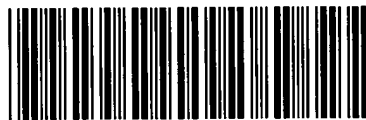


Company No.

9696268

ANASURIA HIBISCUS UK LIMITED  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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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 2018.

#### 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.

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.

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## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### BUSINESS REVIEW (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, the Company sold three offtakes of crude oil compared to the four cargoes sold in the previous financial year. Over the past two years, since the Company acquired 50% interests in the Anasuria Cluster on 10 March 2016, it has been the practice of the Company to conduct at least one cargo offtake per quarter. However, the cargo from the Anasuria FPSO, scheduled for delivery in the final quarter of the current financial year, was deferred by several days before being conducted on 2 July 2018 (2 days post-closing of the financial quarter ended 30 June 2018). This deferment ensured the overall safety and smooth running of operations at the Anasuria Cluster whilst the drilling of the GUA-P2 side-track well on the Guillemot A field was ongoing. The reduction of one offtake thus resulted in total oil sold in the current financial year declining by approximately 30% to 0.8 million barrels compared to the previous financial year.

Revenue and gross profit from the sale of oil and gas production in the current financial year amounted to United States Dollars ("USD") 51.0 million and USD 29.3 million respectively. In the previous financial year, such revenue and gross profit amounted to USD 59.7 million and USD 38.0 million respectively.

The average uptime and daily oil equivalent production rate in the current financial year reduced by 11% and 17%, respectively, compared to the previous financial year. The primary reason for this reduction was the execution of a 30-day planned turnaround of the Anasuria FPSO, which entailed a full shutdown of production operations during the period commencing mid-September 2017. The turnaround covered critical maintenance work undertaken to improve the reliability of the topside facilities and to ensure a safe working environment for our personnel offshore. Production was also impacted by an unplanned, temporary failure of our gas compression facility on board the Anasuria FPSO. This failure affected gas lift operations on the Guillemot A field. These planned and unplanned events had an unfavourable effect on the average daily oil equivalent production rate and further resulted in increased operating costs ("OPEX") for the current financial year. Thus, the average OPEX per barrel of oil equivalent ("boe") ("OPEX/boe") also increased to USD 23.46/boe in the current financial year from USD 15.12/boe compared to the previous financial year.

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.

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### 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.

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.

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUEUD)

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.

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.

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## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### KEY PERFORMANCE INDICATORS

As of 30 June 2018, the Company has been involved in the joint operations of the Anasuria asset for over two 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 2018	January to March 2018	October to December 2017	July to September 2017
Average uptime/availability of Anasuria facilities	%	94	82	57	70
Average daily oil production rate	barrel ("bbl")/day	3,375	2,798	2,071	2,576
Average daily gas export rate @	boe/day	360	304	141	156
Total oil sold	bbl	0	271,047	274,644	246,132
Total gas exported (sold)	million standard cubic feet ("mmscf")	197	162	77	87
Average daily oil equivalent production rate	boe/day	3,736	3,102	2,212	2,731
Average realised oil price	USD/bbl	Not applicable	65.03	62.93	51.54
Average gas price	USD/million British thermal units ("mmbtu")	2.36 ∞/ 5.51 #	2.60 ∞/ 5.71 #	2.35 ∞/ 5.23 #	1.58 ∞/ 3.86 #
Average OPEX per boe	USD/boe	16.39	23.96	34.33	23.61

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

∞ For Cook field.

# For Guillemot, Teal and Teal South fields.

On behalf of the Board,



Dr Kenneth Gerard Pereira  
Director

26 November 2018

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## ANASURIA HIBISCUS UK LIMITED

### DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the financial year ended 30 June 2018.

#### FUTURE DEVELOPMENT

In respect of the Anasuria Cluster, the Company had identified several projects for execution over the near term, from 2018 through to 2020, to enhance oil and gas production rates and facilities uptime. The drilling of the GUA-P2 side track well which recently completed in September 2018, represents the Company's first major capital expenditure programme to enhance production in the Anasuria Cluster. This project, which entails the drilling of a side-track from the GUA-P2 wellbore on the Guillemot A field, has resulted in a higher overall production rate from the Anasuria Cluster today. Also, the Company is currently conducting sub-surface evaluation work to rank several new drilling opportunities in the Guillemot A, Teal and Teal South fields which can be drilled in 2019 and 2020. To improve facilities uptime, the Company has identified opportunities to build redundancy and debottleneck the processing facilities on the Anasuria FPSO facility. Detailed engineering studies are being conducted to evaluate these opportunities which, if implemented, will potentially increase liquid production rates. The Company is also currently putting in place the necessary financing to ensure that the Company is able to undertake these projects in a timely fashion, if necessary.

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 2018, all trade receivables were current (being defined as less than 90 days). The Company has no allowance for doubtful debts as at 30 June 2018.

##### Liquidity risk and cash flow risk

The Company along with its ultimate holding company will ensure it has sufficient available funds to operate its existing licenses and participate in future opportunities.



## ANASURIA HIBISCUS UK LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### 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 32 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 Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 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 year. In preparing these 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.

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.

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.

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## ANASURIA HIBISCUS UK LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

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

26 November 2018

# ***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 2018 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 Reports and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2018; 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.

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### **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.

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### **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 when:

- 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.

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### **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.

# ***Independent auditors' report to the members of Anasuria Hibiscus UK Limited (continued)***

## ***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 2018 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](http://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.

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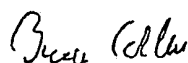
## **Other required reporting**

### **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

26 November 2018

Company No.

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ANASURIA HIBISCUS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2018

	<u>Note</u>	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
Revenue	4	50,983,156	59,658,389
Cost of sales	5	(21,704,196)	(21,624,428)
Gross profit		29,278,960	38,033,961
Other income	6	126,040	8,259,184
Administrative expenses		(2,410,697)	(3,867,148)
Other expenses	7	(14,871,722)	(17,926,856)
Finance costs	8	(4,128,684)	(5,293,816)
Profit before taxation	9	7,993,897	19,205,325
Taxation	10	(2,119,725)	10,786,286
Profit after taxation/Total comprehensive income for the financial year		<u>5,874,172</u>	<u>29,991,611</u>

The notes on pages 16 to 52 are an integral part of these financial statements.

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# ANASURIA HIBISCUS UK LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 USD	2017 USD
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	12	170,479,840	179,234,175
Property, plant and equipment	13	93,251,790	89,175,291
		<u>263,731,630</u>	<u>268,409,466</u>
<b>CURRENT ASSETS</b>			
Trade receivables	14	552,775	259,872
Other receivables, deposits and prepayments	15	3,377,747	1,237,300
Amount owing by holding company	16	1	1
Amount owing by ultimate holding company	17	8,193,893	5,482,904
Inventories	18	4,055,442	930,393
Cash and bank balances	19	13,704,291	11,869,331
		<u>29,884,149</u>	<u>19,779,801</u>
<b>TOTAL ASSETS</b>		<u>293,615,779</u>	<u>288,189,267</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	20	2	2
Retained earnings		116,682,315	110,808,143
<b>TOTAL EQUITY</b>		<u>116,682,317</u>	<u>110,808,145</u>
<b>NON-CURRENT LIABILITIES</b>			
Contingent consideration	21	451,671	408,858
Deferred tax liabilities	22	73,071,318	75,075,541
Provision for decommissioning costs	23	81,053,335	80,720,615
		<u>154,576,324</u>	<u>156,205,014</u>

The notes on pages 16 to 52 are an integral part of these financial statements.

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ANASURIA HIBISCUS UK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 (CONTINUED)

	<u>Note</u>	<u>2018</u> USD	<u>2017</u> USD
CURRENT LIABILITIES			
Trade payables	24	774,922	56,254
Current tax liabilities		2,638,417	8,106,754
Other payables and accruals	25	16,177,045	3,686,983
Deferred consideration	26	-	7,315,582
Amount owing to a related party	27	2,766,754	2,010,535
		<u>22,357,138</u>	<u>21,176,108</u>
TOTAL LIABILITIES		<u>176,933,462</u>	<u>177,381,122</u>
TOTAL EQUITY AND LIABILITIES		<u>293,615,779</u>	<u>288,189,267</u>

The notes on pages 16 to 52 are an integral part of these financial statements.

The financial statements on pages 11 to 52 were authorised for issue by the Board of Directors on 26 November 2018 and were signed on its behalf.



Dr Kenneth Gerard Pereira  
Director

Anasuria Hibiscus UK Limited  
Registered no. 9696268

The notes on pages 16 to 52 are an integral part of these financial statements.

Company No.

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ANASURIA HIBISCUS UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018

	Share capital USD	Retained earnings USD	Total USD
Balance as at 1 July 2016	2	80,816,532	80,816,534
Profit after taxation/Total comprehensive income for the financial year	-	29,991,611	29,991,611
Balance as at 30 June 2017	2	110,808,143	110,808,145
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

The notes on pages 16 to 52 are an integral part of these financial statements.



Company No.

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# ANASURIA HIBISCUS UK LIMITED

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 USD	2017 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		7,993,897	19,205,325
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets		13,498,784	17,926,856
Finance costs		4,128,684	5,293,816
Impairment of other receivables		134,576	1,008,568
Provision for stock obsolescence		66,015	-
Unrealised foreign exchange loss/(gain)		1,324,864	(7,579,058)
Operating profit before working capital changes		27,146,820	35,855,507
Trade receivables		(298,888)	(183,973)
Other receivables, deposits and prepayments		(2,278,725)	1,847,180
Amount owing by ultimate holding company		(78,081)	(9,645,949)
Inventories		(3,191,065)	452,143
Trade payables		718,668	41,224
Other payables and accruals		12,514,297	(657,823)
Amount owing to a related party		755,940	1,503,603
<b>CASH GENERATED FROM OPERATIONS</b>		<b>35,288,966</b>	<b>29,211,912</b>
Tax paid		(9,592,285)	(2,633,139)
<b>Net cash generated from operating activities</b>		<b>25,696,681</b>	<b>26,578,773</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment		(13,552,869)	(144,142)
Net cash outflow arising from business combination		(7,495,000)	(16,587,955)
Advances to holding company		(2,615,847)	-
<b>Net cash used in investing activities</b>		<b>(23,663,716)</b>	<b>(16,732,097)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,032,965</b>	<b>9,846,676</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(198,005)</b>	<b>68,360</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>11,869,331</b>	<b>1,954,295</b>
<b>CASH AT END OF THE FINANCIAL YEAR</b>		<b>13,704,291</b>	<b>11,869,331</b>
Less: Cash restricted in use		(3,440,685)	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	19	<b>10,263,606</b>	<b>11,869,331</b>

The notes on pages 16 to 52 are an integral part of these financial statements.

## ANASURIA HIBISCUS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

#### 1 GENERAL INFORMATION

The Company is a private limited company, 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.

#### 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 2017:

- Amendments to IAS 7 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to IAS 12 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses'

The adoption of the above amendments did not have any impact on the current financial year or any prior financial period.

- (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 set out below:

- IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. IAS 21 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

## ANASURIA HIBISCUS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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)

IFRIC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

An entity has the option to apply IFRIC Interpretation 22 retrospectively or prospectively.

- IFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace IAS 39 'Financial Instruments: Recognition and Measurement'.

IFRS 9 retains but simplifies the mixed measurement model in IAS 39 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the IAS 39 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss; and,
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (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)

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

The Company has reviewed its financial assets and liabilities arising from the adoption of the new standard on 1 July 2018. The Company does not expect the new guidance to affect the classification and measurement of its financial assets. However, gains or losses realised on the sale of financial assets at fair value through OCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the fair value through OCI reserve to retained earnings.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Company's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Company does not have any such hedging instruments.

Changes in the fair value of foreign exchange forward contracts attributable to forward points, and in the time value of the option contracts, will in future be deferred in a new costs of hedging reserve within equity. The deferred amounts will be recognised against the related hedged transaction when it occurs.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under IFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Company does not expect a material increase in the impairment of trade receivables, other receivables and amounts owing by holding company and ultimate holding company.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Company will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. The comparatives will not be restated.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (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)

- IFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2018) replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The core principle in IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and,
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements;
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal;
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa;
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few; and,
- Increased disclosures.

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (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)

- 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 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 the profit or loss.

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.

- 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.

- 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 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.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (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 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.

The Company is currently assessing the impact of adopting the above standards and amendments to published standards on the financial statements.

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.

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.



## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

## (i) Financial assets

The Company classifies its financial assets in the following categories: at 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.

## (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 a related party, deferred consideration 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 the profit or loss.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (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 2018 (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%
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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 2018 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (f) Impairment

## (i) Impairment of financial assets

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.

## (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.

## (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 includes direct costs and transportation charges incurred in bringing the inventories to their present condition and location, and is determined on a weighted average basis.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (h) 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 excludes restricted cash.

## (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 oil and gas asset.

The unwinding of the discount applied to future decommissioning provisions is included under finance costs in profit or loss as hydrocarbons are produced. The estimated interest rate used in discounting the cash flow 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 corresponding oil and gas asset.

## (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.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (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.

## (k) Revenue

## (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.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (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 IAS 39. Overlift and underlift balances that fall within the scope of IAS 39 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 IAS 39 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.

## (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 proved and probable developed oil and gas will affect unit-of-production depreciation charges to profit or loss. Proved 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.

Proved 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 the standardised measure of discounted cash flows, depreciation, depletion and amortisation charges, and decommissioning provisions) that are based on proved reserves are also subject to change.

Proved 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. Proved 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 proved reserves only include volumes for which access to market is assured with reasonable certainty.

All proved 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.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (m) Critical estimates and judgement (continued)

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

Probable reserves are those unproved 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 proved 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 proved 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.

Changes to the Company's estimates of proved and probable reserves, particularly proved and probable developed reserves, also affect the amount of depreciation and amortisation recorded for oil and gas assets and rights and concessions related to revisions. A reduction in proved 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. 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 CGU of the Company is the Anasuria Cluster.

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.



ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical estimates and judgement (continued)

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

Estimates of future cash flow 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 proved and probable reserves, are used for impairment testing because the Company believes this to be the most appropriate indicator of expected future cash flow.

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 Note 12 to the financial statements.

(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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

### 4 REVENUE

	2018 USD	2017 USD
Crude oil sales	48,865,549	57,305,228
Gas sales	2,117,607	2,353,161
	<u>50,983,156</u>	<u>59,658,389</u>

### 5 COST OF SALES

	2018 USD	2017 USD
Cost of operations	1,830,260	2,083,062
Tariff and transportation expenses	323,000	1,675,712
Crude oil inventory movement	19,550,936	17,865,654
	<u>21,704,196</u>	<u>21,624,428</u>

### 6 OTHER INCOME

	2018 USD	2017 USD
Unrealised foreign exchange gain	-	7,579,058
Realised foreign exchange gain	-	265,060
Interest income	126,040	-
Sundry income	-	415,066
	<u>126,040</u>	<u>8,259,184</u>

### 7 OTHER EXPENSES

	2018 USD	2017 USD
Depreciation and amortisation of property, plant and equipment and intangible assets	13,498,784	17,926,856
Unrealised foreign exchange loss	1,324,864	-
Realised foreign exchange loss	48,074	-
	<u>14,871,722</u>	<u>17,926,856</u>

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# ANASURIA HIBISCUS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

### 8 FINANCE COSTS

	2018 USD	2017 USD
Unwinding of discount on deferred consideration (Note 26)	179,418	1,772,948
Unwinding of discount on contingent consideration (Note 21)	42,813	38,755
Unwinding of discount on provision for decommissioning costs (Note 23)	3,902,751	3,482,113
Interest expense	3,702	-
	<u>4,128,684</u>	<u>5,293,816</u>

### 9 PROFIT BEFORE TAXATION

	2018 USD	2017 USD
Profit before taxation is arrived after charging:		
Fee payable to Company's auditors and its associates for the audit of the Company's financial statements:		
- PricewaterhouseCoopers LLP, UK	36,284	29,905
- member firm of PricewaterhouseCoopers International Limited	22,790	20,949
Tax fee	11,410	10,804
Rental expenses	49,149	64,690
Impairment of other receivables	134,576	1,008,568
Prospecting costs and consultancy fees	368,265	633,921
Provision for stock obsolescence	66,015	-

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. Accordingly, the above details include no remuneration in respect of Dr Kenneth Gerard Pereira. 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 Devarajan Indran are paid by a wholly-owned subsidiary of Hibiscus Petroleum which makes no recharge to the Company. Lim Kock Hooi and Devarajan Indran are directors of a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their respective remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of Lim Kock Hooi and Devarajan Indran. 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 2018 (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:

	2018 USD	2017 USD
Current tax:		
- Income tax	4,426,840	10,739,893
- Over accrual in prior year	(302,893)	-
	<u>4,123,947</u>	<u>10,739,893</u>
Deferred tax (Note 22):		
- Reversal of temporary differences	(2,004,222)	(1,803,825)
- Reduction in income tax rate	-	(19,219,841)
- Over accrual in prior year	-	(502,513)
	<u>2,119,725</u>	<u>(10,786,286)</u>
Profit before taxation	<u>7,993,897</u>	<u>19,205,325</u>
Tax at the statutory tax rate at 40% (2017: 40%)	3,197,559	7,682,130
Expenses not deductible for tax purposes	89,474	1,253,938
Effect on reduction in income tax rate	-	(19,219,841)
Deductions for supplementary charge	(864,415)	-
Over accrual in prior year	(302,893)	(502,513)
	<u>2,119,725</u>	<u>(10,786,286)</u>

The UK's Finance Bill 2016 ("Finance Bill 2016") published on 24 March 2016 stated a downward revision of the rate of the supplementary charge. Following agreement by both the UK's House of Commons and House of Lords on the text of Finance Bill 2016, it received Royal Assent on 15 September 2016. The Finance Bill 2016 is therefore now an Act of Parliament. The impact caused by the reduction in the rate of the supplementary charge on the deferred tax liabilities relating to fair value of the identifiable assets and liabilities of the Anasuria Cluster recognised as at 30 June 2016 amounting to USD19,219,841 has been recognised as a tax credit in the previous financial year.

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## ANASURIA HIBISCUS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

#### 11 JOINT OPERATION

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 2018, the Company holds 50% interest in AOCL.

The principal place of business of the joint operation is in Aberdeen.

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

#### 12 INTANGIBLE ASSETS

	2018 USD	2017 USD
01.07.2017/01.07.2016	179,234,175	190,042,855
Amortisation	(8,754,335)	(10,808,680)
At 30.06.2018/30.06.2017	<u>170,479,840</u>	<u>179,234,175</u>

The intangible assets represent the rights and concession of the licences in the Anasuria Cluster.

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

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% (2017: 10%);
- (ii) Future cost inflation factor of 2% (2017: 2%) per annum;
- (iii) Oil price forecast based on the oil price forward curve 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.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 13 PROPERTY, PLANT AND EQUIPMENT

	Oil and gas assets USD	FPSO USD	Work in progress USD	Total USD
<u>Cost</u>				
At 01.07.2016	95,600,287	7,000,000	-	102,600,287
Additions	-	-	144,142	144,142
Changes in estimates	(4,069,513)	-	-	(4,069,513)
At 30.06.2017/01.07.2017	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	91,674,457	7,000,000	8,821,407	107,495,864
<u>Accumulated depreciation</u>				
At 01.07.2016	(2,312,300)	(69,149)	-	(2,381,449)
Depreciation for the financial year	(6,910,727)	(207,449)	-	(7,118,176)
At 30.06.2017/01.07.2017	(9,223,027)	(276,598)	-	(9,499,625)
Depreciation for the financial year	(4,537,000)	(207,449)	-	(4,744,449)
	(13,760,027)	(484,047)	-	(14,244,074)
<u>Net book value</u>				
At 30.06.2017	82,307,747	6,723,402	144,142	89,175,291
At 30.06.2018	77,914,430	6,515,953	8,821,407	93,251,790

## 14 TRADE RECEIVABLES

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

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# ANASURIA HIBISCUS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

### 15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 USD	2017 USD
Other receivables and deposits	3,254,640	1,129,779
Prepayments and deferred expenses	1,266,251	1,116,089
	4,520,891	2,245,868
Less: Impairment of other receivables	(1,143,144)	(1,008,568)
	3,377,747	1,237,300

### 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

	2018 USD	2017 USD
Crude oil	4,001,309	865,383
Spares	54,133	65,010
	4,055,442	930,393

Inventories recognised as expense during the financial year amounted to USD19,550,936 (2017: USD17,865,654). These were included in cost of sales as disclosed in Note 5 to the financial statements.

### 19 CASH AND BANK BALANCES

	2018 USD	2017 USD
Cash and bank balances	13,704,291	11,869,331
Less: Cash restricted in use	(3,440,685)	-
Cash and cash equivalents	10,263,606	11,869,331

Cash restricted in use represents monies placed in trust for future decommissioning costs of the facilities of the Anasuria Cluster.

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## ANASURIA HIBISCUS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

#### 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>			
30.06.2018/30.06.2017	1.00	1	2

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>			
30.06.2018/30.06.2017	1.00	1	2

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

#### 21 CONTINGENT CONSIDERATION

	2018 USD	2017 USD
<u>Non-current</u>		
01.07.2017/01.07.2016	408,858	370,103
Unwinding of discount (Note 8)	42,813	38,755
At 30.06.2018/30.06.2017	451,671	408,858

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.



## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 22 DEFERRED TAX LIABILITIES

	2018 USD	2017 USD
Deferred tax liabilities:		
- to be realised after more than 12 months	99,224,639	97,914,727
- to be realised within 12 months	6,268,013	9,449,060
	<u>105,492,652</u>	<u>107,363,787</u>
Deferred tax assets:		
- to be recovered after more than 12 months	(30,803,638)	(32,412,204)
- to be recovered within 12 months	(1,617,696)	123,958
	<u>(32,421,334)</u>	<u>(32,288,246)</u>
Deferred tax liabilities (net)	<u>73,071,318</u>	<u>75,075,541</u>
At 01.07.2017/ 01.07.2016	75,075,541	96,601,720
Recognised in profit or loss (Note 10)	(2,004,223)	(21,526,179)
At 30.06.2018/30.06.2017	<u>73,071,318</u>	<u>75,075,541</u>

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>			
01.07.2016	50,109,419	95,021,428	145,130,847
Recognised in profit or loss (Note 10)	<u>(14,439,303)</u>	<u>(23,327,757)</u>	<u>(37,767,060)</u>
At 30.06.2017/01.07.2017	35,670,116	71,693,671	107,363,787
Recognised in profit or loss (Note 10)	<u>1,630,599</u>	<u>(3,501,734)</u>	<u>(1,871,135)</u>
At 30.06.2018	<u>37,300,715</u>	<u>68,191,937</u>	<u>105,492,652</u>

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# ANASURIA HIBISCUS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

### 22 DEFERRED TAX LIABILITIES (CONTINUED)

	Unutilised losses USD	Decommissioning costs USD	Total USD
<u>Deferred tax assets</u>			
01.07.2016	(4,102,870)	(44,426,257)	(48,529,127)
Recognised in profit or loss (Note 10)	4,102,870	12,138,011	16,240,881
At 30.06.2017/01.07.2017	-	(32,288,246)	(32,288,246)
Recognised in profit or loss (Note 10)	-	(133,088)	(133,088)
At 30.06.2018	-	(32,421,334)	(32,421,334)
		2018 USD	2017 USD
Deferred tax liabilities (before offsetting)			
- Property, plant and equipment		37,300,715	35,670,116
- Intangible assets		68,191,937	71,693,671
		105,492,652	107,363,787
Offsetting		(32,421,334)	(32,288,246)
Deferred tax liabilities (after offsetting)		73,071,318	75,075,541
Deferred tax assets (before offsetting)			
- Decommissioning costs		(32,421,334)	(32,288,246)
		(32,421,334)	(32,288,246)
Offsetting		32,421,334	32,288,246
Deferred tax assets (after offsetting)		-	-

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# ANASURIA HIBISCUS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

### 23 PROVISION FOR DECOMMISSIONING COSTS

	2018 USD	2017 USD
<u>Non-current</u>		
At 01.07.2017/01.07.2016	80,720,615	88,852,512
Unwinding of discount (Note 8)	3,902,751	3,482,113
Exchange differences	1,161,890	(7,544,497)
Changes in estimates	(4,731,921)	(4,069,513)
At 30.06.2018/30.06.2017	81,053,335	80,720,615

The Company makes full provision for the future costs of decommissioning of its oil production facilities and pipelines on a discounted basis. With respect to the Anasuria Cluster, the decommissioning provision is based on the Company's share of the contractual obligation of 50% and is discounted at a risk free rate.

### 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

	2018 USD	2017 USD
Other payables	7,015,164	3,604,870
Accruals	9,161,881	82,113
	16,177,045	3,686,983

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 26 DEFERRED CONSIDERATION

	2018 USD	2017 USD
<u>Current</u>		
01.07.2017/01.07.2016	7,315,582	13,920,478
Unwinding of discount (Note 8)	179,418	1,079,522
Payment made	(7,495,000)	(15,000,000)
Transfer from non-current liabilities	-	7,315,582
At 30.06.2018/30.06.2017	-	7,315,582
<u>Non-current</u>		
01.07.2017/01.07.2016	-	6,622,156
Unwinding of discount (Note 8)	-	693,426
Transfer to current liabilities	-	(7,315,582)
At 30.06.2018/30.06.2017	-	-

## 27 AMOUNT OWING TO A RELATED PARTY

The amount owing to a related party is in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production. The amounts are unsecured, interest-free, and repayable on demand and are to be settled in cash.

The related party is Hibiscus Technical Services Sdn. Bhd. ("Hibiscus Technical"), a wholly-owned subsidiary of Hibiscus Petroleum.

## 28 SIGNIFICANT RELATED PARTY DISCLOSURES

## (a) Identities of related parties

The related parties of the Company are:

- (i) its holding company, ultimate holding company and a related party; and,
- (ii) the Directors and senior management team are the key management personnel.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 28 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

- (b) 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:

	Transaction value		Balances outstanding	
	Year ended 30.06.2018 USD	Year ended 30.06.2017 USD	2018 USD	2017 USD
Project management, technical and other services fees payable to:				
Hibiscus Technical	<u>(1,087,080)</u>	<u>(1,517,447)</u>	<u>(2,766,754)</u>	<u>(2,010,535)</u>
Ultimate holding company	<u>(77,286)</u>	<u>(244,045)</u>	<u>-</u>	<u>-</u>
Payment on behalf by ultimate holding company	<u>(2,266,741)</u>	<u>(2,175,236)</u>	<u>-</u>	<u>-</u>
Advances to ultimate holding company	<u>4,803,932</u>	<u>5,482,904</u>	<u>8,193,893</u>	<u>5,482,904</u>

## 29 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.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 29 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:

	United States Dollar USD	Ringgit Malaysia USD	Great Britain Pound USD	Total USD
<b>2018</b>				
<b><u>Financial assets</u></b>				
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 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>
<b><u>Financial liabilities</u></b>				
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>
<b>Net financial assets/ (liabilities)</b>	<b>15,004,240</b>	<b>(37,291)</b>	<b>(11,055,186)</b>	<b>3,911,763</b>
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>
<b>At 30.06.2018</b>	<u><b>-</b></u>	<u><b>(37,291)</b></u>	<u><b>(11,055,186)</b></u>	<u><b>(11,092,477)</b></u>

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 29 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
<b>2017</b>				
<b>Financial assets</b>				
Trade receivables	-	-	259,872	259,872
Other receivables and deposits	-	-	27,654	27,654
Amount owing by holding company	-	-	1	1
Amount owing by ultimate company	5,482,904	-	-	5,482,904
Cash and bank balances	8,920,195	-	2,949,136	11,869,331
	<u>14,403,099</u>	<u>-</u>	<u>3,236,663</u>	<u>17,639,762</u>
<b>Financial liabilities</b>				
Trade payables	-	-	(56,254)	(56,254)
Other payables and accruals	(28,772)	(22,111)	(2,721,100)	(2,771,983)
Deferred consideration	(7,315,582)	-	-	(7,315,582)
Contingent consideration	(408,858)	-	-	(408,858)
Amount owing to a related party	(536,281)	(4,056)	(1,470,198)	(2,010,535)
	<u>(8,289,493)</u>	<u>(26,167)</u>	<u>(4,247,552)</u>	<u>(12,563,212)</u>
<b>Net financial assets/ (liabilities)</b>	<b>6,113,606</b>	<b>(26,167)</b>	<b>(1,010,889)</b>	<b>5,076,550</b>
Less: Net financial assets denominated in the entity's functional currency	(6,113,606)	-	-	(6,113,606)
<b>At 30.06.2017</b>	<u><b>-</b></u>	<u><b>(26,167)</b></u>	<u><b>(1,010,889)</b></u>	<u><b>(1,037,056)</b></u>

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 29 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>2018</u> Increase/ (Decrease) USD	<u>2017</u> Increase/ (Decrease) USD
Effects on profit before taxation/equity:		
Great Britain Pound		
- strengthened by 5%	(552,759)	(50,544)
- weakened by 5%	552,759	50,544
Ringgit Malaysia:		
- strengthened by 5%	(1,865)	(1,308)
- weakened by 5%	1,865	1,308

*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 2018 (CONTINUED)

## 29 FINANCIAL INSTRUMENTS (CONTINUED)

## (a) Financial risk management policies (continued)

## (ii) Credit risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by monitoring the timely receipt of receivables on an on-going basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

*Impairment is estimated by management based on prior experience and the current economic environment.*

Credit risk concentration profile

The Company's major concentration of credit risk relates to the trade and other receivables due from 3 (2017: 3) debtors which constituted 99% (2017: 96%) of its total trade and other receivables as at the end of the financial year.

Exposure to credit risk

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.

Ageing analysis

The ageing analysis of the Company's trade balances owing by third party at the end of the 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
<u>30.06.2017</u>		
Neither past due nor impaired	259,872	259,872

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 29 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>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>
<u>2017</u>				
Trade payables	56,254	56,254	56,254	-
Other payables and accruals	2,771,983	2,771,983	2,771,983	-
Amount owing to a related party	2,010,535	2,010,535	2,010,535	-
Deferred consideration	7,315,582	7,500,000	7,500,000	-
Contingent consideration	408,858	640,023	-	640,023
	<u>12,563,212</u>	<u>12,978,795</u>	<u>12,338,772</u>	<u>640,023</u>

Payables and commitments as set out in Notes 21, 25 and 26 to the financial statements are intended to be funded via net cash inflow from the operations of the Anasuria Cluster.

Company No.

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# ANASURIA HIBISCUS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

### 29 FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Classification of financial instruments

	<u>2018</u> USD	<u>2017</u> USD
<u>Financial assets</u>		
<u>Loans and receivables</u>		
Trade receivables	552,775	259,872
Other receivables and deposits	1,631,195	27,654
Amount owing by holding company	1	1
Amount owing by ultimate holding company	8,193,893	5,482,904
Cash and bank balances	13,704,291	11,869,331
	<u>24,082,155</u>	<u>17,639,762</u>
<u>Other financial liabilities</u>		
Trade payables	774,922	56,254
Other payables and accruals	16,177,045	2,771,983
Amount owing to related parties	2,766,754	2,010,535
	<u>19,718,721</u>	<u>4,838,772</u>
<u>Financial liability at fair value through profit or loss</u>		
Deferred consideration	-	7,315,582
Contingent consideration	451,671	408,858
	<u>451,671</u>	<u>7,724,440</u>

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018 (CONTINUED)

## 29 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>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)	-
<u>2017</u>			
<u>Financial assets</u>			
Amount owing by ultimate holding company	5,767,117	(284,213)	5,482,904
<u>Financial liabilities</u>			
Amount owing to ultimate holding company	284,213	(284,213)	-

## (d) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2018.

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 2018 (CONTINUED)

## 29 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).

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<u>Liability</u>				
Financial liability at fair value through profit or loss:				
<u>Deferred consideration</u>				
At 01.07.2016	-	-	20,542,634	20,542,634
Unwinding of discount	-	-	1,772,948	1,772,948
Payment made	-	-	(15,000,000)	(15,000,000)
At 30.06.2017/01.07.2017	-	-	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	-	-	-	-
<u>Contingent consideration</u>				
At 01.07.2016	-	-	370,103	370,103
Unwinding of discount	-	-	38,755	38,755
At 30.06.2017/01.07.2017	-	-	408,858	408,858
Unwinding of discount	-	-	42,813	42,813
At 30.06.2018	-	-	451,671	451,671

## (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.

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## ANASURIA HIBISCUS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

#### 30 COMMITMENTS

	<u>2018</u> USD	<u>2017</u> USD
<u>Approved and contracted for:</u>		
Share of a joint operation's capital commitments	2,185,865	2,269,689
Share of a joint operation's other material commitments	9,433,891	10,946,641
	<u>11,619,756</u>	<u>13,216,330</u>
<u>Approved but not contracted for:</u>		
Share of a joint operation's capital commitments	28,358,268	2,484,997
Share of a joint operation's other material commitments	475,479	-
	<u>28,833,747</u>	<u>2,484,997</u>

#### 31 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.

#### 32 SUBSEQUENT EVENTS

The Company had on 8 October 2018 entered into a conditional sale and purchase agreement ("SPA") with Caldera Petroleum (UK) Ltd to acquire a 50% interest in the UK Continental Shelf Petroleum Production Licence No. P.198 Block 15/13a and Block 15/13b in the UK Central North Sea for a total cash consideration of USD37.5 million ("Proposed Acquisition").

The conditions precedent to the SPA in connection with the Proposed Acquisition have been fulfilled on 16 October 2018, save for the written consent of the OGA for the transfer of operatorship to the Company which has been waived ("OGA Consent"). This OGA Consent is now a post-completion event. It is contemplated that the Company will assume operatorship of the Blocks upon approval from the OGA. In conjunction with the above, the SPA has become unconditional.

The Proposed Acquisition was completed on 16 October 2018 pursuant to payment of the purchase consideration of USD37.5 million in cash.

Initial accounting for these acquisitions is not finalised on the date that these financial statements are approved. As the accounting treatment of the acquisition is still being assessed, no further disclosures have been provided