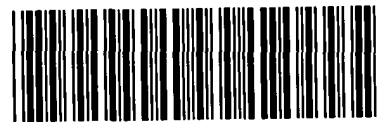


Company No.

9696268

ANASURIA HIBISCUS UK LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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Company No.

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ANASURIA HIBISCUS UK LIMITED

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ANASURIA HIBISCUS UK LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for the financial year ended 30 June 2019.

GENERAL

The Company is a private limited company, incorporated and domiciled in England and Wales. The registered office and principal place of business are as follows:

Registered office: 78 Cannon Street,
London,
United Kingdom.

Principal place of business: Bridge View,
1 North Esplanade West,
Aberdeen AB11 5QF,
United Kingdom.

The holding company is Atlantic Hibiscus Sdn. Bhd. ("Atlantic Hibiscus"), a company incorporated in Malaysia. The ultimate holding company is Hibiscus Petroleum Berhad ("Hibiscus Petroleum"), a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

BUSINESS REVIEW

The Company is principally engaged in the exploration and production of oil and gas. There have been no significant changes in the nature of these activities during the financial year.

Anasuria Cluster

On 10 March 2016, the Company, with Ping Petroleum UK Limited ("Ping Petroleum UK"), completed the transaction to each acquire 50% of the entire interests of Shell U.K. Limited ("Shell UK"), Shell EP Offshore Ventures Limited ("Shell EP") and Esso Production and Production UK Limited ("Esso UK") in the Anasuria Cluster of oil and gas fields.

The Anasuria Cluster is located approximately 175 kilometres east of Aberdeen in the United Kingdom ("UK") Central North Sea and consists of:

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

There is no expiry date for the license covering the Guillemot A, Teal and Teal South fields.

The UK's Oil and Gas Authority ("OGA") had on 12 March 2018 extended the license for the Cook field into a life of field license. A life of field extension is terminable only if there is a continuous minimum 12-month period in which the production has fallen below a minimum production level.

ANASURIA HIBISCUS UK LIMITED

STRATEGIC REPORT (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Anasuria Cluster (continued)

The Company, together with Ping Petroleum UK has established the joint operating company, Anasuria Operating Company Limited ("AOCL") in Aberdeen and this company has been approved as the license operator for the assets by the Secretary of State for Energy and Climate Change of the UK Government. On 10 March 2016, AOCL successfully assumed the role of operator for the assets from Shell UK.

In the current financial year, there were five crude oil offtakes, with a total 1,349,170 barrels sold at an average realised oil price of USD66.60 per barrel ("bbl"). This is compared to three cargoes in the previous financial year, where 791,822 bbls of crude oil were sold at an average realised oil price of USD60.11 per bbl.

Revenue and gross profit from the sale of oil and gas production in the current financial year amounted to United States Dollars ("USD")96.0 million and USD68.9 million respectively. In the previous financial year, such revenue and gross profit amounted to USD51.0 million and USD29.3 million respectively.

Average operating costs per bbl of oil equivalent ("boe") recorded in the current financial year and the previous financial year was USD18.20 and USD23.24 respectively. The average uptime in the current financial year of 85% was approximately 12% higher than that recorded in the previous financial year of 76%. In the previous financial year, operations were adversely affected by the execution of a 30-day planned offshore turnaround of the Anasuria FPSO between September 2017 and October 2017. That activity directly contributed to a lower average uptime in the previous financial year but may have also indirectly resulted in improved performance of the offshore facilities in the subsequent months. As a brief recapitulation, an offshore turnaround in the Anasuria Cluster is a periodic, planned activity when the Anasuria FPSO is completely shut down so that maintenance activities can be carried out to improve the overall performance of the production facilities.

The average daily oil equivalent production rate in the current financial year increased by 15% when compared to the previous financial year. This is a result of higher average uptime as well as the incremental oil and gas production from the GUA-P2 side-track well on the Guillemot A field that was completed in September 2018.

As joint operator of the Anasuria Cluster, the Company continuously focuses on optimising asset performance but it is equally important to note that the performance is impacted daily by external macroeconomic factors over which the Company exert minimal control.

Marigold and Sunflower fields

On 8 October 2018, the Company entered into a conditional Sale and Purchase Agreement ("SPA") with Caldera Petroleum (UK) Ltd ("Caldera Petroleum") to acquire 50% interest in Licence No. P.198 Blocks 15/13a and 15/13b, which consists of the Marigold and Sunflower discovered fields for a total cash consideration of USD37.5 million ("Acquisition").

Subsequently, the conditions precedent to the SPA in connection with the Acquisition had been fulfilled on 16 October 2018, save for the written consent of the OGA for the transfer of operatorship to the Company which had been waived ("OGA Consent"). This OGA Consent then became a post-completion event. In conjunction thereto, the SPA became unconditional on the same day. Pursuant to payment of the purchase consideration of USD37.5 million, the Acquisition was completed on 16 October 2018.

ANASURIA HIBISCUS UK LIMITED

STRATEGIC REPORT (CONTINUED)

BUSINESS REVIEW (CONTINUED)

This acquisition presented an opportunity for the Company to expand its footprint in an area of the Company's geographic interest. Having conducted some benchmarking exercises, the acquisition cost per discovered bbl of oil, at USD1.25 per bbl, was attractive and the Company anticipates that the value added to its portfolio through this transaction will gradually grow as it matures the field development plan.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is subject to various risks and uncertainties in the course of its business. The principal risks and uncertainties that may adversely impact its business, financial condition or operating results are discussed below.

1. Market prices for crude oil and gas

A substantial or extended decline in crude oil or gas prices would reduce the Company's operating results and cash flows and could adversely impact its future rate of growth and the carrying value of its assets.

Prices for crude oil and gas fluctuate widely. Many of the factors influencing prices of crude oil and gas are beyond the Company's control. The factors include:

- worldwide supply and demand for crude oil and gas,
- the cost of exploring for, developing and producing oil and gas,
- the ability of the members of Organization of the Petroleum Exporting Countries ("OPEC") to agree to and maintain production controls,
- political instability or armed conflict in oil-producing regions,
- changes in weather patterns and climatic changes,
- natural disasters such as hurricanes and tornados,
- the price and availability of alternative and competing fuels,
- domestic and foreign governmental regulations and taxes, and,
- general economic conditions worldwide.

The long-term effects of these and other factors on the prices of crude oil and gas are uncertain.

Significant reductions in crude oil and gas prices could require the Company to reduce its capital expenditures and impair the carrying value of its assets.

ANASURIA HIBISCUS UK LIMITED

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

2. Estimates of crude oil and gas reserves

Estimates of crude oil and gas reserves depend on many factors and assumptions, including various assumptions that are based on conditions in existence as at the dates of the estimates. Any material changes in those conditions or other factors affecting those assumptions could impair the quantity and value of the Company's crude oil and gas reserves, as discussed in Note 3(m)(i) to the financial statements.

Internal experts are employed by the Company to monitor and periodically update the estimates of crude oil and gas reserves. In addition, when there are significant changes in inputs, management has engaged external independent oil and gas reserve experts to evaluate the estimates of crude oil and gas reserves.

3. Environmental matters and decommissioning provision

The Company will continue to incur significant capital expenditures and operating costs as a result of compliance with, and changes in, environmental and decommissioning laws and regulations, and, as a result, its profitability could be materially reduced.

The Company provides for decommissioning liabilities in its financial statements in accordance with International Financial Reporting Standards ("IFRSs"). Additional information regarding decommissioning liabilities is set forth in the Note 23 to the financial statements. The process of estimating decommissioning liabilities is complex and involves significant uncertainties concerning the timing of the decommissioning activity, legislative changes, technological advancement, regulatory, environmental and political changes, and the appropriate discount rate used in estimating the liability.

The AOCL framework under the Health, Safety and Environment Management Systems ("HSEMS") for Environmental Management is externally verified to ISO14001:2015. AOCL has in place an Environmental Management Manual, which describes the approach to eliminate or reduce risks to the environment and actively promote continual improvement.

4. Unexpected business interruptions and uninsured losses

The Company's operations are subject to business interruptions and casualty losses and it does not insure against all potential losses and, therefore, it could be seriously harmed by unexpected liabilities.

The Company's production operations are subject to unplanned occurrences, including blowouts, explosions, fires, loss of well control, spills, adverse weather, labour disputes and accidents. Its operations are also subject to the additional hazards of pollution, releases of toxic gas and other environmental hazards and risks, as well as the hazards of marine operations, such as capsizing, collision and damage or loss from severe weather conditions. These hazards could result in loss of human life, significant damage to property and equipment, environmental pollution, impairment of operations and substantial financial losses.

The Company maintains insurance against many, but not all, potential losses or liabilities arising from these operating hazards in amounts that management believes to be prudent. Uninsured losses and liabilities arising from operating hazards could reduce the funds available to the Company for production and could materially reduce the Company's profitability.

ANASURIA HIBISCUS UK LIMITED

STRATEGIC REPORT (CONTINUED)

KEY PERFORMANCE INDICATORS

As of 30 June 2019, the Company has been involved in the joint operations of the Anasuria Cluster for over three years. Key performance indicators achieved under the joint operational control for each financial quarter during the current financial year are shown in the table below:

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

@ Conversion rate of 6,000 standard cubic feet ("scf")/boe.

∞ For Cook field.

For Guillemot A, Teal and Teal South fields.

On behalf of the Board,



Dr Kenneth Gerard Pereira
Director

21 May 2020

ANASURIA HIBISCUS UK LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the financial year ended 30 June 2019.

FUTURE DEVELOPMENT

In respect of the Anasuria Cluster, the recent capital expenditure projects serve not only to increase production, but also to provide an opportunity to further improve the geological and reservoir understanding of the Anasuria Cluster fields. In addition, consistent with the Company's strategy to grow its business and footprint in the UK, the Company has been investigating opportunities and activities to extend the economic life of the Anasuria Cluster, unlock value and maximise the economic recovery from the area surrounding the Anasuria FPSO.

In respect of the Marigold and Sunflower fields, the Company has identified several stranded discoveries around the Marigold and Sunflower fields. The potential collaboration with concession owners of these stranded discoveries located around the Marigold and Sunflower fields could allow a reduction in overall unit development and unit production cost for all parties. This, in turn, could potentially enable a higher volume of oil over a greater area to be economically produced. Such an outcome would deliver greater value overall, in line with the UK MER Strategy (Maximising Economic Recovery Strategy for the UK).

Further information on the future development is included at an aggregate level in the Annual Report of its ultimate holding company, Hibiscus Petroleum.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks that include the effects of changes in commodity prices, credit risk, liquidity risk, interest rate risk and foreign exchange rate risk.

Price risk

Commodity price risk related to crude oil is the Company's significant market risk exposure. Crude oil prices and quality differentials are influenced by worldwide factors such as OPEC actions, political events and supply and demand fundamentals. The Company is also exposed to natural gas price movements. Natural gas prices are generally influenced by oil prices and local market conditions. The Company's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Company may periodically use different types of derivative instrument to manage its exposure to price volatility, thus mitigating fluctuation in commodity-related cash flows.

Credit risk

The Company's accounts receivable with customers in the oil and gas industry are subject to normal industry credit risks. Oil production from the Anasuria Cluster is sold to BP Oil International Limited. Gas production from the Anasuria Cluster is sold to Shell UK and Esso UK.

The Company regularly monitors all customer receivables balances outstanding in excess of 90 days. As at 30 June 2019, all trade receivables were current (being defined as less than 90 days). The Company has no allowance for doubtful debts as at 30 June 2019.

ANASURIA HIBISCUS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk and cash flow risk

The Company along with its ultimate holding company will ensure there are sufficient available funds to operate its existing licenses. Due to the current adverse outlook on oil prices arising from events that occurred subsequent to the financial year, the Directors have assessed the Company's ability to continue as a going concern. The Directors have also considered the impact of COVID-19 and the outcome of possible downside scenarios in the going concern assessment. Based on the availability of funding from its ultimate holding company, the Directors concluded that there is no material uncertainty on the Company's ability to continue as a going concern.

DIVIDENDS

No dividend was paid since the date of incorporation and the Directors do not recommend the payment of any dividend for the current financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in Note 33 to the financial statements.

DIRECTORS

The following persons served as Directors of the Company during the financial year and up to the date of signing of this report:

Dr Kenneth Gerard Pereira

Lim Kock Hooi

Mark Paton (Appointed on 10 July 2018)

Devarajan Indran (Resigned on 10 July 2018)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and estimates that are reasonable and prudent; and,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

ANASURIA HIBISCUS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and,
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On behalf of the Board,



Dr Kenneth Gerard Pereira
Director

21 May 2020

Independent auditors' report to the members of Anasuria Hibiscus UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Anasuria Hibiscus UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

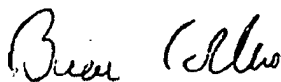
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
21 May 2020

ANASURIA HIBISCUS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2019

	<u>Note</u>	<u>2019</u> <u>USD</u>	<u>2018</u> <u>USD</u>
Revenue	4	95,991,669	50,983,156
Cost of sales	5	(27,134,680)	(21,704,196)
Gross profit		68,856,989	29,278,960
Other income	6	2,943,501	126,040
Administrative expenses		(1,739,607)	(2,410,697)
Other expenses	7	(18,685,578)	(14,871,722)
Finance costs	8	(4,117,938)	(4,128,684)
Profit before taxation	9	47,257,367	7,993,897
Taxation	10	(16,605,256)	(2,119,725)
Profit after taxation/Total comprehensive income for the financial year		<u>30,652,111</u>	<u>5,874,172</u>

The notes on pages 16 to 59 are an integral part of these financial statements.

ANASURIA HIBISCUS UK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	<u>Note</u>	<u>2019</u> USD	<u>Restated</u> <u>2018</u> USD
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	200,432,311	170,479,840
Property, plant and equipment	13	133,294,498	93,251,790
Restricted cash and bank balances	19	16,163,804	3,440,685
		<u>349,890,613</u>	<u>267,172,315</u>
CURRENT ASSETS			
Trade receivables	14	181,618	552,775
Other receivables, deposits and prepayments	15	811,276	3,377,747
Amount owing by holding company	16	1	1
Amount owing by ultimate holding company	17	7,636,336	8,193,893
Inventories	18	798,184	4,055,442
Cash and bank balances	19	16,162,391	10,263,606
		<u>25,589,806</u>	<u>26,443,464</u>
TOTAL ASSETS		<u>375,480,419</u>	<u>293,615,779</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	2	2
Retained earnings		147,334,426	116,682,315
TOTAL EQUITY		<u>147,334,428</u>	<u>116,682,317</u>
NON-CURRENT LIABILITIES			
Contingent consideration	21	498,967	451,671
Deferred tax liabilities	22	77,707,621	73,071,318
Provision for decommissioning costs	23	96,499,301	81,053,335
		<u>174,705,889</u>	<u>154,576,324</u>

The notes on pages 16 to 59 are an integral part of these financial statements.

ANASURIA HIBISCUS UK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (CONTINUED)

	<u>Note</u>	<u>2019</u> USD	<u>Restated</u> <u>2018</u> USD
CURRENT LIABILITIES			
Trade payables	24	2,109,294	774,922
Current tax liabilities		8,343,562	2,638,417
Other payables and accruals	25	17,180,589	16,177,045
Amount owing to related parties	26	25,806,657	2,766,754
		<u>53,440,102</u>	<u>22,357,138</u>
TOTAL LIABILITIES		<u>228,145,991</u>	<u>176,933,462</u>
TOTAL EQUITY AND LIABILITIES		<u>375,480,419</u>	<u>293,615,779</u>

The financial statements on pages 11 to 59 were authorised for issue by the Board of Directors on 21 May 2020 and were signed on its behalf.



Dr Kenneth Gerard Pereira
Director

Anasuria Hibiscus UK Limited
Registered no. 9696268

ANASURIA HIBISCUS UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019

	Share capital USD	Retained earnings USD	Total USD
Balance as at 1 July 2017	2	110,808,143	110,808,145
Profit after taxation/Total comprehensive income for the financial year	-	5,874,172	5,874,172
Balance as at 30 June 2018	2	116,682,315	116,682,317
Balance as at 1 July 2018	2	116,682,315	116,682,317
Profit after taxation/Total comprehensive income for the financial year	-	30,652,111	30,652,111
Balance as at 30 June 2019	2	147,334,426	147,334,428

ANASURIA HIBISCUS UK LIMITED

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019

	Note	2019 USD	Restated 2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		47,257,367	7,993,897
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets		18,685,578	13,498,784
Finance costs		4,117,938	4,128,684
(Reversal of impairment)/impairment of other receivables		(729,258)	134,576
Provision for stock obsolescence		-	66,015
Unrealised foreign exchange (gain)/loss		(2,679,068)	1,324,864
Operating profit before working capital changes		66,652,557	27,146,820
Decrease/(increase) in Trade receivables		373,898	(298,888)
Decrease/(increase) in Other receivables, deposits and prepayments		3,260,621	(2,278,725)
Decrease/(increase) in Amount owing by ultimate holding company		617,054	(78,081)
Decrease/(increase) in Inventories		3,257,258	(3,191,065)
Increase in Trade payables		1,334,372	718,668
Increase in Other payables and accruals		841,706	12,514,297
Increase in Amount owing to related parties		539,687	755,940
CASH GENERATED FROM OPERATIONS		76,877,153	35,288,966
Tax paid		(6,467,557)	(9,592,285)
Tax refund		203,749	-
Movement in restricted cash and bank balances		(12,723,119)	(3,440,685)
Net cash generated from operating activities		57,890,226	22,255,996
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment		(35,183,261)	(13,552,869)
Net cash outflow arising from business combination		-	(7,495,000)
Acquisition of intangible assets		(38,809,943)	-
Advances to holding company		-	(2,615,847)
Net cash used in investing activities		(73,993,204)	(23,663,716)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from a related party		22,500,000	-
Net cash generated from financing activities		22,500,000	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,397,022	(1,407,720)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		(498,237)	(198,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		10,263,606	11,869,331
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19	16,162,391	10,263,606

The notes on pages 16 to 59 are an integral part of these financial statements.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019

1 GENERAL INFORMATION

The Company is a private company limited by shares, incorporated and domiciled in England and Wales.

Details of the registered office, principal place of business, holding company and the ultimate holding company are as stated in the Strategic Report.

The Company is principally engaged in the exploration and production of oil and gas.

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with IFRS and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The financial statements are presented in USD and all values are rounded to the nearest dollar, unless otherwise indicated.

As of 30 June 2019, the Company is in a net current liabilities position of USD27,850,296 (2018: net current assets position of USD4,086,326). The Directors have also considered the impact of COVID-19 and the outcome of possible downside scenarios in the going concern assessment. The Directors are of the view that the Company will have continuing financial support from its ultimate holding company and sufficient cash flows for the next twelve months from the reporting date to meet its cash flow requirements, and there is no material uncertainty on the Company's ability to continue as a going concern. Therefore, the Directors have prepared the financial statements on a going concern basis.

Changes in accounting policy and disclosures

- (a) Standards, amendments to published standards and interpretations to existing standards that are applicable and effective to the Company

The Company has applied the following amendments for the first time for the financial year beginning on 1 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

The Company has adopted IFRS 9 and IFRS 15 for the first time for the financial year beginning on 1 July 2018 which resulted in changes in accounting policies. The detailed impact of changes in accounting policies are set out in Note 29 to the financial statements.

Other than that, the adoption of other amendments listed above did not have any impact on the current financial year.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy and disclosures (continued)

- (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2018. None of these is expected to have a significant effect on the financial statements of the Company, except the following:

- IFRS 16 'Leases' (effective from 1 January 2019) supersedes IAS 17 'Leases' and the related interpretations.

Under IFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

IFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). IFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in IAS 16 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss.

Administrative expenses which previously included operating lease rentals, were replaced by interest expense on lease liabilities (to be included within 'finance costs') and amortization of the right-of-use assets (to be included within 'other expenses').

For lessors, IFRS 16 retains most of the requirements in IAS 17. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Company has assessed the effects of applying the new standard on the financial statements and does not expect any material impact arising from adoption of this standard.

- IFRIC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IFRIC Interpretation 23 will be applied retrospectively.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Changes in accounting policy and disclosures (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

- Annual Improvements to IFRSs 2015-2017 Cycle: Amendments to IFRS 3 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account for the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.
- Annual Improvements to IFRSs 2015-2017 Cycle: Amendments to IFRS 11 'Joint Arrangements' (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.
- Annual Improvements to IFRSs 2015-2017 Cycle: Amendments to IAS 12 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are a distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.
- Amendments to IFRS 3 (effective from 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and substantive process that together significantly contribute to the ability to create outputs. The amendments provide guidance to determine whether an input and a substantive process are present, including the situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organized workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. In addition, the revised definition of the term 'outputs' is narrower, focuses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings. The amendments introduce an optional simplified assessment known as 'concentration test' that if met, eliminates the need for further assessment. Under this concentrated test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or group of similar assets), the assets acquired would not represent a business. The amendments shall be applied prospectively.

Other than IFRS 16, the Company is assessing the impact of the above standards and amendments to the existing standards to the financial statements.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements, unless otherwise stated.

(a) Investment in a joint arrangement

The Company is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Company and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Company classifies its interests in joint arrangements as Joint operations: where the Company has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Company considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and,
- Any other facts and circumstances (including any other contractual arrangements).

The Company accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

(b) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates, which is the functional currency.

The financial statements are presented in USD, which is the functional and presentation currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the reporting date are recognised in profit or loss.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

Financial instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as a liability or an asset are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Financial assets

Accounting policies applied until 30 June 2018

The Company classifies its financial assets in the following categories: at fair value through profit or loss ('FVTPL'), held-to-maturity, loans and receivables, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. The Company determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date. The Company had only financial assets classified as loans and receivables at the reporting date. The Company's loans and receivables comprise of trade receivables, other receivables and deposits, amount owing by holding company, amount owing by ultimate holding company and cash and bank balances in the statement of financial position.

Loans and receivables financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policies applied from 1 July 2018

- Classification

From 1 July 2018, the Company classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss); and,
- those to be measured at amortised cost.

- Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

- Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

Debt instruments

- Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

- There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

- Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(expenses) and impairment expenses are presented as separate line item in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

- FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within other income/(expenses) in the period which it arises.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

• Subsequent measurement – Impairment for debt instruments

The Company assesses on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has five types of financial instruments that are subject to the ECL model:

- Trade receivables;
- Other receivables;
- Deposits;
- Amounts owing by holding company; and,
- Amount owing by ultimate holding company.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and,
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

General 3-stage approach for other receivables, deposits, amount owing by holding company and amount owing by ultimate holding company

- At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Simplified approach for trade receivables

- The Company applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and,

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Company and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Company defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

- The Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria

- The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:
 - the debtor is in breach of financial covenants;
 - concessions have been made by the lender relating to the debtor's financial difficulty;
 - it is becoming probable that the debtor will enter bankruptcy or other financial reorganization; and,
 - the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)Write-off*Trade receivables*

- Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables

- The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(ii) Financial liabilities

All financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as FVTPL.

FVTPL category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. The Company had not entered into any hedging activities as at the reporting date. The Company's other financial liabilities comprise of trade payables, other payables and accruals, amount owing to related parties and contingent consideration.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(d) Intangible assets

(i) Other intangible assets

Intangible assets acquired separately are measured at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation of other intangible assets is computed based on the unit of production method using proven and probable reserves.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment initially recognised include purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

FPSO	5%
Office equipment	20 - 33.33%

The depreciation method, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Expenditure on the construction, installation and completion of infrastructure facilities of oil and gas assets is capitalised within property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Expenses incurred for the construction of tangible assets attributable to ongoing projects incurred are capitalised as 'work in progress'. Capitalisation is made within tangible assets according to the nature of the expenditure. No depreciation is charged during this phase until the asset is ready for use. The depreciation rate would be calculated based on the useful life of the asset to be assessed once it is ready for use.

Depreciation of oil and gas assets comprising subsea facilities and equipment is computed based on the unit-of-production method using proven and probable developed reserves.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment

(i) Impairment of financial assets

Accounting policies applied until 30 June 2018

All financial assets (other than those categorised at FVTPL) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Accounting policies applied from 1 July 2018

The accounting policies for impairment of financial assets are set out in Note 3(c)(i) to the financial statements.

(ii) Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when there is an indication that these assets may be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of an asset is the higher of the assets' fair value less costs of disposal and their value in use, which is measured by reference to discounted future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Inventories

Inventories of diesel, chemical and spares are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of petroleum products include direct costs and transportation charges incurred in bringing the inventories to their present condition and location, and is determined on a weighted average basis.

(h) Cash and bank balances

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with licensed banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and exclude restricted cash and bank balances.

(ii) Restricted cash and bank balances

Restricted cash and bank balances represent monies placed in trust for future decommissioning costs of oil and gas facilities.

(i) Provisions

(i) Decommissioning costs

Provision for future decommissioning costs is made in full when the Company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. Periodic estimates are made for such future facility abandonment costs. The estimated cost of decommissioning and restoration is discounted to its net present value. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised and amortised over the life of the underlying asset on a unit-of-production basis over proven and probable developed reserves. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the underlying related asset.

The unwinding of the discount applied to future decommissioning provisions is included under finance costs in profit or loss. The estimated interest rate used in discounting the cash flows is reviewed at least annually.

Any change in the expected future cost, interest rate and inflation rate is reflected as an adjustment in the provision for decommissioning costs of the underlying related asset.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Provisions (continued)

(ii) Other

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The increase in the provision due to passage of time is recognised as finance cost.

(j) Current and deferred taxation

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognised on temporary differences on investments in subsidiaries, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and,
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from business combination is adjusted against goodwill on acquisition, if any.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue

Accounting policies applied until 30 June 2018

(i) Sale of oil and gas products

Oil and gas revenues comprise the Company's share of sales of hydrocarbons when the significant risks and rewards of ownership have been passed to the buyer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

(ii) Interest income

Interest income is recognised using the effective interest method. Interest income consists of income from deposits with licensed banks and financial institutions and monies placed in trust.

Accounting policies applied from 1 July 2018*Revenue from contracts with customer*

(i) Sale of oil and gas products

Oil and gas revenues that comprise the Company's share of sales of hydrocarbons, are recognised at the point in time when control of the asset is transferred to the customer. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practise.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from other sources

(i) Interest income

Interest income is recognised using the effective interest method. Interest income consists of income from deposits with licensed banks and financial institutions and monies placed in trust.

(l) Under/overlift

The initial measurement of the overlift liability and underlift asset is at market price of oil at the date of lifting. Subsequent measurement depends on the terms of agreement. If the agreement allows the net settlement of overlift and underlift balances in cash, the balances will fall within the scope of IFRS 9. Overlift and underlift balances that fall within the scope of IFRS 9 are to be remeasured to the current market price of oil at the reporting date. Overlift and underlift balances that do not fall within the scope of IFRS 9 are measured at the lower of carrying amount and current market value. The change arising from the re-measurement is included in profit or loss.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical estimates and judgement

(i) Estimation of oil and gas reserves

Oil and gas reserves are key elements in the Company's investment decision making process. They are also an important element in testing for impairment. Changes in proven and probable developed oil and gas reserves will affect unit-of-production depreciation charges to profit or loss. Proven oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made.

Proven developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgment and are subject to future revision. Accordingly, financial and accounting measures (such as discounted cash flows, depreciation, depletion and amortisation charges, and decommissioning provisions) that are based on proven reserves are also subject to change.

Proven reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimates of proven reserves only include volumes for which access to market is assured with reasonable certainty.

All proven reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Probable reserves are those unproven reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proven plus probable reserves.

In general, changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions. In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical estimates and judgement (continued)

(i) Estimation of oil and gas reserves (continued)

Changes to the Company's estimates of proven and probable reserves may affect the impairment review of the Company's intangible assets, oil and gas assets and FPSO. Details are set out in Note 3(m)(ii) to the financial statements. These changes also affect the amount of depreciation and amortisation recorded for oil and gas assets and rights and concessions related to revisions. A reduction in proven and probable developed reserves will increase depreciation and amortisation charges (assuming constant production) and reduce income.

Although the possibility exists for changes in reserves to have a critical effect on depreciation and amortisation charges and, therefore, income, it is expected that in the normal course of business the Company will continue to prioritise exploration and timely project delivery which ultimately results in maximisation of reserve recovery and will thus constrain the likelihood for changes to occur.

(ii) Impairment review of intangible assets, oil and gas assets and FPSO

Carrying amounts of the Company's intangible assets, oil and gas assets and FPSO are reviewed for possible impairment annually including any indicators of impairment. For the purpose of assessing impairment, assets are grouped at the lowest level cash generating units ("CGU") for which there is a separately identifiable cash flow available. The CGUs of the Company are the Anasuria Cluster and the Marigold and Sunflower fields.

Estimates of future cash flows are based on management estimates of future crude oil prices, market supply and demand, product margins and expected future production volumes. Other factors that can lead to changes in estimates may include variations in regulatory environments. Expected future production volumes, which include proven and probable reserves, are used for impairment testing because the Company believes this to be the most appropriate indicator of expected future cash flows.

A discount rate based on the rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted is used in impairment testing. The discount rate applied is reviewed on an annual basis.

Details are set out in Notes 12 and 13 to the financial statements.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical estimates and judgement (continued)

(iii) Estimation of provision for decommissioning costs

Provisions are made for the future decommissioning and restoration of oil and gas assets at the end of their economic lives. Changes in the estimates of costs to be incurred, reserves or in the rate of production may impact income over the remaining economic life of the oil and gas assets.

Most of these decommissioning and restoration events are many years in the future and the precise requirements that will have to be met when such removal events occur are uncertain. Actual timing and net cash outflows can defer from estimates due to uncertainties concerning the timing of the decommissioning activity, legislative changes, technological advancement, regulatory, environmental and political changes, and the appropriate discount rate used in estimating the liability. The carrying amount of the provision, together with the discount rate used in discounting the cash flows and inflation rate, are regularly reviewed and adjusted to account for such changes. Additional information is disclosed in Note 23 to the financial statements.

(iv) Joint operation

The shareholders' agreement in relation to AOCL requires unanimous consent from all parties for all relevant activities stated in the agreement. The parties have direct rights to the assets of AOCL and are jointly and severally liable for the liabilities incurred by AOCL. This entity is therefore classified as a joint operation and the Company recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

4 REVENUE

	2019	2018
	USD	USD
Crude oil sales	92,388,791	48,865,549
Gas sales	3,602,878	2,117,607
	<u>95,991,669</u>	<u>50,983,156</u>

5 COST OF SALES

	2019	2018
	USD	USD
Cost of operations	1,167,449	1,830,260
Tariff and transportation expenses	2,088,554	323,000
Crude oil inventory movement	23,878,677	19,550,936
	<u>27,134,680</u>	<u>21,704,196</u>

6 OTHER INCOME

	2019	2018
	USD	USD
Unrealised foreign exchange gain	2,679,068	-
Realised foreign exchange gain	236,627	-
Interest income	19,976	126,040
Sundry income	7,830	-
	<u>2,943,501</u>	<u>126,040</u>

7 OTHER EXPENSES

	2019	2018
	USD	USD
Depreciation and amortisation of property, plant and equipment and intangible assets	18,685,578	13,498,784
Unrealised foreign exchange loss	-	1,324,864
Realised foreign exchange loss	-	48,074
	<u>18,685,578</u>	<u>14,871,722</u>

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

8 FINANCE COSTS

	2019 USD	2018 USD
Unwinding of discount on deferred consideration (Note 27)	-	179,418
Unwinding of discount on contingent consideration (Note 21)	47,296	42,813
Unwinding of discount on provision for decommissioning costs (Note 23)	4,035,534	3,902,751
Interest expense	35,108	3,702
	<u>4,117,938</u>	<u>4,128,684</u>

9 PROFIT BEFORE TAXATION

	2019 USD	2018 USD
Profit before taxation is arrived after charging/(crediting):		
Fees payable to the Company's auditors and its associates for the audit of the Company's financial statements:		
- PricewaterhouseCoopers LLP, UK	40,082	36,284
- member firm of PricewaterhouseCoopers International Limited	23,010	22,790
Tax fee	12,090	11,410
Rental expenses	71,836	49,149
(Reversal of impairment)/impairment of other receivables	(729,258)	134,576
Prospecting costs and consultancy fees	420,262	368,265
Provision for stock obsolescence	-	66,015
	<u></u>	<u></u>

The remuneration of Dr Kenneth Gerard Pereira is paid by Hibiscus Petroleum which makes no recharge to the Company. Dr Kenneth Gerard Pereira is a director of Hibiscus Petroleum and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of his remuneration in respect of each of the subsidiaries. His total remuneration is included in the key management personnel compensation disclosed in the financial statements of Hibiscus Petroleum.

The remuneration of Lim Kock Hooi and Mark Paton are paid by a wholly-owned subsidiary of Hibiscus Petroleum which makes no recharge to the Company. Lim Kock Hooi and Mark Paton are key management personnel of Hibiscus Petroleum and directors of fellow subsidiaries, and it is not possible to make an accurate apportionment of their respective remuneration in respect of each of the subsidiaries. Their total remuneration is included in the key management personnel compensation disclosed in the financial statements of Hibiscus Petroleum.

The Company employs no staff. Technical related expenses and a significant portion of administrative expenses are provided by a wholly-owned subsidiary of Hibiscus Petroleum.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

10 TAXATION

The tax assessed for the financial year is lower than the standard effective rate of corporation in the UK. The difference is explained below:

	2019 USD	2018 USD
Current tax:		
- Income tax	11,968,953	4,426,840
- Over accrual in prior year	-	(302,892)
	11,968,953	4,123,948
Deferred tax (Note 22):		
- Origination/(reversal) of temporary differences	4,636,303	(2,004,223)
	16,605,256	2,119,725
Profit before taxation	47,257,367	7,993,897
Tax at the statutory tax rate at 40% (2018: 40%)	18,902,947	3,197,559
Expenses not deductible for tax purposes	23,991	89,473
Deductions for supplementary charge	(2,321,682)	(864,415)
Over accrual in prior year	-	(302,892)
	16,605,256	2,119,725

11 JOINT OPERATION

AOCL

The Company, together with Ping Petroleum UK has established the joint operating company, AOCL. AOCL is an approved license operator for the Anasuria Cluster and has successfully assumed the role of operator for the assets from Shell UK. As at 30 June 2019, the Company holds 50% interest in AOCL.

The principal place of business of the joint operation is at 3rd Floor, Caledonian House, 234 Union Street, Aberdeen.

Further information of the joint operation is disclosed in the Business Review of the Strategic Report.

Marigold and Sunflower fields

On 16 October 2018, the Company completed the acquisition of 50% interest in the 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. The other 50% interest is held by Caldera Petroleum. The fields are located approximately 250 kilometres northeast of Aberdeen in the UK Central North Sea.

On 12 February 2019, the Company assumed the role of operator for the fields.

There is no expiry date for the license covering the Marigold and Sunflower fields.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

12 INTANGIBLE ASSETS

	2019 USD	2018 USD
01.07.2018/01.07.2017	170,479,840	179,234,175
Additions	38,809,943	-
Amortisation	(8,857,472)	(8,754,335)
At 30.06.2019/30.06.2018	200,432,311	170,479,840

The intangible assets represent the rights and concession of the licences in the Anasuria Cluster amounting to USD161,622,368 (2018: USD170,479,840) and capitalised acquisition and related transaction costs of the Marigold and Sunflower fields amounting to USD38,809,943 (2018: USD Nil).

Capitalised expenditures are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(a) Anasuria Cluster

The Directors have concluded that there is no impairment indicator for the Anasuria Cluster during the current financial year.

In the previous financial year, the recoverable amount of the intangible assets, oil and gas assets and FPSO relating to the Anasuria Cluster is determined by discounting post-tax cash flows expected to be generated by the assets over their lives taking into account those assumptions that market participants would take into account when assessing fair value.

The key assumptions used to determine the recoverable amount for the Anasuria Cluster were as follows:

- (i) Discount rate of 10%;
- (ii) Future cost inflation factor of 2% per annum;
- (iii) Oil price forecast from independent parties; and,
- (iv) Oil production profile based on the assessment by independent oil and gas reserve experts.

Based on the assessments performed, the Directors concluded that the recoverable amount calculated based on the valuation model is higher than the carrying amount.

(b) Marigold and Sunflower fields

The acquisition of 50% interest in Licence No. P.198 Blocks 15/13a and 15/13b, which consists of the Marigold and Sunflower discovered fields, was completed on 16 October 2018 for a total cash consideration of USD37.5 million.

Company No.

9696268

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT

	Office equipment USD	Oil and gas assets USD	FPSO USD	Work in progress USD	Total USD
<u>Cost</u>					
At 01.07.2017	-	91,530,774	7,000,000	144,142	98,674,916
Additions	-	308,479	-	13,244,390	13,552,869
Transfer	-	4,567,125	-	(4,567,125)	-
Changes in estimates	-	(4,731,921)	-	-	(4,731,921)
At 30.06.2018/01.07.2018	-	91,674,457	7,000,000	8,821,407	107,495,864
Additions	10,705	3,046,079	-	34,332,238	37,389,022
Transfer	-	23,753,909	-	(23,753,909)	-
Changes in estimates	-	12,481,792	-	-	12,481,792
At 30.06.2019	10,705	130,956,237	7,000,000	19,399,736	157,366,678
<u>Accumulated depreciation</u>					
At 01.07.2017	-	(9,223,027)	(276,598)	-	(9,499,625)
Depreciation for the financial year	-	(4,537,000)	(207,449)	-	(4,744,449)
At 30.06.2018/01.07.2018	-	(13,760,027)	(484,047)	-	(14,244,074)
Depreciation for the financial year	(1,721)	(9,618,936)	(207,449)	-	(9,828,106)
At 30.06.2019	(1,721)	(23,378,963)	(691,496)	-	(24,072,180)
<u>Net book value</u>					
At 30.06.2018	-	77,914,430	6,515,953	8,821,407	93,251,790
At 30.06.2019	8,984	107,577,274	6,308,504	19,399,736	133,294,498

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

14 TRADE RECEIVABLES

Trade receivables are in relation to the sales of gas. The amounts are unsecured and are to be settled in cash.

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 USD	2018 USD
Other receivables and deposits	962,825	3,254,640
Prepayments and deferred expenses	262,337	1,266,251
	1,225,162	4,520,891
Less: Impairment of other receivables	(413,886)	(1,143,144)
	811,276	3,377,747

16 AMOUNT OWING BY HOLDING COMPANY

The current non-trade balance represents unsecured, interest-free advances and payments made on behalf. The amount owing is receivable on demand and is to be settled in cash.

17 AMOUNT OWING BY ULTIMATE HOLDING COMPANY

The amount owing by ultimate holding company is non-trade in nature, unsecured, interest-free and receivable on demand. The amount is to be settled in cash.

18 INVENTORIES

	2019 USD	2018 USD
Crude oil	640,820	4,001,309
Spares	157,364	54,133
	798,184	4,055,442

Inventories recognised as expenses during the financial year amounted to USD23,878,677 (2018: USD19,550,936). These were included in cost of sales as disclosed in Note 5 to the financial statements.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

19 CASH AND BANK BALANCES

	2019 USD	2018 USD
Cash and bank balances	32,326,195	13,704,291
Less: Restricted cash and bank balances	(16,163,804)	(3,440,685)
Cash and cash equivalents	<u>16,162,391</u>	<u>10,263,606</u>

Restricted cash and bank balances represent monies placed in trust for future decommissioning costs of the facilities of the Anasuria Cluster.

The Company has determined that the restricted cash and bank balances are intended to be used to contractually settle a decommissioning liability which will become due at least more than 12 months after the end of the respective financial years.

	Restated USD	2018 As previously reported USD
<u>Non-current</u> Restricted cash and bank balances	<u>3,440,685</u>	<u>-</u>
<u>Current</u> Cash and cash equivalents	<u>10,263,606</u>	<u>13,704,291</u>

20 SHARE CAPITAL

The authorised share capital of the Company are as follows:

	Par value GBP	Number of shares	Share capital USD
<u>Ordinary shares</u>			
30.06.2019/30.06.2018	1.00	<u>1</u>	<u>2</u>

The issued and paid-up share capital of the Company are as follows:

	Par value GBP	Number of shares	Share capital USD
<u>Ordinary shares</u>			
30.06.2019/30.06.2018	1.00	<u>1</u>	<u>2</u>

The Company was incorporated with 1 ordinary share of GBP1 that was subscribed for on the date of incorporation.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

21 CONTINGENT CONSIDERATION

	2019 USD	2018 USD
<u>Non-current</u>		
01.07.2018/01.07.2017	451,671	408,858
Unwinding of discount (Note 8)	47,296	42,813
At 30.06.2019/30.06.2018	498,967	451,671

As part of the acquisition of a 50% interest in the Anasuria Cluster, contingent consideration is payable to Shell UK, Shell EP and Esso UK from 2018 to 2021 if and only when in a calendar year the annual average oil price (USD Y) exceeds USD75 per bbl, in which case Shell UK, Shell EP and Esso UK will be paid USD0.15 x (Y-USD75) per bbl of the production from the Anasuria Cluster. The contingent consideration is limited by the production volume and the average oil price for the relevant calendar year.

22 DEFERRED TAX LIABILITIES

	2019 USD	2018 USD
Deferred tax liabilities	116,307,341	105,492,652
Deferred tax assets	(38,599,720)	(32,421,334)
	77,707,621	73,071,318
At 01.07.2018/ 01.07.2017	73,071,318	75,075,541
Recognised in profit or loss (Note 10)	4,636,303	(2,004,223)
At 30.06.2019/30.06.2018	77,707,621	73,071,318

The movements in deferred tax assets and liabilities are as follows:

	Property, plant and equipment USD	Intangible assets USD	Total USD
<u>Deferred tax liabilities</u>			
01.07.2017	35,670,116	71,693,671	107,363,787
Recognised in profit or loss	1,630,599	(3,501,734)	(1,871,135)
At 30.06.2018/01.07.2018	37,300,715	68,191,937	105,492,652
Recognised in profit or loss	13,946,615	(3,131,926)	10,814,689
At 30.06.2019	51,247,330	65,060,011	116,307,341

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

22 DEFERRED TAX LIABILITIES (CONTINUED)

	Decommissioning costs USD	Total USD
<u>Deferred tax assets</u>		
01.07.2017	(32,288,246)	(32,288,246)
Recognised in profit or loss	(133,088)	(133,088)
At 30.06.2018/01.07.2018	(32,421,334)	(32,421,334)
Recognised in profit or loss	(6,178,386)	(6,178,386)
At 30.06.2019	(38,599,720)	(38,599,720)
	2019 USD	2018 USD
Deferred tax liabilities (before offsetting)		
- Property, plant and equipment	51,247,330	37,300,715
- Intangible assets	65,060,011	68,191,937
Offsetting	116,307,341 (38,599,720)	105,492,652 (32,421,334)
Deferred tax liabilities (after offsetting)	77,707,621	73,071,318
Deferred tax assets (before offsetting)		
- Decommissioning costs	(38,599,720)	(32,421,334)
Offsetting	(38,599,720) 38,599,720	(32,421,334) 32,421,334
Deferred tax assets (after offsetting)	-	-

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

23 PROVISION FOR DECOMMISSIONING COSTS

	2019 USD	2018 USD
<u>Non-current</u>		
At 01.07.2018/01.07.2017	81,053,335	80,720,615
Additions	2,205,760	-
Unwinding of discount (Note 8)	4,035,534	3,902,751
Exchange differences	(3,277,120)	1,161,890
Changes in estimates	12,481,792	(4,731,921)
At 30.06.2019/30.06.2018	96,499,301	81,053,335

The Company makes full provision for the future costs of decommissioning of its oil production facilities and pipelines on a discounted basis. The liability is discounted at a rate of 4.06% (2018: 4.88%). A 10 basis points reduction in the discount rate will result in an increase in the carrying amount of the liability of 1.7%.

24 TRADE PAYABLES

Trade payables are cost of operations in relation to crude oil and gas. The amounts are unsecured and are to be settled in cash.

25 OTHER PAYABLES AND ACCRUALS

	2019 USD	2018 USD
Other payables	5,105,460	7,015,164
Accruals	12,075,129	9,161,881
	17,180,589	16,177,045

26 AMOUNTS OWING TO RELATED PARTIES

The amounts owing to related parties are unsecured, interest-free, and repayable on demand and are to be settled in cash.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

27 DEFERRED CONSIDERATION

	2019 USD	2018 USD
<u>Current</u>		
01.07.2018/01.07.2017	-	7,315,582
Unwinding of discount (Note 8)	-	179,418
Payment made	-	(7,495,000)
Transfer from non-current liabilities	-	-
At 30.06.2019/30.06.2018	-	-

28 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to the information detailed elsewhere in the financial statements, the Company carried out the following significant transactions and outstanding balances with the related parties during the financial year:

	Transactions value		Balances Outstanding	
	Year ended 30.06.2019 USD	Year ended 30.06.2018 USD	2019 USD	2018 USD
Project management, technical and other services fees payable to:				
Hibiscus Technical Services Sdn Bhd	(1,565,982)	(1,087,080)	(3,305,096)	(2,766,754)
Ultimate holding company	(397,236)	(77,286)	-	-
Payment on behalf by ultimate holding company	(200,066)	(2,266,741)	-	-
Advances to ultimate holding company	-	4,803,932	7,636,336	8,193,893
Advances from fellow subsidiary:				
SEA Hibiscus Sdn Bhd	22,500,000	-	(22,501,564)	-

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

29 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 and IFRS 15 on the Company's financial statements.

(a) Adoption of IFRS 9

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. The adoption of IFRS 9 from 1 July 2018 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. The new accounting policies are set out in Note 3(c) to the financial statements.

The Company has applied IFRS 9 retrospectively with the date of initial application of 1 July 2018. In accordance with the transitional provisions provided in IFRS 9, comparative information for 2018 was not restated and continued to be reported under the previous accounting policies governed under IAS 39. Any cumulative effects of initially applying IFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2018.

Classification and measurement of financial instruments

On 1 July 2018 (the date of initial application of IFRS 9), management has assessed which business models apply to the financial assets held by the Company, and has classified their financial instruments into the appropriate categories. There are no changes to the classification of the financial instruments from the assessment as set out at Note 30(b) to the financial statements.

Impairment of financial assets

IFRS 9 introduces an ECL model on impairment that replaces the incurred loss impairment model used in IAS 39. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Company applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. Other receivables and deposits, amount owing by holding company and amount owing by ultimate holding company are assessed on individual basis for ECL measurement. The identified impairment loss was immaterial.

While cash and bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(b) Adoption of IFRS 15

IFRS 15: Modified retrospective transition method

The Company has applied IFRS 15 with the date of initial application of 1 July 2018 by using the modified retrospective transition method. Under the modified retrospective transition method, the Company applies the new policy retrospectively only to contracts that are not completed contracts at the date of initial application. Accordingly, the 2018 comparative information was not restated and any cumulative effects of initial application of IFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2018. The comparative information continued to be reported under the previous accounting policies governed under IAS 11 'Construction Contracts' and IAS 18 'Revenue'.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

29 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of IFRS 15 (continued)

IFRS 15: Modified retrospective transition method (continued)

The adoption of IFRS 15 did not result in any material changes to the timing and measurement of revenue recognition. The new disclosures and accounting policies are included throughout the Company's financial statements for the year ended 30 June 2019.

30 FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risks (including foreign currency risk and interest rate risk), credit risks and liquidity risks. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Financial risk management policies

The Company's policies in respect of the major areas of treasury activity are as follows:

(i) Market risk

Foreign currency risk

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than USD. The currencies giving rise to this risk are primarily Great Britain Pound and Ringgit Malaysia. Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

The Company's exposure to foreign currency is as follows:

	United States Dollar USD	Ringgit Malaysia USD	Great Britain Pound USD	Total USD
<u>2019</u>				
<u>Financial assets</u>				
Trade receivables	-	-	181,618	181,618
Other receivables and deposits	-	-	5,642	5,642
Amount owing by holding company	-	-	1	1
Amount owing by ultimate holding company	7,636,336	-	-	7,636,336
Cash and bank balances	13,439,655	-	18,886,540	32,326,195
	<u>21,075,991</u>	<u>-</u>	<u>19,073,801</u>	<u>40,149,792</u>

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

The Company's policies in respect of the major areas of treasury activity are as follows:

(i) Market risk (continued)

Foreign currency risk (continued)

	United States Dollar USD	Ringgit Malaysia USD	Great Britain Pound USD	Total USD
<u>2019 (continued)</u>				
<u>Financial liabilities</u>				
Trade payables	-	-	(2,109,294)	(2,109,294)
Other payables and accruals	(2,007,722)	(37,565)	(15,135,302)	(17,180,589)
Contingent consideration	(498,967)	-	-	(498,967)
Amount owing to related parties	(23,900,839)	(87,423)	(1,818,395)	(25,806,657)
	<u>(26,407,528)</u>	<u>(124,988)</u>	<u>(19,062,991)</u>	<u>(45,595,507)</u>
Net financial (liabilities)/ assets	(5,331,537)	(124,988)	10,810	(5,445,715)
Less: Net financial liabilities denominated in the entity's functional currency	<u>5,331,537</u>	<u>-</u>	<u>-</u>	<u>5,331,537</u>
At 30.06.2019	<u>-</u>	<u>(124,988)</u>	<u>10,810</u>	<u>(114,178)</u>

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Company's exposure to foreign currency is as follows: (continued)

	United States Dollar USD	Ringgit Malaysia USD	Great Britain Pound USD	Total USD
2018				
<u>Financial assets</u>				
Trade receivables	-	-	552,775	552,775
Other receivables and deposits	-	-	1,631,195	1,631,195
Amount owing by holding company	-	-	1	1
Amount owing by ultimate holding company	8,193,893	-	-	8,193,893
Cash and bank balances	8,042,542	-	5,661,749	13,704,291
	<u>16,236,435</u>	<u>-</u>	<u>7,845,720</u>	<u>24,082,155</u>
<u>Financial liabilities</u>				
Trade payables	-	-	(774,922)	(774,922)
Other payables and accruals	(25,000)	(31,058)	(16,120,987)	(16,177,045)
Contingent consideration	(451,671)	-	-	(451,671)
Amount owing to a related party	(755,524)	(6,233)	(2,004,997)	(2,766,754)
	<u>(1,232,195)</u>	<u>(37,291)</u>	<u>(18,900,906)</u>	<u>(20,170,392)</u>
Net financial assets/ (liabilities)	15,004,240	(37,291)	(11,055,186)	3,911,763
Less: Net financial assets denominated in the entity's functional currency	<u>(15,004,240)</u>	<u>-</u>	<u>-</u>	<u>(15,004,240)</u>
At 30.06.2018	<u>-</u>	<u>(37,291)</u>	<u>(11,055,186)</u>	<u>(11,092,477)</u>

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

*Foreign currency risk (continued)*Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the financial year, with all other variables held constant:

	<u>2019</u> Increase/ (Decrease) USD	<u>2018</u> Increase/ (Decrease) USD
Effects on profit before taxation/equity:		
Great Britain Pound		
- strengthened by 5%	540	(552,759)
- weakened by 5%	(540)	552,759
Ringgit Malaysia:		
- strengthened by 5%	(6,249)	(1,865)
- weakened by 5%	6,249	1,865

Interest rate risk

The Company has minimal exposure to interest rate risks.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(ii) Credit risk

Trade receivables

The Company manages its exposure to credit risk or the risk of counterparties defaulting, arises from trade receivables by monitoring the timely receipt of receivables on an on-going basis.

The Company's major concentration of credit risk relates to trade and other receivables due from 3 (2018: 3) customers which constituted 97% (2018: 99%) of its total trade and other receivables as at the end of the financial year.

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the financial year.

The Company applies IFRS 9 simplified approach to measure ECL which uses lifetime ECL allowance for all trade receivables.

As at 30 June 2019, in view of the good historical payment experience with the counterparties and the collections to date, the Company does not expect any counterparty to fail to meet its obligations. Therefore, the Company is of the view that potential credit losses are not material and hence, no allowances have been provided for.

Other financial assets

The Company's exposure to credit risk for other financial assets arises from amount other receivables and deposits, amount owing by holding company and amount owing by ultimate holding company. Management has taken reasonable steps to ensure these financial assets are recoverable.

These financial assets are assessed on individual basis for ECL measurement and the impairment loss recognised are disclosed in Note 15, Note 16, and Note 17 to the financial statements.

For cash and bank balances, the Company minimises credit risk by dealing exclusively with high credit rating counterparties. While cash and bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Ageing analysis

The ageing analysis of the Company's trade balances owing by third party at the end of the previous financial year is as follows:

	Gross amount USD	Carrying value USD
<u>30.06.2018</u>		
Neither past due nor impaired	552,775	552,775

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(iii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances.

The following table sets out the maturity profile of the financial liabilities as at the end of the financial year based on contractual undiscounted cash flows:

	Carrying amount USD	Contractual undiscounted USD	Within 1 year USD	More than 1 year USD
<u>2019</u>				
Trade payables	2,109,294	2,109,294	2,109,294	-
Other payables and accruals	17,180,589	17,180,589	17,180,589	-
Amount owing to a related party	25,806,657	25,806,657	25,806,657	-
Contingent consideration	498,967	640,023	-	640,023
	<u>45,595,507</u>	<u>45,736,563</u>	<u>45,096,540</u>	<u>640,023</u>
<u>2018</u>				
Trade payables	774,922	774,922	774,922	-
Other payables and accruals	16,177,045	16,177,045	16,177,045	-
Amount owing to a related party	2,766,754	2,766,754	2,766,754	-
Contingent consideration	451,671	640,023	-	640,023
	<u>20,170,392</u>	<u>20,358,744</u>	<u>19,718,721</u>	<u>640,023</u>

Payables and commitments as set out in Notes 21 and 25 to the financial statements are intended to be funded via net cash inflow from the operations of the Anasuria Cluster.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Classification of financial instruments

	2019 USD	2018 USD
<u>Financial assets</u>		
<u>Financial assets at amortised cost</u>		
Trade receivables	181,618	-
Other receivables and deposits	5,642	-
Amount owing by holding company	1	-
Amount owing by ultimate holding company	7,636,336	-
Cash and bank balances	32,326,195	-
	<u>40,149,792</u>	<u>-</u>
<u>Loans and receivables</u>		
Trade receivables	-	552,775
Other receivables and deposits	-	1,631,195
Amount owing by holding company	-	1
Amount owing by ultimate holding company	-	8,193,893
Cash and bank balances	-	13,704,291
	<u>-</u>	<u>24,082,155</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Trade payables	2,109,294	774,922
Other payables and accruals	17,180,589	16,177,045
Amount owing to related parties	25,806,657	2,766,754
	<u>45,096,540</u>	<u>19,718,721</u>
<u>Financial liability at fair value through profit or loss</u>		
Contingent consideration	498,967	451,671
	<u>498,967</u>	<u>451,671</u>

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

	Gross amounts USD	Gross amounts set off in the statement of financial position USD	Net amounts presented in the statement of financial position USD
<u>2019</u>			
<u>Financial assets</u>			
Amount owing by ultimate holding company	10,567,573	(2,931,237)	7,636,336
<u>Financial liabilities</u>			
Amount owing to ultimate holding company	2,931,237	(2,931,237)	-
<u>2018</u>			
<u>Financial assets</u>			
Amount owing by ultimate holding company	10,572,455	(2,378,562)	8,193,893
<u>Financial liabilities</u>			
Amount owing to ultimate holding company	2,378,562	(2,378,562)	-

(d) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2019.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments other than those carried at fair value

The carrying amounts of the financial assets and liabilities of the Company at the reporting date approximate their fair values.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>Liability</u>				
Financial liability at fair value through profit or loss:				
<u>Deferred consideration</u>				
At 01.07.2017	-	-	7,315,582	7,315,582
Unwinding of discount	-	-	179,418	179,418
Payment made	-	-	(7,495,000)	(7,495,000)
At 30.06.2018/30.06.2019	-	-	-	-
<u>Contingent consideration</u>				
At 01.07.2017	-	-	408,858	408,858
Unwinding of discount	-	-	42,813	42,813
At 30.06.2018/01.07.2018	-	-	451,671	451,671
Unwinding of discount	-	-	47,296	47,296
At 30.06.2019	-	-	498,967	498,967

(f) Capital risk management

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

31 COMMITMENTS

	<u>2019</u> USD	<u>2018</u> USD
<u>Approved and contracted for:</u>		
Capital commitments	202,841	-
Share of a joint operation's capital commitments	10,056,146	2,185,865
	<hr/>	<hr/>
Total capital commitments approved and contracted for	10,258,987	2,185,865
Share of a joint operation's other material commitments	8,635,123	9,433,891
	<hr/>	<hr/>
	18,894,110	11,619,756
	<hr/>	<hr/>
<u>Approved but not contracted for:</u>		
Capital commitments	391,011	-
Share of a joint operation's capital commitments	2,755,488	28,358,268
	<hr/>	<hr/>
Total capital commitments approved but not contracted for	3,146,499	28,358,268
Share of a joint operation's other material commitments	540,144	475,479
	<hr/>	<hr/>
	3,686,643	28,833,747
	<hr/>	<hr/>

32 CONTROLLING PARTIES

The immediate parent undertaking is Atlantic Hibiscus.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Hibiscus Petroleum. Copies of Hibiscus Petroleum's consolidated financial statements can be obtained from the Company Secretary at:

Lot 6.05, Level 6, KPMG Tower,
8 First Avenue,
Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

33 SUBSEQUENT EVENTS

- (a) Acquisition of a 100% interest in North Sea Blocks 15/18d and 15/19b ("License No. P2366") in the United Kingdom ("UK") North Sea by the Company, for a total cash consideration of up to United States Dollar ("USD") 5.0 million

The Company entered into a conditional non-binding term sheet with United Oil & Gas PLC ("United") and Swift Exploration Limited ("Swift") (collectively referred as "Sellers") on 17 July 2019 to acquire a 100% interest in the UK Continental Shelf Petroleum Production Licence No. P2366 in UK Central North Sea ("Block") for a total cash consideration of USD5.0 million ("Acquisition"). United and Swift each hold 95% and 5% participating interest respectively.

License No. P2366 is located offshore in the UK sector of the North Sea, approximately 250 km northeast of Aberdeen, and includes the Crown discovery, which based on information provided by United, consists of gross contingent oil resources of 8 million bbls of oil and 6 billion cubic feet of associated gas.

The agreed payment terms for the Acquisition commenced with a non-refundable payment of USD1.0 million to the Sellers upon completion of the SPA. Subject to further milestones being achieved post SPA completion, an additional sum of up to USD3.0 million will be paid before the end of 2020. A further USD1.0 million will be paid once the field is on production. In the unlikely event that the Company decided not to make the post-completion payments, License No. P2366 will return to the Sellers.

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

Pursuant to the above, on 12 December 2019, the Company had completed the Acquisition. Completion of the acquisition occurred pursuant to the receipt of approval from the OGA for the assignment of License No. P2366 to the Company as operator on 4 December 2019. In accordance with the terms of the conditional SPA, a further USD0.9 million was paid.

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

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

As at the date of the financial statements, the accounting treatment in respect of the Acquisition is still being assessed.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019 (CONTINUED)

33 SUBSEQUENT EVENTS (CONTINUED)

(b) Impact from macro-economic outlook subsequent to the financial year

Due to the worsening of the macro-economic outlook as a result of COVID-19 and reduction in global oil prices subsequent to the financial year, the Company, based on preliminary assessments, expects that the current situation will likely have a negative impact on the Company's financial results for the financial year ending 30 June 2020. This is mainly due to lower profits from operations as a result of an expected decrease in revenue due to lower oil prices. The Directors considered the occurrence of the COVID-19 pandemic to be a non-adjusting subsequent event. The Directors are monitoring the situation closely and continue to assess the impact on the Company's operations and performance as the situation develops.