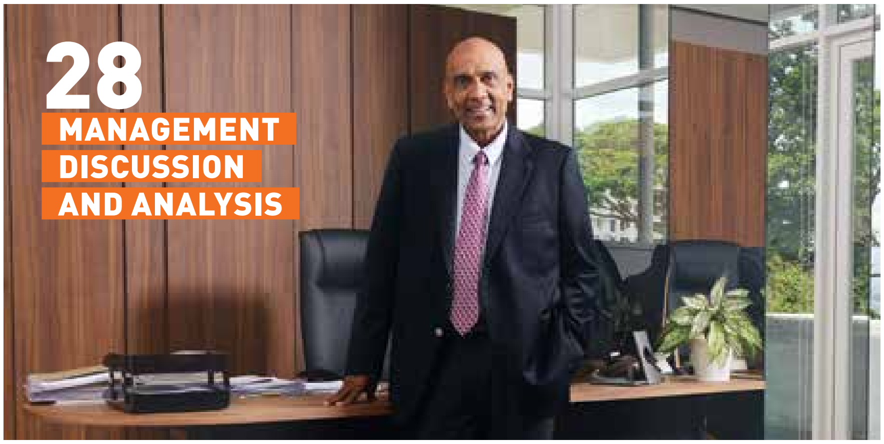
A STRONG FOUNDATION, AN EXCITING FUTURE

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

ANNUAL REPORT **2020/2021**



INSIDE THIS REPORT

ABOUT OUR REPORT

A Strong Foundation, An Exciting Future

When we embarked on our journey a decade ago, our corporate canvas was blank. As an artist would create a painting, we started with some imagination and gradually added the colours of our industry knowledge and experience. The easel that has continually supported our work is a tripod of our shareholders, business partners and regulators. The picture that has arisen from our efforts is shared on the cover and within the pages of this Annual Report 2020/2021. And, it continues to evolve.

Cover artwork and portrait drawings by: Antonio Lopez, 2021

ABOUT US

HIBISCUS PETROLEUM BERHAD (HIBISCUS PETROLEUM) IS MALAYSIA'S FIRST LISTED INDEPENDENT OIL AND GAS EXPLORATION AND PRODUCTION COMPANY.

Our key activities are focused on monetising producing oilfields and growing our portfolio of development and producing assets in areas of our geographical focus: the United Kingdom, Malaysia and Australia.

As an operator of offshore oil and gas producing fields, our efforts are focused on enhancing operational efficiencies to safely deliver high-margin production from our assets.

Our growth strategy in the current oil and gas market is to leverage on opportunities that are present within our portfolio of existing assets and make quality acquisitions on a selective basis, thus delivering sustainable returns to our shareholders.

We are committed towards upholding high standards of safety and environmental management. We also prioritise corporate governance, whilst expanding our business on strong technical and commercial foundations.

Hibiscus Petroleum is headquartered in Kuala Lumpur, and our securities are listed on the Main Market of Bursa Malaysia Securities Berhad. Hibiscus Petroleum is a constituent on the FTSE4Good Bursa Malaysia Index as well as the FTSE4Good Bursa Malaysia Shariah Index. Hibiscus Petroleum securities have been classified as being Shariah-compliant by the Shariah Advisory Council of the Securities Commission of Malaysia.

FY2021 GROUP HIGHLIGHTS

MARKET CAPITALISATION[1]
RM1.37 BILLION
FY2020: RM977 million ▲40%

EBITDA
RM381 MILLION
FY2020: RM213 million ▲79%

REVENUE
RM805 MILLION
FY2020: RM647 million ▲24%

PROFIT AFTER TAXATION
RM104 MILLION
FY2020: LOSS AFTER TAXATION RM49 million

NET ASSETS[1]
RM1.5 BILLION
FY2020: RM1.2 billion ▲21%

DEBT[1]
RM5.7 MILLION
FY2020: RM49.2 million ▼88%

CASH[1]
RM303 MILLION
FY2020: RM177 million ▲72%

CAPITAL EXPENDITURE[2]
RM133 MILLION
FY2020: RM246 million ▼46%

NET 2P RESERVES[3]
47.1 MMbbl
FY2020: 46.1 MMbbl[5] ▲2%

NET 2C RESOURCES[3]
74.2 MMbbl
FY2020: 63.0 MMbbl[4] ▲18%

NET PRODUCTION RATE
9,106 boe/day
FY2020: 9,120 boe/day ▼0.2%

NET UNIT PRODUCTION COSTS[5]
USD20/ boe
FY2020: USD18/boe ▲14%

Notes:
1. As at 30 June 2021 for FY2021, as at 30 June 2020 for FY2020.
2. For the North Sabah PSC, the Anasuria Cluster and the Marigold Development Project only.
3. As at 1 July 2021.
4. As at 1 July 2020.
5. Weighted average production volume and operating expenditure based on net entitlement/ working interest in the Anasuria Cluster and North Sabah PSC.

Key:
- FY2021- Financial year ended 30 June 2021.
- FY2020- Financial year ended 30 June 2020.
- EBITDA- Earnings Before Interest, Taxes, Depreciation and Amortisation.
- 2P Reserves- Proven and probable oil reserves.
- 2C Resources- Best estimate contingent oil resources.
- MMbbl- Million barrels.
- boe- Barrels of oil equivalent.

HIBISCUS PETROLEUM HOLDS OPERATED INTERESTS IN SEVERAL CONCESSIONS IN THE UNITED KINGDOM AND AUSTRALIA AND A PRODUCTION SHARING CONTRACT IN MALAYSIA. OUR BALANCED PORTFOLIO CONSISTS OF PRODUCING, DEVELOPMENT AND EXPLORATION ASSETS.

MALAYSIA

UNITED KINGDOM

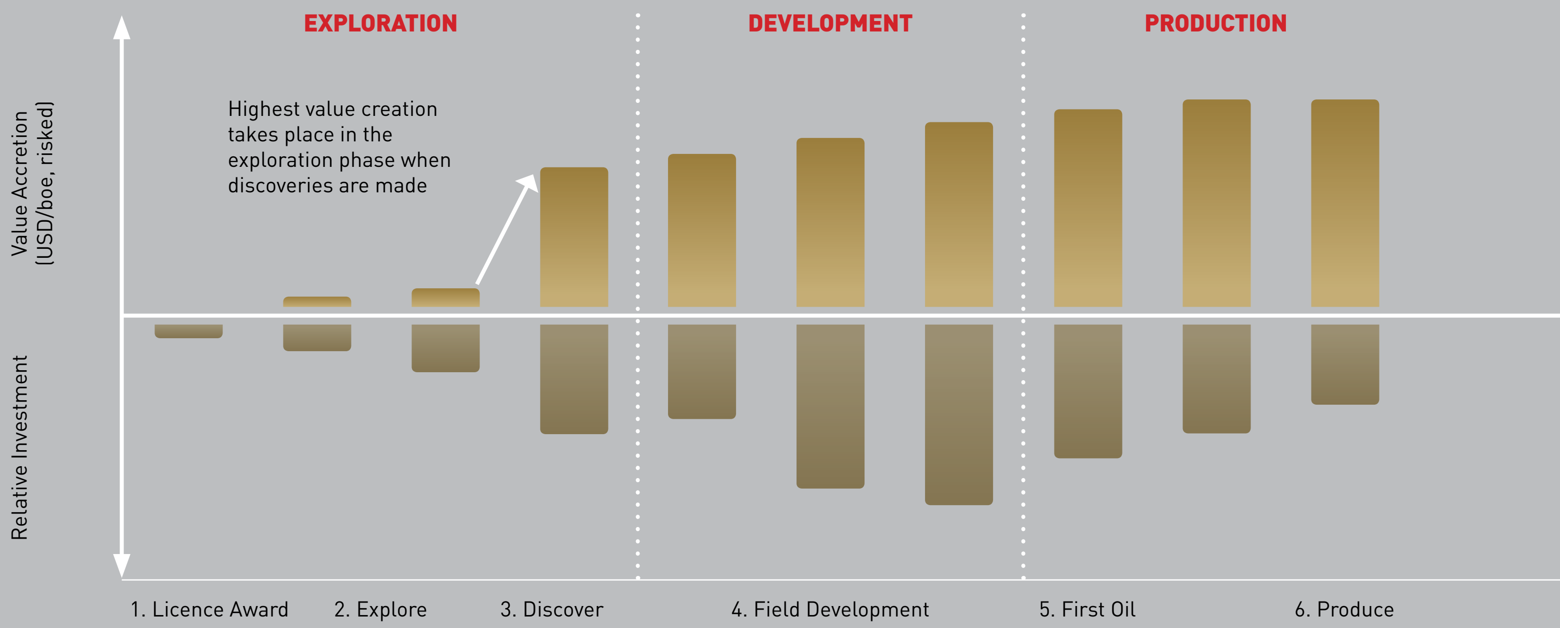
AUSTRALIA

The 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (North Sabah PSC) is our first Malaysian oil and gas asset. At this time, it is our largest source of production. SEA Hibiscus Sdn Bhd has been the operator of the North Sabah PSC since 31 March 2018. We have successfully implemented production enhancement projects, leading to an increase in gross oil production sales. We plan to execute further prospects in the future to avert natural decline and increase oil production.

The United Kingdom (UK) continental shelf is home to Hibiscus Petroleum's first producing asset – the Anasuria Cluster, a group of producing oil and gas fields and associated infrastructure. We jointly operate this asset via our jointly-controlled entity, Anasuria Operating Company Limited. Expanding our footprint in the North Sea, we acquired the discovered oilfields called Marigold and Sunflower in 2018 and expect this development asset to deliver a step change to our production volumes in the near future. In FY2021, we were awarded two licences in the UK i.e. the Teal West and the Kildrummy discovered oilfields.

In the Bass Strait, we operate the VIC/L31 production licence and VIC/P57 exploration licence. We also have non-operated interests in the VIC/P74 exploration licence located in the same area.

INVESTMENT AND VALUE CREATION IN THE OILFIELD LIFE CYCLE



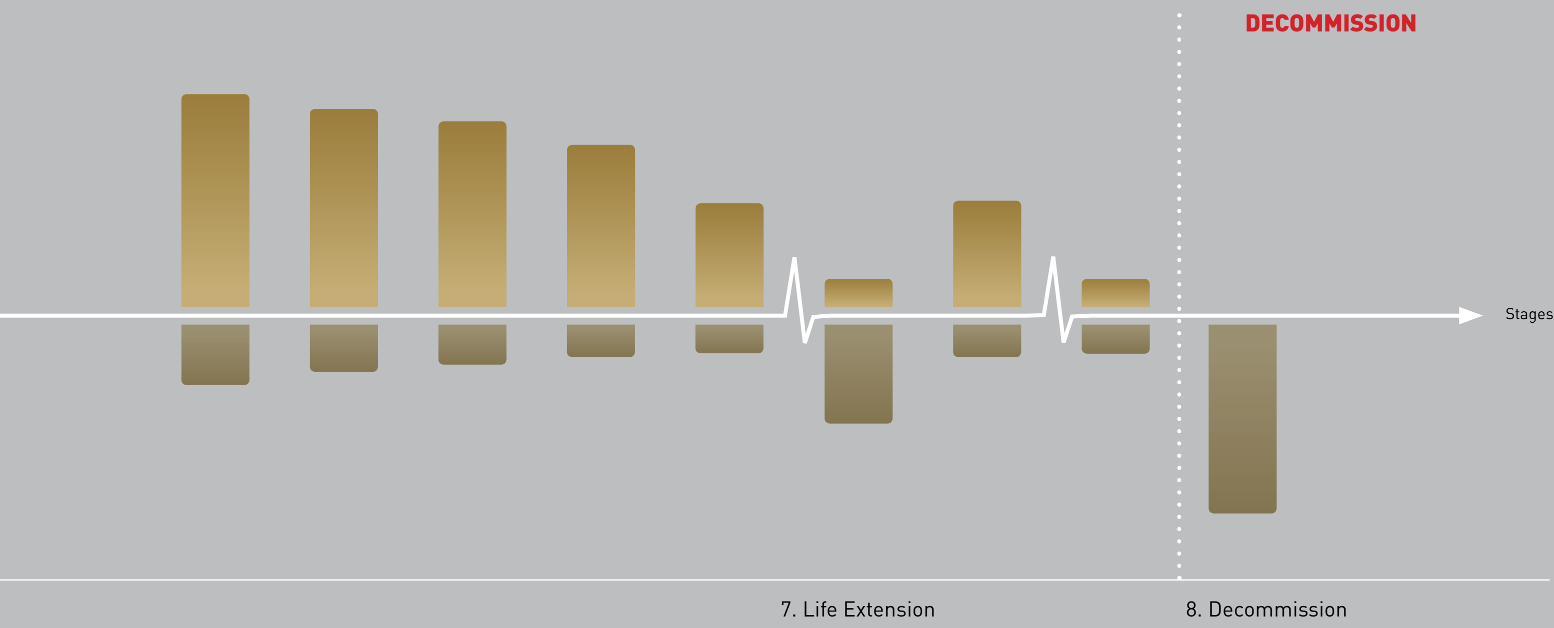
DECREASING GEOLOGICAL RISK

PROSPECTIVE RESOURCES → **CONTINGENT RESOURCES** →

STAGE	1. LICENCE AWARD	2. EXPLORE	3. DISCOVER	
Reserves/Resources	Prospective Resources			Contingent Resources
Investment/Activity	Bidding or direct negotiation with host countries	Seismic acquisition, processing and interpretation	Drill exploration well	Drill appraisal well/ extended well test
Risks	High geological risks	Geological risks	Geological risks	Reduced geological risks
Typical GCoS range	0 - 25%			25 - 55%
Value Creation	Secure right to explore acreage via the signing of a concession agreement	Identify drillable prospects Define GCoS and prospective resources	Discovery of hydrocarbons	Commercial discovery of hydrocarbons

Notes:
- The table above does not account for unconventional concepts in field development.
- Inherent operational risks are not included.
- Information presented is reflective of the Company's portfolio of assets.

KEY:
- USD/boe - United States Dollar per barrel of oil equivalent.
- FID - Final Investment Decision.
- GCoS - Geological Chance of Success.



INCREASING SENSITIVITY TO CHANGES IN OIL PRICE

RESERVES

4. FIELD DEVELOPMENT		5. FIRST OIL	6. PRODUCE	7. LIFE EXTENSION	8. DECOMMISSION
	Reserves				-
Pre-FID Prepare Field Development Plan Plan optimal subsurface development (e.g. number of wells to drill, amount of oil production achievable) Front-End Engineering and Design (FEED) for the surface facilities	**Post-FID** Detail design, construction and installation	Start of oil production from the field	Maintenance of facilities and wells	Drilling of additional wells or implementing secondary oil recovery (e.g. waterflooding)	Facilities and well abandonment
Low geological risks; Oil price risks	Design risks, Oil price risks		Oil price risk	Oil price risk	-
55 - 85%			85 - 100%	60 - 80%	-
Confirm the economic feasibility of the project	Installation of the surface facilities and drilling of oil wells		Ensure optimal oil production from the field	Increased oil production and reserves from the field	Abandonment of the field in an environmentally safe manner

MALAYSIA
AT A GLANCE

On 31 March 2018, SEA Hibiscus Sdn Bhd (SEA Hibiscus) successfully assumed the role of operator of the North Sabah PSC from Shell. As operator, SEA Hibiscus is responsible for the day-to-day operations, maintenance and conduct of production enhancement activities carried out on the asset.

The North Sabah PSC is our second producing asset, providing us with a further revenue stream after the Anasuria Cluster. It has enabled us to strengthen our technical and operating capabilities, profitability and balance sheet.

Through execution of production enhancement projects since acquisition, we have been realising the considerable potential within the fields of the North Sabah PSC.

NORTH SABAH PSC: OFFSHORE AND ONSHORE FACILITIES


St Joseph


South Furious


Labuan Crude Oil Terminal


SF30


Barton

HIGHLIGHTS

AVERAGE UPTIME[1]

92%

AVERAGE NET DAILY PRODUCTION RATE[1]

6,442
bbl/day

AVERAGE UNIT PRODUCTION COST[1]

14.2
USD/bbl

LTIF[1,4]

0.00

NOTES:
1 For the financial year ended 30 June 2021.
2 As at 1 July 2021, based on SEA Hibiscus' current estimated net entitlement, based on RPS Energy Consultants Limited's report dated August 2021.
3 As at 30 September 2021.
4 LTIF represents the number of lost time injuries (LTI) i.e. fatality, permanent disability or time lost from work occurring in a workplace per 1 million hours worked by employees and contractors.

KEY:
- 2P Oil Reserves - Proven and probable oil reserves
- 2C Oil Resources - Best estimate contingent oil resources
- bbl - Barrels
- MMstb - Million stock tank barrels
- LTIF - Lost Time Injury Frequency
- USD - United States Dollar
- MSOSH - Malaysian Society for Occupational Safety and Health.
- OSH - Occupational Safety and Health
- CTU - Coiled Tubing Unit

NORTH SABAH PSC

Asset Name:
North Sabah PSC

Licence:
2011 North Sabah Enhanced Oil Recovery Production Sharing Contract

Hibiscus Petroleum's Interest:
50%

Operator:
SEA Hibiscus

Non-operating Partner:
PETRONAS Carigali Sdn Bhd

Asset Location:
33km from Kota Kinabalu, Malaysia

Water Depth:
18 – 60m

Field Life Cycle:
Production

Producing Fields:
St Joseph, South Furious, SF30, Barton

Development Type:
Fixed platforms with dry trees, inter-field pipelines and a trunk line to Labuan Crude Oil Terminal

Acquisition Date:
31 March 2018

Office Locations:
Kuala Lumpur, Kota Kinabalu, Labuan

Awards:
Safety
Winner of the MSOSH[1] OSH GOLD Class 1 Award for 2018 and 2017 under the category of Petroleum, Gas, Petrochemical & Allied Sectors for the St Joseph Platform by the Malaysian Society for Occupational Safety and Health.

Production
Received three awards at Petroliam Nasional Berhad (PETRONAS)' inaugural Malaysia Upstream Awards 2020:

i. Best Emerging Petroleum Arrangement Contractor
ii. Wells Excellence Category – GOLD Award
iii. Drilling Excellence Category – BRONZE Award

Other Award
Recipient of PETRONAS' Focused Recognition Award in April 2021 for successfully initiating the 1st Integrated CTU Catenary Campaign, resulting in safe catenary operations with an estimated potential instantaneous production gain of 1,350 bbl per day.

NOTE:
1 The MSOSH OSH Award is an annual award presented to organisations in Malaysia with proven outstanding Occupational Safety and Health performance. Identified companies are subjected to stringent document and site verification audits by the MSOSH panel of qualified and dedicated auditors which comprise, amongst others, representatives from the Department of Occupational Safety & Health (DOSH) and National Institute of Occupational Safety & Health (NIOSH) prior to being considered by the MSOSH Technical Committee for the respective awards.

2P OIL RESERVES[2]
23.1
MMstb

2C OIL RESOURCES[2]
14.6
MMstb

SEA HIBISCUS PERSONNEL WORKING ON DAY-TO-DAY OPERATIONS[3]
350

STABLE AND CREDIBLE PARTNERSHIP WITH
PETRONAS CARIGALI SDN BHD

THE UNITED KINGDOM
AT A GLANCE

On 10 March 2016, Hibiscus Petroleum acquired our very first producing asset – a package of geographically focused producing fields and associated infrastructure located in the North Sea, United Kingdom (UK), collectively known as the Anasuria Cluster (Anasuria). Anasuria delivers production that generates positive cash flow with infield future development opportunities and exploration upside. The recent addition of the Teal West discovery is a positive development and is expected to increase Anasuria's production by 2023.

Expanding our footprint in the North Sea, Hibiscus Petroleum acquired the discovered oilfields called Marigold and Sunflower on 16 October 2018. This shallow-water development asset will deliver a step change to our production volumes and revenue generating capacity by FY2024.

Additionally, in line with our efforts to aggregate 2C oil resources at a competitive unit cost per barrel (as part of an area-wide development), we applied for (and were awarded), the Kildrummy discovery (as part of the UK 32nd Licensing Round). Kildrummy lies in close proximity to the Marigold and Sunflower fields.

HIGHLIGHTS

ANASURIA AVERAGE UPTIME[1]

83%

AVERAGE NET DAILY PRODUCTION RATE[1]

2,665
boe/day

AVERAGE UNIT PRODUCTION COST[1]

22.2
USD/boe

LTIF[1,3]

0.00

2P OIL RESERVES[2]

24.0
MMbbl

NOTES:

1 For the financial year ended 30 June 2021.

2 As at 1 July 2021, based on Anasuria Hibiscus UK Limited's participating interest. The reserves and resources estimates for Anasuria and Teal West are extracted from RPS Energy Consultants Limited's report dated August 2021, while the contingent resources report for the Marigold and Sunflower fields are based on RPS Energy Consultants Limited's report dated August 2020.

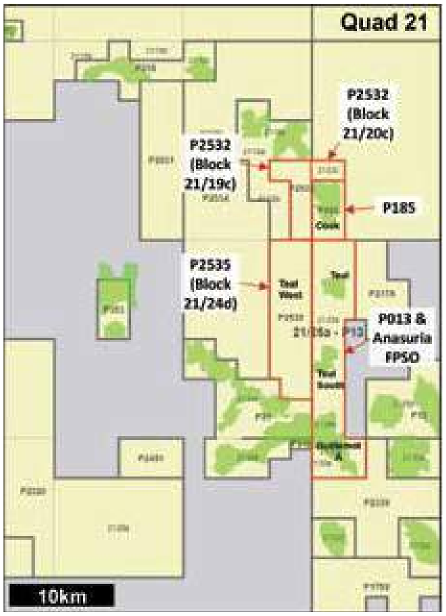
3 LTIF represents the number of lost time injuries (LTI) i.e. fatality, permanent disability or time lost from work occurring in a workplace per 200,000 hours worked by employees and contractors.

4 As at 30 September 2021, consists of personnel in Anasuria Operating Company Limited and personnel dedicated to Anasuria operations from Petrofac Facilities Management Limited.

KEY:

- 2P Oil/Gas Reserves - Proven and probable oil/gas reserves.
- 2C Oil/Gas Resources - Best estimate contingent oil/gas resources.
- boe - Barrels of oil equivalent.
- MMbbl - Million barrels.
- Bscf - Billions of standard cubic feet of gas.
- LTIF - Lost Time Injury Frequency.
- USD - United States Dollar.
- ROSPA - Royal Society for the Prevention of Accidents.
- FPSO - Floating, Production, Storage and Offloading Vessel.
- FDP - Field development plan.
- FID - Final investment decision.
- OGA - Oil and Gas Authority, United Kingdom (UK).

ANASURIA CLUSTER



Asset Name:
Anasuria Cluster

Licences:
P013, P185, P2535, P2532

Asset Location:
United Kingdom Central North Sea, ~175km east of Aberdeen

Water Depth:
~94m

Acquisition/Award Date:
Anasuria: 10 March 2016
P2535 and P2532: 1 December 2020

Office Locations:
Kuala Lumpur, Aberdeen

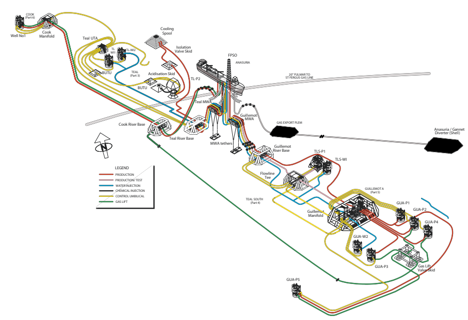
Safety Award:
The Anasuria FPSO received the Order of Distinction from ROSPA, UK for 22 consecutive annual GOLD awards.

1) **P013 & Anasuria FPSO**
Hibiscus Petroleum's Interest:
50%
Operator:
Anasuria Operating Company Limited, jointly owned by Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and Ping Petroleum UK Limited
Non-operating Partner:
Ping Petroleum UK Limited
Field Life Cycle:
Production
Producing Fields:
Teal, Teal South, Guillemot A
Development Type:
Subsea tieback to Anasuria FPSO

2) **P185**
Hibiscus Petroleum's Interest:
19.3%
Operator:
Ithaca Energy (UK) Limited (Ithaca Energy)
Field Life Cycle:
Production
Producing Field:
Cook
Development Type:
Subsea tieback to Anasuria FPSO

3) **P2535 (Block 21/24d)**
Hibiscus Petroleum's Interest:
70%
Operator:
Anasuria Hibiscus
Non-operating Partner:
NEO Energy (ZPL) Limited
Field Life Cycle:
Development
Discovered Field:
Teal West

4) **P2532 (Blocks 21/19c and 21/20c)**
Hibiscus Petroleum's Interest:
19.3%
Operator:
Ithaca Energy
Field Life Cycle:
Exploration
Prospects:
Cook West, Cook North as potential extensions to the existing Cook Field

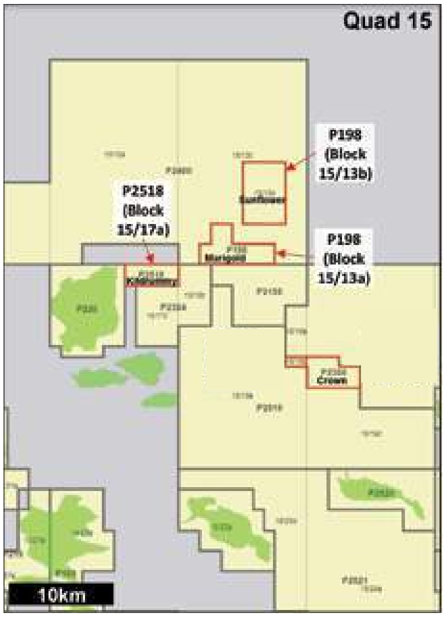


Asset infrastructure (as at October 2021) is laid over a distance of approximately 25km.

2P GAS RESERVES[2]	2C OIL RESOURCES[2]	2C GAS RESOURCES[2]	PERSONNEL WORKING ON ANASURIA OPERATIONS[4]	DEDICATED PROJECT TEAM FOR MARIGOLD
9.8 Bscf	51.6 MMbbl	3.2 Bscf	130	28

THE UNITED KINGDOM
AT A GLANCE

MARIGOLD



Asset Names:
Marigold and Sunflower

Licences:
P198, Blocks 15/13a & 15/13b
P2518, Block 15/17a

Asset Location:
UK Central North Sea,
~250km northeast of Aberdeen

Water Depth:
~140m

Office Locations:
Kuala Lumpur, Aberdeen

1) <u>**P198 (Blocks 15/13a, 15/13b)**</u>
Hibiscus Petroleum's Interest:
87.5%
Operator:
Anasuria Hibiscus
Non-operating Partner:
Caldera Petroleum (UK) Ltd
Field Life Cycle:
Development
Discovered Fields:
Marigold and Sunflower
Target Development Milestones:
- 2021: FID & OGA Approval of FDP
- 2023: First Oil

2) <u>**P2518 (Block 15/17a)**</u>
Hibiscus Petroleum's Interest:
100%
Operator:
Anasuria Hibiscus
Field Life Cycle:
Development
Discovered Field:
Kildrummy

AUSTRALIA
AT A GLANCE

Hibiscus Petroleum, through our wholly-owned subsidiary Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) has interests in three licences located in the prolific oil and gas producing province of the Bass Strait of Australia.

We also have a 11.68% interest in 3D Oil Limited (3D Oil), a company listed on the Australian Stock Exchange. Through 3D Oil, we have indirect exposure to two additional exploration licences.

HIGHLIGHTS

NUMBER OF LICENCES[1]

3

2C OIL RESOURCES[2]

8.0
MMbbl

POINTER PROSPECT BEST ESTIMATE PROSPECTIVE GAS RESOURCES[3]

177
Bscf

FELIX PROSPECT BEST ESTIMATE PROSPECTIVE OIL RESOURCES[3]

12
MMbbl

NOTES:
1 Includes the 50% participating interest in VIC/P74.
2 Based on Hibiscus Petroleum's direct interest in VIC/L31.
3 Based on Hibiscus Petroleum's direct interest in VIC/P57.
4 Based on Hibiscus Petroleum's direct interest in VIC/P74.
5 Acreage in VIC/P57 and VIC/P74.

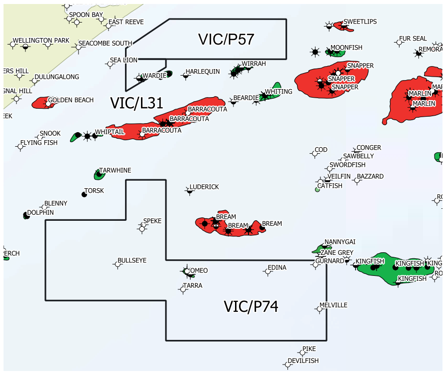
KEY:
- 2P Oil Reserves - Proven and probable oil reserves
- 2C Oil Resources - Best estimate contingent oil resources
- MMbbl - Million barrels
- Bscf - Billions of standard cubic feet of gas
- km^2 - Square kilometres
- NOPTA - National Offshore Petroleum Titles Administrator, Australia

LICENCES:
VIC/L31
VIC/P57
VIC/P74

LOCATION:
Gippsland Basin, Offshore Victoria

WATER DEPTH:
50m

GIPPSLAND BASIN



1) **VIC/L31**
Hibiscus Petroleum's Interest:
100%
Operator:
Carnarvon Hibiscus
Field Life Cycle:
Development
Discovered Field:
West Seahorse
Status:
Retention Lease application submitted on 4 December 2018. Discussions ongoing with NOPTA on whether to maintain the existing Production Licence or continue the Retention Lease application. Decision will be dependent on the outcome of upcoming discussions with nearby infrastructure owners on the potential to tieback the West Seahorse field.

2) **VIC/P57**
Hibiscus Petroleum's Interest:
75.1%
Operator:
Carnarvon Hibiscus
Field Life Cycle:
Exploration
Exploration Acreage:
246km^2
Prospects:
Felix, Pointer
Minimum Guaranteed Work Programme (compulsory):
Years 1-3 (March 2018 – March 2022)[1]
- Geological and geophysical studies including petroleum systems analysis/ modelling.
- Reprocessing of 230km^2 of the Northern Fields 3D seismic data
- Seismic interpretation and depth conversion.

Secondary Work Programme (optional):
Year 4 (April 2022 – March 2023)
- One exploration well

Year 5 (April 2023 – March 2024)
- Geological and geophysical studies

Status:
Minimum Guaranteed Work Programme completed two years ahead of schedule. Encouraging results from subsurface evaluation work. 12-month extension granted by NOPTA to the permit term, with expiry on 6 March 2024.

Note:
[1] On 17 May 2021, NOPTA granted a 12-month suspension of the VIC/P57 permit conditions with a corresponding 12-month extension to the VIC/P57 permit term.

3) **VIC/P74**
Hibiscus Petroleum's Interest:
50%
Operator:
3D Oil
Field Life Cycle:
Exploration
Exploration Acreage:
1,006km^2
Prospect:
BigFin
Work Programme:
Phase 1: Prospect Generation Phase
- Purchase reprocessed 3D seismic data to progress geological and geophysical studies in order to refine resource assessments and enable prospect ranking.

Phase 2: Well Drilling Phase (Optional)
- Drill exploration well(s).
- If it is required that a well or wells be drilled after the primary first three years of the prospect generation phase, Carnarvon Hibiscus shall be the operator of the permit, whereas 3D Oil shall continue to be the operator for geological & geophysical operations.
- However, if there is a farm-in for a substantial interest in the Permit that will require drilling a well or wells by the farmee, the farmee will become the operator instead for all operations.

4) **Investments:**
3D Oil, a company listed on the Australian Stock Exchange is an associate company of Hibiscus Petroleum. As at 1 October 2021, Hibiscus Petroleum holds 11.68% indirect interest in 3D Oil. 3D Oil holds interests in four offshore exploration licences:

A. VIC/P57
24.9%
B. VIC/P74
50%
C. T/49P
20%
Location:
Otway Basin adjacent to the Thylacine Gas Field.
D. WA-527-P
100%
Location:
Bedout sub-basin, adjacent to the recent significant oil discovery at Dorado.

BIGFIN PROSPECT BEST ESTIMATE PROSPECTIVE GAS RESOURCES[4]
251
Bscf

NUMBER OF PROSPECTS[3,4]
3

TOTAL EXPLORATION ACREAGE[5]
1,252
km^2

WELLS DRILLED[2]
1
Exploration well

A STRONG FOUNDATION, AN EXCITING FUTURE

Our 10-Year Journey






2011

Bursa Main Market Listing
25 July 2011

1st SPAC in Southeast Asia. Listed with 3 Management Team members, RM245 million (USD58 million) raised

2012

Qualifying Asset Acquisition
18 April 2012

2013

Completion of 3D Oil and VIC/P57 Transactions
8 January 2013

Australia Asset Production License Award
5 December 2013

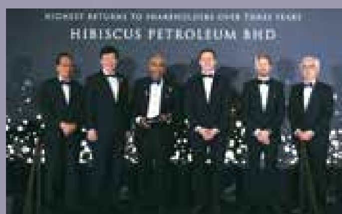
2014

First Oil Discovery in Block 50 Oman
3 February 2014

2015

Signing of Sale and Purchase Agreement (SPA) to Acquire Anasuria – Our First Producing Asset
6 August 2015

Completed Drilling of Sea Lion-1 – Our First Exploration Well in Australia
11 November 2015



2016

Completed Acquisition of Anasuria
10 March 2016

Top 9% of Listed Companies for Corporate Governance (CG) Disclosures
19 December 2016

2018

Completed Acquisition of 2011 North Sabah EOR PSC – Our Second Producing Asset
31 March 2018

Completed Acquisition of Marigold & Sunflower – Our First UK Development Asset
16 October 2018

2019

Achieved First Oil from St Joseph Infill Drilling Project in North Sabah
16 July 2019

The Edge Malaysia Billion Ringgit Club Award Win
19 September 2019

Green Lane Policy Qualified Company
December 2019

2020

North Sabah Team Awarded for Production Operations
17 August 2020

Ranked in Top 10% of PLCs for CG Disclosure, Top 5% for Overall CG and Performance by MSWG
19 September 2020

Inclusion in FTSE4Good Bursa Malaysia Index
21 December 2020

2021

Raised ~RM203.6 million (USD48 million) in CRPS equity

Signed Conditional SPA to Acquire Repsol's Assets Offshore Malaysia and Block 46 Vietnam
1 June 2021

CHAIRMAN'S STATEMENT

ZAINUL RAHIM BIN MOHD ZAIN
Chair of the Board

DEAR SHAREHOLDERS,

A TEN-YEAR JOURNEY

TIME HAS A WAY OF MOVING QUICKLY AND BEFORE YOU KNOW IT, MONTHS IF NOT YEARS HAVE PASSED YOU BY. IT DOES NOT FEEL LIKE IT WAS TOO LONG AGO THAT I ACCOMPANIED DR KENNETH PEREIRA TO THE BURSA MALAYSIA BUILDING ON THAT GLORIOUS MONDAY MORNING, WHEN I HAD THE HONOUR TO STRIKE THE ICONIC GONG TO SIGNIFY THE MOMENT OUR SECURITIES STARTED TRADING AT 9.00 A.M. ON 25 JULY 2011. THAT WAS A DECADE AGO! IT IS AMAZING HOW QUICKLY TIME FLIES.

On that first day of trading, we had 4,750 shareholders holding 418,047,922 shares with an initial market capitalisation of approximately RM221.6 million. We commenced business with a Board and Management Team of just seven individuals. From a human resource perspective, we were probably the smallest listed company on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities).

Ten years on, at the close of trading hours on 30 June 2021 (end of Financial Year 2021 (FY2021)), our investor base had grown to 25,472 shareholders, holding 2,000,137,151 shares, with a market capitalisation of approximately RM1.37 billion. We now have more than 400 people employed by the Group contributing towards the achievement of our business objectives in several countries.

The past ten years have probably been one of the most turbulent decades for our industry. Disruptive technologies, a global pandemic, easy access to information and a growing awareness of how humankind is adversely impacting our environment are all factors that have played a role to structurally reshape the way we do business. The current business landscape has pushed us to preserve agility as a key component of our business make-up in order to remain relevant. Our agility is founded on two pillars: the quality of our people, and a conservative approach when deploying our Balance Sheet.

CHAIRMAN'S STATEMENT

The capacity of our people to respond quickly to changing situations and their ability to adapt and subsequently implement the best possible measures, prioritising business continuity, have been crucial contributors towards maintaining our business resilience.

Our robust Balance Sheet is another line of defence against the business tremors that occasionally impact the oil and gas industry. Our extremely low gearing level, access to credit lines (which are sparingly utilised), and rigorous pre-investment processes all demonstrate a disciplined and prudent financial management approach.

A strong, unleveraged Balance Sheet and the knowledge and experience of our people are attributes that have repeatedly combined to allow us to acquire mid-life assets in our areas of geographic interest, at opportune times and at commercially attractive valuations. As an example, in 2015, when oil prices experienced a sharp fall (as a result of the 'United States' Shale Revolution') and whilst most were retreating the sector, we quickly pivoted from exploration and development opportunities and aimed our focus towards acquiring safe brownfield assets (i.e. producing assets in legally well understood jurisdictions). We repeated this approach in 2016 and just recently, in June 2021 did the same, for a third time. On each occasion, valuable licences were secured, enhancing the asset portfolio of the Group.

Leadership Driven by Objectives to Transform the Group

In 2017, the Leadership Team established a set of long-term Key Performance Indicators (KPIs) that were captured as part of the Group Mission statement. Key objectives that were set entailed producing in excess of 20,000 barrels (bbl) of oil per day and securing at least 100 million bbl of oil as proven and probable reserves (2P reserves) by 2021. On 1 June this year, the Group announced the execution of a conditional Sale and Purchase Agreement (SPA) to acquire all the oil and gas assets of Repsol Exploración S.A. in Malaysia and in Block 46 PSC Cai Nuoc in Vietnam. This transformative acquisition will propel the Group towards achieving its 2017-2021 Mission and be the foundation upon which future goals will be established for the benefit of all stakeholders. As a Group, we are extremely pleased to have been able to progress towards the delivery of the targets we set ourselves in 2017 and we look forward to continuing in the same vein in the future.

The Repsol Transaction

We believe that upon completion, this transaction will be transformative for the Group. This assertion is based on the following fundamentals:

- Our production is expected to increase from about 9,000 barrels of oil equivalent (boe) per day to nearly 26,000 boe per day.

Based on independent assessments, our current 2P reserves base will increase by more than 60% from about 50 million boe to nearly 83 million boe.

In addition, a fair market valuation obtained from RPS Energy Consultants Limited, a reputable reserves assessor and valuer, estimated the assets that we acquired to be worth about USD285 million. The Group secured these assets for USD212.5 million providing us with a measure of downside financial protection if market conditions deteriorate in the future.

In fact, since the announcement of the Repsol transaction, market conditions have improved and it is likely that the value we have acquired is even greater than previously estimated.

The Group has been focusing on this specific asset as an acquisition target for a number of years. There are several reasons for our interest:

- We are assured by the quality of the infrastructure that is in place as it has been constructed and operated by top tier Independent Oil Companies (IOCs), initially Talisman Malaysia Ltd and subsequently the Repsol Group. Such top-tier companies do not compromise with technical and asset integrity standards;

- From a sub-surface perspective, these are proven accumulations of hydrocarbons with a production history that exceeds 20 years, i.e. since 1997;

- There is a good reserves and resources base of which almost 50% is gas. Currently, only 3% of our production is gas but post completion of the Repsol transaction, our gas production will increase to about 30%, giving us a more resilient portfolio. Most of this gas supply is delivered to South Vietnam and is a critical energy resource for this area; and

- This asset portfolio allows us to further build our business relationships with Petroliam Nasional Berhad (PETRONAS) and PetroVietnam.

Currently, we are actively engaging with the various regulators to ensure that all the necessary approvals will be secured expeditiously.

Our Financial Performance

The first half of FY2021 was a period of global macro-economic uncertainty. Demand for commodities was relatively soft and oil prices were mainly supported by a strict adherence to production quotas by members of the Organization of Petroleum Exporting Countries and their allies (OPEC+).

Over the second half of our financial year, economies with ready access to the various types of approved vaccines implemented aggressive innoculation programmes to protect their respective populations from the severe effects of COVID-19. As the vaccination programmes progressed globally, more and more economic activities have been permitted to restart. Against that backdrop, demand for commodities have grown stronger.

Member countries of OPEC+ have maintained their discipline with controlled volumes of crude oil and gas being produced. This restricted production quota strategy by OPEC+ has led to stronger and more stable crude oil prices being prevalent during the first half of 2021. Whilst there has been a positive upward movement of oil prices over the course of FY2021, there is no certainty of a stable business environment as variants of the COVID-19 virus are emerging across the world.

Given these uncertainties, we are pleased with our financial results for FY2021. We have reported a Profit After Taxation (PAT) of RM103.7 million, and our EBITDA has remained strong at RM380.8 million. In addition, during FY2021, the Group declared a maiden single-tier interim dividend of 0.50 sen per ordinary share, and an aggregate sum of RM9.9 million was paid to shareholders on 8 April 2021.

The Board of Directors of the Company has also proposed a final single-tier dividend of 1.0 sen per ordinary share. A resolution in respect of this proposal will be tabled for the consideration and approval of our shareholders at the Annual General Meeting (AGM) of the Company to be held on 14 December 2021.

We hope that post completion of the acquisition of the Repsol assets, and subject to a strong crude oil price environment, the Group will be able to further reward loyal shareholders in the future.

CHAIRMAN'S STATEMENT

Our Safety Performance

Our work environment demands constant vigilance and attention towards Health, Safety, Security and Environment (HSSE) considerations. The alarmingly high rate of spread of the COVID-19 virus has required that we respond with stringent measures to keep our employees and contractors as safe as practicable, adding further responsibilities on our Leadership Team in this important area.

Our Safety performance for FY2021, as tabulated below, reflects our performance in this key area, recording zero Fatality and Lost Time Injury Frequency (LTIF) in all our operated assets, across all locations.

Period: 1 July 2020 - 30 June 2021

	United Kingdom	Malaysia	Australia
Fatality	0	0	0
LTIF*	0	0	0

Figure 1

* *LTIF represents the number of lost time injuries (LTI) i.e. fatality, permanent disability or time lost from work occurring in a workplace per 1 million hours worked by employees and contractors.*

The key HSSE initiatives that were conducted in FY2021 are itemised in the Sustainability Report section of this Annual Report 2020/2021. We have continued with the *'I Care for Your Safety'* campaign which was initially launched during FY2019 and we have overlaid this programme with a successful, maiden roll-out of the International Association of Oil & Gas Producers (IOGP) Life Saving Rules across all business locations. The IOGP Life Saving Rules are accepted across the oil and gas industry and serve as a guide on the actions which our personnel may take to protect themselves and their colleagues at the worksite at various stages of job execution. We hope that such empowerment enhances the preservation of a safe work environment.

Environmental, Social and Governance (ESG) Considerations

Over the past few years, our Company has been gradually working on initiatives with the objective of being a responsible corporate citizen. It is thus satisfying to note that our strong commitment to ESG considerations has resulted in the Group being ratified as a constituent of the FTSE4Good Bursa Malaysia Index.

The FTSE4Good team, based in the United Kingdom, assess companies on Bursa Securities annually. After their last assessment, conducted in 2021, we were placed as a top quartile constituent with a 'four star' (out of a maximum of 'four stars') rating. Bursa Securities has 762 Main Market listed participants and only 76 of these companies qualified to be on this index. In addition, we have also recently been included in the FTSE4Good Bursa Malaysia Shariah Index. We remain committed towards being a constituent and we will work diligently towards meeting the qualifying criteria (which increases in degree of difficulty progressively) in future years.

On 28 April 2021, the Securities Commission of Malaysia (SC) issued an update to the Malaysian Code of Corporate Governance (MCCG). The 2021 update of the MCCG introduces best practices and guidance to:

- improve board policies and processes including those related to director selection, nomination and appointment;
- promote meaningful engagement between listed issuers and their stakeholders;
- strengthen board oversight and the integration of sustainability considerations in the strategy and operations of companies; and
- encourage the adoption of the best practices, particularly those found to have relatively lower levels of adoption, as highlighted in the SC's Corporate Governance Monitor report.

Listed Issuers have been given a specified timeline to implement the updated requirements of the MCCG 2021. Since the implementation of these new requirements, the Board of Hibiscus Petroleum Berhad has reviewed our internal practices and have noted the steps necessary to ensure compliance with the revised requirements of MCCG 2021.

A number of our initiatives in the area of ESG have been documented in the Group Sustainability Report, found in the later section of this Annual Report 2020/2021. We hope it:

- demonstrates the purpose-driven way in which we are approaching our key responsibilities; and
- provides details on the advances we have made throughout the last financial period in addressing material sustainability matters to the Group and capitalising on the opportunities before us.

The Next Five Years and Beyond: Institutionalising our Climate Commitment

One of the most pressing issues arising out of the COVID-19 pandemic is the global urgency to address climate change. Countries and organisations have been urged to adopt a Net Zero Emissions position by 2050, a policy target which underpins the Paris Agreement. The Group is cognisant of our climate obligation. In April 2021, we declared our aspiration to be a Net Zero Emissions producer as part of our Mission Statement which is aligned with the Malaysian Government's aspiration to reach Carbon Neutrality as early as 2050. This was recently announced under the 12th Malaysia Plan (2021-2025). The UK Government is also pursuing a legally binding Net Zero goal by the same date. To this end and pursuant to the Group's *Sustainability Policy*, the Group has adopted the relevant United Nations' (UN) Sustainable Development Goals in our Energy Transition Strategy to reinforce our alignment with the UN's call for their Decade for Action.

Over the next five years, our Energy Transition Strategy will include fortifying the resilience of our portfolio of hydrocarbon assets, decarbonising our upstream operations, and investing in green/clean energy opportunities. The resilience of our portfolio of assets may be enhanced by increasing our gas reserves and resources, as we believe gas has a critical role in the energy transition. We realise that the global climate change agenda poses regulatory-based business continuity threats, but it also provides opportunities for us to invest in climate-related solutions. With regard to such opportunities, we will prioritise those that are complementary to our industry, particularly if they allow us to leverage and expand on our existing expertise and capabilities.

Lastly, we do realise that climate change is an immense global challenge. The Group's commitment to address climate change shall be premised on the principle of common but differentiated responsibilities (CBDR), a principle prescribed within the UN's Framework Convention on Climate Change (UNFCCC). We will endeavour to collaborate with our key stakeholders to develop and implement climate actions based on this principle within our respective capabilities.

Our Thanks

First and foremost, I would like to express the Board's heartfelt and sincere appreciation to our shareholders who have remained loyal to the Group over these past ten years. Your support has been crucial through the many troughs and crests that our industry has experienced over the past decade. It has availed us opportunities to improve our business resilience and remain relevant to our stakeholders as we continue building and growing our Company through investments. We hope that our performance to date and our responsible approach in this extractive industry, within the context of energy transition, will convince you to remain invested in our Group.

Thank you.

The extended period of the global pandemic has been very challenging for businesses. Within our organisation, all our staff worked throughout the various periods of the movement control orders, whether from home, the office or work locations onshore and offshore. Those working at our offshore facilities deserve special mention, having made (and continuing to make), personal sacrifices, being subject to long periods of quarantine in order that we deliver uninterrupted operations. Inter-state border closures have also prevented many of our offshore personnel from returning home for several months. Your efforts to safely maintain business continuity have not gone unnoticed.

Thank you.

CHAIRMAN'S STATEMENT

The duties for the Board have been increasing as stakeholders raise their expectations, particularly in the areas of corporate governance and transparency. We are now also having to increasingly consider our business activities and direction through the lenses of sustainability and ESG. These fast-developing and changing expectations of stakeholders mean, moving forward, that we need to take a deeper and wider perspective of our present and future activities in our decision-making process.

As has always been the case, it has been a pleasure to work with my fellow Board members who have continuously discharged their duties with utmost care and dedication. Many of the matters that we reviewed at the Board were highly technical, and sometimes, with considerable detail being presented by our Management Team. Also, over these past few months, many of our Board meetings were conducted virtually, without much face-to-face deliberation. Despite these challenges, detailed, high quality, robust discussions and meticulous reviews always preceded our decisions. My thanks to my fellow Board members for their individual contributions.

On behalf of the Board, I would also like to extend our thanks to all our stakeholders. I know I have already thanked our shareholders, but I do not apologise for thanking you again for your continued trust and support. This year, given the COVID-19 situation, we will be once again conducting our AGM virtually. We believe we successfully conducted such an event last year and we look forward to another virtual AGM this year.

I would also like to take this opportunity to record our thanks to the relevant regulators in Malaysia, namely the Securities Commission, Bursa Securities and Bank Negara Malaysia. They have all assisted us at all stages of our growth with timely approvals for various corporate exercises. Our industry-specific regulators also deserve special mention, namely PETRONAS, PetroVietnam, the Oil and Gas Authority (OGA), United Kingdom (UK) and the Department for Business, Energy & Industrial Strategy of the UK and the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) of the Commonwealth of Australia. Your continuous support has been instrumental in our success.

At the asset level, we work with our partners and co-venturers. On behalf of the Board, I would like to extend our thanks to each of them - PETRONAS Carigali Sdn Bhd, Ping Petroleum UK Limited, Ithaca Energy (UK) Limited, Caldera Petroleum (UK) Ltd, NEO Energy (ZPL) Limited and 3D Oil Limited – for their support and co-operation over the past year.

The partnerships and relationships that we have with the oil trading groups of Trafigura Pte Ltd and BP Oil International Limited have also been instrumental in assisting us reach this milestone of the tenth anniversary of our Group.

Thank you.

This past financial year has been operationally busy. To assist us in achieving our objectives, we have relied on contractors and their contractors. To each of you, thank you for your support and commitment in helping us achieve our operational aspirations and safety related goals.

Over the past year, we have engaged with several financial institutions in an effort to secure equity and debt facilities that will enable us to leverage our Balance Sheet more efficiently as we grow our Company. We have received tremendous encouragement in this area. On behalf of the Group, thank you for your confidence in us.

Finally, I would like to extend my thanks to the Management Team and our employees. Once again, your dedication and professionalism towards delivering our short-term business objectives and long-term five year mission have been of the highest standard. Your responses to the sudden changes in the business environment have also demonstrated an agility that is fundamental to our business continuity in these uncertain times. The work that was done to bid for and sign the conditional SPA to acquire all the oil and gas assets of Repsol Exploración S.A. in Malaysia and in Block 46 PSC Cai Nuoc in Vietnam, was of the highest standard. Your determination to deliver transformational targets in an effort to enhance shareholder value is particularly encouraging. I also feel that our safety performance and the initiatives you have implemented towards improving our ESG positioning should be especially lauded. These efforts will have a long-term positive impact on our business and will showcase to all our stakeholders that we strive to be a responsible corporate citizen. Whilst you continue to pursue our business goals, I urge you to always remember to continue to prioritise the objective of keeping everyone safe and secure at the workplace and never forget the importance of caring for the environment.

After operating for ten years, Hibiscus Petroleum Berhad is now being recognised as an upcoming regional IOC in the exciting and emerging South East Asian business landscape. Reputable business partners are now a part of our growth formula and with these alliances we believe our aspiration of being a respected and valuable Exploration & Production operator in the Oil and Gas business is at hand.

We thank you for having been a part of our journey and for being an integral part of our story.

Thank you.

ZAINUL RAHIM BIN MOHD ZAIN
Chair of the Board

4 October 2021

A STRONG FOUNDATION, AN EXCITING FUTURE

Today, more than 400 people are part of Team Hibiscus. But in the early days, when we were small, you were there.......

Dr Pascal Hos

- A co-founder of Hibiscus Petroleum
- Today, Pascal is Senior Vice President overseeing new business development initiatives

Joyce Vasudevan

- A co-founder of Hibiscus Petroleum
- Our first Chief Financial Officer
- Today, Joyce is Head of Corporate Finance

Thank you for still being here with us !

MANAGEMENT DISCUSSION AND ANALYSIS

DR KENNETH GERARD PEREIRA
Managing Director

1. Overview of Our Business and Operations

A. Our Business – Adapting to the Times

Fundamentally, our business model has not changed. Hibiscus Petroleum Berhad (Hibiscus Petroleum or our Company) and our subsidiaries (our Group) remain focused on creating value for all our stakeholders by safely and efficiently finding and producing hydrocarbons and bringing these resources to market. Over the past year, in line with global concerns on the negative impact of fossil fuels use on climate change, we have increasingly made environmental considerations an important factor in our development and operational strategies.

The oil and gas fields which are part of our portfolio are located primarily in the continents of Asia and Europe, particularly in the North Sea and in Southeast Asia. We intend to maintain our geographic focus in these areas as we assess future growth opportunities. Within our portfolio, we possess licences which are in production and others which remain undeveloped. In conducting our business, we collaborate and/or compete with state-owned enterprises, other public-quoted entities and privately held companies from around the world. A key element of our business strategy is to operate or jointly operate the assets within our portfolio so that we have:

- influence over the phasing and deployment of capital;
- a degree of control over the operating philosophy invoked; and
- the opportunity to rollout components of our Environment, Social and Governance (ESG) agenda together with our co-venturers.

Where possible, we also independently contribute to initiatives which have a social impact and deliver other benefits to communities, present in the areas around where we operate. This is a part of our effort to foster a closer cohesion with these communities as we enhance our social licence to operate.

At this time, our revenues are mainly derived from the sale of crude oil and some gas. Given that the volume of gas sold by our Company is small, a major part of our business performance is sensitive to the price at which we can sell the volumes of crude oil that we produce matched against our costs of production.

For the current financial year ended 30 June 2021 (FY2021), it is important to note that our produced volumes of crude oil and gas were not subject to any hedging related structures. However, the Company did enter into certain fixed price agreements for 750,000 barrels (bbl) of crude oil that were sold to Trafigura Pte Ltd (Trafigura), as part of our North Sabah Offtake arrangements during the period July 2020 to December 2020. These arrangements were put in place in April 2020 as part of our strategy to ensure business continuity during a period of high volatility in oil prices and general uncertainty in the global economy ensuing from the COVID-19 pandemic.

B. Macro Trends

Oil and gas dropped from 62% of global energy consumption in 2019 to 56% in 2020. This reduction is primarily attributed to the impact of COVID-19 on the global economy. As the effects of the pandemic took hold and demand for energy reduced in general, the requirement for oil dropped more than that of any other fuel. As more vaccination programmes are rolled-out globally and with work and movement rules becoming less restrictive, forecasts of increased levels of demand for oil and gas are becoming more prevalent. The International Energy Agency (IEA) is now estimating that oil demand will recover to pre-pandemic levels by the end of 2022. It is also expected that demand for gas will exceed pre-pandemic levels by the end of 2021.

The energy landscape is also being impacted by other factors which have long term consequences. Historically, economic growth has been linked with increasing levels of energy consumption. As a result of efficiency gains, technology advancements and fuel switching (to a certain degree), a decoupling of energy utilisation and Gross Domestic Product (GDP) growth is being demonstrated and a long held economic paradigm is being disrupted. Global consulting firm, McKinsey and Co. has estimated that by 2050, the energy intensity of global GDP could drop as much as forty percent.

The Intergovernmental Panel on Climate Change (IPCC) has, in their recent 6th Assessment Report (AR6), called on industry, policy leaders and consumers to act urgently to curb the causes of climate change. However, factors such as the requirements of emerging economies and many "hard to abate" sectors, have convinced the IEA that oil and gas production will continue to have a significant role to play in the energy ecosystem. The IEA has proposed a pathway to neutralise the carbon footprint of the global energy ecosystem by 2050. In such scenario planning, the IEA has concluded that investments in low carbon fuel such as blue hydrogen and carbon capture initiatives are critical and would have to be delivered at pace to bridge the residual gap to Net Zero left by the existing green technologies.

These recent macro trends are changing the landscape of our industry sector and certain factors are emerging for detailed consideration by industry participants going forward. These developments, their drivers and effects are further elaborated in the following paragraphs:

1. Political Trends

Net Zero: In the United States, President Joe Biden, representing the Democratic Party, was elected in November 2020. Within six hours of his inauguration in January 2021, the President signed an Executive Order to return the United States to the landmark Paris Agreement that pledged to substantially reduce global carbon emissions. Three and half years before, the then President, Donald Trump, had announced plans for the United States to withdraw from the Paris Accord. With the re-inclusion of the United States, 191 countries, including, some of the largest economies are working to fulfil certain targets; China to be Net Zero by 2060 whilst certain other nations or trading blocs, like the United Kingdom (UK), the European Union (EU), Korea and Japan, have committed to the achievement of a similar target by 2050. On 27 September 2021, the Malaysian Government declared, during the tabling of the 12th Malaysia Plan (2021-2025), their aspiration to achieve Carbon Neutrality as early as 2050. The 12th Malaysia Plan has strong alignment with the United Nations Sustainable Development Goals (UN SDGs) and the Malaysian Government has called for the private sector to adopt the Net Zero goal citing Petroliam Nasional Berhad (PETRONAS), amongst others, as exemplary in demonstrating corporate leadership in their aspirational goal of achieving Net Zero Carbon Emissions (NZCE) by 2050. With the 26th United Nations Climate Change Conference of the Parties (COP26) scheduled to take place in Glasgow from 31 October 2021 to 12 November 2021, it is expected that more countries and corporations will announce their commitments towards the achievement of the Paris goal.

MANAGEMENT DISCUSSION AND ANALYSIS

OPEC+: Overall, for the period 1 July 2020 to 30 June 2021, there has been a high level of compliance by the Organization of Petroleum Exporting Countries and its allies (OPEC+) to agreed crude oil production quotas. Public disclosure and communication of production and supply plans have also been conducted in an orderly and transparent manner by the OPEC+ consortium. This resulted in less volatile crude oil prices movements when compared to fluctuations observed in the previous year. In the near term, it is expected that the influence and actions of the OPEC+ movement are going to remain relevant in the management of crude oil supply.

2. Social Trends

COVID-19 Twilight: The rampant effects of COVID-19 were widely publicised all through 2020. The risks posed by the virus required the imposition of temporary movement control regulations and many economic activities had to be conducted from home. The "Work-from-Home" or "WfH" regime became a norm in many countries. This impacted one element of crude oil demand as travel to and from work was not a daily occurrence for millions of people. In November 2020, vaccines that were being "fast-tracked" through regulatory-related testing protocols secured approval for a global rollout. Since then, the adverse impact of the global pandemic has been gradually receding as the various vaccines have started shielding humans against the most serious effects of the virus. There are still various mutations and strains of the virus that periodically emerge in different parts of the world but simultaneously, more research and knowledge are being applied into vaccination protocols. Whilst the medical battle continues, certain social and behavioural realisations seemed to have taken place:

- WfH is gradually being accepted as a feasible way to perform many types of work scopes; and
- Health and the quality of our environment are fast becoming increasingly important social considerations.

Dearth of Qualified Human Capital: The oil and gas industry is highly technical in nature and specialist skillsets have to be brought together to successfully execute a project. The continuous attack on the fossil fuel industry by the Climate Change Movement, the attraction of opportunities in the fintech and technology space, the excitement of self-employment using digital platforms and an aging existing workforce have combined to cause a dearth of qualified human capital available to companies in the oil and gas sector.

Climate Change Awareness and an Increase in Litigation Cases: There is a great deal of scientific debate on the topic of whether greenhouse gas (GHG) emissions are responsible for some of the extreme weather conditions being experienced in certain areas of the world at this time. Social and public broadcast media are linking GHG emissions with extreme weather events. As a response, environment-friendly groups have used social media, crowd funding platforms and the influence of the institutional investing community as a means of gathering support or financial assistance to challenge large oil and gas companies in the boardroom or courtroom with the goals of:

- Invoking change in strategic thinking at the leadership level of corporate organisations;
- Forcing these companies to meet specified emission targets within a defined timeframe; and
- Halting or delaying the implementation of oil and gas development projects.

It is paradigm shifts such as these that would likely impact our industry in the mid-term.

3. Business and Economic Trends

Portfolio Rationalisation of the European Independents: Whilst findings from the IPCC have been the focal point of the global movement against climate change, the EU has not been far behind as a staunch promoter of the climate goals being pursued. In mid-2020, the EU launched "The European Green Deal" with the objectives of transforming the EU into a modern, resource-efficient and competitive economy, ensuring:

- no net emissions of GHG by 2050;
- economic growth decoupled from resource use; and
- no person and no place left behind.

Many European Independents have responded by rationalising their global portfolios and reallocating vast sums of capital from oil and gas developments to a range of green and low carbon investments.

Imposition or Increase in Carbon Taxation: The EU Emissions Trading Scheme (ETS) was established in September 2005 and is a cornerstone of the EU's policy to combat climate change. It is also a key fiscal tool for reducing GHG emissions cost-effectively. It is the world's first major carbon market and remains the biggest one. In January 2021, following Brexit, the UK established their own ETS. The prices of carbon credits traded under both the EU and UK ETS were gradually increasing but their levels have spiked in recent months. The message is clear, emissions must be managed but there is also a scenario in which credits could increase to levels where certain businesses become uneconomic. This could then trigger the closure of such businesses, causing further pressures within the supply chain in the short and medium term but spurring innovation in the longer term. In Malaysia, under the 12th Malaysia Plan (2021–2025), the government is considering implementing a domestic ETS in anticipation of the EU's implementation of the cross-border adjustment mechanism (CBAM) post 2025. The government is also drafting a National Guidance on Voluntary Market Mechanisms. The guide is legally non-binding and it is intended to be a point of reference for any entity planning to engage in voluntary carbon market mechanisms or international carbon market related activities.

Shortage of Natural Gas: It is predicted that the key sources of electricity supply in the future will come from variable renewable energy (e.g. wind and solar) which are intermittent in nature (i.e. the sun is not constantly shining and the wind is not always blowing). To manage the energy demand gap caused by their intermittency, gas is utilised in the generation of power. Indeed, gas has been identified as the transition fuel until alternative cleaner solutions reach cost competitiveness with gas. Given that investment in exploration for fossil fuels has dramatically fallen, there are concerns about the long-term supply and availability of gas. Gas projects, specifically, take a relatively long time to implement and given current demand uncertainties, declining levels of capital are being directed into enhancing production in this area as well. Thus, a supply gap is arising from the readiness of alternative, clean energy sources and adequate gas availability. This gap could result in a prolonged period of high gas prices.

US Unconventional Oil and Gas: In 2014/2015, the implementation of new technologies like horizontal drilling and the fracturing of shale formations made the United States onshore petroleum basins some of the fastest growing oil producing regions of the world. The volatility introduced into the crude oil markets as a result of record-breaking supply becoming available precipitated an eventual restructuring of the membership (to include specific alliance partners) and role of OPEC. Since then, even though oil prices have rebounded, lack of financial support for the United States shale business and a change in the Presidency in favour of the Democratic Party has resulted in a subdued redeployment of drilling rigs onshore the United States. Nonetheless, the capacity to rapidly ramp up production remains a continuous threat and is likely a potential counterbalance to a sharp rise in oil prices.

Electric Vehicles: The global adoption of electric vehicles (EV) in the years ahead is expected to reduce demand. Oil demand for vehicular consumption is projected to decline slowly up to 2030 but recent shortages in the areas of semiconductors and rare earth materials, both critical elements of the EV supply chain, may impede the rate of take-up of such cleaner forms of transport.

4. Technology

Remote Support: With there being a dearth of qualified human capital available to address technical issues that arise in the field, the combination of Virtual Reality devices coupled with fast internet connectivity and remote (centralised) technical support centres are being used to share scarce, qualified human resources across a geographically spread, diverse client pool. This mode of support is allowing faster response times and more cost effectiveness in the solution of technical and operational problems. In the future, with greater levels of digitalisation and fifth Generation (5G) connectivity, it is expected that the application of systems such as the Internet of Things (IoT) will be more prevalent, leading to greater levels of efficiency and safety.

Robotics: A new generation of "inspection" robots are now able to perform repetitive inspection and monitoring tasks thereby mitigating safety risks to humans and in the process, reducing operating costs.

Wearables: The miniaturisation of sensors has allowed a number of measurements to be monitored or acquired using devices that are compact, light and wearable. Such devices are playing a role that is creating an even safer work environment.

MANAGEMENT DISCUSSION AND ANALYSIS

Artificial Intelligence (AI), Blockchain and Machine Learning (ML) Algorithms: In the process of conducting operations (seismic data acquisition, interpretation, drilling, production and refining) oil and gas companies diligently collect voluminous datasets. Today, digital twins are programmes used to create simulations that can predict how a product or process will perform, and these applications are found to have utility in the oil and gas sector. These applications are in turn enhanced by the integration of AI and ML algorithms which are being used to analyse these datasets, identify trends, predict potential scenarios and even recommend optimal responses. In the area of blockchain technologies, these are being integrated into inventory management systems to enhance overall financial control.

Four-dimensional (4D) Seismic Processing Technology and Enhanced Oil Recovery (EOR): In the near future, it is expected that the securing of new permits and licences for oil and gas acreage will become increasingly more difficult given the action of the Climate Change Movement. Thus, optimal exploitation of existing permits will become key. In this respect, technologies such as 4D processing will highlight how oil and gas reservoirs are being evacuated. Such information will allow for the optimum planning of infill drilling campaigns and the design of EOR programmes.

Cyber Security Threats: Cyber security threats refer to any possible malicious attack that seeks to unlawfully access data, disrupt digital operations or damage information. Cyber threats can originate from various actors, including corporate spies, "hacktivists", terrorist groups, hostile nation-states, criminal organisations, lone hackers and disgruntled employees. In recent months, numerous high-profile cyber-attacks have resulted in sensitive data being exposed. Cyber attackers can use an individual's or a company's sensitive data to steal information or gain access to their financial accounts, among other potentially damaging actions. Given the increasing level of reliance of all industries on digital technology, it has become necessary to invest in more robust security systems to protect information technology systems. Related points on cyber security threats include:

- IoT: Individual devices that connect to the internet or other networks and offer an access point for hackers.
- The Explosion of Data: Data storage on devices such as laptops and cellphones makes it easier for cyber attackers to find an entry point into a network through a personal device.

HIBISCUS PETROLEUM'S INFRASTRUCTURE

Complex Information and Communications Techonolgy Infrastructure at Hibiscus Petroleum

450+	700+	10+	50+
Users	Devices	Locations	Applications

Hibiscus Petroleum's Infrastructure is under constant threat

MALWARE | PHISHING | INSTRUSIONS | DATA

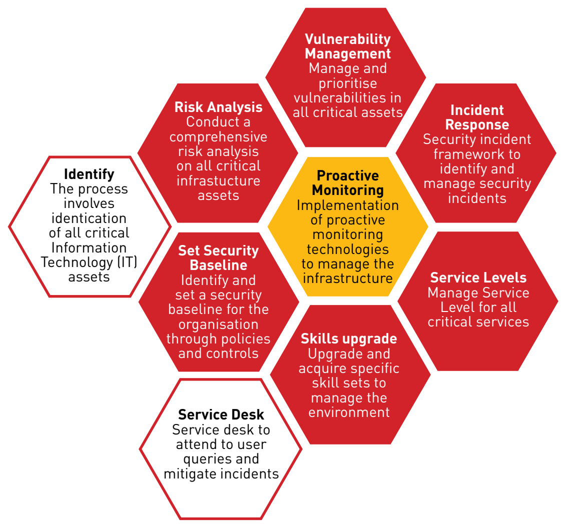


Figure 1: Hibiscus Petroleum's Cyber Security Initiatives

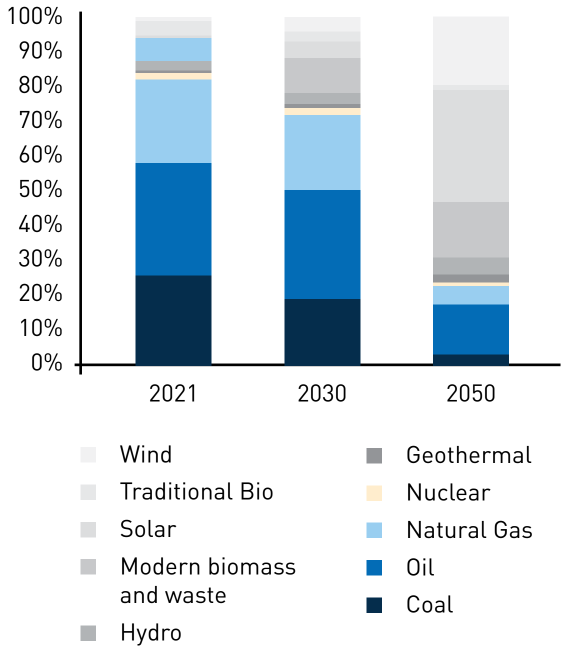
A Review by Rystad Energy

Oil and Gas Outlook Amidst the Energy Transition

Rystad Energy has developed a Global Energy System Framework and modelled various scenarios (i.e., 1.5˚C, 1.7˚C, 1.9˚C scenarios) to fully cover the energy system from Primary Energy, through to its end-uses, losses, as well as its intermediate forms.

Amidst the Energy Transition, new energies such as Solar, Wind, Batteries and Hydrogen are expected to become increasingly competitive as costs and technology improves. In the long run, primary energy will mainly be dominated by these cleaner energies, while demand for traditional sources of fossil-fuels (e.g., oil and gas) would decrease. For example, the 1.5˚C scenario estimates that solar and wind will increase from 2% to 52% of primary energy by 2050, while oil, gas and coal will decline from 82% today to 23% of primary energy by 2050.

Primary Energy Mix (1.5°C scenario)



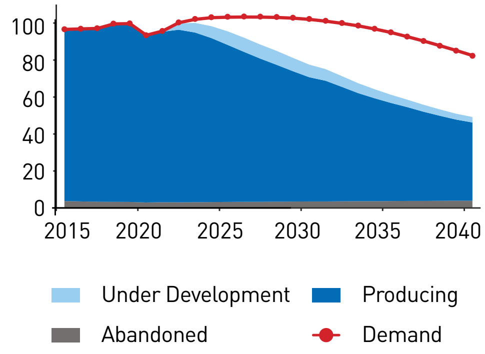
(Source: Rystad Energy)

Figure A: Primary energy mix up to 2050

As companies and countries introduce policies to reduce carbon emissions, E&P companies have also been diversifying their businesses towards cleaner sources of fuel, as well as plan for new initiatives in reducing the carbon emissions on their portfolio. This has mainly been led by Europe with the introduction of the EU ETS, some countries introducing carbon taxes, and ongoing discussions on a potential EU cross-border carbon tax. A risk for E&P investments would be if more countries start to introduce new/more taxes, increasing cost of production in the short term.

While we expect oil and gas demand to decline long-term, the next 10-20 years should still require significant investments for new wells to be drilled and for new projects to be sanctioned to meet demand.

Global Liquids Supply and Demand
MMbbl/day



(Source: Rystad Energy)

Figure B: Global Liquids Supply and Demand (2015 - 2040)

The shaded area in the figure above shows abandoned, producing and under development assets today if no further investments are made to maintain/increase production. The liquids gap between existing supply and our base case demand shows that 25-30 million barrels of oil per day (MMbbl/day) of production from new wells would be required by 2030, and ~35-40 MMbbl/day of production from new wells would be required by 2040. Our base case oil demand sees peak oil at 104 MMbbl/day by 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

5. The Malaysian Situation

The discussion in the preceding paragraphs has focused on the trends impacting our industry on the global business landscape. Our Company is a Malaysian listed entity with a substantial portion of our business in Malaysia. As this Management Discussion and Analysis is being prepared, it appears that the spread of COVID-19 in Malaysia is gradually being brought under control through mass vaccination programmes. Data has shown that vaccination does not prevent infection, but it does reduce the chance of a fatal outcome. Thus, vaccination, physical distancing and a strict adherence to health and safety protocols remain key towards a return to normalcy. It is hoped that during FY2022, overall domestic economic activity underpinning demand for our products and the availability of services that support our industry return to pre-pandemic levels.

C. Our Positioning

Our Company has evolved and today our activities may be broadly categorised into three areas, i.e.:

- Mid-life asset (brownfield) operations
- New developments
- Portfolio management

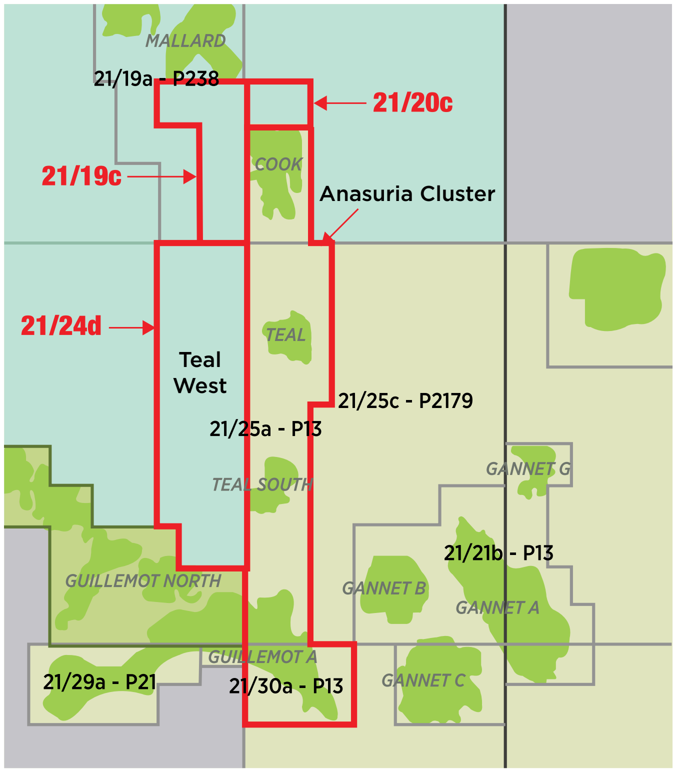


Figure 2: Location of new offshore blocks adjacent to the Anasuria Cluster

1. Mid-life Asset (Brownfield) Operations

This business area covers our operations or joint operations of 'mid-life' producing assets. These activities are our primary source of cash flow. Our business objective for this class of assets, during this time of the Energy Transition, is to make investments and technical enhancements that in the first instance, arrest the natural decline in production, and secondly, enhance output in a cost-efficient manner, thereby extending the economic life of oil or gas fields in our portfolio. In addition, when making such investments, we need to ensure that our carbon footprint does not increase and instead, on a holistic basis, shows or promises improvement.

The Anasuria Cluster in the UK sector of the North Sea and our North Sabah assets located in Malaysia fall into this category of our business. Within these brownfield clusters, there are growth opportunities using existing infrastructure. In January 2021, we executed the agreement for Licence 2535 Block 21/24d (containing the Teal West discovery) and efforts to secure regulatory approvals to progress opportunities within this licence to production are on-going.

In summary, our Mid-life Asset Operations need to be conducted safely, cost effectively and show a reducing trend in the area of GHG emissions.

2. New Developments

This area of our business covers assets in which we have an interest but are not yet in production. For these assets, a defined development concept and timeline to convert them to income-generating assets have been determined and material financial and human resources are being deployed to progress business objectives. The development of opportunities within the Marigold and Sunflower Cluster (Licence P198, Blocks 15/13a and P15/13b) in the UK North Sea fall into this category of our business. In January 2021, we executed the agreement for Licence P2518 Block 15/17a (containing the Kildrummy discovery) as part of the 32nd UK Offshore Licensing Round. Subject to further technical work, we hope that Kildrummy becomes part of a long-term area development plan around the Marigold and Sunflower Cluster.

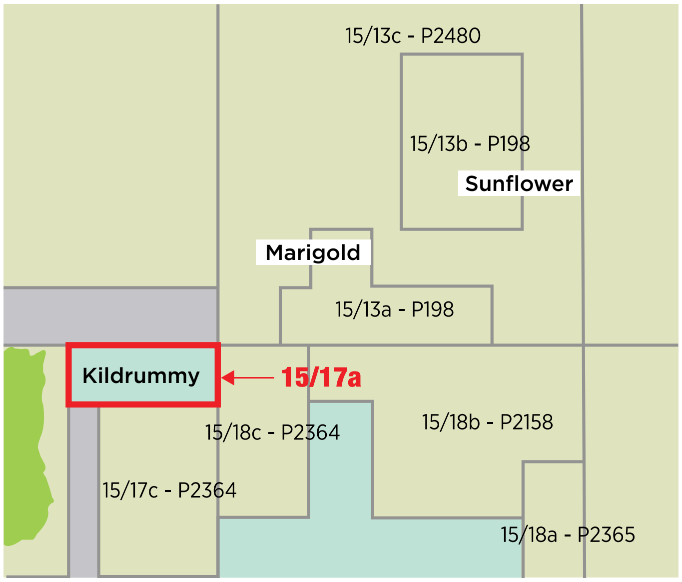


Figure 3: Location of Kildrummy adjacent to the Marigold Cluster

3. Portfolio Management

We also possess interests in certain licences which have either exploration or development potential but are yet to possess a defined, future plan for exploration or exploitation. Our permits in Australia (i.e. VIC/L31, VIC/P57 and VIC/P74) fall into this category of our business.

As part of the effort to enhance shareholder value, our Business Development team continuously scan the market to optimise value from our existing portfolio.

D. Our Energy Transition Strategy

As mentioned in the preceding section, managing our carbon footprint has always been one of our priorities as part of our efforts to responsibly manage the environment that is part of our business ecosystem. Decarbonising initiatives have been implemented on an on-going basis in both Anasuria and North Sabah (see relevant sections of the Sustainability Report) since our acquisition of these assets. We can now report that the Group has made significant progress in reducing our GHG emissions (Scope 1 and Scope 2) in FY2021. The level of our Group's Absolute Emissions has reduced by 6% (or 35,795 tonnes CO_2e) compared to FY2020 while the Group's Emission Intensity has reduced by 18% (or 12.7 tonnes CO_2e/kboe) over the same period. Although the Group has always been gradually but conscientiously executing our decarbonising initiatives, the urgency of climate action has obliged us to communicate our Energy Transition Strategy in the public domain. In the following paragraphs, we provide an overview.

Figure 4: Hibiscus Petroleum's Energy Transition Strategy

MANAGEMENT DISCUSSION AND ANALYSIS

At Hibiscus Petroleum, our Energy Transition Strategy is an integral part of a long-term Corporate Strategy. Figure 4 models the objectives together with the primary and secondary enablers.

Our overarching aspiration of being a Net Zero Emissions Producer by 2050 is expressed as a key objective within our Mission Statement. This Net Zero aspiration aligns us with:

- the legally binding policy of the UK Government to be a Net Zero carbon emitter by 2050;
- the Malaysian Government's recent aspiration to reach Carbon Neutrality as early as 2050; and
- PETRONAS' aspiration to be at Net Zero Carbon Emissions by 2050.

Our Energy Transition Strategy is underpinned by three key pillars:

1. **Creation of a Resilient Portfolio of Hydrocarbon Assets**

   This initiative includes increasing natural gas resources in our portfolio as gas has an important role in the energy transition. In the electricity mix, fuel switching from coal to gas in the power sector is already taking place in jurisdictions where carbon pricing is high. In Malaysia, in the recent tabling of the 12th Malaysia Plan (2021–2025), the Government has announced that they will no longer construct new coal-fired power plants. This approach is in alignment with the Paris goal of promoting fuel switching to lower carbon fuels for energy supplies. As mentioned in the preceding section, gas currently offers the cleanest, reliable source of energy to complement variable, intermittent renewable energy sources (such as solar and wind). Additionally, natural gas can be decarbonised to form low carbon fuel (such as blue hydrogen/ammonia/methanol) which will be important to address the hard-to-abate sectors such as aviation, shipping and carbon-intensive industries through the use of carbon capture, utilisation and storage (CCUS).

2. **Decarbonising our Upstream Operations**

   We understand that it is inadequate to solely declare a long-term goal of being a Net Zero emissions oil producer by 2050. We acknowledge the importance of demonstrating our commitment by also developing a robust decarbonising roadmap to achieve this target. This process is on-going at this time and we are engaging on a frequent basis with our regulators, industry partners and technology providers to chart an optimal course. The decarbonising initiatives we have identified are itemised in the centre pillar of our

strategy model. These initiatives are at various stages of development and implementation. We are also exploring CCUS technologies in order to achieve deep decarbonising for our mid-life assets.

3. **Green/Clean Energy Investments**

   The Group recognises that climate-related investment opportunities may arise from time to time. To ensure that we remain focused and disciplined in our evaluation of these opportunities, our Board has approved the investment criteria we shall apply when we assess such new prospects. The Group is on a continual lookout for such opportunities which demonstrate attributes that are sustainable, profitable and applicable to our industry whilst leveraging on our existing capabilities.

Finally, reverting back to our Energy Transition Strategy, this is supported by foundations that are premised on our strong social and governance values which we have built since our inception a decade ago. Initiatives in this area are described in Figure 4. Our intention is to provide high quality employment for the people who work for us. In this effort, our staff's wellbeing, health, safety and security will continue to remain of utmost importance to us. We will also focus on transparent reporting with our climate disclosures (including measurable GHG metrics) being annually published in the Group's annual Sustainability Report. Whilst we have already aligned these metrics with the GHG Protocol Corporate Accounting and Reporting Standard, we are also in the process of exploring other international climate-related frameworks to improve our reporting to achieve higher disclosure and governance standards.

On 25 May 2021, the Group was invited by the United Nations (UN) to be part of their Global Roundtable on Transforming Extractive Industries for Sustainable Development: Financing for Development in the Era of COVID-19 and Beyond.

During the Roundtable, the Group presented our views on how Hibiscus Petroleum balances traditional areas of focus with innovation and new business opportunities such as green energy and we emphasised on the importance of UN upholding the principle of common but differentiated responsibilities (CBDR) and ensuring a just transition that leaves no one behind.

(Photo credit: UN 2021)

MANAGEMENT DISCUSSION AND ANALYSIS

E. OUR ASSETS

Jurisdiction	Malaysia			
Fiscal System	Production Sharing Contract (PSC)			
Licence Name	North Sabah PSC	Anasuria Cluster (or Anasuria)		
	2011 North Sabah Enhanced Oil Recovery PSC	P013 – Teal, Teal South and Guillemot A	P185 – Cook	P2535 – Block 21/24d
Fields	<u>Producing:</u> St Joseph, South Furious, South Furious 30 (SF30), Barton	<u>Producing:</u> Teal, Teal South, Guillemot A	<u>Producing:</u> Cook	<u>Discovered:</u> Teal West
Licence Tenure	2040	Life of Field	Life of Field	Life of Field
Direct Interest	50.0%	50.0%	19.3%	70.0%
Operatorship	Operated	Jointly-operated	Non-operated	Operated
Asset Type	Production	Production	Production	Development
Facilities/ Infrastructure	20 Platforms/Structures[1], 146 Wells[1], 1 Crude Oil Terminal	13 Subsea Wells[1], 1 FPSO[1]		2 Subsea Wells (future)
Net Oil Reserves and Resources (MMbbl)	2P Reserves: 23.1[2] 2C Resources: 14.6[2]	2P Reserves: 24.0[3]		2C Resources: 4.0[3]
Net Gas Reserves and Resources (Bscf)	-	2P Reserves: 9.8[3]		-

Notes:
1 As of January 2021.
2 As of 1 July 2021, based on the net entitlement of SEA Hibiscus Sdn Bhd (SEA Hibiscus), derived from RPS Energy Consultants Limited's report for the PSC life.
3 As of 1 July 2021, based on the participating interest of Anasuria Hibiscus UK Limited (Anasuria Hibiscus), derived from RPS Energy Consultants Limited's reports.
4 As of 1 July 2021, based on internal estimates.
5 Subject to outcome of decision on whether to maintain existing production licence or apply for a retention lease. Licence tenure for a retention lease would be five years.

United Kingdom			**Australia**		
Concession			Concession		
	Marigold Cluster		Bass Strait Cluster		
P2532 – Blocks 21/19c and 21/20c	P198 – Blocks 15/13a and 15/13b	P2518 – Block 15/17a	VIC/L31	VIC/P57	VIC/P74
Prospects: Cook West, Cook North (potential extensions of the current Cook field)	Discovered: Marigold, Sunflower	Discovered: Kildrummy	Discovered: West Seahorse	Prospects: Pointer, Felix	Prospect: BigFin
Life of Field	Life of Field	Life of Field	Life of Field[5]	2024	2025
19.3%	87.5%	100%	100%	75.1%	50%
Non-operated	Operated	Operated	Operated	Operated	Non-operated
Exploration	Development	Development	Development	Exploration	Exploration
-	8 Subsea Wells (future)	1 Subsea Well (future)	-	-	-
Subsurface studies yet to commence	2C Resources: 43.6[3]	Subsurface studies yet to commence	2C Resources: 8.0[4]	Best estimate prospective resources: 12 (Felix)	Subsurface studies on-going
Subsurface studies yet to commence	-	Subsurface studies yet to commence	-	Best estimate prospective resources: 177 (Pointer)	Best estimate prospective resources: 251 (BigFin)

Key:
- FPSO - Floating Production, Storage and Offloading vessel.
- 2P Reserves - Proven and probable reserves.
- 2C Resources - Best estimate contingent resources.
- MMbbl - Million barrels.
- Bscf - Billion standard cubic feet.

MANAGEMENT DISCUSSION AND ANALYSIS

F. Our Sales and Customers

The fields of the Anasuria Cluster and North Sabah produce a combination of oil, gas and water daily. Of value to us are the oil and gas components of this fluid stream. This fluid stream undergoes a process of separation prior to being sold. Produced water is removed, treated and is disposed. Separated oil is sold in parcels called 'cargoes'. Gas is either sold to third parties, used on our facilities for power generation or injected into some of the fields as part of increased oil recovery (IOR) activities. A small volume of gas is flared.

Water produced from our fields is treated to reduce the oil-in-water content to levels that are in compliance with local environmental standards. We take great care in monitoring the relevant levels to ensure that we do not breach permissible concentrations in the treated liquids. The treated water is subsequently discharged to the sea.

Our goal for FY2021 was to produce between 3.0 and 3.3 MMbbl of oil from the two clusters of producing oilfields (Anasuria Cluster and North Sabah) operated or jointly-operated by our Group. In retrospect, we produced a combined total of approximately 3.2 MMbbl of oil. Of that volume, 2.35 MMbbl originated from North Sabah (Figure 5), while 0.85 MMbbl was produced from the Anasuria Cluster (Figure 6).

In North Sabah, oil is lifted from the Labuan Crude Oil Terminal (LCOT) and is sold directly to Trafigura Pte Ltd, a large global commodities trader.

	Unit	FY2021	FY2020	FY2019
Net Oil Production	MMbbl	2.35	2.28	1.79
Net Oil Sold	MMbbl	2.67	1.87	1.96
Number of Cargo Offtakes	Nos	9	6	7
Average Realised Oil Price	USD/ bbl	52	57	73

Figure 5: Oil production and sales volume net to our Group from the North Sabah PSC over the last three financial years.

For the Anasuria Cluster, we have appointed BP Oil International Limited (BPOI) to lift our cargoes and to market them to refineries in Europe. The parent organisation of BPOI is BP p.l.c., a global energy company. To date, BPOI has successfully marketed all our cargoes at competitive prices.

Excess produced gas from the Anasuria Cluster is exported through the Fulmar Gas Line, which is part of the SEGAL (Shell Esso Gas and Associated Liquids) system, to the St Fergus gas terminal. Sales gas deliveries from St Fergus gas terminal are integral to meeting the UK gas requirements on a daily basis.

	Unit	FY2021	FY2020	FY2019
Net Oil Production	MMbbl	0.85	0.95	1.13
Net Oil Sold	MMbbl	1.03	0.76	1.35
Number of Cargo Offtakes	Nos	4	3	5
Average Realised Oil Price	USD/ bbl	50	59	67
Net Gas Sold (exported)	MMscf	716	652	799
Average Gas Price	USD/ MMBtu	2.23	1.34	3.24

Figure 6: Oil and gas production and sales volume net to our Group from the Anasuria Cluster over the last three financial years.

Notes to Figure 6:
- MMscf - Million standard cubic feet
- MMBtu- Million British thermal units

We are pleased with both our oil trading arrangements in North Sabah and in Anasuria. Our counterparties are reputable and have a large pool of clients. Working with major global players also ensures transparency and allows us to gradually develop business relationships with some of the largest global oil trading organisations.

G. Financial Performance

Financial Year End	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
Revenue (RM 'million)	804.8	646.5	988.3	394.3	261.3
EBITDA (RM 'million)	380.8	213.3	549.4	334.1	156.5
PAT/(LAT) (RM 'million)	103.7	(49.3)	230.0	203.7	106.1
Net Assets per Share	0.74	0.77	0.78	0.63	0.51
Debt (RM 'million)	(5.7)	(49.2)	-	-	-

Figure 7: Hibiscus Petroleum's financial performance over the last five financial years.

Notes to Figure 7:
- EBITDA – Earnings before interest, taxes, depreciation and amortisation
- PAT – Profit after taxation
- LAT – Loss after taxation

Figure 7 demonstrates our Company's financial performance over the last five years. For FY2021, we reported a Profit after Taxation (PAT) of RM103.7 million and an EBITDA of RM380.8 million. As of 30 June 2021, our total assets were approximately at RM2.8 billion and shareholders' funds stood at about RM1.5 billion.

Given the operationally challenging market conditions, particularly in the first half of FY2021, we are generally satisfied with our performance.

On 22 February 2021, our Company declared an interim single-tier dividend of 0.50 sen per ordinary share for FY2021, which was paid on 8 April 2021 to shareholders of ordinary shares whose names appeared on the Record of Depositors on 9 March 2021. This was our maiden dividend payment. On 4 October 2021, a final single-tier dividend of 1.0 sen per ordinary share was proposed by the Board for the consideration of shareholders at our forthcoming Annual General Meeting. We hope that we shall be able to continue to reward shareholders with dividend payments on the back of strong crude oil price performance.

Prudent cash flow management, loyal shareholders and careful sequencing of investment into opportunities and projects have continued to be key in ensuring that we maintain a degree of financial independence. Whilst profits are extremely important, Management's focus remains on delivering strong and sustainable EBITDA levels as long-term business continuity is of the highest priority.

H. Share Performance

Financial Year End	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
Year High (RM)	0.735	1.130	1.320	1.150	0.540
Year Low (RM)	0.445	0.260	0.775	0.400	0.175
Year Close (RM)	0.685	0.615	1.070	0.885	0.410
Trading Volume (million)	6,616	11,214	8,030	10,091	7,805
Market Capitalisation (as at the Year End) (RM 'million)	1,370	977	1,699	1,405	592
Oil Price at Year Close (USD/bbl)	75	41	67	79	48

Figure 8: Hibiscus Petroleum's share performance over the last five financial years.

Figure 8 shows our share price performance over the last five financial years. In order to financially prepare ourselves to participate in regional merger and acquisition (M&A) opportunities, the Group sought shareholders' approval to issue up to RM2.0 billion in Islamic Convertible Redeemable Preference Shares (CRPS). This approval to issue the CRPS was obtained on 3 November 2020. During the months of October 2020 and November 2020, two tranches of CRPS were issued, raising RM203.6 million. In accordance with the terms of the CRPS, the funds raised from the issuance of the two tranches of CRPS were placed with Independent Trustees, to be used specifically for the acquisition of producing assets in Southeast Asia that met certain financial criteria.

As of 30 June 2021, 197.7 million units of CRPS, representing 97% percent of the CRPS issued had been converted into the ordinary shares of Hibiscus Petroleum.

I. Transformative M&A Transaction

On 1 June 2021, the Group's indirect wholly-owned subsidiary, Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus) entered into a conditional sale and purchase agreement with Repsol Exploración, S.A. for the proposed acquisition by Peninsula Hibiscus of the entire equity interest in Fortuna International Petroleum Corporation (FIPC) for a total cash consideration of USD212.5 million (Proposed Acquisition). FIPC holds operated interest in five PSCs in Malaysia and Vietnam. This transaction is expected to substantially increase:

- Group production of oil and gas;
- the proven and probable (2P) Reserves base of the Group; and
- Group EBITDA levels.

It is anticipated that the transaction will be completed by the end of calendar year (CY) 2021. However, given that the effective date of the Proposed Acquisition is 1 January 2021, all economic benefits and risks from that date will accrue to the Group upon completion of the transaction.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Review of Operating Activities

A. Malaysia – The North Sabah PSC

1. Production Operations

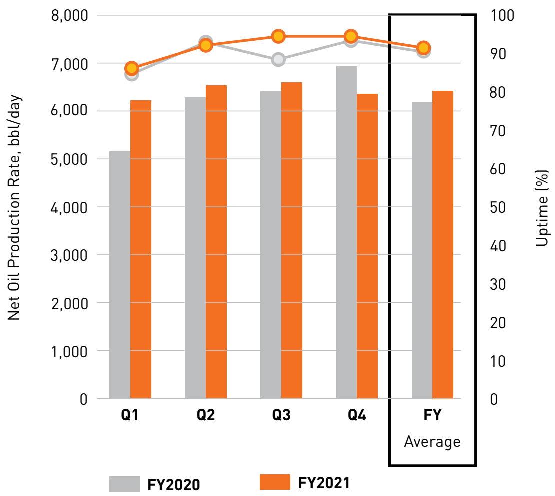


Figure 9: Average net oil production rate and uptime (RHS) of the North Sabah PSC.

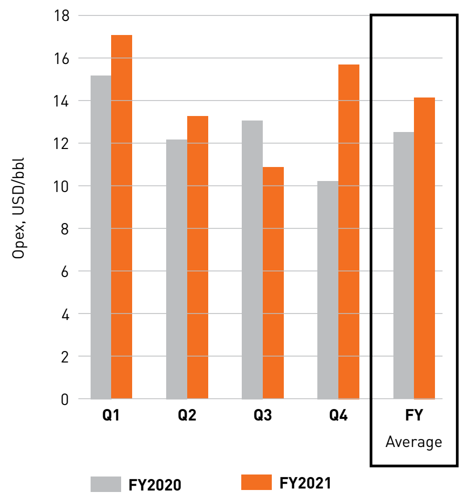


Figure 10: Average opex/bbl (unit production cost) of the North Sabah PSC.

FY2021 represents the third full financial year of our operatorship of the North Sabah PSC. As operator, we are responsible for the day-to-day operations and maintenance activities carried out on the asset, and the execution of production enhancement investments. During FY2021, we executed two drilling programmes in the North Sabah PSC, these being:

- the St Joseph Minor Sands Redevelopment which entailed the drilling of three infill wells; and
- the St Joseph Major Sands Redevelopment which entailed the drilling of one infill well.

When compared to the previous year, average facilities uptime in FY2021 increased by 1% to 92%. This improvement was the result of less available operating time being lost to shutdowns of facilities caused by drilling activities. In FY2020, a total of seven wells were drilled and these required an increased level of shutdown of production on the respective platforms.

As a result of the execution of a successful drilling programme, the average net oil production rate in FY2021 increased from an average of 6,222 bbl/day to an average of 6,442 bbl/day, an overall increase of 3.5%.

The average operating expenditure per bbl (opex/bbl), or unit operating cost, for FY2021 increased by 13% compared to FY2020 due to the execution of planned major maintenance activities as well as the increased costs associated with COVID-19 restrictions and standard operating procedures.

2. Awards

Our Group received the following awards over the course of FY2021 in Malaysia:

- Malaysia Upstream Awards 2020:
  - Best Emerging Petroleum Arrangement Contractor
  - Wells Excellence Category - GOLD Award
  - Drilling Excellence Category - BRONZE Award

- PETRONAS Focused Recognition Award – Awarded in December 2020 for successfully and safely completing the St Joseph Major and Minor Sands Infill Drilling Campaign without a Lost Time Injury, thereby maximising value and cash generation for the North Sabah EOR PSC partnership.

- PETRONAS Focused Recognition Award – Awarded in April 2021 for successfully initiating the 1st Integrated Coiled Tubing Unit (CTU) Catenary Campaign, resulting in safe catenary operations with an estimated potential instantaneous production gain of 1,350 bbl per day.

- PETRONAS Focused Recognition Award – Awarded in July 2020 for successfully delivering the St Joseph Minor and Major Sands Field Development Plan (FDP). The citation acknowledged our team for *"demonstrating strong commitment and determined effort to review St Joseph opex and firm pledge to cost reduction, leading to the timely delivery of cost-effective reserves monetisation. This resulted in a successful FDP formulation within a nine-month stretched timeline".*

3. Production Enhancement Projects

Project	Project Description	Status	Completion Date
SJ Minor Sands Redevelopment	Drilling of 3 infill oil producing wells	Completed	September 2020
SJ Major Sands Redevelopment	Drilling of 1 infill oil producing well	Completed	September 2020

Figure 11: Production enhancement projects in the North Sabah PSC in FY2021

St Joseph Minor and Major Sands Redevelopment

PETRONAS had on 26 June 2020 approved the plan for the St Joseph Minor and Major Sands Redevelopment. This project entailed the drilling of three infill wells targeting the Minor Sands and one infill well targeting the Major Sands. This project commenced with the spudding of the first well on 7 July 2020.

St Joseph Minor Sands Redevelopment achieved First Oil on 29 August 2020 and St Joseph Major Sands Redevelopment achieved First Oil on 14 September 2020. The aggregate initial production rates from the new St Joseph infill wells based on stabilised well tests were 2,200 bbl per day, in line with the predrill prognosis.

As a result of this incremental production, the North Sabah asset successfully recorded daily cumulative production exceeding 20,000 bbl per day for several days in September 2020. This peak production level for the North Sabah asset was last attained in 2014. These projects are forecasted to add life of field gross reserves of 3.98 MMstb.

The project completed with the rig demobilising from the platform on 23 September 2020.

4. Outlook

As a responsible operator, we will continue to collaborate with our joint venture partner, PETRONAS Carigali Sdn Bhd, and the Malaysian regulator, PETRONAS, to develop viable opportunities within the boundaries of the North Sabah PSC. After a very active two years of drilling wells to increase production, we will now focus on larger development projects which we hope to execute commencing from 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

B. UK – The Anasuria Cluster

1. Production Operations

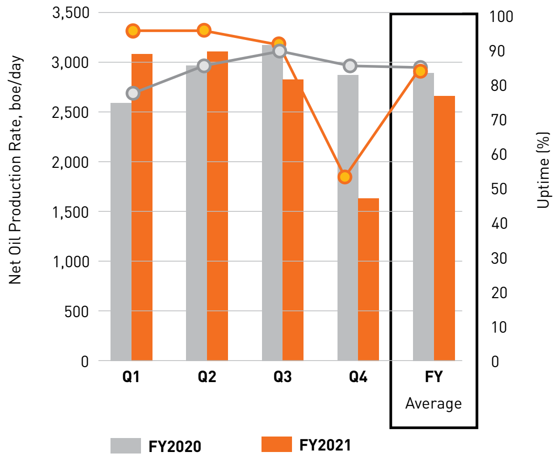


Figure 12: Average oil equivalent production rate and uptime (RHS) of Anasuria.

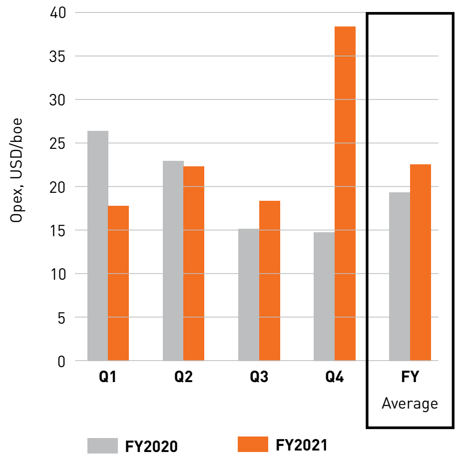


Figure 13: Average opex/boe of Anasuria.

Average uptime achieved in FY2021 decreased marginally from 84% in FY2020 to 83% in FY2021. Furthermore, the average daily oil equivalent production rate in FY2021 decreased by approximately 8% (from 2,898 boe/day to 2,665 boe/day) when compared to FY2020. This is primarily due to the natural decline in production from the fields of the Anasuria Cluster. In addition, total production from the Teal South and Guillemot A fields are constrained due to subsea infrastructure bottlenecks which have resulted in certain wells being shut-in in favour of other wells with higher oil rates.

Operational performance for FY2021 was affected by several planned and unplanned activities. In September 2020, a scale squeeze operation was performed on the Guillemot P3 oil producer. In addition, the planned offshore turnaround of the Anasuria FPSO (2021 Offshore Turnaround) commenced on 15 April 2021, coinciding with the planned turnaround of the SEGAL pipeline, and was subsequently completed in early May 2021. The 2021 Offshore Turnaround was conducted with the objective of improving the reliability and integrity of the Anasuria FPSO in addition to ensuring a safe offshore working environment.

In the process of bringing the Anasuria FPSO back to full production upon completion of the 2021 Offshore Turnaround, a malfunction of a critical component of the subsea infrastructure was identified which required it to be isolated from the primary production system. The impact of this temporary isolation has resulted in lower overall production from the Anasuria asset. This constrained production rate will continue until the relevant component is replaced.

The performance of the Anasuria wells is being actively monitored and efforts are being continuously expended to optimise production using existing infrastructure.

Lower production rates coupled with increased operational costs (due to the Offshore Turnaround) resulted in an increase in average operating expenditure per bbl of oil equivalent (opex/boe) of 15% to USD22/boe in FY2021 when compared to FY2020.

2. Awards

Assets owned by our Group in the UK received the following awards over the course of FY2021:

- Seven years without a Lost Time Incident on the Anasuria FPSO achieved in October 2021.
- GOLD Award – Awarded by the Royal Society for the Prevention of Accidents (ROSPA) for CY2021 health and safety performance of the Anasuria FPSO facility – 22nd consecutive annual award.
- Order of Distinction – Awarded by ROSPA for 22 consecutive Gold Awards.

3. Production Enhancement Projects

There was no site-related execution of major production enhancement projects in FY2021. Anasuria Operating Company Limited (AOCL) is performing detailed subsurface studies to identify further well opportunities in the Guillemot A, Teal and Cook fields. In particular, AOCL is working towards the maturation of future projects through studies over the next two years for production gains, including subsea debottlenecking, infill drilling in Guillemot A and Teal fields. These subsurface studies are expected to generate production and/or water injection well targets that will increase the oil recovery from the fields of the associated projects which are sanctioned and executed.

4. Opportunities and Concerns

a) New Major Shareholder for Ping Petroleum Limited

Since mid-2019, the then major shareholders of Ping Petroleum Limited (Ping) were involved in a process of divesting their interest in the company. This resulted in a period during which no major investments were made. Since June 2021, the shareholding structure has been stabilised with the entry of Dagang NeXchange Berhad. The new leadership team of Ping has indicated their interest to develop available opportunities within the Anasuria Cluster as soon as reasonably practicable.

b) Problems Injecting Water in Cook Field

Anasuria Hibiscus together with its partners in the Cook field sanctioned the Cook Water Injection (Cook WI) project in May 2018. Ithaca Energy Limited (Ithaca) is the operator of the Cook field. This project involved the drilling of a water injection well into the Cook field to increase its reservoir pressure. It was expected that an increased reservoir pressure, caused by the injected water would result in an improved oil and gas production rate as well as an overall improved recovery of hydrocarbons from this field.

The water injection well was completed as planned on 25 May 2019. Subsequently, the installation of a subsea pipeline to link the water injection well to the Anasuria FPSO was carried out and injection of water into the Cook field reservoir commenced on 3 October 2019.

Approximately 30,000 bbl of water per day was injected into the reservoir from 3 October 2019 to December 2019 until the failure of a subsea component halted the injection of water into the Cook field. The operator completed the necessary repairs in February 2021 and water injection recommenced. Unfortunately, further technical problems have been encountered and the operator is currently in the process of trying to resolve them.

The Cook WI well was initially drilled to ensure that consistent (or increased) production levels from the Cook field could be maintained. Whilst the desired results have yet to be achieved, Anasuria Hibiscus is encouraging the operator of the Cook field to expedite efforts.

c) Transfer of Duty Holder

AOCL is working to gradually take more direct control of the operations of the Anasuria Cluster by assuming Duty Holder responsibilities in the near future. We expect this development to allow us to optimise resources of both shareholders, which have other project developments on-going in the UK North Sea.

d) Teal West Tie-back

Anasuria Hibiscus and NEO Energy (ZPL) Limited (NEO Energy) (formerly known as Zennor Exploration Limited) were awarded the interest in Block 21/24d held under UK Petroleum Licence P198 in the UK Continental Shelf (UKCS) during the 32nd Offshore UK Licensing Round. Anasuria Hibiscus has a 70% interest and is the appointed operator for Block 21/24d, with NEO Energy holding the remaining 30% interest.

Block 21/24d contains the Teal West field, which was discovered in 1991 by Texaco with the drilling of well 21/24-4. The well found 22 feet of Net Oil Sands in high porosity Fulmar Sandstone with 37 degrees API oil. The field is estimated to contain between 9 MMbbl to 23 MMbbl of oil in-place.

The base development plan for the Teal West field is to drill an oil well (VP5) to the southeast of the structure, followed by a water injector well at the west of the structure to be drilled about 12 to 18 months later. In the event of a low case outcome, water injection will not be economic and the VP5 well will be produced under depletion mode until the end of field life. In the high case scenario, a second oil development well (VP6) may be drilled to the southwest of the structure about 3 years later.

MANAGEMENT DISCUSSION AND ANALYSIS

The Teal West field is planned to be produced to the Anasuria FPSO – about 4km away – where the fluids will be processed and exported via the Anasuria infrastructure. On the commercial aspects of the Anasuria FPSO tie-back, the Heads of Agreement for a Transportation, Processing and Operating Service Agreement (TPOSA) was executed between AOCL and Anasuria Hibiscus on 4 August 2021. Advanced discussions are on-going with the gas pipeline owners to extend the current Anasuria Hibiscus gas sales agreement for the Anasuria Cluster to include the Teal West gas production.

The Teal West Concept Select Report was submitted to the UK Oil and Gas Authority (OGA) on 10 September 2021. The Teal West field is planned to be developed on an accelerated schedule, with the following future milestones:

- Field Development Plan (FDP) submission to OGA
- Drilling of oil development well
- Subsea pipelines installation
- Teal West First Oil (estimated in mid-2023)

C. United Kingdom – Marigold Cluster

Anasuria Hibiscus has interests in the Marigold Cluster of oil and gas fields. Our interests comprise the following licenses and fields with discoveries:

- 87.5% interest in P198 - Block 15/13a (Marigold);
- 87.5% interest in P198 - Block 15/13b (Sunflower); and
- 100% interest in P2518 - Block 15/17a (Kildrummy).

Anasuria Hibiscus received a (non-binding) "No Objection Letter" (NOL) issued by the OGA on 15 October 2019. This NOL was in response to a Concept Select Report submitted by Anasuria Hibiscus in which Anasuria Hibiscus had recommended the use of a FPSO as the main production facility for the Marigold Cluster.

On this basis, Anasuria Hibiscus advanced the FPSO centric development concept into a detailed FDP throughout 2020. The FDP was submitted to the OGA for approval in late 2020.

In January 2021, the OGA requested that Anasuria Hibiscus work with Ithaca, holder of Licence P2158 (Block 15/18b) which is adjacent to the Marigold field and contains the Yeoman discovery and propose a common development solution for the resources found in both licences. Anasuria Hibiscus has concluded its technical and commercial work related to the use of an FPSO as a development solution for both fields (Marigold and Yeoman) and has submitted our findings to the OGA. Ithaca has continued to pursue an alternative development solution which examines the technical and commercial viability of a tie-back of the combined resources to the Repsol Sinopec Resouces UK Limited Piper Bravo platform which is located in close proximity. The decision as to which concept will likely be selected is expected to be made before the end of 2021.

D. Australia – Bass Strait Cluster

The Bass Strait Cluster comprises the following:

- 100% interest in the VIC/L31 Production License (VIC/L31)
- 75.1% interest in the VIC/P57 Exploration Permit (VIC/P57)
- 50% interest in the VIC/P74 Exploration Permit (VIC/P74)

In addition, we have a 11.68% interest in 3D Oil Limited (3D Oil), a company listed on the Australian Stock Exchange.

Given our Group's focus on Malaysia and the UK, we have deferred our development plans for our Bass Strait Cluster at this time.

3. Review of Financial Results and Financial Position

A. Statements of Profit or Loss

The Group's financial performance for the current twelve-month period from 1 July 2020 to 30 June 2021 (FY2021) remained strong amid the COVID-19 pandemic, and the resiliency of our business, in general, was evident throughout the financial year.

In FY2021, across both of our producing assets, namely the North Sabah PSC and the Anasuria Cluster, we conducted 13 offtakes, which resulted in sales of circa of 3.7 MMbbl of oil. This exceeded our initial estimates of 12 offtakes and 3.4 MMbbl of oil.

Brent oil prices have recovered steadily since the start of FY2021 and have stabilised circa USD75 per bbl.

The Group recorded year-on-year growth in both revenue and EBITDA of 24% and 79% respectively. Revenue for FY2021 of RM804.8 million and EBITDA of RM380.8 million were considerably higher compared to the corresponding twelve-month period in the previous financial year ended 30 June 2020 (FY2020). A revenue and EBITDA of RM646.5 million and RM213.3 million respectively were delivered in FY2020. The FY2021 achievement was mainly attributed to the higher volume of crude oil sold in FY2021 of 3.7 MMbbl as compared to 2.6 MMbbl in FY2020, increasing crude oil price levels and the Group's continuous cost optimisation initiatives implemented throughout the financial year.

Due to the robust operational performance, both the Group's total assets and shareholders' funds as at 30 June 2021 of RM2,788.0 million and RM1,473.9 million respectively were higher than that recorded as at 30 June 2020. Total assets grew by RM361.8 million while shareholders' funds improved by RM252.6 million. The provisions for impairment for oil and gas assets previously recognised in June 2020 have been fully off-set by net earnings generated from both the North Sabah PSC and the Anasuria Cluster assets. Included in shareholders' funds as at 30 June 2021 are retained earnings of RM451.9 million.

The net current assets position as at 30 June 2021 was strong at RM186.2 million compared to a net current liabilities position as at 30 June 2020 of RM48.8 million. The Group also reported a healthy unrestricted cash balance of RM173.9 million as at 30 June 2021.

Our Group completed the acquisition of 50% participating interests in the North Sabah PSC on 31 March 2018. Since then, the Group's revenue base and net assets base have grown stronger adding to the contribution from the Anasuria Cluster in the UK.

The results of each of the Group's operating segments are detailed below:

	North Sabah PSC		Anasuria Hibiscus		Bass Strait Cluster		Investment Holding and Group Activities		Total	
Financial year ended 30 June 2021	**RM'000**		**RM'000**		**RM'000**		**RM'000**		**RM'000**	
Revenue	569,873		229,003		-		5,905		804,781	
EBITDA/(LBITDA)	313,247		90,494		1,557		(24,469)		380,829	
PBT/(LBT)	180,029		15,308		1,557		(29,291)		167,603	
Taxation	(63,231)		(1,003)		-		307		(63,927)	
PAT/(LAT)	116,798		14,305		1,557		(28,984)		103,676	
Financial year ended 30 June 2020	**RM'000**		**RM'000**		**RM'000**		**RM'000**		**RM'000**	
Revenue	441,738		200,775		-		3,991		646,504	
EBITDA/(LBITDA)	320,587		104,784		(185,173)		(26,909)		213,289	
PBT/(LBT)	216,127		25,174		(185,173)		(30,839)		25,289	
Taxation	(68,206)		(6,337)		-		-		(74,543)	
PAT/(LAT)	147,921		18,837		(185,173)		(30,839)		(49,254)	
Variance	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Revenue	128,135	29%	28,228	14%	-	-	1,914	48%	158,277	24%
EBITDA/(LBITDA)	(7,340)	(2%)	(14,290)	(14%)	186,730	101%	2,440	9%	167,540	79%
PBT/(LBT)	(36,098)	(17%)	(9,866)	(39%)	186,730	101%	1,548	5%	142,314	563%
Taxation	4,975	7%	5,334	84%	-	-	307	100%	10,616	14%
PAT/(LAT)	(31,123)	(21%)	(4,532)	(24%)	186,730	101%	1,855	6%	152,930	310%

Figure 14: Analysis of the Group's financial performance by operating segments.

Notes to Figure 14:
EBITDA - Earnings before interest, taxes, depreciation and amortisation.
LBITDA - Loss before interest, taxes, depreciation and amortisation.
PBT - Profit before taxation.
LBT - Loss before taxation.
PAT - Profit after taxation.
LAT - Loss after taxation.

MANAGEMENT DISCUSSION AND ANALYSIS

1. **North Sabah PSC**

The Company's indirect wholly-owned subsidiary, SEA Hibiscus, holds 50% participating interests in the North Sabah PSC.

The North Sabah PSC operating segment recorded a revenue of RM569.9 million in FY2021, which was RM128.1 million (or 29%) higher than FY2020's revenue. A total of 2,671,281 bbl from 9 offtakes were sold at an average realised oil price of USD51.75 per bbl in FY2021. Comparatively in FY2020, there were only 6 offtakes, where 1,866,819 bbl of crude oil were sold at an average realised oil price of USD56.52 per bbl.

The segment recorded a healthy gross profit margin in FY2021 of 62.7%. This margin was marginally higher than the 60.9% realised in FY2020. The healthy gross profit margins in both years were largely driven by relatively low average operating costs (opex) per bbl. Lower opex levels were mainly due to cost optimisation initiatives undertaken to mitigate any possible adverse financial impact arising from a volatile oil price environment.

The segment achieved favourable operational performance in FY2021, and key metrices were fairly consistent compared to that recorded in FY2020. Both the average net daily oil production rate and average uptime achieved in FY2021 were improvements, at 6,442 bbl per day (FY2020: 6,222 bbl per day) and 92% (FY2020: 96%) respectively. The average opex per bbl in FY2021 was USD14.21 (FY2020: USD12.55). The relatively low average opex per bbl during FY2021 was contributed by better well performance post completion of the St Joseph Major and Minor Sands drilling campaigns. Opex per bbl for FY2021 included amounts incurred for planned maintenance activities performed on the offshore platforms at the St Joseph, South Furious and Barton facilities.

The Group completed the acquisition of 50% participating interests in the North Sabah PSC (North Sabah Acquisition) on 31 March 2018 (Completion Date). As part of the terms provided under the North Sabah Acquisition, recoverable costs incurred by the sellers as part of their executed work programme but not yet recovered (unrecovered recoverable costs) as of the Completion Date were payable subject to oil prices reaching certain thresholds in calendar years 2018 to 2020. At Completion Date, the Group had provided for the amounts based on the assumption that the estimated future oil prices would meet the thresholds for the respective calendar years. Up to 30 June 2020, SEA Hibiscus had paid the sellers the unrecovered recoverable costs for calendar years 2018 and 2019. Following an assessment on the back of low oil prices as at 30 June 2020, SEA Hibiscus concluded that it was remote that the oil price threshold set for calendar year 2020 would be met. As a result, as at 30 June 2020, the net present value of the amount accrued amounting to RM78.2 million was reversed. This one-off adjustment in FY2020 was the main reason that caused EBITDA and PBT in FY2020 to exceed FY2021's EBITDA and PBT of this segment by RM7.3 million and RM36.1 million respectively.

PBT for the North Sabah PSC segment in FY2021 was RM180.0 million. It was derived mainly after deducting the following items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM106.2 million;
- Interest expenses of RM12.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM7.7 million.

The tax regime under which Malaysian oil and gas activities are governed, and is thus applicable to SEA Hibiscus, is the Petroleum (Income Tax) Act 1967 (PITA). The provisions of PITA are applied to net taxable petroleum income at the rate of 38.0%. Total net tax expenses in FY2021 amounted to RM63.2 million.

2. **Anasuria Hibiscus**

In FY2021, the Anasuria Hibiscus operating segment recorded RM229.0 million revenue, which was RM28.2 million (or 14%) higher than the revenue attained in FY2020 of RM200.8 million. This was mainly driven by a higher volume of crude oil sold. There were four crude oil offtakes in FY2021 in which 1,032,566 bbl of crude oil were sold. In FY2020, the segment sold 760,654 bbl in three offtakes. This was however partly off-set by lower average oil price per bbl in FY2021 of USD50.04, compared to USD59.33 in FY2020.

Operational performance in FY2021 for this segment was marginally below that achieved in FY2020. The average daily oil equivalent production rate in FY2021 was 2,665 bbl of oil equivalent (boe) per day (FY2020: 2,898 boe per day) while average uptime was 83% (FY2020: 84%). Average opex per boe recorded for FY2021 was USD22.19 (FY2020: USD19.26). The relatively high opex per boe in FY2021 was largely caused by the planned shutdown of the Anasuria floating production storage and offloading vessel (Anasuria FPSO) for maintenance activities (Offshore Turnaround). The 2021 Offshore Turnaround, which commenced in mid-April 2021 took 23 days to complete. Upon completion of the Offshore Turnaround and whilst in the process of returning the Anasuria FPSO back to full production, a malfunction of a critical component of the subsea infrastructure was observed. This required the failed component to be isolated from the primary production system. A portion of the repair costs relating to this incident has been included in FY2021's cost of sales.

The Anasuria Hibiscus segment achieved an EBITDA of RM90.5 million in FY2021, which was lower than FY2020's EBITDA of RM104.8 million. The EBITDA in FY2021 was adversely affected by the year-end retranslation of the segment's GBP-denominated balances which resulted in unrealised foreign exchange losses of RM13.2 million. In addition, one-off provisions made for year-end related activities also reduced the EBITDA for FY2021.

The segment's PBT in FY2021 was RM15.3 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM56.1 million; and
- Unwinding of discount on provision for decommissioning costs of RM18.2 million.

The tax regime which applies to exploration for, and production of, oil and gas in the UK, and is thus applicable to Anasuria Hibiscus currently comprises of a ring fence corporation tax and a supplementary charge. The current rates of tax for ring fence corporation tax and supplementary charge are set at 30.0% and 10.0% respectively. The segment recorded a net tax charge in FY2021 amounting to RM1.0 million, representing an effective tax rate over PBT of 6.6%. This was lower than the statutory rates stated, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the supplementary charge tax regime.

3. <u>Bass Strait Cluster</u>

The Bass Strait Cluster operating segment recorded a PAT of RM1.6 million in FY2021, as compared to a LAT of RM185.2 million in FY2020.

The PAT achieved in FY2021 was largely due to an unrealised gain on foreign exchange. The segment's functional currency, the AUD, appreciated against the USD during FY2021. This favourably impacted the period-end retranslation of the segment's USD-denominated payables. A large portion of such USD-denominated payables are to inter-companies.

The LAT realised by this operating segment in FY2020 amounted to RM185.2 million. During the financial quarter ended 30 June 2020, the Group assessed the recoverable amounts of the intangible assets relating to both the VIC/P57 exploration permit (VIC/P57) and the VIC/L31 production licence (VIC/L31). Key assumptions, including forecasts of Brent oil prices and plans for exploration and development activities were updated for consideration. Following the assessments, the Group recognised a provision for impairment totalling RM183.5 million (RM107.7 million for VIC/P57 and RM75.8 million for VIC/L31).

4. <u>Investment holding and group activities</u>

The LAT for this operating segment in FY2021 amounted to RM29.0 million, which was lower by RM1.8 million when compared to a LAT of RM30.8 million incurred in FY2020.

The lower LAT was driven by an unrealised gain on foreign exchange caused by the depreciation of the USD against the MYR, which favourably impacted the period-end retranslation of the segment's USD-denominated inter-company payables as at 30 June 2021.

This was partially off-set by the recognition of a loss on disposal of the Britannia Rig when the Group concluded its disposal to a third party during FY2021.

B. Statements of Financial Position

1. <u>Non-current Assets</u>

The Group's non-current assets increased from RM2,072.7 million as at 30 June 2020 to RM2,128.5 million as at 30 June 2021.

The increase was mainly driven by capital expenditure invested by the Group during FY2021. In the North Sabah PSC, RM98.4 million was incurred mainly for the St Joseph Major and Minor Sands drilling campaigns. This project entailed the drilling of three infill wells targeting the Minor Sands and one infill well targeting the Major Sands. Capital expenditure programmes invested by Anasuria Hibiscus amounted to RM89.5 million (RM81.0 million for the Marigold and Sunflower fields, RM5.9 million for the Anasuria Cluster and RM2.6 million for Teal West).

In addition to the above, Anasuria Hibiscus paid an amount equivalent to RM29.8 million in FY2021 for its proportionate obligations for the estimated cost of decommissioning the facilities of the Anasuria Cluster into a trust. As such decommissioning activities are expected to be carried out at the end of life of the Anasuria Cluster, these monies in the trust are classified as non-current assets.

The above amounts were largely off-set by depreciation and amortisation of equipment, intangible assets and right-of-use assets of RM171.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

2. **Current Assets**

As at 30 June 2021, the Group's current assets amounted to RM659.6 million, representing an increase of RM306.2 million from RM353.4 million as at 30 June 2020.

Included in current assets as at 30 June 2021 is the item, "other investment", amounting to RM136.4 million. This amount, which did not exist as at 30 June 2020, comprises the balance of the net proceeds from the issuance of the CRPS in November 2020 (after deducting all related expenses) and income earned from investing the net proceeds into permitted investments, amounting to RM134.3 million and RM2.1 million respectively.

The balance of RM136.4 million in other investment (as mentioned above) was derived after deducting RM61.8 million (or USD15.0 million) utilised to pay for the deposit of the proposed acquisition of the entire interest in FIPC. This deposit payment, which did not exist as at 30 June 2020, has been included in the other receivables, deposits and prepayments balance as at 30 June 2021.

The trade receivables balance increased by RM101.5 million to RM112.9 million compared to RM11.4 million as at 30 June 2020. Proceeds from the crude oil offtake at the end of June 2021 from the North Sabah PSC (amounting to approximately RM97.7 million) had not been received as at 30 June 2021. This amount was subsequently received, on schedule, on 29 July 2021.

In addition, cash and bank balances increased by RM96.7 million when compared to 30 June 2020, largely due to the collection of proceeds from crude oil offtakes in both the North Sabah PSC and Anasuria Hibiscus segments during FY2021.

The above were partly off-set by lower other operational-related receivables in SEA Hibiscus of approximately RM65.0 million.

3. **Total Liabilities**

Total liabilities increased from RM1,204.8 million as at 30 June 2020 to RM1,314.1 million as at 30 June 2021.

Provision for taxation recognised by both SEA Hibiscus and Anasuria Hibiscus were higher by RM67.9 million due to additional taxable income resulting from higher revenue achieved.

Total contingent consideration as at 30 June 2021 of RM44.9 million relates to the increase in the Group's investment in the Marigold and Sunflower fields from 50% to 87.5%. This amount will be incurred in accordance with the terms agreed with the seller of the additional 37.5%. This balance did not exist as at 30 June 2020.

The provision for decommissioning costs balance as at 30 June 2021 was RM46.5 million higher than the balance as at 30 June 2020 due to the impact arising from the unwinding of the discount on provisions for both the North Sabah PSC and the Anasuria Cluster.

In November 2020, the Group recognised the liability component of the CRPS of RM192.0 million upon the issuance of the first two tranches of the CRPS in the same month. As a result of the conversion of 97% of the CRPS to new ordinary shares during FY2021, the liability component of the CRPS has decreased to RM5.7 million as at 30 June 2021.

The abovementioned increases in liabilities were partly off-set by the following items:

- During FY2020, the Group had drawn down a term loan to aid its working capital requirements. The amount outstanding as at 30 June 2020 amounted to RM49.2 million. The term loan was fully repaid in July 2020, per the agreed terms. This repayment has partially off-set the increase in total liabilities as at 30 June 2021 compared to 30 June 2020; and
- The other payables arising from a trade arrangement with a counterparty as at 30 June 2021 amounted to RM41.1 million, which has decreased by RM18.9 million as compared to 30 June 2020.

4. **Total Equity**

The Group's total equity as at 30 June 2021 increased by RM252.6 million when compared to 30 June 2020 as a result of the following:

- Share capital increased by RM194.9 million from RM765.0 million as at 30 June 2020 to RM959.9 million as at 30 June 2021 mainly as a result of the conversion of the CRPS into 411,904,400 ordinary shares in aggregate during FY2021;
- Net earnings generated by the Group during FY2021, mainly driven by both the North Sabah PSC and Anasuria Hibiscus segments, amounting to RM93.8 million; and
- The Group is required to revalue the assets and liabilities of subsidiaries whose functional currencies are denominated in currencies other than the MYR at each reporting date. The resulting unrealised foreign exchange differences are posted to other reserves. As at 30 June 2021, the Group had recognised the resulting unrealised adverse foreign exchange differences from this revaluation amounting to RM36.3 million due to the depreciation of the USD against the MYR compared to 30 June 2020.

C. Statements of Cash Flows

1. **Cash flows from operating activities**

The Group's net cash generated from operating activities in FY2021 was RM297.0 million.

It comprised mainly of net cash received from operations at the North Sabah PSC and the Anasuria Cluster and a refund received for overpayment of taxation for the North Sabah PSC asset.

2. **Cash flows used in investing activities**

Net cash used in investing activities during FY2021 amounted to RM329.5 million.

Total available funds relating to the issuance of the CRPS invested into permitted investments during FY2021 amounted to RM136.3 million.

Amounts invested in capital expenditure by SEA Hibiscus and Anasuria Hibiscus during FY2021 amounted to RM98.4 million and RM37.0 million respectively.

In addition, in June 2021, total deposits paid for the proposed acquisition of the entire interest in FIPC amounted to RM61.8 million.

3. **Cash flows from financing activities**

The net cash generated from financing activities were due to net proceeds from the issuance of the CRPS of RM196.1 million in November 2020, offset by the full repayment of a term loan in July 2020 and payments of lease liabilities obligations.

4. Key Risks And Mitigations

Our Group is focused on delivering our targets and driving future growth whilst managing our capital structure and liquidity. The Executive Risk Management Committee (ERMC) remains cognisant of our risk factors and is guided by an enterprise risk management framework, as approved by the Board of Directors. Through its comprehensive approach towards risk management, the ERMC has devised mitigation action plans which propose strategies and measures on the various financial, health and operational risk factors that may impact our Group. It also actively monitors the implementation of action plans and monitors outcomes, where possible.

Our Group has carried out a robust assessment of its key risk factors itemised below in no order of priority that are currently being monitored on a regular basis.

1. Oil Price Fluctuations

Mitigation Strategies

- Whilst diligently keeping track of oil and gas price movements, we generally maintain a low-cost structure to safely operate our assets in a manner that protects our viability and business sustainability.
- Incorporate conservative oil price projections for new investment decision making purposes.
- Implement oil price hedging, if and when necessary and practicable, in consultation with the Audit and Risk Management Committee and the Board of Directors.

2. Liquidity and Funding

Mitigation Strategies

In addition to mitigation strategies highlighted under risk of oil price fluctuation:

- Holistic business planning exercise establishing balanced and realistic budgets that are communicated and monitored with clear accountability.
- Rigorous review of Group cash flow requirements on an on-going basis to ensure adequate resources are available, complemented with financial and capital discipline and structured processes practised across our Group.
- Regular engagements and negotiations with relevant market participants on financing and capital arrangements, and with oil and gas regulators and partners on decisions related to the phasing of expenditure on existing assets.
- Maintain regular engagement with the equity capital markets to ensure access to equity injection if necessary. Enhance Group's profile with stakeholders through dividend payments (maiden interim dividend announced in February 2021 and paid in April 2021).

MANAGEMENT DISCUSSION AND ANALYSIS

3. **Health, Safety, Security and Environment (HSSE)**

Mitigation Strategies
- Incorporate HSSE requirements and risk assessment as a key subject matter in Group's activities, and at the appropriate phases of asset lifecycle.
- Maintain, with core contractors, a comprehensive programme of assurance activities by promoting a culture of engagement and transparency in relation to HSSE matters.
- Active engagements with oil and gas regulators, local authorities and community in combating threats, such as oil spill and asset damage caused by fish bombing activities.
- Continuous monitoring of the evolving situation and impacts of COVID-19 pandemic with a variety of stakeholders, including governmental, industry and medical organisations. Appropriate action to be promptly implemented in accordance with expert advice.

As the health and well-being of our people are non-negotiable priorities, particularly in response to the evolving COVID-19 pandemic situation impacting our businesses and people, our HSSE function review, lead and support the activation of pertinent parts of the Business Continuity Plan.

Some key approaches (not exhaustive), include:
- on-going awareness and education programmes for all staff;
- allow only fully vaccinated personnel into our work locations (onshore and offshore) and on need basis with health declaration;
- issue guidelines and provide self-test kits for screening prior to entering work locations;
- organise webinars available to all personnel on pandemic related topics such as mental health and wellbeing;
- implementation of government prevention and mitigation measures;
- medical emergency response in place; following industry guidelines to ensure a safe workplace and safe traveling, if required of our people; and
- ensure adequacy and reliability of our IT infrastructure in enabling our staff to avoid or minimise business interruption while working from home during periods of movement control restrictions imposed by the authorities.

4. **Business Interests Alignment**

Mitigation Strategies
- Remain continuously aware of our legal and contractual obligations and requirements.
- Maintain open and transparent regular communication channels with our partners, keep abreast of their business drivers to ensure alignment of interests and maximise joint assets' value.
- Plan our investments with a discipline due diligence process, so that on a portfolio basis, the impact of this specific risk factor is mitigated to the best of our abilities, including pursuing a suitable operating model that fits in with the Group's operational capability and controls.
- Assess potential partners objectively and for the long term.

5. **Business Integrity**

Mitigation Strategies
- Conduct all activities in accordance with approved policies, standards and procedures.
- Continuous update, communication and adherence to our Board endorsed *Code of Conduct and Ethics, Anti-Corruption and Anti-Bribery Policy,* and run compliance programmes with regular training to staff and third-party consultants to ensure compliance with relevant legal and ethical requirements.
- Group-wide corruption risk management focusing on all business segments, with regular audit activities to provide assurance on compliance with established policies, standards and procedures.

6. **Changes in Regulations Related to GHG Emissions and Climate Change**

Mitigation Strategies

- The Group has developed our Energy Transition Strategy which is being implemented in a measured and progressive manner towards our aspirational goal of being a Net Zero Emissions Producer by 2050.
- Undertake projects to deliver a Net Zero emissions footprint on an accelerated timeframe.
- Conduct our activities in a balanced and responsible manner so that as a Group, we keep our GHG emissions as low as practically possible without compromising on our business agenda of delivering value to all stakeholders.

5. Our Future: Objectives and Strategies for Creating Value

1. **Build Reputation as a Respected and Responsible Operator of Mid-life Assets:**

The Group has been gradually developing a reputation as a responsible and respected operator of oil and gas assets in mid-life. This is being achieved by:

- remaining focused on our core business whilst protecting our base assets as a source of positive cash flow;
- delivering strong operational metrics;
- delivering on our commitments;
- utilising "best practice" corporate governance principles; and
- being a responsible corporate citizen.

The objective going forward will be to continue to positively build our business profile, always cognisant of the associated risks and HSSE considerations in all that we do.

2. **Build Profile in the Equity and Debt Capital Markets:**

Our growth, whether organic or through business development initiatives will be dependent on our capacity to access funding in the equity and debt markets. Equity and debt capital markets are becoming increasingly reluctant to support organisations operating in the fossil fuel extraction business. Therefore, we will be working with reputable international and domestic funding institutions to put in place a relatively strong financial foundation coupled with a strong commitment towards ESG requirements.

3. **Complete the Repsol Transaction:**

We are in the process of securing all approvals necessary to successfully complete the acquisition of operated, producing oil and gas fields in Malaysia and Vietnam related to the recently announced Repsol transaction. On completion of this transaction, we anticipate the scale and profile of the Group to be substantially positively impacted, providing us with an even stronger platform to pursue future growth opportunities.

4. **Organic Growth:**

We have an opportunity to grow through the development of resources which have already been secured in the UK and Malaysia. These resource bases are reasonably material and have longevity. Currently the strong crude oil price provides a viable economic base for the Group to consider the development of these opportunities at the current time.

5. **A Focus on Operations:**

In a strengthening oil price environment, it is going to be increasingly important to focus on safe operations, minimising facilities downtime and maximising production.

MANAGEMENT DISCUSSION AND ANALYSIS

6. Sustainability:

Sustainability is reflected in the Group's *Sustainability Policy* which spans the three pillars of ESG. The Group upholds high ESG standards and the key metrices of each pillar contribute to relevant UN SDGs (Figure 15). Specifically, under the environment pillar, the climate agenda is prioritised as a key element of the Energy Transition Strategy and the strategy is in turn supported by climate change adaptation initiatives. The social pillar prioritises safeguarding the wellbeing of our employees, contractors and communities whilst embracing diversity and inclusiveness, fostering social cohesion with our key stakeholders and ensuring a socially just transition as we navigate towards a future of lower carbon energy. The Group values corporate governance and this is reflected in our sustainability-centric planning and responsible disclosures, underpinned by a strong and just corporate structure. The Group believes that our high ESG standards will enhance our competitive edge and keep us relevant.

Figure 15: *Sustainability Policy* aligning with relevant UN SDGs

6. Concluding Remarks

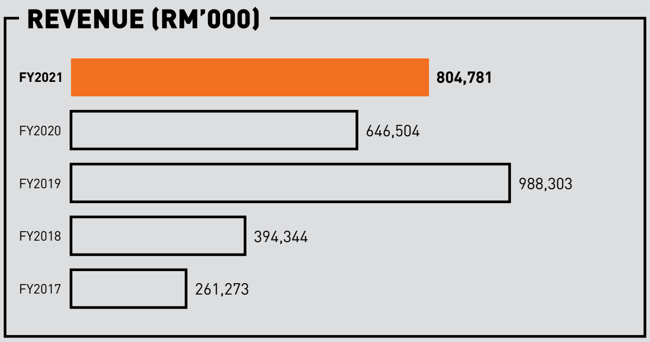
Our business is at the confluence of a number of uncertainties impacting the world. The urgency of climate change has resulted in a thrust towards the widespread use of renewable and clean sources of energy but there are also signs that the current sprint towards a Net Zero World will make energy costs today more expensive whilst also stagnating much needed growth activities, particularly as the world tries to emerge from an extended period in economic limbo. We strongly advocate for an **orderly** energy transition. We believe there will be a continued need for energy derived from fossil fuels but as we also have a vision to be a responsible corporate citizen, we must make sincere efforts to make our energy extraction process cleaner.

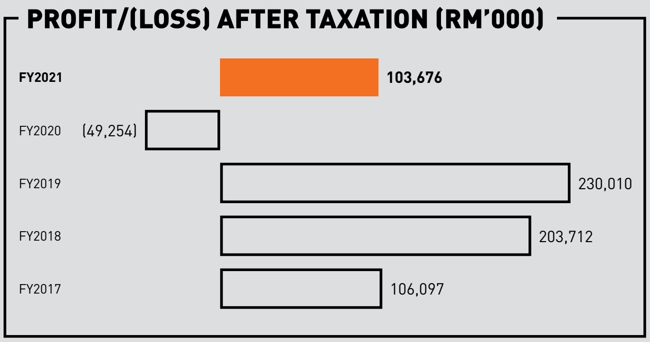
Our Group is going to get larger in the coming years. Nonetheless, we must retain the agility that has allowed us to navigate the many hurdles that has brought us to our current position. In 2021, the Group is celebrating its 10th anniversary. We hope that in another 10 years, we will be operating a sustainable business in a less uncertain and cleaner world in which the vision of Goal 7 of the UN SDG is met i.e. all segments of society will have access to affordable, reliable, sustainable and modern energy.

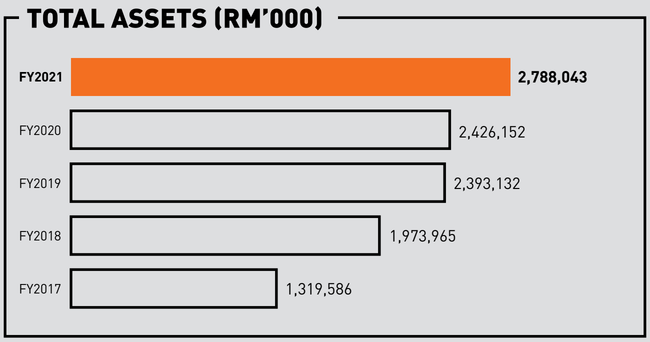
DR KENNETH GERARD PEREIRA
Managing Director
4 October 2021

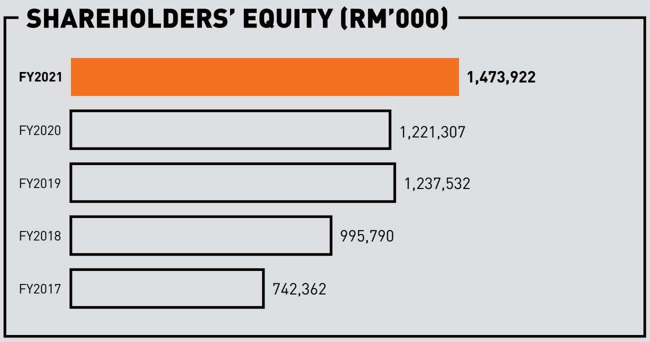
FINANCIAL HIGHLIGHTS

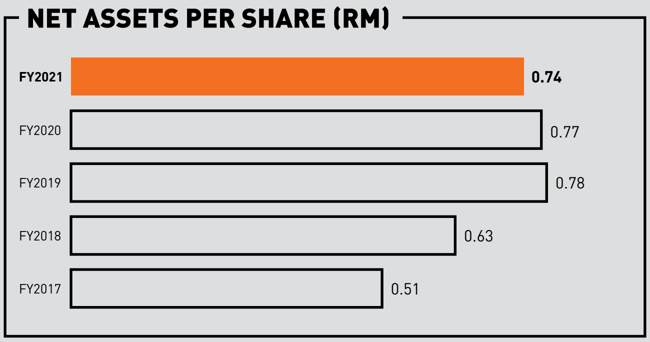
FINANCIAL YEAR ENDED (FY)	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Revenue	**804,781**	646,504	988,303	394,344	261,273
Profit/(loss) after taxation	**103,676**	(49,254)	230,010	203,712	106,097
Total assets	**2,788,043**	2,426,152	2,393,132	1,973,965	1,319,586
Shareholders' equity	**1,473,922**	1,221,307	1,237,532	995,790	742,362
Net assets per share	**RM0.74**	RM0.77	RM0.78	RM0.63	RM0.51
Basic earnings/(loss) per share	**5.91 sen**	(3.10 sen)	14.48 sen	13.19 sen	7.51 sen

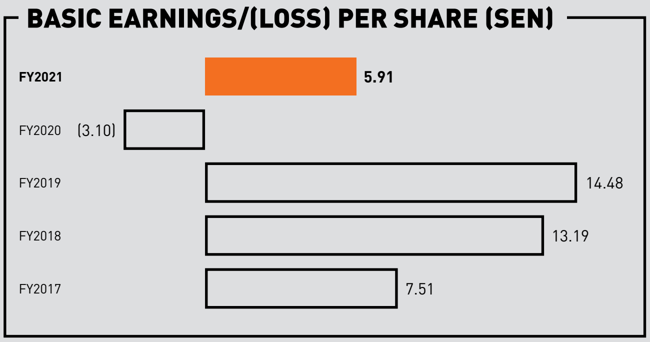










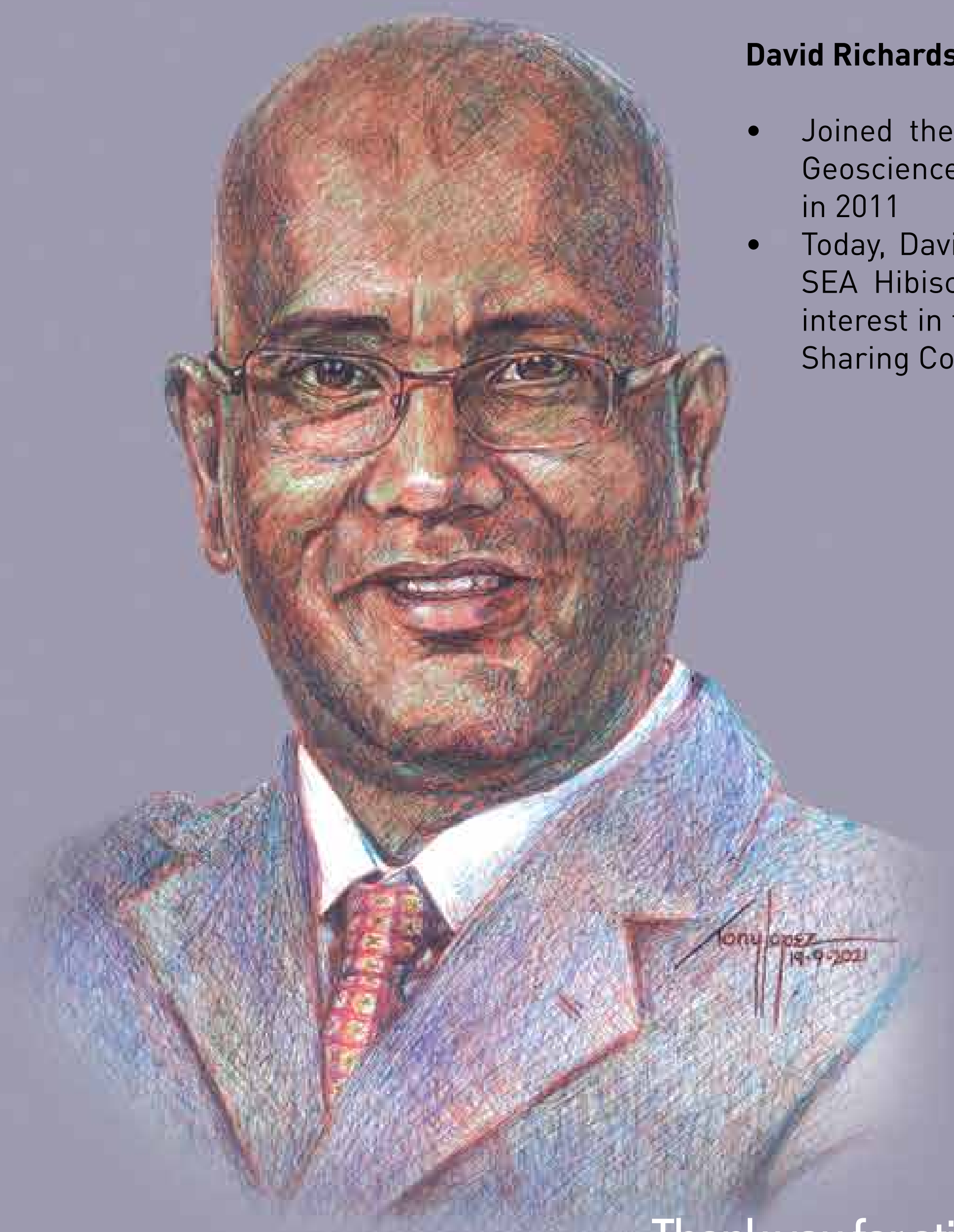


A STRONG FOUNDATION, AN EXCITING FUTURE

Today, more than 400 people are part of Team Hibiscus. But in the early days, when we were small, you were there.......

Syarifah Aliza Syed Azauddin

- Joined the Company two months after our listing in 2011 as a key member of the Corporate Finance team
- Today, Aliza is currently driving our ESG initiatives



David Richards

- Joined the Company as our Head of Geoscience, three months after listing in 2011
- Today, David is Head of Subsurface in SEA Hibiscus, our subsidiary holding interest in the North Sabah Production Sharing Contract

Thank you for still being here with us !

CALENDAR OF EVENTS

2 November 2020

Hibiscus Petroleum Berhad's (Hibiscus Petroleum or the Company) announced that its indirect wholly-owned subsidiary, SEA Hibiscus Sdn Bhd (SEA Hibiscus) safely and successfully completed the St Joseph Major and Minor Sands Infill Drilling Campaign in September 2020, adding:

- An instantaneous gain of 2,200 barrels (bbl) per day of crude oil production; and
- Approximately 4 million stock tank bbl of instrumental life of field gross reserves.

23 November 2020

The Company raised a total of RM203.6 million via the issuance of 203.6 million Islamic Convertible Redeemable Preference Shares (CRPS), the largest CRPS issuance in 2020. The multi-tranche CRPS exercise (of up to RM2.0 billion) was announced on 9 September 2020 and approved by shareholders on 3 November 2020. The utilisation of the proceeds of the CRPS is for the acquisition of interests in producing upstream oil and gas assets located in the Southeast Asia region.

27 November 2020

Hibiscus Petroleum announced that its Anasuria Operations achieved six years without a Lost Time Incident on the Anasuria Floating Production, Storage and Offloading vessel (FPSO) in October 2020.

20 January 2021

Hibiscus Petroleum announced that the Oil and Gas Authority (OGA), United Kingdom (UK) had executed Licence Agreements awarding two concessions (Licences) to Anasuria Hibiscus UK Limited (Anasuria Hibiscus). The Licences awarded were:

- 70% interest in Licence P2535 (Block 21/24d)
- 100% interest in Licence P2518 (Block 15/17a)

3 February 2021

The OGA had on 2 February advised Anasuria Hibiscus that it had executed a Licence Agreement awarding Anasuria Hibiscus a 19.3% interest in Licence P2532 (Block 21/19c and Block 21/20c).

22 February 2021

In conjunction with the release of its quarterly financial results for the period ended 31 December 2020, Hibiscus Petroleum declared a first interim single-tier dividend of 0.50 sen per ordinary share.

4 March 2021

Bursa Malaysia Securities Berhad (Bursa Securities) resolved to grant an extension of time of 6 months from 22 March 2021 until 21 September 2021 for the Company to complete the implementation of the allotment and issuance of up to 2,000,000,000 new CRPS by way of private placement exercise to raise up to RM2.00 billion (Private Placement of CRPS).

24 May 2021

Hibiscus Petroleum announced that Anasuria Hibiscus had increased its stake in its Marigold and Sunflower licences in the UK North Sea from 50% to 87.5%.

4 June 2021

Hibiscus Petroleum announced that its indirect wholly-owned subsidiary, Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus) had on 1 June 2021 entered into a conditional sale and purchase agreement (SPA) with Repsol Exploración, S.A. (Repsol) for the proposed acquisition by Peninsula Hibiscus of the entire equity interest in Fortuna International Petroleum Corporation for a total cash consideration of USD212.5 million.

CALENDAR OF EVENTS

26 August 2021

Corporate:
- Hibiscus Petroleum announced an EBITDA of RM380.8 million and a PAT of RM103.7 million for FY2021, on the back of revenue of RM804.8 million.

North Sabah Operations:
- Petroliam Nasional Berhad (PETRONAS) Focused Recognition Award – Awarded in April 2021 for successfully initiating the 1st Integrated Coiled Tubing Unit (CTU) Catenary Campaign, resulting in safe catenary operations with an estimated potential instantaneous production gain of 1,350 bbl per day.

Anasuria Operations:
- Gold Award – Awarded by the Royal Society for the Prevention of Accidents (ROSPA) for CY2020 health and safety performance of the Anasuria FPSO facility – 22nd consecutive annual award.
- Order of Distinction – Awarded by ROSPA for 22 consecutive Gold Awards.

15 September 2021

Bursa Securities resolved to approve a further extension of time of six months from 22 September 2021 until 21 March 2022 for the Company to complete the implementation of the Private Placement of CRPS.

4 October 2021

In conjunction with the release of the Annual Audited Financial Statements for FY2021, Hibiscus Petroleum's Board of Directors resolved to recommend a final single-tier dividend of 1.0 sen per ordinary share in respect of FY2021, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. The dates of entitlement and payment in respect of the proposed final single-tier dividend will be determined and announced in due course.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Zainul Rahim bin Mohd Zain
Non-Independent Non-Executive Chair

Dr Kenneth Gerard Pereira
Managing Director

YBhg Dato' Sri Roushan Arumugam
Independent Non-Executive Director

Thomas Michael Taylor
Senior Independent Non-Executive Director

YBhg Dato' Dr Zaha Rina Zahari
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Thomas Michael Taylor
Chair

Zainul Rahim bin Mohd Zain
Member

YBhg Dato' Dr Zaha Rina Zahari
Member

NOMINATING COMMITTEE

YBhg Dato' Dr Zaha Rina Zahari
Chair

Zainul Rahim bin Mohd Zain
Member

YBhg Dato' Sri Roushan Arumugam
Member

Thomas Michael Taylor
Member

REMUNERATION COMMITTEE

YBhg Dato' Sri Roushan Arumugam
Chair

Zainul Rahim bin Mohd Zain
Member

Thomas Michael Taylor
Member

COMPANY SECRETARIES

Tai Yit Chan
(MAICSA 7009143)
(SSM PC No. 202008001023)

Tan Ai Ning
(MAICSA 7015852)
(SSM PC No. 202008000067)

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

Tel : +603-7890 4800
Fax : +603-7890 4650

PRINCIPAL PLACE OF BUSINESS

2nd Floor
Syed Kechik Foundation Building
Jalan Kapas, Bangsar
59100 Kuala Lumpur

Tel : +603-2092 1300
Fax : +603-2092 1301
Website : www.hibiscuspetroleum.com

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur

Tel : +603-2173 1188
Fax : +603-2173 1288

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia Securities Berhad
Stock Name: HIBISCS
Stock Code: 5199
Sector : Energy
Sub-sector: Oil & Gas Producers

SHARE REGISTRAR

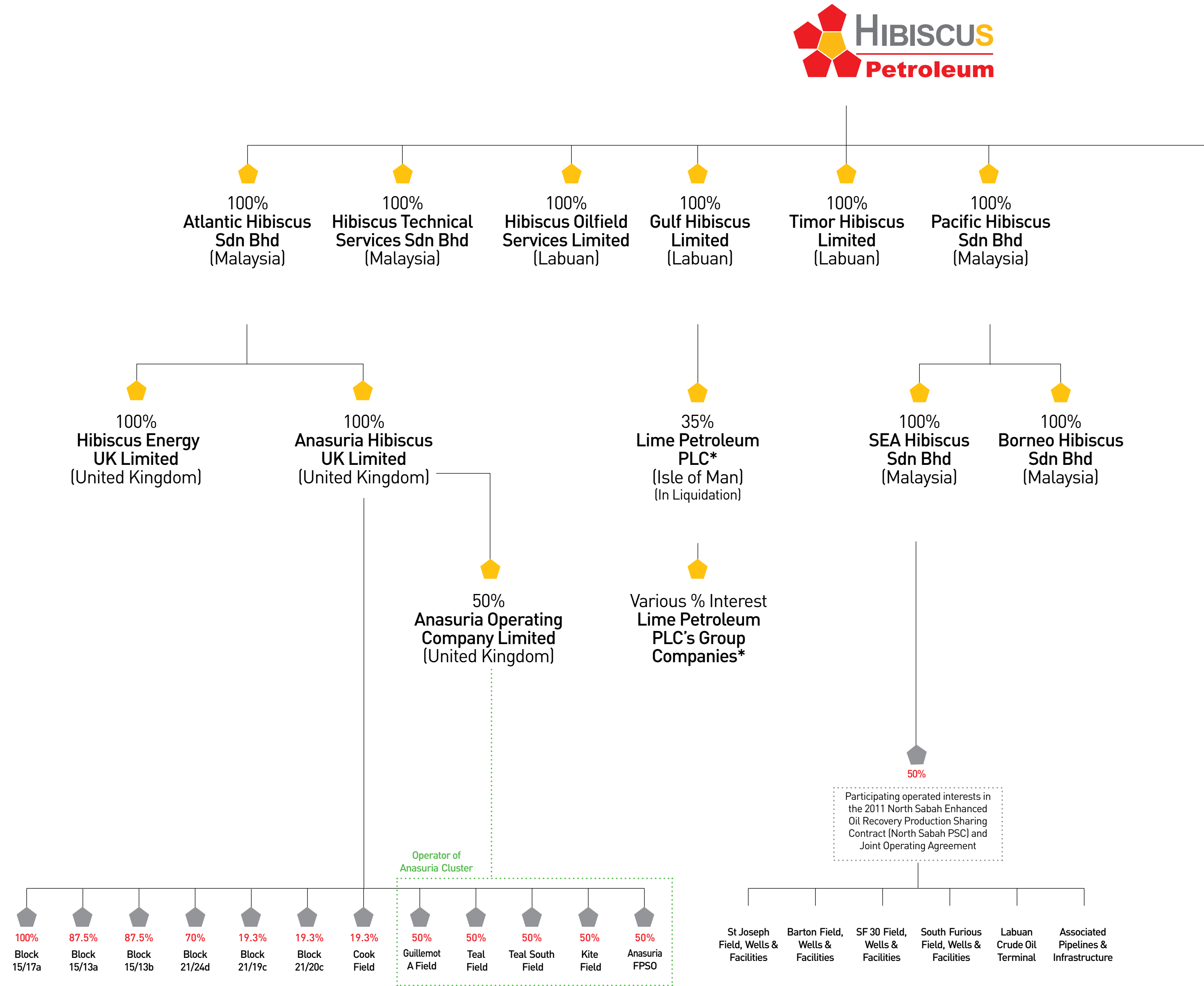
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : +603-2783 9299
Fax : +603-2783 9222

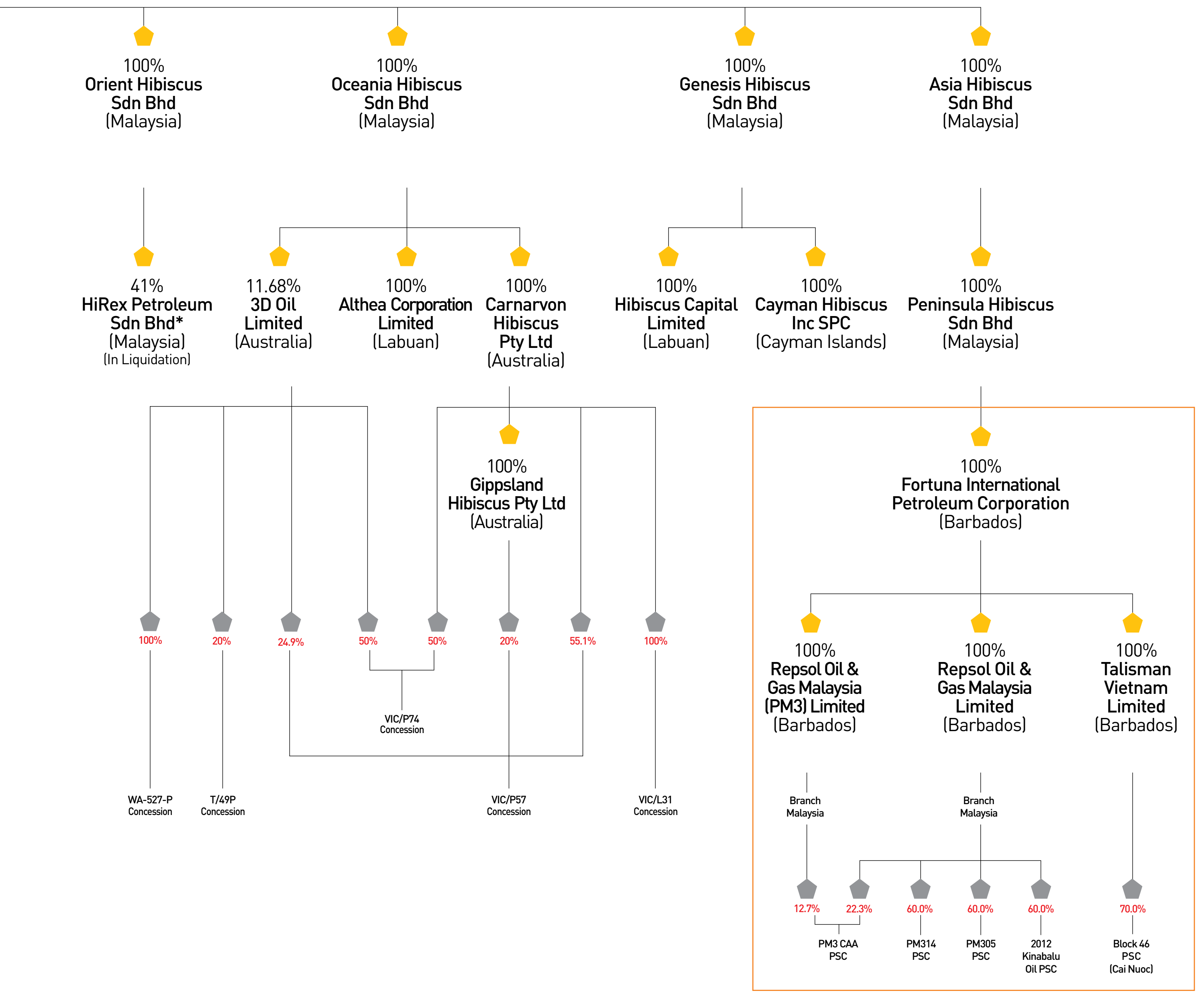
PRINCIPAL BANKER

CIMB Islamic Bank Berhad

CORPORATE STRUCTURE
(As at 4 October 2021)



Notes:
* Pending resolution of various issues/claims by Hibiscus Petroleum Berhad Group.
Subject to completion of the proposed acquisition announced on 2 and 4 June 2021.


100%
Orient Hibiscus Sdn Bhd
(Malaysia)
100%
Oceania Hibiscus Sdn Bhd
(Malaysia)
100%
Genesis Hibiscus Sdn Bhd
(Malaysia)
100%
Asia Hibiscus Sdn Bhd
(Malaysia)
41%
HiRex Petroleum Sdn Bhd*
(Malaysia)
(In Liquidation)
11.68%
3D Oil Limited
(Australia)
100%
Althea Corporation Limited
(Labuan)
100%
Carnarvon Hibiscus Pty Ltd
(Australia)
100%
Hibiscus Capital Limited
(Labuan)
100%
Cayman Hibiscus Inc SPC
(Cayman Islands)
100%
Peninsula Hibiscus Sdn Bhd
(Malaysia)
100%
Gippsland Hibiscus Pty Ltd
(Australia)
100%
Fortuna International Petroleum Corporation
(Barbados)
100%
20%
24.9%
50%
50%
20%
55.1%
100%
VIC/P74 Concession
WA-527-P Concession
T/49P Concession
VIC/P57 Concession
VIC/L31 Concession
100%
Repsol Oil & Gas Malaysia (PM3) Limited
(Barbados)
100%
Repsol Oil & Gas Malaysia Limited
(Barbados)
100%
Talisman Vietnam Limited
(Barbados)
Branch Malaysia
Branch Malaysia
12.7%
22.3%
60.0%
60.0%
60.0%
70.0%
PM3 CAA PSC
PM314 PSC
PM305 PSC
2012 Kinabalu Oil PSC
Block 46 PSC (Cai Nuoc)

A STRONG FOUNDATION, AN EXCITING FUTURE

Today, more than 400 people are part of Team Hibiscus. But in the early days, when we were small, you were there.......

Angie Ng Voon Fei

- Began her career in the Company as a member of the Finance Department in 2012
- Today, Angie is a member of the Planning Group in SEA Hibiscus, our subsidiary holding interest in the North Sabah Production Sharing Contract

Meera Surin Derpall

- Joined the Company as a Senior Manager, Accounting & Business Processes in 2012
- Today, Meera is a Senior General Manager overseeing our risk management and business process improvement initiatives

Thank you for still being here with us !

BOARD OF DIRECTORS
(AS AT 4 OCTOBER 2021)

ZAINUL RAHIM BIN MOHD ZAIN
Non-Independent Non-Executive Chair

Malaysian
Age 68, Male

DATE APPOINTED TO THE BOARD
14 December 2010

DATE OF LAST RE-ELECTION
4 December 2018

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
B.Eng majoring in Mechanical Engineering,
University of Western Australia, Australia

MEMBERSHIP ON THE BOARD COMMITTEES:
- Member, Audit and Risk Management Committee
- Member, Nominating Committee
- Member, Remuneration Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity: Nil

Other Public Companies:
- Chair, Cenergi SEA Berhad
- Non-Executive Director, Standard Chartered Saadiq Berhad
- Chair, Malaysian Dutch Business Council

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 43 years of experience in the oil & gas exploration and production (E&P) industry
- Director, redT Energy Plc
- Director, Petronas Carigali Sdn Bhd
- Director, Bank Pembangunan Malaysia Berhad
- Director, UKM Holdings Sdn Bhd
- Adviser, Sime Darby Energy & Utilities Division
- Chairman, Shell companies in Egypt
- Managing Director, Shell Egypt N.V
- Deputy Chairman, Shell Malaysia

DR KENNETH GERARD PEREIRA

Managing Director

Malaysian
Age 63, Male

DATE APPOINTED TO THE BOARD
13 September 2010

DATE OF LAST RE-ELECTION
2 December 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Doctorate in Business Administration, University of South Australia, Australia
- Masters in Business Administration (MBA), Cranfield University, United Kingdom
- B.Sc (Honours) in Engineering, Bath University, United Kingdom

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity: Nil
Other Public Companies: Nil

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 33 years of experience in the oil & gas industry (both in services and E&P)
- Managing Director, Interlink Petroleum Ltd, an oil & gas E&P company listed on the BSE (formerly known as Bombay Stock Exchange)
- Chief Operating Officer (COO), SapuraCrest Petroleum Berhad (now part of Sapura Energy Berhad Group)
- Vice President, Energy Sector Projects of Sapura Energy Sdn Bhd
- Various positions at Sapura Group of companies
- Previously worked for Schlumberger Overseas (as a Field Engineer in North Africa, Asia and Europe)

BOARD OF DIRECTORS
(AS AT 4 OCTOBER 2021)

YBHG DATO' SRI ROUSHAN ARUMUGAM
Independent Non-Executive Director

Malaysian
Age 49, Male

DATE APPOINTED TO THE BOARD
25 July 2011

DATE OF LAST RE-ELECTION
2 December 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- MBA, Imperial College Business School, Imperial College, London, United Kingdom
- MA in Law, University of Bristol, United Kingdom
- MA in English Language and Literature, St. Catherine's College, Oxford University, United Kingdom

MEMBERSHIP ON THE BOARD COMMITTEES:
- Chair, Remuneration Committee
- Member, Nominating Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity: Nil
Other Public Companies: Nil

PRESENT APPOINTMENT(S):
- Director, Littleton Holdings Pte Ltd
- Director, Sri Inderajaya Holdings Sdn Bhd
- Director, Pneumacare Ltd
- Director, South Pickenham Estate Company Ltd
- Member of the Advisory Board of Oakhouse Partners

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 22 years' experience in the financial services industry
- Investment Banker, Nomura Advisory Services, Malaysia
- Investment Banker, Deutsche Bank, London, United Kingdom
- Analyst, Emerging Markets Equity Research, Caspian Securities Ltd, London, United Kingdom
- Consultant, Price Waterhouse, London, United Kingdom
- Domus Fellow, St. Catherine's College, Oxford University, United Kingdom
- Trustee, East West Trust, St. Catherine's College, United Kingdom

THOMAS MICHAEL TAYLOR

Senior Independent Non-Executive Director

British
Age 65, Male

DATE APPOINTED TO THE BOARD
1 August 2016

DATE OF LAST RE-ELECTION
4 December 2019

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- MA, Engineering, University of Cambridge, United Kingdom
- Member of the Chartered Institute of Management Accountants

MEMBERSHIP ON THE BOARD COMMITTEE:
- Chair, Audit and Risk Management Committee
- Member, Nominating Committee
- Member, Remuneration Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity: Nil
Other Public Companies: Nil

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 33 years of oil and gas industry experience
- Finance Director, Sakhalin Energy Investment Company
- Finance Director, Shell Malaysia
- Finance Director, Brunei Shell Petroleum
- Held board memberships in oil and gas companies, in all sectors of the industry in Malaysia, Brunei, Russia, Hungary and France

BOARD OF DIRECTORS

YBHG DATO' DR ZAHA RINA ZAHARI
Independent Non-Executive Director

Malaysian
Age 59, Female

DATE APPOINTED TO THE BOARD
15 September 2017

DATE OF LAST RE-ELECTION
2 December 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Doctorate in Business Administration, Hull University, United Kingdom focusing on capital markets research and specialising in derivatives
- MBA, Hull University, United Kingdom
- BA (Hons) Accounting and Finance, Leeds, United Kingdom
- Global Leadership Development Programme, International Centre Leadership in Finance (ICLIF)

MEMBERSHIP ON THE BOARD COMMITTEE:
- Chair, Nominating Committee
- Member, Audit and Risk Management Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entities:
- Chair, Manulife Holdings Berhad
- Director, Pacific & Orient Berhad
- Director, IGB Berhad
- Director, Keck Seng (Malaysia) Berhad

OTHER PRESENT APPOINTMENT(S):
- Member, Appeals Committee of Bursa Malaysia Berhad
- Chair, Manulife Investment Management (M) Berhad
- Chair, Pacific & Orient Insurance Co Bhd
- Director, Sage 3 Capital Sdn Bhd
- Director, FWU Malaysia Sdn Bhd
- Director, L'Oreal Malaysia Sdn Bhd
- Director, Sri Communications Sdn Bhd
- Director, Pacific & Orient Properties Limited

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

- More than 30 years of experience in financial (including Islamic), commodities and securities industry and the developing of the Malaysian Financial Market, M&A in insurance and Takaful companies
- More than 12 years of experience as an Independent Board member of listed financial institutions as well as companies in the oil and gas and property industries
- Licensed by Securities Commission of Malaysia for corporate advisory services
- Chief Executive Officer, RHB Securities Bhd
- COO, Kuala Lumpur Options and Financial Futures Exchange
- Head of Exchanges, KLSE, MESDAQ, MDEX, Labuan Offshore Financial Exchange
- Consultant, Financial Technologies Middle East based in Bahrain (BFX)
- SV President, Royal Bank of Scotland Group, Singapore
- Member, Global Board of Adviser for XBRL Board Member, Commodity and Monetary Exchange of Malaysia
- Director, Hong Leong Industries Berhad
- Director, Tanah Makmur Bhd
- Director, MyCreative Ventures Sdn Bhd
- Director, Zurich Insurance Malaysia Bhd
- Director, MIMB Investment Bank Bhd
- Director, EON Capital Bhd
- Director, EON Bank Bhd
- Director, MAA Takaful Bhd
- Director, Malaysian Assurance Alliance Bhd
- Director, MAA Holdings Bhd
- Director, MAA International Assurance Ltd
- Board Member, Trustee for Malaysia AIDS Foundation
- Market Participants Committee (MPC) of Bursa Malaysia Bhd

Declarations:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Directors has any family relationship with any Director and/or major shareholder of Hibiscus Petroleum Berhad (Hibiscus Petroleum).

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with Hibiscus Petroleum.

3. **Conviction of Offences**
   None of the Directors has been convicted for offences within the past 5 years other than traffic offences, if any.

4. **Public Sanction/Penalty**
   None of the Directors has any public sanction or penalty imposed on them by any regulatory body* during the financial year ended 30 June 2021.

5. **Attendance at Board Meetings**
   The details of attendance of each Director at Board Meetings are set out on page 95 of this Annual Report 2020/2021.

NOTE:

* Regulatory bodies refers to any regulator that regulates Hibiscus Petroleum or its subsidiaries or any authority or organisation which regulates the business activity of Hibiscus Petroleum or its subsidiaries. This includes Bursa Malaysia Securities Berhad, the Securities Commission of Malaysia, Bank Negara Malaysia, the Companies Commission of Malaysia, the Employees Provident Fund, the Inland Revenue Board, the Department of Environment and the local municipal councils, amongst others.

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

LEADERSHIP TEAM (AS AT 4 OCTOBER 2021)

DR KENNETH GERARD PEREIRA
Managing Director

Nationality: Malaysian | **Age**: 63 | **Gender**: Male

Please refer to page 67 of this Annual Report 2020/2021.

YIP CHEE YEONG
Chief Financial Officer (CFO)

Nationality: Malaysian | **Age**: 47 | **Gender**: Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 June 2019

QUALIFICATIONS:
- Member of the Malaysian Institute of Accountants, Malaysia and Fellow Member of the Association of Chartered Certified Accountants, United Kingdom
- Association of Chartered Certified Accountants, United Kingdom
- B.A (Honours) in Accounting and Finance, Middlesex University, London, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum Berhad (Hibiscus Petroleum) in November 2013 and held the position of Vice President, Finance and Group Controller before his appointment as CFO.
- Has over 27 years of accounting and finance experience in various industries, namely oil and gas, manufacturing, technology, services, risk consulting, audit and taxation.
- Was previously CFO at Microsoft Malaysia, responsible for company-wide financial management and was a key member of the senior management team.

DR PASCAL HOS

Senior Vice President, New Ventures

Nationality: Dutch | **Age**: 50 | **Gender**: Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 March 2021

QUALIFICATIONS:
- Doctorate in Mechanical Engineering, Rice University, Texas, United States of America
- B.Sc in Mechanical Engineering, Rice University, Texas, United States of America

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in February 2011 as Head of Petroleum Engineering and was redesignated as Chief Operating Officer (COO) of HiRex Petroleum Sdn Bhd in October 2014.
- Subsequently re-designated as Vice President, New Ventures on May 2016 before being appointed as the Chief Executive Officer (CEO), SEA Hibiscus Sdn Bhd in September 2017.
- Has over 21 years of experience in general management, field development, reservoir engineering, production technology and rock mechanics in major local and foreign companies. Includes experience in project management, field development planning, development project execution, well and reservoir management and reserves reporting.
- Previously worked at Schlumberger Sugar Land Technology Center, NASA Johnson Space Center, Shell International EP and Sarawak Shell Berhad.

MARK JOHN PATON

Chief Executive Officer, Anasuria Hibiscus UK Limited

Nationality: British and Australian | **Age**: 62 | **Gender**: Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 February 2020

QUALIFICATIONS:
- B.Sc (Honours) Class 1 in Chemical Engineering, University of Leeds, United Kingdom
- Fellow of the Institution of Chemical Engineers

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in March 2013.
- Has over 41 years of experience in the oil and gas industry in both the service sector and exploration and production.
- Began his career with BP Exploration in 1980, as Production and Commissioning Engineer.
- Joined BHP in 1989 and held positions including Well Services Supervisor, Production Manager and as General Manager for BHP Petroleum's Northern Australia Operations.
- Was the founder of Upstream Petroleum, a dominant provider of operations, and maintenance services and marginal field development solutions to the Australian Oil & Gas Industry. Upon the company's acquisition by the AGR Group ASA of Norway, he acted as Managing Director for the Asia Pacific region. Subsequent to leaving AGR he acted as CEO for the ASX-listed, Cue Energy Resource Ltd from 2011 to 2013.

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

LEADERSHIP TEAM
(AS AT 4 OCTOBER 2021)

KEVIN ROBINSON
Vice President, Project Assurance & Asset Oversight

Nationality: British and American | **Age**: 65 | **Gender**: Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 September 2020

QUALIFICATIONS:
- M.Sc in Geochemistry, Leeds University, United Kingdom
- B.Sc (Honours) in Geology, Sheffield University, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in April 2019.
- Has over 43 years of experience in Upstream Oil and Gas mainly in Exploration, Development, New Ventures and Management.
- As Vice President Asia - built a significant E&P Business in Malaysia from 2004 to 2019 for Newfield Exploration and then Sapura E&P developing 10 oilfields and 1 gas field with peak production of 75,000 barrels per day. Also discovered 9 TCF of commercial gas in Sarawak with 11 gas discoveries that was sold to the LNG plant in Bintulu, Sarawak.
- Expanded Sapura's E&P business outside Malaysia signing 9 exploration permits in Australia, New Zealand and Mexico. Also discovered and developed 2 oilfields in China for Newfield from 1997 to 2004.
- Prior to 2004, worked for Oryx, Huffco and Newfield as a Petroleum Geologist and Geochemist on projects in Southeast Asia, Australia, China, South America and North Sea with numerous commercial discoveries, field developments and acquisitions.
- Started career with Core Laboratories working at the wellsite and then built a successful Geoscience Lab Business in Southeast Asia, China and Australia.

CHONG CHEE SEONG
Chief Executive Officer, SEA Hibiscus Sdn Bhd (SEA Hibiscus)

Nationality: Malaysian | **Age**: 44 | **Gender**: Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 March 2021

QUALIFICATIONS:
- Master in Mechanical Engineering, Cambridge University, United Kingdom
- Master of Arts in Engineering, Cambridge University, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum Group in December 2017, as COO for SEA Hibiscus.
- Has over 20 years work experience in the oil & gas industry.
- Joined ExxonMobil Exploration & Production Malaysia Inc in 2001 in the Development Projects Department as a Mechanical Engineer and subsequently transitioned through various technical and leadership roles, including assignments in Reservoir Engineering, Production Planning, Operations and Integrity Management.
- Previously worked at Newfield Malaysia (later acquired by Sapura Energy) initially as Business Planning Manager, subsequently assuming technical and operations responsibilities for the company's crude oil Production Sharing Contracts (PSCs) as its Oil Assets Manager.

JOYCE VASUDEVAN

Head, Corporate Finance

Nationality: Malaysian | **Age**: 53 | **Gender**: Female

DATE APPOINTED TO THE CURRENT DESIGNATION:
2 September 2020

QUALIFICATIONS:

- B.Economics, majoring in Accounting, LaTrobe University, Melbourne, Australia
- Member of the Australian Society of Certified Practising Accountants

WORKING EXPERIENCE:

- Joined Hibiscus Petroleum on 1 January 2011 as CFO and was re-designated as Vice President, Strategy Development effective 5 May 2015 until December 2015. She is currently Head, Corporate Finance.
- Has more than 30 years of experience in audit, corporate finance, finance, business planning, operations planning, fund raising, investor relations, media relations and strategy development.
- Began as an auditor with Ernst & Young in 1989. Worked in the Corporate Finance department at Malaysian International Merchant Bankers Berhad in 1996 and RHB Sakura Merchant Bankers Berhad from 1997 to 2000 and was involved in numerous projects including acquisitions, corporate restructurings, equity issuances and valuation exercises.
- Joined Carlsberg Brewery Malaysia Berhad in 2000 where she headed the new Business Analysis & Planning Department, and was tasked to drive business plans, formulate sales, marketing, production and competitive business models and, evaluate prospective investments.
- Joined SapuraCrest Petroleum Berhad (now part of Sapura Energy Berhad Group) in 2006 where she headed the Strategic & Operations Planning Unit of the COO's Office and was responsible for the development of various management and project monitoring systems, and assisting in driving a group-wide reorganisation of its operations.

LIM KOCK HOOI

Group General Counsel

Nationality: Malaysian | **Age**: 64 | **Gender**: Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
7 March 2017

QUALIFICATIONS:

- LLB (Honours), University of London, United Kingdom
- B.Sc (Honours) in Applied Geology, University of Malaya, Malaysia
- Fellow of the London-based Chartered Institute of Arbitrators

WORKING EXPERIENCE:

- Joined Hibiscus Petroleum in October 2014.
- Over 30 years of experience in oil and gas law practice, project documentation, and management and resolution of project execution issues, claims & disputes.
- Other related practices include construction, insurance, capital market and private equity financing.
- Member of the management team of Caelus Energy Asia, as the Senior Vice President for Legal for the Asia-Pacific region prior to joining Hibiscus Petroleum.

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

LEADERSHIP TEAM
(AS AT 4 OCTOBER 2021)

DEEPAK THAKUR, CFA
Vice President, Economics and Business Planning

Nationality: Indian | **Age**: 38 | **Gender**: Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 February 2020

QUALIFICATIONS:
- Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, United States of America
- MBA (Major in Finance), Indian Institute of Management (IIM), Bangalore, India
- B. Tech in Petroleum Engineering, Indian Institute of Technology (IIT), Dhanbad, India

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in March 2012.
- Over 14 years of experience in the oil & gas industry in a career dedicated to developing financial models & cash flows, performing valuation & sensitivity analysis, debt funding, corporate planning, financial due diligence and reservoir engineering.
- Previously worked with Essar Group - Business Leadership Programme (BLP), Morgan Stanley and Prize Petroleum Ltd in India on multiple oil and gas opportunities based in South East Asia, United Kingdom, Australia, Africa and India.

DR AMBROSE GERARD CORRAY
Vice President, Corporate Services
(Human Capital & Information Technology)

Nationality: Malaysian | **Age**: 64 | **Gender**: Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
8 January 2020

QUALIFICATIONS:
- Doctorate in Business, Southern Cross University, Australia
- MBA, Southern Cross University, Australia
- B.Sc (Honours) in Mechanical Engineering, King's College London, United Kingdom

WORKING EXPERIENCE:
- Supported Hibiscus Petroleum's successful North Sabah asset acquisition from Shell from 2016 to 2018.
- 38 years oil and gas industry global experience. Previously worked with Schlumberger, GE Oil & Gas; oil companies as Vice President, E&P/COO at Interlink Petroleum (BSE listed) & CEO of Loyz Energy (Catalist listed); Director, Loyz Australia. Managed USA drilling activities in Colorado and North Dakota as Joint Venture leader of US, Singapore and European exploration companies.
- Career started as field engineer through to senior management roles, including Country Manager (Brunei, Indonesia, Australia), UK/USA Training & Development Instructor, Supply Chain Management (Asia & Middle East), Market Strategist, Geomarket Manager (Indonesia/Australia) with Schlumberger over a 20-year span. Subsequent role as Regional Manager (Asia Pacific with General Electric) managing their pipeline integrity division.
- Founded Petrosearch Pte Ltd, a service provider in Mergers & Acquisitions, Capital Market Funding, Executive Placement, Project Management, Coaching, Training & Development.
- University academic supervisor to two successful Doctoral researchers in FPSO conversion (Australia) and Succession Planning (UAE).

DR WEI-NEE CHEN

Vice President, New Energy Ventures

Nationality: Malaysian | **Age**: 58 | **Gender**: Female

DATE APPOINTED TO THE CURRENT DESIGNATION:
16 September 2020

QUALIFICATIONS:
- Doctor of Business Administration from Universiti Kebangsaan Malaysia, Malaysia
- Master of Business Administration from Universiti Tun Abdul Razak, Malaysia
- Bachelor Degree in Computer Science from the University of Canterbury, New Zealand

WORKING EXPERIENCE:
- Has over 15 years of involvement in policy formulation of renewable energy initiatives under the Ministry of Energy, Putrajaya.
- Previously the Technical Advisor of the Malaysia Building Integrated Photovoltaic (MBIPV) Project, a project jointly implemented by the United Nations Development Programme – Global Environment Facility (UNDP-GEF) and Malaysian Government (2006 - 2010).
- A pioneering member of the Sustainable Energy Development Authority (SEDA) of Malaysia where she started as the Chief Corporate Officer and ended her service as the Chief Strategic Officer (2011-2020).
- Currently serves as a member of the Industry Advisory Panel to the Malaysia Petroleum Resources Corporation (MPRC), the Malaysian Photovoltaic Industry Association and the PhD External Advisory Committee of Sunway University, Malaysia.

SYARIFAH ALIZA SYED AZAUDDIN

Vice President, Corporate Governance

Nationality: Malaysian | **Age**: 46 | **Gender**: Female

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 January 2019

QUALIFICATIONS:
- Master of Business Administration, International Islamic University, Malaysia
- B. A (Hons) in Accountancy and Finance, Lancaster University, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in September 2011 and had held the position of Senior General Manager, Corporate Finance, Secretarial and Regulatory Compliance. She is currently Vice President, Corporate Governance.
- Has over 24 years of experience in various areas of corporate finance, asset management, private equity, corporate governance, audit and general management.
- Previously the Deputy Head, Alternative Investment Group at KFH Asset Management Sdn Bhd, a subsidiary of Kuwait Finance House (Malaysia) Berhad (KFHMB) and also worked with the International Business Team of KFHMB.
- Prior to that, she previously served at Artisan Encipta (M) Sdn Bhd (the venture capital arm of MIMOS Berhad).
- Career commenced in the Renong Berhad Group of companies, where she was instrumental in the Commercial & Marketing Department's efforts in its transportation unit, after having an initial stint in internal audit.

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

LEADERSHIP TEAM
(AS AT 4 OCTOBER 2021)

NURZALINA JAMALUDDIN
Chief Operating Officer, SEA Hibiscus

Nationality: Malaysian | **Age**: 44 | **Gender**: Female

DATE APPOINTED TO THE CURRENT DESIGNATION:
5 April 2021

QUALIFICATIONS:
- BSc in Chemical Engineering, Cornell University (Cum Laude), New York, United States of America

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum Group in April 2021.
- Over 20 years' experience, mostly in the oil and gas industry, in diverse roles across Surface, Subsurface, Planning, Business Process Improvement, Transformation, Business Development, Sales, Commercial and Trade Policies.
- Spent majority of her career in ExxonMobil E&P Malaysia Inc, and later served as Vice President and founding member of Malaysia Petroleum Resources Corporation (MPRC) (under the Prime Minister's Department), Senior Commercial Advisor in Talisman Energy and Chief Business Development Officer and Secretary to the Board of Governors at the Asia School of Business (in collaboration with Bank Negara Malaysia and MIT Sloan School of Management, Boston).
- Active in coaching and mentoring in the energy and women advocacy space.

LILY LING LEONG SHUANG
Senior General Manager, Corporate Development

Nationality: Malaysian | **Age**: 38 | **Gender**: Female

DATE APPOINTED TO THE CURRENT DESIGNATION:
6 January 2020

QUALIFICATIONS:
- Fellow Member of the Association of Chartered Certified Accountants, United Kingdom
- B.A (Honours) in Accounting, University of Hertfordshire, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in January 2020.
- Has 18 years of diversified experience in investment banking, corporate finance, investor relations, consulting, corporate communications, finance and audit.
- Was with Sapura Energy Berhad prior to joining Hibiscus Petroleum, working on corporate finance and investor relations and led the RM4 billion rights issue exercise in 2019.
- Previously a Director of Corporate Finance at CIMB Investment Bank, involved in the structuring, planning and execution of corporate finance transactions for 8 years, covering mergers and acquisitions, debt and equity capital markets, including two major initial public offerings with combined transaction value of RM19.1 billion.
- Career commenced at Ernst & Young, leading the audit of companies in various industries.

DECLARATIONS:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Leadership Team has any family relationship with any Director and/or major shareholder of Hibiscus Petroleum Berhad (Hibiscus Petroleum).

2. **Conflict of Interest**
   None of the Leadership Team has any conflict of interest with Hibiscus Petroleum.

3. **Conviction of Offences**
   None of the Leadership Team has been convicted for offences within the past 5 years other than traffic offences, if any.

4. **Public Sanction/Penalty**
   None of the Leadership Team has any public sanction or penalty imposed on him/her by any regulatory body* during the financial year ended 30 June 2021.

5. **Directorship in Public Companies and Listed Issuers**
   None of the Leadership Team has any directorship in other public companies or listed issuers.

NOTE:

* Regulatory bodies refers to any regulator that regulates Hibiscus Petroleum or its subsidiaries or any authority or organisation which regulates the business activity of Hibiscus Petroleum or its subsidiaries. This includes Bursa Malaysia Securities Berhad, the Securities Commission of Malaysia, Bank Negara Malaysia, the Companies Commission of Malaysia, the Employees Provident Fund, the Inland Revenue Board, the Department of Environment and the local municipal councils, amongst others.

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

MANAGEMENT TEAM AND TECHNICAL EXPERTS
(AS AT 4 OCTOBER 2021)

VINCENT LEE
Group Internal Auditor

DEVARAJAN INDRAN
Petroleum Engineering Advisor

INDARJIT SINGH
Geoscience Advisor

VIVIAN PHANG MUN YEE
Senior General Manager,
Human Capital

MEERA SURIN DERPALL
Senior General Manager,
Risk & Business Process Improvement

LIM SUI YUAN
Asset Controller

JENNY POH
Deputy General Manager,
Corporate Secretarial

DOREEN HONG
Senior Manager,
Corporate Finance

LIEW SHAU TENG
Senior Manager, Finance

CATHERINE CHOW
Treasury Advisor

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

NORTH SABAH ASSET
(AS AT 4 OCTOBER 2021)

CHONG CHEE SEONG
Chief Executive Officer

NURZALINA JAMALUDDIN
Chief Operating Officer

DAVID JAYAKUMAR RICHARDS
Head of Subsurface

NG KOK KONG
Head of Finance

MUHAMAD HER NASIR
Head of Contracts & Procurement

ALAN TOH
Head of Planning

MOHAMED HANIF ABDUL HAMID
Head of Commercial & Strategic Relations

MICHELE TOH
Legal Counsel

MOHAMMAD HATTA RIZAL MANSOR
Head of Health, Safety, Security & Environment

NORDIN AHMAD
Head of Human Capital Management

MICHAEL ANTHONY FOX
Operations Improvement Lead

EDMUND ANG
Head of Operations

AMNORADI BAIJURI
Head of Projects & Engineering

NOR AINA AHMAD
Logistic Manager

ANWAR HISHAM ZAINAL ANUAR
Head of Drilling

KEVIN GAN
Enterprise Resource Planning Lead

RIZAL EDDY
Acting Head of Information Technology (IT)/
Information Management

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

ANASURIA ASSET
(AS AT 4 OCTOBER 2021)

KEVIN ROBINSON
Vice President, Project Assurance & Asset Oversight

GOLOKAVASINI RAVI PILLAI
Manager, Economics & Business Planning

YEE SHEN YANN
Assistant Asset Coordinator

MARIGOLD AND SUNFLOWER ASSET
(AS AT 4 OCTOBER 2021)

MARK JOHN PATON
Project Director

GURIN HANSPAL
Project Manager

DEVARAJAN INDRAN
Project Director
(Teal West)

DR JEYANTHI RAMASAMY
Subsea Manager

FERGUS KULASINGHE
Engineering Manager

CLIFFORD LANG
Drilling and Completions Manager

MARIGOLD AND SUNFLOWER ASSET
(AS AT 4 OCTOBER 2021)

ASHOK KUMAR
Senior Drilling Manager

ERIC TIOE
Senior Geoscientist

ROY MORGAN
Project Services Manager

KIMBERLY KHOO
Contracts and Procurement Specialist

MIKE STOKELD
General Manager, Aberdeen

MIKE CLARKE
Floating Production Storage and Offloading (FPSO) & Mooring Manager

CHAN SINE YEE
Project Accountant

JOEL SHENG
IT Manager & System Administrator

A STRONG FOUNDATION, AN EXCITING FUTURE

Today, more than 400 people are part of Team Hibiscus. But in the early days, when we were small, you were there.......

Deepak Thakur

- Joined the Company as a Petroleum Economist in 2012
- Today, Deepak is Vice President in the Economics and Business Planning Group

Noormalina Abu Bakar

- Joined the Company as a member of the Information Technology Department in 2012
- Today, Ina is a key member of the Information Management Department of SEA Hibiscus, our subsidiary holding interest in the North Sabah Production Sharing Contract

Thank you for still being here with us !

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (BOARD) OF HIBISCUS PETROLEUM BERHAD (HIBISCUS PETROLEUM OR THE COMPANY) IS ENTRUSTED WITH THE RESPONSIBILITY OF SAFEGUARDING THE RESOURCES OF HIBISCUS PETROLEUM AND ITS SUBSIDIARIES (GROUP) IN THE INTERESTS OF ITS SHAREHOLDERS BY EXERCISING DUE AND REASONABLE CARE IN ITS OVERSIGHT OF THE GROUP.

In December 2020, the Company was accepted as one of the constituents of the FTSE4Good Bursa Malaysia (F4GBM) Index, evidencing recognition of our good Environmental, Social and Governance (ESG) practices. This was achieved pursuant to the attainment of the highest rating of 4 stars from FTSE Russell which placed us in the top 25% of public listed companies in the FBM EMAS Index. Furthermore, in the latest ESG ratings assessed by FTSE Russell in June 2021, the Company retained its rating of 4 stars in addition to being included in the FTSE4Good Bursa Malaysia Shariah Index.

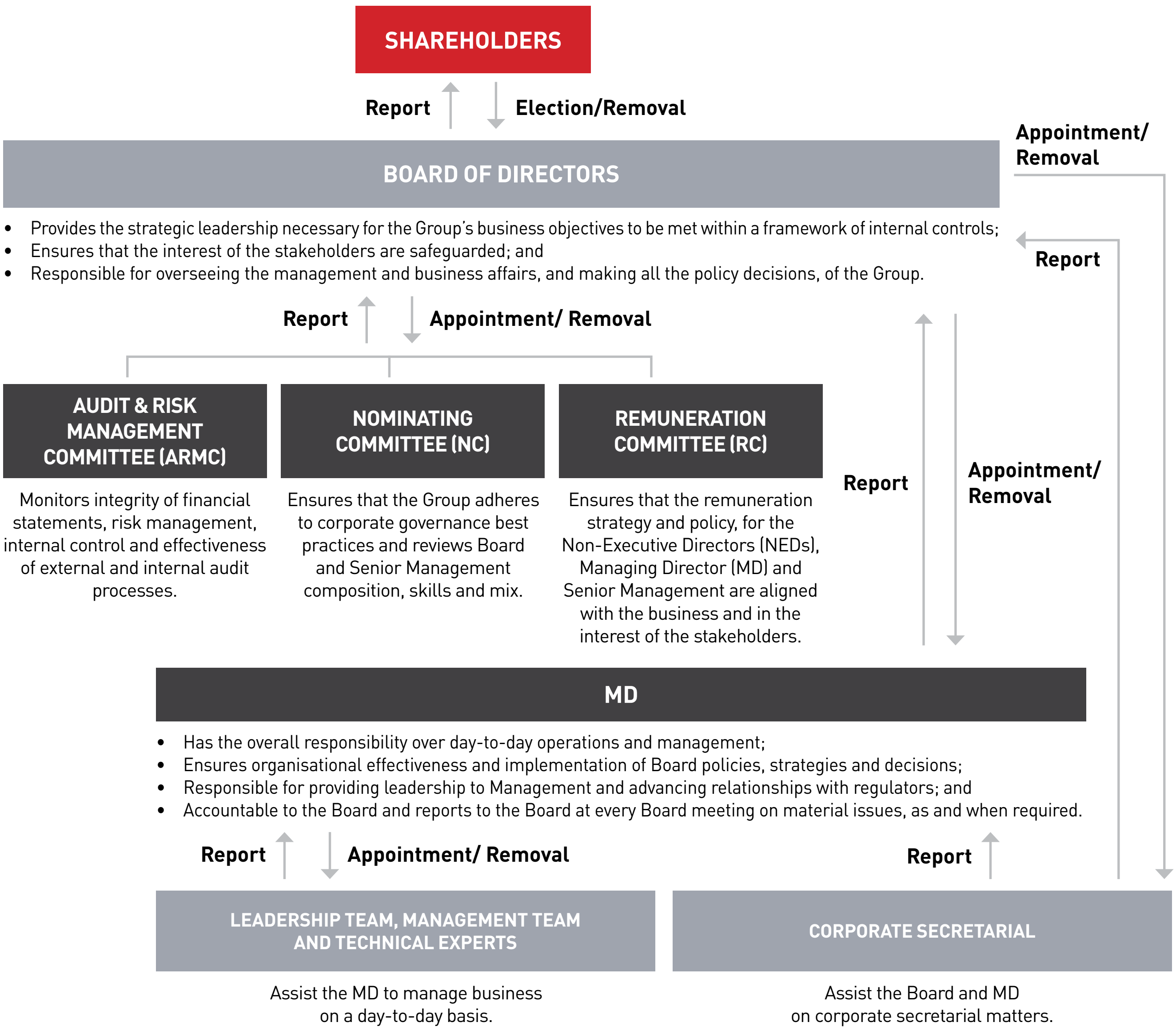
The Company continues to maintain its Green Lane Policy (GLP) status by Bursa Malaysia Securities Berhad (Bursa Securities) which was accorded in December 2019. The privileges of this inclusion include certain exemptions which allow for the issuance of "non-complex" circulars (without pre-vetting) by Bursa Securities and fast-track processing of more "complex" circulars which do not fall within the parameters of the exemptions provided.

The Corporate Governance (CG) Overview Statement (Statement) presents key highlights of the CG practices of the Company under the leadership of our Board during the financial year ended 30 June 2021 (FY2021). This Statement provides an insight into the activities of our Board and its Board Committees throughout the year in providing appropriate and effective stewardship of the Group ensuring strategic priorities were achieved with the interest of our shareholders in mind, during a year impacted by the COVID-19 pandemic.

This Statement is prepared in compliance with Bursa Securities' Main Market Listing Requirements (MMLR) and is to be read together with the Company's CG Report. Our CG Report is available on Hibiscus Petroleum's website (https://www.hibiscuspetroleum.com).

The CG Report provides a detailed explanation of how our Company has applied each Practice as set out in the MCCG 2017 and updated in MCCG 2021 during FY2021, taking into consideration the specific circumstances affecting our Group, including any alternative measures taken to achieve the intended outcomes.

CG STRUCTURE



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Strategic Planning and Implementation

The Company's CG framework lays down the structure, processes and lines of authority that govern how our business is directed, managed and controlled with regard to all our stakeholders while ensuring compliance with applicable laws, rules and regulations, our Company's *Constitution* and adherence to good CG practices.

Our Board is responsible for overseeing the management and business affairs of our Group and is responsible for making major policy decisions for the delivery of long-term growth and building a sustainable business. It is supported by three Board Committees namely the ARMC, NC and RC within the scope of responsibilities set out in their respective *Terms of References (TOR)*.

The *Board Charter* (which governs the Board and contains specific guidance for the Directors on, inter alia, the key values, principles and ethos of the Group, the Board's principal responsibilities and specific delineated key matters which are reserved for the Board's approval (Reserved Matters)), was updated in July 2021 in compliance with MCCG 2021. It now includes a provision that the tenure of an Independent Director (INED) must not exceed a 12-year period, in accordance with the recommendations of MCCG 2021.

Our Board has delegated the day-to-day management of the business to our Managing Director (MD) with an approved set of *Limits of Authority (LOA)*.

Reserved Matters include the review and approval of transactions with threshold amounts exceeding the *LOA* of the MD, strategic business plans and annual budgets, audited and quarterly financial statements, and major capital expenditure; such considerations being always subject to compliance with the applicable laws and regulations governing the Group. As part of the periodic review carried out on the Group's internal control systems, separate *LOAs* were introduced for Project Teal West and Project Eagle in April 2021. We wish to highlight that the appropriateness of *LOAs* are reviewed regularly.

Board powers are governed by our Company's *Constitution* which sets out, amongst others, the decision-making processes of our Board and the rights of the shareholders to attend and vote at general meetings. Directors have access to our Management team and where necessary and appropriate, to independent advisors for the purposes of obtaining such information and advice required to discharge their responsibilities.

The Board Members have full access to two (2) Company Secretaries who provide advisory services to the Board, particularly on matters relating to the *Constitution* of the

Company, facilitating compliance with the listing requirements and the relevant legislation. The Company Secretaries provide support in the execution of corporate proposals and serve as the secretary to the Board Committees. In addition to their statutory duties, the Company Secretaries also facilitate communication between the Board and Management.

The emergence of COVID-19 in early 2020 had a far-reaching impact to all businesses globally, including our Company. In order for our Board to effectively monitor the Group's risk management, it met online regularly throughout FY2021 to assess the initiatives and action steps taken by Management in responding to the COVID-19 pandemic and other arising challenges, to ensure continuous sustainability of the Group's operations whilst constantly fostering a safe working environment for the employees.

Management re-evaluated and where appropriate, adapted existing processes due to the impact of the movement control orders on our business operations and restructured offshore rotation arrangements for offshore crew teams due to the travel restrictions to ensure business continuity while strictly enforcing Standard Operating Procedures (SOPs) implemented to mitigate COVID-19 effects. For the office-based staff, our workforce transitioned to working from home on a staggered schedule.

With a new working landscape (due to the SOPs) defined, the Group placed emphasis on the mental health of its employees, in addition to physical safety. The Board was regularly briefed on Management's plans and actions with regard to the wellbeing of employees while also ensuring their productivity despite multiple operational restrictions. Our Board was fully supportive of Management's actions and continues to monitor progress. Learnings from such initiatives have been shared and improvements have been made where appropriate to enhance flexibility in working processes, thereby reinforcing our commitment to the health and safety of our employees.

As a response to the new normal, our Extraordinary General Meeting and our Annual General Meeting held during the year under review were conducted virtually, paving the way for the increased use of technology in facilitating communication whilst ensuring the safety of shareholders, our Board and employees.

Oversight of Business and Financial Performance

Our Board completed a comprehensive review of the Group's business plan for 2021 in March 2021. Pursuant to this, an updated mission and vision of the Group, the 2021 Group Scorecard and Key Performance Indicators (KPIs) within the context of an uncertain macro-environment impacted by COVID-19, were rolled-out.

Management is held accountable for the delivery of business outcomes and is measured based on the agreed KPIs in the 2021 Group Scorecard comprising both financial and non-financial KPIs.

Identification of Principal Risks, Risk Appetite and Risk Management Framework

Our Board's principal responsibilities include ensuring the adequacy of management processes covering the continuous identification and mitigation of key risks. During FY2021, our Board through our ARMC, reviewed on a quarterly basis, matters pertaining to risk management including our Group risk profile and risk management updates presented by the Chairman of the Executive Risk Management Committee (ERMC).

Monitoring of conflicts and related party transactions were also conducted and this involved the tabling of the directorships and shareholdings held by Directors in our Company and companies other than Hibiscus Petroleum (and any changes thereto), at the quarterly Board meetings. Our Directors' shareholdings in Hibiscus Petroleum are reported on page 276 of this Annual Report 2020/2021.

Zero-tolerance for Corruption

Our Board is committed to instilling an organisational culture with high integrity and zero tolerance for corruption. With the introduction and implementation of the corporate liability provisions introduced by Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (amended 2018), the Group updated its *Anti-Corruption and Anti-Bribery (ACAB) Policy* in 2020. Subsequently, all employees had to fully complete quizzes rolled out to test their awareness and understanding of the *ACAB Policy* in Q1 2021.

Despite all our efforts to ensure full compliance with our *ACAB Policy*, including the tightening of internal controls, there was one reported case of an attempted non-compliance of the *ACAB Policy*. Our preliminary investigation determined that although there was no gratification received by the staff involved from the complainant, and that he retired from service one month after the reported incident, the surrounding circumstances merited a further investigation. Consequently, the incident was reported to the MACC for further action, reinforcing our stance for zero-tolerance for any breach of the law and/or the *ACAB Policy*.

On a continual basis, our Directors and all of our employees including Principal Officers[1] are reminded of their obligations not to deal in Hibiscus Petroleum securities whenever they may be in possession of price sensitive information. In addition, reminders of disclosure requirements in respect of dealings during open and closed periods are circulated. Insider Trading is a prohibited activity under the law and we have in place our *Policy with Regard to Insider Dealing* to reinforce the prohibition. This policy was refined in November 2020 to provide further clarity on the applicable regulations and the seriousness in which any breach of such provisions would be treated.

During FY2021, neither our Directors nor our Principal Officers dealt in Hibiscus Petroleum securities during the specified closed periods.

We have also updated the *Code of Conduct and Ethics* in May 2021 to provide additional guidance for employees in the event they encounter any conflict of interest situation. We also have a *Whistle Blower Policy* to provide an avenue for all parties to report any known malpractices/wrongdoings.

[1] Principal Officers refers to the chief executive officer who is not a director, the chief financial officer or any other employee who has access or is privy to price-sensitive information in relation to the listed issuer.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Adequacy and Integrity of Internal Control Framework

Our Board is assisted by our ARMC in matters pertaining to internal control and compliance which are discussed at quarterly ARMC meetings where financial and tax reporting, and related party transactions disclosures are deliberated. In this regard, the ARMC *TOR* and the *External Auditor Independence Policy* were updated in July 2021 to comply with the changes made in the recently issued MCCG 2021, namely to ensure that a former audit partner shall not be appointed to the ARMC until a 3-year cooling-off period was observed, and, to look into the suitability, objectivity, independence and transparency of the external auditor in carrying out their duties.

In view of the seriousness of certain modern slavery practices, a stand-alone *Anti-Modern Slavery Policy* to reiterate the Group's stand against modern slavery was announced in July 2019.

With regard to affiliations to political parties or groups, at this juncture, the Group wishes to highlight that it has not made any political contributions to-date.

Aside from the *Environment Policy* introduced in September 2019, the *Sustainability Policy* of October 2019 was updated in July 2021 and uploaded on our Company website in view of the importance of sustainability and its increasing impact to the business. The *Sustainability Policy* has been aligned with the United Nations' Sustainable Development Goals and their call to a Decade of Action, which supports our commitment outlined in our *Environment Policy* to use energy and natural resources wisely and efficiently, and to ensure our environmental management system continually assesses the impact of our operations to the surrounding environment, while maintaining action plans capable to respond to any arising emergency (as contained in the *Group's Crisis Management Plan*). The Group is committed to understanding and implementing sustainable practices to achieve the right balance between the objectives of our shareholders, attaining economic success, protecting the environment and fulfilling our ethical obligations to other stakeholders and the wider community (in which the Group has a presence).

Furthermore, the provisions of our *Drug and Alcohol Policy* were strengthened in January 2020 to permit the Group the right to test employees and all those working in the Group's premises, to ensure a safe and healthy work environment for all, as well as to minimise the risk of any untoward incidents/accidents from occurring.

These policies have been updated/introduced to ensure that good standards of behaviour and professionalism permeate throughout all levels of the Group. They also facilitate efforts to prevent misconduct and promote ethical practices and consequently, support the delivery of long-term sustainable success for the Company.

Further details of the *Board Charter, Code of Conduct and Ethics, Whistle Blower Policy, Anti-Modern Slavery Policy, Health, Safety, Security and Environment (HSSE) Policy, Environment Policy* and *Sustainability Policy* are set out in the CG Report, and these documents can be found on Hibiscus Petroleum's website: https://www.hibiscuspetroleum.com/corporate-governance.

Succession Planning

One of our key priorities is to ensure our Group has the right organisational structure that is fit for the purpose of meeting arising challenges. Succession plans for our MD and the critical leadership roles are in place, with several positions having a "ready" successor to cater for any unexpected event.

Remuneration of Non-Executive Directors (NEDs) and Employees

In addition, our Board, through the RC, is responsible for reviewing the adequacy of the remuneration paid to our NEDs. This is subject to shareholders' approval on an annual basis as required under Section 230 of the Companies Act, 2016 (Act). In this regard, the *Directors' Remuneration Policy* has been updated in July 2021 to provide better clarity on the criteria to be met prior to the disbursement of remuneration.

Hibiscus Petroleum's reward philosophy is to attract, engage, develop, motivate and retain talent within the Group's compensation scales. Our Group's policy in the selection, appointment and remuneration of the Leadership Team takes into account various factors that may contribute towards the discharge of their respective duties, such as skills set, education level, breadth of experience, level of accountability and complexity of the job. Salary structures are appropriately benchmarked and the salary range for each level has been established and is routinely reviewed. Total remuneration for employees is made up of a fixed component (basic salary) and a variable component (bonus), which is awarded based on individual and Group performance against agreed set targets. Further details can be found in the RC Report on page 153.

Effective Shareholder and Stakeholder Communication

Transparency is the tenet of our CG principles and we endeavour to keep our shareholders and our stakeholders such as regulators, investors, media and employees informed of material updates on a regular basis. Corporate and business updates approved by our Board, are also issued quarterly in conjunction with our quarterly report and covers business activities in addition to commentary on the operational and financial performance of our Group. Furthermore, such disclosures are supported by the concurrent production of a webcast uploaded on YouTube explaining each quarterly report.

In addition, engagement with stakeholders also extend to the publication of monthly investor presentations which are uploaded on our Company website. Shareholders are also able to ask questions via the platform available on our website. Responses are uploaded for public dissemination. Regular press conferences and analyst/fund manager briefings are also organised to facilitate better understanding of our business.

As a result of the changes in the MCCG 2021, the *Corporate Disclosure Policies and Procedures (CDPP)* was updated in July 2021 and has been uploaded on our website for information.

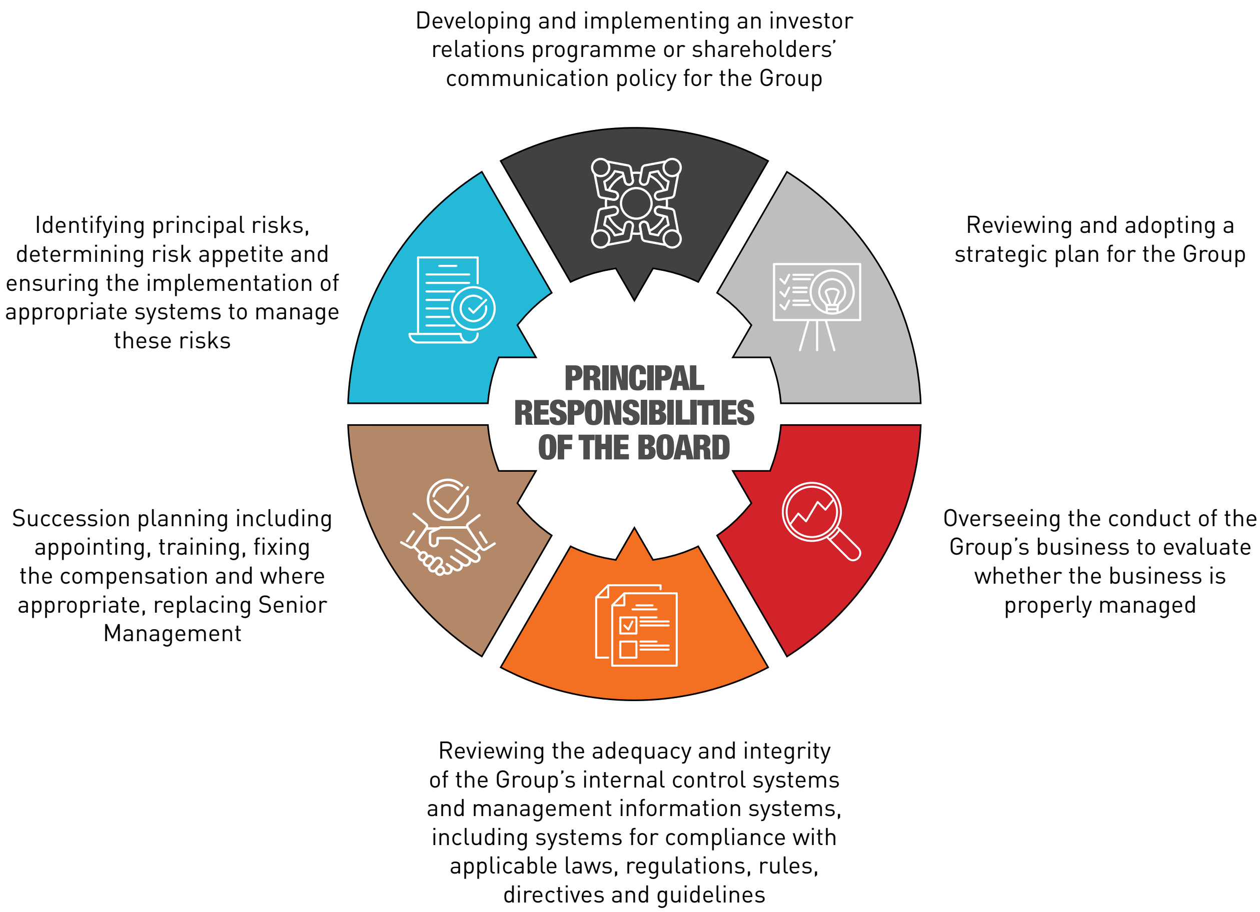
APPLICATION OF PRACTICES SET OUT IN MCCG 2017 (AND MCCG 2021, AS APPLICABLE)

This Statement should be read with our CG Report and other documents relating to our governance framework which can be downloaded from our website (https://www.hibiscuspetroleum.com).

A summary of our CG practices during FY2021 with reference to the three (3) Principles of the MCCG 2021 is set out below:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The seven principal responsibilities adopted by the Board as set out in the *Board Charter* are shown in the diagram below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Directors have access to our Management Team and where necessary and appropriate, to independent advisors for the purposes of obtaining such information and advice required to discharge their responsibilities. Each Board Committee is governed by its own *TOR* which has expressly stipulated the right of access to Management and independent advice.

As permitted under the Act, the Company has effected a Directors' and Officers' Liability Insurance (subject to applicable sub-limits and terms) for the Directors and officers of the Group. In line with market practice, individual Directors contribute the premium payable in respect of this insurance taken by our Group.

Our Board Composition and Balance

Our Board members have diverse social and professional backgrounds with experience at local, regional and international levels in various sectors such as oil and gas, accounting and finance, legal and economics.

For FY2021, our Board comprised five (5) Directors including a non-executive Chairman and 60% Independent NEDs (INEDs). There is also 20% female representation on our Board. Our Directors' profiles can be found on pages 66 to 71 of this Annual Report 2020/2021.

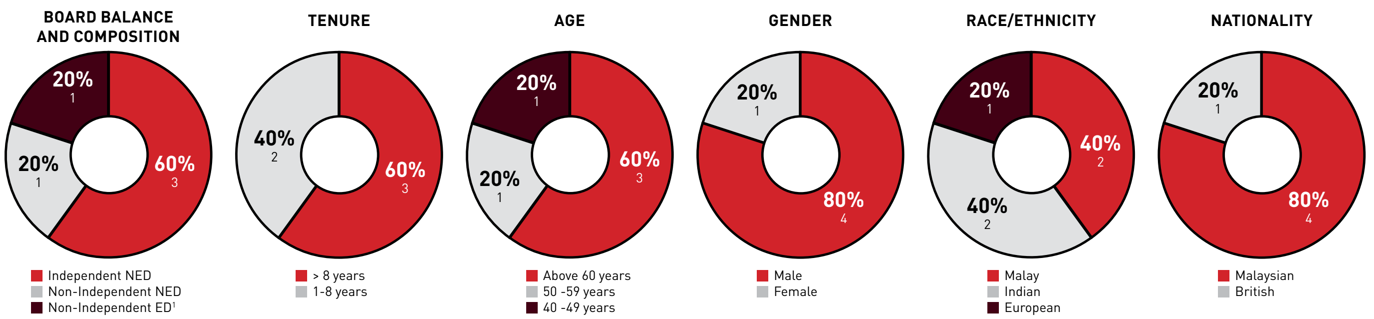
Diversity Policy

Our Board places high emphasis on inclusivity and acknowledges that a mix of individuals from different backgrounds, skills, experience and competencies will enable greater diversity of thought which is key for value creation. Appointments to our Board are guided by the factors to assess the suitability of candidates set out in the NC *TOR*, thus ensuring that each Director has the skills, knowledge, expertise, experience, competence, character, integrity and time to effectively discharge his/her role.

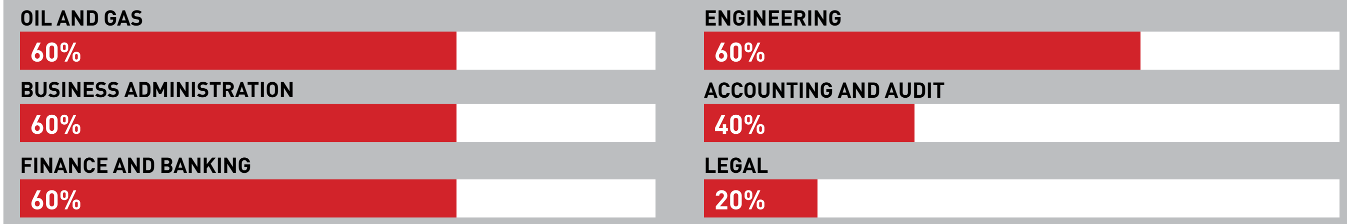
Our Board aspires to achieve at least 30% female representation. Nevertheless, the overriding consideration in Board appointments is based on merit and the potential value add that each candidate brings to our Group.

The diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of our current Board are shown below:

ANALYSIS OF BOARD COMPOSITION AS AT 4 OCTOBER 2021



BOARD EXPERIENCE AND SKILLS



Note: [1] Non-Independent Executive Director

Re-election and Re-appointment of Directors

The requirements for re-election of Directors are set out in our Company's *Constitution*, which requires that an election of Directors by rotation takes place each year at the AGM where one-third (1/3) or, if the number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election. All Directors, including the MD, shall retire at least once every three (3) years.

A Director who has expressed his/her intention to be re-elected will be assessed by our NC and Board to determine if he/she has performed and discharged his/her responsibilities and if his/her re-election is justified.

Our Chairman, Encik Zainul Rahim bin Mohd Zain (Encik Zainul Rahim), shall retire by rotation pursuant to Clause 134 of our Company's *Constitution*. Pursuant to the NC's recommendation following the Board assessment carried out in 2021, the Board is satisfied that Encik Zainul Rahim contributed positively to the overall effectiveness of our Board and is therefore seeking the approval of our shareholders for his re-election as Director of our Company at our 11th Annual General Meeting (AGM). It should be noted that Encik Zainul Rahim abstained from the deliberation of this matter.

Policy on Tenure of Independent Directors

The Board has in place a *Board Charter and Directors' Assessment Policy* which both limit the tenure of the INEDs of the Company to nine (9) years or a cumulative period of nine (9) years with intervals, with the aim of enabling the Board to continuously maintain its objectivity and effectiveness. This limit applies unless an extension of the respective director's service is approved by shareholders. In addition, the *Board Charter* which was updated in July 2021, has included a term that the tenure of an INED must not exceed a 12-year period, in accordance with the recommendations of MCCG 2021.

A retiring Director will be assessed by our NC and Board to determine if he/she has performed and discharged his/her responsibilities well. Justification for his/her re-election as a director is also deliberated, including those of INEDs whose tenure reaches/exceeds nine (9) years to determine if shareholders' approval should be sought to retain him/her as an independent director. The level of independence shown by our INEDs have consistently demonstrated the values and principles associated with independence, including impartiality, objectivity and consideration of all stakeholders' interests. Our INEDs voice their opinions, irrespective if these are not aligned with the majority view. The current tenure of our INEDs range from four (4) years to approximately ten (10) years.

An assessment of our INEDs is carried out annually. In this regard, YBhg Dato' Sri Roushan Arumugam (YBhg Dato' Sri Roushan) has completed ten (10) years of service in July 2021. Our Board, based on the NC's recommendation, has concluded that (notwithstanding YBhg Dato' Sri Roushan's tenure which exceeds ten (10) years), he has continued to be independent within the definition and spirit of Bursa Securities' MMLR. Our Board's view was corroborated by the Board assessment carried out in September 2021 which was facilitated by our NC with the assistance of the Company Secretaries. The evaluation showed that, among others, YBhg Dato' Sri Roushan displayed objectivity in discussions held, engaged in active questioning and contributed to informed and balanced decision making. On this basis, our Board has recommended for the retention of YBhg Dato' Sri Roushan Arumugam as an INED at our 11th AGM to be held in December 2021. At this juncture, we wish to highlight that YBhg Dato' Sri Roushan did not participate in deliberations on this matter.

Board Meetings

In accordance with our *Board Charter*, our Board shall meet at least four (4) times each financial year. The annual Board Meeting calendar is planned ahead and communicated to our Directors prior to the commencement of each new financial year.

Our Directors have been informed of their duties and responsibilities, expected time commitment as well as their rights and entitlement via the letters of appointment issued. None of our Directors are presently serving on the board of more than five (5) public listed companies on Bursa Securities. In addition, our Board policy for acceptance of external board appointments requires notification to be given to the Board Chairman and if there are any potential conflicts of interest, our Board Chairman should be consulted prior to acceptance.

Any change in directorships held by our Directors are tabled at Board meetings. At the present time, our Board is satisfied that the present directorships in external organisations held by our Directors do not give rise to any conflicts of interest nor impair their ability to discharge their responsibilities.

A total of fifteen (15) Board meetings were held during FY2021, the majority of which was conducted virtually in light of the COVID-19 pandemic. Nevertheless, engagements between our Board and Management Team were not confined to Board meetings as there were regular engagements between the Board and/or individual Directors and relevant Management members through ad-hoc private sessions, pre-Board and pre-Board Committee meetings. The meeting attendance at our Board and Board Committee meetings during FY2021 demonstrated high levels of accountability and commitment by our Directors.

Name	Board	ARMC	NC	RC
Number of meetings held during FY2021	15	8	6	6
Zainul Rahim bin Mohd Zain	15/15	8/8	6/6	6/6
Dr Kenneth Gerard Pereira	15/15	n/a	n/a	n/a
YBhg Dato' Sri Roushan Arumugam	14/15	n/a	6/6	6/6
Thomas Michael Taylor	15/15	8/8	6/6	6/6
YBhg Dato' Dr Zaha Rina Zahari	15/15	8/8	6/6	n/a

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Board Effectiveness

Our Board undergoes an annual assessment to review its performance via feedback obtained through an electronically deployed questionnaire. In line with Practice 6.1 of the MCCG 2021, our NC engaged an independent expert to facilitate objective and candid assessment for FY2021 for our Board.

Our Board as a whole was assessed on the aspects of board mix and composition, quality of information and decision-making, effectiveness in discharging key responsibilities and the role of our Board Chairman. Individual Directors undertook a self and peer assessment in respect of their contributions and performance, calibre and personality, and the INEDs were assessed to ascertain their independence in thought and mind based on a qualitative assessment. The Board assessment for FY2021 also included a review of overall Board meeting processes including meeting agenda and materials.

The annual Board assessment provides useful insights on the strengths and weaknesses of our Board, the Board Committees and individual Directors, which facilitates improvement of its members to raise the bar on performance for a more progressive Board.

The overall performance of our Board, Board Committees and individual Directors were found to be satisfactory. The efficacy of our Board Chairman and the proactiveness of Directors were highlighted as areas of strength. The results of the Board assessment FY2021 show that our Directors have high levels of accountability, were steadfast in providing crucial support to our Management and where necessary, engaged external consultants to seek independent validation and supplementary views on technical matters presented by Management.

Based on the assessment findings, our Board noted that there is headroom for improvement in monitoring strategy execution, risk management, and engaging further on current issues faced in the oil and gas industry.

Directors' Induction and Continuing Education Programme

In order to effectively discharge their responsibilities, our Directors attended a wide spectrum of informal (seminars, conferences, webinars) and formal training programmes during FY2021. The Directors are regularly notified of external training programmes by our Corporate Secretarial team. In addition to formal training programmes, our Directors are constantly kept abreast of the market outlook, competitive landscape and changes to the accounting standards by our Managing Director, Management team and external auditors.

All our Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. A list of seminars/training participated by our Directors as at 4 October 2021 is shown on pages 15 to 19 of the CG Report.

In addition, the training needs of our Directors are identified through the annual Board assessment process. This is in addition to the individual Directors' recommendations on appropriate training that will enhance Board effectiveness.

Remuneration Policy

Our *Directors' Remuneration Policy* on NEDs' remuneration was last updated in July 2021 to ensure that the Directors are fairly remunerated based on the financial performance of the Group, the nature and size of the Group's operations, the scope of Directors' duties and accountabilities, the level of engagement required from NEDs in the form of meetings, workshops and discussions, and benchmarking against board fees of other companies operating in the same industry, of comparable size and market share.

The remuneration of our NEDs adheres to a schedule of fixed fees in accordance with their responsibilities on our Board and Board Committees. In addition, our Directors are paid a per-day meeting allowance and reimbursed for expenses which are reasonably incurred by them in the discharge of their duties such as travel and accommodations expenses. There is an established process for the reimbursement of expenses incurred by our NEDs.

At this juncture, we wish to highlight that individual directors do not participate in the discussions and decisions relating to their own remuneration.

The current NEDs remuneration rates were approved by our Company's shareholders at our AGM in December 2020. In accordance with Section 230 of the Companies Act, 2016 (Act), directors' remuneration shall be subject to shareholders' approval on an annual basis. At the forthcoming AGM in

December 2021, our Board will be seeking approval for our NEDs remuneration structure as set out below, payable in arrears on a quarterly basis for the period commencing after our AGM to the date of our next AGM in 2022:

Type of Fees/Meeting Allowances	Existing Rate	Proposed New Rate
Non-Executive Chairman's Fees per annum	RM120,000	RM180,000
NEDs Fees (save for the Chair of the Board) per annum	RM100,000	RM110,000
Meeting Allowances as Chair For each meeting of the Board and of the Board Committee that a NED attends as Chair of the meeting	RM4,500	No change proposed
Meeting Allowances as Member For each meeting of the Board and of the Board Committee that a NED attends as member of the meeting	RM3,500	No change proposed
Specific Meeting Allowances For each specific meeting that a NED attends, amongst others, with third parties, for and on behalf of the Company	RM3,500	No change proposed

Our RC and Board have reviewed and concluded that the meeting allowances rate for NEDs remain competitive and appropriate based on the responsibilities of our Directors, the current market landscape within which Hibiscus Petroleum operates and market benchmarks, save for the director's fee paid to our Chairman which is trailing the market mean significantly and the fees paid to our other NEDs which are at the lower end of the average range paid by other entities in the oil and gas sector. Therefore, the relevant proposed increases, as outlined above, shall be tabled for shareholders' consideration and approval during our 11th AGM in December 2021. Please refer to the RC Report on page 153 and the CG Report on pages 37 to 38.

Furthermore, it is also a policy of the Company that Executive Directors who are appointed to the Boards of associate and/or subsidiary companies of the Company which attract directors' remuneration, fees, expenses or benefits, shall surrender to the Company such remuneration, fees, expenses or benefits as soon as practically possible after receipt, provided that such an individual is fully and adequately protected and indemnified from all claims and liabilities that may be incurred by the individual concerned in discharging his or her duties in a lawful manner in the interest of the Company on whose board he or she is serving.

MD's Remuneration

Our MD is remunerated in accordance with the terms of his employment contract which was approved by our Board. Our MD's remuneration is aligned with the scope of his duties and responsibilities, prerequisite qualifications and experience, strategic targets and performance of the Group (amongst others). The breakdown of the MD's remuneration can be referred to in the Audited Financial Statements on page 252 of this Annual Report 2020/2021.

Code of Conduct and Ethics, Anti-Corruption and Anti- Bribery Policy, and Whistle Blower Policy

Our *Code of Conduct and Ethics, Anti-Corruption and Anti- Bribery Policy,* and *Whistle Blower Policy* can be downloaded from our Company website (https://www.hibiscuspetroleum.com).

- Our *Code of Conduct and Ethics* outlines the principles and best practices to be applied by our Directors and employees when conducting business. Fairness and impartiality as well as compliance with laws and regulations must be upheld in our business conduct and relationships. Our *Code of Conduct and Ethics* was enhanced in May 2021 to provide clarity on how to manage any conflict of interest situation which may arise.

- As part of the monitoring of conflicts and related party transactions, the directorships in the companies outside the Company held by our Directors and any changes thereto, are tracked and tabled at our quarterly Board meetings. Details of our Directors' shareholding interest in our Company are reported on page 276 of this Annual Report 2020/2021.

- As part of our compliance and ethics awareness assurance processes, our employees have completed compulsory online quizzes relating to the *Policy with Regard to Insider Trading* and *Anti-Corruption and Anti-Bribery Policy* to ensure understanding of both policies.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Hibiscus Petroleum has a combined Board Committee covering audit and risk functions. Our ARMC comprises three (3) members who are all NEDs, of which a majority are INEDs, in compliance with Paragraph 15.09(1) of the MMLR and chaired by our Senior INED. The composition of our ARMC is reviewed annually by our NC and recommended to the Board for approval. With the view to maintain an independent and effective ARMC, our NC ensures that only a NED who is competent in finance, possesses the appropriate level of expertise and experience, and has strong understanding of the Company's business, is considered for membership in the ARMC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition to the duties and responsibilities set out under its *TOR*, our Board is assisted by our ARMC in the review of the financial statements of the Group to ensure that they are prepared in compliance with the provisions of the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Act in Malaysia.

Our ARMC reviews the Company's quarterly financial reports and audited financial statements in the presence of external auditors prior to recommending them for approval by the Board. The Chief Financial Officer formally presents the quarterly financial reports to the ARMC and the Board, detailing the performance of the current quarter against the previous corresponding quarter results, the current year/period against the previous corresponding year/period results and the current quarter against the preceding quarter results. The external auditor's reports are also considered by the ARMC in reviewing the financial statements of the Group.

The Board is ultimately responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly and annual financial statements to its shareholders, as well as ensuring that the financial statements give a true and fair view of the results of operations and the financial state of affairs of the Group.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the ARMC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR as well as the *External Auditor Independence Policy* of the Group which has been recently updated in July 2021 to take into account MCCG 2021.

The ARMC *TOR* was also updated in July 2021 in compliance with MCCG 2021.

Risk Management and Internal Control framework

Our Board has established a comprehensive and holistic framework for risk management and a sound internal control system, which has also undergone a periodic evaluation process during the financial year and been updated accordingly. The Board's Statement on Risk Management and Internal Control (SORMIC), which has been reviewed by the external auditors, is set out on pages 158 to 165 of this Annual Report 2020/2021.

With the introduction and implementation of the corporate liability provisions introduced by Section 17A of the MACC Act 2009 (amended 2018), an anti-corruption risk assessment evaluation at both corporate and project levels has been conducted and such evaluations are consolidated together with the overall risk management evaluation done for the Group.

In addition, our Board had previously established an internal audit function within the Company, which is headed by the Group Internal Auditor who reports directly to the ARMC.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

Our Board is committed to adequate and timely disclosure of information whether financial, organisational, governance or transactions related, to enable stakeholders to assess our Group's performance. The *CDDP* which was recently updated in July 2021, regulate interaction with our stakeholders and our Group's spokespersons adhere to such policy.

We recognise the importance of shareholder engagement, which is reflective of the Board's fiduciary duties to the shareholders. The Group leverages on information technology to disseminate information such as annual reports, quarterly reports, corporate and business updates, notice of general meetings, investor briefing slides, press releases, public announcements and responses to frequently asked questions, amongst others. There are also dedicated sections on financial results and corporate governance on the information that is publicly disseminated.

The Board believes that clear and consistent communication encourages better appreciation of our activities and further allows our business and its prospects to be better understood and evaluated by the shareholders. Press conferences and fund analyst briefings are held at regular intervals to keep the media abreast on the Group's performance and recent developments, amongst others. Webcasts are also used by the Management of the Group as a communications tool to ensure that key information is released with the relevant degree of explanation. In addition, the Group has also been providing responses to various queries posed by shareholders vide an open forum on our website.

Conduct of General Meetings

The AGM is the annual forum for shareholders' engagement and communication. Notice of our 10th AGM in 2020 was issued more than 28 days before the AGM to ensure sufficient time for our shareholders to plan for their attendance and if required, lodge their proxy form.

An overview of our Group's results and key achievements was presented by our MD during the said AGM.

Our 10th AGM was held virtually on 2 December 2020 and afforded an opportunity to our shareholders, particularly individuals not residing in the Klang Valley, to participate and vote at our AGM (including submitting questions directly to our Board both prior to and during the AGM). The participation was encouraging with over 200 shareholders and proxies representing 21.77% of our Company's issued share capital at the time joining the virtual meeting. All our Board members including our MD and Management team attended the said AGM online and responded to questions raised by shareholders on our Group's performance, financial and business performance and corporate governance. The question and answer session was moderated by Deloitte Risk Advisory Sdn Bhd, the independent moderator appointed for the 10th AGM.

Voting at our AGM was carried out by way of e-polling. Our Company appointed its share registrar, Tricor Investor & Issuing House Services Sdn Bhd as poll administrator to conduct the poll while Deloitte Risk Advisory Sdn Bhd was appointed as independent scrutineer to verify the poll results.

The minutes of our past AGMs have been published on our Company website.

Our forthcoming 11th AGM, which has been scheduled on 14 December 2021, will be held via a virtual platform. The Notice of this AGM will be issued on 29 October 2021, giving our shareholders 45 days' notice prior to the meeting. A letter will be sent on 29 October 2021 to all shareholders notifying them that the Notice of the 11th AGM, Proxy Form, Administrative Guide, Annual Report 2020/2021 and the CG Report can be downloaded from our Company website at https://www.hibiscuspetroleum.com. At this juncture, we wish to advise that a hard copy print-out of the Annual Report 2020/2021 will only be sent to shareholders upon request.

Our decision to hold a virtual AGM in December 2021 is driven by the prevalent COVID-19 pandemic and our objective to ensure the safety of all individuals, in accordance with the latest Guidance on the Conduct of General Meetings by Listed Issuers issued by the Securities Commission on 16 July 2021 (including any amendment(s) that may be made from time to time). We also wish to comply with the latest revised standard operating procedures issued by Majlis Keselamatan Negara (MKN) on 4 October 2021 (including any amendment(s) that may be made).

Queries or concerns may be directed to the Board through the Chair or the Senior INED:

Encik Zainul Rahim bin Mohd Zain
(Chair)
Email : zainulrahim@hibiscuspetroleum.com
Tel : +603 2092 1300
Fax : +603 2092 1301

Mr Thomas Michael Taylor
(Senior Independent Non-Executive Director)
Email : tmiketaylor@hibiscuspetroleum.com
Tel : +603 2092 1300
Fax : +603 2092 1301

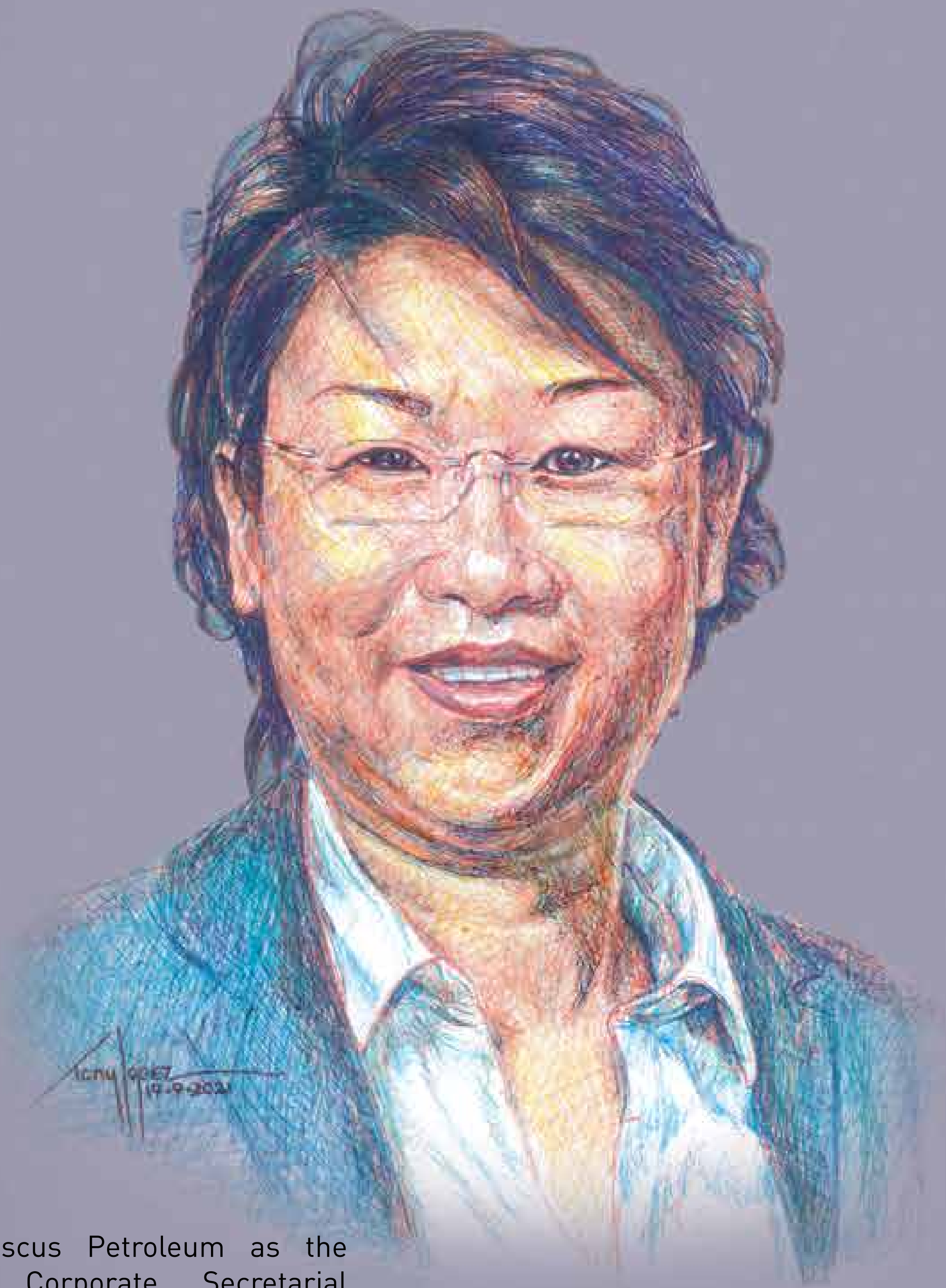
Our Board also encourages other channels of communication with the stakeholders.

The Board is pleased to report that the Group has been, and is continuously committed to, operating within its established governance framework which has been designed to foster transparency, integrity and good standards of behaviour of all personnel within the Group.

This CG Overview Statement was approved by the Board on 4 October 2021.

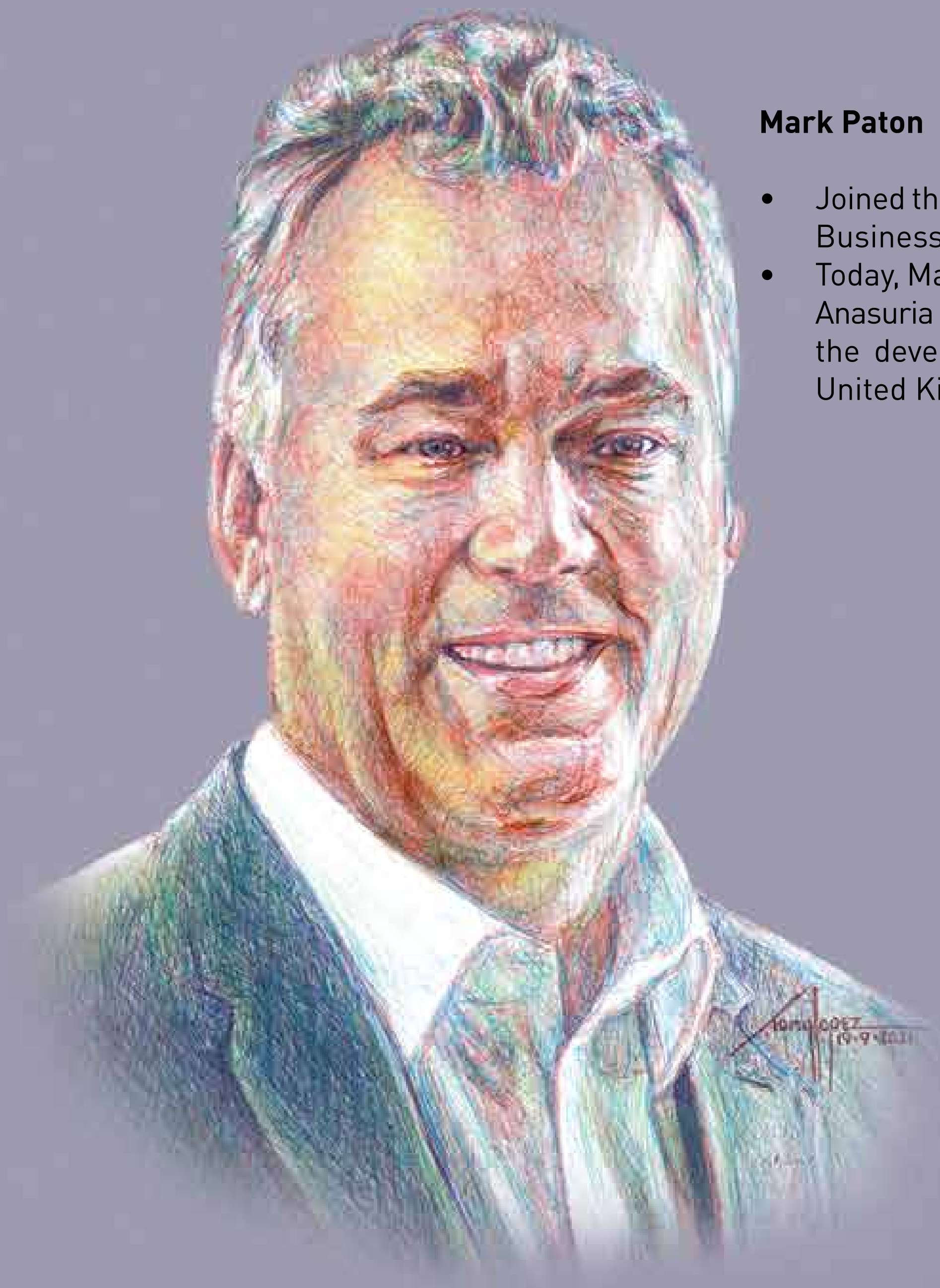
A STRONG FOUNDATION, AN EXCITING FUTURE

Today, more than 400 people are part of Team Hibiscus. But in the early days, when we were small, you were there.......



Jenny Poh

- Joined Hibiscus Petroleum as the Company's Corporate Secretarial Manager in 2012
- Today, Jenny is Deputy General Manager overseeing corporate secretarial activities



Mark Paton

- Joined the Company in 2013 as our Chief Business Development Officer
- Today, Mark is Chief Executive Officer of Anasuria Hibiscus UK Limited, overseeing the development of our assets in the United Kingdom North Sea

Thank you for still being here with us !

SUSTAINABILITY REPORT

INTRODUCTION: ABOUT OUR SUSTAINABILITY REPORT

OUR VISION IS TO BE A RESPECTED, VALUABLE AND RESPONSIBLE ENERGY COMPANY. IN THE PURSUIT OF OUR VISION, WE REMAIN COMMITTED TO WORKING EFFICIENTLY, RESPONSIBLY AND ETHICALLY.

Our Sustainability Report has been structured as follows:

Hibiscus Petroleum Berhad Group (Group) recognises sustainability as an increasingly important factor impacting all business sectors. Given this landscape, the Group is committed to understanding and implementing sustainable practices to achieve the right balance between:

- meeting the objectives of our shareholders;
- attaining economic success; and
- fulfilling our ethical obligations to other stakeholders and the wider communities within which the Group has a presence.

In December 2020, the Company was accepted as one of the constituents of the FTSE4Good Bursa Malaysia (F4GBM) Index, evidencing recognition of our good Environmental, Social and Governance (ESG) practices. This was achieved pursuant to our attainment of the highest rating of 4 stars from FTSE Russell, thus ranked in the top 25% of listed companies. Furthermore, in the latest ESG ratings assessed by FTSE Russell in June 2021, the Company retained its rating of 4 stars in addition to being included in the FTSE4Good Bursa Malaysia Shariah Index.

As Hibiscus celebrates its 10th anniversary this year operating in the oil and gas, exploration and production industry, we have aligned our *Sustainability Policy* to dovetail with the United Nations' Sustainable Development Goals (UN SDG) and their call to a Decade of Action. Key principles of the UN SDG, match commitments in our *Environment Policy* to:

- use energy and natural resources wisely and efficiently; and
- ensure processes captured within our environmental management system continually assess the impact of our operations to the surrounding environment whilst maintaining action plans capable of responding to any arising emergency (as contained in the *Group's Crisis Management Plan*).

The purpose of the Group's Sustainability Report is to transparently communicate to our stakeholders our management of economic, environmental and social matters from a business sustainability perspective, in relation to our activities which are considered material to us and our stakeholders. This report highlights our efforts to achieve positive outcomes in these areas for the financial year ended 30 June 2021 (FY2021). Our material sustainability matters are specifically those areas over which we have a degree of influence, which are important to our stakeholders and can significantly affect our Group's risk profile, potential liabilities, maintenance of our licences to operate, reputation and access to capital.

This Report should be read together with other reports included in this Annual Report 2020/2021 which cover aspects of sustainability, namely our Management Discussion and Analysis, our Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control (SORMIC).

1.0 OUR APPROACH

1.1 Coverage

This Report primarily focuses on our active operations such as the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (PSC) in Malaysia (North Sabah PSC) for which we are the operator. Our active operations also include the Anasuria Cluster in the North Sea, United Kingdom (UK) (Anasuria), as well as our Corporate Headquarters in Kuala Lumpur.

As the Group completed the North Sabah PSC transaction at the end of March 2018, only 3 years of comparative data is available.

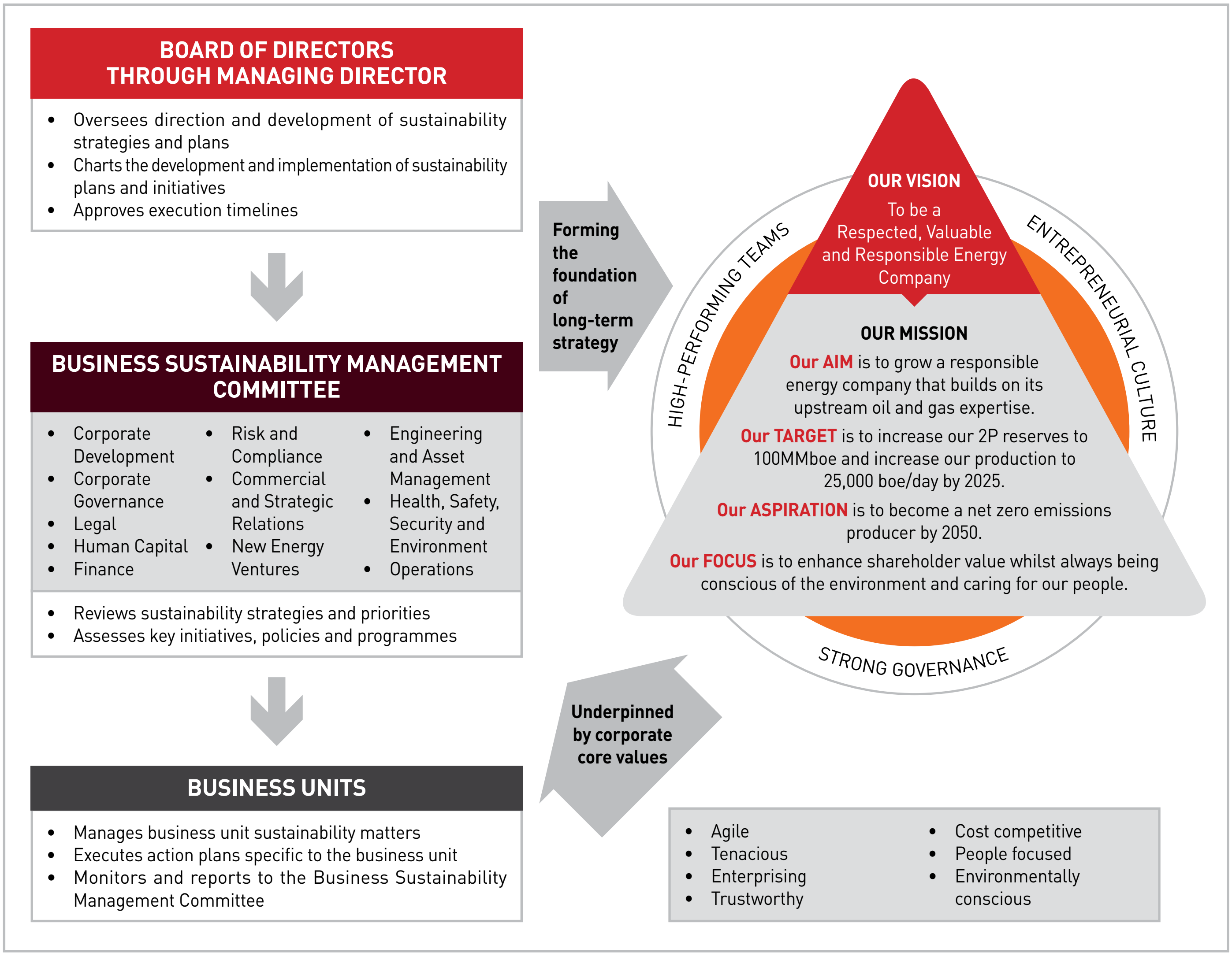
Anasuria Operating Company Limited (AOCL) is equally owned by the Anasuria concessionaires i.e. Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and Ping Petroleum UK Limited (PPUK). AOCL operates the fields served by the Anasuria Floating Production Storage and Offloading (FPSO) facility (with the exception of the Cook field which is operated by Ithaca Energy (UK) Limited on behalf of the said concessionaires). As an operator in one of the most technically demanding operating environments in the world, AOCL is supported by Petrofac Facilities Management Limited (Petrofac), in the role of Duty Holder.

As joint operator of Anasuria, through our ownership of AOCL, we rely on the provisions of the management system standards of our Duty Holder. Petrofac is a reputable global oil and gas services company and resources at its Aberdeen office provide substantial depth to AOCL's overall operating capability. As Duty Holder for Anasuria, Petrofac is responsible for the day-to-day management of the Anasuria FPSO, pipelines and wells facilities. Management of these are to be conducted in a safe and environmentally responsible manner. In our operating model, the Duty Holder is also the owner of the Safety Case (a written demonstration of evidence and due diligence provided by a corporation to show that it has the ability to operate a facility safely and it can effectively control hazards).

SUSTAINABILITY REPORT

1.2 Our Sustainability Framework

We operate within an established framework of oversight and reporting, underpinned by our core values whilst working towards a clearly articulated vision and mission. The tone of driving and managing sustainability throughout the organisation is set from the top through our Board and Managing Director (MD). Our Business Sustainability Management Committee, which meets monthly, comprises senior representatives from all key business units and departments. This inclusive and robust structure ensures that there is regular guidance on the direction, management and reporting of important business sustainability matters.



2.0 IDENTIFYING OUR MATERIAL BUSINESS SUSTAINABILITY MATTERS

In order to better understand issues in the area of business sustainability considered relevant to our stakeholders and our Group, we conducted a review of the following:

- Our current business strategy;
- Relevant requirements, guidelines and policies, including those issued by Bursa Malaysia Securities Berhad as well as its Sustainability Reporting Guide and Toolkit;
- Sustainability topics as reported by five selected peers within the Oil and Gas Exploration and Production industry; and
- ESG themes and indicators utilised by the FTSE4Good Index.

We also drew upon our existing risk assessment and management processes as well as feedback and input received through our regular interactions with our key stakeholders, in addition to aligning ourselves with the applicable UN SDG.

Engaging with our Stakeholders

An essential component embedded within the core of our sustainability model is stakeholder inclusiveness. We engage closely with our stakeholders to understand their diverse views and evolving expectations within the full spectrum of our business and operating activities.

Active stakeholder engagements commence prior to investment in new opportunities. Interaction continues through all aspects of execution; from business development, exploration and development planning phases through to field operations, as well as corporate areas. This allows for the insights received from our stakeholders to be incorporated into our business strategies and plans to create lasting value.

Risk Assessment

We endeavour to maintain a comprehensive and disciplined approach to risk management whilst combining this activity with a pragmatic approach to business needs, operational excellence and the delivery of business objectives. Through a comprehensive process of identifying and managing our business and operational risk exposure areas, we strive to operate effectively whilst protecting our people, the environment and communities in the vicinity of our operational facilities via a well-defined system of corporate governance. Please refer to the SORMIC for more information.

SUSTAINABILITY REPORT

3.0 PRIORITISING OUR MATERIAL BUSINESS SUSTAINABILITY MATTERS

After the initial identification of material sustainability issues, we performed internal reviews with Senior Management and the Board to finalise key material themes, initiatives currently being performed (and those planned for action), as well as related qualitative and quantitative indicators.

Criteria used for our assessment included how issues could affect our stakeholders and our Group's business, e.g. through the lenses of legislation, reputational damage, employee turnover, licence to operate, legal action or stakeholder relationships, and how these could affect our business strategy, financial or operational performance.

Our material business sustainability matters of high importance are itemised below and discussed in greater detail in this Report. The Business Ethics section is excluded from this Report but has been addressed in the Corporate Governance (CG) Overview Statement, CG Report and in the SORMIC.

Material Business Sustainability Matrix
Business Ethics
Health, Safety and Security
Occupational health and safety Process safety and asset integrity Safety assessments and emergency preparedness Major incident response
Environment
Climate change and greenhouse gas emissions Effluents and waste Energy use Water security Biodiversity
Economic
Supply chain management Value generation and distribution
Human Capital
Workforce diversity and inclusivity Equal pay for equal work Performance and reward Talent development Employee experience and engagement

Material Business Sustainability Matrix
Community Relations
Engagement and impact management Employment and training initiatives Community investment
Society
Human rights Public policy and government relations
Information Technology (IT)
Cyber security

4.0 OUR HEALTH, SAFETY AND SECURITY (HSS)

Of paramount importance is the safety, health, and well-being of our most valuable asset - our people and the contractors who support us at our various locations.

We strive to continuously improve our HSS performance, and are guided in our efforts by our *Health, Security, Safety and Environment (HSSE) Policy*, through which we also seek to reinforce personal accountability at all levels to sustain a culture of zero harm, at all times. Accordingly, the emphasis on HSS is driven from the top where our Board has oversight over HSS matters and evaluates HSS performance regularly.

Towards this objective, the Group has a HSS Management System (HSSMS) in place which encompass both corporate-level policies as well as specific subsidiary-level policies which are particular to the jurisdiction of the entity's operations. These are then implanted into a HSS framework which forms the central hub of control, by identifying business areas where increased levels of risk prevail and as such, require increased level of oversight.

HSS risks are identified and assessed in terms of their technical, physical, environmental, and social settings against our Risk Assessment Matrix (RAM) by subject matter experts. The RAM evaluates an identified risk's likelihood and consequence to our pre-set risk tolerance levels, thus forming an integral part of the risk management decision-making process. The HSSMS details objectives and determines minimum practices, outlines processes and procedures, assigns main ownership and execution responsibilities and sets effective performance indicators used to measure HSS compliance and effectiveness levels.

The importance of HSSE considerations is further reiterated through embedment of these considerations into every task and business decision. The Group's scorecard which determines annual remuneration also includes HSS targets.

4.1 Occupational Health and Safety (OH&S)

The resolute focus to collectively uphold safety, regardless of any externalities, sets the tone of the safety mindset and approach driven by our leadership. We strive, without exception, to ensure that our people are not placed in an environment that is inherently hazardous.

Various controls that govern the overarching safety culture and practices of the Group, which includes our work systems and processes, have been introduced and implemented. Central amongst these are the core policies that cover the HSS aspects of our business. Every person working in or for our organisation is empowered and authorised to immediately **STOP WORK** if even a small uncertainty exists that a particular activity or situation may be unsafe and could potentially harm the well-being of any person or result in damage beyond the limits required to operate the asset/of the Environment Impact Assessment (EIA).

At all levels across our Group, processes to encourage open dialogue and collaboration on the work being performed are encouraged and practised to increase our capacity to safely manage work and critical activities, to be mindful of risks, and to be committed to predicting potential errors. In addition, learnings from past events or near misses occurring within and externally (where relevant) of our industry are cascaded to our people and contractors to allow for enhanced appreciation of safety prerequisites. Our ability to understand how people work enhances our ability to identify potential risks and introduces the necessary mitigative measures to manage these risks to 'As Low As Reasonably Practicable' (ALARP).

Our holistic approach to addressing safety encompasses various HSS activities and these are further reinforced by the introduction and implementation of campaigns which are relevant in the performance of our daily activities (albeit virtually during these times, where possible).

HSS activities and campaigns have been implemented at both the North Sabah PSC and the Anasuria Cluster and are elaborated in the paragraphs below:

North Sabah PSC

The Movement Control Order (MCO) and the variations under Enhanced MCO (EMCO), Conditional MCO (CMCO) and Recovery MCO (RMCO) imposed by the Malaysian Government during much of this financial period resulted in many challenges to the oil and gas industry and prompted the Group to adapt to the global shift in the manner day-to-day meetings and engagements were being conducted. Proactive programmes to strengthen communication on health and safety and fortify a culture of compliance amidst the effects of the on-going COVID-19 pandemic were given particular focus during FY2021. Specifically for our Group, it was stressed that any action or inaction that surmounted to a violation of the International Association of Oil & Gas Producers' (IOGP) Life Saving Rules would be thoroughly investigated with culpable violator(s) subject to appropriate consequence management. The objective was (and is) to create an inherently safe work environment that (as far as practicable) prevents non-compliances as well as promotes a proactive reporting and intervention safety culture.

In addition, throughout FY2021, we continued to engage our staff with activities (albeit virtually during these times, where possible) which demonstrated our focus and resolve towards providing a safe workplace. Examples of key HSS activities and campaigns conducted during the year included the following:

- All staff (including contractors) received a HSSE briefing as part of a project or campaign induction process. Further, staff travelling to offshore facilities were required to have the Basic Offshore Safety Induction and Emergency Training (BOSIET) and/or Further Offshore Emergency Training (FOET) certification which include the following training:

  - o helicopter survival;
  - o emergency first aid;
  - o sea survival; and
  - o firefighting and lifeboat training.

  It should be noted that the Offshore Petroleum Industry Training Organisation (OPITO) recognised that it has been a global challenge at present to maintain valid certification due to the COVID-19 pandemic and has enabled the extension of training validity on a case-to-case basis.

- Sustaining employee engagement during this financial period was achieved through virtual visits to all our primary locations, where possible, for Senior Management. Similarly, compliance audits were also conducted virtually, where feasible and permitted by the relevant authorities.

Virtual Management Engagement at Labuan Crude Oil Terminal (LCOT) and Asian Supply Base (ASB) on 23 March 2021.

SUSTAINABILITY REPORT

LCOT-DOSH OSH Workplace Audit on 29 March 2021 (held every 15 months).

- HSSE performance was reviewed on a weekly, monthly, and quarterly basis by Senior Management. These reviews served to ensure that the annual Key Performance Indicators (KPIs) and targets, set at the beginning of the year, were pursued and remained active business targets throughout the relevant time period. Furthermore, Senior Management conducted monthly visits to our primary frontline locations, when it was possible, and compliance audits were regularly carried out. HSSE performance was also shared with all staff during the quarterly townhall sessions across all locations.

- The monthly HSSE Management meetings involving the Management team, HSSE function and staff representatives (which were organised prior to the release of the HSSE KPI monthly reporting to the regulator i.e. before the 10th of every month). These meetings were also conducted virtually.

- Continuous observation and analysis of trends in relation to proactive intervention practices such as the completion and follow-up of Accident Control Technique (ACT) findings at the business unit level, allowed the HSSE function to monitor and gauge overall focus areas that required continual, close monitoring. This process allowed for the identification of potential areas for improvement and the elimination of unsafe acts and conditions.

- Regular toolbox meetings were performed to enable our staff and contractors to identify specific health and safety issues at the worksite or those that were associated with a particular task, with the intention of proposing relevant mitigation plans accordingly. These safety briefings also served as a platform to cover safety checks and to ensure that proper safety measures had been put in place prior to the commencement of activities. Safety alerts were also regularly cascaded to our staff and contractors to ensure that they received up-to-date and most recent awareness guidance. On reviewing such guidance, staff and contractors were empowered to make the decision to call for a "Stop Work" if necessary, to brief their colleagues or analyse if such alerts applied at their workplace.

- We continued with our practice to ensure that our contractors complied with our HSE requirements. Prior to award of a contract, potential contractors' HSE management systems were assessed and rated against our HSSE requirements during the bidding process. Further, as part of the efforts to ensure that any potential risk factor was identified and the relevant mitigation action taken (as early as possible) to address the same, the relevant safety related activities were carried out involving contractor personnel. These activities included:

    o Quarterly Vessel Fast Crew Boat, Standby Boat and Boat inspection programmes;
    o HSSE and Welfare Quarterly Management Engagements at the frontlines; and
    o The Workplace Inspection Programmes at all locations.

Pre-Job HSE Briefing (prior to the mobilisation of the Perdana Protector barge) and Logistics Scheduled Waste Storage Area Joint Inspection on 23 March 2021 and on 26 March 2021.

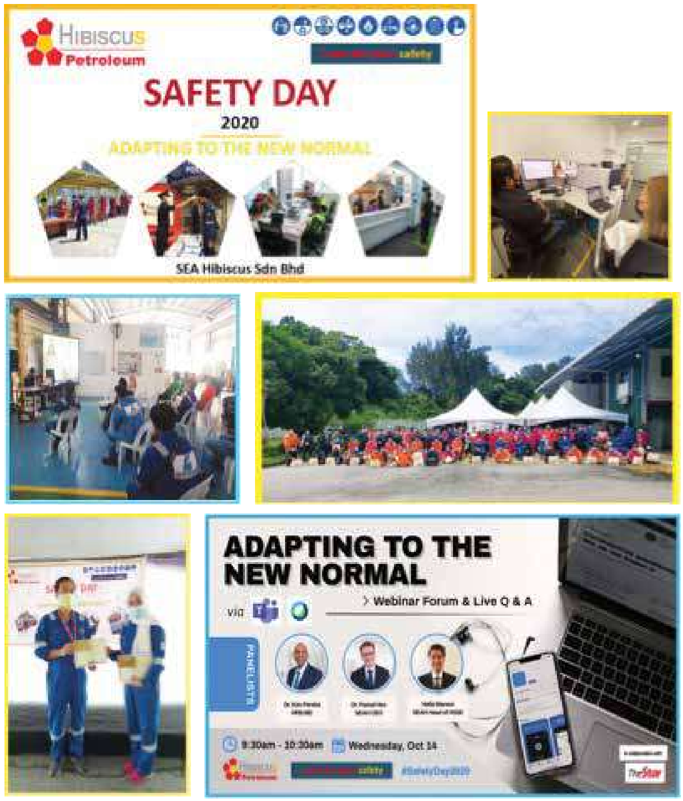
- Our very first novel (virtual) annual Safety Day event was successfully carried out on 14 October 2020 across our Kuala Lumpur (KL) and Kota Kinabalu (KK) offices, offshore platforms, LCOT as well as on a Contractor Barge that was on location at North Sabah asset at the time. The *'I Care For Your Safety'* slogan was maintained as the main theme for this Safety Stand Down programme which was led by our Managing Director, Chief Executive Officer (CEO) and Head of HSSE through the Management panel discussion which covered the topic, *"Adapting to the New Normal"*. Outstanding HSSE contributions by our employees and contractors were also acknowledged and recognised during this event.

- The IOGP Life Saving Rules (Rules) were adopted and rolled out across all business locations earlier in 2019. Continuous efforts towards creating awareness to these life saving Rules in the execution of familiar or routine tasks led to a series of successful HSSE monthly engagements based on the same theme. These engagements have been conducted at the frontlines since January 2020. Every month, a specific life saving Rule topic has been selected for the purpose of these engagements.

- In addition, Quarterly Behaviour Safety Campaigns were also introduced and successively launched throughout 2020 and have continued into 2021. These campaigns included a:

  o Line of Fire campaign in Q3 2020;
  o Slip, Trip and Fall campaign in Q4 2020;
  o Lifting and Hoisting campaign in Q1 2021; and
  o Manual Handling campaign in Q2 2021 respectively.

  These campaigns were conducted to reinforce the importance of HSSE controls.



Safety Day 2020 on 14 October 2020.

SUSTAINABILITY REPORT

Key HSS performance indicators for the North Sabah asset are set out below:

Indicators[1]	FY2019	FY2020	FY2021
Number of staff trained on health and safety basic standards	309	211	222
Lost Time Injury Frequency (LTIF)[2]	0.69	0.30	0.00
Total Recordable Case Frequency (TRCF)[3]	0.69	0.59	1.46
Incident free days (including LTI, major spills, medical treatment case (MTC), major loss process containment)[4]	298	278	273
Number of work-related fatalities	0	0	0

Notes:
1 FY2019, FY2020 and FY2021 data shown in the above table is as of 30 June 2019, 30 June 2020 and 30 June 2021 respectively.
2 LTIF represents the number of lost time injuries (LTI) i.e. fatality, permanent disability or time lost from work occurring in a workplace per million hours worked by employees and contractors.
3 TRCF is the number of fatalities, lost time injuries, substitute work, and other injuries requiring treatment by a medical professional per million hours worked for employees and contractors.
4 Incident free days is from the last Restricted Work Case (RWC) on 30 September 2020 which is further described below.

There were two MTC and two RWC incidents which occurred during the financial year. The MTC incidents occurred when:

- the injured person sustained laceration wounds while attempting to detach a cooler fan shroud from the cooler frame at St Joseph; and
- a contractor rigger missed his footing while alighting the trailer bed during a loading activity at the ASB Jetty.

As a result of these incidents, Safety Stand Downs were conducted by our Operations Team across all locations and lessons learnt were communicated across the asset.

- In the first RWC incident, a slip in the barge mess room caused the injured party to dislocate his shoulder.
- In the second RWC incident, a cook injured his finger due to a non-compliance to work procedures. The cook did not wear the proper Personal Protective Equipment (PPE) and had a lack of safety awareness.

In both incidents, the Incident Management Team (IMT) in our KK office was activated. The detailed findings from our subsequent internal investigations were promptly addressed via a Safety Stand Down with a sharing of lessons learnt to reduce any future recurrences.

An added security measure taken at our North Sabah facilities includes the provision of auxiliary police stationed at the LCOT, as well as security guards positioned at our corporate headquarters.

Q2 2021 Quarterly Behaviour Safety Campaign cascading onboard Dayang Ruby workboat on 26 April 2021.

Safety Stand Down conducted.

Anasuria Cluster

Under UK regulations (Statutory Instrument 971), safety representatives are elected to represent the different worker groups offshore. On the Anasuria FPSO, regular meetings were held, chaired by the Offshore Installation Manager, with the minutes of such meetings posted on the notice board. In addition, safety meetings were also held regularly to discuss general safety issues. Furthermore, industry alerts were regularly discussed to benefit from lessons learnt from other locations.

During FY2021, there were campaigns to inculcate safety awareness within the workforce. Several campaigns were rolled out offshore, covering mental health awareness, manual handling and spatial awareness. Due to COVID-19 restrictions, there were limitations on the ability to do more hands-on or formal awareness training sessions. However, the following awareness campaigns were carried out onboard during asset safety meetings within the period.

July - December 2020 Awareness Campaigns	
• Eye Safety • COVID-19 • Mental Health • Seasonal Affective Disorder • Hand/Arm Vibration Syndrome	• Hand Safety • Manual Handling • Ship Loading • Major Accident Hazards • Fire and Gas by Instrument Department

January - June 2021 Awareness Campaigns			
• Cancer Awareness	• Lung Health	• Stress Awareness	• Summer Health

In addition, for the Anasuria FPSO, annual Health, Safety, Environment and Quality (HSEQ) targets were set (as is the annual practice), using as a benchmark, upper quartile industry performance. Actual performance was monitored and discussed at monthly review meetings.

Our key HSS performance indicators for the past five years are set out below:

Indicators	FY2017	FY2018	FY2019	FY2020	FY2021
Number of staff trained on health and safety standards[1]	n.a.[2]	9 (75%)	10 (77%)	9 (75%)	9 (100%)
Lost Time Injury Frequency (LTIF) – employees and contractors[3]	0	0	0	0	0
Total Recordable Injury Rates (TRIR) – employees and contractors[3]	0.00	0.74	0.89	0.52	0.00
Incident free days (including LTI, major spills, medical treatment case, major loss process containment)	362	361	359	366	363
Number of work-related fatalities of employees and contractors	0	0	0	0	0

Notes:
1 Includes only AOCL workforce.
2 Not applicable.
3 LTIF represents the number of lost time injuries (LTI) i.e. fatality, permanent disability or time lost from work occurring in a workplace per 200,000 hours worked by employees and contractors. TRCF is the number of fatalities, lost time injuries, substitute work, and other injuries requiring treatment by a medical professional per 200,000 hours worked by employees and contractors.

The HSS performance for FY2021 has been generally positive, with zero LTI recorded during this period, and the TRIR falling from 0.52 to 0.00 year-on-year.

Over both the North Sabah and the Anasuria assets, we continuously aim to improve our HSS performance by emphasising on learnings from past incidents to further strengthen our HSSE resilience.

At many of our operating sites, we work alongside third-party contractors who deliver proprietary products, specialist technical skills and services. Where third party contractors work alongside our employees, we attempt to ensure that these members of the supply chain also subscribe to our systems and processes to assure a safe working environment for all. Thus, our selection of business partners and suppliers requires an assessment of their own organisational safety performance. We are only interested in working with those who are non-compromising in their attitude towards safety performance.

SUSTAINABILITY REPORT

4.2 Process Safety and Asset Integrity

Our Process Safety Framework is a tool for managing asset integrity across the value chain, through the disciplined application of systems and processes. It utilises effective precautions or safety barriers to keep our facilities safe, eliminating potential negative impact to our people, the environment, our facilities and our reputation. Leadership and operational discipline are essential attributes that contribute towards sustaining a healthy process safety culture in any organisation.

Effective precautions can be broadly categorised into active safety barriers and passive safety barriers which often involve equipment, procedural documentation and/or people. As is normal practice in operating facilities, multiple barriers are utilised throughout our operations as process safeguards. The number of barriers is dependent on the severity of a potential hazard.

A rigorous maintenance schedule is carried out to manage the integrity of our wells, structures, piping and equipment to minimise the risk of an unplanned loss of containment or an unplanned release of hydrocarbons. Both are considered process safety events.

A detailed approach is also adopted to prevent the occurrence of major accidents whilst undertaking projects as means to continually improve our process safety culture. We ensure that the appropriate level of competency undertakes, oversees and (peer) reviews project planning activities. Appropriate materials, tools, up-to-date installation methods and drilling fluids (whilst conducting drilling related activities) are utilised in our operations, whilst meeting all relevant safety standards. Our well design, planning and inspection procedures conform to both internationally accepted good practices as well as existing legislation. We rely on the effective application of design criteria and safety barriers so these are built into our work programmes and verified through internal and externally audited processes. As an example, part of our assurance process includes the independent inspections of proposed well designs.

Risk assessments are carried out specifically on health and safety aspects prior to commencement of new and ongoing operations or projects. Hazard identification (HAZID) - a qualitative technique that utilises the experience of a multi-disciplinary team to examine all reasonably possible sources of hazards during a project lifecycle and identifies proposed changes to existing operations - is employed to perform a systematic assessment for the identification and description of potential safety and health hazards, consequences and unmitigated risks throughout the lifecycle of new and ongoing operations or projects.

The key objectives of HAZID techniques are to:

- Provide first opportunities for input to a project or activity to aid in making the right decisions and choices with respect to HSSE hazards;
- Identify the primary safety (people), environmental, asset and community hazards and risks including existing safeguards and recommend any additional precautions required to achieve an ALARP status associated with the project or for planned activities (which include Turn-Around (TA), Simultaneous Operations (SIMOPs) and Plant Change Proposals (PCP));
- Identify significant drivers in terms of potential costs, design requirements, and limitations on choice of concept or operations arising from major safety and environmental hazards;
- Consider the manageability of any Major Accident Hazards (MAHs) and Risks (Severity 5 or Red Risk Assessment Matrix Hazards); and
- Provide input for the development of the Hazards and Effects Register, if applicable.

External Assurance Audits and Recognition

North Sabah PSC

During FY2021, several external assurance programmes were carried out at the North Sabah PSC.

The LCOT Control of Industrial Major Hazards (CIMAH) Self-Assessment Audit was conducted on 24 March 2021 to provide assurance that the in-place management control framework complies with the provisions of the Occupational Safety & Health (OSH) (CIMAH) regulation 1996. This audit served to, amongst others:

- Identify and ensure evaluation of major hazards (including control of hazardous substances) at installations (i.e. LCOT);
- Confirm adequacy of emergency planning and preparation for managing a potential major hazard (which included an emergency exercise, applicability of procedures and plan); and
- Ensure safe operating procedures were available at site.

Observations arising from the LCOT CIMAH Audit are currently being addressed and closed-out within the stipulated deadlines.

The second external assurance programme conducted during the financial year was the LCOT OSH Workplace 15-Month audit by the Department of Occupational Safety and Health Malaysia (DOSH) on 29 March 2021. This audit was conducted to assess the PSC's degree of compliance to:

- legal requirements (Occupational Safety and Health Act (OSHA) 1994) (compliance audit); and
- relevant sections of the Group's *HSSE Policy*, HSSE procedures and incident management arrangements.

In addition, an Integrated Operational and Asset Integrity Assurance (IOAIA) Tier 2 audit is planned to be conducted in the third quarter of 2021 by PETRONAS' Malaysia Petroleum Management (MPM) Unit. This audit is primarily conducted to evaluate and assess the PSC's level of asset integrity and reliability compliance to the PETRONAS' Procedures and Guidelines for Upstream Activities (PPGUA) requirements as well as industry best practices.

We are continuing our efforts to pursue the OHS ISO45001 certification. OHS ISO45001 is an international standard that specifies the requirements for an OH&S management system to enable organisation to:

- provide safe and healthy workplaces to prevent, as far as practicable, work-related incidents of injuries or ill health; and
- proactively advance their OH&S performance by taking advantage of OH&S improvement opportunities.

Our focus on safety in FY2021 was recognised when we received PETRONAS Focused Recognition Awards for:

- successfully initiating the 1st Integrated Coiled Tubing Unit (CTU) Catenary Campaign, resulting in safe catenary operations with an estimated potential instantaneous production gain of 1,350 bbl per day; and
- successfully and safely completing the St Joseph Major and Minor Sands Infill Drilling Campaign without a LTI.

Anasuria Cluster

As a practice, pre-contract HSEQ audits are carried out on all non-routine offshore projects, such as a scale inhibitor squeeze, diving and drilling campaigns. In addition, combined operations HAZID/risk assessment workshops are also held, bridging documents prepared and emergency response arrangements tested through exercises and drills. With respect to planned shutdowns, several planning meetings are held and the work packs prepared are subject to detailed risk assessments.

A requirement of the Safety Case Regulations 2015 is that a 'thorough review' of the installation Safety Case must be carried out every five years, and a report of the findings submitted to the Health & Safety Executive (HSEX). The purpose of this review is to demonstrate, through a systematic examination, that the Safety Case remains sound, information is current and accurate, and areas for improvement are identified and addressed. The review looks at design parameters, ageing processes and changes in operating conditions that may limit the life of the installation, or impact the effectiveness of its safety critical elements.

During the course of CY2020, the Safety Case thorough review was conducted and the required report was submitted to the HSEX in 2020. As AOCL transitions to the role of Duty Holder, responsibility to address open action items (if any) from this exercise will transfer from Petrofac and become the responsibility of AOCL. A separate Safety Case Material Change is currently being prepared to reflect AOCL as Installation and Pipeline Operator. This change to the Safety Case will be submitted to the HSEX and will be subject to a 90-day review cycle before AOCL will be appointed as Installation and Pipeline Operator.

Furthermore, during the HSEX's inspection of the Anasuria FPSO in March 2021, a number of issues were identified. Some of these issues require the execution of engineering studies and projects in order to close out the matter and this will take several months to complete. Petrofac is continuing to engage with the HSEX on these items to facilitate closure.

As a part of the environmental compliance process (with the UK Regulations), annual environmental inspections are undertaken by the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED). Such an inspection took place in November 2020 in a virtual manner due to the ongoing COVID-19 pandemic. Six issues were identified, two of which have been closed out with the remaining four currently at various stages of closure (target to address as soon as possible).

On 16 July 2021, the Royal Society for the Prevention of Accidents (ROSPA), UK awarded Anasuria the Continuation of Gold Award for the 22nd consecutive year and the Order of Distinction for 22 consecutive Gold awards for health and safety performance. Hibiscus Petroleum has been a joint operator of Anasuria since 10 March 2016. Prior to this, Shell U.K. Limited had been the operator of Anasuria since the fields commenced production in 1996.

Another significant milestone was reached on 6 October 2021 when the Anasuria FPSO achieved seven years without a lost time incident.

Together with our partner PPUK and Petrofac, the Duty Holder of the Anasuria FPSO, we are proud to have been able to continue to uphold the safety performance of the Anasuria asset.

SUSTAINABILITY REPORT

4.3 Crisis and Emergency Preparedness

Safety is the very foundation of our business at Hibiscus. A responsible approach to safety is the licence to operate the assets in our portfolio. We determinedly strive to ensure the safety of our workforce and that of the communities which surround or support our assets. We do this by ensuring the integrity of our infrastructure is fit for service whilst maintaining robust emergency preparedness and response systems.

We plan for safe, reliable, incident-free operations, in keeping with our belief that all incidents are preventable. However, unplanned events, however remote in nature do occur and for this reason, we have robust emergency preparedness and response systems which are constantly tested as a means of:

- Monitoring that we react appropriately;
- Improving our response systems and preparedness levels;
- Ensuring we are promptly able to resume normal operations and/or business activities in the unlikely event of an incident; and
- Reducing the occurrence of any adverse impact to our business productivity and profitability.

We also proactively engage with local first responders, emergency management groups as well as state and federal agencies to develop the necessary relationships that need to exist in advance of any potential emergency.

At project level, the coverage of emergency preparedness encompasses unintended events caused by natural disasters, major fires, spills, or social unrest, and ensures that Emergency Response (ER) centers and ER Plans are in place at the country, regional or global level. Our Crisis Management Team (CMT), located at our headquarters in KL, is responsible for the overall strategic management of critical events which require corporate support.

ER plans are seamlessly integrated by Company-appointed crisis and ER operatives and personnel. They provide knowledge and skill development coaching programmes and training to manage various business emergencies. Corporate and site-specific drills and exercises to test emergency response plans are embedded in yearly activity plans and executed under the monitoring and coaching capabilities of the HSSE Department.

Emergency preparedness requires a systematic approach to identify potential hazards to facilitate planned mitigation and remediation actions which are efficient and effective, whilst ensuring the safety of responders, the community, and the environment. Our programmes rely on organisational hierarchy for incident management that, depending on the nature and magnitude of an incident, covers all levels of the Group - from frontline workers to executive leadership - that can be activated immediately. Additionally, these programmes are regularly reviewed and periodically audited to ensure their continual improvement and proper functioning.

Our comprehensive ER plans are tailored to the needs of each business unit to cover distinct operations and risks, including site-specific receptors. We regularly review, audit, update and test these plans to ensure they function as expected. Our emergency management programmes outline the review and improvement cycles. All of our regulated plans are currently undergoing their three-year review cycle to ensure effectiveness and alignment with stakeholders' expectations in addition to evolving business needs. Relevant information from our ER plans is shared (in accordance with our licence to operate) with local first responders and key stakeholders to facilitate seamless coordination between all parties.

We place high importance in training our employees and direct contractors who would be involved in an emergency response. The training that each individual receives corresponds with the role they would be required to play during an emergency and addresses potential hazards or risks that may be encountered in the course of everyday operations. For example, onshore operations staff are trained on shoreline oil spill protection and clean-up strategies, while marine and offshore operations staff are trained in facility emergency shutdown and oil spill offshore containment and dispersion strategies.

In addition, we have established contractual support from well-established entities to better manage and elevate our capabilities when facing non-desired events. More specifically, contracts are in place for:

- Medical Emergency Response (ER) support coverage
  - An integrated medical services provider extends comprehensive and continuous occupational health services covering international medical assistance, healthcare, occupational health regulatory compliance consultation and medical evacuation support services. Our Medical ER Plan incorporates services in the event of medical evacuation of staff due to occupational or non-occupational illness while at work.
- Oil Spill Contingency Plan support coverage
  - A UK specialist organisation works to assist operators to respond effectively to oil spills. This gives us access to their global network of oil spill response equipment and expertise, including offshore and shoreline oil recovery equipment, dispersant stockpiles, and aerial dispersant spraying capabilities. Their equipment can be quickly mobilized from their regional bases at any time; for instance, the organisation owns a dispersant aircraft based at Senai, Johor and a regional logistics base in Singapore.
  - A local oil spill response organisation which is well-connected with local enforcement and government agencies provides oil spill response consultation and equipment during oil spill incidents, as well as assists to build competency and skills for our emergency responders.

North Sabah PSC

SEA Hibiscus IMT Virtual Workshop (January 2021).

Crisis and Media Training (KL, September 2020).

Crisis and Media Training (KL, September 2020).

In 2020 and early 2021, various training sessions, workshops and exercises were organised for the CMT and IMT to exercise Command, Control, Coordination and Communication (4Cs) principles between various facilities, the IMT and CMT.

To further improve response effectiveness, the HSSE Department fully implemented a virtual incident management tool called "Logit". This tool enables both the IMT and CMT to respond to emergencies in near "real time", albeit virtually, across all locations with the support of our Emergency Control Centre (ECC).

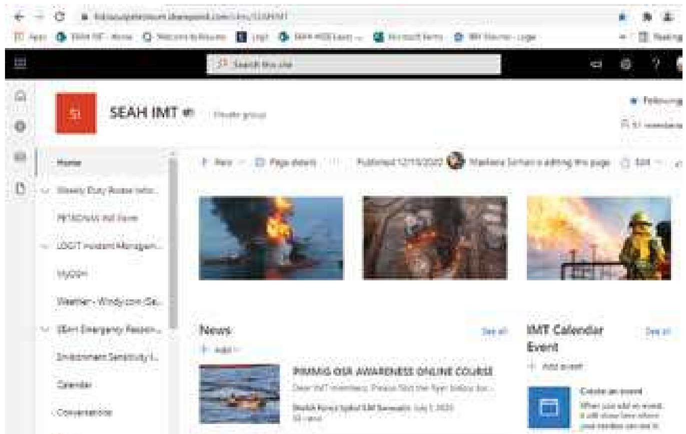
SUSTAINABILITY REPORT

The integration of Logit with pre-existing ER procedures and plans was done via a linkage to our IMT Webpage. The IMT Webpage will now function as a one-stop centre for emergency response, which provides the user with access to:

- business emergency and crisis management plans, an emergency call-out duty roster, emergency operations standing instruction updates and training schedules; and
- an online knowledge centre for ER (which includes relevant webpages and tools utilised during emergency responses).

The page also communicates training offerings for emergency responders.

Logit Incident Management Software.



SEA Hibiscus IMT Webpage.

To ensure emergency preparedness, discussions-based and operations-based exercises were conducted. These exercises were conducted using methods such as seminars, workshops, tabletop drills and full-scale exercises (involving our employees and contractors, local first responders and other third-party agencies).

We also work with local emergency responders through our Emergency Responder Education Programme.

Routine T-Baton Training at LCOT by our Auxiliary Police.

Enforcement of banned items within LCOT - Random check by our Auxiliary Police.

Respiratory Fit Testing Operator Training.

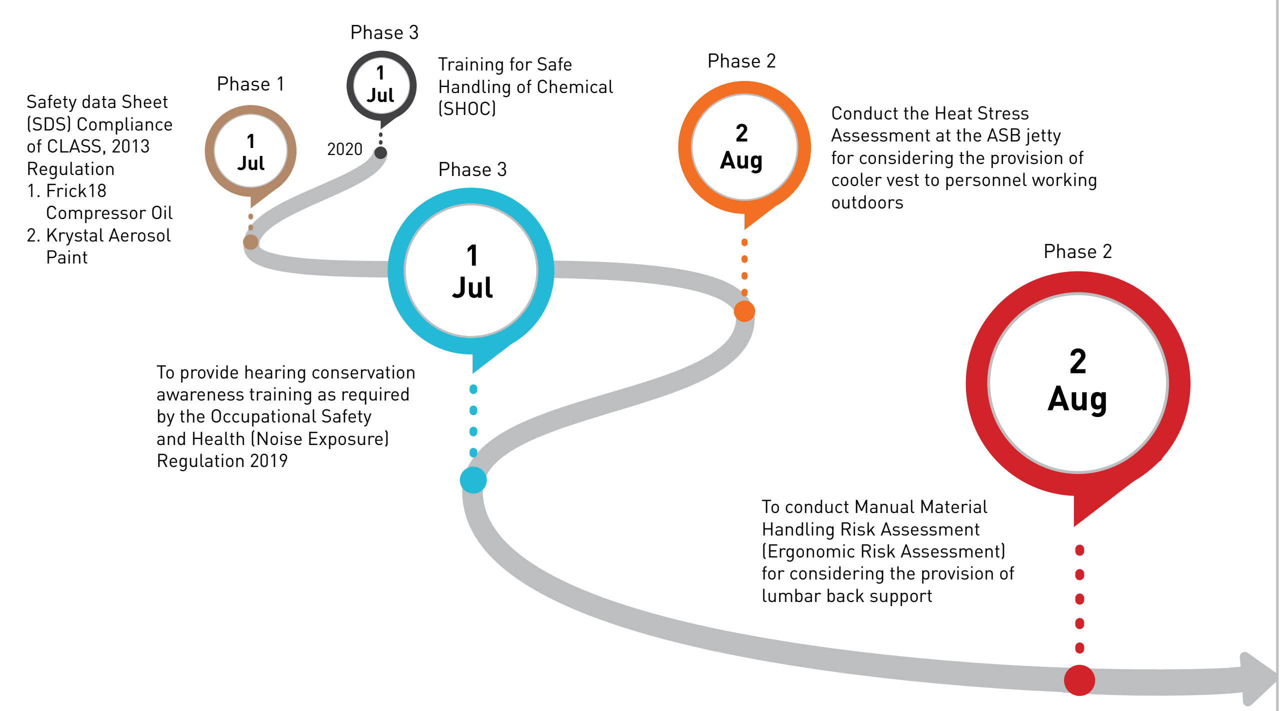
Our Auxiliary Police on board St Joseph Standby Vessel.

Though chances of an unexpected hydrocarbon release to the environment are significantly reduced by robust operating controls and adequate safety design barriers at our facilities, emergency, crisis and oil spill response plans, infrastructure and appropriate studies are made available to the relevant responders. Enhancement of this commitment also caused SEA Hibiscus to commence the preparation of data relevant to SEA Hibiscus' worst discharge scenario studies. This was completed by competent consultant specialists in 2020. In addition, a further boost to our oil spill counter measures has been achieved through the introduction of additional oil spill kits and equipment.

2 units of SEA Hibiscus Dispersant Sprayer Pump featured during commissioning and testing at Petroleum Industry of Malaysia Mutual Action Group (PIMMAG) Warehouse (Labuan, May 2021).

In 2020, SEA Hibiscus' HSSE group completed the Chemical Health Risk Assessment (CHRA), Health Risk Assessment (HRA) and Noise Risk Assessment (NRA) for all of its business facilities. Further, recommendations provided by the appointed independent health assessor from Berkat OSH Services (BOSH) were critical in identifying gaps within our business processes.

In the area of Industrial Hygiene, pursuant to an audit conducted by PETRONAS' MPM unit in 2019, necessary action was taken to address the identified areas for improvement which included steps to ensure the adequacy of established control procedures, provision of training for employees and ensuring the required assurance checks were carried out, as further detailed in the roadmap below (which was fully implemented in 2020).



SEA HIBISCUS' INDUSTRIAL HYGIENE IMPROVEMENT PLAN YEAR 2020

SUSTAINABILITY REPORT

Further, through industry associations, we frequently exchange information on best practices with other operators and participate in activities and joint exercises at committee level for the purpose of collectively advancing safety and emergency preparedness. During this financial year, engagements with the following agencies where amongst those that were notable and took place:

- MPM
- Malaysia National Security Council (MKN)
- Office of the Chief Government Security Officer Malaysia (CGSO)
- Ministry of Health (MOH) Malaysia
- Fire and Rescue Department Malaysia
- Malaysia Maritime Enforcement Agency (MMEA)
- Polis DiRaja Malaysia (PDRM)


Tier 2 Joint Exercise Collaboration Meeting with MKN and District Agencies, WP Labuan (March - September 2020).


Security Management Committee Meeting, WP Labuan (August 2020).


ISPS Audit, LCOT (August 2020).

PETRONAS Radar Surveillance and Security System Go Live Event, KK (December 2020).


Participation in National Oil Spill Response Technical Forum, Port Dickson (October 2020).


Participation in National Oil Spill Response Virtual Technical Forum 2021.


Participation in Labuan Emergency Mutual Aid (LEMA) Meeting, Fire Rescue Department, WP Labuan (April 2021).


Stakeholder visit - Director, Fire and Rescue Department, WP Labuan (May 2021).


Stakeholder visit - Director, Office of the CGSO, WP Labuan (May 2021).


Stakeholder visit - Director of Hospital Nukleus Labuan, Department of Health, WP Labuan (May 2021).


Stakeholder visit - Director, MMEA, WP Labuan (May 2021).

Anasuria Cluster

As joint operator of the Anasuria Cluster and through our ownership of AOCL, we partly rely on the provisions of the Management System Standards of our Duty Holder (Petrofac, which is also the owner of the Safety Case), to demonstrate that AOCL has the ability to operate the Anasuria facility safely with Petrofac being responsible for the day-to-day management of the Anasuria FPSO and pipelines.

We have identified all foreseeable major accident scenarios related to work under our direct control and have implemented emergency response plans, facilities and procedures to ensure an effective and efficient response by an empowered organisation. Emergency response plans are regularly tested through drills and exercises. As part of our initiatives in this area, employees and contractors receive emergency response training appropriate to their roles and responsibilities.

We also have the capability to respond to Tier 2 and 3 environmental events. An Emergency Manager Handbook is available which details the processes in place to maintain a constant state of preparedness and to enable the proactive mobilisation of resources when responding to an emergency. The emergency response provision functions through an on-call Duty Manager with onshore incident management support located within the Petrofac Emergency Response Centre at Blaikies Quay, Aberdeen Harbour.

The Anasuria Oil Pollution and Emergency Plan (OPEP) details the offshore Tier 1-3 response arrangements for the installation, wells and subsea infrastructure and is supported by the Onshore Petrofac Oil Pollution and Emergency Plan. Additional Temporary Operation OPEPs and Communication and Interface Plans are developed and implemented where required.

Training and exercising plans are in place to ensure all personnel required for response to an emergency, are competent. Duty Managers are trained to OPEP level 2 and participate regularly in exercises organised by the Petrofac Emergency Response Team of which they are a part.

To support our oil spill response plans and capabilities, we are an associate member of a specialist organisation which works to assist operators to respond effectively to oil spills. Apart from access to their global network of oil spill response equipment and expertise, we also have access to the UK's Oil Spill Prevention and Response Advisory Group's (OSPRAG) well capping device. The well capping device is a vital piece of equipment which, if in the unlikely event had to be called upon, would be deployed to seal off oil leaking from an uncontrolled subsea oil well and minimise damage to the marine environment. The AOCL Duty Managers have the authority to mobilise these resources in response to an incident. AOCL is also a member of the Offshore Pollution Liability Association (OPOL).

We also contract with an established integrated medical services provider which provides us with international medical assistance, healthcare and security services. The Coastguard Search and Rescue helicopter can also be called upon to provide emergency evacuation in case of casualties/serious illness.

<u>COVID-19 Pandemic Preparedness</u>

We moved swiftly to ensure preventive controls were established within the organisation subsequent to the onset of the COVID-19 pandemic.

North Sabah PSC

The following initiatives were implemented upon the announcement of the MCO and the variations under the EMCO, CMCO and RMCO imposed by the Malaysian Government during much of this financial period:

- A COVID-19 guidebook was prepared and published for use by our workforce.
- A COVID-19 pandemic business continuity team was established.
- Pandemic response plans were then tested in a series of drills.
- Daily update meetings were conducted with Senior Management to discuss the status of the pandemic and its impact to our operations.
- Halting of all non-essential activities to minimise exposure risk to our staff.
- Staff in non-frontline roles were encouraged to work from home, with minimal physical manning at all business premises. Deferral of non-essential maintenance activities to fit with COVID-19 standard operating procedures (SOPs) from MKN and Kementerian Kesihatan Malaysia (KKM) especially on the requirement of reduced workforce at work locations.
- Daily health screening/temperature check and the submission of a self-declaration form is mandated at all work entry checkpoints.
- Established worksite COVID-19 control protocols i.e. close contact monitoring, frequent sanitisation of work area and the use of PPE for management of worksite entry area at offshore, LCOT, ASB, and offices (Menara LGB and Kota Kinabalu Operations Base (KKOB)).
- Timely and frequent management circulars and directives were broadcasted internally.
- A wide scale office disinfection exercise was performed at all our business unit locations in July 2020.
- Maintained close communications and participated in external pandemic group platforms (PETRONAS MPM, KKM, National/State Crisis Preparedness Response Center (CPRC) KK/ Labuan, KK Port and CGSO).
- Active participation in the Malaysian Government driven contact tracing 'MySejahtera' database initiative.

SUSTAINABILITY REPORT

Sanitation Activity at Menara LGB.

Artificial Intelligence (AI) Temperature Scanner.

MySejahtera Contact Tracing registration at our premises.

COVID-19 Medical and Security Checks at all checkpoints.

Sanitisation at LCOT.

COVID-19 Emergency Drill Exercise.

COVID-19 Emergency Drill Exercise.

- Promoted Government and Industry initiative towards National Vaccination Programme among employees and contractors.
- Heightened pandemic controls, during MCO 3.0, leading to the establishment of the LCOT Transit Center and testing programmes in which strict COVID-19 testing has been (and will continue) to be observed for all LCOT workers.
- For offshore mobilisation, SEA Hibiscus is practicing KKM and MKN SOPs.
- For LCOT, SEA Hibiscus also practiced LCOT Green Bubble SOP which was approved by KKM to be implemented. As part of the SOP, LCOT entry requirements required an employee to be included in the LCOT Green Bubble Transit Center before being allowed for work. At the Transit Center, SEA Hibiscus administered the Reverse Transcription Polymerase Chain Reaction (RT-PCR) testing on Day 1 and Day 15, and Rapid Test Kit Antigen (RTK-Ag) is done on Day 8 and Day 22 to ensure continuous monitoring of those working under the LCOT Green Bubble SOP.

Anasuria Cluster

In response to the COVID-19 pandemic, several measures were taken to minimise the risk of infection to our onshore and offshore personnel. All onshore personnel in Aberdeen commenced working from home on 23 March 2020, in line with a nationwide 'stay-at-home' order imposed by the UK Government. The following precautions and measures were introduced to mitigate the risk of an offshore outbreak:

- Use of masks and social distancing.
- Enhanced cleaning.
- Procurement of PCR and lateral flow test machines (plus trained medics) offshore.
- Maximum occupancy calculations for recreation areas.
- Isolation cabin designated for quarantine.
- Reduction in large scale meetings.
- Inclusion in induction process.
- Onshore pre-mobilisation testing.
- Onshore travel declaration.

Additionally, all offshore work scopes were thoroughly reviewed, and a significant number of activities were delayed or deferred from plan to allow a safe reduction in offshore manning and thus, enable implementation of social distancing protocols.

Local industry players responded swiftly, with temperature checks being conducted prior to entry into the helicopter base for all personnel travelling offshore. As an extra precautionary measure, special snood masks were purchased for all Anasuria personnel for use during helicopter transport.

As Duty Holder of the Anasuria FPSO, Petrofac has been heavily involved with the oil and gas industries response to COVID-19 via the Oil and Gas UK (OGUK) Pandemic Steering Group. OGUK is the leading representative body for the UK offshore oil and gas industry.

5.0 OUR ENVIRONMENTAL MANAGEMENT

Our commitment to safeguarding the environment as stated in our *Environment Policy* underpins the way we work every day. We strive to manage our environmental impacts to an ALARP level and work to remain in full compliance with regulations. We are mindful of our impact in relation to biodiversity, climate change, energy use, air emissions and waste management. Across the Group, we dedicate significant staff and resources to help ensure compliance with environmental laws and regulations, international standards and voluntary commitments.

We are committed to complying with all environmental laws and regulations and therefore adhere to all monitoring requirements which are part of our EIA, licences and permits.

North Sabah PSC

Monitoring and assessments are carried out for all the five environmental elements i.e. soil, water, air, noise and land; with the environmental monitoring aspects applied to groundwater quality, seawater quality, dark smoke, dust particulate, flue gaseous, Fuel Burning Equipment (FBE) combustion efficiency, Effluent Treatment Plant (ETP) effluent discharge quality, soil quality and characteristics, boundary noise, scheduled waste inventory and emissions declaration.

Quarterly monitoring of seawater quality is carried out at St Joseph field. Crude petroleum oil and its related products, incomplete combustion of organic materials and the use of lubricating oils and oleochemical derivatives are usually the sources of marine oil pollution in seawater. The parameters monitored are Oil in Water (OIW) and copper.

We use an Environment Aspect and Impact Register to manage associated risks in accordance with our environmental management system throughout the lifecycle of assets under our control or influence. Environmental aspects are those elements of our activities, products, services or physical resources which may have physical effects on, or potential benefits to, the environment. These include discharges and emissions, raw materials and energy use, waste disposal and pollution.

Furthermore, and specific to our operations, we have developed Environmental Management Plans (EMP)s for the St Joseph, South Furious, Barton fields and LCOT in 2020, and for ASB Logistics in early 2021. The objectives of the EMP are to:

- monitor and record any residual impacts resulting from our activities;
- provide recommendations for continuous improvement and to document practices and compliances which are in place; and
- recommend additional improvements, where necessary or relevant.

This plan is an important integration document which consolidates various approvals, licences and permit conditions issued for specific activity components in each facility.

As an oil and gas producer, our significant areas of environmental concerns include:

- Greenhouse gas (GHG) emissions from the flaring and venting of gas, and fuel consumption at our facilities;
- Other emissions to air in both onshore and offshore facilities; and
- Effluents and waste, which includes the management of hazardous waste and discharges of produced water to the sea, as well as the prevention of oil spills.

To show our commitment towards protecting the environment, we voluntarily carried out a baseline Environmental Site Assessment (ESA) at LCOT. The objective of the ESA was to determine the level of environmental contamination in our onshore facility, if any. Based on the report, all parameters tested were within the stipulated limits prescribed in the Contaminated Land Management and Guidelines No. 1: Malaysian Recommended Site Screening Levels (SSLs) for Contaminated Land issued by the Department of Environment (DOE), Malaysia for soil quality and Malaysian Marine Water Quality Standards (MMWQS) 2019, issued by DOE, Malaysia for marine water quality surrounding LCOT.

ESA Study being conducted at our crude oil terminal in Labuan.

SUSTAINABILITY REPORT

We are one of a small number of industry players in Malaysia, selected by the DOE, for the programme entitled 'Guided Self-Regulation' (GSR). Through this programme, the DOE has formulated a set of rigorous environmental mainstreaming (EM) tools to be implemented in the organisation and industrial premises. These EM Tools include:

- *Environmental Policy* (EP);
- Environmental Budgeting (EB);
- Environmental Monitoring Committee (EMC);
- Environmental Facility (EF);
- Environmental Competency (EC);
- Environmental Reporting and Communication (ERC); and
- Environmental Transparency (ET).

The aim of utilising these EM tools is for an organisation to:

- attain Environmental Excellence (EE) by being environmentally conscious (through the implementation of an environmental agenda that is factored into the industry's management and decision-making processes);
- achieve a sustained environmental regulatory compliance target;
- attain a high degree of environmental transparency and accountability; and
- demonstrate a strong commitment to continuous improvement of environmental-related performance.

As part of this GSR requirement, a policy-level Environment Regulatory Compliance Monitoring Committee (ERCMC) meeting, chaired by the CEO of our indirect wholly-owned subsidiary, SEA Hibiscus, is held annually to discuss environmental updates and issues, budget requirements, continuous improvement measures, and environmental compliance matters.

We also diligently update and submit a six-monthly EIA-2-18 Form which is a checklist on EIA Approval Conditions issued by the DOE, Malaysia for our North Sabah offshore operations as follows:

- South Furious Stage IV C Field Development – EIA Report approved on 21 January 2001;
- South Furious Stage IV C Field Development, Installation of A New Compression Platform - EIA Report approved on 15 November 2002;
- Sabah Gas Conservation Project Installation of 19km Subsea Pipeline - EIA Report approved on 26 January 2005; and
- South Furious Center South Field Development Project (Installation of New Production Platform SFJT-E) - EIA Report approved on 12 January 2006.

Anasuria Cluster

In the UK, AOCL also observes the relevant environmental regulations and guidance on offshore oil and gas exploration and production guidelines and practices such as those of OPRED and the Scottish Environmental Protection Agency (SEPA).

Climate-related risks in the UK range from physical risks, such as extreme weather events or long-term sea level rises, as well as transitional, reputational, regulatory, legal and technical risks. The UK North Sea is a harsh environment which impacts the way we manage risk. Risk assessments are conducted for all activities and new projects which include weather events and environmental impact. We also monitor the evolving fiscal and legislative response to climate change and adapt our strategy if required.

5.1 Climate Change

The Group is cognizant of the global urgency to address climate change and the goal set in the Paris Agreement 2015 of limiting the average temperature increase to well below 2 degrees Celsius above pre-industrial levels. In this regard, we will endeavour to align our actions to contribute towards the climate goals of the jurisdictions in which we operate. Specifically, the Group has declared our aspiration to be a Net Zero Emissions Producer by 2050 as part of our Mission Statement. This declaration aligns with the Malaysian Government's aspiration to reach carbon neutrality as early as 2050 (as recently announced under the 12th Malaysia Plan (2021-2025)), and the UK Government's legally binding Net Zero objective by the same period. To this end and pursuant to the Group's *Sustainability Policy*, the Group has adopted the relevant UN SDGs in our Energy Transition Strategy to reinforce our alignment with the UN's call for their Decade of Action. Our strategy is underpinned by three key pillars namely (i) develop a resilient hydrocarbon portfolio, (ii) decarbonise our upstream operation and (iii) make green/clean energy investments. These pillars shall be implemented by the Group progressively and continuously.

At this juncture, we would like to highlight that the Group is a contributing member of the Working Group for Bank Negara Malaysia (BNM)'s 2nd cohort of the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guide on Oil and Gas. The VBIAF Sectoral Guide incorporates ESG risk considerations for Financial Institutions' financing and investment decision making process and supports climate change initiatives by BNM. In addition, the Group is a member of the Industry Advisory Panel to the Malaysia Petroleum Resources Corporation (MPRC) and the Malaysian Photovoltaic Industry Association (MPIA), focusing on formulating climate-related policies relevant to the industry in collaboration with the government.

In protecting the environment and ensuring compliance to the legal requirement under a newly gazetted Environmental Quality (Refrigerant Management) Regulations, 2020 on 2 March 2020, we also ensure that we do not use any of the 27 types of hydrochlorofluorocarbons (HCFCs) in any of our heating, ventilation, and air conditioning (HVAC) systems in our offshore facilities. HCFCs destroy the earth's protective ozone layer, which shields the earth from harmful ultraviolet (UV-B) rays generated from the sun. Chlorofluorocarbons (CFCs) and HCFCs also warm the lower atmosphere of the earth, changing global climate.

5.1.1 GHG Emissions

North Sabah PSC

Most of our produced gas volumes from the North Sabah fields are reinjected back into the various producing reservoirs as part of pressure maintenance or gas lift operations. The remaining volumes are then used as fuel gas with minimal volumes flared. Our normal operating practices in North Sabah emit a low volume of GHG into the environment. There are circumstances where we may inadvertently deviate from the normal operating practices. These circumstances are primarily centered around the temporary failure of gas compression equipment which may not permit us to manage produced gases in the desired manner.

Currently, we are in the process of establishing the SANGEA TM 4.3 software within the North Sabah PSC to further improve and enhance the determination of GHG calculations for our monthly reporting to MPM. This software is widely recognised within the industry as a leading GHG emissions estimation and reporting tool that can also be utilised to track energy consumption and the concentration of pollutants in the atmosphere.

As of December 2020, we have updated our latest gas composition results for St Joseph, South Furious and Barton fields into the GHG calculations, as part of the GHG Validation Exercise under the SANGEA TM 4.3 project. Another GHG Validation Exercise is scheduled to be carried out in late 2021 once we have successfully migrated to a new version of the applicable software to enhance the accuracy of our GHG calculations and reporting even further.

Training on SANGEA TM 4.3 Software in 2020 at our KK office.

Anasuria Cluster

In the Anasuria Cluster in the UK North Sea, produced gas is used as fuel gas for our machinery supporting operations and for gas lift operations to enhance production. The remaining volume is exported via pipelines to the UK mainland and sold as one of the cleaner sources of primary energy. Some gas volumes are also flared.

We have been notified that there may be capacity constraints in the Shell Esso Gas and Associated Liquids (SEGAL) pipeline, a key element of the infrastructure used in the export of our produced gas to shore. Capacity constraints may be encountered at various times during the period 2021 to 2025. To mitigate the situation, we are evaluating options and alternative gas evacuation routes to prevent high flaring of gas if (and when) the SEGAL pipeline becomes unavailable during this period.

SUSTAINABILITY REPORT

Greenhouse Gas Emissions Performance

The Group is environmentally conscious that GHG may play a role in causing the climate change phenomenon and is committed to monitor, track and report our GHG emissions performance. The boundary of our GHG reporting covers Scope 1, Scope 2 and Scope 3. Scope 3 is limited to the reporting category on Business Travel and this aligns with the UK Government's Streamlined Energy and Carbon Reporting (SECR) framework, which is applicable for the Anasuria Cluster.

The GHG emissions boundary that is reported is based on the assets which are under our operational control. The GHG reporting standards and methodology align with the GHG Protocol Corporate Accounting and Reporting Standard. Furthermore the Global Warming Potential (GWP) factors used for our GHG emissions calculation are premised on the Intergovernmental Panel on Climate Change (IPCC)'s 5th Assessment Report.

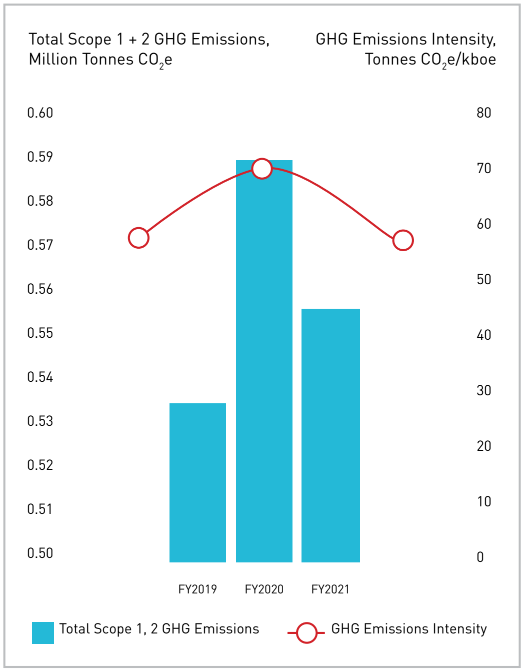
On a consolidated basis, the Group's indicators relating to GHG emissions are set out below:

Indicators	Unit	FY2019	FY2020	FY2021[1]
Total GHG emissions (Scope 1 + 2)	tonnes CO_2e	534,933	589,673	553,878
Flaring emissions	tonnes CO_2e	209,535	233,482	243,511
Carbon dioxide emissions (CO_2)	tonnes	473,955	489,389	493,246
Methane emissions (CH_4)	tonnes	2,423	4,640	2,700
Nitrous oxide emissions (N_20)	tonnes	16	17	17
Aggregate emission intensity	tonnes CO_2e/kboe	57.96	70.24	57.54

Note:
[1] Emissions data from 1 January 2021 to 30 June 2021 are provisional for AOCL figures.

We have made significant progress in reducing our GHG emissions in FY2021 even with the current situation of the COVID-19 pandemic. Our Group's aggregate GHG emission intensity (Scope 1 and Scope 2) reduced by 18% and our corresponding aggregate absolute GHG emissions reduced by 6% compared with FY2020.

The reduction was largely attributable to a variety of decarbonising initiatives being implemented across the asset operations with continuous improvement on efficiency, equipment reliability, reduction in venting activities and the ongoing fuel switching programme (from diesel generator sets to a hybrid solution of solar photovoltaic and mini wind turbine systems). These different initiatives helped to reduce our venting activities and methane emissions by 41.8% compared with FY2020. Nevertheless, there has been an increase in flaring emissions in FY2021 due to equipment shutdowns (such as the Low Pressure Compressor) and multiple compressor interruptions and trips as experienced at the North Sabah fields.



North Sabah PSC

We report GHG emissions for our operations and business units, including North Sabah Offshore, LCOT, ASB warehouse, and our KL and KK offices. Our GHG emission estimates include carbon dioxide, methane and nitrous oxide which are reported in the units of carbon dioxide equivalent (CO_2e).

Indicators for our GHG and other emissions to air for our North Sabah PSC are as set out below:

Indicators[1]	Unit	FY2019	FY2020	FY2021
Total GHG emissions (Scope 1 + 2)	tonnes CO_2e	400,793.17	430,833.94	425,226.52[2]
GHG emissions per thousand barrels of oil equivalent	tonnes CO_2e/kboe	76.9	89.2	67.8[3]
Flaring emissions	tonnes CO_2e	154,242.42	152,274.22	192,507.40[4]
Methane emissions (CH_4)	tonnes	2,207.01	4,339.9	2,501.0[5]
Nitrous oxide emissions (N_2O)	tonnes	8.85	8.33	9.19[6]
Carbon dioxide emissions (CO_2)	tonnes	347,454.57	340,492.96	371,813.16[7]

Notes:
1 FY2019, FY2020 and FY2021 data shown in the above table is as of 30 June 2019, 30 June 2020 and 30 June 2021 respectively.
2 GHG reduction of 1.3% from FY2020 due to less venting activities in 2021.
3 Reduction in GHG Intensity is due to operational improvement (less GHG emissions and more production).
4 Increased flaring emissions in FY2021 is due to various reasons i.e. Low Low Pressure (LLP) compressor shutdown, multiple compressors interruptions trip in NS Offshore.
5 Methane reduction of 42.4% from 2020 due to operational improvements and a reduction in venting activities in 2021.
6 Increased nitrous oxide emissions of 10% from 2020 is due to increase in flaring in St Joseph in 2021.
7 Increased carbon dioxide emissions of 8% from 2020 is due to increase in flaring in St Joseph in 2021.

Approximately 91% or 386,061.55 tonnes CO_2e of our direct reported (Scope 1) GHG emissions are from flaring and stationary combustion sources such as turbines and engines. Out of this 91%, a total of 50.1% of the GHG emissions are from stationary combustion sources. The remaining 9% or 39,164.97 tonnes CO_2e of our reported GHG emissions are from fugitive emission sources (Scope 1) such as storage tanks and valves and indirect emissions such as purchased electricity (Scope 2).

As part of our efforts to further reduce GHG emissions, a planned Leak, Detection and Repair (LDAR) programme was initiated in early 2021. LDAR is a part of the requirement imposed by the DOE, Malaysia under the Environmental Quality (Clean Air) Regulations, 2014 to detect Volatile Organic Compounds (VOCs) and Methane (CH_4) under the category of fugitive emissions e.g. via pipeline valves. Phase 1 of the LDAR programme for LCOT was carried out in April 2021, with remaining phases set to be performed in 2022 and beyond. Similarly, the LDAR programme for North Sabah Offshore will commence in late 2021, beginning with the South Furious field in October 2021, followed by the St Joseph field in 2022 and the Barton field thereafter in 2023.

LDAR programme in LCOT (April 2021).

SUSTAINABILITY REPORT

Anasuria Cluster

AOCL participates in the UK Emissions Trading Scheme (ETS) (UK ETS), and actively purchases carbon credits when the emissions at the Anasuria Cluster exceed the permitted (free) allowances. Funds raised from organisations participating in the UK ETS go toward investment in emissions-saving companies such as those that promote clean technologies and develop low carbon projects in developing countries and economies in transition. With the withdrawal of the UK from the European Union, the UK Government has established its own Emissions Trading Scheme which commenced operations in 2021. Prior to this, the UK participated in the European Union Emission Trading Scheme (EU ETS). The principles of both schemes are similar with some minor changes and adjustments to the UK regime which the UK ETS has implemented effective 1 January 2021. There has been no gap analysis done between the EU ETS and UK ETS regime thus far as the UK ETS regulations have not been finalized yet, having just been recently presented for consultative feedback (which was due on 9 September 2021). All responses are being compiled and once agreed on, guidance to the UK ETS Regulation is expected be released by the UK Government. The most significant difference that has been identified presently is that trading may only be done within the UK only.

As far as the Anasuria asset is concerned, an independent third party has been commissioned to conduct an annual audit on carbon emissions data as part of a mandatory requirement for the EU ETS and UK ETS reporting processes. In addition, monthly and quarterly internal assurance checks on the accuracy of the data and readings that measure our emissions are also conducted. Performance is tracked on a regular basis incorporating monitoring, audits and inspections, regulatory inspection letters and internal and external incidents. Performance improvement is implemented via HSE Continual Improvement Plans.

AOCL has been participating in the ETS since it assumed operatorship in March 2016. Hence, the costs to purchase carbon allowances under the ETS have been part of its annual planning and budgeting process. The carbon price applied during the planning and budgeting cycle is based on prevailing ETS prices. Separately, as Anasuria Hibiscus is the operator for Hibiscus' development assets in the UK, Anasuria Hibiscus has also incorporated the ETS costs as part of the economic evaluation of these projects. Since early 2021, Anasuria Hibiscus's internal carbon price assumption of USD60/tonne has been applied to estimate the future ETS costs for when the development assets have progressed into production phase.

Net Zero Emissions

Pursuant to the UK and Scottish Governments' commitments to:

- reach net zero emissions by 2050 (the Scottish Government has committed to reach this goal by 2045);
- achieve Zero Routine Flaring by 2030 (as set out by the Oil and Gas Authority); and
- reduce methane emissions by 50% by 2030,

AOCL put in place its *Net Zero Policy* in May 2021 and established a taskforce consisting of AOCL leadership team members as well as key working level personnel to formulate a plan to contribute towards reducing emissions from the Anasuria Cluster. This near-term Environmental Improvement Plan is being developed and specific initiatives will be cascaded into the annual plans to reduce emissions from Anasuria, with several opportunities already identified and being assessed for potential delivery between 2021 to 2023. Daily monitoring of CO_2 has now been included in the daily operational report thus improving transparency of CO_2 emissions data with the aim of including an annual KPI as part of the 2022 business plan for Anasuria. A 3D scan of the facilities on the FPSO has also been performed, which will allow engineering to be conducted onshore improving response time and reducing the requirement for offshore travel for maintenance activities, particularly in cases where unplanned outages cause flaring.

AOCL is committed to reducing its GHG intensity and GHG footprint from operational improvement, maximising energy efficiency in all our operations and conducting our business in an environmentally responsible and sustainable manner. As such, AOCL has developed a roadmap that will be used as a tool to progress, track and monitor our Emissions Management Strategy. This strategy has been shared with all members of the offshore and onshore teams and is treated as a collective initiative. Regular meetings are being held by the steering committee to discuss the progress and additional regulatory requirements, etc. This has also been shared with the external regulatory stakeholders.

AOCL is also a member of OGUK and is committed to working collaboratively with OGUK towards achieving the aims of its Roadmap 2035: A Blueprint for Net Zero. This initiative was launched in September 2019, by OGUK, on behalf of the UK oil and gas industry and it highlights the role the sector can play to help the UK achieve the energy transition that is critical to a fully decarbonised economy. AOCL backs such objectives through our energy transition efforts to attain the UK's net zero targets. Additional measures spearheaded by the OGUK and supported by AOCL include the reduction of emissions and the steer towards the reduction of methane emissions by 50% in 2030 (incorporated in their Methane Reduction Strategy).

AOCL'S EMISSIONS MANAGEMENT STRATEGY

SUSTAINABILITY REPORT

The indicators for the GHG emissions and other emissions to air for the Anasuria Cluster are set out below:

Indicators[6]	Unit	FY2017	FY2018	FY2019	FY2020	FY2021[5]
Scope 1 GHG emissions[1]	tonnes CO_2e	121,398	170,694	134,140	158,840	128,651
Scope 2 GHG emissions[2]	tonnes CO_2e	0	0	0	0	0
Scope 3 GHG emissions - Business Travel[3]	tonnes CO_2e	0	0	0	0	0
GHG emissions per thousand barrels of oil equivalent	tonnes CO_2e/ kboe	29.26	47.19	33.39	44.56	39.34
Flaring emissions	tonnes CO_2e	34,225	93,274	55,292	81,208	51,003
Carbon dioxide emissions (CO_2)	tonnes	115,093	159,607	126,501	148,896	121,433
Methane emissions (CH_4)	tonnes	149	341	216	300	199
Nitrous oxide emissions (N_2O)	tonnes	8	8	8	8	7
Payments made associated with climate change[4]	RM 'mil	1.6	6.0	13.7	11.5	16.8

Notes:
1 GHG emissions comprise of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. The GWP factors used are in accordance with the UK Government's guidance for reporting of GHG emissions.
2 Scope 2 GHG emissions is zero as there are no purchased electricity for the Anasuria FPSO operations, as all activities are conducted offshore. Office use of electricity are not measured separately as these are included in the office rent.
3 Scope 3 – Business Travel GHG emissions is zero as there are no vehicles that are owned or rented by AOCL, or whereby AOCL is responsible for purchasing fuel for the purposes of business travel. GHG emissions from air travel, helicopters and supply vessels have not been accounted for. This category of Scope 3 is included in fulfilment of UK Government's SECR requirements.
4 Payments for EU ETS are on a gross basis.
5 Emissions figures from 1 January 2021 to 30 June 2021 are provisional.
6 Previously the figures for all indicators were derived based on extrapolation from Calendar Year figures to convert to Financial Year. The emissions from fuel and flare are now calculated based on the daily monitoring data. Fugitive and venting emissions have now also been included. Leak tests to measure the fluorinated gases are typically conducted once annually.

5.1.2 Energy Use

We endeavour to use energy and natural resources efficiently. Where possible, we will also endeavour to switch to a cleaner form of power generation.

North Sabah PSC

Solar photovoltaic (PV) and wind turbine systems have been installed offshore at our facilities to reduce our carbon footprint as part of our fuel switching initiatives.

The solar PV systems at North Sabah supply electricity for our wireless communications, flare ignition systems and marine lanterns. Such renewable energy initiatives entirely power all our remote jacket platforms. Further, a pilot project for a wind turbine system at the North Sabah offshore platforms was commissioned at St Joseph Jacket F (SJJT-F) in November 2018. This wind turbine was installed in a hybrid mode with an existing solar PV system. A second wind turbine system was also installed at Barton Jacket A (BTJT-A) in December 2019.

In Q3 2021, our on-going switch to renewable energy included a solar PV system at St Joseph (SJJT-F). We plan to install a wind turbine system at St. Joseph (SJJT-A) in 2022 followed by a hybrid of solar PV and wind turbine system at South Furious (SFJT-B) in 2023.

Currently, we are also embarking on a study to determine the viability of using wave energy technology as part of ongoing efforts to decarbonize our power supply for our North Sabah offshore facilities with restricted access i.e. remote jackets with flare stack for which wind turbine installation is not suitable. This study is set to commence later this year and is expected to be completed in 2023.

Solar PV-wind turbine hybrid system in Barton BTJT-A. In operation since February 2020.

New solar PV system using Hilti Mechano mounting structure in St Joseph SJJT-A – completed in April 2021. Load for well instrumentation.

New solar PV system at St Joseph SJJT-F – current stage: site installation.Commissioning in August 2021.

SUSTAINABILITY REPORT

Anasuria Cluster

At the Anasuria Cluster, we run our operations in compliance to the AOCL HSEMS. In addition, Petrofac (the Duty Holder of the Anasuria FPSO) as an organisation, qualifies for the Energy Savings Opportunity Scheme (ESOS) in the UK. As such, Petrofac is obliged to notify SEPA that they have complied with their ESOS obligations, which covers the Anasuria FPSO operations.

The table below details the energy consumption on the Anasuria FPSO broken down by the source of energy i.e. natural gas produced from the Anasuria fields and diesel.

Energy Consumption on the FPSO	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Natural Gas	kWh	404,831,459	328,488,295	350,263,852	347,342,263	351,090,428
Diesel	kWh	14,918,618	37,904,045	26,459,223	25,888,563	20,486,873

Note:
The 2020 UK Government GHG Conversion Factors for Company Reporting have been used to convert fuel consumption from tonnes to kWh.

Several opportunities for energy (and hence associated GHG) reduction are being assessed for economic viability and some of these will be considered as part of the long-term operational plan for the asset. The Anasuria team have been assessing these opportunities and they form a part of our Emissions Management Strategy and will be addressed in the near future. Furthermore, additional opportunities have been identified as part of AOCL's emissions reduction strategy.

A portion of the gas produced by the Anasuria fields is used as fuel gas and is supplemented by diesel. These are used to power turbines and engines on the Anasuria FPSO.

The Anasuria FPSO and the related facilities are designed to last the entire field lifecycle and are likely not to be frequently replaced. Thus, opportunities for energy savings are challenging. However, if a requirement to replace or procure new equipment arises, we would endeavour to procure new equipment that could offer the opportunity to save energy. Whilst AOCL recognises that some investment will be required as part of the emissions reduction/ energy transition drive, each opportunity will be reviewed individually with a thorough cost benefit analysis.

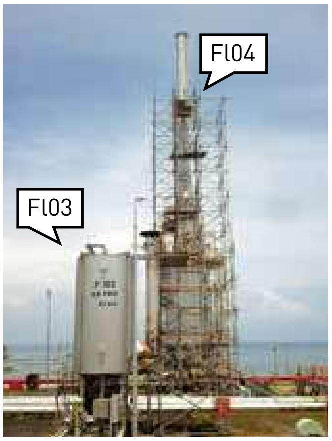
5.2 Air Emissions

The Group considers air emissions as part of our intention to use resources effectively. We strive to ensure that they are monitored, and measures are put in place to reduce the potential impact on local communities and the environment.

North Sabah PSC

We assess the levels of air pollution in our onshore facilities through various environmental monitoring methods.

Dust Particulates monitoring for our Fuel Burning Equipment (FBEs) is performed annually to ensure compliance with the legal requirement under the Environmental Quality (Clean Air) Regulations 2014 (CAR 2014). Dust particulates are also known as particulate matter (PM) which is a general term for a mixture of solid and liquid droplets suspended in the air. These smaller particles generally pass through the nose and throat and enter the lungs. Once inhaled, these particles can affect the lungs and heart and cause serious health effects in individuals.



Furnace F103 and F104 in LCOT.

Scaffolding erected at furnace F104 once a year to carry out Dust Particulate monitoring and FBE efficiency assesment.

Environmental monitoring team at work at Fire Water Pump in LCOT.

Dust Particulate monitoring and FBE Efficiency Assessment at furnace F103.

Crude oil loading pump house (green) in LCOT.

In protecting the environment from air pollution, we also carry out an annual Dark Smoke observation on all our FBEs at LCOT as means to comply with the CAR 2014 requirement. Dark smoke consists of partially burnt particles of fuel that result from incomplete combustion. It can be dangerous because small particles may be absorbed into the lungs. In principle, the darker the smoke, the more polluting it tends to be. Smoke darker than a specified shade of grey is officially classified as 'dark smoke'. A Ringelmann chart is often used to define dark smoke. The chart has five shades of grey with 0 being clear and 5 being black; with 1 being the permissible limit stipulated by DOE. Those shades come with the densities of 0%, 20%, 40%, 60%, 80% and are all black respectively. Generally, smoke is considered 'dark' if it has a shade of 2 or darker.

In addition to the above, we make an annual declaration of our air emissions at LCOT to the DOE. Amongst the information submitted are type, capacity and efficiency of FBEs, type of fuel, rate of fuel consumption, number of days of FBE's operation in a year, total emission per year, type of air pollutants monitored, type of Air Pollution Control System (APCS) and efficiency of our APCS.

A FBE Efficiency Assessment is also conducted annually to detect our flue gas emissions and to assess our combustion efficiency. Flue gas is the mixture of gases resulting from combustion and other reactions in a furnace. It then passes through the smoke flue, composed largely of nitrogen oxide, carbon dioxide, carbon monoxide, water vapor, oxygen gas and sulphur dioxide. Simply put, the combustion efficiency is a measurement of how well the fuel is being utilised in the combustion process.

Anasuria Cluster

The AOCL framework under the Health, Safety and Environment Management System (HSEMS) for Environmental Management is externally verified to ISO14001:2015. AOCL has in place an Environmental Management Manual, which describes our approach to eliminate or reduce risks to the environment and actively promote continuous improvement.

SUSTAINABILITY REPORT

The table below details the emissions of air pollutants from our operators at Anasuria, with the exception of GHG data which is reported separately.

		Air Emissions				
Indicators	**Unit**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021[1]**
Nitrogen oxide emissions (NO_x)	tonnes	283	288	273	281	266
Sulphur oxide emissions (SO_x)	tonnes	3	6	5	5	4
Volatile organic compounds (VOC) emissions	tonnes	652	772	691	709	567

Notes:
1 Emissions data from 1 January 2021 to 30 June 2021 are provisional.
2 Previously the figures from all indicators were derived based on extrapolation from Calendar Year figures to convert to Financial Year.

5.3 Effluents

North Sabah PSC

All produced water from North Sabah offshore is sent to LCOT via pipeline and is then treated at the ETP in LCOT before being discharged to the open sea after treatment.

According to the directive issued by the DOE in 2011, all crude oil terminals in Malaysia, including LCOT, are required to comply with the limit of oil and grease in effluent discharge of 100 mg/l. This parameter is monitored daily at LCOT at eight (8)-hour intervals. Data acquired is submitted monthly to DOE (online); and our results are well within the stipulated limits. We currently have two (2) competent persons (CePIETSO - Certified Environmental Professional in The Operation of Industrial Effluent Treatment Systems) certified under DOE, Malaysia to oversee the effluent treatment plan and the industrial and related effluents.

Other than the oil in water metric, we also monitor other parameters for the effluent discharge such as Temperature, pH, Biological Oxygen Demand5 (BOD5), Chemical Oxygen Demand (COD), suspended solid, boron, phenol, sulphide, ammoniacal nitrogen, cyanide and chloride. (Note: The monitoring of cyanide and chloride commenced in January 2020).

The location of effluent sampling is at the ETP final discharge point as displayed on the signboard.

Anasuria Cluster

Our operated offshore fields deliver oil, gas and water from offshore reservoirs, which we then separate using our processing facilities at the FPSO.

In the case of water (produced water), it is either re-injected into the reservoir to maintain underground pressure or it is cleaned, filtered and then discharged into the sea. Operational discharges to sea include produced water, slops and bilge water, all of which may have adverse effects on the aqueous environment. Of these three, produced water usually has the highest environmental risk and accordingly receives the most attention from us.

In the UK, the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended) state that the concentration of dispersed oil in produced water discharges as averaged over a monthly period must not exceed 30 mg/l, whereas the maximum permitted concentration must not exceed 100 mg/l at any time. This parameter is monitored once per 12-hour shift and our oil in water content has been well within the regulatory limit.

5.4 Managing Waste

We ensure that all hazardous waste generated from our operations in North Sabah and in the UK are disposed and treated in an environmentally responsible and auditable manner.

North Sabah PSC

In Malaysia, all hazardous waste is handled as per the Environmental Quality (Scheduled Wastes) Regulations, 2005 and our Waste Management Procedure. There are two (2) competent persons (CePSWAM - Certified Environmental Professional in Scheduled Waste Management) certified under DOE, Malaysia to manage the hazardous waste and scheduled waste in SEA Hibiscus. All hazardous waste inventory data, both generated and disposed, are submitted monthly to the DOE via their online Electronic Scheduled Waste Information System (E-SWIS).

We have carried out the following hazardous waste related initiatives:

- Hazardous Waste Characterisation: Done in 2021 for SW311 and plan to continue again next year and onwards (2022 until 2030 – dependent on the Work Plan Budget (WPB) approved by PETRONAS, based on priority activities at the particular time).
- Hazardous Waste Awareness: Annual event with 3 sessions conducted this year with plans to continue the same next year and onwards (2022 – end of PSC).
- Hazardous Waste Gap Analysis: Done in 2021.
- Hazardous Waste Inspection: Annual event which has been carried out 6 times in 2021 with plans to continue the same next year and onwards (2022 – end of PSC).
- Hazardous Waste Storage Renovation Project: Completed in 2021.
- Hazardous Waste Clinic on E-SWIS with DOE: Completed in 2021.
- Electric-Waste (E-Waste) Campaign: Completed in 2021; and
- Hazardous Waste Recovery: Planned for 2022 - end of PSC but dependent on the WPB approved by PETRONAS, based on priority activities at the particular time.

As can be seen from the above, we also intend to conduct multiple initiatives as part of our overall hazardous waste management process.

Hazardous waste ready to be transported to our warehouse in Labuan.

Hazardous waste storage area at North Sabah's offshore facilities.

Hazardous waste inspection at ASB warehouse, LCOT and North Sabah's offshore facility.

SUSTAINABILITY REPORT

E-Waste campaign in LCOT.

To further improve our management of hazardous waste at the ASB warehouse in Labuan, a specific hazardous waste storage area renovation project was initiated in Q4 2020 (and has since been completed in April 2021).

We also routinely conduct Waste Acceptance Criteria (WAC) studies on the oily sludge (SW311) at LCOT via Total Threshold Limit Concentration (TTLC) tests. The parameters for this test include Total Solids, Gross Calorific Value, Sulphur, and Flash Point. There are plans to extend the TTLC analysis to all the other types of hazardous waste generated in the North Sabah PSC beginning in 2022.

Further, to ensure compliance to PETRONAS requirements, we have conducted a gap analysis on the latest guidelines related to wastes issued by PETRONAS for managing hazardous waste, specifically for the oil and gas industry in upstream offshore operation: *Guideline on PETRONAS E & P Minimum Expectation on Scheduled Wastes Management for Offshore Operators, October 2019.* The gap analysis was performed in collaboration with our Material Coordinators based offshore at North Sabah. All identified gaps have been addressed accordingly.

To keep abreast with the latest DOE requirements, SEA Hibiscus conducted a workshop to guide our employees and contractors on the process and methodology of updating and submitting relevant environmental data through the Environmental Mainstreaming (E-MAINS) and E-SWIS online systems maintained by the DOE. The training provided to staff during this workshop was facilitated by officers from the DOE in Labuan.

Awareness and refresher programmes on hazardous Scheduled Wastes management were also organised for our offshore staff. In addition, hazardous waste inspections were conducted across all our North Sabah offshore and onshore facilities to ensure our compliance with the stipulated regulations and guidelines. We also conducted an E-Waste campaign during this financial year to minimise our waste generated from electrical and electronic sources. We plan to continue our efforts to recover hazardous waste from our E-Waste campaign hereon.

Anasuria Cluster

In the UK, most of the waste produced offshore is classified as general (non-hazardous) waste. There is a basic level of segregation required between non-hazardous, solid and inert waste and all other categories offshore. A number of products, waste and containers, including some chemicals used offshore, are classified as special waste (hazardous waste) and therefore require to be managed according to their hazardous properties, concentrations and flash points. Some special waste material (or 'sludge') is managed by specialist contractors. All such waste, which is transferred ashore for disposal, is monitored through an auditable process.

5.5 Sludge Farm

We are the only oil and gas organisation in Malaysia with a licence to operate a sludge farm in our facility for the treatment of our hazardous waste, particularly sludge waste. This licence is accompanied by a stringent 55 line-item requirement in the licence approval conditions.

Sludge waste is primarily produced in crude oil production facilities during operations in the Emulsion and Wax Treatment Plant (EWTP), Crude Storage Tanks, ETP, Free Water Knock-out Vessels (FWKO) and during maintenance activities (such as Pigging operations).

Landfill in LCOT to dispose sludge which has been treated in the sludge farm.

In the sludge farm, produced sludge is treated using bacteria and nutrients, and goes through the process of tilting, ploughing and water spraying. This process is carried out over a period of between five to eight years until such time when the treated sludge can be disposed into a designated landfill (also situated within the LCOT premise), after the necessary approvals from the DOE and Atomic Energy Licensing Board (AELB) have been obtained.

The operations of the sludge farm are governed by the DOE and are subject to stringent monitoring as required under the Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) (Amendment) Reg. 2006.

5.6 Chemicals

The Offshore Chemicals Regulations 2002 (as amended) require the UK offshore operators to apply for permits for the use and/or discharge of chemicals in the course of all relevant offshore energy activities, including well operations, production operations, pipeline operations and decommissioning operations. The appropriate risk assessment is conducted for each chemical usage and discharge (water/ oil phase, export line). Chemicals used must be approved by the UK CEFAS (Centre for Environment Fisheries Aquaculture Science). AOCL have all these permits in place which allows the Anasuria FPSO to utilise chemicals during normal operations and ad-hoc projects. Chemicals are tracked and usage and discharge reported to the regulators on a quarterly basis.

5.7 Water Quality

North Sabah PSC

Quarterly monitoring of seawater quality at St Joseph is routinely performed to monitor the Oil In Water (OIW) and Copper parameters. It was an EIA monitoring activity carried out to fulfil regulatory conditions post completion of the St Joseph Field Redevelopment Project, Offshore Sabah (Reference: EIA Approval Conditions issued by the DOE Sabah under Section 34A, Environmental Quality Act, 1974 and the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 1987).

Our seawater quality monitoring results for the OIW and Copper parameters in Q3 and Q4 2020 were comfortably within the stipulated tolerances of the Malaysian Marine Water Quality Standards (MMWQS), 2019. In view of our good performance, the DOE of Sabah has issued a new directive i.e. the Annual Marine Water Quality Monitoring activity in November 2020, for the frequency of the seawater quality monitoring to be reduced from quarterly to annually, beginning in 2021 with some additional parameters included. The additional parameters are Dissolved Oxygen (DO), Total Suspended Solids (TSS), phosphate, nitrate, ammonia, mercury, cadmium, chromium (vi), copper, cyanide, lead, zinc, arsenic (iii), aluminium, Tributyltin (TBT), Polycyclic Aromatic Hydrocarbon (PAH), total phenol, oil and grease, faecal coliform count, temperature, pH and marine litter. The monitoring will cover 4 locations within a 1km radius distance from the nearest St Joseph and South Furious facilities and 2 control stations.

In addition, we are currently also performing the monitoring and reporting of groundwater quality to the DOE on a bi-annual basis. Our monitoring and reporting complies with the requirements of the Contaminated Land Management and Control Guideline No. 1: Malaysian Recommended Site Screening Levels for Contaminated Land, 2009 and Dutch Intervention Value, 2000. The parameters monitored here include temperature, pH, dissolved oxygen, total suspended solids, phenol, cyanide, chromium (hexavalent and trivalent), arsenic, copper, lead, selenium, vanadium, zinc, mercury, Total Polycyclic Aromatic Hydrocarbons (PAH) and monoaromatic hydrocarbons - Benzene, Toluene, Ethylbenzene and Xylenes (BTEX). We have several monitoring points; BH1 - BH2 and BH4 - BH8.

Groundwater monitoring works being carried out in LCOT. Water depth measurements are taken prior to the purging of the groundwater wells. The measurements attained are used to determine the volume required to purge.

Groundwater monitoring team extracting water sample from the borehole.

SUSTAINABILITY REPORT

One of the many boreholes in LCOT constructed to monitor our groundwater quality.

Marine water quality sampling carried out for ESA Study in LCOT.

Pursuant to our ESA Study, we have voluntarily committed to monitor our groundwater quality in 9 additional boreholes; BH15, BH24, BH26, BH27, BH28, BH29, BH31, BH32 and BH33, on a bi-annual basis for selected parameters.

Anasuria Cluster

In Anasuria, usage of freshwater or municipal potable water is not material as they are primarily used for offshore living quarters. Additionally, water scarcity in the UK is not considered to be a high risk. As such, consumption of potable water is not tracked. Water consumed for reservoir management via injection is sourced from the sea. Water produced from our reservoirs (a combination of groundwater and injected seawater) is treated prior to being discharged to the sea as described in the previous sections of this report. Produced water samples are obtained on a regular basis and analysed for inorganic/organic matters, radiology and chemical residuals and the results reported to regulators.

5.8 Soil Quality

Soil quality is defined as the ability of the soil to perform functions that are essential to maintain the balance of the local biodiversity. The soil quality assessment monitors the capacity of a specific kind of soil to function, within natural or managed ecosystem boundaries, to maintain or enhance water and air quality, and support human health and habitation. The soil characteristics assessment on the other hand focuses on the soil permeability, hydraulic conductivity, subsurface transport capability and soil nutrient status.

In Malaysia, we monitor both types of assessment with different frequencies. The soil characteristics assessment is performed annually whilst the soil quality assessment is conducted twice a year. Both assessments have a different set of test parameters, according to the licence requirements.

5.9 Boundary Noise

We also monitor our boundary noise level at 3 points outside the boundary of LCOT annually; both during the day and at night. This is to ensure our surrounding communities are not affected by excessive noise pollution, if any, coming from our daily onshore operations.

5.10 Environmental Audit

An annual Environmental Audit by an independent third party is part of the requirement by the DOE, Malaysia. The Environmental Audit serves as a continuous improvement tool which assists in increasing productivity and enabling long term cost reduction whilst concurrently facilitating the protection of the environment. The Government of Malaysia has introduced the requirement to carry out Environmental Audits under Section 33A of the Environmental Quality Act (EQA) 1974 (Amendment 1996) to ensure compliance and impose industry self-regulation.

Our Environmental Audit results in FY2021 recorded no instance of non-compliance, eight good practices and four observations. Amongst the good practices recorded are:

- comprehensive environmental monitoring as required in the sludge farm's approval conditions (which have been conducted consistently); and
- environmental monitoring reports (which were submitted to the DOE on a timely basis).

An example of an observation recorded was for an expedited analysis of sludge samples via the Total Threshold Limit Concentration (TTLC) test for scheduled waste (which was unable to be executed pending major tank maintenance) as part of the Waste Acceptance Criteria (WAC).


An Environmental Audit is carried out by a third party auditor on an annual basis.

5.11 Environmental Performance

On a consolidated basis, the Group indicators relating to effluents and wastes are as follows:

Indicators	Unit	FY2019	FY2020	FY2021
Oil spills	kg	0.0	0.0	26.8
Water (effluent) discharge	m^3	6,087,360	5,737,533	5,501,175
Hazardous waste	tonnes	30.42	39.17	67.41
Non-recycled waste	tonnes	58.96	47.49[1]	47.49[1]
Recycle waste	tonnes	66.89	72.30[1]	78.40[1]
Environmental fines and penalties	RM	0	0	0

Note:
1 Group figures do not include North Sabah PSC as it is not reported for North Sabah PSC for FY2020 and FY2021.

North Sabah PSC

Our environmental performance is set out below:

Indicators	Unit	FY2019	FY2020	FY2021
Oil spills	kg	0	0	0
Water (effluent) discharge	m^3	4,822,974	4,392,416	4,013,413[1]
Total water discharge	m^3	0	0	0[2]
Produced Water Discharge – oil in water concentration	mg/l	20.09	20.6	19.9[3]
Hazardous waste	tonnes	3.395	12.95	51.15[4]
Non-recycled waste	tonnes	3.395	Not reported	Not reported[5]
Recycle waste	tonnes	0.978	Not reported	Not reported
Environmental fines and penalties	RM	0	0	0

Notes:
1 The 8.6% reduction of water effluent discharge is due to planned shutdown at southern stream in April 2021.
2 Water (effluent) discharge represents effluent only. Total water discharge is water without effluent content. Water is discharged to sea after being treated.
3 Lower OIW concentration in 2021 due to operational improvements.
4 Higher volumes of hazardous waste disposed in 2021 due to major maintenance of Tank 2 in LCOT.
5 Non-recycled waste is not recorded in FY2020 as there is no requirement to report this to MPM.

SUSTAINABILITY REPORT

Anasuria Cluster

Internal assurance checks on the operational environmental data are conducted monthly. Our indicators relating to effluents and wastes are set out below:

Indicators	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Oil Spills	kg	4.0	0.0	0.0	0.0	26.8[1]
Water (effluent) discharge	m^3	1,640,042	1,593,180	1,264,386	1,345,117	1,487,762
Discharge of oil to water	tonnes	14.18	21.28	11.15	11.77	11.63
Hazardous waste	tonnes	19.76	23.71	27.02	26.22	16.26
Non-recycled waste	tonnes	41.43	69.88	55.56	47.49	47.49
Recycled waste	tonnes	78.09	82.58	65.91	72.30	78.40
Environmental fines and penalties	RM	0	0	0	0	0

Note:
1 In May 2021, two anomalies were identified on one of the risers to the Anasuria FPSO which resulted in a leak of 26.8kg of hydrocarbon. The riser has since been isolated and no further leaks have been identified on this riser.

5.12 Others

We recognise biodiversity as an essential component of ecological balance. We also recognise the importance of the conservation of biological diversity, and the safeguarding of ecosystems.

North Sabah's biodiversity includes marine algae, marine fishes, marine reptiles, seagrasses, mangroves, and coral reefs. We regularly assess the impact of our operations on the surrounding environment (which includes biodiversity effects). Where required, an EIA is performed to analyse the impact of our activities vis-a-vis the environment. Further, we have been performing quarterly monitoring of seawater quality around our North Sabah operations to ensure that there has been (and continues to be), no significant impact to the sea.

We also plan to carry out a Macrobenthos Study next year covering the area surrounding our crude oil terminal. Macrobenthos are an important component of estuarine ecosystems. These organisms are used to monitor the health of the marine environment and hence are widely used in marine ecology research.

The Environmental Aspects and Impacts Register/ Procedure identifies the environmental aspects of those activities which we control or can influence, and which may give rise to significant positive or negative environmental effects. This procedure encompasses the exploration, appraisal, development, production and decommissioning operational activities. We focus on our objectives of reducing environmental impact to the surrounding area by limiting the quantities of waste and other discharges and handling these in a responsible manner. We also re-use and recycle where practicable.

We maintain a good professional rapport with the DOE through meetings which take place at least twice a year. At these meetings, we provide updates on our activities, status of compliances and discuss matters pertaining to the environment.

Meeting with DOE Labuan.

Meeting with DOE Sabah.

At Anasuria, the EIA forms a part of the regulatory permits required for operations and are updated on an annual basis, or more frequently as required depending on offshore activities/operations, changes to regulations or updates to external databases/ references. The EIA covers physical, biological and socio-economic environment, conservation, impact to navigation/collision risk, impact from seabed disturbance and disturbance on commercial fisheries.

6.0 OUR PEOPLE

Our people are the collective essence of who we are. With operations across multiple geographies and an ambitious growth plan, we recognise it is important that our people drive sustainable practices at all levels of our business.

Our vision of becoming a respected, valuable and responsible energy company is fuelled by our seven corporate core values – including being agile, tenacious, enterprising, people focused, cost competitive, trustworthy and environmentally conscious. These core values define how we work as a team and how we deliver on our commitments to our stakeholders. As a young organisation in a competitive, global environment, we question the status quo and challenge norms. Finding a novel solution requires a mindset that is enterprising and innovative. Implementing new ideas require the agility and tenacity to act as well as the trust of stakeholders, whilst being conscious that no solution has utility if it is not cost competitive, safe and environmentally friendly.

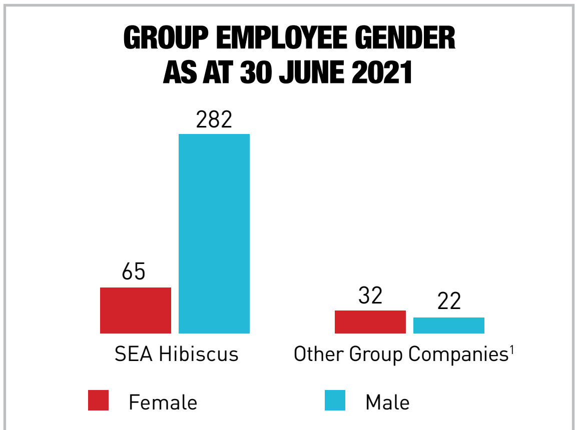
Our success is underpinned by our ability to recruit, motivate and retain highly competent employees. This is driven primarily by the following key factors:

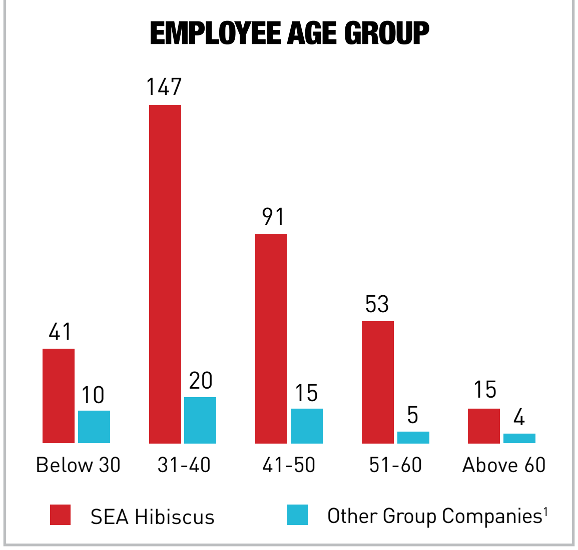
- Ensuring a diverse and inclusive working environment, where we seek to treat all our employees fairly and equally;
- Establishing competitive remuneration packages linked to the collective performance of our Group and balanced with the individual contribution of each employee; and
- Nurturing talent development to optimise the capabilities of our employees which also sets the critical platform for succession planning.

6.1 Workforce Diversity and Inclusivity

We are committed to recognising the importance of diversity. This extends to all areas of our business including talent acquisition, talent development, competency development (including skills enhancement), career progression, Board appointments, staff retention and motivation, mentoring and coaching programmes, flexible work arrangements, forms of leave available to staff, succession planning, the Group's policies and procedures and training and development. Our employees are treated respectfully and equally, irrespective of age, gender, ethnicity, nationality, disability, sexual orientation, cultural background, religious belief and social-economic status. Our commitment towards such inclusivity and diversity is clearly set out in our *Diversity Policy*.

We are a melting pot of different nationalities, gender, age-groups, education and experience levels. We foster an inclusive work environment. We have 401 employees. Nearly all are full-time. There are 5 nationalities present (Malaysian, British, Australian, Indian and Dutch) and our team has an average age of 42 years, representing a healthy mix across all age groups and various technical backgrounds. We recognise deep technical experience as our key asset.





Note:
[1] Including Hibiscus Petroleum Berhad.

SUSTAINABILITY REPORT

We will continue to take positive measures to enhance our workforce diversity, which provides equal opportunities, free of any form of discrimination and encourages fair treatment and opportunity for men and women. These measures include:

- Continued observance and commitment to our *Diversity Policy*.
- Ongoing adherence to our *Group Recruitment Policy* which aims to recruit the best candidates based on merit. Furthermore, we will continue to ensure that:
    - o all persons, regardless of age, gender, ethnicity, disability, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally when recruiting new staff or directors; and
    - o there will be no preference given to a specific gender for a position and women with appropriate experience and qualifications will be considered equally in the recruitment and selection process.
- In relation to the recruitment of directors, the Nominating Committee is entrusted by the Board to identify potential candidates by seeking applications from suitably qualified individuals and/or engaging external consultants that will present diverse candidates; and will evaluate the mix of skills, experience, expertise and diversity of the existing Board that will best enhance the Board's effectiveness.
- Continued use of our performance appraisal and incentives framework which is merit-based. In addition, all decisions associated with career advancement, including promotions, transfers, and other assignments, and training opportunities are based on our Group's needs and determined on merit.
- To bolster our recruitment efforts, we have included a Careers Page on our Company website. In combination with an Employee Referral Programme introduced in 2019, the Careers Page has resulted in a sizable number of candidates (from various backgrounds and levels of experience from fresh graduates to seasoned professionals) being included in our human capital database for quick reference in the event of a new position opening.

6.2 Performance and Reward

We integrate our corporate core values into the way we set our targets, in how we measure our performance, and in our efforts to enhance the expertise and skillsets of our people. Our Performance Management System has been extended to recognise not only an individual's work performance but also how the individual interacts within a team to achieve common goals. We emphasise the importance of constructive feedback and conversations throughout the year and empower people to deliver on their commitments.

Our employees undergo two (2) comprehensive appraisals per annum. These appraisals include discussions on performance, the status of achievement of pre-determined targets, future career development and training requirements. During the financial year, all of our employees received performance reviews with performance ratings assigned by their superiors. The performance reviews of Senior Management are conducted by our MD, Nominating and Remuneration Committees.

We are committed towards exceeding the regulatory minimum wage requirements. We also extend a cost-of-living allowance to all employees to ensure their financial sustainability. We further strive to remunerate our employees competitively and whenever necessary, industry remuneration benchmarking is conducted. Incentives are utilised as a means to compensate and motivate employees with clear linkages of performance to rewards. Discretionary bonuses are paid annually based on the achievement of corporate and individual performance targets.

6.3 Talent Development

Talent development has continued to be a key area of focus for the organisation. It ensures that we have, and will continue to have, the relevant competencies and capabilities required to achieve our Group's business objectives. Talent development also allows our people to realise their career aspirations.

Our talent development programmes comprise on-the-job training and mentoring, workshops, conferences and seminars. The various types of training programmes that are offered to employees builds on key competencies required for their specific job roles. In addition, employees are afforded exposure to other fields. The programmes undertaken during FY2021 included technical courses (mandatory and compulsory HSSE), skills development, personal competencies and various finance, accounting and corporate courses.

The extent of training provided to our employees during FY2021 is tabulated below:

Indicators	FY2019	FY2020	FY2021
Total training hours as a Group	8,284 hours	10,526 hours	6,359 hours
Average training hours and day per employee	22.76 hours /2.84 days	27.06 hours/3.38 days	15.86 hours/1.98 days

In addition, we have launched a series of Knowledge Sharing Webinars through which subject matter experts from different assets or business units within our organisation collaborate and present modules on specific disciplines within the industry and specifically our experience in our Group's international businesses. These seminars have served as a platform for knowledge sharing, networking and professional development in a semi-formal environment. Topics presented range from subsurface exploration through to field development, drilling, storage, renewable energy, legal and current issues faced in managing wellness during the COVID-19 pandemic. These sharing sessions have provided the opportunity for different experts from multiple assets to share and learn from each other's work experiences to facilitate personal development. These sessions have been recorded and posted on our corporate learning library for employee access at any time.

6.4 Employee Management and Engagement

Management of our employees is guided by the substance of our *Diversity Policy, Employee Handbook* and our *Code of Conduct and Ethics*. The latter was updated in May 2021 to provide additional guidance for employees in the event they encounter any conflict-of-interests situations. The content within these documents have been carefully assembled after review of industry practices, consultation with staff, Senior Management and the Board. These documents are accessible to all employees via SharePoint, our Group's web-based collaborative platform. Employees are advised of updates to the documents via email notification.

Our Board is committed to instilling an organisational culture with high integrity and zero tolerance for corruption. In this regard, the Group updated its *Anti-Corruption and Anti-Bribery (ACAB) Policy* in 2020 and subsequently, all employees had to fully complete quizzes rolled out to test their awareness and understanding of the *ACAB Policy* in Q1 2021.

Unfortunately, despite all our efforts which included the tightening of internal controls, during the year under review, there was one reported case of attempted non-compliance to the *ACAB Policy*. Our preliminary investigation determined that although there was no gratification received by the staff involved from the complainant, and that he retired from service one month after the reported incident, the circumstances merited further investigation. Consequently, the incident was reported to the Malaysian Anti-Corruption Commission for further action, reinforcing our stance for zero-tolerance for any breach of the law and/or the *ACAB Policy*.

Our Leadership Team members regularly engage with each other and with all levels of personnel within our Group through townhall sessions, weekly and monthly meetings, management visits and festive celebrations. Importantly, we celebrate significant milestones and achievements as a team.

Apart from meetings and gatherings, we gather employee feedback and concerns through semi-annual performance appraisals and a formal, confidential and non-recriminatory grievance process as set out in the *Employee Handbook*.

The attrition rate of our full-time employees during FY2021 was 6.4%, of which 1.8% of this total was due to retirement. This metric demonstrated a decrease from the previous year of 9.8% with the implementation of employee engagement programmes and retention strategies.

The Human Capital and HSSE Departments continue to conduct COVID-19 briefings for all employees to spread awareness and to reiterate preventive measures such as the use of face masks and the strict maintaining of good personal hygiene practices. Office-based employees were advised to work from home and updates were shared via the Microsoft Teams platform and emails. Production facilities in the meantime were prepped to be fully compliant with the government SOPs for the safety of our production employees.

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In addition, all our office premises were organised to be in compliance with the respective government SOPs and the remaining office-based employees were divided into Risk Groups and scheduled for a phased return to work to minimise exposure to infection. Furthermore, any employee intending to return to the office had to either be fully vaccinated or furnish a negative COVID-19 test result after taking a swab test at a designated facility with costs borne by the Group.

7.0 OUR COMMUNITY

We are committed to conducting our business operations in a manner that fully acknowledges and respects the rights of the people impacted by our operations, specifically, our local community. Our presence in the various locations in which we operate places us in the position of being able to directly understand how we can make a positive difference to the communities that support us.

We also recognise the importance of building positive relationships with our community and providing them with enduring socio-economic benefits, where possible. By implementing such 'inclusive initiatives', we build trust with local communities and strong partnerships with host regulators and our stakeholders in general.

7.1 Employment and Training Initiatives

We prioritise the appointment of suitably qualified locals in the areas in which we operate and build on this initiative by investing in their training and development through on-the-job training and external courses.

During FY2021, we provided on-the-job guidance and exposure to six (6) interns from the petroleum engineering, chemical, materials and manufacturing fields who were integrated into our Asset/Project Teams or placed at our Corporate Head office. Aside from gaining valuable experience, these interns were also provided allowances during their placement period at the Group.

Intern Placement	Degree Major
Marigold Project	MEng Chemical Engineering, Imperial College London
Marigold Project	Bachelor of Engineering (Hons) Petrochemical Engineering, University Tunku Abdul Rahman
Marigold Project	MSc in Petroleum Engineering, Imperial College London
Marigold Project	Petroleum Engineering, Heriot-Watt University
Corporate Services	Engineering (Mechanical with Business Finance) BEng, University College London
Corporate Services	Master's Degree in Mechanical, Material and Manufacturing Engineering, University of Nottingham

For North Sabah, 48% of our employees comprise local Sabahans which far exceeds the minimum threshold set by the state government of 30%, whilst 99% of our employees are Malaysians.

In Malaysia, we also support and comply with PETRONAS' requirement for affirmative action with respect to the award of supply and service contracts to companies from the Malaysian states that produce oil and gas (Terengganu, Sabah and Sarawak). As we conduct operations in Sabah, where viable, we unbundle scopes of integrated contracts and carve out minor works for tender and award these to indigenous contractors from within the state. This practice directly generates job opportunities within local communities in Sabah, where we operate.

7.2 Community Investment

The Group has comprehensive Corporate Social Responsibility (CSR) selection criteria and review processes to evaluate and approve all CSR initiatives on a Group-wide basis. CSR proposals are assessed by the CSR Review Panel on the Business Sustainability Management Committee, utilising a set of criteria that covers, amongst others, relevance to business operations, social and environmental reach, cost effectiveness, risks and programme sustainability. This is performed under the direction of the Group's MD, who is the Committee Chair.

Separate specific working committees are formed to undertake additional research and groundwork (e.g. site recces) for shortlisted projects before final presentation to the CSR Review Panel. The Board is informed of activities approved by the Business Sustainability Management Committee, and if required, approval is sought in accordance with Hibiscus Petroleum's *Limits of Authority*.

The Hibiscus Hope Scholarship (HHS) is a post graduate scholarship programme awarded in 2018 to a British student to pursue a fully-funded Masters level petroleum engineering degree at a Malaysian campus of a British University. The scholarship recognises that it was an opportunity in the UK that seeded building of a sustainable business within our Group. The HHS enables the selected scholar to experience the unique cultural setting of Malaysia and provides exposure to business opportunities and skills available domestically whilst also working for a Masters' level academic qualification. To-date, one scholarship has been awarded with a value circa RM104,000. Having completed his studies, this scholar is currently employed by the Group and working with our Marigold asset team.

The Group also recognises that young undergraduates have difficulty securing placements for internships and provides opportunities (with a stipend) for students to obtain the requisite industrial exposure to complement their academic studies and improve their future employability. This is also a contribution to the UN SDG 8 (Decent Work and Economic Growth) as it is the talent pool of human resources that contributes to the nation's gross income. The Company has been accepting between 3 – 5 interns per year since 2018.

Since the inclusion of our North Sabah operations as a key part of the Group's portfolio in March 2018, we have been committed to dedicating resources towards CSR initiatives focused on the state of Sabah. In FY2021, we continued with such programmes.

Amongst such efforts was an initiative to sponsor Human Papillomavirus (HPV) medical screenings for Malaysian women in the bottom 40th percentile category in terms of household income (B40), in the age group from 30 to 65 years, as part of our corporate CSR programme. Our analysis showed that in Sabah, land area and geographical conditions made access to health services in remote areas relatively difficult. In addition to being an area in which we operate, Sabah has one of the highest incidence rates of cervical cancer in Malaysia. Financial constraints, a lack of awareness and accessibility have been key deterrents of B40 women undertaking HPV screening.

Thus, the objective of this initiative is to decrease the incidence rate of cervical cancer by assisting the B40 women in Sabah with free screenings, thus enabling early detection to facilitate cure. This effort was implemented in collaboration with a public agency (Sabah State Health Department), private individuals (general practitioners), academic institutions (Hospital Universiti Malaysia Sabah) and civil societies (Malaysia Medical Association and the Obstetrical and Gynaecological Society of Malaysia). We have committed up to circa RM2.5 million for this CSR effort to fund the screening of eligible women over a five-year period, starting from this calendar year. As of 30 September 2021, 96 women have been screened under this programme, of which the presence of HPV has been detected in 2 women. Both women have been medically advised on their next course of action.

Furthermore, the Group was one of the main sponsors of an awareness raising conference of CanSurvive Centre Malaysia Berhad (https://cansurvive.org.my/) in March 2021. The mission of CanSurvive is to provide a greater awareness of the benefits of holistic, non-invasive cancer therapies, nutrition and diet, as well as orthodox treatments to alleviate the pain suffered by cancer patients. Our contribution towards this programme was RM20,000.

In addition, we provided RM200,000 to the Malaysian Medical Association (Sabah) in October 2020 to assist specifically with the procurement of safety and medical equipment for hospitals in Sabah, and RM50,000 to the Labuan Chapter/Hospital in January 2021 for the procurement of medical supplies/equipment.

As a result of the prolonged COVID-19 pandemic (which necessitated the imposition of various stringent SOPs in the country), the fundamental aim of our recent CSR initiatives was enhanced to include the delivery of assistance (cash or kind) to those who had been severely impacted by the pandemic or unable to access mainstream social/economic aid.

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To this end, we have been supporting a food aid initiative with the aim of assisting approximately 5,500 low-income households and those facing extreme hardship in these challenging times by working with charity organisation(s) in the identification of the most impacted areas in the Klang Valley and Sabah/Labuan areas. Packs comprising non-perishable food items and basic essential household items such as rice, noodles, canned sardines, baked beans, cooking oil, biscuits, diapers, milk powder, flour, sugar, face mask, shower gel and detergent have been distributed to such families. This initiative is being carried out for a period of 25 weeks until the end of 2021 at a cost of approximately RM630,000. As of 1 October 2021, this initiative has benefited 3,959 families.

Organising food aid supply in Pitas, Sabah.

Distribution to Lembah Pantai, Klang Valley recipients.

Collection of food aid packages in Lembah Subang, Klang Valley.

Food aid recipients in Labuan.

8. OUR SOCIETY - HUMAN RIGHTS

We are dedicated to respecting and promoting the rights of every person including our employees, the communities where we are active and those working within our supply chain. This is in line with internationally recognised human rights and labour standards such as the UN Guiding Principles on Business and Human Rights (2011) and the UN International Covenant on Economic, Social and Cultural Rights which guide businesses on how to act responsibly in respecting human rights.

We have in place the following policies as a testament of our ongoing commitment in upholding human rights:

Anti-Modern Slavery Policy

This states our commitment in prohibiting the employment of forced, bonded or underage labour and in taking all reasonable steps to ensure that there is no form of slavery in our business and supply chain. This policy covers our Group, and contractors, joint venture partners, or other parties working with us.

The Audit and Risk Management Committee is the designated independent committee to receive any complaints/information with follow-up on actions taken (if any) by the Group Internal Auditor named as the Investigator.

We work to continually assess the extent of the risk of instances of modern slavery and human trafficking in our business and take reasonable steps to ensure that these have no place in our Group and supply chain. Going forward, we will enhance our efforts in bringing to the attention of our suppliers our commitment against modern slavery in our business operations.

Diversity Policy

Our *Diversity Policy* has been expanded to ensure the inclusiveness of all people.

Whistle Blower Policy

In Q4 2019, we expanded our *Whistle Blower Policy* to encompass external parties as a further sign of our commitment to our key stakeholders, including our communities. This provides a confidential and anonymous avenue for individuals and communities impacted by any human rights violations arising from our business activities.

Drug and Alcohol Policy

The Group recognises that the protection of the health and safety of our employees, contractors and others involved in our operations is an integral part of business performance. Therefore, this policy was introduced in January 2020 as part of efforts to illustrate the Group's commitment and seriousness in ensuring a safe and healthy work environment for all.

Right to Collective Bargaining and Freedom of Association

Further, we support the right of our employees to freedom of association and collective bargaining, in compliance with the Malaysian labour regulations. We also commit to fully complying with labour regulations of the countries in which we operate and accordingly, have not recorded any non-compliances of applicable labour standards or encountered any human rights violations during the financial year under review.

9.0 ECONOMIC VALUE GENERATION AND DISTRIBUTION

We aim to make a positive contribution by delivering long-term tangible benefits to our key stakeholders. We generated and distributed value in the following manner during FY2021:

- Payment of taxes and royalties totalling approximately RM82.5 million to host governments, which grant us our licence to operate;
- Use of contractors and suppliers in our host countries, when they possess the necessary expertise and resources. In this regard, we have compensated local service providers and suppliers approximately RM400.4 million; and
- Payment of remuneration of approximately RM83.2 million to our employees.

10.0 INFORMATION TECHNOLOGY AND CYBER SECURITY

Strategic planning during the recovery efforts following the ransomware attack experienced on 1 October 2019 identified four major areas of improvement – implementation of an offsite backup plan, implementation of a Disaster Recovery Centre (DRC), institution of active monitoring for key information technology (IT) infrastructure assets and reorganisation of the IT operating model to address the Group's evolving needs. All these areas have been addressed including the implementation of a tape backup system, digitalisation process improvement initiatives including digitisation of critical engineering data, implementation of real-time security monitoring through an external managed service contractor and the re-organisation of the InfoTech Department.

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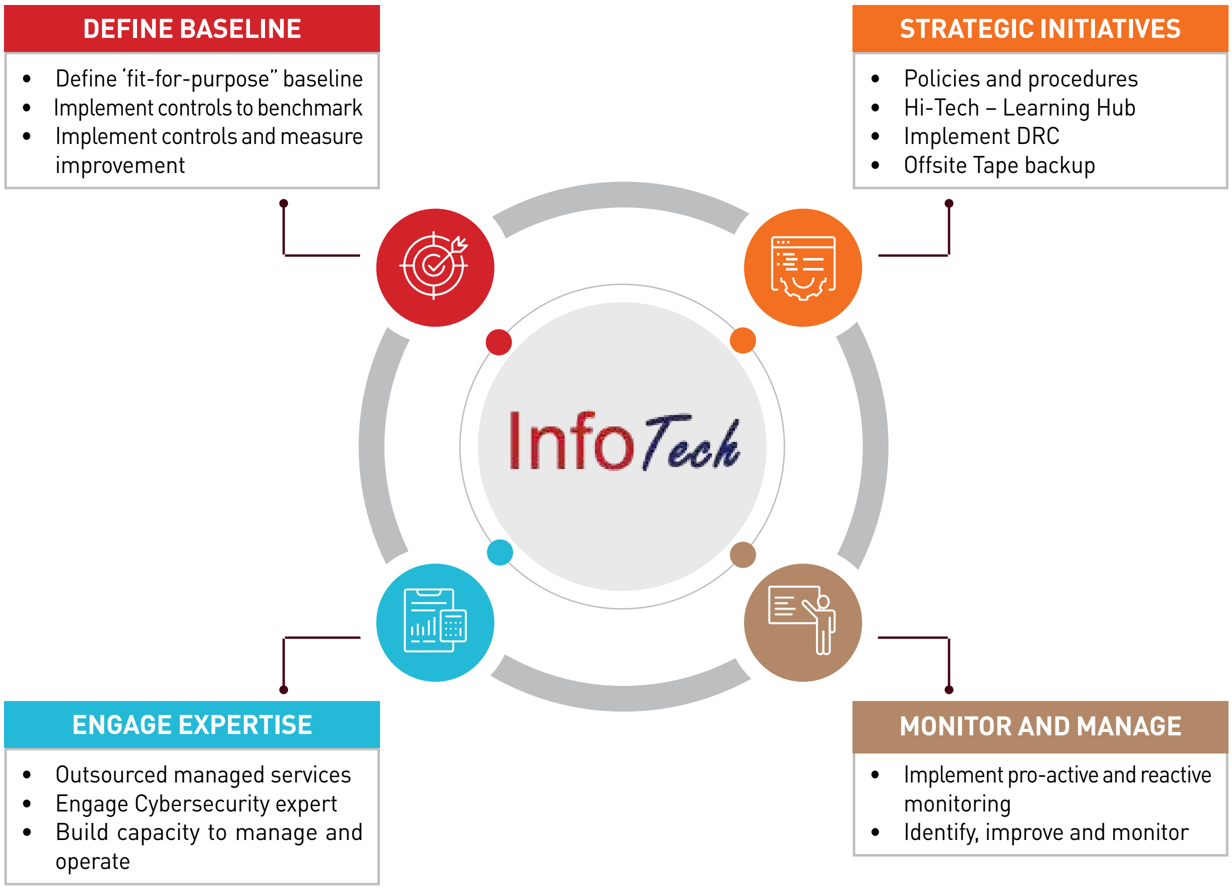
GROUP IT ACTIVITIES



In addition, the past year has brought about a paradigm shift in business operations with a majority of the workforce (save for offshore personnel) transitioning to a combined "work in office" and "work from home" regime to comply with restricted movement controls due to the COVID-19 pandemic. This resulted in an enhanced dependence on our IT infrastructure and support system to enable remote connectivity and ensure collaboration continued unabated, facilitating *"business as usual"*/business continuity to be sustained.

Against this backdrop, IT infrastructure resilience became the focus for FY2021 with significant steps taken to ensure the following:

- Technical hardening and pro-active strengthening of infrastructure. This activity was completed by switching off services that were not required, improving security parameters at the application level and monitoring the availability of all services on an on-going basis.
- Regular patching of servers and end-user computers to ensure the latest and most secure operating system is in place on a continual basis.
- Upgrading of email security and end-user anti-virus applications to detect and lower the frequency of phishing attempts.
- Preventive network maintenance and enhancement.
- Launching of a Hibiscus Training and Education Hub in December 2020 to promote compliance and provide a pro-active learning management system hosting training materials and policies. These resources are accessible to all employees. The hub also functioned as a platform to test employee understanding of the materials shared via the organisation of online quizzes on key policies of the Group.

Furthermore, there are plans in place to test the DRC previously established by simulating a complete shutdown of the data centre while monitoring availability of critical applications and services using the disaster recovery facility. Other supporting applications and services at the disaster recovery site will be added in due course to enhance the infrastructure's capability of enduring large-scale outages due to unforeseen events. The core services and applications have been identified based on their criticality and importance to HPB operations. Upgrading of offshore connectivity throughput and firewall implementation to segregate internet traffic from offshore business data (ensuring higher security and resilience) will also be carried out.

With respect to IT policies and standard operating procedures, key guiding policies and documents which have been developed and already deployed are:

- *InfoTech Security Policy* (approved in November 2020) which provides guidelines on the IT infrastructure, equipment and applications which may be used/accessed, user login governance and approvals management, password control and policies, and corporate standards on acceptable parameters for internet and email usage.
- *Business Continuity Policy* (approved in March 2021) which identifies and defines the key areas for recovery for critical applications used by the Group.
- *IT Change Management Policy* (updated in February 2021) to ensure effective change management within the Group's IT environment for quality delivery of IT services as well as achieving compliance to defined standards while mitigating risks.
- *Information Management Procedures* (updated in October 2020) which provide a structured and consistent methodology for necessary data access and defines the relevant mechanism for delegating authority.

Independent verification that the Group's existing security controls and policies are adequate and fit-for-purpose was obtained and confirmed by external auditors appointed by the Group.

The priorities for the remainder of this year until 2022 include the commencement of a digitalisation roadmap for business improvement, further security improvements and re-organisation arising from the expected completion of new asset acquisitions which shall significantly affect the operating infrastructure due to the necessary integration of different Enterprise Resource Planning (ERP) systems:

- Digitalisation initiatives such as identifying and implementing IoT (Internet of Things) opportunities to improve productivity and Asset Management programmes to enable real-time tracking of high-cost assets, inventory, and their movement across the supply chain.
- Supervisory Control and Data Acquisition (SCADA) initiative comprising of a control system architecture encompassing computers, networked data communications and Graphical User Interfaces (GUI) for high-level supervisory management control of offshore unmanned facilities. This effort is expected to limit downtime due to equipment failure and removes the requirement of deploying personnel to perform corrective measures on affected equipment.
- Increased security including implementation of Multi-Factor Authentication (MFA), Data Leakage Prevention (DLP) and Penetration Testing.
- Potential drone utilisation for offshore imaging and operational support.
- Collation of multiple different systems into a single portal to provide an InfoTech Management System (intranet) across the organisation for quick access, data sharing and collaboration works.

We continually plan improvements to our systems, and in this regard, enhancements to our IT administration and control procedures, encryption requirements and additional security enhancements shall be introduced on an ongoing basis, according to business requirements.

OUR WAY FORWARD

In this Report, we have detailed many of the specific initiatives that have been undertaken, or which we plan to undertake in the near future to address matters of material business sustainability within our Group and of impact to our stakeholders. Much of what we do relies on the efforts of our people.

Hibiscus Petroleum's corporate core values form the bedrock of our Business Sustainability Principles. With our workforce equipped with such values, we believe that we balance our commercial objectives of achieving profitability and growth without compromising on the overarching need to extract essential resources from our planet safely and responsibly whilst keeping our people safe and secure.

We are strengthening our foothold in the oil and gas industry in line with our aspirations to be a long-term player. Our long-term existence as a commercial organisation can only be assured if we act responsibly now and always. **We endeavour to be an organisation that incorporates sustainability initiatives in all that we do**. We believe that such an approach is part of our obligation to accrete shareholder value responsibly, in a dynamic and evolving business environment. **Each of our stakeholders should remain assured that the Board and Management of Hibiscus Petroleum Group remain committed to these goals.**

NOMINATING COMMITTEE REPORT

THIS REPORT HAS BEEN REVIEWED BY THE NOMINATING COMMITTEE (NC) AND APPROVED BY THE BOARD OF DIRECTORS (BOARD) OF HIBISCUS PETROLEUM BERHAD (HIBISCUS PETROLEUM OR THE COMPANY) FOR INCLUSION IN THIS ANNUAL REPORT 2020/2021.

YBHG DATO' DR ZAHA RINA ZAHARI
Chair of the Nominating Committee

Our NC assists our Board in its oversight of responsibilities which includes, inter alia:

(i) reviewing the size, composition and effectiveness of our Board and Board Committees in addition to the training requirements of each director;
(ii) assessing the appointment and performance of our Leadership Team to ensure that they have the experience, skills, integrity and commercial acumen to effectively discharge their duties;
(iii) ensuring the suitability and quality of succession plans developed; and
(iv) monitoring that the appropriate levels of disclosure are made in the Company's annual report on the activities carried out by the NC.

In discharging its duties, our NC is guided by the NC's *Terms of Reference* which can be downloaded from our Company website at https://www.hibiscuspetroleum.com.

COMPOSITION

Our NC was established by our Board on 26 February 2011. The composition of our NC complies with Paragraph 15.08A of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) which states that a nominating committee shall comprise exclusively of Non-Executive Directors (NEDs), a majority of whom must be independent.

The members of the NC and their attendance at the NC meetings held during the financial year ended 30 June 2021 (FY2021) are as follows:

Name of NC Member	Appointment date	Directorship	Attendance at NC Meetings
YBhg Dato' Dr Zaha Rina Zahari	30 May 2018	Chair/Independent NED (INED)	6/6
Thomas Michael Taylor	15 August 2016	Member/Senior INED	6/6
Zainul Rahim bin Mohd Zain	26 February 2011	Member/Non-INED	6/6
YBhg Dato' Sri Roushan Arumugam	28 March 2013	Member/INED	6/6

Our NC is chaired by YBhg Dato' Dr Zaha Rina Zahari (YBhg Dato' Dr Zaha Rina), who is an INED, thereby meeting Practice 5.8 of the Malaysian Code on Corporate Governance 2021 (MCCG 2021) that the nominating committee should be chaired by an independent director or the senior independent director.

There were no changes to our NC composition during FY2021.

MEETING ATTENDANCE

In FY2021, six (6) meetings were held and each meeting met the requisite quorum stipulated in the NC *Terms of Reference* of having at least two (2) members present.

Our Managing Director (MD) was invited to the NC meetings to facilitate deliberations and to provide clarification on the proposals tabled for our NC's consideration. An update of key deliberations and recommendations by our NC were reported to our Board at its meetings. The Company Secretaries serve as the secretaries to our NC.

Our NC's key activities throughout FY2021 are summarised below:

(1) Board Size and Composition

The annual review of our Board's size and composition was completed. As at FY2021, our Board comprised of 60% INEDs. Our NC has taken note of, and complied with, Practice 5.2 of the MCCG 2021 that at least half of the Board members comprise of INEDs.

With reference to Practice 5.9 of the MCCG 2021 to have at least 30% women directors, our Company's Board has one (1) female director amongst its five (5) members (i.e. 20%). In this respect, our Board has in place a *Diversity Policy*, which sets out the target of having at least 30% women representation on the Board. Notwithstanding this target, Board appointments are based on merit, focusing on the potential value-add that each candidate will bring to the Board.

In addition, the NC reviewed the term of office of our Directors in compliance with Chapter 15 of the MMLR.

The current tenure of our INEDs ranges from four (4) years to approximately ten (10) years. YBhg Dato' Sri Roushan Arumugam (YBhg Dato' Sri Roushan) has served a cumulative of ten years as an INED as of July 2021 and an assessment of his independence has been performed. In this regard, our NC's recommendations are set out on page 95 of the Corporate Governance (CG) Overview Statement of our Annual Report 2020/2021.

(2) Board Effectiveness Evaluation

The Group believes that it is of utmost importance that our Board comprises of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and judgement. These attributes will ensure that our Board functions effectively and discharges its duties in the best interests of the Company and shareholders.

The annual Board assessment FY2021 was undertaken in September 2021 by the NC with the assistance of our Company Secretaries. A self-assessment questionnaire was circulated electronically to all the Board members and used to assess the Board as a whole, the Board Committees, as well as the individual Directors. The evaluation was carried out on a 360° basis with feedback elicited from our Directors. The overall performance of our Board, Board Committees and Directors, including the INEDs, for FY2021 was satisfactory.

The results of the analysis and action plans developed were shared and monitored by our NC. Arising from the findings, our Board has placed a greater emphasis on the aspect of strategy execution, particularly with the long-term goal of further improving our Environmental, Social and Governance (ESG) performance.

(3) Appointment and Re-election of Directors

There were no changes to our Board in FY2021.

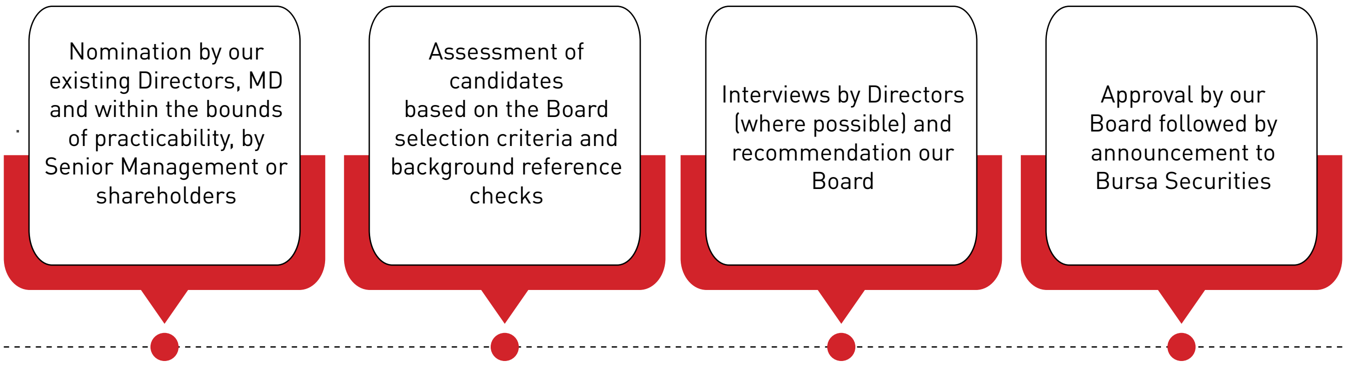
In assessing potential candidates for appointment to our Board, our NC is guided by the established Board selection criteria summarised below. This was designed to ensure that each Director has the required experience, competence, character, integrity and time to effectively discharge his/her role as a Director. The selection criteria includes:

- Proven leadership and experience in areas that are relevant to our Group's strategies and business plan;
- Character of the individual to ensure the right fit;
- Ability to dedicate sufficient time to discharge responsibilities; and
- Unblemished reputation for integrity and ability to exercise good business judgement.

NOMINATING COMMITTEE REPORT

In addition, the Board Skills Matrix provides structured guidance on the identification of knowledge, skills and competencies required to meet the needs of our Group taking into consideration its strategic objectives. The mix of background (social and professional), skills, experience and gender are set out in our *Diversity Policy*. Candidates are identified based on recommendations from various sources including our existing Directors and a wide network of industry contacts including independent sources.

The following chart depicts the process for our Board appointments:



In addition, the Company Secretaries monitor the tenure served by each Director and ensure the retirement of Directors by rotation at each Annual General Meeting (AGM). They submit the appropriate proposal to the NC in accordance with the *Constitution* of the Company, which requires one-third of the total number of Directors, or if the number is not a multiple of three, the number nearest to one-third, to retire by rotation at the AGM each year.

The NC reviews the performance of the said Director(s) who is(are) retiring by rotation as part of the annual Board assessment and makes the appropriate recommendation to the Board.

In this regard and being satisfied with the performance of our Chairman, Encik Zainul Rahim bin Mohd Zain (Encik Zainul Rahim), the NC recommended for the re-election of Encik Zainul Rahim who will be due for retirement based on Clause 134 of the *Constitution* of the Company for shareholders' approval at our 11th AGM. Our NC's recommendations are set out on page 95 of the CG Overview Statement. Encik Zainul Rahim abstained from deliberations on this matter.

(4) Policy on Tenure of Independent Directors

Our NC reviewed and recommended the retention of YBhg Dato' Sri Roushan as an INED of the Company (although his tenure has exceeded a 9-year period from 25 July 2020), to continue to serve as INED of the Company until the conclusion of the next AGM in year 2022, based on the following justifications (earlier approval for YBhg Dato' Sri Roushan to serve past the 9-year term period which ended on 24 July 2020 up to the AGM in 2021, was received at the 10th AGM held on 2 December 2020):

- He fulfils the criteria of an independent director as stated in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgement to the Board;
- His experience in the investment banking and venture capital industries enables him to provide the Board with a diverse skill set coupled with experience;

- He has been with the Company for more than ten (10) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations and discussions, including at the NC (as a member), Remuneration Committee (RC) (as the Chair of the Committee) and at Board meetings; and

- He has devoted sufficient time and effort in attending the Audit and Risk Management Committee meetings (as an invitee), in addition to participating in the NC, RC and Board meetings and contributing to informed and balanced decision making.

The proposal for the retention of YBhg Dato' Sri Roushan as an INED was reviewed in conjunction with the Board assessment for FY2021. In this regard, our NC's recommendations are set out on page 95 of the CG Overview Statement. YBhg Dato' Sri Roushan abstained from deliberations on this matter.

(5) Organisational Structure, Leadership Team Appointments and Succession Planning

The organisational structure was a key focus throughout FY2021 as our Group continued to build and strengthen our Leadership Team during this critical business journey amid a challenging operating landscape.

During FY2021, our NC reviewed the appointments and extension of employment contracts of several key positions.

Our NC also performed a review on the revised organisational structure of the Company and is satisfied with the adequacy of our Leadership Team and other critical positions.

At this juncture, the Group wishes to highlight that it practices non-discrimination in any form, whether based on age, gender, ethnicity or religion throughout the organisation. This includes the selection of members of the Board and the Leadership Team.

(6) Compliance with MMLR of Bursa Securities and MCCG 2021

The annual review of the status compliance with the MMLR of Bursa Securities and adherence to the MCCG 2021 was completed. Our NC noted that while there were some departures from the MCCG 2021, it is satisfied with the alternative measures that have been implemented to ensure that the intended outcomes are being met. The explanations for such departures are set out in the CG Report.

This Report is dated 4 October 2021.

REMUNERATION COMMITTEE REPORT

THIS REPORT HAS BEEN REVIEWED BY THE REMUNERATION COMMITTEE (RC) AND APPROVED BY THE BOARD OF DIRECTORS (BOARD) OF HIBISCUS PETROLEUM BERHAD (HIBISCUS PETROLEUM OR THE COMPANY) FOR INCLUSION IN THIS ANNUAL REPORT 2020/2021.

YBHG DATO' SRI ROUSHAN ARUMUGAM
Chair of the Remuneration Committee

Our RC assists our Board in its oversight of responsibilities which includes ensuring that the remuneration framework and policies are in line with the Group's objectives, strategies and values. Guided by the RC's *Terms of Reference* which can be downloaded from our website at https://www.hibiscuspetroleum.com, our RC is responsible for, inter alia:

(i) reviewing Non-Executive Directors (NEDs)' remuneration for the purposes of seeking shareholders' approval in accordance with Section 230 of the Companies Act, 2016 as well as the remuneration of our Managing Director (MD) and Leadership Team; and
(ii) evaluating our Group's performance based on the annual Group Scorecard, including bonus and increment proposals.

COMPOSITION

Our RC was established on 26 February 2011 and is exclusively comprised of NEDs, of whom a majority are independent directors, adhering to Guideline 7.2 of the Malaysian Code of Corporate Governance 2021 (MCCG 2021).

The members of the RC and their attendance at the RC meetings held during the financial year ended 30 June 2021 (FY2021) are as follows:

Name of NC Member	Appointment date	Directorship	Attendance at RC Meetings
YBhg Dato' Sri Roushan Arumugam	28 March 2013	Chair of RC/Independent NED (Re-designated as Chair on 15 July 2013)	6/6
Zainul Rahim bin Mohd Zain	26 February 2011	Member/Non-Independent NED	6/6
Thomas Michael Taylor	15 August 2016	Member/Senior Independent NED	6/6

There were no changes to our RC composition during FY2021.

MEETING ATTENDANCE

In FY2021, six (6) RC meetings were held and each meeting met the requisite quorum stipulated in the RC *Terms of Reference* of a minimum two (2) members being present.

Our MD was invited to the RC meetings to facilitate deliberations and to provide clarification on the proposals tabled for our RC's consideration. An update of key deliberations and recommendations by our RC were reported to our Board at its meetings. The Company Secretaries serve as the secretaries to our RC.

Our RC's key activities throughout FY2021 are summarised below:

(1) Directors' Remuneration

The Board established a formal and transparent *Directors' Remuneration Policy*, based on the recommendation of the RC, to ensure that the Directors are fairly remunerated after consideration of factors such as the financial performance of the Group (namely its Earnings before Interest, Tax, Depreciation and Amortisation), nature and size of the Group's operations, scope of duties and accountability, level of engagement required from non-executive directors in the form of meetings, workshops and discussions, and market standard.

The RC periodically reviews the *Directors' Remuneration Policy*, with the most recent update conducted in July 2021 to ensure its competitiveness to attract, retain and motivate individuals to serve on the Board of the Company. The review also sought to provide more clarity on the criteria for remuneration awarded.

NEDs' remuneration are reviewed annually by our RC to ensure that they are competitive, benchmarked and commensurate with the level or responsibilities undertaken. On review, it was determined that:

- fees payable to the Chairman of our Board are at the low-end of the market range, at RM120,000 per annum (the average fees benchmarked was RM192,000);
- fees for our other NEDs fall within the lower end of the average range of circa RM99,000 - RM119,000 (with the current fees at RM100,000 per annum); and
- meeting allowances for the Directors were found to be market competitive.

Based on the above, shareholders' approval shall be sought during our 11th AGM in December 2021 to increase the fees paid annually to the Chairman of the Board as his compensation currently trails the market mean significantly. Shareholders' approval shall also be sought at the same AGM to marginally increase the fees paid to our other NEDs to move their compensation closer to the average sum paid by other entities operating within the oil and gas sector.

The recommendations of our RC are set out on page 97 of the CG Overview Statement of our Annual Report 2020/2021.

(2) Group Scorecard and Staff Remuneration

Hibiscus Petroleum's staff remuneration philosophy and reward strategy was reviewed by our RC to ensure the appropriateness and effectiveness of the current remuneration structure. As part of this review, market conditions, job levels, job grading structure and employees' benefits were taken into account. Most significantly, the over-arching objectives of the reward strategy is to:

- attract and retain top talent;
- drive high performance; and
- deliver value for all shareholders.

The total bonus and salary increment proposal for Hibiscus Petroleum employees and specifically, our MD was reviewed by our RC based on the Group's performance against the pre-determined targets set out in the approved FY2021 Group Scorecard comprising of financial and non-financial key performance indicators (KPIs) with appropriate and balanced weightages in respect of the following:

(a) Financials, including revenue, profit and free cash flows;
(b) Health, Safety, Security and Environment with zero lost time injury target;
(c) Project milestones; and
(d) Business growth.

The Group Scorecard is discussed with our Leadership Team and objectives are agreed and set for the year. Objectives are aligned to dove-tail into our five-year Group mission. Actual performance is compared against KPIs and other business sustainability objectives on a quarterly basis.

Our RC also conducted an annual evaluation of our MD's performance against KPIs set in the approved Group Scorecard and reviewed his remuneration to ensure that it was competitive, performance-based and reflective of his overall contributions and leadership of the Group.

Our RC also reviewed the remuneration of our Leadership Team as recommended by our MD, with the objective of ensuring a fair distribution that was linked to the Group's performance.

This Report is dated 4 October 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

THE AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC) IS PLEASED TO PRESENT THE ARMC REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 IN COMPLIANCE WITH PARAGRAPH 15.15 OF THE MAIN MARKET LISTING REQUIREMENTS (MMLR) OF BURSA MALAYSIA SECURITIES BERHAD (BURSA SECURITIES).

THOMAS MICHAEL TAYLOR
Chair of the Audit and Risk Management Committee

COMPOSITION OF ARMC AND ATTENDANCE

The ARMC comprises of the members named below. Their attendance at the ARMC meetings held during the financial year ended 30 June 2021, is also reflected below:

Name	Designation	Directorship	Attendance at ARMC Meetings
Thomas Michael Taylor	Chair	Senior Independent Non-Executive Director	8/8
Zainul Rahim bin Mohd Zain	Member	Non-Independent Non-Executive Chair	8/8
YBhg Dato' Dr Zaha Rina Zahari	Member	Independent Non-Executive Director	8/8

Note: The minimum number of ARMC meetings to be held in a financial year is four (4) meetings. Additional meetings may be called at any time, at the discretion of the Chair of the ARMC.

In line with Paragraph 15.09(1)(b) of the MMLR, all ARMC members are Non-Executive Directors, with the majority being Independent Directors and at least one member of the ARMC fulfils the requirements as prescribed under Paragraph 15.09(1)(c) of the MMLR.

During the year under review, the Board of Directors (Board) of Hibiscus Petroleum Berhad (Hibiscus Petroleum), via the Nominating Committee, performed the annual assessment on the performance of the ARMC and each of its members pursuant to Paragraph 15.20 of the MMLR of Bursa Securities. This annual assessment was done to evaluate whether the ARMC and each of its members had discharged their responsibilities and duties in accordance with the ARMC's *Terms of Reference (TOR)*.

The *TOR* of the ARMC is available on the Company's website at www.hibiscuspetroleum.com.

SUMMARY OF THE ARMC ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The ARMC carried out the following activities in discharging its functions and duties during the financial year ended 30 June 2021:

A. Financial Reporting

- Reviewed the draft audited financial statements of the Group and of the Company for the financial year ended 30 June 2020 (annual results), together with the Directors' and Auditors' Reports thereon prior to submission to the Board of Hibiscus Petroleum for consideration and approval; and

- Reviewed the unaudited quarterly financial reports (including Corporate Business Updates) of the Group for the financial year ended 30 June 2021 prior to submission to the Board for consideration and approval.

B. External Audit

- Reviewed and discussed with Management and the external auditors the key audit areas connected to the review of the annual results and actions to be taken to address such matters, focusing primarily on:
  - significant matters highlighted by Management, including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters were addressed;
  - compliance with accounting standards and other legal or regulatory requirements to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company;
  - financial results and cash flows of the Group and of the Company;
  - changes or implementation of accounting policies and standards; and
  - compliance with Malaysian Financial Reporting Standards and provisions of the Companies Act 2016 as well as the MMLR;

- Reviewed and discussed with the external auditors the nature and scope of their audit and ensured that the audit covered the key risk areas affecting financial reporting;

- Reviewed the external auditors' audit plan and the audit fee of the Group for the financial year ended 30 June 2021;

- Considered the findings by the external auditors during the review of the annual results and Management's response thereto;

- Discussed new developments in financial reporting and standards with the external auditors in relation to future financial years/periods;

- Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services;

- Reviewed the external auditors' internal control recommendations and Management's response;

- Ensured appropriate actions were taken to ensure the effectiveness of the internal control systems based on feedback received from the external auditors;

- Reviewed the fees and type of non-audit services provided by the external auditors;

- Assessed the independence of the external auditors by obtaining a written confirmation and as set out in the Group's *External Auditor Independence Policy*, evaluated the quality and rigour of the audit performed, the quality of service provided, the audit firm's reputation, the compliance to the engagement partners' rotation period in accordance with the terms of all relevant professional and regulatory requirements and the independence of the external auditors;

- Recommended the re-appointment of the external auditors of the Company by the Board, and subject to shareholders' approval; and

- Conducted meetings with the external auditors without Management being present.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

C. Internal Audit

- Reviewed and approved the internal audit plan for the financial year ended 30 June 2021;
- Reviewed the effectiveness of the internal audit process and assessed the performance of the internal audit function;
- Reviewed and noted the Group Internal Auditor's annual declaration to assess the independence and objectivity of the Group Internal Auditor for the financial year ended 30 June 2021 in accordance with the Group's *Internal Audit Charter*;
- Reviewed the internal audit reports which incorporated findings, recommendations and Management responses for the Group. Key areas covered during the financial year were:

  (i) SEA Hibiscus Sdn Bhd (SEA Hibiscus)'s key business processes and compliance in the following areas:
    - o crude oil offtake agreement;
    - o inventory management and reporting;
    - o accounts payable;
    - o contract management of selected contracts;

  (ii) Group's business processes and compliance in the following area:
    - o controls (including access controls) surrounding the key finance-related operating and management systems;
- Reviewed with the Group Internal Auditor the results of the audit progress reports and whether appropriate actions were being taken on the recommendations of the internal audit function; and
- Conducted meetings with the Group Internal Auditor without Management being present.

D. Related Party Transactions

- Reviewed related party transactions (RPTs) on quarterly basis. During the financial year ended 30 June 2021, there were no RPTs that triggered the disclosure threshold under the MMLR and required shareholders' approval.

E. Annual Report

- Reviewed and recommended the draft ARMC Report and draft Statement on Risk Management and Internal Control in the Company's Annual Report 2019/2020 for the financial year ended 30 June 2020 to the Board for approval.

F. Others

- Reviewed and deliberated on the Group and each business division's key risks (including corruption risks) and mitigation plans adopted or to be adopted by the Management to control and mitigate the risks based on the recommendations of the Executive Risk Management Committee (ERMC);
- Deliberated the calculation of export duties on crude oil sales incurred by SEA Hibiscus;
- Reviewed the proposed selection process and criteria for the appointment of a Competent Person for technical due diligence purposes in connection with the evaluation of a potential acquisition of an oil and gas asset and for the conduct of Reserves reports for oil and gas assets of the Group;
- Discussed the general control and high-level observations of governance over the Information Technology environment;
- Deliberated specific tax-related matters in SEA Hibiscus; and
- Reviewed the status of action plans committed by Management arising from the follow-up reviews of internal and external audit reports previously presented and communicated the relevant issues to the Board.

INTERNAL AUDIT FUNCTION

The Group's internal audit function supports the ARMC and the Board in discharging its duties and responsibilities by providing independent and objective assessment on the adequacy and effectiveness of internal control and governance processes/framework of the Group.

The in-house Group Internal Auditor is a qualified accountant and an associate member of The Institute of Internal Auditors Malaysia. In order to maintain independence from Management and operations, the in-house Group Internal Auditor reports directly to the ARMC, which reviews the annual internal audit plan and scope of work for the Group as well as the performance of the Group Internal Auditor in undertaking the internal audit function.

The internal audit function is guided by the Group's *Internal Audit Charter*, which sets out its purpose, authority, scope, independence and responsibilities.

Through the internal audit function, the Group undertakes regular and structured reviews of the system of internal controls so as to provide reasonable assurance that such a system of internal controls continues to operate satisfactorily and effectively in the Group.

During the financial year under review, the Group Internal Auditor conducted various engagements in accordance with the approved risk-based internal audit plan of the Group. The internal audit plan was developed based on the information provided by Management through enterprise risk assessments conducted by the ERMC, as well as areas of concern deemed important by the ARMC and/or Management.

Details of the internal audit activities carried out by the Group Internal Auditor for the financial year ended 30 June 2021 are as follows:

1. Established and presented risk-based annual internal audit plans for the financial year ended 30 June 2021, which included the internal audit strategy and key focus areas taking into consideration the Group's business strategic plans, regulatory requirements and Management inputs for the ARMC's deliberation and approval;

2. Evaluated and appraised the soundness, adequacy and application of accounting, financial and other controls towards promoting effective controls in the Group and the Company;

3. Appraised the level of operational and business compliance with established policies and procedures;

4. Identified and recommended opportunities for improvements to the existing system of internal controls and processes in the Group;

5. Conducted audit reviews based on the approved audit plan and any ad-hoc requests by the ARMC and Management on specific areas of concern;

6. Reported results of internal audit reviews to the ARMC on a regular basis; and

7. Performed follow-up reviews to ensure that audit recommendations and action plans were implemented by Management on a timely basis.

The sum of RM752,723 was incurred by the Group for the internal audit function for the financial year ended 30 June 2021.

This statement is made in accordance with the resolution of the Board dated 4 October 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS (BOARD) OF HIBISCUS PETROLEUM BERHAD (HIBISCUS PETROLEUM OR THE COMPANY) AFFIRMS ITS COMMITMENT TOWARDS MAINTAINING A SOUND FRAMEWORK OF RISK MANAGEMENT AND INTERNAL CONTROL IN HIBISCUS PETROLEUM GROUP (GROUP) AND IS PLEASED TO PROVIDE THE FOLLOWING STATEMENT. THIS STATEMENT OUTLINES THE NATURE AND SCOPE OF RISK MANAGEMENT AND INTERNAL CONTROL AS MANAGED WITHIN THE GROUP DURING THE FINANCIAL YEAR ENDED 30 JUNE 2021 AND IT FURTHER APPLIES UP TO THE DATE OF THIS STATEMENT.

BOARD RESPONSIBILITY

The Board is responsible and accountable for the Group's risk management framework and system of internal control. This responsibility and accountability includes the establishment of an appropriate risk management framework and control environment, as well as reviewing its effectiveness, adequacy and integrity. The system of internal control covers governance, financial, organisational, operational and compliance controls. Due to the limitations inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's desired objectives. Accordingly, it can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

Management has applied judgement in assessing the risks faced by the Group, identifying the Group's ability to reduce the incidence and impact of risks, and ensuring that the benefits outweigh the costs of operating the controls. The Board, through the Audit and Risk Management Committee (ARMC), ensures that measures are taken in areas that are identified for improvement, as part of Management's continued efforts to strengthen the Group's internal control.

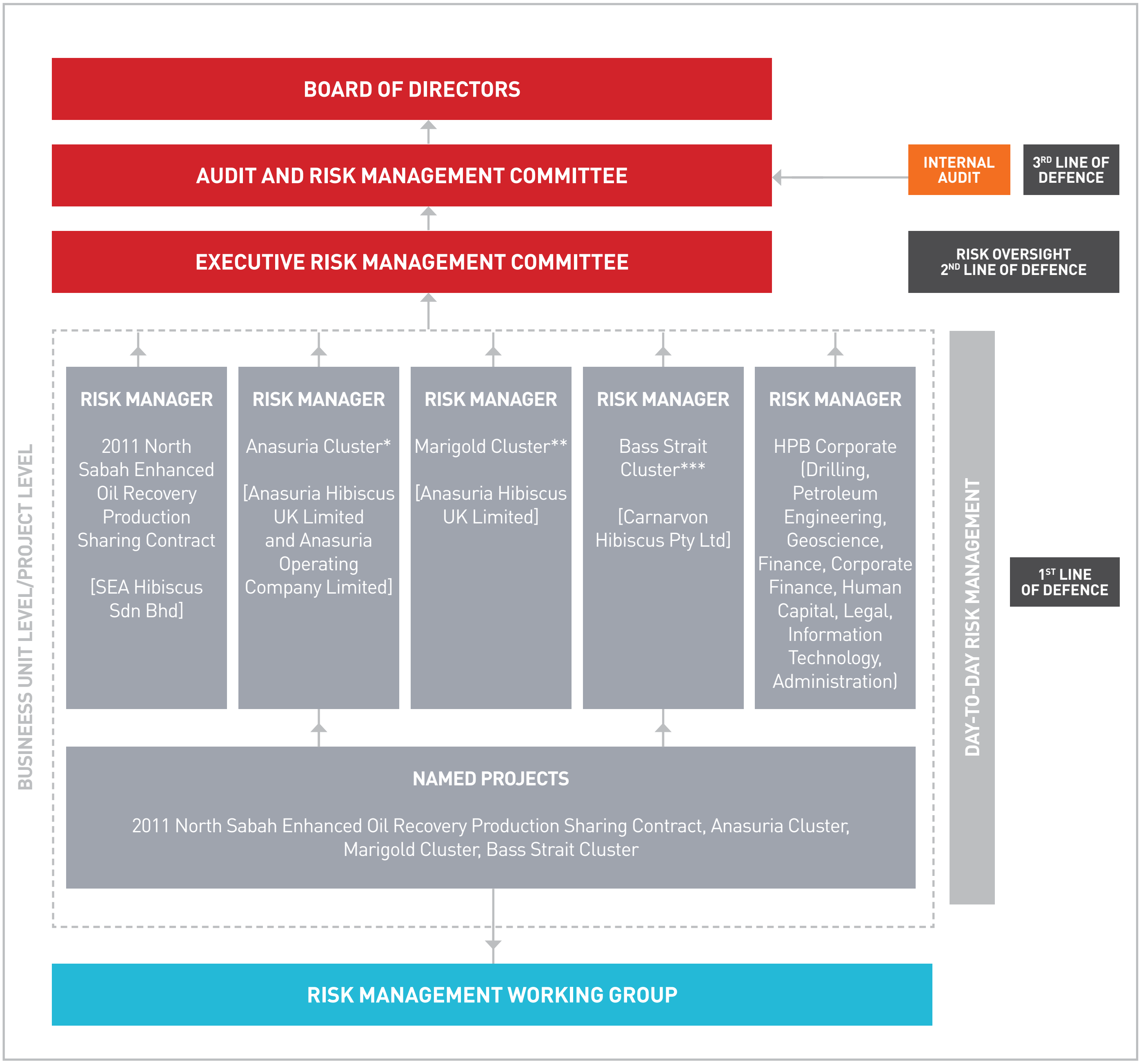
REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

Risk Management Framework

Risk management is firmly embedded in the Group's system of internal control as it is regarded by the Board to be integral to operations. Managing risk is a shared responsibility and therefore, is integrated into the Group's governance, business processes and operations. It is a reiterative process, consisting of steps which enable continuous improvement in decision-making.

To this end, the Group has established a risk management framework which includes processes for identifying, evaluating and managing significant risks, including corruption risk, faced by the Group. Risk assessment and evaluation are integral to the Group's strategic planning and day-to-day operations. There is a detailed risk management process, culminating in a Board review, which identifies the key risks facing the Group and each business unit/project level. This information is reviewed by Management as part of the strategic review and periodical business performance process. Pursuant to a periodic assessment of our risk management framework, the necessary refinements are made progressively to accommodate our growing business and address changes to our operating environment and, to ensure that the internal control systems in place remain comprehensive and holistic. In the event of an identified breach in our internal control systems, the appropriate parties are informed immediately and steps taken to remedy such a breach.

Risk Management Structure



* *Guillemot A, Teal, Teal South (Licence No. P013 (Blocks 21/25a and 21/30a)), Cook (Licence No. P185 (Block 21/20a)), Cook West, Cook North (Licence No. P2532 (Blocks 21/19c and 21/20c)) and Teal West (Licence No. P2535 (Block 21/24d)).*

** *Marigold and Sunflower (Licence No. P198 (Blocks 15/13a and 15/13b)) and Kildrummy (Licence No. P2518 (Block 15/17a)).*

*** *VIC/L31 Production Licence, VIC/P57 Exploration Permit and VIC/P74 Exploration Permit.*

- **Management**

  Management acknowledges that they are responsible for implementing the processes for identifying, evaluating, monitoring and reporting risks and for taking appropriate and timely corrective or mitigating actions as needed. Management has further assured the Board that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

  The risk profile of the Group has been established based on the enterprise risk management concept with significant risks identified and regular reviews of key risks indicators and risk mitigation plans.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Management has implemented the necessary processes to:

(a) identify risks relevant to the Group's business and the achievement of its objectives and strategies;
(b) design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
(c) identify changes to risks or emerging risks, take mitigating actions as appropriate, and promptly bring these to the attention of the Board.

COVID-19, a novel coronavirus, was confirmed by the World Health Organization in January 2020 to be a Public Health Emergency of International Concern. As part of the Group's business continuity plan, we enacted various measures expeditiously to mitigate the spread and impact of COVID-19 within our organisation given that the health and safety of our personnel is of utmost importance. We put into place at the workplace healthy hygiene practices, including (i) promoting frequent hand washing and usage of sanitisers, (ii) frequent cleaning and sanitization of common areas and touch surfaces, (iii) practice of physical distancing and wearing of face mask, (iv) stay at home when feeling unwell policy, (v) allowing for working from home where warranted, and (vi) sign-on testing and quarantine of our frontline workers in strict compliance to the requirements of local health authorities and our own health and safety policies. At the same time, the Group strove to minimise the negative financial impact of the COVID-19 pandemic and its mitigating measures by (a) revisiting its business continuity plans, (b) continually reviewing its workforce operating arrangements, (c) maximising efficient use of virtual meetings where full physical meetings were/are not advisable, and (d) enhancing the Group-wide communication network's robustness. In addition, the Group ensured that its workforce complied with measures imposed in the different jurisdictions of our operations.

The Group also adopted various measures to address risks associated with the Group's IT system. This area of the business is documented in the Sustainability Report section of this Annual Report 2020/2021.

Under the risk management framework, the responsibilities are allocated in the following manner:

Business Unit level and Project level

Detailed risk assessments and mitigation plans of each business unit and project are led by the relevant Risk Manager involving health, safety, security and environment (HSSE) specialists, geologists, petroleum engineers, facilities/project engineers, primary contractors and joint venture representatives. Areas covered include resources and reserves, production and cost, HSSE, planning and execution, legal, political and regulatory, capital, human capital, reputation, commercial and business continuity.

The respective Risk Managers identify key risks in their business units and projects, and are responsible for reviewing the likelihood and impact of such risks, as well as the execution of risk mitigation plans.

Company level

The key risks are reported by the respective Risk Managers to the Executive Risk Management Committee (ERMC) on a regular basis for monitoring and review. The ERMC, led by the Chair of the ERMC, comprises key management personnel from various technical, commercial, operational and financial disciplines, as appointed by the ARMC. The ERMC is responsible for ensuring effective risk governance and implementation within the Group and meets at least once each quarter to review and update the risk events, procedures and mitigating measures that are undertaken and also proposes new mitigation measures to contain all risks which remain prevalent. Based on its reviews, the Chair of the ERMC provides regular updates to the ARMC.

The key risk profiles at the business unit and project levels are also regularly discussed at the management level to ensure risks are managed and controls are designed to ensure that the agreed business objectives may be met.

At both the business unit and project levels, and, at Corporate level, a corruption risk assessment has been incorporated as part of the risk identification, assessment, mitigation and management process in view of the introduction and implementation of corporate liability provisions under Section 17A of the Malaysian Anti-Corruption Commission's (MACC) Act 2009 (amended 2018).

Furthermore, several steps have been taken to ensure the adequacy of existing procedures to minimise any potential risks, including the tightening of existing processes and the introduction of new procedures (where warranted), as further elaborated in the following sections of this Report.

- **Internal Audit**

Internal audit complements the role of the ERMC by independently reviewing the adequacy and effectiveness of the controls implemented based on identified risk profiles and risk management strategies relevant to the audit engagement.

The Group Internal Auditor assists in the assessment of the quality of the Group's risk management and internal control systems, and reports to the ARMC on the status of specific areas identified for improvement based on its audit plan.

- **Board**

In evaluating the effectiveness of the risk oversight and internal control activities of the Group, the Board considers whether business risks have impacted or are likely to impact the Group's achievement of its objectives and strategies. The Board also assesses the effectiveness of the risk management and internal control systems in managing those risks.

The ERMC meets the ARMC regularly to highlight and discuss the key risks as well as the status of mitigation plans.

The ARMC, on behalf of the Board:

(a) reviews the adequacy of the Group's risk management framework;
(b) through the internal audit process, reviews the effectiveness of the internal control systems deployed by Management to address those risks;
(c) reviews and recommends corrective measures to be undertaken to remedy any failings and/or weaknesses;
(d) reviews status updates from internal audit on recommended corrective actions;
(e) reviews and undertakes monitoring of principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommends additional courses of action to mitigate such risks;
(f) monitors and communicates the risk assessment results to the Board; and
(g) reviews the actual and potential impact of any failure or weakness of the internal controls in place, particularly those related to financial performance or conditions affecting the Group.

The responsibilities of the Board for the governance of risk and related issues and the institution of controls include:

(a) approving the Group's risk philosophy/policy;
(b) approving the Group's risk portfolio and determining the Group's risk tolerance and risk appetite;
(c) assessing and monitoring key business risks to safeguard shareholders' investments and the Group's assets;
(d) providing effective oversight on assessment of principal risks and the appropriate systems to manage these risks; and
(e) reviewing the adequacy and integrity of the Group's internal control systems to safeguard shareholders' investments and the Group's assets.

Throughout the financial year and up to the date of this statement, the Board has considered all key issues that have been highlighted, and how these had been addressed. The Board has also sought the additional information necessary to ensure it has taken into account all significant aspects of risk factors and internal control of the Group. Among the matters considered were:

(a) changes in the nature and the extent of significant risk factors since the previous assessment and how the Group has responded to changes in its business and the external environment;
(b) the effectiveness of the Group's risk management and internal control systems;
(c) the work of its internal audit, risk management team and other assurance providers, including the external auditors and Competent Persons;
(d) the extent and adequacy of the communication of the results from the monitoring to the Board;
(e) the incidence of any control failure or weakness that was identified at any time during the financial year and its impact on the Group's performance or financial, business or operational conditions;
(f) events that had not been anticipated by Management which impacted the achievement of the Group's objectives;
(g) the adequacy and effectiveness of the risk management and internal control policies as a whole; and
(h) impact of the COVID-19 pandemic in preparing the financial statements of the Group for the financial year ended 30 June 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL FRAMEWORK AND ASSESSMENT

The Group's internal control framework and assessment are segregated into two inter-related components, as follows:

A. Control Environment

The control environment is the organisational structure and culture created by Management and employees to sustain organisational support for effective internal control. It is the foundation for all the other components of internal control, providing discipline and structure. Management's commitment to establishing and maintaining effective internal control is cascaded downwards and permeates the Group's control environment, aiding in the successful implementation of internal control.

Key elements include:

Organisation Structure

The Group has a well-defined organisation structure that is aligned to its business requirements and ensures check and balance through segregation of duties. Clear reporting lines and authority limits govern the approval process, driven by *Limits of Authority (LOA)* set by the Board.

All key strategic, business and investment plans are approved and monitored by the Board. Comprehensive Board papers, which include both financial and non-financial matters such as cash flow forecasts, business strategies, business opportunities, corporate exercises and any other key matters to be considered for the Group, are escalated to the Board for deliberation and approval.

LOA

The Board's approving authority is in part, delegated to Management through a clear and formally defined *LOA* which deals with areas of corporate, financial, operational, human capital and work plans and budgets. The *LOA* is the primary instrument that governs and manages the Group's business decision process. Whilst the objective of the *LOA* is to empower Management, the key principle adhered to in its formulation is to ensure that a system of internal control of checks and balances are incorporated therein. The *LOA* is periodically reviewed and updated to ensure its relevance to the Group's business. *LOA*s are implemented at corporate level, including at operating subsidiary level (SEA Hibiscus Sdn Bhd (SEA Hibiscus)), at project level (in Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus)), as well as at the joint operating entity level (Anasuria Operating Company Limited (AOCL)).

Board and Management Committees

The various Board committees, namely the ARMC, Nominating Committee and Remuneration Committee are all governed by clearly defined *Terms of Reference*.

The ARMC comprises a majority of Independent Directors with wide ranging in-depth experience from different backgrounds, knowledge and expertise. Its members met regularly and had full and unimpeded access to both the internal and external auditors during the financial year.

Human Resource Policies and Procedures

There are guidelines and processes within the Group for the hiring and managing the departure of staff, annual performance appraisals and other relevant procedures to ensure that employees are competent, compensated appropriately and adequately trained to carry out their duties and responsibilities.

Code of Conduct and Ethics (Code)

Directors and employees are required to read, understand and adhere to the *Code*.

The *Code* was updated in May 2021 to provide further guidance to employees on the steps to be taken in the event they encounter any conflict of interest situation. More information on the *Code* is available on the Company's website.

There have been no incidences of non-compliance of the *Code* during the financial year under review.

HSSE Policy

The Group continues to inculcate awareness and build commitment on HSSE throughout the whole organisation. The goal is zero injuries, with the safe delivery of projects being a critical success factor.

Whistle Blower Policy

The policy covers all parties including external stakeholders and members of the public (where relevant). This policy outlines the reporting process when there are occurrences of known and/or suspected malpractices or wrongdoings.

Anti-Modern Slavery Policy

The policy, which supports the *Code*, reiterates the Group's stand to respecting internationally recognised human rights and labour standards, and extends to external third parties working with the Group.

Anti-Corruption and Anti-Bribery Policy

The policy illustrates the Group's zero tolerance policy against all forms of corruption and bribery.

Despite all our efforts to ensure full compliance with this policy, including the tightening of internal controls, there was one reported case of an attempted non-compliance. Our preliminary investigation determined that although there was no gratification received by the staff involved from the complainant, the surrounding circumstances merited a further investigation. Consequently, the incident was reported to the Malaysian Anti-Corruption Commission for further action, reinforcing our stance for zero-tolerance for any breach of the law and/or the policy.

Drug and Alcohol Policy

The Group recognises that the protection of the health and safety of our employees, contractors and others involved in the Group's operations is an integral part of business performance. Therefore, this policy was formally introduced in January 2020 as part of our efforts to demonstrate the Group's commitment and seriousness in ensuring a safe and healthy work environment for all parties.

Sustainability Policy

In view of the importance of sustainability and its increasing impact to the business, this policy was updated in July 2021 to align with the United Nations' Sustainable Development Goals and their call to a Decade of Action, which supports our commitment to use energy and natural resources wisely and efficiently, and to ensure our environmental management system continually assesses the impact of our operations to the surrounding environment, while maintaining action plans capable to respond to any arising emergency.

Other Policies

Key policies and procedures covering *Related Party Transactions*, *IT, Accounting*, *Contracting and Procurement*, *Information Management*, *Risk Management*, *Corporate Disclosure*, *Succession Planning*, *Insider Trading*, *External Auditor Independence*, *Environment* and *Diversity* are available via the Group's SharePoint facility. These are revised periodically to meet changing business, operational and statutory reporting needs.

At this juncture, the Group wishes to highlight that there have been no fines or settlements paid or provided for during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

B. Monitoring

Monitoring the effectiveness of internal controls is embedded in the normal course of the business. Periodic assessments are integral to the Management's continuous monitoring, upgrading and tightening of internal controls to reflect the Group's operations.

Management and Board Meetings

The Board meets regularly with a set schedule of matters, which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Managing Director and key management personnel lead the presentation of Board papers and provide explanations of pertinent issues. In arriving at any decision, on recommendation by Management, a thorough deliberation and discussion by the Board is a prerequisite.

The Group's overall strategic business plan which maps out its objectives, business direction and highlights project risks with particular focus on the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (North Sabah PSC), the Anasuria Cluster, the Marigold Cluster and the Bass Strait Cluster, were presented by Management to the Board for their deliberation and approval.

The Company's wholly-owned subsidiary company, SEA Hibiscus is the operator of the North Sabah PSC. SEA Hibiscus' Management team has established its own structure for the monitoring of internal controls, which reports regularly to the Company and the Board. Any key management decisions are deliberated with the Company's key management personnel, including the Managing Director, before being presented to the Board for approval.

The Company, together with Ping Petroleum UK Limited has established the joint operating company, AOCL as the Licence Operator for the Anasuria Cluster. The Company monitors the progress of work plans of the Anasuria Cluster via AOCL and provides the Board with regular updates.

The Company's indirect wholly-owned subsidiary company, Anasuria Hibiscus is the operator of the Marigold and Sunflower fields (Licence No. P198 (Blocks 15/13a and 15/13b)). During the current financial year, Anasuria Hibiscus was awarded the Kildrummy (Licence No. P2518 (Block 15/17a)) and Teal West (Licence No. P2535 (Block 21/24d)) licences, of which Anasuria Hibiscus also assumed operatorship. The Anasuria Hibiscus project team deliberates key management decisions with the Company and the Board, where required. The Board regularly receives status updates on the progress of the project.

In addition, progress in the VIC/L31 Production Licence, the VIC/P57 Exploration Permit and the VIC/P74 Exploration Permit work plans, by the Company's indirect wholly-owned subsidiary company, Carnarvon Hibiscus as operator of the concessions, is presented and discussed with the Board by Management. Management, together with the Board, regularly reviews issues covering, but not limited to, strategy, risks, performance, resources and future business appraisals.

Significant changes in the business and the external environment, and strategic plans to address these changes are reported by Management to the Board on an on-going basis.

Quarterly financial results and other information are provided to the ARMC and the Board to enable the Board to monitor and evaluate the business and financial performance.

Internal Audit

The internal audit function is undertaken in-house by the Group Internal Auditor. The internal audit role is to validate the adequacy and effectiveness of internal controls, and to provide an independent and objective assurance to add value and improve the internal controls of the Group. The Group Internal Auditor assists both the Board and the ARMC by conducting on-going reviews of risks and internal controls to ensure that key financial, operational, system and compliance controls established by the Board and Management are operating effectively.

To ensure independence from Management, the Group Internal Auditor reports directly to the ARMC.

The internal audit plans are approved by the ARMC on a periodic basis. The ARMC also monitors major internal audit findings to ensure they are promptly addressed and resolved. Significant findings and recommendations for improvements are highlighted to Management and the ARMC, with follow-up and reviews of action plans.

Joint Ventures and Associate

The Group's system of internal control does not apply to its associate company, which falls within the control of its majority shareholders. The Group's internal control systems described in this statement applies for joint ventures where the Group is the Operator and has the ability to participate in the key decision-making process of the joint ventures. For non-operated joint ventures with minority stakes, the Group participates in an operations committee or in board meetings and reviews the management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

REVIEW OF THE STATEMENT BY THE BOARD OF DIRECTORS

This Statement on Risk Management and Internal Control has been prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers 2012. In making the statement, the Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

The Board considers the system of internal control described in this statement to be effective and the risks to be at an acceptable level within the context of the Group's business environment and risk appetite set by the Board. The Board and Management will continue to take measures to strengthen the risk management processes and internal control environment and monitor the health of the risks and internal control framework.

For the financial year under review, the Board is satisfied with the adequacy, integrity and effectiveness of the systems of risk management and internal control and save as disclosed in the financial report for the financial year ended 30 June 2021, there was no other material loss, contingency or uncertainty requiring separate disclosure.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 4 October 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS INVOLVING THE INTEREST OF THE DIRECTORS AND MAJOR SHAREHOLDER

Save as disclosed below, there were no other material contracts of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) and its subsidiaries (Group) involving the interests of the directors and major shareholder, either still subsisting at the end of the financial year ended 30 June 2021 or entered into since the end of the previous financial year:

- The Service Agreement between Hibiscus Petroleum and Dr Kenneth Gerard Pereira dated 1 January 2011 appointed him as Managing Director (MD) of Hibiscus Petroleum. Subsequently, on 19 July 2018, a new Service Agreement to renew the appointment of Dr Kenneth Gerard Pereira as MD of Hibiscus Petroleum was executed, as he had attained the age of 60 years. This was effected to comply with the requirements of the Company's policy which requires automatic cessation of employment upon the age of 60 years, unless renewed at the Company's discretion.

  Effective 1 August 2020, an extension of the MD's Service Agreement for a period of 2 years was put in place.

2. CONTRACTS RELATING TO LOANS

There was no contract relating to loans of the Company involving the interest of the directors and major shareholder.

3. CONVERTIBLE SECURITIES

(a) Redeemable Convertible Preference Shares (RCPS)

As at 4 October 2021, the Company has 2,193,880 RCPS outstanding. These RCPS are no longer convertible into ordinary shares but remain redeemable at the option of the holders on any date after 25 July 2011, being the date of listing of our Company. There were no RCPS redeemed during the financial year under review.

(b) Islamic Convertible Redeemable Preference Shares (CRPS)

The Company had obtained shareholders' approval to allot and issue up to 2,000,000,000 new CRPS by way of private placement exercise to raise up to RM2.00 billion (Private Placement of CRPS) on 3 November 2020.

The placement of the first tranche of the Private Placement of CRPS (CRPS-T1) was completed on 18 November 2020 with the allotment and issuance of 6,600 CRPS-T1 solely to Dr Kenneth Gerard Pereira. CRPS-T1 was not listed.

On 19 November 2020, the Company had further allotted and issued in aggregate 203,604,500 CRPS pursuant to the second tranche of the Private Placement of CRPS (CRPS-T2). The 203,604,500 CRPS-T2 was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) with effect from 23 November 2020.

The maturity date of the CRPS is on 18 November 2022.

Bursa Securities had on 15 September 2021, resolved to approve a further extension of time of 6 months from 22 September 2021 until 21 March 2022 for the Company to complete the implementation of the Private Placement of CRPS.

As of 4 October 2021, 100% of CRPS-T1 and 98.68% of CRPS-T2 had been converted. As a result, total 418,571,066 ordinary shares were allotted and issued pursuant to such conversion of CRPS.

4. VARIANCE IN RESULTS

There was no deviation in the Group's profit before taxation between the audited and the unaudited results announced for the financial year under review.

5. NON-AUDIT FEES

During the financial year under review, non-audit fees to external auditors of the Group and of the Company amounted to RM1,295,384 and RM1,198,184 respectively, incurred for advisory services related to corporate exercises, tax-related services/advices and accounting-related services/advices.

6. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

(a) Warrants C

As of 4 October 2021, the Company had received proceeds of RM4,535.20 from the exercise of Warrants C. As the proceeds received were a relatively small amount, the Company has no intention to utilise this amount for any specific purpose at this time.

(b) CRPS

As of 4 October 2021, the status of the utilisation of proceeds arising from the first and second tranches of the Private Placement of CRPS of RM203,611,100, is as follows:

Purpose	Proposed utilisation of proceeds from the Private Placement of CRPS as of 4 October 2021 RM'000	Actual utilisation as of 4 October 2021 RM'000	Intended timeframe for utilisation from the date of completion of the Private Placement of CRPS	Percentage utilised (%)
(i) Permitted utilisation[1]	196,050	61,838	Within 24 months from the receipt of the proceeds	32
(ii) Estimated expenses relating to the Private Placement of CRPS	7,561	7,561	Within 6 months from the receipt of the proceeds	100
Total	**203,611**	**69,399**		

Notes:

[1] The net proceeds (after deducting all costs and expenses relating to the Private Placement of CRPS) to be raised from the issuance of CRPS (Net Proceeds) will be utilised in relation to acquisitions of and/or investments in producing oil and gas assets (whether directly or indirectly, through entities holding such assets or otherwise) (Acquisition(s)) which will be Shariah compliant including all cost(s) related to the Acquisition(s) including purchase consideration, associated transaction costs and transition costs.

The qualifying parameters of such assets are as follows:

(i) Payback period[(2)]: ⩽5 years
(ii) Internal rate of return (IRR)[(3)]: ⩾12%
(iii) Geographical location of the assets: South East Asia
(iv) Maximum number of Acquisitions: 3

[2] Payback period is the number of years required to achieve cash flow breakeven from the completion of the Acquisition, i.e. the number of years for the sum of the expected cash flows from the asset to equal to the total purchase consideration paid for the asset. This would be computed at the asset level based on Proved plus Probable (2P) case production and cost profiles.

[3] IRR is the discount rate for which the net present value of the expected cash flows from asset is equal to zero. This takes into consideration the total purchase consideration paid for the asset and would be computed at the asset level based on 2P case production and cost profiles.

[4] The satisfaction of the qualifying parameters shall be determined by an established independent expert to be appointed by the Company to determine the satisfaction of qualifying parameters of such asset(s) prior to entering into the relevant binding primary definitive agreement for such Acquisitions.

[5] Any use of the Net Proceeds for transaction costs in relation to the Acquisitions and transition costs incurred up to the completion of the Acquisition shall not exceed 2.0% of the total consideration payable for the subject asset(s).

THE BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Board of Directors (Board) of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) is required by the Companies Act 2016 (Act) to prepare financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia and that give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements of the Group and of the Company, the Directors have:

- selected and applied appropriate accounting policies consistently;
- made reasonable and prudent judgements and estimates;
- ensured all applicable approved accounting standards in Malaysia and the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad have been complied with; and
- based on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

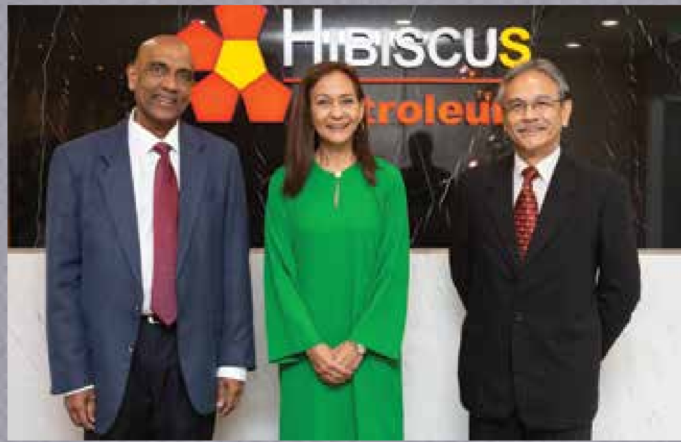
The Board has the responsibility for ensuring that the Group and the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure the financial statements comply with the Act.

The Board has overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention, detection of fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensible assessment of the Group's position and prospects in the Directors' Report from pages 173 to 178 and the financial statements from pages 186 to 274 of this Annual Report 2020/2021.

This statement is made in accordance with the resolution of the Board dated 4 October 2021.


HIBISCUS
Petroleum
HIBISCUS
Petroleum


HIBISCUS


HIBISCUS

A STRONG FOUNDATION, AN EXCITING FUTURE

Today, more than 400 people are part of Team Hibiscus. But in the early days, when we were small, you were there.......

Golokavasini Ravi Pillai

- Joined the Company as a Business Analyst, in 2013, directly after graduating
- Today, Goloka is a Manager with our Economics and Planning Group

Yip Chee Yeong

- Joined the Finance Department in 2013
- Today, CY has progressed to the role of Chief Financial Officer of the Group

Thank you for still being here with us !

FINANCIAL REPORT

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the business of exploring for, and producing oil and gas. The Group and the Company also develop oil and gas fields, hold investments, and provide project management, technical and other services relating to the oil and gas exploration and production industry. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial year	103,676	37,020

DIVIDENDS

No dividend was paid by the Company in respect of the previous financial year.

The amount of dividend paid by the Company since 30 June 2020 is as follows:

	RM'000
In respect of the financial year ended 30 June 2021	
Interim single-tier dividend of 0.5 sen per ordinary share, paid on 8 April 2021	9,923

On 4 October 2021, the Directors have recommended the payment of a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2021, which is subject to the approval by the Company's shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this dividend. This dividend, if approved by the Company's shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

ISSUANCE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM764,965,289 to RM959,891,550 by way of:

(i) Conversions of 6,600 units of the first tranche and 197,709,331 units of the second tranche of Islamic Convertible Redeemable Preference Shares at a conversion price of RM0.66 and RM0.48 respectively into 411,904,400 new ordinary shares in aggregate, and

(ii) An exercise of 3,960 units of Warrants C at the exercise price of RM1.12 into 3,960 new ordinary shares.

DIRECTORS' REPORT (CONTINUED)

PRIVATE PLACEMENT OF ISLAMIC CONVERTIBLE REDEEMABLE PREFERENCE SHARES

The Company announced on 9 September 2020 that it proposed to allot and issue up to 2,000,000,000 new Islamic Convertible Redeemable Preference Shares ("CRPS") by way of a private placement exercise to raise up to RM2.00 billion ("Private Placement of CRPS"). Amendments were also proposed to the Constitution of the Company to facilitate the issuance of the CRPS.

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

The net proceeds (after deducting all costs and expenses relating to the issuance of CRPS) raised from the issuance of the CRPS are to be utilised in relation to acquisitions and/or investments in producing assets (whether directly or indirectly, through entities holding such assets or otherwise) that meet specific qualifying parameters, including payment of associated transaction costs, transition costs and deposits for such assets.

Bursa Malaysia Securities Berhad ("Bursa Securities"), vide its letter dated 22 September 2020 approved the admission to the Official List and the listing of up to 2,000,000,000 CRPS on the Main Market of Bursa Securities to be issued pursuant to the Private Placement of CRPS and listing of up to 3,030,303,030 new ordinary shares of the Company on the Main Market of Bursa Securities to be issued pursuant to the conversion of the CRPS.

The placement of the first tranche of the Private Placement of CRPS ("CRPS-T1") was completed on 18 November 2020 with the allotment and issuance of 6,600 CRPS-T1 solely to Dr Kenneth Gerard Pereira. CRPS-T1 was not listed. On 19 November 2020, the Company further allotted and issued in aggregate 203,604,500 CRPS pursuant to the second tranche of the Private Placement of CRPS ("CRPS-T2"). The 203,604,500 CRPS-T2 was listed on the Main Market of Bursa Securities with effect from 23 November 2020.

The maturity date of the CRPS is on 18 November 2022.

In addition, on 4 March 2021, Bursa Securities had resolved to grant an extension of time of 6 months from 22 March 2021 until 21 September 2021 for the Company to complete the implementation of the Private Placement of CRPS. Subsequently, on 15 September 2021, Bursa Securities had resolved to approve a further extension of time of 6 months from 22 September 2021 until 21 March 2022 for the Company to complete the implementation of the Private Placement of CRPS.

During the financial year, there were conversions of 6,600 units of CRPS-T1 and 197,709,331 units of CRPS-T2 into 411,904,400 new ordinary shares in aggregate at a conversion price of RM0.66 and RM0.48 respectively.

WARRANTS C

On 28 March 2018, the Company completed the listing and quotation of 317,645,723 Warrants C on Bursa Securities ("Warrants C").

Each Warrant C entitles the registered holder to subscribe for one new ordinary share of the Company, at the exercise price of RM1.00 for each Warrant C in the first year. Thereafter, the exercise price of the Warrants C is subject to a fixed annual step-up of RM0.06 per year on each of the anniversary dates from the date of first issuance of the Warrants C. Pursuant to this, the revised exercise price of Warrants C was revised from RM1.00 to RM1.06 per Warrant C with effect from 20 March 2019 to 19 March 2020 and further revised from RM1.06 to RM1.12 per Warrant C with effect from 20 March 2020.

The Warrants C expired at 5.00 p.m. on 19 March 2021. Warrants C which were not exercised by the expiry date lapsed and became null and void and ceased to be exercisable at 5.00 p.m. on 18 March 2021. Accordingly, the Warrants C were removed from the Official List of Bursa Securities with effect from 9.00 a.m. on 22 March 2021.

During the financial year, 3,960 Warrants C were exercised at the exercise price of RM1.12 each. Correspondingly, 3,960 new ordinary shares were allotted and issued, and subsequently listed on Main Market of Bursa Securities, raising a total equity of RM4,435.

DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and adequate provision made for impairment.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the impairment of receivables inadequate to any substantial extent.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and of the Company, had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) Any charges on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) Any contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT (CONTINUED)

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

ITEMS OF A MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors, the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Zainul Rahim bin Mohd Zain
Dr Kenneth Gerard Pereira
Thomas Michael Taylor
YBhg Dato' Sri Roushan A/L Arumugam
YBhg Dato' Dr Zaha Rina binti Zahari

In accordance with Clause 134 of the Constitution of the Company, Zainul Rahim bin Mohd Zain shall retire by rotation from the Board of Directors at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-election.

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 ("Act"), none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	At 01.07.2020	Bought	Sold	At 30.06.2021
Direct interests:				
YBhg Dato' Dr Zaha Rina binti Zahari	4,500,000	-	-	**4,500,000**
YBhg Dato' Sri Roushan A/L Arumugam	700,000	-	-	**700,000**
Dr Kenneth Gerard Pereira	-	69,885,000	-	**69,885,000**
Indirect interests:				
Dr Kenneth Gerard Pereira*	168,772,600	-	(60,000,000)	**108,772,600**
YBhg Dato' Sri Roushan A/L Arumugam**	53,415,000	-	-	**53,415,000**

* *Deemed interested via his 63.75% equity interest in Hibiscus Upstream Sdn. Bhd. ("Hibiscus Upstream").*
** *Deemed interested via his 100.00% equity interest in Littleton Holdings Pte Ltd.*

DIRECTORS' REPORT (CONTINUED)

	At 01.07.2020	Number of CRPS Bought	Converted	At 30.06.2021
Direct interests:				
Dr Kenneth Gerard Pereira	-	33,540,000	(33,540,000)	**-**

	At 01.07.2020	Number of Redeemable Convertible Preference Shares ("RCPS") Bought	Redeemed	At 30.06.2021
Indirect interests:				
Dr Kenneth Gerard Pereira*	2,193,880	-	-	**2,193,880**

* *Deemed interested via his 63.75% equity interest in Hibiscus Upstream.*

	At 01.07.2020	Number of Warrants C Bought	Lapsed	At 30.06.2021
Indirect interests:				
Dr Kenneth Gerard Pereira*	28,614,520	-	(28,614,520)	**-**
YBhg Dato' Sri Roushan A/L Arumugam**	10,683,000	-	(10,683,000)	**-**

* *Deemed interested via his 63.75% equity interest in Hibiscus Upstream.*
** *Deemed interested via his 100.00% equity interest in Littleton Holdings Pte Ltd.*

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration as disclosed in Note 39 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest and any benefit that may deemed to have been received by certain Directors.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries, a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' REMUNERATION

Details of the remuneration of the Company's Directors are set out in Note 39 to the financial statements.

There are two types of Directors for the Company's subsidiaries, namely Directors who are also employees of the Group and Directors who are external parties. Employees of the Group do not receive any separate additional remuneration for serving as Directors of the Company's subsidiaries. Total emoluments received by the Directors of the Company's subsidiaries during the financial year in the form of salaries, defined contribution plans and other benefits in their capacity as employees of the Group and Directors' fees amounted to RM10,021,435 and RM32,924 respectively.

The Company has effected a Directors' and Officers' Liability Insurance (subject to applicable sub-limits and terms) for the Directors and Officers of the Group at a total insurance premium cost of RM187,222 in the financial year.

SUBSIDIARIES

The details and principal activities of the subsidiaries are set out in Note 16 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 9 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 4 October 2021. Signed on behalf of the Board of Directors:

DR KENNETH GERARD PEREIRA
DIRECTOR

ZAINUL RAHIM BIN MOHD ZAIN
DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dr Kenneth Gerard Pereira and Zainul Rahim bin Mohd Zain, two of the Directors of Hibiscus Petroleum Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 186 to 274 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and financial performance of the Group and of the Company for the financial year ended 30 June 2021 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 October 2021.

DR KENNETH GERARD PEREIRA
DIRECTOR

ZAINUL RAHIM BIN MOHD ZAIN
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) (b) OF THE COMPANIES ACT 2016

I, Yip Chee Yeong, the officer primarily responsible for the financial management of Hibiscus Petroleum Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 186 to 274 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

YIP CHEE YEONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 4 October 2021.

Before me

SAMUGAM VASSOO (W632)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD
(Incorporated in Malaysia) (Registration No. 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hibiscus Petroleum Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 186 to 274.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONTINUED)
(Incorporated in Malaysia) (Registration No. 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Group

Key audit matters	How our audit addressed the key audit matters
Recoverability of the carrying amount of intangible assets, equipment and right-of-use assets *Refer to Note 4(k)(ii) - Significant accounting policies: Impairment of non-financial assets, Note 4(u)(i) - Significant accounting policies: Critical estimates and judgement for the estimation of oil and gas reserves, Note 4(u)(ii) - Significant accounting policies: Critical estimates and judgement for the impairment review of intangible assets, equipment and right-of-use assets, Note 13 - Intangible assets, Note 14 - Equipment and Note 15 - Right-of-use assets* As at 30 June 2021, the Group's carrying amount of rights and concession and conventional studies included within intangible assets, equipment and right-of-use assets (collectively "Upstream Assets") amounted to RM1,375.8 million, RM604.8 million and RM12.4 million respectively. These Upstream Assets are related to the Anasuria Cluster, the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract ("North Sabah"), the Marigold and Sunflower fields ("MGS"), the VIC/P57 exploration permit ("VIC/P57"), the VIC/L31 production license ("VIC/L31") and the VIC/P74 exploration permit ("VIC/P74"), representing 6 cash generating units ("CGU") based on operating areas. Management had performed the impairment assessment for the Upstream Assets using the fair value less costs to sell ("FVLCTS") model taking into consideration possible impact of the COVID-19 pandemic on future oil prices. Based on the assessments, the Directors concluded that no impairment is required for the Anasuria Cluster, North Sabah, MGS and VIC/P74. The Directors also concluded that no further impairment is required for VIC/L31 and VIC/P57. We focused on this area due to the significant assumptions and judgements used in the Group's assessment of the recoverable amounts based on FVLCTS. The most critical assumptions used in forecasting future cash flows are management's view on the long-term oil price outlook, future expected production volumes and discount rates.	We performed the following audit procedures for each of the CGUs: i) Anasuria Cluster, North Sabah and VIC/L31 - Agreed the cash flows to management forecasts approved by the Directors and considered any adjustments relevant to FVLCTS; - Compared the life-of-field assumptions with the production profile within the license period for the CGUs; - Agreed the production volumes incorporated into the cash flows to the reserves estimates prepared by external independent parties; - Assessed the reasonableness of the forecasted oil prices incorporated into the cash flows by comparing to available market data and considered the appropriateness of the possible impact of the COVID-19 pandemic, where applicable; - Agreed future operating and capital expenditure included in the cash flows to supporting documents; - Compared the commercial risk factors incorporated into the cash flows for VIC/L31 to externally available benchmarks in light of inherent uncertainties for development projects given the volatile oil prices; - Discussed with management the assessment of likelihood for the termination of the VIC/L31 license being remote and checked the opinion provided by an external independent party on likelihood of termination; - Assessed the competency, capabilities and objectivity of the external independent parties who produced the reserves estimates and assessed the likelihood for the termination of the VIC/L31 license by considering their professional qualifications, experience and independence; - Checked the reasonableness of the discount rate and the commercial risk factors with the assistance of our valuation experts by benchmarking to industry reports; and - Performed sensitivity analysis by changing the key assumptions used in the base case cash flows on oil prices, production volumes and discount rate in consideration of the possible impact caused by the COVID-19 pandemic, where applicable.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONTINUED) (Incorporated in Malaysia) (Registration No. 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Group (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of the carrying amount of intangible assets, equipment and right-of-use assets (continued)	ii) MGS, VIC/P57 and VIC/P74 - Agreed the cash flows to management forecasts approved by the Directors and considered any adjustments relevant to FVLCTS; - Compared the life-of-field assumptions with the production profile within the license period for MGS; - Checked that validity of the VIC/P57 and VIC/P74 exploration permits is within the time frame approved by the regulator; - Agreed contingent and prospective resources incorporated into the cash flows for MGS, VIC/P57 and VIC/P74 to estimates made by the internal and external geological and geophysical teams; - Assessed the reasonableness of the forecasted oil prices incorporated into the cash flows by comparing to available market data and considered the appropriateness of the possible impact of the COVID-19 pandemic, where applicable; - Agreed future operating and capital expenditure included in the cash flows for MGS to supporting documents; - Checked the estimated exploration well costs incorporated into the cash flows for VIC/P57 and VIC/P74 to the quotations provided by an external independent company; - Assessed the competency, capabilities and objectivity of the internal and external geological and geophysical teams who estimated the contingent and prospective resources by considering their professional qualifications, independence and experience; - Compared the commercial risk factors incorporated into the cash flows to externally available benchmarks in light of uncertainties for exploration and development projects due to volatile oil prices; - Checked the reasonableness of the discount rate and the commercial risk factors with the assistance of our valuation experts by benchmarking to industry reports; and - Performed sensitivity analysis by changing the key assumptions used in the base case cash flows on oil prices, contingent and prospective resources volumes and discount rate in consideration of the possible impact caused by the COVID-19 pandemic, where applicable. We did not find any material exceptions in the procedures performed.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONTINUED) (Incorporated in Malaysia) (Registration No. 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Company

Key audit matters	How our audit addressed the key audit matters
Recoverability of the carrying amount of cost of investments in subsidiaries and amounts owing by subsidiaries *Refer to Note 4(d)(i) - Significant accounting policies: Financial assets, Note 4(k)(ii) - Significant accounting policies: Impairment of non-financial assets, Note 16 - Investments in subsidiaries and Note 23 - Amounts owing by subsidiaries* As at 30 June 2021, the net carrying value of the investments in subsidiaries and amounts owing by subsidiaries is RM161.0 million after total impairment losses of RM628.9 million. We focused on this area due to the significant judgements and assumptions made by management in determining the recoverable amount of the investments in subsidiaries and amounts owing by subsidiaries. The recoverable amount of the investments in subsidiaries and amounts owing by subsidiaries were determined based on the discounted cash flows used to assess the recoverable amount of the Upstream Assets after taking into account financing and tax cash flows of the respective subsidiaries, which are available for distributions as dividends.	In addition to the procedures performed on the cash flows from the underlying Upstream Assets of the subsidiaries as described in the key audit matter earlier, we performed the following audit procedures: - Agreed the cash flows used to determine the recoverable amount of the investments in and amounts owing by subsidiaries to cash flows used to determine the recoverable amount of the Upstream Assets which we have assessed above; - Checked management's forecasted future operating activities including the estimated income and expenses to supporting documents; - Checked that the cash flows used to determine the recoverable amount of the Upstream Assets had been appropriately adjusted for financing and tax cash flows of the respective subsidiaries; - Checked appropriateness of management's assessment on the expected credit losses of amounts owing by subsidiaries; and - Checked the reasonableness of the discount rate with the assistance of our valuation experts. We did not find any material exceptions in the procedures performed.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections in the 2021 Annual Report, which are expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONTINUED) (Incorporated in Malaysia) (Registration No. 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONTINUED)
(Incorporated in Malaysia) (Registration No. 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

TAN ENG HONG
03424/03/2023 J
Chartered Accountant

Kuala Lumpur
4 October 2021

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	5	**804,781**	646,504	**77,497**	12,855
Cost of sales	6	**(304,021)**	(248,807)	**-**	-
Gross profit		**500,760**	397,697	**77,497**	12,855
Other income	7	**14,622**	6,396	**799**	610
Administrative expenses		**(121,699)**	(190,419)	**(35,288)**	(377,413)
Impairment of intangible assets		**-**	(187,699)	**-**	-
Impairment of equipment		**-**	(8,632)	**-**	-
Net reversal of impairment/(impairment) of investments in subsidiaries and amounts owing by subsidiaries		**-**	-	**50**	(350,550)
Reversal of unrecovered recoverable costs		**-**	78,182	**-**	-
Other administrative expenses		**(121,699)**	(72,270)	**(35,338)**	(26,863)
Other expenses		**(182,839)**	(145,018)	**(1,271)**	(1,091)
Finance costs	8	**(42,179)**	(42,982)	**(5,024)**	(1,722)
Share of results of an associate		**(1,062)**	(385)	**-**	-
Profit/(loss) before taxation	9	**167,603**	25,289	**36,713**	(366,761)
Taxation	10	**(63,927)**	(74,543)	**307**	-
Profit/(loss) after taxation		**103,676**	(49,254)	**37,020**	(366,761)
Profit/(loss) after taxation attributable to:					
- Owners of the Company		**103,676**	(49,254)	**37,020**	(366,761)

	Note	Group 2021	Group 2020
Earnings/(loss) per share (sen)			
Basic	11	**5.91**	(3.10)
Diluted	11	**5.61**	(3.10)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(loss) after taxation	**103,676**	(49,254)	**37,020**	(366,761)
Other comprehensive (expenses)/income:				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation	**(36,311)**	33,029	**-**	-
Total comprehensive income/(expenses) for the financial year, net of tax	**67,365**	(16,225)	**37,020**	(366,761)
Total comprehensive income/(expenses) attributable to:				
- Owners of the Company	**67,365**	(16,225)	**37,020**	(366,761)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	13	**1,375,808**	1,364,618	**-**	-
Equipment	14	**604,833**	587,378	**2,359**	2,769
Right-of-use assets	15	**12,407**	12,404	**589**	705
Other receivables	21	**5,458**	7,123	**-**	-
Investments in subsidiaries	16	**-**	-	**56,070**	76,987
Investment in an associate	17	**4,381**	5,403	**-**	-
Investments in joint ventures	18	**-**	-	**-**	-
Restricted cash and bank balances	27	**125,581**	95,795	**-**	-
		2,128,468	2,072,721	**59,018**	80,461
CURRENT ASSETS					
Inventories	19	**49,462**	68,080	**-**	-
Trade receivables	20	**112,905**	11,441	**-**	-
Other receivables, deposits and prepayments	21	**182,808**	175,244	**2,680**	1,056
Other investment	22	**136,430**	-	**136,430**	-
Amounts owing by subsidiaries	23	**-**	-	**104,974**	2,634
Amount owing by a joint venture	24	**318**	481	**-**	-
Amount owing by an associate	25	**-**	62	**-**	-
Amount owing by a related party	26	**-**	-	**145**	303
Cash and bank balances	27	**177,652**	80,996	**4,921**	2,472
Tax recoverable		**-**	17,127	**-**	-
		659,575	353,431	**249,150**	6,465
TOTAL ASSETS		**2,788,043**	2,426,152	**308,168**	86,926

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021 (CONTINUED)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	28	**959,892**	764,965	**959,892**	764,965
Other reserves	29	**62,165**	98,230	**246**	-
Retained earnings/(Accumulated losses)		**451,865**	358,112	**(691,861)**	(718,958)
		1,473,922	1,221,307	**268,277**	46,007
NON-CURRENT LIABILITIES					
Other payables	31	**9,545**	23,850	**-**	-
Borrowings	32	**11,230**	14,401	**314**	152
Contingent consideration	34	**19,683**	2,363	**-**	-
Deferred tax liabilities	35	**471,958**	485,791	**57**	-
Provision for decommissioning costs	36	**322,697**	276,228	**-**	-
Convertible Redeemable Preference Shares - liability component	38	**5,677**	-	**5,677**	-
		840,790	802,633	**6,048**	152
CURRENT LIABILITIES					
Trade payables	30	**9,638**	4,797	**-**	-
Other payables and accruals	31	**293,072**	275,684	**7,350**	4,850
Borrowings	32	**15,540**	59,864	**299**	591
Deferred consideration	33	**-**	-	**-**	-
Amounts owing to subsidiaries	23	**-**	-	**25,663**	34,795
Amount owing to a joint venture	24	**318**	318	**-**	-
Amount owing to an associate	25	**119**	-	**-**	-
Amount owing to a related party	26	**-**	-	**312**	312
Contingent consideration	34	**25,251**	-	**-**	-
Provision for decommissioning costs	36	**58,677**	58,717	**-**	-
Provision for taxation		**70,497**	2,613	**-**	-
Redeemable Convertible Preference Shares	37	**219**	219	**219**	219
		473,331	402,212	**33,843**	40,767
TOTAL LIABILITIES		**1,314,121**	1,204,845	**39,891**	40,919
TOTAL EQUITY AND LIABILITIES		**2,788,043**	2,426,152	**308,168**	86,926

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Non-distributable					
	Share capital RM'000	CRPS - equity component RM'000	Other reserves RM'000	Foreign exchange reserve RM'000	Retained earnings RM'000	Total RM'000
Group						
At 01.07.2020	**764,965**	**-**	**389**	**97,841**	**358,112**	**1,221,307**
Profit after taxation	**-**	**-**	**-**	**-**	**103,676**	**103,676**
Other comprehensive expenses, net of tax:						
- Foreign currency translation	**-**	**-**	**-**	**(36,311)**	**-**	**(36,311)**
Total comprehensive (expenses)/ income for the financial year	**-**	**-**	**-**	**(36,311)**	**103,676**	**67,365**
Issuance of CRPS	**-**	**8,518**	**-**	**-**	**-**	**8,518**
Conversion of CRPS to new ordinary shares	**194,923**	**(8,272)**	**-**	**-**	**-**	**186,651**
Issuance of new ordinary shares from exercise of Warrants C	**4**	**-**	**-**	**-**	**-**	**4**
Dividend paid	**-**	**-**	**-**	**-**	**(9,923)**	**(9,923)**
Total transactions with owners of the Company	**194,927**	**246**	**-**	**-**	**(9,923)**	**185,250**
At 30.06.2021	**959,892**	**246**	**389**	**61,530**	**451,865**	**1,473,922**

	Non-distributable				
	Share capital RM'000	Other reserves RM'000	Foreign exchange reserve RM'000	Retained earnings RM'000	Total RM'000
Group					
At 01.07.2019	764,965	389	64,812	407,366	1,237,532
Loss after taxation	-	-	-	(49,254)	(49,254)
Other comprehensive income, net of tax:					
- Foreign currency translation	-	-	33,029	-	33,029
Total comprehensive income/(expenses) for the financial year	-	-	33,029	(49,254)	(16,225)
At 30.06.2020	764,965	389	97,841	358,112	1,221,307

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

	Non-distributable			
	Share capital RM'000	CRPS - equity component RM'000	Accumulated losses RM'000	Total RM'000
Company				
At 01.07.2020	**764,965**	**-**	**(718,958)**	**46,007**
Profit after taxation/Total comprehensive income for the financial year	**-**	**-**	**37,020**	**37,020**
	764,965	**-**	**(681,938)**	**83,027**
Issuance of CRPS	**-**	**8,518**	**-**	**8,518**
Conversion of CRPS to new ordinary shares	**194,923**	**(8,272)**	**-**	**186,651**
Issuance of new ordinary shares from exercise of Warrants C	**4**	**-**	**-**	**4**
Dividend paid	**-**	**-**	**(9,923)**	**(9,923)**
Total transactions with owners of the Company	**194,927**	**246**	**(9,923)**	**185,250**
At 30.06.2021	**959,892**	**246**	**(691,861)**	**268,277**

	Non-distributable share capital RM'000	Accumulated losses RM'000	Total RM'000
Company			
At 01.07.2019	764,965	(352,197)	412,768
Loss after taxation/Total comprehensive expenses for the financial year	-	(366,761)	(366,761)
At 30.06.2020	764,965	(718,958)	46,007

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		**167,603**	25,289	**36,713**	(366,761)
Adjustments for:					
Depreciation and amortisation of equipment, intangible assets and right-of-use assets		**171,047**	145,018	**1,204**	1,091
Finance costs		**42,179**	42,982	**5,024**	1,722
Unrealised loss/(gain) on foreign exchange		**10,476**	(1,033)	**(331)**	(604)
Loss on disposal of equipment		**2,228**	-	**-**	-
Share of results of an associate		**1,062**	385	**-**	-
Impairment of intangible assets		**-**	187,699	**-**	-
Impairment of equipment		**-**	8,632	**-**	-
Impairment of other receivables		**-**	3,496	**-**	-
Write-off of equipment		**-**	77	**-**	77
Net (reversal of impairment)/impairment of investments in subsidiaries and amounts owing by subsidiaries		**-**	-	**(50)**	350,550
Gain on lease termination		**-**	(357)	**-**	-
Reversal of unrecovered recoverable costs		**-**	(78,182)	**-**	-
Fair value changes on other investment		**(162)**	-	**(162)**	-
Reversal of contingent consideration		**(2,330)**	-	**-**	-
Interest income		**(2,464)**	(871)	**(2,062)**	(42)
Dividend income		**-**	-	**(62,445)**	-
Operating profit/(loss) before working capital changes		**389,639**	333,135	**(22,109)**	(13,967)
Inventories		**16,399**	(45,132)	**-**	-
Trade receivables		**(98,846)**	54,599	**-**	-
Other receivables, deposits and prepayments		**61,228**	(47,671)	**28**	879
Trade payables		**4,950**	(4,171)	**-**	-
Other payables and accruals		**(64,625)**	(43,485)	**2,482**	(141)
Amounts owing by subsidiaries		**-**	-	**(9,354)**	13,231
Amount owing by a related party		**-**	-	**158**	-
Amount owing by an associate		**65**	(60)	**-**	-
Amount owing to an associate		**118**	(17)	**-**	-
CASH GENERATED FROM/(USED IN) OPERATIONS		**308,928**	247,198	**(28,795)**	2
Tax refund/(tax paid)		**20,710**	(95,231)	**-**	-
Movement in restricted cash and bank balances		**(32,663)**	(29,686)	**(2)**	-
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**296,975**	122,281	**(28,797)**	2

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Other investment		**(136,268)**	-	**(136,268)**	-
Purchase of equipment		**(104,379)**	(252,872)	**(30)**	(2,978)
Deposit for an investment		**(61,838)**	-	**-**	-
Acquisition of intangible assets		**(33,082)**	(16,376)	**-**	-
Payment of deferred consideration		**-**	(21,066)	**-**	-
Advances to subsidiaries		**-**	-	**(62,040)**	(13,960)
Repayment from subsidiaries		**-**	-	**23,356**	14,545
Dividend received from a subsidiary		**-**	-	**27,500**	-
Interest received		**2,464**	871	**2,062**	42
Proceeds from disposal of equipment		**3,600**	-	**-**	-
NET CASH USED IN INVESTING ACTIVITIES		**(329,503)**	(289,443)	**(145,420)**	(2,351)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repayment)/drawdown of term loan		**(49,358)**	46,435	**-**	-
Repayment of lease liabilities		**(17,380)**	(7,682)	**(857)**	(842)
Dividend paid to equity holders of the Company		**(9,923)**	-	**(9,923)**	-
Net proceeds from issuance of new ordinary shares		**4**	-	**4**	-
Repayment of advances from a subsidiary		**-**	-	**(8,611)**	-
Net proceeds from issuance of CRPS		**196,050**	-	**196,050**	-
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**119,393**	38,753	**176,663**	(842)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**86,865**	(128,409)	**2,446**	(3,191)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		**9,717**	(993)	**1**	(13)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**77,307**	206,709	**2,472**	5,676
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27	**173,889**	77,307	**4,919**	2,472

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Securities. The registered office and principal place of business are as follows:

Registered office	: 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	: 2nd Floor, Syed Kechik Foundation Building, Jalan Kapas, Bangsar, 59100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 4 October 2021.

2 PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the business of exploring for, and producing oil and gas. The Group and the Company also develop oil and gas fields, hold investments, and provide project management, technical and other services relating to the oil and gas exploration and production industry. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 ("Act").

The financial statements have been prepared under the historical cost convention, except as disclosed in the significant accounting policies in Note 4 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 BASIS OF PREPARATION (CONTINUED)

(a) Standards and amendments to published standards that are effective to the Group and the Company

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 July 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 7, MFRS 9 and MFRS 139 'Interest Rate Benchmark Reform'
- Amendments to MFRS 16 'COVID-19-Related Rent Concessions'

The adoption of the above amendments did not have any impact on the current financial year or any prior financial period.

(b) Amendments to published standards that are applicable to the Group and the Company but not yet effective are as follows:

Effective for financial periods beginning on or after 1 January 2021

- Amendments to MFRS 7, MFRS 9, MFRS 16 and MFRS 139 'Interest Rate Benchmark Reform – Phase 2'

Effective for financial periods beginning on or after 1 April 2021

- Amendments to MFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021'

Effective for financial periods beginning on or after 1 January 2022

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

Effective for financial periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current'
- Amendments to MFRS 101 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS Practice Statement 2 'Disclosure of Accounting Policies'

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2021.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intragroup transactions, balances, unrealised gains and unrealised losses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Disposal of subsidiaries

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

- The previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary less any non-controlling interests.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combination

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred also includes the fair value of a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs, other than the costs to issue debt or equity securities, are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 'Financial Instruments' either in profit or loss or as a change to other comprehensive income.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Business combination (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 4(i)(i) to the financial statements.

(b) Oil and gas expenditure - exploration and evaluation ("E&E") assets

E&E assets comprise rights and concession, and conventional studies. Following the acquisition of a concession right to explore a licensed area, the costs incurred such as geological and geophysical surveys, drilling, commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs, are capitalised as conventional studies, and presented as intangible assets.

Oil and gas expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward in relation to each area of interest to the extent that the following conditions are satisfied:

- The rights to the tenure of an area of interest are current; and
- At least one of the following conditions is also met:
  - E&E expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - E&E activities in the area of interest have not, at the reporting date, reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full to profit or loss in the financial period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the proven and probable developed reserves.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. The Group allocates E&E assets to cash generating unit ("CGU")s or groups of CGUs for the purpose of assessing such assets for impairment. Each CGU or group of units to which an E&E asset is allocated will not be larger than an operating segment as disclosed in Note 41 to the financial statements.

(c) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Currency translation (continued)

(ii) Transactions and balances

Transactions in a currency other than the functional currency are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the reporting date are recognised in profit or loss.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions);
- All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve;
- On consolidation, exchange differences arising from translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investment, are recognised in other comprehensive income; and
- Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date. Exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

(d) Financial instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as a liability or an asset are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets

- Classification

The Group and the Company have classified its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and

- Those to be measured at amortised cost.

- Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

- Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt instruments

- Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

- There are three measurement categories into which the Group and the Company classify its debt instruments:

  - Amortised cost

    Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Measurement (continued)

  - Fair value through other comprehensive income ("FVOCI")

    Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(expenses) and impairment expenses are presented as separate line items in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

  - FVTPL

    Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within other income/(expenses) in the period which it arises.

- Subsequent measurement – Impairment for debt instruments

  The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

  The Group and the Company have seven types of financial instruments that are subject to the ECL model:

  - Trade receivables;
  - Other receivables;
  - Deposits;
  - Amounts owing by subsidiaries;
  - Amount owing by a joint venture;
  - Amount owing by an associate; and
  - Amount owing by a related party.

  While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

  ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments (continued)

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General 3-stage approach for other receivables, deposits, amounts owing by subsidiaries, amount owing by a joint venture, amount owing by an associate and amount owing by a related party

- At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Simplified approach for trade receivables

- The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Significant increase in credit risk

The Group and the Company consider the probability of a default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It also considers available reasonable and supportable forward-looking information.

The following indicators are considered:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments (continued)

Significant increase in credit risk (continued)

- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and the Company and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

- The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria

- The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:
  - The debtor is in breach of financial covenants;
  - Concessions have been made by the lender relating to the debtor's financial difficulty;
  - It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
  - The debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Write-off

Trade receivables

- Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments (continued)

  Write-off (continued)

  Other receivables

  - The Group and the Company write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on an unavailability of a debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(ii) Financial liabilities

All financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as FVTPL.

FVTPL category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. The Group and the Company had not entered into any hedging activities as at the reporting date.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in the fair value of the shares.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(iv) Compound financial instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method until it is extinguished on conversion or maturity of the compound instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound instrument is redeemed or repurchased before maturity.

Upon conversion of the convertible instrument into equity shares, the amount credited to share capital is the aggregate of the carrying amounts of the liability components classified within liability and equity at the time of conversion. No gain or loss is recognised.

(v) RCPS

MFRS 9 requires the Company as an issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition.

RCPS, which amongst other conditions, are redeemable at the option of the holder of the RCPS are classified as current liability and non-current liability respectively under such circumstances. The RCPS are not entitled to any dividend.

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(e) Investments in subsidiaries

Investments in subsidiaries are carried at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of each reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

(f) Investment in an associate

Associate is an entity, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for using the equity accounting method. Under the equity method, the investment is initially recognised at cost less any impairment losses, unless it is classified as available for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income or expense of the associate, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group's investment in associate includes goodwill identified on acquisition.

In respect of an equity accounted associate, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity accounted associate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment in an associate (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the associate acquired, the difference is recognised in profit or loss.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered. When necessary, adjustments are made to the financial results of the associate to ensure consistency of accounting policies with those of the Group.

On the disposal of the investment in an associate, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(g) Investments in joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

(i) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

(ii) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method - refer above).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in the joint venture. Where there is objective evidence that an investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as that of other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Production Sharing Contract

Effective 31 March 2018, the Company's indirect wholly-owned subsidiary, SEA Hibiscus Sdn. Bhd. ("SEA Hibiscus") became a contractor to Petroliam Nasional Berhad ("PETRONAS"), being the operator under a joint venture with PETRONAS Carigali Sdn. Bhd. ("PCSB") in the 2011 North Sabah Enhanced Oil Recovery ("EOR") Production Sharing Contract ("PSC") ("2011 North Sabah EOR PSC").

Under the terms of the 2011 North Sabah EOR PSC, all assets procured by the contractor for petroleum operations in each contract area become the property of PETRONAS, with the contractor retaining the rights of use of those assets for the duration of the PSC.

The Group classifies the 2011 North Sabah EOR PSC as a joint operation and recognises its share of assets, liabilities, revenues and expenses in accordance with the contractually conferred rights and obligations stated in the PSC and the Joint Operating Agreement ("JOA").

Under a PSC, contractors fund the work outlined in an approved work programme and budget and are entitled to recover costs from production, subject to the cost recovery limits of the PSC. The cost recovery mechanism of the PSC enables contractors to recover costs incurred via an entitlement to production volume. Costs unrecovered in a particular quarter can be carried forward for recovery against production in subsequent quarters. The contractors' share of production also includes an element of profit.

(i) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's CGUs that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within the CGU is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in these circumstances is measured on the relative fair values of the operations disposed off and the portion of the CGU retained.

Intangible assets acquired separately are measured at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (continued)

(ii) Other intangible assets

Intangible assets acquired separately are measured at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Where the consideration to acquire the intangible assets includes a contingent consideration arrangement, intangible assets are initially recognised, which includes an estimate for the contingent consideration which derives from future anticipated variable costs. A liability will be recognised for the contingent consideration at the same time. The contingent consideration is subsequently measured at amortised cost. Subsequent changes in the contingent consideration will be recognised against the cost of the intangible assets or, in certain circumstances, in profit or loss.

Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation of other intangible assets is computed based on the unit of production method using proven and probable reserves.

Cost associated with production and general corporate activities are expensed in the period incurred. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(j) Equipment

Equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of equipment initially recognised include purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Furniture and fittings	10 - 14%
Office equipment	20 - 33.33%
Office renovation	10%
Britannia Rig ("Rig")	20%
Floating production storage and offloading vessel ("FPSO")	5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Equipment (continued)

The depreciation method, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Expenditure on the construction, installation and completion of infrastructure facilities for oil and gas assets is capitalised within equipment.

Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Expenses incurred for the construction of tangible assets attributable to ongoing projects incurred are capitalised as 'work in progress'. Capitalisation is made within tangible assets according to the nature of the expenditure. No depreciation is charged during this phase until the asset is ready for use. The depreciation rate would be calculated based on the useful life of the asset to be assessed once it is ready for use.

Depreciation of oil and gas assets comprising subsea facilities and equipment is computed based on the unit-of-production method using proven and probable developed reserves.

(k) Impairment

(i) Impairment of financial assets

The accounting policies for impairment of financial assets are set out in Note 4(d)(i) to the financial statements.

(ii) Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when there is an indication that these assets may be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell ("FVLCTS") and their value in use, which is measured by reference to discounted future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories

Inventories of diesel, spares and chemicals are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of petroleum products includes direct costs and transportation charges incurred in bringing the inventories to their present condition and location, and is determined on a weighted average basis.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with licensed banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and excludes restricted cash.

(n) Provisions

(i) Decommissioning costs

Provision for future decommissioning costs is made in full when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. Periodic estimates are made for such future facility abandonment costs. The estimated cost of decommissioning and restoration is discounted to its net present value. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised and amortised over the life of the underlying asset on a unit-of-production basis over proven and probable developed reserves. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the underlying related asset.

The unwinding of the discount applied to future decommissioning provisions is included under finance costs in profit or loss. The estimated interest rate used in discounting the cash flows is reviewed at least annually.

Where the Group has obligations to contribute to a decommissioning fund, the amount paid to the fund by the Group will reduce the provision for decommissioning costs to the extent that the contributions should reduce the Group's obligations in relation to such future decommissioning costs.

(ii) Other

Provisions are recognised when the Group and the Company have a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The increase in the provision due to passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred taxation

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognised on temporary differences on investments in subsidiaries, except where the Group and the Company are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred tax is measured:

(i) At the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) Based on the tax consequence that will follow from the manner in which the Group and the Company expect, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from business combination is adjusted against goodwill on acquisition, if any.

(p) Leases

(i) Accounting by lessee

A lease is recognised as a right-of-use asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

- Lease term

  In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

  The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affect whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. Refer below on reassessment of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(i) Accounting by lessee (continued)

- Right-of-use assets

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

Right-of-use assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss, if any. The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. In addition, the right-of-use assets are adjusted for certain remeasurement of the lease liabilities.

- Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- The exercise prices of purchase and extension options if the Group and the Company are reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities within borrowings in the statements of financial position. Interest expense on the lease liabilities is presented within the finance cost in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(i) Accounting by lessee (continued)

- Reassessment of lease liabilities

  The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the right-of-use assets.

- Short-term leases and leases of low value assets

  Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(ii) Accounting by lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

- Finance leases

  The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

  The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to impairment assessment requirements of MFRS 9 (refer to Note 4(k)(i) to the financial statements on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

- Operating leases

  The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

  The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

- Sublease classification

  When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

- Separating lease and non-lease components

  If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15 'Revenue from Contracts with Customers'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss in the financial period in which the associated services are rendered by employees of the Group and the Company. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities such as the Employee Provident Fund on a mandatory, contractual or voluntary basis. The Group and the Company have no further payment obligations once the contributions have been paid.

(r) Revenue

Revenue from contracts with customer

(i) Sale of oil and gas products

Oil and gas revenues that comprise the Group's share of sales of hydrocarbons are recognised at the point in time when control of the asset is transferred to the customer. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(ii) Project management, technical and other services

Revenue is recognised over the period in which the project management, technical and other services relating to the oil and gas exploration and production industry are rendered, when it is probable that future economic benefits will flow to the Group and the Company, and the amount of revenue can be measured reliably.

Revenue from other sources

(i) Interest income

Interest income is recognised using the effective interest method. Interest income consists of income from deposits with licensed banks and financial institutions.

(ii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Other income

Amounts related to overhead income which is derived from charges to a joint operation to compensate for the operator's administrative contribution of performing services that is not to be considered as direct charge for the benefit of the joint operation. The operator is allowed to recover its indirect charges for the administrative contributions for supporting the joint operation by charging the non-operator the allowed overhead which is calculated based on the agreed percentages under the joint operating agreement.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Makers ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Board of Directors, Managing Director and leadership team are the Group's CODM.

(u) Critical estimates and judgement

(i) Estimation of oil and gas reserves

Oil and gas reserves are a key element in the Group's investment decision making process. They are also an important element in testing for impairment. Changes in proven and probable developed oil and gas reserves will affect unit-of-production depreciation charges to profit or loss. Proven oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made.

Proven developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the discounted cash flows, depreciation, depletion and amortisation charges, and decommissioning provisions) that are based on proven reserves are also subject to change.

Proven reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimates of proven reserves only include volumes for which access to market is assured with reasonable certainty. All proven reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Probable reserves are those unproven reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proven plus probable reserves.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Critical estimates and judgement (continued)

(i) Estimation of oil and gas reserves (continued)

In general, changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions. In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

Changes to the Group's estimates of proven and probable reserves, particularly proven and probable developed reserves, also affect the amount of depreciation and amortisation recorded for oil and gas assets and rights and concessions related to revisions. A reduction in proven and probable developed reserves will increase depreciation and amortisation charges (assuming constant production) and reduce income.

Although the possibility exists for changes in reserves to have a critical effect on depreciation and amortisation charges and, therefore, income, it is expected that in the normal course of business, the Group will continue to prioritise exploration and timely project delivery which ultimately results in maximisation of reserve recovery and will thus constrain the likelihood for changes to occur.

(ii) Impairment review of intangible assets, equipment and right-of-use assets

Carrying amounts of the Group's intangible assets, equipment and right-of-use assets are reviewed for possible impairment annually including any indicators of impairment. For the purpose of assessing impairment, assets are grouped at the lowest level CGUs for which there is a separately identifiable cash flow available. These CGUs are based on operating areas, represented by the 2011 North Sabah EOR PSC ("North Sabah"), the Anasuria Cluster, the Marigold and Sunflower fields, License No. P2366, License No. P2518, the VIC/P57 exploration permit ("VIC/P57"), the VIC/L31 production license ("VIC/L31") and the VIC/P74 exploration permit ("VIC/P74").

Estimates of future cash flows are based on management estimates of future crude oil prices, market supply and demand, product margins and expected future production volumes. Other factors that can lead to changes in estimates may include variations in regulatory environments. Expected future production volumes, which include proven and probable reserves, are used for impairment testing because the Group believes this to be the most appropriate indicator of expected future cash flows.

A discount rate based on the rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted is used in impairment testing. The discount rate applied is reviewed on an annual basis.

The Directors have considered the impact of the COVID-19 pandemic when assessing the recoverable amounts of the Group's intangible assets, equipment and right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Critical estimates and judgement (continued)

(iii) Estimation of provision for decommissioning costs

Provisions are made for the future decommissioning and restoration of oil and gas assets at the end of their economic lives. Changes in the estimates of costs to be incurred, reserves or in the rate of production may impact income over the remaining economic life of the oil and gas assets.

Most of these decommissioning and restoration events are many years in the future and the precise requirements that will have to be met when such removal events occur are uncertain. Actual timing and net cash outflows can defer from estimates due to uncertainties concerning the timing of the decommissioning activity, legislative changes, technological advancement, regulatory, environmental and political changes, and the appropriate discount rate used in estimating the liability. The carrying amount of the provision, together with the discount rate used in discounting the cash flows and inflation rate, are regularly reviewed and adjusted to account for such changes.

(iv) Impairment review of investments in subsidiaries and amounts owing by subsidiaries

The Company reviews the recoverability of its underlying interests in the subsidiaries by considering the ability of the respective subsidiaries to distribute their earnings and make repayments through the utilisation of assets held by them, including the generation of income from future operating activities. The Company uses judgement in making assumptions about risk of default and expected loss rate to calculate the ECL for the amounts owing by subsidiaries. Impairment loss is recognised when the carrying amount exceeds the recoverable amount.

(v) Provision for income taxes, deferred taxes and indirect taxes

Judgement is involved in determining the Group's provision for income taxes, deferred taxes and indirect taxes as there may be transactions and computations for which the final tax determination are uncertain at the reporting date. Where the final outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax, deferred tax and indirect tax provisions in the period in which such determination is made. Determination of the treatment of contingent liabilities in relation to tax matters is based on the Group's view of the expected outcome of the contingencies after consultation with the Group's appointed external legal counsels and external tax advisors.

5 REVENUE

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue from contracts with customer:				
Crude oil sales	**790,144**	637,609	**-**	-
Gas sales	**8,732**	4,904	**-**	-
Project management, technical and other services fees	**3,843**	3,949	**12,990**	12,813
	802,719	646,462	**12,990**	12,813
Revenue from other sources:				
Dividend income	**-**	-	**62,445**	-
Interest income	**2,062**	42	**2,062**	42
	2,062	42	**64,507**	42
	804,781	646,504	**77,497**	12,855

Included in interest income is profit income received from deposits with licensed Islamic banks amounting to RM2,061,666 (2020: RM42,058).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

6 COST OF SALES

	Group	
	2021 RM'000	2020 RM'000
Cost of operations	**278,942**	223,216
Tariff and transportation expenses	**25,079**	25,591
	304,021	248,807

7 OTHER INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unrealised gain on foreign exchange	**-**	1,033	**331**	604
Realised gain on foreign exchange	**-**	3,652	**306**	6
Interest income	**402**	829	**-**	-
Fair value gain on other investment (Note 22)	**162**	-	**162**	-
Sundry income	**14,058**	882	**-**	-
	14,622	6,396	**799**	610

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

8 FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unwinding of discount on deferred consideration (Note 33)	**-**	1,516	**-**	-
Unwinding of discount on contingent consideration (Note 34)	**632**	220	**-**	-
Unwinding of discount on provision for decommissioning costs (Note 36)	**25,909**	23,650	**-**	-
Unwinding of discount on non-current other payables	**-**	11,404	**-**	-
Interest expenses	**15,638**	6,192	**5,024**	1,722
	42,179	42,982	**5,024**	1,722

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

9 PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
- fees for statutory audit				
- PricewaterhouseCoopers PLT, Malaysia	**650**	600	**322**	312
- member firms of PricewaterhouseCoopers PLT, Malaysia	**317**	291	**-**	-
- fees for audit related services				
- PricewaterhouseCoopers PLT, Malaysia	**120**	118	**-**	-
- fees for other services				
- member firms of PricewaterhouseCoopers PLT, Malaysia	**1,295**	426	**1,198**	335
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	**171,047**	145,018	**1,204**	1,091
Prospecting costs and consultancy fees	**16,797**	7,964	**7,681**	2,076
Loss on disposal of equipment	**2,228**	-	**-**	-
Share of results of an associate	**1,062**	385	**-**	-
Rental expenses	**319**	16	**-**	-
Impairment of intangible assets	**-**	187,699	**-**	-
Impairment of equipment	**-**	8,632	**-**	-
Impairment of other receivables	**-**	3,496	**-**	-
Write-off of equipment	**-**	77	**-**	77
Net (reversal of impairment)/impairment of investments in subsidiaries and amounts owing by subsidiaries	**-**	-	**(50)**	350,550
Reversal of contingent consideration	**(2,330)**	-	**-**	-
Reversal of unrecovered recoverable costs	**-**	(78,182)	**-**	-
Realised loss/(gain) on foreign exchange	**1,316**	(3,652)	**(306)**	(6)
Unrealised loss/(gain) on foreign exchange	**10,476**	(1,033)	**(331)**	(604)
Staff costs:				
- Directors' fees	**1,156**	851	**1,156**	851
- salaries and bonus	**21,352**	18,293	**14,966**	13,135
- defined contribution plan	**4,550**	3,949	**2,584**	2,195
- other benefits	**552**	1,113	**151**	343

Directors' remuneration included in staff costs is as disclosed in Note 39 to the financial statements.

Rental expenses recognised are related to short-term and low value leases.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

10 TAXATION

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current tax:				
- Malaysian income tax	**54,268**	(1,182)	**-**	-
- Foreign income tax	**14,732**	1,682	**-**	-
- Over accrual in prior year	**(5,795)**	(611)	**-**	-
	63,205	(111)	**-**	-
Deferred tax expense (Note 35):				
- Origination of temporary differences	**722**	74,654	**(307)**	-
	63,927	74,543	**(307)**	-

A reconciliation of income tax expense/(credit) applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense/(credit) at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit/(loss) before taxation	**167,603**	25,289	**36,713**	(366,761)
Tax at the statutory tax rate of 24% (2020: 24%)	**40,225**	6,069	**8,811**	(88,023)
Non-deductible expenses	**11,235**	7,635	**2,922**	85,634
Non-taxable income	**(12,814)**	(19,108)	**(15,615)**	(146)
Effects of tax rates in different jurisdictions	**28,710**	37,053	**-**	-
Deductions for supplementary charge in different jurisdictions	**(425)**	(3,749)	**-**	-
Share of post tax results from investments accounted for using the equity method	**255**	92	**-**	-
Temporary differences not recognised	**3,329**	47,367	**3,575**	2,535
Recognition of previously unrecognised temporary differences	**(793)**	(205)	**-**	-
Over accrual in prior year	**(5,795)**	(611)	**-**	-
Income tax expense/(credit) for the financial year	**63,927**	74,543	**(307)**	-

Included in income tax expense of the Group and of the Company are tax savings amounting to RM79,830 (2020: RM42,270) and RM79,830 (2020: RM42,270) respectively from the utilisation of current and previous financial year tax losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

11 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is derived by dividing the Group's profit attributable to the owners of the Company of RM103,675,647 (2020: loss attributable to the owners of the Company of RM49,254,361) by the weighted average number of ordinary shares in issue during the financial year of 1,754,276,788 shares (2020: 1,588,228,791 shares).

Diluted earnings/(loss) per share is determined by dividing the Group's profit/(loss) 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. The adjusted weighted average number of ordinary shares during the financial year is 1,848,549,662 shares (2020: 1,588,228,791 shares).

		Group	
		2021	**2020**
Profit/(loss) after taxation attributable to owners of the Company (RM'000)	(A)	**103,676**	(49,254)
Weighted average number of shares for basic earnings per share computation ('000)	(B)	**1,754,277**	1,588,229
Effects of dilution of CRPS ('000)		**94,273**	-
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	**1,848,550**	1,588,229
Basic earnings/(loss) per share (sen)	(A/B)	**5.91**	(3.10)
Diluted earnings/(loss) per share (sen)	(A/C)	**5.61**	(3.10)

The Warrants C expired on 19 March 2021 and accordingly, there is no dilutive effect from Warrants C as at 30 June 2021. As at 30 June 2020, the number of outstanding Warrants C was 317,645,623 and the exercise price for each Warrant C was RM1.12. Warrants C was not included in the calculation of the diluted earnings per share as at the end of the previous financial year because they were antidilutive.

12 JOINT OPERATIONS

Under the terms of the joint agreements below, the Group has a direct share in all of the assets employed by the arrangements and is liable for its share of the liabilities incurred. There is no legal or contractual separation between the arrangement and the parties to the arrangement. The Group has therefore classified these arrangements as joint operations. It has included its interests in the assets, liabilities, revenue and expenses in the appropriate line items in the statement of financial position and profit or loss respectively, in accordance with the accounting policy.

(a) North Sabah

The North Sabah asset is located approximately 33 kilometres from Kota Kinabalu, Malaysia.

On 31 March 2018 ("Completion Date"), SEA Hibiscus completed the acquisition of the North Sabah asset from Sabah Shell Petroleum Company Limited ("Sabah Shell Petroleum") and Shell Sabah Selatan Sdn. Bhd. (collectively the "Sellers") and successfully assumed the role of operator for the assets from Sabah Shell Petroleum. The responsibilities of SEA Hibiscus as the operator of the PSC and under the JOA are the management of the operations of:

- Production of petroleum from four existing oil fields, namely St Joseph, South Furious, SF30 and Barton; and
- Existing pipeline infrastructure, the Labuan Crude Oil Terminal ("LCOT"), and all other equipment and assets relating to the PSC.

The four producing fields are located in the South China Sea, off the coast of Sabah. Each field is operated from its respective main platform/complex. Each field is connected via an inter-field pipeline to a main trunk line which transports hydrocarbons to the LCOT, an onshore processing plant and oil export terminal.

The production rights under the PSC are up to 2040.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

12 JOINT OPERATIONS (CONTINUED)

(b) Anasuria Cluster

(i) License No. P013 and the Anasuria FPSO

The Group, via its indirectly wholly-owned subsidiary, Anasuria Hibiscus UK Limited ("Anasuria Hibiscus"), together with Ping Petroleum UK Limited ("Ping Petroleum") has established the joint operating company, Anasuria Operating Company Limited ("AOCL") in Aberdeen and this company has been approved as the License Operator for License No. P013 by the Secretary of State for Energy and Climate Change of the United Kingdom ("UK") Government. Anasuria Hibiscus holds 50% interest in AOCL.

AOCL operates the fields under License No. P013 (Block 21/25a and Block 21/30a) and the Anasuria FPSO, which are located approximately 175 kilometres east of Aberdeen in the UK Central North Sea.

Anasuria Hibiscus' interest in License No. P013 consists of:

- 50% interest in the Guillemot A field and the related field facilities;
- 50% interest in the Teal field and the related field facilities; and
- 50% interest in the Teal South field and the related field facilities.

There is no expiry date for the license covering the Guillemot A, Teal and Teal South fields.

Anasuria Hibiscus also holds 50% interest in the Anasuria FPSO and the related equipment.

(ii) License No. P185

Anasuria Hibiscus' interest in License No. P185 (Block 21/20a) contains 19.325% interest in the Cook field and the related field facilities. The remaining interest is held by Ithaca Energy UK Limited ("Ithaca Energy") and Ping Petroleum with 61.35% and 19.325% interest respectively. Ithaca Energy is the operator for the field.

The UK's Oil and Gas Authority ("OGA") had on 12 March 2018 extended the license for the Cook field into a life of field license. The license is terminable only if there is a continuous minimum 12-month period in which the production has fallen below a minimum production level.

(iii) License No. P2532

License No. P2532 (Block 21/19c and Block 21/20c) contains the Cook West and Cook North prospects, which are potential extensions to the existing Cook field.

These blocks are contiguous with the Cook field (License No. P185 (Block 21/20a)) and reflect a similar equity holding as that of the Cook field.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

12 JOINT OPERATIONS (CONTINUED)

(b) Anasuria Cluster (continued)

(iv) License No. P2535

License No. P2535 (Block 21/24d) contains the Teal West discovery, which is contiguous to the Teal field and is located approximately 4 kilometres from the Teal manifold.

Anasuria Hibiscus holds 70% interest in License No. P2535 and the remaining 30% is held by NEO Energy (ZEX) Limited (formerly known as Zennor Exploration Limited). Anasuria Hibiscus is the operator for the field.

The Teal West discovery is a potential tieback candidate to the Anasuria FPSO.

Anasuria Hibiscus is to prepare a field development plan for the Teal West discovery for approval by the OGA by end 2022, as part of the terms of the license.

(c) Marigold and Sunflower fields

The Marigold and Sunflower fields, which are part of the UK Continental Shelf Petroleum Production License No. P198 (Block 15/13a and Block 15/13b) respectively, are located approximately 250 kilometres northeast of Aberdeen in the UK Central North Sea.

On 16 October 2018, the Company, via its indirectly wholly-owned subsidiary, Anasuria Hibiscus, completed the acquisition of 50% interest in the two blocks under License No. P198; (i) Block 15/13a, containing the Marigold discovered oilfield, and (ii) Block 15/13b, containing the Sunflower discovered oilfield.

On 12 February 2019, Anasuria Hibiscus assumed the role of operator for the fields.

On 20 January 2021, Anasuria Hibiscus entered into a farm-in agreement with its joint venture partner for the fields, Caldera Petroleum (UK) Ltd ("Caldera Petroleum"). As per the terms of the farm-in agreement, Caldera Petroleum agreed to transfer to Anasuria Hibiscus 37.5% interest in License No. P198 Block 15/13a and Block 15/13b and in return, Anasuria Hibiscus agreed to pay all amounts attributable to Caldera Petroleum's retained interest of 12.5% up to first oil arising from the fields.

The Marigold field is expected to be in production by 2023, upon which License No. P198 (covering the Marigold and Sunflower fields), is valid for the life of the fields.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

12 JOINT OPERATIONS (CONTINUED)

(d) VIC/P57

The Group, via its indirectly wholly-owned subsidiary, Carnarvon Hibiscus Pty Ltd ("Carnarvon Hibiscus"), had entered into a joint arrangement, VIC/P57 via the Joint Operation Agreement and Farm-In Agreement dated 14 August 2012 to explore and develop oil and gas properties within the permitted area. As at 30 June 2021, Carnarvon Hibiscus and its wholly-owned subsidiary, Gippsland Hibiscus Pty Ltd ("Gippsland Hibiscus") have a 55.1% (2020: 55.1%) and 20.0% (2020: 20.0%) participating interest in this arrangement respectively.

The Group, together with 3D Oil Limited ("3D Oil") (a joint venture partner to VIC/P57) had successfully obtained the renewal of the exploration license in VIC/P57 for another five-year term commencing from 7 March 2018. The Group is committed to carry out the minimum work requirements within the renewal term.

The principal place of business of the joint operation is in Australia.

(e) VIC/P74

On 3 October 2019, Carnarvon Hibiscus had exercised its option to farm into VIC/P74 (the "Permit") by acquiring a 50% interest in the Permit ("Interest") from 3D Oil. Subsequent to the above, Carnarvon Hibiscus entered into an Assignment Agreement with 3D Oil on 8 May 2020 and the transfer of interest contemplated thereunder was approved and registered by NOPTA on 6 July 2020. Carnarvon Hibiscus and 3D Oil subsequently now executed an Instrument of Transfer, a JOA and a Deed of Cross Charge for the Permit (collectively the "Instruments") and submitted them to NOPTA for approval and registration.

NOPTA's approval was obtained on 7 October 2020, and the Instruments were registered on the same date, thereby facilitating the completion of Carnarvon Hibiscus's acquisition of a 50% interest in the Permit.

Under the JOA, it is agreed that 3D Oil shall remain as the operator of the Permit through the primary first 3 years of the prospect generation phase ("First Phase"). This work programme consists primarily of purchasing reprocessed 3D seismic data to progress geological and geophysical studies in order to finetune resource assessments and enable prospect ranking. It has also been agreed between the parties that (a) if it is required that a well or wells be drilled after the First Phase, Carnarvon Hibiscus shall be the operator of the Permit but 3D Oil shall continue to be the operator for geological and geophysical operations, but (b) if there is a farm-in for a substantial interest in the Permit that will require drilling a well or wells by the farmee, the farmee will become the operator for all operations.

The Group, together with 3D Oil, is committed to carry out the minimum work requirements specified within the terms of the Permit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

13 INTANGIBLE ASSETS

	Rights and concession RM'000	Conventional studies RM'000	Total RM'000
Group			
At 01.07.2020	**1,334,800**	**29,818**	**1,364,618**
Additions	**50,600**	**32,990**	**83,590**
Changes in estimates	**59,549**	**-**	**59,549**
Amortisation	**(94,211)**	**-**	**(94,211)**
Exchange differences	**(38,294)**	**556**	**(37,738)**
At 30.06.2021	**1,312,444**	**63,364**	**1,375,808**
At 01.07.2019	1,393,425	136,650	1,530,075
Additions	4,213	12,163	16,376
Changes in estimates	54,178	-	54,178
Amortisation	(91,015)	-	(91,015)
Impairment	(71,454)	(116,245)	(187,699)
Exchange differences	45,453	(2,750)	42,703
At 30.06.2020	1,334,800	29,818	1,364,618

Included in rights and concession are the carrying amounts of producing field licenses in the Anasuria Cluster amounting to RM614,296,994 (2020: RM661,105,947), producing field licenses in North Sabah amounting to RM462,024,007 (2020: RM482,515,665), capitalised acquisition and related transaction costs of the Marigold and Sunflower fields amounting to RM205,099,518 (2020: RM161,946,210), and capitalised acquisition and related transaction costs of VIC/L31 amounting to RM30,482,771 (2020: RM28,810,621), VIC/P57 amounting to RM446,678 (2020: RM422,175) and VIC/P74 amounting to RM93,573 (2020: Nil). Capitalised expenditures are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Conventional studies relate to conceptual study costs incurred for the development in the Marigold and Sunflower fields amounting to RM44,394,642 (2020: RM16,189,220), License No. P2535 amounting to RM2,628,821 (2020: Nil), License No. P2532 amounting to RM41,671 (2020: Nil), and exploration costs in the West Seahorse field development in VIC/L31 amounting to RM10,454,223 (2020: RM9,764,546), VIC/P57 amounting to RM4,153,167 (2020: RM3,864,077) and VIC/P74 amounting to RM1,691,516 (2020: Nil).

(a) North Sabah

The recoverable amounts of the intangible assets, equipment and right-of-use assets relating to North Sabah were determined using the FVLCTS model based on discounted cash flows ("DCF") derived from the expected cash in/outflow pattern over the production life of North Sabah.

The key assumptions applied to determine the recoverable amount for North Sabah were as follows:

(i) Discount rate of 10% (2020: 10%);

(ii) Oil price forecast based on the oil price forward curve from an independent party; and

(iii) Future oil production profile based on an assessment by an independent oil and gas reserve expert.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount derived from the valuation model is greater than the carrying amount. The most sensitive assumption in the DCF is oil price forecast. A 10% decrease in the oil price forecast would not result in the carrying amount exceeding its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

13 INTANGIBLE ASSETS (CONTINUED)

(b) Anasuria Cluster

The recoverable amounts of the intangible assets and equipment relating to the Anasuria Cluster were determined using the FVLCTS model based on DCF derived from the expected cash in/outflow pattern over the production life of the Anasuria Cluster.

The key assumptions applied to determine the recoverable amount for the Anasuria Cluster were as follows:

(i) Discount rate of 10% (2020: 10%);

(ii) Oil price forecast based on the oil price forward curve from an independent party; and

(iii) Future oil production profile based on an assessment by independent oil and gas reserve expert.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount derived from the valuation model is greater than the carrying amount. The most sensitive assumption in the DCF is oil price forecast. A 10% decrease in the oil price forecast would not result in the carrying amount exceeding its recoverable amount.

(c) Marigold and Sunflower fields

The Group has assessed the recoverable amount of the intangible assets and equipment relating to the Marigold and Sunflower fields. The recoverable amount was determined using the FVLCTS model based on DCF derived from the expected cash in/outflow pattern over the production lives of the Marigold and Sunflower fields.

The key assumptions applied to determine the recoverable amount for the Marigold and Sunflower fields were as follows:

(i) Discount rate of 10% (2020: 10%);

(ii) First oil being achieved in year 2023 (2020: year 2023);

(iii) Oil price forecast based on the oil price forward curve from an independent party; and

(iv) An oil production profile based on an assessment by independent oil and gas reserve expert.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount derived from the valuation model is greater than the carrying amount. The most sensitive assumption in the DCF is oil price forecast. A 10% decrease in the oil price forecast would not result in the carrying amount exceeding its recoverable amount.

(d) VIC/L31

The VIC/L31 production license, containing the West Seahorse field, was granted by the Australian authorities to Carnarvon Hibiscus for an indefinite period from 5 December 2013.

The Group is in the process of evaluating field development options with a view to recommencing field development activities once an economically viable development solution is identified.

The intangible assets for VIC/L31 were not amortised as the field has not commenced production during the financial year.

The recoverable amount of the intangible assets relating to VIC/L31 was determined using the FVLCTS model based on DCF derived from the expected cash in/outflow pattern during the production license period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

13 INTANGIBLE ASSETS (CONTINUED)

(d) VIC/L31 (continued)

The key assumptions applied to determine the recoverable amount for VIC/L31 were as follows:

(i) Discount rate of 10% (2020: 10%);

(ii) The license being available up to year 2026 (2020: up to year 2026) which is the expected economic limit cut off for the license;

(iii) Total project capital expenditure of approximately USD51 million (2020: USD51 million);

(iv) First oil being achieved in July 2024 (2020: July 2024);

(v) An oil production profile based on an assessment by independent oil and gas reserve expert;

(vi) Oil price forecast based on the oil price forward curve from various independent parties; and

(vii) Commercial risk factors were applied to the valuation derived, as a result of the uncertain commerciality surrounding the development of VIC/L31.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount derived from the valuation model is greater than the carrying amount for VIC/L31. The most sensitive assumption in the DCF is oil price forecast. A 1% decrease in the oil price forecast would result in the carrying amount exceeding its recoverable amount by RM2.1 million.

In the previous financial year, the Group concluded that the recoverable amount was lower than the carrying amount. Hence, an impairment expense amounting to RM75,828,190 was recognised.

(e) VIC/P57

VIC/P57 is an exploration permit granted by the Australian authorities. The recoverable amount of the intangible assets relating to VIC/P57 is determined using the FVLCTS model based on the Risked Net Asset Value model performed by a sufficiently competent and experienced in-house geology team.

The key assumptions applied to determine the recoverable amount for VIC/P57 were as follows:

(i) Discount rate of 10% (2020: 10%);

(ii) Exploration well costs of approximately USD15 million (2020: USD15 million);

(iii) Oil price forecast based on the oil price forward curve from various independent parties; and

(iv) Commercial risk factors were applied to the valuation derived, as a result of the uncertain commerciality surrounding the development of VIC/P57.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

13 INTANGIBLE ASSETS (CONTINUED)

(e) VIC/P57 (continued)

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount derived from the valuation model is greater than the carrying amount for VIC/P57. The most sensitive assumption in the DCF is oil price forecast. A 1% decrease in the oil price forecast would result in the carrying amount exceeding its recoverable amount by RM0.7 million.

In the previous financial year, the Group concluded that the recoverable amount was lower than the carrying amount. Hence, an impairment expense amounting to RM107,658,141 was recognised.

(f) VIC/P74

VIC/P74 is an exploration permit granted by the Australian authorities. The recoverable amount of the intangible assets relating to VIC/P74 is determined using the FVLCTS model based on the Risked Net Asset Value model performed by a sufficiently competent and experienced in-house geology team.

The key assumptions applied to determine the recoverable amount for VIC/P74 were as follows:

(i) Discount rate of 10%;

(ii) Exploration well costs of approximately USD15 million;

(iii) Oil price forecast based on the oil price forward curve from various independent parties; and

(iv) Commercial risk factors were applied to the valuation derived, as a result of the uncertain commerciality surrounding the development of VIC/P74.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount derived from the valuation model is greater than the carrying amount for VIC/P74. The most sensitive assumption in the DCF is oil price forecast. A 1% decrease in the oil price forecast would not result in the carrying amount exceeding its recoverable amount.

(g) License No. P2366

In the previous financial year, the carrying amount of RM4,213,100 (equivalent to USD1.0 million) has been fully impaired as there was no sanctioned development of License No. P2366. Subsequent to the reporting date, the request to extend the expiry date of the license was not approved by the OGA. Consequently, the license expired on 30 September 2021.

(h) License No. P2518

Anasuria Hibiscus has 100% interest in License No. P2518 (Block 15/17a) containing the Kildrummy discovered field. As at the reporting date, no development cost has been incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

14 EQUIPMENT

	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Oil and gas assets RM'000	FPSO RM'000	Rig RM'000	Work in progress RM'000	Total RM'000
Group								
Cost								
At 01.07.2019	348	10,121	759	277,479	28,941	60,225	101,524	479,397
Additions	821	3,946	1,944	417	34	-	245,710	252,872
Transfer	-	-	-	255,820	-	-	(255,820)	-
Write-off	(83)	-	(321)	-	-	-	-	(404)
Exchange differences	4	198	23	14,560	1,151	870	3,555	20,361
At 30.06.2020/01.07.2020	**1,090**	**14,265**	**2,405**	**548,276**	**30,126**	**61,095**	**94,969**	**752,226**
Additions	**55**	**369**	**803**	**5,026**	**-**	**-**	**102,906**	**109,159**
Transfer	**-**	**-**	**-**	**105,859**	**-**	**-**	**(105,859)**	**-**
Disposal	**-**	**-**	**-**	**-**	**-**	**(61,095)**	**-**	**(61,095)**
Exchange differences	**(3)**	**(209)**	**(21)**	**(15,839)**	**(1,101)**	**-**	**(2,941)**	**(20,114)**
At 30.06.2021	**1,142**	**14,425**	**3,187**	**643,322**	**29,025**	**-**	**89,075**	**780,176**
Accumulated depreciation								
At 01.07.2019	161	6,663	241	47,741	2,857	45,853	-	103,516
Depreciation	89	1,990	158	45,784	1,251	-	-	49,272
Write-off	(62)	-	(265)	-	-	-	-	(327)
Exchange differences	1	40	1	2,549	127	663	-	3,381
At 30.06.2020/01.07.2020	**189**	**8,693**	**135**	**96,074**	**4,235**	**46,516**	**-**	**155,842**
Depreciation	**117**	**2,765**	**831**	**62,587**	**2,334**	**-**	**-**	**68,634**
Disposal	**-**	**-**	**-**	**-**	**-**	**(46,516)**	**-**	**(46,516)**
Exchange differences	**(1)**	**(39)**	**4**	**(2,468)**	**(113)**	**-**	**-**	**(2,617)**
At 30.06.2021	**305**	**11,419**	**970**	**156,193**	**6,456**	**-**	**-**	**175,343**
Accumulated impairment								
At 01.07.2019	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	8,632	-	8,632
Exchange differences	-	-	-	-	-	374	-	374
At 30.06.2020/01.07.2020	**-**	**-**	**-**	**-**	**-**	**9,006**	**-**	**9,006**
Disposal	**-**	**-**	**-**	**-**	**-**	**(9,006)**	**-**	**(9,006)**
At 30.06.2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value								
At 30.06.2020	901	5,572	2,270	452,202	25,891	5,573	94,969	587,378
At 30.06.2021	**837**	**3,006**	**2,217**	**487,129**	**22,569**	**-**	**89,075**	**604,833**

As at the end of the previous financial year, the Rig was cold stacked in a shipyard in Turkey. The recoverable amount of the Rig was determined using the FVLCTS model. The fair value was determined using Level 3 inputs, based on a sales value provided by an external independent party. Based on the assessment performed, an impairment expense amounting to RM8,631,765 was recognised in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

14 EQUIPMENT (CONTINUED)

	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Total RM'000
Company				
Cost				
At 01.07.2019	231	4,551	343	5,125
Additions	826	661	1,491	2,978
Write-off	(83)	-	(321)	(404)
At 30.06.2020/01.07.2020	**974**	**5,212**	**1,513**	**7,699**
Additions	**4**	**13**	**13**	**30**
At 30.06.2021	**978**	**5,225**	**1,526**	**7,729**
Accumulated depreciation				
At 01.07.2019	146	4,531	241	4,918
Depreciation	75	136	128	339
Write-off	(62)	-	(265)	(327)
At 30.06.2020/01.07.2020	**159**	**4,667**	**104**	**4,930**
Depreciation	**94**	**193**	**153**	**440**
At 30.06.2021	**253**	**4,860**	**257**	**5,370**
Net book value				
At 30.06.2020	815	545	1,409	2,769
At 30.06.2021	**725**	**365**	**1,269**	**2,359**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

15 RIGHT-OF-USE ASSETS

	Office equipment RM'000	Equipment RM'000	Vessels RM'000	Leasehold buildings RM'000	Total RM'000
Group					
Cost					
At 01.07.2019	7,561	-	567	5,851	13,979
Additions	1,717	5,583	-	-	7,300
Lease termination	(4,560)	-	-	-	(4,560)
Exchange differences	56	97	10	74	237
At 30.06.2020/01.07.2020	**4,774**	**5,680**	**577**	**5,925**	**16,956**
Additions	**-**	**-**	**5,889**	**2,651**	**8,540**
Modification	**-**	**-**	**(11)**	**-**	**(11)**
Lease termination	**-**	**-**	**-**	**(230)**	**(230)**
Exchange differences	**(5)**	**(174)**	**(19)**	**(135)**	**(333)**
At 30.06.2021	**4,769**	**5,506**	**6,436**	**8,211**	**24,922**
Accumulated depreciation					
At 01.07.2019	1,396	-	-	-	1,396
Depreciation	2,044	233	278	2,176	4,731
Lease termination	(1,660)	-	-	-	(1,660)
Exchange differences	56	4	5	20	85
At 30.06.2020/01.07.2020	**1,836**	**237**	**283**	**2,196**	**4,552**
Depreciation	**1,162**	**2,848**	**2,198**	**1,994**	**8,202**
Lease termination	**-**	**-**	**-**	**(230)**	**(230)**
Exchange differences	**(3)**	**14**	**8**	**(28)**	**(9)**
At 30.06.2021	**2,995**	**3,099**	**2,489**	**3,932**	**12,515**
Net book value					
At 30.06.2020	2,938	5,443	294	3,729	12,404
At 30.06.2021	**1,774**	**2,407**	**3,947**	**4,279**	**12,407**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

15 RIGHT-OF-USE ASSETS (CONTINUED)

	Office equipment RM'000	Leasehold buildings RM'000	Total RM'000
Company			
Cost			
At 01.07.2019	53	1,298	1,351
Additions	106	-	106
At 30.06.2020/01.07.2020	**159**	**1,298**	**1,457**
Additions	**-**	**648**	**648**
Lease termination	**-**	**(230)**	**(230)**
At 30.06.2021	**159**	**1,716**	**1,875**
Accumulated depreciation			
At 01.07.2019	-	-	-
Depreciation	27	725	752
At 30.06.2020/01.07.2020	**27**	**725**	**752**
Depreciation	**36**	**728**	**764**
Lease termination	**-**	**(230)**	**(230)**
At 30.06.2021	**63**	**1,223**	**1,286**
Net book value			
At 30.06.2020	132	573	705
At 30.06.2021	**96**	**493**	**589**

16 INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares in Malaysia, at cost	**588,053**	588,053
Less: Impairment losses	**(583,981)**	(583,981)
	4,072	4,072
Amounts owing by subsidiaries	**53,267**	74,184
Less: Impairment losses	**(1,269)**	(1,269)
	56,070	76,987

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 2021	2020
Gulf Hibiscus Limited ("Gulf Hibiscus")	Provision of project management, technical and other services	Malaysia	**100**	100
Hibiscus Oilfield Services Limited	Provision of project management, technical and other services	Malaysia	**100**	100
Orient Hibiscus Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Oceania Hibiscus Sdn. Bhd. ("Oceania Hibiscus")	Investment holding	Malaysia	**100**	100
Genesis Hibiscus Sdn. Bhd. ("Genesis Hibiscus")	Investment holding	Malaysia	**100**	100
Hibiscus Technical Services Sdn. Bhd. ("Hibiscus Technical")	Provision of project management, technical and other services	Malaysia	**100**	100
Timor Hibiscus Limited ("Timor Hibiscus")	Investment holding	Malaysia	**100**	100
Atlantic Hibiscus Sdn. Bhd. ("Atlantic Hibiscus")	Investment holding	Malaysia	**100**	100
Pacific Hibiscus Sdn. Bhd. ("Pacific Hibiscus")	Investment holding	Malaysia	**100**	100
Asia Hibiscus Sdn. Bhd. ("Asia Hibiscus")[3]	Investment holding	Malaysia	**100**	-
Subsidiaries of Oceania Hibiscus				
Carnarvon Hibiscus[1]	Exploration and development of oil and gas	Australia	**100**	100
Althea Corporation Limited	Investment holding	Malaysia	**100**	100
Subsidiary of Genesis Hibiscus				
Cayman Hibiscus Inc SPC[2]	Dormant	Cayman Islands	**100**	100
Subsidiary of Atlantic Hibiscus				
Anasuria Hibiscus[1]	Exploration and production of oil and gas	UK	**100**	100
Hibiscus Energy UK Limited[2]	Dormant	UK	**100**	100
Subsidiary of Pacific Hibiscus				
SEA Hibiscus	Exploration and production of oil	Malaysia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 2021	2020
Subsidiary of Carnarvon Hibiscus				
Gippsland Hibiscus[(1)]	Exploration and development of oil and gas	Australia	**100**	100
Subsidiary of Asia Hibiscus				
Peninsula Hibiscus Sdn. Bhd. ("Peninsula Hibiscus")[(3)]	Exploration and development of oil and gas	Malaysia	**100**	-

(1) Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia.

(2) The financial statements were not required to be audited based on the regulations of its country of incorporation. The company had not commenced operations during the financial year ended 30 June 2021.

(3) Incorporated on 15 January 2021.

During the financial year, the Company reviewed the recoverability of its underlying interests in subsidiaries which recorded net liabilities positions as at 30 June 2021. The recoverable amount was determined using the FVLCTS model. The key assumptions of the cash flows included the cash flows from the underlying intangible assets, fair value of the underlying equipment and an investment as disclosed in Note 13, Note 14 and Note 17 to the financial statements. Fair value measurement was performed based on Level 3 hierarchy. There is no net impairment loss recognised in its investment in subsidiaries during the financial year.

In the previous financial year, the net impairment losses of RM344,278,104 comprised an impairment loss on investment in a subsidiary of RM352,436,589, offset by a reversal of impairment loss on amounts owing by subsidiaries of RM8,158,485.

17 INVESTMENT IN AN ASSOCIATE

	Group 2021 RM'000	2020 RM'000
At 01.07.2020/01.07.2019	**5,403**	5,745
Share of post-acquisition results and reserves	**(1,022)**	(342)
At 30.06.2021/30.06.2020	**4,381**	5,403
Fair value of quoted shares (Level 1)	**4,636**	6,572

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

17 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Set out below is the summarised financial information for 3D Oil which is accounted for using the equity method:

	Group	
	2021 RM'000	**2020 RM'000**
Revenue	**270**	208
Loss after taxation/Total comprehensive expenses	**(3,451)**	(3,196)
Non-current assets	**43,796**	44,753
Current assets	**10,031**	15,384
Non-current liabilities	**(10,133)**	(13,017)
Current liabilities	**(8,812)**	(3,492)
Net assets	**34,882**	43,628
Group's share of net assets 11.68% (2020: 11.68%)	**4,074**	5,096
Transaction costs capitalised	**307**	307
Carrying amount	**4,381**	5,403

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Nature of investment in associate is as follows:

Name of company	Principal activities	Place of business/ Country of incorporation	Measurement method	Group's effective equity interest (%) 2021	2020
3D Oil*	Exploration and development of upstream oil and gas assets	Australia	Equity	**11.68**	11.68

* 3D Oil is a joint venture partner to VIC/P57 and VIC/P74.

There are no contingent liabilities relating to the Group's interest in the associate.

3D Oil shares are publicly traded on the Australian Stock Exchange. Due to fluctuations of the market price of the shares, an impairment assessment was performed for the Group's investment in 3D Oil by comparing the higher of FVLCTS and value in use. The recoverable amount is based on FVLCTS, which is derived from the market price of the shares. As at 30 June 2021, the share price was AUD0.048 per share (2020: AUD0.072 per share). Based on the assessment performed, the Group concluded that the recoverable amount is greater than the carrying amount. The cost to sell is estimated to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

18 INVESTMENTS IN JOINT VENTURES

	Group	
	2021 RM'000	**2020 RM'000**
Unquoted shares outside Malaysia, at cost:		
At 30.06.2021/30.06.2020	**-**	-

Lime Petroleum Plc ("Lime")

Lime is currently in the process of being wound up and the Directors have fully impaired the Group's investment in Lime and its concession companies ("Lime Group"). Nonetheless and for the avoidance of doubt, the rights and legal position of the Group are fully reserved in respect of the Lime Group (including, without limitation, the Group's legal actions in Singapore and Norway against various parties in relation to the Lime Group).

On 31 August 2020, the Group entered into a global settlement agreement with various parties for purposes of resolving and settling the subject legal proceedings and other related claims ("Settlement Agreement"). The implementation of the Settlement Agreement is subject to a long stop date of 31 December 2021 and does not result in any additional liability to the Group.

HiRex Petroleum Sdn. Bhd. ("HIREX")

Pursuant to a winding-up process initiated by the Group during the financial year ended 30 June 2018, HIREX is now in liquidation. The Directors have fully impaired the Group's investment in HIREX in previous financial years. Nonetheless and for the avoidance of doubt, the rights and legal position of the Group are fully reserved in respect of HIREX.

The joint ventures below have share capital consisting solely of ordinary shares, which is held directly by the Group:

Name of company	Principal activities	Place of business/ Country of incorporation	Measurement method	Group's effective equity interest (%) 2021	2020
Lime	Oil and gas exploration and production business	Isle of Man	Equity	**35.0**	35.0
HIREX	Exploration of oil and gas	Malaysia	Equity	**41.0**	41.0

There are no contingent liabilities relating to the Group's interest in the joint ventures.

19 INVENTORIES

	Group	
	2021 RM'000	**2020 RM'000**
Crude oil	**23,092**	47,053
Spares	**25,607**	20,422
Diesel	**763**	605
	49,462	68,080

Inventories recognised as expenses during the financial year amounted to RM278,941,866 (2020: RM223,215,797). These were included in cost of sales as disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

20 TRADE RECEIVABLES

	Group	
	2021 RM'000	2020 RM'000
Sales of crude oil	**97,740**	-
Sales of gas	**1,888**	168
Provision of project management, technical and other services	**13,277**	11,273
	112,905	11,441

The amounts are unsecured and are to be settled in cash.

21 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Other receivables	**5,458**	7,123	**-**	-
Current				
Other receivables and deposits	**173,883**	171,635	**4,538**	4,603
Less: Impairment of other receivables	**(9,782)**	(9,860)	**(4,296)**	(4,296)
	164,101	161,775	**242**	307
Prepayments	**18,707**	13,469	**2,438**	749
	182,808	175,244	**2,680**	1,056

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

21 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Other receivables

Other receivables include finance leases receivable in relation to right-of-use assets used in North Sabah. The following table sets out the maturity analysis of the finance leases receivable, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2021 RM'000	2020 RM'000
Within one year	**8,388**	5,835
Later than one year but not later than five years	**5,627**	7,065
Later than five years	**883**	1,584
Minimum lease payments	**14,898**	14,484
Future finance income	**(1,916)**	(2,405)
Net investment in finance leases	**12,982**	12,079
Non-current	**5,458**	7,123
Current	**7,524**	4,956
	12,982	12,079

In the previous financial year, included in impairment of other receivables was impairment loss on an amount paid as security for costs with regard to legal proceedings in Norway relating to the Lime Group, which the Group has decided to recognise. Nonetheless and for the avoidance of doubt, the rights and legal position of the Group are fully reserved in all respects (refer to Note 18 to the financial statements).

Deposits

Current other receivables and deposits in the financial year include a deposit for the proposed acquisition of the entire interest in Fortuna International Petroleum Corporation amounting to RM62,319,000 (2020: Nil).

In the previous financial year, current other receivables and deposits included a security deposit placed with the Sellers post completion of the acquisition of 50% participating interests in the 2011 North Sabah EOR PSC of RM42,863,000, as required by the terms of the SPA for the said acquisition. The security deposit was refunded to the Group during the financial year.

22 OTHER INVESTMENT

	Group/Company	
	2021 RM'000	2020 RM'000
Other investment	**136,430**	-

Other investment comprises investment in unit trust funds and is classified as financial assets at FVTPL. During the financial year, the fair value gain recognised in profit or loss is RM162,471 as disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

23 AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2021 RM'000	**2020 RM'000**
Amounts owing by subsidiaries:		
Trade	**9,942**	5,200
Less: Impairment of receivables (trade)	**(2,531)**	(3,152)
Non-trade	**138,681**	41,133
Less: Impairment of receivables (non-trade)	**(41,118)**	(40,547)
	104,974	2,634
Amounts owing to subsidiaries:		
Non-trade	**(25,663)**	(34,795)

The trade balance of amounts owing by subsidiaries represents receivables on demand and is to be settled in cash. The non-trade balance represents payments made of behalf of subsidiaries which is unsecured and interest-free.

In the current financial year, there is a net reversal of impairment loss of RM49,501 on amounts owing by subsidiaries. In the previous financial year, there was an impairment loss of RM6,270,745 on an amount owing by a subsidiary.

Included in the non-trade balance of amounts owing to subsidiaries are advances from a subsidiary that bear an interest rate of 5.00% per annum. The advances are unsecured and are repayable on demand. The remaining non-trade balance represents unsecured, interest-free balances owing to a subsidiary.

24 AMOUNT OWING BY/(TO) A JOINT VENTURE

The amount owing by/(to) a joint venture is in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry and share of administrative expenses. The amounts are unsecured and are to be settled in cash.

25 AMOUNT OWING BY/(TO) AN ASSOCIATE

	Group	
	2021 RM'000	**2020 RM'000**
Amount owing by an associate:		
Current		
Trade	**-**	62
Amount owing to an associate:		
Current		
Trade	**(119)**	-

Amount owing by an associate represents 3D Oil's 24.9% (2020: 24.9%) share in the VIC/P57 joint bank account less 3D Oil's share of VIC/P57 expenses. Amount owing to an associate represents payables to 3D Oil for the Group's 50% (2020: Nil) share of VIC/P74 expenses.The amount are unsecured and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

26 AMOUNT OWING BY/(TO) A RELATED PARTY

Amount owing by/(to) a related party is in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry and a share of administrative expenses. The amount are unsecured and are to be settled in cash.

27 CASH AND BANK BALANCES

For the purpose of the statements of cash flows, cash and cash equivalents comprised the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	**303,233**	176,791	**4,921**	2,472
Less: Cash restricted in use	**(129,344)**	(99,484)	**(2)**	-
Cash and cash equivalents	**173,889**	77,307	**4,919**	2,472
Cash restricted in use represented by:				
Non-current	**125,581**	95,795	**-**	-
Current	**3,763**	3,689	**2**	-
	129,344	99,484	**2**	-

Non-current cash restricted in use mainly represents monies placed in trust for the Group's obligations for the estimated cost of decommissioning the facilities of the Anasuria Cluster. 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.

Current cash restricted in use mainly represents a deposit placed with a financial institution as security for banking facilities obtained for North Sabah.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

27 CASH AND BANK BALANCES (CONTINUED)

Reconciliation of liabilities arising from financing activities:

	At 01.07.2020 RM'000	Upon issuance RM'000	Transaction cost RM'000	Cash flows RM'000	Non-cash changes Additions RM'000	Interest expense RM'000	Transfer* RM'000	Modification RM'000	Foreign exchange movement RM'000	At 30.06.2021 RM'000
Group										
Lease liabilities	**25,068**	**-**	**-**	**(17,380)**	**16,310**	**2,344**	**-**	**(23)**	**451**	**26,770**
Term loan	**49,197**	**-**	**-**	**(49,358)**	**-**	**161**	**-**	**-**	**-**	**-**
CRPS	**-**	**191,957**	**(5,577)**	**-**	**-**	**3,515**	**(184,218)**	**-**	**-**	**5,677**
	74,265	**191,957**	**(5,577)**	**(66,738)**	**16,310**	**6,020**	**(184,218)**	**(23)**	**451**	**32,447**

	At 01.07.2020 RM'000	Upon issuance RM'000	Transaction cost RM'000	Cash flows RM'000	Non-cash changes Additions RM'000	Interest expense RM'000	Transfer* RM'000	Foreign exchange movement RM'000	At 30.06.2021 RM'000
Company									
Lease liabilities	**743**	**-**	**-**	**(857)**	**648**	**79**	**-**	**-**	**613**
CRPS	**-**	**191,957**	**(5,577)**	**-**	**-**	**3,515**	**(184,218)**	**-**	**5,677**
	743	**191,957**	**(5,577)**	**(857)**	**648**	**3,594**	**(184,218)**	**-**	**6,290**

* Transfer represents conversion of CRPS into new ordinary shares.

	At 01.07.2019 RM'000	Adoption of MFRS 16 RM'000	Cash flows RM'000	Non-cash changes Additions RM'000	Interest expense RM'000	Transfer RM'000	Foreign exchange movement RM'000	At 30.06.2020 RM'000
Group								
Lease liabilities	4,832	12,850	(7,682)	12,882	1,819	-	367	25,068
Term loan	-	-	46,435	-	2,762	-	-	49,197
	4,832	12,850	38,753	12,882	4,581	-	367	74,265

	At 01.07.2019 RM'000	Adoption of MFRS 16 RM'000	Cash flows RM'000	Non-cash changes Additions RM'000	Interest expense RM'000	Transfer RM'000	Foreign exchange movement RM'000	At 30.06.2020 RM'000
Company								
Lease liabilities	-	1,351	(842)	106	128	-	-	743

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

28 SHARE CAPITAL

	Number of shares	Share capital RM
Ordinary shares		
At 01.07.2019/01.07.2020	1,588,228,791	764,965,289
Conversion of CRPS to new ordinary shares	411,904,400	194,921,826
Issuance of new ordinary shares from exercise of Warrants C	3,960	4,435
At 30.06.2021	2,000,137,151	959,891,550

During the financial year, the Company increased its issued and paid-up ordinary share capital by way of:

(i) Conversion of 6,600 units of CRPS-T1 and 197,709,331 units of CRPS-T2 into 411,904,400 new ordinary shares in aggregate at a conversion price of RM0.66 and RM0.48 respectively; and

(ii) Exercise of 3,960 Warrants C at the exercise price of RM1.12 each and correspondingly, 3,960 new ordinary shares were allotted and issued, raising a total equity of RM4,435.

29 OTHER RESERVES

(a) Foreign exchange reserve

The foreign exchange reserve arose from the translation of the financial statements of entities and operations with different functional currencies and is not distributable by way of dividends.

(b) Other reserves

Other reserves consist of the Group's share of a joint venture's share-based payment reserve. Other reserves are not distributable by way of dividends.

(c) CRPS - equity component

CRPS - equity component is related to the equity component of the CRPS. Details of the CRPS are disclosed in Note 38 to the financial statement.

30 TRADE PAYABLES

Trade payables are related to the cost of executing operations which result in the production of crude oil and gas. The amounts are unsecured and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

31 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Other payables	**9,545**	23,850	**-**	-
Current				
Other payables	**107,587**	105,304	**1,255**	696
Accruals	**185,485**	170,380	**6,095**	4,154
	293,072	275,684	**7,350**	4,850

Other payables include payables for certain capital expenditure in the Anasuria Cluster that are repayable over a period of more than twelve months. Included in current other payables of the Group is an amount of RM41,130,540 (2020: RM60,008,200) that bears an interest rate ranging from 7.08% to 7.17% (2020: 7.18%) per annum.

In the previous financial year, the Group has reversed the carrying amount of non-current other payables related to North Sabah amounting to RM78,181,885. The amount represented recoverable costs incurred by the Sellers as part of their executed work program but not yet recovered as of the Completion Date, subject to oil prices having reached certain thresholds. As at 30 June 2020, the Group concluded that it was remote that the oil price threshold set for calendar year 2020 would be met and hence the carrying amount was reversed.

32 BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Secured				
Lease liabilities	**11,230**	14,401	**314**	152
Current				
Secured				
Lease liabilities	**15,540**	10,667	**299**	591
Unsecured				
Term loan	**-**	49,197	**-**	-
	15,540	59,864	**299**	591
	26,770	74,265	**613**	743

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

32 BORROWINGS (CONTINUED)

Lease liabilities on right-of-use assets

	Group	
	2021 RM'000	**2020 RM'000**
Commitments in relation to lease liabilities on right-of-use assets are payable as follows:		
Within one year	**17,178**	12,480
Later than one year but not later than five years	**11,701**	14,306
Later than five years	**1,765**	3,167
Minimum lease payments	**30,644**	29,953
Future finance charges	**(3,874)**	(4,885)
Recognised as liabilities	**26,770**	25,068
The present value of lease liabilities on right-of-use assets are as follows:		
Within one year	**15,540**	10,667
Later than one year but not later than five years	**9,707**	11,954
Later than five years	**1,523**	2,447
Lease liabilities on right-of-use assets	**26,770**	25,068

	Company	
	2021 RM'000	**2020 RM'000**
Commitments in relation to lease liabilities on right-of-use assets are payable as follows:		
Within one year	**326**	644
Later than one year but not later than five years	**329**	169
Minimum lease payments	**655**	813
Future finance charges	**(42)**	(70)
Recognised as liabilities	**613**	743
The present value of lease liabilities on right-of-use assets are as follows:		
Within one year	**299**	591
Later than one year but not later than five years	**314**	152
Lease liabilities on right-of-use assets	**613**	743

As at 30 June 2021, the Group's and the Company's leases liabilities have remaining terms of less than ten years and less than five years respectively.

Term loan

The term loan was repaid on its maturity date, 10 July 2020. It was unsecured and bore an interest rate of 7.30% per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

33 DEFERRED CONSIDERATION

North Sabah

The base consideration for the acquisition of 50% participating interests in the 2011 North Sabah EOR PSC comprised the following:

- Initial consideration of USD15.0 million; and
- Deferred consideration of USD10.0 million.

The initial consideration was paid upon completion of the acquisition.

The deferred consideration was payable as follows:

- USD5.0 million within 12 months from the Completion Date; and
- USD5.0 million within 24 months from the Completion Date.

In the previous financial year, total deferred consideration of USD10.0 million had been settled per the agreed schedule.

	Group	
	2021 RM'000	**2020 RM'000**
At 01.07.2020/01.07.2019	-	19,184
Unwinding of discount (Note 8)	-	1,516
Payment made	-	(21,066)
Exchange differences	-	366
At 30.06.2021/30.06.2020	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

34 CONTINGENT CONSIDERATION

	Group	
	2021 RM'000	**2020 RM'000**
Non-current		
At 01.07.2020/01.07.2019	**2,363**	2,063
Additions	**44,014**	-
Reversal	**(2,330)**	-
Transfer to current liabilities	**(25,251)**	-
Unwinding of discount (Note 8)	**632**	220
Exchange differences	**255**	80
At 30.06.2021/30.06.2020	**19,683**	2,363

	Group	
	2021 RM'000	**2020 RM'000**
Current		
At 01.07.2020/01.07.2019	**-**	-
Transfer from non-current liabilities	**25,251**	-
At 30.06.2021/30.06.2020	**25,251**	-

The contingent consideration of the Group as at 30 June 2021 relates to the Marigold and Sunflower fields. As per the terms of the farm-in agreement entered into by Anasuria Hibiscus with Caldera Petroleum for an additional 37.5% interest in License No. P198 Block 15/13a and Block 15/13b during the financial year, Anasuria Hibiscus agreed to pay all amounts attributable to Caldera Petroleum's retained interest of 12.5% up to first oil arising from the fields as disclosed in Note 12(c) to the financial statements. The contingent consideration represents the estimated amount to be paid and is dependent on the timing and amounts estimated to be incurred for the period up to first oil.

The contingent consideration in the previous financial year was related to the Anasuria Cluster. As part of the acquisition of 50% interest in the Anasuria Cluster, a contingent consideration was payable to Shell UK, Shell EP Offshore Ventures Limited ("Shell EP") and Esso Exploration and Production UK Limited ("Esso UK") from 2018 to 2021, if and only when in a calendar year, the annual average oil price (USD Y) exceeds USD75 per barrel, in which case, Shell UK, Shell EP and Esso UK would be paid USD0.15 x (Y-USD75) per barrel of the production from the Anasuria Cluster. The contingent consideration was limited by the production volume and the average oil price for the relevant calendar year. During the financial year, the Group concluded that it was remote that the oil price threshold set for calendar year 2021 would be met. As a result, the carrying amount of RM2,329,787 was reversed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

35 DEFERRED TAX LIABILITIES

	Group	
	2021 RM'000	**2020 RM'000**
Deferred tax liabilities	**624,667**	627,160
Deferred tax assets	**(152,709)**	(141,369)
	471,958	485,791

	Group	
	2021 RM'000	**2020 RM'000**
At 01.07.2020/01.07.2019	**485,791**	395,316
Addition due to issuance of CRPS	**2,797**	-
Release of deferred tax liabilities due to conversion of CRPS to new ordinary shares	**(2,433)**	-
Recognised in profit or loss (Note 10)	**722**	74,654
Exchange differences	**(14,919)**	15,821
At 30.06.2021/30.06.2020	**471,958**	485,791

	Company	
	2021 RM'000	**2020 RM'000**
Deferred tax liabilities	**57**	-
Deferred tax assets	**-**	-
	57	-

	Company	
	2021 RM'000	**2020 RM'000**
At 01.07.2020/01.07.2019	**-**	-
Addition due to issuance of CRPS	**2,797**	-
Release of deferred tax liabilities due to conversion of CRPS to new ordinary shares	**(2,433)**	-
Recognised in profit or loss (Note 10)	**(307)**	-
At 30.06.2021/30.06.2020	**57**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

35 DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the previous financial year are as follows:

	Equipment RM'000	Intangible assets RM'000	Others RM'000	Total RM'000
Group				
Deferred tax liabilities				
At 01.07.2019	126,048	432,693	247	558,988
Recognised in profit or loss	20,204	26,262	1,848	48,314
Exchange differences	4,982	14,841	35	19,858
At 30.06.2020	151,234	473,796	2,130	627,160
Offsetting				(141,369)
Deferred tax liabilities (after offsetting) at 30.06.2020				485,791

	Equipment RM'000	Decommissioning costs RM'000	Intangible assets RM'000	Tax losses RM'000	Provision and other payables RM'000	Total RM'000
Group						
Deferred tax assets						
At 01.07.2019	(1,157)	(123,400)	(430)	(24,318)	(14,367)	(163,672)
Recognised in profit or loss	1,179	(2,596)	348	19,441	7,968	26,340
Exchange differences	(22)	(4,578)	8	596	(41)	(4,037)
At 30.06.2020	-	(130,574)	(74)	(4,281)	(6,440)	(141,369)
Offsetting						141,369
Deferred tax assets (after offsetting) at 30.06.2020						-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

35 DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows:

	Equipment RM'000	Intangible assets RM'000	Others RM'000	Total RM'000
Group				
Deferred tax liabilities				
At 01.07.2020	**151,234**	**473,796**	**2,130**	**627,160**
Initial recognition from issuance of CRPS	**-**	**-**	**2,797**	**2,797**
Conversion of CRPS to new ordinary shares (deferred tax liabilities component)	**-**	**-**	**(2,433)**	**(2,433)**
Recognised in profit or loss	**16,604**	**3,014**	**(3,363)**	**16,255**
Exchange differences	**(4,518)**	**(14,505)**	**(89)**	**(19,112)**
At 30.06.2021	**163,320**	**462,305**	**(958)**	**624,667**
Offsetting				**(152,709)**
Deferred tax liabilities (after offsetting) at 30.06.2021				**471,958**

	Equipment RM'000	Decommissioning costs RM'000	Intangible assets RM'000	Tax losses RM'000	Provision and other payables RM'000	Total RM'000
Group						
Deferred tax assets						
At 01.07.2020	**-**	**(130,574)**	**(74)**	**(4,281)**	**(6,440)**	**(141,369)**
Recognised in profit or loss	**-**	**(18,024)**	**(12)**	**3,864**	**(1,361)**	**(15,533)**
Exchange differences	**-**	**3,872**	**(4)**	**138**	**187**	**4,193**
At 30.06.2021	**-**	**(144,726)**	**(90)**	**(279)**	**(7,614)**	**(152,709)**
Offsetting						**152,709**
Deferred tax assets (after offsetting) at 30.06.2021						**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

35 DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax assets and deferred tax liabilities for the Company during the financial year arise from movements relating to the Private Placement of CRPS.

Deferred tax assets have not been recognised in respect of the following deductible temporary differences because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Tax losses	**459,237**	368,397	**86,506**	75,863
Unabsorbed capital allowance	**7,755**	7,173	**5,222**	4,858
Provisions and other payables	**19,287**	14,295	**10,447**	5,901
	486,279	389,865	**102,175**	86,622

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses brought forward of RM59,004,497 (2020: RM59,004,497), RM10,961,971 (2020: RM10,961,971), RM13,067,995 (2020: RM11,816,283) and RM10,115,211 (2020: Nil) will have the limit of utilisation up to years of assessment of 2025, 2026, 2027 and 2028 respectively. The Company's unutilised tax losses brought forward of RM53,084,936 (2020: RM53,084,936), RM10,961,971 (2020: RM10,961,971), RM12,344,313 (2020: RM11,816,283) and RM10,115,211 (2020: Nil) will have the limit of utilisation up to years of assessment of 2025, 2026, 2027 and 2028 respectively.

36 PROVISION FOR DECOMMISSIONING COSTS

	Group	
	2021 RM'000	**2020 RM'000**
At 01.07.2020/01.07.2019	**334,945**	316,604
Additions	**7,505**	-
Changes in estimates	**59,549**	54,178
Payment	**(56,476)**	(66,559)
Unwinding of discount (Note 8)	**25,909**	23,650
Exchange differences	**9,942**	7,072
At 30.06.2021/30.06.2020	**381,374**	334,945
Represented by:		
Non-current	**322,697**	276,228
Current	**58,677**	58,717
At 30.06.2021/30.06.2020	**381,374**	334,945

The Group makes provisions for the future costs of decommissioning of its oil and gas production facilities and pipelines on a discounted basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

37 RCPS

The movements in the RCPS of the Group and of the Company are as follows:

	Number of RCPS	Nominal value RM
Issued and paid-up		
At 01.07.2020/30.06.2021	**2,193,880**	**219,388**
Total liability component		**219,388**

The RCPS are classified as current liabilities as the RCPS are redeemable at the option of the RCPS holders. The remaining RCPS are not convertible into ordinary shares of the Company.

The principal terms of the RCPS are as follows:

(a) Dividend rights — The RCPS are not entitled to any dividend.

(b) Convertibility — The RCPS were convertible on the basis of 1 RCPS: 10 ordinary shares with 10 Warrants-B ("Shares"). After receipt of the approval from the Securities Commission Malaysia ("SC") for the Initial Public Offering ("IPO"), 5,557,000 RCPS were converted into Shares of the Company. Pursuant to the IPO, 2,804,120 RCPS were converted into such number of Shares so that the holder held a total number of Shares equivalent to 20% of the enlarged issued and paid-up ordinary share capital of the Company as at the date of listing. Other than as stated above, the holder is not entitled to convert any additional RCPS into ordinary shares of the Company.

(c) Redeemability — Subject to compliance with the relevant requirements, all RCPS (unless earlier converted into Shares) shall be fully redeemable at the option of the holder, at the Redemption Price:

(i) on the date falling 12 months after the date of issue of the RCPS if the approval from the SC is not received by the Company by then; or
(ii) on the date falling 14 business days after the Company's receipt of any letter from the SC rejecting or stating its non-approval of the Company's application for the IPO; or
(iii) on any date after the listing;

whichever occurs first.

The Company shall use its reasonable endeavours to ensure that it has sufficient funds (whether through profits or a new issue of shares or otherwise), which can be lawfully applied towards redemption of the RCPS at the relevant time.

No RCPS redeemed by the Company shall be capable of reissue.

(d) Redemption price — RM0.10 per RCPS

(e) Status — The RCPS is not listed or quoted on any stock exchange.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

38 CRPS

During the financial year, the Company issued 203,611,100 CRPS (i.e. 6,600 CRPS-T1 and 203,604,500 CRPS-T2) amounting to RM203,611,100 at an issue price of RM1.00 per CRPS.

Details of the CRPS are as follows:

(a) The CRPS are classified as compound financial instruments comprising both liability and equity components.

The Company has a financial liability arising from its obligation to repay the premium and principal ("Redemption Price") to holders of the CRPS which are not converted at the maturity date of the CRPS. The Company has the option to redeem in whole or part of the outstanding CRPS on 17 May 2022 (being the end of the 18th month from 18 November 2020, i.e the issue date of CRPS-T1), and/or redemption in one lump sum upon the maturity date of the CRPS on 18 November 2022, subject to compliance with the Companies Act 2016. The fair value of the liability component is determined by discounting the Redemption Price over the tenure of the CRPS at a discount rate based on the benchmark rate of debt instruments which have a similar profile as that of the CRPS.

The total equity component of the CRPS is derived by netting off the total liability component of the CRPS from the total proceeds obtained from the issuance of the CRPS.

(b) The CRPS allows its holder to convert the CRPS into a fixed number of new ordinary shares at a fixed conversion price. The conversion price of the CPRS is fixed at a premium of up to 10% over the 5-day volume weighted average market price up to and including the market day immediately before the respective price-fixing date.

The conversion prices for CRPS-T1 and CRPS-T2 were fixed at RM0.66 and RM0.48 respectively.

(c) Total transaction costs in connection with the Private Placement of CRPS incurred up to the end of the current financial year which comprise placement fees, professional fees, regulatory fees and other expenses amounted to RM7.6 million.

RM5.9 million of this amount was for the issuance of the 203,611,100 CRPS (i.e. 6,600 CRPS-T1 and 203,604,500 CRPS-T2), and have been allocated to the liability component and the equity component in proportion to their initial carrying amounts amounting to RM5.6 million and RM0.3 million respectively.

The remaining RM1.7 million has been included in other receivables. This amount will be allocated to future tranches of the CRPS, and any unutilised balance attributable to remaining unissued CRPS will be charged to profit or loss.

(d) During the financial year, there were conversions of 6,600 units of CRPS-T1 and 197,709,331 units of CRPS-T2 into 411,904,400 new ordinary shares in aggregate.

The maturity date of the CRPS is on 18 November 2022.

	Group/Company			
	Equity component RM'000	**Liability component RM'000**	**Deferred tax liabilities RM'000**	**Total RM'000**
At date of issuance	**8,857**	**191,957**	**2,797**	**203,611**
Capitalisation of transaction costs	**(339)**	**(5,577)**	**-**	**(5,916)**
Recognised in profit or loss:				
Accretion of interest expense	**-**	**3,515**	**-**	**3,515**
Deferred tax	**-**	**-**	**(307)**	**(307)**
Conversion into new ordinary shares	**(8,272)**	**(184,218)**	**(2,433)**	**(194,923)**
At 30.06.2021	**246**	**5,677**	**57**	**5,980**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

39 DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and/or receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group/Company	
	2021 **RM'000**	**2020** **RM'000**
Executive Director:		
- salaries and bonus	**4,475**	4,100
- defined contribution plan	**1,029**	842
- other benefits	**13**	84
	5,517	5,026
Non-executive Directors:		
- fees and allowances	**1,156**	851
	6,673	5,877

(b) Details of Directors' emoluments of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:

	Group/Company	
	2021 **RM'000**	**2020** **RM'000**
Executive Director:		
RM5,500,001 – RM5,550,000	**1**	-
RM5,000,001 – RM5,050,000	**-**	1
Non-executive Directors:		
RM300,001 – RM350,000	**1**	-
RM250,001 – RM300,000	**3**	-
RM200,001 – RM250,000	**-**	2
RM150,001 – RM200,000	**-**	2
	5	5

40 SIGNIFICANT RELATED PARTIES DISCLOSURES

(a) Identities of related parties

The related parties of the Group and of the Company are:

(i) Its subsidiaries, an associate and the joint ventures as disclosed in Note 16, Note 17 and Note 18 to the financial statements; and

(ii) The Directors and leadership team who are the key management personnel.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

40 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to the information detailed elsewhere in the financial statements, set below are other significant transactions and outstanding balances with the related parties during the financial year:

	Transaction values		Balances outstanding	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group				
Project management, technical and other services fees receivable from:				
Ping Petroleum[1]	**3,770**	3,949	**13,275**	11,271
HIREX[2]	**-**	-	**173**	178
Lime[2]:				
Gross	**-**	-	**1,683**	1,683
Less: Impairment of receivables	**-**	-	**(1,683)**	(1,683)
	-	-	**-**	-
Joint Operating Agreement indirect overheads recovery from:				
3D Oil[3]	**1**	3	**-**	-
Technical and non-technical charges reimbursed from an associate:				
3D Oil[3]	**1**	4	**-**	-
Technical and non-technical, and overhead charges reimbursed to an associate:				
3D Oil[3]	**(1,819)**	(151)	**(119)**	62
Company				
Project management, technical and other services fees receivable from:				
Oceania Hibiscus[4]	**29**	12	**1,182**	1,154
Hibiscus Technical[4]:				
Gross	**6,968**	7,325	**9,942**	5,200
Less: Impairment of receivables	**-**	-	**(2,531)**	(3,152)
	6,968	7,325	**7,411**	2,048
Anasuria Hibiscus[4]	**5,318**	4,548	**-**	-
SEA Hibiscus[4]	**376**	274	**-**	224

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

40 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to the information detailed elsewhere in the financial statements, set below are other significant transactions and outstanding balances with the related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Company (continued)				
Project management, technical and other services fees receivable from: (continued)				
Gulf Hibiscus[4]				
Gross	**289**	602	**1,273**	984
Less: Impairment of receivables	**-**	-	**(1,273)**	(984)
	289	602	**-**	-
Dividend income:				
Pacific Hibiscus[4]	**62,445**	-	**34,945**	-
Payment on behalf of:				
Gulf Hibiscus[4]:				
Gross	**493**	2,348	**11,382**	10,876
Less: Impairment of receivables	**-**	-	**(11,382)**	(10,876)
	493	2,348	**-**	-
Oceania Hibiscus[4]	**4,211**	4,205	**50,815**	50,160
Hibiscus Technical[4]	**17**	280	**-**	21,601
Anasuria Hibiscus[4]	**-**	31	**-**	-
Timor Hibiscus[4]:				
Gross	**8**	9	**27,799**	27,789
Less: Impairment of receivables	**-**	-	**(27,799)**	(27,772)
	8	9	**-**	17
Peninsula Hibiscus[4]	**62,040**	-	**62,082**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

40 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to the information detailed elsewhere in the financial statements, set below are other significant transactions and outstanding balances with the related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Company (continued)				
Advances from:				
Anasuria Hibiscus[4]	**-**	-	**21,973**	32,687
Interest expense on advances from:				
Anasuria Hibiscus[4]	**1,431**	1,594	**3,025**	1,594

The Group and the Company entered into the abovementioned related party transactions with parties whose relationships are set out below:

[1] Shareholder of a joint operating company of the Group.
[2] Joint ventures of the Group.
[3] An associate of the Group.
[4] Subsidiaries of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

40 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(c) Key management personnel compensation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors:				
- fees	**1,156**	851	**1,156**	851
- salaries and bonus	**4,475**	4,100	**4,475**	4,100
- defined contribution plan	**1,029**	842	**1,029**	842
- other benefits	**13**	84	**13**	84
	6,673	5,877	**6,673**	5,877
Key management personnel other than Directors:				
- salaries, bonus and fees	**18,151**	13,812	**3,789**	3,011
- defined contribution plan	**1,138**	1,006	**597**	507
- other benefits	**808**	788	**28**	77
	20,097	15,606	**4,414**	3,595

41 OPERATING SEGMENTS

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas:

(i) North Sabah

Group's investment in 50% participating interests in the 2011 North Sabah EOR PSC, which includes the management of the operations relating to the production of petroleum from four existing oil fields, namely St Joseph, South Furious, SF30 and Barton and existing pipeline infrastructure, the LCOT, and all other equipment and assets relating to the PSC.

The functional currency of this segment is USD. The average and closing rate adopted for conversion to RM in the current financial year are 4.1227 and 4.1546 respectively.

(ii) Anasuria Hibiscus

Group's investments and operations in the UK, consisting of (i) the Anasuria Cluster, a producing asset, (ii) the Marigold and Sunflower fields, a development asset, (iii) License No. P2366, and (iv) License No. P2518, all located offshore in the UK Continental Shelf.

Anasuria Cluster:

- Group's investment in 50% jointly operated interest in the License No. P013 (Block 21/25a and 21/30a) containing the Guillemot A, Teal and Teal South producing fields, 19.3% non-operated interests in the License No. P185 (Block 21/20a) containing the Cook producing field and License No. P2532 (Blocks 21/19c and 21/20c) containing the Cook West and Cook North field extensions, 70% interest in the License No. P2535 (Block 21/24d) containing Teal West discovered field, 50% interest in the Anasuria FPSO and 50% interest in the AOCL.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

41 OPERATING SEGMENTS (CONTINUED)

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas: (continued)

Marigold and Sunflower fields:

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

License No. P2366:

- Group's investment in 100% interest in License No. P2366 (Blocks 15/18d and 15/19b) containing the Crown discovered field. The license expired on 30 September 2021 as disclosed in Note 13 to the financial statements.

License No. P2518:

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

The functional currency of the segment is USD. The average and closing rates adopted for conversion to RM in the current financial year are 4.1227 and 4.1546 respectively.

(iii) Bass Strait Cluster — Group's operations in the production license VIC/L31 for the West Seahorse field and other exploration prospects in Australia within VIC/P57, VIC/P74 and investment in 3D Oil.

The functional currency of the segment is AUD. The average and closing rates adopted for conversion to RM in the current financial year are 3.0828 and 3.1191 respectively.

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

The Directors have fully impaired the Group's respective investments in Lime Group and HIREX. Therefore, both the Lime Group and HIREX are no longer relevant for inclusion in this section. For the avoidance of doubt, the rights and legal position of the Group are fully reserved in respect of each of the Lime Group (including, without limitation, the Group's legal actions in Singapore and Norway against various parties in relation to the Lime Group) and HIREX.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

41 OPERATING SEGMENTS (CONTINUED)

	North Sabah RM'000	Anasuria Hibiscus RM'000	Bass Strait Cluster RM'000	Investment holding and group activities RM'000	Group RM'000
30.06.2021					
Non-current assets	**702,966**	**1,370,803**	**51,703**	**2,996**	**2,128,468**
Included in the segments assets is:					
Investment in an associate	**-**	**-**	**4,381**	**-**	**4,381**
Additions to non-current assets	**168,502**	**122,038**	**1,950**	**730**	**293,220**
Project management, technical and other services	**-**	**-**	**-**	**3,843**	**3,843**
Sales of crude oil and gas	**569,873**	**229,003**	**-**	**-**	**798,876**
Interest income	**-**	**-**	**-**	**2,062**	**2,062**
Revenue	**569,873**	**229,003**	**-**	**5,905**	**804,781**
Depreciation and amortisation	**(113,479)**	**(56,339)**	**-**	**(1,229)**	**(171,047)**
Profit/(loss) from operations	**199,665**	**31,526**	**2,619**	**(23,470)**	**210,340**
Loss on disposal of equipment	**-**	**-**	**-**	**(2,228)**	**(2,228)**
Share of results of an associate	**-**	**-**	**(1,062)**	**-**	**(1,062)**
Reversal of contingent consideration	**-**	**2,330**	**-**	**-**	**2,330**
Finance costs	**(19,739)**	**(18,847)**	**-**	**(3,593)**	**(42,179)**
Interest income	**103**	**299**	**-**	**-**	**402**
Taxation	**(63,231)**	**(1,003)**	**-**	**307**	**(63,927)**
Profit/(loss) after taxation	**116,798**	**14,305**	**1,557**	**(28,984)**	**103,676**

During the financial year, revenue from external customers come from the sale of crude oil and gas of RM798,876,419 (2020: RM642,513,279). Revenue derived from each of the two (2020: two) major customers amount to RM569,872,990 (2020: RM441,738,450) and RM220,269,780 (2020: RM195,871,493) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

41 OPERATING SEGMENTS (CONTINUED)

	North Sabah RM'000	Anasuria Hibiscus RM'000	Bass Strait Cluster RM'000	Investment holding and group activities RM'000	Group RM'000
30.06.2020					
Non-current assets	669,436	1,345,953	48,264	9,068	2,072,721
Included in the segments assets is:					
Investment in an associate	-	-	5,403	-	5,403
Additions to non-current assets	218,534	137,517	580	8,391	365,022
Project management, technical and other services	-	-	-	3,949	3,949
Sales of crude oil and gas	441,738	200,775	-	-	642,513
Interest income	-	-	-	42	42
Revenue	441,738	200,775	-	3,991	646,504
Depreciation and amortisation	(78,929)	(62,858)	-	(3,231)	(145,018)
Profit/(loss) from operations	163,193	45,594	(1,303)	(18,012)	189,472
Impairment of intangible assets	-	(4,213)	(183,486)	-	(187,699)
Impairment of equipment	-	-	-	(8,632)	(8,632)
Impairment of other receivables	-	-	-	(3,496)	(3,496)
Share of results of an associate	-	-	(385)	-	(385)
Reversal of unrecovered recoverable costs	78,182	-	-	-	78,182
Finance costs	(25,531)	(16,752)	-	(699)	(42,982)
Interest income	283	545	1	-	829
Taxation	(68,206)	(6,337)	-	-	(74,543)
Profit/(loss) after taxation	147,921	18,837	(185,173)	(30,839)	(49,254)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

42 COMMITMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Approved and contracted for:				
Capital commitments	**17,091**	92,051	**-**	467
Share of a joint operation's capital commitments	**10,020**	9,946	**-**	-
	27,111	101,997	**-**	467
Share of a joint operation's other material commitments	**33,486**	38,078	**-**	-
	60,597	140,075	**-**	467
Approved but not contracted for:				
Capital commitments	**25,637**	28,339	**1,300**	93
Share of a joint operation's capital commitments	**4,903**	692	**-**	-
	30,540	29,031	**1,300**	93
Share of a joint operation's other material commitments	**1,599**	3,147	**-**	-
	32,139	32,178	**1,300**	93

43 FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including price risk, foreign currency risk and interest rate risk), credit risks and liquidity risks. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(i) Market risk

Price risk

Commodity price risk related to crude oil is the Group's market risk exposure. Crude oil prices and quality differentials are influenced by worldwide factors such as OPEC+ actions, political events and supply and demand fundamentals. The Group is also exposed to natural gas price movements. Natural gas prices are generally influenced by oil prices and local market conditions. The Group's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Group may periodically use different types of derivative instruments to manage its exposure to price volatility, thus mitigating fluctuation in commodity-related cash flows.

Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currencies against which they are measured. Foreign currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and Great Britain Pound ("GBP"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows:

	USD RM'000	RM RM'000	AUD RM'000	GBP RM'000	Others RM'000	Total RM'000
Group						
30.06.2021						
Financial assets						
Trade receivables	97,740	-	-	15,165	-	112,905
Other receivables and deposits	67,900	95,673	-	4,448	50	168,071
Other investment	-	136,430	-	-	-	136,430
Amount owing by a joint venture	173	145	-	-	-	318
Cash and bank balances	98,372	61,040	178	143,641	2	303,233
Intra-group balances	268,178	91,989	42,971	3,808	-	406,946
	532,363	385,277	43,149	167,062	52	1,127,903
Financial liabilities						
Trade payables	1,209	120	-	8,309	-	9,638
Other payables and accruals	193,489	66,063	499	42,087	479	302,617
Borrowings	17,274	9,496	-	-	-	26,770
Contingent consideration	44,934	-	-	-	-	44,934
CRPS	-	5,677	-	-	-	5,677
RCPS	-	219	-	-	-	219
Amount owing to a joint venture	302	15	-	1	-	318
Amount owing to an associate	-	-	119	-	-	119
Intra-group balances	299,851	149,200	133,508	17,082	-	599,641
	557,059	230,790	134,126	67,479	479	989,933
Net financial (liabilities)/assets	(24,696)	154,487	(90,977)	99,583	(427)	137,970
Less: Net financial liabilities/(assets) denominated in respective entities' functional currencies	24,062	(112,696)	80,276	22,060	-	13,702
	(634)	41,791	(10,701)	121,643	(427)	151,672

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows: (continued)

	USD RM'000	RM RM'000	AUD RM'000	GBP RM'000	Others RM'000	Total RM'000
Group						
30.06.2020						
Financial assets						
Trade receivables	-	-	-	11,441	-	11,441
Other receivables and deposits	63,600	102,989	-	1,446	-	168,035
Amount owing by a joint venture	178	303	-	-	-	481
Amount owing by an associate	-	-	62	-	-	62
Cash and bank balances	20,588	48,338	100	107,762	3	176,791
Intra-group balances	248,092	77,770	49,051	(5,618)	-	369,295
	332,458	229,400	49,213	115,031	3	726,105
Financial liabilities						
Trade payables	467	-	-	4,330	-	4,797
Other payables and accruals	214,776	45,401	537	38,052	768	299,534
Borrowings	17,822	56,277	-	166	-	74,265
Contingent consideration	2,363	-	-	-	-	2,363
RCPS	-	219	-	-	-	219
Amount owing to a joint venture	302	16	-	-	-	318
Intra-group balances	376,431	72,619	92,798	13,606	6,982	562,436
	612,161	174,532	93,335	56,154	7,750	943,932
Net financial (liabilities)/assets	(279,703)	54,868	(44,122)	58,877	(7,747)	(217,827)
Less: Net financial liabilities denominated in respective entities' functional currencies	116,459	40,358	36,669	39,933	-	233,419
	(163,244)	95,226	(7,453)	98,810	(7,747)	15,592

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows: (continued)

	USD RM'000	RM RM'000	AUD RM'000	GBP RM'000	Others RM'000	Total RM'000
Company						
30.06.2021						
Financial assets						
Other receivables and deposits	-	179	-	13	50	242
Other investment	-	136,430	-	-	-	136,430
Amounts owing by subsidiaries	74,964	69,977	8,770	3,261	-	156,972
Amount owing by a related party	-	145	-	-	-	145
Cash and bank balances	74	4,839	4	2	2	4,921
	75,038	211,570	8,774	3,276	52	298,710
Financial liabilities						
Other payables and accruals	-	7,248	102	-	-	7,350
Lease liabilities	-	613	-	-	-	613
CRPS	-	5,677	-	-	-	5,677
RCPS	-	219	-	-	-	219
Amounts owing to subsidiaries	25,514	149	-	-	-	25,663
Amount owing to a related party	296	15	-	1	-	312
	25,810	13,921	102	1	-	39,834
Net financial assets	49,228	197,649	8,672	3,275	52	258,876
Less: Net financial assets denominated in respective entities' functional currencies	-	(197,649)	-	-	-	(197,649)
	49,228	-	8,672	3,275	52	61,227

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows: (continued)

	USD RM'000	RM RM'000	AUD RM'000	GBP RM'000	Others RM'000	Total RM'000
Company						
30.06.2020						
Financial assets						
Other receivables and deposits	-	303	-	-	-	303
Amounts owing by subsidiaries	55,797	13,551	5,704	497	-	75,549
Amount owing by a related party	-	303	-	-	-	303
Cash and bank balances	151	2,312	4	2	3	2,472
	55,948	16,469	5,708	499	3	78,627
Financial liabilities						
Other payables and accruals	13	4,534	303	-	-	4,850
Lease liabilities	-	743	-	-	-	743
RCPS	-	219	-	-	-	219
Amounts owing to subsidiaries	34,795	-	-	-	-	34,795
Amount owing to a related party	296	16	-	-	-	312
	35,104	5,512	303	-	-	40,919
Net financial assets	20,844	10,957	5,405	499	3	37,708
Less: Net financial assets denominated in respective entities' functional currencies	-	(10,957)	-	-	-	(10,957)
	20,844	-	5,405	499	3	26,751

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonable, possible level of change in the foreign currency exchange rates as at the end of the financial year, with all other variables held constant:

	Group		Company	
	2021 Increase/ (Decrease) RM'000	**2020 Increase/ (Decrease) RM'000**	**2021 Increase/ (Decrease) RM'000**	**2020 Increase/ (Decrease) RM'000**
Effects on profit/(loss) before taxation/equity:				
USD				
- strengthened by 5%	**(32)**	(8,162)	**2,461**	1,042
- weakened by 5%	**32**	8,162	**(2,461)**	(1,042)
AUD				
- strengthened by 5%	**(535)**	(373)	**434**	270
- weakened by 5%	**535**	373	**(434)**	(270)
GBP				
- strengthened by 5%	**6,082**	4,941	**164**	25
- weakened by 5%	**(6,082)**	(4,941)	**(164)**	(25)
RM				
- strengthened by 5%	**2,090**	4,761	**-**	-
- weakened by 5%	**(2,090)**	(4,761)	**-**	-

Interest rate risk

The Group and the Company have minimal exposure to interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(ii) Credit risk

Trade receivables

The Group and the Company manage their exposure to credit risk or the risk of counterparties defaulting, arising from trade receivables by monitoring the timely receipt of receivables on an on-going basis.

The Group's major concentration of credit risk relates to trade receivables due from 4 (2020: 3) customers which constituted 100% (2020: 100%) of its total trade receivables as at the end of the financial year.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the financial year.

The Group and the Company apply MFRS 9 simplified approach to measure ECL which uses lifetime ECL allowances for all trade receivables.

As at 30 June 2021, in view of the good historical payment experience with the counterparties and the collections received subsequent to the reporting date, the Group and the Company do not expect any counterparty to fail to meet its obligations. Therefore, the Group and the Company are of the view that expected credit losses are not material.

Other financial assets

The Group's and the Company's exposure to credit risks for other financial assets arises from other receivables and deposits, amounts owing by subsidiaries, amount owing by a joint venture, amount owing by an associate, and amount owing by a related party. Management has taken reasonable steps to ensure these financial assets are recoverable.

These financial assets are assessed on an individual basis for ECL measurement and the impairment losses recognised are disclosed in Note 16, Note 21 and Note 23 to the financial statements.

For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with counterparties possessing high credit ratings. While cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

(iii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances.

The Group's cash requirements for at least the next twelve months from the reporting date primarily include operational requirements for North Sabah, the Anasuria Cluster, corporate overheads and repayment of a term loan.

In preparing the cash flow forecast for at least the next twelve months from the reporting date, the Directors have considered the impact of the COVID-19 pandemic on future oil prices.

The Directors expect to fund their obligations via cash inflow from the operations of North Sabah and the Anasuria Cluster and the availability of funding from a trade arrangement with a counterparty.

The Company expects to fund its short-term obligations through the provision of advances from its indirect wholly-owned revenue generating subsidiaries and the distribution of dividends from its wholly-owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(iii) Liquidity risk (continued)

The following table sets out the maturity profile of the financial liabilities as at the end of the financial year based on contractual undiscounted cash flows:

	Carrying amount RM'000	Contractual undiscounted RM'000	Within 1 year RM'000	Within 1-2 years RM'000	More than 2 years RM'000
Group					
30.06.2021					
Trade payables	**9,638**	**9,638**	**9,638**	**-**	**-**
Other payables and accruals	**302,617**	**306,258**	**296,139**	**10,119**	**-**
Lease liabilities	**26,770**	**30,644**	**17,178**	**11,701**	**1,765**
Contingent consideration	**44,934**	**47,175**	**26,141**	**21,034**	**-**
CRPS	**5,677**	**6,366**	**-**	**6,366**	**-**
RCPS	**219**	**219**	**219**	**-**	**-**
Amount owing to a joint venture	**318**	**318**	**318**	**-**	**-**
Amount owing to an associate	**119**	**119**	**119**	**-**	**-**
	390,292	**400,737**	**349,752**	**49,220**	**1,765**
30.06.2020					
Trade payables	4,797	4,797	4,797	-	-
Other payables and accruals	299,534	301,364	277,514	11,567	12,283
Term loan	49,197	49,358	49,358	-	-
Lease liabilities	25,068	29,953	12,480	14,306	3,167
Contingent consideration	2,363	2,743	-	2,743	-
RCPS	219	219	219	-	-
Amount owing to a joint venture	318	318	318	-	-
	381,496	388,752	344,686	28,616	15,450

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(iii) Liquidity risk (continued)

	Carrying amount RM'000	Contractual undiscounted RM'000	Within 1 year RM'000	Within 1-2 years RM'000
Company				
30.06.2021				
Other payables and accruals	**7,350**	**7,350**	**7,350**	**-**
Lease liabilities	**613**	**655**	**326**	**329**
CRPS	**5,677**	**6,366**	**-**	**6,366**
RCPS	**219**	**219**	**219**	**-**
Amounts owing to subsidiaries	**25,663**	**26,761**	**26,761**	**-**
Amount owing to a related party	**312**	**312**	**312**	**-**
	39,834	**41,663**	**34,968**	**6,695**
30.06.2020				
Other payables and accruals	4,850	4,850	4,850	-
RCPS	219	219	219	-
Lease liabilities	743	813	644	169
Amounts owing to subsidiaries	34,795	36,433	36,433	-
Amount owing to a related party	312	312	312	-
	40,919	42,627	42,458	169

(b) Capital risk management

The Group manages its capital, which comprises share capital and retained earnings stated in the statements of financial position, to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Under the requirement of Bursa Securities Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than 25% of the Company's issued and paid-up ordinary share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments

	2021 RM'000	2020 RM'000
Group		
Financial assets		
Financial assets at amortised cost		
Trade receivables	**112,905**	11,441
Other receivables and deposits	**168,071**	168,035
Amount owing by an associate	**-**	62
Amount owing by a joint venture	**318**	481
Cash and bank balances	**303,233**	176,791
	584,527	356,810
Financial assets at FVTPL		
Other investment	**136,430**	-
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**9,638**	4,797
Other payables and accruals	**302,617**	299,534
Borrowings	**26,770**	74,265
CRPS	**5,677**	-
RCPS	**219**	219
Amount owing to a joint venture	**318**	318
Amount owing to an associate	**119**	-
	345,358	379,133
Financial liabilities at FVTPL		
Contingent consideration	**44,934**	2,363

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments (continued)

	2021 RM'000	2020 RM'000
Company		
Financial assets		
Financial assets at amortised cost		
Other receivables and deposits	**242**	303
Amounts owing by subsidiaries	**156,972**	75,549
Amount owing by a related party	**145**	303
Cash and bank balances	**4,921**	2,472
	162,280	78,627
Financial assets at FVTPL		
Other investment	**136,430**	-
Financial liabilities		
Financial liabilities at amortised cost		
Other payables and accruals	**7,350**	4,850
Borrowings	**613**	743
CRPS	**5,677**	-
RCPS	**219**	219
Amounts owing to subsidiaries	**25,663**	34,795
Amount owing to a related party	**312**	312
	39,834	40,919

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

	Gross amounts RM'000	Gross amounts set off in the statement of financial position RM'000	Net amounts presented in the statement of financial position RM'000
Company			
30.06.2021			
Financial assets			
Amounts owing by subsidiaries	**172,538**	**(15,566)**	**156,972**
Financial liabilities			
Amounts owing to subsidiaries	**41,229**	**(15,566)**	**25,663**
30.06.2020			
Financial assets			
Amounts owing by subsidiaries	89,648	(14,099)	75,549
Financial liabilities			
Amounts owing to subsidiaries	48,894	(14,099)	34,795

(e) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2021.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

<u>Financial instruments other than those carried at fair value</u>

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

43 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial instrument at fair value through profit or loss:				
Asset				
Other investment				
At 30.06.2021	**136,430**	**-**	**-**	**136,430**
Liability				
Contingent consideration				
At 01.07.2019	-	-	2,063	2,063
Unwinding of discount	-	-	220	220
Exchange differences	-	-	80	80
At 30.06.2020/01.07.2020	**-**	**-**	**2,363**	**2,363**
Additions	**-**	**-**	**44,014**	**44,014**
Reversal	**-**	**-**	**(2,330)**	**(2,330)**
Unwinding of discount	**-**	**-**	**632**	**632**
Exchange differences	**-**	**-**	**255**	**255**
At 30.06.2021	**-**	**-**	**44,934**	**44,934**
Other payables				
At 01.07.2019	-	-	106,874	106,874
Payment	-	-	(42,131)	(42,131)
Reversal of unrecovered recoverable costs	-	-	(78,182)	(78,182)
Unwinding of discount	-	-	11,404	11,404
Exchange differences	-	-	2,035	2,035
At 30.06.2020	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

44 SIGNIFICANT EVENT

(a) Proposed acquisition of the entire interest in Fortuna International Petroleum Corporation

On 2 June 2021, the Company announced that its indirect wholly-owned subsidiary, Peninsula Hibiscus, had on 1 June 2021 entered into a conditional sale and purchase agreement ("CSPA") with Repsol Exploración, S.A. ("Repsol") for the proposed acquisition by Peninsula Hibiscus of the entire issued share capital of Fortuna International Petroleum Corporation ("FIPC") ("FIPC Shares") for a cash purchase consideration of USD212.5 million, subject to the terms and conditions of the CSPA ("Proposed Acquisition"). Upon execution of the CSPA, Peninsula Hibiscus paid a partial (first tranche) deposit of USD7.5 million to Repsol.

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

(i) 60% interest in the 2012 Kinabalu Oil PSC located in Sabah, Malaysia ("2012 Kinabalu Oil"), currently held by RML;

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

(iii) 60% interest in each of the PM305 and PM314 PSCs located in Southwest Malay Basin, offshore Malaysia ("PM305" and "PM314"), currently held by RML; and

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

(The 2012 Kinabalu Oil, PM3 CAA, PM305, PM314 and Block 46 are collectively referred to as the "Assets".)

The Proposed Acquisition, when completed, will result in the Group assuming RML's and TVL's roles as operators in all of the PSCs under the JOAs.

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

(i) PCSB, a wholly-owned subsidiary of PETRONAS, in the 2012 Kinabalu Oil, PM305 and PM314 PSCs;

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

(iii) PVEP in the Block 46 PSC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

44 SIGNIFICANT EVENT (CONTINUED)

(a) Proposed acquisition of the entire interest in Fortuna International Petroleum Corporation (continued)

The Proposed Acquisition is subject to the following being obtained:

(i) The approval from each of PETRONAS and PetroVietnam for the sale of the FIPC Shares to Peninsula Hibiscus for the relevant PSCs;

(ii) The receipt by Repsol of written waiver by each of PCSB and PVEP of its pre-emption rights or expiry of the pre-emption period under the relevant pre-emption notices issued by Repsol to PCSB and PVEP, under each of the relevant JOAs, which was satisfied on 9 July 2021;

(iii) The approval from the Barbados Exchange Control Authority for the sale of FIPC Shares to Peninsula Hibiscus, which was obtained by Repsol on 29 June 2021;

(iv) The approval of the shareholders of the Company; and

(v) The approval from Bank Negara Malaysia, which was obtained on 21 June 2021 subject to certain conditions imposed.

The parties shall, within 12 months (or such other period as may be agreed) from the signing of the CSPA, procure the satisfaction of the conditions precedent to the completion of the CSPA.

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

The balance (second and final tranche) deposit of USD7.5 million was paid to Repsol upon receipt of the approval from Bank Negara Malaysia.

ANALYSIS OF THE HOLDINGS OF ORDINARY SHARES
AS AT 30 SEPTEMBER 2021

Total number of issued shares : 2,006,803,817 ordinary shares

Voting Rights : One vote for every ordinary share held

DISTRIBUTION OF ORDINARY SHAREHOLDERS

Category	No. of Shareholders	No. of Ordinary Shares	% of Total Shareholdings
Less than 100	**104**	**2,158**	**0.00**
100 – 1,000	**3,403**	**2,133,631**	**0.11**
1,001 – 10,000	**12,787**	**71,283,708**	**3.55**
10,001 – 100,000	**7,492**	**248,140,898**	**12.36**
10,001 to less than 5% of issued shares	**1,369**	**1,546,343,422**	**77.06**
5% and above of issued shares	**1**	**138,900,000**	**6.92**
Total	**25,156**	**2,006,803,817**	**100.00**

Substantial Shareholders as per Register of Substantial Shareholders as at 30 September 2021

		Direct		Indirect	
No.	Name	No. of Ordinary Shares	%	No. of Ordinary Shares	%
1	Hibiscus Upstream Sdn Bhd	**108,772,600**	**5.42**	**-**	**-**
2	Dr Kenneth Gerard Pereira	**69,885,000**	**3.48**	**108,772,600**[1]	**5.42**
3	Polo Investments Limited	**138,900,000**	**6.92**	**-**	**-**
4	YBhg Datuk Michael Tang Vee Mun	**-**	**-**	**183,566,666**[2]	**9.15**
5	Mettiz Capital Limited	**-**	**-**	**138,900,000**[3]	**6.92**
6	Polo Resources Limited	**-**	**-**	**138,900,000**[3]	**6.92**

Notes:

[1] Deemed interest by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 8 of the Companies Act 2016 (the Act).

[2] Deemed interest by virtue of his interest in Polo Investments Limited and Mettiz Capital Sdn Bhd pursuant to Section 8 of the Act.

[3] Deemed interest by virtue of their interest in Polo Investments Limited pursuant to Section 8 of the Act.

ANALYSIS OF THE HOLDINGS OF ORDINARY SHARES
AS AT 30 SEPTEMBER 2021

Directors' Shareholdings as per Register of Directors' Shareholdings as at 30 September 2021

		Direct		Indirect	
No.	**Name**	**No. of Ordinary Shares**	**%**	**No. of Ordinary Shares**	**%**
1	Zainul Rahim bin Mohd Zain	-	-	-	-
2	Dr Kenneth Gerard Pereira	**69,885,000**	**3.48**	**108,772,600**[1]	**5.42**
3	YBhg Dato' Sri Roushan Arumugam	**700,000**	**0.03**	**53,415,000**[2]	**2.66**
4	Thomas Michael Taylor	-	-	-	-
5	YBhg Dato' Dr Zaha Rina Zahari	**4,500,000**	**0.22**	-	-

Notes:

1 Deemed interest by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 8 of the Act.

2 Deemed interest by virtue of his interest in Littleton Holdings Pte Ltd pursuant to Section 8 of the Act.

LIST OF TOP 30 SHAREHOLDERS AS AT 30 SEPTEMBER 2021

No.	Name	No. of Shares	% of Total Shareholdings
1	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Polo Investments Limited (PB)	138,900,000	6.92
2	Kenneth Gerard Pereira	58,910,000	2.94
3	CitiGroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (2)	58,250,000	2.90
4	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hibiscus Upstream Sdn Bhd (MGN-HUS0001M)	54,772,600	2.73
5	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hibiscus Upstream Sdn Bhd (MGN-KGP0001M)	54,000,000	2.69
6	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 6B14 for Lazard Emerging Markets Small Cap Equity Trust	41,981,800	2.09
7	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mettiz Capital Sdn Bhd (MY3831)	41,041,666	2.05
8	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	30,971,839	1.54
9	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co Ltd (Singapore BCH)	29,545,000	1.47
10	CitiGroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	27,007,700	1.35
11	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS-PB)	25,500,000	1.27
12	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chai Beng (CEB)	23,163,400	1.15
13	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	21,642,100	1.08

ANALYSIS OF THE HOLDINGS OF ORDINARY SHARES
AS AT 30 SEPTEMBER 2021

LIST OF TOP 30 SHAREHOLDERS AS AT 30 SEPTEMBER 2021

No.	Name	No. of Shares	% of Total Shareholdings
14	CitiGroup Nominees (Asing) Sdn Bhd UBS AG	20,764,712	1.03
15	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chai Beng (7001398)	20,514,600	1.02
16	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	19,199,500	0.96
17	CitiGroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Islamic Lifetime Balanced Fund	19,027,950	0.95
18	CitiGroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	16,305,100	0.81
19	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad – Kenanga Syariah Growth Fund	16,131,000	0.80
20	Lim Chin Sean	14,050,000	0.70
21	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	13,437,000	0.67
22	Mariam Parineh	13,416,666	0.67
23	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)	12,692,600	0.63
24	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Capital Management Sdn Bhd	12,560,556	0.63
25	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	12,535,400	0.62
26	CitiGroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Islamic Small Cap Opportunities Fund	11,687,000	0.58
27	CitiGroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (PRINCIPAL EQITS)	11,623,400	0.58
28	MIDF Amanah Investments Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenneth Gerard Pereira (MGN-KGP0001M)	10,975,000	0.55
29	MayBank Nominees (Tempatan) Sdn Bhd MayBank Trustee Berhad for Dana Makmur PHEIM (211901)	10,965,666	0.55
30	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Capital Management Sdn Bhd (EPF)	10,528,000	0.52

ANALYSIS OF THE HOLDINGS OF ISLAMIC CONVERTIBLE REDEEMABLE PREFERENCE SHARES (CRPS)
AS AT 30 SEPTEMBER 2021

Total number of issued CRPS : 2,695,169

Issue date : 19 November 2020

Maturity date : 18 November 2022

Voting Rights : Other than any mandatory statutory or regulatory imposed voting rights which may be applicable, the CRPS Holders shall not be entitled to vote in person or by proxy or otherwise in any general meeting of the Company except:

(i) on a proposal that affects the rights attached to the CRPS; and
(ii) on a proposal to wind-up the Company.

In the event of the above, the CRPS Holders shall be entitled to vote at the relevant general meetings of the members of its class, and on a poll at such general meetings, be entitled to one (1) vote for each CRPS held.

For the avoidance of doubt, any issue of preference shares by the Company ranking equally with the CRPS shall not constitute or be deemed as a variation of the rights of the CRPS and/or the CRPS Holders.

DISTRIBUTION OF CRPS HOLDERS

Category	No. of CRPS Holders	No. of CRPS	% of Total CRPS Holdings
Less than 100	2	23	0.00
100 – 1,000	6	1,610	0.06
1,001 – 10,000	18	89,000	3.30
10,001 – 100,000	13	454,536	16.87
100,001 to less than 5% of issued CRPS	0	0	0.00
5% and above of issued CRPS	5	2,150,000	79.77
Total	**44**	**2,695,169**	**100.00**

Directors' CRPS holdings as per Register of Directors' CRPS holders as at 30 September 2021

		Direct		Indirect	
No.	Name	No. of CRPS	%	No. of CRPS	%
1	Zainul Rahim bin Mohd Zain	-	-	-	-
2	Dr Kenneth Gerard Pereira	-	-	-	-
3	YBhg Dato' Sri Roushan Arumugam	-	-	-	-
4	Thomas Michael Taylor	-	-	-	-
5	YBhg Dato' Dr Zaha Rina Zahari	-	-	-	-

ANALYSIS OF THE HOLDINGS OF ISLAMIC CONVERTIBLE REDEEMABLE PREFERENCE SHARES (CRPS)
AS AT 30 SEPTEMBER 2021

LIST OF TOP 30 CRPS HOLDERS AS AT 30 SEPTEMBER 2021

No.	Name	No. of CRPS	% of Total CRPS Holdings
1	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Kim Heung (PB)	1,000,000	37.10
2	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ng Lee Ling (PB)	500,000	18.55
3	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Pei Ing (PB)	250,000	9.28
4	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Pei Geok (PB)	250,000	9.28
5	Vivian Phang Mun Yee	150,000	5.57
6	Ravindran A/L Navaratnam	82,000	3.04
7	P'ng Soo Hong	50,016	1.86
8	Chong Chee Seong	48,000	1.78
9	Ng Kok Kong	48,000	1.78
10	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Toh Mi Chele	39,840	1.48
11	Jeyamohan A/L Sinnadurai	39,300	1.46
12	S. Ananthan A/L Subramaniam	30,000	1.11
13	Lim Ruey Chyi	24,000	0.89
14	Au Wei Lien	20,000	0.74
15	Tevis Ong Seng Chuan	20,000	0.74
16	Chua Eng Kiat	19,300	0.72
17	Anwar Hisham bin Zainal Anuar	19,200	0.71
18	Tong Lip Wei, Wayne	14,880	0.55
19	Harold Wing Wah Ho	10,000	0.37
20	Lee Boon Kiat	10,000	0.37
21	Tan Lay Ean	10,000	0.37
22	Terry Paul Freckelton	10,000	0.37
23	Mohd Safarizal bin Mohd Pilus	9,600	0.36
24	Ahmad Sharrudin bin Mohd Shariff	6,000	0.22
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Foo Tui Hui	6,000	0.22
26	Ahmad Najib bin Hamzah	5,000	0.18
27	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fabian Hung Hing Fung	4,800	0.18
28	Jalaluddin bin Mohd Johan	4,800	0.18
29	Lee Chui Mun	2,400	0.09
30	Nordin bin Ahmad	2,400	0.09

ANALYSIS OF THE HOLDINGS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS)
AS AT 30 SEPTEMBER 2021

DISTRIBUTION OF RCPS HOLDERS

Category	No. of RCPS Holders	No. of RCPS	% of Total RCPS Holdings
Less than 100	-	-	-
100 – 1,000	-	-	-
1,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 to less than 5% of issued RCPS	-	-	-
5% and above of issued RCPS	**1**	**2,193,880**	**100**
Total	**1**	**2,193,880**	**100**

DIRECTORS' RCPS HOLDINGS

Directors' RCPS holdings as per Register of Directors' RCPS holders as at 30 September 2021

		Direct		Indirect	
No.	Name	No. of RCPS	%	No. of RCPS	%
1	Zainul Rahim bin Mohd Zain	-	-	-	-
2	Dr Kenneth Gerard Pereira	-	-	**2,193,880**[1]	**100**
3	YBhg Dato' Sri Roushan Arumugam	-	-	-	-
4	Thomas Michael Taylor	-	-	-	-
5	YBhg Dato' Dr Zaha Rina Zahari	-	-	-	-

Note:

[1] Deemed interest by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 8 of the Act

LIST OF RCPS HOLDER AS AT 30 SEPTEMBER 2021

No.	Name	No. of RCPS	% of Total RCPS Holdings
1	Hibiscus Upstream Sdn Bhd	**2,193,880**	**100**

NOTICE OF THE 11TH ANNUAL GENERAL MEETING (AGM)

NOTICE IS HEREBY GIVEN that the 11th AGM of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) will be held via a virtual platform at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (**Broadcast Venue**) on Tuesday, 14 December 2021 at 9.30 a.m. or any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, to pass the following resolutions (with or without modifications):

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2021. **[Ordinary Resolution 1]**

3. To approve the payment of Non-Executive Directors (NEDs)' fees amounting to RM180,000 per annum to the Chair of the Board and RM110,000 per annum to each NED (save for the Chair of the Board) for the period from 15 December 2021 until the date of the next AGM in year 2022, to be paid quarterly in arrears. **[Ordinary Resolution 2]**

4. To approve the payment of NEDs' meeting allowances for the period from 15 December 2021 until the date of the next AGM in year 2022 at the following rate (as applicable), to be paid quarterly in arrears: **[Ordinary Resolution 3]**
   - RM4,500 for each meeting of the Board and of the Board Committees that a NED attends as Chair of the meeting; or
   - RM3,500 for each meeting of the Board and of the Board Committees that a NED attends as a member of the Committee.

5. To approve payments for additional attendances and time expended by any NED for the Company's purposes (or on behalf of the Company) at meetings and/or third party events involving external parties, in the NED's capacity as a Director of the Company, for the period from 15 December 2021 until the date of the next AGM in year 2022, at the rate of RM3,500 per meeting or event, to be paid quarterly in arrears. **[Ordinary Resolution 4] (Please refer to Explanatory Note 2)**

6. To re-elect Encik Zainul Rahim bin Mohd Zain who is retiring pursuant to Clause 134 of the *Constitution* of the Company. **[Ordinary Resolution 5]**

7. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2022 and to authorise the Directors to fix their remuneration. **[Ordinary Resolution 6]**

NOTICE OF THE 11TH ANNUAL GENERAL MEETING (AGM)

As Special Business

To consider and, if thought fit, to pass the following resolutions:

8. **AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **[Ordinary Resolution 7] (Please refer to Explanatory Note 3)**

   "THAT subject always to the Companies Act 2016 (the Act), the *Constitution* of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot and issue new ordinary shares in the Company at any time and from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may in their discretion deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued ordinary share of the Company for the time being and that such authority shall, unless revoked or varied by an ordinary resolution by the shareholders of the Company in a subsequent general meeting, commence upon the passing of this resolution and expire at the next AGM of the Company AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

9. **RETENTION OF YBHG DATO' SRI ROUSHAN ARUMUGAM AS INDEPENDENT DIRECTOR** **[Ordinary Resolution 8] (Please refer to Explanatory Note 4)**

   "THAT approval be and is hereby given to YBhg Dato' Sri Roushan Arumugam who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company until the conclusion of the next AGM in year 2022."

10. To transact any other matters that may be transacted at an AGM of which due notice shall have been given in accordance with the Act and the *Constitution* of the Company.

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, the final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2021, if approved by the shareholders, will be paid on 28 January 2022 to the shareholders whose names appear in the Record of Depositors at the close of business on 4 January 2022.

A depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares transferred into the Depositor's securities account before 4.30 p.m. on 4 January 2022 in respect of transfers; and
(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
HIBISCUS PETROLEUM BERHAD

Tai Yit Chan (MAICSA 7009143) (SSM PC No. 202008001023)
Tan Ai Ning (MAICSA 7015852) (SSM PC No. 202008000067)
Secretaries

Selangor Darul Ehsan
29 October 2021

NOTICE OF THE 11TH ANNUAL GENERAL MEETING (AGM)

Notes:

1. *In light of the Coronavirus (COVID-19) pandemic and in line with the Guidance and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the 11th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd (TIIH) as the Poll Administrator for this 11th AGM to facilitate the RPV via TIIH Online website at https://tiih.online. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for this 11th AGM.*

2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which requires the Chair of the meeting to be present at the main venue. Members/proxies* ***are NOT*** *to be physically present at the Broadcast Venue on the day of this 11th AGM.*

3. *For purposes of determining who shall be entitled to attend this 11th AGM in accordance with Clauses 72(b) and 72(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 3 December 2021 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote via RPV at this 11th AGM.*

4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the 11th AGM via RPV. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the 11th AGM via RPV shall have the same right as a member to speak (in the form of real time submission of typed texts) at the 11th AGM.*

5. *A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

6. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 (Exempt Authorised Nominee) which holds Ordinary Shares in the Company for multiple beneficial owners in one (1) securities account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

7. *A member who has appointed a proxy or attorney or authorised representative to attend and vote at this 11th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.*

   Please follow the procedures for RPV set out in the Administrative Guide.

8. *For members who wish to appoint a proxy, the appointment of a proxy may be made in hard copy form or by electronic means.*

   Proxy Forms must be submitted in the following manner, not less than forty-eight (48) hours before the time appointed for holding the 11th AGM or adjourned meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chair of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy has been duly completed by the member(s):

   i) *In hard copy form*

      (a) *To be valid, the Form of Proxy duly completed must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd's address at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.*

NOTICE OF THE 11TH ANNUAL GENERAL MEETING (AGM)

(b) *If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*

ii) *Via Tricor Online System (TIIH Online). The Proxy Form can be electronically submitted via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.*

9. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of this 11th AGM will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the poll results.*

EXPLANATORY NOTES

1. **Item 1 of the Agenda**
Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Item 5 of the Agenda**
It is anticipated that the Group will seek to utilise and leverage more on the extensive expertise, abilities and wide business network of its NEDs for the Group's benefit, in view of the increased level of activities of the Group due to business growth and enhanced production operations. The proposed additional payments are consistent with such expected increased participation and involvement of the NEDs, as and when required.

The Company is seeking the shareholders' approval for the payments for the additional attendances and time expended by its NEDs for the Company's purposes including attendances at meetings and/or third party events, for and on behalf of the Company.

3. **Item 8 of the Agenda**
The Company had, during its 10th AGM held on 2 December 2020, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act at a higher permitted limit of not more than 20% of the total number of issued shares of the Company (pursuant to Bursa Malaysia Securities Berhad's announcement on 16 April 2020) (2020 Mandate). As at the date of the notice, the Company did not issue any shares pursuant to the 2020 Mandate.

The Ordinary Resolution 7 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for the purpose of investments in capital expenditure, working capital purposes and potential business expansion. This would eliminate any delay arising from and the cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

NOTICE OF THE 11TH ANNUAL GENERAL MEETING (AGM)

4. Item 9 of the Agenda

The Board of Directors has via the Nominating Committee conducted an annual performance evaluation and assessment of YBhg Dato' Sri Roushan Arumugam, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years since 25 July 2011, and recommended him to continue to act as an Independent Director of the Company based on the following justifications:

(a) He fulfils the criteria of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgement to the Board;

(b) His experience in the investment banking and venture capital industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;

(c) He has been with the Company for more than nine (9) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations and discussions, including at the Nominating Committee (as a member), Remuneration Committee (as the Chair of the Committee) and at Board meetings; and

(d) He has devoted sufficient time and effort in attending the Audit and Risk Management Committee meetings (as an invitee), in addition to participating in the Nominating Committee, Remuneration Committee and Board meetings and contributing to informed and balanced decision making.

The Ordinary Resolution 8 if passed, will enable YBhg Dato' Sri Roushan Arumugam who has served more than 9 years to be retained and continue to act as Independent Non-Executive Director of the Company to be in line with the *Board Charter* and the *Board Assessment Policy* of the Company, and the Malaysian Code on Corporate Governance. However, if this Ordinary Resolution 8 is not carried, YBhg Dato' Sri Roushan Arumugam will remain on the Board as a Non-Independent Non-Executive Director of the Company.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak (in the form of real time submission of typed texts) and vote at the 11th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 11th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 11th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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FORM OF PROXY

HIBISCUS Petroleum

Hibiscus Petroleum Berhad
Registration Number: 200701040290 (798322-P)

CDS Account No.

I/We ____
I.C. No./Passport No./Company No. ____
of ____
being a member of **HIBISCUS PETROLEUM BERHAD** (**HIBISCUS PETROLEUM** or **Company**), hereby appoint ______________________
______________________ I.C. No./Passport No. ______________________
of ____
or failing him/her, ______________________ I.C. No./Passport No. ______________________
of ____

or failing him/her, the CHAIR OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the 11th Annual General Meeting (AGM) of the Company to be held via a virtual platform at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **(Broadcast Venue)** on Tuesday, 14 December 2021 at 9.30 a.m. or at any adjournment thereof, whichever is later, on the following resolutions (with or without modifications) referred to in the Notice of the 11th AGM by indicating an **"X"** in the space provided below:-

Item	Agenda			
1.	To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon.			
	Ordinary business	**Resolution**	**For**	**Against**
2.	Payment of a final single-tier dividend of 1.0 sen per ordinary share.	1		
3.	To approve the payment of Non-Executive Directors (NEDs)' fees of RM180,000 per annum to the Chair of the Board and RM110,000 per annum to each NED (save for the Chair of the Board) for the period from 15 December 2021 until the date of the next AGM in year 2022, to be paid quarterly in arrears.	2		
4.	To approve the payment of NEDs' meeting allowances for the period from 15 December 2021 and up to the date of the next AGM in year 2022 at the following rate (as applicable), to be paid quarterly in arrears: • RM4,500 for each meeting of the Board and of the Board Committees that a NED attends as Chair of the meeting; or • RM3,500 for each meeting of the Board and of the Board Committees that a NED attends as a member of the Committee.	3		
5.	To approve payments for additional attendances and time expended by any NED for the Company's purposes (or on behalf of the Company) at meetings and/or third party events involving external parties, in the NED's capacity as a Director of the Company, for the period from 15 December 2021 until the date of the next AGM in year 2022, at the rate of RM3,500 per meeting or event, to be paid quarterly in arrears.	4		
6.	To re-elect Encik Zainul Rahim bin Mohd Zain who is retiring pursuant to Clause 134 of the *Constitution* of the Company.	5		
7.	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2022 and to authorise the Directors to fix their remuneration.	6		
	Special business	**Resolution**	**For**	**Against**
8.	Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	7		
9.	Retention of YBhg Dato' Sri Roushan Arumugam as Independent Director.	8		

Dated this __________ day of ________________ 2021

Signature/Common Seal	
Number of shares held	

For appointment of two proxies, percentage of shareholdings to be represented by the proxies

	Number of shares	Percentage	
Proxy 1			**%**
Proxy 2			**%**
Total		**100**	**%**

Notes:

1. *In light of the Coronavirus (COVID-19) pandemic and in line with the Guidance and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the 11th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd (TIIH) as the Poll Administrator for this 11th AGM to facilitate the RPV via TIIH Online website at https://tiih.online. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for this 11th AGM.*

2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which requires the Chair of the meeting to be present at the main venue. Members/proxies **are NOT** to be physically present at the Broadcast Venue on the day of this 11th AGM.*

3. *For purposes of determining who shall be entitled to attend this 11th AGM in accordance with Clauses 72(b) and 72(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 3 December 2021 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote via RPV at this 11th AGM.*

4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the 11th AGM via RPV. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the 11th AGM via RPV shall have the same right as a member to speak (in the form of real time submission of typed texts) at the 11th AGM.*

5. *A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

6. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 (Exempt Authorised Nominee) which holds Ordinary Shares in the Company for multiple beneficial owners in one (1) securities account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

7. *A member who has appointed a proxy or attorney or authorised representative to attend and vote at this 11th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.*

   Please follow the procedures for RPV set out in the Administrative Guide.

8. *For members who wish to appoint a proxy, the appointment of a proxy may be made in hard copy form or by electronic means.*

   Proxy Forms must be submitted in the following manner, not less than forty-eight (48) hours before the time appointed for holding the 11th AGM or adjourned meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chair of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy has been duly completed by the member(s):

   i) In hard copy form

   (a) To be valid, the Form of Proxy duly completed must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd's address at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

   (b) If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.

   ii) Via Tricor Online System (TIIH Online). The Proxy Form can be electronically submitted via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.

9. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of this 11th AGM will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the poll results.*

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 11th AGM dated 29 October 2021.

AFFIX
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Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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

Head Office :
2nd Floor
Syed Kechik Foundation Building
Jalan Kapas, Bangsar
59100 Kuala Lumpur
Malaysia

Tel: +603 2092 1300
Fax: +603 2092 1301

www.hibiscuspetroleum.com

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