS	Nominal value RM
Issued and paid-up			
At 01.01.2014	0.01	1,000,000	10,000
Converted during the financial period	0.01	(1,000,000)	(10,000)
At 30.06.2015/30.06.2016	**0.01**	**–**	**–**

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.

33 TRADE PAYABLES

Trade payables are cost of operations in relation to crude oil and gas. The amounts are unsecured and are to be settled in cash.

34 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	**55,089,684**	22,897,399	**18,917,664**	3,790,616
Accruals	**33,685,610**	4,072,612	**5,331,044**	3,724,862
	88,775,294	26,970,011	**24,248,708**	7,515,478

Accruals in the current financial year include RM21,371,245 of project costs relating to the operations of Anasuria Cluster.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

35 AMOUNT OWING BY/(TO) AN ASSOCIATE

	Group	
	2016 RM	2015 RM
Amount owing by an associate:		
Current		
Trade	**732,753**	970,399
Amount owing to an associate:		
Current		
Trade	**(5,449,035)**	(11,849,103)

Amount owing by/(to) an associate represents 3D Oil's 24.9% (2015: 24.9%) share in the VIC/P57 joint bank account less 3D Oil's share of VIC/P57 expenses.

Balance as of 30 June 2016 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.

36 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 30.06.2016/30.06.2015	**0.01**	**100,000,000**	**1,000,000**
Issued and paid-up			
At 30.06.2016/30.06.2015	**0.01**	**2,193,880**	**21,939**
Share premium			
At 30.06.2016/30.06.2015			**197,449**
Total liability component			**219,388**

36 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 Malaysia ("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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

37 DIRECTORS' REMUNERATION

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

	Group/Company	
	2016 RM	2015 RM
Executive Director:		
– salaries	**1,694,112**	2,594,114
– defined contribution plan	**321,900**	429,895
– other benefits	**587,998**	445,844
	2,604,010	3,469,853
Non-executive Directors:		
– fees and allowances	**270,226**	216,180
	2,874,236	3,686,033

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

	Group/Company	
	2016	2015
Executive Director:		
RM2,600,001 – RM3,500,000	**1**	1
Non-executive Directors:		
Below RM50,000	**5**	8
	6	9

38 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 12, 13 and 14 to the financial statements; and

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

38 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to the information detailed elsewhere in the financial statements, set below are other significant transactions and outstanding balances with the related parties during the financial year:

	Transactions value		Balances outstanding	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Group				
Project management, technical and other services fees receivable from:				
HIREX[1]	**201,920**	13,204,408	**120,770**	608,283
Lime[1]:				
Gross	**100,595**	1,300,440	**1,683,419**	1,557,267
Less: Impairment of receivables	**–**	–	**(1,683,419)**	–
	100,595	1,300,440	**–**	1,557,267
Cash advances from directors	**3,150,000**	–	**2,650,000**	–
Rights and concession and conventional studies costs for VIC/P57 recoverable from:				
HIREX[1]	**–**	–	**–**	9,557,744
Joint Operating Agreement indirect overheads recovery from:				
3D Oil[2]:				
Gross	**465,156**	717,765	**751,385**	1,212,610
Less: Impairment of receivables	**–**	–	**(18,632)**	(242,211)
	465,156	717,765	**732,753**	970,399
HIREX[1]	**–**	412,193	**–**	379,061

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

38 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

	Transactions value		Balances outstanding	
	2016 RM	2015 RM	2016 RM	2015 RM
Group (continued)				
Technical and non-technical charges reimbursed from an associate:				
3D Oil[(2)]	**477,057**	1,615,533	**–**	–
Technical and non-technical, and overhead charges reimbursed to an associate:				
3D Oil[(2)]	**(339,457)**	(1,102,296)	**5,449,035**	11,849,103
Company				
Project management, technical and other services fees receivable from:				
Hibiscus Oilfield[(3)]	**67**	7,412,828	**–**	–
Gulf Hibiscus[(3)]	**(37,047)**	2,511,156	**–**	–
Oceania Hibiscus[(3)]	**6,160,668**	2,373,496	**–**	–
Hibiscus Technical[(3)]	**2,906,010**	1,120,624	**3,378,128**	1,103,048
Anasuria Hibiscus[(3)]	**29,537,139**	–	**–**	–
HIREX[(1)]	**–**	1,152,952	**–**	3,199
Cash advances from directors	**3,150,000**	–	**2,650,000**	–

38 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

	Transactions value		Balances outstanding	
	2016 RM	2015 RM	2016 RM	2015 RM
Company (continued)				
Payment on behalf of:				
Hibiscus Oilfield[3]:				
Gross	**208,083**	1,439,762	**152,077**	50,320
Less: Impairment of receivables	**–**	–	**(152,077)**	–
	208,083	1,439,762	**–**	50,320
Gulf Hibiscus[3]:				
Gross	**151,056**	5,045,913	**2,350,908**	–
Less: Impairment of receivables	**–**	–	**(2,350,908)**	–
	151,056	5,045,913	**–**	–
Oceania Hibiscus[3]	**80,428,289**	52,848,406	**80,318,552**	–
Hibiscus Technical[3]	**8,411,911**	1,560,854	**9,890,794**	1,574,541
Carnarvon Hibiscus[3]	**–**	69,652,359	**–**	–
Anasuria Hibiscus[3]	**16,348,456**	–	**16,545,457**	–
Timor Hibiscus[3]:				
Gross	**–**	42,575,381	**27,751,083**	46,769,398
Less: Impairment of receivables	**–**	–	**(27,751,083)**	–
	–	42,575,381	**–**	46,769,398

The Group and the Company entered into the abovementioned related party transactions with parties whose relationships are set out below:

(1) *Joint ventures of the Group.*

(2) *An associate of the Group.*

(3) *Subsidiaries of the Company.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

38 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(c) Key management personnel compensation

	Group/Company	
	2016	**2015**
	RM	**RM**
Included under Director's remuneration		
– fees and allowances	**270,226**	216,180
– salaries	**1,694,112**	2,594,114
– defined contribution plan	**321,900**	429,895
– other benefits	**587,998**	445,844
Included under staff costs		
– salaries	**8,009,226**	13,161,555
– defined contribution plan	**660,672**	1,078,192
– other benefits	**626,810**	867,314

39 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) Anasuria — Group's investments and operations in a geographically focused package of operated producing fields and associated infrastructure located approximately 175 km east of Aberdeen in the United Kingdom Central North Sea.

(v) HIREX — Planned and existing investments in exploration assets within the Asia Pacific region. Activities are located in Malaysia.

During the financial year, revenue from external customers come from the sale of crude oil and gas and provision of project management, technical and other services of RM78,653,547 and RM756,919 respectively.

39 OPERATING SEGMENTS (CONTINUED)

	Investment holding and group activities RM	Lime RM	3D Oil, VIC/L31 & VIC/P57 RM	Anasuria RM	HIREX RM	Elimination RM	Group RM
30.06.2016							
Non-current assets	711,225	–	279,845,012	929,981,938	–	–	1,210,538,175
Include in the segments assets is:							
Investment in an associate	–	–	1,940,135	–	–	–	1,940,135
Additions to non-current assets	26,527	–	104,358,447	972,364,961	–	–	1,076,749,935
Project management, technical and other services	2,924,909	–	–	–	–	–	2,924,909
Interest income	15,330	–	101,124	–	–	–	116,454
Sales of crude oil and gas	–	–	–	78,653,547	–	–	78,653,547
Revenue	2,940,239	–	101,124	78,653,547	–	–	81,694,910
Depreciation and amortisation	(1,305,391)	–	(12,516,981)	(17,078,628)	–	–	(30,901,000)
Loss from operations	(23,053,380)	–	(25,240,343)	(17,434,064)	–	–	(65,727,787)
Reversal of impairment of investment in an associate	–	–	682,778	–	–	–	682,778
Impairment of investment in joint ventures	–	(224,353,954)	–	–	(4,648,376)	–	(229,002,330)
Impairment of intangible assets	–	–	(17,548,684)	–	–	–	(17,548,684)
Negative goodwill from business combination	–	–	–	364,132,443	–	–	364,132,443
Impairment of receivables	(2,232,049)	–	–	–	–	–	(2,232,049)
Write-off of business development expenditure	(30,889,500)	–	–	–	–	–	(30,889,500)
Share of results	–	(61,638,934)	(4,099,083)	–	(1,801,389)	–	(67,539,406)
Finance costs	(261,823)	–	(7,104,320)	(6,719,153)	–	5,889,102	(8,196,194)
Interest income	5,889,102	–	–	–	–	(5,889,102)	–
Taxation	(32,569)	–	–	(3,606,449)	–	–	(3,639,018)
(Loss)/Profit after taxation	(50,580,219)	(285,992,888)	(53,309,652)	336,372,777	(6,449,765)	–	(59,959,747)

As at 30 June 2016, the rig included in non-current assets under 3D Oil, VIC/L31 & VIC/P57 is cold stacked in a shipyard in Turkey.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

39 OPERATING SEGMENTS (CONTINUED)

	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
Project management, technical and other services	14,504,848	–	–	–	–	14,504,848
Interest income	1,080,747	–	–	–	–	1,080,747
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)

40 CAPITAL COMMITMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Approved and contracted for:				
Share of an associate's material commitments	–	4,580,438	–	–
Group's material commitments	**43,316,018**	20,525,724	–	–
Share of a joint venture's material commitments	–	3,054,645	–	–
Share of a joint operation's material commitments	**43,257,633**	–	–	–
	86,573,651	28,160,807	–	–
Approved but not contracted for:				
Share of an associate's material commitments	–	2,302,482	–	–
Group's material commitments	–	314,376,086	–	–
Share of a joint venture's material commitments	–	35,071,016	–	–
	–	351,749,584	–	–

41 OPERATING LEASE COMMITMENTS

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

	Group	
	2016 RM	2015 RM
Within one year		
– the Group	**237,930**	166,080
– share of a joint venture's operating lease commitments (Lime)	–	207,940
– share of a joint venture's operating lease commitments (HIREX)	**186,600**	76,506
	424,530	450,526
Later than one year but not later than five years		
– the Group	**28,100**	146,770
– share of a joint venture's operating lease commitments (Lime)	–	471,567
– share of a joint venture's operating lease commitments (HIREX)	**15,950**	6,540
	44,050	624,877
	468,580	1,075,403

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

41 OPERATING LEASE COMMITMENTS (CONTINUED)

	Company	
	2016	**2015**
	RM	**RM**
Within one year	**237,930**	166,080
Later than one year but not later than five years	**28,100**	146,770
	266,030	312,850

42 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, Australian Dollar and Great Britain Pound. Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

42 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows:

	United States Dollar RM	Ringgit Malaysia RM	Australian Dollar RM	Great Britain Pound RM	Others RM	Total RM
Group						
30.06.2016						
Financial assets						
Trade receivables	268,954	–	–	1,715,887	–	1,984,841
Amounts owing by joint ventures	120,770	–	–	–	–	120,770
Amount owing by an associate	–	–	732,753	–	–	732,753
Other receivables and deposits	1,002	187,600	149,190	9,687,841	11,201	10,036,834
Cash and bank balances	3,498,831	17,835,390	59,080	7,349,751	2,808	28,745,860
	3,889,557	18,022,990	941,023	18,753,479	14,009	41,621,058

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

42 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	Great Britain Pound RM	Others RM	Total RM
Group						
30.06.2016						
Financial liabilities						
Trade payables	–	–	–	60,260	–	60,260
RCPS	–	219,388	–	–	–	219,388
Other payables and accruals	39,472,186	12,324,667	12,225,439	24,734,382	18,620	88,775,294
Amount owing to a joint venture	299,800	15,454	–	–	–	315,254
Amount owing to an associate	–	–	5,449,035	–	–	5,449,035
Deferred consideration	82,357,472	–	–	–	–	82,357,472
Contingent consideration	1,483,782	–	–	–	–	1,483,782
	123,613,240	12,559,509	17,674,474	24,794,642	18,620	178,660,485
Net financial (liabilities)/ assets	(119,723,683)	5,463,481	(16,733,451)	(6,041,163)	(4,611)	(137,039,427)
Less: Net financial liabilities/ (assets) denominated in respective entities' functional currencies	84,683,220	(5,640,012)	16,649,961	10,159,069	–	105,852,238
	(35,040,463)	(176,531)	(83,490)	4,117,906	(4,611)	(31,187,189)

42 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					
30.06.2015					
Financial assets					
Amounts owing by joint ventures	2,165,550	–	9,936,805	–	12,102,355
Amount owing by an associate	–	75,433	894,966	–	970,399
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 owing 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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

42 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	Great Britain Pound RM	Others RM	Total RM
Company						
30.06.2016						
Financial assets						
Other receivables and deposits	–	187,600	–	7,841	11,201	206,642
Amounts owing by subsidiaries	17,285,059	7,701,027	123,923	2,393,519	–	27,503,528
Cash and bank balances	2,265,128	17,820,255	4,594	73,380	2,808	20,166,165
	19,550,187	25,708,882	128,517	2,474,740	14,009	47,876,335

42 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	Great Britain Pound RM	Others RM	Total RM
Company						
30.06.2016						
Financial liabilities						
RCPS	–	219,388	–	–	–	219,388
Other payables and accruals	12,715,110	11,260,864	89,917	164,196	18,621	24,248,708
Amounts owing to subsidiaries	624,285	135,372	99,806	–	–	859,463
Amount owing to a related party	294,535	15,454	–	–	–	309,989
	13,633,930	11,631,078	189,723	164,196	18,621	25,637,548
Net financial assets/ (liabilities)	5,916,257	14,077,804	(61,206)	2,310,544	(4,612)	22,238,787
Less: Net financial assets denominated in respective entities' functional currencies	–	(14,077,804)	–	–	–	(14,077,804)
	5,916,257	–	(61,206)	2,310,544	(4,612)	8,160,983

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

42 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
Amount owing by a related party	3,199	–	–	–	3,199
Cash and bank balances	132,799	2,585,031	1,273,468	3,913	3,995,211
	47,546,930	4,120,016	2,174,148	14,611	53,855,705
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)	46,085,338	(1,221,414)	1,245,782	(583,823)	45,525,883
Less: Net financial liabilities denominated in respective entities' functional currencies	–	1,221,414	–	–	1,212,414
	46,085,338	–	1,245,782	(583,823)	46,747,297

42 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 year/period, with all other variables held constant:

	Group		Company	
	2016 Increase/ (Decrease) RM	2015 Increase/ (Decrease) RM	2016 Increase/ (Decrease) RM	2015 Increase/ (Decrease) RM
Effects on loss after taxation/equity:				
USD				
– strengthened by 5%	**(2,444,023)**	1,723,256	**295,813**	5,472,226
– weakened by 5%	**2,444,023**	(1,723,256)	**(295,813)**	(5,472,226)
AUD				
– strengthened by 5%	**4,201,005**	3,928,803	**(3,060)**	529,947
– weakened by 5%	**(4,201,005)**	(3,928,803)	**3,060**	(529,947)
GBP				
– strengthened by 5%	**199,970**	–	**115,527**	**–**
– weakened by 5%	**(199,970)**	–	**(115,527)**	**–**
RM				
– strengthened by 5%	**(379,906)**	(53,324)	**–**	–
– weakened by 5%	**379,906**	53,324	**–**	–

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

42 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 22 to the financial statements.

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 other receivables which constituted 63% (2015: Amount owing by joint venture of 19%) of its total receivables as at the end of the financial year.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the financial year.

Ageing analysis

The ageing analysis of the Group's trade balances owing by an associate, joint ventures and third party at the end of the financial year is as follows:

	Gross amount RM	Carrying value RM
Group		
30.06.2016		
Neither past due nor impaired	593,432	593,432
Past due 0-30 days but not impaired	385,863	385,863
Past due 31-120 days but not impaired	602,893	602,893
Past due more than 120 days but not impaired	1,256,176	1,256,176
Past due more than 120 days and impaired	1,903,515	–
	4,741,879	2,838,364

42 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(ii) Credit risk (continued)

Ageing analysis (continued)

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

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	
	2016 RM	**2015 RM**
Existing related parties with no default in the past	**593,432**	2,989,076
Existing related parties with some default in the past	**–**	247,738
	593,432	3,236,814

As of 30 June 2016, the Group's receivable of RM1,702,051 (2015: RM242,211) and the Company's receivable of RM18,632 (2015: RM242,211) which were past due for more than 120 days were impaired.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

42 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 year/period based on contractual undiscounted cash flows:

	Carrying amount RM	Contractual undiscounted RM	Within 1 year RM	Within 1-2 years RM
Group				
30.06.2016				
Trade payables	**60,260**	**60,260**	**60,260**	**–**
RCPS	**219,388**	**219,388**	**219,388**	**–**
Other payables and accruals	**88,775,294**	**88,775,294**	**88,775,294**	**–**
Amount owing to an associate	**5,449,035**	**5,449,035**	**5,449,035**	**–**
Amount owing to a joint venture	**315,254**	**315,254**	**315,254**	**–**
Deferred consideration	**82,357,472**	**90,204,750**	**60,136,500**	**30,068,250**
Contingent consideration	**1,483,782**	**2,565,915**	**–**	**2,565,915**
	178,660,485	**187,589,896**	**154,955,731**	**32,634,165**
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	–

Payables and commitments as set out in Note 28 to the financial statements are intended to be funded via net cash inflow from the operations of the Anasuria Cluster and a USD10 million prepaid lease rental from a third party charterer (refer to Note 43(d) to the financial statements).

42 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				
30.06.2016				
RCPS	**219,388**	**219,388**	**219,388**	**–**
Other payables and accruals	**24,248,708**	**24,248,708**	**24,248,708**	**–**
Amounts owing to subsidiaries	**859,463**	**859,463**	**859,463**	**–**
Amount owing to a related party	**309,989**	**309,989**	**309,989**	**–**
	25,637,548	**25,637,548**	**25,637,548**	**–**
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	–

(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 25% of the Company's issued and paid-up ordinary share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments

	2016 RM	2015 RM
Group		
Financial assets		
Loans and receivables		
Trade receivables	**1,984,841**	–
Other receivables and deposits	**10,036,834**	50,860,954
Amount owing by an associate	**732,753**	970,399
Amounts owing by joint ventures	**120,770**	12,102,355
Cash and bank balances	**28,745,860**	5,930,309
	41,621,058	69,864,017
Other financial liabilities		
Trade payables	**60,260**	–
RCPS	**219,388**	219,388
Other payables and accruals	**88,775,294**	26,970,011
Amount owing to an associate	**5,449,035**	11,849,103
Amount owing to a joint venture	**315,254**	240,597
Deferred consideration	**82,357,472**	–
Contingent consideration	**1,483,782**	–
	178,660,485	39,279,099

42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments (continued)

	2016 RM	2015 RM
Company		
Financial assets		
Loans and receivables		
Other receivables and deposits	**206,642**	216,990
Amounts owing by subsidiaries	**27,503,528**	49,640,305
Amount owing by a related party	**–**	3,199
Cash and bank balances	**20,166,165**	3,995,211
	47,876,335	53,855,705
Other financial liabilities		
RCPS	**219,388**	219,388
Other payables and accruals	**24,248,708**	7,515,478
Amounts owing to subsidiaries	**859,463**	354,359
Amount owing to a related party	**309,989**	240,597
	25,637,548	8,329,822

(d) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

42 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Liability				
Financial liability at fair value through profit or loss:				
Deferred consideration				
At 01.07.2015	–	–	–	–
Acquisition through business combination	–	–	81,844,451	81,844,451
Unwinding of discount	–	–	2,778,068	2,778,068
Exchange differences	–	–	(2,265,047)	(2,265,047)
At 30.06.2016	–	–	82,357,472	82,357,472
Contingent consideration				
At 01.07.2015	–	–	–	–
Acquisition through business combination	–	–	1,474,539	1,474,539
Unwinding of discount	–	–	50,050	50,050
Exchange differences	–	–	(40,807)	(40,807)
At 30.06.2016	–	–	1,483,782	1,483,782

43 SIGNIFICANT EVENTS

(a) New Placement Shares

Subsequent to the financial year ended 30 June 2016, the Company issued 48,900,000 New Placement Shares, raising a total of RM8,802,000.

The New Placement Shares exercise was completed on 13 July 2016 with a total of 326,884,000 new ordinary shares issued.

(b) Proposed placement of shares

The Company announced on 9 August 2016 that it proposes to undertake the proposed private placement of up to 82,305,362 ordinary shares of RM0.01 each in the Company ("Fresh Placement Shares") representing approximately 6.05% of the existing issued and paid-up ordinary share capital of the Company ("Proposed Private Placement").

It is the Company's intention to place out the Fresh Placement Shares to third party investor(s) to be identified at a later date, under the existing general mandate pursuant to Section 132D of the Act ("General Mandate") which was approved by the shareholders of the Company at the Company's 5th AGM convened on 11 December 2015. The current General Mandate, which is valid until the next AGM, empowers the Board to allot and issue new shares at any time upon such terms and conditions and for such purposes as the Board may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up ordinary share capital of the Company.

The Proposed Private Placement may be implemented in tranches within 6 months from the date of the approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions and validity of the existing General Mandate or a new mandate being obtained from shareholders of the Company, as the case may be.

Bursa Securities, vide its letter dated 6 September 2016, approved the Proposed Private Placement, subject to the following conditions:

(i) the Company and Kenanga Investment Bank Berhad ("Kenanga IB") must fully comply with the relevant provisions under the Bursa Securities Listing Requirements pertaining to the implementation of the Proposed Private Placement;

(ii) the Company and Kenanga IB to inform Bursa Securities upon the completion of the Proposed Private Placement;

(iii) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and

(iv) the Company to furnish Bursa Securities with a certified true copy of the resolution passed pursuant to Section 132D of the Act, in the event the existing authority has expired prior to the full implementation of the Proposed Private Placement.

As at the date of the financial statements, the Company has issued 41,000,000 Fresh Placement Shares, raising a total of RM7,995,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONT'D)

43 SIGNIFICANT EVENTS (CONTINUED)

(c) The Finance Bill 2016 published on 24 March 2016 stated a downward revision of the rate of the Supplementary Charge in the United Kingdom. Following agreement by both the United Kingdom's House of Commons and House of Lords on the text of Finance Bill 2016, it received Royal Assent on 15 September 2016. The Finance Bill 2016 is therefore now an Act of Parliament.

The impact caused by the reduction in the rate of the Supplementary Charge on the deferred tax liabilities relating to fair value of the identifiable assets and liabilities of the Anasuria Cluster recognised as at 30 June 2016 (refer to Note 15 to the financial statements) shall be recognised as a tax credit in the financial quarter ended 30 September 2016.

(d) Prepaid lease rental from a third party charterer

The Group had entered into a lease and leaseback arrangement with a third party charterer in connection with its rig. Amongst others, the arrangement enables the Group to request for a prepaid lease rental of USD10 million on or after 1 February 2017 subject to meeting the conditions set by the third party charterer. As at the date of the financial statements, the conditions have been met. In the event that the leasing arrangement does not proceed as intended, the prepaid lease rental received will be subject to an interest rate of 10% per annum from the date of receipt, and is repayable by 31 December 2017.

(e) Acquisition of subsidiaries

(i) On 10 October 2016, the Company acquired Pacific Hibiscus Sdn Bhd ("Pacific Hibiscus"), a company incorporated in Malaysia under the Act, with an authorised share capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each and a paid-up share capital of RM2.00 from non-related parties.

(ii) On 10 October 2016, Pacific Hibiscus acquired SEA Hibiscus Sdn Bhd ("SEA Hibiscus"), a company incorporated in Malaysia under the Act, with an authorised share capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each and a paid-up share capital of RM2.00 from non-related parties.

(f) Proposed acquisition of 50% participating interests under the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract

On 12 October 2016, the Company announced that its indirect wholly-owned subsidiary, SEA Hibiscus, had entered into a conditional sale and purchase agreement with Sabah Shell Petroleum Company Limited and Shell Sabah Selatan Sdn Bhd (collectively the "Sellers") to acquire the Sellers' 50% participating interests in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract entered into between Petroliam Nasional Berhad ("PETRONAS"), the Sellers and PETRONAS Carigali Sdn Bhd ("PCSB")("PSC"); and the joint operating agreement between the Sellers and PCSB in relation to the PSC ("SJOA") (collectively the "Interest") for a total consideration of USD25 million ("Proposed Acquisition").

The responsibilities of SEA Hibiscus as the operator of the PSC and under the SJOA are the management of the operations of:

(i) production of petroleum from 4 existing oil fields, namely St Joseph, South Furious, SF30 and Barton; and

(ii) existing pipeline infrastructure, the Labuan Crude Oil Terminal, and all other equipment and assets relating to the PSC.

43 SIGNIFICANT EVENTS (CONTINUED)

(f) Proposed acquisition of 50% participating interests under the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (continued)

The Proposed Acquisition is subject to and conditional upon approvals being obtained from the following:

(i) Sellers' receipt of PCSB's waiver of pre-emption rights and unconditional consent under the SJOA to the assignment of the entire Interest to SEA Hibiscus or upon fulfilment of conditions reasonably acceptable to SEA Hibiscus and/or the Sellers, as the affected party;

(ii) Sellers' receipt of PETRONAS's unconditional approval under the PSC to the assignment of the entire Interest to SEA Hibiscus or upon fulfilment of conditions reasonably acceptable to SEA Hibiscus and/or the Sellers, as the affected party;

(iii) the receipt of all consents of other relevant parties, if any; and

(iv) the due execution by the parties of the completion documents.

The Proposed Acquisition is not subject to the Company's shareholders' approval.

44 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	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total accumulated losses:				
Realised	**(2,384,607)**	(77,723,408)	**(302,788,692)**	(36,864,156)
Unrealised	**(389,989,369)**	6,719,556	**(1,535,517)**	13,439,402
	(392,373,976)	(71,003,852)	**(304,324,209)**	(23,424,754)
Less: Consolidation adjustments	**260,469,669**	(940,708)	**–**	–
	(131,904,307)	(71,944,560)	**(304,324,209)**	(23,424,754)

ANALYSIS OF ORDINARY SHAREHOLDINGS
AS AT 30 SEPTEMBER 2016

Authorised Share Capital	:	RM50,000,000.00 divided into 4,690,000,000 ordinary shares of RM0.01 each (Shares), 100,000,000 of RM0.01 each Redeemable Convertible Preference Shares (RCPS) and 210,000,000 Convertible Redeemable Preference Shares of RM0.01 each
Paid-up Share Capital	:	RM14,047,328.71 comprising 1,402,538,991 Shares and 2,193,880 RCPS
No. of Ordinary Shareholders	:	7,222
Voting Rights	:	One vote for every Share held

ANALYSIS OF ORDINARY SHAREHOLDINGS

DISTRIBUTION OF ORDINARY SHAREHOLDERS

Category	No. of Ordinary Shareholders	No. of Shares	% of Total Shareholdings
Less than 100	27	490	-[1]
100 – 1,000	679	438,821	0.03
1,001 – 10,000	2,697	15,998,059	1.14
10,001 – 100,000	2,992	117,654,529	8.39
10,001 to less than 5% of issued Shares	825	989,627,092	70.56
5% and above of issued Shares	2	278,820,000	19.88
Total	**7,222**	**1,402,538,991**	**100.00**

Note:
1 Less than 0.01%

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2016

		Direct		Indirect	
No.	Name	No. of Ordinary Shares	%	No. of Ordinary Shares	%
1	Hibiscus Upstream Sdn Bhd	168,572,600	12.02	-	-
2	Dr Kenneth Gerard Pereira	-	-	168,572,600[1]	12.02
3	Polo Investments Limited	138,900,000	9.90	-	-
4	Mettiz Capital Limited	-	-	138,900,000[2]	9.90
5	Polo Resources Limited	-	-	138,900,000[2]	9.90
6	Datuk Michael Tang Vee Mun	-	-	138,900,000[2]	9.90
7	Mohd Zulkefli bin Mohd Abdah	400,000	0.03	93,334,000[3]	6.65

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 their interest in Polo Investments Limited pursuant to Section 6A of the Companies Act, 1965.
3 Deemed interest by virtue of his interest in Picadilly Middle East Ltd and Tericon Solutions Ltd pursuant to Section 6A of the Companies Act, 1965.

ANALYSIS OF ORDINARY SHAREHOLDINGS
AS AT 30 SEPTEMBER 2016

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2016

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1	Zainul Rahim bin Mohd Zain	-	-	-	-
2	Dr Kenneth Gerard Pereira	-	-	168,572,600[1]	12.02
3	Dato' Roushan Arumugam	-	-	53,465,000[2]	3.81
4	Sara Murtadha Jaffar Sulaiman	-	-	-	-
5	Thomas Michael Taylor	-	-	-	-

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

LIST OF TOP 30 ORDINARY SHAREHOLDERS AS AT 30 SEPTEMBER 2016

No.	Name	No. of Shares	% of Total Shareholdings
1	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hibiscus Upstream Sdn Bhd (MGN-HUS0001M)	139,920,000	9.98
2	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Polo Investments Limited (PB)	138,900,000	9.90
3	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Picadilly Middle East Ltd (46210662281D)	53,334,000	3.80
4	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS-PB)	53,315,000	3.80
5	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Tericon Solutions Ltd (46210662281A)	40,000,000	2.85
6	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Gud Run International Incorporated (46210662281B)	32,103,000	2.29
7	CIMSEC Nominees (Asing) Sdn Bhd Pledged Securities Account for Ping Petroleum Limited	26,192,337	1.87
8	Hanizah binti Mohd Nasir	22,016,396	1.60
9	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aspen Alliance Sdn Bhd	21,666,667	1.54
10	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Asia (EX Japan) Quantum Fund (4579)	20,943,000	1.49
11	CitiGroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 9)	19,422,700	1.38

LIST OF TOP 30 ORDINARY SHAREHOLDERS AS AT 30 SEPTEMBER 2016

No.	Name	No. of Shares	% of Total Shareholdings
12	AllianceGroup Nominees (Asing) Sdn Bhd Pledged Securities Account for Mercury Pacific Marine Pte Ltd (8113247)	19,283,700	1.37
13	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Hibiscus Upstream Sdn Bhd (MY1928)	19,200,000	1.37
14	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Siew Hoe	17,398,000	1.24
15	Lim Chin Sean	16,948,200	1.21
16	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co Ltd (Singapore BCH)	15,840,659	1.13
17	CitiGroup Nominees (Asing) Sdn Bhd CEP for Pheim SICAV-SIF	14,900,000	1.06
18	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Pheim)	13,300,000	0.95
19	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Ling	11,100,000	0.79
20	Lim Ai Ling	10,000,000	0.71
21	Kelrix Sdn Bhd	9,889,889	0.71
22	Sri Inderajaya Holdings Sdn Bhd	9,452,702	0.67
23	Hibiscus Upstream Sdn Bhd	9,452,600	0.67
24	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for DRA Resources Pte Ltd	9,417,600	0.67
25	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chai Beng	9,057,300	0.65
26	Tan Ah Loy @ Tan May Ling	9,000,000	0.64
27	HSBC Nominees (Asing) Sdn Bhd SG Nantes for Amaya Investments Limited (SG/SGBT/SGHCI)	8,839,779	0.63
28	TSH Corporation Limited	8,550,400	0.61
29	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	8,022,000	0.57
30	Shamsuddin bin Abdul Kadir	7,785,500	0.56

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS) HOLDINGS
AS AT 30 SEPTEMBER 2016

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 (Act) and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights.

DISTRIBUTION OF RCPS HOLDERS

Category	No. of RCPS Holders	No. of RCPS	% of Total RCPS Holdings
Less than 100	-	-	-
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 30 September 2016

No.	Name	Direct		Indirect	
		No. of RCPS	%	No. of RCPS	%
1	Zainul Rahim bin Mohd Zain	-	-	-	-
2	Dr Kenneth Gerard Pereira	-	-	2,193,880[1]	100
3	Dato' Roushan Arumugam	-	-	-	-
4	Sara Murtadha Jaffar Sulaiman	-	-	-	-
5	Thomas Michael Taylor	-	-	-	-

Note:
1 Deemed interest by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 6A of the Act.

LIST OF RCPS HOLDER AS AT 30 SEPTEMBER 2016

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

NOTICE OF THE 6TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting of HIBISCUS PETROLEUM BERHAD (Hibiscus Petroleum or the Company) will be held at The Summit 1, Level M1, The Vertical, Connexion Conference & Event Centre, No. 8, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Tuesday, 6 December 2016 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 year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the Directors' fees of RM48,000 per annum per Non-Executive Director for the financial year ending 30 June 2017, to be paid at end of each quarter of the financial year ending 30 June 2017. **[Resolution 1]**

3. To re-elect Encik Zainul Rahim bin Mohd Zain who is retiring pursuant to Article 123 of the Articles of Association of the Company. **[Resolution 2]**

4. To re-elect Mr Thomas Michael Taylor who is retiring pursuant to Article 101 of the Articles of Association of the Company. **[Resolution 3]**

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

As Special Business

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

6. **AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **[Resolution 5] (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."

NOTICE OF THE 6TH ANNUAL GENERAL MEETING

7 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
31 October 2016

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 29 November 2016 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) 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 6 of the Agenda

   The Company had, during its 5th Annual General Meeting held on 11 December 2015, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act ("Previous Mandate"). As at 21 September 2016, 94,848,537 new ordinary shares in the Company were issued pursuant to the Previous Mandate and were listed on the Main Market of Bursa Malaysia Securities Berhad. Of this amount, 53,848,537 ordinary shares were issued to Ping Petroleum Limited to settle USD2.7 million of introducer fee payable to them and 41,000,000 ordinary shares were issued to institutional funds with the funds raised being utilised largely for working capital purposes and expenses related to future development projects.

   The Ordinary Resolution 5 proposed under item 6 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company speedily up to an amount not exceeding in total 10% of the issued share capital of the Company for such purpose(s) as the Directors may in their discretion deem fit (including possible fund raising activities, funding the working capital or future/strategic development and/or investment of the Group and/or to continue with the private placement exercise as announced by the Company on 9 August 2016). 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 6th 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 6th Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 6th 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 6th Annual General Meeting of the Company to be held at The Summit 1, Level M1, The Vertical, Connexion Conference & Event Centre, No. 8, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Tuesday, 6 December 2016 at 9.30 am or at any adjournment thereof, on the following resolutions referred to in the Notice of the 6th Annual General Meeting by indicating an "**X**" in the space provided below:-

Item	Agenda			
1.	To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon.			
	Ordinary Business	**Resolution**	**FOR**	**AGAINST**
2.	To approve the Directors' fees of RM48,000 per annum per Non-Executive Director for the financial year ending 30 June 2017, to be paid at end of each quarter of the financial year ending 30 June 2017.	1		
3.	To re-elect Encik Zainul Rahim bin Mohd Zain who is retiring pursuant to Article 123 of the Articles of Association of the Company.	2		
4.	To re-elect Mr Thomas Michael Taylor who is retiring pursuant to Article 101 of the Articles of Association of the Company.	3		
5.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.	4		
	Special Business	**Resolution**	**FOR**	**AGAINST**
6.	Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.	5		

Dated this __________ day of _______________ 2016

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 29 November 2016 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.

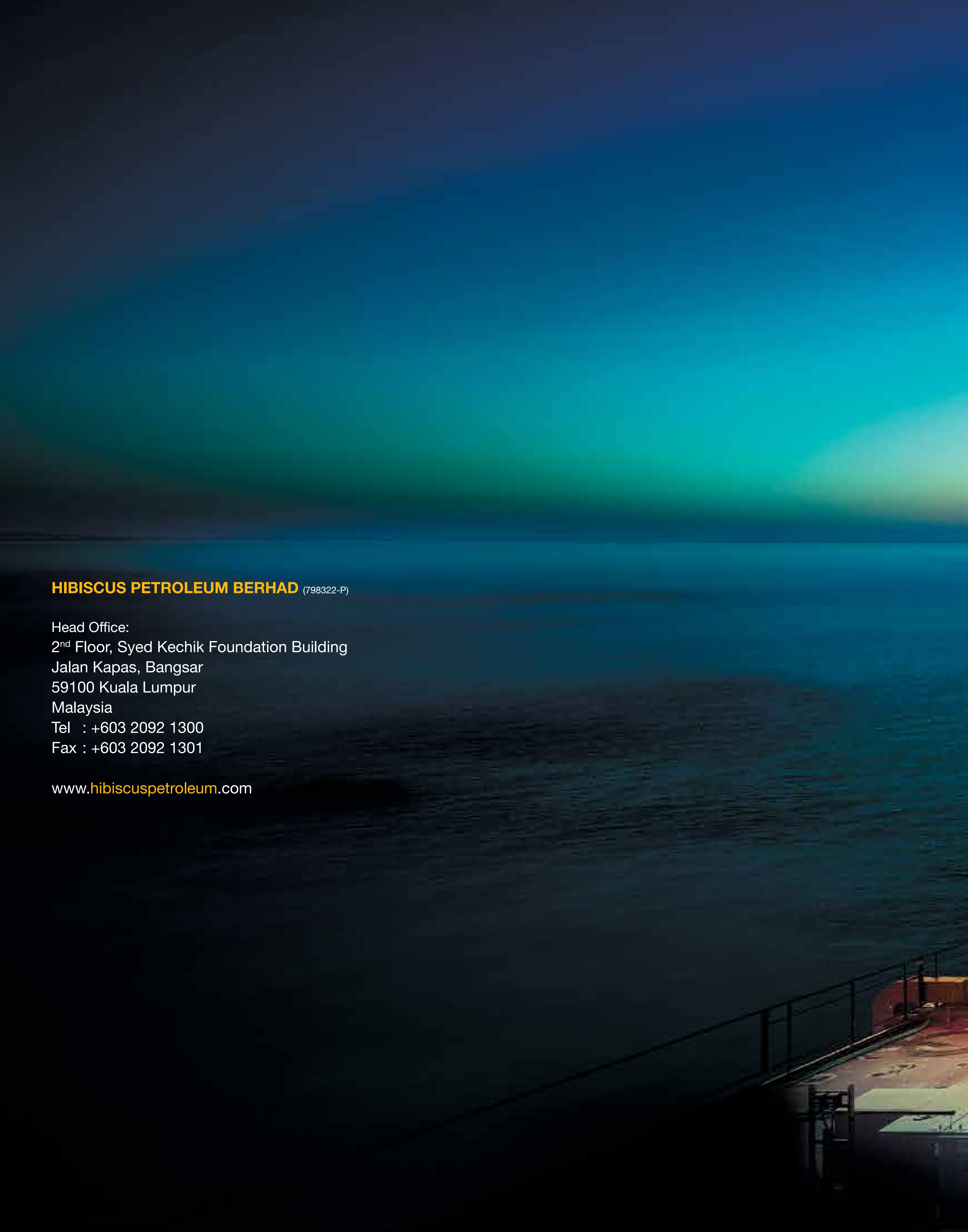
PERSONAL DATA POLICY

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 6th Annual General Meeting dated 31 October 2016.

AFFIX
POSTAGE
STAMP

Share Registrar

TRICOR INVESTOR & ISSUING HOUSE 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



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