HIBISCUS PETROLEUM BERHAD

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

Unaudited Quarterly Financial Report
30 June 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	**QUARTER ENDED 30.06.2019 RM'000**	**QUARTER ENDED 30.06.2018 RM'000**	**YEAR ENDED 30.06.2019 RM'000**	**YEAR ENDED 30.06.2018 RM'000**
Revenue		237,069	184,627	988,303	394,344
Cost of sales		(88,242)	(86,212)	(325,813)	(173,239)
GROSS PROFIT		148,827	98,415	662,490	221,105
Other income	26	4,038	8,503	3,950	3,896
Administrative expenses		(23,730)	(22,721)	(111,534)	(83,332)
Other expenses		(26,550)	(29,154)	(120,664)	(81,775)
Finance costs		(10,124)	(8,839)	(42,421)	(21,031)
Share of results of an associate		(99)	44	(354)	(650)
Negative goodwill from business combination		-	93,821	-	206,254
PROFIT BEFORE TAXATION	27	92,362	140,069	391,467	244,467
Taxation	28	(67,639)	(41,318)	(161,457)	(40,755)
PROFIT AFTER TAXATION		24,723	98,751	230,010	203,712
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- Owners of the Company		24,723	98,751	230,010	203,712
EARNINGS PER SHARE (SEN)					
Basic	25	1.56	6.22	14.48	13.19
Diluted	25	1.55	5.18	14.48	12.48

Note:

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	127,058	177,248	549,364	334,131

(Please refer to Part A, Note 11 and Part B, Notes 15 and 16 of this Quarterly Report for further details.)

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 2018 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2019 RM'000	**QUARTER ENDED 30.06.2018 RM'000**	**YEAR ENDED 30.06.2019 RM'000**	**YEAR ENDED 30.06.2018 RM'000**
PROFIT AFTER TAXATION	24,723	98,751	230,010	203,712
Other comprehensive income/(expenses):				
Items that may be subsequently reclassified to profit or loss:				
- Foreign currency translation *	11,440	30,709	11,732	(39,386)
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/YEAR	36,163	129,460	241,742	164,326
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the Company	36,163	129,460	241,742	164,326

* *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 2018 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.06.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000
ASSETS			
NON-CURRENT ASSETS			
Investment in an associate		5,745	4,905
Intangible assets		1,530,075	1,337,252
Equipment		380,228	229,311
		1,916,048	1,571,468
CURRENT ASSETS			
Inventories		21,378	57,914
Trade receivables		64,869	109,028
Other receivables, deposits and prepayments		116,825	98,984
Amount owing by a joint venture		475	608
Amount owing by an associate		-	5
Cash and bank balances		273,537	135,957
		477,084	402,496
TOTAL ASSETS		2,393,132	1,973,964
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	764,965	764,965
Other reserves		65,201	53,469
Retained earnings		407,366	177,356
		1,237,532	995,790
NON-CURRENT LIABILITIES			
Deferred consideration		-	16,946
Contingent consideration		2,063	1,822
Finance lease liabilities		3,791	6,628
Other payables		106,874	112,621
Deferred tax liabilities		395,316	345,172
Provision for decommissioning costs		251,290	259,237
		759,334	742,426

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 2018 and the accompanying explanatory notes attached to the financial statements.

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

	Note	UNAUDITED AS AT 30.06.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000
CURRENT LIABILITIES			
Trade payables		8,721	3,126
Other payables and accruals		221,891	156,143
Provision for decommissioning costs		65,314	-
Deferred consideration		19,184	18,717
Amount owing to a joint venture		318	595
Amount owing to an associate		17	-
Finance lease liabilities		1,041	1,421
Provision for taxation		79,561	55,527
Redeemable Convertible Preference Shares		219	219
		396,266	235,748
TOTAL LIABILITIES		1,155,600	978,174
TOTAL EQUITY AND LIABILITIES		2,393,132	1,973,964
NET ASSETS PER SHARE (RM)		0.78	0.63

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 2018 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<----------- NON-DISTRIBUTABLE	--------->			
	SHARE CAPITAL RM'000	**OTHER RESERVES RM'000**	**FOREIGN EXCHANGE RESERVE RM'000**	**RETAINED EARNINGS/ (ACCUMULATED LOSSES) RM'000**	**TOTAL RM'000**
12 months to 30.06.2019					
As at 01.07.2018	764,965	389	53,080	177,356	995,790
Profit after taxation	-	-	-	230,010	230,010
Other comprehensive income, net of tax: - Foreign currency translation	-	-	11,732	-	11,732
Total comprehensive income for the year	-	-	11,732	230,010	241,742
As at 30.06.2019	764,965	389	64,812	407,366	1,237,532
12 months to 30.06.2018					
As at 01.07.2017	675,314	389	92,466	(25,807)	742,362
Issuance of shares	89,651	-	-	-	89,651
Warrants issuance transaction costs	-	-	-	(549)	(549)
Profit after taxation	-	-	-	203,712	203,712
Other comprehensive expenses, net of tax: - Foreign currency translation	-	-	(39,386)	-	(39,386)
Total comprehensive (expenses)/income for the year	-	-	(39,386)	203,712	164,326
As at 30.06.2018	764,965	389	53,080	177,356	995,790

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 2018 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED 30.06.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	391,467
Adjustments for:	
Depreciation and amortisation of equipment and intangible assets	115,476
Interest income	(873)
Unrealised loss on foreign exchange	5,188
Finance costs	42,421
Reversal of impairment of investment in an associate	(1,335)
Share of results of an associate	354
Operating profit before working capital changes:	552,698
Inventories	37,928
Trade receivables	47,074
Other receivables, deposits and prepayments	(16,851)
Trade payables	5,589
Other payables and accruals	(39,995)
Amount owing by a joint venture	151
Amount owing to a joint venture	(933)
Amount owing by an associate	5
Amount owing to an associate	18
Cash generated from operating activities	585,684
Tax paid	(97,452)
Net cash generated from operating activities	488,232
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(163,986)
Interest received	873
Payment of deferred consideration	(20,643)
Acquisition of intangible assets	(161,936)
Net cash used in investing activities	(345,692)
CASH FLOWS FROM FINANCING ACTIVITIES	
Settlement of finance lease liability, representing net cash used in financing activities	(2,769)
Net increase in cash and cash equivalents	139,771
Effects of foreign exchange rate changes	(2,191)
Cash and cash equivalents at beginning of the financial year	135,957
	273,537
Less: Cash restricted in use **	(66,828)
Cash and cash equivalents at end of the financial year	206,709

** *Anasuria Hibiscus UK Limited ("**Anasuria Hibiscus UK**") is required to provide security for its proportionate obligations for the estimated cost of decommissioning the facilities of the Anasuria Cluster by periodically placing monies in a trust commencing 18 months from the completion date of the sale and purchase agreement for the acquisition of the Anasuria Cluster, until such time that the security has been fully provided for.*

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 2018 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

This 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 2018 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 2018.

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 2018.

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 2018:

Annual Improvements to MFRS 128	*Investments in Associates and Joint Ventures*
IC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*
MFRS 9	*Financial Instruments*
MFRS 15	*Revenue from Contracts with Customers*

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

2.1.1 MFRS 9 *Financial Instruments*

MFRS 9 *Financial Instruments* replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting. MFRS 9 also replaces MFRS 139 with forward-looking expected credit loss ("**ECL**") model. Under MFRS 9, loss allowance, will be measured on either 12 months ECLs or Lifetime ECLs. As an allowed transitional approach to adopt MFRS 9, the Group elected not to restate the comparatives. The application of MFRS 9 does not have a material effect on the Group's unaudited condensed financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1.2 MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 *Revenue from Contracts with Customers* replaces the guidance in MFRS 111 *Construction Contracts* and MFRS 118 *Revenue Recognition*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations. The application of MFRS 15 does not have a material effect on the Group's unaudited condensed financial statements.

2.2 Standards issued but not yet effective

Description		**Effective for financial periods beginning on or after**
MFRS 16	*Leases*	1 January 2019
Amendments to MFRS 9	*Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 128	*Long-term Interests in Associates and Joint Ventures*	1 January 2019
IC Interpretation 23	*Uncertainty over Income Tax Treatments*	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle	*MFRS 3 Business Combinations, MFRS 11 Joint Arrangements, MFRS 112 Income Taxes, MFRS 123 Borrowing Costs*	1 January 2019
The Conceptual Framework for Financial Reporting (Revised 2018)		1 January 2020
Amendments to MFRS 101 and MFRS 108	*Definition of Material*	1 January 2020
Amendments to MFRS 3	*Definition of a Business*	1 January 2020

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2.1 MFRS 16 *Leases*

MFRS 16 *Leases* replaces the guidance in MFRS 117 *Leases*. Under MFRS 16, a lease is a contract or part of contract that conveys the right to control the use of an identified asset for a period of time in exchange of consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-to-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The "right-of-use" asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in profit or loss. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. The adoption of MFRS 16 is not expected to have a material effect on the Group's financial statements.

3 SEASONAL OR CYCLICAL FACTORS

The Group's operations are 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 2019 ("**Current Year**"):

(i) Acquisition of a 50% interest in the United Kingdom ("**UK**") Continental Shelf Petroleum Production Licence No. P.198 Block 15/13a and Block 15/13b in UK Central North Sea by Anasuria Hibiscus UK, an indirect wholly-owned subsidiary of Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or "**the Company**"), for a total cash consideration of United States Dollars ("**USD**") 37.5 million.

The Company had on 9 October 2018 announced that, its indirect wholly-owned subsidiary, Anasuria Hibiscus UK, entered into a conditional Sale and Purchase Agreement ("**SPA**") with Caldera Petroleum (UK) Ltd ("**Caldera**") on 8 October 2018 to acquire a 50% interest in the UK Continental Shelf Petroleum Production Licence No. P.198 Block 15/13a and Block 15/13b in the UK Central North Sea (collectively referred as "**Blocks**") for a total cash consideration of USD37.5 million ("**Acquisition**").

Subsequently, the Company had on 17 October 2018 announced that, the conditions precedent to the SPA in connection with the Acquisition had been fulfilled on 16 October 2018, save for the written consent of the Oil & Gas Authority of UK ("**OGA**") for the transfer of operatorship to Anasuria Hibiscus UK which had been waived ("**OGA Consent**"). This OGA Consent then became a post-completion event. In conjunction thereto, the SPA became unconditional on the same day. Pursuant to payment of the purchase consideration of USD37.5 million in cash from internally generated funds, the Acquisition was completed on 16 October 2018.

Subsequently, Anasuria Hibiscus UK received the OGA's consent to be the operator of the Blocks in February 2019.

Please refer to our announcements dated 9 October 2018 and 17 October 2018 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 Current Year.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

Saved as disclosed below, there were no other material events subsequent to the end of the Current Year up to the date of this Quarterly Report.

(i) Execution of conditional non-binding term sheet to acquire a 100% interest in North Sea Blocks 15/18d and 15/19b ("**License P2366**") in UK North Sea by Anasuria Hibiscus UK, an indirect wholly-owned subsidiary of Hibiscus Petroleum, for a total cash consideration of up to USD5.0 million.

The Company had on 17 July 2019 announced that, its indirect wholly-owned subsidiary, Anasuria Hibiscus UK, entered into a conditional non-binding term sheet with United Oil & Gas PLC ("**United**") and Swift Exploration Limited ("**Swift**") (collectively referred as "**Sellers**") to acquire a 100% interest in License P2366 for a total cash consideration of USD5.0 million ("**Proposed Acquisition**"). United and Swift each hold 95% and 5% participating interest respectively.

License P2366 is located offshore in the UK sector of the North Sea, approximately 250km northeast of Aberdeen, and includes the Crown Discovery, which based on information provided by United, consists of gross contingent oil resources ("**2C Resources**") of 8 million barrels of oil and 6 billion cubic feet of associated gas.

The payment terms of the Proposed Acquisition would commence with a non-refundable payment of USD1.0 million to the Sellers upon completion of the SPA. Subject to further milestones being achieved post SPA completion, an additional sum of up to USD3.0 million will be paid before the end of 2020. A further USD1.0 million will be paid once the field is on production. In the unlikely event that Anasuria Hibiscus UK decides not to make the post-completion payments, Licence P2366 will return to the Sellers.

The Proposed Acquisition is subject to, amongst others, completion of satisfactory due diligence and receipt of OGA's approval.

Please refer to our announcement dated 17 July 2019 for further details.

(ii) Option to participate in the VIC/P74 Exploration Permit ("**VIC/P74**") in Australia.

The Group's associate, 3D Oil Limited ("**3D Oil**"), a company listed on the Australian Stock Exchange, has been awarded the VIC/P74 permit in the offshore Gippsland Basin by the National Offshore Petroleum Titles Administrator ("**NOPTA**"). The 1,006 km^2 permit is located on the southern side of the Gippsland Basin, adjacent to the Kingfish oilfield.

Under the terms of a pre-bid agreement, the Group has thirty days to elect to enter into a Joint Venture with 3D Oil for up to a 50% non-operated interest in VIC/P74 on a ground floor basis.

Hibiscus Petroleum's wholly-owned subsidiary, Oceania Hibiscus Sdn Bhd holds 11.68% equity interest in 3D Oil.

Please refer to our announcement dated 26 July 2019 for further details.

7 CHANGES IN THE COMPOSITION OF THE GROUP

During the Current Year, the Group's associate, 3D Oil, had issued new ordinary shares to third parties. It resulted in the Group's investment in 3D Oil being diluted from 13.04% as at 30 June 2018 to 12.95%, 11.89%, 11.70% and 11.68% as at 30 July 2018, 11 September 2018, 3 October 2018 and 21 November 2018 respectively.

As at 30 June 2019, the Group's investment in 3D Oil is 11.68%.

Except for the above, there were no other changes in the composition of the Group during the Current Year.

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 account, or net assets value of the Group.

9 DIVIDENDS PAID/PAYABLE

There were no dividends declared or paid during the Current Year.

10 BORROWINGS, DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale, exercise of Warrants C and repayments of borrowings, debt and equity securities during the Current Year.

	YEAR ENDED 30.06.2019	
ORDINARY SHARES	**Number of shares**	**Share capital RM'000**
As at 30.06.2019/01.07.2018	1,588,228,791	764,965

11 OPERATING SEGMENTS

Operating results are segmented in respect of the Group's business activities. The Group currently has activities in the following principal areas ^:

(i)	North Sabah	Group's investment in 50% participating interests in the 2011 North Sabah Enhanced Oil Recovery ("**EOR**") Production Sharing Contract ("**PSC**"), which includes the management of the operations relating to the production of petroleum from four existing oil fields, namely St Joseph, South Furious, SF30 and Barton and existing pipeline infrastructure, the Labuan Crude Oil Terminal ("**LCOT**"), and all other equipment and assets relating to the PSC. The functional currency of this segment is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.1286 and 4.1344 respectively.
(ii)	Anasuria Hibiscus	Group's investments and operations in the UK, consisting of (i) Anasuria, a producing asset, and (ii) Marigold & Sunflower, a development asset, both located offshore in the UK Continental Shelf. Anasuria: • Group's investment in 50% participating interests in the Licence P013 containing the Guillemot A, Teal and Teal South producing fields, 19.3% participating interests in the Licence P185 containing the Cook producing field, 50% interests in the Anasuria floating, production, storage and offloading vessel ("**Anasuria FPSO**") and 50% interests in the Anasuria Operating Company Limited ("**AOCL**"). The Group jointly operates the producing fields under Licence P013 and the Anasuria FPSO via AOCL. Marigold & Sunflower: • Group's investment in 50% participating interests in two blocks under Licence P198; (i) Block 15/13a, containing the Marigold discovered oilfield, and (ii) Block 15/13b, containing the Sunflower discovered oilfield. This includes the management of operations to develop these fields towards production. The functional currency of the segment is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.1286 and 4.1344 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 the VIC/P57 Exploration Permit ("**VIC/P57**"), and investment in 3D Oil. The functional currency of the segment is the Australian Dollar ("**AUD**"). The average and closing rates adopted for conversion to RM in the Current Year are 2.9524 and 2.9060 respectively.
(iv)	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.

^ *The Directors have fully impaired the Group's respective investments in (i) Lime Petroleum Plc ("**Lime**") and its concession companies ("**Lime Group**") 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. Both Lime and HIREX are in the process of being wound up.*

11 OPERATING SEGMENTS (CONT'D)

	North Sabah	Anasuria Hibiscus	3D Oil, VIC/P57 & VIC/L31	Investment holding and group activities	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30.06.2019						
Non-current assets	499,046	1,162,296	234,852	20,419	(565)	1,916,048
Included in the segment assets is: Investment in an associate	-	-	5,745	-	-	5,745
Additions to non-current assets	19,261	310,493 ^	-	6,307	-	336,061
Year ended 30.06.2019						
Project management, technical and other service fees	-	-	-	4,632	-	4,632
Sales of crude oil and gas	586,828	396,311	-	-	-	983,139
Interest income	-	-	-	532	-	532
Revenue	586,828	396,311	-	5,164	-	988,303
Depreciation and amortisation	(49,943)	(62,882)	-	(2,651)	-	(115,476)
Profit/(loss) from operations	244,367	218,402	(2,261)	(27,377)	(565)	432,566
Reversal of impairment of investment in an associate	-	-	1,335	-	-	1,335
Share of results	-	-	(354)	-	-	(354)
Finance costs	(27,249)	(14,357)	-	(815)	-	(42,421)
Interest income	289	47	5	-	-	341
Taxation	(89,306)	(72,151)	-	-	-	(161,457)
Profit after taxation ("**PAT**")/ (Loss after taxation ("**LAT**"))	128,101	131,941	(1,275)	(28,192)	(565)	230,010
EBITDA/(Loss Before Interest, Taxes, Depreciation and Amortization ("**LBITDA**"))	294,599	281,331	(1,275)	(24,726)	(565)	549,364

Note:

After adjusting inter-segment elimination (under column "Elimination"):

PAT/(LAT)	128,101	131,941	(1,275)	(28,757)	-	230,010
EBITDA/(LBITDA)	294,599	281,331	(1,275)	(25,291)	-	549,364

^ *Additions to non-current assets for Anasuria Hibiscus included RM165.3 million invested during the Current Year for Block 15/13a (Marigold) and Block 15/13b (Sunflower).*

11 OPERATING SEGMENTS (CONT'D)

	North Sabah	Anasuria Hibiscus	3D Oil, VIC/P57 & VIC/L31	Investment holding and group activities	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30.06.2018						
Non-current assets	416,415	892,066	240,160	22,827	-	1,571,468
Included in the segment assets is:						
Investment in an associate	-	-	4,905	-	-	4,905
Additions to non-current assets	412,538	55,128	575	8,382	-	476,623
Year ended 30.06.2018						
Project management, technical and other services fees	-	-	-	4,994	-	4,994
Sales of crude oil and gas	181,886	207,379	-	-	-	389,265
Interest income	-	-	-	85	-	85
Revenue	181,886	207,379	-	5,079	-	394,344
Depreciation and amortisation	(13,775)	(44,376)	(6)	(10,476)	-	(68,633)
Profit/(loss) from operations	46,113	63,058	(5,956)	(38,460)	434	65,189
Reversal of impairment of investment in an associate	-	-	2,098	-	-	2,098
Impairment of receivables	-	(547)	-	(791)	-	(1,338)
Impairment of Britannia Rig	-	-	-	(6,607)	-	(6,607)
Share of results	-	-	(650)	-	-	(650)
Other income/(expense) from inter-company securities	-	-	27,943	(27,561)	(382)	-
Finance costs	(5,361)	(13,815)	(6,226)	(1,314)	5,685	(21,031)
Interest income	31	513	8	5,737	(5,737)	552
Taxation	(25,507)	(15,299)	42	9	-	(40,755)
Negative goodwill from business combination	206,254	-	-	-	-	206,254
PAT/(LAT)	221,530	33,910	17,259	(68,987)	-	203,712
EBITDA/(LBITDA)	266,173	107,400	17,764	(57,206)	-	334,131

Note:

After adjusting inter-segment elimination (under column "Elimination"):

PAT/(LAT)	221,530	33,910	(4,999)	(46,729)	-	203,712
EBITDA/(LBITDA)	266,173	107,400	(4,494)	(34,948)	-	334,131

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2019 RM'000	QUARTER ENDED 30.06.2018 RM'000	YEAR ENDED 30.06.2019 RM'000	YEAR ENDED 30.06.2018 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum UK Limited	1,069	1,326	4,542	4,952
Project management, technical and other services fees earned from joint ventures				
- HIREX	-	-	-	42
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	10	1	23	4
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	30	5	33	6
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	(158)	-	(595)	(121)

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 account, or net assets value of the Group as at 30 June 2019:

	RM'000
Approved and contracted for:	
Group's capital commitments	52,521
Share of a joint operation's capital commitments	41,566
Total capital commitments approved and contracted for	94,087
Share of a joint operation's other material commitments	35,692
	129,779
Approved but not contracted for:	
Group's capital commitments	21,521
Share of a joint operation's capital commitments	11,390
Total capital commitments approved but not contracted for	32,911
Share of a joint operation's other material commitments	2,233
	35,144

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

OPERATING SEGMENTS	Current Year Period 30.06.2019 RM'000	Current Year Quarter 30.06.2019 RM'000	Immediate Preceding Quarter 31.03.2019 RM'000	Current Year Quarter vs Immediate Preceding Quarter (Change in %)
North Sabah				
Revenue	586,828	147,994	158,717	(7)
EBITDA	**294,599**	**76,805**	**79,353**	**(3)**
Profit before taxation ("PBT")	217,407	60,706	63,892	(5)
Taxation	(89,306)	(28,677)	(25,574)	(12)
PAT	128,101	32,029	38,318	(16)
Anasuria Hibiscus				
Revenue	396,311	87,937	66,192	33
EBITDA	**281,331**	**57,525**	**44,684**	**29**
PBT	204,092	39,386	28,204	40
Taxation	(72,151)	(38,962)	(1,214)	(3,109)
PAT	131,941	424	26,990	(98)
3D Oil, VIC/L31 & VIC/P57				
Revenue	-	-	-	-
LBITDA	**(1,275)**	**(631)**	**(34)**	**(1,756)**
Loss before taxation ("LBT")	(1,275)	(631)	(34)	(1,756)
Taxation	-	-	-	-
LAT	(1,275)	(631)	(34)	(1,756)
Investment holding and group activities				
Revenue	5,164	1,138	1,212	(6)
LBITDA	**(25,291)**	**(6,641)**	**(8,874)**	**25**
LBT	(28,757)	(7,099)	(10,093)	30
Taxation	-	-	-	-
LAT	(28,757)	(7,099)	(10,093)	30
Group				
Revenue	988,303	237,069	226,121	5
EBITDA	**549,364**	**127,058**	**115,129**	**10**
PBT	391,467	92,362	81,969	13
Taxation	(161,457)	(67,639)	(26,788)	(152)
PAT	230,010	24,723	55,181	(55)

15 PERFORMANCE REVIEW (CONT'D)

15.1 Material factors affecting financial year-to-date and current quarter results

(A) <u>Statements of Profit or Loss</u>

(Note: Commentary is based on the segments classified in Part A, Note 11 of this Quarterly Report.)

(i) North Sabah

- **Financial year-to-date results**

The Company's indirect wholly-owned subsidiary, SEA Hibiscus Sdn Bhd ("**SEA Hibiscus**"), completed the acquisition of 50% participating interests in the 2011 North Sabah EOR PSC on 31 March 2018.

In the Current Year, the North Sabah segment sold 1,958,150 barrels of crude oil in seven cargoes, at an average realised oil price of USD72.81 per barrel ("**bbl**"). Average operating costs ("**OPEX**") per bbl amounted to USD14.66 per bbl. The OPEX per bbl includes amounts incurred for planned maintenance activities performed at the offshore platforms at St Joseph (completed during the financial quarter ended 31 December 2018), and at South Furious and Barton (commenced in the Current Quarter).

The sale of the seven cargoes at a relatively high average realised oil price was the main driver for the segment recording an EBITDA of RM294.6 million and EBITDA margin (over revenue) of 50.2%.

Segment PBT was RM217.4 million after deducting the following items, all of which are non-cash in nature:

- Amortisation of intangible assets of RM49.9 million;
- Unwinding of discount on deferred consideration and non-current payables of RM15.4 million; and,
- Unwinding of discount on provision for decommissioning costs of RM10.8 million.

The tax regime under which Malaysian oil and gas activities are governed, and is thus applicable to SEA Hibiscus, is the Petroleum (Income Tax) Act 1967 ("**PITA**"). The provisions of PITA are applied to net taxable petroleum income at the rate of 38%. Net tax expenses incurred in the Current Period were due to taxes levied on profits generated from operations, partly off-set by a reversal of deferred tax liabilities.

- **Current quarter results**

During the current three-month period ended 30 June 2019 ("**Current Quarter**"), the segment achieved an EBITDA of RM76.8 million, i.e. a 51.9% margin over revenue.

15 PERFORMANCE REVIEW (CONT'D)

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

490,753 bbls of crude oil were sold in two cargoes during the Current Quarter, at an average realised oil price of USD72.59 per bbl. The segment contributed RM148.0 million to revenue and RM93.2 million to gross profit from the sale of crude oil. Average OPEX per bbl amounted to USD13.60 per bbl.

Segment PBT was RM60.7 million after deducting amortisation of intangible assets (RM9.8 million), unwinding of discount on deferred consideration and non-current payables (RM3.6 million) and unwinding of discount on the provision for decommissioning costs (RM2.6 million).

Net tax expenses incurred in the Current Quarter amounted to RM28.7 million.

(ii) Anasuria Hibiscus

- **Financial year-to-date results**

The Anasuria Hibiscus segment recorded an EBITDA of RM281.3 million (71.0% margin over revenue) in the Current Year.

In the Current Year, from this segment of our business, we sold 1,349,170 bbls of crude oil in five cargoes at an average realised oil price of USD66.60 per bbl. Total revenue achieved was RM396.3 million, whilst gross profit was RM284.3 million.

Both average uptime and average OPEX per bbl of oil equivalent ("**boe**") in the Current Year remained at healthy levels. Average uptime achieved in the Current Year was 85% while average OPEX per boe was USD18.20.

Segment PBT was RM204.1 million. This was achieved after having accounted for the following non-cash items:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM62.9 million; and,
- Unwinding of discount on provision for decommissioning costs of RM14.0 million.

The segment recorded a net tax charge in the Current Year amounting to RM72.1 million. Income tax expenses amounted to RM49.4 million, while net deferred tax liabilities recognised were RM22.7 million.

The tax regime in the UK which applies to the exploration for, and production of, oil and gas, allows for any investments in capital expenditure to be fully deducted from taxable income in the same financial year/period in which they are incurred, thus lowering the income taxation for that financial year/period. At the same time, a deferred tax liability (based on the existing applicable UK tax rate of 40%) needs to be recognised in respect of the carrying value of the capital expenditure at the point when such capital expenditure is made. This creates a tax expense in the profit or loss account. However, such a tax expense is non-cash in nature.

15 PERFORMANCE REVIEW (CONT'D)

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

In the Current Year, qualifying capital expenditure invested by Anasuria Hibiscus UK for taxation purposes amounted to RM131.0 million. This resulted in a deferred tax expense of approximately RM51.0 million which has been charged to the profit or loss account. It was partly off-set by the reversal of deferred tax liabilities previously recognised upon accounting for the asset as a business combination upon completion of its acquisition. Such deferred tax liabilities were in relation to temporary differences in the tax base of intangible assets (i.e. rights and concession) acquired and their accounting base.

A total of RM66.2 million was invested in the Current Year for the drilling of a side-track from the GUA-P2 oil producing well on the Guillemot A field ("**GUA-P2 ST**") which was completed in September 2018. In addition, a second project that has incurred significant capital expenditure in the Current Year was the drilling of a side-track from the GUA-P1 oil producing well on the Guillemot A field ("**GUA-P1 ST**"). This project was sanctioned in the three-month period ended 31 March 2019 ("**Preceding Quarter**") and is expected to complete in the financial quarter ending 30 September 2019 ("**Next Quarter**"). RM38.5 million had been invested in GUA-P1 ST up to 30 June 2019.

- **Current quarter results**

The segment achieved EBITDA of RM57.5 million in the Current Quarter.

Anasuria Hibiscus UK sold one cargo of crude oil amounting to 302,139 bbls at an average realised price of USD66.84 per bbl in the Current Quarter.

In the Current Quarter, the Anasuria asset achieved average uptime of 87% and average daily oil equivalent production rate of 3,053 boe/day. Average OPEX per boe recorded was USD20.93, while gross profit margin was 61.9%.

Higher OPEX per boe was generally driven by lower production attributable to the planned shutdown of the Anasuria FPSO for maintenance activities ("**2019 Offshore Turnaround**") which commenced at the end of June 2019 as well as the planned scale inhibitor squeeze scope conducted on two wells within the Current Quarter.

PBT stood at RM39.4 million after deducting the following from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM14.4 million; and,
- Unwinding of discount on provision for decommissioning costs of RM3.7 million.

15 PERFORMANCE REVIEW (CONT'D)

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

The segment recorded a net tax charge in the Current Quarter amounting to RM39.0 million. Income tax expenses and net deferred tax liabilities recognised amounted to RM26.2 million and RM12.8 million respectively.

The income tax expenses accrued in the Current Quarter when accumulated with similar accruals made in the three previous financial quarters in the Current Year represent the best estimate of total income tax obligations for net income generated by Anasuria Hibiscus UK via the sale of crude oil and gas.

Net deferred tax liabilities recognised were driven by high investments in qualifying capital expenditure (for taxation purposes). A total of RM49.2 million was incurred in the Current Quarter, mainly for GUA-P1 ST and the Cook field, which resulted in approximately RM19.0 million deferred tax expense being charged to the profit or loss account, a transaction that is non-cash in nature.

(iii) 3D Oil, VIC/L31 & VIC/P57

- **Financial year-to-date results**

  Segment LAT in the Current Year was RM1.3 million.

  The USD had appreciated against the segment's functional currency, the AUD, during the Current Year. The period-end retranslation of the segment's USD-denominated payables resulted in unrealised foreign exchange losses. A large portion of such USD-denominated payables are to inter-companies, and as a result, there was no adverse impact to the Group.

- **Current quarter results**

  In the Current Quarter, the segment recorded a LAT of RM0.6 million.

  This was mainly due to an adverse foreign exchange impact which arose from the appreciation of the USD against the AUD, impacting the quarter-end revaluation of USD-denominated inter-company payables.

  In addition, costs were incurred for professional fees.

(iv) Investment holding and group activities

- **Financial year-to-date results**

  The segment recorded a LAT of RM28.8 million in the Current Year.

  Expenses incurred relate to corporate overheads, maintenance fees for the Britannia Rig, depreciation of computer equipment and business development expenses.

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

  During the Current Quarter, the segment recorded LAT of RM7.1 million, on corporate overheads, business development expenses, depreciation of computer equipment and maintenance fees for the Britannia Rig.

(B) <u>Statements of Financial Position</u>

(i) Non-current Assets

The Group's non-current assets as at 30 June 2019 amounted to RM1,916.0 million compared to RM1,571.5 million as at 30 June 2018.

The increase was mainly driven by the capitalisation into intangible assets those costs incurred which were directly attributable to the acquisition of a 50% interest in the Blocks (or also known as Marigold & Sunflower) in UK Central North Sea (please refer to Part A, Note 4 (i) of this Quarterly Report for further details) by Anasuria Hibiscus UK in the Current Quarter, which amounted to RM156.0 million.

In addition, capital expenditure programs invested in the Anasuria asset (included in equipment) amounting to RM145.2 million during the Current Year have also contributed to the increase in the Group's non-current assets. Major capital expenditure undertaken during the Current Year was GUA-P2 ST, GUA-P1 ST and the Cook Water Injection ("**Cook WI**") project.

(ii) Current Assets

Current assets increased from RM402.5 million as at 30 June 2018 to RM477.1 million as at 30 June 2019.

Cash and bank balances increased by RM137.6 million, largely due to the collection of proceeds from crude oil offtakes in both the Anasuria Hibiscus and North Sabah segments during the Current Year.

In addition, other operational-related receivables in North Sabah increased by approximately RM23.5 million.

These are partially off-set by lower trade receivables balance of RM44.2 million compared to 30 June 2018. The trade receivables balances at the end of the respective reporting periods are impacted by the timing of receipts of proceeds from crude oil offtakes in both the Anasuria Hibiscus and North Sabah segments. In addition, inventories balance was lower by RM36.5 million.

(iii) Total Liabilities

The Group's total liabilities amounted to RM1,155.6 million as at 30 June 2019, an increase of RM177.4 million from RM978.2 million as at 30 June 2018.

15 PERFORMANCE REVIEW (CONT'D)

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

During the Current Year, SEA Hibiscus recognised a RM65.3 million provision for decommissioning costs for the North Sabah asset subsequent to a re-assessment of a liability that is due in December 2019. In addition, a higher volume of work was carried out throughout the Current Year when compared to activity levels in the financial year ended 30 June 2018. This is due to the fact that SEA Hibiscus only completed the acquisition of the North Sabah asset on 31 March 2018 and only a limited amount of activity could be conducted during the three-month window i.e. between 1 April 2018 and the financial year end on 30 June 2018. Payables and accruals as at 30 June 2019, which included liabilities for drilling activities and planned maintenance and inspection work, were higher by RM57.5 million compared to 30 June 2018.

Deferred tax liabilities have increased by RM50.1 million, while provision for taxation recognised by both SEA Hibiscus and Anasuria Hibiscus UK were higher by RM24.0 million. The higher provision for taxation was due to higher taxable income resulting from higher revenue achieved.

(iv) Total Equity

The increase in total equity during the Current Year by RM241.7 million was mainly attributable to net earnings generated from both the Anasuria and North Sabah assets.

(C) <u>Statement of Cash Flows</u>

(i) Cash flow from operating activities

Net cash inflow from operating activities for the Current Year was RM488.2 million. It comprised mainly of cash received from operations at the North Sabah and Anasuria assets, partly off-set by group-wide operating overheads and payment of taxation obligations incurred for both assets.

(ii) Cash flow from investing activities

The Group's net cash used in investing activities amounted to RM345.7 million.

A total of RM164.0 million was paid for investments in capital expenditure in both the Anasuria and North Sabah assets.

In addition, RM156.5 million was paid for the acquisition of a 50% interest in the Blocks in UK Central North Sea by Anasuria Hibiscus UK during the financial quarter ended 31 December 2018.

The Group paid RM20.4 million (USD5.0 million) for the first tranche of deferred consideration relating to the acquisition of 50% participating interests in the 2011 North Sabah EOR PSC in March 2019, per the agreed schedule. Note that the second and final tranche, also amounting to USD5.0 million, is payable in March 2020.

(iii) Cash flow used in financing activities

Payments for computer hardware and software purchased via finance lease arrangements during the Current Year amounted to RM2.8 million.

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

(Note: Commentary is based on the segments classified in Part A, Note 11 of this Quarterly Report.)

Statements of Profit or Loss

(i) North Sabah

The North Sabah segment recorded an EBITDA of RM76.8 million in the Current Quarter as compared to RM79.4 million in the Preceding Quarter.

In both the Current Quarter and the Preceding Quarter, SEA Hibiscus achieved the sale of two cargoes of crude oil each. During the Current Quarter, 490,753 bbls of crude oil was sold as compared to 578,487 bbls sold in the Preceding Quarter. Average realised oil price achieved in the Current Quarter was USD72.59 per bbl whilst USD67.87 per bbl was achieved in the Preceding Quarter.

Revenue generated in the Current Quarter was RM148.0 million, which was RM10.7 million lower than that recognised in the Preceding Quarter of RM158.7 million. This was driven by lower bbls of crude oil sold.

Accordingly, EBITDA achieved by the segment in the Current Quarter was slightly lower than that achieved in the Preceding Quarter by RM2.6 million. However, the EBITDA margin of 51.9% in the Current Quarter was slightly better than that achieved in the Preceding Quarter of 50.0%, mainly driven by the higher average realised price achieved on crude oil sold in the Current Quarter.

Net tax expenses incurred in the Current Quarter were attributable to profits generated from the sale of crude oil. Tax accrued in the Current Quarter when accumulated with similar accruals made in the Preceding Quarter and the financial quarters ended 31 December 2018 and 30 September 2018 represent the best estimate of total tax obligations for SEA Hibiscus as at 30 June 2019.

(ii) Anasuria Hibiscus

The segment achieved an EBITDA and a PBT of RM57.5 million and RM39.4 million respectively in the Current Quarter as compared to that achieved in the Preceding Quarter, i.e. EBITDA of RM44.7 million and PBT of RM28.2 million.

Revenue recorded in the Current Quarter amounted to RM87.9 million, an increase of RM21.7 million from RM66.2 million in the Preceding Quarter, due to a higher number of bbls of crude oil sold and higher average oil price realised.

Anasuria Hibiscus UK sold 302,139 bbls of crude oil at an average oil price of USD66.84 per bbl in the Current Quarter. In the Preceding Quarter, 249,116 bbls of crude oil were sold at an average realised price of USD60.39 per bbl.

Average uptime and average OPEX per boe in the Current Quarter improved to 87% and USD20.93 respectively from 71% and USD23.27 respectively in the Preceding Quarter. In the Preceding Quarter, the Anasuria asset encountered a temporary production halt subsequent to a routine visit by the UK Health and Safety Executive ("**HSE**") in late February 2019 to the Anasuria FPSO. Petrofac Facilities Management Limited ("**Petrofac**"), as duty holder of the offshore production facility, was instructed through the issuance of a prohibition notice, to temporarily halt production pending the mitigation of a potential risk identified by HSE inspectors in relation to the asset's flare tip. As a result, production was temporarily halted and over the next six days, decisive action was taken by Petrofac and Anasuria Hibiscus UK to mitigate any potential risk.

16 MATERIAL CHANGE IN PROFIT BEFORE TAXATION IN COMPARISON TO THE PRECEDING QUARTER (CONT'D)

A net tax expense of RM39.0 million was recognised in the Current Quarter, an increase of RM37.8 million as compared to a net tax expense of RM1.2 million in the Preceding Quarter.

Income tax expenses in the Current Quarter amounted to RM26.2 million compared to RM6.4 million in the Preceding Quarter. Total income tax expenses accrued in the Current Quarter was higher due to the recognition of higher income tax liabilities subsequent to a re-assessment of year-to-date income tax obligations. It was also impacted by higher revenue achieved in the Current Quarter.

Net tax expense in the Current Quarter was also driven by the recognition of higher deferred tax liabilities arising from significantly higher investments in qualifying capital expenditure (for taxation purposes). In the Current Quarter, Anasuria Hibiscus UK invested in qualifying capital expenditure amounting to RM49.2 million. The resulting deferred tax expense charged to the profit or loss account was approximately RM19.0 million. Recognition of such deferred tax liabilities in the Preceding Quarter was significantly lower, due to lower qualifying capital expenditure of only RM6.6 million, which resulted in a deferred tax expense of approximately RM2.6 million charged to the profit or loss account.

(iii) 3D Oil, VIC/L31 & VIC/P57

During the Current Quarter, the segment recorded a LAT of RM0.6 million as compared to a LAT of RM0.03 million in the Preceding Quarter.

Higher LAT in the Current Quarter was caused by higher adverse foreign exchange differences and professional fees incurred.

(iv) Investment holding and group activities

This segment recorded a decrease in LAT of RM3.0 million in the Current Quarter, from a LAT of RM10.1 million in the Preceding Quarter.

Lower costs were incurred for payroll-related expenses, business development activities and professional fees.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There were no corporate proposals announced but not completed as at the date of this Quarterly Report.

For completeness, please also refer to Part A, Note 6 of this Quarterly Report.

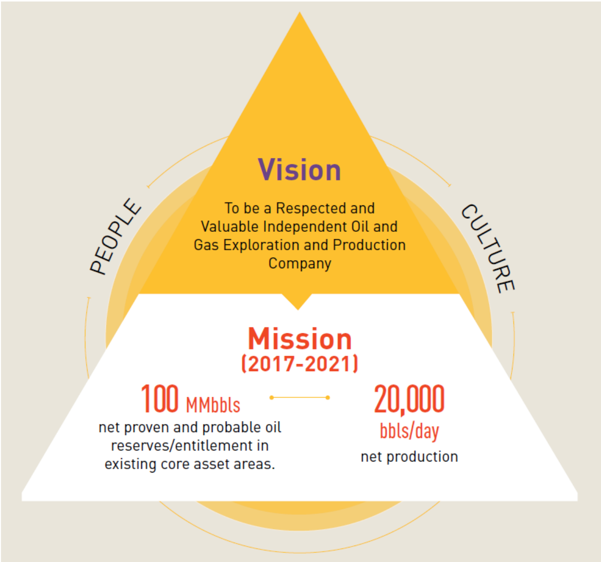
18 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL(S)

(i) Warrants C

As of 20 August 2019, the Company had received proceeds of RM100 from the exercise of Warrants C. As the proceeds received were of a relatively small amount, the Company has no intention to utilise this amount for any specific purpose at this time.

19 PROSPECTS OF THE GROUP

Our immediate focus as a Group is the achievement of our 2021 mission. This mission is articulated in the figure below.



In summary, the delivery of our 2021 mission entails:

+ The achievement of an average daily net production of 20,000 bbls of oil per day ("**bopd**"); and,
+ The securing of net proven and probable reserves/entitlement of 100 million bbls of oil.

Our business performance is underpinned by several factors:

1. Price of the Brent crude oil benchmark at approximately the time of a scheduled offtake from the Anasuria FPSO and LCOT. The graph below illustrates the oil price trends for the Brent crude oil benchmark for the period July 2018 to end-July 2019:

2. Any premium or discount that we may receive on the price of the Brent crude oil benchmark for our specific cargo in Anasuria and in North Sabah depending on market conditions at the relevant time.

3. Gas prices for the respective fields in Anasuria only, 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.

19 PROSPECTS OF THE GROUP (CONT'D)

4. Movement of foreign exchange rates, mainly:

- USD vs RM:
  - as our revenues from Anasuria and North Sabah assets are secured in USD;
  - as the base currency used for the Anasuria and North Sabah asset valuations is in USD; and,
  - as the majority of our operating costs in North Sabah are incurred in RM.

- GBP vs USD:
  - as the majority of our operating costs for the Anasuria asset are incurred in GBP.

5. Operational performance of the Anasuria and North Sabah assets, more specifically:

- Production performance of the wells; and,

- Facilities availability.

6. Management of operational expenses for the Anasuria and North Sabah assets and general corporate overheads.

As joint operator of the Anasuria Cluster and the operator of the North Sabah oilfields, the Group continuously focuses on optimising asset performance, but it is equally important to note (from the information provided above) that our performance is impacted daily by external macroeconomic factors over which we exert minimal control.

Anasuria Cluster: Production Operations

As of 30 June 2019, the Company's indirect wholly-owned subsidiary, Anasuria Hibiscus UK has been involved in the joint operations of the Anasuria asset for over three years.

The table below shows the operational performance achieved by the asset, based on Anasuria Hibiscus UK's 50% participating interest, for the Current Quarter, as well as for the previous three quarters:

	Units	**April to June 2019**	**January to March 2019**	**October to December 2018**	**July to September 2018**
Average uptime	%	87	71	94	88
Average daily oil production rate	bbl/day	2,662	2,504	3,962	3,241
Average daily gas export rate @	boe/day	390	274	454	340
Average daily oil equivalent production rate	boe/day	3,053	2,778	4,416	3,581
Total oil sold	bbl	302,139	249,116	274,015	523,899
Total gas exported (sold)	mmscf	390	148	251	187
Average realised oil price	USD/bbl	66.84	60.39	58.08	73.88
Average gas price	USD/mmbtu	1.42 ∞/ 3.39 #	2.63 ∞/ 5.98 #	3.22 ∞/ 7.25 #	2.71 ∞/ 6.25 #
Average OPEX per boe	USD/boe	20.93	23.27	15.05	15.93

@ *Conversion rate of 6,000 standard cubic feet ("**scf**")/boe.*
∞ *For Cook field.*
\# *For Guillemot A, Teal and Teal South fields.*
boe – bbl of oil equivalent.
mmscf – million standard cubic feet.
mmbtu – million British thermal units.
n.a. – not applicable.

19 PROSPECTS OF THE GROUP (CONT'D)

The average uptime at the Anasuria asset achieved for the Current Quarter of 87% is higher than that of the Preceding Quarter. An improvement in operational performance is also seen in the average daily oil equivalent production rate of 3,053 boe/day in the Current Quarter. One crude oil offtake was conducted at Anasuria in May 2019, in which 302,139 bbls of oil net to Anasuria Hibiscus UK was sold at an average realised oil price of USD66.84 per bbl. The average OPEX per boe in Anasuria for the Current Quarter was USD20.93 per boe, lower than USD23.27 per boe in the Preceding Quarter.

Operational performance of the Current Quarter was affected by two key activities. The first was the scale squeeze operations conducted on the GUA-P3 and TL-P2 wells, both in a single campaign. Additionally, the planned 2019 Offshore Turnaround had commenced in late June 2019. The 2019 Offshore Turnaround subsequently completed in July 2019.

To recap, the FPSO facilities were shut down for one month in 2017 ("**2017 Offshore Turnaround**") to allow for planned maintenance activities to be carried out to improve the performance of the production facilities and to ensure we continued to provide a safe workplace for our offshore personnel. Subsequent to the conduct of those maintenance activities, average uptime recorded for each quarter of the 2018 calendar year was as follows:

	Units	**January to March 2018**	**April to June 2018**	**July to September 2018**	**October to December 2018**
Average uptime	%	82	94	88	94

It is hoped that subsequent to the conduct of the 2019 Offshore Turnaround, average uptime levels will be maintained or further improved for the financial year ending 30 June 2020.

In the Current Quarter, Anasuria Hibiscus UK invested approximately RM66.5 million in capital expenditure in the Anasuria Cluster which is primarily attributed to two production enhancement projects. The first project is the Cook WI project which is being executed by Ithaca Energy UK Limited ("**Ithaca**"), the operator of the Cook field. The first phase of this project – which entails the drilling of the water injection well – commenced early in the Preceding Quarter and was completed on 25 May 2019. The next phase of connecting the water injection well to the Anasuria FPSO is underway and is expected to complete by the end of September 2019.

The second project which has significantly contributed to the capital expenditure invested in the Current Quarter is the drilling of GUA-P1 ST. This project was sanctioned in the Preceding Quarter and is expected to complete in the Next Quarter.

<u>United Kingdom – Anasuria Cluster: Cook Water Injection Project Update</u>

Anasuria Hibiscus UK together with its partners in the Cook field had, in May 2018, sanctioned the Cook WI project. Ithaca is the operator of the Cook field. This project involves the drilling of a water injection well into the Cook field to increase its reservoir pressure. It is expected that an increased reservoir pressure will result in an improved oil and gas production rate as well as an improved recovery of hydrocarbons from this field.

The execution of the water injection well drilling operations commenced on 25 March 2019. The well was drilled to a total depth of 13,045-ft measure depth (-12,248-ft true vertical depth subsea ("**TVDSS**")) on 2 May 2019. In drilling the water injection well, the reservoir pressure at the injection well location was found to be as predicted. Additionally, the oil water contact is deeper than originally anticipated. The implication of a deeper oil water contact is positive and is anticipated to increase our net proven and probable oil reserves ("**2P Reserves**") in the Cook field. A further announcement will be made when the detailed work has been completed to establish the latest reserves estimates.

19 PROSPECTS OF THE GROUP (CONT'D)

The water injection well has been completed as planned on 25 May 2019. Preparations are currently ongoing to install a subsea pipeline to link the water injection well to the Anasuria FPSO. This is expected to complete by the end of the September 2019 and the injection of water into the Cook field reservoir is expected to commence thereafter. The total capital expenditure net to Anasuria Hibiscus UK estimated for this project is RM61.0 million. Of this amount, RM38.9 million has been incurred up to the end of the Current Quarter, with a remaining RM22.1 million to be incurred for the rest of calendar year 2019.

United Kingdom – Anasuria Cluster: GUA-P1 Side-Track Project Update

The GUA-P1 ST project is an opportunity to re-enter the existing GUA-P1 wellbore and potentially drain additional volumes of hydrocarbons from the Guillemot A field. This project is targeted to unlock approximately 1.7 million bbls of oil from Anasuria Hibiscus UK's current net 2P Reserves. Operations on GUA-P1 ST has commenced with the Stena Spey drilling rig mobilised to location and deployed anchors on 17 May 2019.

On 28 July 2019, the well reached a total depth of 11,615-ft measured depth and has encountered approximately 445-ft TVDSS of oil-bearing sands with a net pay of 190-ft TVDSS in the targeted reservoirs of the Guillemot A field. The relevant hydrocarbon bearing zones were perforated on 16 August 2019. The well was subsequently cleaned-up and hydrocarbons were flowed to surface. Work is ongoing to connect the well to the production facilities on the Anasuria FPSO for the well to be produced. Once a stabilised flowrate from this well has been established, the Group will make the relevant disclosures. The total capital expenditure net to Anasuria Hibiscus UK for this project is estimated to be RM100.4 million. Of this amount, RM38.5 million has been incurred up to the end of the Current Quarter, with a remaining RM61.9 million to be incurred for the rest of calendar year 2019.

United Kingdom – Blocks 15/13a (Marigold) and 15/13b (Sunflower)

On 17 October 2018, the Group announced that its indirect wholly-owned subsidiary, Anasuria Hibiscus UK, had completed the transaction to acquire a 50% interest in the Blocks from Caldera for a purchase consideration of USD37.5 million. The Blocks are located offshore, in 140 meters water depth, in the UK sector of the North Sea, approximately 250km northeast of Aberdeen. Block 15/13a contains a significant oil-bearing discovered field (Marigold), whilst Block 15/13b which lies northeast of Block 15/13a contains a smaller discovered field (Sunflower). Based on an independent report by AGR TRACS International Limited which was conducted as part of the due diligence exercise to acquire the Blocks in October 2018, 2C Resources in the Blocks is estimated to be 60.0 million bbls of oil (30.0 million bbls of oil net to Anasuria Hibiscus UK).

In February 2019, Anasuria Hibiscus UK was appointed the Block Operator of the Marigold and Sunflower fields. A dedicated project team, located in Kuala Lumpur with a modest presence in Aberdeen, Scotland, has been established. The project team has been tasked to conduct the subsurface field development engineering studies and, with the support of third party contractors, execute the concept select phase as part of the effort to establish a field development plan for Marigold and Sunflower by the end of calendar year 2020.

In terms of capital expenditure, approximately RM1.2 million has been incurred in the Current Quarter which includes pre-front-end engineering and design activities which are targeted to complete by the end of the Next Quarter. Development options being currently considered include a fixed platform, a floating solution, as well as a tieback to existing, nearby infrastructure solutions.

19 PROSPECTS OF THE GROUP (CONT'D)

United Kingdom – Blocks 15/18d and 15/19b (Crown)

On 17 July 2019, the Group announced that Anasuria Hibiscus UK had signed a conditional non-binding term sheet to acquire 100% interest in the License P2366 from United and Swift for a total cash consideration of up to USD5.0 million.

License P2366 is located offshore in the UK sector of the North Sea, approximately 250km northeast of Aberdeen and 12km south-east of the Marigold field, and includes the Crown discovered field which, based on information provided by United, consists of 2C Resources of 8 million bbls of oil and 6 billion cubic feet of associated gas.

The rationale for this transaction is to secure the opportunity to aggregate 2C Resources (from the Crown discovery) at a competitive unit cost per bbl and integrate these contingent resources as part of the Marigold area-wide development with the objective of reducing overall unit development and production costs.

The Proposed Acquisition is subject to, amongst others, the completion of satisfactory due diligence and receipt of regulatory approvals from the OGA. The technical due diligence is currently ongoing, and a status update will be provided in due course.

North Sabah: Production Operations

On 31 March 2018, the Company's indirect wholly-owned subsidiary, SEA Hibiscus successfully assumed the role of operator of the North Sabah assets from Shell. As operator, SEA Hibiscus is responsible for the day-to-day operations, maintenance, and conduct of production enhancement activities carried out on the asset.

The table below provides a summary of key operational statistics for the North Sabah asset, based on SEA Hibiscus' 50% participating interest, for the Current Quarter, as well as for the previous three financial quarters.

	Unit	April to June 2019 [2]	January to March 2019	October to December 2018	July to September 2018
Average uptime	%	94	95	85	93
Average gross oil production	bbl/day	14,873	14,651	13,400	14,860
Average net oil production	bbl/day	5,057	4,801	4,958	4,797
Total oil sold	Bbls	490,753	578,487	293,624	595,286
Average realised oil price [1]	USD/bbl	72.59	67.87	71.30	78.55
Average OPEX per bbl (unit production cost)	USD/bbl	13.60	11.77	22.74	11.15

1 *The average realised oil price represents the weighted average price of all Labuan crude sales from SEA Hibiscus.*

2 *Figures for the period April 2019 to June 2019 are provisional and may change subject to the PSC Statement audit and that they are pending Petroliam Nasional Berhad ("**PETRONAS**")'s review.*

The average uptime of the North Sabah production facilities of 94% achieved during the Current Quarter was consistent with that of the Preceding Quarter. Average daily gross oil production marginally increased by approximately 1% due to better reservoir performance as a result of production enhancement activities. Furthermore, two crude oil offtakes were conducted in the North Sabah asset in the Current Quarter with a total of 490,753 bbls of oil, net to SEA Hibiscus, sold at an average realised oil price of USD72.59 per bbl.

Average OPEX per bbl for North Sabah for the Current Quarter marginally increased to USD13.60 per bbl when compared to the Preceding Quarter due to the commencement of planned maintenance activities. The OPEX per bbl metric is expected to increase further in the Next Quarter as planned maintenance activities ramp-up.

19 PROSPECTS OF THE GROUP (CONT'D)

In terms of capital expenditure, SEA Hibiscus incurred approximately RM21.4 million during the Current Quarter, mainly due to the commencement of the St Joseph Infill Drilling project. The Company expects capital expenditure to increase further in the Next Quarter with the continuation of the St. Joseph Infill Drilling project and with the commencement and execution of the South Furious 30 Infill Drilling project. The Development Plan ("**DP**") for the South Furious 30 Infill Drilling project was approved by PETRONAS on 1 July 2019.

North Sabah: St Joseph Infill Drilling

PETRONAS had on 21 December 2018 approved the St Joseph Infill DP intended to increase production and reserves of the St Joseph field. Total capital expenditure for this project is forecasted to be RM142.6 million, to be shared equally with our joint venture partner. This project entails the drilling of 3 infill producers utilizing a triple splitter wellhead on the St Joseph Jacket-A ("**SJJT-A**") platform with minimal modifications to topside facilities. Drilling operations commenced when the rig mobilised to location on 22 May 2019. Subsequently, the project achieved first oil in July 2019. As disclosed on 24 July 2019, the SJ-105A well was brought online and achieved a stabilised production flowrate of above 1,000 bbls per day.

On 25 July 2019, the second well, SJ-105C, was completed. This well was brought online and achieved a stabilised production flowrate of over 1,300 bbls per day. On 1 August 2019, the SJ-105B well was completed. On preliminary test, the SJ-105B achieved a flowrate of over 900 bbls per day. The combined flowrate of the three wells – SJ-105A, SJ-105C and SJ-105B – of over 3,200 bbls per day (subject to the approval of PETRONAS) has exceeded the combined pre-drill expectations of approximately 2,600 bbls per day. The St. Joseph Infill Drilling project completed in August 2019 and is expected to add life of field ("**LoF**") gross reserves of 2.77 MMstb.

North Sabah: South Furious 30 Infill Drilling

PETRONAS had on 1 July 2019 approved the South Furious 30 Infill Drilling project DP intended to increase production and reserves of the South Furious 30 field. The total capital expenditure estimated for the execution of the DP is RM126.8 million. This expenditure will be shared equally with our joint venture partner, PETRONAS Carigali Sdn Bhd. The DP comprises the drilling of three infill wells at the South Furious Jacket-C ("**SFJT-C**") through the remaining conductor slot. Minimal modification to topside facilities will be required. Drilling is scheduled to commence in August 2019. The project is expected to add approximately 4,000 bbls per day of oil production (at its peak) with an expected addition to LoF reserves of 3.2 MMstb.

North Sabah: South Furious 30 Water Flood Phase 1

PETRONAS had on 4 July 2019 endorsed the South Furious 30 Water Flood Phase 1 project Milestone Review-4 which entails the drilling and completion of one infill water injection well. The goal of this project is to scope out the effectiveness of water injection as a means of re-pressurizing and providing long-term reservoir pressure support for the South Furious 30 field. Phase 1 of this project is intended to assess the viability for a full field water injection project. The South Furious 30 Water Flood Phase 1 DP is expected to be approved in the Next Quarter with a total capital expenditure of approximately RM50.8 million, to be shared equally with our joint venture partner. Topside modifications will be required which will entail deck strengthening and extension works. Drilling is targeted to commence through a new conductor from SFJT-C in November 2019, following the completion of the South Furious 30 Infill Drilling project. Upon completion of the drilling of the well, water will be injected through a small template Portable Water Injection Module which will be housed at SFJT-C.

19 PROSPECTS OF THE GROUP (CONT'D)

Australia

The Group has operatorship of two licenses located in the Bass Strait of Australia. In addition, we have a 11.68% interest in 3D Oil, a company listed on the Australian Stock Exchange ("**ASX**").

Details and status of our licences are as follows:

License	Direct Interest	Status
VIC/L31 Production License	100%	Retention Lease application was submitted on 4 December 2019. However, discussions are ongoing with NOPTA on whether to maintain the existing Production License or continue the application for a Retention License. The decision will be dependent on the outcome of upcoming discussions with nearby infrastructure owners on the potential to tieback the West Seahorse field. An update to NOPTA on the outcome of these discussions will be due on 31 August 2019.
VIC/P57 Exploration Permit	75.1%	**Minimum Guaranteed Work Programme:** Years 1-3 (March 2018 – March 2021) • Geological and geophysical studies including petroleum systems analysis/modelling • Reprocessing of 230 km^2 of the Northern Fields 3D seismic data • Seismic interpretation and depth conversion The abovementioned Minimum Guaranteed Work Programme has been completed and we are approximately 2 years ahead of schedule. Two key prospects have been identified, the first being Felix, with a best estimate prospective resources of gross 30 million bbls of oil, and the second being Pointer, with a best estimate prospective resources of gross 170 billion cubic feet of gas. We are now in the process of farming out the block for a carry on a well to be drilled in 2021/2022. A data room is in place with several companies currently assessing the opportunities. **Secondary Work Programme (Optional):** Year 4 (March 2021 – March 2022) • One exploration well Year 5 (March 2022 – March 2023) • Geological and geophysical studies

On 26 July 2019, the Group announced that 3D Oil has been awarded the VIC/P74 permit in the offshore Gippsland Basin by NOPTA. The VIC/P74 permit spans an acreage of 1,006 km^2 which is located on the southern side of the Gippsland Basin. Under the terms of a pre-bid agreement, the Group has thirty days to elect to enter into a Joint Venture with 3D Oil for up to a 50% non-operated interest in this permit on a ground floor basis.

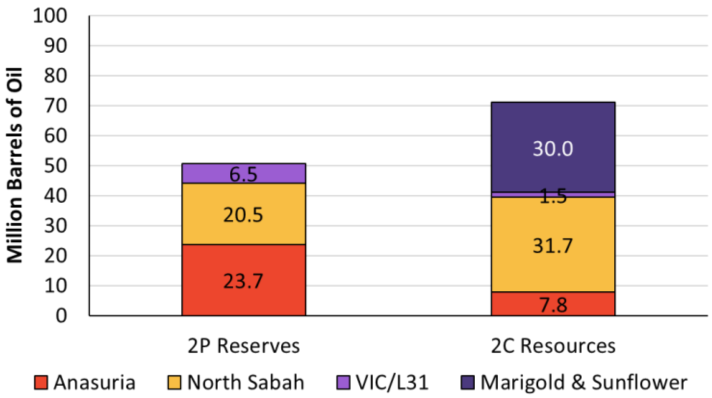
Fundraising

All our activities and acquisitions to-date have been funded with equity and internally generated funds. Over the course of the next six months, we anticipate that we shall undertake certain fundraising activities to ensure that the projects and opportunities we have in hand, which are expected to enhance production and create value, may be executed smoothly. The Group currently has no debt. Therefore, we are in a position to gear up to a conservative level as the need arises. Based on our projected activities, we envisage that some borrowings may be required and we are currently considering various debt options that are on offer, bearing in mind factors such as long term capital requirements, preference for the Group to maintain a certain level of agility and financial flexibility, overall weighted average cost of capital, etc. We shall make the relevant disclosures as our plans mature.

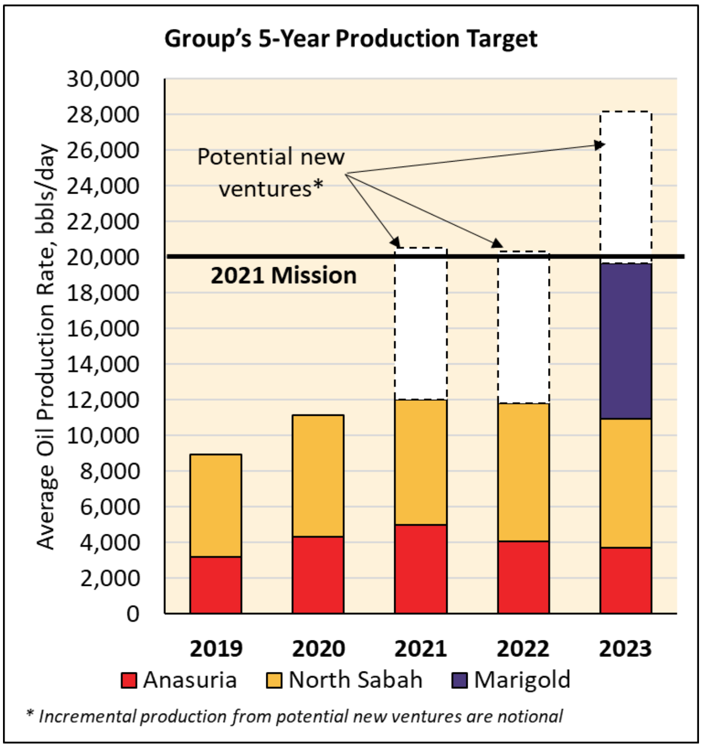
19 PROSPECTS OF THE GROUP (CONT'D)

Mission (2017 – 2021)

With the completion of our recently announced acquisition of a 50% interest in the Marigold and Sunflower discovered fields in the UK North Sea, we believe that we are well positioned to achieve our 2021 mission. The figure below depicts our net entitlement to reserves and resources, as of 1 January 2019, within the licenses in which we have interests.



Notes:
1. *Reserves and resources are as of 1 January 2019.*
2. *Anasuria 2P Reserves and 2C Resources are based on Anasuria Hibiscus UK's interest and derived from LEAP ENERGY Partners Sdn Bhd's report, as of 1 July 2018, less actual production until 31 December 2018.*
3. *North Sabah 2P Reserves and 2C Resources are based on SEA Hibiscus' net entitlement and derived by RISC Operations Pty Ltd's report dated January 2019 for the PSC life.*



Notes:
1. *Production from Marigold assumes that the Group retains only 35% interest in the Marigold and Sunflower fields.*

19 PROSPECTS OF THE GROUP (CONT'D)

The figure above depicts the Group's production targets for the next five years. In order that we achieve this target, our main focus over the next three years will entail:

- Enhancing production at the Anasuria and North Sabah fields;
- Converting our 2C Resources, particularly in Marigold and Sunflower into producing 2P Reserves;
- High-grading exploration prospects and progressing discussions on sharing nearby available infrastructure to monetise the West Seahorse development asset; and,
- Continuing to look for opportunities to grow our asset base mainly in or around the areas of our geographic focus.

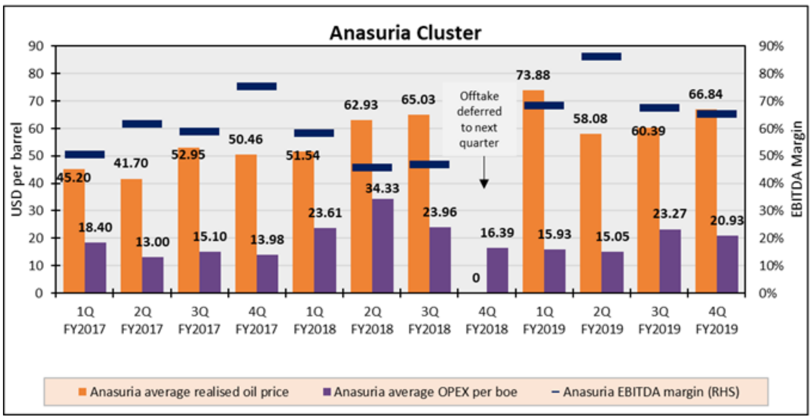
Claims Against Rex Companies and Other Parties

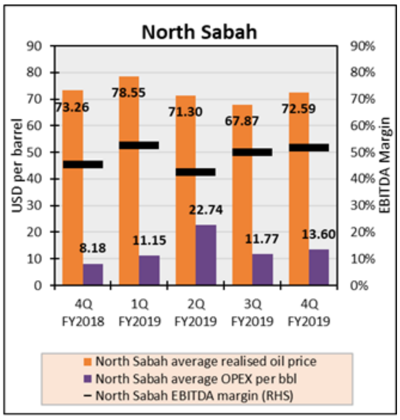
In 2016, the Group fully impaired its investments in the Lime Group and HIREX. However, the rights and legal position of the Group are fully reserved against the Rex Companies and all other parties in connection with those investments. The Group will continue to pursue appropriate legal, regulatory and other avenues to (among others) seek compensation for wrongs committed against the Group. Such avenues may, or may not, be successful due to a number of factors (including those outside the Group's control) and we will provide relevant updates in this regard from time to time (as may be applicable).

Concluding Comments

Our target has been to deliver approximately 2.7 to 3.0 million bbls of oil from our two producing assets in the Current Year. We have exceeded this target and have sold approximately 3.3 million bbls of crude oil across both assets in the Current Year with five offtakes coming from Anasuria, and a further seven offtakes from North Sabah.

The Group's business performance is underpinned by several factors, predominantly the price of the Brent crude oil benchmark at approximately the time of a scheduled offtake from our crude oil storage facilities. The Group has seen oil prices at various price levels, on some occasions lower and other times, higher than at the current time, but the Group has managed to remain profitable throughout these fluctuations. This is primarily because our average unit production costs for both the Anasuria and North Sabah assets have been below the average realised oil price at the relevant times, as shown in the charts below. The careful management of costs to maintain low operational expenditure and the successful execution of production enhancement projects are, therefore, key towards achieving low unit production costs and the delivery of a continued healthy EBITDA.





Note: North Sabah EBITDA margin in 4Q FY2018 excludes the impact of negative goodwill of RM93.8m.

19 PROSPECTS OF THE GROUP (CONT'D)

Our asset teams from both Anasuria and North Sabah are targeting to execute production enhancement projects that could potentially enhance our net oil production rate to over 12,000 bbls per day by 2021. Several of these production enhancement projects are currently being executed. We have an aggressive capital investment programme to arrest the natural decline in production and enhance production with a total of nine firm wells to be drilled across the Group in 2019.

In Anasuria, the first phase of the Cook WI project to drill one water injection well has been completed and we are currently undertaking the second phase to tie-in the well to the Anasuria FPSO. The GUA-P1 ST project to drill one side-track well has commenced execution and is expected to complete in the Next Quarter.

In North Sabah, the St Joseph Infill Drilling project commenced on 22 May 2019 with the objective of drilling three infill wells. As reported in a previous paragraph, all three infill wells have been drilled and the project completed in August 2019. The combined flowrate of the three wells – SJ-105A, SJ-105C and SJ-105B – tested at over 3,200 bbls per day (subject to the approval of PETRONAS). This exceeded the combined pre-drill expectations of approximately 2,600 bbls per day. The St Joseph Infill Drilling project is expected to LoF gross reserves of 2.77 MMstb. The SF30 Infill Drilling project to drill a further three infill wells and the recently sanctioned SF30 Waterflood Phase 1 project to drill one water injection well are on track for execution in 2019.

The Group has articulated its mission until 2021 and we are pleased to have achieved several critical milestones that are key towards the successful delivery of our goals.

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 Current Year.

22 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the Current Year.

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 and Part B, Note 19 of this Quarterly Report.

25 EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the Group's profit after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares during the financial quarter/year.

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.06.2019	QUARTER ENDED 30.06.2018	YEAR ENDED 30.06.2019	YEAR ENDED 30.06.2018
Profit after taxation attributable to owners of the Company (RM'000)	(A)	24,723	98,751	230,010	203,712
Weighted average number of shares for basic earnings per share computation ('000)	(B)	1,588,229	1,588,229	1,588,229	1,543,997
Effects of dilution of Warrants C ('000)		9,120	317,645	-	88,767
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	1,597,349	1,905,874	1,588,229	1,632,764
Basic earnings per share (sen)	(A/B)	1.56	6.22	14.48	13.19
Diluted earnings per share (sen)	(A/C)	1.55	5.18	14.48	12.48

26 OTHER INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2019 RM'000	QUARTER ENDED 30.06.2018 RM'000	YEAR ENDED 30.06.2019 RM'000	YEAR ENDED 30.06.2018 RM'000
Sundry income	80	-	1,312	12
Interest income	104	300	341	552
Unrealised gain on foreign exchange ^^^	-	8,203	-	-
Realised gain on foreign exchange ^^^	3,854	-	2,297	3,332
	4,038	8,503	3,950	3,896

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

27 PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2019 RM'000	QUARTER ENDED 30.06.2018 RM'000	YEAR ENDED 30.06.2019 RM'000	YEAR ENDED 30.06.2018 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment and intangible assets	24,571	28,340	115,476	68,633
Interest income	(172)	(591)	(873)	(637)
Finance costs	10,124	8,839	42,421	21,031
Unrealised loss/(gain) on foreign exchange ^^^^	1,978	(8,203)	5,188	13,142
Realised (gain)/loss on foreign exchange ^^^^	(3,854)	818	(2,297)	(3,332)
Share of results of an associate	99	(44)	354	650
Impairment of receivables	-	-	-	1,338
Provision for stock obsolescence	-	269	-	269
Reversal of impairment of investment in an associate	-	(248)	(1,335)	(2,098)
Impairment of Britannia Rig	-	-	-	6,607
Negative goodwill from business combination	-	(93,821)	-	(206,254)

^^^^ *The unrealised foreign exchange and realised foreign exchange gains/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 Current Year.

28 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2019 RM'000	QUARTER ENDED 30.06.2018 RM'000	YEAR ENDED 30.06.2019 RM'000	YEAR ENDED 30.06.2018 RM'000
Income taxation	(40,796)	(56,218)	(119,989)	(65,910)
Deferred taxation	(26,843)	14,900	(41,468)	25,155
	(67,639)	(41,318)	(161,457)	(40,755)

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30.06.2019 RM'000	Quarter Ended 30.06.2018 RM'000	Year Ended 30.06.2019 RM'000	Year Ended 30.06.2018 RM'000
North Sabah				
Income taxation	(14,644)	(49,187)	(70,574)	(49,187)
Deferred taxation	(14,033)	23,680	(18,732)	23,680
Total	**(28,677)**	**(25,507)**	**(89,306)**	**(25,507)**
Anasuria Hibiscus				
Income taxation	(26,152)	(7,073)	(49,415)	(16,774)
Deferred taxation	(12,810)	(8,780)	(22,736)	1,475
Total	**(38,962)**	**(15,853)**	**(72,151)**	**(15,299)**
3D Oil, VIC/L31 & VIC/P57				
Income taxation	-	42	-	42
Deferred taxation	-	-	-	-
Total	**-**	**42**	**-**	**42**
Investment holding and group activities				
Income taxation	-	-	-	9
Deferred taxation	-	-	-	-
Total	**-**	**-**	**-**	**9**
Group				
Income taxation	(40,796)	(56,218)	(119,989)	(65,910)
Deferred taxation	(26,843)	14,900	(41,468)	25,155
Total	**(67,639)**	**(41,318)**	**(161,457)**	**(40,755)**

28 TAXATION (CONT'D)

Deferred taxation

Deferred tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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 the profit or loss account.

- North Sabah

  Upon the Group's completion of the acquisition of 50% participating interests in the 2011 North Sabah EOR PSC on 30 June 2018, deferred tax liabilities are recognised on intangible assets and inventories acquired. This was partly off-set by deferred tax assets recognised on provision for decommissioning costs. The net deferred tax liabilities will gradually reverse, generating a tax credit (i.e. a gain) in the profit or loss account.

- Anasuria Hibiscus

  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.

  In the UK, any investments in capital expenditure made are deductible from both taxes mentioned above in the same financial year they are incurred. Deferred tax liabilities are recognised in respect of the carrying value of the capital expenditure incurred at the end of the financial year. The setting up of the deferred tax liabilities will generate a deferred tax debit (i.e. an expense) in the profit or loss account in the financial year in which the expenditure is incurred. This debit will match the tax value of the deduction available for the capital expenditure which is reflected in calculating the income tax charge in the profit or loss account such that the net effect is that no overall tax debit nor credit arises from the initial set up of the asset and the tax deduction claimed in the income tax return. As the asset (from the capital expenditure) is depreciated however, the deferred tax liabilities in the balance sheet will gradually reverse, generating a tax credit (i.e. a gain) in the profit or loss account. The overall effect of this subsequent reversal is to allocate the tax deduction generated by the capital expenditure for the purposes of the profit or loss account over the period during which the asset is depreciated notwithstanding that for cash tax purposes an immediate deduction is available.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
20 August 2019