HIBISCUS PETROLEUM BERHAD

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

Unaudited Quarterly Financial Report
30 June 2023

(Fourth financial quarter of financial year ended 30 June 2023)

(Note: This Unaudited Quarterly Financial Report is supplemented by the Corporate and Business Update released on the same day, on 23 August 2023.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2023 RM'000	 QUARTER ENDED 30.06.2022 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2023 RM'000	 YEAR ENDED 30.06.2022 RM'000
Revenue		503,600	868,367	2,344,830	1,696,521
Cost of sales		(176,934)	(262,861)	(817,463)	(479,630)
GROSS PROFIT		326,666	605,506	1,527,367	1,216,891
Other income	26	17,492	7,240	37,087	8,893
Administrative expenses		(48,227)	(165,732)	(294,961)	(397,521)
Impairment of intangible assets		-	(2,036)	-	(46,942)
Supplemental payments		(29,774)	(129,918)	(196,525)	(214,737)
Other administrative expenses		(18,453)	(33,778)	(98,436)	(135,842)
Other expenses		(106,280)	(175,206)	(481,434)	(342,729)
Finance costs		(23,501)	(24,094)	(77,255)	(61,007)
Share of results of an associate		1,673	(119)	1,282	(415)
Negative goodwill from business combination		-	-	-	317,319
PROFIT BEFORE TAXATION	27	167,823	247,595	712,086	741,431
Taxation	28	(44,547)	7,795	(311,568)	(88,490)
PROFIT AFTER TAXATION		123,276	255,390	400,518	652,941
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- Owners of the Company		123,276	255,390	400,518	652,941
EARNINGS PER SHARE (SEN)					
Basic	25	6.13	12.69	19.90	32.51
Diluted	25	6.13	12.69	19.90	32.45

Note:

Earnings Before Interest, Taxes, Depreciation and Amortisation	326,481	384,393	1,269,696	1,082,665

(Please refer to Part A, Note 11 and Part B, Notes 15 and 16 of this Quarterly Report for further details.)

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2023 RM'000	QUARTER ENDED 30.06.2022 RM'000	YEAR ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2022 RM'000
PROFIT AFTER TAXATION	123,276	255,390	400,518	652,941
Other comprehensive income:				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation*	138,169	92,541	137,534	109,477
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/YEAR	261,445	347,931	538,052	762,418
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the Company	261,445	347,931	538,052	762,418

* *Arising from translation of Group entities' financial statements with different functional currencies recognised directly in reserves.*

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.06.2023 RM'000	AUDITED AS AT 30.06.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,452,069	1,422,576
Equipment		2,024,457	1,838,981
Right-of-use assets		158,106	175,245
Other receivables		178,802	230,541
Investment in an associate		4,902	4,088
Restricted cash and bank balances		219,012	158,456
Tax recoverable		53,425	50,406
Deferred tax assets		16,811	88,513
		4,107,584	3,968,806
CURRENT ASSETS			
Intangible assets		8,854	-
Inventories		198,628	163,900
Trade receivables		411,381	404,730
Other receivables, deposits and prepayments		532,370	415,850
Amount owing by a joint venture		339	328
Amount owing by an associate		-	10
Cash and bank balances		959,659	549,386
Tax recoverable		18,504	9,408
		2,129,735	1,543,612
TOTAL ASSETS		6,237,319	5,512,418
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	166,014	966,014
Other reserves		308,930	171,396
Retained earnings		2,214,815	1,064,607
		2,689,759	2,202,017
NON-CURRENT LIABILITIES			
Other payables		4,303	9,340
Borrowings	29	647,742	364,009
Contingent consideration		43,372	35,372
Deferred tax liabilities		792,973	581,189
Provision for decommissioning costs		617,125	621,611
		2,105,515	1,611,521

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the financial statements.

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

	Note	UNAUDITED AS AT 30.06.2023 RM'000	AUDITED AS AT 30.06.2022 RM'000
CURRENT LIABILITIES			
Trade payables		38,299	8,458
Other payables and accruals		902,083	1,040,443
Borrowings	29	214,752	193,750
Amount owing to a joint venture		319	319
Contingent consideration		7,574	28,552
Provision for decommissioning costs		56,291	90,720
Provision for taxation		222,508	336,419
Redeemable Convertible Preference Shares		219	219
		1,442,045	1,698,880
TOTAL LIABILITIES		3,547,560	3,310,401
TOTAL EQUITY AND LIABILITIES		6,237,319	5,512,418
NET ASSETS PER SHARE (RM)		1.34	1.09

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<---------------------- NON-DISTRIBUTABLE			---------------------->		
	SHARE CAPITAL RM'000	**CRPS*** – EQUITY COMPONENT RM'000**	**OTHER RESERVES RM'000**	**FOREIGN EXCHANGE RESERVE RM'000**	**RETAINED EARNINGS RM'000**	**TOTAL RM'000**
12 months to 30.06.2023						
As at 01.07.2022	966,014	-	389	171,007	1,064,607	2,202,017
Profit after taxation	-	-	-	-	400,518	400,518
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	137,534	-	137,534
Total comprehensive income for the year	-	-	-	137,534	400,518	538,052
Dividends	-	-	-	-	(50,310)	(50,310)
Capital Reduction**	(800,000)	-	-	-	800,000	-
Total transactions with owners of the Company	(800,000)	-	-	-	749,690	(50,310)
As at 30.06.2023	166,014	-	389	308,541	2,214,815	2,689,759
12 months to 30.06.2022						
As at 01.07.2021	959,892	246	389	61,530	451,865	1,473,922
Profit after taxation	-	-	-	-	652,941	652,941
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	109,477	-	109,477
Total comprehensive income for the year	-	-	-	109,477	652,941	762,418
Conversion of CRPS*** to new ordinary shares	6,122	(246)	-	-	-	5,876
Dividends	-	-	-	-	(40,199)	(40,199)
Total transactions with owners of the Company	6,122	(246)	-	-	(40,199)	(34,323)
As at 30.06.2022	966,014	-	389	171,007	1,064,607	2,202,017

** *The reduction of the issued ordinary share capital of the Company by RM800 million was completed on 3 March 2023 pursuant to Section 117 of the Companies Act, 2016. Please refer to Part A, Note 4(ii) of this Quarterly Report for further details.*

*** *Convertible Redeemable Preference Shares.*

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended	
	30.06.2023 RM'000	**30.06.2022 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	712,086	741,431
Adjustments for:		
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	480,355	280,227
Finance costs	77,255	61,007
Unrealised loss/(gain) on foreign exchange	22,616	(3,656)
Impairment of investment in an associate	532	-
Write-off of bad debts	19	-
Impairment of intangible assets	-	46,942
Write-off of inventories	-	63
Impairment of equipment	-	35
Fair value changes on other investment	-	(130)
Negative goodwill from business combination	-	(317,319)
Share of results of an associate	(1,282)	415
Reversal of provision for inventory obsolescence	(3,407)	-
Interest income	(18,377)	(1,883)
Operating profit before working capital changes	1,269,797	807,132
Inventories	(21,087)	(8,347)
Trade receivables	16,907	(49,122)
Other receivables, deposits and prepayments	17,975	120,460
Trade payables	28,294	(1,560)
Other payables and accruals	(338,887)	208,902
Amount owing by an associate	10	(10)
Amount owing to an associate	-	(117)
Cash generated from operating activities	973,009	1,077,338
Tax paid	(176,698)	(133,027)
Movement in restricted cash and bank balances	(69,659)	(24,781)
Net cash generated from operating activities	726,652	919,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	18,377	1,883
Other investment	-	136,560
Net cash outflow arising from business combination	-	(503,297)
Acquisition of intangible assets	(94,907)	(28,506)
Purchase of equipment	(421,310)	(141,115)
Net cash used in investing activities	(497,840)	(534,475)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	436,533	-
Drawdown of revolving credit	185,263	84,752
Repayment of revolving credit	(275,419)	-
Repayment of lease liabilities	(167,396)	(69,582)
Dividends paid	(55,341)	(20,075)
Interest paid	(9,203)	-
Net cash generated from/(used in) financing activities	114,437	(4,905)
Net increase in cash and cash equivalents	343,249	380,150
Effects of foreign exchange rate changes	37,602	(9,260)
Cash and cash equivalents at beginning of the financial year	544,779	173,889
Cash and cash equivalents at end of the financial year	925,630	544,779

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Year Ended	
	30.06.2023	**30.06.2022**
	RM'000	**RM'000**
Cash and bank balances in the consolidated statements of financial position are as follows:		
Non-current		
Restricted cash and bank balances****	219,012	158,456
Current		
Cash and bank balances	959,659	549,386
Less: Restricted cash and bank balances*****	(34,029)	(4,607)
Cash and cash equivalents	925,630	544,779

**** *Anasuria Hibiscus UK Limited is required to provide security for its proportionate obligations for the estimated cost of decommissioning the facilities of the Anasuria Cluster by periodically placing monies in a trust commencing 18 months from the completion date of the sale and purchase agreement for the acquisition of the Anasuria Cluster, until such time that the security has been fully provided for. Such decommissioning activities are expected to be carried out at the end of life of the Anasuria Cluster and therefore, these monies in the trust are classified as non-current assets.*

***** *The balances consist of the following:*

- *30 June 2023*
  - *Asia Hibiscus Sdn. Bhd. – As part of the term loan covenants, Asia Hibiscus Sdn. Bhd. is required to maintain a minimum amount of principal and interest payable for the next three months into a designated bank account.*
- *30 June 2022*
  - *SEA Hibiscus Sdn. Bhd. and Hibiscus Oil & Gas Malaysia Limited – Deposit with a financial institution as security for banking facility obtained amounting to RM3.827 million and RM0.780 million respectively; and*
  - *Private placement of Islamic Convertible Redeemable Preference Shares – Balance of proceeds of RM0.002 million, which was fully released in the financial year ended 30 June 2022.*

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the financial statements.

ABBREVIATIONS AND ACRONYMS

The following table describes the abbreviations and acronyms used throughout the Quarterly Report.

Abbreviation	Description
2022 Turnaround	Planned Offshore Turnaround of the Anasuria FPSO
3D Oil	3D Oil Limited
Acquired Underlift Inventory	Opening underlift inventory acquired as part of the FIPC Acquisition
Act	Companies Act, 2016
Anasuria FPSO	Anasuria floating production storage and offloading vessel
Anasuria Hibiscus UK	Anasuria Hibiscus UK Limited
AIAC	Asian International Arbitration Centre
AUD	Australian Dollar
bbl	Barrel
Block 46	Block 46 Cai Nuoc PSC
boe	Barrel of oil equivalent
Bursa Securities	Bursa Malaysia Securities Berhad
CAA	Commercial Arrangement Area
Capital Reduction	Proposed reduction of the issued ordinary share capital of the Company pursuant to Section 117 of the Companies Act, 2016
CITA	Corporate (Income Tax) Act 1967
Completion Date	24 January 2022, being the date the FIPC Acquisition was completed
Current Quarter	Financial quarter ended 30 June 2023
Current Year	Financial year ended 30 June 2023
CY	Calendar year
December 2022 Quarter	Financial quarter ended 31 December 2022
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EPL	Energy Profits Levy
ETR	Effective tax rate
FIPC	Fortuna International Petroleum Corporation
FIPC Acquisition	Acquisition of the entire equity interest in FIPC
FPSO	Floating production storage and offloading vessel
FSO	Floating storage and offloading
FVLCTS	Fair value less cost to sell
GBP	Great Britain Pound
GP	Gross profit
GL	Gross loss
Heren Index	Heren National Balancing Point index
Hibiscus Oil & Gas	Hibiscus Oil & Gas Malaysia Limited
Hibiscus Oil & Gas (PM3)	Hibiscus Oil & Gas Malaysia (PM3) Limited
HIREX	HiRex Petroleum Sdn. Bhd.
IRB	Inland Revenue Board of Malaysia
Kinabalu	2012 Kinabalu Oil PSC
LAT	Loss after taxation
LBITDA	Losses before interest, taxes, depreciation and amortisation
LBT	Loss before taxation
LCOT	Labuan Crude Oil Terminal
MFRS	Malaysian Financial Reporting Standard
MMLR	Main Market Listing Requirements
MMscf	Million standard cubic feet

ABBREVIATIONS AND ACRONYMS (CONT'D)

The following table describes the abbreviations and acronyms used throughout the Quarterly Report. (Cont'd)

Abbreviation	Description
North Sabah	2011 North Sabah Enhanced Oil Recovery Production Sharing Contract
Notice	Notice to Arbitrate
Oceancare	Oceancare Corporation Sdn Bhd
OPEC	Organization of the Petroleum Exporting Countries
OPEX	Operating costs
PAT	Profit after taxation
PBT	Profit before taxation
Peninsula Hibiscus Group	Peninsula Hibiscus Sdn. Bhd. and its subsidiaries
PITA	Petroleum (Income Tax) Act 1967
PM3 CAA	PM3 CAA PSC
PM305 and PM314	PM305 and PM314 PSCs
Preceding Quarter	Financial quarter ended 31 March 2023
Preceding Year	Financial year ended 30 June 2022
Proposed Share Consolidation	Proposed consolidation of the issued share capital of the Company
PSC	Production Sharing Contract
PVEP	PetroVietnam Exploration Production Corporation Ltd
Repsol	Repsol Exploración, S.A.
RFCT	Ring fence corporation tax
SbST	Sabah State Sales Tax
scf	Standard cubic feet
SEA Hibiscus	SEA Hibiscus Sdn. Bhd.
September 2022 Quarter	Financial quarter ended 30 September 2022
SC	Supplementary charge
SCPIT	Special Commissioners of Petroleum Income Tax
Settlement	Amicable settlement reached between the IRB and PM3 CAA
Share Buy-Back	Proposed authority for the Company to purchase its own shares of up to 10% of the total number of issued ordinary shares of the Company
Trafigura	Trafigura Pte Ltd
UK	United Kingdom
USD	United States Dollar
VIC/RL17	VIC/RL17 Petroleum Retention Lease
YA	Year of Assessment

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

1 BASIS OF PREPARATION

This unaudited Quarterly Report has been prepared in accordance with the reporting requirements as set out in the MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and Paragraph 9.22 of the MMLR of Bursa Securities, and should be read in conjunction with the Group's audited financial statements for the Preceding Year and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The explanatory notes attached to the unaudited condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the Preceding Year.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the Preceding Year.

2.1 Adoption of Amendments to Standards

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2022:

Annual Improvements to MFRSs 2018 – 2020	*MFRS 9 Financial Instruments, Illustrative Examples Accompanying MFRS 16 Leases*
Amendments to MFRS 3	*Reference to the Conceptual Framework*
Amendments to MFRS 116	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to MFRS 137	*Onerous Contracts – Cost of Fulfilling a Contract*

The adoption of the above amendments did not have any material impact on the current financial quarter or any prior financial period and is not likely to affect future financial periods.

2.2 Standards issued but not yet effective

Description		**Effective for financial periods beginning on or after**
Amendments to MFRS 101	*Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108	*Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Description		**Effective for financial periods beginning on or after**
Amendments to MFRS 112	*International Tax Reform – Pillar Two Model Rules*	1 January 2023
Amendments to MFRS Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 107 and MFRS 7	*Supplier Finance Arrangements*	1 January 2024

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

3 SEASONAL OR CYCLICAL FACTORS

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

4 SIGNIFICANT/UNUSUAL ITEMS

Saved as disclosed below, there were no significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the Current Year.

(i) Energy Profits Levy in the UK

A new inclusion in the UK's fiscal regime, namely the EPL, was enacted when the Energy (Oil and Gas) Profits Levy Act 2022 received Royal Assent on 14 July 2022. The EPL, which took effect from 26 May 2022, introduced an additional 25.0% levy on UK oil and gas profits in addition to the existing RFCT and SC. The EPL regime included an enhanced deduction such that 180.0% of certain categories of capital expenditure can be offset against taxable income. This form of EPL was initially enacted for a fixed period and provisions were included to phase it out when oil and gas prices returned to historically more normal levels although this was not specified in the law. The legislation included a sunset, or expiry, clause that ensured the levy did not apply beyond 31 December 2025.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

On 17 November 2022, the UK Government announced changes to the EPL regime which came into effect from 1 January 2023. The revised EPL regime included an increased levy rate of 35.0% (from 25.0%) on UK oil and gas profits in addition to the existing RFCT and SC. This meant that the UK upstream oil and gas industry would face a 75.0% marginal rate of tax. The enhanced deduction for certain categories of capital expenditure to off-set taxable EPL income was reduced to 129.0% except in the case of decarbonisation expenditures which were retained at the 180.0% enhanced deduction. The EPL regime will now apply until 31 March 2028. The UK Government have announced that they will legislate to remove EPL from the statute if oil and gas prices both fall to below historic average prices for a period of two quarters. They have identified the historic average prices as USD71.40 per barrel for oil and GBP0.54 per therm for gas. Precise details of the mechanism to end EPL have not been finalised.

Please refer to Part B, Notes 15.1(A)(iv) and 16(iv) of this Quarterly Report for the impact on the Group's financial statements.

(ii) Reduction of the Issued Ordinary Share Capital of the Company pursuant to Section 117 of the Act

On 4 October 2022, CIMB Investment Bank Berhad, on behalf of the Board of Directors of the Company, announced that the Company proposes to undertake the following corporate exercises:

(a) Reduction of RM800 million of the issued ordinary share capital of the Company pursuant to Section 117 of the Act; and

(b) Authority for the Company to purchase its own shares of up to 10% of the total number of the issued ordinary share capital of the Company.

The Capital Reduction and Share Buy-Back were approved by the Company's shareholders on 1 December 2022.

On 3 March 2023, the Company received a notice issued by the Registrar of Companies confirming the Capital Reduction. Accordingly, the Capital Reduction was effective and deemed completed as at 3 March 2023.

Following the completion of the Capital Reduction, the issued ordinary share capital of the Company as at 3 March 2023 reduced by RM800,000,000.00 from RM966,013,524.78 to RM166,013,524.78. The number of issued ordinary shares comprising 2,012,418,743 shares remain unchanged.

Please refer to our announcements dated 4 October 2022, 28 October 2022, 31 October 2022, 1 December 2022 and 3 March 2023 for further details.

5 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial periods that have a material effect in the Current Year.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

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

7 CHANGES IN THE COMPOSITION OF THE GROUP

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

On 12 May 2023, the Group's associate, 3D Oil had issued 185,185 ordinary shares to its key management personnel under an employee incentive scheme. This resulted in the Group's equity interest in 3D Oil to be diluted from 11.68% to 11.67%. As at 30 June 2023, the Group's investment in 3D Oil is 11.67%. 3D Oil remains an associate of the Group.

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

9 DIVIDENDS PAID

The amount of dividends paid by the Company in the Current Year are as follows:

	RM '000
In respect of the Preceding Year	
Interim single-tier dividend of 1.0 sen per ordinary share, paid on 22 July 2022	20,124
Final single-tier dividend of 1.0 sen per ordinary share, paid on 18 January 2023	20,124
In respect of the Current Year	
First interim single-tier dividend of 0.75 sen per ordinary share, paid on 18 April 2023	15,093
	55,341

10 DEBT AND EQUITY SECURITIES

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

	YEAR ENDED 30.06.2023	
	Number of shares	**Share capital RM'000**
ORDINARY SHARES		
As at 01.07.2022	2,012,418,743	966,014
Capital Reduction	-	(800,000)
As at 30.06.2023	2,012,418,743	166,014

10 DEBT AND EQUITY SECURITIES (CONT'D)

The Capital Reduction was completed on 3 March 2023. Accordingly, the issued ordinary share capital of the Company has reduced by RM800,000,000.00 from RM966,013,524.78 to RM166,013,524.78. As at 30 June 2023, the number of issued ordinary shares comprising 2,012,418,743 shares remain unchanged. Please refer to Part A, Note 4(ii) of this Quarterly Report for further details.

11 OPERATING SEGMENTS

Operating results are segmented in respect of the Group's business activities. The Group currently has activities in the following principal areas[1]:

(i) Malaysia – North Sabah

Group's investment in its 50% participating interest in North Sabah, located off the coast of Sabah, Malaysia. The investment includes the management of the operations relating to the production of petroleum from four existing oil fields (namely St Joseph, South Furious, South Furious 30 and Barton), existing pipeline infrastructure, the LCOT and all other equipment and assets relating to the PSC.

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.5078 and 4.6735 respectively.

(ii) Malaysia – Kinabalu and Others

Group's investments and operations in Kinabalu, PM305 and PM314.

Kinabalu
- Group's investment in its 60% participating interest in Kinabalu, located off the coast of Sabah, Malaysia.

PM305
- Group's investment in its 60% participating interest in PM305, located off the eastern coast of Peninsular Malaysia in the Malay Basin.

PM314
- Group's investment in its 60% participating interest in PM314, located off the eastern coast of Peninsular Malaysia in the Malay Basin.

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.5078 and 4.6735 respectively.

(iii) Commercial Arrangement Area

Group's investment in its 35% participating interest in PM3 CAA, located within the Commercial Arrangement Area between Malaysia and Vietnam. The investment includes the management of the operations relating to the production of petroleum from six existing oil fields (namely Bunga Orkid, Bunga Pakma, Bunga Kekwa, Bunga Raya, Bunga Seroja and Bunga Tulip).

The segment's functional currency Is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.5078 and 4.6735 respectively.

(iv) United Kingdom

Group's investments and operations in the UK, consisting of (i) the Anasuria Area and (ii) the Marigold Area, all located offshore in the UK Continental Shelf.

Anasuria Area

(a) Anasuria Cluster
- Group's investment in its:
  - (i) 50% jointly operated interest in the Licence No. P013 (Blocks 21/25a and 21/30a) containing the Guillemot A, Teal and Teal South producing fields,
  - (ii) 19.3% non-operated interests in the Licence No. P185 (Block 21/20a) containing the Cook producing field,
  - (iii) 50% interest in the Anasuria FPSO, and
  - (iv) 50% interest in Anasuria Operating Company Limited.

11 OPERATING SEGMENTS (CONT'D)

(iv) United Kingdom

Anasuria Area (cont'd)

(b) Licence No. P2532
- Group's investment in its 19.3% interest in Licence No. P2532 (Blocks 21/19c and 21/20c) containing the Cook West and Cook North field extensions.

(c) Licence No. P2535
- Group's investment in its 100% interest in Licence No. P2535 (Block 21/24d) containing the Teal West discovered field.

Marigold Area

(a) Marigold West and Sunflower fields
- Group's investment in its 87.5% interest in two blocks under Licence No. P198; (i) Block 15/13a, containing the Marigold West discovered oilfield, and (ii) Block 15/13b, containing the Sunflower discovered oilfield. This includes the management of operations to develop these fields towards production.

(b) Licence No. P2518
- Group's investment in its 100% interest in Licence No. P2518 (Block 15/17a) containing the Kildrummy discovered field.

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.5078 and 4.6735 respectively.

(v) Australia

Group's operations in VIC/RL17 for the West Seahorse field and investment in 3D Oil.

The segment's functional currency is the AUD. The average and closing rates adopted for conversion to RM in the Current Year are 3.0211 and 3.1040 respectively.

(vi) Vietnam

Group's investment in its 70% interest in Block 46, a tie-back asset to PM3 CAA located in Vietnamese waters. Block 46 contains the producing Cai Nuoc field and the undeveloped Hoa Mai field.

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.5078 and 4.6735 respectively.

(vii) Investment holding and group activities

Investments in companies owning/operating oil and gas concessions, and provision of project management, technical and other services relating to the oil and gas exploration and production industry. The investment holding and group activities are located in Malaysia.

[1] *The Directors have fully impaired the Group's investment in HIREX. Therefore, HIREX is no longer relevant for inclusion in this section. HIREX is in the process of being wound up.*

11 OPERATING SEGMENTS (CONT'D)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
As at 30.06.2023								
Non-current assets	645,719	558,236	1,135,301	1,743,731	16,104	4,902	3,591	4,107,584
Included in the segment assets is:								
Investment in an associate	-	-	-	-	-	4,902	-	4,902
Additions to non-current assets	62,556	86,028	176,263	194,319	961	-	1,730	521,857
Year ended 30.06.2023								
Project management, technical and other service fees	-	-	-	-	-	-	6,060	6,060
Sales of crude oil and gas	626,780	510,681	784,205	347,255	66,539	-	-	2,335,460
Interest income	-	-	-	-	-	-	3,310	3,310
Revenue	626,780	510,681	784,205	347,255	66,539	-	9,370	2,344,830
Depreciation and amortisation	(122,580)	(72,126)	(196,597)	(83,822)	(3,906)	-	(1,324)	(480,355)
Profit/(loss) from operations	149,620	174,956	309,018	160,651	2,024	(8,554)	(14,191)	773,524
Impairment of investment in an associate	-	-	-	-	-	(532)	-	(532)
Share of results of an associate	-	-	-	-	-	1,282	-	1,282
Finance costs	(14,584)	(1,007)	(19,797)	(29,041)	(434)	(163)	(12,229)	(77,255)
Interest income	1,834	1,494	5,633	5,292	668	1	145	15,067
Taxation	(40,531)	(68,402)	(33,959)	(159,419)	(8,012)	-	(1,245)	(311,568)
PAT/(LAT)	96,339	107,041	260,895	(22,517)	(5,754)	(7,966)	(27,520)	400,518
EBITDA/(LBITDA)	274,034	248,576	511,248	249,765	6,598	(7,803)	(12,722)	1,269,696

11 OPERATING SEGMENTS (CONT'D)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
As at 30.06.2022								
Non-current assets	668,564	585,787	1,152,246	1,536,940	17,995	4,088	3,186	3,968,806
Included in the segment assets is:								
Investment in an associate	-	-	-	-	-	4,088	-	4,088
Additions to non-current assets	39,849^	(8,943)^	65,543^	121,104	(481)^	514	1,522	219,108
Year ended 30.06.2022								
Project management, technical and other service fees	-	-	-	-	-	-	3,947	3,947
Sales of crude oil and gas	791,291	188,791	380,491	330,942	-	-	-	1,691,515
Interest income	-	-	-	-	-	-	1,059	1,059
Revenue	791,291	188,791	380,491	330,942	-	-	5,006	1,696,521
Depreciation and amortisation	(112,777)	(49,345)	(73,007)	(42,237)	(1,530)	-	(1,331)	(280,227)
Profit/(loss) from operations	196,967	(62,746)	250,457	171,723	12,882	(3,403)	(34,228)	531,652
Impairment of intangible assets	-	-	-	-	-	(46,942)	-	(46,942)
Share of results of an associate	-	-	-	-	-	(415)	-	(415)
Finance costs	(13,623)	(1,523)	(8,256)	(27,288)	(135)	-	(10,182)	(61,007)
Interest income	102	78	60	584	-	-	-	824
Negative goodwill from business combination	-	165,006	145,967	-	6,346	-	-	317,319
Taxation	(86,896)	62,171	(317)	(63,939)	478	-	13	(88,490)
PAT/(LAT)	96,550	162,986	387,911	81,080	19,571	(50,760)	(44,397)	652,941
EBITDA/(LBITDA)	309,846	151,683	469,491	214,544	20,758	(50,760)	(32,897)	1,082,665

^ *Included effect of revision in the discount rate used for provision for decommissioning costs.*

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2023 RM'000	QUARTER ENDED 30.06.2022 RM'000	YEAR ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2022 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum UK PLC	750	1,044	2,894	3,947
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	-	1	-	1
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	-	(26)	-	(196)

13 MATERIAL COMMITMENTS

Save as disclosed below, the Group is not aware of any material capital commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the profit or loss, or net assets value of the Group as at 30 June 2023:

	RM'000
Approved and contracted for:	
Group's capital commitments	164,120
Share of a joint operation's capital commitments	96
Total capital commitments approved and contracted for	164,216
Share of a joint operation's other material commitments	35,570
	199,786

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR OF BURSA SECURITIES

14 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification to the auditors' report on the latest audited financial statements.

15 PERFORMANCE REVIEW

OPERATING SEGMENTS	Current Year 30.06.2023 RM'000	Current Quarter 30.06.2023 RM'000	Preceding Quarter 31.03.2023 RM'000	Current Quarter vs Preceding Quarter (Change in %)
Malaysia – North Sabah				
Revenue	626,780	133,742	107,487	24
EBITDA	**274,034**	**76,757**	**44,954**	**71**
PAT	96,339	42,318	6,453	556
Malaysia – Kinabalu and Others				
Revenue	510,681	77,899	129,724	(40)
EBITDA	**248,576**	**40,987**	**64,869**	**(37)**
PAT	107,041	14,298	29,563	(52)
Commercial Arrangement Area				
Revenue	784,205	212,060	198,918	7
EBITDA	**511,248**	**147,926**	**135,021**	**10**
PAT	260,895	45,746	40,547	13
United Kingdom				
Revenue	347,255	75,384	84,863	(11)
EBITDA	**249,765**	**52,381**	**60,890**	**(14)**
(LAT)/PAT	(22,517)	19,877	10,794	84
Vietnam				
Revenue	66,539	381	(740)	-
EBITDA/(LBITDA)	**6,598**	**(948)**	**175**	**-**
(LAT)/PAT	(5,754)	(1,557)	876	-
Australia				
Revenue	-	-	-	-
(LBITDA)/EBITDA	**(7,803)**	**634**	**(7,431)**	**-**
(LAT)/PAT	(7,966)	471	(7,431)	-
Investment holding and group activities				
Revenue	9,370	4,134	3,084	34
(LBITDA)/EBITDA	**(12,722)**	**8,744**	**(6,898)**	**-**
(LAT)/PAT	(27,520)	2,123	(9,291)	-
Group				
Revenue	2,344,830	503,600	523,336	(4)
EBITDA	**1,269,696**	**326,481**	**291,580**	**12**
PAT	400,518	123,276	71,511	72

15 PERFORMANCE REVIEW (CONT'D)

15.1 Material factors affecting financial year-to-date and current quarter results

(A) Statements of Profit or Loss

(Note: Commentary is based on the segments classified in Part A, Note 11 of this Quarterly Report.)

(i) Malaysia – North Sabah

RM'000	Current Year	Current Quarter
Revenue	626,780	133,742
GP	396,845	71,641
GP margin (%)	*63.3%*	*53.6%*
EBITDA	274,034	76,757
EBITDA margin (%)	*43.7%*	*57.4%*
PBT	136,870	44,919
PBT margin (%)	*21.8%*	*33.6%*
PAT	96,339	42,318
PAT margin (%)	*15.4%*	*31.6%*
ETR (%)	29.6%	5.8%

	Current Year	Current Quarter
Crude oil sold (bbls)	1,478,688	350,845
Average realised oil price (USD per bbl)	94.03	82.77
Average OPEX per bbl (USD)	19.79	24.68
Average uptime	94%	94%
Average net oil production rate (bbls per day)	4,711	4,465

- **Financial year-to-date results**

The GP margin and EBITDA margin for the North Sabah segment achieved for the Current Year were relatively high at 63.3% and 43.7% respectively. These profit margins were driven by the high average realised oil price attained coupled with diligent cost control and effective operational performance.

Average OPEX per bbl recorded was relatively low at USD19.79.

The OPEX per bbl included amounts incurred for the annual planned major maintenance campaigns for CY 2022 and CY 2023. CY 2022's campaign took place between March 2022 and August 2022. This campaign also covered catch-up activities of lower priority maintenance work carried over from previous years, which were deferred due to certain restrictions on movement, quarantine requirements, manpower and logistic constraints related to the COVID-19 pandemic.

The planned major maintenance campaign for CY 2023 took place from April 2023 to August 2023.

In addition to the above, a well intervention campaign commenced in March 2023 and is expected to complete in September 2023.

The EBITDA of RM274.0 million was delivered after charging supplemental payment of RM117.4 million and SbST imposed by the Sabah State Government on crude oil sold in the Current Year of RM31.3 million.

15 PERFORMANCE REVIEW (CONT'D)

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

As previously announced, in order to create a stable environment for continuing investment and undertaking smooth operations in Sabah, the Group had, on 21 September 2022 proposed without prejudice to their respective rights as applicable, to pay the claims imposed by the Sabah State Government on revenues earned and to be earned, for the sale of crude oil by North Sabah and Kinabalu respectively. This proposal was accepted by the Sabah State Government on 27 September 2022.

As at 30 June 2022, the Group had accrued the related penalties imposed by the Sabah State Government for the unpaid SbST up to 30 June 2022 amounting to RM38.2 million. This amount comprised RM33.7 million attributable to North Sabah and RM4.5 million was accrued for Kinabalu. SEA Hibiscus (which holds 50% participating interests in North Sabah) and Hibiscus Oil & Gas (which holds 60% participating interests in Kinabalu) were able to achieve mutual agreements with the Sabah State Government to settle the penalties imposed at lower amounts, at RM8.3 million and RM0.9 million respectively. Accordingly, during the Current Quarter, North Sabah and Kinabalu reversed an overprovision of the penalties related to SbST amounting to RM25.4 million and RM3.6 million respectively.

The following non-cash items were deducted from EBITDA to arrive at the PBT:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM108.2 million;

- Depreciation of right-of-use assets of RM14.3 million; and

- Unwinding of discount on provision for decommissioning costs of RM6.9 million.

The tax regime under which Malaysian oil and gas activities are governed, and is thus applicable to SEA Hibiscus, is PITA. The provisions of PITA are applied to net taxable petroleum income at the rate of 38.0%. Total net tax expense in the Current Year amounted to RM40.5 million.

Omitting the reversal of the overprovision of the SbST-related penalties would result in a "normalised" PBT of RM111.5 million. The resulting ETR over the "normalised" PBT of 36.4% was lower than the PITA rate as it included a reversal of an overprovision of tax for YA 2022 amounting to RM6.1 million. The overprovision amount was ascertained after having completed the assessment of the actual tax position for YA 2022 prior to filing the tax return to the IRB by the due date of 31 August 2023.

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

  In the Current Quarter, North Sabah's key operational statistics were impacted by the planned CY 2023 major maintenance campaign (completed in August 2023) and the on-going well intervention campaign.

  Average OPEX per bbl recorded was USD24.68 while average net oil production rate was 4,465 bbls per day.

  The average net oil production rate in the Current Quarter was marginally lower than expected, at 4,465 bbls per day due to the commencement of planned maintenance activities and higher planned deferment.

  As mentioned in the "Financial year-to-date results" section above, the North Sabah segment had during the Current Quarter reversed an overprovision of the penalties related to SbST amounting to RM25.4 million. After omitting this reversal, the segment recorded a "normalised" EBITDA and a "normalised" PBT of RM51.4 million and RM19.5 million respectively.

  The following non-cash items were deducted from EBITDA to arrive at PBT:

  - Amortisation of intangible assets and depreciation of oil and gas assets of RM24.7 million;

  - Depreciation of right-of-use assets of RM3.4 million; and

  - Unwinding of discount on provision for decommissioning costs of RM1.6 million.

  Total net tax expense in the Current Quarter was RM2.6 million. It was made up of RM7.9 million PITA tax expense charged on the Current Quarter's taxable petroleum income and RM0.8 million CITA tax expense charged on interest income (at the rate of 24.0%), partly off-set by a reversal of an overprovision of tax for YA 2022 of RM6.1 million. Omitting the reversal of RM6.1 million credit would result in an ETR over the "normalised" PBT (as mentioned above) of 44.6%. It was higher than the PITA rate of 38.0% mainly due to the non-tax deductibility of unrealised foreign exchange losses recognised.

15 PERFORMANCE REVIEW (CONT'D)

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

(ii) Malaysia – Kinabalu and Others

RM'000	Kinabalu		Others@		Total	
	Current Year	Current Quarter	Current Year	Current Quarter	Current Year	Current Quarter
Revenue	493,657	74,985	17,024	2,914	510,681	77,899
GP	330,788	50,037	14,347	2,280	345,135	52,317
GP margin (%)	*67.0%*	*66.7%*	*84.3%*	*78.2%*	*67.6%*	*67.2%*
EBITDA	214,883	29,180	33,693	11,807	248,576	40,987
EBITDA margin (%)	*43.5%*	*38.9%*	*197.9%*	*405.2%*	*48.7%*	*52.6%*
PBT	140,833	10,920	34,610	11,586	175,443	22,506
PBT margin (%)	*28.5%*	*14.6%*	*203.3%*	*397.6%*	*34.4%*	*28.9%*
PAT	79,979	5,252	27,062	9,046	107,041	14,298
PAT margin (%)	*16.2%*	*7.0%*	*159.0%*	*310.4%*	*21.0%*	*18.4%*
ETR (%)	43.2%	51.9%	21.8%	21.9%	39.0%	36.5%

	Kinabalu		Others@	
	Current Year	Current Quarter	Current Year	Current Quarter
Crude oil sold (bbls)	1,088,966	200,000	40,212	7,695
Average realised oil price (USD per bbl)	100.56	80.50	93.91	81.62
Average OPEX per bbl (USD)	17.37	16.72	20.00	60.17
Average uptime	76%	71%	-	-
Average net oil production rate (bbls per day)	2,506	2,458	95	74

@ *Consists of PM305 and PM314.*

The Malaysia – Kinabalu and Others segment consists of the Kinabalu, PM305 and PM314 PSCs.

- **Financial year-to-date results**

<u>Kinabalu</u>

Kinabalu's operational performance in the Current Year was adversely affected by outages experienced with the high pressure compressor since September 2022. The root cause was duly identified, and restoration work was completed in July 2023. Issues encountered with this compressor affected the supplies of gas lift to the oil wells.

The PSC's operations were also impacted by activities related to the CY 2022 annual planned major maintenance campaign that took place from 29 July 2022 to 9 August 2022, during which the production facilities were shut down. These activities included an electrical submersible pump change-out and an underwater inspection campaign. There was also a slower than planned production ramp up post the shutdown period caused by issues encountered with the high pressure gas compressor tubular bracing installation (as mentioned above).

15 PERFORMANCE REVIEW (CONT'D)

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

These events collectively resulted in a relatively high OPEX per bbl of USD17.37.

Despite the unfavourable operational performance, Kinabalu was able to maintain a reasonable level of profitability due to the relatively high average realised oil price achieved in the Current Year.

In the Current Year, the segment incurred a supplemental payment amounting to RM77.8 million. SbST incurred for the sale of crude oil was RM24.6 million.

As highlighted in Part B, Note 15.1(A)(i) of this Quarterly Report, the Kinabalu segment had during the Current Quarter reversed an overprovision of the penalties related to SbST amounting to RM3.6 million.

The following non-cash items were deducted from EBITDA to arrive at PBT:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM67.6 million;
- Depreciation of right-of-use assets of RM4.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM1.8 million.

The tax regime governing Kinabalu is PITA, at the rate of 38.0%. The ETR over PBT on the back of a net RM60.9 million tax expense in the Current Year was 43.2%. This was higher than the 38.0% PITA rate mainly due to the non-tax deductibility of certain unrealised foreign exchange losses recognised.

Note that whilst Kinabalu was in a taxable position in the Current Year, the segment has not been subject to any taxes under PITA as there were sufficient tax losses brought forward to fully off-set taxes payable.

15 PERFORMANCE REVIEW (CONT'D)

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

Others

This segment's GP margin in the Current Year was largely driven by the high average realised oil price achieved.

The following transactions, which were recognised as gains in the profit or loss, were included in the PBT for the Current Year:

- A reversal of over accrued wells decommissioning costs amounting to RM10.4 million upon finalisation of the decommissioning contract with the relevant vendor in the Current Quarter;

- In the past, Repsol had paid its contribution to cover future facilities decommissioning costs (to be incurred at the end of the production life) into an abandonment cess fund as required by the regulators. Facilities pre-decommissioning work for the South Angsi A Platform commenced in 2019 and were previously expensed to the profit or loss by Repsol. As at 31 December 2022, costs incurred in relation to such facilities pre-decommissioning work of RM10.0 million have been reclassified as a receivable, as they will be reimbursed from the abandonment cess fund subsequent to agreeing the costs relating to the scope of work with the regulator. Accordingly, this amount has been recognised as a gain in the profit or loss in the December 2022 Quarter; and

- A reversal of over accrued costs amounting to RM2.6 million was recorded upon the completion of the wells decommissioning work relating to PM305 and PM314 in the September 2022 Quarter.

The tax regime governing PM305 and PM314 is PITA, at the rate of 38.0%. In the Current Year, a net RM7.5 million tax expense was recorded. The ETR over PBT of 21.8% was lower than the 38.0% PITA rate mainly due to adjustments made in December 2022 following a reassessment of the full CY 2022 tax obligations under PITA.

- **Current quarter results**

Kinabalu

Operational performance in Kinabalu during the Current Quarter continued to be adversely impacted by the outages experienced with the high pressure gas compressor that led to insufficient gas lift supply to the oil wells. Production was further impacted by a deferral in well intervention activities due to an unexpected platform crane failure experienced since April 2023 which prevented certain maintenance activities to be conducted. This crane failure is targeted to be resolved by September 2023.

This resulted in a lower net oil production rate of 2,458 bbls per day and higher OPEX per bbl of USD16.72.

15 PERFORMANCE REVIEW (CONT'D)

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

The segment reported an EBITDA of RM29.2 million in the Current Quarter after charging supplemental payment and SbST of RM11.1 million and RM3.7 million respectively.

The following non-cash items were deducted from EBITDA to arrive at PBT of RM5.3 million:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM16.7 million;

- Depreciation of right-of-use assets of RM1.0 million; and

- Unwinding of discount on provision for decommissioning costs of RM0.5 million.

Included in EBITDA and PAT was the reversal of an overprovision the SbST-related penalties amounting to RM3.6 million (as mentioned in the "Financial year-to-date results" section above).

The segment recognised a net tax expense in the Current Quarter amounting to RM5.7 million which resulted in an ETR over PBT of 51.9%. It was higher than the PITA rate of 38.0% mainly due to the non-tax deductibility of unrealised foreign exchange losses recognised.

<u>Others</u>

GP attained for PM305 and PM314 was RM2.3 million, while GP margin was 78.2%.

During the Current Quarter, the segment's results were positively impacted by a gain recognised in the profit or loss due to a reversal of over accrued wells decommissioning costs amounting to RM10.4 million upon finalisation of the decommissioning contract with the relevant vendor.

In the Current Quarter, RM2.5 million of total net tax expense was recognised which resulted in an ETR over PBT of 21.9%, which was lower than the PITA rate of 38.0% mainly due to deferred tax assets not recognised on tax losses incurred in Current Quarter.

15 PERFORMANCE REVIEW (CONT'D)

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

(iii) Commercial Arrangement Area

RM'000	Current Year	Current Quarter
Revenue	784,205	212,060
- Crude Oil	433,497	109,333
- Gas	350,708	102,727
GP	505,898	143,340
GP margin (%)	*64.5%*	*67.6%*
EBITDA	511,248	147,926
EBITDA margin (%)	*65.2%*	*69.8%*
PBT	294,854	84,033
PBT margin (%)	*37.6%*	*39.6%*
PAT	260,895	45,746
PAT margin (%)	*33.3%*	*21.6%*
ETR (%)	11.5%	45.6%

	Current Year	Current Quarter
Crude oil sold (bbls)	1,020,802	276,633
Average realised oil price (USD per bbl)	94.21	86.18
Gas sold (MMscf)	15,220	4,279
Average realised gas price (USD per thousand scf)	5.11	5.25
Average OPEX per boe (USD)	13.02	11.41
Average uptime	89%	96%
Average net oil equivalent production rate (boe per day)	9,569	9,551

The CAA segment consists of the PM3 CAA PSC.

- **Financial year-to-date results**

  During the Current Year, this PSC generated a GP and GP margin of RM505.9 million and 64.5% respectively. This was largely driven by the high average realised prices obtained for the sale of both crude oil and gas.

  The operational performance in the Current Year was boosted by the following events:

  - First oil achieved from the BOC-29ST1 well in March 2023 (second oil producer of the H4 project);
  - Improved performance from the PM3 Northern field gas injection compressor supplying gas lift to the oil producers;
  - Continued uplift in production from the H4 reservoirs through optimised water injection; and
  - Successful well work activities in the PM3 Southern field.

  These favourable developments were partly off-set by the effect of the CY 2022 annual planned major maintenance campaign, which took place from 20 August 2022 to 2 September 2022.

15 PERFORMANCE REVIEW (CONT'D)

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

OPEX incurred included costs associated with:

- Well integrity and intervention campaigns;
- Inspection and maintenance work scopes performed during the annual planned major maintenance campaign; and
- Other maintenance and production enhancement activities.

In addition, oil production in the September 2022 Quarter was impacted by activities related to the mobilisation of a drilling rig to the Bunga Raya B platform for an infill well drilling program.

The segment achieved an EBITDA of RM511.2 million in the Current Year. The EBITDA included a gain of RM22.0 million due to a reversal of provision for penalties relating to PITA and CITA made by Repsol prior to the FIPC Acquisition.

In December 2022, the IRB completed its audit on the tax returns submitted for YA 2017 for PITA and for YA 2017 to YA 2019 for CITA. Following the receipt of the Notices of Additional Assessments from the IRB on these YAs, the provisions for the additional taxes and penalties previously made for these YAs were updated and the resulting gain to the profit or loss amounting to RM66.6 million was recorded by this segment in December 2022. The RM66.6 million comprised RM22.0 million attributable to penalties that had been imposed whilst RM44.6 million comprised the tax component. The overprovision of RM22.0 million for penalties was adjusted to other expenses and the overprovision of taxes of RM44.6 million was adjusted to taxation in the profit or loss.

The following non-cash items were deducted from EBITDA to arrive at the segment's PBT of RM294.9 million:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM160.5 million;
- Depreciation of right-of-use assets of RM36.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM10.9 million.

The tax regime governing this segment is PITA, at the rate of 38.0%.

During the Current Year, the segment recognised a net tax expense of RM34.0 million, delivering an ETR over PBT of 11.5%. The following were the significant reversals of overprovision of taxes that resulted in the low net tax expense amount:

- PITA YA 2021 – Reversal of an overprovision of tax of RM40.0 million
  - The overprovision amount was finalised upon submission of the tax returns to the IRB in August 2022;

15 PERFORMANCE REVIEW (CONT'D)

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

- PITA YA 2017 – Reversal of an overprovision of tax of RM31.6 million (refer to the explanation above); and
- CITA YA 2017 to YA 2019 – Reversal of an overprovision of tax of RM13.0 million (refer to the explanation above).

Omitting the impact of the abovementioned overprovision adjustments would result in a "normalised" net tax expense of RM118.6 million in the Current Year, delivering a "normalised" ETR over a "normalised" PBT (after omitting the overprovision of RM22.0 million for penalties mentioned above) of 43.5%. This was higher than the 38.0% PITA rate due to the non-tax deductibility of certain unrealised foreign exchange losses recognised.

- **Current quarter results**

PM3 CAA contributed RM147.9 million to the Group's EBITDA in the Current Quarter.

The segment's operational performance during the Current Quarter was reasonably strong on the back of successful well work activities in the PM3 Southern field and stable oil production from H4 reservoirs through optimised water injection. However, overall performance was negatively impacted by a lower average gas export rate mainly due to unplanned shutdowns encountered and lower demand from the buyers as a result of downtime at their facilities.

The average OPEX per boe recorded of USD11.41 was relatively low despite a higher level of maintenance and production enhancement activities performed during the Current Quarter.

The segment's PBT of RM84.0 million was arrived at after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM51.9 million;
- Depreciation of right-of-use assets of RM7.8 million; and
- Unwinding of discount on provision for decommissioning costs of RM2.7 million.

The segment recorded a RM38.3 million net tax expense in the Current Quarter, which resulted in an ETR over PBT of 45.6%. This was higher than the 38.0% PITA rate mainly due to the recognition of an underprovision of tax for YA 2022 amounting to RM15.6 million. The underprovision amount was ascertained after having completed the assessment of the actual tax position for YA 2022 prior to filing the tax return to the IRB by the due date of 31 August 2023.

15 PERFORMANCE REVIEW (CONT'D)

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

(iv) United Kingdom

RM'000	Current Year	Current Quarter
Revenue	347,255	75,384
- Crude Oil	272,163	68,002
- Gas	75,092	7,382
GP	262,775	55,192
GP margin (%)	*75.7%*	*73.2%*
EBITDA	249,765	52,381
EBITDA margin (%)	*71.9%*	*69.5%*
PBT	136,902	15,200
PBT margin (%)	*39.4%*	*20.2%*
(LAT)/PAT	(22,517)	19,877
(LAT)/PAT margin (%)	*(6.5%)*	*26.4%*
ETR (%)	116.4%	N/A @

	Current Year	Current Quarter
Crude oil sold (bbls)	725,294	192,929
Average realised oil price (USD per bbl)	81.19	74.73
Gas sold (MMscf)	612	141
Average realised gas price (USD per thousand scf)	25.44∞ / 32.02#	10.79∞ / 11.37#
Average OPEX per boe (USD)	22.75	19.08
Average uptime	85%	97%
Average daily oil equivalent production rate (boe per day)	2,415	2,489

∞ *For Cook field.*
\# *For Guillemot A, Teal and Teal South fields.*
@ *Recorded a net tax credit due to the recognition of net deferred tax assets in relation to the EPL in the Current Quarter.*

- **Financial year-to-date results**

In the Current Year, the UK segment delivered high profit margins from its operations, attaining GP and EBITDA of RM262.8 million and RM249.8 million respectively. The resulting high GP and EBITDA margins over revenue were 75.7% and 71.9% respectively.

Contribution from the sale of gas remained significant in the Current Year due to high gas prices. The average price per therm rose sharply commencing from October 2021 onwards.

Operational performance in the Current Year improved significantly following the completion, in the September 2022 Quarter, of the project to replace the riser which malfunctioned in May 2021. The said riser, which transports produced crude oil from the subsea well to the Anasuria FPSO surface facilities was temporarily isolated from the primary production system following the malfunction and the impact of that temporary isolation was a lower overall daily production rate from the Anasuria Cluster that adversely affected OPEX per boe and offtake volumes. The riser returned to service in September 2022.

Operational metrices during the Current Year were also affected by the 2022 Turnaround which took place from 17 June 2022 to 17 July 2022. The 2022 Turnaround was conducted with the objective of improving the reliability and integrity of the Anasuria FPSO in addition to ensuring a safe offshore working environment and was completed over a period of 30 days against a planned duration of 35 days.

15 PERFORMANCE REVIEW (CONT'D)

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

PBT in the Current Year stood at RM136.9 million. This was achieved after deductions of the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM83.6 million; and

- Unwinding of discount on the provision for decommissioning costs and contingent consideration of RM21.9 million and RM1.7 million respectively.

RFCT, SC and EPL

RM '000	RFCT + SC	EPL	Total
Total	(41,092)	(118,327)	(159,419)
Income tax	(18,448)	-	(18,448)
Deferred tax	(22,644)	(118,327)	(140,971)
- Deferred tax liability	(36,092)	(130,391)	(166,483)
- Recognition (EPL - One-off)	-	(113,316)	(113,316)
- Recognition (EPL - Recurring)	-	(43,872)	(43,872)
- Recognition (RFCT + SC)	(69,567)	-	(69,567)
- Reversal	33,475	26,797	60,272
- Deferred tax assets	13,448	12,064	25,512

- RFCT and SC

  The tax regime which applies to the exploration for, and production of, oil and gas in the UK, and is thus applicable to Anasuria Hibiscus UK, currently comprises of the RFCT and the SC. The current rates for the RFCT and the SC are set at 30.0% and 10.0% respectively. The segment recorded a net tax expense in the Current Year amounting to RM41.1 million, representing an ETR over PBT of 30.0%. This was lower than the statutory rates stated, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the SC regime and the non-tax deductibility of foreign exchange gains recognised.

- EPL

  The EPL was enacted when the Energy (Oil and Gas) Profits Levy Act 2022 received Royal Assent on 14 July 2022. The EPL, which took effect from 26 May 2022, introduced an additional 25.0% levy on UK oil and gas profits on top of the existing RFCT and SC. When it was first enacted, the EPL regime (i) had an enhanced deduction such that 180.0% of certain categories of capital expenditure can be offset against taxable income, (ii) was temporary and could be phased out when oil and gas prices returned to historically more normal levels although this was not specified in the law, and (iii) included a sunset, or expiry, clause that ensured the levy did not apply beyond 31 December 2025.

15 PERFORMANCE REVIEW (CONT'D)

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

On 17 November 2022, the UK Government announced changes to the EPL regime which came into effect from 1 January 2023. The revised EPL regime includes an increased levy rate of 35.0% (from 25.0%) on UK oil and gas profits on top of the existing RFCT and SC. This meant that the UK upstream oil and gas industry faces a 75.0% marginal rate of tax. The enhanced deduction for certain categories of capital expenditure to off-set taxable EPL income was reduced to 129.0% except in the case of decarbonisation expenditures which retained the 180.0% enhanced deduction. The EPL regime will now apply until 31 March 2028.

The EPL is regarded as an income tax, similar in nature to RFCT and therefore falls within the scope of International Accounting Standard 12 Income Taxes. Deferred tax is required to be set up on EPL in a similar way as the RFCT and the SC.

The net deferred tax expense arising from the EPL regime as at 30 June 2023 was RM130.4 million based on the taxable temporary differences expected to be reversed during the window for which the EPL regime applies, i.e. up to 31 March 2028. These temporary differences arose from the expected future amortisation of intangible assets and depreciation of oil and gas assets up to 31 March 2028. Included in this amount is RM113.3 million of deferred tax liability computed from the carrying values of the intangible and oil and gas assets at the point when the EPL regime became effective, i.e. on 26 May 2022 and the changes to the EPL regime that became effective on 1 January 2023. The net deferred tax liability recognised as at 30 June 2023 is non-cash in nature and will be fully reversed to the profit or loss by 31 March 2028.

Anasuria Hibiscus UK does not expect a significant income taxation liability arising from the EPL regime as currently enacted as Anasuria Hibiscus UK foresees there will be sufficient enhanced capital allowances in the future allowed in the EPL regime to offset any income chargeable to EPL.

At this stage, the Group's intention remains to phase our UK capital expenditure program such that we optimise the incentives offered as part of the EPL regime. It is also clear that the UK Government is incentivising decarbonisation initiatives within the UK oil and gas sector and this is encouraging us to identify further opportunities that will reduce our overall carbon footprint.

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

The Anasuria Cluster achieved a much improved operational performance following the completion of the riser replacement exercise in September 2022 as mentioned in the "Financial year-to-date results" section above. Similar to the Preceding Quarter and the December 2022 Quarter, the UK segment achieved healthy profit margins in the Current Quarter.

The Current Quarter's GP and EBITDA margins were 73.2% and 69.5% respectively.

In the Current Quarter, the segment recorded a PBT of RM15.2 million. This was achieved after deductions of the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM28.0 million; and
- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM6.0 million and RM0.6 million respectively.

RFCT, SC and EPL

RM '000	RFCT + SC	EPL	Total
Total	(318)	4,995	4,677
Income tax	(197)	-	(197)
Deferred tax	(121)	4,995	4,874
- Deferred tax liability	(8,569)	(8,341)	(16,910)
- Recognition (EPL - One-off)	-	(648)	(648)
- Recognition (EPL - Recurring)	-	(17,508)	(17,508)
- Recognition (RFCT + SC)	(19,801)	-	(19,801)
- Reversal	11,232	9,815	21,047
- Deferred tax assets	8,448	13,336	21,784

- RFCT and SC

  Subsequent to a re-assessment of the RFCT and SC obligations on actual Current Year's taxable income as at 30 June 2023, the UK segment recorded a net tax expense of RM0.3 million in the Current Quarter.

- EPL

  Based on an assessment conducted of the UK segment's exposure in the EPL regime as currently enacted based on the Current Year's actual transactions, there is no income taxation liability arising from the EPL regime given that there was sufficient capital allowances in the current financial year as allowed in the EPL regime to offset income chargeable to EPL.

15 PERFORMANCE REVIEW (CONT'D)

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

A net deferred tax asset of RM5.0 million was recognised, attributable to the EPL in the Current Quarter. This asset was recognised based on unutilised investment allowances that are expected to be offset against future taxable income during the window for which the EPL regime applies, i.e 31 March 2028. It was partly off-set by deferred tax liabilities recognised on taxable temporary differences expected to reverse during the window for which the EPL regime applies, i.e. up to 31 March 2028.

(v) Vietnam

RM'000	Current Year	Current Quarter
Revenue	66,539	381
GP	7,344	42
GP margin (%)	*11.0%*	*11.0%*
EBITDA/(LBITDA)	6,598	(948)
EBITDA/(LBITDA) margin (%)	*9.9%*	*(248.8%)*
PBT/(LBT)	2,258	(2,174)
PBT/(LBT) margin (%)	*3.4%*	*(570.6%)*
LAT	(5,754)	(1,557)
LAT margin (%)	*(8.6%)*	*(408.7%)*
ETR (%)	354.8%	28.4%

	Current Year	Current Quarter
Crude oil sold (bbls)	125,521	-
Average realised oil price (USD per bbl)	98.45	-
Average OPEX per bbl (USD)	28.54	21.02
Average uptime	89%	96%
Average net oil production rate (bbls per day)	167	217

The Vietnam segment consists of the Block 46 PSC.

- **Financial year-to-date results**

  Since being acquired as part of the FIPC Acquisition, Block 46 conducted its sole crude oil offtake in October 2022, where 125,521 bbls of crude oil were sold at an average realised oil price of USD98.45 per bbl.

  As previously highlighted in Part B, Note 15.1(A)(v) of the Quarterly Report for the September 2022 Quarter, the opening underlift inventory in Block 46 as at 25 January 2022 acquired from Repsol or the Acquired Underlift Inventory of 81,418 bbls was incorporated into the Group's financial statements at its fair value, in accordance with the provisions of MFRS 3 Business Combinations (and revalued at the prevailing crude oil price at the end of each financial period in accordance with the provisions of MFRS 9 Financial Instruments). The crude oil offtake that took place in October 2022 was the first offtake undertaken by Block 46 since Completion Date. As a result, the "cost" of the Acquired Underlift Inventory included in the cost of sales for this offtake was higher than would have been the case had the weighted average costs been used, by approximately RM27.0 million.

  For information, a "normalised" EBITDA for Block 46 after omitting the impact of the "consumption" of the Acquired Underlift Inventory valued at a higher "cost" would have been approximately RM33.6 million whilst a "normalised" PBT would have been approximately RM29.2 million.

15 PERFORMANCE REVIEW (CONT'D)

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

For Block 46, Vietnam income tax of 50.0% is paid by the PSC. The net tax expense in the Current Year of RM8.0 million was driven by RM17.0 million tax imposed on revenue earned during the Current Year. This was partly off-set by (i) the reversal of overprovisions of Vietnam and Barbados income taxes made for prior years of RM6.9 million, and (ii) net deferred tax credit recognised of RM2.2 million as a result of the recognition of deferred tax assets relating to decommissioning activities and the reversal of deferred tax liabilities arising from depreciation of oil and gas properties.

Furthermore, the depreciation of oil and gas assets and the unwinding of the discount on provision for decommissioning costs amounted to RM3.9 million and RM0.4 million respectively.

- **Current quarter results**

There was no sale of crude oil in the Current Quarter.

The reported revenue of RM0.4 million was mainly caused by the impact of translating the USD-denominated revenue from the sale of crude oil in the December 2022 Quarter to MYR for reporting purposes at a stronger average USD translation rate as of the end of 30 June 2023.

Other expenses incurred are mainly the depreciation of oil and gas assets and the unwinding of discount on the provision for decommissioning costs.

A deferred tax credit of RM0.6 million was also recognised by the segment during the Current Quarter, primarily due to the recognition of deferred tax assets which arose from additional costs provided in relation to decommissioning activities.

(vi) Australia

RM'000	Current Year	Current Quarter
Revenue	-	-
(LBITDA)/EBITDA	(7,803)	634
(LBITDA)/EBITDA margin (%)	*N/A*	*N/A*
(LBT)/PBT	(7,966)	471
(LBT)/PBT margin (%)	*N/A*	*N/A*
(LAT)/PAT	(7,966)	471
(LAT)/PAT margin (%)	*N/A*	*N/A*

- **Financial year-to-date results**

The LAT in the Current Year was largely driven by a provision for decommissioning costs associated with two historical exploration wells, namely West Seahorse-3 and Wardie-1, in the undeveloped West Seahorse field of the VIC/RL17 permit, amounting to RM6.5 million. This was previously highlighted in Part B, Note 15.1(A)(vi) of the Quarterly Report for the Preceding Quarter.

15 PERFORMANCE REVIEW (CONT'D)

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

At the end of each reporting quarter, an impairment assessment is performed for the Group's investment in its associate, 3D Oil, by comparing the higher of the FVLCTS and value in use against the carrying value of the investment as at the end of the previous reporting quarter. The recoverable amount is based on the FVLCTS. As 3D Oil's shares are publicly traded on the Australian Stock Exchange, the market price of the shares was used for determining the FVLCTS. The resulting adjustment in the Current Quarter was a provision for impairment amounting to RM0.5 million.

Also included as part of the overall results were unrealised foreign exchange losses and costs incurred for professional fees, project management fees and administrative expenses.

The above charges to the profit or loss were partly off-set by the Group's share of the profits recognised by 3D Oil amounting to RM1.3 million. 3D Oil had recorded a gain upon the completion of the farmout of its 80% interest and operatorship of the VIC/P79 Exploration Permit to ConocoPhillips Australia SH2.

- **Current quarter results**

This segment recorded a PAT of RM0.5 million in the Current Quarter.

It was due to the Group's share of profits recognised by 3D Oil of RM1.7 million, partly off-set by a provision for impairment of the investment in 3D Oil of RM0.5 million, both explained in the "Financial year-to-date results" section above.

(vii) Investment holding and group activities

RM'000	Current Year	Current Quarter
Revenue	9,370	4,134
(LBITDA)/EBITDA	(12,722)	8,744
(LBITDA)/EBITDA margin (%)	*(135.8%)*	*211.5%*
(LBT)/PBT	(26,275)	2,868
(LBT)/PBT margin (%)	*(280.4%)*	*69.4%*
(LAT)/PAT	(27,520)	2,123
(LAT)/PAT margin (%)	*(293.7%)*	*51.4%*

- **Financial year-to-date results**

LAT recorded for this segment during the Current Year amounted to RM27.5 million.

15 PERFORMANCE REVIEW (CONT'D)

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

Total interest expenses incurred amounted to RM12.2 million. Of this amount, RM7.7 million were interests charged on the drawn down portion of a term loan and revolving credit facilities while RM4.5 million were incurred in relation to the outstanding balance of Trafigura's prepayment facility, which was drawn down to part finance the purchase consideration for the FIPC Acquisition.

Major components of other expenses recorded were corporate overheads, professional and consultancy fees, corporate development activities and depreciation expense.

These expenses were partly off-set by recognising net foreign exchange gains (both realised and unrealised) that arose from the appreciation of the USD which positively impacted the period-end revaluation of inter-company balances.

The segment reported a tax expense of RM1.2 million, mainly charged on interest income earned.

- **Current quarter results**

During the Current Quarter, the segment recorded a PAT of RM2.1 million.

This was driven by net foreign exchange gains of RM12.3 million. It was partly off-set by interest expenses of RM5.5 million incurred on the outstanding term loan and the balances of revolving credit facilities. In addition, other expenses incurred mainly relate to corporate overheads, professional and consultancy fees, corporate development activities and depreciation expense.

Tax expense of RM0.7m was recognised, primarily on interest income earned.

(B) <u>Statements of Financial Position</u>

(i) Non-current Assets

The Group's non-current assets as at 30 June 2023 amounted to RM4,107.6 million, representing an increase of RM138.8 million from RM3,968.8 million as at 30 June 2022.

During the Current Year, net unrealised foreign exchange gains, recognised due to the year-end retranslation of the Group's non-current assets denominated in non-MYR currencies, amounted to RM228.4 million. The USD had appreciated against MYR as at 30 June 2023 when compared to 30 June 2022. This positively affected the quarter-end retranslation of these non-current assets.

15 PERFORMANCE REVIEW (CONT'D)

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

Capital expenditure invested by PM3 CAA in the Current Year amounted to RM191.5 million, mainly for the H4 development drilling campaign, the Bunga Lavatera drilling campaign and PM3 CAA workover. In addition, RM86.9 million was invested in Kinabalu mainly for the electrical submersible pump pilot facilities project and redevelopment project while the North Sabah PSC invested RM71.7 million mainly for the South Furious 30 Water Flood Phase 2 development project.

In the UK, capital expenditure invested by Anasuria Hibiscus UK in the Current Year amounted to RM157.1 million (RM75.2 million for Teal West, RM48.5 million for the Anasuria Cluster and RM33.4 million for the Marigold West and Sunflower fields).

The above transactions, that increased the non-current assets balance, were partly off-set by depreciation and amortisation of equipment, intangible assets and right-of-use assets (by RM480.4 million), lower deferred tax assets (by RM71.7 million) and lower non-current lease receivables from PM3 CAA's and North Sabah's partners (by RM51.7 million).

(ii) Current Assets

As at 30 June 2023, the Group's current assets amounted to RM2,129.7 million, which was RM586.1 million higher than the balance as at 30 June 2022 of RM1,543.6 million.

Cash and bank balances increased from RM549.4 million as at 30 June 2022 to RM959.7 million as at 30 June 2022, largely due to the collection of proceeds from crude oil offtakes and the sale of gas from the Group's producing oil and gas assets.

The Group's other receivables, deposits and prepayments balance as at 30 June 2023 increased by RM116.5 million mainly caused by the higher amounts to be reimbursed by the respective joint venture partners for North Sabah, PM3 CAA and Kinabalu.

In addition, when compared to 30 June 2022, both inventories and current tax recoverable balances as at 30 June 2023 increased by RM34.7 million and RM9.1 million respectively.

(iii) Total Liabilities

Total liabilities increased from RM3,310.4 million as at 30 June 2022 to RM3,547.6 million as at 30 June 2023.

15 PERFORMANCE REVIEW (CONT'D)

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

During the Current Year, the Group drew down a term loan to aid its capital expenditure and working capital requirements. The amount outstanding as at 30 June 2023 amounted to RM456.8 million. This did not exist as at 30 June 2022. Over the coming months, this amount will be applied towards progressing the SF30 Water Flood Phase 2 development project at North Sabah and the Teal West Development.

Our deferred tax liabilities balance also increased by RM211.8 million. It was mainly due to additional deferred tax liabilities recognised for the EPL regime in the UK and on capital expenditures invested by the Anasuria Cluster and PM3 CAA.

In addition, as at 30 June 2023, the outstanding operations-related payables and accruals for Kinabalu and PM3 CAA increased by RM39.3 million and RM20.7 million respectively when compared to 30 June 2022.

The increase in total liabilities were partly off-set by the following:

- The outstanding amount owed to Trafigura as at 30 June 2022 of RM176.4 million which was fully repaid in November 2022;

- Lower provision for taxation balance by RM113.9 million, mainly due to the settlement of taxation obligations and reversal of overprovisions of taxation related to PM3 CAA, North Sabah and the Anasuria Cluster in the Current Year;

- The outstanding drawn down amount of the revolving credit facilities as at 30 June 2022 of RM88.8 million which was fully repaid in November 2022;

- Lower outstanding lease liabilities by RM63.3 million mainly due to repayments made; and

- Lower operations-related payables and accruals balances in North Sabah of RM54.0 million mainly due to payment of SbST accrued as at 30 June 2022 and lower accruals for supplemental payments.

(iv) Total Equity

Total equity as at 30 June 2023 increased by RM487.7 million when compared to 30 June 2022.

This was mainly attributable to net earnings generated by the producing oil and gas assets of the Group, partly off-set by RM50.3 million dividends declared throughout the Current Year. This amount consisted of RM20.1 million final single-tier dividend of 1.0 sen per ordinary share declared in respect of the Preceding Year and a total of RM30.2 million for the first and second interim single-tier dividends of 0.75 sen per ordinary share each declared in respect of the Current Year.

15 PERFORMANCE REVIEW (CONT'D)

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

In addition, the Group is required to revalue the assets and liabilities of subsidiaries whose functional currencies are denominated in currencies other than MYR at each reporting date. The resulting unrealised foreign exchange differences are required to be posted to other reserves. As at 30 June 2023, the Group had recognised the resulting unrealised favourable foreign exchange differences from this revaluation exercise amounting to RM137.5 million due to the appreciation of USD compared to 30 June 2022.

The Company also completed the Capital Reduction exercise on 3 March 2023, in which the issued ordinary share capital of the Company reduced by RM800,000,000.00, from RM966,013,524.78 to RM166,013,524.78. Accordingly, RM800.0 million of the share capital balance has been reclassified to the retained earnings balance and hence did not have any net impact to the Group's total equity balance.

(C) <u>Statement of Cash Flows</u>

(i) Cash flows generated from operating activities

During the Current Year, net cash generated from the Group's operating activities amounted to RM726.7 million.

It comprised mainly the aggregate of funds received from operations at the Group's producing oil and gas assets in Malaysia and the UK, partly off-set by repayment to Trafigura, payment of taxation obligations, payment of decommissioning liabilities and group-wide OPEX.

(ii) Cash flows used in investing activities

Net cash utilised by the Group during the Current Year for investing activities amounted to RM497.8 million.

Amount invested in various capital expenditure programs by PM3 CAA, Anasuria Hibiscus UK, Kinabalu and North Sabah amounted to RM191.5 million, RM165.2 million, RM86.9 million and RM71.7 million respectively.

(iii) Cash flows generated from financing activities

The net cash flows generated from the Group's financing activities during the Current Year amounted to RM114.4 million.

It was mainly due to the net amount received from drawing down a term loan amounting to RM436.5 million.

This was partly off-set with net repayments of the Group's lease liabilities and revolving credit facilities of RM167.4 million and RM90.2 million respectively. In addition, the Company paid a total of RM55.3 million for dividends declared during the Current Year (please refer to Part A, Note 9 of this Quarterly Report for further details).

16 MATERIAL CHANGE IN PROFIT BEFORE TAXATION IN COMPARISON TO THE PRECEDING QUARTER

(Note: Commentary is based on the segments classified in Part A, Note 11 of this Quarterly Report.)

Statements of Profit or Loss

(i) Malaysia – North Sabah

RM'000	Current Quarter	Preceding Quarter
Revenue	133,742	107,487
GP	71,641	70,327
GP margin (%)	*53.6%*	*65.4%*
EBITDA	76,757	44,954
EBITDA margin (%)	*57.4%*	*41.8%*
PBT	44,919	12,209
PBT margin (%)	*33.6%*	*11.4%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	350,845	299,907
Average realised oil price (USD per bbl)	82.77	83.02
Average OPEX per bbl (USD)	24.68	15.67
Average uptime	94%	95%
Average net oil production rate (bbls per day)	4,465	4,882

The higher PBT recorded in the Current Quarter compared to the Preceding Quarter was primarily due to the reversal of an overprovision of the penalties related to SbST amounting to RM25.4 million. In addition, the segment achieved a higher volume of crude oil sold in the Current Quarter by 50,938 bbls.

These factors positively impacted the PBT but were partly off-set by higher OPEX incurred for the planned CY 2023 major maintenance campaign and the on-going well intervention campaign.

The segment's average OPEX per bbl increased to USD24.68 (from USD15.67 in the Preceding Quarter) while average net oil production decreased from 4,882 bbls per day in the Preceding Quarter to 4,465 bbls per day in the Current Quarter.

(ii) Malaysia – Kinabalu and Others

	Kinabalu		Others@		Total	
RM'000	**Current Quarter**	**Preceding Quarter**	**Current Quarter**	**Preceding Quarter**	**Current Quarter**	**Preceding Quarter**
Revenue	74,985	124,938	2,914	4,786	77,899	129,724
GP	50,037	81,295	2,280	4,569	52,317	85,864
GP margin (%)	*66.7%*	*65.1%*	*78.2%*	*95.5%*	*67.2%*	*66.2%*
EBITDA	29,180	62,782	11,807	2,087	40,987	64,869
EBITDA margin (%)	*38.9%*	*50.3%*	*405.2%*	*43.6%*	*52.6%*	*50.0%*
PBT	10,920	45,713	11,586	1,394	22,506	47,107
PBT margin (%)	*14.6%*	*36.6%*	*397.6%*	*29.1%*	*28.9%*	*36.3%*

	Kinabalu		Others@	
	Current Quarter	**Preceding Quarter**	**Current Quarter**	**Preceding Quarter**
Crude oil sold (bbls)	200,000	312,320	7,695	12,616
Average realised oil price (USD per bbl)	80.50	91.49	81.62	86.41
Average OPEX per bbl (USD)	16.72	14.11	60.17	9.14
Average uptime	71%	85%	-	-
Average net oil production rate (bbls per day)	2,458	2,759	74	97

@ *Consists of PM305 and PM314.*

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

Kinabalu

The segment recorded a lower EBITDA and PBT levels in the Current Quarter, primarily due to a lower volume of crude oil sold coupled with a lower average realised oil price attained in the Current Quarter.

From an operational performance perspective, Kinabalu performed less favourably in the Current Quarter when compared to the Preceding Quarter. The lower average net oil production rate in the Current Quarter was due to (i) several outages experienced with the high pressure compressor which affected the supplies of gas lift to the oil wells (which was subsequently rectified by July 2023); and (ii) a deferral in well intervention activities due to an unexpected platform crane failure, experienced since April 2023. The rectification of the crane is currently being undertaken.

The average OPEX per bbl recorded in the Current Quarter of USD16.72 was higher than the Preceding Quarter's USD14.11 mainly due to an increase in production enhancement activities in the Current Quarter. There were less activities performed in the Preceding Quarter due to adverse weather conditions.

The above was partly mitigated by:

- Lower accruals for supplemental payments in the Current Quarter by RM3.1 million due to lower weighted average realised oil prices attained by Kinabalu in the Current Quarter when compared against a base price as stated in the PSC and a lower profit oil volume caused by lower production levels (for information, profit oil is the remaining portion of crude oil produced during a period, after deducting petroleum royalty and recoverable expenditures in crude oil equivalent); and

- Reversal of an overprovision of the penalties related to SbST amounting to RM3.6 million.

In the Current Quarter, the segment reported net foreign exchange losses (both realised and unrealised) of RM9.3 million compared to net foreign exchange gains of RM2.0 million in the Preceding Quarter. The quantums recorded in the respective quarters were caused by the fluctuation of the USD, being the segment's functional currency, against the MYR.

Others

The segment recorded a lower GP due to lower volume of crude oil sold, lower average realised oil price attained and higher OPEX. Despite this, the PBT of RM11.6 million in the Current Quarter was higher than the Preceding Quarter's RM1.4 million as a result of a reversal of over accrued well decommissioning costs of RM10.4 million upon the finalisation of the decommissioning contract with the relevant vendor in the Current Quarter.

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

(iii) Commercial Arrangement Area

RM'000	Current Quarter	Preceding Quarter
Revenue	212,060	198,918
- Crude Oil	109,333	108,336
- Gas	102,727	90,582
GP	143,340	150,772
GP margin (%)	*67.6%*	*75.8%*
EBITDA	147,926	135,021
EBITDA margin (%)	*69.8%*	*67.9%*
PBT	84,033	78,277
PBT margin (%)	*39.6%*	*39.4%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	276,633	283,631
Average realised oil price (USD per bbl)	86.18	87.03
Gas sold (MMscf)	4,279	4,230
Average realised gas price (USD per thousand scf)	5.25	4.87
Average OPEX per boe (USD)	11.41	9.49
Average uptime	96%	92%
Average net oil equivalent production rate (boe per day)	9,551	11,149

The gross oil equivalent production rate recorded for the PM3 CAA PSC increased from 49,819 boe per day in the Preceding Quarter to 54,529 boe per day in the Current Quarter due to successful well work activities in the PM3 Southern field and stable oil production from the H4 reservoirs through an optimised water injection performance. Despite the improvement in gross oil production equivalent production rate, the segment reported a lower average net oil equivalent production rate as a lower share of the production was allocated to the segment due to lower cash expenditure in the Current Quarter.

The average OPEX per boe increased to USD11.41 as compared to the Preceding Quarter's USD9.49 primarily due to an increase in maintenance and production enhancement activities. As a result, the segment reported a lower GP margin of 67.6% in the Current Quarter as compared to the Preceding Quarter's GP margin of 75.8%.

In the Current Quarter, the segment reported net foreign exchange gains (both realised and unrealised) of RM1.5 million compared to net foreign exchange losses of RM13.2 million in the Preceding Quarter. The quantums recorded in the respective quarters were caused by the fluctuation of the USD, being the segment's functional currency, against the MYR.

The other significant movement between the Current Quarter and the Preceding Quarter up to the PBT level was a higher amortisation of intangible assets and depreciation of oil and gas assets in the Current Quarter (by RM9.3 million) due to higher gross production levels.

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

(iv) United Kingdom

RM'000	Current Quarter	Preceding Quarter
Revenue	75,384	84,863
- Crude Oil	68,002	68,055
- Gas	7,382	16,808
GP	55,192	62,739
GP margin (%)	*73.2%*	*73.9%*
EBITDA	52,381	60,890
EBITDA margin (%)	*69.5%*	*71.8%*
PBT	15,200	29,525
PBT margin (%)	*20.2%*	*34.8%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	192,929	202,769
Average realised oil price (USD per bbl)	74.73	74.81
Gas sold (MMscf)	141	158
Average realised gas price (USD per thousand scf)	10.79∞ / 11.37#	24.61∞ / 23.79#
Average OPEX per boe (USD)	19.08	24.18
Average uptime	97%	96%
Average daily oil equivalent production rate (boe per day)	2,489	2,699

∞ *For Cook field.*
For Guillemot A, Teal and Teal South fields.

The UK segment reported a lower PBT in the Current Quarter as compared to the Preceding Quarter by RM14.3 million. This was due to lower volumes of crude oil and gas sold and lower average realised oil and gas prices achieved.

In addition, the segment reported a lower average daily oil equivalent production rate in the Current Quarter primarily due to the shut-in of the GUA-P5 well since May 2023 caused by a hydraulic oil supply issue to the subsurface safety valve.

Despite lower production levels, OPEX per boe for the Current Quarter of USD19.08 was lower than the Preceding Quarter's USD24.18. In the Preceding Quarter, additional costs were incurred for maintenance work on the turret winch of the Anasuria FPSO and certain engineering feasibility studies conducted also for the Anasuria FPSO.

(v) Vietnam

RM'000	Current Quarter	Preceding Quarter
Revenue	381	(740)
GP/(GL)	42	(106)
GP/(GL) margin (%)	*11.0%*	*(14.3%)*
(LBITDA)/EBITDA	(948)	175
(LBITDA)/EBITDA margin (%)	*(248.8%)*	*(23.6%)*
LBT	(2,174)	(736)
LBT margin (%)	*(570.6%)*	*(99.5%)*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	-	-
Average realised oil price (USD per bbl)	-	-
Average OPEX per bbl (USD)	21.02	10.54
Average uptime	96%	92%
Average net oil production rate (bbls per day)	217	192

There was no sale of crude oil in the Current Quarter and Preceding Quarter. The revenue reported was mainly caused by the impact of translating the USD-denominated revenue generated for the sale of crude oil in the December 2022 Quarter to MYR for reporting purposes.

Amortisation of intangible assets and depreciation of oil and gas assets were higher in the Current Quarter due to higher production levels.

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

(vi) Australia

RM'000	Current Quarter	Preceding Quarter
Revenue	-	-
EBITDA/(LBITDA)	634	(7,431)
EBITDA/(LBITDA) margin (%)	N/A	N/A
PBT/(LBT)	471	(7,431)
PBT/(LBT) margin (%)	N/A	N/A

The Australia segment recognised a PBT of RM0.4 million in the Current Quarter, as opposed to a LBT of RM7.4 million reported in the Preceding Quarter.

The PBT in the Current Quarter was due to a gain recognised from the share of results of its associate, 3D Oil.

The LBT in the Preceding Quarter was mainly due to a provision for decommissioning costs for VIC/RL17.

(vii) Investment holding and group activities

RM'000	Current Quarter	Preceding Quarter
Revenue	4,134	3,084
EBITDA/(LBITDA)	8,744	(6,898)
EBITDA/(LBITDA) margin (%)	211.5%	(223.7%)
PBT/(LBT)	2,868	(8,791)
PBT/(LBT) margin (%)	69.4%	(285.1%)

The segment recorded a PBT of RM2.9 million as compared to a LBT of RM8.8 million in the Preceding Quarter.

The fluctuation in the results before taxation in the Current Quarter and the Preceding Quarter was mainly caused by the net unrealised foreign exchange differences recorded in the respective quarters.

Net foreign exchange gains of RM12.3 million were recognised in the Current Quarter while in the Preceding Quarter, the equivalent gains were only RM0.2 million. Such foreign exchange differences arose mainly from the appreciation of the USD against the MYR. This positively impacted the quarter-end retranslation of the inter-company balances.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Saved as disclosed below, there were no other corporate proposals announced but not completed as at the date of this Quarterly Report.

<u>Proposed Share Consolidation</u>

As announced on 23 August 2023, the Company proposes to undertake a proposed consolidation of every five existing shares of the Company into two consolidated shares.

Upon completion of the Proposed Share Consolidation, the issued share capital of the Company shall remain the same. Further, there shall be no change in the percentage of equity interest and market value of shares held by shareholders other than non-material changes due to rounding and the disregard of fractional entitlements.

As at 31 July 2023, being the latest practicable date prior to the date of the announcement, the issued share capital of the Company is RM166,013,524.78 comprising 2,012,418,743 number of issued ordinary shares. Upon completion of the Proposed Share Consolidation, the issued share capital of the Company shall be RM166,013,524.78 comprising 804,967,497 consolidated shares.

The rationale for the Proposed Share Consolidation is to:

(a) Reduce the volatility of the share price of the Company's shares, and thereby create more stable trading environment for the shares; and

(b) Increase market interest of the Company's shares to a wider pool of investors seeking share price stability and longer-term growth.

The Proposed Share Consolidation is subject to approvals being obtained from Bursa Securities, shareholders of the Company at an extraordinary general meeting to be convened and any other relevant authorities and/or parties if required.

Please refer to our announcement dated 23 August 2023 for further details.

18 PROSPECTS OF THE GROUP

Our business performance is underpinned by several factors:

1. Price of the Brent crude oil benchmark at approximately the time of a scheduled offtake from the Anasuria FPSO, the FSO Orkid, the FSO PM3 CAA and LCOT. The graph below illustrates the oil price trends for the Brent crude oil benchmark for the period from July 2022 to end-July 2023:

18 PROSPECTS OF THE GROUP (CONT'D)

As shown above, Brent oil prices have improved to levels above USD80.00 per bbl, due to supply tightening caused by OPEC+ production cuts and increasing demand from the aviation and fiscal stimuli in large economies like China.

2. Any premium or discount that we may receive on the price of the Brent crude oil benchmark for our specific cargoes from the Anasuria Cluster, North Sabah, PM3 CAA, Kinabalu, PM305, PM314 and Block 46 depending on market conditions at the relevant time.

3. Gas prices for the respective fields in the Anasuria Cluster only, as follows:

   - Cook field – at the landing point of the Fulmar Gas Line at the St Fergus Terminal for a price that is calculated as 75% of the Heren Index and in accordance with the terms set out in the Cook gas sale and purchase agreement; and

   - Guillemot A, Teal and Teal South fields – at the point where the gas leaves the fields and enters the SEGAL System for a price of 85% of Heren Index and in accordance with the terms set out in the Anasuria Cluster gas sale and purchase agreement.

4. Gas price for PM3 CAA based on the relevant Upstream Gas Sales Agreement which is linked to the price of High Sulphur Fuel Oil.

5. Movement of foreign exchange rates, mainly:

   - USD vs RM:
     - As our revenues from our producing assets are secured in USD;
     - As the base currency used for our producing assets valuations is in USD; and
     - As the majority of our OPEX in North Sabah, PM3 CAA, Kinabalu, PM305 and PM314 are incurred in RM.

   - GBP vs USD:
     - As the majority of our OPEX for the Anasuria Cluster are incurred in GBP.

6. Operational performance of our producing assets, more specifically:

   - Production performance of the wells; and

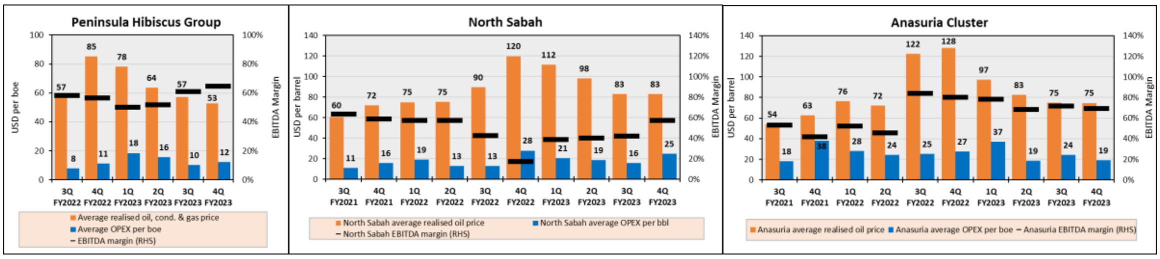
   - Facilities availability.

7. Management of operational expenditure for our producing assets and general corporate overheads.

As the joint operator of the Anasuria Cluster and the operator of the North Sabah, PM3 CAA, Kinabalu, PM305, PM314 and Block 46 PSCs, the Group continuously focuses on optimising asset performance, but it is equally important to note (from the information provided above) that our performance is impacted daily by external macroeconomic factors over which we exert minimal control.

The Group has seen oil prices at various price levels, on some occasions lower and at other times, higher than at the current time. Through these fluctuations, the Group has managed to remain profitable. This is primarily because our average unit production costs for our producing assets have been below the average realised oil price at the relevant times, as shown in the charts below. The careful management of costs to maintain low operational expenditure and the successful execution of production enhancement projects are, therefore, key towards achieving low unit production costs and the delivery of a continued healthy EBITDA.

18 PROSPECTS OF THE GROUP (CONT'D)



Note 1: The Peninsula Hibiscus Group assets' EBITDA margin in the third financial quarter of the Preceding Year excludes negative goodwill of RM317.3 million.

Note 2: Average OPEX per boe is computed based on gross production OPEX divided by gross oil, condensate and gas production.

Note 3: The Peninsula Hibiscus Group assets' average realised oil, condensate and gas price is the weighted average realised price of both oil and condensate offtakes and gas sales in the respective financial quarter from Kinabalu, PM3 CAA, PM305, PM314 and Block 46. The Anasuria Cluster's average realised oil price does not include gas prices as gas production in the Anasuria Cluster is not material.

A total of 1,028,102 bbls of crude oil were sold in the Current Quarter – 484,328 bbls from Peninsula Hibiscus Group (PM3 CAA, Kinabalu, PM305 and PM314), 350,845 bbls from North Sabah and 192,929 bbls from the Anasuria Cluster. A total of 4,420 MMscf of gas was sold in the Current Quarter – 4,279 MMscf from PM3 CAA and 141 MMscf from the Anasuria Cluster.

The recent issuance of the Production Consent for the Teal West Development is a positive tangible signal that the UK Government is prioritising energy security as an important consideration of its economic policy. We believe this shift will positively impact our UK business activities over the coming months.

Overall, the Group is well-positioned to build on its successful operational track record which has been developed in Malaysia and the UK and we remain focused on delivering optimal performance in a strong oil price environment.

19 PROFIT FORECAST AND PROFIT GUARANTEE

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

20 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the Current Year.

21 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

22 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

There were no financial instruments with material off-balance sheet risk as at the date of this Quarterly Report.

23 MATERIAL LITIGATION

Save as disclosed below, as at the date of this Quarterly Report, the Group is not engaged in any material litigation, claim and/or arbitration either as plaintiff or defendant, which may materially and adversely affect its financial position or business, and there is no proceeding, pending or threatened, or of any fact likely to give rise to a proceeding which may materially and adversely affect the financial position or business of the Group:

(i) Notice of Additional Assessment for YA 2014 under PITA against PM3 CAA and Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA

As reported in the previous Quarterly Reports, the contractors of PM3 CAA are Hibiscus Oil & Gas, Hibiscus Oil & Gas (PM3), PETRONAS Carigali Sdn Bhd and PVEP or collectively called “the PM3 CAA Partners”. PM3 CAA is a chargeable person under PITA.

The IRB had previously raised Notice of Additional Assessment for YA 2014 and Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA for additional taxes and penalties amounting to RM261,924,234.01 (gross PM3 CAA), out of which the portion potentially attributable to the Group was estimated to be up to RM95,615,112.38.

An amicable out-of-court Settlement covering these assessments was reached between PM3 CAA and the IRB in September 2022. The resulting Consent Orders were sealed by the Court of Appeal on 5 October 2022 and the Notices of Reduced Assessment for YA 2014, YA 2015 and YA 2016 were subsequently issued by the IRB. Pursuant to the terms of the Settlement, the total amount of additional taxes and penalties payable by PM3 CAA for YA 2014, YA 2015 and YA 2016 were reduced to RM43,295,701.64, out of which RM17,344,482.59 was attributable to the Group. The total amount of additional taxes and penalties payable by the Group to the IRB was made within the due date.

With regards to PM3 CAA’s respective appeals to the SCPIT via Form Q in respect of (a) Notice of Additional Assessment for YA 2014, and (b) Notices of Assessment for YA 2015 and YA 2016, following the Court of Appeal’s sealed Consent Orders, both PM3 CAA and the IRB are to prepare a settlement agreement to resolve the respective Form Q. During the SCPIT session that took place on 9 August 2023, the legal counsels representing the IRB and PM3 CAA informed the SCPIT that the terms of the settlement agreement have been finalised between the parties. The SCPIT then fixed 7 September 2023 for the formal recording of the executed/signed settlement agreement.

Based on the status of this matter, it is no longer considered a material litigation.

(ii) Notice to Arbitrate received by Hibiscus Oil & Gas

As announced on 3 March 2023, Hibiscus Oil & Gas received the Notice dated 2 March 2023 from lawyers acting for Oceancare. The Notice relates to a dispute arising from a contract entered into between Hibiscus Oil & Gas (as operator of the relevant PSCs) and Oceancare titled “Provision of Integrated Well Services for Intervention, Workover & Abandonment for Petroleum Arrangement Contracts (PACs) Package (B): Integrated Workover for Production Enhancement and for Abandonment”, in which Oceancare is claiming a total principal amount of RM36,574,760.86 alleging, amongst other things, variation to original scope of work, which Hibiscus Oil & Gas denies.

On 30 March 2023, Hibiscus Oil & Gas served its response to the Notice and put forward its counterclaim. This arbitration has been registered by the AIAC and pursuant thereto, Hibiscus Oil & Gas made payment of a provisional advance deposit in the sum of RM185,797.25 to the AIAC in May 2023. No updates or further developments have been received from the AIAC or Oceancare since then.

24 DIVIDEND

The Board has, in respect of the Current Year, declared a third interim single-tier dividend of 0.5 sen per ordinary share in the Current Quarter.

The total dividends declared for the Current Year is 2.0 sen per ordinary share (Preceding Year: 2.0 sen per ordinary share).

25 EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial quarter/year.

Diluted earnings per share is determined by dividing the Group's profit after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares during the financial quarter/year.

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.06.2023	QUARTER ENDED 30.06.2022	YEAR ENDED 30.06.2023	YEAR ENDED 30.06.2022
Profit after taxation attributable to owners of the Company (RM'000)	(A)	123,276	255,390	400,518	652,941
Weighted average number of shares for basic earnings per share computation ('000)	(B)	2,012,419	2,012,419	2,012,419	2,008,539
Effects of dilution of Islamic Convertible Redeemable Preference Shares ('000)		-	-	-	3,880
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	2,012,419	2,012,419	2,012,419	2,012,419
Basic earnings per share (sen)	(A/B)	6.13	12.69	19.90	32.51
Diluted earnings per share (sen)	(A/C)	6.13	12.69	19.90	32.45

26 OTHER INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2023 RM'000	QUARTER ENDED 30.06.2022 RM'000	YEAR ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2022 RM'000
Sundry income	762	21	2,732	133
Interest income	6,990	398	15,067	824
Fair value changes on other investment	-	-	-	130
Unrealised gain on foreign exchange#	9,740	902	-	3,656
Realised gain on foreign exchange#	-	5,919	19,288	4,150
	17,492	7,240	37,087	8,893

\# *The unrealised and realised gains on foreign exchange have neither been derived from the trading of futures contracts nor futures foreign exchange trading.*

27 PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2023 RM'000	QUARTER ENDED 30.06.2022 RM'000	YEAR ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2022 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	135,157	112,704	480,355	280,227
Supplemental payments##	29,774	129,918	196,525	214,737
Finance costs	23,501	24,094	77,255	61,007
SbST###	10,335	76,480	55,939	76,480
Impairment of intangible assets	-	2,036	-	46,942
Impairment of equipment	-	35	-	35
Impairment of investment in an associate	-	-	532	-
Write-off of inventories	-	63	-	63
Write-off of bad debts	-	-	19	-
Fair value changes on other investment	-	-	-	(130)
Share of results of an associate	(1,673)	119	(1,282)	415
Reversal of provision for inventory obsolescence	(3,407)	-	(3,407)	-
Interest income	(9,546)	(402)	(18,377)	(1,883)
Net reversal of tax penalties####	(29,023)	(27,214)	(29,023)	(27,214)
Negative goodwill from business combination	-	-	-	(317,319)
Unrealised (gain)/loss on foreign exchange#####	(9,740)	(902)	22,616	(3,656)
Realised loss/(gain) on foreign exchange#####	2,091	(5,919)	(19,288)	(4,150)

Supplemental payments represent amounts paid/payable by North Sabah, Kinabalu, PM305 and PM314 in relation to their profit oil, when the weighted average oil price exceeds the base price stated in the respective PSCs. The supplemental payments incurred by North Sabah, Kinabalu, PM305 and PM314 in the Current Year amounted to RM117.4 million (Preceding Year: RM115.3 million), RM77.8 million (Preceding Year: RM98.2 million) and RM1.3 million (Preceding Year: RM1.2 million) respectively. The supplemental payments are included in administrative expenses in the profit or loss.

SbST represents State Sales Tax imposed by the Sabah State Government on SEA Hibiscus and Hibiscus Oil & Gas in relation to crude oil produced under their respective PSCs and sold from LCOT. The SbST is included in other expenses in the profit or loss.

The reversal of tax penalties in the Current Year represents a reversal of overprovision for SbST penalties made in the Preceding Year for North Sabah and Kinabalu. The net reversal in the Preceding Year amounting to RM27.2 million comprised a reversal of provision for tax penalties in relation to the Notice of Additional Assessment for YA 2014 and the Notices of Assessment for YA 2015 and YA 2016 raised by the IRB against PM3 CAA of RM65.4 million, partly offset by the provision for SbST penalties of RM38.2 million.

The unrealised and realised gains/losses on foreign exchange have neither been derived from the trading of futures contracts nor futures foreign exchange trading.

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

28 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2023 RM'000	QUARTER ENDED 30.06.2022 RM'000	YEAR ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2022 RM'000
Income taxation	(33,936)	(54,008)	(77,772)	(146,794)
Deferred taxation	(10,611)	61,803	(233,796)	58,304
	(44,547)	7,795	(311,568)	(88,490)

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30.06.2023 RM'000	Quarter Ended 30.06.2022 RM'000	Year Ended 30.06.2023 RM'000	Year Ended 30.06.2022 RM'000
Malaysia – North Sabah				
Income taxation	(5,011)	(40,476)	(46,036)	(109,811)
Deferred taxation	2,410	17,100	5,505	22,916
Total	**(2,601)**	**(23,376)**	**(40,531)**	**(86,895)**
Malaysia – Kinabalu and Others				
Income taxation	(141)	725	(1,721)	1,246
Deferred taxation	(8,067)	49,469	(66,681)	60,924
Total	**(8,208)**	**50,194**	**(68,402)**	**62,170**
Commercial Arrangement Area				
Income taxation	(27,815)	16,822	(316)	3,634
Deferred taxation	(10,472)	(4,149)	(33,643)	(3,951)
Total	**(38,287)**	**12,673**	**(33,959)**	**(317)**
United Kingdom				
Income taxation	(197)	(31,025)	(18,448)	(41,150)
Deferred taxation	4,874	(1,434)	(140,971)	(22,789)
Total	**4,677**	**(32,459)**	**(159,419)**	**(63,939)**
Vietnam				
Income taxation	(45)	(54)	(10,184)	(713)
Deferred taxation	662	817	2,172	1,191
Total	**617**	**763**	**(8,012)**	**478**
Australia				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
Total	**-**	**-**	**-**	**-**
Investment holding and group activities				
Income taxation	(727)	-	(1,067)	-
Deferred taxation	(18)	-	(178)	13
Total	**(745)**	**-**	**(1,245)**	**13**
Group				
Income taxation	(33,936)	(54,008)	(77,772)	(146,794)
Deferred taxation	(10,611)	61,803	(233,796)	58,304
Total	**(44,547)**	**7,795**	**(311,568)**	**(88,490)**

28 TAXATION (CONT'D)

Income Taxation

- Malaysia

  The tax regime under which Malaysian oil and gas activities are governed is PITA. The provisions of PITA are applied to net taxable petroleum income at the rate of 38.0%.

- Commercial Arrangement Area

  The tax regime for PM3 CAA is the tax regime applicable to Malaysian oil and gas activities, which is PITA at the rate of 38.0%.

  Pursuant to the memorandum of understanding entered into between the Government of Malaysia and the Government of Vietnam, the said governments agreed to mutually cooperate in the exploration for and exploitation of petroleum in the overlapping area of the continental shelves located off the northeast coast of Peninsular Malaysia and the southwest coast of Vietnam. Hence, the taxes are paid on an equal basis to the Government of Malaysia and the Government of Vietnam.

- United Kingdom

  The tax regime which applies to exploration for, and production of, oil and gas in the UK, and is thus applicable to Anasuria Hibiscus UK, currently comprises of the RFCT and the SC. The current rates of tax for RFCT and SC are set at 30.0% and 10.0% respectively.

  A new inclusion in the fiscal regime, namely the EPL was enacted when the Energy (Oil and Gas) Profits Levy Act 2022 received Royal Assent on 14 July 2022. The EPL, which took effect from 26 May 2022, introduced an additional 25.0% levy on UK oil and gas profits on top of the existing RFCT and SC. Changes to the original EPL regime which came into effect from 1 January 2023 received Royal Assent on 10 January 2023. The revised EPL regime includes an increased levy rate of 35.0% (from 25.0%) on UK oil and gas profits on top of the existing RFCT and SC. Please refer to Part A, Note 4(i) and Part B, Note 15.1(A)(iv) of this Quarterly Report for further details.

- Vietnam

  The tax rate in Vietnam for the oil and gas, and other extractive industries varies from 32.0% to 50.0%.

Deferred taxation

Deferred tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities recognised upon completion of a business combination are in relation to temporary differences in the tax base of intangible assets (i.e. rights and concession) acquired and their accounting base. This balance is non-cash and will reverse in line with the depletion of the said intangible assets. The reversal of the deferred tax liabilities will result in a tax credit being recorded in the profit or loss.

29 BORROWINGS

Details of borrowings as at 30 June 2023 were as follows:

	As at 30.06.2023 RM'000	As at 30.06.2022 RM'000
Non-current		
Secured		
Lease liabilities	282,730	364,009
Term loan	365,012	-
	647,742	364,009
Current		
Secured		
Lease liabilities	122,924	104,936
Term loan	91,828	-
Unsecured		
Revolving credit	-	88,814
	214,752	193,750

By Order of the Board of Directors
Hibiscus Petroleum Berhad
23 August 2023