

**HIBISCUS PETROLEUM BERHAD**  
(Registration Number: 200701040290 (798322-P))  
(Incorporated in Malaysia)

**Unaudited Quarterly Financial Report**  
**31 March 2020**

*(Note: This Unaudited Quarterly Financial Report is supplemented by the Corporate and Business Update released on the same day, on 19 May 2020.)*

**HIBISCUS PETROLEUM BERHAD**  
**(Registration Number: 200701040290 (798322-P))**  
**(Incorporated in Malaysia)**  
**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

		INDIVIDUAL QUARTER QUARTER ENDED 31.03.2020 RM'000	QUARTER QUARTER ENDED 31.03.2019 RM'000	CUMULATIVE QUARTER PERIOD ENDED 31.03.2020 RM'000	PERIOD ENDED 31.03.2019 RM'000
	Note				
Revenue		175,864	226,121	607,009	751,234
Cost of sales		(63,921)	(76,278)	(227,490)	(237,571)
<b>GROSS PROFIT</b>		<b>111,943</b>	<b>149,843</b>	<b>379,519</b>	<b>513,663</b>
Other income	26	975	66	1,101	1,469
Administrative expenses		(17,329)	(29,905)	(57,534)	(87,804)
Other expenses		(34,803)	(27,462)	(112,945)	(95,671)
Finance costs		(10,973)	(10,502)	(30,272)	(32,297)
Share of results of an associate		(108)	(71)	(269)	(255)
<b>PROFIT BEFORE TAXATION</b>	27	<b>49,705</b>	<b>81,969</b>	<b>179,600</b>	<b>299,105</b>
Taxation	28	(21,240)	(26,788)	(83,659)	(93,818)
<b>PROFIT AFTER TAXATION</b>		<b>28,465</b>	<b>55,181</b>	<b>95,941</b>	<b>205,287</b>
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:</b>					
- Owners of the Company		28,465	55,181	95,941	205,287
<b>EARNINGS PER SHARE (SEN)</b>					
Basic	25	1.79	3.47	6.04	12.93
Diluted	25	1.79	3.47	6.04	12.93
<b>Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA")</b>		<b>94,726</b>	<b>115,129</b>	<b>314,094</b>	<b>422,306</b>

Note:

**Earnings Before Interest,  
Taxes, Depreciation  
and Amortisation ("EBITDA")**

(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 2019 and the accompanying explanatory notes attached to the financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER QUARTER ENDED 31.03.2020 RM'000	QUARTER QUARTER ENDED 31.03.2019 RM'000	CUMULATIVE QUARTER PERIOD ENDED 31.03.2020 RM'000	PERIOD ENDED 31.03.2019 RM'000
<b>PROFIT AFTER TAXATION</b>	28,465	55,181	95,941	205,287
Other comprehensive income/(expenses):				
Items that may be subsequently reclassified to profit or loss:				
- Foreign currency translation *	47,386	(11,840)	32,501	292
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD</b>	<b>75,851</b>	<b>43,341</b>	<b>128,442</b>	<b>205,579</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
- Owners of the Company	75,851	43,341	128,442	205,579

\* 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 2019 and the accompanying explanatory notes attached to the financial statements.*

**HIBISCUS PETROLEUM BERHAD**  
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**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	UNAUDITED AS AT 31.03.2020 RM'000	AUDITED AS AT 30.06.2019 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment in an associate		4,187	5,745
Intangible assets		1,556,620	1,530,075
Equipment		603,759	380,228
Right-of-use assets		5,867	-
Restricted cash and bank balances		90,254	66,828
		<u>2,260,687</u>	<u>1,982,876</u>
<b>CURRENT ASSETS</b>			
Inventories		20,062	21,378
Trade receivables		49,576	64,869
Other receivables, deposits and prepayments		223,643	116,825
Amount owing by a joint venture		483	475
Amount owing by an associate		56	-
Cash and bank balances		60,782	206,709
Tax recoverable		1,785	-
		<u>356,387</u>	<u>410,256</u>
<b>TOTAL ASSETS</b>		<u>2,617,074</u>	<u>2,393,132</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	10	764,965	764,965
Other reserves		97,702	65,201
Retained earnings		503,307	407,366
		<u>1,365,974</u>	<u>1,237,532</u>
<b>NON-CURRENT LIABILITIES</b>			
Contingent consideration		2,321	2,063
Borrowings	29	8,037	3,791
Other payables		78,133	106,874
Deferred tax liabilities		489,959	395,316
Provision for decommissioning costs		272,608	251,290
		<u>851,058</u>	<u>759,334</u>

*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 2019 and the accompanying explanatory notes attached to the financial statements.*

**HIBISCUS PETROLEUM BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONT'D)**

	Note	UNAUDITED AS AT 31.03.2020 RM'000	AUDITED AS AT 30.06.2019 RM'000
<b>CURRENT LIABILITIES</b>			
Trade payables		5,061	8,721
Other payables and accruals		277,690	221,891
Provision for decommissioning costs		59,132	65,314
Deferred consideration		-	19,184
Amount owing to a joint venture		318	318
Amount owing to an associate		-	17
Borrowings	29	52,337	1,041
Provision for taxation		5,285	79,561
Redeemable Convertible Preference Shares		219	219
		400,042	396,266
<b>TOTAL LIABILITIES</b>		1,251,100	1,155,600
<b>TOTAL EQUITY AND LIABILITIES</b>		2,617,074	2,393,132
<b>NET ASSETS PER SHARE (RM)</b>		0.86	0.78

*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 2019 and the accompanying explanatory notes attached to the financial statements.*

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**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 RM'000	TOTAL RM'000
<b>9 months to 31.03.2020</b>					
As at 01.07.2019	764,965	389	64,812	407,366	1,237,532
Profit after taxation	-	-	-	95,941	95,941
Other comprehensive expenses, net of tax: - Foreign currency translation	-	-	32,501	-	32,501
Total comprehensive income for the period	-	-	32,501	95,941	128,442
As at 31.03.2020	764,965	389	97,313	503,307	1,365,974
<b>9 months to 31.03.2019</b>					
As at 01.07.2018	764,965	389	53,080	177,356	995,790
Profit after taxation	-	-	-	205,287	205,287
Other comprehensive income, net of tax: - Foreign currency translation	-	-	292	-	292
Total comprehensive income for the period	-	-	292	205,287	205,579
As at 31.03.2019	764,965	389	53,372	382,643	1,201,369

*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 2019 and the accompanying explanatory notes attached to the financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>PERIOD ENDED 31.03.2020</b>
	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	179,600
Adjustments for:	
Depreciation and amortisation of equipment and intangible assets	104,222
Finance costs	30,272
Unrealised loss on foreign exchange	7,009
Impairment of investment in an associate	808
Impairment of other receivables	2,618
Share of results of an associate	269
Write-off of fixed assets	21
Interest income	(697)
Operating profit before working capital changes	<u>324,122</u>
Inventories	2,186
Trade receivables	17,485
Other receivables, deposits and prepayments	(99,078)
Trade payables	(3,915)
Other payables and accruals	(31,998)
Amount owing by a joint venture	33
Amount owing by an associate	(59)
Amount owing to an associate	(16)
<b>Cash generated from operating activities</b>	<u>208,760</u>
Tax paid	(85,931)
Interest paid	(806)
Movement in restricted cash and bank balances **	<u>(23,369)</u>
<b>Net cash generated from operating activities</b>	<u>98,654</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of equipment	(225,730)
Acquisition of intangible assets	(66,845)
Interest received	697
<b>Net cash used in investing activities</b>	<u>(291,878)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net drawdown of term loan	48,211
Net repayment of lease liabilities	(3,640)
<b>Net cash generated from financing activities</b>	<u>44,571</u>
<b>Net decrease in cash and cash equivalents</b>	(148,653)
<b>Effects of foreign exchange rate changes</b>	(932)
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>206,709</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>57,124</u></u>
Cash and bank balances in the consolidated statements of financial position are as follows:	
<u>Non-current</u>	
Restricted cash and bank balances **	<u>90,254</u>
<u>Current</u>	
Cash and bank balances	60,782
Less: Restricted cash and bank balances ***	(3,658)
Cash and cash equivalents	<u>57,124</u>

\*\* *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. Such decommissioning activities are expected to be carried out at the end of life of the Anasuria Cluster and therefore, these monies in the trust are classified as non-current assets. Comparatives have been reclassified to conform with the presentation in the financial period ended 31 March 2020.*

\*\*\* *SEA Hibiscus Sdn Bhd ("SEA Hibiscus") is required to place deposit with a financial institution as security for banking facilities obtained.*

*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 2019 and the accompanying explanatory notes attached to the financial statements.*

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**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 2019 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 2019.

**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 2019.

**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 2019:

MFRS 16	<i>Leases</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to MFRS 128	<i>Long-term interests in Associate or Joint Venture</i>
Annual Improvements to MFRSs 2015-2017 Cycle	<i>MFRS 3 Business Combinations, MFRS 11 Joint Arrangements, MFRS 112 Income Taxes</i>

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, except for the adoption of the new accounting policy detailed below:

**2.1.1 MFRS 16 Leases**

The Group has adopted MFRS 16 in the current financial period ended 31 March 2020 (“**Current Period**”), where MFRS 16 supersedes MFRS 117 *Leases* and the related interpretations. 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 for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases.



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**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.1 Adoption of Amendments to Standards and IC Interpretations (Cont'd)**

**2.1.1 MFRS 16 Leases (cont'd)**

MFRS 16 requires the lessee to recognise in the statement of financial position, a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payment 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 the statement of profit or loss.

On the date of initial application, the Group applied the simplified transition approach and did not restate comparative amounts for the period prior to first adoption. Right-of-use assets were measured on transition as if the new rules had always been applied.

The adoption of MFRS 16 impacts the Group's financial performance in the Current Period as below:

- (a) On the statements of profit or loss, expenses which previously included operating lease rentals within EBITDA, were replaced by interest expense on lease liabilities (included within 'finance costs') and amortisation of the right-of-use assets (included within 'other expenses').
- (b) On the statement of cash flows, operating lease rental outflows previously recorded within 'cash flows from operating activities' were reclassified to 'cash flows from financing activities' for repayment of the principal and interest of lease liabilities.

**2.2 Standards issued but not yet effective**

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
The Conceptual Framework for Financial Reporting (Revised 2018)	1 January 2020
Amendments to MFRS 101 and MFRS 108	<i>Definition of Material</i> 1 January 2020
Amendments to MFRS 3	<i>Definition of a Business</i> 1 January 2020
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i> 1 January 2022

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 are not significantly affected by any seasonal or cyclical factors.

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**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 Current Period:

- (i) Acquisition of a 100% interest in North Sea Blocks 15/18d and 15/19b (“License No. P2366”) in the United Kingdom (“UK”) 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 up to United States Dollar (“USD”) 5.0 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 No. P2366 for a total cash consideration of USD5.0 million (“Acquisition”). United and Swift each hold 95% and 5% participating interest respectively.

License No. P2366 is located offshore in the UK sector of the North Sea, approximately 250 km 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 agreed payment terms for the Acquisition commenced with a non-refundable payment of USD1.0 million to the Sellers upon completion of the Sales and Purchase Agreement (“SPA”). Subject to further milestones being achieved post SPA completion, an additional sum of up to USD3.0 million would be paid before the end of 2020. A further USD1.0 million would be paid once the field is on production. In the unlikely event that Anasuria Hibiscus UK decided not to make the post-completion payments, License No. P2366 would return to the Sellers.

Subsequently, the Company had on 7 October 2019 announced that Anasuria Hibiscus UK entered into a conditional SPA to acquire License No. P2366 from United and Swift. As part of further negotiations with the Sellers post execution of the earlier conditional non-binding term sheet and conduct of technical due diligence, the payment terms of the proposed acquisition of License No. P2366 commenced with a non-refundable payment of USD0.1 million to the Sellers (unless the default was not due to Anasuria Hibiscus UK) with a further payment of USD0.9 million being made upon completion of the SPA.

Pursuant to the above, on 12 December 2019, the Company had announced that Anasuria Hibiscus UK has completed the Acquisition. Completion of the acquisition occurred pursuant to the receipt of approval from the UK’s Oil and Gas Authority (“OGA”) for the assignment of License No. P2366 to Anasuria Hibiscus UK as operator on 4 December 2019. In accordance with the terms of the conditional SPA, a further USD0.9 million was paid.

Subject to further milestones being achieved post SPA completion, an additional sum of USD3.0 million would be paid within 7 business days of the actual date of approval of the Marigold Field Development Plan (“FDP”) which could potentially include the development of the Crown discovery as part of the overall Marigold development (“FDP Approval”), by the relevant UK regulatory authority. Based on current internal forecasts, this is expected to be received by the end of 2020. In the case that the FDP Approval is not achieved, or if the Marigold FDP submitted does not include the development of the Crown discovery, Anasuria Hibiscus UK may, at its discretion, proceed either with the USD3.0 million payment or, transfer License No. P2366 back to the Sellers without any further payment obligation.

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**4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)**

In addition, in the case that the Crown discovery is brought into production under the FDP Approval or separate approval of an independent field development plan, up to USD1.0 million will be paid through an overriding royalty scheme once the Crown discovery has commenced production.

Please refer to our announcements dated 17 July 2019, 7 October 2019 and 12 December 2019 for further details.

*Note: Anasuria Hibiscus UK holds 50% operated interest in the UK Continental Shelf Petroleum Production License No. P198 Block 15/13a and Block 15/13b containing the Marigold and Sunflower fields respectively, in addition to 50% joint-operating interests in the License No. P013 consisting of the Teal, Teal South and Guillemot A fields, as well as 19.3% non-operating interest in the License No. P185 licence consisting of the Cook field. The Teal, Teal South, Guillemot A and Cook fields which produce oil and gas to the Anasuria floating production storage and offloading vessel ("Anasuria FPSO") facility are collectively known as the Anasuria Cluster. The Anasuria Cluster is located offshore in the UK sector of North Sea. Please also refer to Part A, Note 11 of this Quarterly Report.*

(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, was awarded the VIC/P74 permit in the offshore Gippsland Basin by the National Offshore Petroleum Titles Administrator ("**NOPTA**"). The 1,006 km<sup>2</sup> 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 had 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.

Subsequently, on 3 October 2019, the Company announced that Carnarvon Hibiscus Pty Ltd ("**Carnarvon Hibiscus**"), an indirect wholly-owned subsidiary of Hibiscus Petroleum, had exercised its option to farm into VIC/P74 (the "**Permit**") by acquiring a 50% interest in the Permit ("**Interest**") from 3D Oil. Subsequent to the above, Carnarvon Hibiscus entered into an Assignment Agreement with 3D Oil on 8 May 2020, and upon completion thereof at a later date, will execute an Instrument of Transfer of the Interest and a Joint Operating Agreement with 3D Oil, of which an agreed term is that 3D Oil shall remain as the operator of the Permit through the primary first 3 years of the prospect generation phase ("**First Phase**"). This work programme consists primarily of purchasing reprocessed 3D seismic data to progress geological and geophysical studies in order to finetune resource assessments and enable due prospect ranking. It has also been agreed between the parties that (a) if it is required that a well or wells be drilled after the First Phase, Carnarvon Hibiscus shall be the operator of the Permit but 3D Oil shall continue to be the operator for geological and geophysical operations, but (b) however, if there is a farm-in for a substantial interest in the Permit that will require drilling a well or wells by the farmee, the farmee will become the operator instead for all operations.

Please refer to our announcements dated 26 July 2019 and 3 October 2019 for further details.

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**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 Period.

**6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER**

There were no material events subsequent to the end of the Current Period up to the date of this Quarterly Report.

**7 CHANGES IN THE COMPOSITION OF THE GROUP**

Save as disclosed below, there were no other changes in the composition of the Group during the Current Period.

On 14 April 2020, the Company's wholly-owned subsidiary, Atlantic Hibiscus Sdn Bhd became the sole shareholder of Hibiscus Energy UK Limited (Company No. 12554647) ("**Hibiscus Energy UK**") a company incorporated under the laws of England and Wales, with an issued and paid-up share capital of 1 ordinary share of Great Britain Pound ("**GBP**")1.00.

**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 Period.

**10 BORROWINGS, DEBT AND EQUITY SECURITIES**

Save as disclosed below, there were no issuances, cancellations, repurchases, resale, exercise of Warrants C, drawdown and repayments of borrowings, debt and equity securities during the Current Period.

	<b>PERIOD ENDED 31.03.2020</b>	
	<b>Number of shares</b>	<b>Share capital RM'000</b>
ORDINARY SHARES		
As at 31.03.2020/01.07.2019	1,588,228,791	764,965

In the Current Period, the Group drew down a term loan amounting to RM49.3 million for working capital requirements.

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**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                             | <p>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, South Furious 30 and Barton and existing pipeline infrastructure, the Labuan Crude Oil Terminal ("LCOT"), and all other equipment and assets relating to the PSC.</p> <p>The functional currency of this segment is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.1788 and 4.3166 respectively.</p>   |
| (ii)  | Anasuria Hibiscus                       | <p>Group's investments and operations in the UK, consisting of (i) the Anasuria Cluster, a producing asset, and (ii) Marigold and Sunflower fields, a development asset, both located offshore in the UK Continental Shelf.</p> <p>Anasuria Cluster:</p> <ul style="list-style-type: none"> <li>• Group's 50% interest in the License No. P013 containing the Guillemot A, Teal and Teal South producing fields, 19.3% participating interests in the License No. P185 containing the Cook producing field, 50% interests in the Anasuria FPSO and 50% interests in the Anasuria Operating Company Limited ("AOCL"). The Group jointly operates the producing fields under License No. P013 and the Anasuria FPSO via AOCL.</li> </ul> <p>Marigold and Sunflower fields:</p> <ul style="list-style-type: none"> <li>• Group's 50% interest in two blocks under License No. 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.</li> </ul> <p>License No. P2366:</p> <ul style="list-style-type: none"> <li>• Group's 100% interest in License No. P2366.</li> </ul> <p>The functional currency of the segment is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.1788 and 4.3166 respectively.</p> |
| (iii) | 3D Oil, VIC/L31 & VIC/P57               | <p>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.</p> <p>The functional currency of the segment is the Australian Dollar ("AUD"). The average and closing rates adopted for conversion to RM in the Current Period are 2.8041 and 2.6514 respectively.</p>  |
| (iv)  | Investment holding and group activities | <p>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.</p>   |

^ 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 actions in Singapore and Norway against various parties in relation to the Lime Group) and HIREX. Both Lime and HIREX are in the process of being wound up.

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**11 OPERATING SEGMENTS (CONT'D)**

	North Sabah	Anasuria Hibiscus	3D Oil, VIC/P57 & VIC/L31	Investment holding and group activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>As at 31.03.2020</u></b>					
Non-current assets	664,268	1,358,338	214,907	23,174	2,260,687
Included in the segment assets is:					
Investment in an associate	-	-	4,187	-	4,187
Additions to non-current assets	194,185	98,962 <sup>^</sup>	557	8,427	302,131
<b><u>Period ended 31.03.2020</u></b>					
Project management, technical and other service fees	-	-	-	2,976	2,976
Sales of crude oil and gas	404,994	198,998	-	-	603,992
Interest income	-	-	-	41	41
Revenue	404,994	198,998	-	3,017	607,009
Depreciation and amortisation	(55,528)	(46,137)	-	(2,557)	(104,222)
Profit/(loss) from operations	165,971	64,170	(5,104)	(14,744)	210,293
Impairment of investment in an associate	-	-	(808)	-	(808)
Share of results	-	-	(269)	-	(269)
Finance costs	(17,276)	(12,430)	-	(566)	(30,272)
Interest income	227	428	1	-	656
Taxation	(71,196)	(12,463)	-	-	(83,659)
Profit after taxation (" <b>PAT</b> ")/ (Loss after taxation (" <b>LAT</b> "))	77,726	39,705	(6,180)	(15,310)	95,941
EBITDA/(Loss Before Interest, Taxes, Depreciation and Amortisation (" <b>LBITDA</b> "))	221,726	110,735	(6,180)	(12,187)	314,094

<sup>^</sup> Additions to non-current assets for Anasuria Hibiscus included RM8.4 million invested during the Current Period for Block 15/13a (Marigold) and Block 15/13b (Sunflower).

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**11 OPERATING SEGMENTS (CONT'D)**

	North Sabah	Anasuria Hibiscus	3D Oil, VIC/P57 & VIC/L31	Investment holding and group activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>As at 31.03.2019</u></b>					
Non-current assets	385,136	1,093,514	233,837	29,417	1,741,904
Included in the segment assets is:					
Investment in an associate	-	-	5,814	-	5,814
Additions to non-current assets	3,259	240,330 ^^	-	8,069	251,658
<b><u>Period ended 31.03.2019</u></b>					
Project management, technical and other services fees	-	-	-	3,563	3,563
Sales of crude oil and gas	438,834	308,374	-	-	747,208
Interest income	-	-	-	463	463
Revenue	438,834	308,374	-	4,026	751,234
Depreciation and amortisation	(40,110)	(48,489)	-	(2,305)	(90,904)
Profit/(loss) from operations	177,493	175,275	(1,728)	(20,955)	330,085
Reversal of impairment of investment in an associate	-	-	1,335	-	1,335
Share of results	-	-	(255)	-	(255)
Finance costs	(20,983)	(10,611)	-	(703)	(32,297)
Interest income	191	42	4	-	237
Taxation	(60,629)	(33,189)	-	-	(93,818)
PAT/(LAT)	96,072	131,517	(644)	(21,658)	205,287
EBITDA/(LBITDA)	217,794	223,806	(644)	(18,650)	422,306

^^ Additions to non-current assets for Anasuria Hibiscus included RM161.6 million invested during the Corresponding Period for Block 15/13a (Marigold) and Block 15/13b (Sunflower).

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**12 SIGNIFICANT RELATED PARTY TRANSACTIONS**

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER QUARTER ENDED 31.03.2020 RM'000	QUARTER ENDED 31.03.2019 RM'000	CUMULATIVE QUARTER PERIOD ENDED 31.03.2020 RM'000	PERIOD ENDED 31.03.2019 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum UK Limited	972	1,058	2,976	3,473
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	-	4	3	13
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	1	2	4	3
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	-	(196)	(131)	(437)

**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 31 March 2020:

	RM'000
Approved and contracted for:	
Group's capital commitments	5,975
Share of a joint operation's capital commitments	14,989
Total capital commitments approved and contracted for	20,964
Share of a joint operation's other material commitments	38,989
	59,953
Approved but not contracted for:	
Group's capital commitments	24,739
Share of a joint operation's capital commitments	2,382
Total capital commitments approved but not contracted for	27,121
Share of a joint operation's other material commitments	5,128
	32,249



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**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	Current Year Quarter	Immediate Preceding Quarter	Current Year Quarter vs Immediate Preceding Quarter
	31.03.2020 RM'000	31.03.2020 RM'000	31.12.2019 RM'000	(Change in %)
<b>North Sabah</b>				
Revenue	404,994	120,129	195,922	(39)
EBITDA	<b>221,726</b>	<b>65,322</b>	<b>109,858</b>	<b>(41)</b>
Profit before taxation ("PBT")	148,922	42,923	79,696	(46)
Taxation	(71,196)	(18,314)	(34,923)	48
PAT	77,726	24,609	44,773	(45)
<b>Anasuria Hibiscus</b>				
Revenue	198,998	54,752	74,971	(27)
EBITDA	<b>110,735</b>	<b>40,774</b>	<b>34,881</b>	<b>17</b>
PBT	52,168	19,262	15,002	28
Taxation	(12,463)	(2,926)	(5,080)	42
PAT	39,705	16,336	9,922	65
<b>3D Oil, VIC/L31 &amp; VIC/P57</b>				
Revenue	-	-	-	-
(LBITDA)/EBITDA	<b>(6,180)</b>	<b>(5,588)</b>	<b>936</b>	-
Loss before taxation ("LBT")/PBT	(6,180)	(5,588)	936	-
Taxation	-	-	-	-
(LAT)/PAT	(6,180)	(5,588)	936	-
<b>Investment holding and group activities</b>				
Revenue	3,017	983	953	3
LBITDA	<b>(12,187)</b>	<b>(5,782)</b>	<b>(3,357)</b>	<b>(72)</b>
LBT	(15,310)	(6,892)	(4,383)	(57)
Taxation	-	-	-	-
LAT	(15,310)	(6,892)	(4,383)	(57)
<b>Group</b>				
Revenue	607,009	175,864	271,846	(35)
EBITDA	<b>314,094</b>	<b>94,726</b>	<b>142,318</b>	<b>(33)</b>
PBT	179,600	49,705	91,251	(46)
Taxation	(83,659)	(21,240)	(40,003)	47
PAT	95,941	28,465	51,248	(44)

**15 PERFORMANCE REVIEW (CONT'D)**

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

**(A) Statements of Profit or Loss**

*(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, holds 50% participating interests in the 2011 North Sabah EOR PSC.

The North Sabah segment recorded revenue of RM405.0 million in the Current Period. Gross profit and EBITDA attained were RM252.8 million and RM221.7 million respectively. Gross profit margin and EBITDA margin over revenue were relatively high at 62.4% and 54.7% respectively as a result of a reasonably high average realised oil price and a low average operating costs ("**OPEX**") per barrel ("**bbl**").

1,617,432 bbls of crude oil were sold at an average realised oil price of USD60.34 per bbl. Average OPEX per bbl was USD13.47. The OPEX per bbl included amounts incurred for planned maintenance activities performed at the offshore platforms at South Furious, Barton and St Joseph. Such activities which included topside maintenance, well maintenance/intervention and pipeline inspection were mostly completed during the financial quarter ended 30 September 2019.

The average net oil production rate in the Current Period was 5,964 bbl per day while average uptime was 89%.

Segment PBT was RM148.9 million. It was derived mainly after deducting the following items from EBITDA, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM54.7 million;
- Unwinding of discount on deferred consideration and non-current payables of RM9.9 million; and,
- Unwinding of discount on provision for decommissioning costs of RM5.9 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 38.0%. Total net tax expenses in the Current Period were RM71.2 million. The resulting effective tax rate over PBT was therefore 47.8%. This was higher than the PITA rate of 38.0% mainly due to recognition of tax liabilities to adjust certain tax-related estimates originally advised by the previous operator of the North Sabah asset upon completion of the acquisition of the asset on 31 March 2018. Adjustments to such estimates were confirmed by the sellers to SEA Hibiscus during the financial quarter ended 30 September 2019, upon them finalising their annual statutory tax submissions and are non-recurring in nature.

**15 PERFORMANCE REVIEW (CONT'D)**

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

- **Current quarter results**

The North Sabah segment recorded revenue and gross profit of RM120.1 million and RM71.3 million respectively in the current financial quarter ended 31 March 2020 ("**Current Quarter**"). Gross profit margin achieved was 59.4%.

During the Current Quarter, the segment sold 611,367 bbls of crude oil at an average realised oil price of USD47.72 per bbl. Both average uptime and OPEX per bbl were at healthy levels. Average uptime achieved was 89% while average OPEX per bbl amounted to USD13.16.

EBITDA for the Current Quarter amounted to RM65.3 million, i.e. a 54.4% margin over revenue.

Both gross profit margin and EBITDA margin remained reasonably high despite the relatively low average realised oil price due to the careful management of costs with the objective of achieving low operational expenditure.

Segment PBT was RM42.9 million, mainly after deducting amortisation of intangible assets and depreciation of oil and gas assets (RM15.4 million), unwinding of discount on deferred consideration and non-current payables (RM3.4 million) and unwinding of discount on provision for decommissioning costs (RM2.0 million) from EBITDA.

The segment's total net tax expenses in the Current Quarter were RM18.3 million. The effective tax rate over PBT was 42.7%. Net tax expenses incurred in the Current Quarter were largely due to taxes levied on taxable profits generated from operations, partly off-set by a reversal of deferred tax liabilities.

**(ii) Anasuria Hibiscus**

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

The Anasuria Hibiscus segment recorded revenue and gross profit of RM199.0 million and RM123.7 million respectively in the Current Period.

In the Current Period, from this segment of our business, we sold 760,654 bbls of crude oil in three offtakes at an average realised oil price of USD59.33 per bbl.

The average daily oil equivalent production rate in the Current Period was 2,911 bbl of oil equivalent ("**boe**") per day while average uptime was 84%. Average OPEX per boe recorded for the Current Period was USD20.88. The high OPEX per boe was largely caused by the planned shutdown of the Anasuria FPSO for maintenance activities ("**2019 Offshore Turnaround**") which commenced at the end of June 2019 and duly completed in the financial quarter ended 30 September 2019. The FPSO facilities were completely shut down for this maintenance exercise.

**15 PERFORMANCE REVIEW (CONT'D)**

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

EBITDA generated during the Current Period amounted to RM110.7 million, i.e. a 55.6% margin over revenue.

Segment PBT was RM52.2 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM45.9 million; and,
- Unwinding of discount on provision for decommissioning costs of RM11.5 million.

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 30.0% and 10.0% respectively. The segment recorded a net tax charge in the Current Period amounting to RM12.5 million, representing an effective tax rate over PBT of 23.9%. This was lower than the statutory rates stated, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the supplementary charge tax regime.

- **Current quarter results**

In the Current Quarter, from this segment of our business, we sold 238,605 bbls of crude oil at an average realised oil price of USD50.59 per bbl. Total revenue achieved was RM54.8 million, whilst gross profit was RM39.6 million.

The Anasuria asset achieved average uptime of 90% and average daily oil equivalent production rate of 3,177 boe per day. Average OPEX per boe recorded was USD14.92, while gross profit margin was 72.4%.

OPEX per boe recorded was relatively low. It was a result of both an increase in production due to higher uptime as well as lower OPEX incurred in the Current Quarter. The lower OPEX is driven by a combination of reduction in costs due to the lower oil price environment, deferral of activities to mitigate COVID-19 risks as well as the optimisation in timing of one-off activities in calendar year 2020.

The Anasuria Hibiscus segment achieved an EBITDA of RM40.8 million (74.5% margin over revenue) in the Current Quarter.

**15 PERFORMANCE REVIEW (CONT'D)**

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

PBT stood at RM19.3 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM17.3 million; and,
- Unwinding of discount on provision for decommissioning costs of RM4.0 million.

The segment recorded a net tax charge in the Current Quarter amounting to RM2.9 million, or 15.2% over PBT.

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

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

During the Current Period, the segment recorded LAT of RM6.2 million.

The USD had appreciated against the segment's functional currency, the AUD, during the Current Period. The period-end retranslation of the segment's USD-denominated payables resulted in unrealised foreign exchange losses amounting to RM4.5 million. A large portion of such USD-denominated payables are to inter-companies, and as a result, there was no adverse impact to the Group.

In addition, following an assessment of the carrying value of investment in an associate, the Group has recognised an impairment of RM0.8 million.

There were also costs incurred for professional fees, project management fees, administrative expenses and share of results of the associate.

- **Current quarter results**

The segment recorded LAT of RM5.6 million in the Current Quarter.

This was mainly due to an adverse foreign exchange impact of RM4.4 million which arose from the appreciation of the USD against the AUD, impacting the quarter-end revaluation of USD-denominated inter-company payables.

During the Current Quarter, the Group recognised an impairment of RM0.8 million on the carrying value of its investment in an associate.

**15 PERFORMANCE REVIEW (CONT'D)**

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

**(iv) Investment holding and group activities**

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

LAT for the Current Period amounted to RM15.3 million.

Expenses recognised relate largely to corporate overheads, legal-related charges, maintenance fees for the Britannia Rig, unrealised foreign exchange losses (due to appreciation of the USD adversely impacting the period-end revaluation of USD-denominated inter-company payables), depreciation of computer equipment and business development expenses.

- **Current quarter results**

Segment LAT in the Current Quarter was RM6.9 million. Major components of expenses recorded for were corporate overheads, legal-related charges, unrealised foreign exchange losses, maintenance fees for the Britannia Rig, depreciation of computer equipment and business development expenses.

**(B) Statements of Financial Position**

**(i) Non-current Assets**

The Group's non-current assets as at 31 March 2020 amounted to RM2,260.7 million compared to RM1,982.9 million as at 30 June 2019.

The increase was mainly driven by capital expenditure invested for both the North Sabah and Anasuria assets during the Current Period.

RM136.3 million was incurred in North Sabah, largely for the South Furious 30 Infill Drilling and the St Joseph Infill Drilling projects which amounted to RM63.3 million and RM42.9 million respectively. In addition, Petroliam Nasional Berhad ("PETRONAS") had on 17 October 2019 approved the South Furious 30 Water Flood Phase 1 project development plan which entails the drilling and completion of one infill water injection well intended for reservoir re-pressurization to scope out the effectiveness of water injection pressure support to help further define the full field water injection project. Topside modification entailed deck strengthening and extension works. Following the completion of the drilling of the water injector in November 2019, topside modification work commenced during the Preceding Quarter. Total capital expenditure incurred in the Current Period amounted to RM26.8 million.

**15 PERFORMANCE REVIEW (CONT'D)**

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

Capital expenditure programs invested in the Anasuria asset during the Current Period included RM62.9 million for the drilling of a side-track from the GUA-P1 oil producing well on the Guillemot A field (“**GUA-P1 ST**”). A further RM17.8 million was invested for the Cook Water Injection (“**Cook WI**”) project. Anasuria Hibiscus UK also invested approximately RM8.4 million for the on-going field development plan phase of the Marigold and Sunflower fields.

In addition to the above, Anasuria Hibiscus UK had paid an amount equivalent to RM23.4 million in the Current Period for its proportionate obligations for the estimated cost of decommissioning the facilities of the Anasuria Cluster into a trust. As such decommissioning activities are expected to be carried out at the end of life of the Anasuria Cluster, these monies in the trust are classified as non-current assets.

**(ii) Current Assets**

Current assets decreased from RM410.3 million as at 30 June 2019 to RM356.4 million as at 31 March 2020.

This was largely due to the lower cash and bank balances of RM145.9 million compared to 30 June 2019. Net cash inflow from operations in both the Anasuria Hibiscus and North Sabah segments during the Current Period were utilised to finance obligations arising from the investments in capital expenditures in excess of RM200.0 million. In addition, the following notable payments were made during the Current Period:

- RM85.9 million for taxation liabilities across both the North Sabah and Anasuria assets;
- RM69.1 million for the 2019 calendar year's portion of decommissioning liabilities related to the North Sabah asset in December 2019;
- RM23.4 million for Anasuria Hibiscus UK's proportionate obligations for the estimated cost of decommissioning the facilities of the Anasuria Cluster into a trust; and,
- RM20.9 million (USD5.0 million) for the second and final tranche of deferred consideration relating to the acquisition of 50% participating interests in the 2011 North Sabah EOR PSC in March 2020, per the agreed schedule.

This was partly off-set higher net operational-related receivables in SEA Hibiscus and Anasuria Hibiscus UK by approximately RM100.3 million and RM7.0 million respectively, mainly driven by higher amounts to be reimbursed by the respective joint venture partners for the different assets operated in each entity, which were outstanding as at 31 March 2020.

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**15 PERFORMANCE REVIEW (CONT'D)**

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

**(iii) Total Liabilities**

The Group's total liabilities amounted to RM1,251.1 million as at 31 March 2020, an increase of RM95.5 million from RM1,155.6 million as at 30 June 2019.

During the Current Quarter, the Group had drawn down a term loan to aid its working capital requirements. The amount outstanding as at 31 March 2020 amounted to RM48.7m.

In addition, as at the end of the Current Period, outstanding operations-related payables and accruals for the North Sabah asset increased by approximately RM27.0 million compared to 30 June 2019. The increase was mainly caused by amounts incurred for the St Joseph Infill Drilling, the South Furious 30 Infill Drilling and the South Furious 30 Water Flood Phase 1 projects.

**(iv) Total Equity**

The increase in total equity during the Current Period by RM128.4 million was mainly attributable to net earnings generated from both the Anasuria and North Sabah assets.

**(C) Statement of Cash Flows**

**(i) Cash flow from operating activities**

Net cash generated from operating activities for the Current Period was RM98.7 million. It comprised mainly of net 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 used in investing activities**

The Group's net cash used in investing activities during the Current Period amounted to RM291.9 million.

RM136.3 million was invested in capital expenditures for the North Sabah asset.

In addition to the above, Anasuria Hibiscus UK invested RM94.3 in capital expenditures during the Current Period.

**(iii) Cash flow used in financing activities**

Net cash generated from financing activities during the Current Period was RM44.6 million, arising from the drawdown of a term loan in January 2020.



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**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 RM65.3 million in the Current Quarter as compared to RM109.9 million in the financial quarter ended 31 December 2019 (“**Preceding Quarter**”).

In the Current Quarter, SEA Hibiscus sold 611,367 bbls of crude oil as compared to 671,452 bbls in the Preceding Quarter. Average realised oil price achieved in the Current Quarter was USD47.72 per bbl whilst USD70.19 per bbl was achieved in the Preceding Quarter. Accordingly, the segment generated RM120.1 million revenue and RM71.3 million gross profit in the Current Quarter, lower than that in the Preceding Quarter, where revenue and gross profit were RM195.9 million and RM123.2 million respectively.

Lower average realised oil price achieved coupled with a lower number of bbls of crude oil sold in the Current Quarter resulted in a reduction of EBITDA by RM44.5 million when compared to the Preceding Quarter.

The average uptime of the North Sabah production facilities of 89%, achieved during the Current Quarter, is lower when compared to the Preceding Quarter’s 93%. This was mainly attributed to the repair work on the South Furious risers which took place early in the Current Quarter. Despite the lower average uptime, average net oil production rate marginally increased during the Current Quarter (6,436 bbl per day) when compared to the Preceding Quarter (6,318 bbl per day).

Average OPEX per bbl has increased marginally from USD12.23 in the Preceding Quarter to USD13.16 in the Current Quarter. It was primarily due to the commencement of commissioning activities of leased equipment related to the South Furious 30 Water Flood Phase 1 project.

Net tax expenses incurred in the Current Quarter and the Preceding Quarter were due to taxes levied on profits generated from operations. In addition to that, there was recognition of tax liabilities to adjust certain tax-related estimates originally advised by the previous operator of the North Sabah asset upon completion of the acquisition of the asset on 31 March 2018 in the Preceding Quarter.

**(ii) Anasuria Hibiscus**

Revenue recorded in the Current Quarter amounted to RM54.8 million when compared to the Preceding Quarter’s revenue of RM75.0 million. The decrease of RM20.2 million was mainly due to lower average realised oil price achieved in the Current Quarter. Average realised oil price for the crude oil offtake in the Current Quarter was USD50.59 per bbl while in the Preceding Quarter, USD68.67 per bbl was realised.

Despite this, the segment recorded a higher EBITDA and PBT of RM40.8 million and RM19.3 million respectively in the Current Quarter as compared to that achieved in the Preceding Quarter, i.e. EBITDA of RM34.9 million and PBT of RM15.0 million.

EBITDA margin improved in the Current Quarter to 74.5%. In the Preceding Quarter, it was 46.5%. This has been largely driven by better operational performance in the Current Quarter with the Anasuria Cluster achieving an average uptime of 90%, against 85% recorded in the Preceding Quarter. Average OPEX per boe also improved to USD14.92 in the Current Quarter as compared to USD22.64 in the Preceding Quarter.

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

The much improved OPEX per boe in the Current Quarter was driven by both an increase in production due to higher uptime as well as lower OPEX incurred in the Current Quarter. The lower OPEX is driven by a combination of reduction in costs due to the lower oil price environment, a deferral of activities to mitigate COVID-19 risks as well as the optimisation in timing of maintenance activities in calendar year 2020. In addition, in the Preceding Quarter, a diving campaign to conduct well inspections, maintenance and activities to install a gas lift jumper to the recently drilled GUA-P1 ST well was successfully executed. During that campaign, production in the Preceding Quarter was partially impacted which resulted in the higher OPEX per boe that was previously reported.

There were also higher net favourable unrealised foreign exchange differences between the Current Quarter and the Preceding Quarter of RM16.1 million. This was due to the depreciation of the GBP as at 31 March 2020, which had a favourable effect when Anasuria Hibiscus UK performed the periodic revaluation of the carrying value of the provision for decommissioning costs which is denominated in GBP.

Net tax charge in the Current Quarter amounted to RM2.9 million compared to RM5.1 million in the Preceding Quarter. The net charge in the Current Quarter was lower despite higher PBT mainly due to a reversal of income tax liabilities previously recognised in the Preceding Quarter and in the financial quarter ended 30 September 2019 subsequent to a re-assessment of year-to-date income tax obligations.

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

During the Current Quarter, the segment recorded a LAT of RM5.6 million as compared to a PAT of RM0.9 million in the Preceding Quarter.

Results after taxation in both the Current Quarter and the Preceding Quarter were largely driven by fluctuations in unrealised foreign exchange differences arising from the quarter-end retranslation of the segment's USD-denominated payables.

**(iv) Investment holding and group activities**

This segment recorded a LAT in the Current Quarter of RM6.9 million, which was RM2.5 million higher than the LAT of RM4.4 million in the Preceding Quarter. This was mainly attributed to higher net adverse foreign exchange impact of RM3.6 million which arose from the appreciation of the USD adversely impacting the revaluation of USD-denominated inter-company payables at the end of the Current Quarter.

This was partially off-set by lower corporate overheads.

**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.

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

**(i) Warrants C**

As of 19 May 2020, 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 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 April 2019 to end-April 2020:



The big decrease in crude oil price, as shown above, is primarily due to a substantial reduction in demand caused by measures taken globally to combat the COVID-19 pandemic. These include global restrictions on movement and travel with severe limitations being placed on the conduct of economic activity. Over recent weeks, the OPEC+ consortium has been taking steps to reduce production and these efforts coupled with a voluntary shutting-in of production that is uneconomic at these price levels, are slowly having the effect of stabilizing oil prices at the USD30.00 per bbl range.

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

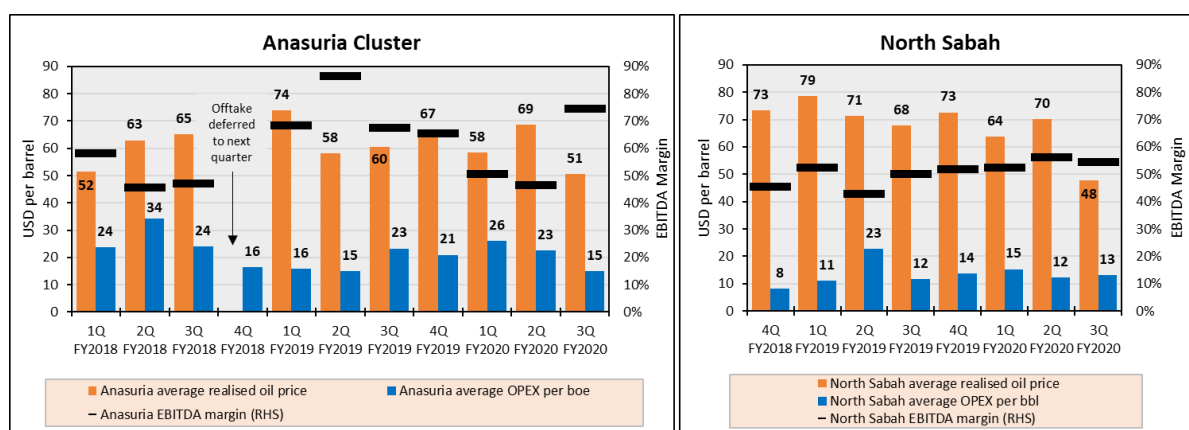
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**19 PROSPECTS OF THE GROUP (CONT'D)**

4. Movement of foreign exchange rates, mainly:
  - USD vs RM:
    - as our revenues from the Anasuria and North Sabah assets are secured in USD;
    - as the base currency used for the Anasuria and North Sabah assets 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.

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's EBITDA margin in Q4 of the financial year ended 30 June 2018 excludes the impact of negative goodwill of RM93.8m.*

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**19 PROSPECTS OF THE GROUP (CONT'D)**

Hibiscus Petroleum has activated its asset action plans to mitigate the effects of low oil prices over calendar year 2020 (“**CY2020**”) period. Both teams in the North Sabah and Anasuria assets are targeting a reduction in unit production costs (“**UPC**”) for CY2020 through the deferral of non-critical OPEX activities and prudent management of general and administrative expenses. Through this careful management of OPEX, the Group is focused on maintaining positive operating cashflows, with UPC targets for CY2020 in the Anasuria Cluster and North Sabah of USD18.50 per boe and USD15.00 per bbl respectively.

There is no major capital expenditure planned for the Anasuria Cluster in CY2020, while the North Sabah asset team has undertaken efforts to optimise development capex for the CY2020 drilling campaign to ensure the clear economic viability of projects even with prevailing low crude prices. This has resulted in the asset targeting a reduction of unit development costs from USD14.20 per bbl to USD10.50 per bbl over the CY2020 period.

Our target for the current financial year ending 30 June 2020 (“**FY2020**”) currently stands at 3.2 MMbbl of oil. The planned offtakes for Q4 FY2020 may potentially be deferred to Q1 of the financial year ending 30 June 2021 in order to realise higher crude price in both the North Sabah and Anasuria assets. As a forward step for the remaining period of CY2020, the Group has locked in future sales of 750,000 bbls at an average price of USD35.00 per bbl at North Sabah.

In the current environment of COVID-19 and low crude oil prices, the key focus of the Group is to mitigate risks posed by these events to ensure business continuity and safe operations.

Notwithstanding the above, the Group, in conjunction with its external auditors, conducts impairment assessments on all of its assets on an annual basis at the end of each financial year. In view of recent adverse oil price movements, the Group has initiated detailed analysis of such assessments on its assets. The Group will take a prudent view of oil price assumptions and the reporting of any impairment in respects of our assets will be disclosed when the appropriate reviews are concluded.

**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 Period.

**22 PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

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

**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.

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**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 PER SHARE**

The basic earnings per share is arrived at 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/period.

Diluted earnings per share is determined 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/period.

		<b>INDIVIDUAL QUARTER QUARTER ENDED 31.03.2020</b>	<b>QUARTER QUARTER ENDED 31.03.2019</b>	<b>CUMULATIVE QUARTER PERIOD ENDED 31.03.2020</b>	<b>PERIOD PERIOD ENDED 31.03.2019</b>
Profit after taxation attributable to owners of the Company (RM'000)	(A)	28,465	55,181	95,941	205,287
Weighted average number of shares for basic earnings per share computation ('000)	(B)	1,588,229	1,588,229	1,588,229	1,588,229
Effects of dilution of Warrants C ('000)		-	-	-	-
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	1,588,229	1,588,229	1,588,229	1,588,229
Basic earnings per share (sen)	(A/B)	1.79	3.47	6.04	12.93
Diluted earnings per share (sen)	(A/C)	1.79	3.47	6.04	12.93

**26 OTHER INCOME**

	<b>INDIVIDUAL QUARTER QUARTER ENDED 31.03.2020 RM'000</b>	<b>QUARTER QUARTER ENDED 31.03.2019 RM'000</b>	<b>CUMULATIVE QUARTER PERIOD ENDED 31.03.2020 RM'000</b>	<b>PERIOD PERIOD ENDED 31.03.2019 RM'000</b>
Sundry income	(402)	16	445	1,232
Interest income	201	50	656	237
Realised gain on foreign exchange #	1,176	-	-	-
	975	66	1,101	1,469

# The realised foreign exchange gain is not derived from the trading of futures contracts nor futures foreign exchange trading.

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**27 PROFIT BEFORE TAXATION**

	<b>INDIVIDUAL QUARTER</b>	<b>QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>PERIOD</b>
	<b>QUARTER</b>	<b>QUARTER</b>	<b>PERIOD</b>	<b>PERIOD</b>
	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment and intangible assets	34,048	22,659	104,222	90,905
Interest income	(211)	(189)	(697)	(700)
Finance costs	10,973	10,502	30,272	32,297
Unrealised loss on foreign exchange ##	755	3,073	7,009	3,210
Realised (gain)/loss on foreign exchange ##	(1,176)	1,456	1,715	1,557
Share of results of an associate	108	71	269	255
Impairment/(reversal of impairment) of investment in an associate	808	-	808	(1,335)
Impairment of receivables	2,618	-	2,618	-
Write-off of fixed assets	21	-	21	-

## 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 Period.

**28 TAXATION**

	<b>INDIVIDUAL QUARTER</b>	<b>QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>PERIOD</b>
	<b>QUARTER</b>	<b>QUARTER</b>	<b>PERIOD</b>	<b>PERIOD</b>
	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income taxation	(14,178)	(34,012)	(8,902)	(79,193)
Deferred taxation	(7,062)	7,224	(74,757)	(14,625)
	(21,240)	(26,788)	(83,659)	(93,818)

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**28 TAXATION (CONT'D)**

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
<b>North Sabah</b>				
Income taxation	(18,220)	(27,616)	(5,271)	(55,930)
Deferred taxation	(94)	2,042	(65,925)	(4,699)
<b>Total</b>	<b>(18,314)</b>	<b>(25,574)</b>	<b>(71,196)</b>	<b>(60,629)</b>
<b>Anasuria Hibiscus</b>				
Income taxation	4,042	(6,396)	(3,631)	(23,263)
Deferred taxation	(6,968)	5,182	(8,832)	(9,926)
<b>Total</b>	<b>(2,926)</b>	<b>(1,214)</b>	<b>(12,463)</b>	<b>(33,189)</b>
<b>3D Oil, VIC/L31 &amp; VIC/P57</b>				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investment holding and group activities</b>				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Group</b>				
Income taxation	(14,178)	(34,012)	(8,902)	(79,193)
Deferred taxation	(7,062)	7,224	(74,757)	(14,625)
<b>Total</b>	<b>(21,240)</b>	<b>(26,788)</b>	<b>(83,659)</b>	<b>(93,818)</b>

**Income Taxation**

• North Sabah

The tax regime under which Malaysian oil and gas activities are governed, and is thus applicable to SEA Hibiscus, is PITA. The provisions of PITA are applied to net taxable petroleum income at the rate of 38.0%.

• 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 30.0% and 10.0% respectively.



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**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.

**29 BORROWINGS**

Details of borrowings as at 31 March 2020 were as follows:

	<b>As at 31.03.2020 RM'000</b>	<b>As at 30.06.2019 RM'000</b>
<b><u>Non-current</u></b>		
<b><u>Secured</u></b>		
Finance lease liabilities	-	3,791
Lease liabilities	8,037	-
	<hr/>	<hr/>
	8,037	3,791
<b><u>Current</u></b>		
<b><u>Secured</u></b>		
Finance lease liabilities	-	1,041
Lease liabilities	3,654	-
<b><u>Unsecured</u></b>		
Term loan	48,683	-
	<hr/>	<hr/>
	52,337	1,041
	<hr/>	<hr/>
	60,374	4,832

Save for the term loan drawdown (refer to Part A, Note 10 of this Quarterly Report) and recognition of lease liabilities arising from the adoption of MFRS 16, there were no other material changes to borrowings during the Current Period.

**By Order of the Board of Directors**  
**Hibiscus Petroleum Berhad**  
**19 May 2020**