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

Unaudited Quarterly Financial Report 31 December 2022

(Second financial quarter of financial year ending 30 June 2023)

(Note: This Unaudited Quarterly Financial Report is supplemented by the Corporate and Business Update released on the same day, on 16 February 2023.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER QUARTER ENDED 31.12.2022 RM'000	INDIVIDUAL QUARTER QUARTER ENDED 31.12.2021 RM'000	CUMULATIVE QUARTER PERIOD ENDED 31.12.2022 RM'000	CUMULATIVE QUARTER PERIOD ENDED 31.12.2021 RM'000
Revenue		713,126	284,404	1,317,894	531,094
Cost of sales		(272,507)	(92,266)	(489,873)	(181,572)
GROSS PROFIT		440,619	192,138	828,021	349,522
Other income	26	7,802	255	16,778	482
Administrative expenses		(88,488)	(50,405)	(187,230)	(84,215)
Other expenses		(131,616)	(42,634)	(226,722)	(81,791)
Finance costs		(19,503)	(10,597)	(36,492)	(20,361)
Share of results of an associate		(125)	(90)	(252)	(200)
PROFIT BEFORE TAXATION	27	208,689	88,667	394,103	163,437
Taxation	28	(138,220)	(40,179)	(188,372)	(73,426)
PROFIT AFTER TAXATION		70,469	48,488	205,731	90,011
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- Owners of the Company		70,469	48,488	205,731	90,011
EARNINGS PER SHARE (SEN)					
Basic	25	3.50	2.42	10.22	4.48
Diluted	25	3.50	2.41	10.22	4.47

Note:

Earnings Before Interest, Taxes, Depreciation and Amortisation	353,282	139,909	651,635	263,544

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2022 RM'000	QUARTER ENDED 31.12.2021 RM'000	PERIOD ENDED 31.12.2022 RM'000	PERIOD ENDED 31.12.2021 RM'000
PROFIT AFTER TAXATION	70,469	48,488	205,731	90,011
Other comprehensive (expenses)/income:				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation *	(113,173)	(5,309)	(2,349)	5,653
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE QUARTER/PERIOD	(42,704)	43,179	203,382	95,664
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME ATTRIBUTABLE TO:				
- Owners of the Company	(42,704)	43,179	203,382	95,664

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 31.12.2022 RM'000	AUDITED AS AT 30.06.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,440,017	1,422,576
Equipment		1,877,797	1,838,981
Right-of-use assets		167,681	175,245
Other receivables		195,350	230,541
Investment in an associate		3,801	4,088
Restricted cash and bank balances		168,967	158,456
Tax recoverable		50,477	50,406
Deferred tax assets		44,537	88,513
		3,948,627	3,968,806
CURRENT ASSETS			
Inventories		148,106	163,900
Trade receivables		413,639	404,730
Other receivables, deposits and prepayments		538,117	415,850
Amount owing by a joint venture		328	328
Amount owing by an associate		-	10
Cash and bank balances		533,676	549,386
Tax recoverable		9,651	9,408
		1,643,517	1,543,612
TOTAL ASSETS		5,592,144	5,512,418
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	966,014	966,014
Other reserves		169,047	171,396
Retained earnings		1,250,214	1,064,607
		2,385,275	2,202,017
NON-CURRENT LIABILITIES			
Other payables		4,560	9,340
Borrowings	29	386,746	364,009
Contingent consideration		21,661	35,372
Deferred tax liabilities		737,682	581,189
Provision for decommissioning costs		610,225	621,611
		1,760,874	1,611,521

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

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

	Note	UNAUDITED AS AT 31.12.2022 RM'000	AUDITED AS AT 30.06.2022 RM'000
CURRENT LIABILITIES			
Trade payables		20,250	8,458
Other payables and accruals		986,444	1,040,443
Borrowings	29	153,285	193,750
Amount owing to a joint venture		319	319
Amount owing to an associate		18	-
Contingent consideration		37,986	28,552
Provision for decommissioning costs		88,749	90,720
Provision for taxation		158,725	336,419
Redeemable Convertible Preference Shares		219	219
		1,445,995	1,698,880
TOTAL LIABILITIES		3,206,869	3,310,401
TOTAL EQUITY AND LIABILITIES		5,592,144	5,512,418
NET ASSETS PER SHARE (RM)		1.19	1.09

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<----------------------	NON-DISTRIBUTABLE	---------------------->			
	SHARE CAPITAL RM'000	**CRPS* – EQUITY COMPONENT RM'000**	**OTHER RESERVES RM'000**	**FOREIGN EXCHANGE RESERVE RM'000**	**RETAINED EARNINGS RM'000**	**TOTAL RM'000**
6 months to 31.12.2022						
As at 01.07.2022	966,014	-	389	171,007	1,064,607	2,202,017
Profit after taxation	-	-	-	-	205,731	205,731
Other comprehensive expenses, net of tax: - Foreign currency translation	-	-	-	(2,349)	-	(2,349)
Total comprehensive (expenses)/income for the period	-	-	-	(2,349)	205,731	203,382
Dividend	-	-	-	-	(20,124)	(20,124)
Total transactions with owners of the Company	-	-	-	-	(20,124)	(20,124)
As at 31.12.2022	966,014	-	389	168,658	1,250,214	2,385,275
6 months to 31.12.2021						
As at 01.07.2021	959,892	246	389	61,530	451,865	1,473,922
Profit after taxation	-	-	-	-	90,011	90,011
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	5,653	-	5,653
Total comprehensive income for the period	-	-	-	5,653	90,011	95,664
Conversion of CRPS* to new ordinary shares	3,599	(148)	-	-	-	3,451
Dividend	-	-	-	-	(20,075)	(20,075)
Total transactions with owners of the Company	3,599	(148)	-	-	(20,075)	(16,624)
As at 31.12.2021	963,491	98	389	67,183	521,801	1,552,962

* *Convertible Redeemable Preference Shares*

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	394,103	163,437
Adjustments for:		
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	221,040	79,746
Finance costs	36,492	20,361
Share of results of an associate	252	200
Fair value changes on other investment	-	(130)
Interest income	(2,602)	(1,295)
Unrealised loss on foreign exchange	15,291	1,055
Operating profit before working capital changes	664,576	263,374
Inventories	6,907	11,694
Trade receivables	(6,479)	(8,091)
Other receivables, deposits and prepayments	(49,283)	27,027
Trade payables	15,828	27,033
Other payables and accruals	(161,784)	167,736
Amount owing by an associate	10	(105)
Amount owing to an associate	18	-
Cash generated from operating activities	469,793	488,668
Tax paid	(138,636)	(68,838)
Movement in restricted cash and bank balances**	(8,098)	(142,491)
Net cash generated from operating activities	323,059	277,339
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(171,020)	(8,648)
Acquisition of intangible assets	(55,977)	(14,779)
Interest received	2,602	1,295
Other investment	-	136,559
Net cash (used in)/generated from investing activities	(224,395)	114,427
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of lease liabilities	(84,252)	(9,129)
Net repayment of revolving credit	(79,541)	-
Net drawdown of term loan	77,493	-
Dividend paid	(20,124)	-
Net cash used in financing activities	(106,424)	(9,129)
Net (decrease)/increase in cash and cash equivalents	(7,760)	382,637
Effects of foreign exchange rate changes	(5,065)	(4,507)
Cash and cash equivalents at beginning of the financial period	544,779	173,889
Cash and cash equivalents at end of the financial period	531,954	552,019

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

	Period Ended	
	31.12.2022	**31.12.2021**
	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**	168,967	135,130
Current		
Cash and bank balances	533,676	689,272
Less: Restricted cash and bank balances***	(1,722)	(137,253)
Cash and cash equivalents	531,954	552,019

** *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:*

- *31 December 2022*
  - *Asia Hibiscus Sdn. Bhd. – As part of the term loan covenants, Asia Hibiscus Sdn. Bhd. is required to maintain a minimum amount of principal and interest payable for the next three months into a designated bank account.*
- *31 December 2021*
  - *SEA Hibiscus Sdn. Bhd. – Deposit with a financial institution amounting to RM3.787 million as security for banking facility obtained; and*
  - *Private placement of Islamic Convertible Redeemable Preference Shares – Balance of proceeds of RM133.466 million, which was fully released in the financial year ended 30 June 2022.*

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

ABBREVIATIONS AND ACRONYMS

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

Abbreviation	Description
2022 Turnaround	Planned Offshore Turnaround of the Anasuria FPSO
3D Oil	3D Oil Limited
Acquired Underlift Inventory	Opening underlift inventory acquired as part of the FIPC Acquisition
Anasuria Hibiscus UK	Anasuria Hibiscus UK Limited
AUD	Australian Dollar
bbl	Barrel
Block 46	Block 46 Cai Nuoc PSC
boe	Barrel of oil equivalent
Bursa Securities	Bursa Malaysia Securities Berhad
CAA	Commercial Arrangement Area
CITA	Corporate (Income Tax) Act 1967
Completion Date	24 January 2022, being the date the FIPC Acquisition was completed
Current Quarter	Financial quarter ended 31 December 2022
Current Period	Six-month financial period ended 31 December 2022
CY	Calendar year
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EPL	Energy Profits Levy
ETR	Effective tax rate
FIPC	Fortuna International Petroleum Corporation
FIPC Acquisition	Acquisition of the entire equity interest in FIPC
FPSO	Floating production storage and offloading vessel
FSO	Floating storage and offloading
GBP	Great Britain Pound
GP	Gross profit
GL	Gross loss
Heren Index	Heren National Balancing Point index
Hibiscus Oil & Gas	Hibiscus Oil & Gas Malaysia Limited
Hibiscus Oil & Gas (PM3)	Hibiscus Oil & Gas Malaysia (PM3) Limited
HIREX	HiRex Petroleum Sdn. Bhd.
IRB	Inland Revenue Board of Malaysia
Kinabalu	2012 Kinabalu Oil PSC
LAT	Loss after taxation
LBITDA	Losses before interest, taxes, depreciation and amortisation
LBT	Loss before taxation
LCOT	Labuan Crude Oil Terminal
MFRS	Malaysian Financial Reporting Standard
MMLR	Main Market Listing Requirements
MMscf	Million standard cubic feet
North Sabah	2011 North Sabah Enhanced Oil Recovery Production Sharing Contract
OPEX	Operating costs

ABBREVIATIONS AND ACRONYMS (CONT'D)

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

Abbreviation	Description
PAT	Profit after taxation
PBT	Profit before taxation
Peninsula Hibiscus Group	Peninsula Hibiscus Sdn. Bhd. and its subsidiaries
PITA	Petroleum (Income Tax) Act 1967
PM3 CAA	PM3 CAA PSC
PM305 and PM314	PM305 and PM314 PSCs
Preceding Quarter	Financial quarter ended 30 September 2022
Proposed Capital Reduction	Proposed reduction of the issued share capital of the Company pursuant to Section 117 of the Companies Act, 2016
Proposed Share Buy-Back	Proposed authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company
PSC	Production Sharing Contract
PVEP	PetroVietnam Exploration Production Corporation Ltd
PVN	Vietnam Oil & Gas Group
Repsol	Repsol Exploración, S.A.
RFCT	Ring fence corporation tax
SbST	Sabah State Sales Tax
scf	Standard cubic feet
SEA Hibiscus	SEA Hibiscus Sdn. Bhd.
SC	Supplementary charge
SCPIT	Special Commissioners of Petroleum Income Tax
Settlement	Amicable settlement reached between the IRB and PM3 CAA
Talisman Vietnam	Talisman Vietnam Limited
Tax Cert	Corporate Income Tax Certificate
Trafigura	Trafigura Pte Ltd
UK	United Kingdom
USD	United States Dollar
YA	Year of Assessment

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

1 BASIS OF PREPARATION

This unaudited Quarterly Report has been prepared in accordance with the reporting requirements as set out in the MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and Paragraph 9.22 of the MMLR of Bursa Securities, and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 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 2022.

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 2022.

2.1 Adoption of Amendments to Standards

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

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

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

2.2 Standards issued but not yet effective

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Description		**Effective for financial periods beginning on or after**
Amendments to MFRS Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101	*Non-current Liabilities with Covenants*	1 January 2024

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

3 SEASONAL OR CYCLICAL FACTORS

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

4 SIGNIFICANT/UNUSUAL ITEMS

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

(i) Energy Profits Levy in the UK

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

On 17 November 2022, the UK government announced changes to the EPL regime which came into effect from 1 January 2023. The revised EPL regime includes an increased levy rate of 35.0% (from 25.0%) on UK oil and gas profits on top of the existing RFCT and SC. This will mean that the UK upstream oil and gas industry will face a 75.0% marginal rate of tax. The enhanced deduction for certain categories of capital expenditure to off-set taxable EPL income will be reduced to 129.0% except in the case of decarbonisation expenditures which will retain the 180.0% enhanced deduction. The EPL regime will now apply until 31 March 2028 and despite it being a tax on windfall profits, the UK government has stated that they do not intend phasing out the EPL even if oil and gas price levels move back to more normal levels.

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

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 PERIOD

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

There were no changes in the composition of the Group during the Current Period.

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

9 DIVIDENDS PAID

The Company paid an interim single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2022 amounting to RM20.1 million on 22 July 2022.

10 DEBT AND EQUITY SECURITIES

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

	PERIOD ENDED 31.12.2022	
	Number of shares	**Share capital RM'000**
ORDINARY SHARES		
As at 01.07.2022 / 31.12.2022	2,012,418,743	966,014

11 OPERATING SEGMENTS

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

(i)	Malaysia – North Sabah	Group's investment in its 50% participating interest in the North Sabah, located off the coast of Sabah, Malaysia. The investment includes the management of the operations relating to the production of petroleum from four existing oil fields (namely St Joseph, South Furious, South Furious 30 and Barton), existing pipeline infrastructure, the LCOT and all other equipment and assets relating to the PSC. The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.5303 and 4.4156 respectively.
(ii)	Malaysia – Kinabalu and Others	Group's investments and operations in the Kinabalu and the PM305 and PM314. <u>Kinabalu</u> • Group's investment in its 60% participating interest in Kinabalu, located off the coast of Sabah, Malaysia. <u>PM305</u> • Group's investment in its 60% participating interest in PM305, located off the eastern coast of Peninsular Malaysia in the Malay Basin. <u>PM314</u> • Group's investment in its 60% participating interest in PM314, located off the eastern coast of Peninsular Malaysia in the Malay Basin. The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.5303 and 4.4156 respectively.
(iii)	Commercial Arrangement Area	Group's investment in its 35% participating interest in the PM3 CAA, located within the Commercial Arrangement Area between Malaysia and Vietnam. The investment includes the management of the operations relating to the production of petroleum from six existing oil fields (namely Bunga Orkid, Bunga Pakma, Bunga Kekwa, Bunga Raya, Bunga Seroja and Bunga Tulip). The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.5303 and 4.4156 respectively.

11 OPERATING SEGMENTS (CONT'D)

(iv) United Kingdom

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

Anasuria Area

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

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

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

Marigold Area

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

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

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.5303 and 4.4156 respectively.

(v) Australia

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

The segment's functional currency is the AUD. The average and closing rates adopted for conversion to RM in the Current Period are 3.0375 and 3.0113 respectively.

(vi) Vietnam

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

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.5303 and 4.4156 respectively.

(vii) Investment holding and group activities

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

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

11 OPERATING SEGMENTS (CONT'D)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
As at 31.12.2022								
Non-current assets	648,187	540,879	1,133,209	1,603,855	16,082	3,801	2,614	3,948,627
Included in the segment assets is:								
Investment in an associate	-	-	-	-	-	3,801	-	3,801
Additions to non-current assets	43,628	35,527	100,000	97,401	-	-	101	276,657
Period ended 31.12.2022								
Project management, technical and other service fees	-	-	-	-	-	-	2,131	2,131
Sales of crude oil and gas	385,551	303,058	373,227	187,008	66,898	-	-	1,315,742
Interest income	-	-	-	-	-	-	21	21
Revenue	385,551	303,058	373,227	187,008	66,898	-	2,152	1,317,894
Depreciation and amortisation	(65,253)	(37,385)	(84,777)	(30,963)	(1,988)	-	(674)	(221,040)
Profit/(loss) from operations	87,009	105,112	143,393	103,373	5,382	(754)	(15,249)	428,266
Share of results of an associate	-	-	-	-	-	(252)	-	(252)
Finance costs	(7,328)	495[(2)]	(10,980)	(13,354)	(215)	-	(5,110)	(36,492)
Interest income	61	223	131	2,158	1	-	7	2,581
Taxation	(32,174)	(42,650)	42,058	(145,365)	(10,241)	-	-	(188,372)
PAT/(LAT)	47,568	63,180	174,602	(53,188)	(5,073)	(1,006)	(20,352)	205,731
EBITDA/(LBITDA)	152,323	142,720	228,301	136,494	7,371	(1,006)	(14,568)	651,635

(2) *Included effect of discounting on non-current payable.*

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 31.12.2021					
Non-current assets	643,324	1,393,045	50,666	3,826	2,090,861
Included in the segment assets is:					
Investment in an associate	-	-	4,290	-	4,290
Additions to non-current assets	399	38,804	-	1,468	40,671
Period ended 31.12.2021					
Project management, technical and other service fees	-	-	-	1,897	1,897
Sales of crude oil and gas	362,126	166,016	-	-	528,142
Interest income	-	-	-	1,055	1,055
Revenue	362,126	166,016	-	2,952	531,094
Depreciation and amortisation	(56,520)	(22,589)	-	(637)	(79,746)
Profit/(loss) from operations	150,795	57,310	(1,239)	(23,108)	183,758
Share of results of an associate	-	-	(200)	-	(200)
Finance costs	(8,031)	(11,021)	-	(1,309)	(20,361)
Interest income	53	187	-	-	240
Taxation	(56,039)	(17,396)	-	9	(73,426)
PAT/(LAT)	86,778	29,080	(1,439)	(24,408)	90,011
EBITDA/(LBITDA)	207,368	80,086	(1,439)	(22,471)	263,544

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2022 RM'000	QUARTER ENDED 31.12.2021 RM'000	PERIOD ENDED 31.12.2022 RM'000	PERIOD ENDED 31.12.2021 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum UK PLC	1,052	945	2,131	1,897
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	-	(46)	-	(136)

13 MATERIAL COMMITMENTS

Save as disclosed below, the Group is not aware of any material capital commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the profit or loss, or net assets value of the Group as at 31 December 2022:

	RM'000
Approved and contracted for:	
Group's capital commitments	64,002
Share of a joint operation's capital commitments	396
Total capital commitments approved and contracted for	64,398
Share of a joint operation's other material commitments	32,411
	96,809

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 Period 31.12.2022 RM'000	Current Quarter 31.12.2022 RM'000	Preceding Quarter 30.09.2022 RM'000	Current Quarter vs Preceding Quarter (Change in %)
Malaysia – North Sabah				
Revenue	385,551	239,473	146,078	64
EBITDA	**152,323**	**95,972**	**56,351**	**70**
PAT	47,568	36,184	11,384	218
Malaysia – Kinabalu and Others				
Revenue	303,058	144,465	158,593	(9)
EBITDA	**142,720**	**67,581**	**75,139**	**(10)**
PAT	63,180	33,260	29,920	11
Commercial Arrangement Area				
Revenue	373,227	157,537	215,690	(27)
EBITDA	**228,301**	**99,952**	**128,349**	**(22)**
PAT	174,602	78,011	96,591	(19)
United Kingdom				
Revenue	187,008	97,616	89,392	9
EBITDA	**136,494**	**66,708**	**69,786**	**(4)**
(LAT)/PAT	(53,188)	(79,466)	26,278	-
Vietnam				
Revenue	66,898	72,968	(6,070)	-
EBITDA/(LBITDA)	**7,371**	**26,965**	**(19,594)**	**-**
(LAT)/PAT	(5,073)	8,316	(13,389)	-
Australia				
Revenue	-	-	-	-
(LBITDA)/EBITDA	**(1,006)**	**1,681**	**(2,687)**	**-**
(LAT)/PAT	(1,006)	1,681	(2,687)	-
Investment holding and group activities				
Revenue	2,152	1,067	1,085	(2)
LBITDA	**(14,568)**	**(5,577)**	**(8,991)**	**38**
LAT	(20,352)	(7,517)	(12,835)	41
Group				
Revenue	1,317,894	713,126	604,768	18
EBITDA	**651,635**	**353,282**	**298,353**	**18**
PAT	205,731	70,469	135,262	(48)

15 PERFORMANCE REVIEW (CONT'D)

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

(A) Statements of Profit or Loss

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

(i) Malaysia – North Sabah

RM'000	Current Period	Current Quarter
Revenue	385,551	239,473
GP	254,877	151,699
GP margin (%)	*66.1%*	*63.3%*
EBITDA	152,323	95,972
EBITDA margin (%)	*39.5%*	*40.1%*
PBT	79,742	60,437
PBT margin (%)	*20.7%*	*25.2%*
PAT	47,568	36,184
PAT margin (%)	*12.3%*	*15.1%*
ETR (%)	40.3%	40.1%

	Current Period	Current Quarter
Crude oil sold (bbls)	827,936	538,301
Average realised oil price (USD per bbl)	102.79	98.09
Average OPEX per bbl (USD)	19.54	18.50
Average uptime	92%	92%
Average net oil production rate (bbls per day)	4,775	4,626

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

  The North Sabah segment's healthy GP margin in the Current Period was largely driven by the high average realised oil price and relatively low average OPEX per bbl.

  The average OPEX per bbl included amounts incurred for the annual planned major maintenance campaign for CY 2022, which commenced in March 2022 and was completed in August 2022. The campaign also covered catch-up activities of lower priority maintenance work carried forward from previous years, which were deferred due to certain restrictions on movement, quarantine requirements, manpower and logistic constraints related to the COVID-19 pandemic.

  Despite this, 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 Period of 39.5%. The EBITDA of RM152.3 million was delivered after charging supplemental payment of RM82.6 million and SbST imposed by the Sabah State Government on crude oil sold in the Current Period of RM19.4 million.

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

15 PERFORMANCE REVIEW (CONT'D)

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

Segment PBT stood at RM79.7 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 RM57.8 million;
- Depreciation of right-of-use assets of RM7.5 million; and
- Unwinding of discount on provision for decommissioning costs of RM3.8 million.

The tax regime under which Malaysian oil and gas activities are governed, and is thus applicable to SEA Hibiscus, is PITA. The provisions of PITA are applied to net taxable petroleum income at the rate of 38.0%. Total net tax expenses in the Current Period amounted to RM32.2 million and the resulting ETR over PBT of 40.3% was broadly consistent with the PITA rate.

- **Current quarter results**

The segment attained a fairly high average realised oil price of USD98.09 per bbl for its crude oil sold in the Current Quarter whilst average OPEX per bbl recorded was USD18.50.

In the Current Quarter, the average net oil production rate was adversely impacted by higher unplanned, prolonged shutdown due to severe weather conditions. This partly off-set the more stable operating conditions experienced during the Current Quarter subsequent to the completion of the annual planned major maintenance campaign for CY 2022 in August 2022.

The EBITDA of RM96.0 million was achieved after charging supplemental payment and SbST of RM35.1 million and RM12.1 million respectively.

The segment recorded a PBT of RM60.4 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 RM27.9 million;
- Depreciation of right-of-use assets of RM3.6 million; and
- Unwinding of discount on provision for decommissioning costs of RM2.0 million.

Total net tax expenses in the Current Quarter were RM24.3 million. The resulting ETR over PBT was 40.1%.

15 PERFORMANCE REVIEW (CONT'D)

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

(ii) Malaysia – Kinabalu and Others

RM'000	Kinabalu		Others@		Total	
	Current Period	Current Quarter	Current Period	Current Quarter	Current Period	Current Quarter
Revenue	293,734	139,725	9,324	4,740	303,058	144,465
GP	199,456	90,205	7,498	3,622	206,954	93,827
GP margin (%)	*67.9%*	*64.6%*	*80.4%*	*76.4%*	*68.3%*	*64.9%*
EBITDA	122,921	54,326	19,799	13,255	142,720	67,581
EBITDA margin (%)	*41.8%*	*38.9%*	*212.3%*	*279.6%*	*47.1%*	*46.8%*
PBT	84,200	33,460	21,630	12,343	105,830	45,803
PBT margin (%)	*28.7%*	*23.9%*	*232.0%*	*260.4%*	*34.9%*	*31.7%*
PAT	46,611	22,517	16,569	10,743	63,180	33,260
PAT margin (%)	*15.9%*	*16.1%*	*177.7%*	*226.6%*	*20.8%*	*23.0%*
ETR (%)	44.6%	32.7%	23.4%	13.0%	40.3%	27.4%

	Kinabalu		Others@	
	Current Period	Current Quarter	Current Period	Current Quarter
Crude oil sold (bbls)	576,646	288,106	19,901	10,873
Average realised oil price (USD per bbl)	112.44	106.83	103.42	96.06
Average OPEX per bbl (USD)	19.30	17.81	10.76	11.96
Average uptime	74%	86%	-	-
Average net oil production rate (bbls per day)	2,622	3,160	103	119

@ *Consists of PM305 and PM314.*

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

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

<u>Kinabalu</u>

Operational performance during the Current Period has been impacted by activities related to the annual planned major maintenance campaign for CY 2022 which took place from 29 July 2022 to 9 August 2022, during which the production facilities were shut down. These activities included an electrical submersible pump change-out and an underwater campaign. It was exacerbated by a slower than planned production ramp up post the shutdown period caused by issues encountered with the high pressure compressor tubular bracing installation, which were successfully resolved in the last week of September 2022. Issues encountered with the high pressure compressor affected the supplies of gas lift to the oil wells. In addition, there was an emergency shutdown at the platform due to a power failure in late September 2022.

Despite the adverse operational performance, Kinabalu achieved a reasonably high level of profitability due to the high average realised oil price achieved.

15 PERFORMANCE REVIEW (CONT'D)

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

In the Current Period, the segment incurred a supplemental payment amounting to RM52.5 million. SbST incurred for the sale of crude oil was RM14.6 million.

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

- Amortisation of intangible assets and depreciation of oil and gas assets of RM35.4 million;
- Depreciation of right-of-use assets of RM2.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM0.9 million.

The tax regime governing Kinabalu is PITA, at the rate of 38.0%. The ETR over PBT on the back of a net RM37.6 million tax charge in the Current Period was 44.6%. This was higher than the 38.0% PITA rate due to the non-tax deductibility of unrealised foreign exchange losses recognised.

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

Others

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

In addition, the wells decommissioning work relating to PM305 and PM314 was completed in the Preceding Quarter. Note that abandonment cess payments are not required to be contributed in relation to wells decommissioning work. A reassessment of the actual amounts incurred for such work was performed and it was determined that the accruals previously made exceeded the actual amounts incurred by RM2.6 million. This amount has been reversed as a gain to the profit or loss in the Current Period.

The tax regime governing PM305 and PM314 is PITA, at the rate of 38.0%. In the Current Period, a net RM5.1 million tax charge was recorded. The ETR over PBT of 23.4% was lower than the 38.0% PITA rate due to adjustments made in December 2022 following a reassessment of the full CY 2022 tax obligations under PITA.

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

Kinabalu

The annual planned major maintenance campaign for CY 2022 was completed in the Preceding Quarter. However, costs were incurred in the Current Quarter for several key activities, which included an engine change out exercise, a remotely operated vehicle diving campaign and well inspections work.

Despite this, due to the high average net oil production rate, the average OPEX per bbl was fairly low at USD17.81. This, coupled with the high average realised oil price attained in the Current Quarter of USD106.83 per bbl resulted in reasonably strong profit margins.

Kinabalu attained an EBITDA of RM54.3 million in the Current Quarter. This was achieved after incurring supplemental payment and SbST of RM30.1 million and RM7.5 million respectively.

The IRB completed its audit on the tax returns submitted for YA 2017 for both PITA and CITA in December 2022. The outcome was an overprovision of RM0.4 million which was adjusted to the profit or loss in the Current Quarter.

The following non-cash items were deducted from EBITDA to arrive at PBT of RM33.5 million:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM19.5 million;
- Depreciation of right-of-use assets of RM0.7 million; and
- Unwinding of discount on provision for decommissioning costs of RM0.5 million.

The segment recognised a net tax charge in the Current Quarter amounting to RM10.9 million which resulted in an ETR over PBT of 32.7%. The rate was lower than the 38.0% PITA rate due to unrealised foreign exchange gains being non-taxable.

Others

As explained in the "Financial year-to-date results" section above, costs previously incurred in relation to facilities pre-decommissioning work for the South Angsi A Platform of RM10.0 million have been reclassified as a receivable and recognised as a gain to the profit or loss in the Current Quarter.

The IRB completed its audit on the tax returns submitted for YA 2017 for CITA in December 2022. The resulting overprovision of RM0.3 million has been adjusted to the profit or loss in the Current Quarter.

15 PERFORMANCE REVIEW (CONT'D)

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

The ETR over PBT on the back of a net RM1.6 million tax charge in the Current Quarter was 13.0%. The rate was lower than the 38.0% PITA rate due to adjustments made in December 2022 as a result of a reassessment of the full CY 2022 tax obligations under PITA.

(iii) Commercial Arrangement Area

RM'000	Current Period	Current Quarter
Revenue	373,227	157,537
- Crude Oil	215,828	77,068
- Gas	157,399	80,469
GP	211,786	83,244
GP margin (%)	*56.7%*	*52.8%*
EBITDA	228,301	99,952
EBITDA margin (%)	*61.2%*	*63.4%*
PBT	132,544	45,772
PBT margin (%)	*35.5%*	*29.1%*
PAT	174,602	78,011
PAT margin (%)	*46.8%*	*49.5%*
ETR (%)	N/A (@)	N/A (@)

	Current Period	Current Quarter
Crude oil sold (bbls)	460,538	187,671
Average realised oil price (USD per bbl)	103.45	90.34
Gas sold (MMscf)	6,711	3,767
Average realised gas price (USD per thousand scf)	5.18	4.71
Average OPEX per boe (USD)	16.16	14.68
Average uptime	85%	91%
Average net oil equivalent production rate (boe per day)	8,338	8,790

@ *Recorded a net tax credit due to the following adjustments in (i) the Current Period - overprovison of tax for PITA YA 2017 and YA 2021 and CITA YA 2017 to YA 2019, and (ii) the Current Quarter - overprovison of tax for PITA YA 2017 and CITA YA 2017 to YA 2019.*

The CAA segment consists of the PM3 CAA PSC.

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

During the Current Period, PM3 CAA generated GP of RM211.8 million while GP margin recorded was 56.7%. The healthy GP margin was largely driven by the high average realised prices obtained for the sale of both crude oil and gas which was partly off-set by the relatively high average OPEX per boe recorded of USD16.16.

Operational performance in the Current Period was impacted by activities related to the annual planned major maintenance campaign for CY 2022 which took place from 20 August 2022 to 2 September 2022. OPEX incurred included a higher level of activities related to topside maintenance, well integrity and intervention campaigns and inspection and maintenance work scopes performed during the annual planned major maintenance campaign.

Oil production in the Preceding Quarter was further impacted by a production ramp up delay caused by the mobilisation of a drilling rig to the Bunga Raya B platform for an infill well drilling program. Production was also impacted by poorer performance of the PM3 North gas injection compressor which disrupted gas lift supply to the oil wells.

Production improved during the Current Quarter due to better performance from the PM3 Northern Field Gas Injection Compressor supplying gas lift to the oil producers and the successful completion of the BKC-10STL perforation program of the oil zone which resulted in incremental gross production of approximately 1,200 bbls per day.

15 PERFORMANCE REVIEW (CONT'D)

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

The segment achieved an EBITDA of RM228.3 million in the Current Period. The EBITDA included a gain of RM22.1 million due to a reversal of provision for penalties relating to PITA and CITA made by Repsol prior to the FIPC Acquisition.

In December 2022, the IRB completed its audit on the tax returns submitted for YA 2017 for PITA and for YA 2017 to YA 2019 for CITA. Following the receipt of the Notices of Additional Assessments from the IRB on these YAs, the provisions for the additional taxes and penalties previously made for these YAs were updated and the resulting gain to the profit or loss were recorded by this segment in December 2022, amounting to RM66.8 million. Out of the RM66.8 million adjusted, RM22.1 million was the penalties portion while RM44.7 million was the additional taxes portion. The overprovision of RM22.1 million for penalties was adjusted to other expenses and the overprovision of taxes of RM44.7 million was adjusted to taxation in the profit or loss.

Segment PBT was RM132.5 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM66.1 million;

- Depreciation of right-of-use assets of RM18.7 million; and

- Unwinding of discount on provision for decommissioning costs of RM5.6 million.

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

During the Current Period, the segment recognised a net tax credit amounting to RM42.1 million. The main reasons are illustrated below:

- PITA YA 2021 – Reversal of an overprovision of tax of RM40.3 million
  - The overprovision amount was finalised upon submission of the tax returns to the IRB in August 2022;

- PITA YA 2017 – Reversal of an overprovision of tax of RM31.7 million (refer to the explanation above); and

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

Omitting the impact of the abovementioned adjustments result in a "normalised" net tax expense of RM43.0 million in the Current Period, delivering a "normalised" ETR over a "normalised" PBT of 38.9%.

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

  In the Current Quarter, from this segment of our business, we generated RM100.0 million EBITDA.

  In addition to the relatively high average realised prices obtained for the sale of both crude oil and gas, PM3 CAA's operational performance during the Current Quarter was reasonably good. The achieved production level was due to the improved performance of the PM3 Northern Field Gas Injection Compressor supplying gas lift to the oil producers and the successful completion of the BKC-10STL perforation program of the oil zone.

  A gain of RM22.1 million due to a reversal of provision for penalties in relation to YA 2017 for PITA and to YA 2017 to YA 2019 for CITA made by Repsol prior to the FIPC Acquisition was recognised in the Current Quarter. Please refer to the explanation in the "Financial year-to-date results" section above.

  Segment PBT was RM45.8 million after deducting the following non-cash items from EBITDA:

  - Amortisation of intangible assets and depreciation of oil and gas assets of RM39.3 million;
  - Depreciation of right-of-use assets of RM9.6 million; and
  - Unwinding of discount on provision for decommissioning costs of RM2.8 million.

  The segment recognised a net tax credit of RM32.2 million in the Current Quarter. It is due to the following reversals of overprovision of taxes:

  - PITA YA 2017 – Reversal of an overprovision of tax of RM31.7 million (refer to the explanation in the "Financial year-to-date results" section above); and
  - CITA YA 2017 to YA 2019 – Reversal of an overprovision of tax of RM13.0 million (refer to the explanation in the "Financial year-to-date results" section above).

15 PERFORMANCE REVIEW (CONT'D)

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

(iv) United Kingdom

RM'000	Current Period	Current Quarter
Revenue	187,008	97,616
- Crude Oil	136,106	71,326
- Gas	50,902	26,290
GP	144,844	83,836
GP margin (%)	*77.5%*	*85.9%*
EBITDA	136,494	66,708
EBITDA margin (%)	*73.0%*	*68.3%*
PBT	92,177	36,765
PBT margin (%)	*49.3%*	*37.7%*
LAT	(53,188)	(79,466)
LAT margin (%)	*(28.4%)*	*(81.4%)*
ETR (%)	157.7%	316.1%

	Current Period	Current Quarter
Crude oil sold (bbls)	329,597	185,869
Average realised oil price (USD per bbl)	88.91	82.56
Gas sold (MMscf)	314	171
Average realised gas price (USD per thousand scf)	34.11∞ / 38.97#	32.23∞ / 35.78#
Average OPEX per boe (USD)	24.69	18.67
Average uptime	73%	92%
Average daily oil equivalent production rate (boe per day)	2,239	3,009

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

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

In the Current Period, from this segment of our business, we attained a GP and an EBITDA of RM144.8 million and RM136.5 million respectively. Profitability margins were high, with the GP margin at 77.5% and the EBITDA margin at 73.0%.

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

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

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

15 PERFORMANCE REVIEW (CONT'D)

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

PBT in the Current Period stood at RM92.2 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM30.9 million; and
- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM10.4 million and RM1.5 million respectively.

RFCT, SC and EPL

RM '000	RFCT + SC	EPL	Total
Total	(34,327)	(111,038)	(145,365)
Income tax	(8,957)	-	(8,957)
Deferred tax	(25,370)	(111,038)	(136,408)
- Deferred tax liability	(27,494)	(120,139)	(147,633)
- Recognition (EPL - One-off)	-	(113,882)	(113,882)
- Recognition (EPL - Recurring)	-	(14,573)	(14,573)
- Recognition (RFCT + SC)	(39,866)	-	(39,866)
- Reversal	12,372	8,316	20,688
- Deferred tax assets	2,124	9,101	11,225

- RFCT and SC

  The tax regime which applies to the exploration for, and production of, oil and gas in the UK, and is thus applicable to Anasuria Hibiscus UK, currently comprises of the RFCT and the SC. The current rates for the RFCT and the SC are set at 30.0% and 10.0% respectively. The segment recorded a net tax charge in the Current Period amounting to RM34.3 million, representing an ETR over PBT of 37.2%.

- EPL

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

15 PERFORMANCE REVIEW (CONT'D)

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

On 17 November 2022, the UK government announced changes to the EPL regime which came into effect from 1 January 2023. The revised EPL regime includes an increased levy rate of 35.0% (from 25.0%) on UK oil and gas profits on top of the existing RFCT and SC. This will mean that the UK upstream oil and gas industry will face a 75.0% marginal rate of tax. The enhanced deduction for certain categories of capital expenditure to off-set taxable EPL income will be reduced to 129.0% except in the case of decarbonisation expenditures which will retain the 180.0% enhanced deduction. The EPL regime will now apply until 31 March 2028 and despite it being a tax on windfall profits, the UK government has stated that they do not intend phasing out the EPL even if oil and gas price levels move back to more normal levels.

The changes to the EPL regime were included in the Autumn Finance Bill 2022. The Autumn Finance Bill 2022 completed its House of Commons stages at the Third Reading on 30 November 2022. Royal Assent was subsequently granted on 10 January 2023. Based on UK law making process, a Finance Bill is regarded as substantively enacted once it has passed through the House of Commons and is waiting passage through the House of Lords and Royal Assent. Based on the Parliament Acts 1911 and 1949, it is not possible for the House of Lords to change a "money" bill once it has been passed by the House of Commons. The changes to the EPL regime were therefore substantively enacted on 30 November 2022 and accordingly, the effects arising from these changes which took effect from 1 January 2023 are required to be recognised by Anasuria Hibiscus UK in any financial statements draw up to a date on or after 30 November 2022.

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

The deferred tax liability arising from the EPL regime as at 31 December 2022 was RM120.1 million based on the taxable temporary differences expected to reverse during the window for which the EPL regime applies, i.e. up to 31 March 2028. These temporary differences arose from the expected future amortisation of intangible assets and depreciation of oil and gas assets up to 31 March 2028. Included in this amount is RM113.9 million of deferred tax liability computed out of the carrying values of the intangible and oil and gas assets at the point when the EPL regime became effective, i.e. on 26 May 2022 and the changes to the EPL regime that became effective on 1 January 2023. The net deferred tax liability recognised as at 31 December 2022 is non-cash in nature and will be fully reversed to the profit or loss by 31 March 2028.

15 PERFORMANCE REVIEW (CONT'D)

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

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

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

- **Current quarter results**

The Anasuria Cluster recorded improved operational performance in the Current Quarter. As mentioned in the "Financial year-to-date results" section above, the riser which malfunctioned in May 2021, returned to service in September 2022. This was the main driver of the improved operational metrices recorded in the Current Quarter, namely average OPEX per boe of USD18.67, average uptime of 92% and average daily oil production rate of 3,009 boe per day.

Accordingly, the UK segment achieved healthy profit margins in the Current Quarter.

The EBITDA included unrealised foreign exchange losses of RM10.3 million due to the period-end retranslation of the segment's GBP-denominated balances. The USD, being the segment's functional currency depreciated against the GBP during the Current Quarter when compared to 30 September 2022.

In the Current Quarter, the segment recorded a PBT of RM36.8 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 RM22.9 million; and
- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM5.3 million and RM0.7 million respectively.

15 PERFORMANCE REVIEW (CONT'D)

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

RFCT, SC and EPL

RM '000	RFCT + SC	EPL	Total
Total	(12,224)	(104,007)	(116,231)
Income tax	(3,597)	-	(3,597)
Deferred tax	(8,627)	(104,007)	(112,634)
- Deferred tax liability	(7,780)	(112,532)	(120,312)
- Recognition (EPL - One-off)	-	(106,671)	(106,671)
- Recognition (EPL - Recurring)	-	(13,650)	(13,650)
- Recognition (RFCT + SC)	(16,947)	-	(16,947)
- Reversal	9,167	7,789	16,956
- Deferred tax assets	(847)	8,525	7,678

- RFCT and SC

  In the Current Quarter, the UK segment recorded a net tax charge for RFCT and SC of RM12.2 million. The resulting ETR over PBT was 33.2%.

- EPL

  As mentioned in the "Financial year-to-date results" section above, the UK government had on 17 November 2022 announced changes to the EPL regime which came into effect from 1 January 2023. These changes, which were included in the Autumn Finance Bill 2022, were substantively enacted on 30 November 2022 when the Autumn Finance Bill 2022 completed its House of Commons stages at the Third Reading on that day.

  Also as explained in the "Financial year-to-date results" section above, Anasuria Hibiscus UK is required to recognise the deferred tax liability derived from the carrying values of the intangible and oil and gas assets at the point when the EPL became effective, i.e. on 26 May 2022 and the changes to the EPL regime became effective on 1 January 2023 computed based on the expected future amortisation and depreciation of the assets up to 31 March 2028. Subsequent to a re-assessment exercise in December 2022, the additional deferred tax liability recognised in relation to this in the Current Quarter amounted to RM106.7million.

  To reiterate, the net deferred tax liability recognised as at 31 December 2022 is non-cash in nature and will be fully reversed to the profit or loss by 31 March 2028 and that Anasuria Hibiscus UK does not expect a significant income taxation liability arising from the EPL regime as currently enacted as Anasuria Hibiscus UK foresees there will be significant capital allowances in the future as allowed in the EPL regime to offset income chargeable to EPL.

15 PERFORMANCE REVIEW (CONT'D)

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

(v) Vietnam

RM'000	Current Period	Current Quarter
Revenue	66,898	72,968
GP	7,408	26,946
GP margin (%)	*11.1%*	*36.9%*
EBITDA	7,371	26,965
EBITDA margin (%)	*11.0%*	*37.0%*
PBT	5,168	25,748
PBT margin (%)	*7.7%*	*35.3%*
(LAT)/PAT	(5,073)	8,316
(LAT)/PAT margin (%)	*(7.6%)*	*11.4%*
ETR (%)	198.2%	67.7%

	Current Period	Current Quarter
Crude oil sold (bbls)	125,521	125,521
Average realised oil price (USD per bbl)	98.45	98.45
Average OPEX per bbl (USD)	41.80	55.81
Average uptime	85%	91%
Average net oil production rate (bbls per day)	156	207

The Vietnam segment consists of the Block 46 PSC.

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

  Block 46 conducted its first crude oil offtake of CY 2022 in October 2022, where 125,521 bbls of crude oil was sold at an average realised oil price of USD98.45 per bbl.

  As previously highlighted in Part B, Note 15.1 (A)(v) of the Preceding Quarter's Quarterly Report, the opening underlift inventory in Block 46 as at 25 January 2022 acquired from Repsol or the Acquired Underlift Inventory of 81,418 bbls was incorporated into the Group's financial statements at its fair value, in accordance with the provisions of MFRS 3 *Business Combinations* (and revalued at the prevailing crude oil price at the end of each financial period in accordance with the provisions of MFRS 9 *Financial Instruments*). The crude oil offtake that took place in October 2022 was the first offtake undertaken by Block 46 since Completion Date. As a result, the "cost" of the Acquired Underlift Inventory included in the cost of sales for this offtake was higher than would be the case had the weighted average costs been used, by approximately RM27.1 million.

  For information, a "normalised" EBITDA for Block 46 after omitting the impact of the "consumption" of the Acquired Underlift Inventory valued at a higher "cost" would have been approximately RM34.5 million whilst a "normalised" PBT would have been approximately RM32.3 million.

  For Block 46, income tax of 50.0% is paid on behalf of the PSC participants by the PSC. The net tax charge in the Current Period was RM10.2 million, which included a charge of RM17.4 million arising from the revenue earned in the Current Quarter, and a credit of RM6.1 million which arose in the Preceding Quarter further described below.

15 PERFORMANCE REVIEW (CONT'D)

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

In the Preceding Quarter, there was a charge to revenue of RM6.1 million. As a background, for Block 46, income tax of 50.0% is taken "at source" and PVN settles the income tax due to the Vietnamese tax authorities on behalf of the PSC participants. Accordingly, the oil entitlement delivered to the Block 46 participants is net of the related income tax amount and also net of royalty and export duty. Despite remittance of the income tax amount to the Vietnamese tax authorities not being made by Talisman Vietnam directly, a deemed income tax expense is recognised for each tax year for the sale of crude oil, with a corresponding credit recognised in revenue (as if Talisman Vietnam 'sold' a portion of the crude oil and utilised the proceeds to settle the income tax liability). Practically, the provisional income tax amount due is confirmed by the Vietnamese tax authorities at a later date when a Tax Cert is issued to the Block 46 participants. Upon the issuance of the Tax Cert, Talisman Vietnam reflects the finalised income tax amount in the profit or loss under taxation, with a corresponding entry under revenue. The RM6.1 million adjusted to revenue in the Preceding Quarter's profit or loss was related to the crude oil offtake that took place in May 2021, conducted prior to the FIPC Acquisition. A Tax Cert for YA 2021 was issued in July 2022, which confirmed the actual income tax amount for this offtake to be lower than the deemed income tax expense originally estimated by Repsol. Hence, Talisman Vietnam reduced both the income tax expense and the corresponding revenue in the Preceding Quarter.

- **Current quarter results**

The PSC's EBITDA and PBT included the impact of the "consumption" of the Acquired Underlift Inventory which was valued at a higher "cost", as explained in the "Financial year-to-date results" section above. Omitting the impact which arose from this transaction (or accounting entry) of approximately RM13.7 million would result in a "normalised" EBITDA of approximately RM40.7 million and a "normalised" PBT of approximately RM39.4 million.

For Block 46, income tax of 50.0% is paid on behalf of the PSC participants by the PSC. The tax charge in the Current Quarter was RM17.4 million, resulting in an ETR over the "normalised" PBT of 44.1%.

15 PERFORMANCE REVIEW (CONT'D)

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

(vi) Australia

RM'000	Current Period	Current Quarter
Revenue	-	-
(LBITDA)/EBITDA	(1,006)	1,681
EBITDA margin (%)	-	-
(LAT)/PAT	(1,006)	1,681
(LAT)/PAT margin (%)	-	-

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

  The AUD, being the segment's functional currency, depreciated against the USD during the Current Period when compared to 30 June 2022. The period-end retranslation of the segment's USD-denominated payables resulted in unrealised foreign exchange losses, which was the main reason for the LAT. A significant portion of such USD-denominated payables are to inter-companies, and as a result, there was no adverse impact to the Group.

  There were also costs incurred for professional fees, project management fees, administrative expenses and share of results of the associate.

- **Current quarter results**

  This segment result in Current Quarter were impacted by a positive foreign exchange impact which arose from the appreciation of the AUD against the USD (when compared to 30 September 2022), impacting the quarter-end revaluation of USD denominated inter-company payables.

(vii) Investment holding and group activities

RM'000	Current Period	Current Quarter
Revenue	2,152	1,067
LBITDA	(14,568)	(5,577)
LBITDA margin (%)	(677.0%)	(522.7%)
LAT	(20,352)	(7,517)
LAT margin (%)	(945.7%)	(704.5%)

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

  Of the LAT of RM20.4 million, interest expenses of RM5.1 million were incurred mostly in relation to the outstanding balance of 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, corporate development activities and depreciation expense.

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

  Segment LAT in the Current Quarter was RM7.5 million.

  Interest expenses amounted to RM1.6 million. In addition, other expenses incurred mainly relate to corporate overheads, professional and consultancy fees, corporate development activities and depreciation expense.

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

(i) Non-current Assets

As at 31 December 2022, the Group's non-current assets amounted to RM3,948.6 million, representing a decrease of RM20.2 million from RM3,968.8 million as at 30 June 2022.

The decrease was mainly due to depreciation and amortisation of equipment and intangible assets recorded during the Current Period amounting to RM192.5 million, lower deferred tax assets by RM44.0 million and lower non-current lease receivables by RM35.2 million.

This was partly off-set by capital expenditure of RM95.8 million invested by PM3 CAA mainly for the H4 development drilling campaign, RM31.7 million invested by Kinabalu mainly for the electrical submersible pump pilot facilities project and KN-119 well workover and RM17.4 million invested by North Sabah for the commencement and execution of the South Furious 30 Water Flood Phase 2 development.

In addition, capital expenditure invested by Anasuria Hibiscus UK in the Current Period amounted to RM87.5 million (RM35.0 million for the Anasuria Cluster, RM30.2 million for the Marigold West and Sunflower fields and RM22.3 million for Teal West).

(ii) Current Assets

Current assets increased from RM1,543.6 million as at 30 June 2022 to RM1,643.5 million as at 31 December 2022.

As at 31 December 2022, the Group's other receivables, deposits and prepayments balance increased by RM122.3 million compared to RM415.9 million as at 30 June 2022. It was mainly due to higher amounts to be reimbursed by the respective joint venture partners for PM3 CAA and Kinabalu.

This was partly off-set by a drop in inventories by RM15.8 million.

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 RM3,206.9 million as at 31 December 2022, a decrease of RM103.5 million from RM3,310.4 million as at 30 June 2022.

The provision for taxation balance as at 31 December 2022 reduced by RM177.7 million when compared to RM336.4 million as at 30 June 2022. The reduction was mainly due to the settlement of taxation obligations and reversal of overprovisions of taxation related to PM3 CAA, North Sabah and the Anasuria Cluster in the Current Period.

As at 30 June 2022, the Group had an outstanding amount owing to Trafigura amounting to RM176.4 million. The amount was fully repaid by November 2022.

The Group also repaid a portion of the amount owing for revolving credit facilities in the Current Period amounting to RM76.8 million.

The decrease in total liabilities were partly off-set by:

- Higher deferred tax liabilities balance by RM156.5 million mainly due to additional deferred tax liabilities recognised for the EPL regime in the UK and on capital expenditures invested by the Anasuria Cluster and PM3 CAA; and

- Outstanding balance for the term loan facility of RM86.7 million which was drawn down in December 2022.

(iv) Total Equity

The increase in total equity during the Current Period by RM183.3 million was mainly attributable to net earnings generated by the producing oil and gas assets of the Group, partly off-set by the RM20.1 million final single-tier dividend of 1.0 sen per ordinary share declared in respect of the financial year ended 30 June 2022.

15 PERFORMANCE REVIEW (CONT'D)

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

(C) Statement of Cash Flows

(i) Cash flows generated from operating activities

The Group's net cash generated from the operating activities amounted to RM323.1 million.

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

(ii) Cash flows used in investing activities

Net cash utilised by the Group for investing activities amounted to RM224.4 million during the Current Period.

Amount invested in various capital expenditure programs by PM3 CAA, Anasuria Hibiscus UK, Kinabalu and North Sabah amounted to RM95.8 million, RM83.9 million, RM31.7 million and RM11.4 million respectively.

(iii) Cash flows used in financing activities

During the Current Period, cash flows used in the Group's financial activities amounted to RM106.4 million.

Net payments made for the Group's lease liabilities and revolving credit facilities amounted to RM84.3 million and RM79.5 million respectively.

In addition, the Company paid an interim single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2022 amounting to RM20.1 million on 22 July 2022.

This was partly off-set by funds received from the drawdown of the term loan facility in December 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

RM'000	Current Quarter	Preceding Quarter
Revenue	239,473	146,078
GP	151,699	103,178
GP margin (%)	*63.3%*	*70.6%*
EBITDA	95,972	56,351
EBITDA margin (%)	*40.1%*	*38.6%*
PBT	60,437	19,305
PBT margin (%)	*25.2%*	*13.2%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	538,301	289,635
Average realised oil price (USD per bbl)	98.09	111.54
Average OPEX per bbl (USD)	18.50	20.57
Average uptime	92%	93%
Average net oil production rate (bbls per day)	4,626	4,641

The higher PBT recorded in the Current Quarter compared to the Preceding Quarter was primarily due to a higher volume of crude oil sold.

Average OPEX per bbl decreased to USD18.50 as compared to the Preceding Quarter's USD20.57 due to the completion of the annual planned maintenance activities for CY 2022 in the Preceding Quarter.

The average uptime of the North Sabah production facilities of 92% achieved during the Current Quarter was however lower to that delivered for the Preceding Quarter. Average net oil production decreased slightly in the Current Quarter primarily attributable to higher unplanned deferment and prolonged shutdown due to severe weather conditions.

(ii) Malaysia – Kinabalu and Others

	Kinabalu		Others@		Total	
RM'000	Current Quarter	Preceding Quarter	Current Quarter	Preceding Quarter	Current Quarter	Preceding Quarter
Revenue	139,725	154,009	4,740	4,584	144,465	158,593
GP	90,205	109,251	3,622	3,876	93,827	113,127
GP margin (%)	*64.6%*	*70.9%*	*76.4%*	*84.6%*	*64.9%*	*71.3%*
EBITDA	54,326	68,595	13,255	6,544	67,581	75,139
EBITDA margin (%)	*38.9%*	*44.5%*	*279.6%*	*142.8%*	*46.8%*	*47.4%*
PBT	33,460	50,740	12,343	9,287	45,803	60,027
PBT margin (%)	*23.9%*	*32.9%*	*260.4%*	*202.6%*	*31.7%*	*37.8%*

	Kinabalu		Others@	
	Current Quarter	Preceding Quarter	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	288,106	288,540	10,873	9,028
Average realised oil price (USD per bbl)	106.83	118.04	96.06	112.28
Average OPEX per bbl (USD)	17.81	21.39	11.96	9.10
Average uptime	86%	62%	-	-
Average net oil production rate (bbls per day)	3,160	2,084	119	86

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

Kinabalu

The PSC's PBT in the Current Quarter was RM17.3 million lower compared to the Preceding Quarter's RM50.7 million. This was mainly due to the lower average realised oil price attained for the sale of crude oil in the Current Quarter and a higher accrual of supplemental payments by RM7.6 million in the Current Quarter when compared to the Preceding Quarter due to a higher profit oil volume achieved by Kinabalu as a result of higher production levels.

From an operational performance perspective, Kinabalu performed more favourably in the Current Quarter when compared to the Preceding Quarter.

Average net oil production rate increased by 51.6% in the Current Quarter compared to the Preceding Quarter. In the Preceding Quarter, the annual planned major maintenance campaign for CY 2022 was carried out, during which the production facilities were shut down for 11 days.

Average OPEX per bbl in the Current Quarter decreased to USD17.81 per bbl when compared to USD21.39 per bbl in the Preceding Quarter mainly due to the increase in production levels.

Lastly, the higher production levels in the Current Quarter resulted in a higher amortisation of intangible assets and depreciation of oil and gas assets of RM3.6 million when compared to the Preceding Quarter.

Others

The results before taxation of PM305 and PM314 for the Current Quarter and the Preceding Quarter were largely impacted by the quantum of the decommissioning costs recognised in the respective quarters.

In the Current Quarter, the gain recognised of RM10.0 million was due to the reclassification of costs incurred in relation to facilities pre-decommissioning work for the South Angsi A Platform, which is expected to be reimbursed from the abandonment cess payments made in the past.

In the Preceding Quarter, the PSCs performed a reassessment of the actual amounts incurred for wells decommissioning work upon the completion of such work and it was determined that the accruals previously made exceeded the actual amounts. The net gain which arose from the reversal of the over accruals amounted to RM2.6 million and was recognised as a gain to the profit or loss in the Preceding Quarter.

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

(iii) Commercial Arrangement Area

RM'000	Current Quarter	Preceding Quarter
Revenue	157,537	215,690
- Crude Oil	77,068	138,760
- Gas	80,469	76,930
GP	83,244	128,542
GP margin (%)	*52.8%*	*59.6%*
EBITDA	99,952	128,349
EBITDA margin (%)	*63.4%*	*59.5%*
PBT	45,772	86,772
PBT margin (%)	*29.1%*	*40.2%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	187,671	272,867
Average realised oil price (USD per bbl)	90.34	112.46
Gas sold (MMscf)	3,767	2,944
Average realised gas price (USD per thousand scf)	4.71	5.78
Average OPEX per boe (USD)	14.68	18.03
Average uptime	91%	78%
Average net oil equivalent production rate (boe per day)	8,790	7,885

The PBT recorded by this segment in the Current Quarter was RM45.8 million. This was RM41.0 million lower in comparison to the Preceding Quarter's PBT of RM86.8 million.

This was mainly caused by the lower volume of crude oil sold (by 85,196 bbls) at a lower average realised oil price (by USD22.12) in the Current Quarter.

PM3 CAA's operational performance in respect of oil and condensate production, in the Current Quarter was more favourable. In the Current Quarter, the average net oil equivalent production rate was 8,790 boe per day. This was higher than that of the Preceding Quarter of 7,885 boe per day. Once again, it was mainly due to the annual planned major maintenance campaign for CY 2022 which took place in the Preceding Quarter (during which the production facilities were shut down for 14 days), better performance from PM3 Northern Field Gas Injection Compressor supplying gas lift to the oil producers and successful completion of BKC-10STL perforation program of the oil zone (resulting in incremental gross production of approximately 1,200 bbls per day).

Average OPEX per boe decreased to USD14.68 as compared to the Preceding Quarter's USD18.03 primarily due to the increased production in the Current Quarter.

During the Current Quarter, PM3 CAA recognised a gain of RM22.1 million due to a reversal of provision for penalties relating to YA 2017 for PITA and to YA 2017 to YA 2019 for CITA. The provision was made by Repsol prior to the FIPC Acquisition. In December 2022, the IRB completed its audit on the tax returns submitted for. Please refer to Part B, Note 15.1 (A)(iii) of this Quarterly Report for further details. This did not occur in the Preceding Quarter.

The other significant movement between the Current Quarter and the Preceding Quarter up to the PBT level was a higher amortisation of intangible assets and depreciation of oil and gas assets in the Current Quarter by RM12.6 million due to higher production levels.

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

(iv) United Kingdom

RM'000	Current Quarter	Preceding Quarter
Revenue	97,616	89,392
- Crude Oil	71,326	64,781
- Gas	26,290	24,611
GP	83,836	61,008
GP margin (%)	*85.9%*	*68.2%*
EBITDA	66,708	69,786
EBITDA margin (%)	*68.3%*	*78.1%*
PBT	36,765	55,412
PBT margin (%)	*37.7%*	*62.0%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	185,869	143,728
Average realised oil price (USD per bbl)	82.56	97.12
Gas sold (MMscf)	171	142
Average realised gas price (USD per thousand scf)	32.23∞ / 35.78#	36.87∞ / 41.45#
Average OPEX per boe (USD)	18.67	37.02
Average uptime	92%	53%
Average daily oil equivalent production rate (boe per day)	3,009	1,468

The UK segment recorded a higher GP of RM83.8 million in the Current Quarter as compared to the Preceding Quarter's RM61.0 million.

This was due to higher volume of crude oil sold and an improved operational performance in the Current Quarter.

The riser which failed in May 2021 was returned to service in September 2022 after change-out. This improved the performance of the Anasuria Cluster's operations metrices significantly.

Despite this, EBITDA in the Current Quarter was lower than that of the Preceding Quarter by RM3.1 million. This was mainly due to the USD, being the segment's functional currency, depreciating against the GBP during the Current Quarter when compared to 30 September 2022. As a result, the Current Quarter's EBITDA included unrealised foreign exchange losses of RM10.3 million due to the period-end retranslation of the segment's GBP-denominated balances. In the Preceding Quarter however, the USD had appreciated against the GBP (when compared to 30 June 2022) and unrealised foreign exchange gains of RM12.4 million were recognised instead.

In addition, amortisation of intangible assets and depreciation of oil and gas assets in the Current Quarter was higher by RM14.9 million due to the much higher production levels.

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

(v) Vietnam

RM'000	Current Quarter	Preceding Quarter
Revenue	72,968	(6,070)
GP/(GL)	26,946	(19,538)
GP/(GL) margin (%)	*36.9%*	*321.9%*
EBITDA/(LBITDA)	26,965	(19,594)
EBITDA/(LBITDA) margin (%)	*37.0%*	*322.8%*
PBT/(LBT)	25,748	(20,580)
PBT/(LBT) margin (%)	*35.3%*	*339.0%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	125,521	-
Average realised oil price (USD per bbl)	98.45	-
Average OPEX per bbl (USD)	55.81	24.34
Average uptime	91%	78%
Average net oil production rate (bbls per day)	207	106

In the Current Quarter, the sale of crude oil resulted in a PBT of RM25.7 million being achieved. There was no sale of crude oil in the Preceding Quarter.

The LBT in the Preceding Quarter was caused by a loss on revaluation of the Acquired Underlift Inventory of 81,418 bbls amounting to RM13.5 million, as explained in Part B, Note 15.1 (A)(v) of this Quarterly Report.

(vi) Australia

RM'000	Current Quarter	Preceding Quarter
Revenue	-	-
EBITDA/(LBITDA)	1,681	(2,687)
EBITDA/(LBITDA) margin (%)	-	-
PBT/(LAT)	1,681	(2,687)
PBT/(LBT) margin (%)	-	-

Results before taxation in both the Current Quarter and the Preceding Quarter were largely driven by fluctuations in unrealised foreign exchange differences arising from the quarter-end retranslation of the segment's USD-denominated payables.

(vii) Investment holding and group activities

RM'000	Current Quarter	Preceding Quarter
Revenue	1,067	1,085
LBITDA	(5,577)	(8,991)
LBITDA margin (%)	(522.7%)	(828.7%)
LBT	(7,517)	(12,835)
LBT margin (%)	(704.5%)	(1182.9%)

This segment recorded a LBT of RM7.5 million in the Current Quarter, which was lower than the LBT of RM12.8 million reported in the Preceding Quarter.

This was partly attributed to higher unrealised foreign exchange gain recognised in the Current Quarter by RM2.2 million. The differences arose mainly from the appreciation of the GBP and depreciation of the USD against RM, which positively impacted the quarter-end retranslation of the GBP-denominated inter-company receivables and the USD-denominated inter-company payables.

Trafigura's prepayment facility was fully repaid in November 2022, per the agreed schedule. Interest expense incurred relating to this facility during the Current Quarter was lower than the Preceding Quarter by RM1.9 million.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

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

<u>Proposed Capital Reduction and Proposed Share Buy-Back (collectively "**the Proposals**")</u>

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

(a) Proposed reduction of RM800 million of the issued share capital of the Company pursuant to Section 117 of the Companies Act, 2016; and

(b) Proposed authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company.

The Proposals are subject to the following approvals being obtained from:

(a) The shareholders of the Company which was received at the Extraordinary General Meeting convened on 1 December 2022; and

(b) Any other relevant authorities and/or parties, if required.

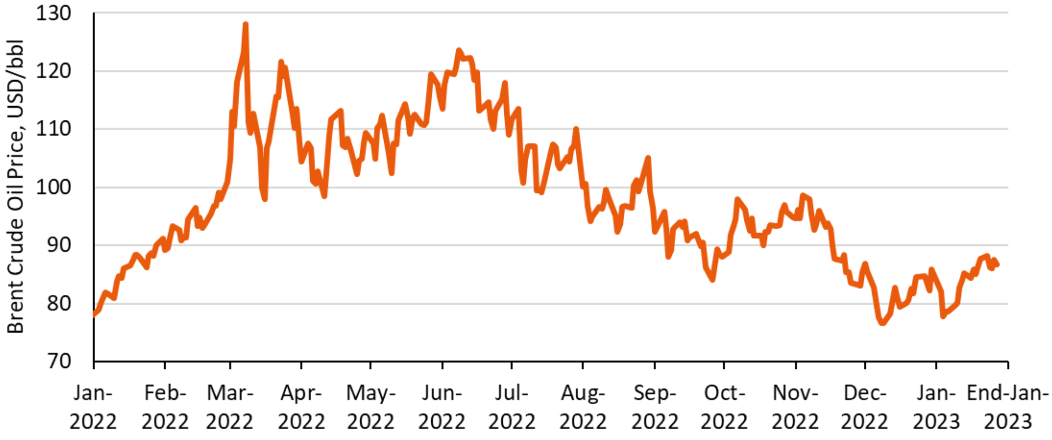
The Proposed Capital Reduction and the Proposed Share Buy-Back are inter-conditional. The Proposals are not conditional upon any other corporate exercise of the Company.

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

18 PROSPECTS OF THE GROUP

Our business performance is underpinned by several factors:

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



18 PROSPECTS OF THE GROUP (CONT'D)

As shown above, Brent oil prices have improved to levels above USD80.00 per bbl, due to supply increases being unable to keep up with increasing levels of 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 supply whilst concerns of global inflation and demand destruction are also having an impact.

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

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

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

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

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

5. Movement of foreign exchange rates, mainly:

   - USD vs RM:
     - As our revenues from our producing assets are secured in USD;
     - As the base currency used for our producing assets valuations is in USD; and
     - As the majority of our 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

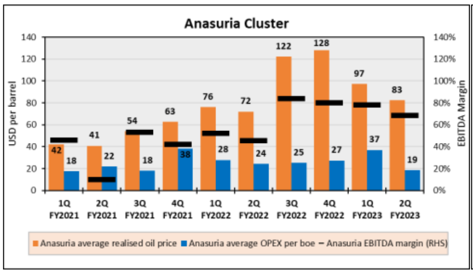
   - Facilities availability.

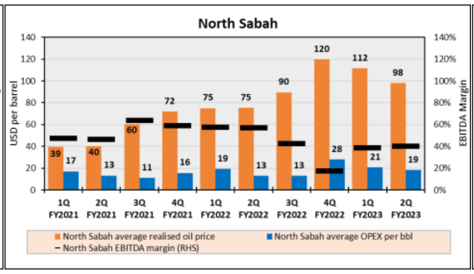
7. Management of operational expenses for our producing assets and general corporate overheads.

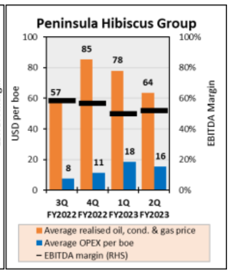
As the joint operator of the Anasuria Cluster and the operator of the North Sabah, PM3 CAA, Kinabalu, PM305, PM314 and Block 46 PSCs, the Group continuously focuses on optimising asset performance, but it is equally important to note (from the information provided above) that our performance is impacted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

18 PROSPECTS OF THE GROUP (CONT'D)

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: The Peninsula Hibiscus Group **assets'** EBITDA margin in the third financial quarter of the financial year ended 30 June 2022 excludes negative goodwill of RM317.3 million.*

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

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

A total of 1,336,341 bbls of crude oil were sold in the Current Quarter – 612,171 bbls from the Peninsula Hibiscus Group assets (PM3 CAA, Kinabalu, PM305 and PM314), 538,301 bbls from North Sabah and 185,869 bbls from the Anasuria Cluster. A total of 3,938 MMscf of gas was sold in the Current Quarter – 3,767 MMscf from PM3 CAA and 171 MMscf from the Anasuria Cluster.

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

19 PROFIT FORECAST AND PROFIT GUARANTEE

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

20 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the Current 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) Notice of Additional Assessment for YA 2014 under PITA against PM3 CAA and Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA

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

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

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

The SCPIT has scheduled for PM3 CAA to update the SCPIT on the implementation of the Consent Order on 23 February 2023.

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

24 DIVIDEND

At the Company’s 12th Annual General Meeting held on 1 December 2022, a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2022 was approved by the shareholders. The dividend was paid on 18 January 2023 to shareholders whose names appeared in the Record of Depositors on 4 January 2023.

In addition, the Board has, in respect of the financial year ending 30 June 2023, declared a first interim single-tier dividend of 0.75 sen per ordinary share (previous year corresponding six-month period ended 31 December 2021: Nil).

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 31.12.2022	QUARTER ENDED 31.12.2021	PERIOD ENDED 31.12.2022	PERIOD ENDED 31.12.2021
Profit after taxation attributable to owners of the Company (RM'000)	(A)	70,469	48,488	205,731	90,011
Weighted average number of shares for basic earnings per share computation ('000)	(B)	2,012,419	2,007,231	2,012,419	2,007,017
Effects of dilution of Islamic Convertible Redeemable Preference Shares ('000)		-	5,188	-	5,402
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	2,012,419	2,012,419	2,012,419	2,012,419
Basic earnings per share (sen)	(A/B)	3.50	2.42	10.22	4.48
Diluted earnings per share (sen)	(A/C)	3.50	2.41	10.22	4.47

26 OTHER INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2022 RM'000	QUARTER ENDED 31.12.2021 RM'000	PERIOD ENDED 31.12.2022 RM'000	PERIOD ENDED 31.12.2021 RM'000
Sundry income	925	28	925	111
Interest income	1,369	129	2,581	241
Fair value changes on other investment	-	98	-	130
Unrealised gain on foreign exchange #	-	-	-	-
Realised gain on foreign exchange #	5,508	-	13,272	-
	7,802	255	16,778	482

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

27 PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2022 RM'000	QUARTER ENDED 31.12.2021 RM'000	PERIOD ENDED 31.12.2022 RM'000	PERIOD ENDED 31.12.2021 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	125,090	40,645	221,040	79,746
Supplemental payments##	65,591	15,112	136,030	26,420
Finance costs	19,503	10,597	36,492	20,361
SbST###	19,585	-	33,983	-
Share of results of an associate	125	90	252	200
Fair value changes on other investment	-	(98)	-	(130)
Interest income	(1,384)	(552)	(2,602)	(1,295)
Unrealised loss on foreign exchange####	27,932	982	15,291	1,055
Realised (gain)/loss on foreign exchange####	(5,508)	1,007	(13,272)	990

Supplemental payments represent amounts paid/payable by North Sabah, Kinabalu and PM305 and PM314 in relation to their profit oil, when the weighted average oil price exceeds the base price stated in the respective PSCs. The supplemental payments incurred by the North Sabah, Kinabalu and PM305 and PM314 in the Current Period amounted to RM82.6 million (previous year corresponding period ended 31 December 2021: RM26.4 million), RM52.5 million (previous year corresponding period ended 31 December 2021: Not applicable) and RM0.9 million (previous year corresponding period ended 31 December 2021: Not applicable) respectively. The supplemental payments are included in administrative expenses in the profit or loss.

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

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

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

28 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2022 RM'000	QUARTER ENDED 31.12.2021 RM'000	PERIOD ENDED 31.12.2022 RM'000	PERIOD ENDED 31.12.2021 RM'000
Income taxation	(841)	(19,570)	13,142	(57,938)
Deferred taxation	(137,379)	(20,609)	(201,514)	(15,488)
	(138,220)	(40,179)	(188,372)	(73,426)

28 TAXATION (CONT'D)

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.12.2022 RM'000	Quarter Ended 31.12.2021 RM'000	Period Ended 31.12.2022 RM'000	Period Ended 31.12.2021 RM'000
Malaysia – North Sabah				
Income taxation	(25,531)	(16,053)	(32,495)	(51,659)
Deferred taxation	1,278	(13,199)	321	(4,380)
Total	**(24,253)**	**(29,252)**	**(32,174)**	**(56,039)**
Malaysia – Kinabalu and Others				
Income taxation	1,499	N/A	634	N/A
Deferred taxation	(14,042)	N/A	(43,284)	N/A
Total	**(12,543)**	N/A	**(42,650)**	N/A
Commercial Arrangement Area				
Income taxation	44,555	N/A	65,059	N/A
Deferred taxation	(12,316)	N/A	(23,001)	N/A
Total	**32,239**	N/A	**42,058**	N/A
United Kingdom				
Income taxation	(3,597)	(3,517)	(8,957)	(6,279)
Deferred taxation	(112,634)	(7,414)	(136,408)	(11,117)
Total	**(116,231)**	**(10,931)**	**(145,365)**	**(17,396)**
Vietnam				
Income taxation	(17,767)	N/A	(11,099)	N/A
Deferred taxation	335	N/A	858	N/A
Total	**(17,432)**	N/A	**(10,241)**	N/A
Australia				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
Total	**-**	**-**	**-**	**-**
Investment holding and group activities				
Income taxation	-	-	-	-
Deferred taxation	-	4	-	9
Total	**-**	**4**	**-**	**9**
Group				
Income taxation	(841)	(19,570)	13,142	(57,938)
Deferred taxation	(137,379)	(20,609)	(201,514)	(15,488)
Total	**(138,220)**	**(40,179)**	**(188,372)**	**(73,426)**

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 the RFCT and the SC. The current rates of tax for RFCT and SC are set at 30.0% and 10.0% respectively.

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

- Vietnam

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

Deferred taxation

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

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

29 BORROWINGS

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

	As at 31.12.2022 RM'000	As at 30.06.2022 RM'000
Non-current		
Secured		
Lease liabilities	308,469	364,009
Term loan	78,277	-
	386,746	364,009
Current		
Secured		
Lease liabilities	132,876	104,936
Term loan	8,432	-
Unsecured		
Revolving credit	11,977	88,814
	153,285	193,750

By Order of the Board of Directors
Hibiscus Petroleum Berhad
16 February 2023