

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

**Unaudited Quarterly Financial Report**  
**30 June 2021**

*(Note: This Unaudited Quarterly Financial Report is supplemented by the Corporate and Business Update released on the same day, on 26 August 2021.)*

**HIBISCUS PETROLEUM BERHAD**  
**(Registration Number: 200701040290 (798322-P))**  
**(Incorporated in Malaysia)**  
**QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2021**

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

	Note	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2021 RM'000	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2020 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2021 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2020 RM'000
Revenue		253,019	39,495	804,781	646,504
Cost of sales		(81,497)	(21,317)	(304,021)	(248,807)
<b>GROSS PROFIT</b>		<b>171,522</b>	<b>18,178</b>	<b>500,760</b>	<b>397,697</b>
Other income	27	1,058	14,019	14,622	6,396
Administrative expenses		(39,920)	(132,886)	(121,699)	(190,419)
Other expenses		(44,353)	(40,796)	(182,839)	(145,018)
Finance costs		(10,249)	(12,710)	(42,179)	(42,982)
Share of results of an associate		(100)	(116)	(1,062)	(385)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	28	<b>77,958</b>	<b>(154,311)</b>	<b>167,603</b>	<b>25,289</b>
Taxation	29	(28,360)	9,116	(63,927)	(74,543)
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>49,598</b>	<b>(145,195)</b>	<b>103,676</b>	<b>(49,254)</b>
<b>PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:</b>					
- Owners of the Company		49,598	(145,195)	103,676	(49,254)
<b>EARNINGS/(LOSS) PER SHARE (SEN)</b>					
Basic	26	2.49	(9.14)	5.91	(3.10)
Diluted	26	2.46	(9.14)	5.61	(3.10)

Note:

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

	129,947	(100,805)	380,829	213,289
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(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 2020 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 30.06.2021 RM'000	QUARTER QUARTER ENDED 30.06.2020 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2021 RM'000	YEAR ENDED 30.06.2020 RM'000
<b>PROFIT/(LOSS) AFTER TAXATION</b>	49,598	(145,195)	103,676	(49,254)
Other comprehensive income/(expenses):				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation *	321	528	(36,311)	33,029
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE QUARTER/YEAR</b>	49,919	(144,667)	67,365	(16,225)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:</b>				
- Owners of the Company	49,919	(144,667)	67,365	(16,225)

\* 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 2020 and the accompanying explanatory notes attached to the financial statements.*

**HIBISCUS PETROLEUM BERHAD**  
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**QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 30.06.2020 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets		1,375,808	1,364,618
Equipment		604,833	587,378
Right-of-use assets		12,407	12,404
Other receivables		5,458	7,123
Investment in an associate		4,381	5,403
Restricted cash and bank balances		125,581	95,795
		2,128,468	2,072,721
<b>CURRENT ASSETS</b>			
Inventories		49,462	68,080
Trade receivables		112,905	11,441
Other receivables, deposits and prepayments		182,808	175,244
Other investment		136,430	-
Amount owing by a joint venture		318	481
Amount owing by an associate		-	62
Cash and bank balances		177,652	80,996
Tax recoverable		-	17,127
		659,575	353,431
<b>TOTAL ASSETS</b>		2,788,043	2,426,152
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	10	959,892	764,965
Other reserves		62,165	98,230
Retained earnings		451,865	358,112
		1,473,922	1,221,307
<b>NON-CURRENT LIABILITIES</b>			
Other payables		9,545	23,850
Borrowings	30	11,230	14,401
Convertible Redeemable Preference Shares ("CRPS") – Liability Component		5,677	-
Contingent consideration		19,683	2,363
Deferred tax liabilities		471,958	485,791
Provision for decommissioning costs		322,697	276,228
		840,790	802,633

*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 2020 and the accompanying explanatory notes attached to the financial statements.*

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

	Note	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 30.06.2020 RM'000
<b>CURRENT LIABILITIES</b>			
Trade payables		9,638	4,797
Other payables and accruals		293,072	275,684
Borrowings	30	15,540	59,864
Amount owing to a joint venture		318	318
Amount owing to an associate		119	-
Contingent consideration		25,251	-
Provision for decommissioning costs		58,677	58,717
Provision for taxation		70,497	2,613
Redeemable Convertible Preference Shares		219	219
		473,331	402,212
<b>TOTAL LIABILITIES</b>		1,314,121	1,204,845
<b>TOTAL EQUITY AND LIABILITIES</b>		2,788,043	2,426,152
<b>NET ASSETS PER SHARE (RM)</b>		0.74	0.77

*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 2020 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	CRPS – EQUITY COMPONENT RM'000	OTHER RESERVES RM'000	FOREIGN EXCHANGE RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
<b>12 months to 30.06.2021</b>						
As at 01.07.2020	764,965	-	389	97,841	358,112	1,221,307
Profit after taxation	-	-	-	-	103,676	103,676
Other comprehensive expenses, net of tax:						
- Foreign currency translation	-	-	-	(36,311)	-	(36,311)
Total comprehensive (expenses)/income for the year	-	-	-	(36,311)	103,676	67,365
Issuance of CRPS	-	8,518	-	-	-	8,518
Conversion of CRPS to new ordinary shares	194,923	(8,272)	-	-	-	186,651
Issuance of ordinary shares from exercise of Warrants C	4	-	-	-	-	4
Dividend paid	-	-	-	-	(9,923)	(9,923)
Total transactions with owners of the Company	194,927	246	-	-	(9,923)	185,250
As at 30.06.2021	959,892	246	389	61,530	451,865	1,473,922
<b>12 months to 30.06.2020</b>						
As at 01.07.2019	764,965	-	389	64,812	407,366	1,237,532
Loss after taxation	-	-	-	-	(49,254)	(49,254)
Other comprehensive income, net of tax:						
- Foreign currency translation	-	-	-	33,029	-	33,029
Total comprehensive income/(expenses) for the year	-	-	-	33,029	(49,254)	(16,225)
As at 30.06.2020	764,965	-	389	97,841	358,112	1,221,307

*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 2020 and the accompanying explanatory notes attached to the financial statements.*

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**QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR ENDED	
	30.06.2021 RM'000	30.06.2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	167,603	25,289
Adjustments for:		
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	171,047	145,018
Finance costs	42,179	42,982
Unrealised loss/(gain) on foreign exchange	10,476	(1,033)
Loss on disposal of equipment	2,228	-
Share of results of an associate	1,062	385
Impairment of intangibles assets	-	187,699
Impairment of equipment	-	8,632
Impairment of other receivables	-	3,496
Write-off of fixed assets	-	77
Fair value changes on other investment	(162)	-
Reversal of contingent consideration	(2,329)	-
Interest income	(2,464)	(871)
Gain on lease termination	-	(357)
Reversal of unrecovered recoverable cost	-	(78,182)
Operating profit before working capital changes	389,640	333,135
Inventories	16,399	(45,132)
Trade receivables	(98,846)	54,599
Other receivables, deposits and prepayments	61,228	(47,671)
Trade payables	4,950	(4,171)
Other payables and accruals	(64,625)	10,693
Amount owing by an associate	65	(60)
Amount owing to an associate	118	(17)
<b>Cash generated from operating activities</b>	308,929	301,376
Tax refund/(paid)	20,710	(95,231)
Movement in restricted cash and bank balances **	(32,663)	(29,686)
<b>Net cash generated from operating activities</b>	296,976	176,459
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Other investment	(136,268)	-
Purchase of equipment	(104,379)	(252,872)
Deposit for an investment	(61,838)	-
Acquisition of intangible assets	(33,082)	(70,554)
Interest received	2,464	871
Proceeds from disposal of equipment	3,600	-
Payment of deferred consideration	-	(21,066)
<b>Net cash used in investing activities</b>	(329,503)	(343,621)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayment)/drawdown of term loan	(49,358)	46,435
Net repayment of lease liabilities	(17,380)	(7,682)
Dividend paid	(9,923)	-
Net proceeds from issuance of ordinary shares	4	-
Net proceeds from issuance of CRPS	196,050	-
<b>Net cash generated from financing activities</b>	119,393	38,753
<b>Net increase/(decrease) in cash and cash equivalents</b>	86,866	(128,409)
<b>Effects of foreign exchange rate changes</b>	9,716	(993)
<b>Cash and cash equivalents at beginning of the financial year</b>	77,307	206,709
<b>Cash and cash equivalents at end of the financial year</b>	173,889	77,307
Cash and bank balances in the consolidated statements of financial position are as follows:		
<u>Non-current</u>		
Restricted cash and bank balances **	125,581	95,795
<u>Current</u>		
Cash and bank balances	177,652	80,996
Less: Restricted cash and bank balances ***	(3,763)	(3,689)
Cash and cash equivalents	173,889	77,307

\*\* 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.

\*\*\* SEA Hibiscus Sdn Bhd ("**SEA Hibiscus**") is required to place deposit with a financial institution as security for banking facilities obtained. The amount as at 30 June 2021 is RM3.761 million (30 June 2020: RM3.689 million). The balance of RM0.002 million as at 30 June 2021 represents minimum funds required to be kept in an Islamic trust account maintained with a licensed bank by an independent custodian in connection with the Private Placement of CRPS (please refer to Part A, Note 4 (i) of this Quarterly Report).

*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 2020 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 2020 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 2020.

**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 2020.

**2.1 Adoption of Amendments to Standards**

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2020:

The Conceptual Framework for Financial Reporting (Revised 2018)

Amendments to MFRS 101 and MFRS 108	<i>Definition of Material</i>
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Amendments to MFRS 3	<i>Definition of a Business</i>
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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.



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**2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**2.2 Standards issued but not yet effective**

Description		Effective for financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendment to MFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Annual Improvements to MFRSs 2018-2020	<i>MFRS 9 Financial Instruments, Illustrative Examples Accompanying MFRS 16 Leases</i>	1 January 2022
Amendments to MFRS 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS Practise Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023

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 assessing 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 financial year ended 30 June 2021 (“**Current Year**”):

(i) Fund raising via Private Placement of Islamic Convertible Redeemable Preference Shares (“**CRPS**”)

On 9 September 2020, Hong Leong Investment Bank Berhad (“**HLIB**”) and CIMB Investment Bank Berhad (“**CIMB**”), on behalf of the Board of Directors of the Company (“**Board**”), announced that the Company proposed to undertake the following proposals:

- a) Proposed allotment and issuance of up to 2,000,000,000 new CRPS by way of private placement exercise to raise up to RM2.00 billion (“**Private Placement of CRPS**”); and
- b) The proposed amendments to the Constitution of the Company to facilitate the issuance of the CRPS.

The CRPS are for placement to Malaysian and foreign investors who fall within the ambit of Schedules 6 and 7 of the Capital Markets and Services Act 2007.

The net proceeds (after deducting all costs and expenses relating to the issuance of the CRPS) raised from the issuance of the CRPS are to be utilised in relation to acquisitions and/or investments in producing assets (whether directly or indirectly, through entities holding such assets or otherwise) that meet specific qualifying parameters, including payment of associated transaction costs, transition costs and deposits for such assets.

The placement of the first tranche of the Private Placement of CRPS (“**CRPS-T1**”) was completed on 18 November 2020 with the allotment and issuance of 6,600 CRPS-T1 solely to Dr Kenneth Gerard Pereira. CRPS-T1 was not listed.

On 19 November 2020, the Company further allotted and issued in aggregate 203,604,500 CRPS pursuant to the second tranche of the Private Placement of CRPS (“**CRPS-T2**”). The 203,604,500 CRPS-T2 was listed on the Main Market of Bursa Securities with effect from 23 November 2020.

The maturity date of the CRPS is on 18 November 2022.

In addition, on 4 March 2021, on behalf of the Board, HLIB and CIMB had announced that Bursa Securities had resolved to grant an extension of time of 6 months from 22 March 2021 until 21 September 2021 for the Company to complete the implementation of the Private Placement of CRPS.

Please refer to our announcements dated 9 September 2020, 10 September 2020, 15 September 2020, 23 September 2020, 8 October 2020, 12 October 2020, 3 November 2020, 9 November 2020, 12 November 2020, 20 November 2020, 23 November 2020, 22 February 2021 and 4 March 2021 for further details.

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

(ii) Option to participate in the VIC/P74 Exploration Permit (“VIC/P74”) in Australia

Hibiscus Petroleum’s wholly-owned subsidiary, Oceania Hibiscus Sdn. Bhd. holds a 11.68% equity interest in 3D Oil Limited (“**3D Oil**”), a company listed on the Australian Stock Exchange.

On 26 July 2019, 3D Oil 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.

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 the transfer of interest contemplated thereunder was approved and registered by NOPTA on 6 July 2020. Carnarvon Hibiscus and 3D Oil have now executed an Instrument of Transfer, a Joint Operating Agreement (“**JOA**”) and a Deed of Cross Charge for the Permit (collectively the “**Instruments**”) and submitted them to NOPTA for approval and registration.

Under the JOA, it is agreed 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 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) 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 for all operations.

NOPTA’s approval was obtained on 7 October 2020, and the Instruments were registered on the same date, thereby facilitating the completion of Carnarvon Hibiscus’s acquisition of a 50% interest in the Permit.

Please refer to our announcements dated 26 July 2019, 3 October 2019, 8 October 2020 and 15 February 2021 for further details.

(iii) 32<sup>nd</sup> United Kingdom (“UK”) Offshore Licensing Round Awards

On 3 September 2020, the Group announced that Anasuria Hibiscus UK was offered the award of three licences, as part of the 32<sup>nd</sup> UK Offshore Licensing Round (“**Licensing Round**”) launched by the UK’s Oil and Gas Authority (“**OGA**”) in July 2019. The three licences are Licence No. P2535 (Block 21/24d), Licence No. P2518 (Block 15/17a) and Licence No. P2532 (Blocks 21/19c and 21/20c).

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

The Licensing Round offered blocks in mature, producing areas close to existing infrastructure, under flexible terms of the Innovate Licence which enables companies like Anasuria Hibiscus UK to define a licence duration and phasing that would result in the execution of an optimal work programme.

Pursuant to the OGA's offer for award received by Anasuria Hibiscus UK, the OGA had on 19 January 2021 advised that Licence No. P2535 and Licence No. P2518 were fully executed. The OGA further advised on 2 February 2021 that Licence No. P2532 was fully executed. The licence terms commenced from 1 December 2020 for a period of 4 years (Field Development Plan ("FDP") phase) with a subsequent term (production phase) to begin for a period of 18 years from the completion of the FDP phase.

a) Licence No. P2535 (Block 21/24d)

The block which has an area size of 57.86 square kilometres, contains the Teal West discovery, which is contiguous to the Teal field and is located approximately 4 kilometres from the Teal manifold of the Anasuria Cluster.

The block is held by Anasuria Hibiscus UK (70%) and Zennor Petroleum Limited (30%).

The Teal West discovery is expected to be a potential tieback candidate to the Anasuria floating production storage and offloading vessel ("**Anasuria FPSO**") in which Anasuria Hibiscus UK has significant interests.

Anasuria Hibiscus UK is to prepare a FDP for the Teal West discovery for approval by the OGA by end 2022, as part of the terms of the licence.

b) Licence No. P2518 (Block 15/17a)

This block of 9 square kilometres is located 8 kilometres from the Marigold field and is wholly held by Anasuria Hibiscus UK. It contains part of the Kildrummy discovery plus a minor part of the Beaumaris discovery and the Udny prospect.

It is hoped that the Kildrummy discovery becomes a potential tieback candidate to infrastructure implemented as part of the Marigold development.

As part of the terms of the licence, Anasuria Hibiscus UK is to provide a technical update to the OGA by December 2022, pursuant to carrying out seismic interpretation work.

c) Licence No. P2532 (Blocks 21/19c and 21/20c)

These blocks are contiguous with the Cook field.

The blocks that were awarded reflect a similar equity holding as that of the Cook field i.e. 19.325% for Anasuria Hibiscus UK, 61.35% for Ithaca Energy UK Limited, and 19.325% for Ping Petroleum UK Limited.

Please refer to our announcements dated 3 September 2020, 20 January 2021 and 3 February 2021 for further details.

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

(iv) Acquisition of 85% interest in the UK Continental Shelf Petroleum Production Licence No. P238 (Block 21/19a), Eagle Pre-Producing Area ("**Eagle Field**")

On 25 February 2021, the Group announced that Anasuria Hibiscus UK entered into a Sale and Purchase Agreement ("**SPA**") with EnQuest Heather Limited ("**EnQuest**") in respect of 85% interest in the UK Continental Shelf Petroleum Production Licence No. P238 (Block 21/19a), Eagle Field.

The Eagle Field is located approximately 6.4 kilometres to 15.0 kilometres from various facilities of the Anasuria Cluster, and due to its proximity, facilitates a potential subsea tie back to the Anasuria FPSO which could extend the latter's economic life.

Under the terms of the SPA, the consideration for Anasuria Hibiscus UK's acquisition of 85% in the Eagle Field from EnQuest is a nominal United States Dollar ("**USD**") 1 due to EnQuest on SPA completion plus the cost representing Anasuria Hibiscus UK's carry of EnQuest's remaining 15% from completion of the SPA through to first oil. Such costs of the carry are presently estimated to be approximately USD7.5 million.

The conditions precedent to completion are subject to customary regulatory and third party approvals.

In addition, the terms of the deal include the transfer of operatorship of the licence to Anasuria Hibiscus UK, according to the provisions to be contained in a Joint Operating Agreement between AHUK and EnQuest, which shall be signed at SPA completion.

Please refer to our announcement dated 25 February 2021 for further details.

(v) Proposed Acquisition of the entire interest in Fortuna International Petroleum Corporation

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

**5 MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in the prior financial periods that have a material effect in the Current Year.

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

Save as disclosed in Part A, Note 4 of this Quarterly Report, there were no material events subsequent to the end of the Current Year up to the date of this Quarterly Report.

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**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 Year.

On 15 January 2021, the Company incorporated a wholly-owned subsidiary Asia Hibiscus Sdn Bhd (“**Asia Hibiscus**”) under the Companies Act, 2016 with an issued and paid-up share capital of 2 ordinary shares of RM2.00.

Concurrently, Asia Hibiscus had, on 15 January 2021, became the sole shareholder of Peninsula Hibiscus Sdn Bhd (“**Peninsula Hibiscus**”), a company incorporated under the Companies Act, 2016 with an issued and paid-up share capital of 2 ordinary shares of RM2.00.

**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**

The Company paid a first interim single-tier dividend of 0.50 sen per ordinary share in respect of the Current Year amounting to RM9.9 million on 8 April 2021.

**10 DEBT AND EQUITY SECURITIES**

The movements in the issued share capital of the Company during the Current Year were as follows:

	<b>YEAR ENDED 30.06.2021</b>	
	<b>Number of shares</b>	<b>Share capital RM'000</b>
ORDINARY SHARES		
As at 01.07.2020	1,588,228,791	764,965
Conversion of CRPS to new ordinary shares	411,904,400	194,923
Issuance of ordinary shares from exercise of Warrant C	3,960	4
As at 30.06.2021	<u>2,000,137,151</u>	<u>959,892</u>

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**10 DEBT AND EQUITY SECURITIES (CONT'D)**

**(i) Private Placement of CRPS**

During the Current Year, the Company issued 203,611,100 CRPS (i.e. 6,600 CRPS-T1 and 203,604,500 CRPS-T2) amounting to RM203,611,100 at an issue price of RM1.00 per CRPS.

Details of the CRPS are as follows:

- (a) The CRPS are classified as compound financial instruments comprising both liability and equity components.

The Company has a financial liability arising from its obligation to repay the premium and principal ("**Redemption Price**") to holders of the CRPS which are not converted (whether mandatory or optional). The Company may redeem the CRPS, either at the end of the 18<sup>th</sup> month from CRPS-T1's issue date on 17 May 2022, or at the maturity date of the CRPS on 18 November 2022, subject to compliance with the Companies Act 2016. The fair value of the liability component is determined by discounting the Redemption Price over the tenure of the CRPS at a discount rate based on the benchmark rate of debt instruments which have a similar profile as that of the CRPS.

The total equity component of the CRPS is derived by netting off the total liability component of the CRPS from the total proceeds obtained from the issuance of the CRPS.

- (b) The conversion price of the CPRS is fixed at a premium of up to 10% over the 5-day volume weighted average market price up to and including the market day immediately before the respective price-fixing date.

The conversion prices for CRPS-T1 and CRPS-T2 were fixed at RM0.66 and RM0.48 respectively.

- (c) The transaction costs for the issuance of 203,611,100 CRPS of approximately RM5.9 million comprise placement fees, professional fees, regulatory fees and other expenses, and have been allocated to the liability component and the equity component in proportion to their initial carrying amounts amounting to RM5.6 million and RM0.3 million respectively.

- (d) During the Current Year, there were conversions of 6,600 units of CRPS-T1 and 197,709,331 units of CRPS-T2 into 411,904,400 ordinary shares in aggregate at a conversion price of RM0.66 and RM0.48 respectively. That represented conversion rates of 100.0% for CRPS-T1 and 97.1% for CRPS-T2.

**(ii) Warrants C**

The Warrants C were issued by the Company on 20 March 2018 and expired at 5.00 p.m. on Friday, 19 March 2021. Warrants C which are not exercised by the expiry date lapsed and became null and void and ceased to be exercisable at 5.00 p.m. on Thursday, 18 March 2021. Accordingly, the Warrants C were removed from the Official List of Bursa Securities with effect from 9.00 a.m. on Monday, 22 March 2021.

During the Current Year, 3,960 Warrants C were exercised at the exercise price of RM1.12 each and correspondingly, 3,960 new ordinary shares were allotted and issued, and subsequently listed on Main Market of Bursa Securities, raising a total of RM4,435.20.

Same as disclosed above, there were no other issuances, cancellations, repurchases, resale, exercise of debt and equity securities during the Current Year.

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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 <sup>^</sup>:

- (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, South Furious 30 and Barton), existing pipeline infrastructure, the Labuan Crude Oil Terminal ("**LCOT**") and all other equipment and assets relating to the PSC.

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.1227 and 4.1546 respectively.

- (ii) Anasuria Group's investments and operations in the UK, consisting of (i) the Anasuria Cluster, (ii) the Marigold and Sunflower fields, (iii) Licence No. P2366, and (iv) Hibiscus Licence No. P2518, all located offshore in the UK Continental Shelf.

Anasuria Cluster:

- Group's investment in (i) 50% jointly operated interest in the Licence No. P013 (Blocks 21/25a and 21/30a) containing the Guillemot A, Teal and Teal South producing fields, (ii) 19.3% non-operated interests in the Licence No. P185 (Block 21/20a) containing the Cook producing field and Licence No. P2532 (Blocks 21/19c and 21/20c) containing the Cook West and Cook North field extensions, (iii) 70% interest in the Licence No. P2535 (Block 21/24d) containing the Teal West discovered field, (iv) 50% interest in the Anasuria FPSO, and (v) 50% interest in Anasuria Operating Company Limited.

Marigold and Sunflower fields:

- Group's investment in 87.5% interest in two blocks under Licence 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.

Licence No. P2366:

- Group's investment in 100% interest in Licence No. P2366 (Blocks 15/18d and 15/19b) containing the Crown discovered field.

Licence No. P2518:

- Group's investment in 100% interest in Licence No. P2518 (Block 15/17a) containing the Kildrummy discovered field.

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.1227 and 4.1546 respectively.

- (iii) Bass Strait Group's operations in the VIC/L31 Production Licence ("**VIC/L31**") for the West Cluster Seahorse field, other exploration prospects in Australia within the VIC/P57 Exploration Permit ("**VIC/P57**"), VIC/P74, and investment in 3D Oil.

The segment's functional currency is the Australian Dollar ("**AUD**"). The average and closing rates adopted for conversion to RM in the Current Year are 3.0828 and 3.1191 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.

<sup>^</sup> 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	Bass Strait Cluster	Investment holding and group activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>As at 30.06.2021</u></b>					
Non-current assets	702,966	1,370,803	51,703	2,996	2,128,468
Included in the segment assets is:					
Investment in an associate	-	-	4,381	-	4,381
Additions to non-current assets	168,502	122,038 <sup>^^</sup>	1,950	730	293,220
<b><u>Year ended 30.06.2021</u></b>					
Project management, technical and other service fees	-	-	-	3,843	3,843
Sales of crude oil and gas	569,873	229,003	-	-	798,876
Interest income	-	-	-	2,062	2,062
Revenue	569,873	229,003	-	5,905	804,781
Depreciation and amortisation	(113,479)	(56,339)	-	(1,229)	(171,047)
Profit/(loss) from operations	199,665	31,527	2,619	(23,470)	210,341
Loss on disposal of equipment	-	-	-	(2,228)	(2,228)
Share of results of an associate	-	-	(1,062)	-	(1,062)
Reversal of contingent consideration	-	2,329	-	-	2,329
Finance costs	(19,739)	(18,847)	-	(3,593)	(42,179)
Interest income	103	299	-	-	402
Taxation	(63,231)	(1,003)	-	307	(63,927)
Profit after taxation ("PAT")/ (Loss after taxation ("LAT"))	116,798	14,305	1,557	(28,984)	103,676
EBITDA/(LBITDA)	313,247	90,494	1,557	(24,469)	380,829

<sup>^^</sup> Additions to non-current assets for Anasuria Hibiscus included RM81.0 million invested for Block 15/13a (Marigold) and Block 15/13b (Sunflower).

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

	North Sabah	Anasuria Hibiscus	Bass Strait Cluster	Investment holding and group activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30.06.2020</b>					
Non-current assets	669,436	1,345,953	48,264	9,068	2,072,721
Included in the segment assets is:					
Investment in an associate	-	-	5,403	-	5,403
Additions to non-current assets	218,534	137,517 <sup>^^</sup>	580	8,391	365,022
<b>Year ended 30.06.2020</b>					
Project management, technical and other service fees	-	-	-	3,949	3,949
Sales of crude oil and gas	441,738	200,775	-	-	642,513
Interest income	-	-	-	42	42
Revenue	441,738	200,775	-	3,991	646,504
Depreciation and amortisation	(78,929)	(62,858)	-	(3,231)	(145,018)
Profit/(loss) from operations	163,193	45,594	(1,303)	(18,012)	189,472
Impairment of intangible assets	-	(4,213)	(183,486)	-	(187,699)
Impairment of equipment	-	-	-	(8,632)	(8,632)
Impairment of other receivables	-	-	-	(3,496)	(3,496)
Share of results of an associate	-	-	(385)	-	(385)
Reversal of unrecovered recoverable costs	78,182	-	-	-	78,182
Finance costs	(25,531)	(16,752)	-	(699)	(42,982)
Interest income	283	545	1	-	829
Taxation	(68,206)	(6,337)	-	-	(74,543)
PAT/(LAT)	147,921	18,837	(185,173)	(30,839)	(49,254)
EBITDA/(LBITDA)	320,587	104,784	(185,173)	(26,909)	213,289

<sup>^^</sup> Additions to non-current assets for Anasuria Hibiscus included RM11.6 million invested 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 30.06.2021 RM'000	QUARTER QUARTER ENDED 30.06.2020 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2021 RM'000	YEAR ENDED 30.06.2020 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum UK Limited	967	973	3,770	3,949
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	-	-	1	3
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	-	-	1	4
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	(187)	(20)	(1,819)	(151)

**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 2021:

	RM'000
Approved and contracted for:	
Group's capital commitments	17,091
Share of a joint operation's capital commitments	10,020
Total capital commitments approved and contracted for	27,111
Share of a joint operation's other material commitments	33,486
	60,597
Approved but not contracted for:	
Group's capital commitments	25,637
Share of a joint operation's capital commitments	4,903
Total capital commitments approved but not contracted for	30,540
Share of a joint operation's other material commitments	1,599
	32,139

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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 (Change in %)
	30.06.2021 RM'000	30.06.2021 RM'000	31.03.2021 RM'000	
<b>North Sabah</b>				
Revenue	569,873	180,871	148,384	22
EBITDA	<b>313,247</b>	<b>106,345</b>	<b>94,354</b>	<b>13</b>
PBT	180,029	68,220	59,167	15
Taxation	(63,231)	(26,578)	(22,423)	(19)
PAT	116,798	41,642	36,744	13
<b>Anasuria Hibiscus</b>				
Revenue	229,003	70,377	65,799	7
EBITDA	<b>90,494</b>	<b>29,559</b>	<b>34,991</b>	<b>(16)</b>
PBT	15,308	16,218	14,859	9
Taxation	(1,003)	(1,800)	(10,668)	83
PAT	14,305	14,418	4,191	244
<b>Bass Strait Cluster</b>				
Revenue	-	-	-	-
EBITDA/(LBITDA)	<b>1,557</b>	<b>(536)</b>	<b>(545)</b>	<b>2</b>
PBT/(LBT)	1,557	(536)	(545)	2
Taxation	-	-	-	-
PAT/(LAT)	1,557	(536)	(545)	2
<b>Investment holding and group activities</b>				
Revenue	5,905	1,771	1,801	(2)
LBITDA	<b>(24,469)</b>	<b>(5,421)</b>	<b>(6,383)</b>	<b>15</b>
LBT	(29,291)	(5,944)	(8,518)	30
Taxation	307	18	157	89
LAT	(28,984)	(5,926)	(8,361)	29
<b>Group</b>				
Revenue	804,781	253,019	215,984	17
EBITDA	<b>380,829</b>	<b>129,947</b>	<b>122,417</b>	<b>6</b>
PBT	167,603	77,958	64,963	20
Taxation	(63,927)	(28,360)	(32,934)	14
PAT	103,676	49,598	32,029	55

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**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.

In the Current Year, the North Sabah segment recorded revenue of RM569.9 million. 2,671,281 bbls of crude oil were sold at an average realised oil price of USD51.75 per bbl.

Gross profit and EBITDA attained were RM357.0 million and RM313.2 million respectively. Despite the relatively low average realised oil price, both the gross profit margin and EBITDA margin over revenue were at healthy levels, at 62.7% and 55.0% respectively.

The healthy gross profit margin was largely driven by a low average operating costs ("OPEX") per barrel ("bbl") of USD14.21. Lower OPEX levels were mainly due to cost optimisation initiatives undertaken to mitigate the adverse financial impact arising from a lower oil price environment. The OPEX per bbl has included amounts incurred for planned maintenance activities performed at the offshore platforms at the St Joseph, South Furious and Barton facilities during the Current Year. In addition, the low OPEX per bbl during the Current Year was contributed by better well performance subsequent to completion of the St Joseph Major and Minor Sands drilling campaigns.

Both average uptime and the average net oil production rate achieved in the Current Year were high, at 92% and 6,442 bbls per day respectively.

Segment PBT was RM180.0 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 RM106.2 million; and,
- Unwinding of discount on provision for decommissioning costs of RM7.7 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 Year were RM63.2 million, which resulted in an effective tax rate over PBT of 35.1%. The effective tax rate is lower than the PITA rate as it included a reversal of an overprovision of tax for calendar year 2019 amounting to RM5.8 million. The overprovision amount was finalised upon submission of the tax returns to the Inland Revenue Board in the financial quarter ended 31 December 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)**

- **Current quarter results**

SEA Hibiscus generated RM180.9 million revenue in the financial quarter ended 30 June 2021 ("**Current Quarter**"). 608,006 bbls of crude oil were sold in two offtakes at an average realised oil price of USD72.07 per bbl.

Gross profit and EBITDA attained were RM127.8 million and RM106.3 million respectively. The North Sabah asset performed well operationally during the Current Quarter. Both average uptime and average OPEX per bbl were at healthy levels. Average uptime achieved was 95% while average OPEX per bbl recorded was USD15.69. The average net oil production rate was also high, at 6,384 bbls per day due to better well performance at the South Furious and St Joseph fields.

A relatively high average realised oil price, coupled with careful management of costs and efficient operational performance resulted in a gross profit margin and EBITDA margin attained in the Current Quarter of 70.7% and 58.8% respectively.

In the Current Quarter, the segment recorded a PBT of RM68.2 million. This was achieved after deductions of the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM29.9 million; and,
- Unwinding of discount on provision for decommissioning costs of RM2.0 million.

Total net tax expenses in the Current Quarter were RM26.6 million. The resulting effective tax rate over PBT was 39.0%, which is consistent with the PITA rate of 38.0%.

**(ii) Anasuria Hibiscus**

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

The Anasuria Hibiscus segment sold 1,032,566 bbls of crude oil in four offtakes in the Current Year. Average realised oil price was USD50.04 per bbl.

Total revenue generated from the four crude oil offtakes was RM229.0 million.

Gross profit and EBITDA attained were RM137.8 million (60.2% margin over revenue) and RM90.5 million (39.5% margin over revenue) respectively.

Average OPEX per bbl of oil equivalent ("**boe**") recorded by the Anasuria asset for the Current Year was USD22.19. The average daily oil equivalent production rate was 2,665 boe per day while average uptime was 83%.

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

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

The relatively high average OPEX per boe was largely caused by the planned shutdown of the Anasuria FPSO for maintenance activities ("**2021 Offshore Turnaround**"). The FPSO facilities were completely shut down for this maintenance exercise. The 2021 Offshore Turnaround, which commenced in mid-April 2021 took 23 days to complete, upon which the facilities were gradually brought back online.

PAT for the segment was RM14.3 million after deducting the following significant non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM56.1 million; and,
- Unwinding of discount on provision for decommissioning costs of RM18.2 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 RM1.0 million, representing an effective tax rate over PBT of 6.6%. 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, the segment sold 254,945 bbls of crude oil at an average realised oil price of USD62.67 per bbl.

Total revenue attained was RM70.4 million.

The 2021 Offshore Turnaround carried out in the Current Quarter has adversely affected the operational performance of the Anasuria asset. The average uptime in the Current Quarter was 53% while the average daily oil equivalent production rate was 1,642 boe per day. As a direct consequence of these, average OPEX per boe recorded was high, at USD38.22.

Despite this, the Anasuria Hibiscus segment achieved healthy profit margins in the Current Quarter. The segment recorded gross profit and EBITDA amounting to RM41.9 million (59.6% margin over revenue) and RM29.6 million (42.0% margin over revenue) respectively.

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

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

Segment PAT amounted to RM14.4 million. It was arrived at after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM8.3 million; and,
- Unwinding of discount on provision for decommissioning costs of RM4.9 million.

Subsequent to a re-assessment of income tax obligations on actual Current Year's taxable income, the segment recorded a net tax expense in the Current Quarter amounting to RM1.8 million.

**(iii) Bass Strait Cluster**

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

In the Current Year, the Bass Strait Cluster segment recorded a PAT of RM1.6 million.

The AUD, being the segment's functional currency, had appreciated against the USD during the Current Year when compared to 30 June 2020. The period-end retranslation of the segment's USD-denominated payables resulted in unrealised foreign exchange gains, which was the main reason for the PAT that has been achieved. A significant portion of such USD-denominated payables are to inter-companies.

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 a LAT of RM0.5 million in the Current Quarter.

This was mainly due to an adverse foreign exchange impact which arose from the appreciation of the USD against the AUD (when compared to 31 March 2021), impacting the quarter-end revaluation of USD-denominated inter-company payables.

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

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

LAT recorded for this segment during the Current Year amounted to RM29.0 million.

Expenses relating to business development and fund-raising activities amounted to RM10.1 million.



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

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

In the Current Year, upon the issuance of CRPS-T1 and CRPS-T2 in November 2020, the Group had commenced the accretion of finance costs on the CRPS amounting to RM3.5 million. The finance costs consist of the premium applied on the issue price of the CRPS and the unwinding of discount on the liability component of the CRPS, after deducting transaction costs.

In addition, the Group concluded the disposal of the Britannia Rig ("**Rig**") to a third party. A loss on disposal was recognised for this transaction amounting to RM2.2 million.

Major components of other expenses recognised during the Current Year relate largely to corporate overheads, maintenance fees for the Rig (incurred prior to the disposal), professional and consultancy fees and depreciation expense.

- **Current quarter results**

Segment LAT in the Current Quarter was RM5.9 million.

Total amount incurred for business development activities during the Current Quarter amounted to RM1.7 million.

In addition to the above, other expenses recognised relate largely to corporate overheads, professional and consultancy fees and depreciation expense.

**(B) Statements of Financial Position**

**(i) Non-current Assets**

The Group's non-current assets increased from RM2,072.7 million as at 30 June 2020 to RM2,128.5 million as at 30 June 2021.

The increase was mainly driven by capital expenditure invested by the Group during the Current Year. In North Sabah, RM98.4 million was incurred mainly for the St Joseph Major and Minor Sands drilling campaigns. This project entailed the drilling of three infill wells targeting the Minor Sands and one infill well targeting the Major Sands. Capital expenditure programs invested by Anasuria Hibiscus UK amounted to RM89.5 million (RM81.0 million for the Marigold and Sunflower fields, RM5.9 million for the Anasuria Cluster and RM2.6 million for Teal West).

In addition to the above, Anasuria Hibiscus UK paid an amount equivalent to RM29.8 million in the Current Year 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.

The above was largely off-set by depreciation and amortisation of equipment, intangible assets and right-of-use assets of RM171.0 million.

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

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

**(ii) Current Assets**

As at 30 June 2021, the Group's current assets amounted to RM659.6 million, representing an increase of RM306.2 million from RM353.4 million as at 30 June 2020.

Included in current assets as at 30 June 2021 is the item, "Other investment", amounting to RM136.4 million. This amount, which did not exist as at 30 June 2020, comprises the balance of the net proceeds from the issuance of the CRPS (both CRPS-T1 and CRPS-T2) in November 2020 (after deducting all related expenses) and income earned from investing the net proceeds into permitted investments, amounting to RM134.3 million and RM2.1 million respectively. These proceeds may only be utilised in relation to acquisitions of and/or investments in producing oil and gas assets (whether directly or indirectly, through entities holding such assets or otherwise), as defined in Part B, Note 18 (ii) of this Quarterly Report. This balance of RM136.4 million as at 30 June 2021 as mentioned above was after deducting RM61.8 million (or USD15.0 million) utilised to pay for the deposit for the proposed acquisition of the entire interest in Fortuna International Petroleum Corporation (refer Part B, Note 17 (i) of this Quarterly Report for further details).

The trade receivables balance increased by RM101.5 million to RM112.9 million compared to RM11.4 million as at 30 June 2020. Proceeds from the crude oil offtake at the end of June 2021 from the North Sabah asset (amounting to approximately RM97.7 million) had not been received as at 30 June 2021. They were subsequently received on schedule on 29 July 2021.

In addition, cash and bank balances increased by RM96.7 million when compared to 30 June 2020, largely due to the collection of proceeds from crude oil offtakes in both the North Sabah and Anasuria Hibiscus segments during the Current Year.

The above were partly off-set by lower other operational-related receivables in North Sabah by approximately RM65.0 million.

**(iii) Total Liabilities**

Total liabilities increased from RM1,204.8 million as at 30 June 2020 to RM1,314.1 million as at 30 June 2021.

Provision for taxation recognised by both SEA Hibiscus and Anasuria Hibiscus UK were higher by RM67.9 million due to additional taxable income resulting from higher revenue achieved.

Total contingent consideration as at 30 June 2021 of RM44.9 million relates to the increase in the Group's investment in the Marigold and Sunflower fields from 50% to 87.5%. This amount will be incurred in accordance with the terms agreed with the seller of the additional 37.5%. This balance did not exist as at 30 June 2020.

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

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

The provision for decommissioning costs balance as at 30 June 2021 was RM46.5 million higher than the balance as at 30 June 2020 due to the impact arising from the unwinding of discount on the provisions for both North Sabah and the Anasuria Cluster.

In November 2020, the Group recognised the liability component of the CRPS upon the issuance of the first two tranches of the CRPS in the same month. In view of the conversion of 97% of the CRPS by 30 June 2021, the balance as at 30 June 2021 amounted to RM5.7 million.

During the financial year ended 30 June 2020, the Group had drawn down a term loan to aid its working capital requirements. The amount outstanding as at 30 June 2020 amounted to RM49.2 million. The term loan was fully repaid in July 2020, per the agreed terms. This repayment has partially off-set the increase in total liabilities as at 30 June 2021 compared to 30 June 2020.

**(iv) Total Equity**

The Group's total equity as at 30 June 2021 increased by RM252.6 million when compared to 30 June 2020.

Share capital increased by RM194.9 million from RM765.0 million as at 30 June 2020 to RM959.9 million as at 30 June 2021 mainly as a result of the conversion of 6,600 units of CRPS-T1 and 197,709,331 units of CRPS-T2 into 411,904,400 ordinary shares in aggregate at a conversion price of RM0.66 and RM0.48 per CRPS-T1 and CRPS-T2 respectively during the Current Year.

Net earnings generated by the Group during the Current Year, mainly driven by both the North Sabah and Anasuria assets, amounted to RM93.8 million.

The Group is required to revalue the assets and liabilities of subsidiaries whose functional currencies are denominated in currencies other than MYR at each reporting date. The resulting unrealised foreign exchange differences are posted to other reserves. As at 30 June 2021, the Group had recognised the resulting unrealised adverse foreign exchange differences from this revaluation amounting to RM36.3 million due to the depreciation of USD against MYR compared to 30 June 2020.

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

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

**(C) Statement of Cash Flows**

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

The Group's net cash generated from operating activities for the Current Year was RM297.0 million.

It comprised mainly of net cash received from operations at the North Sabah and Anasuria assets and a refund received for overpayment of tax for the North Sabah asset.

**(ii) Cash flow used in investing activities**

Net cash used in investing activities during the Current Year amounted to RM329.5 million.

Total available funds relating to the issuance of CRPS invested into permitted investments during the Current Year amounted to RM136.3 million.

Amounts invested in capital expenditures by SEA Hibiscus and Anasuria Hibiscus UK during the Current Year amounted to RM98.4 million and RM37.0 million respectively.

In addition, during the Current Quarter, total deposits paid for the proposed acquisition of the entire interest in Fortuna International Petroleum Corporation amounted to RM61.8 million (or USD15.0 million) (refer Part B, Note 17 (i) of this Quarterly Report for further details).

**(iii) Cash flow generated from financing activities**

The net cash generated from financing activities were due to net proceeds from the issuance of CRPS of RM196.1 million in November 2020, offset by the full repayment of a term loan in July 2020 and payments of lease liabilities obligations.

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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**

In the Current Quarter, the North Sabah segment recorded an EBITDA of RM106.3 million as compared to RM94.4 million in the financial quarter ended 31 March 2021 (“**Preceding Quarter**”).

SEA Hibiscus sold 608,006 bbls of crude oil in the Current Quarter as compared to 599,948 bbls in the Preceding Quarter. Average realised oil price achieved in the Current Quarter was USD72.07 per bbl whilst USD60.46 per bbl was achieved in the Preceding Quarter. Accordingly, the segment generated RM180.9 million revenue and RM127.8 million gross profit in the Current Quarter, higher than that achieved in the Preceding Quarter, where revenue and gross profit were RM148.4 million and RM105.9 million respectively.

The higher average realised oil price achieved coupled with a marginally higher volume of crude oil sold in the Current Quarter resulted in an EBITDA increase of RM11.9 million when compared to the Preceding Quarter.

Average uptime in the North Sabah production facilities in the Current Quarter of 95% was consistent with that of the Preceding Quarter.

Average OPEX per bbl of USD15.69 in the Current Quarter was higher than that of the Preceding Quarter of USD10.91. This was mainly due to costs incurred for non-routine production enhancement activities in Barton and the commencement of planned maintenance in June 2021. In addition, the average net oil production rate for the Current Quarter of 6,384 bbls per day was lower when compared to 6,585 bbls per day in the Preceding Quarter. Despite these factors, the gross profit margin of 70.7% in the Current Quarter was consistent with that achieved in the Preceding Quarter of 71.4%. This was due to the higher average realised oil price achieved in the Current Quarter, which off-set the adverse impact of the higher average OPEX per bbl.

The effective tax rates in both the Current Quarter and the Preceding Quarter of 39.0% and 37.9% respectively were consistent with the PITA rate.

**(ii) Anasuria Hibiscus**

Revenue recorded by Anasuria Hibiscus UK in the Current Quarter amounted to RM70.4 million. This was RM4.6 million higher than the RM65.8 million achieved in the Preceding Quarter. The increase was due to a higher average realised oil price. Average realised oil price for the crude oil offtake in the Current Quarter was USD62.67 per bbl whilst in the Preceding Quarter, USD54.04 per bbl was realised. The higher average realised oil price partly off-set the effect of a lower volume of crude oil which was sold in the Current Quarter. The segment sold 254,945 bbls of crude oil in the Current Quarter, 20,051 bbls less than the volume sold in the Preceding Quarter of 274,996 bbls.

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

Average uptime and average OPEX per boe achieved in the Current Quarter of 53% and USD38.22 respectively reflected a less favourable operational performance when compared to the Preceding Quarter. In the Preceding Quarter, average uptime was 91% and OPEX per boe was USD18.15. In the Current Quarter, the Anasuria asset completed the planned 2021 Offshore Turnaround between April 2021 and May 2021, when the FPSO facilities were completely shut down. As a result, average daily oil production rate was lower than that attained in the Preceding Quarter by approximately 40%, from 2,816 bbl per day in the Preceding Quarter to 1,642 bbl per day in the Current Quarter. These have collectively caused the gross profit margin over revenue to decrease from 64.1% in the Preceding Quarter to 59.6% in the Current Quarter.

PAT for the segment in the Current Quarter amounting to RM14.4 million was RM10.2 million higher when compared to RM4.2 million achieved in the Preceding Quarter. This was mainly due to a lower net tax expense recognised in the Current Quarter. Net tax expense of RM1.8 million was incurred in the Current Quarter compared to RM10.7 million in the Preceding Quarter. The net tax expense in the Current Quarter was driven by a re-assessment of income tax obligations on actual Current Year's taxable income. In addition to this, the higher PAT in the Current Quarter was contributed by lower depreciation of oil and gas assets of RM6.8 million in the Current Quarter due to the lower volume of oil produced.

**(iii) Bass Strait Cluster**

The segment's LAT in the Current Quarter of RM0.5 million was consistent with that recorded in the Preceding Quarter.

LAT 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 of RM5.9 million in the Current Quarter, which was RM2.5 million lower than the LAT of RM8.4 million in the Preceding Quarter.

Accretion of interest for the liability component of the CRPS was lower by RM1.6 million in the Current Quarter. The amount recorded in the Current Quarter was RM0.2 million compared to a sum of RM1.8 million in the Preceding Quarter. This was because the liability component outstanding as at 1 April 2021 was much lower compared to that in the Preceding Quarter. 100.0% of CRPS-T1 and 94.3% of CRPS-T2 had been converted into ordinary shares as at 31 March 2021 (i.e. at the end of the Preceding Quarter), which significantly reduced the balance of the outstanding liability component carried forward to 1 April 2021.

In addition, there were lower costs were incurred for business development and fund-raising activities during the Current Quarter amounting to RM0.9 million.

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**17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED**

(i) Proposed Acquisition of the entire interest in Fortuna International Petroleum Corporation (“Proposed Acquisition”)

On 2 June 2021, the Company announced that its indirect wholly-owned subsidiary, Peninsula Hibiscus, has on 1 June 2021 entered into a conditional sale and purchase agreement (“**CSPA**”) with Repsol Exploración, S.A. (“**Repsol**” or the “**Seller**”) for the proposed acquisition by Peninsula Hibiscus of the entire equity interest in Fortuna International Petroleum Corporation (“**FIPC**”) (“**FIPC Shares**”) for a cash purchase consideration of USD212.5 million, subject to the terms and conditions of the CSPA. Upon execution of the CSPA, Peninsula Hibiscus has paid a partial (first tranche) deposit of USD7.5 million to Repsol.

FIPC through its wholly-owned subsidiaries, namely Repsol Oil & Gas Malaysia Limited (“**RML**”), Repsol Oil & Gas Malaysia (PM3) Limited (“**RMPM3**”) and Talisman Vietnam Limited (“**TVL**”) (collectively, “**FIPC Group**”) owns participating interests in the following production sharing contracts (“**PSCs**”):

- a) 60% interest in the 2012 Kinabalu Oil PSC located off the coast of Sabah, Malaysia (“**2012 Kinabalu Oil**”), currently held by RML;
- b) 35% interest in the PM3 CAA PSC located within the Commercial Arrangement Area (“**CAA**”) between Malaysia and Vietnam (“**PM3 CAA**”), currently held by RMPM3 (12.7%) and RML (22.3%);
- c) 60% interest in each of the PM305 and PM314 PSCs located off the eastern coast of Peninsular Malaysia in the Malay Basin (“**PM305**” and “**PM314**”), currently held by RML; and,
- d) 70% interest in the Block 46 PSC (Cai Nuoc), a tie-back asset to the PM3 CAA PSC located in Vietnamese waters (“**Block 46**”), currently held by TVL.

(The 2012 Kinabalu Oil, PM3 CAA, PM305, PM314 and Block 46 are collectively referred to as the “**Assets**”).

The Proposed Acquisition, when completed, will result in the Group assuming RML’s and TVL’s roles as operators in all of the PSCs under the Joint Operating Agreements (“**JOAs**”).

The parties holding the remaining participating interests in the Assets are as follows:

- a) PETRONAS Carigali Sdn Bhd (“**PCSB**”), a wholly-owned subsidiary of Petroliaam Nasional Berhad (“**PETRONAS**”), in the 2012 Kinabalu Oil, PM305 and PM314 PSCs;
- b) PCSB and PetroVietnam Exploration & Production Corporation (“**PVEP**”), a wholly-owned subsidiary of Vietnam Oil and Gas Group (“**PetroVietnam**”), in the PM3 CAA PSC; and,
- c) PVEP in the Block 46 PSC.

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

The Proposed Acquisition is subject to the following being obtained:

- a) The approval from each of PETRONAS and PetroVietnam for the sale of the FIPC Shares to Peninsula Hibiscus for the relevant PSCs;
- b) The approval or waiver from each of PCSB and PVEP for the sale of the FIPC Shares to Peninsula Hibiscus according to relevant JOAs, which was obtained by Repsol on 9 July 2021;
- c) The approval from the Barbados Exchange Control Authority for the sale of FIPC Shares to Peninsula Hibiscus, which was obtained by Repsol on 29 June 2021;
- d) The approval of the shareholders of Hibiscus Petroleum; and,
- e) The approval from Bank Negara Malaysia ("**BNM**"), which was obtained on 21 June 2021 subject to certain conditions imposed.

The parties shall, within 12 months (or such other period as may be agreed) from the signing of the CSPA, procure the satisfaction of the conditions precedent to the completion of the CSPA.

The Proposed Acquisition is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

The balance (second and final tranche) deposit of USD7.5 million was paid to Repsol upon receipt of the approval from BNM.

Please refer to our announcements dated 2 June 2021, 4 June 2021, 9 June 2021, 23 June 2021, 2 July 2021 and 14 July 2021 for further details.

(ii) Fund raising via Private Placement of CRPS

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

Save as disclosed in above, there are no corporate proposals announced but not completed as at the date of this Quarterly Report.

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

**(i) Warrants C**

As at 26 August 2021, the Company had received proceeds of RM4,435.20 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.



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**18 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (CONT'D)**

**(ii) Private Placement of CRPS**

The status of the utilisation of proceeds arising from the first and second tranches of the Private Placement of CRPS of RM203,611,100 raised, as at 26 August 2021, being the date of this Quarterly Report, is as follows:

Purpose	Proposed utilisation of proceeds from the Private Placement of CRPS as at 26 August 2021 RM'000	Actual utilisation as at 26 August 2021 RM'000	Intended timeframe for utilisation from the date of completion of the Private Placement of CRPS	Percentage utilised (%)
(i) Permitted utilisation <sup>Note 1</sup>	196,050	61,838	Within 24 months from the receipt of the proceeds	32
(ii) Estimated expenses relating to the Private Placement of CRPS	7,561	7,561	Within 6 months from the receipt of the proceeds	100
<b>Total</b>	<b>203,611</b>	<b>69,399</b>		

Note1:

The net proceeds (after deducting all costs and expenses relating to the Private Placement of CRPS) raised from the issuance of CRPS ("**Net Proceeds**") will be utilised in relation to acquisitions of and/or investments in producing oil and gas assets (whether directly or indirectly, through entities holding such assets or otherwise) ("**Acquisition(s)**") which will be Shariah compliant including all cost(s) related to the Acquisition(s) including purchase consideration, associated transaction costs and transition costs.

The qualifying parameters of such assets are as follows:

- (i) Payback period <sup>(1)</sup>: ≤5 years
- (ii) Internal rate of return ("**IRR**") <sup>(2)</sup>: ≥12%
- (iii) Geographical location of the assets: South East Asia
- (iv) Maximum number of Acquisitions: 3

(1) *Payback period is the number of years required to achieve cash flow breakeven from the completion of the Acquisition, i.e. the number of years for the sum of the expected cash flows from the asset to equal to the total purchase consideration paid for the asset. This would be computed at the asset level based on Proved plus Probable ("**2P**") case production and cost profiles.*

(2) *IRR is the discount rate for which the net present value of the expected cash flows from asset is equal to zero. This takes into consideration the total purchase consideration paid for the asset and would be computed at the asset level based on 2P case production and cost profiles.*

(3) *The satisfaction of the qualifying parameters shall be determined by an established independent expert to be appointed by the Company to determine the satisfaction of qualifying parameters of such asset(s) prior to entering into the relevant binding primary definitive agreement for such Acquisitions.*

Any use of the Net Proceeds for transaction costs in relation to the Acquisitions and transition costs incurred up to the completion of the Acquisition shall not exceed 2.0% of the total consideration payable for the subject asset(s).

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**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 July 2020 to end-July 2021:



As shown above, Brent oil prices have stabilised circa USD70.00 per bbl since the beginning of the Current Quarter, due to OPEC+ production cuts and increased demand as countries reduce restrictions enacted to combat the spread of COVID-19. The worldwide rollout of COVID-19 vaccines and countries relaxing lockdown and travel restrictions have contributed to increased oil demand, while continuing OPEC+ production cuts have ensured balanced oil markets.

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.
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.

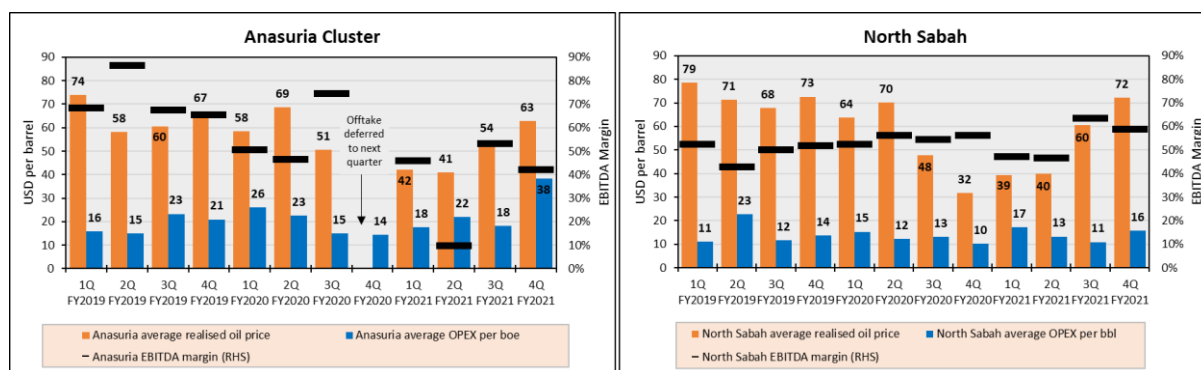
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**19 PROSPECTS OF THE GROUP (CONT'D)**

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 the 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 4Q of the financial year ended 30 June 2020 excludes the reversal of unrecovered recoverable costs of RM78.2 million.*

Hibiscus Petroleum activated various measures to mitigate the effects of soft oil prices over the calendar year 2020. Some of these measures involved the deferral of non-safety critical OPEX related activities.

In the calendar year 2021, some of these activities are gradually being reinstated into our work program to ensure smooth future operations.

The planned 2021 Offshore Turnaround commenced in April 2021 and was completed in early May 2021. The 2021 Offshore Turnaround was conducted with the objective of improving the reliability and integrity of the Anasuria FPSO as well as to ensure a safe offshore working environment.

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

A total of 862,951 bbls of crude oil were sold in the Current Quarter. Three offtakes were conducted in total; two in North Sabah and one in the Anasuria Cluster. Crude oil production in the Current Quarter remained unaffected by government-imposed movement restrictions.

In June 2021, we announced the transformative acquisition of the high-quality oil and gas assets offshore Malaysia and Vietnam from Repsol. Upon the completion of this Proposed Acquisition, it is expected that the Group's daily net oil and gas production will triple to 26,800 boe per day, while our 2P net entitlement reserves will increase by more than 1.5 times. We remain on track to complete the acquisition by the end of the calendar year 2021.

Overall, while we are cognisant of various uncertainties caused by the continuing COVID-19 pandemic, we remained focused on delivering optimal performance in an improving oil price environment.

**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 of this Quarterly Report.

**25 DIVIDEND**

The Board of Directors do not recommend any dividend for the Current Quarter (previous year corresponding quarter ended 30 June 2020: Nil).

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**26 EARNINGS/(LOSS) 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</b>	<b>QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>YEAR</b>
		<b>QUARTER</b>	<b>QUARTER</b>	<b>YEAR</b>	<b>YEAR</b>
		<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>
		<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
Profit/(loss) after taxation attributable to owners of the Company (RM'000)	(A)	49,598	(145,195)	103,676	(49,254)
Weighted average number of shares for basic earnings per share computation ('000)	(B)	1,990,630	1,588,229	1,754,277	1,588,229
Effects of dilution of Warrants C ('000)		-	-	-	-
Effects of dilution of CRPS ('000)		21,789	-	94,273	-
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	2,012,419	1,588,229	1,848,550	1,588,229
Basic earnings/(loss) per share (sen)	(A/B)	2.49	(9.14)	5.91	(3.10)
Diluted earnings/(loss) per share (sen)	(A/C)	2.46	(9.14)	5.61	(3.10)

**27 OTHER INCOME**

	<b>INDIVIDUAL QUARTER</b>	<b>QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>YEAR</b>
	<b>QUARTER</b>	<b>QUARTER</b>	<b>YEAR</b>	<b>YEAR</b>
	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sundry income	890	80	14,058	525
Interest income	94	173	402	829
Realised gain on foreign exchange #	-	5,367	-	3,652
Unrealised gain on foreign exchange #	-	8,042	-	1,033
Fair value changes on other investment	74	-	162	-
Gain on lease termination	-	357	-	357
	1,058	14,019	14,622	6,396

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

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**28 PROFIT BEFORE TAXATION**

	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2021 RM'000	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2020 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2021 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2020 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	41,740	40,796	171,047	145,018
Finance costs	10,249	12,710	42,179	42,982
Loss on disposal of equipment	19	-	2,228	-
Share of results of an associate	100	116	1,062	385
Fair value changes on other investment	(74)	-	(162)	-
Gain on lease termination	-	(357)	-	(357)
Interest income	(898)	(174)	(2,464)	(871)
Impairment of intangible assets	-	187,699	-	187,699
Impairment of equipment	-	8,632	-	8,632
Impairment of receivables	-	878	-	3,496
Write-off of fixed assets	-	56	-	77
Reversal of contingent consideration	-	-	(2,329)	-
Reversal of impairment of investment in an associate	-	(808)	-	-
Reversal of unrecovered recoverable costs	-	(78,182)	-	(78,182)
Unrealised loss/(gain) on foreign exchange ##	3,153	(8,042)	10,476	(1,033)
Realised (gain)/loss on foreign exchange ##	(540)	(5,367)	1,316	(3,652)

## The unrealised and realised gains/losses on foreign exchange have neither been 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.

**29 TAXATION**

	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2021 RM'000	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2020 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2021 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2020 RM'000
Income taxation	(45,245)	9,013	(63,205)	111
Deferred taxation	16,885	103	(722)	(74,654)
	(28,360)	9,116	(63,927)	(74,543)

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**29 TAXATION (CONT'D)**

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Year Ended	Year Ended
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
<b>North Sabah</b>				
Income taxation	(35,664)	6,453	(48,457)	1,182
Deferred taxation	9,086	(3,463)	(14,774)	(69,388)
<b>Total</b>	<b>(26,578)</b>	<b>2,990</b>	<b>(63,231)</b>	<b>(68,206)</b>
<b>Anasuria Hibiscus</b>				
Income taxation	(9,581)	2,560	(14,748)	(1,071)
Deferred taxation	7,781	3,566	13,745	(5,266)
<b>Total</b>	<b>(1,800)</b>	<b>6,126</b>	<b>(1,003)</b>	<b>(6,337)</b>
<b>Bass Strait Cluster</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	18	-	307	-
<b>Total</b>	<b>18</b>	<b>-</b>	<b>307</b>	<b>-</b>
<b>Group</b>				
Income taxation	(45,245)	9,013	(63,205)	111
Deferred taxation	16,885	103	(722)	(74,654)
<b>Total</b>	<b>(28,360)</b>	<b>9,116</b>	<b>(63,927)</b>	<b>(74,543)</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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**29 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.

**30 BORROWINGS**

Details of borrowings as at 30 June 2021 were as follows:

	<b>As at 30.06.2021 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
<b><u>Non-current</u></b>		
<b><u>Secured</u></b>		
Lease liabilities	11,230	14,401
<b><u>Current</u></b>		
<b><u>Secured</u></b>		
Lease liabilities	15,540	10,667
<b><u>Unsecured</u></b>		
Term loan	-	49,197
	<u>15,540</u>	<u>59,864</u>
	<u>26,770</u>	<u>74,265</u>

Save for the repayment of the term loan, there were no other material changes to borrowings during the Current Year.

**By Order of the Board of Directors**  
**Hibiscus Petroleum Berhad**  
**26 August 2021**