

SONA PETROLEUM BERHAD

(Company no.: 945626-P)
(Incorporated in Malaysia)

REPORT ON THE CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND HALF YEAR PERIOD ENDED 31 DECEMBER 2015 ("Interim Financial Statement")

(THE FIGURES HAVE NOT BEEN AUDITED)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2015

	Note	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
		UNAUDITED CURRENT 2ND HALF YEAR PERIOD TO 31-12-2015 RM	UNAUDITED PRECEDING CORRESPONDING 2ND HALF YEAR PERIOD TO 31-12-2014 RM	UNAUDITED 12 MONTHS TO 31-12-2015 RM	AUDITED 12 MONTHS TO 31-12-2014 RM
Other income		10,726,988	9,087,378	21,085,917	17,995,506
Operating expenses		(7,629,981)	(17,119,473)	(11,879,633)	(23,956,080)
Operating profit/(loss)		3,097,007	(8,032,095)	9,206,284	(5,960,574)
Finance costs		(11,568,134)	(9,853,360)	(22,681,504)	(19,392,282)
Loss before tax	B6	(8,471,127)	(17,885,455)	(13,475,220)	(25,352,856)
Income tax expense	B7	(2,142,764)	(1,586,172)	(4,011,536)	(3,138,263)
Net loss for the period/year, representing total comprehensive loss for the period/year		(10,613,891)	(19,471,627)	(17,486,756)	(28,491,119)
Loss after taxation attributable to:					
Owners of the Company		(10,613,891)	(19,471,627)	(17,486,756)	(28,491,119)
Total comprehensive loss attributable to:					
Owners of the Company		(10,613,891)	(19,471,627)	(17,486,756)	(28,491,119)
Loss for the period/year comprise the following:-					
- Realised		(10,613,891)	(19,471,627)	(17,486,756)	(28,491,119)
- Unrealised		-	-	-	-
		(10,613,891)	(19,471,627)	(17,486,756)	(28,491,119)
Loss per share					
- Basic (RM)	B18	(0.01)	(0.01)	(0.01)	(0.01)
- Dilutive (RM)	B18	(0.01)	(0.01)	(0.01)	(0.01)

The above should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying notes attached to this Interim Financial Statements.

SONA PETROLEUM BERHAD
(Company no.: 945626-P)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		UNAUDITED	AUDITED
		As at 31-12-2015	As at 31-12-2014
	Note	RM	RM
Non-current asset			
Plant and equipment	B8	333,005	422,346
Current assets			
Receivables	B10	5,059,846	1,341,562
Fixed deposits with licensed banks	B11	538,603,915	542,405,433
Cash and bank balances		1,796,105	3,065,225
		<u>545,459,866</u>	<u>546,812,220</u>
Total assets		<u>545,792,871</u>	<u>547,234,566</u>
Equity and liabilities			
Share capital	B12	14,107,143	14,107,143
Share premium	B13	13,261,746	13,261,746
Other reserves	B14	38,500,017	38,500,017
Accumulated losses		(52,396,476)	(34,909,720)
Total equity		<u>13,472,430</u>	<u>30,959,186</u>
Non-current liability			
Financial liability component of the Public Issue Shares	B15	-	504,530,630
Current liabilities			
Sundry payables		3,694,715	11,066,138
Amount due to directors		3,724	3,724
Provision for taxation		1,409,868	674,888
Financial liability component of the Public Issue Shares	B15	527,212,134	-
		<u>532,320,441</u>	<u>11,744,750</u>
Total equity and liabilities		<u>545,792,871</u>	<u>547,234,566</u>
Net Assets Per Share (RM)		0.01	0.02

The above should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying notes attached to this Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	← Non-Distributable →			Accumulated losses RM	Total equity RM
	Share capital RM	Share premium RM	Other reserves RM		
AUDITED					
Balance as at 1 January 2014	14,107,143	13,261,746	38,500,017	(6,418,601)	59,450,305
Total comprehensive loss	-	-	-	(28,491,119)	(28,491,119)
Balance as at 31 December 2014	14,107,143	13,261,746	38,500,017	(34,909,720)	30,959,186
UNAUDITED					
Balance as at 1 January 2015	14,107,143	13,261,746	38,500,017	(34,909,720)	30,959,186
Total comprehensive loss	-	-	-	(17,486,756)	(17,486,756)
Balance as at 31 December 2015	14,107,143	13,261,746	38,500,017	(52,396,476)	13,472,430

The above should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying notes attached to this Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	UNAUDITED CURRENT YEAR ENDED 31-12-2015 RM	AUDITED PRECEDING YEAR ENDED 31-12-2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(13,475,220)	(25,352,856)
<i>Adjustments for:-</i>		
Depreciation	94,379	90,893
Finance costs	22,681,504	19,392,282
Interest/profit from fixed deposits	(21,085,917)	(17,995,506)
Operating loss before working capital changes	<u>(11,785,254)</u>	<u>(23,865,187)</u>
Decrease in receivables	759,145	2,414,475
(Increase)/Decrease in sundry payables	(7,371,424)	9,959,263
Increase in amount due to related parties	-	(13,745)
Cash used in operations	<u>(18,397,533)</u>	<u>(11,505,194)</u>
Tax paid	<u>(3,276,556)</u>	<u>(3,704,953)</u>
Net cash used in operating activities	<u>(21,674,089)</u>	<u>(15,210,147)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(5,038)	(18,401)
Interest/profit received from fixed deposits	16,608,488	16,861,151
Placement of deposits which are restrictive in use	<u>(13,528,656)</u>	<u>(14,925,638)</u>
Net cash generated from investing activities	<u>3,074,794</u>	<u>1,917,112</u>
Net decrease in cash and cash equivalents	(18,599,295)	(13,293,035)
Cash and cash equivalents at beginning of financial year	31,065,225	44,358,260
Cash and cash equivalents at end of financial year	<u>12,465,930</u>	<u>31,065,225</u>
Comprising of:-		
Cash and bank balances	1,796,105	3,065,225
Fixed deposits with licensed banks (Note B11)	<u>538,603,915</u>	<u>542,405,433</u>
	540,400,020	545,470,658
Less: Placement in deposits which are restrictive in use	<u>(527,934,090)</u>	<u>(514,405,433)</u>
Total cash and cash equivalents	<u>12,465,930</u>	<u>31,065,225</u>

The above should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying notes attached to this Interim Financial Statements.

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

A1 Basis of Preparation

The Interim Financial Statements are unaudited and have been prepared in accordance with the reporting requirements as set out in the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the unaudited condensed Interim Financial Statements.

The explanatory notes attached to the unaudited condensed Interim Financial Statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Sona Petroleum Berhad ("Company") and its subsidiary companies ("Group") since the financial year ended 31 December 2014.

A2 Changes in Accounting Policies

- (i) Save as disclosed in this Interim Financial Statements, the adoption of the revised MFRSs and Amendments to MFRSs that are applicable to the Group and effective from 1 January 2015 has no material effect to the Group's Interim Financial Statements.
- (ii) At the date of this report, the adoption of the new MFRS, Amendments to MFRS and IC Interpretations which are issued but not yet effective for the financial year ended 31 December 2015 will not have any material impact on the financial statements of the Group in the period of initial application, except as disclosed below:-

MFRS 9 Financial Instruments

The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurement of the Group's financial liabilities. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

A3 Auditors' Opinion on Preceding Annual Financial Statements

The Group's financial statements for the financial year ended 31 December 2014 were not subject to any audit qualification.

A4 Seasonality or Cyclicity of Operations

The Group's operations are not affected by any seasonal or cyclical factors as the Group currently has no operations or income-generating business.

A5 Individually Significant Items

There were no significant items that affect the assets, liabilities, equity, net income or cash flows of the Group for the current financial year/period.

A6 Material Changes in Estimates

There were no significant changes in estimates that have a material effect on the current financial year/period.

A7 Borrowing, Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of borrowings, debt and equity securities during the financial year/period.

A8 Dividend Paid

There was no dividend declared or paid during the current financial year/period.

A9 Segmental Reporting

No segmental reporting is provided as the Group currently has no operation or income generating business.

A10 Valuation of Property, Plant and Equipment

There were no valuation of the property, plant and equipment performed for the current financial year/period.

A11 Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current interim period.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group in the current financial year/period other than the acquisition of two (2) new subsidiary companies as described in Note B9 below.

A13 Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets as at the date of this Interim Financial Statements.

A14 Operating Lease Commitments

During the financial year ended 2012, the Group entered into an operating lease for the rental of an office premise. The rental tenure is for 3 years with the option for renewal of two terms of 3 years each.

Future minimum rentals payable under the non-cancellable operating lease at the reporting date are as follows:-

	UNAUDITED	AUDITED
	31-12-2015	31-12-2014
	RM	RM
Not later than 1 year	326,722	281,292
Later than 1 year but not later than 5 years	-	-
	<u>326,722</u>	<u>281,292</u>

A15 Capital Commitment

Approved and contracted for:-

	UNAUDITED	AUDITED
	31-12-2015	31-12-2014
	USD	USD
Proposed Acquisition of SEBG Shares	-	281,200,000
Proposed Acquisition of Stag Oilfield	<u>50,000,000</u>	<u>-</u>

The Proposed Acquisition of SEBG Shares and Proposed Acquisition of Stag Oilfield details are described in Notes B16.1 and B16.2 respectively.

PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Results

For 2nd half year period ended 31 December 2015

The Group, as a Special Purpose Acquisition Company ("SPAC"), will only generate operating income once it has completed the Qualifying Acquisition ("QA"). For the financial year ended 31 December 2015, the Group's source of income are mainly derived from interest/profit earned from fixed deposit placements while major expenses were finance costs, expenses incurred in evaluating qualifying acquisitions and employees' and directors' remuneration detailed as follows:-

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	UNAUDITED CURRENT 2ND HALF YEAR PERIOD TO 31-12-2015 RM	UNAUDITED	UNAUDITED 12 MONTHS TO 31-12-2015 RM	AUDITED
		PRECEDING		12 MONTHS TO
		CORRESPONDING 2ND HALF YEAR PERIOD TO 31-12-2014 RM		31-12-2014 RM
Finance costs	11,568,134	9,853,360	22,681,504	19,392,282
Expenses incurred in evaluating Qualifying Acquisition	4,817,397	13,549,360	5,869,994	17,470,442
Employees' remuneration	1,252,144	1,291,144	2,478,603	2,590,294
Directors' remuneration and allowances	519,981	512,829	1,041,713	1,037,463
Directors' fees	220,200	217,500	437,700	435,000

The finance costs represent the interest/profit earned from amount held in the custodian account placed in fixed deposits with licensed banks as described in Note B11 below and less the applicable tax(es); and the amortisation of the listing expenses as follows:-

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	UNAUDITED CURRENT 2ND HALF YEAR PERIOD TO 31-12-2015 RM	UNAUDITED	UNAUDITED 12 MONTHS TO 31-12-2015 RM	AUDITED
		PRECEDING		12 MONTHS TO
		CORRESPONDING 2ND HALF YEAR PERIOD TO 31-12-2014 RM		30-12-2014 RM
Interest expense for financial liability component from public issue shares, net off tax payable	8,488,104	7,007,138	16,638,416	13,813,247
Amortisation of listing expenses classified as financial liability component	3,080,030	2,846,222	6,043,088	5,579,035
	11,568,134	9,853,360	22,681,504	19,392,282

The expenses incurred in QA primarily comprise fees for technical, legal, finance and corporate advisory services and their direct expenses incurred for the due diligence exercise for evaluating QA under assessment during the current financial year/period.

The remuneration for Directors and Employees comprise salaries, allowances and all other related payroll costs. Included in the Employees' remuneration is payroll and its related costs relating to the Management Team amounting to RM2,279,172 (2014 – RM2,319,667).

B2 Material Change in Loss Before Taxation in Comparison to the Preceding Half-Year

In the second half year period ended 31 December 2015, the Group recorded a loss before tax of RM8,471,127 compared with a loss of RM5,004,093 in the preceding half year (six month period ended 30 June 2015). The main difference are due to the expenses incurred in Evaluating Qualifying Acquisition of RM4,817,398 as compared to the six-month period ended 30 June 2015 of RM1,052,597.

B3 Prospects of The Coming Year

The Company is a Special Purpose Acquisition Company ("SPAC"). In accordance with the Securities Commission Malaysia's Equity Guidelines, the Company must complete its Qualifying Acquisition ("QA") within thirty six (36) months from the listing of the Company on the Main Market of Bursa Malaysia Securities Bhd. i.e. 29 July 2016.

As detailed in Note B16.2 below, the Group has entered into agreement for the acquisition of the Stag Oilfield (as hereinafter defined). Approval has been received from the Securities Commission Malaysia on 12 February 2016 for this proposed acquisition. The proposal, which is subject to several conditions precedent, is expected to be put before our Shareholders at an Extraordinary General Meeting ("EGM") to be held in March 2016.

The future prospect of the Group is dependent on the outcome of the EGM.

B4 Profit Forecast/Guarantee

The Group has not announced or disclosed any profit forecast or profit guarantee in any public documents.

B5 Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities during the financial year/period ended 31 December 2015.

B6 Loss Before Tax

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	UNAUDITED CURRENT 2ND HALF YEAR PERIOD TO 31-12-2015 RM	UNAUDITED PRECEDING CORRESPONDING 2ND HALF YEAR PERIOD TO 31-12-2014 RM	UNAUDITED 12 MONTHS TO 31-12-2015 RM	AUDITED 12 MONTHS TO 31-12-2014 RM
Loss before taxation is arrived at after charging/(crediting):-				
Interest/profit from:-				
- bank	(620)	(868)	(652)	(3,756)
- fixed deposit under custodian account	(10,481,476)	(8,487,816)	(20,424,141)	(16,729,060)
- fixed deposit/bank repo	(244,892)	(598,694)	(661,124)	(1,262,690)
Auditors' remuneration:-				
- audit fees	33,000	33,000	45,900	45,000
- others	10,000	10,000	10,000	10,000
Depreciation	47,467	46,266	94,379	90,893
Directors' fees	220,200	217,500	437,700	435,000
Directors' remuneration and allowances	519,981	512,829	1,041,713	1,037,463
Employees' remuneration	1,252,144	1,291,144	2,478,603	2,590,294
Expenses incurred in evaluating Qualifying Acquisition	4,817,397	13,549,360	5,869,994	17,470,442
Finance costs	11,568,134	9,853,360	22,681,504	19,392,282
Office rental	160,028	146,185	316,403	291,091

B7 Income Tax Expense

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	UNAUDITED CURRENT 2ND HALF YEAR PERIOD TO 31-12-2015 RM	UNAUDITED PRECEDING CORRESPONDING 2ND HALF YEAR PERIOD TO 31-12-2014 RM	UNAUDITED 12 MONTHS TO 31-12-2015 RM	AUDITED 12 MONTHS TO 31-12-2014 RM
Income tax - current	2,034,421	1,586,172	3,903,193	3,134,888
- under provision in prior year	108,343	-	108,343	3,375
	<u>2,142,764</u>	<u>1,586,172</u>	<u>4,011,536</u>	<u>3,138,263</u>

The reconciliation between tax expenses and the product of accounting loss multiplied by the applicable corporate tax rate for the financial year/period ended 31 December 2015 and 31 December 2014 are as follows:-

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS		
	UNAUDITED CURRENT 2ND HALF YEAR PERIOD TO 31-12-2015 RM	UNAUDITED PRECEDING CORRESPONDING 2ND HALF YEAR PERIOD TO 31-12-2014 RM	UNAUDITED 12 MONTHS TO 31-12-2015 RM	AUDITED 12 MONTHS TO 31-12-2014 RM	
Loss before tax	(8,471,127)	(17,885,455)	(13,475,220)	(25,352,856)	
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	(2,117,782)	(4,471,364)	(3,368,805)	(6,338,214)	
Under provision income tax expenses in prior year	108,343	-	108,343	3,375	
Expenses not deductible for tax purposes	4,152,203	6,057,536	7,271,998	9,473,102	
Income tax expense	2,142,764	1,586,172	4,011,536	3,138,263	

B8 Plant and Equipment

	Renovation	Office equipment	Computer	Total
	RM	RM	RM	RM
<i>Cost</i>				
At 1 January 2015	422,798	37,452	117,538	577,788
Addition	-	-	5,038	5,038
At 31 December 2015	422,798	37,452	122,576	582,826
<i>Accumulated depreciation</i>				
At 1 January 2015	91,356	11,713	52,373	155,442
Charge for the financial year	46,956	7,490	39,933	94,379
At 31 December 2015	138,312	19,203	92,306	249,821
<i>Net Book Value</i>				
At 31 December 2015	284,486	18,249	30,270	333,005
At 31 December 2014	331,442	25,739	65,165	422,346

B9 Investment in Subsidiary Companies

On 3 June 2014, the Company subscribed one (1) ordinary share of USD 1.00 each in Sona Exploration & Production (Thailand) Ltd. (Company No. 1826534) ("SEPT"), being the total issued share capital, and therefore, SEPT is a wholly-owned subsidiary of the Company. SEPT was incorporated as a Special Purpose Vehicle to acquire qualifying assets of the Group.

On 30 October 2015, the Company subscribed two (2) ordinary shares of RM 1.00 each in Sona Goldhill Sdn. Bhd. (formerly known as Nova Calibre Sdn. Bhd.) (Company No. 1161530-X) ("SGSB"), being the total issued share capital, and therefore, SGSB is a wholly-owned subsidiary of the Company. SGSB was incorporated as an investment holding company.

Concurrently, SGSB has on 30 October 2015, subscribed one (1) ordinary share of AUD 1.00 each in Sona E&P (Perth) Pty Ltd (Company No. 609 051 934) ("SAUS"), being the total issued share capital, and therefore, SAUS is an indirect wholly-owned subsidiary of the Company. SAUS was incorporated as an exploration and production of oil and gas company.

B10 Receivables

	UNAUDITED 31-12-2015 RM	AUDITED 31-12-2014 RM
Deposits and prepayments	178,888	207,207
Interest/profit receivable from fixed deposits	21,960	64,787
Interest/profit receivable from fixed deposits under the custodian account	4,858,998	1,069,568
	<u>5,059,846</u>	<u>1,341,562</u>

B11 Fixed Deposits with Licensed Banks

	UNAUDITED 31-12-2015 RM	AUDITED 31-12-2014 RM
Fixed deposits with licensed banks	11,056,226	28,378,456
Fixed deposits with licensed banks under custodian account	527,547,689	514,026,977
	<u>538,603,915</u>	<u>542,405,433</u>

The remaining days to maturity and the effective interest rate for the fixed deposits with licensed banks as at 31 December 2015 for the Group ranges 12 to 168 days and 3.60% to 4.15% per annum, respectively.

Fixed deposits with licensed banks under custodian account

The SC Guidelines require that the amount held in custodian account be placed in permitted investments namely Malaysian Government Securities, money market instruments and AAA-rated papers. The amount held in custodian account is invested in Islamic fixed deposits which are considered as relatively secure and liquid at profit sharing rate of approximately 4.15% per annum and have an average remaining day to maturity of 12 days as at the end of the financial year.

As at 31 December 2015, the amount held in custodian account placed in Islamic fixed deposits and its corresponding profit are as follows:-

	Placement amount RM	Profit earned RM	Total RM
Fixed deposit with Islamic banks held under custodian account	495,000,000	32,547,689	527,547,689

In the event the Group fails to complete a Qualifying Acquisition within the permitted timeframe, the amount then held in custodian account (net of any taxes payable and direct expenses related to the liquidation), will be distributed to the respective shareholders.

B12 Share Capital

	Number of ordinary shares		Amount	
	31-12-2015	31-12-2014	31-12-2015 RM	31-12-2014 RM
Authorised:-				
At 1 January/31 December	<u>4,970,000,000</u>	<u>4,970,000,000</u>	<u>49,700,000</u>	<u>49,700,000</u>
Issued and fully paid:-				
At 1 January/31 December	<u>1,410,714,300</u>	<u>1,410,714,300</u>	<u>14,107,143</u>	<u>14,107,143</u>

B13 Share Premium

	UNAUDITED 31-12-2015 RM	AUDITED 31-12-2014 RM
Share premium:-		
At 1 January/31 December	<u>13,261,746</u>	<u>13,261,746</u>

B14 Other Reserves

	UNAUDITED 31-12-2015 RM	AUDITED 31-12-2014 RM
Other reserves:-		
Warrants reserve		
At 1 January/31 December	<u>40,202,158</u>	<u>40,202,158</u>
Reserve arising from conversion of RCPS		
At 1 January/31 December	<u>(1,702,141)</u>	<u>(1,702,141)</u>
Total other reserves	<u>38,500,017</u>	<u>38,500,017</u>

B15 Financial Liability Component of Public Issue Shares

	UNAUDITED 31-12-2015 RM	AUDITED 31-12-2014 RM
90% of the IPO funds	495,000,000	495,000,000
Cummulative interest earned for FLC	43,707,289	23,283,148
Less: Cummulative tax payable arising from interest earned for FLC	<u>(7,737,479)</u>	<u>(3,951,754)</u>
FLC before set-off of listing expenses	530,969,810	514,331,394
Listing expenses recognised in FLC:-		
Amount capitalised	(17,572,926)	(17,572,926)
Amount amortised	<u>13,815,250</u>	<u>7,772,162</u>
	<u>(3,757,676)</u>	<u>(9,800,764)</u>
At 31 December	<u>527,212,134</u>	<u>504,530,630</u>

At the reporting date, the Financial Liability Component of the Public Issue Shares ("FLC") is secured against the monies in the custodian trust account as disclosed in Note B11 above. The maturity of FLC is three years from 30 July 2013 which is the initial public offering date ("Permitted Timeframe").

The Securities Commission Malaysia's Equity Guidelines requires inter alia the following:

- (i) the Group must place at least 90% of the gross proceeds from its initial public offering ("IPO") in a custodian trust account immediately upon receipt of all proceeds ("IPO Custodian Trust Proceeds"). The monies in the custodian trust account may only be released by the custodian upon termination of the custodian trust account;
- (ii) the proceeds in the custodian trust account may be invested in permitted investments. Any income generated by the funds held in the custodian trust account, including interest/dividend income derived from the permitted investments, must accrue to the custodian trust account;
- (iii) the balance of the proceeds from the IPO, being 10% of the proceeds, may be utilised to defray expenses related to the IPO and for working capital purposes including but not limited to operating costs, fund the search for a target company or asset and completing the qualifying acquisition; and
- (iv) in the event the Company fails to complete a qualifying acquisition within the Permitted Timeframe, the Company must be liquidated. The amount then held in the custodian trust account (net of any taxes payable and direct expenses related to the liquidation and

distribution), must be distributed to the respective shareholders on a pro-rata basis as soon as practicable, as permissible by the relevant laws and regulations ("Liquidation Distribution"). Platinum Autumn Sdn. Bhd. and initial investors may not participate in the Liquidation Distribution, except for securities purchased by them after the date of listing of the Company on the Bursa Securities.

Consequently, the Public Issue Share is a compound financial instrument with a financial liability and equity component in accordance with MFRS 132 Financial Instruments: Presentation and FRSIC Consensus 20 Classification of the IPO Investor Securities of a Special Purpose Acquisition Company. The financial liability component being the fair value of the 90% of the gross proceeds represents the Group's obligation to refund the IPO Custodian Trust Proceeds held in the custodian trust account to the IPO investors in the event the Group fails to complete a qualifying acquisition within the Permitted Timeframe.

B16 Status of Corporate Proposals

B16.1 Proposed Acquisition of SEBG Shares

The Group had on 5 June 2014 entered into a Heads of Agreement ("HOA") with Salamander Energy Plc ("Salamander") in relation to the proposed acquisition of the following:-

- (i) 66.67% of the class "A" shares without attaching any voting rights but attaching economic rights (including rights to dividends or other distribution) in Salamander Energy (Bualuang) Limited ("SEBG"), a 100% owned subsidiary of Salamander; and
- (ii) 49.00% of the class "B" ordinary shares which carry one vote per share but without attaching any economic rights in SEBG.

(collectively known as "SEBG Shares")

resulting in the Group owning an effective working interest of 40.00% in the Thai oil and gas blocks owned by SEBG for a cash consideration of USD281.2 million ("Proposed Acquisition of SEBG Shares").

On 18 July 2014, the Group had entered into a Sale and Purchase Agreement ("SPA") with Salamander Energy (Bualuang Holdings) Limited ("SEBHL") and Salamander for the Proposed Acquisition of SEBG Shares.

The Proposed Acquisition of SEBG Shares is expected to be conditional upon, inter alia, the following:

- (i) the Group obtaining approval of the Securities Commission Malaysia ("SC") for the Proposed Acquisition of SEBG Shares;
- (ii) the Group obtaining approval of its shareholders at an extraordinary general meeting to be convened for the Proposed Acquisition of SEBG Shares;
- (iii) Salamander obtaining approval of its shareholders; and
- (iv) the entry into full form documentation implementing the Group's financing.

The Group had on 28 August 2014 entered into a supplemental sale and purchase agreement with SEBHL and Salamander to effect, inter-alia, the following changes to the SPA:-

- (i) clarification that the issued share capital of SEBG is 25,000 shares with a par value of USD1.00; and
- (ii) the Working Capital Amount shall mean the sum of USD1,229,394.80, being 66.67% of the net working capital amount of USD1,844,000.00 as at the Effective Date and computed in accordance with Schedule 10 of the SPA.

On 29 August 2014, the Group submitted its application in relation to the Proposed Acquisition of SEBG Shares to the SC.

The Group had, on 24 October 2014 entered into a facility agreement with BNP Paribas and RHB Bank (L) Ltd (as Joint Lead Arrangers) for a USD140 million loan facility to part finance the Proposed Acquisition of SEBG Shares ("Financing"). The Financing is conditional upon, inter-alia, the approvals of the SC and the shareholders of the Group, for the Proposed Acquisition of SEBG Shares being obtained.

On 27 October 2014, the Group received a notice from SEBHL and Salamander pursuant to the SPA stating that the board of Salamander has received a conditional proposal from Ophir Energy Plc (“Ophir”) with respect to a potential offer for Salamander, the terms of which Salamander is seeking to clarify. Salamander had also stated that it had received an approach by a consortium led by Compañía Española de Petróleos but it has not yet received any proposal or confirmation that any offer will be forthcoming. The Group has taken cognisance that the Salamander announcement stated, *inter-alia*, that “subject to the outcome of the ongoing negotiations described above, the board of directors of Salamander continues to believe that completion of the Proposed Acquisition of SEBG Shares is in the best interests of its shareholders”.

On 14 November 2014, the Group received a notice from SEBHL and Salamander pursuant to the SPA stating that the board of Salamander has received a proposed offer from a consortium led by Compañía Española de Petróleos, S.A.U. and Strategic Energy (Global) Limited (whose investment adviser is Jynwel Capital) for the entire issued and to be issued share capital of Salamander.

The Group had, on 21 November 2014, received a notice from SEBHL and Salamander pursuant to the SPA stating that the board of Salamander has received a proposed offer from Ophir for the entire issued and to be issued share capital of Salamander. The Group noted that that this is a “proposed offer” and not a “firm offer” which has to be submitted by 24 November 2014, unless this date is extended by Salamander and notwithstanding the above, the Group remains committed to complete the Proposed Acquisition of SEBG Shares under the terms of the sale and purchase agreement dated 18 July 2014.

On 24 November 2014, the Group has received the approval of the SC in relation to the Proposed Acquisition of SEBG Shares. The approval is subject to the following conditions:-

- (i) the Joint Principal Advisers and the Group to fully comply with the requirements of the SC’s Equity Guidelines, as applicable, pertaining to the implementation of the Proposed Acquisition of SEBG Shares; and
- (ii) the Joint Principal Advisers and the Group to fully comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as applicable, pertaining to the implementation of the Proposed Acquisition of SEBG Shares and the issuance of the circular to the shareholders of the Group.

The Group had, on 24 November 2014, received a notice from SEBHL and Salamander pursuant to the SPA stating that the boards of directors of Salamander and Ophir have reached an agreement on the terms of a recommended acquisition to be made by Ophir and/or a wholly-owned subsidiary of Ophir for the entire issued and to be issued share capital of Salamander via a scheme of arrangement (“Offer”). It is a condition of the Offer that the agreement between Salamander and the Group in relation to the Proposed Acquisition of SEBG Shares is terminated.

On 14 January 2015, the Group announce that Salamander and the Group intend to mutually terminate the previously announced SPA and other relevant transaction documents in respect of the Proposed Acquisition of SEBG Shares.

The Group had, on 19 January 2015, entered into the following:-

- (i) Deed of termination between the Group, Salamander and SEBHL to terminate the SPA; and
- (ii) Deed of termination between the Group and Salamander to terminate the Block G4/50 Agreement.

On 4 June 2015, the Group and Ophir have mutually agreed to discontinue discussions in relation to a revised transaction on the Greater Bualuang Oilfield, in view of the crude oil prices at that time and after updating the technical and economic evaluation of the assets.

B16.2 Proposed Acquisition of Stag Oilfield

On 2 November 2015, Sona E&P (Perth) Pty Ltd (“SAUS”) as buyer and the Company as guarantor entered into a sale and purchase agreement with Quadrant Northwest Pty Ltd and Santos Offshore Pty Ltd as sellers (“SPA”) in relation to SAUS acquiring 100% interest in the Production Licence WA-15-L and Pipeline Licence WA-6-PL and the associated assets (“Stag Oilfield”), along with the operatorship thereof, for total purchase consideration amounts to the base purchase price (“Base Purchase Price”) of US\$50.0 million and adjustments to be made immediately following completion as set out in section 1.2 of Appendix I of the SPA (“Proposed Acquisition of Stag Oilfield”).

The Proposed Acquisition of Stag Oilfield is conditional upon, inter alia, the following:

- (i) approval received from SC for the Proposed Acquisition of Stag Oilfield;
- (ii) approval received from the shareholders of the Company for the Proposed Acquisition of Stag Oilfield;
- (iii) notice of no objection received from the Australian Foreign Investment Review Board (“FIRB”);
- (iv) Quadrant or Quadrant Energy Australia Limited (“QEAL”) and SUAS having signed a transitional services agreement;
- (v) Dampier Spirit LLC having signed an assignment and assumption document in respect of the “Dampier Spirit” floating storage and offloading tanker contract with SUAS and QEAL; and
- (vi) the SPA is approved and registered as a dealing under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth).

On 2 November 2015, the Group submitted its application in relation to the Proposed Acquisition of Stag Oilfield to the FIRB and has received their statement of no objections on 27 November 2015.

On 2 December 2015, the Group submitted its application in relation to the Proposed Acquisition of Stag Oilfield to the SC.

On 12 February 2016, the Group obtained the approval of the SC in relation to the Proposed Acquisition of Stag Oilfield subject to the following conditions:-

- (i) the Group to utilise up to 80% of the amount in its trust account for the acquisition of the Stag Oilfield and to finance part of the Infill Development. The funds to be utilised for the Infill Development will be placed in another trust account specifically for this purpose with a proper approval process in place for the monitoring and disbursement of funds. The Group will also issue monthly and quarterly updates through announcements on Bursa Malaysia on the amount of cash drawn down and balance in the trust account;
- (ii) the Group to appoint an additional Independent Non-Executive Director who has the appropriate qualification and experience to effectively discharge the role of an independent director of a listed company, prior to the issuance of the circular to shareholders;
- (iii) the Group to fully comply with the requirements of the SC’s Equity Guidelines, as applicable, pertaining to the implementation of the Proposed Acquisition of Stag Oilfield; and
- (iv) the Group to fully comply with the Main Market Listing Requirements of Bursa Malaysia, as applicable, pertaining to the implementation of the Proposed Acquisition of Stag Oilfield and the issuance of the circular to shareholders of the Group.

B17 Changes in Material Litigation

The Board of Directors of the Group is not aware of any pending material litigation as at the date of this Interim Financial Statements.

B18 Loss Per Share

a) Basic loss per share

The basic loss per share is calculated by dividing the Group’s loss attributable to the owners of the Group by the weighted average number of ordinary shares in issue during the financial year/period.

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	31-12-2015 RM	31-12-2014 RM	31-12-2015 RM	31-12-2014 RM
Loss after tax attributable to the Owners of the Company	(10,613,891)	(19,471,627)	(17,486,756)	(28,491,119)
Weighted average number of shares in issue	1,410,714,300	1,410,714,300	1,410,714,300	1,410,714,300
Basic loss per share (RM)	(0.01)	(0.01)	(0.01)	(0.02)

b) Dilutive loss per share

The dilutive loss per share is calculated by dividing the Group’s loss attributable to the owners of the Group by the weighted average number of ordinary shares in issue during the financial year/period have been adjusted for the effects of dilutive potential ordinary shares from Warrants.

SONA PETROLEUM BERHAD
(Company no.: 945626-P)
(Incorporated in Malaysia)

	INDIVIDUAL 6 MONTHS		CUMULATIVE 12 MONTHS	
	ENDED		ENDED	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
	RM	RM	RM	RM
Loss after tax attributable to the Owners of the Company	(10,613,891)	(19,471,627)	(17,486,756)	(28,491,119)
Weighted average number of shares in issue	1,410,714,300	1,410,714,300	1,410,714,300	1,410,714,300
Basic loss per share (RM)	(0.01)	(0.01)	(0.01)	(0.02)

The fully diluted loss per share of the Group in the current financial year/period is the basis loss per share as the assumed conversion from the exercise of Warrants would be anti-dilutive.

B19 Breakdown of Accumulated Losses Into Realised and Unrealised

The breakdown of the accumulated losses of the Group as at 31 December 2015 and 31 December 2014 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

B20 - Realised/unrealised loss

	UNAUDITED	AUDITED
	31-12-2015	31-12-2014
	RM	RM
Realised losses	(52,396,476)	(34,909,720)
Unrealised losses	-	-
Accumulated losses of the Company as per financial statements	(52,396,476)	(34,909,720)

BY THE ORDER OF THE BOARD

JASMINDAR KAUR A/P SARBAN SINGH
Company Secretary

Kuala Lumpur
17 February 2016