HIBISCUS PETROLEUM BERHAD

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

Unaudited Quarterly Financial Report
30 September 2023

(First financial quarter of financial year ending 30 June 2024)

(Note: This Unaudited Quarterly Financial Report is supplemented by the Corporate and Business Update released on the same day, on 22 November 2023.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.09.2023 RM'000	QUARTER ENDED 30.09.2022 RM'000	PERIOD ENDED 30.09.2023 RM'000	PERIOD ENDED 30.09.2022 RM'000
Revenue		746,624	604,768	746,624	604,768
Cost of sales		(273,982)	(217,366)	(273,982)	(217,366)
GROSS PROFIT		472,642	387,402	472,642	387,402
Other income	26	11,275	21,617	11,275	21,617
Administrative expenses		(67,435)	(98,742)	(67,435)	(98,742)
Supplemental payments		(25,854)	(70,439)	(25,854)	(70,439)
Other administrative expenses		(41,581)	(28,303)	(41,581)	(28,303)
Other expenses		(130,549)	(107,747)	(130,549)	(107,747)
Finance costs		(26,632)	(16,989)	(26,632)	(16,989)
Share of results of an associate		(131)	(127)	(131)	(127)
PROFIT BEFORE TAXATION	27	259,170	185,414	259,170	185,414
Taxation	28	(104,872)	(50,152)	(104,872)	(50,152)
PROFIT AFTER TAXATION		154,298	135,262	154,298	135,262
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- Owners of the Company		154,298	135,262	154,298	135,262
EARNINGS PER SHARE (SEN)					
Basic	25	7.67	6.72	7.67	6.72
Diluted	25	7.67	6.72	7.67	6.72

Note:

Earnings Before Interest, Taxes, Depreciation and Amortisation	392,971	298,353	392,971	298,353

(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 2023 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.09.2023 RM'000	QUARTER ENDED 30.09.2022 RM'000	PERIOD ENDED 30.09.2023 RM'000	PERIOD ENDED 30.09.2022 RM'000
PROFIT AFTER TAXATION	154,298	135,262	154,298	135,262
Other comprehensive income:				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation*	18,105	110,824	18,105	110,824
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD	172,403	246,086	172,403	246,086
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the Company	172,403	246,086	172,403	246,086

* *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 2023 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.09.2023 RM'000	AUDITED AS AT 30.06.2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,456,746	1,452,069
Equipment		2,162,067	2,024,457
Right-of-use assets		144,452	158,106
Other receivables		163,129	178,802
Investment in an associate		4,642	4,902
Restricted cash and bank balances		221,133	219,012
Tax recoverable		53,730	53,425
Deferred tax assets		84	16,811
		4,205,983	4,107,584
CURRENT ASSETS			
Intangible assets		5,051	8,854
Inventories		168,204	198,628
Trade receivables		545,933	411,381
Other receivables, deposits and prepayments		556,653	493,579
Amount owing by a joint venture		361	339
Cash and bank balances		981,766	959,659
Tax recoverable		10,000	18,504
		2,267,968	2,090,944
TOTAL ASSETS		6,473,951	6,198,528
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	166,014	166,014
Other reserves		327,035	308,930
Retained earnings		2,359,051	2,214,815
		2,852,100	2,689,759
NON-CURRENT LIABILITIES			
Other payables		4,375	4,303
Borrowings	29	602,745	647,742
Contingent consideration		43,055	43,372
Deferred tax liabilities		798,148	792,973
Provision for decommissioning costs		611,222	617,125
		2,059,545	2,105,515

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 2023 and the accompanying explanatory notes attached to the financial statements.

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

	Note	UNAUDITED AS AT 30.09.2023 RM'000	AUDITED AS AT 30.06.2023 RM'000
CURRENT LIABILITIES			
Trade payables		28,131	38,299
Other payables and accruals		1,036,986	863,292
Borrowings	29	204,572	214,752
Amount owing to a joint venture		302	319
Contingent consideration		8,317	7,574
Provision for decommissioning costs		59,075	56,291
Provision for taxation		224,704	222,508
Redeemable Convertible Preference Shares		219	219
		1,562,306	1,403,254
TOTAL LIABILITIES		3,621,851	3,508,769
TOTAL EQUITY AND LIABILITIES		6,473,951	6,198,528
NET ASSETS PER SHARE (RM)		1.42**	1.34

** *Net assets per share as at 30 September 2023 does not reflect the impact of the Share Consolidation (please refer to Part A, Note 6 of this Quarterly Report for further details), as the Share Consolidation took effect on 19 October 2023 at 5.00 p.m., i.e. after the Current Quarter.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<--------------- NON-DISTRIBUTABLE	------------->			
	SHARE CAPITAL RM'000	**OTHER RESERVES RM'000**	**FOREIGN EXCHANGE RESERVE RM'000**	**RETAINED EARNINGS RM'000**	**TOTAL RM'000**
3 months to 30.09.2023					
As at 01.07.2023	166,014	389	308,541	2,214,815	2,689,759
Profit after taxation	-	-	-	154,298	154,298
Other comprehensive income, net of tax: - Foreign currency translation	-	-	18,105	-	18,105
Total comprehensive income for the quarter	-	-	18,105	154,298	172,403
Dividend	-	-	-	(10,062)	(10,062)
Total transactions with owners of the Company	-	-	-	(10,062)	(10,062)
As at 30.09.2023	166,014	389	326,646	2,359,051	2,852,100
3 months to 30.09.2022					
As at 01.07.2022	966,014	389	171,007	1,064,607	2,202,017
Profit after taxation	-	-	-	135,262	135,262
Other comprehensive income, net of tax: - Foreign currency translation	-	-	110,824	-	110,824
Total comprehensive income for the quarter	-	-	110,824	135,262	246,086
As at 30.09.2022	966,014	389	281,831	1,199,869	2,448,103

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 2023 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Quarter Ended	
	30.09.2023	**30.09.2022**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	259,170	185,414
Adjustments for:		
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	107,169	95,950
Finance costs	26,632	16,989
Unrealised loss/(gain) on foreign exchange	2,280	(12,641)
Share of results of an associate	131	127
Interest income	(14,394)	(1,218)
Operating profit before working capital changes	380,988	284,621
Inventories	30,976	(8,205)
Trade receivables	(130,162)	238,012
Other receivables, deposits and prepayments	(41,175)	36,699
Trade payables	(10,219)	12,002
Other payables and accruals	164,684	(110,771)
Amount owing by an associate	-	10
Amount owing to an associate	-	8
Cash generated from operating activities	395,092	452,376
Tax paid	(79,517)	(109,281)
Movement in restricted cash and bank balances	(9,666)	(14,300)
Net cash generated from operating activities	305,909	328,795
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	14,394	1,218
Acquisition of intangible assets	(19,038)	(19,624)
Purchase of equipment	(194,212)	(82,395)
Net cash used in investing activities	(198,856)	(100,801)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(43,055)	(42,094)
Repayment of term loan	(22,893)	-
Dividends paid	(15,093)	(20,124)
Interest paid	(10,368)	-
Net cash used in financing activities	(91,409)	(62,218)
Net increase in cash and cash equivalents	15,644	165,776
Effects of foreign exchange rate changes	5,956	17,113
Cash and cash equivalents at beginning of the financial quarter	925,630	544,779
Cash and cash equivalents at end of the financial quarter	947,230	727,668

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

	Quarter Ended	
	30.09.2023	**30.09.2022**
	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***	221,133	158,161
Current		
Cash and bank balances	981,766	740,648
Less: Restricted cash and bank balances****	(34,536)	(12,980)
Cash and cash equivalents	947,230	727,668

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

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

- *30 September 2023*
  - *Asia Hibiscus Sdn. Bhd. – As part of the term loan covenants, Asia Hibiscus Sdn. Bhd. is required to maintain a minimum amount of principal and interest payable for the next three months into a designated bank account.*
- *30 September 2022*
  - *Hibiscus Oil & Gas Malaysia Limited – Deposit with a financial institution as security for banking facility obtained.*

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 2023 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
3D Oil	3D Oil Limited
Act	Companies Act, 2016
Anasuria Operating Company	Anasuria Operating Company Limited
Anasuria FPSO	Anasuria floating production storage and offloading vessel
Anasuria Hibiscus UK	Anasuria Hibiscus UK Limited
AIAC	Asian International Arbitration Centre
AUD	Australian Dollar
bbl	Barrel
Block 46	Block 46 Cai Nuoc PSC
boe	Barrel of oil equivalent
Bursa Securities	Bursa Malaysia Securities Berhad
CAA	Commercial Arrangement Area
Current Quarter	Financial quarter ended 30 September 2023
Current Year	Financial year ending 30 June 2024
CY	Calendar year
December 2022 Quarter	Financial quarter ended 31 December 2022
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Entitlement Date	Entitlement date and time for the Share Consolidation, on 19 October 2023 at 5.00 p.m.
EPL	Energy Profits Levy
ETR	Effective tax rate
Farm-in Agreement	Farm-in Agreement for Licence No. P2451
FPSO	Floating production storage and offloading vessel
FSO	Floating storage and offloading
GBP	Great Britain Pound
GP	Gross profit
Heren Index	Heren National Balancing Point index
Hibiscus Integrated	Hibiscus Integrated Production Services Sdn. Bhd.
Hibiscus Oil & Gas	Hibiscus Oil & Gas Malaysia Limited
HIREX	HiRex Petroleum Sdn. Bhd.
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
MMboe	Million barrel of oil equivalent
MMLR	Main Market Listing Requirements
MMscf	Million standard cubic feet
North Sabah	2011 North Sabah Enhanced Oil Recovery Production Sharing Contract
Notice	Notice to Arbitrate
NSTA	North Sea Transition Authority
Oceancare	Oceancare Corporation Sdn Bhd
OPEC	Organization of the Petroleum Exporting Countries
OPEX	Operating costs
PAT	Profit after taxation
PBT	Profit before taxation

ABBREVIATIONS AND ACRONYMS (CONT'D)

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

Abbreviation	Description
Peninsula Hibiscus Group	Peninsula Hibiscus Sdn. Bhd. and its subsidiaries
Ping Petroleum	Ping Petroleum UK PLC
PITA	Petroleum (Income Tax) Act 1967
PM3 CAA	PM3 CAA PSC
PM305 and PM314	PM305 and PM314 PSCs
Preceding Quarter	Financial quarter ended 30 June 2023
Preceding Year	Financial year ended 30 June 2023
PSC	Production Sharing Contract
Rapid Oil	Rapid Oil Production Ltd
RFCT	Ring fence corporation tax
SbST	Sabah State Sales Tax
scf	Standard cubic feet
SEA Hibiscus	SEA Hibiscus Sdn. Bhd.
SC	Supplementary charge
Share Consolidation	Consolidation of the issued share capital of the Company
UK	United Kingdom
USD	United States Dollar
VIC/RL17	VIC/RL17 Petroleum Retention Lease

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

1 BASIS OF PREPARATION

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Adoption of Amendments to Standards

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2023:

Amendments to MFRS 101	*Disclosure of Accounting Policies*
Amendments to MFRS 108	*Definition of Accounting Estimates*
Amendments to MFRS 112	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to MFRS Practice Statement 2	*Disclosure of Accounting Policies*

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 Amendments to Standards issued but not yet effective

Description		**Effective for financial periods beginning on or after**
Amendments to MFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 107 and MFRS 7	*Supplier Finance Arrangements*	1 January 2024

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

There were no significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the Current Quarter.

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 Quarter.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

Saved as disclosed below, there were no other material events subsequent to the end of the Current Quarter up to the date of this Quarterly Report.

(i) <u>Share Consolidation</u>

As announced on 23 August 2023, the Company had proposed to consolidate every five shares of the Company into two consolidated shares.

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

The rationale for the Share Consolidation is to:

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

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

The shareholders approved the Share Consolidation on 5 October 2023 and on the same day, the Company announced the Entitlement Date.

As of the Entitlement Date, the share capital of the Company was consolidated, resulting in 804,967,428 number of issued consolidated shares from the previous 2,012,418,743 number of issued ordinary shares.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER (CONT'D)

The consolidated shares were listed and quoted on the Main Market of Bursa Securities on 20 October 2023, and the Share Consolidation was successfully completed on the same date.

Please refer to our announcements dated 23 August 2023, 24 August 2023, 5 September 2023, 19 October 2023 and 20 October 2023 for further details.

(ii) Acquisition of Interest in Licence No. P2451

On 30 August 2023, Anasuria Hibiscus UK and Ping Petroleum each entered into a separate but identical Farm-in Agreement with Rapid Oil. Under the terms of each Farm-in Agreement, Anasuria Hibiscus UK and Ping Petroleum shall separately acquire 42.5% equity interest each in Licence No. P2451, with the balance 15.0% equity interest to remain with Rapid Oil.

Licence No. P2451 holds an undeveloped oil field, the Fyne Field, located in the Central North Sea, UK, with an estimated 75 MMboe STOOIP (stock tank oil initially in place). Upon completion of the proposed acquisition, Anasuria Hibiscus UK shall be appointed as operator of the field development. First oil is expected in 2026, whereupon Anasuria Operating Company (equally owned by Anasuria Hibiscus UK and Ping Petroleum) will take over as operator of the Fyne production from Anasuria Hibiscus UK.

The Fyne Field has a water depth of about 90 metres. As it is approximately 16 kilometres from the Anasuria FPSO, the plan is to tie-back a single well development to the Anasuria FPSO. The addition of the Fyne Field is expected to increase the value and extend the field life of the existing Anasuria Cluster asset.

Following NSTA approval on 11 October 2023, the farm-in was subsequently duly completed. A disclosure to this effect was made on 21 November 2023.

Please refer to our announcements dated 1 September 2023, 13 October 2023 and 21 November 2023 for further details.

7 CHANGES IN THE COMPOSITION OF THE GROUP

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

On 13 September 2023, Hibiscus Integrated was incorporated under the Act with an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. Hibiscus Integrated was established as a wholly-owned subsidiary of Hibiscus Technical Services Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company.

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

9 DIVIDENDS PAID

The Company paid a second interim single-tier dividend of 0.75 sen per ordinary share (prior to the Share Consolidation) in respect of the Preceding Year amounting to RM15.1 million on 21 July 2023.

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 Quarter.

	QUARTER ENDED 30.09.2023	
	Number of shares	**Share capital RM'000**
ORDINARY SHARES		
As at 01.07.2023 / 30.09.2023	2,012,418,743	166,014

Please refer to Part A, Note 6 of this Quarterly Report for further details on the Share Consolidation which was completed subsequent to the end of the Current Quarter.

11 OPERATING SEGMENTS

Operating results are segmented 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 Quarter are 4.6248 and 4.7001 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 Quarter are 4.6248 and 4.7001 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 seven existing oil fields (namely Bunga Orkid, Bunga Pakma, Bunga Lavatera, 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 Quarter are 4.6248 and 4.7001 respectively.

11 OPERATING SEGMENTS (CONT'D)

(iv) United Kingdom

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

Anasuria Area

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

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

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

Marigold Area

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

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

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Quarter are 4.6248 and 4.7001 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 Quarter are 3.0243 and 3.0266 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 Quarter are 4.6248 and 4.7001 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 has been dissolved with effect from 6 October 2023, pursuant to the Act.*

11 OPERATING SEGMENTS (CONT'D)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
As at 30.09.2023								
Non-current assets	677,846	651,303	1,071,528	1,781,530	15,867	4,641	3,268	4,205,983
Included in the segment assets is:								
Investment in an associate	-	-	-	-	-	4,642	-	4,642
Additions to non-current assets	46,601	120,866	1,152	45,438	333	-	9	214,399
Quarter ended 30.09.2023								
Project management, technical and other service fees	-	-	-	-	-	-	1,821	1,821
Sales of crude oil and gas	246,411	139,909	256,561	98,356	-	-	-	741,237
Interest income	-	-	-	-	-	-	3,566	3,566
Revenue	246,411	139,909	256,561	98,356	-	-	5,387	746,624
Depreciation and amortisation	(17,404)	(15,837)	(55,060)	(17,870)	(667)	-	(331)	(107,169)
Profit/(loss) from operations	82,886	63,576	94,719	44,578	(827)	(1,448)	(8,379)	275,105
Share of results of an associate	-	-	-	-	-	(131)	-	(131)
Finance costs	(3,580)	(703)	(4,662)	(6,977)	(148)	(37)	(10,525)	(26,632)
Interest income	2,306	828	3,588	3,831	137	-	138	10,828
Taxation	(32,979)	(23,388)	(36,533)	(10,615)	187	-	(1,544)	(104,872)
PAT/(LAT)	48,633	40,313	57,112	30,817	(651)	(1,616)	(20,310)	154,298
EBITDA/(LBITDA)	102,596	80,241	153,367	66,279	(23)	(1,579)	(7,910)	392,971

11 OPERATING SEGMENTS (CONT'D)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
As at 30.09.2022								
Non-current assets	685,757	574,914	1,198,795	1,654,775	18,041	3,910	2,940	4,139,132
Included in the segment assets is:								
Investment in an associate	-	-	-	-	-	3,910	-	3,910
Additions to non-current assets	13,951	13,444	41,183	44,831	-	-	92	113,501
Quarter ended 30.09.2022								
Project management, technical and other service fees	-	-	-	-	-	-	1,079	1,079
Sales of crude oil and gas	146,078	158,593	215,690	89,392	(6,070)[(2)]	-	-	603,683
Interest income	-	-	-	-	-	-	6	6
Revenue	146,078	158,593	215,690	89,392	(6,070)	-	1,085	604,768
Depreciation and amortisation	(33,699)	(17,162)	(35,857)	(8,014)	(879)	-	(339)	(95,950)
Profit/(loss) from operations	22,617	57,892	92,446	60,726	(20,473)	(2,560)	(9,330)	201,318
Share of results of an associate	-	-	-	-	-	(127)	-	(127)
Finance costs	(3,347)	2,050[(3)]	(5,720)	(6,360)	(107)	-	(3,505)	(16,989)
Interest income	35	85	46	1,046	-	-	-	1,212
Taxation	(7,921)	(30,107)	9,819	(29,134)	7,191	-	-	(50,152)
PAT/(LAT)	11,384	29,920	96,591	26,278	(13,389)	(2,687)	(12,835)	135,262
EBITDA/(LBITDA)	56,351	75,139	128,349	69,786	(19,594)	(2,687)	(8,991)	298,353

(2) *A charge to revenue was recognised in Block 46. It was in relation to an adjustment on the provisional income tax taken "at source" for a crude oil offtake that took place in May 2021, upon receiving the confirmation from the Vietnamese tax authorities on the final income tax amount in July 2022.*

(3) *Included effect of discounting on non-current payables.*

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.09.2023 RM'000	QUARTER ENDED 30.09.2022 RM'000	PERIOD ENDED 30.09.2023 RM'000	PERIOD ENDED 30.09.2022 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum	708	1,079	708	1,079

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 profit or loss, or net assets value of the Group as at 30 September 2023:

	RM'000
Approved and contracted for:	
Group's capital commitments	250,220
Share of a joint operation's capital commitments	728
Total capital commitments approved and contracted for	250,948
Share of a joint operation's other material commitments	34,482
	285,430

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

14 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

15 PERFORMANCE REVIEW

OPERATING SEGMENTS	Current Year Quarter 30.09.2023 RM'000	Immediate Preceding Quarter 30.06.2023 RM'000	Current Year Quarter vs Immediate Preceding Quarter (Change in %)
Malaysia – North Sabah			
Revenue	246,411	133,742	84
EBITDA	**102,596**	**76,757**	**34**
PAT	48,633	42,318	15
Malaysia – Kinabalu and Others			
Revenue	139,909	77,899	80
EBITDA	**80,241**	**40,987**	**96**
PAT	40,313	14,298	182
Commercial Arrangement Area			
Revenue	256,561	212,060	21
EBITDA	**153,367**	**147,926**	**4**
PAT	57,112	45,746	25
United Kingdom			
Revenue	98,356	75,384	30
EBITDA	**66,279**	**52,381**	**27**
PAT	30,817	19,877	55
Vietnam			
Revenue	-	381	(100)
LBITDA	**(23)**	**(948)**	**98**
LAT	(651)	(1,557)	58
Australia			
Revenue	-	-	-
(LBITDA)/EBITDA	**(1,579)**	**634**	**-**
(LAT)/PAT	(1,616)	471	-
Investment holding and group activities			
Revenue	5,387	4,134	30
(LBITDA)/EBITDA	**(7,910)**	**8,744**	**-**
(LAT)/PAT	(20,310)	2,123	-
Group			
Revenue	746,624	503,600	48
EBITDA	**392,971**	**326,481**	**20**
PAT	154,298	123,276	25

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 Quarter
Revenue	246,411
GP	142,307
GP margin (%)	*57.8%*
EBITDA	102,596
EBITDA margin (%)	*41.6%*
PBT	81,612
PBT margin (%)	*33.1%*
PAT	48,633
PAT margin (%)	*19.7%*
ETR (%)	40.4%

	Current Quarter
Crude oil sold (bbls)	549,134
Average realised oil price (USD per bbl)	97.03
Average OPEX per bbl (USD)	24.13
Average uptime	83%
Average net oil production rate (bbls per day)	4,611

- **Current quarter results**

  The North Sabah segment attained a high average realised oil price per bbl of USD97.03 for crude oil sold during the Current Quarter. 549,134 bbls of crude oil were sold in two offtakes.

  The key operational statistics recorded for the Current Quarter were:

  - Average OPEX per bbl of USD24.13;
  - Average uptime of 83%; and
  - Average net oil production rate of 4,611 bbls per day.

  The above statistics have been impacted by the planned CY 2023 major maintenance and the well intervention campaigns. The planned major maintenance campaign took place from April 2023 to August 2023, whilst the well intervention campaign, which commenced in March 2023, was completed in September 2023.

  Despite the less favourable operational performance, North Sabah was able to maintain a reasonable level of profitability due to the high average realised oil price achieved. The GP margin and the EBITDA margin over revenue were relatively high at 57.8% and 41.6% respectively.

  The EBITDA of RM102.6 million was achieved after charging supplemental payment and SbST of RM19.7 million and RM12.3 million respectively.

15 PERFORMANCE REVIEW (CONT'D)

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

The following non-cash items were deducted from EBITDA to arrive at a PBT of RM81.6 million:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM14.0 million;
- Depreciation of right-of-use assets of RM3.4 million; and
- Unwinding of discount on provision for decommissioning costs of RM1.7 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 Quarter amounted to RM33.0 million and the resulting ETR over PBT of 40.4% was broadly consistent with the PITA rate.

(ii) Malaysia – Kinabalu and Others

	Kinabalu	Others@	Total
RM'000	**Current Quarter**	**Current Quarter**	**Current Quarter**
Revenue	137,260	2,649	139,909
GP	88,235	2,024	90,259
GP margin (%)	*64.3%*	*76.4%*	*64.5%*
EBITDA	73,965	6,276	80,241
EBITDA margin (%)	*53.9%*	*236.9%*	*57.4%*
PBT	57,531	6,170	63,701
PBT margin (%)	*41.9%*	*232.9%*	*45.5%*
PAT	34,388	5,925	40,313
PAT margin (%)	*25.1%*	*223.7%*	*28.8%*
ETR (%)	40.2%	4.0%	36.7%

	Kinabalu	Others@
	Current Quarter	**Current Quarter**
Crude oil sold (bbls)	287,701	6,173
Average realised oil price (USD per bbl)	103.16	92.79
Average OPEX per bbl (USD)	23.41	17.14
Average uptime	68%	-
Average net oil production rate (bbls per day)	2,694	103

@ *Consists of PM305 and PM314.*

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

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

  Kinabalu

  The GP for Kinabalu was RM88.2 million while GP margin recorded was relatively high, at 64.3%. The healthy GP margin was largely driven by the high average realised price obtained for the sale of crude oil.

  The gross oil production rate recorded for Kinabalu was 5,986 bbls per day. It was impacted by the annual planned major maintenance campaign for CY 2023, which took place from 29 July 2023 to 5 August 2023.

  The following events mitigated the adverse impact on production caused by the carrying out of the maintenance campaign on the Kinabalu field:

  - First oil achieved from the KNWD-18 infill well in August 2023 which contributed to additional production;
  - Improved production as a result of a successful gas lift optimisation plan being executed in the Current Quarter and well work activities performed in the Preceding Quarter; and
  - Successful rectification in July 2023, of the issues encountered with a high pressure gas compressor that had led to insufficient gas lift supply (since January 2023) to the oil wells.

  Despite the aforementioned events that impacted gross oil production levels, the segment reported a reasonably high average net oil production rate in the Current Quarter due to it attaining a higher share of the PSC's gross production. This was because of higher cash expenditures recorded in the Current Quarter driven by the high capital expenditure invested, particularly for the KNWD-18 infill well drilling campaign.

  Additional costs that were incurred for CY 2023's annual planned major maintenance campaign and a one-off repair cost of a high pressure gas compressor in the Current Quarter have also contributed to the relatively high OPEX per bbl of USD23.41.

  The segment reported an EBITDA of RM74.0 million in the Current Quarter after charging supplemental payment and SbST of RM5.8 million and RM6.9 million respectively.

  The following non-cash items were deducted from EBITDA to derive a PBT of RM57.5 million:

  - Amortisation of intangible assets and depreciation of oil and gas assets of RM14.8 million;
  - Depreciation of right-of-use assets of RM1.1 million; and
  - Unwinding of discount on provision for decommissioning costs of RM0.6 million.

15 PERFORMANCE REVIEW (CONT'D)

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

The tax regime governing Kinabalu is PITA, at the rate of 38.0%. The segment recognised a net tax expense in the Current Quarter amounting to RM23.1 million. The ETR over PBT of 40.2% was generally in line with the PITA rate.

<u>Others</u>

PM305 and PM314 reported a GP of RM2.0 million on the back of RM2.6 million revenue.

The segment's financial results were positively impacted by unrealised foreign exchange gains recognised on RM-denominated liabilities. The USD, being the segment's functional currency appreciate against the RM during the Current Quarter when compared to 30 June 2023.

In the Current Quarter, RM0.2 million of net tax expense was recognised which resulted in an ETR over PBT of 4.0%. This was lower than the PITA rate of 38.0% mainly due to unrealised foreign exchange gains being non-taxable.

(iii) Commercial Arrangement Area

RM'000	Current Quarter
Revenue	256,561
- Crude Oil	154,884
- Gas	101,677
GP	160,395
GP margin (%)	*62.5%*
EBITDA	153,367
EBITDA margin (%)	*59.8%*
PBT	93,645
PBT margin (%)	*36.5%*
PAT	57,112
PAT margin (%)	*22.3%*
ETR (%)	39.0%

	Current Quarter
Crude oil sold (bbls)	364,900
Average realised oil price (USD per bbl)	91.78
Gas sold (MMscf)	3,585
Average realised gas price (USD per thousand scf)	6.13
Average OPEX per boe (USD)	14.33
Average uptime	83%
Average net oil equivalent production rate (boe per day)	10,338

The CAA segment consists of the PM3 CAA PSC.

- **Current quarter results**

The PM3 CAA segment achieved strong profitability during the Current Quarter. GP attained was RM160.4 million and the resulting GP margin was 62.5%. This was mainly due to the high average realised prices obtained for the sale of both crude oil and gas.

The PSC's operational performance in the Current Quarter was impacted by activities related to the annual planned major maintenance campaign for CY 2023 which took place from 16 August 2023 to 26 August 2023. During this period, the production facilities were shut down.

15 PERFORMANCE REVIEW (CONT'D)

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

OPEX incurred included costs associated with:

- Preventive maintenance work for valve, pump and machinery and pipeline and turbo machinery maintenance;
- Platform major painting and vessel painting campaign;
- Membrane and mercury removal units change out;
- Fire water pump change-out and rectification; and
- Slickline and well integrity works completed for 12 wells.

Overall operational performance was also adversely impacted by the lower gas export rate recorded, a result of lower demand from buyers due to downtime experienced at their facilities.

The abovementioned activities which increased average OPEX per boe and reduced average uptime were partly compensated by stable oil production delivered by the H4 reservoirs through an optimised water injection program and a successful well work activities in PM3 Southern field.

The segment achieved an EBITDA of RM153.4 million and an EBITDA margin of 59.8% in the Current Quarter. The segment's PBT of RM93.6 million was derived after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM45.3 million;
- Depreciation of right-of-use assets of RM9.7 million; and
- Unwinding of discount on provision for decommissioning costs of RM2.9 million.

The tax regime governing this segment is PITA, at the rate of 38.0%. The segment recorded a RM36.5 million net tax expense in the Current Quarter, which resulted in an ETR over PBT of 39.0%. 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)

(iv) United Kingdom

RM'000	Current Quarter
Revenue	98,356
- Crude Oil	92,758
- Gas	5,598
GP	74,294
GP margin (%)	*75.5%*
EBITDA	66,279
EBITDA margin (%)	*67.4%*
PBT	41,432
PBT margin (%)	*42.1%*
PAT	30,817
PAT margin (%)	*31.3%*
ETR (%)	25.6%

	Current Quarter
Crude oil sold (bbls)	203,194
Average realised oil price (USD per bbl)	97.24
Gas sold (MMscf)	138
Average realised gas price (USD per thousand scf)	9.24∞ / 10.74#
Average OPEX per boe (USD)	27.22
Average uptime	89%
Average daily oil equivalent production rate (boe per day)	2,220

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

- **Current quarter results**

In the Current Quarter, the UK segment delivered a GP and an EBITDA of RM74.3 million and RM66.3 million respectively. The average realised oil price per bbl attained for crude oil sold by the Anasuria Cluster was relatively high at USD97.24 and was the main contributor to the high GP and EBITDA margins recorded of 75.5% and 67.4% respectively.

In addition, contribution to revenue from the sale of gas remained fairly significant due to the reasonably high gas prices.

Average OPEX per boe recorded for the Current Quarter was USD27.22. The relatively high OPEX per boe was due to higher costs incurred for repair and maintenance activities carried out and the marginally lower average daily oil equivalent production rate.

Production was adversely impacted by a short outage associated with planned work to extend the life of the Anasuria Cluster asset. This involved the replacement of:

- Three mooring chains that were beyond their life of warranty;
- A turret winch wire; and
- Shipside valves.

15 PERFORMANCE REVIEW (CONT'D)

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

PBT in the Current Quarter stood at RM41.4 million. This was achieved after deductions of the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM17.8 million; and
- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM6.2 million and RM0.7 million respectively.

Taxation

RM '000	Ring fenced		Non-ring fenced	Total
	RFCT and SC	EPL		
Total	(14,436)	5,278	(1,457)	(10,615)
Income tax	-	-	(1,457)	(1,457)
Deferred tax	(14,436)	5,278	-	(9,158)
- Deferred tax liabilities	(10,861)	(1,112)	-	(11,973)
- Recognition	(17,989)	(7,349)	-	(25,338)
- Reversal	7,128	6,237	-	13,365
- Deferred tax assets	(3,575)	6,390	-	2,815

(i) Ring fenced

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.

In addition, the EPL regime, which took effect from 26 May 2022, introduced an additional 25.0% levy on UK oil and gas profits on top of the RFCT and SC. This was revised upwards to 35.0% with effect from 1 January 2023. The EPL regime will apply until 31 March 2028.

- RFCT and SC

  The segment recorded a net tax charge in the Current Quarter amounting to RM14.4 million, representing an effective tax rate over PBT of 34.8%. This was slightly lower than the statutory rates of 40.0%, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the SC regime.

- EPL

  In the Current Quarter, a net deferred tax asset of RM5.3 million attributable to the EPL regime was recognised. This asset arose mainly due to the availability of unutilised investment allowances that are expected to be offset against future taxable income during the window for which the EPL regime applies, i.e. up to 31 March 2028, that exceeded deferred tax liabilities that are recognised on taxable temporary differences.

15 PERFORMANCE REVIEW (CONT'D)

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

Anasuria Hibiscus UK does not expect any income taxation liability arising from the EPL regime for the Current Year as sufficient enhanced allowances would very likely be available from planned capital expenditure to fully offset the estimated 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.

(ii) Non-ring fenced

Non-ring fenced taxation in the UK applies to income generated that do not arise from the exploration and production of oil and gas. In Anasuria Hibiscus UK, it would be the interest income earned from its restricted cash that was placed in trust for its obligations for decommissioning the facilities of the Anasuria Cluster. Such interest income is subject to tax at 45.0% (with 20% on the first GBP2,000). The segment recorded a net tax charge in the Current Quarter in relation to this amounting to RM1.5 million.

(v) Vietnam

RM'000	Current Quarter
Revenue	-
LBITDA	(23)
LBITDA margin (%)	*N/A*
LBT	(838)
LBT margin (%)	*N/A*
LAT	(651)
LAT margin (%)	*N/A*
ETR (%)	22.3%

	Current Quarter
Average OPEX per bbl (USD)	36.05
Average uptime	83%
Average net oil production rate (bbls per day)	151

The Vietnam segment consists of the Block 46 PSC.

15 PERFORMANCE REVIEW (CONT'D)

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

- **Current quarter results**

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

  Expenses reflected in the financial results mainly comprised of the depreciation of oil and gas assets and the unwinding of discount on the provision for decommissioning costs.

  In the Current Quarter, a deferred tax credit of RM0.2 million was recognised by the segment, primarily due to the reversal of deferred tax liabilities arising from the depreciation of oil and gas properties as at 30 September 2023 that were adjusted to profit or loss.

(vi) Australia

RM'000	Current Quarter
Revenue	-
LBITDA	(1,579)
LBITDA margin (%)	*N/A*
LBT	(1,616)
LBT margin (%)	*N/A*
LAT	(1,616)
LAT margin (%)	*N/A*

- **Current quarter results**

  During the Current Quarter, this segment recorded a LAT of RM1.6 million.

  The AUD, being the segment's functional currency, depreciated against the USD during the Current Quarter when compared to 30 June 2023. The period-end retranslation of the segment's USD-denominated payables resulted in unrealised foreign exchange losses of RM1.2 million. A significant portion of such USD-denominated payables are to intercompanies, 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.

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 Quarter
Revenue	5,387
LBITDA	(7,910)
LBITDA margin (%)	*(146.8%)*
LBT	(18,766)
LBT margin (%)	*(348.4%)*
LAT	(20,310)
LAT margin (%)	*(377.0%)*
ETR (%)	*N/A*

- **Current quarter results**

  The segment reported a LAT of RM20.3 million for the Current Quarter.

  Interest expenses incurred on a term loan amounted to RM10.5 million.

  Major components of other expenses recognised during the Current Quarter largely relate to corporate overheads, professional and consultancy fees, corporate development activities and depreciation expense.

  In addition, a tax expense of RM1.5 million was recognised primarily on interest income earned.

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

(i) Non-current Assets

As at 30 September 2023, the Group's non-current assets amounted to RM4,206.0 million, representing an increase of RM98.4 million from RM4,107.6 million as at 30 June 2023.

Capital expenditure invested in Kinabalu in the Current Quarter amounted to RM113.8 million, mainly for the redevelopment project and the KN-119 well workover activities. In addition, in the Current Quarter, RM51.1 million was invested in North Sabah for the South Furious 30 Water Flood Phase 2 development project while RM3.6 million was invested by PM3 CAA for the Bunga Lavatera drilling campaign and the PM3 CAA workover.

In the UK, capital expenditure invested in the Current Quarter amounted to RM44.4 million (RM25.5 million for the Anasuria Cluster, RM13.7 million for Teal West and RM5.2 million for the Marigold West and Sunflower fields).

15 PERFORMANCE REVIEW (CONT'D)

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

During the Current Quarter, net unrealised foreign exchange gains, recognised due to the quarter-end retranslation of the Group's non-current assets denominated in non-MYR currencies, amounted to RM24.1 million as the USD had appreciated against MYR as at 30 September 2023 when compared to 30 June 2023. This positively affected the quarter-end retranslation of these non-current assets.

The above transactions, that increased the non-current assets balance, were partly off-set by depreciation and amortisation of equipment, intangible assets and right-of-use assets (by RM107.2 million), lower deferred tax assets (by RM16.7 million) and lower non-current lease receivables from PM3 CAA's and North Sabah's partners (by RM15.7 million).

(ii) Current Assets

Current assets increased from RM2,090.9 million as at 30 June 2023 to RM2,268.0 million as at 30 September 2023.

The trade receivables balance increased by RM134.5 million, from RM411.4 million as at 30 June 2023 to RM545.9 million as at 30 September 2023. 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.

As at 30 September 2023, the Group's other receivables, deposits and prepayments balance increased by RM63.1 million. It was mainly due to increased amounts to be reimbursed by the respective joint venture partners of Kinabalu and PM305 and PM314 by RM48.1 million and RM14.6 million respectively.

In addition, when compared to 30 June 2023, cash and bank balances as at 30 September 2023 increased by RM22.1 million.

The abovementioned additions to the Group's current assets were partly off-set by lower inventory balances and lower tax recoverable balances by RM30.4 million and RM8.5 million respectively as at 30 September 2023.

(iii) Total Liabilities

The Group's total liabilities amounted to RM3,621.9 million as at 30 September 2023, an increase of RM113.1 million from RM3,508.8 million as at 30 June 2023.

As at 30 September 2023, the outstanding operations-related payables and accruals for North Sabah, Kinabalu, Anasuria Cluster and PM305 and PM314 increased by RM82.0 million, RM78.8 million, RM11.7 million and RM10.6 million respectively, mainly due to higher amounts incurred on capital expenditure programs and operations.

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

- Lower outstanding lease liabilities by RM35.8 million mainly due to repayments made;

15 PERFORMANCE REVIEW (CONT'D)

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

- Partial repayment of a term loan amounting to RM22.9 million per the repayment schedule;

- Lower operations-related payables and accruals balances in PM3 CAA by RM20.4 million mainly due to lower capital expenditure in the Current Quarter; and

- Lower trade payables balance by RM10.2 million.

(iv) Total Equity

The increase in total equity as at 30 September 2023 by RM162.3 million when compared to RM2,689.8 million as at 30 June 2023 was mainly attributable to net earnings generated by the producing oil and gas assets of the Group, partly off-set by the RM10.1 million third interim single-tier dividend declared in respect of the Preceding Year.

(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 RM305.9 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 group-wide OPEX, payment of taxation obligations and payment of decommissioning liabilities.

(ii) Cash flows used in investing activities

Net cash utilised by the Group for investing activities amounted to RM198.9 million during the Current Quarter.

Amounts invested in various capital expenditure programs by Kinabalu, North Sabah, Anasuria Hibiscus UK, PM3 CAA and Vietnam amounted to RM113.8 million, RM51.1 million, RM44.4 million, RM3.6 million and RM0.4 million respectively.

(iii) Cash flows used in financing activities

During the Current Quarter, cash flows used in the Group's financing activities amounted to RM91.4 million.

Net payments made in respect of the Group's lease liabilities and term loan (both principal and interest) amounted to RM43.0 million and RM33.3 million respectively.

In addition, the Company paid RM15.1 million for the second interim single-tier dividend of 0.75 sen per ordinary share (before taking into account the effect of share consolidation) declared in respect of the Preceding Year.

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

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

Statements of Profit or Loss

(i) Malaysia – North Sabah

RM'000	Current Quarter	Preceding Quarter
Revenue	246,411	133,742
GP	142,307	71,641
GP margin (%)	*57.8%*	*53.6%*
EBITDA	102,596	76,757
EBITDA margin (%)	*41.6%*	*57.4%*
PBT	81,612	44,919
PBT margin (%)	*33.1%*	*33.6%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	549,134	350,845
Average realised oil price (USD per bbl)	97.03	82.77
Average OPEX per bbl (USD)	24.13	24.68
Average uptime	83%	94%
Average net oil production rate (bbls per day)	4,611	4,729

The higher PBT recorded in the Current Quarter compared to the Preceding Quarter was primarily due to an increased volume of crude oil sold by 198,289 bbls and a higher average realised oil price attained by USD14.26 per bbl in the Current Quarter.

In addition, the average OPEX per bbl of USD24.13 recorded in the Current Quarter was marginally lower when compared to the Preceding Quarter's USD24.68. The level of maintenance activities carried out in the respective quarters were impacted by the timing of the annual planned major maintenance campaign for CY 2023. The campaign commenced in April 2023 and was completed in early August 2023. As such, the activities and related costs for this campaign were higher in the Preceding Quarter as they were incurred for a full three-month period compared to approximately a six week period in the Current Quarter.

The average uptime of 83% and the average net oil production of 4,611 bbls per day recorded for the Current Quarter were both lower than that in the Preceding Quarter due to a higher planned production deferment in the Current Quarter, primarily attributable to the shutdown of the South Furious platform for maintenance activities.

The EBITDA and PBT margins achieved by this segment in the Current Quarter were lower despite the higher average realised oil price attained. Included in the Preceding Quarter's financial results was a gain which arose from a reversal of an overprovision of penalties related to SbST amounting to RM25.4 million. This did not recur in the Current Quarter.

As previously announced, in order to create a stable environment for continuing investment and undertaking smooth operations in Sabah, the Group had, on 21 September 2022 proposed without prejudice to their respective rights as applicable, to pay the claims imposed by the Sabah State Government on revenues earned and to be earned, for the sale of crude oil by North Sabah and Kinabalu respectively. This proposal was accepted by the Sabah State Government on 27 September 2022. As at 30 June 2022, the Group had accrued the related penalties imposed by the Sabah State Government for the unpaid SbST up to 30 June 2022 amounting to RM38.2 million. This amount comprised RM33.7 million attributable to North Sabah and RM4.5 million was accrued for Kinabalu.

In the Preceding Quarter, SEA Hibiscus (which holds 50% participating interests in North Sabah) and Hibiscus Oil & Gas (which holds 60% participating interests in Kinabalu) were able to achieve agreement with the Sabah State Government to settle the penalties imposed at reduced amounts, at RM8.3 million and RM0.9 million respectively. Accordingly, North Sabah and Kinabalu reversed an overprovision of the penalties related to SbST amounted to RM25.4 million and RM3.6 million respectively.

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	137,260	74,985	2,649	2,914	139,909	77,899
GP	88,235	50,037	2,024	2,280	90,259	52,317
GP margin (%)	*64.3%*	*66.7%*	*76.4%*	*78.2%*	*64.5%*	*67.2%*
EBITDA	73,965	29,180	6,276	11,807	80,241	40,987
EBITDA margin (%)	*53.9%*	*38.9%*	*236.9%*	*405.2%*	*57.4%*	*52.6%*
PBT	57,531	10,920	6,170	11,586	63,701	22,506
PBT margin (%)	*41.9%*	*14.6%*	*232.9%*	*397.6%*	*45.5%*	*28.9%*

	Kinabalu		Others@	
	Current Quarter	**Preceding Quarter**	**Current Quarter**	**Preceding Quarter**
Crude oil sold (bbls)	287,701	200,000	6,173	7,695
Average realised oil price (USD per bbl)	103.16	80.50	92.79	81.62
Average OPEX per bbl (USD)	23.41	16.81	17.14	3.44
Average uptime	68%	67%	-	-
Average net oil production rate (bbls per day)	2,694	2,602	103	73

@ *Consists of PM305 and PM314.*

<u>Kinabalu</u>

The PSC's PBT in the Current Quarter was significantly higher compared to the Preceding Quarter, by RM46.6 million. This was mainly due to a higher average realised oil price attained and in addition to that, an increased volume of crude oil sold in the Current Quarter.

Average OPEX per bbl increased to USD23.41 or by 39.3% as compared to the Preceding Quarter. This was mainly caused by higher costs incurred for the annual planned major maintenance campaign for CY 2023 which took place in the Current Quarter. Costs were also incurred in connection with a one-off repair activity conducted on a high pressure gas compressor which was completed in July 2023. The lower gross oil production rate in the Current Quarter, as explained in the "Current Quarter results" section above, also contributed to the less favourable operational performance observed.

In the Current Quarter, the segment reported lower net foreign exchange losses (both realised and unrealised) of RM1.8 million as compared to RM9.3 million in the Preceding Quarter. The quantums recorded in the respective quarters were caused by the fluctuation of the USD, being the segment's functional currency, against the MYR.

In addition, the EBITDA and the PBT were positively impacted by lower accruals for supplemental payments in the Current Quarter by RM5.2 million due to a lower profit oil volume caused by lower production levels (for information, profit oil is the remaining portion of crude oil produced during a period, after deducting petroleum royalty and recoverable expenditures in crude oil equivalent).

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

Others

The segment's PBT in the Current Quarter of RM6.2 million was lower than the Preceding Quarter's RM11.6 million.

In the Preceding Quarter, a gain was recognised in profit or loss amounting to RM10.4 million due to a reversal of over accrued well decommissioning costs upon the finalisation of the decommissioning contract with the relevant vendor.

This was partly off-set by unrealised foreign exchange gains of RM4.8 million recorded in the Current Quarter as compared to unrealised foreign exchange losses of RM0.9 million recorded in the Preceding Quarter.

(iii) Commercial Arrangement Area

RM'000	Current Quarter	Preceding Quarter
Revenue	256,561	212,060
- Crude Oil	154,884	109,333
- Gas	101,677	102,727
GP	160,395	143,340
GP margin (%)	*62.5%*	*67.6%*
EBITDA	153,367	147,926
EBITDA margin (%)	*59.8%*	*69.8%*
PBT	93,645	84,033
PBT margin (%)	*36.5%*	*39.6%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	364,900	276,633
Average realised oil price (USD per bbl)	91.78	86.18
Gas sold (MMscf)	3,585	4,279
Average realised gas price (USD per thousand scf)	6.13	5.25
Average OPEX per boe (USD)	14.33	11.41
Average uptime	83%	96%
Average net oil equivalent production rate (boe per day)	10,338	11,619

The PBT recorded by this segment in the Current Quarter of RM93.6 million was RM9.6 million higher in comparison to the Preceding Quarter's PBT of RM84.0 million. The increase was mainly due to the higher volume of crude oil sold (by 88,267 bbls) at a higher average realised oil price per bbl attained (by USD5.60) in the Current Quarter.

The profitability margins were however impacted by less favourable operational performance achieved. PM3 CAA's operational performance in the Current Quarter, in respect of oil and condensate production, was impacted by activities related to CY 2023's annual planned major maintenance campaign. Due to the higher OPEX incurred as a result of an increased level of activities related to this maintenance campaign, coupled with a lower gross oil equivalent production rate, the average OPEX per boe recorded in the Current Quarter of USD14.33 was higher compared to the Preceding Quarter's USD11.41.

The other significant movement between the Current Quarter and the Preceding Quarter up to the PBT level was a lower amortisation of intangible assets and depreciation of oil and gas assets in the Current Quarter by RM6.5 million due to lower gross production rate.

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	98,356	75,384
- Crude Oil	92,758	68,002
- Gas	5,598	7,382
GP	74,294	55,192
GP margin (%)	*75.5%*	*73.2%*
EBITDA	66,279	52,381
EBITDA margin (%)	*67.4%*	*69.5%*
PBT	41,432	15,200
PBT margin (%)	*42.1%*	*20.2%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	203,194	192,929
Average realised oil price (USD per bbl)	97.24	74.73
Gas sold (MMscf)	138	141
Average realised gas price (USD per thousand scf)	9.24∞ / 10.74#	10.79∞ / 11.37#
Average OPEX per boe (USD)	27.22	19.08
Average uptime	89%	97%
Average daily oil equivalent production rate (boe per day)	2,220	2,489

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

The UK segment recorded a GP of RM74.3 million in the Current Quarter, which was RM19.1 million higher than the Preceding Quarter's GP of RM55.2 million. This was due to the higher average realised oil price per bbl achieved (by 30.1%) and the higher volume of crude oil sold (by 5.3%) by the Anasuria Cluster in the Current Quarter compared to the Preceding Quarter.

The Anasuria Cluster asset experienced relatively weaker operational performance in the Current Quarter as highlighted in the "Current Quarter results" section above resulting in a lower average daily oil equivalent production rate and higher OPEX per boe.

Despite the higher oil prices realised, EBITDA margin in the Current Quarter was lower than Preceding Quarter by 2.1%. This was mainly due to higher net foreign exchange losses (both realised and unrealised) of RM0.3 million compared to net foreign exchange gains of RM1.4 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.

The PBT margin of 42.1% in the Current Quarter, however, was higher than 20.2% recorded in the Preceding Quarter due to lower amortisation of intangible assets and depreciation of oil and gas assets by RM10.3 million in the Current Quarter due to lower production levels.

(v) Vietnam

RM'000	Current Quarter	Preceding Quarter
Revenue	-	381
GP	-	42
GP margin (%)	*N/A*	*11.0%*
LBITDA	(23)	(948)
LBITDA margin (%)	*N/A*	(248.8%)
LBT	(838)	(2,174)
LBT margin (%)	*N/A*	(570.6%)

	Current Quarter	Preceding Quarter
Average OPEX per bbl (USD)	36.05	21.42
Average uptime	83%	96%
Average net oil production rate (bbls per day)	151	213

There was no sale of crude oil in both the Current Quarter and Preceding Quarter. The reported revenue of RM0.4 million in the Preceding Quarter was mainly caused by the impact of translating the USD-denominated revenue generated for the sale of crude oil in the December 2022 Quarter to MYR for reporting purposes.

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

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

(vi) Australia

RM'000	Current Quarter	Preceding Quarter
Revenue	-	-
(LBITDA)/EBITDA	(1,579)	634
(LBITDA)/EBITDA margin (%)	N/A	N/A
(LBT)/PBT	(1,616)	471
(LBT)/PBT margin (%)	N/A	N/A

The Australian segment recorded a LBT of RM1.6 million in the Current Quarter, as opposed to a PBT of RM0.5 million reported in the Preceding Quarter.

The LBT in the Current Quarter was mainly caused by unrealised foreign exchange losses arising from the quarter-end retranslation of the segment's USD-denominated payables.

The PBT in the Preceding Year was mainly driven by a gain recognised from the share of results of our associate, 3D Oil, which amounted to RM1.3 million. 3D Oil had recorded a gain upon the completion of the farmout of its 80% interest and operatorship of the VIC/P79 Exploration Permit to ConocoPhillips Australia SH2. This gain was partly off-set by the recognition of unrealised foreign exchange losses.

(vii) Investment holding and group activities

RM'000	Current Quarter	Preceding Quarter
Revenue	5,387	4,134
(LBITDA)/EBITDA	(7,910)	8,744
(LBITDA)/EBITDA margin (%)	(146.8%)	211.5%
(LBT)/PBT	(18,766)	2,868
(LBT)/PBT margin (%)	(348.4%)	69.4%

The segment recorded a LBT of RM18.8 million in the Current Quarter as compared to a PBT of RM2.9 million in the Preceding Quarter.

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

Net foreign exchange gains of RM1.0 million were recognised in the Current Quarter while in the Preceding Quarter, the equivalent gains were RM12.3 million. Such foreign exchange differences have arisen mainly from the appreciation of the USD against the MYR positively impacting the quarter-end retranslation of the inter-company balances.

The other significant movement between the Current Quarter and Preceding Quarter was the quantum of interest expense related to a term loan drawn down. The term loan interest expense incurred for the Current Quarter amounted to RM10.5 million, which was higher than RM4.5 million in the Preceding Quarter. In the Preceding Year, a term loan facility was drawn down in two tranches in December 2022 and May 2023, amounting to USD20.0 million and USD79.0 million respectively.

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:

a. 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 October 2022 to end-October 2023:

As shown above, Brent oil prices have improved to levels above USD80.00 per bbl, due to supply tightening caused by OPEC+ production cuts and increasing demand from the aviation sector and fiscal stimuli in large economies like China. Oil prices have also been exacerbated by the on-going Israel-Palestine conflict.

b. 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.

c. 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.

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

18 PROSPECTS OF THE GROUP (CONT'D)

e. 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.

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

- Production performance of the wells; and

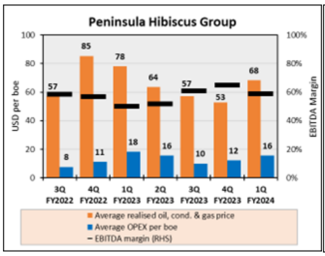
- Facilities availability.

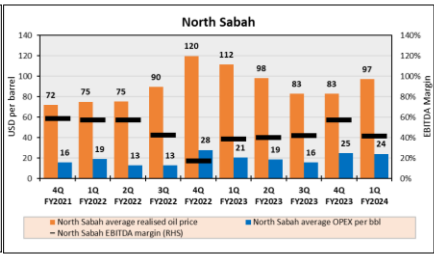
g. Taxation levels imposed in the various jurisdictions.

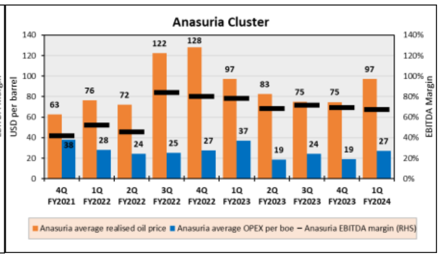
h. Management of operational expenditure for our producing assets and general corporate overheads.

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.







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

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

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

18 PROSPECTS OF THE GROUP (CONT'D)

A total of 1,411,102 bbls of crude oil were sold in the Current Quarter – 658,774 bbls from Peninsula Hibiscus Group (PM3 CAA, Kinabalu, PM305 and PM314), 549,134 bbls from North Sabah and 203,194 bbls from the Anasuria Cluster. A total of 3,723 MMscf of gas was sold in the Current Quarter – 3,585 MMscf from PM3 CAA and 138 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 Quarter.

21 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

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.

Notice to Arbitrate received by Hibiscus Oil & Gas

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

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

The Directors are of the opinion that the Group has a reasonably good basis to defend the claim.

24 DIVIDEND

The Board has, in respect of the Current Year, declared a first interim single-tier dividend of 2.00 sen per ordinary share in the Current Quarter, after taking into account the Share Consolidation that came into effect on 19 October 2023 at 5.00 p.m. (previous year corresponding quarter ended 30 September 2022: Nil).

On 23 August 2023, the Directors declared a third interim single-tier dividend of 0.50 sen per ordinary share (before taking into account the effect of share consolidation) in respect of the Preceding Year. It is payable on 20 October 2023.

On 4 October 2023, the Directors recommended the payment of a final single-tier dividend of 0.50 sen per ordinary share (before taking into account the effect of Share Consolidation) in respect of the Preceding Year, which is subject to the approval by the Company's shareholders at the forthcoming Annual General Meeting on 5 December 2023. Subsequently, the shareholders of the Company had at the Extraordinary General Meeting held on 5 October 2023 approved the Share Consolidation (please refer to Part A, Note 6 of this Quarterly Report for further details). Accordingly, the proposed final single-tier dividend amount per ordinary share has been adjusted to 1.25 sen upon the completion of the Share Consolidation exercise following the listing and quotation of 804,967,428 consolidated shares on the Main Market of Bursa Securities with effect from 20 October 2023. The financial statements for the Preceding Year do not reflect this dividend. This dividend, if approved by the Company's shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the Current Year.

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 30.09.2023	**QUARTER ENDED 30.09.2022**	**PERIOD ENDED 30.09.2023**	**PERIOD ENDED 30.09.2022**
Profit after taxation attributable to owners of the Company (RM'000)	(A)	154,298	135,262	154,298	135,262
Weighted average number of shares for basic earnings per share computation ('000)	(B)	2,012,419	2,012,419	2,012,419	2,012,419
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)	7.67	6.72	7.67	6.72
Diluted earnings per share (sen)	(A/C)	7.67	6.72	7.67	6.72

The above does not reflect the impact of the Share Consolidation (please refer to Part A, Note 6 of this Quarterly Report for further details), as the Share Consolidation took effect on 19 October 2023 at 5.00 p.m., i.e. after the Current Quarter.

26 OTHER INCOME

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	QUARTER ENDED 30.09.2023 RM'000	**QUARTER ENDED 30.09.2022 RM'000**	**PERIOD ENDED 30.09.2023 RM'000**	**PERIOD ENDED 30.09.2022 RM'000**
Sundry income	447	-	447	-
Interest income	10,828	1,212	10,828	1,212
Unrealised gain on foreign exchange#	-	12,641	-	12,641
Realised gain on foreign exchange#	-	7,764	-	7,764
	11,275	21,617	11,275	21,617

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

27 PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.09.2023 RM'000	QUARTER ENDED 30.09.2022 RM'000	PERIOD ENDED 30.09.2023 RM'000	PERIOD ENDED 30.09.2022 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	107,169	95,950	107,169	95,950
Supplemental payments##	25,854	70,439	25,854	70,439
Finance costs	26,632	16,989	26,632	16,989
SbST###	19,129	14,399	19,129	14,399
Share of results of an associate	131	127	131	127
Interest income	(14,394)	(1,218)	(14,394)	(1,218)
Unrealised loss/(gain) on foreign exchange####	2,280	(12,641)	2,280	(12,641)
Realised loss/(gain) on foreign exchange####	2,035	(7,764)	2,035	(7,764)

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 Quarter amounted to RM19.7 million (previous year corresponding quarter: RM47.5 million), RM5.8 million (previous year corresponding quarter: RM22.5 million) and RM0.3 million (previous year corresponding quarter: RM0.4 million) respectively. The supplemental payments are included in administrative expenses in 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 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 Quarter.

28 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.09.2023 RM'000	QUARTER ENDED 30.09.2022 RM'000	PERIOD ENDED 30.09.2023 RM'000	PERIOD ENDED 30.09.2022 RM'000
Income taxation	(89,631)	13,983	(89,631)	13,983
Deferred taxation	(15,241)	(64,135)	(15,241)	(64,135)
	(104,872)	(50,152)	(104,872)	(50,152)

28 TAXATION (CONT'D)

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Malaysia – North Sabah				
Income taxation	(41,191)	(6,964)	(41,191)	(6,964)
Deferred taxation	8,212	(957)	8,212	(957)
Total	**(32,979)**	**(7,921)**	**(32,979)**	**(7,921)**
Malaysia – Kinabalu and Others				
Income taxation	945	(865)	945	(865)
Deferred taxation	(24,333)	(29,242)	(24,333)	(29,242)
Total	**(23,388)**	**(30,107)**	**(23,388)**	**(30,107)**
Commercial Arrangement Area				
Income taxation	(46,508)	20,504	(46,508)	20,504
Deferred taxation	9,975	(10,685)	9,975	(10,685)
Total	**(36,533)**	**9,819**	**(36,533)**	**9,819**
United Kingdom				
Income taxation	(1,457)	(5,360)	(1,457)	(5,360)
Deferred taxation	(9,158)	(23,774)	(9,158)	(23,774)
Total	**(10,615)**	**(29,134)**	**(10,615)**	**(29,134)**
Vietnam				
Income taxation	-	6,668	-	6,668
Deferred taxation	187	523	187	523
Total	**187**	**7,191**	**187**	**7,191**
Australia				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
Total	**-**	**-**	**-**	**-**
Investment holding and group activities				
Income taxation	(1,420)	-	(1,420)	-
Deferred taxation	(124)	-	(124)	-
Total	**(1,544)**	**-**	**(1,544)**	**-**
Group				
Income taxation	(89,631)	13,983	(89,631)	13,983
Deferred taxation	(15,241)	(64,135)	(15,241)	(64,135)
Total	**(104,872)**	**(50,152)**	**(104,872)**	**(50,152)**

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 RFCT, SC and EPL. The current rates of tax for RFCT, SC and EPL are set at 30.0%, 10.0% and 35.0% respectively.

- Vietnam

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

Deferred taxation

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

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

29 BORROWINGS

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

	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
Non-current		
Secured		
Lease liabilities	258,051	282,730
Term loan	344,694	365,012
	602,745	647,742
Current		
Secured		
Lease liabilities	111,843	122,924
Term loan	92,729	91,828
	204,572	214,752

By Order of the Board of Directors
Hibiscus Petroleum Berhad
22 November 2023