HIBISCUS PETROLEUM BERHAD

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

Unaudited Quarterly Financial Report 30 June 2024

(Fourth financial quarter of financial year ended 30 June 2024)

(Note: This Unaudited Quarterly Financial Report is supplemented by the Corporate and Business Update released on the same day, on 27 August 2024.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2024 RM'000	INDIVIDUAL QUARTER QUARTER ENDED 30.06.2023 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2024 RM'000	CUMULATIVE QUARTER YEAR ENDED 30.06.2023 RM'000
Revenue		738,049	503,600	2,715,734	2,344,830
Cost of sales		(289,332)	(176,934)	(948,963)	(817,463)
GROSS PROFIT		448,717	326,666	1,766,771	1,527,367
Other income	26	20,237	17,492	60,210	37,087
Administrative and other operating expenses		(152,234)	(48,227)	(437,406)	(294,961)
Supplemental payments		(37,058)	(29,774)	(125,066)	(196,525)
Write-off of well exploration costs		(3,714)	-	(82,616)	-
Impairment of equipment		(61,008)	-	(61,008)	-
Other administrative expenses		(50,454)	(18,453)	(168,716)	(98,436)
Other expenses		(130,097)	(106,280)	(544,158)	(481,434)
Finance costs		(25,730)	(23,501)	(106,829)	(77,255)
Share of results of an associate		(124)	1,673	(510)	1,282
PROFIT BEFORE TAXATION	27	160,769	167,823	738,078	712,086
Taxation	28	(52,085)	(44,547)	(270,954)	(311,568)
PROFIT AFTER TAXATION		108,684	123,276	467,124	400,518
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- Owners of the Company		108,684	123,276	467,124	400,518
EARNINGS PER SHARE (SEN)					
Basic	25	13.61	15.31*	58.22	49.76*
Diluted	25	13.61	15.31*	58.22	49.76*

* *For comparative purpose, in accordance with the provisions of Malaysian Financial Reporting Standard 133: Earnings per Share, the basic and diluted earnings per shares for the preceding year's corresponding quarter and year had been adjusted to reflect the effect of the share consolidation of every five shares into two consolidated shares, which was completed on 20 October 2023 (please refer to Part A, Note 4(i) of this Quarterly Report for further details).*

Note:

Earnings Before Interest, Taxes, Depreciation and Amortisation	302,648	326,481	1,321,098	1,269,696

(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 30.06.2024 RM'000	QUARTER ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2024 RM'000	YEAR ENDED 30.06.2023 RM'000
PROFIT AFTER TAXATION	108,684	123,276	467,124	400,518
Other comprehensive (expenses)/income:				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation**	(5,571)	138,169	27,822	137,534
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/YEAR	103,113	261,445	494,946	538,052
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the Company	103,113	261,445	494,946	538,052

** *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 30.06.2024 RM'000	AUDITED AS AT 30.06.2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,431,973	1,452,069
Equipment		2,190,882	2,024,457
Right-of-use assets		142,650	158,106
Other receivables		170,888	178,802
Investment in an associate		4,456	4,902
Restricted cash and bank balances		274,359	219,012
Tax recoverable		53,957	53,425
Deferred tax assets		-	16,811
		4,269,165	4,107,584
CURRENT ASSETS			
Intangible assets		5,102	8,854
Inventories		193,426	198,628
Trade receivables		548,521	411,381
Other receivables, deposits and prepayments		891,483	493,579
Amount owing by a joint venture		-	339
Cash and bank balances		688,025	959,659
Tax recoverable		8,617	18,504
		2,335,174	2,090,944
TOTAL ASSETS		6,604,339	6,198,528
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	166,014	166,014
Treasury shares		(16,121)	-
Other reserves		336,752	308,930
Retained earnings		2,613,745	2,214,815
		3,100,390	2,689,759
NON-CURRENT LIABILITIES			
Other payables		-	4,303
Borrowings	29	534,947	647,742
Contingent consideration		43,307	43,372
Deferred tax liabilities		807,044	792,973
Provision for decommissioning costs		539,512	617,125
		1,924,810	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 30.06.2024 RM'000	AUDITED AS AT 30.06.2023 RM'000
CURRENT LIABILITIES			
Trade payables		26,382	38,299
Other payables and accruals		955,666	863,292
Borrowings	29	214,113	214,752
Amount owing to a joint venture		-	319
Contingent consideration		1,691	7,574
Provision for decommissioning costs		78,271	56,291
Provision for taxation		303,016	222,508
Redeemable Convertible Preference Shares		-	219
		1,579,139	1,403,254
TOTAL LIABILITIES		3,503,949	3,508,769
TOTAL EQUITY AND LIABILITIES		6,604,339	6,198,528
NET ASSETS PER SHARE (RM)		3.88	3.34***

*** *For comparative purpose, the net assets per share as at 30 June 2023 had been adjusted to reflect the effect of share consolidation of every five shares into two consolidated shares, which was completed on 20 October 2023 (please refer to Part A, Note 4(i) of this Quarterly Report for further details).*

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 CHANGES IN EQUITY

	<----------------------- NON-DISTRIBUTABLE			---------------------->		
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	OTHER RESERVES RM'000	FOREIGN EXCHANGE RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
12 months to 30.06.2024						
As at 01.07.2023	166,014	-	389	308,541	2,214,815	2,689,759
Profit after taxation	-	-	-	-	467,124	467,124
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	27,822	-	27,822
Total comprehensive income for the year	-	-	-	27,822	467,124	494,946
Dividends	-	-	-	-	(68,132)	(68,132)
Purchase of treasury shares	-	(16,121)	-	-	(62)	(16,183)
Total transactions with owners of the Company	-	(16,121)	-	-	(68,194)	(84,315)
As at 30.06.2024	166,014	(16,121)	389	336,363	2,613,745	3,100,390
12 months to 30.06.2023						
As at 01.07.2022	966,014	-	389	171,007	1,064,607	2,202,017
Profit after taxation	-	-	-	-	400,518	400,518
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	137,534	-	137,534
Total comprehensive income for the year	-	-	-	137,534	400,518	538,052
Dividends	-	-	-	-	(50,310)	(50,310)
Capital Reduction****	(800,000)	-	-	-	800,000	-
Total transactions with owners of the Company	(800,000)	-	-	-	749,690	(50,310)
As at 30.06.2023	166,014	-	389	308,541	2,214,815	2,689,759

**** *The reduction of the issued ordinary shares capital of the Company by RM800 million was completed on 3 March 2023 pursuant to Section 117 of the Companies Act, 2016.*

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

	Year Ended	
	30.06.2024 RM'000	**30.06.2023 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	738,078	712,086
Adjustments for:		
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	476,191	480,355
Finance costs	106,829	77,255
Write-off of well exploration costs	82,616	-
Impairment of equipment	61,008	-
Unrealised loss on foreign exchange	9,728	22,616
Net provision/(Reversal of provision) for inventories obsolescence	627	(3,407)
Share of results of an associate	510	(1,282)
Impairment of investment in an associate	-	532
Write-off of bad debts	-	19
Write-back of amount owing to a joint venture	(46)	-
Write-off of other payables	(5,049)	-
Interest income	(60,554)	(18,377)
Operating profit before working capital changes	1,409,938	1,269,797
Inventories	6,302	(21,087)
Trade receivables	(132,381)	16,907
Other receivables, deposits and prepayments	(57,864)	55,391
Trade payables	(12,227)	28,294
Other payables and accruals	15,120	(376,303)
Amount owing by an associate	-	10
Cash generated from operating activities	1,228,888	973,009
Tax paid	(153,964)	(176,698)
Movement in restricted cash and bank balances	(96,275)	(69,659)
Net cash generated from operating activities	978,649	726,652
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	60,554	18,377
Acquisition of intangible assets	(162,382)	(94,907)
Deposit for an investment	(231,280)	-
Purchase of equipment	(580,820)	(421,310)
Net cash used in investing activities	(913,928)	(497,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(168,262)	(167,396)
Repayment of term loan	(92,919)	-
Dividends paid	(67,254)	(55,341)
Interest paid	(40,286)	(9,203)
Purchase of treasury shares	(16,183)	-
Redemption of Redeemable Convertible Preference Shares	(219)	-
Repayment of revolving credit	-	(275,419)
Drawdown of revolving credit	-	185,263
Drawdown of term loan	-	436,533
Net cash (used in)/generated from financing activities	(385,123)	114,437
Net (decrease)/increase in cash and cash equivalents	(320,402)	343,249
Effects of foreign exchange rate changes	4,767	37,602
Cash and cash equivalents at beginning of the financial year	925,630	544,779
Cash and cash equivalents at end of the financial year	609,995	925,630

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

	Year Ended	
	30.06.2024	**30.06.2023**
	RM'000	**RM'000**
Cash and bank balances in the Consolidated Statements of Financial Position are as follows:		
<u>Non-current</u>		
Restricted cash and bank balances*****	274,359	219,012
<u>Current</u>		
Cash and bank balances	688,025	959,659
Less: Restricted cash and bank balances******	(78,030)	(34,029)
Cash and cash equivalents	609,995	925,630

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

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

- *30 June 2024*
  - *Hibiscus Oil & Gas Malaysia Limited – As part of the requirements for a Production Sharing Contract, Hibiscus Oil & Gas Malaysia Limited is required to place a deposit with a financial institution as bank guarantee for the value of minimum work commitment to be carried out. The amount as at 30 June 2024 was equivalent to RM42.3 million.*
  - *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. The amount as at 30 June 2024 was equivalent to RM35.7 million.*
- *30 June 2023*
  - *Asia Hibiscus Sdn. Bhd. – As part of the term loan covenants, Asia Hibiscus Sdn. Bhd. is required to maintain a minimum amount of principal and interest payable for the next three months into a designated bank account. The amount as at 30 June 2023 was equivalent to RM34.0 million.*

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
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
ASCU	Angsi Southern Channel Unit
AUD	Australian Dollar
BITA	Barbados Income Tax Act
bbl	Barrel
Block 46	Block 46 Cai Nuoc PSC
BRA	Barbados Revenue Authority
Brunei	Brunei Darussalam
boe	Barrel of oil equivalent
Bursa Securities	Bursa Malaysia Securities Berhad
CAA	Commercial Arrangement Area
CAPEX	Capital expenditure
CITA	Corporate (Income Tax) Act 1967
Current Quarter	Financial quarter ended 30 June 2024
Current Year	Financial year ended 30 June 2024
CSPA	Conditional Share Purchase Agreement
CY	Calendar year
December 2023 Quarter	Financial quarter ended 31 December 2023
December 2024 Quarter	Financial quarter ending 31 December 2024
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
EPS	Earnings per share
ESIM	Energy Security Investment Mechanism
ETR	Effective tax rate
FIPC	Fortuna International Petroleum Corporation
FIPC Acquisition	Acquisition of the entire equity interest in FIPC
FSO	Floating storage and offloading
GBP	Great Britain Pound
GL	Gross loss
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
Hibiscus Oil & Gas (PM3)	Hibiscus Oil & Gas Malaysia (PM3) Limited
HIREX	HiRex Petroleum Sdn. Bhd.
IRB	Inland Revenue Board of Malaysia
IY	Income Year
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

ABBREVIATIONS AND ACRONYMS (CONT'D)

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

Abbreviation	Description
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.
OPEX	Operating costs
OPRED	Offshore Petroleum Regulator for Environment & Decommissioning
PAT	Profit after taxation
PBT	Profit before taxation
Peninsula Hibiscus Group	Peninsula Hibiscus Sdn. Bhd. and its subsidiaries
PETRONAS	Petroliam Nasional Berhad
PETRONAS Carigali	PETRONAS Carigali Sdn. Bhd.
Ping Petroleum	Ping Petroleum UK PLC
PITA	Petroleum (Income Tax) Act 1967
PKNB	Pertang, Kenarong, Noring and Bedong Cluster PSC
PM3 CAA	PM3 CAA PSC
PM305 and PM314	PM305 and PM314 PSCs
Preceding Quarter	Financial quarter ended 31 March 2024
Preceding Year	Financial year ended 30 June 2023
Proposed Acquisition	Proposed acquisition of the entire equity interest in TotalEnergies EP (Brunei) B.V.
PSC	Production Sharing Contract
Rapid Oil	Rapid Oil Production Ltd
RCPS	Redeemable Convertible Preference Shares
Repsol	Repsol Exploración, S.A.
RFCT	Ring fence corporation tax
RM	Ringgit Malaysia
SbST	Sabah State Sales Tax
SC	Supplementary charge
scf	Standard cubic feet
SEA Hibiscus	SEA Hibiscus Sdn. Bhd.
Seri Hibiscus	Seri Hibiscus Sdn. Bhd.
SF Ungu	South Furious Ungu
SF Ungu ST	South Furious Ungu Side Track
SF Merah	South Furious Merah
Share Consolidation	Consolidation of the issued share capital of the Company
Simpor Hibiscus	Simpor Hibiscus Sdn. Bhd.
STOOIP	Stock tank oil initially in place
TotalEnergies EP Brunei	TotalEnergies EP (Brunei) B.V.
TotalEnergies Holdings	TotalEnergies Holdings International B.V.
UK	United Kingdom
UKCS	United Kingdom Continental Shelf
USD	United States Dollar
UUOA	Unitisation and Unit Operating Agreement
YA	Year of Assessment

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

1 BASIS OF PREPARATION

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Adoption of Amendments to Standards

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 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	*Making Materiality Judgements*

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)

Description		**Effective for financial periods beginning on or after**
Amendments to MFRS 9 and MFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
MFRS 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
MFRS 19	*Subsidiaries without Public Accountability: Disclosures*	1 January 2027

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

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

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

- Share Capital

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

  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.

- EPS

  The Share Consolidation does not have any effect on the Group's profit after taxation attributable to the owner of the Company for the Current Year. However, pursuant to the Share Consolidation and all things being equal, there would be an increase in the Group's EPS as a result of the reduced number of ordinary shares in issue.

  For comparative purpose, in accordance with the provisions of MFRS 133 *Earnings per Share*, the basic and diluted EPS for the Preceding Year's corresponding quarter and year had been adjusted to reflect the effect of the Share Consolidation.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

		BEFORE SHARE CONSOLIDATION		AFTER SHARE CONSOLIDATION	
		QUARTER ENDED 30.06.2023 (Reported)	YEAR ENDED 30.06.2023 (Reported)	QUARTER ENDED 30.06.2023 (Adjusted)	YEAR ENDED 30.06.2023 (Adjusted)
PAT attributable to owners of the Company (RM'000)	(A)	123,276	400,518	123,276	400,518
Weighted average number of shares for basic earnings per share computation ('000)	(B)	2,012,419	2,012,419	804,967	804,967
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	2,012,419	2,012,419	804,967	804,967
Basic EPS (sen)	(A/B)	6.13	19.90	15.31	49.76
Diluted EPS (sen)	(A/C)	6.13	19.90	15.31	49.76

- Net assets per share

  The Share Consolidation does not have effect on the Group's shareholders' funds for the Current Year. However, pursuant to the Share Consolidation and all things being equal, there would be an increase in the Group's net assets per share as a result of the reduced number of ordinary shares in issue.

  For comparative purpose, the net assets per share as at 30 June 2023 had been adjusted to reflect the effect of the Share Consolidation.

		AS AT 30.06.2023 (Audited)	AS AT 30.06.2023 (Adjusted)
Shareholders' funds (RM'000)	(A)	2,689,759	2,689,759
Number of shares in issue ('000)	(B)	2,012,419	804,967
Net assets per share (sen)	(A/B)	1.34	3.34

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(ii) Write-off of well exploration costs in SEA Hibiscus

In the December 2023 Quarter, SEA Hibiscus commenced an exploration drilling campaign to drill three exploration wells, namely SF Ungu, SF Ungu ST and SF Merah, to evaluate prospective Near Field exploration targets within the boundaries of the North Sabah permit. The campaign commenced at the SF Ungu well location on 29 October 2023 and drilling was carried out on both the SF Ungu and the SF Ungu ST wells from this site. The drilling of the third and final exploration target of this campaign, the SF Merah well, started on 19 January 2024 and completed on 5 March 2024. All costs relating to this campaign were funded by internal resources and the costs associated with the campaign have been included in SEA Hibiscus' cost recovery pool.

The data and samples collected for the three wells were assessed or are being assessed. The summary of the assessments and their impact to the financial statements are as follows:

- SF Ungu

  The data collected through drilling operations at the location is currently being reviewed and a more detailed interpretation will be produced to ascertain the proposed next steps. The lab analysis and follow up studies are not expected to be completed until early CY 2025. An amount of RM46.4 million (pre-tax), net to SEA Hibiscus, relating to this well was incurred and is currently capitalised as a non-current intangible asset. For guidance, should the outcome of the on-going post-well lab analysis and further sub surface studies not support the likelihood of commercial viability of the resources and the on-going capitalisation, approximately RM28.6 million net of tax impact (i.e. PITA at 38.0%) will be written off to profit or loss in due course.

- SF Ungu ST

  An assessment was performed on the hydrocarbon sample collected. The conclusion derived from this assessment was that hydrocarbon volumes seen in this well will not achieve commercial viability. Following this, RM24.1 million net of tax impact (for information, the corresponding amount omitting any tax impact was RM38.9 million) was written off to profit or loss during the Current Year.

- SF Merah

  Evaluation and sampling efforts recovered one sample of gas which was sent for further laboratory analysis. Even though a sample of gas was recovered and brought to surface, an assessment performed concluded that hydrocarbon volumes seen in this well will not achieve commercially viable economic thresholds. Following this, RM27.1 million net of tax impact (for information, the corresponding amount omitting any tax impact was RM43.7 million) was written off to profit or loss during the Current Year.

Please refer to our announcement dated 1 March 2024 for further details.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(iii) Acquisition of Interest in Licence P2451

Anasuria Hibiscus UK and Ping Petroleum each entered into a separate but identical Farm-in Agreement with Rapid Oil on 30 August 2023. Under the terms of each Farm-In Agreement, Anasuria Hibiscus UK and Ping Petroleum would separately acquire 42.5% equity interest each in Licence P2451, with the balance 15.0% equity interest remaining with Rapid Oil.

Licence P2451 holds an undeveloped oil field, the Fyne field, located in the Central North Sea, UK, with an estimated 75 MMboe STOOIP. The Fyne field lies in a water depth of about 90 metres. As it is located approximately 20 kilometres from the Anasuria FPSO, the plan is to initially 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.

The acquisition was completed on 20 November 2023. Upon completion, Anasuria Hibiscus UK was appointed as operator for the field development stage. A licence extension application was submitted to the NSTA on 27 December 2023.

On 20 March 2024, the NSTA approved the licence extension to 30 September 2026. A condition of the extension is that by 30 September 2026, Anasuria Hibiscus UK will have secured approval of a Field Development Plan and Production Consent.

First oil is expected in 2027, whereupon Anasuria Operating Company (equally owned by Anasuria Hibiscus UK and Ping Petroleum) is expected to take over as operator of the Fyne production from Anasuria Hibiscus UK. For information, Anasuria Operating Company is the operator of the Anasuria Cluster asset.

On 11 April 2024, the NSTA acknowledged receipt of the Fyne Development Concept Select Report submitted by Anasuria Hibiscus UK as operator of the Fyne Development for and on behalf of the Licence P2451 licensees and advised that the Concept Select Report was found to be in accordance with its "Requirements for the planning of and consent to UKCS Field Developments 2021" guidance.

Please refer to our announcements dated 1 September 2023, 13 October 2023, 21 November 2023, 20 March 2024 and 18 April 2024 for further details.

(iv) Proposed Acquisition

On 14 June 2024, the Company announced that its indirect wholly-owned subsidiary, Simpor Hibiscus, had on 13 June 2024 entered into a CSPA with TotalEnergies Holdings for the proposed acquisition by Simpor Hibiscus of the entire equity interest in TotalEnergies EP Brunei for a cash consideration of approximately USD259.4 million, subject to the terms and conditions of the CSPA. Upon execution of the CSPA, Simpor Hibiscus paid a deposit of USD49.0 million to TotalEnergies Holdings.

TotalEnergies EP Brunei is incorporated in the Netherlands. TotalEnergies EP Brunei through its branch in Brunei owns a 37.5% operated interest in Block B Maharajalela Jamalulalam field.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

The parties holding the remaining interest in Block B Maharajalela Jamalulalam field are as follows:

- Shell Deepwater Borneo BV (formerly known as Shell Deepwater Borneo Limited) (35.0%); and

- Brunei Energy Exploration Sdn. Bhd. (formerly known as PB Expro Sendirian Berhad) (27.5%). Brunei Energy Exploration Sdn. Bhd. is owned by Brunei Energy Holding Sdn. Bhd. which in turn is owned by the Brunei Minister for Finance Corporation.

The Proposed Acquisition, when completed, will result in the Group assuming operatorship of Block B Maharajalela Jamalulalam field.

The Proposed Acquisition is subject to the approval of the shareholders of the Company at an extraordinary general meeting to be convened.

The Proposed Acquisition is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the December 2024 Quarter.

Please refer to our announcements dated 14 June 2024 and 13 August 2024 for further details.

5 MATERIAL CHANGES IN ESTIMATES

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

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

(i) <u>65% of Participating Interest and Operatorship in a PSC in Malaysia</u>

On 26 July 2024, the Company announced that Hibiscus Oil & Gas, an indirect wholly-owned subsidiary of the Company was awarded 65% participating interest and operatorship in a PSC by PETRONAS. The remaining participating interest is held by PETRONAS Carigali. The effective date of the PSC is 1 July 2024 with a contract duration of 24 years.

The PSC consists of four discovered resource opportunities (gas fields), namely the PKNB fields, which are located in shallow waters between 65 and 75 metres depth offshore the east coast of Peninsular Malaysia. The fields are located to the south, and within tie-back distance of the PM3 CAA PSC which is operated by Hibiscus Oil & Gas.

Please refer to our announcement dated 26 July 2024 for further details.

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

(ii) PM327 PSC

Straits Hibiscus Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, signed a farm-in agreement to acquire a 30% participating interest in the PM327 PSC, an exploration block located to the south of the PM3 CAA PSC. The effective date of the farm-in agreement was 5 July 2024.

PETRONAS Carigali is the operator of the PM327 PSC.

The tenure of the PSC is 28 years, commencing in February 2023.

Please refer to our announcement dated 23 August 2024 for further details.

7 CHANGES IN THE COMPOSITION OF THE GROUP

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

On 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.

On 17 May 2024, Seri Hibiscus was incorporated under the Act with an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. Seri Hibiscus was established as a wholly-owned subsidiary of the Company.

On 20 May 2024, Simpor Hibiscus was incorporated under the Act with an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. Simpor Hibiscus was established as a wholly-owned subsidiary of Seri Hibiscus, 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 amount of dividends paid by the Company in the Current Year are as follows:

	RM '000
In respect of the Current Year	
First interim single-tier dividend of 2.00 sen per ordinary share, paid on 19 January 2024	16,073
Second interim single-tier dividend of 2.00 sen per ordinary share, paid on 18 April 2024	15,987
In respect of the Preceding Year	
Second interim single-tier dividend of 0.75 sen[1] per ordinary share, paid on 21 July 2023	15,093
Third interim single-tier dividend of 0.50 sen[1] per ordinary share, paid on 20 October 2023	10,062
Final single-tier dividend of 1.25 sen per ordinary share, paid on 19 January 2024	10,039
	67,254

(1) *For information, the above interim single-tier dividends were declared before the effect of the Share Consolidation of every five shares into two consolidated shares, which was completed on 20 October 2023. Please refer to Part A, Note 4(i) of this Quarterly Report for further details.*

10 DEBT AND EQUITY SECURITIES

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

(i) Share Consolidation

Share capital	YEAR ENDED 30.06.2024	
	Number of shares	**Share capital RM'000**
ORDINARY SHARES		
As at 01.07.2023	2,012,418,743	166,014
Share Consolidation	(1,207,451,315)	-
As at 30.06.2024	804,967,428	166,014

The Company completed the Share Consolidation exercise on 20 October 2023. As of the Entitlement Date, the Company's total numbers of issued ordinary shares were consolidated into 804,967,428 number of issued ordinary shares from the previous 2,012,418,743 number of issued ordinary shares. The Company's issued share capital remained unchanged.

Please refer to Part A, Note 4(i) of this Quarterly Report for further details on the Share Consolidation exercise.

10 DEBT AND EQUITY SECURITIES (CONT'D)

(ii) Share Buy-Back

On 5 December 2023, the shareholders approved the renewal of the share buy-back authority for the Company to purchase its own shares of up to 10% of the total number of issued ordinary shares of the Company. The mandate is valid until the next Annual General Meeting or earlier if the shareholders pass an ordinary resolution in a general meeting.

During the Current Year, the Company repurchased 6,385,200 of its issued ordinary shares from the open market on Bursa Securities. The cost of repurchasing these shares amounted to RM16,120,738 and they are currently held as treasury shares and presented as a deduction from equity in the Consolidated Statements of Financial Position.

(iii) Redemption of RCPS

On 10 November 2023, 2,193,880 RCPS were fully redeemed by the RCPS holder at the redemption price of RM0.10 per RCPS.

11 OPERATING SEGMENTS

Operating results are segmented in respect of the Group's business activities. At the end of the Current Year, the Group has activities in the following principal areas[(2)]:

(i) Malaysia – North Sabah

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

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.6929 and 4.7200 respectively.

(ii) Malaysia – Kinabalu and Others

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

Kinabalu

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

Others

- PM305
  Group's investment in its 60% participating interest in PM305, located off the eastern coast of Peninsular Malaysia in the Malay Basin. The participating interest in PM305 ceased on 17 March 2024.

  The Group is obliged to complete the abandonment obligations for wells and facilities per the PSC terms of PM305. All well abandonment obligations required to be carried out were completed in August 2022. The remaining abandonment obligations of the South Angsi-A facility are estimated to be completed by September 2025.

  The Group is in the progress of finalising the cash settlement exercise in relation to underlift crude balances.

11 OPERATING SEGMENTS (CONT'D)

(ii) Malaysia – Kinabalu and Others (Cont'd)

- PM314
  Group's investment in its 60% participating interest in PM314, located off the eastern coast of Peninsular Malaysia in the Malay Basin. The participating interest in PM314 ceased on 5 September 2020 and all abandonment obligations required to be carried out per the PSC terms of PM314 were completed in August 2022.

  The Group is in the progress of finalising the cash settlement exercise in relation to underlift crude balances.

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.6929 and 4.7200 respectively.

(iii) Commercial Arrangement Area

Group's investment in its 35% participating interest in PM3 CAA, located within the CAA 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 Year are 4.6929 and 4.7200 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 UKCS.

<u>Anasuria Area</u>

(a) <u>Anasuria Cluster</u>
- Group's investment in its:
  (i) 50% jointly operated interest in the Licence 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 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) <u>Licence P2532</u>
- Group's investment in its 19.3% interest in Licence P2532 (Blocks 21/19c and 21/20c) containing the Cook West and Cook North field extensions.

(c) <u>Licence P2535</u>
- Group's investment in its 100% interest in Licence P2535 (Block 21/24d) containing the Teal West discovered field.

(d) <u>Licence P2451</u>
- The Group entered into a Farm-in Agreement with Rapid Oil in the Current Year and acquired 42.5% interest in Licence P2451 (Block 21/28b) containing the Fyne undeveloped field.

<u>Marigold Area</u>

(a) <u>Marigold and Sunflower fields</u>
- Group's investment in its 87.5% interest in two blocks under Licence P198; (i) Block 15/13a, containing part of the Marigold discovered oilfield, and (ii) Block 15/13b, containing the Sunflower discovered oilfield. This includes the management of operations to develop these fields towards production.

11 OPERATING SEGMENTS (CONT'D)

(iv) United Kingdom (Cont'd)

(b) Licence P2518

- Group's investment in its 100% interest in Licence P2518 (Block 15/12a and Block 15/17a) containing the Kildrummy discovered field.

  Block 15/12a was awarded by the NSTA in the Current Year in the 33rd UK Offshore Licensing Round.

(c) Licence P2608

- Group's investment in its 100% interest in Licence P2608 (Block 15/18a and Block 15/19a) containing the Crown discovered field.

  Blocks 15/18a and 15/19a were awarded by the NSTA in the Current Year in the 33rd UK Offshore Licensing Round.

(d) Licence P2635

- Group's investment in its 100% interest in Licence P2635 (Block 15/13c and Block 15/18c) containing the Cross prospect and hydrocarbon lead northwest of the Marigold field.

  Blocks 15/13c and 15/18c were awarded by the NSTA in the Current Year in the 33rd UK Offshore Licensing Round.

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.6929 and 4.7200 respectively.

(v) Australia

Group's operations in VIC/RL17 Petroleum Retention Lease for the West Seahorse field and investment in 3D Energi Limited (formerly known as 3D Oil Limited).

The segment's functional currency is the AUD. The average and closing rates adopted for conversion to RM in the Current Year are 3.0829 and 3.1489 respectively.

(vi) Vietnam

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

The segment's functional currency is the USD. The average and closing rates adopted for conversion to RM in the Current Year are 4.6929 and 4.7200 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.

(2) *The Directors have fully impaired the Group's investment in HIREX. Therefore, HIREX is no longer relevant for inclusion in this section. HIREX was 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 30.06.2024								
Non-current assets	826,984	555,856	1,008,860	1,857,104	11,263	4,456	4,642	4,269,165
Included in the segment assets is:								
Investment in an associate	-	-	-	-	-	4,456	-	4,456
Additions to non-current assets	324,408	163,044	158,893	167,433	(1,450)[(3)]	-	2,442	814,770
Year ended 30.06.2024								
Project management, technical and other service fees	-	-	-	-	-	-	7,339	7,339
Sales of crude oil and gas	807,555	571,424	974,893	342,501	-	-	-	2,696,373
Interest income	-	-	-	-	-	-	12,022	12,022
Revenue	807,555	571,424	974,893	342,501	-	-	19,361	2,715,734
Depreciation and amortisation	(66,649)	(93,090)	(239,674)	(71,938)	(3,449)	-	(1,391)	(476,191)
Profit/(loss) from operations	333,869	197,375	341,566	121,007	(5,035)	(1,099)	(47,174)	940,509
Write-off of well exploration costs	(82,616)	-	-	-	-	-	-	(82,616)
Impairment of equipment	-	(61,008)	-	-	-	-	-	(61,008)
Share of results of an associate	-	-	-	-	-	(510)	-	(510)
Finance costs	(13,122)	(2,146)	(19,562)	(31,492)	(616)	(337)	(39,554)	(106,829)
Interest income	7,227	3,851	19,387	16,895	427	2	743	48,532
Taxation	(111,085)	(34,574)	(93,686)	(31,553)	1,915	-	(1,971)	(270,954)
PAT/(LAT)	134,273	103,498	247,705	74,857	(3,309)	(1,944)	(87,956)	467,124
EBITDA/(LBITDA)	325,129	233,308	600,627	209,840	(1,159)	(1,607)	(45,040)	1,321,098

11 OPERATING SEGMENTS (CONT'D)

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

(3) *Included effect of revisions in discount rates.*

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2024 RM'000	QUARTER ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2024 RM'000	YEAR ENDED 30.06.2023 RM'000
Project management, technical and other services fees earned from a related party				
- Ping Petroleum	853	750	3,060	2,894

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 June 2024:

	RM'000
Approved and contracted for:	
Group's capital commitments	246,615
Share of a joint operation's capital commitments	15,940
Total capital commitments approved and contracted for	262,555
Share of a joint operation's other material commitments	33,593
	296,148

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

14 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

15 PERFORMANCE REVIEW

OPERATING SEGMENTS	Current Year 30.06.2024 RM'000	Current Quarter 30.06.2024 RM'000	Preceding Quarter 31.03.2024 RM'000	Current Quarter vs Preceding Quarter (Change in %)
Malaysia – North Sabah				
Revenue	807,555	274,495	133,665	105
EBITDA	**325,129**	**151,938**	**1,579**	**9,522**
PAT/(LAT)	134,273	69,794	(12,834)	-
Malaysia – Kinabalu and Others				
Revenue	571,424	139,619	139,920	(0)
EBITDA/(LBITDA)	**233,308**	**(6,096)**	**74,663**	**-**
PAT/(LAT)	103,498	(4,840)	35,743	-
Commercial Arrangement Area				
Revenue	974,893	238,613	239,196	(0)
EBITDA	**600,627**	**127,012**	**173,230**	**(27)**
PAT	247,705	45,302	85,013	(47)
United Kingdom				
Revenue	342,501	80,990	86,220	(6)
EBITDA	**209,840**	**44,946**	**60,871**	**(26)**
PAT	74,857	23,146	13,899	67
Vietnam				
Revenue	-	-	-	-
LBITDA	**(1,159)**	**(406)**	**(253)**	**(60)**
LAT	(3,309)	(6)	(1,187)	99
Australia				
Revenue	-	-	-	-
(LBITDA)/EBITDA	**(1,607)**	**441**	**(2,270)**	**-**
(LAT)/PAT	(1,944)	293	(2,304)	-
Investment holding and group activities				
Revenue	19,361	4,332	4,510	(4)
LBITDA	**(45,040)**	**(15,187)**	**(7,635)**	**(99)**
LAT	(87,956)	(25,005)	(16,523)	(51)
Group				
Revenue	2,715,734	738,049	603,511	22
EBITDA	**1,321,098**	**302,648**	**300,185**	**1**
PAT	467,124	108,684	101,807	7

15 PERFORMANCE REVIEW (CONT'D)

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

(A) Statements of Profit or Loss

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

(i) Malaysia – North Sabah

RM'000	Current Year	Current Quarter
Revenue	807,555	274,495
GP	522,358	181,626
GP margin (%)	*64.7%*	*66.2%*
EBITDA	325,129	151,938
EBITDA margin (%)	*40.3%*	*55.4%*
PBT	245,358	132,813
PBT margin (%)	*30.4%*	*48.4%*
PAT	134,273	69,794
PAT margin (%)	*16.6%*	*25.4%*
ETR (%)	45.3%	47.4%

	Current Year	Current Quarter
Crude oil sold (bbls)	1,814,638	614,570
Average realised oil price (USD per bbl)	94.83	94.63
Average OPEX per bbl (USD)	21.66	25.88
Average uptime	90%	86%
Average net oil production rate (bbls per day)	4,818	4,705

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

  The North Sabah segment's healthy GP margin recorded in the Current Year of 64.7% was driven by the high average realised price attained for its crude oil which was sold at USD94.83 per bbl.

  The annual planned major maintenance campaign for CY 2024 commenced in March 2024 and was completed in July 2024. The costs associated with this planned activity contributed to the slightly higher average OPEX per bbl for the Current Year of USD21.66.

  The average OPEX per bbl also incorporated the cost impact of the major maintenance campaign for CY 2023 that took place from April 2023 to August 2023. In addition, several well intervention and underwater pipeline inspection campaigns were executed in the Current Year.

  The impact of the abovementioned events on North Sabah's production rate was partly mitigated by the enhanced performance of the wells at both the Barton and South Furious 30 fields.

  Part A, Note 4 (ii) of this Quarterly Report describes the status of an exploration drilling campaign, which commenced in the December 2023 Quarter, to drill three exploration wells to evaluate prospective Near Field exploration targets within the boundaries of North Sabah. As mentioned therein, data gathered and assessments performed on the samples collected for two of the three wells, namely SF Ungu ST and SF Merah, concluded that hydrocarbon volumes detected in these wells will likely be insufficient to achieve commercial viability. Following this assessment, RM82.6 million in exploration costs incurred for both wells, net to SEA Hibiscus, were written off to profit or loss during the Current Year. The net impact to the segment's results after taxation, taking into account the tax benefit arising from this charge was RM51.2 million.

15 PERFORMANCE REVIEW (CONT'D)

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

The EBITDA of RM325.1 million was delivered after charging a supplemental payment of RM65.9 million and SbST imposed by the Sabah State Government on crude oil sold in the Current Year of RM40.5 million.

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

- Amortisation of intangible assets and depreciation of oil and gas assets of RM52.3 million;

- Depreciation of right-of-use assets of RM14.4 million; and

- Unwinding of discount on provision for decommissioning costs of RM6.5 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 Year amounted to RM111.1 million.

The resulting ETR over the PBT of 45.3% was higher than that PITA rate. The total net tax expenses of RM111.1 million included an additional tax provision for YA2023 of RM9.8 million. The additional provision was made after having completed the assessment of the actual tax position and the filing of the tax return for YA2023 to the IRB.

- **Current quarter results**

In the Current Quarter, the segment's key operational statistics have been impacted by the planned CY 2024 major maintenance campaign (that took place from March 2024 to July 2024) and the execution of several well intervention campaigns and an underwater inspection campaign.

The average OPEX per bbl recorded was USD25.88 while the average net oil production rate was 4,705 bbls per day.

The North Sabah segment delivered a strong GP margin of 66.2% in the Current Quarter despite the higher costs incurred for the abovementioned events. This was due to a combination of both the high average realised oil price attained of USD94.63 per bbl and the higher volume of crude oil sold of 614,570 bbls.

The EBITDA of RM151.9 million achieved in the Current Quarter was after charging SbST and supplemental payment of RM13.8 million and RM12.8 million respectively.

15 PERFORMANCE REVIEW (CONT'D)

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

A PBT of RM132.8 million was recorded for the Current Quarter. 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 RM12.3 million;
- Depreciation of right-of-use assets of RM3.9 million; and
- Unwinding of discount on provision for decommissioning costs of RM1.5 million.

Total net tax expenses in the Current Quarter were RM63.0 million. The ETR of 47.4% was mainly due to an additional tax provision for prior YAs of RM9.8 million, as explained in the "Financial year-to-date results" section above.

(ii) Malaysia – Kinabalu and Others

	Kinabalu		Others@		Total	
RM'000	**Current Year**	**Current Quarter**	**Current Year**	**Current Quarter**	**Current Year**	**Current Quarter**
Revenue	560,009	139,134	11,415	485	571,424	139,619
GP/(GL)	386,833	84,670	6,992	(204)	393,825	84,466
GP/(GL) margin (%)	*69.1%*	*60.9%*	*61.3%*	(42.1%)	*68.9%*	*60.5%*
EBITDA/(LBITDA)	226,843	(10,111)	6,465	4,015	233,308	(6,096)
EBITDA/(LBITDA) margin (%)	*40.5%*	(7.3%)	*56.6%*	*827.8%*	*40.8%*	(4.4%)
PBT/(LBT)	131,500	(34,135)	6,572	3,965	138,072	(30,170)
PBT/(LBT) margin (%)	*23.5%*	(24.5%)	*57.6%*	*817.5%*	*24.2%*	(21.6%)
PAT/(LAT)	97,671	(8,674)	5,827	3,834	103,498	(4,840)
PAT/(LAT) margin (%)	*17.4%*	(6.2%)	*51.0%*	*790.5%*	*18.1%*	(3.5%)
ETR (%)	25.7%	74.6%	11.3%	3.3%	25.0%	84.0%

	Kinabalu		Others@	
	Current Year	**Current Quarter**	**Current Year**	**Current Quarter**
Crude oil sold (bbls)	1,296,685	349,457	27,090	1,079
Average realised oil price (USD per bbl)	92.03	84.09	89.79	89.62
Average OPEX per bbl (USD)	15.76	23.15	22.78	-
Average uptime	83%	84%	-	-
Average net oil production rate (bbls per day)	3,301	2,967	81	-

@ *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)

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

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

The segment achieved a strong GP margin of 69.1% in the Current Year. It was mainly driven by the high average price of USD92.03 per bbl realised from the sale of crude oil.

Kinabalu's net oil production rate in the Current Year was an average of 3,301 bbls per day. The high production rate achieved was mainly the result of the following activities/initiatives being achieved/delivered:

- First oil from the KNWD-18 and KNWD-08ST1 infill wells in August 2023 and October 2023 respectively, which added to the PSC's production;

- Improved production as a result of a successful gas lift optimisation plan being executed in prior periods; 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.

The upsides in production delivered by the abovementioned activities/initiatives mitigated the impact of the following events that occurred during the Current Year:

- Annual planned major maintenance campaign for CY 2023 and CY 2024, which took place from 29 July 2023 to 5 August 2023 and from 26 June 2024 to 5 July 2024 respectively;

- Integrity issues at the KN-114 well in relation to a storm choke in early January 2024 which limited flow (that was duly rectified in May 2024); and

- An outage experienced at a high pressure compressor in early January 2024 (that was duly rectified in February 2024).

The OPEX per bbl of USD15.76 recorded for Kinabalu in the Current Year included costs incurred for the following activities:

- Annual planned major maintenance campaign for CY 2023 and CY 2024;

- A higher tariff incurred as a result of higher production levels;

- A one-off repair cost of a high pressure gas compressor; and

- Higher level of well intervention activities.

15 PERFORMANCE REVIEW (CONT'D)

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

The Group had, during the Current Year, as part of an annual process, assessed the recoverable amounts of its oil and gas assets included in the Group's non-current assets. Following the assessments, the Group recognised a provision for impairment in relation to the Kinabalu PSC amounting to RM61.0 million (pre-tax). The impact to the segment's results after taxation (after omitting the related tax impact) was RM37.2 million.

The segment reported an EBITDA of RM226.8 million in the Current Year after charging the abovementioned provision for impairment, supplemental payment and SbST of RM61.0 million, RM58.3 million and RM28.0 million respectively.

The following non-cash items were deducted from EBITDA to derive a PBT of RM131.5 million:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM89.9 million;
- Depreciation of right-of-use assets of RM2.9 million; and
- Unwinding of discount on provision for decommissioning costs of RM2.3 million.

<u>Taxation</u>

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

In addition, this PSC is subject to income tax obligations in Barbados. Hibiscus Oil & Gas which holds a participating interest in Kinabalu was incorporated under the Barbados Companies Act and accordingly, Hibiscus Oil & Gas is registered with the BRA and files its Barbados tax returns on the basis that it is a tax resident in Barbados and therefore subject to tax on its worldwide income. The Barbados tax rate follows a sliding scale rate ranging from 1.0% to 5.5%. This was reduced to a flat minimum tax rate of 1.0% on taxable income for Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3) when both Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3) received approvals to their applications for unilateral double tax relief from the BRA in January 2024, as further explained below.

A third tax regime applicable to Kinabalu is CITA, at the rate of 24.0%. It is computed on interest income received on inter-company advances and from bank deposits.

15 PERFORMANCE REVIEW (CONT'D)

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

RM'000	PITA	CITA	Barbados tax	Total
Total	(40,090)	(1,572)	7,833	(33,829)
Income tax	-	(1,572)	168	(1,404)
- Provision	-	(1,572)	(1,008)	(2,580)
- Reversal of overprovisions in current and prior YAs due to unilateral tax relief	-	-	1,176	1,176
Deferred tax	(40,090)	-	7,665	(32,425)
- Deferred tax liabilities	10,080	-	8,383	18,463
- Reversal/(recognition)	1,085	-	(1,506)	(421)
- Net reversal of overprovisions in current and prior YAs	8,995	-	-	8,995
- Reversal of overprovisions in current and prior YAs due to unilateral tax relief	-	-	9,889	9,889
- Deferred tax assets	(50,170)	-	(718)	(50,888)

(i) PITA

The ETR over PBT on the back of a RM40.1 million tax expense in the Current Year was 30.5%. This was lower than the 38.0% PITA rate mainly due to a reversal of an overprovision of tax for YA 2023 amounting to RM12.5 million in the Current Quarter. The amount overprovided was ascertained after having completed the assessment of the actual tax position for YA 2023 prior to filing the tax return to the IRB by the due date of 31 August 2024.

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

(ii) Barbados tax

Barbados income tax was computed at the entity level (i.e. Hibiscus Oil & Gas in the case for Kinabalu) and then allocated to the respective PSCs in the entity based on the respective PSCs' result before taxation position (computed based on the tax rules applicable to the Barbados tax regime).

Following the completion of the FIPC Acquisition, Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3) applied to the BRA for foreign tax credit relief under Section 83A (1) of the BITA in respect of tax obligations under PITA in Malaysia for both Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3). The foreign tax credit under Section 83A (1) of the BITA is not a newly introduced benefit and has been effective since IY 2005. This provision permits taxes payable in a country other than Barbados on profits, income or gains derived from sources in that country to be allowed as a credit against taxes payable in Barbados on such profits, income or gains. However, Section 83A (4) of the BITA imposes limits on the utilisation of the foreign tax credit, and thus the foreign tax credit cannot reduce the tax payable entirely. Instead, a flat minimum tax rate of 1.0% on taxable income is applicable (instead of a sliding scale rate ranging from 1.0% to 5.5%).

15 PERFORMANCE REVIEW (CONT'D)

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

In January 2024, Hibiscus Oil & Gas's and Hibiscus Oil & Gas (PM3)'s application on their eligibility for foreign tax credit was approved by the BRA, leading to the unilateral double tax relief being granted to both companies. As a result, the Barbados income tax rate is a flat minimum rate of 1.0% on taxable income. This was immediately applied to IY 2023 and was retrospectively applied to any prior IYs impacted by this change. The Group together with our appointed external tax advisors finalised the revised tax payable brought about by this relief for IY 2023 and all impacted prior IYs during the Current Year and the relevant revised tax returns have been submitted to the BRA in March 2024. The adjustments (i.e. a credit/gain to profit or loss) for the reversal of overprovisions and overpayments of Barbados taxes relating to Kinabalu for the relevant IYs which amounted to RM11.1 million (i.e. RM1.2 million income tax and RM9.9 million deferred tax) were made in the Current Year.

Others

The segment reported a GP of RM7.0 million for the Current Year, on the back of RM11.4 million in revenue.

The revenue recognised in the Current Year was from PM305 via crude oil produced from the Murai oil field, which is situated in a non-operated unitised area of the ASCU under the UUOA between the PM305 PSC contractors and the Gas PSC contractors. On 17 March 2024, Hibiscus Oil & Gas ceased its participating interest in the UUOA and agreed to share the decommissioning costs of one well from the Murai oil field which ceased production in December 2023. The net cost to the Group was RM1.2 million and it represented the final settlement of Hibiscus Oil & Gas' obligation prior to our exit from the UUOA. No similar obligation is expected to recur after this settlement.

EBITDA and PAT attained were RM6.5 million and RM5.8 million respectively. They were boosted by the recognition of a RM5.0 million gain during the Current Quarter after successfully obtaining confirmation from the joint venture partner that a potential tax-related liability that was previously included in the segment's accruals was no longer applicable.

The segment's profitability in the Current Year was adversely impacted by the following:

- A downward adjustment to the underlift crude oil movement account amounting to RM1.5 million brought about by a revision made to the estimated settlement price applied on the underlift crude oil balance after having received an updated price proposed by the host government in writing; and

- A one-off charge relating to PM305's well decommissioning costs of RM1.2 million as mentioned above.

15 PERFORMANCE REVIEW (CONT'D)

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

For information, the PM305 and PM314 PSCs ceased production on 5 September 2019. Decommissioning of the wells within these PSCs was completed in August 2022. The outstanding facilities decommissioning scope involving firstly the engineering, preparation, removal and disposal of conductor casings and secondly, platform topsides and jackets removal are expected to be completed between June 2025 and September 2025. The estimated costs relating to the remaining scope have been accrued for and upon completion, will be reimbursed from the abandonment cess fund which Repsol had contributed to previously as required by the regulators.

Taxation

The tax regime under which Malaysian oil and gas activities are governed and is thus applicable to the PM305 and PM314 PSC, is PITA, at 38.0%.

Like Kinabalu, these PSCs are also subject to income tax obligations in Barbados and CITA (at 24.0%).

RM'000	PITA	CITA	Barbados tax	Total
Total	(1,084)	(40)	379	(745)
Income tax	-	(40)	360	320
- Provision	-	(40)	394	354
- Reversal of net overprovisions in current and prior YAs due to unilateral tax relief	-	-	(34)	(34)
Deferred tax	(1,084)	-	19	(1,065)
- Deferred tax liabilities	104	-	13	117
- (Recognition)/reversal	(83)	-	12	(71)
- True up for a prior YA	187	-	-	187
- Reversal of overprovisions in current and prior YAs due to unilateral tax relief	-	-	1	1
- Deferred tax assets	(1,188)	-	6	(1,182)

(i) PITA

In the Current Year, a net tax expense of RM1.1 million was recorded. It resulted in a "normalised" ETR of 71.1% over a "normalised" PBT of RM1.5 million. The "normalised" PBT was arrived at after omitting the RM5.0 million gain from the reversal of a potential tax-related liability explained above.

The "normalised" ETR was higher than the PITA rate of 38.0% mainly due to unrealised foreign exchange losses of RM2.1 million being non-tax deductible.

(ii) Barbados tax

Barbados income tax was computed at the entity level (i.e. Hibiscus Oil & Gas in the case for PM305 and PM314) and then allocated to the respective PSCs in the entity based on the respective PSCs' result before taxation position (computed based on the tax rules applicable to the Barbados tax regime).

15 PERFORMANCE REVIEW (CONT'D)

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

As explained in the "Financial year-to-date results" section on Kinabalu's Barbados tax above, the Group together with our appointed external tax advisors finalised the revised tax payable brought about by the unilateral double tax relief granted by the BRA for IY 2023 and all impacted prior IYs during the Current Year and the relevant revised tax returns have been submitted to the BRA. The adjustments (i.e. a credit/gain to profit or loss) for the reversal of overprovisions and overpayments of Barbados income and deferred taxes relating to PM305 and PM314 of RM0.03 million were made in the Current Year.

- **Current quarter results**

  Kinabalu

  Operational performance in the Kinabalu PSC during the Current Quarter was impacted by reduced production levels from the KND-18 well as a result of higher sand and water production (which is estimated to be rectified by October 2024) and the annual planned major maintenance campaign for CY 2024 which took place from 26 June 2024 to 5 July 2024.

  This resulted in a lower net oil production rate of 2,967 bbls per day and higher OPEX per bbl of USD23.15.

  In the Current Quarter, the Kinabalu segment attained an LBITDA of RM10.1 million. It was arrived at after a provision for impairment of RM61.0 million was recorded. In addition, supplemental payment and SbST incurred amounted to RM24.3 million and RM7.0 million respectively.

  The following non-cash items were deducted from LBITDA to arrive at LBT of RM34.1 million:

  - Amortisation of intangible assets and depreciation of oil and gas assets of RM23.2 million;
  - Depreciation of right-of-use assets of RM0.2 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)

Taxation

RM'000	PITA	CITA	Barbados tax	Total
Total	25,467	(375)	369	25,461
Income tax	-	(375)	(402)	(777)
- Provision	-	(375)	(402)	(777)
Deferred tax	25,467	-	771	26,238
- Deferred tax liabilities	50,516	-	1,078	51,594
- Reversal	38,384	-	1,078	39,462
- Net reversal of overprovisions in current and prior YAs	12,132	-	-	12,132
- Deferred tax assets	(25,049)	-	(307)	(25,356)

The net tax credit of RM25.5 million recognised by the segment in the Current Quarter was mainly caused by a reversal of an overprovision of tax for YA 2023 amounting to RM12.5 million, upon finalising the YA 2023 tax return for PITA. Omitting the said overprovision would result in an ETR of 38.1%, which was consistent with the PITA rate.

Others

There was no sale of crude oil in the Current Quarter. The reported revenue of RM0.5 million arose from an adjustment made to the volume of crude oil sold in March 2024 upon receiving the relevant confirmation from the host government in May 2024. As mentioned in the "Financial year-to-date results" section above, Hibiscus Oil & Gas relinquished its participating interest in PM305 in March 2024 and hence, the crude oil offtake in March 2024 was the final offtake to be recognised from this PSC.

The segment's EBITDA and PAT in the Current Quarter were favourably impacted by the recognition of a RM5.0 million gain after successfully obtaining confirmation from the joint venture partner that a potential tax-related liability that was previously included the segment's accruals was no longer applicable.

This gain was partly offset by a RM1.5 million charge to profit or loss due to a downward adjustment to the estimated settlement price applied on the underlift crude oil balance after having received an updated price proposed by the host government in writing.

15 PERFORMANCE REVIEW (CONT'D)

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

Taxation

RM'000	PITA	CITA	Barbados tax	Total
Total	25,467	(375)	369	25,461
Income tax	-	(375)	(402)	(777)
- Provision	-	(375)	(402)	(777)
Deferred tax	25,467	-	771	26,238
- Deferred tax liabilities	50,516	-	1,078	51,594
- Reversal	38,384	-	1,078	39,462
- Net reversal of overprovisions in current and prior YAs	12,132	-	-	12,132
- Deferred tax assets	(25,049)	-	(307)	(25,356)

Excluding the RM0.2 million reversal arising from an overprovision of tax for YA 2023 made during the Current Quarter (upon finalisation of the YA 2023 tax return) results in a "normalised" net tax expense of RM0.3 million and a "normalised" ETR of 8.0%. The lower ETR reported was due to the gain from the reversal of a potential tax-related liability explained above being non-taxable and a deduction for facilities decommissioning costs incurred.

(iii) Commercial Arrangement Area

RM'000	Current Year	Current Quarter
Revenue	974,893	238,613
- Crude Oil	541,467	127,528
- Gas	433,426	111,085
GP	593,511	125,885
GP margin (%)	*60.9%*	*52.8%*
EBITDA	600,627	127,012
EBITDA margin (%)	*61.6%*	*53.2%*
PBT	341,391	62,910
PBT margin (%)	*35.0%*	*26.4%*
PAT	247,705	45,302
PAT margin (%)	*25.4%*	*19.0%*
ETR (%)	27.4%	28.0%

	Current Year	Current Quarter
Crude oil sold (bbls)	1,272,926	302,571
Average realised oil price (USD per bbl)	90.64	88.96
Gas sold (MMscf)	15,608	3,772
Average realised gas price (USD per thousand scf)	5.92	6.22
Average OPEX per boe (USD)	12.99	16.36
Average uptime	90%	91%
Average net oil equivalent production rate (boe per day)	10,350	10,469

The CAA segment consists of the PM3 CAA PSC.

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

  During the Current Year, the PM3 CAA segment recorded a strong GP and GP margin of RM593.5 million and 60.9% respectively. This favourable performance was largely driven by the high average realised prices obtained for the sale of both crude oil and gas.

  Operational performance in the Current Year was boosted by the following events:

  - First oil achieved from the Bunga Aster well in May 2024;
  - Sustained oil 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)

- Stable gas lift operations and successful well work activities in the PM3 Southern field; and

- First gas produced from the gas producer well BPA-7.

These favourable developments were partly offset by the impact of activities related to the following:

- Annual planned major maintenance campaign for CY 2023, which took place between 16 August 2023 and 26 August 2023;

- The shutdown of the Bunga Orkid D platform from 23 March 2024 to 28 March 2024 to facilitate the move-in of the PV DRILLING III rig for the Bunga Aster-1 exploration well drilling; and

- The shut-in of the Bunga Kekwa C well from 21 April 2024 to 17 May 2024 due to pipeline integrity issues encountered.

OPEX incurred included costs associated with the following:

- Annual planned major maintenance campaign for CY 2023;

- Major execution phase of the FSO Orkid and the FSO PM3 CAA life extension project, including the repair of hull structure and piping, and upgrading of accommodation facilities and drainage system;

- Preventive maintenance work for valve, pump and machinery and pipeline and turbo machinery maintenance;

- Platform and vessel major painting campaign;

- Pipelines repair works;

- Membrane and mercury removal units change out;

- Fire water pump change-out and rectification; and

- Slickline and well integrity works completed for 53 wells.

The segment achieved an EBITDA of RM600.6 million in the Current Year. The EBITDA included a gain of RM11.4 million due to a reversal of a provision for penalties relating to PITA made by Repsol prior to the FIPC Acquisition. Omitting the abovementioned penalties would result in a "normalised" EBITDA and "normalised" PBT of RM589.2 million and RM330.0 million respectively.

15 PERFORMANCE REVIEW (CONT'D)

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

The segment's PBT was arrived at after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM201.4 million;
- Depreciation of right-of-use assets of RM38.2 million; and
- Unwinding of discount on provision for decommissioning costs of RM11.2 million.

Taxation

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

This PSC is also subject to income tax obligations in Barbados (similar to that of the Kinabalu PSC) and CITA (at 24.0%).

RM'000	PITA	CITA	Barbados tax	Total
Total	(96,963)	(7,209)	10,486	(93,686)
Income tax	(113,597)	(7,209)	1,634	(119,172)
- Provision	(129,773)	(7,209)	(7,385)	(144,367)
- Net reversal of overprovisions in current and prior YAs	16,176	-	-	16,176
- Reversal of net overprovisions in current and prior YAs due to unilateral tax relief	-	-	9,019	9,019
Deferred tax	16,634	-	8,852	25,486
- Deferred tax liabilities	32,847	-	13,606	46,453
- Reversal	41,563	-	6,698	48,261
- True up for a prior YA	(8,716)	-	-	(8,716)
- Reversal of overprovisions in current and prior YAs due to unilateral tax relief	-	-	6,908	6,908
- Deferred tax assets	(16,213)	-	(4,754)	(20,967)

(i) PITA

During the Current Year, the segment recognised a net tax expense of RM97.0 million, delivering an ETR over PBT of 28.5%.

The following significant adjustments made on taxes were made during the Current Year:

- PITA YA 2018 – In December 2023, the IRB completed its audit on the tax return for PITA submitted and issued a Notice of Additional Assessment for YA 2018. Following this, an overprovision for additional tax of RM8.1 million prior to the FIPC Acquisition was reversed;

15 PERFORMANCE REVIEW (CONT'D)

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

- PITA YA 2023 – Additional provision of tax of RM3.9 million upon finalisation of the tax return due to be submitted to the IRB by 31 August 2024; and

- PITA YA 2019 to YA 2024 – Reversal of overprovision of taxes of RM3.2 million upon the reassessment of the provisions in the respective YAs.

Omitting the impact of the abovementioned adjustments resulted in a "normalised" net tax expense of RM104.4 million for the Current Year, delivering a "normalised" ETR over a "normalised" PBT of 31.6%.

The lower "normalised" ETR compared to the PITA rate was mainly due to overhead income received by Hibiscus Oil & Gas as operator allowed under the Joint Operating Agreements of RM33.3 million that is non-taxable under PITA as it is taxed in Barbados instead.

(ii) <u>Barbados tax</u>

Barbados income tax was computed at the entity levels of both Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3) in the case for PM3 CAA, and then allocated to the respective PSCs in the accounts of the entity based on the respective PSCs' result before taxation position (computed based on the tax rules applicable to the Barbados tax regime).

As explained in the "Financial year-to-date results" section on Kinabalu's Barbados tax above, the Group together with our appointed external tax advisors finalised the revised tax payable position brought about by the unilateral double tax relief granted by the BRA in January 2024 for IY 2023 and prior IYs during the Current Year. The relevant revised tax returns were submitted to the BRA in March 2024. The adjustments (i.e. a credit/gain to profit or loss) in the Current Year to reverse the overprovisions and overpayments of Barbados taxes relating to PM3 CAA for IY 2023 and prior years amounted to RM15.9 million (i.e. RM9.0 million income tax and RM6.9 million deferred tax).

- **Current quarter results**

The PM3 CAA segment contributed RM127.0 million to the Group's EBITDA in the Current Quarter.

The segment reported favourable operational performance in the Current Quarter. The average net oil equivalent production rate was 10,469 boe per day. The high production level was attributed to additional volumes from the Bunga Aster well when it achieved first oil in May 2024, as well as stable oil production experienced from the H4 reservoirs through optimised water injection, stable gas lift operations and successful well work activities conducted in the PM3 Southern field.

15 PERFORMANCE REVIEW (CONT'D)

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

However, overall performance was negatively impacted by the shut-in of the Bunga Kekwa C well from 21 April 2024 to 17 May 2024 due to pipeline integrity issues.

The average OPEX per boe recorded of USD16.36 was relatively high mainly due to a higher level of planned maintenance activities carried out and an unplanned clamp installation workscope performed at the Bunga Kekwa C and Bunga Seroja A wells to rectify the abovementioned pipeline integrity issues.

Included in EBITDA in the Current Quarter was a reversal of overprovision of tax penalties relating to PITA YA 2019 to YA 2021 made by Repsol prior to the FIPC Acquisition amounted to RM6.8 million.

The segment's PBT of RM62.9 million was arrived at after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM50.0 million;
- Depreciation of right-of-use assets of RM9.1 million; and
- Unwinding of discount on provision for decommissioning costs of RM2.7 million.

<u>Taxation</u>

RM'000	PITA	CITA	Barbados tax	Total
Total	(14,593)	(2,471)	(544)	(17,608)
Income tax	642	(2,471)	(330)	(2,159)
- Provision	(10,100)	(2,471)	(420)	(12,991)
- Net reversal of overprovisions in current and prior YAs	10,742	-	-	10,742
- Reversal of overprovisions in a prior YA due to unilateral tax relief	-	-	90	90
Deferred tax	(15,235)	-	(214)	(15,449)
- Deferred tax liabilities	(5,654)	-	(146)	(5,800)
- Reversal/(recognition)	3,062	-	(146)	2,916
- True up for a prior YA	(8,716)	-	-	(8,716)
- Deferred tax assets	(9,581)	-	(68)	(9,649)

The segment recorded a RM17.6 million net tax expense in the Current Quarter, which resulted in an ETR over PBT of 28.0%. This was lower than the 38.0% PITA rate mainly due to overhead income received by Hibiscus Oil & Gas as operator allowed under the Joint Operating Agreements of RM11.9 million that is non-taxable under PITA (as it is taxed in Barbados instead at the lower rate of 1.0%).

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 Year	Current Quarter
Revenue	342,501	80,990
- Crude Oil	318,293	77,043
- Gas	24,208	3,947
GP	237,716	52,408
GP margin (%)	*69.4%*	*64.7%*
EBITDA	209,840	44,946
EBITDA margin (%)	*61.3%*	*55.5%*
PBT	106,410	20,408
PBT margin (%)	*31.1%*	*25.2%*
PAT	74,857	23,146
PAT margin (%)	*21.9%*	*28.6%*
ETR (%)	29.7%	N/A

	Current Year	Current Quarter
Crude oil sold (bbls)	754,487	188,643
Average realised oil price (USD per bbl)	87.90	84.28
Gas sold (MMscf)	504	93
Average realised gas price (USD per thousand scf)	10.01∞ / 11.72#	8.59∞ / 11.33#
Average OPEX per boe (USD)	29.36	32.39
Average uptime	86%	78%
Average daily oil equivalent production rate (boe per day)	2,142	1,912

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

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

  In the Current Year, from this segment of the Group's business, we attained a GP and an EBITDA of RM237.7 million and RM209.8 million respectively. Profitability margins were high, with the GP margin at 69.4% and the EBITDA margin at 61.3%.

  The average realised oil price per bbl attained for crude oil sold by the Anasuria Cluster was relatively high at USD87.90.

  In the Current Year, the segment's production was adversely impacted by the following events:

  - A short, planned outage to extend the life of the Anasuria FPSO in August 2023, which involved the replacement of three mooring chains (which were approaching the end of their safe service utilisation), a turret winch wire and shipside valves;

  - Shut-in of the GUA-P5 well since May 2023 caused by a hydraulic oil supply issue to the subsurface safety valve, which was successfully rectified in July 2024;

  - Shutdown of the Anasuria FPSO for 15 days in October 2023 to execute planned maintenance, which was successfully completed; and

  - Shut-in of the oil producer well in the Cook field in late April 2024 and May 2024 due to blockages of the corrosion inhibitor chemical injection line in the umbilical.

15 PERFORMANCE REVIEW (CONT'D)

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

Operationally for the Anasuria Cluster, there were minimal interruptions to production encountered when heavy rainfall from Storm Babet affected the North Sea in the second half of October 2023.

Additional OPEX was incurred during the Current Year for health and safety related activities. Some of the costs were for additional pre-scheduled inspection activities carried out by the regulators, in addition to a routine annual inspection by OPRED. A part of the inspection scope coincided with the Anasuria Operating Company having assumed the role as the duty holder of the Anasuria FPSO (since the second half of CY 2022). Such inspections by the regulators are expected to return to a normal cadence (i.e. annual offshore inspection per year and minor onshore inspections as required) in due course.

In addition, costs incurred for the replacement of offshore equipment and parts have been included in the Current Year.

The higher OPEX incurred for the activities highlighted earlier resulted in the average OPEX per boe to be USD29.36.

PBT recorded for the segment of RM106.4 million was arrived at after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM71.6 million; and

- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM26.2 million and RM1.5 million respectively.

<u>Taxation</u>

	Ring fenced		Non-ring fenced	Total
RM '000	**RFCT and SC**	**EPL**		
Total	(30,868)	8,704	(9,389)	(31,553)
Income tax	(24,519)	(2,397)	(9,389)	(36,305)
Deferred tax	(6,349)	11,101	-	4,752
- Deferred tax liabilities	(17,314)	23,660	-	6,346
- Recognition	(46,008)	(1,448)	-	(47,456)
- Reversal	28,694	25,108	-	53,802
- Deferred tax assets	10,965	(12,559)	-	(1,594)

15 PERFORMANCE REVIEW (CONT'D)

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

(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 the SC. The EPL rate was revised upwards to 35.0% with effect from 1 January 2023. The EPL regime will apply until 31 March 2028.

The ESIM, which was legislated on 24 May 2024, provides that the EPL will permanently be disapplied if average oil and gas prices are both at or below the ESIM price threshold for two consecutive quarters. The ESIM threshold prices were calculated using a 20-year historic average to 31 December 2022 and are set at USD71.40 per bbl of oil and GBP0.54 per therm of gas. These threshold prices will be indexed annually from 1 April 2024 using the preceding December's Consumer Prices Index in the UK.

On 9 July 2024, a new UK Government came to power and on 29 July 2024, that UK Government published a policy paper setting out proposed changes to the existing EPL regime which they intend to include in the Autumn Budget to be held on 30 October 2024. These proposed changes will be included in the Finance Bill to be issued after the 30 October 2024 Autumn Budget and will have effect from 1 November 2024, but at this stage, it is unclear when they will become law. Accordingly, the impact that may be brought about by the proposed changes has not been included in Anasuria Hibiscus UK's taxation reported for the Current Year as they were not enacted or substantively enacted on 30 June 2024.

The proposed changes to the current regime are:

- The EPL rate be revised upwards to 38.0%;
- The EPL regime to apply until 31 March 2030; and
- The removal of the 29.0% uplift available for certain categories of CAPEX which currently results in a 129% offset against taxable EPL income.

15 PERFORMANCE REVIEW (CONT'D)

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

The policy paper also announced that the UK Government is likely to introduce restrictions on the set off of CAPEX against taxable EPL income. Currently, a great deal of our CAPEX can be fully offset against taxable income under the RFCT, the SC and the EPL regime in the financial year in which they are incurred. There are currently no details of the tax provisions that will be pronounced into law but the UK Government has confirmed that any changes will only apply for EPL purposes and that there will be no change to the relief for RFCT and SC provisions.

The UK Government has confirmed that the decarbonisation uplift will remain, but it is uncertain whether the full 80.0% uplift will be retained. The UK Government has also stated that they do intend to retain the ESIM.

- RFCT and SC

  The UK segment recorded a net tax charge of RM30.9 million for RFCT and SC in the Current Year. This resulted in an effective tax rate over PBT of 29.0%, which was lower than the statutory rates of 40.0%. It was mainly caused by non-ring fenced income (mainly interest income earned from the restricted cash placed in trust for decommissioning the facilities of the Anasuria Cluster) that was not brought to tax under RFCT and SC and additional allowances in relation to CAPEX incurred, as provided under the SC regime.

- EPL

  In the Current Year, Anasuria Hibiscus UK recorded RM2.4 million income taxation liability arising from the EPL regime.

  Besides, there was a recognition of net deferred tax credit of RM11.1 million attributable to the EPL regime that was recognised mainly due to the reversal of deferred tax liabilities recognised on taxable temporary differences expected to reverse during the window for which the EPL regime applies, i.e. up to 31 March 2028.

  The Group's intention remains to phase our UK CAPEX 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)

(ii) Non-ring fenced

Non-ring fenced taxation in the UK applies to income generated that does 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 Year in relation to this amounting to RM9.4 million.

- **Current quarter results**

The Current Quarter's GP and EBITDA were RM52.4 million (64.7% margin over revenue) and RM44.9 million (55.5% margin over revenue) respectively. The average realised oil price per bbl attained for crude oil sold by the Anasuria Cluster was relatively high at USD84.28.

The Anasuria Cluster's operations-related metrices in the Current Quarter were impacted by the shut-in of the Cook well in late April 2024 and May 2024. The shut-in was due to blockages of the corrosion inhibitor chemical line in the umbilical.

This adversely impacted both the average uptime and the average daily oil equivalent production rate recorded for the Current Quarter, at 78% and 1,912 boe per day.

PBT recorded for the segment of RM20.4 million was arrived at after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM16.8 million; and
- Unwinding of discount on provision for decommissioning costs of RM6.9 million and reversal of unwinding of discount on contingent consideration of RM0.3 million.

Taxation

RM '000	Ring fenced		Non-ring fenced	Total
	RFCT and SC	EPL		
Total	(4,528)	9,269	(2,003)	2,738
Income tax	(2,449)	3,294	(2,003)	(1,158)
Deferred tax	(2,079)	5,975	-	3,896
- Deferred tax liabilities	(12,052)	(9,541)	-	(21,593)
- Recognition	(18,751)	(15,403)	-	(34,154)
- Reversal	6,699	5,862	-	12,561
- Deferred tax assets	9,973	15,516	-	25,489

15 PERFORMANCE REVIEW (CONT'D)

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

(i) Ring fenced

- RFCT and SC

  The segment recorded a net tax charge in the Current Quarter amounting to RM4.5 million, representing an effective tax rate over PBT of 22.2%, which was lower than the statutory rates of 40.0%.

  This lower ETR was mainly due to two factors, the first being non-ring fenced income that was not brought to tax under both RFCT and SC and secondly, the availability of additional allowances in relation to CAPEX incurred, as provided under the SC regime.

- EPL

  Subsequent to a re-assessment of the obligation arising from the EPL regime on actual Current Year's taxable income and actual full year CAPEX, an income taxation credit of RM3.3 million was recognised in the Current Quarter.

  In addition, a net deferred tax credit of RM6.0 million was recorded mainly due to the reversal of deferred tax liabilities recognised on taxable temporary differences expected to reverse during the window for which the EPL regime applies, i.e. up to 31 March 2028.

(ii) Non-ring fenced

The segment recorded a net tax charge of RM2.0 million in the Current Quarter in relation to the interest income earned from the restricted cash placed in trust for its obligations for decommissioning the facilities of the Anasuria Cluster.

15 PERFORMANCE REVIEW (CONT'D)

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

(v) Vietnam

RM'000	Current Year	Current Quarter
Revenue	-	-
LBITDA	(1,159)	(406)
LBITDA margin (%)	N/A	N/A
LBT	(5,224)	(938)
LBT margin (%)	N/A	N/A
LAT	(3,309)	(6)
LAT margin (%)	N/A	N/A
ETR (%)	36.7%	99.4%

	Current Year	Current Quarter
Crude oil sold (bbls)	-	-
Average realised oil price (USD per bbl)	-	-
Average OPEX per bbl (USD)	29.88	91.24
Average uptime	90%	91%
Average net oil production rate (bbls per day)	145	92

The Vietnam segment consists of the Block 46 PSC.

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

  In the Current Year, the Vietnam segment recorded a LAT of RM3.3 million.

  No crude oil was sold in the Current Year.

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

  A deferred tax credit of RM1.9 million was recorded by the segment during the Current Year, primarily due to the recognition of deferred tax assets which arose from movements in the provision for decommissioning costs. In addition, as explained in the "Financial year-to-date results" section on Kinabalu's Barbados tax above, the Group together with our appointed external tax advisors finalised the revised tax payable position brought about by the unilateral double tax relief granted by the BRA in January 2024 for YA 2024 and prior IYs. Accordingly, overprovisions and overpayments of RM0.5 million were adjusted to profit or loss.

- **Current quarter results**

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

  Included in the LAT were mainly depreciation of oil and gas assets and the unwinding of discount on the provision for decommissioning costs.

  In the Current Quarter, a tax credit of RM0.9 million was recognised by the segment. The credit was primarily due to the reversals of overprovisions and overpayments of Barbados tax amounting to RM0.7 million as a result of the unilateral double tax relief granted by the BRA.

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 Year	Current Quarter
Revenue	-	-
(LBITDA)/EBITDA	(1,607)	441
(LBITDA)/EBITDA margin (%)	*N/A*	*N/A*
(LBT)/PBT	(1,944)	293
(LBT)/PBT margin (%)	*N/A*	*N/A*
(LAT)/PAT	(1,944)	293
(LAT)/PAT margin (%)	*N/A*	*N/A*
ETR (%)	*N/A*	*N/A*

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

  This segment recorded a LAT of RM1.9 million in the Current Year.

  Included in the LAT were mainly costs incurred for professional fees, project management fees, administrative expenses and share of results of the associate.

  The AUD, being the segment's functional currency, had appreciated against the USD during the Current Year when compared to 30 June 2023. The period-end retranslation of the segment's USD-denominated payables resulted in an unrealised foreign exchange gain of RM0.2 million. A significant portion of such USD denominated payables are to inter-companies.

- **Current quarter results**

  The segment's LAT in the Current Quarter was impacted by a favourable foreign exchange impact, which arose from the appreciation of the AUD against the USD (when compared to 31 March 2024), 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 Year	Current Quarter
Revenue	19,361	4,332
LBITDA	(45,040)	(15,187)
LBITDA margin (%)	*(232.6%)*	*(350.6%)*
LBT	(85,985)	(24,547)
LBT margin (%)	*(444.1%)*	*(566.6%)*
LAT	(87,956)	(25,005)
LAT margin (%)	*(454.3%)*	*(577.2%)*
ETR (%)	*N/A*	*N/A*

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

  LAT recorded for this segment during the Current Year amounted to RM88.0 million.

  Total interest expenses amounting to RM39.5 million were incurred on a term loan, which was drawn down in the Preceding Year.

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

  The segment reported a tax expense of RM2.0 million, charged on interest income earned.

- **Current quarter results**

  The segment LAT in the Current Quarter was RM25.0 million.

  Of this total, RM9.0 million was for interest expense incurred on a term loan.

  In addition, other expenses incurred mainly relate to corporate overheads, professional and consultancy fees, business development activities and depreciation expense.

  Tax expense charged 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) Statements of Financial Position

(i) Non-current Assets

The Group's non-current assets as at 30 June 2024 amounted to RM4,269.2 million, representing an increase of RM161.6 million from RM4,107.6 million as at 30 June 2023.

Capital expenditure invested by North Sabah in the Current Year recognised as part of the Group's non-current assets amounted to RM238.5 million. They were mainly for the South Furious 30 Water Flood Phase 2 development project and the SF Ungu exploration program. This amount was arrived at after excluding RM82.6 million (pre-tax) costs related to two exploration wells, namely SF Ungu ST and SF Merah, which was written off to profit or loss in the Current Year (please refer to Part A, Note 4(ii) of this Quarterly Report for further details).

In addition, RM178.8 million was invested in Kinabalu for the on-going redevelopment project involving a development drilling campaign and debottlenecking activities, the KN-119 well hydraulic workover unit fishing work, a canned installed pumping system project and electrical submersible pump pilot activities. This was partly offset by an impairment taken for Kinabalu in the Current Year amounting to RM61.0 million.

There was also an amount of RM112.3 million invested by PM3 CAA for the Bunga Lavatera and Bunga Aster-1 exploration well drilling campaigns and the PM3 CAA workover scope.

In the UK, CAPEX invested in the Current Year for Anasuria Cluster, Teal West, and the Marigold and Sunflower fields amounted to RM53.0 million, RM48.4 million and RM9.9 million respectively.

An amount of RM9.6 million was also capitalised in the UK, when the farm-in for Licence P2451 (which holds the undeveloped Fyne field) was completed. This amount included the net present value of the purchase consideration related to this farm-in.

The restricted cash and bank balances maintained by Anasuria Hibiscus UK for decommissioning activities in the Anasuria Cluster increased by RM52.8 million due to additional monies being deposited into the designated trust over the Current Year.

During the Current Year, net unrealised foreign exchange gains which arose from the year-end retranslation of the Group's non-current assets denominated in non-MYR currencies amounted to RM41.5 million. The USD had appreciated against the RM as at 30 June 2024 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 offset by depreciation and amortisation of equipment, intangible assets and right-of-use assets (by RM476.2 million), lower deferred tax assets (by RM16.8 million) and lower non-current lease receivables from PM3 CAA's and North Sabah's partners (by RM9.6 million).

15 PERFORMANCE REVIEW (CONT'D)

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

(ii) Current Assets

As at 30 June 2024, the Group's current assets amounted to RM2,335.2 million, which was RM244.3 million higher than the balance as at 30 June 2023 of RM2,090.9 million.

The Group's other receivables, deposits and prepayments balance as at 30 June 2024 increased by RM397.9 million. Included in other receivables was a RM231.3 million (or USD49.0 million) deposit paid in June 2024 for the Proposed Acquisition (refer Part A, Note 4 (iv) of this Quarterly Report for further details). In addition, the other receivables balances in PM3 CAA, North Sabah and PM305 as at 30 June 2024 increased by RM116.3 million, RM28.9 million and RM23.1 million respectively when compared to their respective balances as at 30 June 2023, mainly due to higher amounts to be reimbursed by the respective joint venture partners.

The trade receivables balance increased by RM137.1 million, from RM411.4 million as at 30 June 2023 to RM548.5 million as at 30 June 2024. The 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 from the Group's producing assets.

The above transactions, that increased the Group's current assets balance, were partly offset by lower cash and bank balances by RM271.6 million. The Group has re-invested its available funds fairly significantly into its oil and gas assets during the Current Year via several planned activities and has utilised equivalent to RM231.3 million as a deposit for the Proposed Acquisition.

(iii) Total Liabilities

Total liabilities decreased marginally from RM3,508.8 million as at 30 June 2023 to RM3,503.9 million as at 30 June 2024.

The outstanding borrowings of the Group as at 30 June 2024 reduced by RM113.4 million when compared to 30 June 2023 mainly as a result of repayments made. These borrowings include lease liabilities and an outstanding term loan facility.

In addition, as at 30 June 2024, there were lower outstanding operations-related payables and accrual balances recorded for UK and Kinabalu by RM28.9 million and RM26.8 million respectively.

The abovementioned decreases in the total liabilities balance were largely offset by higher outstanding taxation liabilities and operations-related payables and accruals balances.

The provision for taxation balance as at 30 June 2024 increased by RM80.5 million due to additional provisions made during the Current Year. The Group's deferred tax balance was also higher by RM14.1 million due to additional deferred tax liabilities recognised on CAPEX invested.

Operations-related payables and accruals balances in North Sabah and PM3 CAA as at 30 June 2024 were higher by RM55.2 million and RM21.2 million respectively when compared to 30 June 2023, mainly due to higher CAPEX invested throughout the Current Year.

15 PERFORMANCE REVIEW (CONT'D)

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

(iv) Total Equity

The total equity of the Group as at 30 June 2024 increased by RM410.6 million when compared to 30 June 2023.

This was mainly attributable to net earnings generated by the producing oil and gas assets of the Group, partly offset by RM68.1 million dividends declared throughout the Current Year. This amount consisted of the third interim and final single-tier dividends declared in respect of the Preceding Year, which amounted to RM10.1 million and RM10.0 million respectively and a total of RM48.0 million for the first, second and third interim single-tier dividends of 2.00 sen per ordinary share each declared in respect of the Current Year.

The Group is required to revalue the assets and liabilities of subsidiaries that have functional currencies which are denominated in currencies other than RM at each reporting date. The resulting unrealised foreign exchange differences are required to be posted to other reserves. As at 30 June 2024, the Group had recognised the resulting unrealised favourable foreign exchange differences from this revaluation exercise amounting to RM27.8 million due to the appreciation of the USD compared to 30 June 2023.

During the Current Year, the Company repurchased 6,385,200 of its issued ordinary shares from open market on Bursa Securities. The cost of repurchasing the shares amounted to RM16.1 million and they are currently held as treasury shares.

(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 RM978.6 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 offset 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 RM913.9 million.

During the Current Quarter, a deposit for the Proposed Acquisition amounting to RM231.3 million (or USD49.0 million) was paid for the Proposed Acquisition (refer Part A, Note 4 (iv) of this Quarterly Report for further details).

Amounts invested in various CAPEX programs by North Sabah, Kinabalu, Anasuria Hibiscus UK, PM3 CAA and Vietnam amounted to RM321.1 million, RM178.8 million, RM127.9 million, RM112.3 million and RM1.2 million respectively.

15 PERFORMANCE REVIEW (CONT'D)

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

(iii) Cash flows used in financing activities

During the Current Year, net cash used in the Group's financing activities amounted to RM385.1 million.

It was mainly due to payments made in respect of the Group's lease liabilities and term loan (both principal and interest), which amounted to RM168.3 million and RM133.2 million respectively.

In addition, the Company paid RM67.3 million dividends during the Current Year (please refer to Part A, Note 9 of this Quarterly Report for further details) and RM16.2 million was utilised to repurchase 6,385,200 of its issued ordinary shares.

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	274,495	133,665
GP	181,626	98,295
GP margin (%)	*66.2%*	*73.5%*
EBITDA	151,938	1,579
EBITDA margin (%)	*55.4%*	*1.2%*
PBT/(LBT)	132,813	(18,221)
PBT/(LBT) margin (%)	*48.4%*	(13.6%)

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	614,570	299,584
Average realised oil price (USD per bbl)	94.63	93.54
Average OPEX per bbl (USD)	25.88	15.80
Average uptime	86%	96%
Average net oil production rate (bbls per day)	4,705	5,065

North Sabah recorded a revenue of RM274.5 million in the Current Quarter, which was more than double the revenue reported in the Preceding Quarter of RM133.7 million. This was primarily due to an increased volume of crude oil sold by 314,986 bbls.

However, from an operational perspective, the segment performed less favourably in the Current Quarter. The annual major maintenance campaign for CY 2024 commenced in March 2024 as planned and was duly completed in July 2024. The costs associated with this campaign contributed to the relatively high average OPEX per bbl reported for the Current Quarter of USD25.88. Average uptime in the Current Quarter deteriorated to 86% from 96% recorded in the Preceding Quarter while the average net oil production rate in the Current Quarter of 4,705 bbls per day was lower than the Preceding Quarter's 5,065 bbls per day.

The segment's results before taxation in the Preceding Quarter were significantly impacted by the write off taken on the costs incurred on two exploration wells, namely SF Ungu ST and SF Merah, which amounted to RM78.9 million. For information, an additional RM3.7 million was written off in the Current Quarter upon finalising the actual billings with the external contractors/vendors.

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

(ii) Malaysia – Kinabalu and Others

RM'000	Kinabalu Current Quarter	Kinabalu Preceding Quarter	Others@ Current Quarter	Others@ Preceding Quarter	Total Current Quarter	Total Preceding Quarter
Revenue	139,134	136,371	485	3,549	139,619	139,920
GP/(GL)	84,670	107,786	(204)	2,570	84,466	110,356
GP/(GL) margin (%)	*60.9%*	*79.0%*	*(42.1%)*	*72.4%*	*60.5%*	*78.9%*
(LBITDA)/EBITDA	(10,111)	76,458	4,015	(1,795)	(6,096)	74,663
(LBITDA)/EBITDA margin (%)	(7.3%)	*56.1%*	*827.8%*	*(50.6%)*	(4.4%)	*53.4%*
(LBT)/PBT	(34,135)	50,291	3,965	(1,304)	(30,170)	48,987
(LBT)/PBT margin (%)	(24.5%)	*36.9%*	*817.5%*	*(36.7%)*	(21.6%)	*35.0%*

	Kinabalu Current Quarter	Kinabalu Preceding Quarter	Others@ Current Quarter	Others@ Preceding Quarter
Crude oil sold (bbls)	349,457	308,799	1,079	8,579
Average realised oil price (USD per bbl)	84.09	93.13	89.62	87.23
Average OPEX per bbl (USD)	23.15	9.74	-	13.41
Average uptime	84%	90%	-	-
Average net oil production rate (bbls per day)	2,967	3,432	-	97

@ *Consists of PM305 and PM314.*

<u>Kinabalu</u>

From an operational performance perspective, the PSC performed less favourably in the Current Quarter when compared to the Preceding Quarter. It was mainly due to the following:

- Lower production from the KND-18 well as a result of higher sand and water production;
- Annual planned major maintenance campaign for CY 2024 which took place from 26 June 2024 to 5 July 2024; and
- Higher slickline activities level.

The average OPEX per bbl increased from USD9.74 in the Preceding Quarter to USD23.15 in the Current Quarter.

The average uptime and the average net oil production rate recorded by the segment in the Current Quarter were 84% and 2,967 bbls per day respectively, which were lower than the Preceding Quarter's 90% and 3,432 bbls per day respectively.

In addition, higher accruals were recognised for supplemental payments in the Current Quarter by RM6.5 million due to higher profit oil volume (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).

The Kinabalu PSC's LBT in the Current Quarter was RM84.4 million lower compared to the Preceding Quarter's RM50.3 million. It was mainly caused by an impairment provision taken in relation to the Kinabalu PSC in the Current Quarter amounting to RM61.0 million (pre-tax). The impact to the results after taxation after omitting the related tax impact was RM37.2 million.

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

The above was partly mitigated by lower net foreign exchange losses by RM6.4 million as compared to the Preceding Quarter. The quantums of these foreign exchange differences (both realised and unrealised) recorded in the respective quarters were caused by fluctuation of the USD, being the segment's functional currency, against the RM.

Others

The segment reported a PBT in the Current Quarter of RM4.0 million, as opposed to a LBT of RM1.3 million in the Preceding Quarter.

In the Current Quarter, the segment's PBT was favourably impacted by the recognition of a RM5.0 million gain after successfully obtaining confirmation from the joint venture partner that a potential tax-related liability that was previously included the segment's accruals was no longer applicable.

In the Preceding Quarter, despite having recorded revenue of RM3.5 million, the segment reported a LBT of RM1.3 million. The LBT was mainly due to unrealised foreign exchange losses of RM2.5 million and a decommissioning-related charge relating to PM305 of RM1.3 million. Hibiscus Oil & Gas relinquished its participating interest in the UUOA between the PM305 PSC contractors and the Gas PSC contractors in the Preceding Quarter and shared the costs of decommissioning activities relating to one well (which was not accrued for previously) from the Murai oil field which ceased production in December 2023.

(iii) Commercial Arrangement Area

RM'000	Current Quarter	Preceding Quarter
Revenue	238,613	239,196
- Crude Oil	127,528	133,089
- Gas	111,085	106,107
GP	125,885	166,236
GP margin (%)	*52.8%*	*69.5%*
EBITDA	127,012	173,230
EBITDA margin (%)	*53.2%*	*72.4%*
PBT	62,910	102,631
PBT margin (%)	*26.4%*	*42.9%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	302,571	314,237
Average realised oil price (USD per bbl)	88.96	89.30
Gas sold (MMscf)	3,772	4,136
Average realised gas price (USD per thousand scf)	6.22	5.41
Average OPEX per boe (USD)	16.36	9.55
Average uptime	91%	94%
Average net oil equivalent production rate (boe per day)	10,469	10,029

The PBT recorded by this segment in the Current Quarter was RM62.9 million. This was RM39.7 million lower in comparison to the Preceding Quarter's PBT of RM102.6 million.

Revenue generated in both quarters was consistent. However, higher OPEX was incurred in the Current Quarter. The average OPEX per boe increased to USD16.36 as compared to the Preceding Quarter's USD9.55. It was mainly due to a higher level of planned maintenance activities carried out. In addition, an unplanned clamp installation workscope was performed at the Bunga Kekwa C and Bunga Seroja A wells to rectify pipeline integrity issues. As a result, the segment reported a lower GP margin of 52.8% in the Current Quarter as compared to the Preceding Quarter's GP margin of 69.5%.

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

The gross oil equivalent production rate reduced from 52,525 boe per day in the Preceding Quarter to 51,840 boe per day in the Current Quarter. This reduction was mainly caused by the adverse impact brought about by the shut-in of the Bunga Kekwa C well from 21 April 2024 to 17 May 2024 due to pipeline integrity issues encountered. It was partly mitigated by additional production from the Bunga Aster well, when it achieved first oil in May 2024.

Production in the Preceding Quarter was impacted by the shutting down of the Bunga Orkid-D platform to facilitate the PV DRILLING III rig mobilisation for the Bunga Aster-1 exploration well drilling.

In the Current Quarter, the segment reported net foreign exchange losses (both realised and unrealised) of RM3.7 million compared to net foreign exchange gains of RM4.0 million in the Preceding Quarter. The quantums recorded in the respective quarters were caused by the fluctuation of the USD, being the segment's functional currency, against the MYR.

The other significant movement between the Current Quarter and the Preceding Quarter up to the PBT level was lower amortisation of intangible assets and depreciation of oil and gas assets in the Current Quarter by RM4.6 million, in line with the lower gross production level. In addition, included in the Current Quarter's PBT was a reversal of an overprovision of tax penalties relating to PITA YA 2019 to YA 2021 amounting to RM6.8 million.

(iv) United Kingdom

RM'000	Current Quarter	Preceding Quarter
Revenue	80,990	86,220
- Crude Oil	77,043	80,359
- Gas	3,947	5,861
GP	52,408	61,408
GP margin (%)	*64.7%*	*71.2%*
EBITDA	44,946	60,871
EBITDA margin (%)	*55.5%*	*70.6%*
PBT	20,408	32,584
PBT margin (%)	*25.2%*	*37.8%*

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	188,643	188,654
Average realised oil price (USD per bbl)	84.28	87.68
Gas sold (MMscf)	93	142
Average realised gas price (USD per thousand scf)	8.59∞ / 11.33#	8.61∞ / 9.59#
Average OPEX per boe (USD)	32.39	25.59
Average uptime	78%	93%
Average daily oil equivalent production rate (boe per day)	1,912	2,315

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

The UK segment reported a lower PBT in the Current Quarter as compared to the Preceding Quarter by RM12.2 million. This was due to lower average oil and gas prices realised and higher OPEX incurred.

The Anasuria Cluster's operational performance in the Current Quarter was impacted by the shut-in of the Cook field's oil production well due to a blockage of the corrosion inhibitor chemical injection line in the umbilical, as seen from the lower average uptime and lower average daily oil equivalent production rate.

The segment's profits in the Current Quarter were impacted by net foreign exchange gains (both realised and unrealised) recorded of RM0.3 million, as opposed to net foreign exchange gains of RM2.5 million recorded 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	-	-
LBITDA	(406)	(253)
LBITDA margin (%)	N/A	N/A
LBT	(938)	(1,538)
LBT margin (%)	N/A	N/A

	Current Quarter	Preceding Quarter
Crude oil sold (bbls)	-	-
Average realised oil price (USD per bbl)	-	-
Average OPEX per bbl (USD)	91.24	22.49
Average uptime	91%	94%
Average net oil production rate (bbls per day)	92	138

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

The lower LBT in the Current Quarter was due to a lower amortisation of intangible assets and depreciation of oil and gas assets recorded caused by a lower average gross oil production rate.

(vi) Australia

RM'000	Current Quarter	Preceding Quarter
Revenue	-	-
EBITDA/(LBITDA)	441	(2,270)
EBITDA/(LBITDA) margin (%)	N/A	N/A
PBT/(LBT)	293	(2,304)
PBT/(LBT) margin (%)	N/A	N/A

Results before taxation in both the Current Quarter and the Preceding Quarter were largely driven by fluctuations in unrealised foreign exchange differences which arose 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	4,332	4,510
LBITDA	(15,187)	(7,635)
LBITDA margin (%)	(350.6%)	(169.3%)
LBT	(24,547)	(17,676)
LBT margin (%)	(566.6%)	(391.9%)

The segment recorded a higher LBT of RM24.5 million as compared to a LBT of RM17.7 million in the Preceding Quarter. The difference in LBT reported was mainly caused by the quantum of unrealised foreign exchange differences recorded in the respective quarters.

In the Current Quarter, net unrealised foreign exchange losses of RM2.3 million were recognised while in the Preceding Quarter, net unrealised foreign exchange gains of RM5.7 million were recognised instead. Such foreign exchange differences arose mainly from the fluctuation of the USD against the RM, which impacted the quarter-end retranslation of inter-company balances.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Except for the Proposed Acquisition illustrated in Part A, Note 4 (iv) of this Quarterly Report, 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 July 2023 to end-July 2024:

As shown above, Brent oil prices have steadied to levels around USD80.00 per bbl.

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.

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.

18 PROSPECTS OF THE GROUP (CONT'D)

- 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

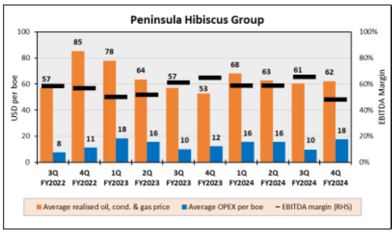
- Facilities availability.

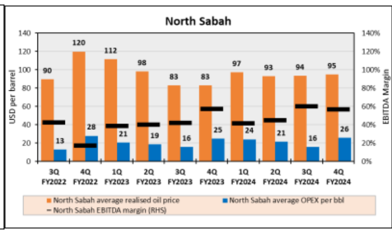
g. Taxation levels imposed in the various jurisdictions.

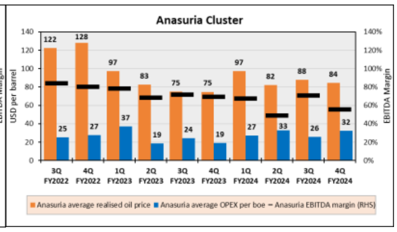
h. Management of operational expenditure for our producing assets and general corporate overheads.

As the joint operator of the Anasuria Cluster and the operator of the North Sabah, PM3 CAA, Kinabalu 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 financial year ended 30 June 2022 and the Current Quarter exclude negative goodwill of RM317.3 million and impairment of RM61.0 million respectively.

Note 2: North Sabah's EBITDA margins in the Preceding Quarter and the Current Quarter exclude the write-off of exploration drilling costs amounting to RM78.9 million and RM3.7 million respectively.

Note 3: Average OPEX per boe is computed based on gross production OPEX divided by gross oil, condensate and gas production.

Note 4: 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 2,100,491 boe was sold in the Current Quarter comprising 1,456,320 bbls of crude oil and 3,865 MMscf of gas.

For the Current Year, the Group has delivered production in excess of prior guidance provided (i.e. 7.50 MMboe to 7.80 MMboe versus 7.85 MMboe). Interim dividends declared indicate the guidance provided for actual payout will also be met or exceeded.

A CSPA has been executed for a material producing and operated asset in Brunei which will provide an immediate uplift to production volumes. Projects that are currently being implemented (SF 30 Waterflood and Teal West) remain on track to impact production volumes by end of CY 2025.

18 PROSPECTS OF THE GROUP (CONT'D)

In Malaysia, the Group was recently awarded the PKNB PSC, an operated and material licence adjacent to drilling infrastructure currently operated by the Group. Four discovered fields make up this PSC.

Finally, we are also planning for the future by co-investing with PETRONAS Carigali in the PM327 PSC, an exploration related opportunity located around infrastructure that we operate.

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 reasonably strong oil price environment.

19 PROFIT FORECAST AND PROFIT GUARANTEE

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

20 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

21 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

22 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

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

23 MATERIAL LITIGATION

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

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.

23 MATERIAL LITIGATION (CONT'D)

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. Since then, there have been no updates or further developments from the AIAC or Oceancare regarding the arbitral proceedings.

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

24 DIVIDEND

The Board has declared a fourth interim single-tier dividend of 1.50 sen per ordinary share in the Current Quarter, after taking into account the effect of the Share Consolidation exercise.

The total dividends declared in the Current Year is 7.50 sen per ordinary share (Preceding Year: 3.25 sen per ordinary share (consist of 2.00 sen per ordinary share before taking into account the effect of the Share Consolidation exercise and 1.25 sen per ordinary share after taking into account the effect of the Share Consolidation exercise).

25 EARNINGS PER SHARE

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

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

		INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
		QUARTER ENDED 30.06.2024	**QUARTER ENDED 30.06.2023**	**YEAR ENDED 30.06.2024**	**YEAR ENDED 30.06.2023**
PAT attributable to owners of the Company (RM'000)	(A)	108,684	123,276	467,124	400,518
Weighted average number of shares for basic earnings per share computation ('000)	(B)	798,582	804,967[4]	802,328	804,967[4]
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	798,582	804,967[4]	802,328	804,967[4]
Basic earnings per share (sen)	(A/B)	13.61	15.31[4]	58.22	49.76[4]
Diluted earnings per share (sen)	(A/C)	13.61	15.31[4]	58.22	49.76[4]

[4] *For comparative purpose, in accordance with the provisions of MFRS 133 Earnings per Share, the basic and diluted earnings per shares for the Preceding Year's corresponding quarter and Preceding Year had been adjusted to reflect the effect of the Share Consolidation exercise, which was completed on 20 October 2023 (please refer to Part A, Note 4(i) of this Quarterly Report for further details).*

26 OTHER INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2024 RM'000	QUARTER ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2024 RM'000	YEAR ENDED 30.06.2023 RM'000
Sundry income	5,563	762	7,494	2,732
Interest income	12,704	6,990	48,532	15,067
Unrealised gain on foreign exchange#	552	9,740	-	-
Realised gain on foreign exchange#	1,418	-	4,184	19,288
	20,237	17,492	60,210	37,087

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

27 PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2024 RM'000	QUARTER ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2024 RM'000	YEAR ENDED 30.06.2023 RM'000
PBT is arrived at after charging/(crediting):				
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	116,149	135,157	476,191	480,355
Impairment of equipment	61,008	-	61,008	-
Supplemental payments##	37,058	29,774	125,066	196,525
Finance costs	25,730	23,501	106,829	77,255
SbST###	20,774	10,335	68,471	55,939
Write-off of well exploration costs	3,714	-	82,616	-
Net provision/(reversal of provision) for inventories obsolescence	627	(3,407)	627	(3,407)
Share of results of an associate	124	(1,673)	510	(1,282)
Impairment of investment in an associate	-	532	-	532
Write-off of bad debts	-	19	-	19
Write-back of amount owing to a joint venture	-	-	(46)	-
Net reversal of tax penalties####	-	(51,451)	-	(51,451)
Unrealised (gain)/loss on foreign exchange#####	(552)	(9,740)	9,728	22,616
Realised (gain)/loss on foreign exchange#####	(1,418)	2,091	(4,184)	(19,288)
Interest income	(14,986)	(9,546)	(60,554)	(18,377)

Supplemental payments represent amounts paid/payable by North Sabah, Kinabalu, PM305 and PM314 in relation to their profit oil, when the weighted average oil price exceeds the base price stated in the respective PSCs. The supplemental payments incurred by North Sabah, Kinabalu, PM305 and PM314 in the Current Year amounted to RM65.9 million (Preceding Year: RM117.4 million), RM58.2 million (Preceding Year: RM77.8 million) and RM0.9 million (Preceding Year: RM1.3 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 net reversal of tax penalties in the Preceding Year comprised a reversal of overprovision for SbST penalties made in the financial year ended 30 June 2022 for North Sabah and Kinabalu of RM29.0 million and a reversal of overprovision for tax penalties in relation to PITA and CITA upon receipt of the Notices of Additional Assessment for YA 2017 for PITA and YA 2017 to YA 2019 for CITA raised by the IRB against PM3 CAA, Kinabalu and PM305 and PM314 of RM22.4 million.

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

27 PROFIT BEFORE TAXATION (CONT'D)

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

28 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.06.2024 RM'000	QUARTER ENDED 30.06.2023 RM'000	YEAR ENDED 30.06.2024 RM'000	YEAR ENDED 30.06.2023 RM'000
Income taxation	(66,867)	(33,936)	(249,829)	(77,772)
Deferred taxation	14,782	(10,611)	(21,125)	(233,796)
	(52,085)	(44,547)	(270,954)	(311,568)

Breakdown by operating segments:

OPERATING SEGMENTS	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30.06.2024 RM'000	Quarter Ended 30.06.2023 RM'000	Year Ended 30.06.2024 RM'000	Year Ended 30.06.2023 RM'000
Malaysia – North Sabah				
Income taxation	(63,093)	(5,011)	(92,598)	(46,036)
Deferred taxation	74	2,410	(18,487)	5,505
Total	**(63,019)**	**(2,601)**	**(111,085)**	**(40,531)**
Malaysia – Kinabalu and Others				
Income taxation	(842)	(141)	(1,084)	(1,721)
Deferred taxation	26,172	(8,067)	(33,490)	(66,681)
Total	**25,330**	**(8,208)**	**(34,574)**	**(68,402)**
Commercial Arrangement Area				
Income taxation	(2,159)	(27,815)	(119,172)	(316)
Deferred taxation	(15,449)	(10,472)	25,486	(33,643)
Total	**(17,608)**	**(38,287)**	**(93,686)**	**(33,959)**
United Kingdom				
Income taxation	(1,158)	(197)	(36,305)	(18,448)
Deferred taxation	3,896	4,874	4,752	(140,971)
Total	**2,738**	**4,677**	**(31,553)**	**(159,419)**
Vietnam				
Income taxation	655	(45)	547	(10,184)
Deferred taxation	277	662	1,368	2,172
Total	**932**	**617**	**1,915**	**(8,012)**
Australia				
Income taxation	-	-	-	-
Deferred taxation	-	-	-	-
Total	-	-	-	-
Investment holding and group activities				
Income taxation	(270)	(727)	(1,217)	(1,067)
Deferred taxation	(188)	(18)	(754)	(178)
Total	**(458)**	**(745)**	**(1,971)**	**(1,245)**
Group				
Income taxation	(66,867)	(33,936)	(249,829)	(77,772)
Deferred taxation	14,782	(10,611)	(21,125)	(233,796)
Total	**(52,085)**	**(44,547)**	**(270,954)**	**(311,568)**

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 June 2024 were as follows:

	As at 30.06.2024 RM'000	As at 30.06.2023 RM'000
Non-current		
Secured		
Lease liabilities	256,648	282,730
Term loan	278,299	365,012
	534,947	647,742
Current		
Secured		
Lease liabilities	120,879	122,924
Term loan	93,234	91,828
	214,113	214,752

By Order of the Board of Directors
Hibiscus Petroleum Berhad
27 August 2024