

Company No.

9696268

ANASURIA HIBISCUS UK LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

THURSDAY



\*AAIØCEWR\*

A09

25/11/2021

#152

COMPANIES HOUSE

Company No.

9696268

## ANASURIA HIBISCUS UK LIMITED

### CONTENTS

	Page(s)
Strategic Report	1 - 7
Directors' Report	8 - 11
Independent Auditors' Report	12 - 14
Statement of Comprehensive Income	15
Statement of Financial Position	16 - 17
Statement of Changes in Equity	18
Statement of Cash Flows	19 - 20
Notes to the Financial Statements	21 - 62

Company No.

9696268

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT

The Directors present their Strategic Report for the financial year ended 30 June 2021.

#### 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.

The Company's financial performance for the current twelve-month period from 1 July 2020 to 30 June 2021 remained strong amid the COVID-19 pandemic, and the resiliency of our business, in general, was evident throughout the financial year.

Brent oil prices have recovered steadily since the start of the financial year and have stabilised circa United States Dollar ("USD")70.00 per barrel ("bbl") towards the end of the financial year.

#### Anasuria Cluster

- License No. P013, the Anasuria floating production storage and offloading vessel ("FPSO") and License No. P185 (collectively referred to as the "Anasuria Assets")

- License No. P013 and the Anasuria FPSO

The Company, together with Ping Petroleum UK Limited ("Ping Petroleum") has established the joint operating company, Anasuria Operating Company Limited ("AOCL") in Aberdeen and this company has been approved as the License Operator for License No. P013 by the Secretary of State for Energy and Climate Change of the United Kingdom ("UK") Government. Anasuria Hibiscus UK Limited ("Anasuria Hibiscus") holds 50% interest in AOCL.

AOCL operates the fields under License No. P013 (Block 21/25a and Block 21/30a) and the Anasuria FPSO, which are located approximately 175 kilometres east of Aberdeen in the UK Central North Sea.

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### BUSINESS REVIEW (CONTINUED)

##### Anasuria Cluster (continued)

- License No. P013, the Anasuria floating production storage and offloading vessel ("FPSO") and License No. P185 (collectively referred to as the "Anasuria Assets") (continued)

- License No. P013 and the Anasuria FPSO (continued)

Anasuria Hibiscus' interest in License No. P013 consists of:

- 50% interest in the Guillemot A field and the related field facilities ("Guillemot A");
    - 50% interest in the Teal field and the related field facilities ("Teal"); and
    - 50% interest in the Teal South field and the related field facilities ("Teal South").

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

Anasuria Hibiscus also holds 50% interest in the Anasuria FPSO and the related equipment.

- License No. P185

Anasuria Hibiscus' interest in License No. P185 (Block 21/20a) contains 19.325% interest in the Cook field and the related field facilities. The remaining interest is held by Ithaca Energy UK Limited ("Ithaca Energy") and Ping Petroleum with 61.35% and 19.325% interest respectively. Ithaca Energy is the operator for the field.

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. The license is terminable only if there is a continuous minimum 12-month period in which the production has fallen below a minimum production level.

During the current financial year, revenue generated of USD55.5 million was USD7.8 million (or 16%) higher than the revenue attained in the previous financial year of USD47.7 million. This was mainly driven by higher volume of crude oil sold. There were four crude oil offtakes in the current financial year in which 1,032,566 bbls of crude oil were sold. In the previous financial year, 760,654 bbls of crude oil were sold in three offtakes. This was however partly off-set by lower average oil price per bbl in the current financial year of USD50.04, compared to USD59.33 in the previous financial year.

Operational performance in the current financial year was slightly below compared to that achieved in the previous financial year. The average daily oil equivalent production rate in the current financial year was 2,665 bbl of oil equivalent ("boe") per day (previous financial year: 2,898 boe per day) while average uptime was 83% (previous financial year: 85%). Average operating costs ("OPEX") per boe recorded for the current financial year was USD22.19 (previous financial year: USD19.26). The relatively high OPEX per boe in the current financial year was largely caused by the planned shutdown of the Anasuria FPSO for maintenance activities ("Offshore Turnaround"). The 2021 Offshore Turnaround, which commenced in mid-April 2021 took 23 days to complete. In addition, in the process of bringing the Anasuria FPSO back to full production upon completion of the Offshore Turnaround, a malfunction of a critical component of the subsea infrastructure was identified which required it to be isolated from the primary production system. A portion of the repair costs relating to this incident had been included in the current financial year's cost of sales.

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### BUSINESS REVIEW (CONTINUED)

##### Anasuria Cluster (continued)

- License No. P013, the Anasuria floating production storage and offloading vessel ("FPSO") and License No. P185 (collectively referred to as the "Anasuria Assets") (continued)

Anasuria Hibiscus 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 exerts minimal control.

- License No. P2532

License No. P2532 (Blocks 21/19c and Block 21/20c) contains the Cook West and Cook North prospects, which are potential extensions to the existing Cook field.

These blocks are contiguous with the Cook field (License No. P185 (Block 21/20a)) and reflect a similar equity holding as that of the Cook field.

- License No. P2535

License No. P2535 (Block 21/24d) contains the Teal West discovery, which is contiguous to the Teal field and is located approximately 4 kilometres from the Teal manifold.

Anasuria Hibiscus holds 70% interest in License No. P2535 and the remaining 30% is held by NEO Energy (ZEX) Limited (formerly known as Zennor Exploration Limited). Anasuria Hibiscus is the operator for the field.

The Teal West discovery is a potential tieback candidate to the Anasuria FPSO.

The Company is to prepare a field development plan for the Teal West discovery for approval by the OGA by end 2022, as part of the terms of the license.

##### Marigold and Sunflower fields

The Marigold and Sunflower fields, which are part of the UK Continental Shelf Petroleum Production License No. P198 (Block 15/13a and Block 15/13b) respectively, are located approximately 250 kilometres northeast of Aberdeen in the UK Central North Sea.

On 16 October 2018, Anasuria Hibiscus completed the acquisition of 50% interest in the two blocks under License No. P198; (i) Block 15/13a, containing the Marigold discovered oilfield, and (ii) Block 15/13b, containing the Sunflower discovered oilfield.

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

On 20 January 2021, the Company entered into a farm-in agreement with its joint venture partner for the fields, Caldera Petroleum (UK) Ltd ("Caldera Petroleum"). As per the terms of the farm-in agreement, Caldera Petroleum agreed to transfer to the Company 37.5% interest in License No. P198 (Block 15/13a and Block 15/13b) and in return, the Company agreed to pay all amounts attributable to Caldera Petroleum's retained interest of 12.5% up to first oil arising from the fields.

The Marigold field is expected to be in production by 2023, upon which License No. P198 (covering the Marigold and Sunflower fields), is valid for the life of the fields.

Company No.

9696268

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### BUSINESS REVIEW (CONTINUED)

##### License No. P2366

Anasuria Hibiscus has 100% interest in License No. P2366 (Blocks 15/18d and 15/19b), which contains the Crown discovered field. In the previous financial year, the carrying amount of USD1.0 million has been fully impaired as there was no sanctioned development of License No. P2366. Subsequent to the reporting date, the request to extend the expiry date of the license was not approved by the OGA. Consequently, the license expired on 30 September 2021.

##### License No. P2518

Anasuria Hibiscus has 100% interest in License No. P2518 (Block 15/17a), which contains the Kildrummy discovered field. As at the reporting date, no development cost has been incurred.

#### PRINCIPAL RISKS AND UNCERTAINTIES

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

##### 1. Market prices for crude oil and gas

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

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

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

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

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

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

##### 2. Estimates of crude oil and gas reserves

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

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

##### 3. Environmental matters and decommissioning provision

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

The Company provides for decommissioning liabilities in its financial statements in accordance with International Financial Reporting Standards ("IFRSs"). Additional information regarding decommissioning liabilities is set forth in the Note 26 to the financial statements. The process of estimating decommissioning liabilities is complex and involves significant uncertainties concerning the timing of the decommissioning activity, legislative changes, technological advancement, regulatory, environmental and political changes, and the appropriate discount rate used in estimating the liability.

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

##### 4. Unexpected business interruptions and uninsured losses

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

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

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

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### SECTION 172(1) STATEMENT

The Directors have acted in a way they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006) in respect of decisions taken during the financial year.

In discharging their duty under section 172(1) of the Companies Act 2006, the Directors have had regard (among other matters) to the following:

##### *The likely consequences of any decision in the long term*

The Directors have delegated authority of day-to-day business operations to the management. The Directors and the management are committed to delivery of the business plan. During the financial year, decisions were taken to adapt to business environment, including ensuring safe continuity of operations with appropriate COVID-19 responses.

##### *The need to foster the company's business relationships with suppliers, customers and others*

The Company seeks long-term sustainable relationships with suppliers and joint venture partners which are fostered by fairness, mutual trust and collaboration within the oil and gas industry. The Company also seek to do business with those who comply with legal requirements.

##### *Government and regulators*

The Company regularly engages with the OGA and other government bodies in relation to the Company's business and development activities.

##### *The impact of the company's operations on the community and environment*

The Company strives to provide a reliable, safe and efficient energy supply and are committed to environmental performance that meets or exceeds regulations in the areas where we operate. The Company will review emissions reduction strategy individually with a thorough cost benefit analysis. This is included within the Streamlined Energy and Carbon Reporting ("SECR") in the Directors' report.

##### *Maintaining a reputation for high standards of business conduct*

Responsible business conduct is fundamental to the long term success of the Company. The Company is committed to carry out all activities connected to our business in accordance with applicable laws and have implemented policies and procedures designed to ensure regulatory and legal compliance. In particular, the Company operates a zero tolerance policy when it comes to corruption, and we explicitly prohibit facilitation payments and all forms of bribery.



Company No.

9696268

## ANASURIA HIBISCUS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### KEY PERFORMANCE INDICATORS

As of 30 June 2021, the Company has been involved in the joint operations of the Anasuria Assets for over five 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 2021 to June 2021	January 2021 to March 2021	October 2020 to December 2020	July 2020 to September 2020
Average uptime/ availability of Anasuria facilities	%	53	91	95	94
Average daily oil production rate	bbl/day	1,402	2,463	2,726	2,753
Average daily gas export rate @	boe/day	240	354	383	330
Total oil sold	bbl	254,945	274,996	252,289	250,337
Total gas exported (sold)	million standard cubic feet ("mmscf")	131	191	212	182
Average daily oil equivalent production rate	boe/day	1,642	2,816	3,109	3,084
Average realised oil price	USD/bbl	62.67	54.04	40.85	41.99
Average gas price	USD/million British thermal units ("mmbtu")	2.60 ∞ / 5.80 #	2.30 ∞ / 5.36 #	1.48 ∞ / 3.87 #	0.44 ∞ / 1.45 #
Average OPEX per boe	USD/boe	38.22	18.15	22.00	17.53

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

∞ For Cook field.

# For Guillemot A, Teal and Teal South fields.

On behalf of the Board,



Dr Kenneth Gerard Pereira  
Director

16 November 2021

## ANASURIA HIBISCUS UK LIMITED

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the financial year ended 30 June 2021.

## FUTURE DEVELOPMENT

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

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

The recent addition of License No. 2535 which contains the Teal West discovery is a positive development and is expected to increase Company's daily production rate in the future. The Teal West field is planned to be produced to the Anasuria FPSO where the fluids will be processed and exported via the Anasuria Assets' infrastructure.

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

## STREAMLINED ENERGY AND CARBON REPORTING

Global greenhouse gas ("GHG") emissions and energy use data for the financial year ended 30 June 2021 of the Anasuria Assets are as follows:

	Units	2020	2021 <sup>5</sup>
Scope 1 GHG emissions <sup>1</sup>	tonnes CO <sub>2</sub> e	158,840	128,651
Scope 2 GHG emissions <sup>2</sup>	tonnes CO <sub>2</sub> e	0	0
Scope 3 GHG emissions – Business travel <sup>3</sup>	tonnes CO <sub>2</sub> e	0	0
Scope 1 and Scope 2 GHG emissions per boe	kg CO <sub>2</sub> e/boe	44.56	39.34
Gas consumption on the Anasuria FPSO <sup>4</sup>	kWh	347,342,263	351,090,428
Diesel consumption on the Anasuria FPSO <sup>4</sup>	kWh	25,888,563	20,486,873

## ANASURIA HIBISCUS UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

## STREAMLINED ENERGY AND CARBON REPORTING (CONTINUED)

*Notes:*

1. *GHG emissions comprise of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. Leak tests to measure the fluorinated gases are typically conducted once annually. The global warming potential factors used are in accordance with the UK Government's guidance for reporting of GHG emissions.*
2. *Scope 2 – GHG emissions is zero as there is no purchased electricity for the Anasuria FPSO operations, as all activities are conducted offshore. Office use of electricity are not measured separately as these are included in the office rent.*
3. *Scope 3 – Business travel GHG emissions is zero as there is no vehicle that is owned or rented by AOCL, or whereby AOCL is responsible for purchasing fuel for the purposes of business travel. GHG emissions from air travel, helicopters and supply vessels have not been accounted for. The Scope 3 category is included in the fulfilment of UK Government's SECR requirements.*
4. *The 2020 UK Government GHG conversion factors for company reporting have been used to convert fuel consumption from tonnes to kWh.*
5. *Emission figures from 1 January 2021 to 30 June 2021 are provisional.*

Methodologies and Energy efficiencies measures

The total operational GHG emissions cover the operations on the Anasuria FPSO. Power generation and flaring of gas are the main sources of atmospheric emissions. CO<sub>2</sub> emissions from fuel and flare are calculated and tracked monthly by Petrofac Facilities Management Limited (the Duty Holder of the Anasuria FPSO) as part of the reporting requirement under the EU/UK Emissions Trading Scheme.

Several opportunities for energy (and hence associated GHG) reduction are being assessed for economic viability and some of them will be considered as part of the long-term operational plan for the asset. The team has been assessing these opportunities and they form a part of the Emissions Management Strategy and will be addressed in the upcoming years. Furthermore, additional opportunities have been identified as part of AOCL's emissions reduction strategy.

The Anasuria FPSO and the related facilities are designed to last the entire field lifecycle and are likely not to be frequently replaced. Thus, opportunity for energy savings is challenging. However, if a requirement to replace or procure new equipment arises, we would endeavour to procure new equipment that could offer the opportunity to save energy. Whilst AOCL recognises that some investment will be required as part of the emissions reduction/energy transition drive, each opportunity will be reviewed individually with a thorough cost benefit analysis.

## 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. No such derivative instrument was used by the Company during the financial year.

Company No.

9696268

## ANASURIA HIBISCUS UK LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 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 Assets is sold to BP Oil International Limited. Gas production from the Anasuria Assets 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 2021, all trade receivables were current (being defined as less than 90 days). The Company has no impairment of receivables as at 30 June 2021.

##### Liquidity risk and cash flow risk

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

#### DIVIDENDS

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

#### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There is no significant events subsequent to the financial year.

#### 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 John Paton

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

## ANASURIA HIBISCUS UK LIMITED

### DIRECTORS' REPORT (CONTINUED)

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

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

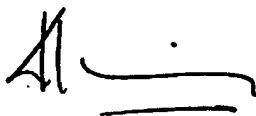
In the case of each director in office at the date the Directors' report is approved:

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

#### AUDITORS

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

On behalf of the Board,



Dr Kenneth Gerard Pereira  
Director

16 November 2021

# ***Independent auditors' report to the directors 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 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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: Statement of Financial Position as at 30 June 2021; Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

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

### **Independence**

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

### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2021 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with UK tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to accounting estimates being subject to manipulation or management bias, focused on the valuation intangibles and the assumptions used to calculate the provisions for decommissioning costs. Audit procedures performed by the engagement team included:

- Enquiries with management including consideration of known or suspected instances of noncompliance with laws and regulations and fraud;

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and entries posted by unexpected users, where any such journal entries were identified;
- Reviewing relevant meeting minutes, including those of the Board;
- Reviewing impairment assessments for intangibles, including testing of inputs, recalculation of the recoverable amount calculations, consultation with valuation auditors' experts on discount rate methodology and valuation methodology and consultation with tax auditors' experts on tax rates and;
- Reviewing managements calculations relating to the provision for decommissioning costs, including testing of inputs and consultation with valuation auditors' experts on discount rate methodology.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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


#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

- we have not obtained 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.



Jason Clarke (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff  
16 November 2021



Company No.

9696268

ANASURIA HIBISCUS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2021

	<u>Note</u>	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
Revenue	4	55,546,842	47,654,893
Cost of sales	5	(22,115,105)	(18,010,005)
Gross profit		33,431,737	29,644,888
Other income	6	666,491	2,735,584
Administrative expenses		(7,965,071)	(5,289,173)
Other expenses	7	(30,683,584)	(18,717,785)
Finance costs	8	(6,270,430)	(5,997,101)
(Loss)/profit before taxation	9	(10,820,857)	2,376,413
Taxation	10	5,069,018	(574,771)
Total comprehensive (expenses)/income for the financial year		<u>(5,751,839)</u>	<u>1,801,642</u>

The notes on pages 21 to 62 are an integral part of these financial statements.

## ANASURIA HIBISCUS UK LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	12	208,554,770	195,796,229
Property, plant and equipment	13	132,834,238	151,884,771
Restricted cash and bank balances	14	30,226,872	22,349,168
Right-of-use assets	15	-	43,599
		<u>371,615,880</u>	<u>370,073,767</u>
<b>CURRENT ASSETS</b>			
Trade receivables	16	454,511	39,253
Other receivables, deposits and prepayments	17	2,908,688	1,022,962
Amount owing by holding company	18	1	1
Amount owing by ultimate holding company	19	6,032,432	8,013,090
Amount owing by a related party	20	1,036,379	3,036,235
Inventories	21	3,620,152	3,904,537
Cash and bank balances	14	12,780,263	4,225,335
		<u>26,832,426</u>	<u>20,241,413</u>
<b>TOTAL ASSETS</b>		<u><b>398,448,306</b></u>	<u><b>390,315,180</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	22	2	2
Retained earnings		143,384,229	149,136,068
<b>TOTAL EQUITY</b>		<u><b>143,384,231</b></u>	<u><b>149,136,070</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Contingent consideration	23	4,737,530	551,215
Deferred tax liabilities	24	69,381,893	78,028,263
Other payables	25	2,297,496	5,564,343
Provision for decommissioning costs	26	114,124,462	104,869,431
		<u>190,541,381</u>	<u>189,013,252</u>

The notes on pages 21 to 62 are an integral part of these financial statements.

Company No.

9696268

ANASURIA HIBISCUS UK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (CONTINUED)

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
CURRENT LIABILITIES			
Contingent consideration	23	6,077,742	-
Trade payables	27	2,319,864	1,119,209
Current tax liabilities		3,974,389	609,543
Lease liability	28	-	38,665
Other payables and accruals	25	13,345,635	11,502,645
Amounts owing to related parties	20	38,805,064	38,895,796
		<u>64,522,694</u>	<u>52,165,858</u>
TOTAL LIABILITIES		<u>255,064,075</u>	<u>241,179,110</u>
TOTAL EQUITY AND LIABILITIES		<u>398,448,306</u>	<u>390,315,180</u>

The financial statements on pages 15 to 62 were authorised for issue by the Board of Directors on 16 November 2021 and were signed on its behalf.



Dr Kenneth Gerard Pereira  
Director

Anasuria Hibiscus UK Limited  
Registered no. 9696268

The notes on pages 21 to 62 are an integral part of these financial statements.

Company No.

9696268

ANASURIA HIBISCUS UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021

	<u>Share capital</u> USD	<u>Retained earnings</u> USD	<u>Total</u> USD
Balance as at 1 July 2019	2	147,334,426	147,334,428
Profit after taxation/Total comprehensive income for the financial year	-	1,801,642	1,801,642
Balance as at 30 June 2020	2	149,136,068	149,136,070
Balance as at 1 July 2020	2	149,136,068	149,136,070
Loss after taxation/Total comprehensive expenses for the financial year	-	(5,751,839)	(5,751,839)
Balance as at 30 June 2021	2	143,384,229	143,384,231

The notes on pages 21 to 62 are an integral part of these financial statements.

## ANASURIA HIBISCUS UK LIMITED

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021

	Note	2021 USD	2020 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before taxation		(10,820,857)	2,376,413
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets		18,955,660	18,717,785
Finance costs		6,270,430	5,997,101
Impairment of intangible assets		-	1,000,000
Unrealised foreign exchange loss/(gain)		11,380,393	(1,704,555)
Operating profit before working capital changes		25,785,626	26,386,744
Trade receivables		(417,003)	141,798
Other receivables, deposits and prepayments		(1,891,285)	(432,128)
Amount owing by ultimate holding company		1,802,697	(330,239)
Inventories		284,385	(3,106,353)
Trade payables		1,170,312	(840,458)
Other payables and accruals		(4,040,178)	(765,590)
Amounts owing by/(to) related parties		2,056,552	376,853
<b>CASH GENERATED FROM OPERATIONS</b>		<b>24,751,106</b>	<b>21,430,627</b>
Tax paid		(212,506)	(8,479,440)
Tax refund		-	491,292
Movement in restricted cash and bank balances		(7,877,704)	(6,185,364)
<b>Net cash generated from operating activities</b>		<b>16,660,896</b>	<b>7,257,115</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment		(1,433,603)	(22,592,113)
Acquisition of intangible assets		(7,551,472)	(3,749,311)
Advances to a related party		-	(6,570,000)
<b>Net cash used in investing activities</b>		<b>(8,985,075)</b>	<b>(32,911,424)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advances from a related party		-	14,500,000
Repayment from a related party		(2,000,000)	-
Net repayment of lease liabilities		(40,063)	(83,866)
<b>Net cash (used in)/generated from financing activities</b>		<b>(2,040,063)</b>	<b>14,416,134</b>

## ANASURIA HIBISCUS UK LIMITED

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,635,758	(11,238,175)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		2,919,170	(698,881)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>4,225,335</u>	<u>16,162,391</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	<u><u>12,780,263</u></u>	<u><u>4,225,335</u></u>

The notes on pages 21 to 62 are an integral part of these financial statements.

## ANASURIA HIBISCUS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

#### 1 GENERAL INFORMATION

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

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

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

#### 2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

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

As of 30 June 2021, the Company is in a net current liabilities position of USD37,690,268 (2020: net current liabilities position of USD31,924,445). The Directors are of the view that the Company will have continuing financial support from its ultimate holding company and sufficient cash flows for the next twelve months from the reporting date to meet its cash flow requirements, and there is no material uncertainty on the Company's ability to continue as a going concern. Therefore, the Directors have prepared the financial statements on a going concern basis.

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

The Company have applied the following standards and amendments for the first time for the financial year beginning on 1 July 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to International Accounting Standard ("IAS") 1 and IAS 8 'Definition of Material'
- Amendments to IFRS 3 'Definition of a Business'
- Amendments to IFRS 7, IFRS 9 and IAS 39 'Interest Rate Benchmark Reform'
- Amendments to IFRS 16 'COVID-19-Related Rent Concessions'

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 2 BASIS OF PREPARATION (CONTINUED)

- (b) Amendments to published standards that are applicable to the Company but not yet effective are as follows:

Effective for financial periods beginning on or after 1 January 2021

- Amendments to IFRS 7, IFRS 9, IFRS 16 and IAS 39 'Interest Rate Benchmark Reform – Phase 2'

Effective for financial periods beginning on or after 1 April 2021

- Amendments to IFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021'

Effective for financial periods beginning on or after 1 January 2022

- Annual improvements to IFRSs 2018 – 2020: IFRS 9 'Financial Instruments'
- Annual improvements to IFRSs 2018 – 2020: Illustrative Examples Accompanying IFRS 16 'Leases'
- Amendments to IFRS 3 'Reference to the Conceptual Framework'
- Amendments to IFRS 16 'Property, Plant and Equipment Proceeds before Intended Use'
- Amendments to IAS 37 'Onerous Contracts Cost of Fulfilling a Contract'

Effective for financial periods beginning on or after 1 January 2023

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'
- Amendments to IAS 1 'Disclosure of Accounting Policies'
- Amendments to IAS 8 'Definition of Accounting Estimates'
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to IFRS Practice Statement 2 'Disclosure of Accounting Policies'

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



## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

## (a) Investment in a joint arrangement

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

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

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

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

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

## (b) Currency translation

## (i) Functional and presentation currency

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

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

## (ii) Transactions and balances

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

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments

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

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

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

## (i) Financial assets

## • Classification

The Company classifies its financial assets in the following measurement categories:

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

## • Recognition and derecognition

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

## • Measurement

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

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

*Debt instruments*

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

## (i) Financial assets (continued)

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

- Amortised cost

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

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

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

- FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other operating expenses in the period in which it arises.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

## (i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments

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

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

- Trade receivables;
- Other receivables;
- Deposits;
- Amounts owing by holding company;
- Amount owing by ultimate holding company; and
- Amount owing by a related party.

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

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

The measurement of ECL reflects:

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

## (i) Financial assets (continued)

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

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

*Simplified approach for trade receivables*

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

Significant increase in credit risk

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

The following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Company and changes in the operating results of the debtor.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

## (i) Financial assets (continued)

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

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

Definition of default and credit-impaired financial assets

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

*Quantitative criteria*

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

*Qualitative criteria*

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

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

## (i) Financial assets (continued)

Write-off*Trade receivables*

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

*Other receivables*

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

## (ii) Financial liabilities

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

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

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (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

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. Where the consideration to acquire the intangible assets includes a contingent consideration arrangement, intangible assets are initially recognised, which includes an estimate for the contingent consideration which derives from future anticipated variable costs. A liability will be recognised for the contingent consideration at the same time. The contingent consideration is subsequently measured at amortised cost. Subsequent changes in the contingent consideration will be recognised against the cost of the intangible assets or, in certain circumstances, in profit or loss.

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.

Cost associated with production and general corporate activities are expensed in the period incurred. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.



## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (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 of FPSO and office equipment are calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

FPSO	5%
Office equipment	20 - 33.33%

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

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

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

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

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

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

## (h) Cash and bank balances

## (i) Cash and cash equivalents

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

## (ii) Restricted cash and bank balances

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (i) Provisions

## (i) Decommissioning costs

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

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

Where the Company has obligations to contribute to a decommissioning fund, the amount paid to the fund by the Company will reduce the provision for decommissioning costs to the extent that the contributions should reduce the Company's obligations in relation to such future decommissioning costs.

## (ii) Other provisions

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

## (j) Current and deferred taxation

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

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

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (j) Current and deferred taxation (continued)

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

*Revenue from contracts with customer*

## (i) Sale of oil and gas products

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

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

*Revenue from other sources*

## (i) Interest income

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (I) Critical estimates

## (i) Estimation of oil and gas reserves

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

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

Proven reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimates of proven reserves only include volumes for which access to market is assured with reasonable certainty. All proven reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

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

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (I) Critical estimates (continued)

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

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

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

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

Carrying amounts of the Company's intangible assets, oil and gas assets and FPSO are reviewed for possible impairment annually including any indicators of impairment. For the purpose of assessing impairment, assets are grouped at the lowest level cash generating units ("CGU") for which there is a separately identifiable cash flow available. The CGUs of the Company are the Anasuria Assets, License No. P2532, License No. P2535, the Marigold and Sunflower fields, License No. P2366 and License No. P2518.

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

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (l) Critical estimates (continued)

## (iii) Estimation of provision for decommissioning costs

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

Most of these decommissioning and restoration events are many years in the future and the precise requirements that will have to be met when such removal events occur are uncertain. Actual timing and net cash outflows can defer from estimates due to uncertainties concerning the timing of the decommissioning activity, legislative changes, technological advancement, regulatory, environmental and political changes, and the appropriate discount rate used in estimating the liability. The carrying amount of the provision, together with the discount rate used in discounting the cash flows and inflation rate, are regularly reviewed and adjusted to account for such changes. Additional information is disclosed in Note 26 to the financial statements.

## (m) Critical judgement

## (i) Joint operation

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 4 REVENUE

	2021	2020
	USD	USD
Crude oil sales	53,428,417	46,491,062
Gas sales	2,118,425	1,163,831
	<u>55,546,842</u>	<u>47,654,893</u>

Sales from crude oil and gas are generated in the UK.

## 5 COST OF SALES

	2021	2020
	USD	USD
Cost of operations	21,023,816	16,638,009
Tariff and transportation expenses	1,091,289	1,371,996
	<u>22,115,105</u>	<u>18,010,005</u>

## 6 OTHER INCOME

	2021	2020
	USD	USD
Interest income	665,024	599,832
Sundry income	1,467	74,568
Unrealised foreign exchange gain	-	1,704,555
Realised foreign exchange gain	-	356,629
	<u>666,491</u>	<u>2,735,584</u>

## 7 OTHER EXPENSES

	2021	2020
	USD	USD
Depreciation and amortisation of property, plant and equipment and intangible assets	18,912,061	18,647,894
Amortisation of right-of-use assets	43,599	69,891
Unrealised foreign exchange loss	11,380,393	-
Realised foreign exchange loss	347,531	-
	<u>30,683,584</u>	<u>18,717,785</u>



## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 8 FINANCE COSTS

	2021 USD	2020 USD
Unwinding of discount on contingent consideration (Note 23)	153,201	52,248
Unwinding of discount on provision for decommissioning costs (Note 26)	4,262,923	3,967,112
Interest expense	1,854,306	1,977,741
	<u>6,270,430</u>	<u>5,997,101</u>

## 9 (LOSS)/PROFIT BEFORE TAXATION

	2021 USD	2020 USD
(Loss)/profit before taxation is arrived after charging/(crediting):		
Fees payable to the Company's auditors and its associates for the audit of the Company's financial statements:		
- PricewaterhouseCoopers LLP, UK	48,324	40,669
- member firm of PricewaterhouseCoopers International Limited	23,378	22,549
Prospecting costs and consultancy fees	1,014,530	515,411
Rental expenses	52,996	33,357
Tax fee	12,059	7,351
Interest expense on lease liability	1,398	9,041
Impairment of intangible assets	-	1,000,000
Reversal of contingent consideration	<u>(565,111)</u>	<u>-</u>

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

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

The Company has one person (2020: Nil) in employment. Technical-related expenses and a significant portion of administrative expenses are provided by a wholly-owned subsidiary of Hibiscus Petroleum.

Rental expenses recognised are related to short-term and low value leases.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (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:

	2021 USD	2020 USD
Current tax:		
- Income tax	3,573,372	398,952
- Under/(over) accrual in prior year	3,980	(144,823)
	3,577,352	254,129
Deferred tax (Note 24):		
- Origination of temporary differences	(8,646,370)	320,642
	(5,069,018)	574,771
(Loss)/profit before taxation	(10,820,857)	2,376,413
Tax at the statutory tax rate at 40% (2020: 40%)	(4,328,343)	950,565
Income not subject to tax	(1,617,787)	-
Expenses not deductible for tax purposes	976,298	547,782
Deductions for supplementary charge	(103,166)	(778,753)
Under/(over) accrual in prior year	3,980	(144,823)
	(5,069,018)	574,771

## 11 JOINT OPERATION

## (a) Anasuria Cluster

- License No. P013 and the Anasuria FPSO

The Company, together with Ping Petroleum has established the joint operating company, AOCL in Aberdeen and this company has been approved as the License Operator for License No. P013 by the Secretary of State for Energy and Climate Change of the UK Government. The Company holds 50% interest in AOCL.

AOCL operates the fields under License No. P013 (Block 21/25a and Block 21/30a) and the Anasuria FPSO, which are located approximately 175 kilometres east of Aberdeen in the UK Central North Sea.

The Company's interest in License No. P013 consists of:

- 50% interest in the Guillemot A field and the related field facilities;
- 50% interest in the Teal field and the related field facilities; and
- 50% interest in the Teal South field and the related field facilities.

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

The Company also holds 50% interest in the Anasuria FPSO and the related equipment.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 11 JOINT OPERATION (CONTINUED)

- License No. P185

The Company's interest in License No. P185 (Block 21/20a) contains 19.325% interest in the Cook field and the related field facilities. The remaining interest is held by Ithaca Energy UK Limited ("Ithaca Energy") and Ping Petroleum with 61.35% and 19.325% interest respectively. Ithaca Energy is the operator for the field.

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

- License No. P2532

License No. P2532 (Blocks 21/19c and Block 21/20c) contains the Cook West and Cook North prospects, which are potential extensions to the existing Cook field.

These blocks are contiguous with the Cook field (License No. P185 (Block 21/20a)) and reflect a similar equity holding as that of the Cook field.

- License No. P2535

License No. P2535 (Block 21/24d) contains the Teal West discovery, which is contiguous to the Teal field and is located approximately 4 kilometres from the Teal manifold.

The Company holds 70% interest in License No. P2535 and the remaining 30% is held by NEO Energy (ZEX) Limited (formerly known as Zennor Exploration Limited). Anasuria Hibiscus is the operator for the field.

The Teal West discovery is a potential tieback candidate to the Anasuria FPSO.

The Company is to prepare a field development plan for the Teal West discovery for approval by the OGA by end 2022, as part of the terms of the license.

## (b) Marigold and Sunflower fields

The Marigold and Sunflower fields, which are part of the UK Continental Shelf Petroleum Production License No. P198 (Block 15/13a and Block 15/13b) respectively, are located approximately 250 kilometres northeast of Aberdeen in the UK Central North Sea.

On 16 October 2018, the Company completed the acquisition of 50% interest in the two blocks under License No. P198; (i) Block 15/13a, containing the Marigold discovered oilfield, and (ii) Block 15/13b, containing the Sunflower discovered oilfield.

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

On 20 January 2021, the Company entered into a farm-in agreement with its joint venture partner for the fields, Caldera Petroleum. As per the terms of the farm-in agreement, Caldera Petroleum agreed to transfer to the Company 37.5% interest in License No. P198 (Block 15/13a and Block 15/13b) and in return, the Company agreed to pay all amounts attributable to Caldera Petroleum's retained interest of 12.5% up to first oil arising from the fields.

The Marigold field is expected to be in production by 2023, upon which License No. P198 (covering the Marigold and Sunflower fields), is valid for the life of the fields.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 12 INTANGIBLE ASSETS

	2021 USD	2020 USD
01.07.2020/01.07.2019	195,796,229	200,432,311
Additions	19,136,037	3,749,311
Amortisation	(6,377,496)	(7,385,393)
Impairment	-	(1,000,000)
At 30.06.2021/30.06.2020	<u>208,554,770</u>	<u>195,796,229</u>

The intangible assets represent the rights and concession of the licenses as follows:

	2021 USD	2020 USD
Anasuria Assets	147,859,479	154,236,975
Marigold and Sunflower fields	60,052,511	41,559,254
License No. P2535	632,750	-
License No. P2532	10,030	-
At 30.06.2021/30.06.2020	<u>208,554,770</u>	<u>195,796,229</u>

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

## (a) Anasuria Assets

The recoverable amounts of the intangible assets and equipment relating to the Anasuria Assets were determined using the FVLCTS model based on DCF derived from the expected cash in/outflow pattern over the production life of the Anasuria Assets.

The key assumptions applied to determine the recoverable amount for the Anasuria Assets were as follows:

- (i) Discount rate of 10% (2020: 10%);
- (ii) Oil price forecast based on the oil price forward curve from an independent party; and
- (iii) Future oil production profile based on an assessment by independent oil and gas reserve expert.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Company concluded that the recoverable amount derived from the valuation model is greater than the carrying amount. The most sensitive assumption in the DCF is oil price forecast. A 10% decrease in the oil price forecast would not result in the carrying amount exceeding its recoverable amount.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 12 INTANGIBLE ASSETS (CONTINUED)

## (b) Marigold and Sunflower fields

The Company has assessed the recoverable amount of the intangible assets and equipment relating to the Marigold and Sunflower fields. The recoverable amount was determined using the FVLCTS model based on DCF derived from the expected cash in/outflow pattern over the production lives of the Marigold and Sunflower fields.

The key assumptions applied to determine the recoverable amount for the Marigold and Sunflower fields were as follows:

- (i) Discount rate of 10% (2020: 10%);
- (ii) First oil being achieved in year 2023 (2020: year 2023);
- (iii) Oil price forecast based on the oil price forward curve from an independent party; and
- (iv) An oil production profile based on an assessment by independent oil and gas reserve expert.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Company concluded that the recoverable amount derived from the valuation model is greater than the carrying amount. The most sensitive assumption in the DCF is oil price forecast. A 10% decrease in the oil price forecast would not result in the carrying amount exceeding its recoverable amount.

## (c) License No. P2366

In the previous financial year, the carrying amount of USD1.0 million has been fully impaired as there was no sanctioned development of License No. P2366. Subsequent to the reporting date, the request to extend the expiry date of the license was not approved by the OGA. Consequently, the license expired on 30 September 2021.

## (d) License No. P2518

The Company has 100% interest in License No. P2518 (Block 15/17a) containing the Kildrummy discovered field. As at the reporting date, no development cost has been incurred.

Company No.

9696268

ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT

	Office equipment USD	Oil and gas assets USD	FPSO USD	Work in progress USD	Total USD
<u>Cost</u>					
At 01.07.2019	10,705	130,956,237	7,000,000	19,399,736	157,366,678
Additions	-	99,259	8,303	22,484,551	22,592,113
Transfer	-	23,865,687	1,188,836	(25,054,523)	-
Changes in estimates	-	7,260,661	-	-	7,260,661
At 30.06.2020/01.07.2020	10,705	162,181,844	8,197,139	16,829,764	187,219,452
Additions/(write-off)	12,162	64,587	(5,159)	1,362,013	1,433,603
Changes in estimates	-	(7,949,571)	-	-	(7,949,571)
At 30.06.2021	22,867	154,296,860	8,191,980	18,191,777	180,703,484
<u>Accumulated depreciation</u>					
At 01.07.2019	(1,721)	(23,378,963)	(691,496)	-	(24,072,180)
Depreciation	(3,474)	(10,962,103)	(296,924)	-	(11,262,501)
At 30.06.2020/01.07.2020	(5,195)	(34,341,066)	(988,420)	-	(35,334,681)
Depreciation	(5,456)	(11,963,305)	(565,804)	-	(12,534,565)
At 30.06.2021	(10,651)	(46,304,371)	(1,554,224)	-	(47,869,246)
<u>Net book value</u>					
At 30.06.2020	5,510	127,840,778	7,208,719	16,829,764	151,884,771
At 30.06.2021	12,216	107,992,489	6,637,756	18,191,777	132,834,238

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 14 CASH AND BANK BALANCES

	2021 USD	2020 USD
Cash and bank balances	43,007,135	26,574,503
Less: Restricted cash and bank balances	(30,226,872)	(22,349,168)
Cash and cash equivalents	<u>12,780,263</u>	<u>4,225,335</u>

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

The Company has determined that the restricted cash and bank balances which the Company intends to use to contractually settle a decommissioning liability is due at least more than 12 months after the end of the respective financial years.

## 15 RIGHT-OF-USE ASSETS

	2021 USD	2020 USD
<u>Cost</u>		
Arising from adoption of IFRS 16:		
At 01.07.2020/Arising from adoption of IFRS 16	<u>113,490</u>	<u>113,490</u>
<u>Accumulated depreciation</u>		
01.07.2020	(69,891)	-
Depreciation (Note 7)	(43,599)	(69,891)
At 30.06.2021	<u>(113,490)</u>	<u>(69,891)</u>
<u>Net book value as at 30.06.2021</u>	<u>-</u>	<u>43,599</u>

## 16 TRADE RECEIVABLES

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	USD	USD
Other receivables and deposits	2,053,751	928,887
Prepayments and deferred expenses	1,268,823	507,961
	<u>3,322,574</u>	<u>1,436,848</u>
Less: Impairment of other receivables	(413,886)	(413,886)
	<u>2,908,688</u>	<u>1,022,962</u>

## 18 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.

## 19 AMOUNT OWING BY ULTIMATE HOLDING COMPANY

The amount owing by ultimate holding company is non-trade in nature, unsecured and receivable on demand. The amount is to be settled in cash. Amount owing by ultimate holding company carried interests at 5.0% per annum (2020: 5.0% per annum).

## 20 AMOUNTS OWING BY/(TO) RELATED PARTIES

The amounts owing by/(to) related parties are unsecured and are receivable/repayable on demand. The amounts are to be settled in cash. Amounts owing by/(to) related parties carried interests at 5.0% per annum (2020: 5.0% per annum).



Company No.

9696268

# ANASURIA HIBISCUS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

### 21 INVENTORIES

	2021 USD	2020 USD
Crude oil	2,258,585	3,511,481
Diesel	183,548	141,063
Spares	1,178,019	251,993
	<u>3,620,152</u>	<u>3,904,537</u>

Inventories recognised as expenses during the financial year amounted to USD20,361,732 (2020: USD15,620,752). These were included in cost of sales as disclosed in Note 5 to the financial statements.

### 22 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>			
30.06.2021/30.06.2020	1.00	<u>1</u>	<u>2</u>

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

	Par value GBP	Number of shares	Share capital USD
<u>Ordinary shares</u>			
30.06.2021/30.06.2020	1.00	<u>1</u>	<u>2</u>

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

Company No.

9696268

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 23 CONTINGENT CONSIDERATION

	2021 USD	2020 USD
<u>Non-current</u>		
01.07.2020/01.07.2019	551,215	498,967
Addition	10,675,967	-
Reversal	(565,111)	-
Transfer to current liabilities	(6,077,742)	-
Unwinding of discount (Note 8)	153,201	52,248
At 30.06.2021/30.06.2020	<u>4,737,530</u>	<u>551,215</u>
<u>Current</u>		
01.07.2020/01.07.2019	-	-
Transfer from non-current liabilities	6,077,742	-
At 30.06.2021/30.06.2020	<u>6,077,742</u>	<u>-</u>

The contingent consideration of the Company as at 30 June 2021 relates to the Marigold and Sunflower fields. As per the terms of the farm-in agreement entered into by the Company with Caldera Petroleum for an additional 37.5% interest in License No. P198 (Block 15/13a and Block 15/13b) during the financial year, the Company agreed to pay all amounts attributable to Caldera Petroleum's retained interest of 12.5% up to first oil arising from the fields as disclosed in Note 11(b) to the financial statements. The contingent consideration represents the estimated amount to be paid and is dependent on the timing and amounts estimated to be incurred for the period up to first oil.

The contingent consideration in the previous financial year was related to the Anasuria Assets. As part of the acquisition of 50% interest in the Anasuria Assets, a contingent consideration was payable to Shell UK, Shell EP Offshore Ventures Limited ("Shell EP") and Esso Exploration and Production UK Limited ("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 would be paid  $\text{USD}0.15 \times (Y - \text{USD}75)$  per bbl of the production from the Anasuria Assets. The contingent consideration was limited by the production volume and the average oil price for the relevant calendar year. During the financial year, the Company concluded that it was remote that the oil price threshold set for calendar year 2021 would be met. As a result, the carrying amount of USD565,111 was reversed.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 24 DEFERRED TAX LIABILITIES

	2021 USD	2020 USD
Deferred tax liabilities	119,231,575	120,913,176
Deferred tax assets	(49,849,682)	(42,884,913)
	<u>69,381,893</u>	<u>78,028,263</u>
At 01.07.2020/01.07.2019	78,028,263	77,707,621
Recognised in profit or loss (Note 10)	(8,646,370)	320,642
At 30.06.2021/30.06.2020	<u>69,381,893</u>	<u>78,028,263</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>			
01.07.2019	51,247,330	65,060,011	116,307,341
Recognised in profit or loss	6,460,268	(1,854,433)	4,605,835
At 30.06.2020/01.07.2020	57,707,598	63,205,578	120,913,176
Recognised in profit or loss	(2,151,191)	469,590	(1,681,601)
At 30.06.2021	<u>55,556,407</u>	<u>63,675,168</u>	<u>119,231,575</u>
	Unutilised losses USD	Decommissioning costs USD	Total USD
<u>Deferred tax assets</u>			
01.07.2019	-	(38,599,720)	(38,599,720)
Recognised in profit or loss	(937,141)	(3,348,052)	(4,285,193)
At 30.06.2020/01.07.2020	(937,141)	(41,947,772)	(42,884,913)
Recognised in profit or loss	937,141	(7,901,910)	(6,964,769)
At 30.06.2021	<u>-</u>	<u>(49,849,682)</u>	<u>(49,849,682)</u>

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 24 DEFERRED TAX LIABILITIES (CONTINUED)

	2021 USD	2020 USD
Deferred tax liabilities (before offsetting)		
- Property, plant and equipment	55,556,407	57,707,598
- Intangible assets	63,675,168	63,205,578
	119,231,575	120,913,176
Offsetting	(49,849,682)	(42,884,913)
Deferred tax liabilities (after offsetting)	69,381,893	78,028,263
Deferred tax assets (before offsetting)		
- Unutilised losses	-	(937,141)
- Decommissioning costs	(49,849,682)	(41,947,772)
	(49,849,682)	(42,884,913)
Offsetting	49,849,682	42,884,913
Deferred tax assets (after offsetting)	-	-

## 25 OTHER PAYABLES AND ACCRUALS

	2021 USD	2020 USD
<u>Non-current</u>		
Other payables	2,297,496	5,564,343
<u>Current</u>		
Other payables	6,509,745	5,847,209
Accruals	6,835,890	5,655,436
	13,345,635	11,502,645

In the current financial year, other payables include payables for certain capital expenditure in the Anasuria Assets that are repayable over a period of more than 12 months.

Company No.

9696268

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 26 PROVISION FOR DECOMMISSIONING COSTS

	<u>2021</u> USD	<u>2020</u> USD
<u>Non-current</u>		
At 01.07.2020/01.07.2019	104,869,431	96,499,301
Unwinding of discount (Note 8)	4,262,923	3,967,112
Exchange differences	12,941,679	(2,857,643)
Changes in estimates	(7,949,571)	7,260,661
At 30.06.2021/30.06.2020	<u>114,124,462</u>	<u>104,869,431</u>

The Company makes full provision for the future costs of decommissioning of its oil production facilities and pipelines on a discounted basis. The liability is discounted at a rate of 4.20% (2020: 3.62%). An increase in 10 basis points of discount rate will result in an decrease in the carrying amount of the liability of 0.45% (2020: 1.60%).

## 27 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.

## 28 LEASE LIABILITY

<u>2021</u>	<u>Interest rate</u> <u>per annum</u>	<u>Carrying</u> <u>amount</u> USD	<u>Maturity profile</u> <u>Within</u> <u>1 year</u> USD
Lease liability	-	-	-
<u>2020</u>	<u>Interest rate</u> <u>per annum</u>	<u>Carrying</u> <u>amount</u> USD	<u>Maturity profile</u> <u>Within</u> <u>1 year</u> USD
Lease liability	11.79%	38,665	38,665

The effective interest rate of the Company's lease liability was nil (2020: 11.79%).

Reconciliation of financial liabilities arising from financing activities:

<u>2021</u>	<u>At</u> <u>01.07.2020</u>	<u>Additions</u>	<u>Reversal</u>	<u>Accretion of</u> <u>interest</u>	<u>At</u> <u>30.06.2021</u>
Lease liability	38,665	-	(40,063)	1,398	-

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 28 LEASE LIABILITY (continued)

Reconciliation of financial liabilities arising from financing activities: (continued)

<u>2020</u>	At <u>01.07.2019</u>	<u>Additions</u>	<u>Reversal</u>	Accretion of <u>interest</u>	At <u>30.06.2020</u>
Lease liability	106,963	-	(77,340)	9,042	38,665

## 29 SIGNIFICANT RELATED PARTY DISCLOSURES

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

	<u>Transaction values</u>		<u>Balances outstanding</u>	
	<u>Year ended 30.06.2021</u>	<u>Year ended 30.06.2020</u>	<u>2021</u>	<u>2020</u>
	USD	USD	USD	USD
Project management, technical and other services fees payable to:				
Hibiscus Technical Services Sdn Bhd	(4,829,589)	(6,171,843)	(5,536,261)	(3,533,765)
Ultimate holding company	(78,678)	(170,517)	-	-
Payment on behalf by ultimate holding company	(1,036,158)	(936,745)	-	-
Advances to ultimate holding company	-	-	6,032,432	8,013,090
Advances to a fellow subsidiary:				
Hibiscus Technical Services Sdn Bhd	-	6,570,000	6,570,000	6,570,000
Advances from a fellow subsidiary:				
SEA Hibiscus Sdn Bhd	-	14,500,000	(38,805,064)	(38,895,796)

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 30 FINANCIAL INSTRUMENTS

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

## (a) Financial risk management policies

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

## (i) Market risk

*Foreign currency risk*

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

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

	United States Dollar USD	Ringgit Malaysia USD	Great Britain Pound USD	Total USD
<b>2021</b>				
<b>Financial assets</b>				
Trade receivables	-	-	454,511	454,511
Other receivables and deposits	220,498	-	1,068,303	1,288,801
Amount owing by holding company	-	-	1	1
Amount owing by ultimate holding company	6,032,432	-	-	6,032,432
Amount owing by a related party	1,036,379	-	-	1,036,379
Cash and bank balances	8,433,638	-	34,573,497	43,007,135
	<u>15,722,947</u>	<u>-</u>	<u>36,096,312</u>	<u>51,819,259</u>

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

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

## (i) Market risk (continued)

*Foreign currency risk (continued)*

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

	United States Dollar USD	Ringgit Malaysia USD	Great Britain Pound USD	Total USD
<u>2021 (continued)</u>				
<u>Financial liabilities</u>				
Trade payables	(290,920)	(28,926)	(2,000,018)	(2,319,864)
Other payables and accruals	(5,543,484)	(26,668)	(10,072,979)	(15,643,131)
Contingent consideration	(10,815,272)	-	-	(10,815,272)
Amounts owing to related parties	(38,723,162)	(81,902)	-	(38,805,064)
	<u>(55,372,838)</u>	<u>(137,496)</u>	<u>(12,072,997)</u>	<u>(67,583,331)</u>
Net financial (liabilities)/ assets	(39,649,891)	(137,496)	24,023,315	(15,764,072)
Less: Net financial liabilities denominated in the entity's functional currency	39,649,891	-	-	39,649,891
At 30.06.2021	<u>-</u>	<u>(137,496)</u>	<u>24,023,315</u>	<u>23,885,819</u>



## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

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

## (i) Market risk (continued)

*Foreign currency risk (continued)*

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

	United States Dollar USD	Ringgit Malaysia USD	Great Britain Pound USD	Total USD
<u>2020</u>				
<u>Financial assets</u>				
Trade receivables	-	-	39,253	39,253
Other receivables and deposits	-	9,001	337,418	346,419
Amount owing by holding company	-	-	1	1
Amount owing by ultimate holding company	8,013,090	-	-	8,013,090
Amount owing by a related party	3,036,235	-	-	3,036,235
Cash and bank balances	1,433,905	-	25,140,598	26,574,503
	<u>12,483,230</u>	<u>9,001</u>	<u>25,517,270</u>	<u>38,009,501</u>
<u>Financial liabilities</u>				
Trade payables	(108,972)	-	(1,010,237)	(1,119,209)
Lease liability	-	-	(38,665)	(38,665)
Other payables and accruals	(8,210,955)	(33,579)	(8,822,454)	(17,066,988)
Contingent consideration	(551,215)	-	-	(551,215)
Amounts owing to related parties	(38,874,541)	(21,255)	-	(38,895,796)
	<u>(47,745,683)</u>	<u>(54,834)</u>	<u>(9,871,356)</u>	<u>(57,671,873)</u>
Net financial (liabilities)/ assets	(35,262,453)	(45,833)	15,645,914	(19,662,372)
Less: Net financial liabilities denominated in the entity's functional currency	<u>35,262,453</u>	<u>-</u>	<u>-</u>	<u>35,262,453</u>
At 30.06.2020	<u>-</u>	<u>(45,833)</u>	<u>15,645,914</u>	<u>15,600,081</u>

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

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

## (i) Market risk (continued)

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

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

	<u>2021</u> Increase/ (Decrease) USD	<u>2020</u> Increase/ (Decrease) USD
Effects on profit before taxation/equity:		
Great Britain Pound		
- strengthened by 5%	1,201,166	782,296
- weakened by 5%	(1,201,166)	(782,296)
Ringgit Malaysia:		
- strengthened by 5%	(6,875)	(2,292)
- weakened by 5%	6,875	2,292

*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 2021 (CONTINUED)

30 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(ii) Credit risk

Trade receivables

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

The Company's major concentration of credit risk relates to trade and other receivables due from 3 (2020: 3) customers which constituted 97% (2020: 95%) of its total trade and other receivables as at the end of the financial year.

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

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

As at 30 June 2021, in view of the good historical payment experience with the counterparties and the collections to date, the Company does not expect any counterparty to fail to meet its obligations. Therefore, the Company is of the view that potential credit losses are not material and hence, no allowances have been provided for.

Other financial assets

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

These financial assets are assessed on individual basis for ECL measurement and the impairment loss recognised are disclosed in Note 17, Note 18 and Note 19 to the financial statements.

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

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

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

## (iii) Liquidity risk

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

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

	Carrying amount USD	Contractual undiscounted USD	Within 1 year USD	More than 1 year USD
<u>2021</u>				
Trade payables	2,319,864	2,319,864	2,319,864	-
Other payables and accruals	15,643,131	15,781,200	13,345,635	2,435,565
Amounts owing to related parties	38,805,064	38,805,064	38,805,064	-
Contingent consideration	10,815,272	11,354,835	6,292,132	5,062,703
	<u>67,583,331</u>	<u>68,260,963</u>	<u>60,762,695</u>	<u>7,498,268</u>
<u>2020</u>				
Trade payables	1,119,209	1,119,209	1,119,209	-
Lease liability	38,665	38,665	38,665	-
Other payables and accruals	17,066,988	17,066,988	11,502,645	5,564,343
Amounts owing to related parties	38,895,796	38,895,796	38,895,796	-
Contingent consideration	551,215	640,023	-	640,023
	<u>57,671,873</u>	<u>57,760,681</u>	<u>51,556,315</u>	<u>6,204,366</u>

Payables and commitments as set out in Note 23 and Note 25 to the financial statements are intended to be funded via net cash inflow from the operations of the Anasuria Assets.

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Classification of financial instruments

	<u>2021</u> USD	<u>2020</u> USD
<u>Financial assets</u>		
<u>Financial assets at amortised cost</u>		
Trade receivables	454,511	39,253
Other receivables and deposits	1,288,801	346,419
Amount owing by holding company	1	1
Amount owing by ultimate holding company	6,032,432	8,013,090
Amount owing by a related party	1,036,379	3,036,235
Restricted cash and bank balances	30,226,872	22,349,168
Cash and bank balances	12,780,263	4,225,335
	<u>51,819,259</u>	<u>38,009,501</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Trade payables	2,319,864	1,119,209
Other payables and accruals	15,643,131	17,066,988
Lease liability	-	38,665
Amounts owing to related parties	38,805,064	38,895,796
	<u>56,768,059</u>	<u>57,120,658</u>
<u>Financial liability at FVTPL</u>		
Contingent consideration	10,815,272	551,215
	<u>10,815,272</u>	<u>551,215</u>

## ANASURIA HIBISCUS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021 (CONTINUED)

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

## (c) Offsetting financial assets and financial liabilities

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

	Gross amounts USD	Gross amounts set off in the statement of financial position USD	Net amounts presented in the statement of financial position USD
<u>2021</u>			
<u>Financial assets</u>			
Amount owing by ultimate holding company	9,345,413	(3,312,981)	6,032,432
Amount owing by a related party	7,048,198	(6,011,819)	1,036,379
<u>Financial liabilities</u>			
Amount owing to ultimate holding company	3,312,981	(3,312,981)	-
Amount owing to a related party	6,011,819	(6,011,819)	-
<u>2020</u>			
<u>Financial assets</u>			
Amount owing by ultimate holding company	10,965,734	(2,952,644)	8,013,090
Amount owing by a related party	6,690,764	(3,654,529)	3,036,235
<u>Financial liabilities</u>			
Amount owing to ultimate holding company	2,952,644	(2,952,644)	-
Amount owing to a related party	3,654,529	(3,654,529)	-

## (d) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2021.

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 2021 (CONTINUED)

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

## (e) Fair value hierarchy

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

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>Liability</u>				
Financial liability at fair value through profit or loss:				
<u>Contingent consideration</u>				
At 01.07.2019	-	-	498,967	498,967
Unwinding of discount	-	-	52,248	52,248
At 30.06.2020/01.07.2020	-	-	551,215	551,215
Addition	-	-	10,662,071	10,662,071
Reversal	-	-	(551,215)	(551,215)
Unwinding of discount	-	-	153,201	153,201
At 30.06.2021	-	-	10,815,272	10,815,272

## (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.

Company No.

9696268

## ANASURIA HIBISCUS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

#### 31 COMMITMENTS

	<u>2021</u> USD	<u>2020</u> USD
<u>Approved and contracted for:</u>		
Capital commitments	1,969,932	1,007,348
Share of a joint operation's capital commitments	2,411,670	2,320,523
Total capital commitments approved and contracted for	4,381,602	3,327,871
Share of a joint operation's other material commitments	8,059,884	8,883,691
	<u>12,441,486</u>	<u>12,211,562</u>
<u>Approved but not contracted for:</u>		
Capital commitments	2,751,812	440,642
Share of a joint operation's capital commitments	1,180,059	161,544
Total capital commitments approved but not contracted for	3,931,871	602,186
Share of a joint operation's other material commitments	384,939	734,126
	<u>4,316,810</u>	<u>1,336,312</u>

#### 32 CONTROLLING PARTIES

The immediate parent undertaking is Atlantic Hibiscus.

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

12<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.