HIBISCUS PETROLEUM BERHAD

(Company No: 798322-P)
(Incorporated in Malaysia)

Unaudited Quarterly Financial Report
30 June 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.06.2017 RM'000	QUARTER ENDED 30.06.2016 RM'000	YEAR ENDED 30.06.2017 RM'000	YEAR ENDED 30.06.2016 RM'000
Revenue		74,465	48,717	261,273	81,694
Cost of sales		(28,722)	(17,005)	(93,089)	(40,803)
GROSS PROFIT		45,743	31,712	168,184	40,891
Other income	26	9,162	1,504	37,884	9,286
Administrative expenses		(5,575)	(213,066)	(49,059)	(363,994)
Other expenses		(18,278)	(21,323)	(72,454)	(30,901)
Finance costs		(3,189)	(6,163)	(22,036)	(8,196)
Negative goodwill from business combination		-	228,789	-	364,132
Share of results of an associate		(160)	(64)	(512)	(4,099)
Share of results of joint ventures		-	1,849	-	(63,440)
PROFIT/(LOSS) BEFORE TAXATION	27	27,703	23,238	62,007	(56,321)
Taxation	28	(19,049)	(4,286)	44,090	(3,639)
PROFIT/(LOSS) AFTER TAXATION		8,654	18,952	106,097	(59,960)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		8,654	18,952	106,097	(59,960)
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic	25	0.60	1.62	7.51	(5.66)
Diluted	25	0.60	1.62	7.51	(5.66)

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2017 RM'000	QUARTER ENDED 30.06.2016 RM'000	YEAR ENDED 30.06.2017 RM'000	YEAR ENDED 30.06.2016 RM'000
PROFIT/(LOSS) AFTER TAXATION	8,654	18,952	106,097	(59,960)
Other comprehensive (expenses)/ income:				
Items that may be subsequently reclassified to profit or loss:				
- Foreign currency translation *	(19,390)	10,188	24,403	29,632
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE QUARTER/YEAR	(10,736)	29,140	130,500	(30,328)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:				
Owners of the Company	(10,736)	29,140	130,500	(30,328)

* *Arising from translation of Group entities' financial statements with different functional currencies recognised directly in reserves.*

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.06.2017 RM'000	AUDITED AS AT 30.06.2016 RM'000
ASSETS			
NON-CURRENT ASSETS			
Investment in an associate		4,090	1,940
Intangible assets		1,029,292	997,146
Equipment		202,615	211,452
		1,235,997	1,210,538
CURRENT ASSETS			
Trade receivables		7,434	1,985
Other receivables, deposits and prepayments		17,465	21,502
Inventories		3,997	5,542
Amounts owing by joint ventures		191	121
Amount owing by an associate		-	733
Cash and bank balances		54,501	28,746
		83,588	58,629
TOTAL ASSETS		1,319,585	1,269,167
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	675,314	13,126
Other reserves		92,855	703,037
Accumulated losses		(25,807)	(131,904)
		742,362	584,259
NON-CURRENT LIABILITIES			
Deferred consideration		-	26,549
Contingent consideration		1,756	1,484
Deferred tax liabilities		325,562	390,866
Provision for decommissioning costs		124,835	115,352
		452,153	534,251

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the financial statements

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	UNAUDITED AS AT 30.06.2017 RM'000	AUDITED AS AT 30.06.2016 RM'000
CURRENT LIABILITIES			
Trade payables		242	60
Other payables and accruals		57,992	88,775
Deferred consideration		31,428	55,809
Amount owing to a joint venture		337	315
Amount owing to an associate		25	5,449
Provision for taxation		34,827	30
Redeemable Convertible Preference Shares		219	219
		125,070	150,657
TOTAL LIABILITIES		577,223	684,908
TOTAL EQUITY AND LIABILITIES		1,319,585	1,269,167
NET ASSETS PER SHARE (RM)		0.51	0.45

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the financial statements

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<------------------- NON-DISTRIBUTABLE	-------------------	-------------------	------------------->		
	SHARE CAPITAL RM'000	**SHARE PREMIUM ** RM'000**	**OTHER RESERVES RM'000**	**FOREIGN EXCHANGE RESERVE RM'000**	**ACCUMULATED LOSSES RM'000**	**TOTAL RM'000**
12 months to 30.06.2017						
As at 01.07.2016	13,126	634,585	389	68,063	(131,904)	584,259
Issuance of shares	1,312	26,291	-	-	-	27,603
Profit after taxation	-	-	-	-	106,097	106,097
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	24,403	-	24,403
Total comprehensive income for the year	-	-	-	24,403	106,097	130,500
Transition to no-par value regime on 31.01.17	660,876	(660,876)	-	-	-	-
As at 30.06.2017	675,314	-	389	92,466	(25,807)	742,362
12 months to 30.06.2016						
As at 01.07.2015	9,278	535,731	241	38,431	(71,944)	511,737
Issuance of shares	3,848	98,854	-	-	-	102,702
Share-based payment	-	-	148	-	-	148
Loss after taxation	-	-	-	-	(59,960)	(59,960)
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	29,632	-	29,632
Total comprehensive income/(expenses) for the year	-	-	-	29,632	(59,960)	(30,328)
As at 31.06.2016	13,126	634,585	389	68,063	(131,904)	584,259

** *The new Companies Act 2016 (the "**Act**"), came into effect from 31 January 2017 and abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of a company's share premium account of Ringgit Malaysia ("**RM**") 660,876,134 shall become part of the company's share capital pursuant to Section 618(2) of the Act. Under the transitional provision in Section 618(3) of the Act, a company may within twenty-four months upon the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in that section.*

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED 30.06.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	62,007
Adjustments for:	
Depreciation and amortisation of equipment and intangible assets	72,454
Interest income	(16)
Unrealised gain on foreign exchange	(17,533)
Finance costs	22,036
Reversal of impairment of investment in an associate	(1,946)
Impairment of receivables	8,730
Share of results of an associate	512
Operating profit before working capital changes	146,244
Trade receivables	(5,062)
Other receivables, deposits and prepayments	7,665
Trade payables	177
Other payables and accruals	(32,173)
Inventories	1,946
Amounts owing by joint ventures	(477)
Amount owing to a joint venture	21
Amount owing by an associate	797
Amount owing to an associate	(5,905)
Cash generated from operating activities	113,233
Tax paid	(11,335)
Net cash generated from operating activities	101,898
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(707)
Interest received	16
Acquisition of intangible assets	(713)
Deposit for an investment	(10,436)
Net cash outflow arising from business combination	(71,408)
Net cash used in investing activities	(83,248)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds from issuance of ordinary shares	27,822
Repayment of cash advances from directors	(2,650)
Net cash generated from financing activities	25,172
Net increase in cash and cash equivalents	43,822
Effects of foreign exchange rate changes	(18,067)
Cash and cash equivalents at beginning of the financial year	28,746
Cash and cash equivalents at end of the financial year	54,501

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the financial statements.

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

1 BASIS OF PREPARATION

The unaudited Quarterly Report has 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**"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The explanatory notes attached to the unaudited condensed consolidated 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 the Group since the financial year ended 30 June 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 30 June 2016.

2.1 Adoption of Amendments to Standards and IC Interpretations

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2016:

Amendments to MFRS 11	*Joint Arrangements – Accounting for Acquisition of Interests in Joint Operations*
Amendments to MFRS 101	*Presentation of Financial Statements – Disclosure Initiative*
Amendments to MFRS 127	*Equity Method in Separate Financial Statements*
Amendments to MFRS 10, MFRS 12 and MFRS 128	*Investment Entities – Applying the Consolidation Exception*
Annual Improvements to MFRSs 2012 - 2014 Cycle	*Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, MFRS 7 Financial Instruments: Disclosures, MFRS 134 Interim Financial Reporting*

The adoption of the above amendments did not have any impact on the current financial year or any prior financial period and is not likely to affect future financial periods.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards issued but not yet effective

Description		Effective for financial periods beginning on or after
Amendments to MFRS 107	*Statement of Cash Flow – Disclosure Initiative*	1 January 2017
Amendments to MFRS 112	*Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Issues Committee Interpretation 32	*Foreign Currency Transactions and Advance Consideration*	1 January 2018
MFRS 9	*Financial Instruments*	1 January 2018
MFRS 15	*Revenue from Contracts with Customers*	1 January 2018
MFRS 16	*Leases*	1 January 2019

The Group will adopt the above standards and amendments when they become effective in the respective financial periods. The Group is in the process of making an assessment of the impact of the adoption of these standards and amendments to existing standards.

3 SEASONAL OR CYCLICAL FACTORS

The Group's operations were not significantly affected by any seasonal or cyclical factors.

4 SIGNIFICANT/UNUSUAL ITEMS

Save as disclosed below, there were no other significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial year ended 30 June 2017:

(i) The proposed placement of up to 326,935,484 new ordinary shares of RM0.01 each in the Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or the "**Company**") ("**Placement Shares**"), representing up to 25% of the enlarged issued and paid-up ordinary share capital of the Company ("**Proposed Placement**").

Bursa Securities gave its approval for the listing and quotation of the Placement Shares to be issued pursuant to the Proposed Placement on the Main Market of Bursa Securities on 23 September 2015 whilst the approval of the shareholders of the Company was obtained for the Proposed Placement at an Extraordinary General Meeting held on 13 October 2015.

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

Subsequent to the financial year ended 30 June 2016, the Company issued 48,900,000 Placement Shares, raising a total of RM8,802,000.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

The Proposed Placement was completed on 13 July 2016 with a total of 326,884,000 new ordinary shares issued.

Please refer to our announcements dated 11 September 2015, 14 September 2015, 23 September 2015, 28 September 2015, 13 October 2015, 1 December 2015, 4 December 2015, 7 December 2015, 11 December 2015, 18 December 2015, 21 December 2015, 14 January 2016, 20 January 2016, 21 January 2016, 15 March 2016, 21 March 2016, 28 March 2016, 29 March 2016, 4 May 2016, 10 May 2016, 11 May 2016, 17 June 2016, 28 June 2016, 29 June 2016, 1 July 2016, 12 July 2016 and 13 July 2016.

(ii) The Company announced on 9 August 2016 that it proposed to undertake a proposed private placement of up to 82,305,362 new ordinary shares of RM0.01 each in the Company ("**New Placement Shares**"), representing approximately 6.05% of the existing issued and paid-up ordinary share capital of the Company ("**Proposed Private Placement**").

Bursa Securities, vide its letter dated 6 September 2016, approved the listing and quotation of the New Placement Shares pursuant to the Proposed Private Placement.

The Proposed Private Placement was completed on 20 December 2016 with a total of 82,305,300 New Placement Shares issued, raising a total of RM19,973,537.

Please refer to our announcements dated 9 August 2016, 12 August 2016, 6 September 2016, 13 September 2016, 20 September 2016, 9 December 2016, 19 December 2016 and 20 December 2016.

(iii) On 31 May 2017, the Company announced that it proposed to undertake a placement of up to 144,384,429 new ordinary shares of RM0.01 each in the Company ("**Fresh Placement Shares**"), representing up to 10% of the existing issued and paid-up ordinary share capital of the Company ("**Proposed Fresh Private Placement**").

Please refer to Part B, Notes 17 (ii) and 18 of this Quarterly Report for further details.

(iv) Proposed acquisition of 50% participating interests under the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract.

Please refer to Part B, Note 17 (i) of this Quarterly Report for further details.

(v) Prepaid lease rental from a third party charterer.

The Group had entered into a lease and leaseback arrangement with a third party charterer in connection with the Britannia rig. Amongst others, the arrangement enabled the Group to request for a prepaid lease rental of United States Dollar ("**USD**") 10 million on or after 1 February 2017 subject to meeting the conditions set by the third party charterer. As at the date of this report, the conditions had been met. In the event that the leasing arrangement did not proceed as intended, the prepaid lease rental received would be subject to an interest rate of 10% per annum from the date of receipt, and is repayable by 31 December 2017.

The arrangement would have involved the Group pledging as a security of the Britannia rig. It should be noted that at the time that we entered into this arrangement, the Group had not signed the conditional sale and purchase agreement ("**CSPA**") relating to the proposed acquisition of a 50% participating interests under the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract. Given that the Group has now signed the CSPA, the Group may have alternative uses for the rig and thus has, at this juncture, not elected to lease out (and lease back) the rig for any period of time.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(vi) Recognition of the effect of the reduction in the rate of the supplementary charge in the United Kingdom ("**UK**") by 10% on deferred tax liabilities. The deferred tax liabilities had earlier arose upon the completion of the acquisition of the Anasuria Cluster, which was accounted for as a business combination.

Please refer to Part B, Note 28 of this Quarterly Report for further details.

5 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial periods that have a material effect in the financial year ended 30 June 2017.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

There were no other material events subsequent to the end of the financial year ended 30 June 2017 up to the date of this report.

7 CHANGES IN THE COMPOSITION OF THE GROUP

(i) On 10 October 2016, the Company acquired Pacific Hibiscus Sdn Bhd ("**Pacific Hibiscus**"), a company incorporated in Malaysia under the Companies Act 1965, with an authorised share capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each and a paid-up share capital of RM2.00 from non-related parties.

(ii) On 10 October 2016, Pacific Hibiscus acquired SEA Hibiscus Sdn Bhd ("**SEA Hibiscus**"), a company incorporated in Malaysia under the Companies Act 1965, with an authorised share capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each and a paid-up share capital of RM2.00 from non-related parties.

Save as disclosed above, there were no changes in the composition of the Group during the financial year ended 30 June 2017.

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any material contingent liabilities or contingent assets, which, upon becoming enforceable, may have a material impact on the profit or loss, or net assets value of the Group.

9 DIVIDENDS PAID/PAYABLE

There were no dividends declared or paid during the financial year ended 30 June 2017.

10 BORROWINGS, DEBT AND EQUITY SECURITIES

The movements in the issued and paid-up ordinary share capital of the Company during the financial year ended 30 June 2017 were as follows:

	YEAR ENDED 30.06.2017	
ORDINARY SHARES	**Number of shares**	**Share capital RM'000**
As at 01.07.2016	1,312,638,991	13,126
Placement Shares	48,900,000	489
New Placement Shares	82,305,300	823
Transition to no-par value regime on 31.01.17 ***	-	660,876
As at 30.06.2017	1,443,844,291	675,314

*** *Please refer to Unaudited Condensed Consolidated Statements of Changes in Equity.*

Placement Shares

During the financial year ended 30 June 2017, the Company issued 48,900,000 Placement Shares, raising a total of RM8,802,000 on 13 July 2016 at RM0.180 per Placement Share.

New Placement Shares

During the financial year ended 30 June 2017, the Company issued 82,305,300 New Placement Shares, raising a total of RM19,973,537. This was undertaken in two tranches: 41,000,000 New Placement Shares were issued on 19 September 2016 at RM0.195 per New Placement Share and 41,305,300 New Placement Shares were issued on 16 December 2016 at RM0.290 per New Placement Share.

Please refer to Part A, Note 4 (ii) of this Quarterly Report for further details.

Save as disclosed above, there were no other issuances, cancellations, repurchases, resale and repayments of borrowings, debt and equity securities during the financial year ended 30 June 2017.

11 OPERATING SEGMENTS

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

(i)	Investment holding and group activities	Investments in companies owning/operating oil and gas concessions, and provision of project management, technical and other services relating to the oil and gas exploration and production industry. The investment holding and group activities are located in Malaysia.
(ii)	Anasuria	Group's investments and operations in a geographically focused package of operated producing fields and associated infrastructure located approximately 175 km east of Aberdeen in the UK Central North Sea. The functional currency of the segment is USD. The average and closing rates adopted for conversion to RM in the financial year ended 30 June 2017 are 4.305 and 4.296 respectively.
(iii)	3D Oil, VIC/L31 & VIC/P57	Group's operations in the VIC/L31 Production License ("**VIC/L31**") for the West Seahorse field and other exploration prospects in Australia within VIC/P57 Exploration Permit ("**VIC/P57**"), and investment in 3D Oil Limited ("**3D Oil**"). The functional currency of the segment is Australian Dollar ("**AUD**"). The average and closing rates adopted for conversion to RM in the financial year ended 30 June 2017 are 3.247 and 3.302 respectively.

**** *As reflected in the preceding Quarterly Report, during the financial year ended 30 June 2016, the Directors have fully impaired the Group's respective investments in (i) Lime Petroleum Plc and its concession companies ("**Lime Group**" or "**Lime**") and (ii) HiRex Petroleum Sdn. Bhd. ("**HIREX**"). Therefore, both the Lime Group and HIREX are no longer relevant for inclusion in this section. For the avoidance of doubt, the rights and legal position of the Group are fully reserved in respect of each of the Lime Group (including, without limitation, the Group's legal action in Singapore against various parties in relation to the Lime Group) and HIREX.*

11 OPERATING SEGMENTS (CONT'D)

	Investment holding and group activities RM'000	Anasuria RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	Lime RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 30.06.2017							
Non-current assets	33,876	938,740	263,381	-	-	-	1,235,997
Included in the segment assets is:							
Investment in an associate	-	-	4,090	-	-	-	4,090
Additions to non-current assets	86	621	713	-	-	-	1,420
Year ended 30.06.2017							
Project management, technical and other service fees	4,439	-	-	-	-	-	4,439
Sales of crude oil and gas	-	256,818	-	-	-	-	256,818
Interest income	16	-	-	-	-	-	16
Revenue	4,455	256,818	-	-	-	-	261,273
Depreciation and amortisation	(10,498)	(58,553)	(3,403)	-	-	-	(72,454)
(Loss)/profit from operations	(2,763)	106,308	(12,206)	-	-	-	91,339
Reversal of impairment of investment in an associate	-	-	1,946	-	-	-	1,946
Impairment of receivables	(4,388)	(4,342)	-	-	-	-	(8,730)
Share of results	-	-	(512)	-	-	-	(512)
Finance costs	(30)	(19,389)	(9,446)	-	-	6,829	(22,036)
Interest income	6,829	-	-	-	-	(6,829)	-
Taxation	23	47,240	(3,173)	-	-	-	44,090
Profit/(loss) after taxation	(329)	129,817	(23,391)	-	-	-	106,097

11 OPERATING SEGMENTS (CONT'D)

	Investment holding and group activities RM'000	Anasuria RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	Lime RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 30.06.2016							
Non-current assets	711	929,982	279,845	-	-	-	1,210,538
Included in the segment assets is:							
Investment in an associate	-	-	1,940	-	-	-	1,940
Additions to non-current assets	27	972,365	104,358	-	-	-	1,076,750
Year ended 30.06.2016							
Project management, technical and other services fees	2,924	-	-	-	-	-	2,924
Interest income	15	-	101	-	-	-	116
Sales of crude oil and gas	-	78,654	-	-	-	-	78,654
Revenue	2,939	78,654	101	-	-	-	81,694
Depreciation and amortisation	(1,305)	(17,079)	(12,517)	-	-	-	(30,901)
Loss from operations	(23,054)	(17,434) ^	(25,240)	-	-	-	(65,728)
Reversal of impairment of investment in an associate	-	-	683	-	-	-	683
Impairment of investment in joint ventures	-	-	-	(224,354)	(4,648)	-	(229,002)
Impairment of intangible assets	-	-	(17,549)	-	-	-	(17,549)
Negative goodwill arising from acquisition of a business combination	-	364,132	-	-	-	-	364,132
Impairment of receivables	(2,232)	-	-	-	-	-	(2,232)
Write-off of business development expenditure	(30,890)	-	-	-	-	-	(30,890)
Share of results	-	-	(4,099)	(61,639)	(1,801)	-	(67,539)
Finance costs	(262)	(6,719)	(7,104)	-	-	5,889	(8,196)
Interest income	5,889	-	-	-	-	(5,889)	-
Taxation	(33)	(3,606)	-	-	-	-	(3,639)
(Loss)/profit after taxation	(50,582)	336,373	(53,309)	(285,993)	(6,449)	-	(59,960)

^ *Included in this balance are non-recurring costs amounting to RM34.5 million, consisting of introducer fee of RM25.3 million and transition costs and professional fees relating to the acquisition of the Anasuria Cluster of RM9.2 million. Had such costs been omitted, it would show a profit from operations of RM17.1 million.*

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2017 RM'000	QUARTER ENDED 30.06.2016 RM'000	YEAR ENDED 30.06.2017 RM'000	YEAR ENDED 30.06.2016 RM'000
Project management, technical and other services fees earned from joint ventures				
- Lime	-	-	-	101
- HIREX	-	38	4	202
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	-	43	-	465
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	2	9	30	477
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	(98)	(66)	(167)	(612)
Consultancy services provided by a related party	-	-	(57)	(72)

13 MATERIAL COMMITMENTS

Save as disclosed below, the Group is not aware of any material capital commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the profit or loss, or net assets value of the Group as at 30 June 2017:

	RM'000
Approved and contracted for:	
Group's material commitments	572
Share of a joint operation's material commitments ^^	56,785
	57,357

^^ *Includes the Group's 50% share of commitments in the Facilities Management Agreement for the Anasuria Floating Production Storage and Offloading unit and related equipment ("**Anasuria FPSO**") and Anasuria Cluster entered into by Anasuria Operating Company Limited ("**AOCL**") with Petrofac Facilities Management Limited, the Contract Operator appointed to manage the day-to-day operations and maintenance of the Anasuria Cluster amounting to RM46.1 million.*

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR OF BURSA SECURITIES

14 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification to the auditors' report on the latest audited financial statements.

15 PERFORMANCE REVIEW

	Individual Quarter		Changes (Amount %)	Cumulative Period		Changes (Amount %)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30.06.2017 RM'000	30.06.2016 RM'000		30.06.2017 RM'000	30.06.2016 RM'000	
Revenue	74,465	48,717	53	261,273	81,694	> 100
Gross profit	45,743	31,712	44	168,184	40,891	> 100
Profit/(loss) before taxation	27,703	23,238	19	62,007	(56,321)	> 100
Profit/(loss) after taxation	8,654	18,952	(54)	106,097	(59,960)	> 100
Earnings/ (Loss) Before Interest, Taxes, Depreciation and Amortization ("**EBITDA**" or "**LBITDA**")	49,034	47,462	3	156,497	(17,224)	> 100

15.1 Material factors affecting financial year-to-date results

Statement of Profit or Loss

The Group recorded a profit before taxation of RM62.0 million in the current twelve-month period, i.e. from 1 July 2016 to 30 June 2017 ("**Current Year**") as compared to a loss before taxation of RM56.3 million in the corresponding twelve-month period in the previous year, i.e. from 1 July 2015 to 30 June 2016 ("**Preceding Year**"). Current Year's EBITDA stood at RM156.5 million compared to a LBITDA in the Preceding Year of RM17.2 million.

The Group recorded its first lifting of crude oil in the financial quarter ended 31 March 2016 subsequent to completing the acquisition of a 50% interest in the Anasuria Cluster on 10 March 2016. In the Current Year, the Group sold four offtakes of crude oil compared to the two cargoes sold in the Preceding Year (*Note: Two cargoes were sold in the Preceding Year because the purchase of the Anasuria asset, which contributed to these cargo sales was only completed three months prior to the end of the Preceding Year*). Revenue and gross profit from the sale of oil and gas production in the Current Year amounted to RM256.8 million and RM163.7 million respectively. In the Preceding Year, such revenue and gross profit amounted to RM78.7 million and RM37.9 million respectively.

15 PERFORMANCE REVIEW (CONT'D)

15.1 Material factors affecting financial year-to-date results (Cont'd)

Loss before taxation in the Preceding Year was largely attributed to several one-off charges, all of which did not recur in the Current Year. Details of these one-off charges are provided in the following paragraphs.

In the Preceding Year, the Group accounted for its share of a purported dilution of its investment in the Lime Group amounting to RM53.6 million. The Group also recognised an impairment of RM224.4 million in the Lime Group following an assessment of its carrying value of the investment. In addition, the Group fully impaired its investment in HIREX amounting to RM4.6m. As a result of the Group writing-off its investments in these two joint ventures, the share of losses in these investments recorded in the Preceding Year of RM9.9 million did not recur in the Current Year. Please refer to Part A, Note 11 of this Quarterly Report for further details.

The Company announced on 11 November 2015 that its wholly-owned subsidiary, Carnarvon Hibiscus Pty Ltd had advised that wireline evaluation and sampling of formation fluids over 6 zones of interest identified on preliminary Sea Lion-1 data was complete and that no zones of commercial hydrocarbons were encountered in the Sea Lion-1 well subsequent to commencement of drilling operations on 26 October 2015. Following that, the Group performed an assessment of the carrying value of VIC/P57 and had during the Preceding Year recognised an impairment of RM17.5 million.

One-off and non-recurring expenses in the form of introducer fees, transition costs and professional fees relating to the acquisition of the Anasuria Cluster incurred in the Preceding Year amounting to RM34.5 million did not recur. Also in the Preceding Year, the Group wrote off business development expenditure amounting to RM31.1 million.

The losses mentioned above in respect of the Preceding Year were partially off-set by negative goodwill recognised upon the completion of the Anasuria acquisition of RM364.1 million.

The net tax credit recognised in the Current Year is due to the impact of a reduction in the rate of the supplementary charge on the deferred tax liabilities relating to the fair value of identifiable assets and liabilities of the Anasuria Cluster. Please refer to Part A, Note 28 of this Quarterly Report for further details.

Statement of Financial Position

Non-current Assets

The Group's non-current assets amounted to RM1,236 million as at 30 June 2017 compared to RM1,211 million as at 30 June 2016. The increase was mainly due to a favourable foreign exchange impact from the retranslation of the Group's intangible assets caused by appreciation in both the USD and AUD when compared against the RM.

Current Assets

Current assets increased from 58.6 million as at 30 June 2016 to RM83.6 million as at 30 June 2017, mainly due to higher cash and bank balances of RM25.8 million. Furthermore, trade receivables increased from RM2.0 million as at 30 June 2016 to RM7.4 million as at 30 June 2017 attributable to project management fees relating to the Anasuria Cluster being charged by the Group.

15 PERFORMANCE REVIEW (CONT'D)

15.1 Material factors affecting financial year-to-date results (Cont'd)

Total Liabilities

The Group's total liabilities amounted to RM577.2 million as at 30 June 2017, a decrease of RM107.7 million from RM684.9 million as at 30 June 2016.

The base consideration for the acquisition of the Anasuria Cluster was USD52.5 million (USD30.0 million being settled by completion and a remaining USD22.5 million being deferred). As at 30 June 2017, USD15.0 million had been settled, per the agreed schedule. As a result, total outstanding deferred consideration as at 30 June 2017 was RM31.4 million (equivalent to the net present value of USD7.5 million) as compared to RM82.4 million (equivalent to the net present value of USD22.5 million). The outstanding portions of the deferred consideration is expected to be settled on or before 10 September 2017.

Other payables and accruals decreased by RM30.8 million from 30 June 2016 to 30 June 2017 due to payment of liabilities incurred in connection with the acquisition of the Anasuria Cluster and for the drilling of the Sea Lion-1 well.

In addition, net taxation liabilities were lower by RM30.5 million. This was due to the reversal of deferred tax liabilities relating to the Anasuria Cluster. Please refer to Part A, Note 28 of this Quarterly Report for further details.

Total Equity

The increase in total equity during the financial year by RM158.1 million was attributable mainly to net earnings generated from the Anasuria Cluster and placement of new ordinary shares amounting to RM129.8 million and RM27.6 million respectively.

<u>**Statement of Cash Flows**</u>

Cash flow from operating activities

The Group's net cash inflow for the Current Year from operating activities was RM101.9 million. This was mainly due to net cash generated from the Anasuria Cluster.

Cash flow from investing activities

Net cash used in investing activities amounted to RM82.3 million. RM71.4 million was payment made for payables related to the acquisition of the Anasuria Cluster (deferred consideration of USD15.0 million and completion adjustments).

In addition, the Group paid RM10.0 million (equivalent to USD2.5 million) deposit for the proposed acquisition of 50% participating interests under the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (please refer to Part B, Note 17 (i) of this Quarterly Report for further details), upon execution of the CSPA.

Cash flow from financing activities

Net cash generated by the Group from financing activities was RM25.2 million. It was derived from proceeds from the placement of new ordinary shares (please refer to Part A, Notes 4 (i) and 4 (ii) of this Quarterly Report for further details) during the Current Year.

15 PERFORMANCE REVIEW (CONT'D)

15.2 Material factors affecting current quarter's results

Statement of Profit or Loss

During the current three-month period ("**Current Quarter**"), the Group recorded a profit before taxation of RM27.7 million, as compared to a profit before taxation of RM23.2 million in the corresponding three-month period ended 30 June 2016 ("**Corresponding Quarter**"). EBITDA in the Current Quarter was RM49.0 million compared to RM47.5 million in the Corresponding Quarter.

In the Corresponding Quarter, the Group recognised negative goodwill of RM228.8 million upon completion of the Anasuria acquisition, which did not recur in the Current Quarter. Despite that, the Group's profit before taxation in the Current Quarter is higher than that achieved in the Corresponding Quarter by RM4.5 million.

Gross profit generated from the sale of Anasuria Cluster's oil and gas production in the Current Quarter was also higher. Revenue and gross profit of RM73.3 million and RM44.6 million respectively were achieved in the Current Quarter, compared to a revenue and gross profit of RM48.4 million and RM31.4 million respectively, achieved in the Corresponding Quarter. This was due to a larger volume of crude oil being sold and a higher average selling price achieved per barrel of oil sold.

In the Corresponding Quarter, following the Group's assessment of the carrying value of its investments in its joint ventures, namely the Lime Group and HIREX, the Group fully impaired both investments amounting to RM224.4 million and RM4.6 million respectively. Such impairment charges were one-off items and did not recur in the Current Quarter. Please refer to Part A, Note 11 of this Quarterly Report for further details.

Furthermore, expenses incurred in the following cost categories have reduced in the Current Quarter:

- Consultancy/professional fees and transaction costs in relation to project, business development and fund raising activities were lower in the Current Quarter by RM34.9 million, largely due to non-recurrence of a one-off write down of business development expenditure in the Corresponding Quarter;

- One-off expenses incurred in the Corresponding Quarter to move the Britannia rig, owned by the Group to a more cost-efficient yard of RM3.1 million; and

- Accretion of finance costs for deferred consideration and decommissioning costs for the Anasuria Cluster were lower by RM2.5 million in the Current Quarter.

In addition, foreign exchange gain in the Current Quarter was higher than that for the Corresponding Quarter by RM10.2 million.

The Group had during the Corresponding Quarter updated its assessment of the recoverable amount of VIC/P57. Following the re-assessment, the Group reversed part of the impairment recognised in the financial quarter ended 31 December 2015 by RM64.5 million due to an improvement in the oil price outlook, which has partially off-set the above.

The taxation accrued in the current quarter when accumulated with similar accruals made in the three previous financial quarters in the current financial year ended 30 June 2017 represent the best estimate of total tax obligations for Anasuria Hibiscus UK and the Group.

16 MATERIAL CHANGE IN PROFIT BEFORE TAXATION IN COMPARISON TO THE PRECEDING QUARTER

	Current Year Quarter	Immediate Preceding Quarter	Changes
	30.06.2017 RM'000	31.03.2017 RM'000	(Amount %)
Revenue	74,465	69,242	8
Gross profit	45,743	46,680	(2)
Profit before taxation	27,703	16,791	65
Profit after taxation	8,654	6,485	33
EBITDA	49,034	38,456	28

Statement of Profit or Loss

During the Current Quarter, the Group recorded a profit before taxation of RM27.7 million, an increase of RM10.9 million as compared to a profit before taxation of RM16.8 million in the preceding three-month period ended 31 March 2017 ("**Preceding Quarter**"). EBITDA achieved in the Current Quarter was RM10.6 million higher compared to that realized in the Preceding Quarter.

In the Current Quarter, the Group recognised a RM10.3 million gain attributable to a revaluation of the provision for decommissioning costs based on the closing foreign exchange rates as at 30 June 2017.

In addition, the Group had accrued for its share of AOCL's estimation of Petrofac's performance bonus for the period from 10 March 2016 to 31 December 2016 amounting to RM3.6 million in the Preceding Quarter. There was no such provision required in the Current Quarter.

Taxation accrued in the Current Quarter represents the balance of total taxation obligations for Anasuria Hibiscus UK and the Group incurred in the current financial year ended 30 June 2017 for net income generated by Anasuria Hibiscus UK via the sale of crude oil and gas from the Anasuria Cluster.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(i) Proposed Acquisition of 50% Participating Interests under the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract

On 12 October 2016, the Company announced that its indirect wholly-owned subsidiary, SEA Hibiscus, had entered into a CSPA with Sabah Shell Petroleum Company Limited and Shell Sabah Selatan Sdn Bhd (collectively the "**Sellers**") to acquire the Sellers' 50% participating interests in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract entered into between Petroliam Nasional Berhad ("**PETRONAS**"), the Sellers and PETRONAS Carigali Sdn Bhd ("**PCSB**") ("**PSC**"); and the joint operating agreement between the Sellers and PCSB in relation to the PSC ("**SJOA**") (collectively the "**Interest**") for a total consideration of USD25 million ("**Proposed Acquisition**").

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (CONT'D)

(i) Proposed Acquisition of 50% Participating Interests under the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (Cont'd)

The responsibilities of SEA Hibiscus as the operator of the PSC and under the SJOA are the management of the operations of:

(i) production of petroleum from 4 existing oil fields, namely St Joseph, South Furious, SF30 and Barton; and

(ii) existing pipeline infrastructure, the Labuan Crude Oil Terminal, and all other equipment and assets relating to the PSC.

The Proposed Acquisition is subject to and conditional upon approvals being obtained from the following:

(i) Sellers' receipt of PCSB's waiver of pre-emption rights and unconditional consent under the SJOA to the assignment of the entire Interest to SEA Hibiscus or upon fulfilment of conditions reasonably acceptable to SEA Hibiscus and/or the Sellers, as the affected party;

(ii) Sellers' receipt of PETRONAS's unconditional approval under the PSC to the assignment of the entire Interest to SEA Hibiscus or upon fulfilment of conditions reasonably acceptable to SEA Hibiscus and/or the Sellers, as the affected party;

(iii) the receipt of all consents of other relevant parties, if any; and

(iv) the due execution by the parties of the completion documents.

On 29 May 2017, the Company announced that:

(i) PCSB had waived their pre-emption rights under the SJOA; and

(ii) additionally, PETRONAS had provided its approval to the Sellers for the assignment of the Interest pursuant to the PSC in favour of SEA Hibiscus. The PETRONAS approval is subject to certain conditions which were reviewed by the Sellers in conjunction with SEA Hibiscus. If further clarifications are required from PETRONAS in respect of these conditions, these will be sought in due course and the Company would make further announcements, if appropriate.

Subject to the clarifications and subsequent closure of the conditions, the Group is aiming to complete the Proposed Acquisition by the second half of 2017.

The Proposed Acquisition is not subject to the Company's shareholders' approval.

Please refer to our announcements dated 12 October 2016, 26 October 2016 and 29 May 2017.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (CONT'D)

(ii) Proposed Fresh Private Placement

The Company had on 31 May 2017 announced that it proposes to undertake the Proposed Fresh Private Placement.

Bursa Securities, vide its letter dated 7 July 2017, had resolved to approve the listing and quotation of the Fresh Placement Shares pursuant to the Proposed Fresh Private Placement.

RHB Investment Bank Berhad ("**RHB Investment Bank**"), on behalf of the Board, had on 4 August 2017, announced that the Board had fixed the issue price at RM0.385 per Fresh Placement Share. On 15 August 2017, the Company completed the listing and quotation of 62,000,000 new ordinary shares on Bursa Securities pursuant to the Proposed Fresh Private Placement ("**First Tranche Fresh Private Placement Shares**"). Refer Part B, Note 18 for details of utilisation of proceeds raised from First Tranche Fresh Private Placement Shares as at the date of this Quarterly Report.

Please refer to our announcements dated 31 May 2017, 1 June 2017, 6 July 2017, 10 July 2017, 4 August 2017 and 14 August 2017.

18 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL(S)

Status of utilisation of proceeds from First Tranche Fresh Private Placement Shares of RM23.9 million raised as at 25 August 2017 are illustrated in the following table:

<table>
<tr><th>Purpose</th><th>Proposed Utilisation of First Tranche Fresh Private Placement Shares
RM'000</th><th>Actual Utilisation as at 25 August 2017
RM'000</th><th>Intended Timeframe for Utilisation</th><th>Percentage Utilised
(%)</th></tr>
<tr><td>(i) Working capital for the business operation expenditures of the Group</td><td>7,000</td><td>0</td><td rowspan="3">Within twelve (12) months</td><td>0</td></tr>
<tr><td>(ii) Payment of trade and other payables</td><td>12,000</td><td>0</td><td>0</td></tr>
<tr><td>(iii) Potential expansion and capital expenditure</td><td>4,650</td><td>0</td><td>0</td></tr>
<tr><td>(iv) Estimated expenses relating to the Proposed Fresh Private Placement</td><td>220</td><td>130</td><td>Within three (3) months</td><td>59</td></tr>
<tr><td>Total</td><td>23,870</td><td>130</td><td colspan="2"></td></tr>
</table>

19 PROSPECTS OF THE GROUP

Anasuria Cluster

Currently, the financial results of the Group are underpinned by the operational performance of the Anasuria asset. Several key factors are particularly relevant. These are:

- Price of the Brent crude oil benchmark at approximately the time of a scheduled offtake from the Anasuria FPSO;
- Any differential (either positive or negative) that we may receive on the price of the Brent crude oil benchmark on our specific cargo depending on market conditions at the relevant time;
- Gas prices for the respective fields as follows:
  - Cook field – at the landing point of the Fulmar Gas Line at the St Fergus Terminal for a price that is calculated as 40% of the Heren National Balancing Point index ("**Heren Index**") and in accordance with the terms set out in the Cook gas sale and purchase agreement; and
  - Guillemot A, Teal and Teal South fields – at the point where the gas leaves the fields and enters the SEGAL System for a price of 85% of Heren Index and in accordance with the terms set out in the Anasuria gas sale and purchase agreement.
- Exchange rates, more specifically that of the RM and the:
  - USD, as our revenues are secured in USD and the valuation of the Anasuria asset is held in USD; and
  - Great Britain Pound ("**GBP**"), as the majority of our operating costs for the Anasuria asset, currently our sole revenue generating asset, are incurred in GBP.
- Performance of the Anasuria asset, more specifically:
  - Production performance of the wells; and
  - Facilities availability.
- Management of operational expenses for the Anasuria asset.

As joint operator of the Anasuria Cluster, the Group continuously focuses on optimising asset performance but it is equally important to note (from the information provided above) that the performance is impacted daily by external macroeconomic factors over which we exert minimal control. For the financial quarter ended 30 June 2017, the following were achieved or utilized in the preparation of this Quarterly Report:

	Units	**Achieved for the quarter ended 30 June 2017**
Average daily oil production rate	Barrel ("**bbl**")/day	3,204
Average daily gas export rate @	bbl of oil equivalent ("**boe**")/day	317
Average oil equivalent production rate	boe/day	3,522
Total oil sold	bbl	284,963
Total gas exported (sold)	Million standard cubic feet ("**mmscf**")	173
Average realised oil price	USD/bbl	50.46
Average gas price	USD/million British thermal units ("**mmbtu**")	1.60 ∞/3.88 #
Average operating costs ("**OPEX**") per boe	USD/boe	13.98
Average uptime/availability of Anasuria facilities	%	84

@ *Conversion rate of 6,000 standard cubic feet ("**scf**")/boe.*
∞ *For Cook field.*
For Guillemot A, Teal and Teal South fields.

19 PROSPECTS OF THE GROUP (CONT'D)

As of 30 June 2017, our wholly-owned subsidiary, Anasuria Hibiscus UK has been involved in the joint operations of the Anasuria asset for circa fifteen months. Over the fifteen-month period, several milestones have been achieved in areas under our joint operational control which are reflected in the performance indicators shown below:

	Units	March to June 2016	July to September 2016	October to December 2016	January to March 2017	April to June 2017
Average daily oil production rate	bbl/day	2,971	3,032	3,934	2,617	3,204
Average daily gas export rate [@]	boe/day	236	374	474	257	317
Average daily oil equivalent production rate	boe/day	3,206	3,406	4,408	2,873	3,522
Average realised oil price	USD/bbl	40.14	45.21	41.70	52.95	50.46
Average gas price	USD/ mmbtu	1.19 [∞]/ 3.08 [#]	1.33 [∞]/ 3.30 [#]	1.73 [∞]/ 4.16 [#]	2.11 [∞]/ 4.94 [#]	1.60 [∞]/ 3.88 [#]
Average OPEX per boe	USD/boe	23.13	18.39	12.97	15.12	13.98
Average uptime/ availability of Anasuria facilities	%	88	82	98	76	84

@ *Conversion rate of 6,000 scf/boe.*
∞ *For Cook field.*
For Guillemot A, Teal and Teal South fields.

Facilities uptime and average daily oil production recorded in the current quarter ended 30 June 2017 improved compared to the previous financial quarter. This has off-set the impact of slightly lower crude oil price realised by the Company for oil produced and sold during the current quarter at USD50.46 per bbl.

In addition, two wells which were shut-in by the previous operator for high hydrogen sulphide ("**H2S**") production levels, namely Guillemot-P1 and Teal South-P1, were recently reopened. Both wells are currently producing. Chemical injection levels at the Anasuria FPSO have been enhanced to maintain H2S levels below the gas export limits. A positive financial impact in respect of the implementation of these initiatives will likely be observed by the end of calendar year 2017.

Furthermore, in respect of the Anasuria Cluster, we had identified several projects for execution during the period commencing mid-2017 and continuing until mid-2018. These projects are on track and will enhance production volumes by bringing on-stream petroleum resources that have already been discovered. Recognizing the fact that we are building up our project execution experience in the UK sector of the North Sea, we shall initially commence undertaking activities that are low in terms of technical complexity and business risk exposure. We are also currently putting in place the necessary financing to ensure that we are able to undertake these projects in a timely fashion.

19 PROSPECTS OF THE GROUP (CONT'D)

Finally, when we executed the transaction documents relating to the acquisition of the Anasuria assets, a certain quantum of the purchase consideration amounting to USD22.5 million was deferred and scheduled for settlement as follows:

Deferred Payment tranche	Quantum (USD million)	Payment Due Date	Status	Notes
1	7.5	10 March 2016	Paid	Was rescheduled to 10 March 2017 by the Vendors in February 2016
2	7.5	10 March 2017	Paid	
3	7.5	10 September 2017		

The Company can confirm that both Payments 1 and 2 have been settled in full (on schedule).

North Sabah

The recent disclosures by the Group that its wholly owned subsidiary, SEA Hibiscus had on 12 October 2016 executed conditional transaction documents to acquire a 50% participating interest in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract also bodes well for the future. An overview of this asset is tabulated below.

	Units	Total
Average daily production 2015 +	Thousand stock tank bbls per day ("**kstb/d**")	18
Remaining reserves (2P) ++	Million stock tank barrels ("**MMstb**")	62
Contingent resources (2C) ++	MMstb	79
Platforms/Structures		19
Wells		135
OPEX per bbl +++	RM/bbl	55.10

\+ *Source: Sellers' information.*

++ *Figures derived by independent technical valuer, RISC Operations Pty Ltd, based on 100% interest in the PSC, as of 1 January 2016.*

+++ *From Q2 2016 Sabah Operations Committee Meeting slidepack.*

This asset has the potential to:

- Increase the oil production output of the Group by a factor of up to three times;
- Provide the Group with a second revenue stream, independent of the Anasuria Cluster; and
- Allow the Group strengthen its technical and operational capabilities.

It is important to note that this transaction is conditional upon approvals by joint venture partners, the Malaysian regulator and a successful transfer of operating responsibilities.

Australia

The fact that the Group has only limited access to capital means that investment related activities are prioritized, with those projects that deliver larger economic benefits being implemented ahead of those which promise lower levels of return.

Given the expected capital requirements for low risk identified projects within the Anasuria Cluster, and potentially, further capital requirements for execution of projects in North Sabah (subject to Malaysian regulatory approvals), management may defer seeking a Final Investment Decision ("**FID**") for its development offshore Australia for a minimum of three years in favour of more attractive investment options within our portfolio of opportunities.

19 PROSPECTS OF THE GROUP (CONT'D)

Oil Prices

The proposed listing of Saudi Aramco is expected to be a catalyst of maintaining oil price stability, and thus result in a positive impact on our overall financial performance and ultimately, our cash balances. Additionally, in recent weeks, Brent futures have been trading in backwardation signalling tighter supplies.

Overall Prospects of the Group

Incremental improvements in operational performance have been demonstrated at the Anasuria Cluster in the six quarters since the Group took over joint-operatorship of the asset.

Notwithstanding the reduction in OPEX per boe over this period, the Company believes that there are further opportunities to reduce operating costs and increase top-line hydrocarbon production. These two initiatives will combine to reduce OPEX per boe further. For much of the financial year ended 30 June 2017, our focus had been to improve the uptime of the surface facilities on the Anasuria FPSO so as to keep OPEX per boe at a relatively low level for this type of asset operating in the North Sea. Going forward, the Company will investigate the potential of sub-surface interventions to enhance production rates, possibly commencing in the second half of the financial year ending 30 June 2018. In this regard, several opportunities have been identified and are being aggressively evaluated. This two-pronged approach is expected to keep OPEX per boe in check and provide an improved buffer, should oil prices deteriorate in the future.

Assuming the current level of oil prices remain, the Group expects the Anasuria operations to remain profitable.

20 PROFIT FORECAST AND PROFIT GUARANTEE

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

21 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the financial year ended 30 June 2017.

22 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the financial year ended 30 June 2017.

23 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

There were no financial instruments with material off-balance sheet risk as at the date of this Quarterly Report.

24 MATERIAL LITIGATION

There was no material litigation as at the date of this Quarterly Report.

For completeness, please also refer to Part A, Note 11 of this Quarterly Report.

25 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial quarter/year.

		INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
		QUARTER ENDED 30.06.2017 RM'000	**QUARTER ENDED 30.06.2016 RM'000**	**YEAR ENDED 30.06.2017 RM'000**	**YEAR ENDED 30.06.2016 RM'000**
Profit/(loss) after taxation attributable to owners of the Company (RM'000)	(A)	8,654	18,952	106,097	(59,960)
Weighted average number of shares in issue ('000)	(B)	1,443,844	1,168,333	1,413,202	1,058,775
Basic earnings/(loss) per share (sen)	(A/B)	0.60	1.62	7.51	(5.66)
Diluted earnings/(loss) per share (sen)		0.60	1.62	7.51	(5.66)

The diluted earnings/(loss) per share for the Group is the basic earnings/(loss) per share as there are no dilutive shares outstanding at the end of the financial quarter/year.

26 OTHER INCOME

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	QUARTER ENDED 30.06.2017 RM'000	**QUARTER ENDED 30.06.2016 RM'000**	**YEAR ENDED 30.06.2017 RM'000**	**YEAR ENDED 30.06.2016 RM'000**
Joint Operating Agreement indirect overheads recovery from joint operation	-	43	-	465
Unrealised gain on foreign exchange ^^^	8,541	-	17,533	877
Realised gain on foreign exchange ^^^	-	1,314	17,826	7,797
Sundry income	621	147	2,525	147
	9,162	1,504	37,884	9,286

^^^ *The unrealised and realised foreign exchange gains are not derived from the trading of futures contracts nor futures foreign exchange trading.*

27 PROFIT/(LOSS) BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2017 RM'000	QUARTER ENDED 30.06.2016 RM'000	YEAR ENDED 30.06.2017 RM'000	YEAR ENDED 30.06.2016 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment and intangible assets	18,142	18,061	72,454	30,901
Interest income	(1)	(3)	(16)	(116)
Finance costs	3,189	6,163	22,036	8,196
Unrealised loss on foreign exchange ^^^^	-	3,262	-	-
Realised loss on foreign exchange ^^^^	136	-	-	-
Share of loss of an associate	160	64	512	4,099
Negative goodwill from business combination	-	(228,789)	-	(364,132)
Impairment of receivables	3,926	2,213	8,730	2,232
(Reversal of impairment)/impairment of investment in an associate	(269)	326	(1,946)	(683)
(Reversal of impairment)/impairment of intangible assets	-	(64,134)	-	17,549

^^^^ *The unrealised and realised foreign exchange losses are not derived from the trading of futures contracts nor futures foreign exchange trading.*

Other than as presented in the Condensed Consolidated Statements of Profit or Loss, and as disclosed above, there were no other income, interest expense, provision for and write-off of receivables or inventories, gain/loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain/loss on derivatives, and other exceptional items for the financial year ended 30 June 2017.

28 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2017 RM'000	QUARTER ENDED 30.06.2016 RM'000	YEAR ENDED 30.06.2017 RM'000	YEAR ENDED 30.06.2016 RM'000
Income taxation	(21,362)	(5)	(49,383)	(33)
Deferred taxation	2,313	(4,281)	93,473	(3,606)
	(19,049)	(4,286)	44,090	(3,639)

28 TAXATION (CONT'D)

Deferred tax liabilities recognised upon completion of a business combination are in relation to temporary differences in the tax base of intangible assets (i.e. rights and concession) acquired and their accounting base. This balance is non-cash and will reverse in line with the depletion of the said intangible assets. The reversal of the deferred tax liabilities will result in a tax credit being recorded in profit or loss. Deferred tax liabilities relating to fair value of the identifiable assets and liabilities of the Anasuria Cluster recognised as at 30 June 2016 were measured at the tax rate expected to apply to the period when such liabilities are settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The Group has duly adopted the applicable rate of the supplementary charge in the UK as at 30 June 2016 to compute deferred tax liabilities for the financial year ended 30 June 2016.

The UK's Finance Bill 2016 ("Finance Bill 2016") published on 24 March 2016 stated a downward revision of the rate of the supplementary charge. Following agreement by both the UK's House of Commons and House of Lords on the text of Finance Bill 2016, it received Royal Assent on 15 September 2016. The Finance Bill 2016 is therefore now an Act of Parliament. The impact caused by the reduction in the rate of the supplementary charge on the deferred tax liabilities relating to fair value of the identifiable assets and liabilities of the Anasuria Cluster recognised as at 30 June 2016 amounting to RM78.4 million has been recognised as a tax credit in the current financial year.

The tax regime which applies to exploration for, and production of, oil and gas in the UK, and is thus applicable to Anasuria Hibiscus UK, currently comprises of ring fence corporation tax and a supplementary charge. The current rates of tax for ring fence corporation tax and supplementary charge are set at 30% and 10% respectively. Note that any investments in capital expenditures made are deductible from both taxes mentioned above in the same financial year they are incurred. In the current financial year ended 30 June 2017, a minimal capital expenditure was implemented. However, it is expected that in the financial year ending 30 June 2018, a higher level of capital expenditure will be incurred.

29 REALISED AND UNREALISED ACCUMULATED LOSSES

	UNAUDITED AS AT 30.06.2017 RM'000	**AUDITED AS AT 30.06.2016 RM'000**
Analysis of accumulated losses:		
Realised	12,366	(4,810)
Unrealised	(308,029)	(387,564)
	(295,663)	(392,374)
Less: Consolidation adjustments	269,856	260,470
	(25,807)	(131,904)

By Order of the Board of Directors
Hibiscus Petroleum Berhad
28 August 2017