

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

Unaudited Quarterly Financial Report
30 September 2021

(Note: This Unaudited Quarterly Financial Report is supplemented by the Corporate and Business Update released on the same day, on 10 November 2021.)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER QUARTER ENDED 30.09.2021 RM'000	INDIVIDUAL QUARTER QUARTER ENDED 30.09.2020 RM'000	CUMULATIVE QUARTER PERIOD ENDED 30.09.2021 RM'000	CUMULATIVE QUARTER PERIOD ENDED 30.09.2020 RM'000
Revenue		246,690	145,493	246,690	145,493
Cost of sales		(89,306)	(69,487)	(89,306)	(69,487)
GROSS PROFIT		157,384	76,006	157,384	76,006
Other income	27	244	6,333	244	6,333
Administrative expenses		(33,810)	(11,815)	(33,810)	(11,815)
Other expenses		(39,174)	(44,301)	(39,174)	(44,301)
Finance costs		(9,764)	(8,704)	(9,764)	(8,704)
Share of results of an associate		(110)	(751)	(110)	(751)
PROFIT BEFORE TAXATION	28	74,770	16,768	74,770	16,768
Taxation	29	(33,247)	(6,736)	(33,247)	(6,736)
PROFIT AFTER TAXATION		41,523	10,032	41,523	10,032
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- Owners of the Company		41,523	10,032	41,523	10,032
EARNINGS PER SHARE (SEN)					
Basic	26	2.07	0.63	2.07	0.63
Diluted	26	2.06	0.63	2.06	0.63

Note:

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

	123,635	65,287	123,635	65,287
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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 2021 and the accompanying explanatory notes attached to the financial statements.

HIBISCUS PETROLEUM BERHAD
(Registration Number: 200701040290 (798322-P))
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QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER QUARTER ENDED 30.09.2021 RM'000	QUARTER QUARTER ENDED 30.09.2020 RM'000	CUMULATIVE QUARTER PERIOD ENDED 30.09.2021 RM'000	PERIOD ENDED 30.09.2020 RM'000
PROFIT AFTER TAXATION	41,523	10,032	41,523	10,032
Other comprehensive income/(expenses):				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation *	10,962	(34,557)	10,962	(34,557)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE QUARTER/PERIOD	52,485	(24,525)	52,485	(24,525)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:				
- Owners of the Company	52,485	(24,525)	52,485	(24,525)

* 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 2021 and the accompanying explanatory notes attached to the financial statements.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.09.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,372,526	1,375,808
Equipment		605,981	604,833
Right-of-use assets		11,709	12,407
Other receivables		3,652	5,458
Investment in an associate		4,367	4,381
Restricted cash and bank balances		129,950	125,581
		2,128,185	2,128,468
CURRENT ASSETS			
Inventories		42,084	49,462
Trade receivables		139,571	112,905
Other receivables, deposits and prepayments		225,298	182,808
Other investment		137,091	136,430
Amount owing by a joint venture		320	318
Cash and bank balances		207,823	177,652
		752,187	659,575
TOTAL ASSETS		2,880,372	2,788,043
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	963,139	959,892
Other reserves		72,993	62,165
Retained earnings		493,388	451,865
		1,529,520	1,473,922
NON-CURRENT LIABILITIES			
Other payables		6,511	9,545
Borrowings	30	8,953	11,230
Convertible Redeemable Preference Shares ("CRPS") – Liability Component		2,650	5,677
Contingent consideration		9,833	19,683
Deferred tax liabilities		470,760	471,958
Provision for decommissioning costs		326,853	322,697
		825,560	840,790

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 2021 and the accompanying explanatory notes attached to the financial statements.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

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

	Note	UNAUDITED AS AT 30.09.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000
CURRENT LIABILITIES			
Trade payables		6,539	9,638
Other payables and accruals		320,502	293,072
Borrowings	30	14,723	15,540
Amount owing to a joint venture		318	318
Amount owing to an associate		90	119
Contingent consideration		34,760	25,251
Provision for decommissioning costs		59,168	58,677
Provision for taxation		88,973	70,497
Redeemable Convertible Preference Shares		219	219
		525,292	473,331
TOTAL LIABILITIES		1,350,852	1,314,121
TOTAL EQUITY AND LIABILITIES		2,880,372	2,788,043
NET ASSETS PER SHARE (RM)		0.76	0.74

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 2021 and the accompanying explanatory notes attached to the financial statements.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

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
3 months to 30.09.2021						
As at 01.07.2021	959,892	246	389	61,530	451,865	1,473,922
Profit after taxation	-	-	-	-	41,523	41,523
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	10,962	-	10,962
Total comprehensive income for the quarter	-	-	-	10,962	41,523	52,485
Conversion of CRPS to new ordinary shares	3,247	(134)	-	-	-	3,113
Total transactions with owners of the Company	3,247	(134)	-	-	-	3,113
As at 30.09.2021	963,139	112	389	72,492	493,388	1,529,520
3 months to 30.09.2020						
As at 01.07.2020	764,965	-	389	97,841	358,112	1,221,307
Profit after taxation	-	-	-	-	10,032	10,032
Other comprehensive expenses, net of tax: - Foreign currency translation	-	-	-	(34,557)	-	(34,557)
Total comprehensive (expenses)/income for the quarter	-	-	-	(34,557)	10,032	(24,525)
As at 30.09.2020	764,965	-	389	63,284	368,144	1,196,782

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 2021 and the accompanying explanatory notes attached to the financial statements.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Quarter Ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	74,770	16,768
Adjustments for:		
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	39,101	39,815
Finance costs	9,764	8,704
Unrealised loss on foreign exchange	73	4,098
Share of results of an associate	110	751
Fair value changes on other investment	(32)	-
Reversal of contingent consideration	-	(2,368)
Interest income	(743)	(104)
Operating profit before working capital changes	123,043	67,664
Inventories	7,794	(7,325)
Trade receivables	(26,377)	(1,124)
Other receivables, deposits and prepayments	(38,888)	(69,791)
Trade payables	(3,181)	(811)
Other payables and accruals	18,977	173,324
Amount owing by an associate	-	59
Amount owing to an associate	(26)	-
Cash generated from operating activities	81,342	161,996
Tax paid	(20,478)	(890)
Movement in restricted cash and bank balances **	(3,299)	(4,332)
Net cash generated from operating activities	57,565	156,774
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(12,101)	(84,878)
Acquisition of intangible assets	(8,170)	(2,798)
Other investment	(630)	-
Interest received	743	104
Net cash used in investing activities	(20,158)	(87,572)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of term loan	-	(49,358)
Net repayment of lease liabilities	(4,641)	(3,317)
Net cash used in financing activities	(4,641)	(52,675)
Net increase in cash and cash equivalents	32,766	16,527
Effects of foreign exchange rate changes	(2,607)	2,502
Cash and cash equivalents at beginning of the financial quarter	173,889	77,307
Cash and cash equivalents at end of the financial quarter	204,048	96,336

Cash and bank balances in the consolidated statements of financial position are as follows:

<u>Non-current</u>		
Restricted cash and bank balances **	129,950	97,152
<u>Current</u>		
Cash and bank balances	207,823	100,040
Less: Restricted cash and bank balances ***	(3,775)	(3,704)
Cash and cash equivalents	204,048	96,336

** 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 September 2021 is RM3.761 million (30 June 2021: RM3.761 million). The balance of RM0.002 million as at 30 September 2021 (30 June 2021: RM0.002 million) 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 B, Note 17 (ii) 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 2021 and the accompanying explanatory notes attached to the financial statements.

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QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

**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 2021 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 2021.

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 2021.

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 2021:

Amendments to MFRS 7, MFRS 9, MFRS 16 and MFRS 139	<i>Interest Rate Benchmark Reform – Phase 2</i>
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Amendments to MFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</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.

2.2 Standards issued but not yet effective

Description		Effective for financial periods beginning on or after
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

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2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Standards issued but not yet effective (cont'd)

Description		Effective for financial periods beginning on or after
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 Practice 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.

4 SIGNIFICANT/UNUSUAL ITEMS

There were no significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial quarter ended 30 September 2021 ("**Current Quarter**").

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 Quarter.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

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

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7 CHANGES IN THE COMPOSITION OF THE GROUP

On 10 September 2021, Hibiscus Capital Limited was incorporated under the Labuan Companies Act, 1990 with an issued and paid-up share capital of 1 ordinary share of United States Dollar (“**USD**”) 1.00. Hibiscus Capital Limited became a wholly-owned subsidiary of Hibiscus Petroleum Berhad.

On 27 September 2021, Borneo Hibiscus Sdn Bhd was incorporated under the Companies Act, 2016 with an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. Borneo Hibiscus Sdn Bhd became a wholly-owned subsidiary of Pacific Hibiscus Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of the Company.

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

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

There were no dividends paid during the Current Quarter.

10 DEBT AND EQUITY SECURITIES

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

	QUARTER ENDED 30.09.2021	
	Number of shares	Share capital RM'000
ORDINARY SHARES		
As at 01.07.2021	2,000,137,151	959,892
Conversion of CRPS to new ordinary shares	6,666,666	3,247
As at 30.09.2021	<u>2,006,803,817</u>	<u>963,139</u>

Save as disclosed below, there were no other issuances, cancellations, repurchases, resale, exercise of debt and equity securities during the Current Quarter.

Private Placement of CRPS (Please refer to Part B, Note 17 (ii) of this Quarterly Report.)

During the Current Quarter, the issued and paid-up ordinary share capital of the Company was increased by way of conversion of 3,200,000 units of the second tranche of the Private Placement of CRPS (“**CRPS-T2**”) into 6,666,666 new ordinary shares at a conversion price of RM0.48.

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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), existing pipeline infrastructure, the Labuan Crude Oil Terminal ("LCOT") and all other equipment and assets relating to the PSC.</p> <p>The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Quarter are 4.191 and 4.189 respectively.</p> |
| (ii) | Anasuria Hibiscus | <p>Group's investments and operations in the United Kingdom ("UK"), consisting of (i) the Anasuria Cluster, (ii) the Marigold and Sunflower fields, (iii) Licence No. P2532, (iv) Licence No. P2535, (v) Licence No. P2366, and (iv) Licence No. P2518, all located offshore in the UK Continental Shelf.</p> <p>Anasuria Cluster:</p> <ul style="list-style-type: none"> • 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, (iii) 50% interest in the Anasuria floating production storage and offloading vessel ("FPSO"), and (iv) 50% interest in Anasuria Operating Company Limited ("AOCL"). <p>Marigold and Sunflower fields:</p> <ul style="list-style-type: none"> • 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. <p>Licence No. P2532:</p> <ul style="list-style-type: none"> • Group's investment in 19.3% interest in Licence No. P2532 (Blocks 21/19c and 21/20c) containing the Cook West and Cook North field extensions. <p>Licence No. P2535:</p> <ul style="list-style-type: none"> • Group's investment in 70% interest in Licence No. P2535 (Block 21/24d) containing the Teal West discovered field. <p>Licence No. P2366:</p> <ul style="list-style-type: none"> • Group's investment in 100% interest in Licence No. P2366 (Blocks 15/18d and 15/19b) containing the Crown discovered field. Our request for an extension of the expiry date of the license was not approved by the UK's Oil and Gas Authority. Consequently, the license expired on 30 September 2021. <p>Licence No. P2518:</p> <ul style="list-style-type: none"> • Group's investment in 100% interest in Licence No. P2518 (Block 15/17a) containing the Kildrummy discovered field. <p>The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Quarter are 4.191 and 4.189 respectively.</p> |
| (iii) | Bass Strait Cluster | <p>Group's operations in the VIC/L31 Production Licence ("VIC/L31") for the West Seahorse field, other exploration prospects in Australia within the VIC/P57 Exploration Permit, the VIC/P74 Exploration Permit, and investment in 3D Oil Limited ("3DO").</p> <p>A Retention Lease application for VIC/L31 was submitted on 4 December 2018. On 5 November 2021, the National Offshore Petroleum Titles Administrator ("NOPTA") has granted approval of this application subject to the work program stated in the title instrument and associated conditions to be met. Given this development, the Group will assess any potential impact this reclassification may have on the recoverable amount of VIC/L31 with the assistance of third party experts. An update of the assessment will be announced when it is completed.</p> <p>The segment's functional currency is the Australian Dollar ("AUD"). The average and closing rates adopted for conversion to RM in the Current Quarter are 3.056 and 3.022 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	Bass Strait Cluster	Investment holding and group activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 30.09.2021</u>					
Non-current assets	686,078	1,388,037	50,307	3,763	2,128,185
Included in the segment assets is:					
Investment in an associate	-	-	4,367	-	4,367
Additions to non-current assets	6,267	17,048 [^]	100	1,080	24,495
<u>Quarter ended 30.09.2021</u>					
Project management, technical and other service fees	-	-	-	952	952
Sales of crude oil and gas	177,679	67,428	-	-	245,107
Interest income	-	-	-	631	631
Revenue	177,679	67,428	-	1,583	246,690
Depreciation and amortisation	(27,495)	(11,294)	-	(312)	(39,101)
Profit/(loss) from operations	74,414	23,754	(1,469)	(12,167)	84,532
Share of results of an associate	-	-	(110)	-	(110)
Finance costs	(4,453)	(5,234)	-	(77)	(9,764)
Interest income	24	88	-	-	112
Taxation	(26,787)	(6,465)	-	5	(33,247)
Profit after taxation ("PAT")/ (Loss after taxation ("LAT"))	43,198	12,143	(1,579)	(12,239)	41,523
EBITDA/Loss Before Interest, Taxes, Depreciation and Amortisation ("LBITDA")	101,933	35,136	(1,579)	(11,855)	123,635

[^] Additions to non-current assets for Anasuria Hibiscus included RM6.9 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
As at 30.09.2020					
Non-current assets	707,165	1,298,626	47,897	9,570	2,063,258
Included in the segment assets is:					
Investment in an associate	-	-	4,697	-	4,697
Additions to non-current assets	80,962	9,632 ^{^^}	6	765	91,365
Quarter ended 30.09.2020					
Project management, technical and other service fees	-	-	-	945	945
Sales of crude oil and gas	97,965	46,582	-	-	144,547
Interest income	-	-	-	1	1
Revenue	97,965	46,582	-	946	145,493
Depreciation and amortisation	(22,123)	(17,386)	-	(306)	(39,815)
Profit/(loss) from operations	24,013	1,540	1,135	(2,936)	23,752
Share of results of an associate	-	-	(751)	-	(751)
Reversal of contingent consideration	-	2,368	-	-	2,368
Finance costs	(4,640)	(4,039)	-	(25)	(8,704)
Interest income	28	75	-	-	103
Taxation	(7,368)	632	-	-	(6,736)
PAT/(LAT)	12,033	576	384	(2,961)	10,032
EBITDA/(LBITDA)	46,164	21,369	384	(2,630)	65,287

^{^^} Additions to non-current assets for Anasuria Hibiscus included RM2.8 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 30.09.2021 RM'000	QUARTER QUARTER ENDED 30.09.2020 RM'000	CUMULATIVE QUARTER PERIOD ENDED 30.09.2021 RM'000	PERIOD ENDED 30.09.2020 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum UK Limited	952	945	952	945
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	1	-	1	-
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	-	1	-	1
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	(90)	-	(90)	-

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 September 2021:

	RM'000
Approved and contracted for:	
Group's capital commitments	21,930
Share of a joint operation's capital commitments	7,819
Total capital commitments approved and contracted for	29,749
Share of a joint operation's other material commitments	33,605
	63,354
Approved but not contracted for:	
Group's capital commitments	9,341
Share of a joint operation's capital commitments	2,491
Total capital commitments approved but not contracted for	11,832
Share of a joint operation's other material commitments	3,264
	15,096

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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 Quarter	Immediate Preceding Quarter	Current Year Quarter vs Immediate Preceding Quarter (Change in %)
	30.09.2021 RM'000	30.06.2021 RM'000	
North Sabah			
Revenue	177,679	180,871	(2)
EBITDA	101,933	106,345	(4)
PBT	69,985	68,220	3
Taxation	(26,787)	(26,578)	(1)
PAT	43,198	41,642	4
Anasuria Hibiscus			
Revenue	67,428	70,377	(4)
EBITDA	35,136	29,559	19
PBT	18,608	16,218	15
Taxation	(6,465)	(1,800)	(259)
PAT	12,143	14,418	(16)
Bass Strait Cluster			
Revenue	-	-	-
LBITDA	(1,579)	(536)	(195)
LBT	(1,579)	(536)	(195)
Taxation	-	-	-
LAT	(1,579)	(536)	(195)
Investment holding and group activities			
Revenue	1,583	1,771	(11)
LBITDA	(11,855)	(5,421)	(119)
LBT	(12,244)	(5,944)	(106)
Taxation	5	18	(72)
LAT	(12,239)	(5,926)	(107)
Group			
Revenue	246,690	253,019	(3)
EBITDA	123,635	129,947	(5)
PBT	74,770	77,958	(4)
Taxation	(33,247)	(28,360)	(17)
PAT	41,523	49,598	(16)

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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

• **Current quarter 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 and gross profit of RM177.7 million and RM116.9 million (65.8% margin over revenue) respectively in the Current Quarter.

The segment sold 565,292 barrels of crude oil in two offtakes at an average realised oil price of USD75.00 per barrel ("**bbl**").

The sale of the two cargoes at the relatively high average realised oil price was the main driver for the segment recording an EBITDA of RM101.9 million and EBITDA margin over revenue of 57.4%.

The average operating costs ("**OPEX**") per bbl amounted to USD19.16 per bbl. The OPEX per bbl included amounts incurred for planned maintenance activities performed at the offshore platforms at South Furious and Barton. OPEX in the Current Quarter have also been impacted by COVID-19 restrictions and government standard operating procedures that have been imposed.

The average uptime and the average net oil production rate achieved in the Current Quarter were 81% and 5,311 bbls per day respectively. These metrics were adversely affected by a period of reduced production at the Barton, South Furious and South Furious 30 fields. The reduced production at these fields was as a result of certain restrictions on movement, quarantine requirements, manpower and logistic constraints during the COVID-19 outbreak, which disrupted the services provided by several of our contractors. Consequently, certain routine operational outages could not be addressed promptly.

Segment PBT was RM70.0 million after deducting the following items, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM24.8 million; and
- Unwinding of discount on provision for decommissioning costs of RM2.1 million.

15 PERFORMANCE REVIEW (CONT'D)

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

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%. Net tax expenses incurred in the Current Quarter were largely due to taxes levied on profits generated from operations, partly off-set by a reversal of deferred tax liabilities. Total net tax expenses in the Current Quarter were RM26.8 million. The resulting effective tax rate over PBT was 38.3%, which is consistent with the PITA rate of 38.0%.

(ii) Anasuria Hibiscus

• **Current quarter results**

In the Current Quarter, from this segment of our business, we sold 191,770 bbls of crude oil at an average realised oil price of USD76.31 per bbl. Total revenue achieved was RM67.4 million, whilst gross profit was RM39.0 million (57.8% margin over revenue).

Average OPEX per bbl of oil equivalent ("boe") recorded for the Current Quarter was USD27.94. A portion of the costs incurred for the planned shutdown of the Anasuria FPSO for maintenance activities ("**2021 Offshore Turnaround**") was included in the Current Quarter's cost of sales.

Recall that in the process of bringing the Anasuria FPSO back to full production upon completion of the 2021 Offshore Turnaround in April/May 2021, a malfunction of a critical component of the subsea infrastructure was identified which required it to be isolated from the primary production system. The impact of this temporary isolation is a lower overall daily production rate from the Anasuria asset which will continue until the failed component is replaced. Engineering and procurement activities are currently on-going on a fast-track basis with execution targeted for the third quarter of calendar year 2022. Until the failed component is returned to service, we anticipate that there will be an impact on calendar year 2022 offtake volumes and OPEX per boe. The Group will provide guidance on the production impact once the project schedule for rectification works has been finalised. The initial costs relating to these rectification works have been included in the Current Quarter's cost of sales.

Accordingly, both the average daily oil equivalent production rate and the average uptime in the Current Quarter was low, at 2,206 boe per day and 69% respectively.

Despite this, the Anasuria Hibiscus segment achieved healthy profit margins in the Current Quarter. The segment recorded gross profit and EBITDA amounting to RM39.0 million (57.8% margin over revenue) and RM35.1 million (52.1% margin over revenue) respectively.

15 PERFORMANCE REVIEW (CONT'D)

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

PBT stood at RM18.6 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM11.3 million; and
- Unwinding of discount on provision for decommissioning costs of RM5.0 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 Quarter amounting to RM6.5 million, representing an effective tax rate over PBT of 34.7%. This was slightly 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.

(iii) Bass Strait Cluster

- **Current quarter results**

During the Current Quarter, the segment recorded LAT of RM1.6 million.

The USD had appreciated against the segment's functional currency, the AUD, during the Current Quarter when compared to 30 June 2021. The quarter-end retranslation of the segment's USD-denominated payables resulted in unrealised foreign exchange losses, which was the main reason for the LAT. A significant portion of such USD-denominated payables are to inter-companies, and as a result, there was no adverse impact to the Group.

(iv) Investment holding and group activities

- **Current quarter results**

Segment LAT in the Current Quarter was RM12.2 million.

Expenses incurred mainly relate to corporate overheads, fund-raising activities and business development activities.

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15 PERFORMANCE REVIEW (CONT'D)

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

(B) Statements of Financial Position

(i) Non-current Assets

The Group's non-current assets balance as at 30 September 2021 of RM2,128.2 million was consistent with 30 June 2021's balance of RM2,128.5 million.

During the Current Quarter, net unrealised foreign exchange gains recognised due to the quarter-end retranslation of the Group's non-current assets denominated in non-MYR currencies amounted to RM15.7 million. This was mainly caused by the retranslation of our USD-denominated assets. The USD had appreciated against MYR as at 30 September 2021 when compared to 30 June 2021, which positively affected the quarter-end retranslation of these non-current assets.

Capital expenditure invested by Anasuria Hibiscus UK in the Current Quarter amounted to RM13.9 million (RM7.1 million for the Marigold and Sunflower fields, RM5.8 million for the Anasuria Cluster and RM1.0 million for Teal West). In North Sabah, RM6.3 million was incurred mainly for the St Joseph Major and Minor Sands drilling campaigns.

In addition, Anasuria Hibiscus UK paid an amount equivalent to RM3.3 million into a trust in the Current Quarter for its pro-rated obligations of the estimated cost of decommissioning the facilities of the Anasuria Cluster. As such decommissioning activities are expected to be carried out at the cessation of production at the Anasuria Cluster, these monies in the trust are classified as non-current assets.

The above transactions that increased the non-current assets balance were largely off-set by depreciation and amortisation of equipment, intangible assets and right-of-use assets of RM39.1 million.

(ii) Current Assets

Current assets increased from RM659.6 million as at 30 June 2021 to RM752.2 million as at 30 September 2021.

Operational-related receivables in both SEA Hibiscus and Anasuria Hibiscus UK increased by approximately RM28.0 million and RM12.0 million respectively. They were mainly caused by the higher amounts to be reimbursed by the respective joint venture partners for the 2011 North Sabah EOR PSC and the Anasuria Cluster.

Cash and bank balances increased from RM177.7 million as at 30 June 2021 to RM207.8 million as at 30 September 2021, largely due to collection of proceeds from crude oil offtakes in both the North Sabah and Anasuria Hibiscus segments during the Current Quarter.

In addition, the trade receivables balance was also higher by RM26.7 million compared to 30 June 2021. The trade receivables balances at the end of the respective reporting periods were impacted by the timing of receipts of proceeds from crude oil offtakes in both the North Sabah and Anasuria Hibiscus segments.

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 RM1,350.9 million as at 30 September 2021, an increase of RM36.8 million from RM1,314.1 million as at 30 June 2021.

Provision for taxation recognised by both SEA Hibiscus and Anasuria Hibiscus UK increased by RM18.5 million due to additional taxable income resulting from higher revenues achieved.

As at the end of the Current Quarter, outstanding operational-related payables for the Anasuria asset increased by approximately RM15.0 million compared to 30 June 2021. The balances at the end of the respective reporting periods were largely impacted by the timing of when AOCL paid such operational-related liabilities within the approved credit periods.

(iv) Total Equity

The increase in total equity during the Current Quarter by RM55.6 million was mainly attributable to net earnings generated from both the Anasuria and North Sabah assets.

(C) Statement of Cash Flows

(i) Cash flows generated from operating activities

Net cash inflow from operating activities for the Current Quarter was RM57.6 million. It comprised mainly of cash received from operations at the North Sabah and Anasuria assets, partly off-set by group-wide operating overheads and payment of taxation obligations incurred for both assets.

(ii) Cash flows used in investing activities

The Group's net cash used in investing activities amounted to RM20.2 million.

Amounts invested in capital expenditure by Anasuria Hibiscus UK and SEA Hibiscus amounted to RM13.9 million and RM6.3 million respectively.

(iii) Cash flows used in financing activities

Cash flows used in financing activities of RM4.6 million were payments for the Group's lease liabilities made during the Current Quarter.

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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 a PAT of RM43.2 million. This was marginally higher when compared to a PAT of RM41.6 million recorded in the three-month period ended 30 June 2021 (“**Preceding Quarter**”).

SEA Hibiscus sold 565,292 bbls of crude oil during the Current Quarter as compared to 608,006 bbls in the Preceding Quarter. Although lower volume of crude oil was sold in the Current Quarter, the revenue generated in the Current Quarter of RM177.7 million was consistent with that recognised in the Preceding Quarter of RM180.9 million due to higher average realised oil price attained in the Current Quarter. Average realised oil price secured in the Current Quarter was USD75.00 per bbl whilst USD72.07 per bbl was attained in the Preceding Quarter.

The average uptime of the North Sabah production facilities of 81% recorded during the Current Quarter was lower than the 95% reported for the Preceding Quarter. This was due to a period of reduced production at the Barton, South Furious and South Furious 30 fields during the Current Quarter, which was caused by certain restrictions on movement, quarantine requirements, manpower and logistic constraints during the COVID-19 outbreak. The services provided by several of our contractors were disrupted and as a result, certain routine operational outages could not be addressed promptly.

In the Current Quarter, the average net oil production rate was 5,311 bbl per day, which was lower than the Preceding Quarter’s 6,394 bbl per day. The average OPEX per bbl for North Sabah increased to USD19.16 due to the lower production in the Current Quarter on the back of higher OPEX from planned major maintenance activities which commenced in May 2021, when compared to USD15.67 in the Preceding Quarter. OPEX in both the Current Quarter and the Preceding Quarter have been impacted by the restrictions and standard operating procedures that have been imposed to control the COVID-19 situation.

Despite the adverse operational performance in the Current Quarter (when compared to the Preceding Quarter), PAT achieved by the segment in the Current Quarter was higher than that achieved in the Preceding Quarter by RM1.6 million. The lower production levels in the Current Quarter resulted in lower amortisation of intangible assets and depreciation of oil and gas assets in the Current Quarter of RM3.4 million when compared to the Preceding Quarter. In addition, administrative expenses reduced by RM6.6 million in the Current Quarter, mainly due to lower development OPEX incurred.

Net tax expenses incurred in the Current Quarter and the Preceding Quarter were due to taxes levied on profits generated from operations, partly off-set by a reversal of deferred tax liabilities. The net expenses of RM26.8 million recognised in the Current Quarter were consistent with the Preceding Quarter’s net tax expenses of RM26.6 million, as the taxable income generated in both quarters were fairly consistent.

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

(ii) Anasuria Hibiscus

The segment achieved an EBITDA and a PAT of RM35.1 million and RM12.1 million respectively in the Current Quarter as compared to that achieved in the Preceding Quarter, i.e. an EBITDA of RM29.6 million and a PAT of RM14.4 million.

Revenue recorded in the Current Quarter amounted to RM67.4 million as compared to the Preceding Quarter's revenue of RM70.4 million. Anasuria Hibiscus UK sold 191,770 bbls of crude oil at an average oil price of USD76.31 per bbl in the Current Quarter. In the Preceding Quarter, 254,945 bbls of crude oil were sold at an average realised price of USD62.67 per bbl. The higher average realised oil price attained in the Current Quarter mostly off-set the lower volume of crude oil sold.

The average uptime and the average OPEX per boe achieved in the Current Quarter of 69% and USD27.94 respectively reflected a more favourable operational performance when compared to the Preceding Quarter. In the Preceding Quarter, the average uptime was 53% and the average OPEX per boe was USD38.22. In the Preceding 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 in the Current Quarter was higher by approximately 34%, from 1,642 bbl per day in the Preceding Quarter to 2,206 bbl per day in the Current Quarter.

Income tax expenses in the Current Quarter amounted to RM6.5 million as compared to RM1.8 million in the Preceding Quarter (despite consistent PBT numbers in both quarters). Total income tax expenses accrued in the Preceding Quarter were lower subsequent to a re-assessment of the full financial year (ended 30 June 2021) income tax obligations in that quarter, mainly influenced by overprovision of income tax liabilities in the earlier quarters of the financial year.

(iii) Bass Strait Cluster

During the Current Quarter, the segment recorded a LAT of RM1.6 million as compared to a LAT of RM0.5 million in the Preceding Quarter.

Higher LAT in the Current Quarter was caused by higher adverse foreign exchange differences.

(iv) Investment holding and group activities

This segment recorded an increase in LAT of RM6.3 million in the Current Quarter, from a LAT of RM5.9 million in the Preceding Quarter.

Higher costs were incurred for payroll-related expenses, professional fees and administrative expenses.

In addition, there was a higher net adverse foreign exchange impact in the Current Quarter. A significant portion of such impact arose from the appreciation of the USD, which adversely impacted the revaluation of our USD-denominated inter-company payables at the end of the Current Quarter.

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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 Sdn Bhd (“**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 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 Bank Negara Malaysia (“**BNM**”), which was obtained on 21 June 2021 subject to certain conditions imposed;
- b) 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;
- c) The receipt by Repsol of written waiver by each of PCSB and PVEP of its pre-emption rights or expiry of the pre-emption period under the relevant pre-emption notices issued by Repsol to PCSB and PVEP, under each of the relevant JOAs, which was satisfied on 9 July 2021;
- d) The approval from each of PETRONAS and PetroVietnam for the sale of the FIPC Shares to Peninsula Hibiscus for the relevant PSCs; and
- e) The approval of the shareholders of Hibiscus Petroleum.

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.

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

(ii) Fund raising via Private Placement of CRPS

On 9 September 2020, Hong Leong Investment Bank Berhad (“**HLIB**”) and CIMB Investment Bank Berhad (“**CIMB**”), on behalf of the 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 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.

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 at the maturity date of the CRPS. The Company has the option to redeem in whole or part of the outstanding CRPS on 17 May 2022 (being the end of the 18th month from 18 November 2020, i.e the issue date of CRPS-T1), and/or redemption in one lump sum upon 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.

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

- (b) The CRPS allows its holder to convert the CRPS into a fixed number of new ordinary shares at a fixed conversion price. 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) Total transaction costs in connection with the Private Placement of CRPS incurred up to the end of the current financial year which comprise placement fees, professional fees, regulatory fees and other expenses amounted to RM7.6 million.

RM5.9 million of this amount was for the issuance of the 203,611,100 CRPS (i.e. 6,600 CRPS-T1 and 203,604,500 CRPS-T2), 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.

The remaining RM1.7 million has been included in other receivables. This amount will be allocated to future tranches of the CRPS, and any unutilised balance attributable to remaining unissued CRPS will be charged to profit or loss

- (d) As at 30 September 2021, the accumulated conversion rates of CPRS-T1 and CRPS-T2 are 100.0% and 98.7% respectively.

In addition, on 4 March 2021, on behalf of the Directors, 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. Subsequently, on 15 September 2021, Bursa Securities had resolved to approve a further extension of time of 6 months from 22 September 2021 until 21 March 2022 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, 4 March 2021, 3 September 2021 and 15 September 2021 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

The Warrants C expired on 19 March 2021.

The Company had received proceeds of RM4,535 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 10 November 2021, being the date of this Quarterly Report, is as follows:

Purpose	Proposed utilisation of proceeds from the Private Placement of CRPS as at 10 November 2021 RM'000	Actual utilisation as at 10 November 2021 RM'000	Intended timeframe for utilisation from the date of completion of the Private Placement of CRPS	Percentage utilised (%)
(i) Permitted utilisation ^{Note 1}	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
Total	203,611	69,399		

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 ⁽¹⁾: ≤5 years
- (ii) Internal rate of return ("**IRR**") ⁽²⁾: ≥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 October 2020 to end-October 2021:



As shown above, Brent oil prices have improved to levels above USD80.00 per bbl, 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.

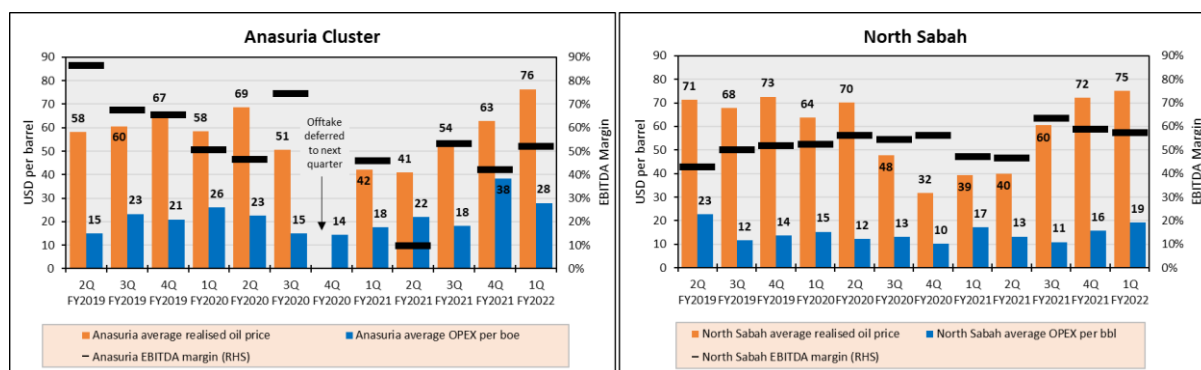
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19 PROSPECTS OF THE GROUP (CONT'D)

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.

In June 2021, we announced the transformative acquisition of high quality oil and gas assets located offshore Malaysia and Vietnam from Repsol. Based on third party expert reports, upon completion of the Proposed Acquisition, it is forecasted that the Group's daily production rate will increase almost three fold to circa 26k boe per day while our 2P net entitlement reserves will increase by more than 1.5 times. Given this outlook of increased production through the completion of a transformative acquisition, and a strengthening oil price environment, we look forward to a positive performance for the financial year ending 30 June 2022.

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.

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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 Quarter.

22 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

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

On 4 October 2021, the Directors recommended the payment of a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2021, which is subject to the approval by the Company's shareholders at the forthcoming Annual General Meeting on 14 December 2021. The financial statements for the financial year ended 30 June 2021 did not reflect this dividend. This dividend, if approved by the Company's shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2022, and is to be paid on 28 January 2022 with an entitlement date of 4 January 2022.

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26 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.

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
		30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit after taxation attributable to owners of the Company (RM'000)	(A)	41,523	10,032	41,523	10,032
Weighted average number of shares for basic earnings per share computation ('000)	(B)	2,006,804	1,588,229	2,006,804	1,588,229
Effects of dilution of CRPS ('000)		5,615	-	5,615	-
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	2,012,419	1,588,229	2,012,419	1,588,229
Basic earnings per share (sen)	(A/B)	2.07	0.63	2.07	0.63
Diluted earnings per share (sen)	(A/C)	2.06	0.63	2.06	0.63

27 OTHER INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Sundry income	83	6,230	83	6,230
Interest income	112	103	112	103
Realised gain on foreign exchange #	17	-	17	-
Fair value changes on other investment	32	-	32	-
	244	6,333	244	6,333

The 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		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	39,101	39,815	39,101	39,815
Finance costs	9,764	8,704	9,764	8,704
Share of results of an associate	110	751	110	751
Fair value changes on other investment	(32)	-	(32)	-
Interest income	(743)	(104)	(743)	(104)
Reversal of contingent consideration	-	(2,368)	-	(2,368)
Unrealised loss on foreign exchange #	73	4,098	73	4,098
Realised (gain)/loss on foreign exchange #	(17)	388	(17)	388

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 Quarter.

29 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Income taxation	(38,368)	(14,731)	(38,368)	(14,731)
Deferred taxation	5,121	7,995	5,121	7,995
	(33,247)	(6,736)	(33,247)	(6,736)

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29 TAXATION (CONT'D)

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
North Sabah				
Income taxation	(35,606)	(14,601)	(35,606)	(14,601)
Deferred taxation	8,819	7,233	8,819	7,233
Total	(26,787)	(7,368)	(26,787)	(7,368)
Anasuria Hibiscus				
Income taxation	(2,762)	(130)	(2,762)	(130)
Deferred taxation	(3,703)	762	(3,703)	762
Total	(6,465)	632	(6,465)	632
Bass Strait Cluster				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
Total	-	-	-	-
Investment holding and group activities				
Income taxation	-	-	-	-
Deferred taxation	5	-	5	-
Total	5	-	5	-
Group				
Income taxation	(38,368)	(14,731)	(38,368)	(14,731)
Deferred taxation	5,121	7,995	5,121	7,995
Total	(33,247)	(6,736)	(33,247)	(6,736)

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 September 2021 were as follows:

	As at 30.09.2021 RM'000	As at 30.06.2021 RM'000
<u>Non-current</u>		
<u>Secured</u>		
Lease liabilities	8,953	11,230
	<hr/>	<hr/>
<u>Current</u>		
<u>Secured</u>		
Lease liabilities	14,723	15,540
	<hr/>	<hr/>

By Order of the Board of Directors
Hibiscus Petroleum Berhad
10 November 2021