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

# Unaudited Quarterly Financial Report 30 September 2015

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

# QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

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

		INDIVIE QUARTER ENDED 30.09.2015	OUAL QUARTER QUARTER ENDED 30.09.2014	CUMULA <sup>T</sup> PERIOD ENDED 30.09.2015	FIVE QUARTER PERIOD ENDED 30.09.2014
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE		245	2,171	245	2,171
Other income		23,998	694	23,998	694
Administrative expenses		(13,364)	(6,627)	(13,364)	(6,627)
Other expenses		(3,453)	(3,513)	(3,453)	(3,513)
Finance costs		(25)	(3,313)	(3,433)	(3,313)
Share of results of an associate		(102)	(63)	(102)	(63)
Share of losses of joint ventures		(2,540)	(2,628)	(2,540)	(2,628)
Share of losses of joint ventures		(2,540)	(2,020)	(2,540)	(2,020)
PROFIT/(LOSS) BEFORE TAXATION	25	4,759	(9,966)	4,759	(9,966)
Taxation	26	(10)	689	(10)	689
PROFIT/(LOSS) AFTER		. ,		. ,	
TAXATION		4,749	(9,277)	4,749	(9,277)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		4,749	(9,277)	4,749	(9,277)
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic	24	0.49	(1.14)	0.49	(1.14)
Diluted	24	0.49	(1.14)	0.49	(1.14)
	_				

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015** 

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDU QUARTER ENDED 30.09.2015 RM'000	JAL QUARTER QUARTER ENDED 30.09.2014 RM'000	CUMULA' PERIOD ENDED 30.09.2015 RM'000	TIVE QUARTER PERIOD ENDED 30.09.2014 RM'000
PROFIT/(LOSS) AFTER TAXATION	4,749	(9,277)	4,749	(9,277)
Other comprehensive income: Items that may be subsequently reclassified to profit and loss: - Foreign currency translation*	47,333	1,522	47,333	1,522
TOTAL COMPREHENSIVE				
INCOME/(EXPENSES) FOR THE QUARTER/PERIOD	52,082	(7,755)	52,082	(7,755)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:				
Owners of the Company	52,082	(7,755)	52,082	(7,755)

<sup>\*</sup> 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 period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000
ASSETS			
NON-CURRENT ASSETS			
Investment in an associate		4,926	5,022
Investments in joint ventures		301,496	259,310
Intangible assets		192,176	144,774
Equipment		55,978	55,451
		554,576	464,557
CURRENT ASSETS			
Other receivables, deposits and prepayments		96,809	67,477
Amounts owing by joint ventures		2,125	12,102
Amount owing by an associate		766	970
Cash and bank balances		668	5,930
		100,368	86,479
TOTAL ASSETS		654,944	551,036
EQUITY AND LIABILITIES EQUITY			
Share capital	10	9,808	9,278
Other reserves		661,344	574,403
Accumulated losses		(67,195)	(71, 944)
		603,957	511,737
CURRENT LIABILITIES			
Other payables and accruals		42,731	26,970
Amount owing to an associate		7,764	11,849
Amount owing to a joint venture		243	240
Provision for taxation		30	21
Redeemable Convertible Preference Shares ("RCPS")		219	219
		50,987	39,299
TOTAL LIABILITIES		50,987	39,299
TOTAL EQUITY AND LIABILITIES	_	654,944	551,036
NET ASSETS PER SHARE (RM)		0.62	0.55

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

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

# QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

# **UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

<> NON-DISTRIBUTABLE>							
3 months to	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	OTHER RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
<b>30.09.2015</b> As at 01.07.2015	9,278	535,731		241	38,431	(71,944)	511,737
Issuance of shares			-	241	30,431	(71,944)	
Share-based payment	530	37,145	-	37	-	-	37,675 37
Change in composition of a a joint venture	-	-	-	2,426	-	-	2,426
Profit after taxation Other comprehensive income, net of tax: - Foreign currency	-	-	-	-	-	4,749	4,749
Translation	-	-	-	-	47,333	-	47,333
Total comprehensive income for the period	-	-	-	-	47,333	4,749	52,082
As at 30.09.2015	9,808	572,876	-	2,704	85,764	(67,195)	603,957
3 months to 30.09.2014							
As at 01.07.2014	5,892	328,141	64,654	110	5,322	(7,117)	397,002
Conversion of warrants	3,024	178,996	(64,654)	-	-	-	117,366
Share-based payment	-	-	-	31	-	-	31
Unexercised warrant reserve	-	-	-	-	-	423	423
Loss after taxation	-	-	-	-	-	(9,277)	(9,277)
Other comprehensive income, net of tax: - Foreign currency Translation	-	-	-	-	1,522	-	1,522
Total comprehensive income/(expenses)							
for the period		-	-	-	1,522	(9,277)	(7,755)
As at 30.09.2014	8,916	507,137	-	141	6,844	(15,971)	507,067

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

# **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

CASH FLOWS FROM OPERATING ACTIVITIES	QUARTER ENDED 30.09.2015 RM'000
Profit before taxation	4,759
Adjustments for:	1,700
Depreciation of equipment	3,453
Interest income	(70)
Unrealised gain on foreign exchange	(23,786)
Finance costs	25
Impairment of investment in an associate	824
Share of losses of an associate	102
Share of losses of joint ventures	2,540
Operating loss before working capital changes	(12,153)
Other receivables, deposits and prepayments	(7)
Other payables and accruals	8,089
Amounts owing by joint ventures	11,459
Amount owing to a joint venture	1
Amount owing by an associate	266
Amount owing to an associate	(4,760)
Cash generated from operating activities	2,895
Tax paid	(1)
Net cash generated from operating activities	2,894
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(22)
Interest received	70
Deposit for an investment	(19,142)
Acquisition of intangible assets	(34,548)
Net cash used in investing activities	(53,642)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of ordinary shares	37,675
Cash advances	4,838
Net cash generated from financing activities	42,513
Net decrease in cash and cash equivalents	(8,235)
Effects of foreign exchange rate changes	2,973
Cash and cash equivalents at beginning of the financial quarter	5,930
Cash and cash equivalents at end of the financial quarter	668

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

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**QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015** 

# PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

#### 1 BASIS OF PREPARATION

The unaudited Quarterly Report has been prepared in accordance with the reporting requirements as set out in the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and should be read in conjunction with the Group's audited financial statements for the financial period ended 30 June 2015 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 period ended 30 June 2015.

#### 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 period ended 30 June 2015. There were no new standards, amendments to published standards and Issue Committee ("IC") Interpretations that came into effect on 1 July 2015.

# 2.1 Standards issued but not yet effective

At the date of authorisation of the Quarterly Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

Description		Effective for financial periods beginning on or after
Amendment to MFRS 11	Joint Arrangements	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127	Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	(Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, MFRS 7 Financial Instruments: Disclosures, MFRS 134 Interim Financial Reporting)	1 January 2016

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

# 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

# 2.1 Standards issued but not yet effective (cont'd)

Description		Effective for financial periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 9	Financial Instruments	1 January 2018

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

# 3 SEASONAL OR CYCLICAL FACTORS

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

#### 4 SIGNIFICANT/UNUSUAL ITEMS

Save as disclosed below, there were no other significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 30 September 2015:

(i) Proposed call option between HiRex Petroleum Sdn. Bhd. ("HIREX") and Carnarvon Hibiscus Pty Ltd ("CHPL") to grant CHPL a call option to acquire 100% of the entire issued and paid-up share capital of HiRex (Australia) Pty Ltd ("HIREX Australia"), for a call option price of USD1.00

HIREX had on 14 August 2015 entered into a call option agreement with CHPL whereby HIREX had granted CHPL a call option to acquire 100% of the entire issued and paid-up share capital of HIREX Australia, for a call option price of USD1.00 ("**Proposed Call Option**"). CHPL had on the same day exercised the Proposed Call Option. Therefore, the Group has 78.35% effective interest in the VIC/P57 Exploration Permit ("**VIC/P57**") as at 4 September 2015, upon completion of the transaction contemplated in the Proposed Call Option.

On 7 October 2015, HIREX Australia's name was changed to Gippsland Hibiscus Pty Ltd.

Please refer to our announcements dated 14 August 2015 and 4 September 2015.

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

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

(ii) Dilution of effective interest in Lime Petroleum Norway AS ("Lime Norway")

Lime Petroleum Plc ("Lime") is a shareholder in Lime Norway. Hibiscus Petroleum Berhad ("Hibiscus Petroleum" or the "Company"), via its wholly-owned subsidiary company, Gulf Hibiscus Limited ("Gulf Hibiscus"), holds a 35% equity stake in Lime.

Rex International Investments Pte. Ltd. ("RII"), a wholly-owned subsidiary of Rex International Holding Limited, had on 28 September 2015, entered into a subscription agreement with Lime Norway to subscribe for 1,000,000 new Lime Norway shares at a nominal value of NOK100 per share for a total transfer price of NOK100 million as capital injection into Lime Norway. Upon completion of the capital injection, RII will hold 1,000,000 Lime Norway shares, representing approximately 26.18% direct interest in the enlarged issued and paid-up share capital of Lime Norway, with Lime holding the remaining 73.82% direct interest in the enlarged issued and paid-up share capital of Lime Norway. Accordingly, the Group's effective interest in Lime Norway decreased from approximately 35.00% to 25.84% upon completion of the capital injection.

(iii) The proposed placement of up to 89,164,225 new ordinary shares of RM0.01 each in the Company ("Hibiscus Petroleum Shares"), pursuant to the approval obtained from the shareholders of the Company at its Annual General Meeting for the Board to allot and issue new Hibiscus Petroleum Shares not exceeding 10% of the Company's issued share capital for the time being, pursuant to Section 132D of the Companies Act, 1965 ("Placement Shares")

Subsequent to the financial period ended 30 June 2015, the Company issued 53,027,700 Placement Shares, raising a total of RM38,314,775.

The Placement Shares were completed on 6 August 2015 with a total of 89,164,200 new ordinary shares issued.

Please refer to our announcements dated 1 July 2015, 13 July 2015, 14 July 2015, 29 July 2015, 4 August 2015, 5 August 2015 and 6 August 2015.

(iv) On 11 September 2015, the Company announced that it proposes to undertake the placement of up to 326,935,484 new ordinary shares in the Company ("New Placement Shares"), representing up to 25% of the enlarged issued and paid-up ordinary share capital of the Company ("Proposed Placement").

Bursa Securities gave its approval for the listing of and quotation of the New Placement Shares on 23 September 2015 whilst the approval of the shareholders of Hibiscus Petroleum was obtained for the Proposed Placement at an Extraordinary General Meeting ("**EGM**") held on 13 October 2015.

Please refer to our announcements dated 11 September 2015, 14 September 2015, 23 September 2015, 28 September 2015 and 13 October 2015.

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

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

(v) Proposed acquisition of the entire equity interest in Talisman Resources (JPDA 06-105) Pty Limited ("Talisman Resources JPDA")

On 23 June 2014, the Company announced that its wholly-owned subsidiary, Timor Hibiscus Limited ("**Timor Hibiscus**"), had entered into a conditional share sale agreement ("**SSA**") with Talisman Oil & Gas (Australia) Pty Limited ("**Talisman Oil & Gas**") and the Company (as Timor Hibiscus' guarantor) to acquire the entire equity interest in Talisman Resources JPDA, which in turn holds a 25% interest in the Kitan producing oilfield for a purchase price of USD18 million.

A sum of USD13 million had been remitted into a joint escrow account in accordance with the terms of the SSA.

The Company subsequently terminated the agreement on 1 June 2015, as conditions precedent were not fully satisfied by the cut-off date of 31 May 2015, as stipulated within the SSA. Talisman Oil & Gas had disputed the termination of the SSA by the Company. At the date of this report, all matters relating to the dispute have been resolved.

# (vi) Debt facility

As at the date of this report, the Group had entered into a binding arrangement for a debt facility amounting to USD20 million for a tenure of between 18 and 36 months. We expect the drawdown to commence in December 2015.

(vii) The proposed acquisition of 50% interest in the Anasuria Cluster

Please refer to Part B, Item 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 financial period ended 30 September 2015.

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

Save as disclosed below, there were no other material events subsequent to the end of the financial quarter ended 30 September 2015 up to the date of this report:

(i) On 9 November 2015, the Company announced that it had executed a binding equity transaction term sheet in relation to the proposed acquisition of 100% equity interest in Hydra Energy Holdings Pty Ltd ("Hydra Energy") to be satisfied through the issuance of new ordinary shares of RM0.01 each in Hibiscus Petroleum.

Please refer to our announcements dated 9 November 2015, 11 November 2015 and 13 November 2015 and Part C, Item 1 of this Quarterly Report for further details.

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

#### 6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER (CONT'D)

(ii) On 11 November 2015, the Company announced that its wholly-owned subsidiary, CHPL advised that wireline evaluation and sampling of formation fluids over the 6 zones of interest identified on preliminary Sea Lion-1 data have been completed. This work has confirmed that no zones of commercial hydrocarbons were encountered in the Sea Lion-1 well. The well was plugged and abandoned and that operations at the drilling location are complete.

Please refer to our announcements dated 11 November 2015 and 16 November 2015 and to Part C, Item 1 of this Quarterly Report for further details.

Although there were no zones of commercial hydrocarbons encountered in the Sea Lion-1 well, as the Group plans to continuously explore other potential prospects within the permit, at this stage, we believe that it is too premature to conclude on potential impairment, if any. The impact of the Sea Lion-1 well results on the impairment assessment will be fully evaluated by the Group and the results will be disclosed in our Quarterly Report the financial period ending 31 December 2015.

#### 7 CHANGES IN THE COMPOSITION OF THE GROUP

On 5 August 2015, the Company acquired Atlantic Hibiscus Sdn Bhd ("Atlantic Hibiscus"), a company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of 400,000 ordinary shares of RM1.00 each and a paid-up capital of RM2.00. Atlantic Hibiscus is a wholly-owned subsidiary of the Company. The principal activity of Atlantic Hibiscus is investment holding. Concurrently, Atlantic Hibiscus has, on 5 August 2015, become the sole shareholder of Anasuria Hibiscus UK Limited ("Anasuria Hibiscus"), a company incorporated under the laws of England and Wales, with an issued and paid-up share capital of 1 ordinary share of £1.00. The principal activity of Anasuria Hibiscus is exploration and production of oil and gas.

Save as disclosed above, there were no changes in the composition of the Group during the financial period ended 30 September 2015.

#### 8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

# 9 DIVIDENDS PAID/PAYABLE

There were no dividends declared or paid during the financial period ended 30 September 2015.

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

#### 10 BORROWINGS, DEBT AND EQUITY SECURITIES

The movements in the issued and paid-up share capital of the Company arising from Placement Shares during the financial period ended 30 September 2015 were as follows:

	_		PERIOD ENDED 30.09.2015
ORDINARY SHARES	Par value RM	Number of shares	Share capital RM'000
As at 01.07.2015	0.01	927,778,754	9,278
Placement Shares	0.01	53,027,700	530
As at 30.09.2015	0.01	980,806,454	9,808

#### **Placement Shares**

During the financial quarter 30 September 2015, the Company issued 53,027,700 new Hibiscus Petroleum Shares, raising a total of RM38,314,775. This was undertaken in two tranches; 18,200,000 shares were issued on 13 July 2015 at RM0.67 per share and 34,827,700 shares were issued on 4 August 2015 at RM0.75 per share.

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

Save for the above, there were no other issuances, cancellations, repurchases, resale and repayments of borrowings, debt and equity securities during the financial period ended 30 September 2015.

# 11 OPERATING SEGMENTS

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

(i)	Investment holding and group activities	Investments in companies owning/operating oil and gas concessions, and provision of project management, technical and other services relating to the oil and gas exploration and production industry. The investment holding and group activities are located in Malaysia and the United Kingdom.
(ii)	Lime	Group's investments and operations in the exploration assets of Lime and its concession companies (" <b>Lime Group</b> "), located in the Middle East and Norway.
(iii)	3D Oil, VIC/L31 & VIC/P57	Group's operations in the VIC/L31 Production Licence ("VIC/L31") for the West Seahorse field and other exploration prospects in Australia within VIC/P57, and investment in 3D Oil Limited ("3D Oil").
(iv)	HIREX	Planned investments in exploration assets within the Asia Pacific region. Activities are located in Malaysia.

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

# 11 OPERATING SEGMENTS (CONT'D)

	Investment holding and group activities RM'000	Lime RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 30.09.2015 Non-current assets	1.667	205 270	251 442	6 406		EE 4 E 7 C
Non-current assets	1,667	295,370	251,413	6,126	-	554,576
Included in the segments assets are: Investment in an						
associate Investments in joint	-	-	4,926	-	-	4,926
ventures Additions to non-current	-	295,370	-	6,126	-	301,496
assets	22	-	22,156	-	-	22,178
Period ended 30.09.2015						
Revenue	184	-	61	-	-	245
Depreciation	(345)	-	(3,108)	-	-	(3,453)
Profit/(loss) from						
operations	22,089	-	(13,839)	-	-	8,250
Impairment of associate	-	-	(824)	<del>-</del>	-	(824)
Share of results	- (2-)	(1,808)	(102)	(732)	<del>-</del>	(2,642)
Finance costs	(25)	-	(1,414)	-	1,414	(25)
Interest income	1,414	-	-	=	(1,414)	(40)
Taxation	(10)	-	-	-	-	(10)
Profit/(loss) after taxation	23,468	(1,808)	(16,179)	(732)	-	4,749

Revenue arises from the provision of project management services which originated from Malaysia.

(Company No : 798322-P)

# (Incorporated in Malaysia) QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

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

	Investment holding and group activities RM'000	Lime RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 30.09.2014 Non-current assets	2.000	247.020	424.022	0.406		262.057
Non-current assets	2,998	217,930	134,023	8,106		363,057
Include in the segments assets are: Investment in an						
associate Investment in joint	-	-	12,014	-	-	12,014
ventures	-	217,930	-	8,106	-	226,036
Additions to non-current assets	81	-	27,138	-	-	27,219
Period ended 30.09.2014						
Revenue	2,117	-	54	-	-	2,171
Depreciation	(363)	-	-	-	-	(363)
Loss from operations	(4,404)	-	(2,871)	-	-	(7,275)
Share of results	· · · · · · · · · · · · · · · · · · ·	(1,306)	(63)	(1,322)	-	(2,691)
Finance costs	-	-	(1,027)	-	1,027	-
Interest income	1,027	-	-	-	(1,027)	-
Taxation	(10)	-	699	=	-	689
Loss after taxation	(3,387)	(1,306)	(3,262)	(1,322)	-	(9,277)

Revenue arises from the provision of project management services which originated from Malaysia.

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

# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

# 12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUA QUARTER ENDED 30.09.2015 RM'000	AL QUARTER QUARTER ENDED 30.09.2014 RM'000	CUMULATIV PERIOD ENDED 30.09.2015 RM'000	VE QUARTER PERIOD ENDED 30.09.2014 RM'000
Project management, technical and other services fees earned from joint ventures				
- Lime	91	1,378	91	1,378
- HIREX	84	465	84	465
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	189	88	189	88
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	124	350	124	350
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	(237)	(127)	(237)	(127)
Cash advances from a director	(1,000)	-	(1,000)	

# 13 MATERIAL COMMITMENTS

Save as disclosed below, the Group is not aware of any material capital commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the profit or loss, or net assets value of the Group as at 30 September 2015:

	RM'000
Approved and contracted for:	
Group's material commitments	129,372
Share of an associate's material commitments	7,272
	136,644
Approved but not contracted for:	
Group's material commitments	935
Share of a joint venture's material commitments	50,969
Share of an associate's material commitments	40
	51,944

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

# 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

The Group recorded a profit before taxation for the current financial quarter ("current quarter") of RM4.8 million as compared to a loss before taxation of RM10.0 million in the corresponding financial quarter ("corresponding quarter").

The profit before taxation in the current quarter is primarily due to net gain on foreign exchange of RM26.4 million arising from the appreciation of the USD against the Ringgit, which positively impacted the Group's available USD-denominated balances and funds.

This is partially offset by expenses incurred for the Britannia Rig during the quarter amounting to RM6.4 million. Depreciation for the Britannia Rig commenced in December 2014 following its completion of works in ensuring its readiness for its intended use. A depreciation charge amounting to RM3.1 million was recognised during the current quarter. Any costs subsequent to this completion are maintenance in nature which would not enhance the value of the asset, and thus expenses off. Such costs amounted to RM3.3 million.

During the current quarter, the Group recorded revenue of RM0.2 million, a decrease of RM2.0 million as compared to RM2.2 million in the corresponding quarter. Such decrease is mainly due to lower revenue earned from project management, technical and other services from Lime and HIREX.

In addition, the Group incurred transition costs relating to the proposed acquisition of 50% interest in the Anasuria Cluster amounting to RM2.4 million in the current quarter. Also, following the Group's assessment of its carrying value of investment in an associate, the Group has recognised an impairment of RM0.8 million.

# 16 MATERIAL CHANGE IN LOSS BEFORE TAXATION IN COMPARISON TO THE PRECEDING QUARTER

During the current quarter, the Group recorded a profit before taxation of RM4.8 million as compared to a loss before taxation of RM34.3 million in the financial quarter ended 30 June 2015 ("**preceding quarter**").

In the current quarter, the Group recorded higher net gain on foreign exchange by RM21.7 million mainly due to a net positive impact on the Group's available USD-denominated balances and funds arising from the appreciation of the USD against the Ringgit. In addition, following the Group's assessment of its carrying value of investment in an associate, an impairment of RM2.8 million was recognised in the preceding quarter as compared to RM0.8m in the current quarter. These are partially offset by transition costs relating to the proposed acquisition of 50% interest in the Anasuria Cluster amounting to RM2.4 million.

The loss before taxation in the preceding quarter was mainly due to the Group's share of an impairment of the carrying value in the Sharjah East Coast Concession, owned 100% by Zubara Petroleum Ltd, a wholly-owned subsidiary of Lime, amounting to RM10.2 million. Also in the preceding quarter, the Group incurred RM7.6 million for a comprehensive one-off inspection of the Britannia Rig that was then used to develop detailed cost estimates and an integrated schedule for the conversion of the rig to a MOPU for the West Seahorse field.

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

# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

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

(i) Proposed Acquisition of 50% Interest in the Anasuria Cluster

On 6 August 2015, the Company announced that its indirect wholly-owned subsidiary, Anasuria Hibiscus, had entered into two conditional sale and purchase agreements to acquire 50% interest in the Anasuria Cluster for a total cash consideration of USD52.5 million ("Proposed Acquisition").

The Company paid a deposit of USD4.0 million (RM15.5 million) upon the execution of the two conditional sale and purchase agreements.

The Anasuria Cluster comprises a geographically focused package of operated producing fields and associated infrastructure as follows:

- 100% interest in the Guillemot A field and the related field facilities ("Guillemot A Field");
- 100% interest in the Teal field and the related field facilities ("**Teal Field**");
- 100% interest in the Teal South field and the related field facilities ("Teal South Field");
- 38.65% interest in the Cook field and the related field facilities ("Cook Field"); and
- 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Offloading unit and the related equipment ("Anasuria FPSO").

The Guillemot A Field, Teal Field, Teal South Field, Cook Field and Anasuria FPSO are collectively referred to as the "Anasuria Cluster".

The Proposed Acquisition is subject to approvals, consents and/or waivers being obtained from the following:

- shareholders of Hibiscus Petroleum at an EGM to be convened, for the Proposed Acquisition;
- (ii) the Secretary of State for Energy and Climate Change of the UK Government for the following:
  - transfer of the Anasuria Cluster;
  - the execution of (and the transactions contained in) assignment documents including the transfer of the licenses and transfer of operatorships; and
  - the appointment on Completion of Anasuria Operating Company Limited ("AOCL") (or, in relation to the Cook Field, a relevant third party) as operator of the Anasuria Cluster;
- (iii) relevant third parties for the transfer by the Vendors to the Purchasers of the Anasuria Cluster and the appointment on Completion of either AOCL or a relevant third party as operator of the Cook Field; and
- (iv) other relevant authorities and/or parties, if required.

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

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

# (i) Proposed Acquisition of 50% Interest in the Anasuria Cluster (Cont'd)

The Proposed Acquisition will be financed through borrowings, sale of call options and internally generated funds from the Anasuria Cluster.

Please refer to our announcements dated 6 August 2015.

#### 18 PROSPECTS OF THE GROUP

The Group had recently announced that the drilling results of the Sea Lion exploration well were not favorable. Whilst this was a disappointing outcome, the disclosure of the proposed acquisition of Hydra Energy and more significantly, the underlying assets of Hydra Energy, still allows development of our West Seahorse asset in a combined project that could potentially be of thirteen years duration. Identified synergies with Hydra Energy should also significantly reduce development cost per barrel for the combined Hibiscus – Hydra combined asset portfolio.

The transformation of the Group from a non-revenue generating entity to an income generating position in the near term is dependent on the completion of the transaction in respect of the Anasuria Cluster, a group of producing oil and gas fields, located off the coast of Aberdeen, Scotland. This transaction was announced on 6 August 2015.

Various approvals in respect of this transaction, which are required from regulatory bodies in Malaysia and the United Kingdom, are in advanced stages. Once the majority of these approvals have been obtained, we shall seek an approval from our shareholders for the Proposed Acquisition.

As we move forward, we will increasingly focus on projects with near term visibility of cash flow and profits. Post completion of the Hydra Energy and Anasuria Cluster transactions, the Company expects to be in possession of a 2P/2C petroleum resource base of approximately 47 million barrels of oil equivalent ("mmboe") located in geopolitically stable areas. In addition, daily production estimates for 2015 and 2016 from Anasuria Cluster appear encouraging.

At this point in time, the Group does not have any debt. However, the Group is finalizing a USD20 million debt facility obtained from a reputable industry participant. Given that, the Group's activities for the next 1 year are expected to be funded through a combination of internally available funds, as well as debt and equity financing.

# 19 PROFIT FORECAST AND PROFIT GUARANTEE

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

# 20 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the financial period ended 30 September 2015.

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# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

#### 21 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the financial period ended 30 September 2015.

# 22 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.

#### 23 MATERIAL LITIGATION

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

# 24 EARNINGS/(LOSS) PER SHARE

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

		INDIVIDU QUARTER ENDED 30.09.2015 RM'000	AL QUARTER QUARTER ENDED 30.09.2014 RM'000	CUMULATIV PERIOD ENDED 30.09.2015 RM'000	E QUARTER PERIOD ENDED 30.09.2014 RM'000
Profit/(Loss) after taxation attributable to owners of the Company (RM'000)	(A)	4,749	(9,277)	4,749	(9,277)
Weighted average number of shares in issue ('000)	(B)	964,228	812,196	964,228	812,196
Basic earnings/(loss) per share (sen)	(A/B)	0.49	(1.14)	0.49	(1.14)
Diluted earnings/(loss) per share (sen)	=	0.49	(1.14)	0.49	(1.14)

The diluted loss per share for the Group in the previous corresponding financial quarter is the basic loss per share as the assumed conversion from the exercise of Warrants-A, Warrants-B and CRPS would be anti-dilutive.

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

# **QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

# 25 PROFIT/(LOSS) BEFORE TAXATION

	INDIVIDUAL QUARTER		<b>CUMULATIVE QUARTER</b>	
	QUARTER ENDED 30.09.2015 RM'000	QUARTER ENDED 30.09.2014 RM'000	PERIOD ENDED 30.09.2015 RM'000	PERIOD ENDED 30.09.2014 RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):				
Depreciation of equipment	3,453	363	3,453	363
Interest income	(70)	(328)	(70)	(328)
Unrealised (gain)/loss on				
foreign exchange	(23,786)	2,392	(23,786)	2,392
Realised (gain)/loss on foreign				
exchange	(23)	153	(23)	153
Finance costs	25	-	25	-
Share of losses of an				
associate	102	63	102	63
Share of losses of joint				
ventures	2,540	2,628	2,540	2,628

Other than as presented in the Condensed Consolidated Statements of Profit or Loss, and as disclosed above, there were no other income, interest expense, provision for and write off of receivables or inventories, gain/loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain/loss on derivatives, and other exceptional items for the financial period ended 30 September 2015.

# 26 TAXATION

	INDIVIDU QUARTER ENDED 30.09.2015 RM'000	AL QUARTER QUARTER ENDED 30.09.2014 RM'000	CUMULATI PERIOD ENDED 30.09.2015 RM'000	VE QUARTER PERIOD ENDED 30.09.2014 RM'000
Income taxation Deferred taxation	(10) -	(20) 709	(10) -	(20) 709
	(10)	689	(10)	689

(Company No : 798322-P)

# (Incorporated in Malaysia) QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

#### 27 REALISED AND UNREALISED ACCUMULATED LOSSES

	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000
Analysis of accumulated losses:		
Realised	(88,140)	(77,722)
Unrealised	23,786	6,719
	(64,354)	(71,003)
Less: Consolidation adjustments	(2,841)	(941)
	(67,195)	(71,944)

By Order of the Board of Directors Hibiscus Petroleum Berhad **30 November 2015**