HIBISCUS PETROLEUM BERHAD

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

Unaudited Quarterly Financial Report 31 March 2023

(Third 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 24 May 2023.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	QUARTER ENDED 31.03.2023 RM'000	QUARTER ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2023 RM'000	PERIOD ENDED 31.03.2022 RM'000
Revenue		523,336	297,060	1,841,230	828,154
Cost of sales		(150,656)	(35,197)	(640,529)	(216,769)
GROSS PROFIT		372,680	261,863	1,200,701	611,385
Other income	26	14,648	3,995	31,426	3,422
Administrative expenses		(59,504)	(147,574)	(246,734)	(231,789)
Other expenses		(160,263)	(88,556)	(386,985)	(169,292)
Finance costs		(17,262)	(16,552)	(53,754)	(36,913)
Share of results of an associate		(139)	(96)	(391)	(296)
Negative goodwill from business combination		-	317,319	-	317,319
PROFIT BEFORE TAXATION	27	150,160	330,399	544,263	493,836
Taxation	28	(78,649)	(22,859)	(267,021)	(96,285)
PROFIT AFTER TAXATION		71,511	307,540	277,242	397,551
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- Owners of the Company		71,511	307,540	277,242	397,551
EARNINGS PER SHARE (SEN)					
Basic	25	3.55	15.32	13.78	19.81
Diluted	25	3.55	15.28	13.78	19.75

Note:

Earnings Before Interest, Taxes, Depreciation and Amortisation		291,580	434,728	943,215	698,272

(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 31.03.2023 RM'000	QUARTER ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2023 RM'000	PERIOD ENDED 31.03.2022 RM'000
PROFIT AFTER TAXATION	71,511	307,540	277,242	397,551
Other comprehensive income/(expenses):				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation *	1,714	11,283	(635)	16,936
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD	73,225	318,823	276,607	414,487
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the Company	73,225	318,823	276,607	414,487

* *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 31.03.2023 RM'000	AUDITED AS AT 30.06.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,378,468	1,422,576
Equipment		1,892,715	1,838,981
Right-of-use assets		153,485	175,245
Other receivables		180,254	230,541
Investment in an associate		3,600	4,088
Restricted cash and bank balances		194,603	158,456
Tax recoverable		50,480	50,406
Deferred tax assets		28,078	88,513
		3,881,683	3,968,806
CURRENT ASSETS			
Inventories		158,168	163,900
Trade receivables		342,536	404,730
Other receivables, deposits and prepayments		425,790	415,850
Amount owing by a joint venture		328	328
Amount owing by an associate		-	10
Cash and bank balances		670,181	549,386
Tax recoverable		10,476	9,408
		1,607,479	1,543,612
TOTAL ASSETS		5,489,162	5,512,418
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	166,014	966,014
Other reserves		170,761	171,396
Retained earnings		2,106,632	1,064,607
		2,443,407	2,202,017
NON-CURRENT LIABILITIES			
Other payables		4,662	9,340
Borrowings	29	357,655	364,009
Contingent consideration		41,763	35,372
Deferred tax liabilities		745,669	581,189
Provision for decommissioning costs		584,924	621,611
		1,734,673	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 31.03.2023 RM'000	AUDITED AS AT 30.06.2022 RM'000
CURRENT LIABILITIES			
Trade payables		15,696	8,458
Other payables and accruals		762,840	1,040,443
Borrowings	29	243,534	193,750
Amount owing to a joint venture		318	319
Contingent consideration		5,863	28,552
Provision for decommissioning costs		87,723	90,720
Provision for taxation		194,889	336,419
Redeemable Convertible Preference Shares		219	219
		1,311,082	1,698,880
TOTAL LIABILITIES		3,045,755	3,310,401
TOTAL EQUITY AND LIABILITIES		5,489,162	5,512,418
NET ASSETS PER SHARE (RM)		1.21	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**
9 months to 31.03.2023						
As at 01.07.2022	966,014	-	389	171,007	1,064,607	2,202,017
Profit after taxation	-	-	-	-	277,242	277,242
Other comprehensive expenses, net of tax: - Foreign currency translation	-	-	-	(635)	-	(635)
Total comprehensive (expenses)/income for the period	-	-	-	(635)	277,242	276,607
Dividends	-	-	-	-	(35,217)	(35,217)
Capital Reduction*	(800,000)	-	-	-	800,000	-
Total transactions with owners of the Company	(800,000)	-	-	-	764,783	(35,217)
As at 31.03.2023	166,014	-	389	170,372	2,106,632	2,443,407
9 months to 31.03.2022						
As at 01.07.2021	959,892	246	389	61,530	451,865	1,473,922
Profit after taxation	-	-	-	-	397,551	397,551
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	16,936	-	16,936
Total comprehensive income for the period	-	-	-	16,936	397,551	414,487
Conversion of CRPS** to new ordinary shares	6,122	(246)	-	-	-	5,876
Dividend	-	-	-	-	(20,075)	(20,075)
Total transactions with owners of the Company	6,122	(246)	-	-	(20,075)	(14,199)
As at 31.03.2022	966,014	-	389	78,466	829,341	1,874,210

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

** *Convertible Redeemable Preference Shares.*

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended	
	31.03.2023 RM'000	**31.03.2022 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	544,263	493,836
Adjustments for:		
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	345,198	167,523
Impairment of intangible assets	-	44,906
Finance costs	53,754	36,913
Share of results of an associate	391	296
Fair value changes on other investment	-	(130)
Interest income	(8,831)	(1,481)
Unrealised loss/(gain) on foreign exchange	32,356	(2,754)
Negative goodwill from business combination	-	(317,319)
Operating profit before working capital changes	967,131	421,790
Inventories	6,292	(24,171)
Trade receivables	65,872	144,407
Other receivables, deposits and prepayments	83,804	125,967
Trade payables	6,472	625
Other payables and accruals	(402,554)	84,449
Amount owing by an associate	10	(112)
Cash generated from operating activities	727,027	752,955
Tax paid	(154,096)	(103,957)
Movement in restricted cash and bank balances***	(29,604)	(33,322)
Net cash generated from operating activities	543,327	615,676
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investment	-	136,560
Interest received	8,831	1,481
Acquisition of intangible assets	(67,566)	(20,575)
Purchase of equipment	(280,150)	(79,126)
Net cash outflow arising from business combination	-	(503,297)
Net cash used in investing activities	(338,885)	(464,957)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of lease liabilities	(125,199)	(21,657)
Dividend paid	(40,248)	(20,075)
Net drawdown of revolving credit	17,057	-
Net drawdown of term loan	75,658	-
Net cash used in financing activities	(72,732)	(41,732)
Net increase in cash and cash equivalents	131,710	108,987
Effects of foreign exchange rate changes	(8,198)	(9,455)
Cash and cash equivalents at beginning of the financial period	544,779	173,889
Cash and cash equivalents at end of the financial period	668,291	273,421

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

	Period Ended	
	31.03.2023	**31.03.2022**
	RM'000	**RM'000**
Cash and bank balances in the consolidated statements of financial position are as follows:		
Non-current		
Restricted cash and bank balances***	194,603	159,872
Current		
Cash and bank balances	670,181	277,975
Less: Restricted cash and bank balances****	(1,890)	(4,554)
Cash and cash equivalents	668,291	273,421

*** *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 March 2023*
  - *Asia Hibiscus Sdn. Bhd. – As part of the term loan covenants, Asia Hibiscus Sdn. Bhd. is required to maintain a minimum amount of principal and interest payable for the next three months into a designated bank account.*
- *31 March 2022*
  - *SEA Hibiscus Sdn. Bhd. and Hibiscus Oil & Gas Malaysia Limited – Deposit with a financial institution as security for banking facility obtained amounting to RM3.800 million and RM0.740 million respectively; and*
  - *Private placement of Islamic Convertible Redeemable Preference Shares – Balance of proceeds of RM0.014 million, which was fully released in the financial year ended 30 June 2022.*

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

ABBREVIATIONS AND ACRONYMS

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

Abbreviation	Description
2022 Turnaround	Planned Offshore Turnaround of the Anasuria FPSO
3D Oil	3D Oil Limited
Acquired Underlift Inventory	Opening underlift inventory acquired as part of the FIPC Acquisition
Act	Companies Act, 2016
Anasuria FPSO	Anasuria floating production storage and offloading vessel
Anasuria Hibiscus UK	Anasuria Hibiscus UK Limited
AUD	Australian Dollar
bbl	Barrel
Block 46	Block 46 Cai Nuoc PSC
boe	Barrel of oil equivalent
Bursa Securities	Bursa Malaysia Securities Berhad
CAA	Commercial Arrangement Area
Capital Reduction	Proposed reduction of the issued ordinary share capital of the Company pursuant to Section 117 of the Companies Act, 2016
Carnarvon Hibiscus	Carnarvon Hibiscus Pty Ltd
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 March 2023
Current Period	Nine-month financial period ended 31 March 2023
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.
HSSE	Health, Safety, Security & Environment
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
NOPTA	Australian National Offshore Petroleum Titles Administrator
Notice	Notice to Arbitrate

ABBREVIATIONS AND ACRONYMS (CONT'D)

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

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

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

1 BASIS OF PREPARATION

This unaudited Quarterly Report has been prepared in accordance with the reporting requirements as set out in the MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and Paragraph 9.22 of the MMLR of Bursa Securities, and should be read in conjunction with the Group's audited financial statements for the 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. This form of EPL was initially enacted for a fixed period and provisions were included to phase it out when oil and gas prices returned to historically more normal levels although this was not specified in the law. The legislation included a sunset, or expiry, clause that ensured the levy did not apply beyond 31 December 2025.

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

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

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

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

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

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

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

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

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

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

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

5 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial periods that have a material effect in the Current 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 amount of dividends paid by the Company in the Current Period are as follows:

	RM '000
In respect of the financial year ended 30 June 2022	
Interim single-tier dividend of 1.0 sen per ordinary share, paid on 22 July 2022	20,124
Final single-tier dividend of 1.0 sen per ordinary share, paid on 18 January 2023	20,124
	40,248

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 31.03.2023	
	Number of shares	**Share capital RM'000**
ORDINARY SHARES		
As at 01.07.2022	2,012,418,743	966,014
Capital Reduction	-	(800,000)
As at 31.03.2023	2,012,418,743	166,014

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

11 OPERATING SEGMENTS

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

(i) Malaysia – North Sabah

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

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.4820 and 4.4158 respectively.

(ii) Malaysia – Kinabalu and Others

Group's investments and operations in Kinabalu, 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 4.4820 and 4.4158 respectively.

(iii) Commercial Arrangement Area

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

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.4820 and 4.4158 respectively.

(iv) United Kingdom

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

<u>Anasuria Area</u>

(a) <u>Anasuria Cluster</u>
- 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) <u>Licence No. P2532</u>
- 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) <u>Licence No. P2535</u>
- Group's investment in its 100% interest in Licence No. P2535 (Block 21/24d) containing the Teal West discovered field.

11 OPERATING SEGMENTS (CONT'D)

(iv) United Kingdom

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 4.4820 and 4.4158 respectively.

(v) Australia

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

The segment's functional currency is the AUD. The average and closing rates adopted for conversion to RM in the Current Period are 3.0220 and 2.9583 respectively.

(vi) Vietnam

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

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Period are 4.4820 and 4.4158 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 31.03.2023								
Non-current assets	598,811	527,731	1,117,986	1,615,880	15,309	3,600	2,366	3,881,683
Included in the segment assets is:								
Investment in an associate	-	-	-	-	-	3,600	-	3,600
Additions to non-current assets	24,005	56,093	150,503	133,420	-	-	174	364,195
Period ended 31.03.2023								
Project management, technical and other service fees	-	-	-	-	-	-	4,482	4,482
Sales of crude oil and gas	493,038	432,782	572,145	271,871	66,158	-	-	1,835,994
Interest income	-	-	-	-	-	-	754	754
Revenue	493,038	432,782	572,145	271,871	66,158	-	5,236	1,841,230
Depreciation and amortisation	(94,472)	(54,385)	(136,865)	(55,690)	(2,792)	-	(994)	(345,198)
Profit/(loss) from operations	102,010	152,490	223,888	138,334	4,168	(8,047)	(22,512)	590,331
Share of results of an associate	-	-	-	-	-	(391)	-	(391)
Finance costs	(10,854)	(267)	(15,636)	(19,992)	(322)	-	(6,683)	(53,754)
Interest income	795	714	2,569	3,360	586	1	52	8,077
Taxation	(37,930)	(60,194)	4,328	(164,096)	(8,629)	-	(500)	(267,021)
PAT/(LAT)	54,021	92,743	215,149	(42,394)	(4,197)	(8,437)	(29,643)	277,242
EBITDA/(LBITDA)	197,277	207,589	363,322	197,384	7,546	(8,437)	(21,466)	943,215

11 OPERATING SEGMENTS (CONT'D)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
As at 31.03.2022								
Non-current assets	629,684	520,856	890,067	1,444,397	18,461	6,308	3,501	3,513,274
Included in the segment assets is: Investment in an associate	-	-	-	-	-	4,350	-	4,350
Additions to non-current assets	4,595	6,614	30,984	88,111	-	-	1,491	131,795
Period ended 31.03.2022								
Project management, technical and other service fees	-	-	-	-	-	-	2,903	2,903
Sales of crude oil and gas	475,251	3,705	121,088	224,152	-	-	-	824,196
Interest income	-	-	-	-	-	-	1,055	1,055
Revenue	475,251	3,705	121,088	224,152	-	-	3,958	828,154
Depreciation and amortisation	(84,100)	(19,239)	(30,532)	(31,973)	(694)	-	(985)	(167,523)
Profit/(loss) from operations	171,262	(29,584)	40,152	96,677	11,714	(176)	(31,839)	258,206
Impairment of intangible assets	-	-	-	-	-	(44,906)	-	(44,906)
Share of results of an associate	-	-	-	-	-	(296)	-	(296)
Finance costs	(10,912)	(509)	(2,924)	(16,600)	(48)	-	(5,920)	(36,913)
Interest income	78	25	21	302	-	-	-	426
Negative goodwill from business combination	-	165,006	145,967	-	6,346	-	-	317,319
Taxation	(63,519)	11,976	(12,990)	(31,480)	(285)	-	13	(96,285)
PAT/(LAT)	96,909	146,914	170,226	48,899	17,727	(45,378)	(37,746)	397,551
EBITDA/(LBITDA)	255,440	154,686	216,672	128,952	18,754	(45,378)	(30,854)	698,272

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.03.2023 RM'000	QUARTER ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2023 RM'000	PERIOD ENDED 31.03.2022 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum UK PLC	731	659	2,144	1,872
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	-	(34)	-	(170)

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 March 2023:

	RM'000
Approved and contracted for:	
Group's capital commitments	55,899
Share of a joint operation's capital commitments	724
Total capital commitments approved and contracted for	56,623
Share of a joint operation's other material commitments	33,121
	89,744

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 31.03.2023 RM'000	Current Quarter 31.03.2023 RM'000	Preceding Quarter 31.12.2022 RM'000	Current Quarter vs Preceding Quarter (Change in %)
Malaysia – North Sabah				
Revenue	493,038	107,487	239,473	(55)
EBITDA	**197,277**	**44,954**	**95,972**	**(53)**
PAT	54,021	6,453	36,184	(82)
Malaysia – Kinabalu and Others				
Revenue	432,782	129,724	144,465	(10)
EBITDA	**207,589**	**64,869**	**67,581**	**(4)**
PAT	92,743	29,563	33,260	(11)
Commercial Arrangement Area				
Revenue	572,145	198,918	157,537	26
EBITDA	**363,322**	**135,021**	**99,952**	**35**
PAT	215,149	40,547	78,011	(48)
United Kingdom				
Revenue	271,871	84,863	97,616	(13)
EBITDA	**197,384**	**60,890**	**66,708**	**(9)**
(LAT)/PAT	(42,394)	10,794	(79,466)	-
Vietnam				
Revenue	66,158	(740)	72,968	-
EBITDA	**7,546**	**175**	**26,965**	**(99)**
(LAT)/PAT	(4,197)	876	8,316	(89)
Australia				
Revenue	-	-	-	-
(LBITDA)/EBITDA	**(8,437)**	**(7,431)**	**1,681**	**-**
(LAT)/PAT	(8,437)	(7,431)	1,681	-
Investment holding and group activities				
Revenue	5,236	3,084	1,067	189
LBITDA	**(21,466)**	**(6,898)**	**(5,577)**	**(24)**
LAT	(29,643)	(9,291)	(7,517)	(24)
Group				
Revenue	1,841,230	523,336	713,126	(27)
EBITDA	**943,215**	**291,580**	**353,282**	**(17)**
PAT	277,242	71,511	70,469	1

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	493,038	107,487
GP	325,203	70,327
GP margin (%)	*66.0%*	*65.4%*
EBITDA	197,277	44,954
EBITDA margin (%)	*40.0%*	*41.8%*
PBT	91,951	12,209
PBT margin (%)	*18.6%*	*11.4%*
PAT	54,021	6,453
PAT margin (%)	*11.0%*	*6.0%*
ETR (%)	41.3%	47.1%

	Current Period	Current Quarter
Crude oil sold (bbls)	1,127,843	299,907
Average realised oil price (USD per bbl)	97.53	83.02
Average OPEX per bbl (USD)	18.28	15.70
Average uptime	93%	95%
Average net oil production rate (bbls per day)	4,731	4,704

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

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

The segment's key operational metrices were impacted by the annual planned major maintenance campaign for CY 2022, which took place between March 2022 and 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, an EBITDA margin of 40.0% was achieved in the Current Period due to the relatively high average realised oil price, diligent cost control and effective operational performance. The EBITDA of RM197.3 million was delivered after charging supplemental payment of RM98.9 million and SbST imposed by the Sabah State Government on crude oil sold in the Current Period of RM24.7 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)

PBT recorded for the Current Period was RM92.0 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 RM83.5 million;

- Depreciation of right-of-use assets of RM10.9 million; and

- Unwinding of discount on provision for decommissioning costs of RM5.3 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 RM37.9 million and the resulting ETR over PBT of 41.3% was broadly consistent with the PITA rate.

- **Current quarter results**

In the Current Quarter, stable operating conditions experienced by the segment have enabled a relatively low average OPEX per bbl of USD15.70 be recorded. The USD15.70 metric also represented the lowest quarterly average OPEX per bbl recorded thus far for the current financial year, compared to USD18.50 in the Preceding Quarter and USD20.57 in the September 2022 Quarter. As previously reported, the average net oil production rate in the Preceding Quarter was adversely impacted by higher unplanned deferment and prolonged shutdown due to severe weather conditions while key operational statistics for the September 2022 Quarter were impacted by the planned CY 2022 major maintenance campaign.

The EBITDA of RM45.0 million was achieved after charging supplemental payment and SbST of RM16.3 million and RM5.4 million respectively.

The segment recorded a PBT of RM12.2 million. This was achieved after deductions of the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM25.7 million;

- Depreciation of right-of-use assets of RM3.5 million; and

- Unwinding of discount on provision for decommissioning costs of RM1.5 million.

Total net tax expense in the Current Quarter was RM5.7 million, resulting in an ETR over PBT of 47.1%. The amount comprised of RM4.9 million tax expense incurred for PITA on taxable petroleum income at the rate of 38.0%. In addition, RM0.8 million tax expense relating to CITA was charged on interest income at the rate of 24.0%.

15 PERFORMANCE REVIEW (CONT'D)

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

(ii) Malaysia – Kinabalu and Others

	Kinabalu		Others@		Total	
RM'000	Current Period	Current Quarter	Current Period	Current Quarter	Current Period	Current Quarter
Revenue	418,672	124,938	14,110	4,786	432,782	129,724
GP	280,751	81,295	12,067	4,569	292,818	85,864
GP margin (%)	*67.1%*	*65.1%*	*85.5%*	*95.5%*	*67.7%*	*66.2%*
EBITDA	185,703	62,782	21,886	2,087	207,589	64,869
EBITDA margin (%)	*44.4%*	*50.3%*	*155.1%*	*43.6%*	*48.0%*	*50.0%*
PBT	129,913	45,713	23,024	1,394	152,937	47,107
PBT margin (%)	*31.0%*	*36.6%*	*163.2%*	*29.1%*	*35.3%*	*36.3%*
PAT	74,727	28,116	18,016	1,447	92,743	29,563
PAT margin (%)	*17.8%*	*22.5%*	*127.7%*	*30.2%*	*21.4%*	*22.8%*
ETR (%)	42.5%	38.5%	21.8%	N/A	39.4%	37.2%

	Kinabalu		Others@	
	Current Period	Current Quarter	Current Period	Current Quarter
Crude oil sold (bbls)	888,966	312,320	32,517	12,616
Average realised oil price (USD per bbl)	105.08	91.49	96.82	86.41
Average OPEX per bbl (USD)	17.58	14.14	10.17	9.02
Average uptime	78%	85%	-	-
Average net oil production rate (bbls per day)	2,385	2,343	102	99

@ *Consists of PM305 and PM314.*

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

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

<u>Kinabalu</u>

Kinabalu's average uptime of 78% in the Current Period was 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 inspection campaign.

The Kinabalu PSC's operational performance was exacerbated by a slower than planned production ramp up post the shutdown period caused by issues encountered with the high pressure gas compressor tubular bracing installation, which were resolved in the last week of September 2022. However, there were several outages experienced with the high pressure compressor in the Current Quarter. The root cause has since been identified and restoration work is expected to complete by end May 2023. Issues encountered with this compressor affected the supplies of gas lift to the oil wells. These events collectively resulted in a relatively high OPEX per bbl of USD17.58.

15 PERFORMANCE REVIEW (CONT'D)

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

Despite the adverse operational performance, Kinabalu achieved a reasonable level of profitability due to the relatively high average realised oil price achieved in the Current Period.

In the Current Period, the segment incurred a supplemental payment amounting to RM66.7 million. SbST incurred for the sale of crude oil was RM20.9 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 RM51.0 million;
- Depreciation of right-of-use assets of RM3.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM1.4 million.

The tax regime governing Kinabalu is PITA, at the rate of 38.0%. The ETR over PBT on the back of a net RM55.2 million tax expense in the Current Period was 42.5%. 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

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

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

- 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 RM9.9 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. Accordingly, this amount has been recognised as a gain in the profit or loss in the Preceding Quarter; and

15 PERFORMANCE REVIEW (CONT'D)

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

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

The tax regime governing PM305 and PM314 is PITA, at the rate of 38.0%. In the Current Period, a net RM5.0 million tax expense was recorded. The ETR over PBT of 21.8% was lower than the 38.0% PITA rate mainly due to adjustments made in December 2022 following a reassessment of the full CY 2022 tax obligations under PITA.

- **Current quarter results**

<u>**Kinabalu**</u>

Operational performance during the Current Quarter has been impacted by several outages experienced with the high pressure gas compressor which resulted in insufficient gas lift supply to the oil wells. This resulted in a lower net oil production rate achieved, at 2,343 bbls per day. Despite the lower net oil production rate, OPEX per bbl recorded was relatively low as fewer activities were undertaken in the Current Quarter partly due to unfavourable weather conditions encountered.

Kinabalu reported a strong profit margin on the back of a high average realised price attained in the Current Quarter of USD91.49 per bbl.

The segment attained an EBITDA of RM62.8 million in the Current Quarter. This was achieved after incurring supplemental payment and SbST of RM14.2 million and RM6.2 million respectively.

The following non-cash items were deducted from EBITDA to arrive at PBT of RM45.7 million:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM15.5 million;

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

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

The segment recognised a net tax expense in the Current Quarter amounting to RM17.6 million which resulted in an ETR over PBT of 38.5%. This was consistent with the PITA rate of 38.0%.

15 PERFORMANCE REVIEW (CONT'D)

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

Others

PM305 and PM314 reported a GP of RM4.6 million on the back of RM4.8 million revenue.

The segment's results were however adversely impacted by unrealised foreign exchange losses recognised on RM-denominated assets.

In the Current Quarter, RM0.1 million of total net tax credit was recognised.

(iii) Commercial Arrangement Area

RM'000	Current Period	Current Quarter
Revenue	572,145	198,918
- Crude Oil	324,164	108,336
- Gas	247,981	90,582
GP	362,558	150,772
GP margin (%)	*63.4%*	*75.8%*
EBITDA	363,322	135,021
EBITDA margin (%)	*63.5%*	*67.9%*
PBT	210,821	78,277
PBT margin (%)	*36.8%*	*39.4%*
PAT	215,149	40,547
PAT margin (%)	*37.6%*	*20.4%*
ETR (%)	N/A (@)	48.2%

	Current Period	Current Quarter
Crude oil sold (bbls)	744,169	283,631
Average realised oil price (USD per bbl)	97.19	87.03
Gas sold (MMscf)	10,941	4,230
Average realised gas price (USD per thousand scf)	5.06	4.87
Average OPEX per boe (USD)	13.68	9.50
Average uptime	87%	92%
Average net oil equivalent production rate (boe per day)	9,585	11,180

@ *Recorded a net tax credit due to the following adjustment in the Current Period - overprovison of tax for PITA YA 2017 and YA 2021 and CITA YA 2017 to YA 2019.*

The CAA segment consists of the PM3 CAA PSC.

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

  The PM3 CAA segment achieved strong profitability during the Current Period. GP attained was RM362.6 million and the resulting GP margin was 63.4%. This was mainly due to the high average realised prices obtained for the sale of both crude oil and gas.

  Operational performance in the Current Period was boosted by the following events which occurred during the Current Quarter:

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

15 PERFORMANCE REVIEW (CONT'D)

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

These favourable developments were partly off-set by the impact of 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 costs associated with:

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

In addition, oil production in the September 2022 Quarter was 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.

The segment attained an EBITDA of RM363.3 million in the Current Period. The EBITDA included a gain of RM21.9 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, which amounted to RM66.2 million. Out of the RM66.2 million adjusted, RM21.9 million was the penalties portion while RM44.3 million made up the additional taxes component. The overprovision of RM21.9 million for penalties was adjusted to other expenses and the overprovision of taxes of RM44.3 million was adjusted to taxation in the profit or loss.

Segment PBT was RM210.8 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM108.7 million;
- Depreciation of right-of-use assets of RM28.2 million; and
- Unwinding of discount on provision for decommissioning costs of RM8.2 million.

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

15 PERFORMANCE REVIEW (CONT'D)

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

During the Current Period, the segment recognised a net tax credit amounting to RM4.3 million. The main reasons for this are illustrated below:

- PITA YA 2021 – Reversal of an overprovision of tax of RM39.8 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 RM31.4 million (refer to the explanation above); and

- CITA YA 2017 to YA 2019 – Reversal of an overprovision of tax of RM12.9 million (refer to the explanation above).

Omitting the impact of the abovementioned adjustments will result in a "normalised" net tax expense of RM88.4 million in the Current Period, delivering a "normalised" ETR over a "normalised" PBT of 46.7%. This was higher than the 38.0% PITA rate due to the non-tax deductibility of unrealised foreign exchange losses recognised.

- **Current quarter results**

In the Current Quarter, from this segment of our business, we generated RM135.0 million EBITDA.

The PM3 CAA segment reported favourable operational performance in the Current Quarter. The high production level was contributed by the additional contribution from the BOC-29ST1 well when it achieved first oil in March 2023, as well as an increased contribution from the H4 reservoirs through optimised water injection. The segment's production level was further increased by the improved performance of the PM3 Northern field gas injection compressor supplying gas lift to the oil producers.

Average OPEX per boe recorded was low at USD9.50 as a result of high production levels and low operational expenditure incurred as a result of lower activities carried out.

The following non-cash items were deducted from EBITDA to arrive at a PBT of RM78.3 million:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM42.6 million;

- Depreciation of right-of-use assets of RM9.5 million; and

- Unwinding of discount on provision for decommissioning costs of RM2.6 million.

The segment recorded an RM37.7 million net tax expense in the Current Quarter, which resulted in an ETR over PBT of 48.2%. This was higher than the 38.0% PITA rate mainly due to the non-tax deductibility of unrealised foreign exchange losses recognised.

15 PERFORMANCE REVIEW (CONT'D)

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

(iv) United Kingdom

RM'000	Current Period	Current Quarter
Revenue	271,871	84,863
- Crude Oil	204,161	68,055
- Gas	67,710	16,808
GP	207,583	62,739
GP margin (%)	*76.4%*	*73.9%*
EBITDA	197,384	60,890
EBITDA margin (%)	*72.6%*	*71.8%*
PBT	121,702	29,525
PBT margin (%)	*44.8%*	*34.8%*
(LAT)/PAT	(42,394)	10,794
(LAT)/PAT margin (%)	*(15.6%)*	*12.7%*
ETR (%)	134.8%	63.4%

	Current Period	Current Quarter
Crude oil sold (bbls)	532,365	202,769
Average realised oil price (USD per bbl)	83.54	74.81
Gas sold (MMscf)	471	158
Average realised gas price (USD per thousand scf)	30.64∞ / 34.81#	24.61∞ / 23.79#
Average OPEX per boe (USD)	24.54	24.28
Average uptime	80%	96%
Average daily oil equivalent production rate (boe per day)	2,390	2,699

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

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

The UK segment reported high profit margins from its operations in the Current Period. GP and EBITDA attained were RM207.6 million and RM197.4 million respectively and the resulting high GP and EBITDA margins over revenue were 76.4% and 72.6% respectively.

Contribution from the sale of gas remained significant in the Current Period due to high 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 September 2022 Quarter, of the project to replace the riser which malfunctioned in May 2021. The said riser, which transports produced crude oil from the subsea well to the Anasuria FPSO was temporarily isolated from the primary production system following the malfunction and the impact of that temporary isolation was a lower overall daily production rate from the Anasuria Cluster that adversely affected OPEX per boe and offtake volumes. The riser returned to service in September 2022.

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

15 PERFORMANCE REVIEW (CONT'D)

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

In the Current Period, the segment recorded a PBT of RM121.7 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 RM55.6 million; and
- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM15.9 million and RM1.0 million respectively.

<u>RFCT, SC and EPL</u>

RM '000	RFCT + SC	EPL	Total
Total	(40,774)	(123,322)	(164,096)
Income tax	(18,251)	-	(18,251)
Deferred tax	(22,523)	(123,322)	(145,845)
- Deferred tax liability	(27,523)	(122,050)	(149,573)
- Recognition (EPL - One-off)	-	(112,668)	(112,668)
- Recognition (EPL - Recurring)	-	(26,364)	(26,364)
- Recognition (RFCT + SC)	(49,766)	-	(49,766)
- Reversal	22,243	16,982	39,225
- Deferred tax assets	5,000	(1,272)	3,728

- RFCT and SC

  The tax regime which applies to the exploration for, and production of, oil and gas in the UK, and is thus applicable to Anasuria Hibiscus UK, currently comprises of the RFCT and the SC. The current rates for the RFCT and the SC are set at 30.0% and 10.0% respectively. The segment recorded a net tax expense in the Current Period amounting to RM40.8 million, representing an ETR over PBT of 33.5%. This was lower than the statutory rates stated, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the SC regime and the non-tax deductibility of foreign exchange gains recognised.

- EPL

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

15 PERFORMANCE REVIEW (CONT'D)

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

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

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

The net deferred tax expense arising from the EPL regime as at 31 March 2023 was RM122.1 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 RM112.7 million of deferred tax liability computed from the carrying values of the intangible and oil and gas assets at the point when the EPL regime became effective, i.e. on 26 May 2022 and the changes to the EPL regime that became effective on 1 January 2023. The net deferred tax liability recognised as at 31 March 2023 is non-cash in nature and will be fully reversed to the profit or loss by 31 March 2028.

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

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

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

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

The Current Quarter's GP and EBITDA margins were 73.9% and 71.8% respectively.

During the Current Quarter, additional costs were incurred for maintenance work on the turret winch and engineering feasibility studies conducted on the Anasuria FPSO.

PBT stood at RM29.5 million after deducting/crediting the following non-cash items from EBITDA.

- Amortisation of intangible assets and depreciation of oil and gas assets of RM24.7 million;
- Unwinding of discount on provision for decommissioning costs of RM5.5 million; and
- Reversal of unwinding of discount on contingent consideration of RM0.5 million as a result of the changed in project timeline.

<u>RFCT, SC and EPL</u>

RM '000	RFCT + SC	EPL	Total
Total	(6,447)	(12,284)	(18,731)
Income tax	(9,294)	-	(9,294)
Deferred tax	2,847	(12,284)	(9,437)
- Deferred tax liability	(29)	(1,911)	(1,940)
- Recognition (EPL - One-off)	-	1,214	1,214
- Recognition (EPL - Recurring)	-	(11,791)	(11,791)
- Recognition (RFCT + SC)	(9,900)	-	(9,900)
- Reversal	9,871	8,666	18,537
- Deferred tax assets	2,876	(10,373)	(7,497)

- RFCT and SC

  In the Current Quarter, the UK segment recorded a net tax expense for RFCT and SC of RM6.4 million. ETR over PBT of 21.8% was lower than the statutory rates totalling 40% mainly due to additional allowances in relation to capital expenditure incurred, as provided under the SC regime and the non-tax deductibility of foreign exchange gains recognised.

15 PERFORMANCE REVIEW (CONT'D)

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

- EPL

Based on the latest assessment of the UK segment's exposure in the EPL regime as currently enacted, Anasuria Hibiscus UK does not expect any income taxation liability arising from the EPL regime. Anasuria Hibiscus UK foresees there will be sufficient capital allowances in the current financial year as allowed in the EPL regime to offset income chargeable to EPL.

A net deferred tax liability of RM12.3 million, which is non-cash in nature, was recognised for EPL in the Current Quarter. The liability was recognised 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. The resulting ETR over PBT of 41.6% in the Current Quarter was higher than the EPL rate of 35.0% effective from 1 January 2023. The quantum of the amount recognised in the Current Quarter was after a periodic re-assessment of future estimates on production levels and likely development on licences in both the Anasuria Area and the Marigold Area.

(v) Vietnam

RM'000	Current Period	Current Quarter
Revenue	66,158	(740)
GP/(GL)	7,302	(106)
GP/(GL) margin (%)	*11.0%*	*(14.3%)*
EBITDA	7,546	175
EBITDA margin (%)	*11.4%*	*(23.6%)*
PBT/(LBT)	4,432	(736)
PBT/(LBT) margin (%)	*6.7%*	*(99.5%)*
(LAT)/PAT	(4,197)	876
(LAT)/PAT margin (%)	*(6.3%)*	*118.4%*
ETR (%)	194.7%	219.0%

	Current Period	Current Quarter
Crude oil sold (bbls)	125,521	-
Average realised oil price (USD per bbl)	98.45	-
Average OPEX per bbl (USD)	31.41	10.54
Average uptime	87%	92%
Average net oil production rate (bbls per day)	150	190

The Vietnam segment consists of the Block 46 PSC.

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

Block 46 conducted its first and only crude oil offtake since it was acquired as part of the FIPC Acquisition in October 2022, where 125,521 bbls of crude oil were sold at an average realised oil price of USD98.45 per bbl.

15 PERFORMANCE REVIEW (CONT'D)

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

As previously highlighted in Part B, Note 15.1(A)(v) of the Quarterly Report for the September 2022 Quarter, the opening underlift inventory in Block 46 as at 25 January 2022 acquired from Repsol or the Acquired Underlift Inventory of 81,418 bbls was incorporated into the Group's financial statements at its fair value, in accordance with the provisions of MFRS 3 *Business Combinations* (and revalued at the prevailing crude oil price at the end of each financial period in accordance with the provisions of MFRS 9 *Financial Instruments*). The crude oil offtake that took place in October 2022 was the first offtake undertaken by Block 46 since Completion Date. As a result, the "cost" of the Acquired Underlift Inventory included in the cost of sales for this offtake was higher than would be the case had the weighted average costs been used, by approximately RM26.8 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 RM34.3 million whilst a "normalised" PBT would have been approximately RM31.2 million.

For Block 46, Vietnam income tax of 50.0% is paid by the PSC. The net tax expense in the Current Period of RM8.6 million was driven by RM16.8 million tax imposed on revenue earned during the Current Period. This was partly off-set by the reversal of overprovisions of Vietnam and Barbados income taxes made for prior years of RM6.8 million and RM1.5 million net deferred tax credit recognised as a result of the reversal of deferred tax liabilities arising from depreciation of oil and gas properties and recognition of deferred tax assets relating to decommissioning activities.

Furthermore, the depreciation of oil and gas assets and the unwinding of discount on provision for decommissioning costs amounted to RM2.8 million and RM0.3 million respectively.

- **Current quarter results**

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

  The charge to revenue recorded of RM0.7 million was mainly caused by the impact of translating the revenue generated for the sale of crude oil in the Preceding Quarter denominated in USD to MYR for reporting purposes at a weaker average USD translation rate up to 31 March 2023.

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

  In addition, during the Current Quarter, overprovision of Barbados income tax for income year 2022 of RM0.8 million and reversal of deferred tax liabilities of RM0.7 million arising from depreciation of oil and gas properties as at 31 March 2023 were adjusted to the profit or loss.

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	(8,437)	(7,431)
LBITDA margin (%)	*N/A*	*N/A*
LBT	(8,437)	(7,431)
LBT margin (%)	*N/A*	*N/A*
LAT	(8,437)	(7,431)
LAT margin (%)	*N/A*	*N/A*

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

  The LBT in the Current Period was largely driven by a provision for decommissioning costs associated with two historical exploration wells, namely West Seahorse-3 and Wardie-1, in the undeveloped West Seahorse field, amounting to RM6.5 million. Subsequent to the Group having assessed that it is not economically feasible to develop the West Seahorse field, Carnarvon Hibiscus is required to fully decommission these two temporarily abandoned exploration wells. This will be done under a revised work program submitted to NOPTA for VIC/RL17 for the period between November 2023 and November 2026. The full decommissioning work involves removing the West Seahorse-3 wellhead and the Wardie-1 conductor which is sticking above the mudline at the seafloor. The estimated cost for the full decommissioning work is approximately USD1.5 million or RM6.5 million equivalent. Upon completion of the full decommissioning work which is expected in first half of CY 2025, Carnarvon Hibiscus plans to return the VIC/RL17 permit to NOPTA by 4 November 2026.

  In addition, included in the segment results were unrealised foreign exchange losses of RM1.0 million. 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. 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's results in the Current Quarter were impacted by a provision for decommissioning costs for VIC/RL17 as explained in the "Financial year-to-date results" section above and a negative foreign exchange impact which arose from the depreciation of the AUD against the USD (when compared to 31 December 2022), impacting the quarter-end revaluation of USD-denominated inter-company payables.

15 PERFORMANCE REVIEW (CONT'D)

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

(vii) Investment holding and group activities

RM'000	Current Period	Current Quarter
Revenue	5,236	3,084
LBITDA	(21,466)	(6,898)
LBITDA margin (%)	*(410.0%)*	*(223.7%)*
LBT	(29,143)	(8,791)
LBT margin (%)	*(556.6%)*	*(285.1%)*
LAT	(29,643)	(9,291)
LAT margin (%)	*(566.1%)*	*(301.3%)*

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

  LAT recorded for this segment in the Current Period amounted to RM29.6 million.

  Of this amount, interest expenses of RM4.4 million were incurred in relation to the outstanding balance of Trafigura's prepayment facility, which was drawn down to part finance the purchase consideration for the FIPC Acquisition. In addition, the segment incurred RM2.2 million interest expenses on the drawn down portion of the term loan and the revolving credit facility.

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

  The segment reported a tax expense of RM0.5 million charged on interest income earned.

- **Current quarter results**

  Segment LAT in the Current Quarter was RM9.3 million.

  Total interest expenses incurred 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.

  Tax expense on interest income earned in the Current Quarter amounted to RM0.5 million.

15 PERFORMANCE REVIEW (CONT'D)

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

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

(i) Non-current Assets

As at 31 March 2023, the Group's non-current assets amounted to RM3,881.7 million, representing a decrease of RM87.1 million from RM3,968.8 million as at 30 June 2022.

The decrease was mainly due to depreciation and amortisation of equipment, intangible assets and right-of-use assets recorded during the Current Period amounting to RM345.2 million, lower deferred tax assets by RM60.4 million and lower non-current lease receivables from PM3 CAA's and North Sabah's partners by RM49.0 million and RM1.3 million respectively.

This was partly off-set by capital expenditure of RM146.0 million invested by PM3 CAA mainly for the H4 development drilling campaign, RM50.9 million invested by Kinabalu mainly for the electrical submersible pump pilot facilities project and RM35.8 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 RM109.2 million (RM42.4 million for Teal West, RM34.3 million for the Anasuria Cluster and RM32.5 million for the Marigold West and Sunflower fields).

(ii) Current Assets

Current assets increased from RM1,543.6 million as at 30 June 2022 to RM1,607.5 million as at 31 March 2023.

Cash and bank balances increased from RM549.4 million as at 30 June 2022 to RM670.2 million as at 31 March 2023, largely due to the collection of proceeds from crude oil offtakes and the sale of gas from the Group's producing assets.

The increase in cash and bank balances were partly off-set by lower trade receivables balance by RM62.2 million. The trade receivables balances at the end of the respective reporting periods were impacted by the timing of receipts of proceeds from crude oil offtakes and the sale of gas in the Group's producing assets.

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 RM3,045.8 million as at 31 March 2023, a decrease of RM264.6 million from RM3,310.4 million as at 30 June 2022.

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 outstanding operations-related payables and accruals as at 31 March 2023 for North Sabah, Kinabalu and the Anasuria Cluster decreased by RM102.3 million, RM29.5 million and RM20.1 million respectively when compared to 30 June 2022. The lower balances in North Sabah were mainly due to payment of SbST accrued as at 30 June 2022 and lower accruals for supplemental payments. Payables and accruals for both Kinabalu and the Anasuria Cluster were lower due to payments made.

The provision for taxation balance as at 31 March 2023 reduced by RM141.5 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.

Total outstanding lease liabilities reduced by RM61.9 million from RM468.9 million as at 30 June 2022 to RM407.1 million as at 31 March 2023 mainly due to repayments made.

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

- Higher deferred tax liabilities balance by RM164.5 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;

- The outstanding balance for the term loan facility of RM86.9 million which was drawn down in December 2022; and

- The net draw down of the revolving credit facilities of RM17.1 million, which was made up of RM185.3 million drawn down and largely off-set by repayment of RM168.2 million during the Current Period.

15 PERFORMANCE REVIEW (CONT'D)

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

(iv) Total Equity

Total equity as at 31 March 2023 increased by RM241.4 million when compared to 30 June 2022.

This was mainly attributable to net earnings generated by the producing oil and gas assets of the Group, partly off-set by RM35.2 million dividends declared, which consisted of 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 and RM15.1 million first interim single-tier dividend of 0.75 sen per ordinary share declared in respect of the financial year ending 30 June 2023.

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

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

(i) Cash flows generated from operating activities

The Group's net cash generated from operating activities amounted to RM543.3 million.

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

(ii) Cash flows used in investing activities

Net cash utilised by the Group for investing activities amounted to RM338.9 million during the Current Period.

Amount invested in various capital expenditure programs by PM3 CAA, Anasuria Hibiscus UK, Kinabalu and North Sabah amounted to RM146.0 million, RM109.2 million, RM50.9 million and RM35.8 million respectively.

(iii) Cash flows used in financing activities

During the Current Period, cash flows used in the Group's financial activities amounted to RM72.7 million.

Net payments made for the Group's lease liabilities amounted to RM125.2 million.

15 PERFORMANCE REVIEW (CONT'D)

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

In addition, the Company paid RM40.2 million dividends during the Current Period. The amount consisted of the following:

- 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; and

- A final 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 18 January 2023.

This was partly off-set by funds received from the drawdown of the term loan and revolving credit facilities.

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.)

<u>Statements of Profit or Loss</u>

(i) Malaysia – North Sabah

RM'000	Current Quarter	Preceding Quarter
Revenue	107,487	239,473
GP	70,327	151,699
GP margin (%)	*65.4%*	*63.3%*
EBITDA	44,954	95,972
EBITDA margin (%)	*41.8%*	*40.1%*
PBT	12,209	60,437
PBT margin (%)	*11.4%*	*25.2%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	299,907	538,301
Average realised oil price (USD per bbl)	83.02	98.09
Average OPEX per bbl (USD)	15.70	18.50
Average uptime	95%	92%
Average net oil production rate (bbls per day)	4,704	4,858

The lower PBT recorded in the Current Quarter compared to the Preceding Quarter was primarily due to a lower volume of crude oil sold and a lower average realised oil price attained in the Current Quarter.

The above was partly mitigated by lower accruals being made for supplemental payments by RM18.8 million in the Current Quarter due to:

- Lower weighted average realised oil prices attained by North Sabah in the Current Quarter when compared against a base price as stated in the PSC; and

- Lower profit oil volume caused by lower production levels. For information, profit oil is the remaining portion of crude oil produced during a period, after deducting petroleum royalty and recoverable expenditures in crude oil equivalent.

Average OPEX per bbl decreased to USD15.70 when compared to USD18.50 recorded in the Preceding Quarter mainly caused by lower level of maintenance activities carried out in the Current Quarter. The higher average OPEX per bbl in the Preceding Quarter was mainly caused by costs incurred for several catch-up work scopes.

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

(ii) Malaysia – Kinabalu and Others

	Kinabalu		Others@		Total	
RM'000	**Current Quarter**	**Preceding Quarter**	**Current Quarter**	**Preceding Quarter**	**Current Quarter**	**Preceding Quarter**
Revenue	124,938	139,725	4,786	4,740	129,724	144,465
GP	81,295	90,205	4,569	3,622	85,864	93,827
GP margin (%)	*65.1%*	*64.6%*	*95.5%*	*76.4%*	*66.2%*	*64.9%*
EBITDA	62,782	54,326	2,087	13,255	64,869	67,581
EBITDA margin (%)	*50.3%*	*38.9%*	*43.6%*	*279.6%*	*50.0%*	*46.8%*
PBT	45,713	33,460	1,394	12,343	47,107	45,803
PBT margin (%)	*36.6%*	*23.9%*	*29.1%*	*260.4%*	*36.3%*	*31.7%*

	Kinabalu		Others@	
	Current Quarter	**Preceding Quarter**	**Current Quarter**	**Preceding Quarter**
Crude oil sold (bbls)	312,320	288,106	12,616	10,873
Average realised oil price (USD per bbl)	91.49	106.83	86.41	96.06
Average OPEX per bbl (USD)	14.14	17.74	9.02	11.87
Average uptime	85%	86%	-	-
Average net oil production rate (bbls per day)	2,343	2,728	99	120

@ *Consists of PM305 and PM314.*

<u>Kinabalu</u>

The segment recorded a higher PBT of RM45.7 million in the Current Quarter as compared to RM33.5 million reported in the Preceding Quarter despite being impacted by a lower average realised oil price attained for the sale of crude oil in the Current Quarter. This was mainly due to lower accruals for supplemental payment by RM15.9 million in the Current Quarter. The lower accruals were because of lower profit oil volume achieved by Kinabalu as a result of lower production levels coupled with a lower weighted average oil price against the PSC's base price.

In the Current Quarter, the average net oil production rate was lower by 14.1% when compared to the Preceding Quarter. There have been several outages experienced with the high pressure compressor which affected the supplies of gas lift to the oil wells in the Current Quarter. Despite this, the average OPEX per bbl recorded in the Current Quarter of USD14.14 was lower than the Preceding Quarter's USD17.74 mainly because a lower level of activities were carried out in the Current Quarter due to adverse weather conditions.

Lastly, the lower production levels in the Current Quarter resulted in lower amortisation of intangible assets and depreciation of oil and gas assets of RM4.0 million when compared to the Preceding Quarter.

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

<u>**Others**</u>

The segment's healthy GP for the Current Quarter of RM4.6 million was partly off-set byunrealised foreign exchange losses recognised.

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

(iii) Commercial Arrangement Area

RM'000	Current Quarter	Preceding Quarter
Revenue	198,918	157,537
- Crude Oil	108,336	77,068
- Gas	90,582	80,469
GP	150,772	83,244
GP margin (%)	*75.8%*	*52.8%*
EBITDA	135,021	99,952
EBITDA margin (%)	*67.9%*	*63.4%*
PBT	78,277	45,772
PBT margin (%)	*39.4%*	*29.1%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	283,631	187,671
Average realised oil price (USD per bbl)	87.03	90.34
Gas sold (MMscf)	4,230	3,767
Average realised gas price (USD per thousand scf)	4.87	4.71
Average OPEX per boe (USD)	9.50	14.68
Average uptime	92%	91%
Average net oil equivalent production rate (boe per day)	11,180	9,725

The segment achieved a PBT of RM78.3 million in Current Quarter as compared to the Preceding Quarter's PBT of RM45.8 million. The higher PBT was due to the higher volume of crude oil and gas sold in the Current Quarter.

PM3 CAA's operational performance improved significantly in the Current Quarter. The average net oil equivalent production rate of 11,180 boe per day in the Current Quarter was 15.0% better than the Preceding Quarter's 9,725 boe per day. This improvement was mainly due to first oil being achieved at the BOC-29ST1 well in March 2023, as well as increased contribution from the H4 reservoirs through optimised water injection and improved performance of the PM3 Northern field gas injection compressor supplying gas lift to the oil producers.

Average OPEX per boe decreased to USD9.50 or by 35.3% as compared to the Preceding Quarter's USD14.68 primarily due to the increased production and lower operational expenditure in the Current Quarter as a result of lower activities carried out.

In the Preceding Quarter, the PM3 CAA segment 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 recur in the Current Quarter.

The other significant movement between the Current Quarter and the Preceding Quarter up to the PBT level was higher amortisation of intangible assets and depreciation of oil and gas assets in the Current Quarter by RM3.2 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	84,863	97,616
- Crude Oil	68,055	71,326
- Gas	16,808	26,290
GP	62,739	83,836
GP margin (%)	*73.9%*	*85.9%*
EBITDA	60,890	66,708
EBITDA margin (%)	*71.8%*	*68.3%*
PBT	29,525	36,765
PBT margin (%)	*34.8%*	*37.7%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	202,769	185,869
Average realised oil price (USD per bbl)	74.81	82.56
Gas sold (MMscf)	158	171
Average realised gas price (USD per thousand scf)	24.61∞ / 23.79#	32.23∞ / 35.78#
Average OPEX per boe (USD)	24.28	18.67
Average uptime	96%	92%
Average daily oil equivalent production rate (boe per day)	2,699	3,009

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

Despite a higher volume of crude oil sold, the UK segment reported lower GP by RM21.1 million as compared to the Preceding Quarter's RM83.8 million due to a lower average realised oil price achieved.

The average uptime and average daily oil equivalent production rate remained high in the Current Quarter after the riser which failed in May 2021 was changed-out and returned to service in September 2022.

OPEX per boe for the Current Quarter of USD24.28 was higher than the Preceding Quarter's USD18.67 because of lower production levels and higher OPEX incurred in the Current Quarter. The production level in the Preceding Quarter was higher due to flush production from wells that were previously shut-in due to the riser failure.

In the Current Quarter, the segment reported net foreign exchange gains (both realised and unrealised) of RM3.6 million compared to net foreign exchange losses of RM11.4 million in the Preceding Quarter. The quantums recorded in the respective quarters were caused by the fluctuation of the USD, being the segment's functional currency, against the GBP.

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

(v) Vietnam

RM'000	Current Quarter	Preceding Quarter
Revenue	(740)	72,968
(GL)/GP	(106)	26,946
(GL)/GP margin (%)	*(14.3%)*	*36.9%*
EBITDA	175	26,965
EBITDA margin (%)	*(23.6%)*	*37.0%*
(LBT)/PBT	(736)	25,748
(LBT)/PBT margin (%)	*(99.5%)*	*35.3%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	-	125,521
Average realised oil price (USD per bbl)	-	98.45
Average OPEX per bbl (USD)	10.54	56.26
Average uptime	92%	91%
Average net oil production rate (bbls per day)	190	156

There was no sale of crude oil in the Current Quarter. A charge to revenue of RM0.7 million was mainly caused by the impact of translating the revenue generated for the sale of crude oil in the Preceding Quarter denominated in USD to MYR for reporting purposes at a weaker average USD translation rate up to 31 March 2023.

In the Preceding Quarter, the sale of crude oil resulted in a PBT of RM25.7 million being achieved.

(vi) Australia

RM'000	Current Quarter	Preceding Quarter
Revenue	-	-
(LBITDA)/EBITDA	(7,431)	1,681
(LBITDA)/ EBITDA margin (%)	N/A	N/A
PBT/(LAT)	(7,431)	1,681
PBT/(LBT) margin (%)	N/A	N/A

Results before taxation in the Current Quarter were impacted by a provision for decommissioning costs as mentioned in Part B, Note 15.1(vi) of this Quarterly Report.

Aside from that, the segment's results before taxation in both the Current Quarter and the Preceding Quarter were impacted 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	3,084	1,067
LBITDA	(6,898)	(5,577)
LBITDA margin (%)	(223.7%)	(522.7%)
LBT	(8,791)	(7,517)
LBT margin (%)	(285.1%)	(704.5%)

The higher LBT reported in Current Quarter is mainly attributable to higher cost incurred for payroll-related and administrative expenses.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There are no corporate proposals announced but not completed as at the date of this Quarterly Report.

18 PROSPECTS OF THE GROUP

Our business performance is underpinned by several factors:

1. Price of the Brent crude oil benchmark at approximately the time of a scheduled offtake from the Anasuria FPSO, 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 April 2022 to end-April 2023:

   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.

18 PROSPECTS OF THE GROUP (CONT'D)

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

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

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

    - Production performance of the wells; and

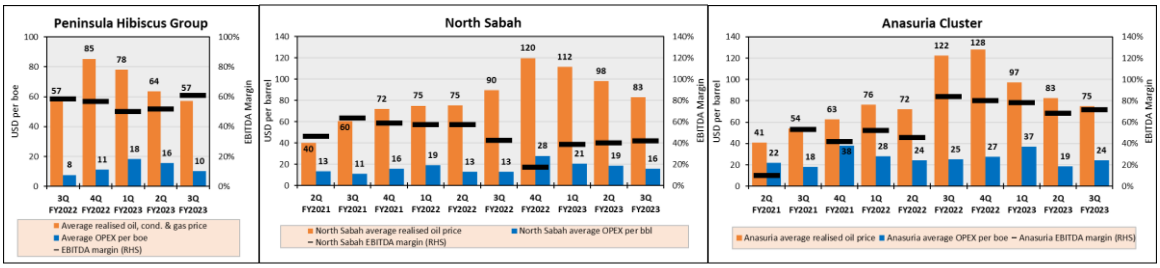
    - Facilities availability.

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

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

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

18 PROSPECTS OF THE GROUP (CONT'D)



*Note 1: The Peninsula Hibiscus Group **assets'** EBITDA margin in the third financial quarter of the 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 1,111,243 bbls of crude oil were sold in the Current Quarter – 608,567 bbls from the Peninsula Hibiscus Group assets (PM3 CAA, Kinabalu, PM305 and PM314), 299,907 bbls from North Sabah and 202,769 bbls from the Anasuria Cluster. A total of 4,388 MMscf of gas was sold in the Current Quarter – 4,230 MMscf from PM3 CAA and 158 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 Orders were sealed by the Court of Appeal on 5 October 2022 and the Notices of Reduced Assessment for YA 2014, YA 2015 and YA 2016 were subsequently issued by the IRB. Pursuant to the terms of the Settlement, the total amount of additional taxes and penalties payable by PM3 CAA for YA 2014, YA 2015 and YA 2016 were reduced to RM43,295,701.64, out of which RM17,344,482.59 was attributable to the Group. The total amount of additional taxes and penalties payable by the Group to the IRB was made within the due date.

With regards to PM3 CAA’s respective appeals to the SCPIT via Form Q in respect of (a) Notice of Additional Assessment for YA 2014, and (b) Notices of Assessment for YA 2015 and YA 2016, following the Court of Appeal’s sealed Consent Orders, both PM3 CAA and the IRB are to prepare a settlement agreement to resolve the respective Form Q. To that end, the IRB is currently reviewing a draft settlement agreement proposed by PM3 CAA. The SCPIT has scheduled further mention on 25 July 2023 pending the finalisation of the settlement agreement terms.

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

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

As announced on 3 March 2023, Hibiscus Oil & Gas received the Notice dated 2 March 2023 from lawyers acting for Oceancare. The Notice relates to a dispute arising from a contract entered into between Hibiscus Oil & Gas (as operator of the relevant PSCs) and Oceancare titled “Provision of Integrated Well Services for Intervention, Workover & Abandonment for Petroleum Arrangement Contracts (PACs) Package (B): Integrated Workover for Production Enhancement and for Abandonment”, in which Oceancare is claiming a total principal amount of RM36,574,760.90 alleging, amongst other things, variation to original scope of work, which Hibiscus Oil & Gas denies.

Hibiscus Oil & Gas has engaged its external legal counsel to prepare an appropriate response to the Notice.

24 DIVIDEND

The Board has, in respect of the financial year ending 30 June 2023, declared a second interim single-tier dividend of 0.75 sen per ordinary share in the Current Quarter.

The total dividends declared for the Current Period is 1.5 sen per ordinary share (previous year corresponding nine-month period ended 31 March 2022: 1.0 sen per ordinary share).

25 EARNINGS PER SHARE

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

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31.03.2023	QUARTER ENDED 31.03.2022	PERIOD ENDED 31.03.2023	PERIOD ENDED 31.03.2022
Profit after taxation attributable to owners of the Company (RM'000)	(A)	71,511	307,540	277,242	397,551
Weighted average number of shares for basic earnings per share computation ('000)	(B)	2,012,419	2,007,729	2,012,419	2,007,251
Effects of dilution of Islamic Convertible Redeemable Preference Shares ('000)		-	4,690	-	5,168
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)	3.55	15.32	13.78	19.81
Diluted earnings per share (sen)	(A/C)	3.55	15.28	13.78	19.75

26 OTHER INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.03.2023 RM'000	QUARTER ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2023 RM'000	PERIOD ENDED 31.03.2022 RM'000
Sundry income	1,045	1	1,970	112
Interest income	5,496	185	8,077	426
Fair value changes on other investment	-	-	-	130
Unrealised gain on foreign exchange #	-	3,809	-	2,754
Realised gain on foreign exchange #	8,107	-	21,379	-
	14,648	3,995	31,426	3,422

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 31.03.2023 RM'000	QUARTER ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2023 RM'000	PERIOD ENDED 31.03.2022 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	124,158	87,777	345,198	167,523
Impairment of intangible assets	-	44,906	-	44,906
Supplemental payments##	30,721	58,418	166,751	84,838
Finance costs	17,262	16,552	53,754	36,913
SbST###	11,621	-	45,604	-
Share of results of an associate	139	96	391	296
Fair value changes on other investment	-	-	-	(130)
Interest income	(6,229)	(186)	(8,831)	(1,481)
Negative goodwill from business combination	-	(317,319)	-	(317,319)
Unrealised loss/(gain) on foreign exchange####	17,065	(3,809)	32,356	(2,754)
Realised (gain)/loss on foreign exchange####	(8,107)	779	(21,379)	1,769

Supplemental payments represent amounts paid/payable by North Sabah, Kinabalu, PM305 and PM314 in relation to their profit oil, when the weighted average oil price exceeds the base price stated in the respective PSCs. The supplemental payments incurred by North Sabah, Kinabalu, PM305 and PM314 in the Current Period amounted to RM98.9 million (previous year corresponding period ended 31 March 2022: RM56.1 million), RM66.7 million (previous year corresponding period ended 31 March 2022: RM28.3 million) and RM1.2 million (previous year corresponding period ended 31 March 2022: RM0.4 million) respectively. The supplemental payments are included in administrative expenses in the profit or loss.

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

The 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 31.03.2023 RM'000	QUARTER ENDED 31.03.2022 RM'000	PERIOD ENDED 31.03.2023 RM'000	PERIOD ENDED 31.03.2022 RM'000
Income taxation	(56,978)	(34,848)	(43,836)	(92,786)
Deferred taxation	(21,671)	11,989	(223,185)	(3,499)
	(78,649)	(22,859)	(267,021)	(96,285)

28 TAXATION (CONT'D)

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Malaysia – North Sabah				
Income taxation	(8,530)	(17,676)	(41,025)	(69,335)
Deferred taxation	2,774	10,196	3,095	5,816
Total	**(5,756)**	**(7,480)**	**(37,930)**	**(63,519)**
Malaysia – Kinabalu and Others				
Income taxation	(2,214)	521	(1,580)	521
Deferred taxation	(15,330)	11,455	(58,614)	11,455
Total	**(17,544)**	**11,976**	**(60,194)**	**11,976**
Commercial Arrangement Area				
Income taxation	(37,560)	(13,188)	27,499	(13,188)
Deferred taxation	(170)	198	(23,171)	198
Total	**(37,730)**	**(12,990)**	**4,328**	**(12,990)**
United Kingdom				
Income taxation	(9,294)	(3,846)	(18,251)	(10,125)
Deferred taxation	(9,437)	(10,238)	(145,845)	(21,355)
Total	**(18,731)**	**(14,084)**	**(164,096)**	**(31,480)**
Vietnam				
Income taxation	960	(659)	(10,139)	(659)
Deferred taxation	652	374	1,510	374
Total	**1,612**	**(285)**	**(8,629)**	**(285)**
Australia				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
Total	**-**	**-**	**-**	**-**
Investment holding and group activities				
Income taxation	(340)	-	(340)	-
Deferred taxation	(160)	4	(160)	13
Total	**(500)**	**4**	**(500)**	**13**
Group				
Income taxation	(56,978)	(34,848)	(43,836)	(92,786)
Deferred taxation	(21,671)	11,989	(223,185)	(3,499)
Total	**(78,649)**	**(22,859)**	**(267,021)**	**(96,285)**

28 TAXATION (CONT'D)

Income Taxation

- Malaysia

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

- Commercial Arrangement Area

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

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

- United Kingdom

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

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

- Vietnam

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

Deferred taxation

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

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

29 BORROWINGS

Details of borrowings as at 31 March 2023 were as follows:

	As at 31.03.2023 RM'000	As at 30.06.2022 RM'000
Non-current		
Secured		
Lease liabilities	283,619	364,009
Term loan	74,036	-
	357,655	364,009
Current		
Secured		
Lease liabilities	123,443	104,936
Term loan	12,900	-
Unsecured		
Revolving credit	107,191	88,814
	243,534	193,750

By Order of the Board of Directors
Hibiscus Petroleum Berhad
24 May 2023