HIBISCUS PETROLEUM BERHAD

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

Unaudited Quarterly Financial Report
31 March 2022

(Third financial quarter of financial year ending 30 June 2022)

(Note: This Unaudited Quarterly Financial Report is supplemented by the Corporate and Business Update released on the same day, on 25 May 2022.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31.03.2022 RM'000	QUARTER ENDED 31.03.2021 RM'000	PERIOD ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2021 RM'000
Revenue		297,060	215,984	828,154	551,762
Cost of sales		(35,197)	(66,110)	(216,769)	(222,524)
GROSS PROFIT		261,863	149,874	611,385	329,238
Other income	26	3,995	7,202	3,422	13,564
Administrative expenses		(147,574)	(30,916)	(231,789)	(81,779)
Other expenses		(88,556)	(48,945)	(169,292)	(138,486)
Finance costs		(16,552)	(12,149)	(36,913)	(31,930)
Share of results of an associate		(96)	(103)	(296)	(962)
Negative goodwill from business combination		317,319	-	317,319	-
PROFIT BEFORE TAXATION	27	330,399	64,963	493,836	89,645
Taxation	28	(22,859)	(32,934)	(96,285)	(35,567)
PROFIT AFTER TAXATION		307,540	32,029	397,551	54,078
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- Owners of the Company		307,540	32,029	397,551	54,078
EARNINGS PER SHARE (SEN)					
Basic	25	15.32	1.76	19.81	3.23
Diluted	25	15.28	1.59	19.75	3.01

Note:

Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA")	434,728	122,417	698,272	250,882

(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 2021 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.03.2022 RM'000	QUARTER ENDED 31.03.2021 RM'000	PERIOD ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2021 RM'000
PROFIT AFTER TAXATION	307,540	32,029	397,551	54,078
Other comprehensive income/(expenses):				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation *	11,283	34,315	16,936	(36,632)
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD	318,823	66,344	414,487	17,446
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the Company	318,823	66,344	414,487	17,446

* *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 2021 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 30.06.2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,334,238	1,375,808
Equipment		1,789,207	604,833
Right-of-use assets		174,522	12,407
Other receivables		2,995	5,458
Investment in an associate		4,350	4,381
Restricted cash and bank balances		159,872	125,581
Tax recoverable		48,090	-
		3,513,274	2,128,468
CURRENT ASSETS			
Inventories		173,544	49,462
Trade receivables		194,200	112,905
Other receivables, deposits and prepayments		338,343	182,808
Other investment		-	136,430
Amount owing by a joint venture		320	318
Cash and bank balances		277,975	177,652
Tax recoverable		9,123	-
		993,505	659,575
TOTAL ASSETS		4,506,779	2,788,043
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	966,014	959,892
Other reserves		78,855	62,165
Retained earnings		829,341	451,865
		1,874,210	1,473,922
NON-CURRENT LIABILITIES			
Other payables		6,838	9,545
Borrowings	29	138,535	11,230
Convertible Redeemable Preference Shares ("**CRPS**") – Liability Component		-	5,677
Contingent consideration		37,469	19,683
Deferred tax liabilities		522,778	471,958
Provision for decommissioning costs		623,419	322,697
		1,329,039	840,790

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 2021 and the accompanying explanatory notes attached to the financial statements.

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

	Note	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 30.06.2021 RM'000
CURRENT LIABILITIES			
Trade payables		10,532	9,638
Other payables and accruals		787,288	293,072
Borrowings	29	44,483	15,540
Amount owing to a joint venture		318	318
Amount owing to an associate		5	119
Contingent consideration		10,400	25,251
Provision for decommissioning costs		82,973	58,677
Provision for taxation		367,312	70,497
Redeemable Convertible Preference Shares		219	219
		1,303,530	473,331
TOTAL LIABILITIES		2,632,569	1,314,121
TOTAL EQUITY AND LIABILITIES		4,506,779	2,788,043
NET ASSETS PER SHARE (RM)		0.93	0.74

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 2021 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**
9 months to 31.03.2022						
As at 01.07.2021	959,892	246	389	61,530	451,865	1,473,922
Profit after taxation	-	-	-	-	397,551	397,551
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	16,936	-	16,936
Total comprehensive income for the period	-	-	-	16,936	397,551	414,487
Conversion of CRPS to new ordinary shares	6,122	(246)	-	-	-	5,876
Dividend	-	-	-	-	(20,075)	(20,075)
Total transactions with owners of the Company	6,122	(246)	-	-	(20,075)	(14,199)
As at 31.03.2022	966,014	-	389	78,466	829,341	1,874,210
9 months to 31.03.2021						
As at 01.07.2020	764,965	-	389	97,841	358,112	1,221,307
Profit after taxation	-	-	-	-	54,078	54,078
Other comprehensive expenses, net of tax: - Foreign currency translation	-	-	-	(36,632)	-	(36,632)
Total comprehensive (expenses)/income for the period	-	-	-	(36,632)	54,078	17,446
Issuance of CRPS	-	8,515	-	-	-	8,515
Conversion of CRPS to new ordinary shares	189,071	(8,028)	-	-	-	181,043
Issuance of new ordinary shares from exercise of Warrants C	4	-	-	-	-	4
Dividend	-	-	-	-	(9,923)	(9,923)
Total transactions with owners of the Company	189,075	487	-	-	(9,923)	179,639
As at 31.03.2021	954,040	487	389	61,209	402,267	1,418,392

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 2021 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended	
	31.03.2022 RM'000	**31.03.2021 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	493,836	89,645
Adjustments for:		
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	167,523	129,307
Finance costs	36,913	31,930
Unrealised (gain)/loss on foreign exchange	(2,754)	7,323
Loss on disposal of equipment	-	2,209
Impairment of intangible assets	44,906	-
Share of results of an associate	296	962
Fair value changes on other investment	(130)	(88)
Reversal of contingent consideration	-	(2,329)
Interest income	(1,481)	(1,566)
Negative goodwill from business combination	(317,319)	-
Operating profit before working capital changes	421,790	257,393
Inventories	(24,171)	9,908
Trade receivables	144,407	(81,293)
Other receivables, deposits and prepayments	125,967	35,156
Trade payables	625	7,710
Other payables and accruals	84,449	(38,765)
Amount owing by an associate	(112)	50
Cash generated from operating activities	752,955	190,159
(Tax paid)/tax refund	(103,957)	24,454
Movement in restricted cash and bank balances **	(33,322)	(24,598)
Net cash generated from operating activities	615,676	190,015
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investment	136,560	(197,193)
Interest received	1,481	1,566
Proceed from disposal of equipment	-	3,568
Purchase of equipment	(79,126)	(94,187)
Acquisition of intangible assets	(20,575)	(22,323)
Net cash outflow arising from business combination	(503,297)	-
Net cash used in investing activities	(464,957)	(308,569)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of lease liabilities	(21,657)	(10,021)
Net repayment of term loan	-	(49,358)
Net proceeds from issuance of ordinary shares	-	4
Proceeds from issuance of CRPS	-	195,940
Dividend paid to equity holders of the Company	(20,075)	-
Net cash (used in)/generated from financing activities	(41,732)	136,565
Net increase in cash and cash equivalents	108,987	18,011
Effects of foreign exchange rate changes	(9,455)	10,215
Cash and cash equivalents at beginning of the financial period	173,889	77,307
Cash and cash equivalents at end of the financial period	273,421	105,533

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

	Period Ended	
	31.03.2022	**31.03.2021**
	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 **	159,872	117,383
Current		
Cash and bank balances	277,975	109,284
Less: Restricted cash and bank balances ***	(4,554)	(3,751)
Cash and cash equivalents	273,421	105,533

** *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: (i) Balance of proceeds from the Private Placement of CRPS (please refer to Part B, Note 17 (i) of this Quarterly Report for further details). The amount as at 31 March 2022 is RM0.013 million (31 March 2021: RM0.002 million); and (ii) SEA Hibiscus Sdn Bhd and Repsol Oil & Gas Malaysia Limited are required to place deposits with financial institutions as security for banking facilities obtained. The amounts as at 31 March 2022 are RM3.800 million (31 March 2021: RM3.749 million) and RM0.740 million (31 March 2021: Not applicable) respectively.*

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 2021 and the accompanying explanatory notes attached to the financial statements.

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 Malaysian Financial Reporting Standard ("**MFRS**") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("**MASB**") and Paragraph 9.22 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The explanatory notes attached to the unaudited condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 30 June 2021.

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 2021:

Amendments to MFRS 7, MFRS 9, MFRS 16 and MFRS 139	*Interest Rate Benchmark Reform – Phase 2*
Amendments to MFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*

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**
Annual Improvements to MFRSs 2018 – 2020	*MFRS 9 Financial Instruments, Illustrative Examples Accompanying MFRS 16 Leases*	1 January 2022
Amendments to MFRS 3	*Reference to the Conceptual Framework*	1 January 2022

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 116	*Property, Plant and Equipment − Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137	*Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101	*Classification of Liabilities as Current or Non-current*	1 January 2023
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
Amendments to MFRS Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023

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

Save as disclosed below, there were no other significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 31 March 2022 ("**Current Period**").

(i) Acquisition of the entire equity interest in Fortuna International Petroleum Corporation ("**FIPC**") ("**FIPC Acquisition**")

On 2 June 2021, the Company announced that its indirect wholly-owned subsidiary, Peninsula Hibiscus Sdn Bhd ("**Peninsula Hibiscus**"), had on 1 June 2021 entered into a conditional sale and purchase agreement ("**Repsol SPA**") with Repsol Exploración, S.A. ("**Repsol**") for the FIPC Acquisition by Peninsula Hibiscus for a cash purchase consideration of United States Dollar ("**USD**") 212.5 million (subject to agreed adjustments).

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

FIPC through its wholly-owned subsidiaries, namely Repsol Oil & Gas Malaysia Limited ("**RML**"), Repsol Oil & Gas Malaysia (PM3) Limited ("**RMPM3**") and Talisman Vietnam Limited ("**TVL**") (collectively, "**FIPC Group**") owns participating interests in the following production sharing contracts ("**PSC**"):

a) 60% interest in the 2012 Kinabalu Oil PSC located off the coast of Sabah, Malaysia ("**Kinabalu**"), held by RML;

b) 35% interest in the PM3 CAA PSC located within the Commercial Arrangement Area ("**CAA**") between Malaysia and the Socialist Republic of Vietnam ("**Vietnam**") ("**PM3 CAA**"), held by RMPM3 (12.7%) and RML (22.3%);

c) 60% interest in each of the PM305 and PM314 PSCs located off the eastern coast of Peninsular Malaysia in the Malay Basin ("**PM305**" and "**PM314**"), held by RML; and

d) 70% interest in the Block 46 PSC (Cai Nuoc), a tie-back asset to the PM3 CAA PSC located in Vietnamese waters ("**Block 46**"), held by TVL.

(The Kinabalu, PM3 CAA, PM305, PM314 and Block 46 PSCs are collectively referred to as the "**FIPC Assets**".)

The FIPC Acquisition results in the Group assuming Repsol's role as operator in all of the PSCs under the joint operating agreements.

The parties holding the remaining participating interests in the FIPC Assets are as follows:

a) PETRONAS Carigali Sdn Bhd ("**PCSB**"), a wholly-owned subsidiary of Petroliam Nasional Berhad, in the Kinabalu, PM305 and PM314 PSCs;

b) PCSB and PetroVietnam Exploration & Production Corporation ("**PVEP**"), a wholly-owned subsidiary of Vietnam Oil and Gas Group, in the PM3 CAA PSC; and

c) PVEP in the Block 46 PSC.

The FIPC Acquisition was completed on 24 January 2022 ("**Completion Date**").

Pursuant to the Repsol SPA, Peninsula Hibiscus and Repsol mutually agreed on a final purchase consideration of USD138.7 million, after taking into account various adjustments. (Please refer to Part A, Note 7 (iii) for further details.)

Please refer to our announcements dated 2 June 2021, 4 June 2021, 9 June 2021, 23 June 2021, 2 July 2021 and 14 July 2021, 12 November 2021, 8 December 2021, 10 December 2021, 13 December 2021, 28 December 2021, 20 January 2022 and 25 January 2022 for further details.

(ii) <u>Close Out Deed for Licence No. P2366</u>

On 12 December 2019, the Company announced that its indirect wholly-owned subsidiary, Anasuria Hibiscus UK Limited ("**Anasuria Hibiscus UK**"), completed the acquisition of 100% interest in Licence No. P2366 on 4 December 2019 for a total cash consideration of USD5.0 million from United Oil & Gas PLC ("**United**") and Swift Exploration Limited ("**Swift**"). United and Swift each hold 95% and 5% participating interest respectively. USD1.0 million was paid upon completion of the Sales and Purchase Agreement dated 7 October 2019 ("**P2366 SPA**"). Subject to further milestones being achieved post completion of the P2366 SPA, an additional sum of up to USD3.0 million would be paid before the end of 2020. A further USD1.0 million would be paid once the field went on production.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

The Company had on 23 March 2022 announced that, Anasuria Hibiscus UK entered into an agreement with United for purposes of addressing remaining matters in respect of United's interest in the earlier P2366 SPA ("**Close Out Deed**") following determination of Licence No. P2366 on 30 September 2021 pursuant to the decision of the United Kingdom ("**UK**")'s North Sea Transition Authority ("**NSTA**") (formerly known as the Oil and Gas Authority) not to extend the licence to allow time for Ithaca Energy Limited and Anasuria Hibiscus UK to reach a consensus for a common offtake solution for the Marigold and Sunflower fields in the Central North Sea after the NSTA's suspension of review of a Field Development Plan for the Marigold and Sunflower fields previously submitted by Anasuria Hibiscus UK. In accordance with the terms of the Close Out Deed, a payment of USD2.5 million shall be made in 3 instalments in accordance with an agreed timeline. The first instalment of USD0.5 million was paid on 25 March 2022, the second and third instalments of USD1.0 million respectively shall be paid by 29 June 2022 and 29 December 2022.

Please refer to our announcements dated 17 July 2019, 7 October 2019, 12 December 2019, 4 December 2020, 26 August 2021, 4 October 2021, 10 November 2021 and 23 March 2022 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 Period.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

There were no other material events subsequent to the end of the Current Period 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 Period.

(i) On 10 September 2021, Hibiscus Capital Limited ("**Hibiscus Capital**") was incorporated under the Labuan Companies Act, 1990 with an issued and paid-up share capital of 1 ordinary share of USD1.00. Hibiscus Capital became a wholly-owned subsidiary of Genesis Hibiscus Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company.

(ii) On 27 September 2021, Borneo Hibiscus Sdn Bhd ("**Borneo Hibiscus**") was incorporated under the Companies Act, 2016 with an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. Borneo Hibiscus became a wholly-owned subsidiary of Pacific Hibiscus Sdn Bhd ("**Pacific Hibiscus**"), which in turn is a wholly-owned subsidiary of the Company.

7 CHANGES IN THE COMPOSITION OF THE GROUP (CONT'D)

(iii) On 24 January 2022, the Group completed the FIPC Acquisition.

The purchase consideration per the Repsol SPA was USD212.5 million (equivalent to RM890.4 million). In calculating the final purchase consideration, the following adjustments were made (pursuant to Clause 2 of the Repsol SPA):

	RM'000
Purchase consideration per the Repsol SPA (i.e. USD212.5 million)	890,396
Add: Time value amount	19,491
Less: Pre-closing dividend	(326,828)
Less: Leakage adjustment amount	(2,092)
Final purchase consideration (i.e. USD138.7 million)	580,967
Less: Cash and cash equivalents of subsidiaries acquired	(77,670)
Net cash outflow arising from business combination	503,297

The resulting final purchase consideration was USD138.7 million (equivalent to RM581.0 million).

The fair value of the identifiable assets and liabilities of FIPC Group has been determined in accordance with the provisions of MFRS 3 *Business Combinations* and assigned to the identifiable assets and liabilities on Completion Date. The fair value of the identifiable assets and liabilities of FIPC Group as at Completion Date is as follows:

	Fair value recognised on acquisition RM'000
Assets	
Intangible assets	28,189
Equipment	1,188,004
Right-of-use assets	172,486
Tax recoverable	56,676
Inventories	98,780
Trade receivables	223,267
Other receivables, deposits and prepayments	275,090
Cash and bank balances	77,670
	2,120,162
Liabilities	
Trade payables	96,226
Other payables and accruals	234,752
Lease liabilities	172,480
Provision for decommissioning costs	370,705
Provision for taxation	306,477
Deferred tax liabilities	41,236
	1,221,876
Total identifiable net assets at fair value	898,286
Negative goodwill from business combination	(317,319)
Final purchase consideration (after adjustments)	580,967

7 CHANGES IN THE COMPOSITION OF THE GROUP (CONT'D)

The transaction resulted in a gain (i.e. negative goodwill) as the Group has the skill sets and capabilities to further enhance the value of the acquired assets post acquisition. As a result, the fair value of the acquired assets was greater than the final purchase consideration. The negative goodwill of RM317.3 million has been recognised in the profit or loss account in the Current Period.

For the purposes of reporting the financial performance of FIPC Group (and as disclosed based on MFRS 8 *Operating Segments*), the Group has segregated the PSCs acquired into the following operating segments:

- Malaysia – Kinabalu and Others
  - Comprises of the Kinabalu, PM305 and PM314 PSCs.
- Commercial Arrangement Area
  - Comprises the PM3 CAA PSC.
- Vietnam
  - Comprises the Block 46 PSC.

(Please refer to Part A, Note 11 of this Quarterly Report for further details.)

For the period from 25 January 2022 to 31 March 2022, FIPC Group contributed revenue of RM124.8 million and profit after taxation ("**PAT**") generated from operations of RM17.6 million. With the inclusion of the negative goodwill of RM317.3 million, total PAT generated by the operating segments in the FIPC Group for the financial quarter ended 31 March 2022 ("**Current Quarter**") amounted to RM334.9 million.

The abovementioned FIPC Group's revenue, allocation of negative goodwill and PAT reported for the Current Quarter by operating segments are shown in the table below:

Current Year Quarter/Period 31.03.2022	**Malaysia – Kinabalu and Others RM'000**	**Commercial Arrangement Area RM'000**	**Vietnam RM'000**	**Total RM'000**
Revenue	3,705	121,088	-	124,793
Negative goodwill	165,006	145,967	6,346	317,319
PAT	146,914	170,226	17,727	334,867

The negative goodwill has been allocated to the respective operating segments based on the relative fair value of the identifiable net assets of the PSCs at Completion Date.

Had the FIPC Group been acquired on 1 July 2021, the Group's revenue and PAT for the Current Period would have been RM1,321.1 million and RM541.4 million respectively.

Transaction costs and professional fees incurred relating to the FIPC Acquisition of RM2.9 million was expensed to the profit or loss account as part the Group's administrative expenses.

7 CHANGES IN THE COMPOSITION OF THE GROUP (CONT'D)

(iv) On 15 March 2022, Lime Petroleum Plc and its concession companies ("**Lime Group**") were dissolved. The Group's investment in the Lime Group had been fully impaired in the financial year ended 30 June 2016.

(v) On 31 March 2022, Straits Hibiscus Sdn Bhd ("**Straits Hibiscus**") was incorporated under the Companies Act, 2016 with an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. Straits Hibiscus became a wholly-owned subsidiary of Asia Hibiscus Sdn Bhd ("**Asia Hibiscus**"), which in turn is a wholly-owned subsidiary of the Company.

(vi) On 31 March 2022, Asia Hibiscus completed the acquisition of 100% equity interest in Borneo Hibiscus from Pacific Hibiscus for a consideration of RM2.00. Borneo Hibiscus remains as an indirect wholly-owned subsidiary of the Company.

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 account, or net assets value of the Group.

9 DIVIDENDS PAID

The Company paid on 28 January 2022 a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2021 amounting to RM20.1 million.

10 DEBT AND EQUITY SECURITIES

The movements in the issued share capital of the Company during the Current Period were as follows:

	PERIOD ENDED 31.03.2022	
	Number of shares	**Share capital RM'000**
ORDINARY SHARES		
As at 01.07.2021	2,000,137,151	959,892
Conversion of CRPS to new ordinary shares	12,281,592	6,122
As at 31.03.2022	2,012,418,743	966,014

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

<u>Private Placement of CRPS</u> (Please refer to Part B, Note 17 (i) of this Quarterly Report for further details.)

During the Current Period, the issued and paid-up ordinary share capital of the Company was increased by way of conversion of 5,895,169 units of the second tranche of the Private Placement of CRPS ("**CRPS-T2**") into 12,281,592 new ordinary shares at a conversion price of RM0.48.

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 ^:

(i) Malaysia – North Sabah

Group's investment in 50% participating interest in the 2011 North Sabah Enhanced Oil Recovery ("**EOR**") PSC ("**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 Labuan Crude Oil Terminal ("**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 Period are 4.1894 and 4.2068 respectively.

(ii) Malaysia – Kinabalu and Others

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

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

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

PM314
- Group's investment in 60% participating interest in the PM314 PSC, 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 Period are 4.1894 and 4.2068 respectively.

(iii) Commercial Arrangement Area

Group's investment in 35% participating interest in the PM3 CAA PSC, located within the CAA 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 Period are 4.1894 and 4.2068 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:
  - (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 floating production storage and offloading vessel ("**FPSO**"), and
  - (iv) 50% interest in Anasuria Operating Company Limited ("**AOCL**").

11 OPERATING SEGMENTS (CONT'D)

(iv) United Kingdom

(b) Licence No. P2532
- Group's investment in 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 70% interest in Licence No. P2535 (Block 21/24d) containing the Teal West discovered field.

Marigold Area

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

(b) Licence No. P2366
- Group's investment in 100% interest in Licence No. P2366 (Blocks 15/18d and 15/19b) containing the Crown discovered field. Our request for an extension of the expiry date of the licence was not approved by NSTA. Consequently, the licence expired on 30 September 2021.

(c) Licence No. P2518
- Group's investment in 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 Period are 4.1894 and 4.2068 respectively.

(v) Australia

Group's operations in the VIC/RL17 Petroleum Retention Lease ("**VIC/RL17**") for the West Seahorse field (previously known as the VIC/L31 Production Licence ("**VIC/L31**")), other exploration prospects in Australia within the VIC/P57 Exploration Permit ("**VIC/P57**"), the VIC/P74 Exploration Permit ("**VIC/P74**"), and investment in 3D Oil Limited ("**3DO**").

The segment's functional currency is the Australian Dollar ("**AUD**"). The average and closing rates adopted for conversion to RM in the Current Period are 3.0510 and 3.1515 respectively.

(vi) Vietnam

Group's investment in 70% interest in the Block 46 PSC, a tie-back asset to the PM3 CAA PSC 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 Period are 4.1894 and 4.2068 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.

^ *The Directors have fully impaired the Group's investment in HiRex Petroleum Sdn Bhd ("**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 31.03.2022								
Non-current assets	629,684	520,856	890,067	1,444,397	18,461	6,308	3,501	3,513,274
Included in the segment assets is:								
Investment in an associate	-	-	-	-	-	4,350	-	4,350
Additions to non-current assets	4,595	6,614	30,984	88,111 ^^	-	-	1,491	131,795
Period ended 31.03.2022								
Project management, technical and other service fees	-	-	-	-	-	-	2,903	2,903
Sales of crude oil and gas	475,251	3,705	121,088	224,152	-	-	-	824,196
Interest income	-	-	-	-	-	-	1,055	1,055
Revenue	475,251	3,705	121,088	224,152	-	-	3,958	828,154
Depreciation and amortisation	(84,100)	(19,239)	(30,532)	(31,973)	(694)	-	(985)	(167,523)
Profit/(loss) from operations	171,262	(29,584)	40,152	96,677	11,714	(176)	(31,839)	258,206
Impairment of intangible assets	-	-	-	-	-	(44,906)	-	(44,906)
Share of results of an associate	-	-	-	-	-	(296)	-	(296)
Finance costs	(10,912)	(509)	(2,924)	(16,600)	(48)	-	(5,920)	(36,913)
Interest income	78	25	21	302	-	-	-	426
Negative goodwill from business combination	-	165,006	145,967	-	6,346	-	-	317,319
Taxation	(63,519)	11,976	(12,990)	(31,480)	(285)	-	13	(96,285)
PAT/(Loss after taxation ("**LAT**"))	96,909	146,914	170,226	48,899	17,727	(45,378)	(37,746)	397,551
EBITDA/(Loss Before Interest, Taxes, Depreciation and Amortisation ("**LBITDA**"))	255,440	154,686	216,672	128,952	18,754	(45,378)	(30,854)	698,272

^^ *Additions to non-current assets for United Kingdom included RM11.9 million invested for Block 15/13a (Marigold) and Block 15/13b (Sunflower).*

11 OPERATING SEGMENTS (CONT'D)

	Malaysia – North Sabah RM'000	United Kingdom RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
As at 31.03.2021					
Non-current assets	709,957	1,358,255	52,546	3,301	2,124,059
Included in the segment assets is:					
Investment in an associate	-	-	4,766	-	4,766
Additions to non-current assets	143,109	102,350 ^^^	1,799	727	247,985
Period ended 31.03.2021					
Project management, technical and other service fees	-	-	-	2,876	2,876
Sales of crude oil and gas	389,002	158,626	-	-	547,628
Interest income	-	-	-	1,258	1,258
Revenue	389,002	158,626	-	4,134	551,762
Depreciation and amortisation	(80,325)	(48,062)	-	(920)	(129,307)
Profit/(loss) from operations	126,497	10,316	3,055	(17,759)	122,109
Loss on disposal of equipment	-	-	-	(2,209)	(2,209)
Share of results of an associate	-	-	(962)	-	(962)
Reversal of contingent consideration	-	2,329	-	-	2,329
Finance costs	(14,768)	(13,783)	-	(3,379)	(31,930)
Interest income	80	228	-	-	308
Taxation	(36,653)	797	-	289	(35,567)
PAT/(LAT)	75,156	(113)	2,093	(23,058)	54,078
EBITDA/(LBITDA)	206,902	60,935	2,093	(19,048)	250,882

^^^ *Additions to non-current assets for United Kingdom included RM72.2 million invested for Block 15/13a (Marigold) and Block 15/13b (Sunflower).*

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.03.2022 RM'000	QUARTER ENDED 31.03.2021 RM'000	PERIOD ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2021 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum UK Limited	1,006	923	2,903	2,803
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	-	1	-	1
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	-	-	-	1
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	(34)	(182)	(170)	(1,632)

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 account, or net assets value of the Group as at 31 March 2022:

	RM'000
Approved and contracted for:	
Group's capital commitments	136,465
Share of a joint operation's capital commitments	7,325
Total capital commitments approved and contracted for	143,790
Share of a joint operation's other material commitments	33,602
	177,392
Approved but not contracted for:	
Group's capital commitments	154,668
Share of a joint operation's capital commitments	61,277
Total capital commitments approved but not contracted for	215,945
Share of a joint operation's other material commitments	3,662
	219,607

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 Period 31.03.2022 RM'000	Current Year Quarter 31.03.2022 RM'000	Immediate Preceding Quarter 31.12.2021 RM'000	Current Year Quarter vs Immediate Preceding Quarter (Change in %)
Malaysia – North Sabah				
Revenue	475,251	113,125	184,447	(39)
EBITDA	**255,440**	**48,072**	**105,435**	**(54)**
PBT	160,428	17,611	72,832	(76)
Taxation	(63,519)	(7,480)	(29,252)	74
PAT	96,909	10,131	43,580	(77)
Malaysia – Kinabalu and Others				
Revenue	3,705	3,705	N/A	N/A
EBITDA	**154,686**	**154,686**	N/A	N/A
PBT	134,938	134,938	N/A	N/A
Taxation	11,976	11,976	N/A	N/A
PAT	146,914	146,914	N/A	N/A
Commercial Arrangement Area				
Revenue	121,088	121,088	N/A	N/A
EBITDA	**216,672**	**216,672**	N/A	N/A
PBT	183,216	183,216	N/A	N/A
Taxation	(12,990)	(12,990)	N/A	N/A
PAT	170,226	170,226	N/A	N/A
United Kingdom				
Revenue	224,152	58,136	98,588	(41)
EBITDA	**128,952**	**48,866**	**44,950**	**9**
PBT	80,379	33,903	27,868	22
Taxation	(31,480)	(14,084)	(10,931)	(29)
PAT	48,899	19,819	16,937	17
Vietnam				
Revenue	-	-	N/A	N/A
EBITDA	**18,754**	**18,754**	N/A	N/A
PBT	18,012	18,012	N/A	N/A
Taxation	(285)	(285)	N/A	N/A
PAT	17,727	17,727	N/A	N/A
Australia				
Revenue	-	-	-	-
(LBITDA)/EBITDA	**(45,378)**	**(43,939)**	**140**	-
(LBT)/PBT	(45,378)	(43,939)	140	-
Taxation	-	-	-	-
(LAT)/PAT	(45,378)	(43,939)	140	-
Investment holding and group activities				
Revenue	3,958	1,006	1,369	(27)
LBITDA	**(30,854)**	**(8,383)**	**(10,616)**	21
LBT	(37,759)	(13,342)	(12,173)	(10)
Taxation	13	4	4	-
LAT	(37,746)	(13,338)	(12,169)	(10)
Group				
Revenue	828,154	297,060	284,404	4
EBITDA	**698,272**	**434,728**	139,909	**211**
PBT	493,836	330,399	88,667	273
Taxation	(96,285)	(22,859)	(40,179)	43
PAT	397,551	307,540	48,488	534

N/A - *Not applicable, as the FIPC Acquisition was completed on 24 January 2022.*

15 PERFORMANCE REVIEW (CONT'D)

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

(A) <u>Statements of Profit or Loss</u>

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

(i) Malaysia – North Sabah

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

The Company's indirect wholly-owned subsidiary, SEA Hibiscus Sdn Bhd ("**SEA Hibiscus**"), holds 50% participating interests in the 2011 North Sabah EOR PSC.

In the Current Period, the North Sabah segment recorded revenue of RM475.3 million. 1,452,918 barrels of crude oil were sold at an average realised oil price of USD78.08 per barrel ("**bbl**").

Gross profit and EBITDA attained were RM337.0 million and RM255.4 million respectively. Gross profit margin and EBITDA margin over revenue were relatively high at 70.9% and 53.7% respectively. The healthy gross profit margin was largely driven by the relatively high average realised oil price and a low average operating costs ("**OPEX**") per bbl.

Average OPEX per bbl was USD14.78. The OPEX per bbl included amounts incurred for planned maintenance activities performed at the offshore platforms at South Furious and Barton during the financial quarter ended 30 September 2021 ("**September 2021 Quarter**"). In addition, higher costs were incurred due to the commencement of calendar year ("**CY**") 2022's annual planned major maintenance campaign in March 2022. OPEX in the Current Period was also impacted by COVID-19 restrictions and government standard operating procedures that were imposed.

The average uptime and the average net oil production rate achieved in the Current Period were 87% and 5,333 bbls per day respectively. These metrices were adversely affected by a period of reduced production at the Barton, South Furious and South Furious 30 fields in the September 2021 Quarter. The reduced production at these fields was as a result of certain restrictions on movement, quarantine requirements, manpower and logistic constraints during the COVID-19 outbreak during the financial quarter ended 30 September 2021. These disrupted the services provided by several of our contractors. Consequently, certain routine operational outages could not be addressed promptly. There was also higher unplanned production platform interruption at the South Furious and South Furious 30 fields in January 2022.

Segment PBT was RM160.4 million. It was derived mainly after deducting the following items from EBITDA, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM78.0 million; and

- Unwinding of discount on provision for decommissioning costs of RM6.6 million.

15 PERFORMANCE REVIEW (CONT'D)

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

The tax regime under which Malaysian oil and gas activities are governed, and is thus applicable to SEA Hibiscus, is the Petroleum (Income Tax) Act 1967 ("**PITA**"). The provisions of PITA are applied to net taxable petroleum income at the rate of 38.0%. Total net tax expenses in the Current Period were RM63.5 million. The resulting effective tax rate over PBT was 39.6%, which is fairly consistent with the PITA rate of 38.0%.

- **Current quarter results**

The North Sabah segment recorded revenue and gross profit of RM113.1 million and RM80.7 million respectively in the Current Quarter. Gross profit margin achieved was 71.4%.

During the Current Quarter, the segment sold 300,252 bbls of crude oil in one offtake at an average realised oil price of USD89.58 per bbl.

Both average uptime and average OPEX per bbl were at healthy levels. Average uptime achieved was 87% while average OPEX per bbl recorded was USD12.89.

The average net oil production rate in the Current Quarter was however marginally lower than expected, at 4,695 bbls per day due to higher unplanned production interruptions in January 2022. North Sabah's metrices were also impacted by the commencement of CY 2022's annual planned major maintenance campaign in March 2022.

A relatively high average realised oil price, coupled with careful management of costs and efficient operational performance resulted in an EBITDA margin attained in the Current Quarter of 42.5%. This was despite only one crude oil offtake being undertaken, instead of the customary two offtakes in a quarter.

In the Current Quarter, the segment recorded a PBT of RM17.6 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 RM25.4 million; and
- Unwinding of discount on provision for decommissioning costs of RM2.4 million.

Total net tax expenses in the Current Quarter were RM7.5 million. The resulting effective tax rate over PBT was 42.5%, which is broadly consistent with the PITA rate of 38.0%.

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

	Kinabalu RM'000	Others ^^^ RM'000	Total RM'000
Revenue	-	3,705	3,705
EBITDA	153,657	1,029	154,686
PBT	133,868	1,070	134,938
Taxation	12,457	(481)	11,976
PAT	146,325	589	146,914

^^^ *Consists of PM305 and PM314.*

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

The Malaysia – Kinabalu and Others segment consists of the Kinabalu, PM305 and PM314 PSCs, which were all acquired as part of the FIPC Acquisition.

As at Completion Date, the fair value of the identifiable assets and liabilities acquired has been accounted for in accordance with the provisions of MFRS 3 *Business Combinations*. The fair value when compared against the final purchase consideration of the FIPC Acquisition resulted in a total negative goodwill of RM317.3 million. As mentioned in Part A, Note 7 (iii) of this Quarterly Report, the Group has segregated the PSCs acquired into three operating segments, namely Malaysia – Kinabalu and Others, Commercial Arrangement Area and Vietnam. This segment's share of the negative goodwill (allocated to the respective operating segments based on the relative fair value of the identifiable net assets of the PSCs at Completion Date) is RM165.0 million.

In addition, the Kinabalu PSC recognised a gain from the revaluation of its share of the opening underlift inventory acquired from Repsol ("**Acquired Underlift Inventory**") of 117,686 bbls amounting to RM18.7 million. There was no sale of crude oil by the Kinabalu PSC from Completion Date to 31 March 2022 and as a result, the Acquired Underlift Inventory remained part of the Group's receivables balance as at 31 March 2022. This Acquired Underlift Inventory represents the right to receive crude oil in future offtakes or cash from other participants to the PSC and was measured at fair value at Completion Date. It was then subsequently remeasured at fair value as at 31 March 2022 (in accordance with the provisions of MFRS 9 *Financial Instruments*), which resulted in the gain on revaluation stated above.

As previously mentioned, the FIPC Acquisition was completed on 24 January 2022. Accordingly, the financial performance of the newly acquired PSCs for the Current Period was from 25 January 2022 to 31 March 2022.

15 PERFORMANCE REVIEW (CONT'D)

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

PAT achieved for the segment in the Current Period was driven by the abovementioned gains recognised in the profit or loss account. They were partially off-set by accruals for supplemental payment and amortisation of intangible assets and depreciation of oil and gas assets amounting to RM28.7 million and RM18.5 million respectively.

The tax regime governing this segment is PITA, at the rate of 38.0%. Total net tax credit in the Current Period was RM12.5 million. The resulting effective tax rate over the "normalised" LBT (after omitting the negative goodwill) of RM30.1 million was 39.8%, which is fairly consistent with the 38.0% PITA rate.

- **Current quarter results**

As the completion of the FIPC Acquisition took place on 24 January 2022, commentary for the Current Quarter is similar to that illustrated above for "Financial year-to-date results".

(iii) Commercial Arrangement Area

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

The CAA segment consists of the PM3 CAA PSC, which was acquired as part of the FIPC Acquisition.

PAT generated by this segment from Completion Date to 31 March 2022 amounted to RM170.2 million.

The segment's share of the negative goodwill amounted to RM146.0 million (please refer to Part A, Note 7 (iii) of this Quarterly Report for further details).

During the Current Period, the segment contributed RM121.1 million to revenue and RM78.9 million to gross profit from the sale of crude oil and gas. Gross profit margin was 65.2%.

The PM3 CAA PSC's revenue of RM121.1 million consists of the following:

- Gas – RM74.6 million (2,553 million standard cubic feet ("**scf**") ("**MMscf**") at the average realised price of USD6.98 per thousand scf); and

- Crude oil – RM46.5 million (89,669 bbls at the average realised oil price of USD123.69 per bbl).

The healthy gross profit margin was largely driven by a low average OPEX per bbl of oil equivalent ("**boe**") of USD10.96. The OPEX per boe included amounts incurred on major maintenance activities at the Bunga Orkid platforms, well integrity and intervention campaigns and inspection and maintenance work scope.

15 PERFORMANCE REVIEW (CONT'D)

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

The average net oil and condensate production rate and average uptime achieved in the Current Period were high, at 2,467 bbls per day and 96% respectively.

The "normalised" EBITDA for the segment after omitting the impact of the negative goodwill was RM70.7 million, resulting in an EBITDA margin of 58.4%.

The CAA segment's "normalised" PBT was RM37.2 million. It was derived mainly after deducting the following items from the "normalised" EBITDA, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM24.9 million; and
- Unwinding of discount on provision for decommissioning costs of RM1.3 million.

The tax regime governing this segment is PITA, at the rate of 38.0%. Total net tax expenses in the Current Period were RM13.0 million. The resulting effective tax rate over the "normalised" PBT was 34.9%.

- **Current quarter results**

As the completion of the FIPC Acquisition took place on 24 January 2022, commentary for the Current Quarter is similar to that illustrated above for "Financial year-to-date results".

(iv) United Kingdom

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

The United Kingdom segment sold 522,298 bbls of crude oil in the Current Period at an average realised oil price of USD80.75 per bbl. Total revenue generated from the sale of crude oil in the Current Period amounted to RM180.7 million.

In addition, contribution to revenue from the sale of gas was more significant in the Current Period due to significantly higher gas prices. The average price per therm rose sharply commencing from October 2021 onwards. Total gas revenue in the Current Period amounted to RM43.5 million, which was significantly higher than what has been normally recognised.

Average OPEX per boe recorded for the Current Period was USD25.84. A portion of the costs incurred for CY 2021's planned shutdown of the Anasuria FPSO for maintenance activities ("**2021 Offshore Turnaround**") was included in July 2021, hence part of the Current Period's cost of sales.

Both the average daily oil equivalent production rate and the average uptime in the Current Period were low, at 2,197 boe per day and 71% respectively.

15 PERFORMANCE REVIEW (CONT'D)

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

Recall that in the process of bringing the Anasuria FPSO back to full production upon completion of the 2021 Offshore Turnaround in April/May 2021, a malfunction of a critical component of the subsea infrastructure was identified. The critical component relates to a production riser that transports produced crude oil to the Anasuria FPSO. This component has been isolated from the primary production system. The impact of this temporary isolation is a lower overall daily production rate from the Anasuria Cluster which will continue until the failed component is replaced. Engineering and procurement activities are currently on-going on a fast-track basis with execution expected to be concluded in the third quarter of CY 2022. Until the failed component is returned to service, we anticipate that there will be an impact on OPEX per boe and CY 2022 offtake volumes. The Group will provide guidance on the production impact once the project schedule for rectification works has been finalised. The initial costs relating to these rectification works have been included in the Current Period's cost of sales. The average daily oil equivalent production rate was also adversely affected by a planned well intervention programme carried out at the Guillemot A field in March 2022.

Despite this, the United Kingdom segment achieved healthy profit margins in the Current Period. The segment recorded gross profit and EBITDA amounting to RM156.5 million (69.8% margin over revenue) and RM129.0 million (57.5% margin over revenue) respectively.

PBT stood at RM80.4 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM32.0 million; and

- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM15.3 million and RM1.8 million respectively.

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 ring fence corporation tax and a supplementary charge. The current rates of tax for ring fence corporation tax and supplementary charge are set at 30.0% and 10.0% respectively. The segment recorded a net tax charge in the Current Period amounting to RM31.5 million, representing an effective tax rate over PBT of 39.2%. This was slightly lower than the statutory rates stated, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the supplementary charge tax regime.

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

  Revenue of RM58.1 million in the Current Quarter consists of the following:

  - Crude oil – RM38.7 million (74,304 bbls at the average realised oil price of USD122.28 per bbl); and

  - Gas – RM19.4 million.

  In the Quarterly Report for the financial quarter ended 31 December 2021 ("**Preceding Quarter**"), it was highlighted that the crude oil offtake in the Preceding Quarter included an overlift volume of 90,000 bbls (which occurred during the December 2021 offtake). In accordance with MFRS 15 *Revenue from Contracts with Customers*, the overlift volume was in effect a sale of crude oil at the point of lifting by Anasuria Hibiscus UK and accordingly, the initial measurement of the overlift volume had been included in both the Preceding Quarter's revenue and cost of sales at the average realised oil price for the December 2021 offtake (i.e. RM27.1 million), hence no gross profit was recognised on this overlift transaction in the Preceding Quarter. In line with the applicable accounting principles, the gross profit from this overlift transaction has been duly included in the Current Quarter's gross profit, which amounted to RM27.1 million (in the form of reversal from cost of sales).

  Thus, the gross profit and EBITDA amounted to RM66.1 million and RM48.9 million respectively.

  Average OPEX per boe recorded for the Current Quarter was USD25.34. The relatively high OPEX per boe was due to relatively weak operational performance. Both the average daily oil equivalent production rate and the average uptime in the Current Quarter were low, at 1,983 boe per day and 68% respectively. As highlighted earlier, the adverse impact of the malfunction of a critical component of the subsea infrastructure persisted in the Current Quarter. In addition, the planned well intervention programme carried out at the Guillemot A field in March 2022 caused a shutdown of some of the production from the field which consequently had an adverse impact on the month's production.

  PBT stood at RM33.9 million after deducting the following non-cash items from EBITDA:

  - Amortisation of intangible assets and depreciation of oil and gas assets of RM9.4 million; and

  - Unwinding of discount on provision for decommissioning costs and contingent consideration of RM5.1 million and RM0.6 million respectively.

  The segment recorded a net tax charge in the Current Quarter amounting to RM14.1 million, or 41.5% over PBT.

15 PERFORMANCE REVIEW (CONT'D)

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

(v) Vietnam

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

  The Vietnam segment consists of the Block 46 PSC, which was acquired as part of the FIPC Acquisition.

  PAT for the Current Period amounted to RM17.7 million.

  Similar to the Kinabalu PSC, there was no sale of crude oil by the Block 46 PSC from Completion Date to 31 March 2022. Acquired Underlift Inventory for this segment was 81,418 bbls and upon the revaluation exercise as at 31 March 2022, a gain of RM12.7 million was recognised.

  In addition, the segment's share of the negative goodwill amounted to RM6.3 million (please refer to Part A, Note 7 (iii) of this Quarterly Report for further details).

  For Block 46, income tax of 50.0% is paid on behalf of the PSC participants by PVEP.

- **Current quarter results**

  As the completion of the FIPC Acquisition took place on 24 January 2022, commentary for the Current Quarter is similar to that illustrated above for "Financial year-to-date results".

(vi) Australia

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

  The segment's LAT for the Current Period amounted to RM45.4 million.

  A Retention Lease application for VIC/RL17 was submitted to the Australian National Offshore Petroleum Titles Administrator ("**NOPTA**") on 4 December 2018. On 5 November 2021, NOPTA granted approval of this application subject to the work program stated in the title instrument and associated conditions to be met.

  Given this development on VIC/RL17 the Group has, during the Current Quarter, assessed the impact this reclassification of the licence has on the recoverable amount of VIC/RL17. This was done with the assistance of third-party experts.

  In addition, upon the completion of the FIPC Acquisition, the profile of the Group's oil and gas portfolio is now dominated by producing assets primarily in South East Asia and to a lesser degree, in the UK. Material financial and human resources are being applied to these assets. As a result of this and together with the abovementioned development on VIC/RL17, the Group also assessed the recoverable amounts of the intangible assets relating to both VIC/P57 and VIC/P74.

15 PERFORMANCE REVIEW (CONT'D)

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

Following the assessments, the Group has recognised a provision for impairment totalling RM44.9 million (RM38.5 million for VIC/RL17, RM4.5 million for VIC/P57 and RM1.9 million for VIC/P74) in the Current Quarter.

Also included as part of the overall results are costs incurred for professional fees, project management fees, administrative expenses and share of results of the associate in this segment.

- **Current quarter results**

During the Current Quarter, the segment recorded LAT of RM43.9 million.

This was driven by the total provision for impairment made as at 31 March 2022 for VIC/RL17, VIC/P57 and VIC/P74 amounting to RM44.9 million.

This was partly off-set by a positive foreign exchange impact of RM1.0 million which arose from the appreciation of the USD against the AUD (compared to 31 December 2021), impacting the quarter-end revaluation of USD-denominated inter-company payables.

(vii) Investment holding and group activities

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

LAT recorded for this segment during the Current Period amounted to RM37.7 million.

Of this amount, expenses relating to fund-raising and business development activities amounted to RM12.3 million. In addition, the segment recognised interest expenses of RM5.9 million, which were incurred mostly in relation to the outstanding balance of Trafigura Pte Ltd ("**Trafigura**")'s prepayment facility. The facility was drawn down to part finance the purchase consideration for the FIPC Acquisition.

Major components of other expenses recognised during the Current Period relate largely to corporate overheads, professional and consultancy fees, unrealised foreign exchange losses and depreciation expense.

- **Current quarter results**

Segment LAT in the Current Quarter was RM13.3 million.

Interest expenses amounted to RM4.6 million while expenses incurred for fund-raising and business development activities was RM4.9 million.

In addition to the above, other expenses recognised relate largely to corporate overheads, professional and consultancy fees and depreciation expense.

15 PERFORMANCE REVIEW (CONT'D)

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

(B) Statements of Financial Position

(i) Non-current Assets

As at 31 March 2022, the Group's non-current assets amounted to RM3,513.3 million, representing an increase of RM1,384.8 million from RM2,128.5 million as at 30 June 2021.

The increase was mainly driven by the inclusion of the amount attributable to the fair value of identifiable non-current assets of the acquired FIPC Group of RM1,436.6 million.

There was also significant capital expenditure made by Anasuria Hibiscus UK and by the PM3 CAA PSC. Capital expenditure invested by Anasuria Hibiscus UK in the Current Period amounted to RM55.5 million (RM32.6 million for the Anasuria Cluster, RM11.9 million for the Marigold and Sunflower fields and RM11.0 million for Teal West). Subsequent to the completion of the FIPC Acquisition, RM31.0 million has been invested in capital expenditure in the PM3 CAA PSC.

A tax recoverable amount of RM48.1 million formed part of the Group's non-current assets upon the completion of the FIPC Acquisition in January 2022 and hence, did not exist as at 30 June 2021. The balance relates to PM3 CAA's income taxes that were previously overpaid (i.e. paid pre-FIPC Acquisition) to the Vietnamese tax authorities for Year of Assessment ("**YA**") 2014, YA 2015 and YA 2019. Applications to off-set the overpaid balance against future PM3 CAA's income taxes payable have been made to the relevant authorities. As the decision to off-set this tax recoverable amount is not within the control of the Group and a decision from such relevant authorities has not been received, the Group has classified the balance to be non-current in nature.

The above additions to non-current assets were partially off-set by depreciation and amortisation of equipment, intangible assets and right-of-use assets recorded during the Current Period amounting to RM167.5 million. In addition, the Group recognised provisions for impairment totalling RM44.9 million on its Australian licences (RM38.5 million for VIC/RL17, RM4.5 million for VIC/P57 and RM1.9 million for VIC/P74) as at 31 March 2022.

15 PERFORMANCE REVIEW (CONT'D)

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

(ii) Current Assets

Current assets increased from RM659.6 million as at 30 June 2021 to RM993.5 million as at 31 March 2022.

The higher current assets balance of the Group as at 31 March 2022 was due to the inclusion of the current assets of the FIPC Group. Balances related to the FIPC Group as at 31 March 2022 amounted to RM687.3 million, which included a cash balance of RM165.7 million. These balances did not exist as at 30 June 2021.

The above was partially off-set by movements in other investment, deposits and other receivables, as illustrated below.

Included in current assets as at 30 June 2021 was the item, other investment, which amounted to RM136.4 million. This amount comprised investments in unit trust funds, which corresponded to the remaining net proceeds from the issuance of the CRPS (both CRPS-T1 and CRPS-T2) in November 2020 (after deducting all related expenses) and income earned from investing the net proceeds into permitted investments (please refer to Part B, Note 17 (i) of this Quarterly Report for further details). Its balance as at 31 March 2022 was nil after the full withdrawal of the entire balance in December 2021 to part finance the purchase consideration of the FIPC Acquisition.

In addition, there was a deposit as at 30 June 2021 of RM62.3 million (or USD15.0 million) which was paid to Repsol when the Repsol SPA was signed on 1 June 2021. The deposit was reversed upon the completion of the FIPC Acquisition.

Lastly, operational-related receivables in SEA Hibiscus were lower by approximately RM42.0 million mainly caused by the lower amount to be reimbursed by the joint venture partner of North Sabah.

15 PERFORMANCE REVIEW (CONT'D)

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

(iii) Total Liabilities

The Group's total liabilities amounted to RM2,632.6 million as at 31 March 2022, an increase of RM1,318.5 million from RM1,314.1 million as at 30 June 2021.

As at 31 March 2022, total liabilities in the FIPC Group amounted to RM1,192.2 million. This amount comprised mainly of the following:

- RM367.6 million – Present value of decommissioning costs in respect of the PM3 CAA, Kinabalu, PM305, PM314 and Block 46 PSCs;
- RM319.1 million – Provision for taxation;
- RM309.3 million – Other payables and accruals relating to its oil and gas operations; and
- RM166.8 million – Lease liabilities.

Out of the RM319.1 million provision of taxation in the FIPC Group, RM306.5 million was provided by Repsol prior to the completion of the FIPC Acquisition. A portion of this balance included the potential tax exposure arising from the Notices of Additional Assessment received from the Inland Revenue Board of Malaysia ("**IRB**") for YA 2014, YA 2015 and YA 2016 as illustrated in Part B, Note 23 of this Quarterly Report.

In addition to the above, the amount owing to Trafigura as at 31 March 2022 was higher by RM169.2 million when compared to the balance as at 30 June 2021 due to the additional drawdown of the prepayment facility in December 2021.

(iv) Total Equity

Total equity as at 31 March 2022 increased by RM400.3 million when compared to 30 June 2021.

This was mainly attributable to net earnings generated by the producing assets of the Group, and also the inclusion of the negative goodwill in relation to the business combination arising from the FIPC Acquisition.

15 PERFORMANCE REVIEW (CONT'D)

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

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

(i) Cash flows generated from operating activities

Net cash generated from operating activities during the Current Period amounted to RM615.7 million.

It comprises mainly the aggregate of funds received from operations at North Sabah, the Anasuria Cluster and the FIPC Group, partly off-set by group-wide operating overheads, payment of taxation obligations and payment of decommissioning liabilities.

It also includes a net RM169.2 million received from Trafigura from June 2021 to December 2021, driven by the funds received from the drawdown of the prepayment facility in December 2021.

(ii) Cash flows used in investing activities

Net cash utilised by the Group for investing activities amounted to RM465.0 million during the Current Period.

Subsequent to the FIPC Acquisition, from Completion Date to 31 March 2022, capital expenditure amounting to RM37.6 million was invested by the newly acquired PSCs (particularly for PM3 CAA).

In addition, amounts invested in various capital expenditure programs by Anasuria Hibiscus UK during the Current Period amounted to RM55.5 million.

The above was partially off-set by the following:

- Available cash balance of RM77.7 million (or USD18.5 million) in the FIPC Group at Completion Date that was taken over by the Group as part of the agreed arrangement in the Repsol SPA; and

- Cash received by the Company from the withdrawal of funds in other investment in December 2021 of RM136.6 million.

(iii) Cash flows used in financing activities

During the Current Period, cash flows used in the Group's financing activities amounted to RM41.7 million.

RM21.7 million was utilised to fulfil the Group's lease liabilities obligations.

In addition, the Company paid a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2021 amounting to RM20.1 million on 28 January 2022.

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

The North Sabah segment recorded an EBITDA of RM48.1 million in the Current Quarter as compared to RM105.4 million in the Preceding Quarter. This was due to lower volume of crude oil sold in the Current Quarter. SEA Hibiscus sold 300,252 bbls of crude oil in one offtake during the Current Quarter as compared to 587,374 bbls from two offtakes in the Preceding Quarter.

The lower volume sold was partially off-set by higher average realised oil price attained in the Current Quarter. Average realised oil price achieved in the Current Quarter was USD89.58 per bbl whilst USD75.15 per bbl was achieved in the Preceding Quarter. Accordingly, the segment generated RM113.1 million revenue and RM80.7 million gross profit in the Current Quarter, lower than that in the Preceding Quarter, where revenue and gross profit were RM184.4 million and RM139.4 million respectively.

In the Current Quarter, the average uptime of the North Sabah production facilities and the average net oil production rate were 87% and 4,695 bbl per day respectively, which were lower than the Preceding Quarter's 92% and 5,937 bbl per day respectively. This was mainly due to higher unplanned production interruptions in January 2022. North Sabah metrices were also impacted by the commencement of CY 2022's annual planned major maintenance campaign in March 2022. Despite this, the average OPEX per bbl for North Sabah in the Current Quarter of USD12.89 was fairly consistent when compared to USD13.06 in the Preceding Quarter mainly due to the careful management of costs with the objective of achieving low operational expenditure.

The lower production levels in the Current Quarter resulted in lower amortisation of intangible assets and depreciation of oil and gas assets in the Current Quarter of RM1.7 million when compared to the Preceding Quarter.

(ii) Malaysia – Kinabalu and Others

The Malaysia – Kinabalu and Others segment is included as a reportable operating segment in the Current Quarter as the completion of the FIPC acquisition occurred on 24 January 2022. As a result, there are no comparatives available.

(iii) Commercial Arrangement Area

The CAA segment is included as a reportable operating segment in the Current Quarter as the completion of the FIPC acquisition occurred on 24 January 2022. As a result, there are no comparatives available.

(iv) United Kingdom

The UK segment achieved an EBITDA and a PBT of RM48.9 million and RM33.9 million respectively in the Current Quarter as compared to that achieved in the Preceding Quarter, i.e. an EBITDA of RM45.0 million and a PBT of RM27.9 million.

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

As mentioned in Part B, Note 15.1 (A) (iv) of this Quarterly Report, the offtake in the Preceding Quarter included an overlift volume of 90,000 bbls. The "normalised" volume of crude oil sold, after omitting this overlift transaction for the Preceding Quarter was 166,224 bbls. Accordingly, the Current Quarter's "normalised" volume of crude oil sold after including these 90,000 bbls was 164,304 bbls, which was fairly consistent with the Preceding Quarter's "normalised" volume.

EBITDA in the Current Quarter was higher by RM3.9 million largely due to the higher average realised oil price attained in the Current Quarter of USD122.28 as compared to USD72.02 in the Preceding Quarter. This was partially off-set by the less favourable operational performance in the Current Quarter. The average uptime and the average daily oil production rate achieved in the Current Quarter were 68% and 1,983 boe per day respectively. In the Preceding Quarter, the average uptime was 75% and the average daily oil production rate was 2,396 boe per day. As a result, the average OPEX per boe achieved in the Current Quarter of USD25.34 was marginally higher than USD24.31 in the Preceding Quarter.

The segment recorded a PBT of RM33.9 million in the Current Quarter, which was RM6.0 million higher when compared to the Preceding Quarter's PBT of RM27.9 million. In addition to the higher EBITDA as highlighted above, there were a lower amortisation of intangible assets and depreciation of oil and gas assets of RM1.9 million in the Current Quarter due to a reduction in production levels.

(v) Vietnam

The Vietnam segment is included as a reportable operating segment in the Current Quarter as the completion of the FIPC acquisition occurred on 24 January 2022. As a result, there are no comparatives available.

(vi) Australia

During the Current Quarter, the segment recorded a LAT of RM43.9 million as compared to a PAT of RM0.1 million in the Preceding Quarter.

This increased LAT in the Current Quarter is due to a provision for impairment made as at 31 March 2022 for VIC/RL17, VIC/P57 and VIC/P74 amounting to RM44.9 million. It was partially off-set by the higher positive unrealised foreign exchange differences between the Current Quarter and the Preceding Quarter of RM0.8 million, caused by the impact of the fluctuations of the USD against the AUD on quarter-end revaluations of USD-denominated inter-company payables.

(vii) Investment holding and group activities

This segment recorded a LBT of RM13.3 million in the Current Quarter, which was RM1.1 million higher than the LBT of RM12.2 million reported in the Preceding Quarter.

Interest expenses incurred for Trafigura's outstanding prepayment facility balance were higher in the Current Quarter by RM3.3 million. The facility was drawn down in full in mid-December 2021 in anticipation of the completion of the FIPC Acquisition (which was duly completed on 24 January 2022). Accordingly, interest expenses were charged for the full three months in the Current Quarter as compared to approximately two weeks in the Preceding Quarter. This was partially off-set by lower unrealised foreign exchange losses and lower professional and consultancy fees incurred during the Current Quarter.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(i) Fund raising via Private Placement of CRPS

On 9 September 2020, Hong Leong Investment Bank Berhad ("**HLIB**") and CIMB Investment Bank Berhad ("**CIMB**"), on behalf of the Directors, announced that the Company proposed to undertake the following proposals:

a) Proposed allotment and issuance of up to 2,000,000,000 new CRPS by way of private placement exercise to raise up to RM2.0 billion ("**Private Placement of CRPS**"); and

b) The proposed amendments to the Constitution of the Company to facilitate the issuance of the CRPS.

The CRPS are for placement to Malaysian and foreign investors who fall within the ambit of Schedules 6 and 7 of the Capital Markets and Services Act 2007.

On 3 November 2020, HLIB and CIMB announced that the shareholders of the Company had approved the above proposals.

The placement of the first tranche of the Private Placement of CRPS ("**CRPS-T1**") was completed on 18 November 2020 with the allotment and issuance of 6,600 CRPS-T1. CRPS-T1 was not listed.

On 19 November 2020, the Company further allotted and issued in aggregate 203,604,500 CRPS pursuant to CRPS-T2. The 203,604,500 CRPS-T2 was listed on the Main Market of Bursa Securities with effect from 23 November 2020.

As at 31 March 2022, both CRPS-T1 and CRPS-T2 have been fully converted and there are no subsisting CRPS.

Pursuant to the extensions granted by Bursa Securities on 4 March 2021 and 15 September 2021, the timeline for the implementation of the Private Placement of CRPS was extended from 22 March 2021 to 21 September 2021 and 22 September 2021 to 21 March 2022 respectively.

On 4 March 2022, HLIB and CIMB announced that the Company has sought a final extension of time of six months from 22 March 2022 until 21 September 2022 for the Company to implement the Private Placement of CRPS but the application was rejected by Bursa Securities on 11 April 2022. Accordingly, Bursa Securities' approval for the implementation of the Private Placement of CRPS expired on 21 March 2022 and this brings the Private Placement of CRPS to its completion.

Please refer to our announcements dated 9 September 2020, 10 September 2020, 15 September 2020, 23 September 2020, 8 October 2020, 12 October 2020, 3 November 2020, 9 November 2020, 12 November 2020, 20 November 2020, 23 November 2020, 22 February 2021, 4 March 2021, 3 September 2021, 15 September 2021, 4 March 2022, 11 April 2022 and 15 April 2022 for further details.

Save as disclosed in above, there are no corporate proposals announced but not completed as at the date of this Quarterly Report.

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 and LCOT. The graph below illustrates the oil price trends for the Brent crude oil benchmark for the period April 2021 to end-April 2022:

   As shown above, Brent oil prices have improved to levels above USD100.00 per bbl, due to supply increases being unable to keep up with increasing oil demand from countries reopening their economies to pre-pandemic levels. This has been exacerbated by the Russia-Ukraine war and the sanctions placed on Russian oil and gas.

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 licences 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 National Balancing Point index ("**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 Upstream Gas Sales Agreement which is linked to the price of High Sulphur Fuel Oil.

18 PROSPECTS OF THE GROUP (CONT'D)

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 operating costs in North Sabah, PM3 CAA, Kinabalu, PM305 and PM314 are incurred in RM.

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

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

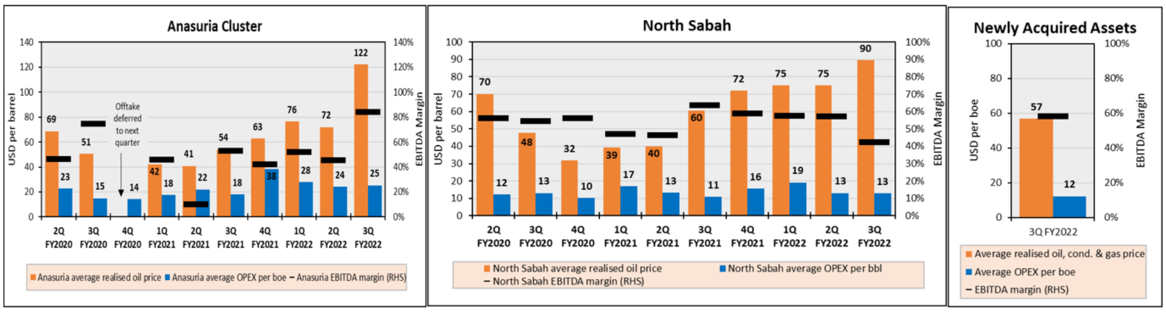
   - Production performance of the wells; and

   - Facilities availability.

7. Management of operational expenses 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, 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.



Note 1: North Sabah's EBITDA margin in 4Q of the financial year ended 30 June 2020 excludes the reversal of unrecovered recoverable costs of RM78.2 million.
Note 2: Newly acquired assets' EBITDA margin in 3Q of FY 2022 excludes negative goodwill of RM317.3 million.

18 PROSPECTS OF THE GROUP (CONT'D)

A total of 471,973 bbls of crude oil were sold in the Current Quarter; 300,252 bbls from North Sabah, 74,304 bbls from the Anasuria Cluster and 97,417 bbls from our newly acquired assets (PM3 CAA, PM305 and PM314). For information, an oil offtake in Kinabalu was conducted prior to the Completion Date of the FIPC Acquisition and is thus not recorded in the operational results of the Current Quarter. A total of 2,705 MMscf of gas was sold in the Current Quarter; 152 MMscf from the Anasuria Cluster and 2,553 MMscf from PM3 CAA.

In the table below, we have illustrated the latest estimate of the Group's oil and condensate offtake schedule and gas sales from our producing assets for the financial quarter ending 30 June 2022 ("**Next Quarter**") and for the financial year ending 30 June 2022 ("**FY 2022**"). As of 31 March 2022, the Group sold (net to the Group) a total of 2.6 million of boe ("**MMboe**") of oil, condensate and gas. For FY 2022, we expect to sell a total of approximately 4.6*Note 1* MMboe of oil, condensate and gas, net to the Group.

		Total oil, condensate and gas sales volume (boe)					
		Actual – Year-to-date FY 2022 (July 2021 to March 2022)	Latest Estimate – Next Quarter				Latest Estimate – Full year FY 2022
			April 2022	May 2022	June 2022	Total	
North Sabah	Oil	1,452,918	311,670 @	- @	285,000 @@	596,670 @@	2,049,588 @@
Kinabalu	Oil	-	-	350,000 @@	- @@	350,000 @@	350,000 @@
PM305/ PM314	Oil	7,748	3,330 @	4,200 @@	4,000 @@	11,530 @@	19,278 @@
PM3 CAA	Oil & Cond.	89,669	204,301 @	94,200 @@	- @@	298,501 @@	388,170 @@
	Gas	425,500	192,053 @	230,200 @@	217,100 @@	639,353 @@	1,064,853 @@
Anasuria Cluster	Oil	522,298	- @	- @	161,000 @@	161,000 @@	683,298 @@
	Gas	81,519	8,497 @	7,300 @@	3,900 @@	19,697 @@	101,216 @@
Block 46	Oil	-	- @	- @	- @@	- @@	- @@
Total		**2,579,652**	**719,851** @	**685,900** @@	**671,000** @@	**2,076,751** @@	**4,656,403** @@
	Oil & Cond.	*2,072,633*	*519,301* @	*448,400* @@	*450,000* @@	*1,417,701* @@	*3,490,334* @@
	Gas	*507,019*	*200,550* @	*237,500* @@	*221,000* @@	*659,050* @@	*1,166,069* @@

Note 1: Estimated production from the newly acquired assets (i.e. Kinabalu, PM305, PM314, PM3 CAA and Block 46) from Completion Date to 30 June 2022 is 2.0 MMboe of oil, condensate and gas, net to the Group.

@ *Actual. (For actual offtakes conducted in April 2022 and May 2022, oil prices realised are above USD100 per bbl.)*
@@ *Estimate.*

As operator of the newly acquired assets, the Group is well-positioned to build on its successful operational track record in its other producing assets in Malaysia and the UK.

Overall, we remained 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 Period.

21 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

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) On 27 December 2019, the IRB issued a Notice of Additional Assessment to RML, PCSB, RMPM3 and PVEP (“**PM3 CAA Partners**”) for additional tax and penalty amounting to RM95,641,365.08 for PITA YA 2014 (“**Notice of Additional Assessment for YA 2014**”), disallowing several PSC costs and sole costs of RML. Of this total amount, the portion potentially attributable to RML and RMPM3 is estimated to be an amount of up to RM79,168,229.90.

On 9 January 2020, RML (on behalf of the PM3 CAA Partners) filed a notice of appeal with the Special Commissioners of Petroleum Income Tax (“**SCPIT**”) against the Notice of Additional Assessment for YA 2014. The next mention for this appeal is scheduled for 7 June 2022.

On 17 January 2020, RML (as operator on behalf of the PM3 CAA Partners) also filed with the High Court in Kuala Terengganu an application for judicial review and stay of proceedings. On 20 January 2021, the High Court delivered its decision in relation to the judicial review. The High Court did not quash/invalidate the Notice of Additional Assessment for YA 2014 or declare it as being invalid but had instead granted an Order of Prohibition (“**Prohibition Order**”) to prohibit the IRB from, among other things, taking steps to collect the additional tax and penalties in respect of the Notice of Additional Assessment for YA 2014, until the case is resolved before the SCPIT including any further appeal therefrom. Therefore, no payment is required to be made in respect of YA 2014 yet.

23 MATERIAL LITIGATION (CONT'D)

The IRB subsequently filed an appeal to the Court of Appeal ("**CA**") against the grant of Prohibition Order by the High Court while the PM3 CAA Partners have filed a corresponding appeal with the CA against the High Court's refusal to quash/invalidate the Notice of Additional Assessment for YA 2014. The next case management for both appeals is scheduled for 7 September 2022, while the hearing for both appeals has been scheduled for 21 September 2022.

(ii) On 31 December 2020, the IRB issued a Notice of Assessment for additional taxes and penalties for PITA YA 2015 and YA 2016, for a total amount of RM166,282,868.93 (including penalties), against the PM3 CAA Partners with regard to the PSC as a whole ("**Notices of Assessment for YA 2015 and YA 2016**"), disallowing several PSC costs and sole costs of RML. Of this total amount, the portion potentially attributable to RML and RMPM3 is estimated to be an amount of up to RM16,446,882.48.

On 31 December 2020, RML (as operator on behalf of the PM3 CAA Partners) filed with the High Court in Kuala Terengganu an application for judicial review and stay of proceedings.

On 12 January 2021, RML (on behalf of the PM3 CAA Partners) filed a notice of appeal with the SCPIT against the Notices of Assessment for YA 2015 and YA 2016. The next mention for this appeal is scheduled for 7 June 2022.

On 9 February 2021, the High Court delivered its decision. The High Court did not quash/invalidate the Notices of Assessment for YA 2015 and YA 2016 or declare those Notices as being invalid but had instead granted a Prohibition Order to prohibit the IRB from, among other things, taking steps to collect the additional tax and penalties in respect of the Notices of Assessment for YA 2015 and YA 2016, until the case is resolved before the SCPIT including any further appeal therefrom. Therefore, no payment is required to be made in respect of YA 2015 and YA 2016 yet.

The IRB has subsequently filed an appeal to the CA against the grant of Prohibition Order by the High Court while the PM3 CAA Partners have filed a corresponding appeal with the CA against the High Court's refusal to quash/invalidate the Notices of Assessment for YA 2015 and YA 2016. The next case management for both appeals is scheduled for 7 September 2022, while the hearing for both appeals has been scheduled for 21 September 2022.

24 DIVIDEND

The Board has, in respect of FY 2022, declared a first interim single-tier dividend of 1.0 sen per ordinary share (previous year corresponding nine-month period ended 31 March 2021: an interim single-tier dividend of 0.50 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/period.

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/period.

		INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
		QUARTER ENDED 31.03.2022	**QUARTER ENDED 31.03.2021**	**PERIOD ENDED 31.03.2022**	**PERIOD ENDED 31.03.2021**
Profit after taxation attributable to owners of the Company (RM'000)	(A)	307,540	32,029	397,551	54,078
Weighted average number of shares for basic earnings per share computation ('000)	(B)	2,007,729	1,817,196	2,007,251	1,675,789
Effects of dilution of CRPS ('000)		4,690	195,214	5,168	118,337
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	2,012,419	2,012,410	2,012,419	1,794,126
Basic earnings per share (sen)	(A/B)	15.32	1.76	19.81	3.23
Diluted earnings per share (sen)	(A/C)	15.28	1.59	19.75	3.01

26 OTHER INCOME

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	QUARTER ENDED 31.03.2022 RM'000	**QUARTER ENDED 31.03.2021 RM'000**	**PERIOD ENDED 31.03.2022 RM'000**	**PERIOD ENDED 31.03.2021 RM'000**
Sundry income	1	7,013	112	13,168
Interest income	185	101	426	308
Fair value changes on other investment	-	88	130	88
Unrealised gain on foreign exchange #	3,809	-	2,754	-
	3,995	7,202	3,422	13,564

\# *The unrealised gain on foreign exchange has neither been derived from the trading of futures contracts nor futures foreign exchange trading.*

27 PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.03.2022 RM'000	QUARTER ENDED 31.03.2021 RM'000	PERIOD ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2021 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	87,777	45,305	167,523	129,307
Finance costs	16,552	12,149	36,913	31,930
Impairment of intangible assets	44,906	-	44,906	-
Loss on disposal of equipment	-	26	-	2,209
Share of results of an associate	96	103	296	962
Fair value changes on other investment	-	(88)	(130)	(88)
Interest income	(186)	(979)	(1,481)	(1,566)
Reversal of contingent consideration	-	10	-	(2,329)
Negative goodwill from business combination	(317,319)	-	(317,319)	-
Unrealised (gain)/loss on foreign exchange ##	(3,809)	2,564	(2,754)	7,323
Realised loss on foreign exchange ##	779	1,076	1,769	1,856

The unrealised and realised gains and 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 Period.

28 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.03.2022 RM'000	QUARTER ENDED 31.03.2021 RM'000	PERIOD ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2021 RM'000
Income taxation	(34,848)	(35,428)	(92,786)	(17,960)
Deferred taxation	11,989	2,494	(3,499)	(17,607)
	(22,859)	(32,934)	(96,285)	(35,567)

28 TAXATION (CONT'D)

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.03.2022 RM'000	Quarter Ended 31.03.2021 RM'000	Period Ended 31.03.2022 RM'000	Period Ended 31.03.2021 RM'000
Malaysia – North Sabah				
Income taxation	(17,676)	(30,515)	(69,335)	(12,793)
Deferred taxation	10,196	8,092	5,816	(23,860)
Total	**(7,480)**	**(22,423)**	**(63,519)**	**(36,653)**
Malaysia – Kinabalu and Others				
Income taxation	521	N/A	521	N/A
Deferred taxation	11,455	N/A	11,455	N/A
Total	**11,976**	N/A	**11,976**	N/A
Commercial Arrangement Area				
Income taxation	(13,188)	N/A	(13,188)	N/A
Deferred taxation	198	N/A	198	N/A
Total	**(12,990)**	N/A	**(12,990)**	N/A
United Kingdom				
Income taxation	(3,846)	(4,913)	(10,125)	(5,167)
Deferred taxation	(10,238)	(5,755)	(21,355)	5,964
Total	**(14,084)**	**(10,668)**	**(31,480)**	**797**
Vietnam				
Income taxation	(659)	N/A	(659)	N/A
Deferred taxation	374	N/A	374	N/A
Total	**(285)**	N/A	**(285)**	N/A
Australia				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
Total	**-**	**-**	**-**	**-**
Investment holding and group activities				
Income taxation	-	-	-	-
Deferred taxation	4	157	13	289
Total	**4**	**157**	**13**	**289**
Group				
Income taxation	(34,848)	(35,428)	(92,786)	(17,960)
Deferred taxation	11,989	2,494	(3,499)	(17,607)
Total	**(22,859)**	**(32,934)**	**(96,285)**	**(35,567)**

N/A - *Not applicable, as the FIPC Acquisition was completed on 24 January 2022.*

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 ring fence corporation tax and a supplementary charge. The current rates of tax for ring fence corporation tax and supplementary charge are set at 30.0% and 10.0% respectively.

- 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 account.

29 BORROWINGS

Details of borrowings as at 31 March 2022 were as follows:

	As at 31.03.2022 RM'000	As at 30.06.2021 RM'000
Non-current		
Secured		
Lease liabilities	138,535	11,230
Current		
Secured		
Lease liabilities	44,483	15,540

By Order of the Board of Directors
Hibiscus Petroleum Berhad
25 May 2022