

**HIBISCUS PETROLEUM BERHAD**  
(Incorporated in Malaysia)  
Company No: 798322 – P

**Unaudited Financial Report**  
**31 MARCH 2012**

# HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)

Company No: 798322 - P

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD / YEAR ENDED 31 MARCH 2012

|  |      | INDIVIDUAL 6 MONTHS   |  | CUMULATIVE 12 MONTHS                             |  |
|--|------|---|--|--|--|
|  | NOTE | UNAUDITED<br>CURRENT<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2012<br>RM'000 | UNAUDITED<br>PRECEDING<br>CORRESPONDING<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2011<br>RM'000 | UNAUDITED<br>12 MONTHS TO<br>31.3.2012<br>RM'000 | AUDITED<br>12 MONTHS TO<br>31.3.2011<br>RM'000 |
| <b>REVENUE</b>   | 2    | 5,669   | 15   | 7,961  | 15   |
| Administrative expenses                                  |      | (4,178)   | (899)  | (6,269)  | (902)  |
| Other expenses   |      | (4,672)   | (297)  | (6,050)  | (307)  |
| <b>LOSS BEFORE TAXATION</b>                              | 3    | (3,181)   | (1,181)  | (4,358)  | (1,194)  |
| Income tax expense                                       | 4    | (429)   | -  | (526)  | -  |
| <b>LOSS AFTER TAXATION</b>                               |      | (3,610)   | (1,181)  | (4,884)  | (1,194)  |
| Other comprehensive expenses,<br>net of tax :-           |      |   |  |  |  |
| Foreign currency translation                             |      | (1,314)   | -  | (1,314)  | -  |
| Total comprehensive expenses                             |      | (4,924)   | (1,181)  | (6,198)  | (1,194)  |
| <b>LOSS AFTER TAXATION<br/>ATTRIBUTABLE TO:</b>          |      |   |  |  |  |
| Owners of the Company                                    |      | (3,610)   | (1,181)  | (4,884)  | (1,194)  |
| <b>TOTAL COMPREHENSIVE<br/>EXPENSES ATTRIBUTABLE TO:</b> |      |   |  |  |  |
| Owners of the Company                                    |      | (4,924)   | (1,181)  | (6,198)  | (1,194)  |
| <b>LOSS PER SHARE (RM)</b>                               |      |   |  |  |  |
| Basic  | 5    | (0.03)  | (5,905)  | (0.03)   | (5,969)  |
| Diluted  | 5    | Not<br>Applicable   | Not<br>Applicable  | Not<br>Applicable                                | Not<br>Applicable                              |

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.*

# HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)  
Company No: 798322 - P

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

|   |    | UNAUDITED<br>31.3.2012<br>RM'000 | AUDITED<br>31.3.2011<br>RM'000 |
|---|----|----------------------------------|--------------------------------|
| <b>ASSETS</b>                                     |    |                                  |                                |
| <b>NON-CURRENT ASSETS</b>                         |    |                                  |                                |
| Equipment   |    | 660                              | 6                              |
| Investment in unquoted shares                     | 6  | 12,258                           | -                              |
|   |    | <hr/>                            | <hr/>                          |
|   |    | 12,918                           | 6                              |
| <b>CURRENT ASSETS</b>                             |    |                                  |                                |
| Other receivables, deposits and prepayments       |    | 217                              | 411                            |
| Amount owing by a related party                   | 7  | 1,855                            | -                              |
| Fixed deposits with licensed banks                | 8  | 50,016                           | 2,304                          |
| Cash and bank balances                            |    | 168,508                          | 213                            |
|   |    | <hr/>                            | <hr/>                          |
|   |    | 220,596                          | 2,928                          |
| <b>TOTAL ASSETS</b>                               |    | <hr/>                            | <hr/>                          |
|   |    | 233,514                          | 2,934                          |
| <b>EQUITY</b>                                     |    |                                  |                                |
| Share capital                                     | 9  | 4,180                            | *                              |
| Share premium                                     | 10 | 137,217                          | -                              |
| Warrant reserve                                   | 11 | 98,151                           | -                              |
| Foreign exchange reserve                          | 12 | (1,314)                          | -                              |
| Accumulated losses                                |    | (6,089)                          | (1,205)                        |
|   |    | <hr/>                            | <hr/>                          |
|   |    | 232,145                          | (1,205)                        |
| <b>NON CURRENT LIABILITY</b>                      |    |                                  |                                |
| Deferred tax liabilities                          |    | 41                               | -                              |
|   |    | <hr/>                            | <hr/>                          |
| <b>CURRENT LIABILITIES</b>                        |    |                                  |                                |
| Other payables and accruals                       |    | 628                              | 84                             |
| Amount owing to related parties                   |    | -                                | 3,000                          |
| Redeemable Convertible Preference Shares ("RCPS") | 13 | 219                              | 1,055                          |
| Provision for taxation                            |    | 481                              | -                              |
|   |    | <hr/>                            | <hr/>                          |
|   |    | 1,328                            | 4,139                          |
| <b>TOTAL LIABILITIES</b>                          |    | <hr/>                            | <hr/>                          |
|   |    | 1,369                            | 4,139                          |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |    | <hr/>                            | <hr/>                          |
|   |    | 233,514                          | 2,934                          |
| <b>NET ASSETS PER SHARE (RM)</b>                  |    | <hr/>                            | <hr/>                          |
|   |    | 0.56                             | (6,023)                        |

Note :

\* - Represents RM2

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

# HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)

Company No: 798322 - P

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

|  | SHARE<br>CAPITAL<br>RM'000 | SHARE<br>PREMIUM<br>RM'000 | WARRANT<br>RESERVE<br>RM'000 | ACCUMULATED<br>LOSSES<br>RM'000 | FOREIGN<br>EXCHANGE<br>RESERVE<br>RM'000 | TOTAL<br>RM'000 |
|--|----------------------------|----------------------------|------------------------------|---------------------------------|--|-----------------|
| <b>AUDITED</b>   |                            |                            |                              |                                 |  |                 |
| At 1.4.2010  | *                          | -                          | -                            | (11)                            | -  | (11)            |
| Loss after taxation/<br>Total comprehensive<br>expenses for the<br>financial year                        | -                          | -                          | -                            | (1,194)                         | -  | (1,194)         |
| At 31.3.2011   | *                          | -                          | -                            | (1,205)                         | -  | (1,205)         |
| <b>UNAUDITED</b>   |                            |                            |                              |                                 |  |                 |
| At 1.4.2011  | *                          | -                          | -                            | (1,205)                         | -  | (1,205)         |
| Contributions by and<br>distributions to owners<br>of the Company:-                                      |                            |                            |                              |                                 |  |                 |
| - Conversion of RCPS   | 836                        | -                          | -                            | -                               | -  | 836             |
| - Capitalisation of initial<br>investors' utilisation<br>amount and subscription<br>by initial investors | 222                        | 3,111                      | 6,667                        | -                               | -  | 10,000          |
| - Public issue pursuant to<br>the Company's listing<br>("Public Issue")                                  | 3,122                      | 137,375                    | 93,664                       | -                               | -  | 234,161         |
| Share issuance costs   | -                          | (3,269)                    | (2,180)                      | -                               | -  | (5,449)         |
| Loss after taxation for the<br>financial year  | -                          | -                          | -                            | (4,884)                         | -  | (4,884)         |
| Other comprehensive<br>expenses for the financial<br>year, net of tax:-                                  |                            |                            |                              |                                 |  |                 |
| - Foreign currency translation   | -                          | -                          | -                            | -                               | (1,314)                                  | (1,314)         |
| Total comprehensive<br>expenses for the financial<br>year  | -                          | -                          | -                            | (4,884)                         | (1,314)                                  | (6,198)         |
| At 31.3.2012   | 4,180                      | 137,217                    | 98,151                       | (6,089)                         | (1,314)                                  | 232,145         |

Note :

\* - Represents RM2

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

# HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)

Company No: 798322 - P

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

|   | UNAUDITED<br>CURRENT<br>YEAR ENDED<br>31.3.2012<br>RM'000 | AUDITED<br>PRECEDING<br>YEAR ENDED<br>31.3.2011<br>RM'000 |
|---|---|---|
| <b>CASH FLOWS FOR OPERATING ACTIVITIES</b>                                  |   |   |
| Loss before taxation  | (4,358)   | (1,194)   |
| Adjustments for:-   |   |   |
| Depreciation of equipment   | 115   | #   |
| Interest income   | (6,112)   | (15)  |
| Listing expenses  | 216   | 307   |
| Qualifying Acquisition expenses   | 5,706   | -   |
| Unrealised loss on foreign exchange   | 4   | -   |
| Operating loss before working capital changes                               | (4,429)   | (902)   |
| Decrease/(Increase) in other receivables, deposits and prepayments          | 194   | (411)   |
| Increase in other payables and accruals                                     | 295   | 72  |
| Increase in amount owing by a related party                                 | (1,855)   | -   |
| Cash used in operations   | (5,795)   | (1,241)   |
| Tax paid  | (4)   | -   |
| <b>NET CASH FOR OPERATING ACTIVITIES</b>                                    | <b>(5,799)</b>  | <b>(1,241)</b>  |
| <b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>                           |   |   |
| Purchase of equipment   | (769)   | (6)   |
| Qualifying Acquisition expenses paid  | (5,457)   | -   |
| Interest received   | 6,112   | 15  |
| Purchase of unquoted shares   | (12,258)  | -   |
| <b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>                             | <b>(12,372)</b>   | <b>9</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |   |   |
| Advance from related parties  | -   | 3,000   |
| Proceeds from issuance of RCPS  | -   | 1,055   |
| Proceeds from issuance of ordinary shares                                   | 241,161   | -   |
| Listing expenses paid   | (216)   | (307)   |
| Share issuance costs paid   | (5,449)   | -   |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                                   | <b>235,496</b>  | <b>3,748</b>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                            | <b>217,325</b>  | <b>2,516</b>  |
| <b>EFFECTS OF FOREIGN CURRENCY TRANSLATION AND LOSS ON FOREIGN EXCHANGE</b> | <b>(1,318)</b>  | <b>-</b>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>                   | <b>2,517</b>  | <b>1</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>                         | <b>218,524</b>  | <b>2,517</b>  |

Note : # - Represents less than RM1,000

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

## PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

### 1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) and Financial Reporting Standard (“**FRS**”) 134 - *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of Hibiscus Petroleum Berhad (“**Hibiscus Petroleum**” or the “**Company**”) as at and for the financial year ended 31 March 2011.

The financial statements of the Company as at and for the financial year ended 31 March 2011, which were prepared under FRSs, are available upon request from the Company’s registered office at:

Level 18, The Gardens North Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur.

The financial statements of Hibiscus Petroleum and its subsidiary companies (the “**Group**”) are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with FRSs and the Companies Act, 1965 in Malaysia.

- (a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

#### **FRSs and IC Interpretations (including the Consequential Amendments)**

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised) Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised) Additional Exemptions for First-time Adopters

Amendments to FRS 2 Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5 Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7 Improving Disclosures about Financial Instruments

## 1. BASIS OF PREPARATION (CONT'D)

### (a) FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)

Amendments to FRS 138 Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any impact on the Group's financial statements, other than the following:-

- (i) FRS 3 (Revised) – *Business Combinations* introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year.
- (ii) Amendments to FRS 7 – *Financial Instruments: Disclosures* expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy. Comparatives are not presented by virtue of the exemption given in the amendments.
- (iii) Amendments to FRS 101 (Revised) – *Presentation of Financial Statements* also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

## 1. BASIS OF PREPARATION (CONT'D)

- (a) (iv) FRS 127 (Revised) – *Consolidated and Separate Financial Statements* requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group, but may impact the accounting of its future transactions or arrangements.
- (v) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application except for the classification of the RCPS as current liability based on when cash settlement is required to be made, notwithstanding the fact that the Group could be required by the counterparty to settle in cash at any time subject to the sufficiency of funds which can be lawfully applied towards the redemption of the RCPS at the relevant time.
- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year.

### **FRSs and IC Interpretations (including the Consequential Amendments)**

|  | <b>Effective Date</b> |
|--|-----------------------|
| FRS 9 Financial Instruments                      | 1 January 2015        |
| FRS 10 Consolidated Financial Statements         | 1 January 2013        |
| FRS 11 Joint Arrangements                        | 1 January 2013        |
| FRS 12 Disclosure of Interests in Other Entities | 1 January 2013        |
| FRS 13 Fair Value Measurement                    | 1 January 2013        |
| FRS 119 (Revised) Employee Benefits              | 1 January 2013        |
| FRS 127 (2011) Separate Financial Statements     | 1 January 2013        |



## 1. BASIS OF PREPARATION (CONT'D)

| (b) FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)                       | Effective Date |
|---|----------------|
| FRS 128 (2011) Investments in Associates and Joint Ventures   | 1 January 2013 |
| Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 January 2012 |
| Amendments to FRS 7: Disclosures – Transfers of Financial Assets  | 1 January 2012 |
| Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities                | 1 January 2013 |
| Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures                       | 1 January 2015 |
| Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income                    | 1 July 2012    |
| Amendments to FRS 112: Recovery of Underlying Assets  | 1 January 2012 |
| Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities                            | 1 January 2014 |
| IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine                          | 1 January 2013 |

The Group's next set of financial statements for the financial year beginning on 1 April 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 April 2012.

- (c) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting these new accounting standards in the next financial year. The possible change of the accounting policies is expected to have no material impact on the financial statements of the Group upon their initial application.

## 2. REVENUE

|  | INDIVIDUAL 6 MONTHS   |  | CUMULATIVE 12 MONTHS                             |  |
|--|---|--|--|--|
|  | UNAUDITED<br>CURRENT<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2012<br>RM'000 | UNAUDITED<br>PRECEDING<br>CORRESPONDING<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2011<br>RM'000 | UNAUDITED<br>12 MONTHS TO<br>31.3.2012<br>RM'000 | AUDITED<br>12 MONTHS TO<br>31.3.2011<br>RM'000 |
| Project management<br>technical and other<br>services fees | 1,849   | -  | 1,849  | -  |
| Interest income  | 3,820   | 15   | 6,112  | 15   |
|  | 5,669   | 15   | 7,961  | 15   |

Revenue represents interest income from fixed deposits and fees from the provision of project management, technical and other services relating to the oil and gas industry. Revenue is recognised on an accrual basis.

## 3. LOSS BEFORE TAXATION

|   | INDIVIDUAL 6 MONTHS   |  | CUMULATIVE 12 MONTHS                             |  |
|---|---|--|--|--|
|   | UNAUDITED<br>CURRENT<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2012<br>RM'000 | UNAUDITED<br>PRECEDING<br>CORRESPONDING<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2011<br>RM'000 | UNAUDITED<br>12 MONTHS TO<br>31.3.2012<br>RM'000 | AUDITED<br>12 MONTHS TO<br>31.3.2011<br>RM'000 |
| Loss before taxation is<br>arrived at after<br>charging/(crediting):- |   |  |  |  |
| Interest income   | (3,820)   | (15)   | (6,112)  | (15)   |
| Depreciation of<br>equipment  | 78  | #  | 115  | #  |
| Unrealised loss on<br>foreign exchange                                | 4   | -  | 4  | -  |
| Listing expenses  | -   | 307  | 216  | 307  |
| Qualifying Acquisition<br>expenses                                    | 4,582   | -  | 5,706  | -  |

Note : # - Represents less than RM1,000

#### 4. INCOME TAX EXPENSE

|  | INDIVIDUAL 6 MONTHS   |  | CUMULATIVE 12 MONTHS                             |  |
|--|---|--|--|--|
|  | UNAUDITED<br>CURRENT<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2012<br>RM'000 | UNAUDITED<br>PRECEDING<br>CORRESPONDING<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2011<br>RM'000 | UNAUDITED<br>12 MONTHS TO<br>31.3.2012<br>RM'000 | AUDITED<br>12 MONTHS TO<br>31.3.2011<br>RM'000 |
| Current tax:-  |   |  |  |  |
| - for the financial period/year                        | 384   | -  | 481  | -  |
| - underprovision in the previous financial period/year | 4   | -  | 4  | -  |
|  | 388   | -  | 485  | -  |
| Deferred tax   | 41  | -  | 41   | -  |
|  | 429   | -  | 526  | -  |

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 is as follows:-

|  | INDIVIDUAL 6 MONTHS   |  | CUMULATIVE 12 MONTHS                             |  |
|--|---|--|--|--|
|  | UNAUDITED<br>CURRENT<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2012<br>RM'000 | UNAUDITED<br>PRECEDING<br>CORRESPONDING<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2011<br>RM'000 | UNAUDITED<br>12 MONTHS TO<br>31.3.2012<br>RM'000 | AUDITED<br>12 MONTHS TO<br>31.3.2011<br>RM'000 |
| Loss before taxation                                   | (3,181)   | (1,181)  | (4,358)  | (1,194)  |
| Tax at the statutory rate of 25%                       | (795)   | (295)  | (1,090)  | (299)  |
| Tax effects of:-                                       |   |  |  |  |
| - Non-deductible expenses                              | 1,220   | 295  | 1,612  | 299  |
| - Underprovision in the previous financial period/year | 4   | -  | 4  | -  |
| Income tax expense for the financial period/year       | 429   | -  | 526  | -  |

## 5. LOSS PER SHARE

The basic loss per share for the 6 months ended 31.3.2012 is arrived at by dividing the Group's loss attributable to the owners of the Company of RM3.610 million (31.3.2011: RM1.181 million) by the weighted average number of ordinary shares in issue during the financial period of 142,592,714 shares (31.3.2011: 200 shares).

The basic loss per share for the financial year ended 31.3.2012 is arrived at by dividing the Group's loss attributable to the owners of the Company of RM4.884 million (31.3.2011: RM1.194 million) by the weighted average number of ordinary shares in issue during the financial year of 142,592,714 shares (31.3.2011: 200 shares).

The fully diluted loss per share for the Group in the current financial period / year was not presented as the assumed conversion from the exercise of Warrants-A and Warrants-B would be anti-dilutive.

## 6. INVESTMENT IN UNQUOTED SHARES

|                          | UNAUDITED<br>31.3.2012<br>RM'000 | AUDITED<br>31.3.2011<br>RM'000 |
|--------------------------|----------------------------------|--------------------------------|
| Unquoted shares, at cost | 12,258                           | -                              |

| NAME OF COMPANY       | PRINCIPAL ACTIVITIES                    | COUNTRY OF<br>INCORPORATION | EFFECTIVE EQUITY<br>INTEREST<br>31.3.2012 | EFFECTIVE<br>EQUITY INTEREST<br>31.3.2011 |
|-----------------------|---|-----------------------------|---|---|
| Lime Petroleum<br>Plc | To own and manage<br>oil and gas assets | Isle of Man                 | 3.1%                                      | -   |

## 7. AMOUNT OWING BY A RELATED PARTY

The amount owing by a related party is in relation to the provision of project management, technical and other services relating to the oil and gas industry, and is unsecured. The amount owing is to be settled in cash.

## 8. FIXED DEPOSITS WITH LICENSED BANKS

The weighted average effective interest rate of the fixed deposits with licensed banks of the Group at the end of the reporting period is 3.4% (2011: 3.0%) per annum. The fixed deposits have a maturity period of 30 days (2011: 30 days).

## 9. SHARE CAPITAL

The movements in the authorised share capital of the Company are as follows:-

|  | UNAUDITED<br>31.3.2012 |                     |                            | AUDITED<br>31.3.2011 |                     |                            |
|--|------------------------|---------------------|----------------------------|----------------------|---------------------|----------------------------|
|  | PAR<br>VALUE<br>RM     | NUMBER OF<br>SHARES | SHARE<br>CAPITAL<br>RM'000 | PAR<br>VALUE<br>RM   | NUMBER OF<br>SHARES | SHARE<br>CAPITAL<br>RM'000 |
| ORDINARY SHARES  |                        |                     |                            |                      |                     |                            |
| At 1.4.2011 / 2010   | 0.01                   | 89,000,000          | 890                        | 1.00                 | 1,000,000           | 1,000                      |
| Increase during the financial year   | 0.01                   | 2,311,000,000       | 23,110                     | -                    | -                   | -                          |
| Sub-division of the par value of ordinary shares of RM1.00 each into RM0.01 each | -                      | -                   | -                          | 0.01                 | 99,000,000          | -                          |
| Divided into RCPS  | -                      | -                   | -                          | 0.01                 | (11,000,000)        | (110)                      |
| At 31.3.2012 / 2011  | 0.01                   | 2,400,000,000       | 24,000                     | 0.01                 | 89,000,000          | 890                        |

The movements in the issued and paid-up share capital of the Company are as follows:-

|   | UNAUDITED<br>31.3.2012 |                     |                            | AUDITED<br>31.3.2011 |                     |                            |
|---|------------------------|---------------------|----------------------------|----------------------|---------------------|----------------------------|
|   | PAR<br>VALUE<br>RM     | NUMBER OF<br>SHARES | SHARE<br>CAPITAL<br>RM'000 | PAR<br>VALUE<br>RM   | NUMBER OF<br>SHARES | SHARE<br>CAPITAL<br>RM'000 |
| ORDINARY SHARES   |                        |                     |                            |                      |                     |                            |
| At 1.4.2011 / 2010  | 0.01                   | 200                 | *                          | 1.00                 | 2                   | *                          |
| Capitalisation of initial investors' utilisation amount and subscription by initial investors | 0.01                   | 22,222,222          | 222                        | -                    | -                   | -                          |
| Public Issue  | 0.01                   | 312,214,300         | 3,122                      | -                    | -                   | -                          |
| Conversion of RCPS  | 0.01                   | 83,611,200          | 836                        | -                    | -                   | -                          |
| Sub-division of the par value of ordinary shares of RM1.00 each into RM0.01 each              | -                      | -                   | -                          | 0.01                 | 198                 | -                          |
| At 31.3.2012 / 2011   | 0.01                   | 418,047,922         | 4,180                      | 0.01                 | 200                 | *                          |

Note : \* - Represents RM2

## 9. SHARE CAPITAL (CONT'D)

### Salient terms of Warrants-A

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

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

### Salient terms of Warrants-B

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

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

Note :

*The Warrants-B are held by Hibiscus Upstream Sdn Bhd ("Hibiscus Upstream") a company set up to hold ordinary shares of RM0.01 each and Warrants-B of Hibiscus Petroleum on behalf of the Company's non-Independent Directors and management team. Presently, there is a 50% moratorium imposed on the sale, transfer or assignment of shares and Warrants-B held by Hibiscus Upstream.*

## 10. SHARE PREMIUM

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

|   | UNAUDITED<br>31.3.2012<br>RM'000 | AUDITED<br>31.3.2011<br>RM'000 |
|---|----------------------------------|--------------------------------|
| Premium arising from:-  |                                  |                                |
| Capitalisation of initial investors' utilisation amount and subscription by initial investors | 3,111                            | -                              |
| Public Issue  | 137,375                          | -                              |
|   | <hr/>                            | <hr/>                          |
|   | 140,486                          | -                              |
| Share issuance costs  | (3,269)                          | -                              |
|   | <hr/>                            | <hr/>                          |
|   | 137,217                          | -                              |
|   | <hr/>                            | <hr/>                          |

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

## 11. WARRANT RESERVE

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

|   | UNAUDITED<br>31.3.2012<br>RM'000 | AUDITED<br>31.3.2011<br>RM'000 |
|---|----------------------------------|--------------------------------|
| Warrant reserve arising from:-  |                                  |                                |
| Capitalisation of initial investors' utilisation amount and subscription by initial investors | 6,667                            | -                              |
| Public Issue  | 93,664                           | -                              |
|   | <hr/>                            | <hr/>                          |
|   | 100,331                          | -                              |
| Share issuance costs  | (2,180)                          | -                              |
|   | <hr/>                            | <hr/>                          |
|   | 98,151                           | -                              |
|   | <hr/>                            | <hr/>                          |

The warrant reserve arose from the allocation of the proceeds received from the initial investors and Public Issue by reference to the fair value of the Warrants, amounting to RM0.30 per Warrant and net of share issuance costs incurred in relation to listing exercise.

## 12. FOREIGN EXCHANGE RESERVE

The foreign exchange reserve arose from the translation of the financial statements of subsidiaries incorporated in Labuan and is not distributable by the way of dividends.

## 13. RCPS

The RCPS are classified as current liabilities as the RCPS are redeemable at the option of the RCPS holders. The RCPS holders are not entitled to convert the remaining RCPS into ordinary shares of the Company.

## 14. OPERATING LEASE COMMITMENTS

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

|  | UNAUDITED<br>CURRENT<br>YEAR ENDED<br>31.3.2012<br>RM'000 | AUDITED<br>PRECEDING<br>YEAR ENDED<br>31.3.2011<br>RM'000 |
|--|---|---|
| Within one year                                  | 237   | 128   |
| Later than one year but not more than five years | 341   | 284   |
|  | <hr/>   | <hr/>   |
|  | 578   | 412   |
|  | <hr/>   | <hr/>   |

## 15. MATERIAL LITIGATION / CONTINGENT LIABILITIES

As at the date of this announcement, the Group had not engaged in any material litigation, claims or arbitration, including those pending or threatened against the Group, as plaintiff or defendant.

In addition, there were no material contingent liabilities that may, upon materialisation, have a material effect on the Group's financial results or position.

## 16. INVESTMENT IN SUBSIDIARIES

|   | UNAUDITED<br>31.3.2012<br>RM'000 | AUDITED<br>31.3.2011<br>RM'000 |
|---|----------------------------------|--------------------------------|
| Unquoted shares, at cost :-                                       |                                  |                                |
| Orient Hibiscus Sdn Bhd (" <b>Orient Hibiscus</b> ")              | *                                | -                              |
| Hibiscus Oilfield Services Limited (" <b>Hibiscus Oilfield</b> ") | **                               | -                              |
| Gulf Hibiscus Limited (" <b>Gulf Hibiscus</b> ")                  | 169,862                          | -                              |
|   | <hr/> 169,862                    | <hr/> -                        |

Note :

\* - Represents RM2

\*\* - Represents RM3

| NAME OF COMPANY   | PRINCIPAL ACTIVITIES  | COUNTRY OF INCORPORATION | EFFECTIVE EQUITY INTEREST<br>31.3.2012 | EFFECTIVE EQUITY INTEREST<br>31.3.2011 |
|-------------------|---|--------------------------|--|--|
| Orient Hibiscus   | Dormant   | Malaysia                 | 100%                                   | -                                      |
| Hibiscus Oilfield | Provision of project management, technical and other services | Malaysia                 | 100%                                   | -                                      |
| Gulf Hibiscus     | Investment holding  | Malaysia                 | 100%                                   | -                                      |



## 17. SIGNIFICANT EVENTS DURING / SUBSEQUENT TO THE FINANCIAL PERIOD / YEAR

On 16 August 2011, Hibiscus Petroleum acquired Orient Hibiscus, a wholly-owned subsidiary, to facilitate streamlining of the future activities of the Group.

On 17 October 2011, Hibiscus Petroleum established two wholly-owned companies in Labuan, being Gulf Hibiscus and Hibiscus Oilfield, to facilitate its participation in its Qualifying Acquisition exercise.

On 3 April 2012, Hibiscus Petroleum set up a newly incorporated company, Oceania Hibiscus Sdn Bhd ("**Oceania Hibiscus**"), which has an initial authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each with an initial paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

On 5 April 2012, Oceania Hibiscus incorporated a wholly-owned subsidiary in Australia, Carnarvon Hibiscus Pty Ltd ("**Carnarvon Hibiscus**"). Carnarvon Hibiscus has an initial paid-up share capital of AUD95 comprising 95 ordinary shares of AUD1.00 each.

Oceania Hibiscus and Carnarvon Hibiscus are set up as investment holding companies and as at the date of this announcement, are dormant companies.

*Please refer to Part B of this report for other significant events during and subsequent to the financial period / year.*

## 18. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

|                            | UNAUDITED<br>CURRENT<br>YEAR ENDED<br>31.3.2012<br>RM'000 | AUDITED<br>PRECEDING<br>YEAR ENDED<br>31.3.2011<br>RM'000 |
|----------------------------|---|---|
| Total accumulated losses:- |   |   |
| Realised                   | (6,044)   | (1,205)   |
| Unrealised                 | (45)  | -   |
|                            | <u>(6,089)</u>  | <u>(1,205)</u>  |

## 19. OPERATING SEGMENTS

Operating segments are presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Pursuant to the Project Management and Technical Services Agreement signed between Hibiscus Oilfield and Lime Petroleum Plc ("**Lime**") on 24 October 2011, the fees payable to Hibiscus Oilfield in consideration of the project management, technical and other services to the Lime Group is on an actual cost basis plus a margin of 7%.

## 19. OPERATING SEGMENTS (CONT'D)

### Business segments

The activities of the Group are in the following main business segments:-

- |      |                    |   |
|------|--------------------|---|
| (i)  | Project Management | Provision of project management, technical and other services relating to the oil and gas exploration and production industry |
| (ii) | Investment holding | Investment in companies owning / operating oil and gas concessions  |

### Geographical segments

The Group has activities in the following principal geographical areas:-

- |      |          |   |
|------|----------|---|
| (i)  | Malaysia | Investment in companies owning / operating oil and gas concessions  |
| (ii) | Overseas | Provision of project management, technical and other services relating to the oil and gas exploration and production industry |

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of assets.

#### (a) By Business Segments

| 2012  | PROJECT<br>MANAGEMENT<br>RM'000 | INVESTMENT<br>HOLDING<br>RM'000 | ELIMINATION<br>RM'000 | GROUP<br>RM'000 |
|---|---------------------------------|---------------------------------|-----------------------|-----------------|
| <b>REVENUE</b>  |                                 |                                 |                       |                 |
| Project management, technical and other services fees |                                 |                                 |                       |                 |
| - from external customer                              | 1,849                           | -                               | -                     | 1,849           |
| - inter-segment                                       | -                               | 815                             | (815)                 | -               |
| Interest income                                       | -                               | 6,112                           | -                     | 6,112           |
| <b>Consolidated revenue</b>                           | <b>1,849</b>                    | <b>6,927</b>                    | <b>(815)</b>          | <b>7,961</b>    |
| <b>RESULTS</b>  |                                 |                                 |                       |                 |
| Segment results                                       | 133                             | (10,603)                        | -                     | (10,470)        |
| Interest income                                       | -                               | 6,112                           | -                     | 6,112           |
| <b>Consolidated profit/(loss) before taxation</b>     | <b>133</b>                      | <b>(4,491)</b>                  | <b>-</b>              | <b>(4,358)</b>  |
| Income tax expense                                    |                                 |                                 |                       | (526)           |
| <b>Consolidated loss after taxation</b>               |                                 |                                 |                       | <b>(4,884)</b>  |
| <b>ASSETS</b>   |                                 |                                 |                       |                 |
| <b>Consolidated total assets</b>                      | <b>1,879</b>                    | <b>233,442</b>                  | <b>(1,807)</b>        | <b>233,514</b>  |
| <b>LIABILITIES</b>                                    |                                 |                                 |                       |                 |
| Segment liabilities                                   | 1,817                           | 837                             | (1,807)               | 847             |
| Unallocated liabilities                               |                                 |                                 |                       | 522             |
| <b>Consolidated total liabilities</b>                 |                                 |                                 |                       | <b>1,369</b>    |
| <b>OTHER INFORMATION</b>                              |                                 |                                 |                       |                 |
| Capital expenditure                                   | -                               | 769                             | -                     | 769             |
| Depreciation of equipment                             | -                               | 115                             | -                     | 115             |
| Unrealised loss on foreign exchange                   | -                               | 4                               | -                     | 4               |

## 19. OPERATING SEGMENTS (CONT'D)

### (a) By Business Segments (Cont'd)

| 2011                             | PROJECT<br>MANAGEMENT<br>RM'000 | INVESTMENT<br>HOLDING<br>RM'000 | ELIMINATION<br>RM'000 | GROUP<br>RM'000 |
|----------------------------------|---------------------------------|---------------------------------|-----------------------|-----------------|
| <b>REVENUE</b>                   |                                 |                                 |                       |                 |
| Interest income                  | -                               | 15                              | -                     | 15              |
| Consolidated revenue             | -                               | 15                              | -                     | 15              |
| <b>RESULTS</b>                   |                                 |                                 |                       |                 |
| Segment results                  | -                               | (1,209)                         | -                     | (1,209)         |
| Interest income                  | -                               | 15                              | -                     | 15              |
| Consolidated loss after taxation | -                               | (1,194)                         | -                     | (1,194)         |
| <b>ASSETS</b>                    |                                 |                                 |                       |                 |
| Consolidated total assets        | -                               | 2,934                           | -                     | 2,934           |
| <b>LIABILITIES</b>               |                                 |                                 |                       |                 |
| Consolidated total liabilities   | -                               | 4,139                           | -                     | 4,139           |
| <b>OTHER INFORMATION</b>         |                                 |                                 |                       |                 |
| Capital expenditure              | -                               | 6                               | -                     | 6               |
| Depreciation of equipment        | -                               | #                               | -                     | #               |

Note:-

# - Represents less than RM1,000

### (b) By Geographical Segments

|             | REVENUE             |                     | NON-CURRENT ASSETS  |                     |
|-------------|---------------------|---------------------|---------------------|---------------------|
|             | 31.3.2012<br>RM'000 | 31.3.2011<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2011<br>RM'000 |
| Malaysia    | 6,112               | 15                  | 660                 | 6                   |
| Isle of Man | 1,849               | -                   | -                   | -                   |
|             | 7,961               | 15                  | 660                 | 6                   |

## **PART B – ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

### **COMMENTARY BY THE BOARD OF DIRECTORS**

#### **1. LISTING OF HIBISCUS PETROLEUM**

Hibiscus Petroleum was listed on the Main Market of Bursa Malaysia on 25 July 2011 as a Special Purpose Acquisition Company (“**SPAC**”).

SPACs are companies which have no operations or income generating business at the point of Initial Public Offering (“**IPO**”) but undertake an IPO for the purpose of raising funds to acquire operating companies, businesses or assets, otherwise known as qualifying acquisitions (“**Qualifying Acquisition**”). Accordingly, in the short to medium term, SPACs are not expected to generate income in view of the costs incurred to prospect for and subsequently acquire target companies or assets.

#### **Listing scheme**

The listing scheme of Hibiscus Petroleum comprised the following :

- Tranche 1 Conversion of RCPS

On 28 April 2011, Hibiscus Upstream converted a total of 5,557,000 RCPS held into 55,570,000 new ordinary shares of RM0.01 each in Hibiscus Petroleum (“**Shares**”) together with 55,570,000 Warrants-B.

- Capitalisation of Advances from Initial Investors amounting to RM3,000,000 (“**Initial Investors’ Utilisation Amount**”) and Subscription by the Initial Investors

Prior to the receipt of the Securities Commission’s (“**SC**”) approval for the IPO, the Initial Investors had provided a total of RM3,000,000 for the Company to utilise towards payment of expenses incurred in connection with the IPO.

- On 4 May 2011, the Initial Investors entered into subscription agreements with the Company for the following:-
  - (a) the capitalisation of the Initial Investors’ Utilisation Amount into 6,666,667 new Shares together with 6,666,667 Warrants-A at an issue price of RM0.45 per new Share; and
  - (b) the subscription for 15,555,555 new Shares together with 15,555,555 Warrants-A at a subscription price of RM0.45 per new Share. The Subscription by the Initial Investors raised total proceeds of RM7,000,000.

## 1. LISTING OF HIBISCUS PETROLEUM (CONT'D)

- On 20 July 2011, Hibiscus Upstream converted a total of 2,804,120 RCPS held into 28,041,200 new Shares together with 28,041,200 Warrants-B. This resulted in Hibiscus Upstream holding 20% in the enlarged issued and paid-up ordinary share capital of the Company.
- Public Issue of 312,214,300 new Shares ("**Public Issue Shares**"), together with 312,214,300 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for, at an issue price of RM0.75 per Public Issue Share paid in full upon application.

### **Funds raised from IPO and establishment of Trust Account**

Our Company had raised a total of RM11 million prior to its IPO and RM234 million from its IPO exercise. The IPO funds raised of RM234 million represented an excess of RM84 million over the minimum of RM150 million required to be raised by a SPAC under the SC's Equity Guidelines for SPACs ("**SC Guidelines**").

In compliance with the SC Guidelines, 90% of the IPO funds raised were held in trust by the Company's independent custodian, Deutsche Trustees Malaysia Berhad ("**Trust Account**"). The remaining 10% was set aside to fund IPO costs, operational expenses and costs related to identifying, evaluating and acquiring target assets.

## 2. QUALIFYING ACQUISITION

### **Execution of agreements**

Three months after its listing, Hibiscus Petroleum announced that it had executed the following agreements relating to its Qualifying Acquisition on 24 October 2011 :

- A conditional share subscription agreement ("**SSA**") between Gulf Hibiscus and Lime to subscribe for 76,923,077 new Lime Shares, representing 27.2% of the enlarged issued and paid-up share capital of Lime, for a cash consideration of USD50 million\*. The consideration of USD50 million was payable in two tranches, namely USD4 million under Tranche One and USD46 million under Tranche Two upon fulfillment of the respective Tranche One and Tranche Two conditions.
- A conditional share purchase agreement ("**SPA**") between Gulf Hibiscus and Rex Oil & Gas Ltd ("**Rex**") under which 22,153,846 Lime Shares representing 7.8% of the enlarged issued and paid-up share capital of Lime will be acquired from Rex by Gulf Hibiscus for a cash consideration of USD5 million\*. Upon receipt of independent confirmation of commercial discovery of a well no later than 2013, a discovery bonus amount of USD5 million would also be payable.

(Collectively, the SSA and SPA shall hereinafter be referred to as the "**Lime Acquisition**".)

\* *The total actual consideration paid in RM amounted to RM169.9 million.*

## 2. QUALIFYING ACQUISITION (CONT'D)

In conjunction with the Lime Acquisition, on the same date:

- Gulf Hibiscus had entered into a shareholders' agreement with Rex, Schroder & Co Banque S.A and Lime; and
- Hibiscus Oilfield had entered into a project management and technical services agreement with Lime for Hibiscus Oilfield to provide project management, technical and other services to Lime in relation to Lime's existing and future oil and gas concessions in the Middle East region.

At the time of the execution of these agreements, Lime Group had controlling interests in 3 concession companies with concession rights in the following offshore oil and gas exploration assets :

- RAK North Offshore Concession in Ras Al Khaimah ("**RAK**"), United Arab Emirates ("**UAE**").
- Offshore Sharjah East Coast Concession in Sharjah, UAE.
- Block 50 Concession Area in the Sultanate of Oman.

Pursuant to the fulfillment of all Tranche One conditions as set out in the SSA and the payment of the Tranche One amount of USD4 million, 6,605,128 new shares in Lime representing 3.1% of the then issued and paid-up share capital of Lime, were issued to Gulf Hibiscus on 8 November 2011.

### **Status of Qualifying Acquisition**

The Lime Acquisition was approved by the SC on 16 February 2012, and by more than 99% of our shareholders at the Extraordinary General Meeting held on 21 March 2012.

Following the fulfillment of the conditions precedent under the SSA and SPA, the Lime Acquisition was completed on 18 April 2012.

Pursuant to the achievement of this milestone, our Company has transformed itself into Malaysia's first listed full-fledged oil & gas exploration & production company on the Main Market of Bursa Malaysia.

For further details of the Lime Acquisition, please refer to the Circular to Shareholders dated 28 February 2012.

### 3. SIGNIFICANT CORPORATE DEVELOPMENTS UNDER LIME GROUP AFTER 24 OCTOBER 2011

#### 3.1 Fourth Concession Secured in the Middle East Region

- On 10 April 2012, Lime secured a fourth concession in the Middle East region, namely the RAK Onshore Concession located onshore in RAK, in the UAE through its wholly-owned subsidiary, Baqal Petroleum Ltd.
- Key merits of the new concession :
  - (a) Securing of an onshore concession in a highly prospective region. Onshore concessions are generally cheaper to explore and develop and in the event of drilling and appraisal success, are quicker to put into production.
  - (b) Proximity to long established oil and gas production infrastructure in the UAE, with a network of trunk gas pipelines covering in excess of 1,300 kilometres.
  - (c) Hibiscus Oilfield is responsible for the day-to-day operations and management of the new concession, which provides it with a high level of operational control in the management and timing of activities within the concession.

#### 3.2 Execution of a Revised EPSA for RAK North Offshore Concession

- On 10 April 2012, Lime, via its subsidiary, Dahan Petroleum Ltd (“**Dahan**”) executed the following agreements in relation to its existing RAK North Offshore Concession.
  - (a) The Amended and Restated Exploration & Production Sharing Agreement (“**EPSA**”) between The Government of RAK and Dahan;
  - (b) The Amended and Restated Petroleum Concession Agreement for the Saleh Area between The Government of Ras Al Khaimah, Rakgas L.L.C., DNO Al Khaleej Limited (“**DNO**”) and Dahan; and
  - (c) The Deed of Amendment between The Government of Ras Al Khaimah, Rakgas L.L.C., DNO and Dahan;collectively referred to as the “**Revised EPSA**”.
- The key merit of the Revised EPSA is that it significantly improves the clarity of the terms and conditions of the previous EPSA and takes into account several structural changes that had occurred within the local business environment with minimal commercial impact.

Please refer to the announcement to Bursa Malaysia dated 12 April 2012 for further details.

### 3. SIGNIFICANT CORPORATE DEVELOPMENTS UNDER LIME GROUP AFTER 24 OCTOBER 2011 (CONT'D)

#### 3.3 Proposed Acquisition of Participating Interests in 4 Concessions in Norway

- On 2 May 2012, Lime signed transaction agreements with North Energy ASA (“**North Energy**”), to secure 50% of North Energy’s interests in 4 concessions in the Norwegian Continental Shelf in Norway (“**Proposed Transfer of Norwegian Interests to Lime**”).
- The purchase consideration for the Proposed Transfer of Norwegian Interests to Lime is approximately NOK31.8 million (equivalent to approximately USD5.5 million or RM16.8 million)\*\* if the transfer is completed in 2012. It will increase to approximately NOK31.8 million plus Lime’s share of actual costs incurred in 2012 if the transfer is completed in 2013.

*\*\* The exchange rates used are as of the date of the announcement to Bursa Malaysia on 4 May 2012 i.e. 1 NOK : USD0.1741 : RM 0.5272*

- Key merits of the Proposed Transfer of Norwegian Interests to Lime :
  - (a) Rex, the majority shareholder in Lime, has developed 3 unique proprietary technologies which seek to reduce the early risks associated with discovery of oil and gas (and its commercial impact) as well as the time required to commercialise viable fields. It is understood that Rex had performed a number of tests on selected North Energy assets using these technologies. Rex / Lime were subsequently offered the opportunity to participate in North Energy’s production licenses.
  - (b) Norway is located in the North of Europe, and is politically stable, both domestically and regionally. The addition of the 4 concessions in Norway to Lime’s portfolio would mitigate any potential political or security risk arising from the Middle East region, where Lime has oil & gas concessions in Oman and the UAE.
  - (c) The Norwegian Concessions are located in a prolific, mature oil and gas basin in Norway with several oil and gas discoveries.
  - (d) The Norwegian Petroleum fiscal system is attractive as it reimburses 78% of exploration expenditure at the end of each year, irrespective of whether production is achieved. This reduces the risked capital outlay of Lime.
  - (e) This transaction provides Lime with the opportunity to work in close co-operation with North Energy, and other experienced operators who are also partners in the Norwegian concessions. North Energy is a company quoted on the Oslo Stock Exchange, which holds 25 production licenses in total, mainly in Northern Norway, and is the appointed operator for 2 of these licenses.



### 3. SIGNIFICANT CORPORATE DEVELOPMENTS UNDER LIME GROUP AFTER 24 OCTOBER 2011 (CONT'D)

The completion of the Agreements is conditional upon, inter-alia, approval from the Ministry of Petroleum and Energy in Norway and the approval of Lime's application to obtain Pre-Qualification status as an oil and gas exploration company in Norway in order to jointly participate with North Energy, the license holder in partner-operated licenses in the Norwegian Continental Shelf.

The Agreements are to be completed prior to the long-stop date of 1 July 2013 ("**Long-Stop Date**"), after which the obligations of the parties to complete the Proposed Transfer of Norwegian Interests to Lime shall cease for any of the 4 concessions that have not been transferred prior to the Long-Stop Date.

Please refer to the announcements to Bursa Malaysia dated 10 April 2012 and 4 May 2012 for further details.

#### 3.4 Increase in Lime's Equity Stake in Masirah Oil Limited ("**Masirah**")

- On 23 May 2012, Lime's subsidiary, Lime Petroleum Limited ("**Lime BVI**") executed a revised Masirah Shareholders' Agreement with Petroci Holding ("**Petroci**"). On the same date, Lime BVI also entered into the following agreements with Petroci :
  - (a) Share Purchase Agreement in relation to the purchase of 100 shares in Masirah by Petroci from Lime BVI ("**SPA**"); and
  - (b) Call Option Termination Agreement to terminate the earlier Call Option Agreement dated 5 August 2010 which entitled Petroci to purchase 390 shares in Masirah from Lime BVI.

The Revised Shareholders' Agreement, the SPA and the Call Option Termination Agreement are collectively referred to as the "**New Agreements**". The New Agreements supersede the previous Masirah Shareholders' Agreement and the Call Option Agreement, both dated 5 August 2010 ("**Previous Agreements**").

### 3. SIGNIFICANT CORPORATE DEVELOPMENTS UNDER LIME GROUP AFTER 24 OCTOBER 2011 (CONT'D)

- Key merits of the New Agreements :

The New Agreements provide for an increase in Lime BVI's equity interest in Masirah. The respective equity interests held by Lime BVI and Petroci pursuant to both the Previous Agreements and New Agreements are shown below:-

|                               | AMOUNT TO BE INJECTED<br>BY PETROCI INTO MASIRAH | EQUITY INTEREST IN<br>MASIRAH |         |
|-------------------------------|--|-------------------------------|---------|
|                               |  | LIME BVI                      | PETROCI |
| Existing                      | -  | 74%                           | 26%     |
| Under the Previous Agreements | USD7.15 million                                  | 35%                           | 65%     |
| Under the New Agreements      | USD1.83 million                                  | 64%                           | 36%     |

Under the Revised Shareholders' Agreement, Petroci is to make the payment of USD1.83 million within 5 days after the execution of the Revised Shareholders' Agreement. In case of default by Petroci, the Revised Shareholders' Agreement and the new SPA are considered as automatically null and void, and the previous Masirah Shareholders' Agreement dated 5 August 2010 would remain in force.

The impact of the increase in Lime BVI's stake in Masirah increases the net risked recoverable resources of Lime Group by approximately 41%, as shown below :-

| CONCESSION                     | NET RISKED RECOVERABLE RESOURCES<br>(MILLION BARRELS OF OIL EQUIVALENT (MMBOE)) |                             |           |
|--------------------------------|---|-----------------------------|-----------|
|                                | UNDER THE<br>PREVIOUS<br>AGREEMENTS   | UNDER THE NEW<br>AGREEMENTS | INCREASE  |
| Block 50 Oman                  | 156   | 248                         | 92        |
| RAK North Offshore             | 13  | 13                          | -         |
| Offshore Sharjah East<br>Coast | 55  | 55                          | -         |
| <b>Total</b>                   | <b>224</b>  | <b>316</b>                  | <b>92</b> |

The net risked recoverable resources refer to the total estimate volume of risked recoverable resources net to Lime BVI (after adjusting for Lime BVI's working interest in the concessions upon declaration of commerciality).

Please refer to the announcement dated 28 May 2012 for further details.

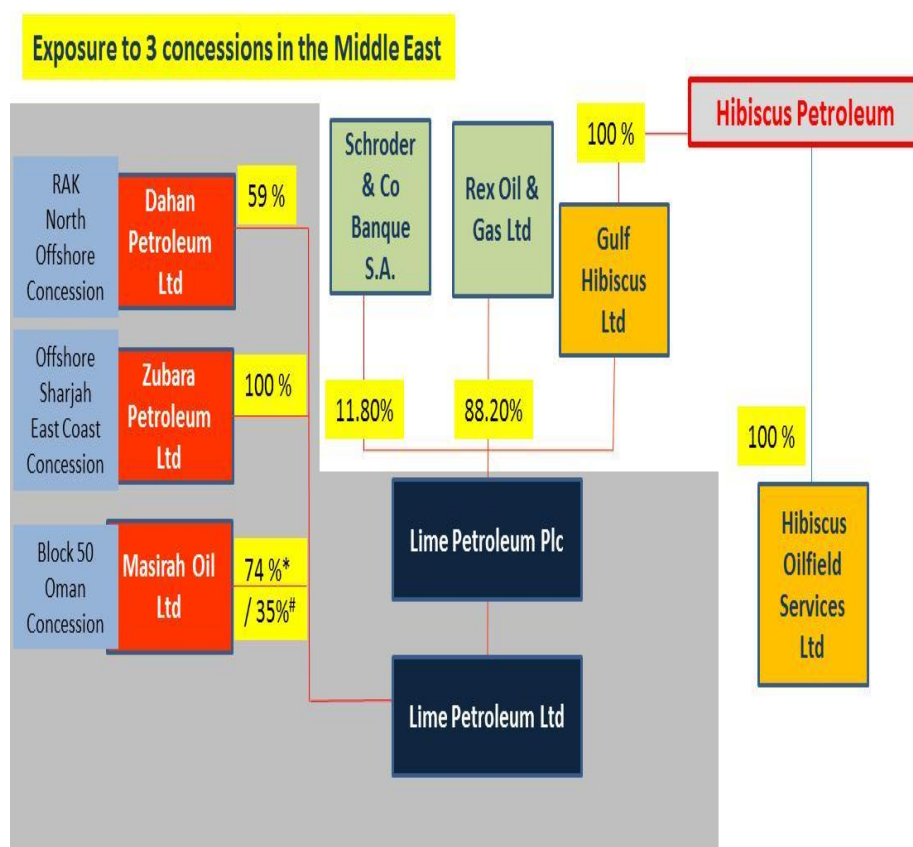
### 3. SIGNIFICANT CORPORATE DEVELOPMENTS UNDER LIME GROUP AFTER 24 OCTOBER 2011 (CONT'D)

#### 3.5 Overall impact of the corporate developments under Lime Group

At the time Hibiscus Petroleum executed the relevant agreements to acquire a 35% equity stake in Lime on 24 October 2011, there were 3 concessions under the Lime Group, and Lime BVI was expected to have a 35% stake in Masirah upon the receipt of Petroci's USD7.15 million (equivalent to approximately RM22.6 million)\*\* financing contribution, as depicted below :-

\*\* The exchange rate used is as of the date of the announcement to Bursa Malaysia on 28 May 2012 i.e. RM3.159 to USD1.00

#### Lime Group Structure as at 24 October 2011



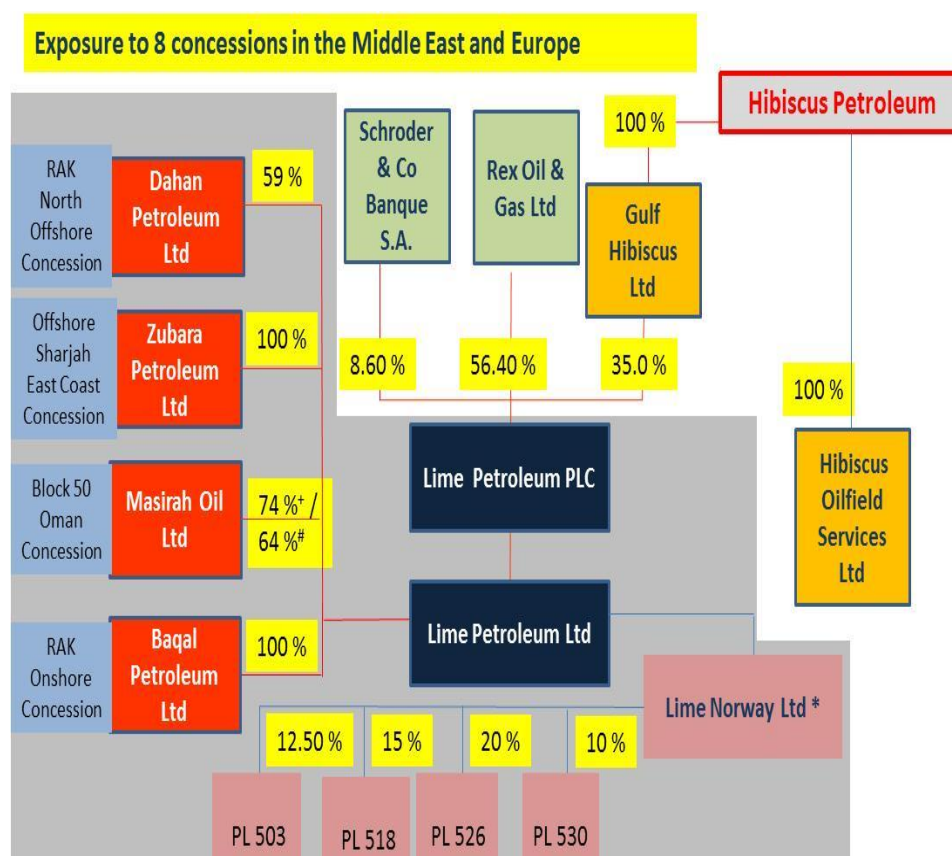
\* Existing equity stake held by Lime Petroleum Ltd

# The equity stake held by Lime Petroleum Ltd would have reduced after an injection of USD7.15 million by Petroci Holding in Masirah Oil Ltd

### 3. SIGNIFICANT CORPORATE DEVELOPMENTS UNDER LIME GROUP AFTER 24 OCTOBER 2011 (CONT'D)

Currently, after the developments detailed under Sections 3.1 to 3.4 above, Lime has access to 4 secured concessions in the Middle East, with interests in a further 4 concessions to be secured in Norway, coupled with the significantly higher stake in Masirah. The acquisition cost of Hibiscus Petroleum's 35% stake in Lime has not increased with the additional concessions and the increase in equity interest in Masirah.

#### Current Lime Group Structure



• Currently being established and still subject to completion of the acquisition of interests in production licenses in Norway

+ Existing equity stake held by Lime Petroleum Ltd

# Assuming injection of USD1.83 million by Petroci Holding in Masirah Oil Limited

## **4. PROJECT AND OPERATIONAL UPDATE ON LIME GROUP**

### **4.1 Block 50 Concession in Oman**

At this stage, Block 50 Oman Concession is the most advanced in terms of work performed within Lime Group. Accordingly, various preparatory activities have begun, which include the following :-

- The Environmental Impact Assessment approval was received for the seismic survey on 31 March 2012;
- Well planning works also commenced in April 2012 upon completion of a scoping study;
- The bathymetry survey (a survey to measure the water depth at a specific part of the ocean) started on 10 May 2012;
- A new 2D/3D seismic survey commenced on 15 May 2012 with the objective of confirming interpretations from data received from previous concession holders;
- The preliminary well design has been completed and long lead items have been identified. Currently, studies are on-going to evaluate available logistics and rig options; and
- Early development and production options are presently being considered.

### **4.2 RAK North Offshore Concession in the UAE**

- A 2D and 3D seismic survey has been completed within budget. The survey is now being processed and interpreted.
- Amplitude Versus Offset (“**AVO**”) analysis of 2010 survey indicates high porosity in the Thamama formation, at the F-prospect.
- Contracts have been awarded for reservoir diagenesis and fault / seal trap studies, while a tender process shall be carried out for pressure prediction study.
- A data sharing agreement shall be executed with the operator of the Saleh field, DNO, to obtain offset well data.

### **4.3 Sharjah Offshore East Coast Concession in the UAE**

- A 2D and 3D seismic survey has been completed within budget.
- A tender exercise for seismic processing was carried out, and the processing works have been awarded.

### **4.4 RAK Onshore Concession in the UAE**

- A 3D seismic survey is being planned for execution in mid-2013.
- Vintage 2D seismic survey data has been identified and access to the survey has been requested from the relevant authorities.

## 5. REVIEW OF RESULTS

|  | INDIVIDUAL 6 MONTHS   |  | CUMULATIVE 12 MONTHS                             |  |
|--|---|--|--|--|
|  | UNAUDITED<br>CURRENT<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2012<br>RM'000 | UNAUDITED<br>PRECEDING<br>CORRESPONDING<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2011<br>RM'000 | UNAUDITED<br>12 MONTHS TO<br>31.3.2012<br>RM'000 | AUDITED<br>12 MONTHS TO<br>31.3.2011<br>RM'000 |
| Revenue:-  |   |  |  |  |
| Project management, technical<br>and other services fees                   | 1,849   | -  | 1,849  | -  |
| Interest income  | 3,820   | 15   | 6,112  | 15   |
|  | 5,669   | 15   | 7,961  | 15   |
| Administrative and other<br>expenses (excluding<br>non-recurring expenses) | (4,268)   | (889)  | (6,397)  | (902)  |
|  | 1,401   | (874)  | 1,564  | (887)  |
| Non-recurring expenses:-   |   |  |  |  |
| Listing expenses   | -   | (307)  | (216)  | (307)  |
| Qualifying Acquisition expenses  | (4,582)   | -  | (5,706)  | -  |
| Total non-recurring expenses   | (4,582)   | (307)  | (5,922)  | (307)  |
| <b>LOSS BEFORE TAXATION</b>  | <b>(3,181)</b>  | <b>(1,181)</b>   | <b>(4,358)</b>                                   | <b>(1,194)</b>                                 |

### 5.1 Revenue

Fees were earned from project management, technical and other services rendered to the concession companies within Lime Group pursuant to the project management and technical services agreement entered into between Hibiscus Oilfield and Lime on 24 October 2011 for Hibiscus Oilfield to provide such services in relation to Lime's existing and future oil and gas concessions in the Middle East region.

Interest income was earned on the placement of proceeds raised from the IPO.

## 5. REVIEW OF RESULTS (CONT'D)

### 5.2 Key Expenses

The key expenses incurred by the Group consisted of the following:-

|                                       | INDIVIDUAL 6 MONTHS   |  | CUMULATIVE 12 MONTHS                             |  |
|---------------------------------------|---|--|--|--|
|                                       | UNAUDITED<br>CURRENT<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2012<br>RM'000 | UNAUDITED<br>PRECEDING<br>CORRESPONDING<br>2 <sup>ND</sup> HALF YEAR<br>PERIOD TO<br>31.3.2011<br>RM'000 | UNAUDITED<br>12 MONTHS TO<br>31.3.2012<br>RM'000 | AUDITED<br>12 MONTHS TO<br>31.3.2011<br>RM'000 |
| Qualifying Acquisition expenses       | 4,582   | -  | 5,706  | -  |
| Key management personnel remuneration | 1,066   | 295  | 1,838  | 295  |
| Other personnel remuneration          | 1,365   | -  | 1,519  | -  |
| Executive Director's remuneration     | 437   | 207  | 876  | 207  |
| Traveling expenses                    | 514   | 34   | 613  | 34   |
| Others                                | 886   | 660  | 1,767  | 673  |
|                                       | 8,850   | 1,196  | 12,319   | 1,209  |

Out of the total expenditure incurred of RM12.3 million, RM5.9 million comprised expenses relating to the IPO and Qualifying Acquisition, which are regarded as non-recurring expenses. Total expenses incurred in the previous corresponding financial year were not substantial as the Group had not fully commenced operations as a SPAC.

The Qualifying Acquisition expenses primarily comprise fees for legal, technical, financial, corporate and valuation advisory services in relation to due diligence exercises, execution of legal documents and submission to regulatory authorities relating to the Qualifying Acquisition.

The remuneration for key management personnel, Executive Director and other personnel comprise salaries, allowances and other related costs. The increase in other personnel remuneration in the second half of the financial year was due to project management and technical personnel employed to further support the team providing project management, technical and other services to the concession companies within Lime Group. The Group's remuneration expenses for the financial year ended 31 March 2012 totalled RM4.2 million out of which RM1.4 million was recovered from Lime through the provision of project management, technical and other services.

## **5. REVIEW OF RESULTS (CONT'D)**

The Group's traveling expenses for the financial year ended 31 March 2012 was RM0.6 million out of which RM0.3 million was recovered from Lime through the provision of project management, technical and other services. The remaining traveling expenses related primarily to the prospecting for other acquisition opportunities for the Group.

## **6. AMOUNT RELEASED FROM THE TRUST ACCOUNT**

Prior to the completion of the Lime Acquisition, 90% of the IPO funds raised which was held in the Trust Account were placed in permitted investments in accordance with the SC Guidelines. Amongst these permitted investments are Malaysian Government Securities, money market instruments, and AAA-rated papers.

After considering various factors such as yields, liquidity, tenure and availability, the Group invested the IPO funds in fixed deposits which are considered as relatively secure and liquid at interest rates of between 2.9% to 3.6% per annum.

After the approval of the Lime Acquisition by our shareholders at the Extraordinary General Meeting held on 21 March 2012, the balance in the Trust Account of RM215,682,369 was released to the Company on 23 March 2012.

## **7. EXERCISE OF WARRANTS-A**

In accordance with the terms of the Warrants-A Deed Poll ("**Deed Poll**") dated 8 June 2011, the Warrants-A exercise period commenced from the date of completion of the Qualifying Acquisition on 18 April 2012.

Warrants-A holders are entitled to exercise their rights to subscribe for the Company's shares at the exercise price of RM0.50 per Warrant-A from 18 April 2012, subject to any adjustments in accordance with the provisions of the Deed Poll.

The expiry date of Warrants-A is 24 July 2014 being 3 years from the Company's listing date of 25 July 2011. Any Warrants-A not exercised during this exercise period will lapse and cease to be valid.



## 7. EXERCISE OF WARRANTS-A( CONT'D)

The status of the exercise of Warrants-A as at 29 May 2012 is as follows :

|  | TOTAL NUMBER OF<br>WARRANTS | FUNDS RECEIVED /<br>TO BE RECEIVED<br>FROM THE<br>EXERCISE OF<br>WARRANTS<br>RM'000 |
|--|-----------------------------|---|
| Total Warrants-A exercised as at 29.5.2012 |                             |   |
| Issued                                     | 18,567,500                  | 9,283   |
| Pending issue                              | 2,000                       | 1   |
| Balance of Warrants-A yet to be exercised  | 315,867,022                 | 157,934   |
| Warrants-B yet to be exercised             | 83,611,200                  | 8,361   |
| Total                                      | <u>418,047,722</u>          | <u>175,579</u>  |

The total number of shares issued of Hibiscus Petroleum as at 29 May 2012 is 436,615,422 shares.

## 8. STATEMENT OF ABNORMAL CIRCUMSTANCES

The Directors confirm that there are no abnormal circumstances that had affected or will affect the business or financial position of the Group.