HIBISCUS Petroleum

PURSUING STABILITY AMIDST VOLATILITY

HIBISCUS PETROLEUM BERHAD

Registration Number: 200701040290 (798322-P)

ANNUAL REPORT **2021/2022**

PURSUING STABILITY AMIDST VOLATILITY

In a period of just over a decade, Hibiscus Petroleum Berhad has grown to become an established regional Independent Oil Company. Proudly displayed on the cover visual of this Annual Report 2021/2022 is the depiction of our logo firmly rooted as an organisation resolute in upholding high standards of safety and environmental management; prioritising corporate governance and conscious of our social responsibility; whilst expanding our business on strong technical and commercial foundations pursuing stability in the face of a volatile economic and geopolitical landscape.

INSIDE THIS REPORT

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: Malaysia, Vietnam and the United Kingdom.

As an operator of offshore oil and gas producing fields, our efforts are focused on safely enhancing value from the assets in which we have economic interests.

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 only 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 and transparency, 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 and 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.

FY2022 GROUP HIGHLIGHTS

MARKET CAPITALISATION[1]	NET 2P RESERVES[3]	DEBT[1]
RM2.01 billion	**72.3 MMboe**	**RM88.8 million**
FY2021: RM1.37 billion ▲ 47%	FY2021: 48.7 MMboe ▲ 48%	FY2021: RM5.7 million ▲ 1,464%
REVENUE	**NET PRODUCTION RATE[5]**	**CAPITAL EXPENDITURE[2]**
RM1.70 billion	**19,725 boe/day**	**RM182.5 million**
FY2021: RM804.8 million ▲ 111%	FY2021: 9,109 boe/day ▲ 117%	FY2021: RM132.8 million ▲ 37%
NET ASSETS[1]	**EBITDA**	**NET 2C RESOURCES[3]**
RM2.20 billion	**RM1.08 billion**	**70.2 MMbbl**
FY2021: RM1.47 billion ▲ 49%	FY2021: RM380.8 million ▲ 184%	FY2021: 74.2 MMbbl[5] ▼ 5%
CASH[1]	**PROFIT AFTER TAXATION**	**NET UNIT PRODUCTION COST[1, 4]**
RM707.8 million	**RM652.9 million**	**USD23/boe**
FY2021: RM303.2 million ▲ 133%	FY2021: RM103.7 million ▲ 530%	FY2021: USD20/boe ▲ 15%

Notes:

1. As at 30 June 2022 for FY2022, as at 30 June 2021 for FY2021.
2. For the North Sabah PSC, the Anasuria Cluster, the PM3 CAA PSC, the Kinabalu PSC, the Block 46 Cai Nuoc PSC, the PM315 PSC, the PM304 PSC and the Marigold Development Project only.
3. As at 1 July 2022 for FY2022, as at 1 July 2021 for FY2021.
4. Weighted average production volume and operating expenditure based on net entitlement/working interest in the Anasuria Cluster, the North Sabah PSC, the PM3 CAA PSC, the Kinabalu PSC, the Block 46 Cai Nuoc PSC, the PM315 PSC and the PM304 PSC.
5. Combined net production rate for FY2022 for North Sabah PSC and Anasuria, and the period from 1 February 2022 to 30 June 2022 for the PM3 CAA PSC, the Kinabalu PSC, the Block 46 Cai Nuoc PSC, the PM315 PSC and the PM304 PSC.

Key:

- FY2022 – Financial year ended 30 June 2022.
- FY2021 – Financial year ended 30 June 2021.
- EBITDA – Earnings before Interest, Taxes, Depreciation and Amortisation.
- 2P Reserves – Proven and probable oil reserves.
- 2C Resources – Best estimate contingent oil resources.
- MMboe – Million barrels of oil equivalent.
- MMbbl – Million barrels.
- boe – Barrels of oil equivalent.
- RM – Ringgit Malaysia.
- USD – United States Dollar.

Hibiscus Petroleum holds operated interests in several concessions in the United Kingdom and Australia and production sharing contracts in Malaysia and Vietnam. Our balanced portfolio consists of production, development and exploration assets.

MALAYSIA

The 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (North Sabah PSC) is our first Malaysian oil and gas asset. SEA Hibiscus Sdn Bhd (SEA Hibiscus) 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 projects to avert natural decline and increase oil and gas production. In January 2022, we completed the acquisition of interests in three Malaysian PSCs from Repsol Exploración, S.A. (Repsol), including the 2012 Kinabalu Oil PSC (Kinabalu PSC). Crude oil from North Sabah PSC and Kinabalu PSC flow into the Labuan Crude Oil Terminal, which is also operated by SEA Hibiscus.

MALAYSIA-VIETNAM COMMERCIAL ARRANGEMENT AREA

Acquisition of the PM3 Commercial Arrangement Area (CAA) PSC from Repsol was completed in January 2022 and lies within the CAA established between Malaysia and Vietnam. It is our largest source of gas production, with gas being piped to Malaysia and Vietnam.

VIETNAM

We completed the acquisition of Block 46 Cai Nuoc PSC (Block 46) from Repsol in January 2022 as part of the same acquisition which included three Malaysian PSCs and the PM3 CAA PSC. It lies adjacent to PM3 CAA PSC and oil produced from Block 46 is processed at the PM3 CAA facilities.

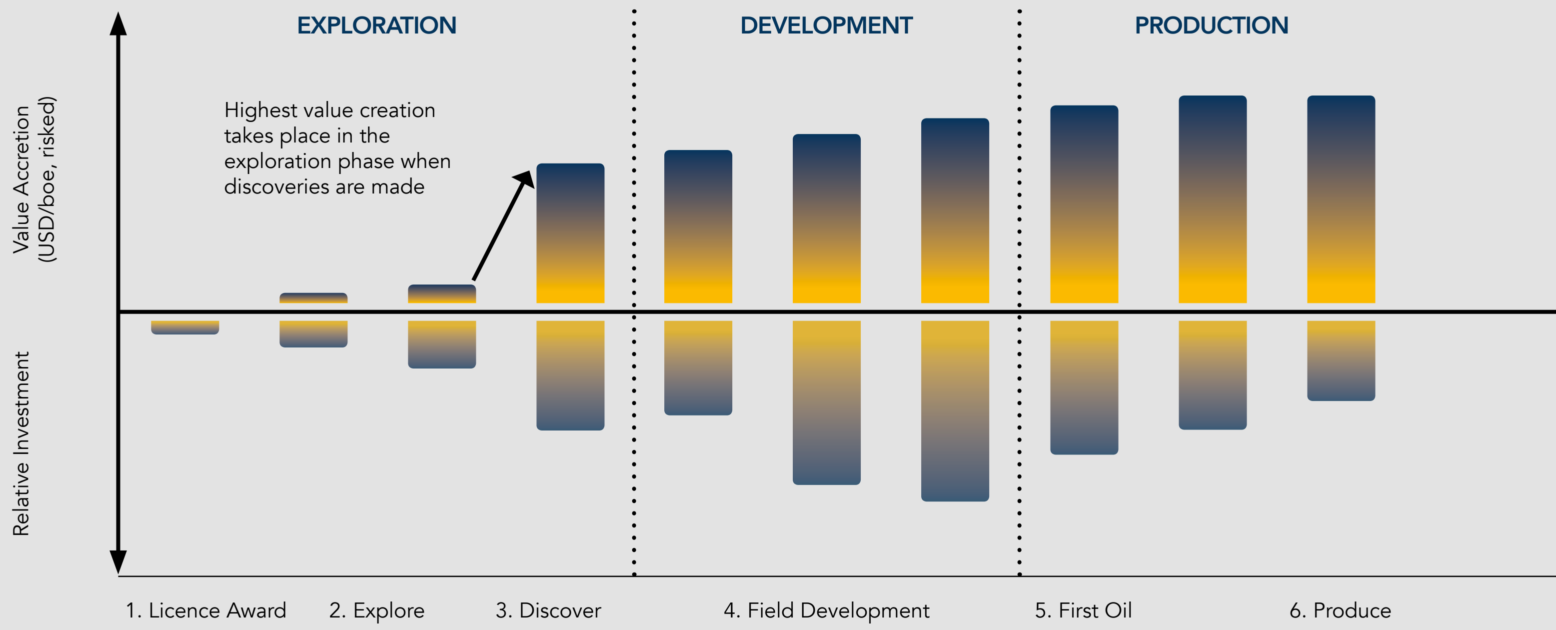
UNITED KINGDOM

The United Kingdom Continental Shelf (UKCS) 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 of Marigold West and Sunflower in 2018 and expect this development asset, together with the Teal West development, to deliver a step change to our production volumes in the near future. In the 32nd UKCS Licensing Round, we were also awarded the Kildrummy Licence which we hope will eventually become part of the Marigold West/Sunflower development.

AUSTRALIA

In the Bass Strait, we operate the VIC/RL17 petroleum retention lease (previously known as the VIC/L31 production licence). We also have indirect interests in four other licences through our interest in 3D Oil Limited.

INVESTMENT AND VALUE CREATION IN THE OILFIELD LIFE CYCLE



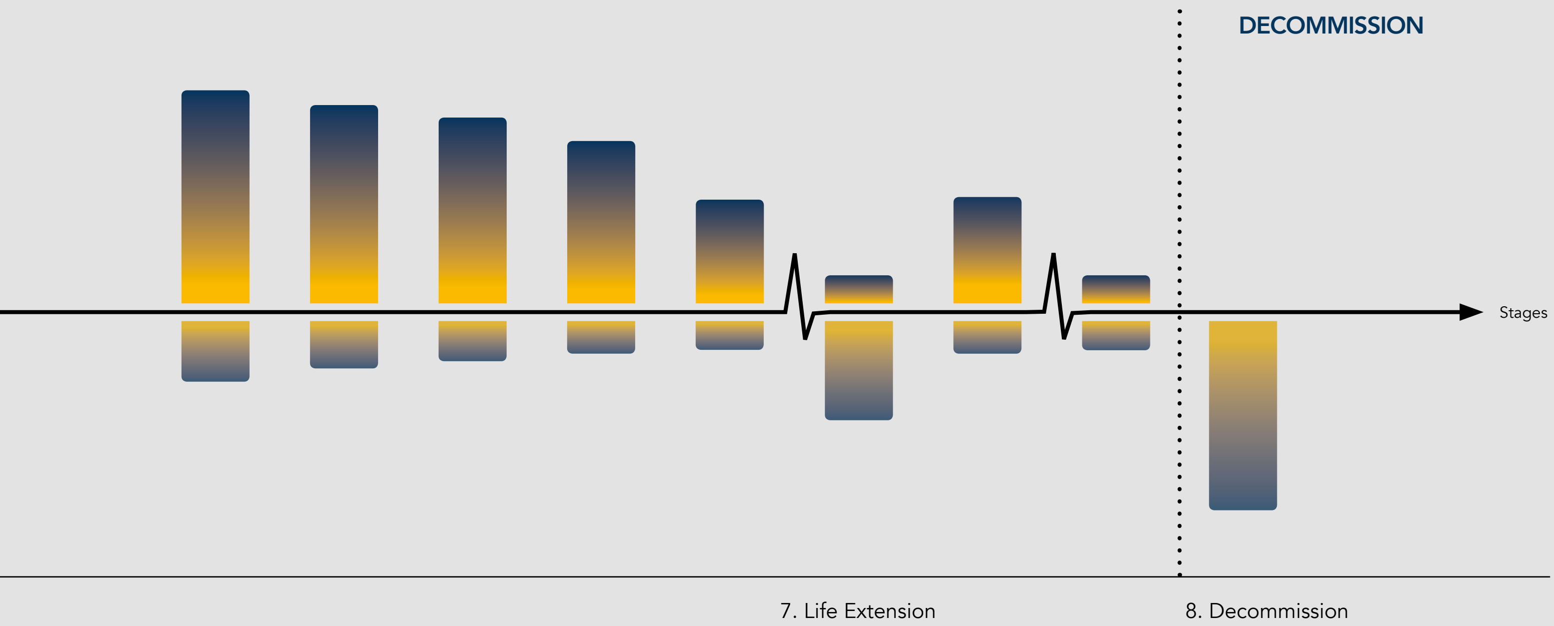
DECREASING GEOLOGICAL RISK ⟶

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 Production Sharing Contract (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 the acquisition, we have been realising the considerable potential within the fields of the North Sabah PSC.

On 24 January 2022, we completed the acquisition and transfer of operatorship of three PSCs: Kinabalu Oil (Kinabalu), PM305 and PM314. Together with the PM3 Commercial Arrangement Area (CAA) PSC and Block 46 Cai Nuoc PSC acquired as part of a transaction with Repsol Exploración, S.A. (Repsol) which completed in January 2022, these assets have brought about a step change to our oil and gas production volumes.

NORTH SABAH PSC: OFFSHORE AND ONSHORE FACILITIES


St Joseph


South Furious


Labuan Crude Oil Terminal (LCOT)


SF30


Barton

HIGHLIGHTS

NORTH SABAH AVERAGE UPTIME[1] 86%	**KINABALU AVERAGE UPTIME[2]** 88%	**NORTH SABAH AVERAGE NET DAILY PRODUCTION RATE[1]** 4,989 bbl/day	**KINABALU AVERAGE NET DAILY PRODUCTION RATE[2]** 3,074 bbl/day	**NORTH SABAH AVERAGE UNIT PRODUCTION COST[1]** 18.0 USD/bbl
KINABALU AVERAGE UNIT PRODUCTION COST[2] 9.1 USD/bbl	**NORTH SABAH[1,4] AND KINABALU LTIF[2,4]** 0	**NORTH SABAH AND KINABALU 2P OIL RESERVES[3]** 29.1 MMstb	**NORTH SABAH AND KINABALU 2C OIL RESOURCES[3]** 14.6 MMstb	**STABLE AND CREDIBLE PARTNERSHIP WITH** PETRONAS CARIGALI SDN BHD

Notes:

1 For the financial year ended 30 June 2022.
2 For the period from 1 February 2022 to 30 June 2022.
3 As at 1 July 2022. Reserves and resources for North Sabah are based on SEA Hibiscus' current estimated net entitlement, based on RPS Energy Consultants Limited's report dated August 2021, adjusted for actual production in the 12 months ended 30 June 2022. Reserves for Kinabalu are based on FIPC Group's current estimated net entitlement, based on RPS Energy Consultants Limited's report dated August 2022.
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.
5 There is no reporting data for PM314 and PM305 as both PSCs are no longer operating and are undergoing the last stages of decommissioning.

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.
- FIPC – Fortuna International Petroleum Corporation.

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 LCOT

Acquisition Date:
31 March 2018

Office Locations:
Kuala Lumpur, Kota Kinabalu, Labuan

Awards:

Safety
Awarded the MSOSH[a] OSH Gold Class 1 Award Winner 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
PETRONAS Focused Recognition Award – Awarded in February 2022 for successful production enhancement gains of 20% above the target plan for CY2021[b], despite the impact from the COVID-19 pandemic.

Other Awards

(i) PETRONAS Malaysia Upstream Awards 2022: Most Improved Operator Award - Awarded to SEA Hibiscus for showcasing sustained and continuous improvement in overall performance for three consecutive years.

(ii) PETRONAS Focused Recognition Award – Awarded in November 2021 for successfully completing the Malaysia Petroleum Management (MPM) Integrated Assurance activities with no reported incident or accident, contributing to increased stakeholder confidence by improving internal systems and controls.

(iii) 5-star Rating Award given to LCOT by the Office of the Chief Government Security Officer Malaysia, commending the high commitment and priority towards safety and security in protecting national interests and for being one of 15 national assets receiving a 5-star Rating Award.

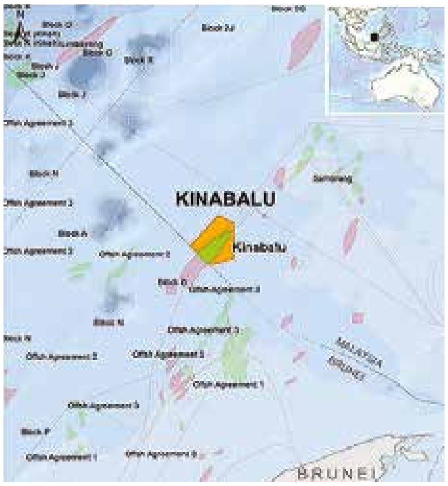
Notes:

a *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.*

b *Calendar Year 2021.*

MALAYSIA AT A GLANCE

KINABALU PSC



Asset Name:
Kinabalu PSC

Licence:
2012 Kinabalu Oil Production Sharing Contract

Hibiscus Petroleum's Interest:
60%

Operator:
Hibiscus Oil & Gas Malaysia Limited (formerly known as Repsol Oil & Gas Malaysia Limited)

Non-operating Partner:
PETRONAS Carigali Sdn Bhd

Asset Location:
Offshore Sabah

Water Depth:
56m

Field Life Cycle:
Production

Producing Fields:
Kinabalu Main, Kinabalu East, Kinabalu Far East

Development Type:
Fixed platforms with oil pipeline to LCOT and gas pipeline to Samarang Platform

Acquisition Completion Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Kinabalu

PM314

Asset Name:
PM314 PSC

Licence:
PM314 Production Sharing Contract

Hibiscus Petroleum's Interest:
60%

Operator:
Hibiscus Oil & Gas Malaysia Limited (formerly known as Repsol Oil & Gas Malaysia Limited)

Non-operating Partner:
PETRONAS Carigali Sdn Bhd

Asset Location:
Offshore eastern coast of Peninsular Malaysia

Water Depth:
73m

Field Life Cycle:
Decommissioning

Producing Fields:
None

Development Type:
Production via non-operated facilities and infrastructure

Acquisition Completion Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Bharu, Kemaman

PM305

Asset Name:
PM305 PSC

Licence:
PM305 Production Sharing Contract

Hibiscus Petroleum's Interest:
60%

Operator:
Hibiscus Oil & Gas Malaysia Limited (formerly known as Repsol Oil & Gas Malaysia Limited)

Non-operating Partner:
PETRONAS Carigali Sdn Bhd

Asset Location:
Offshore eastern coast of Peninsular Malaysia

Water Depth:
73m

Field Life Cycle:
Production and decommissioning

Producing Fields:
Murai/Angsi Southern Channel Unit

Development Type:
Production via non-operated facilities and infrastructure

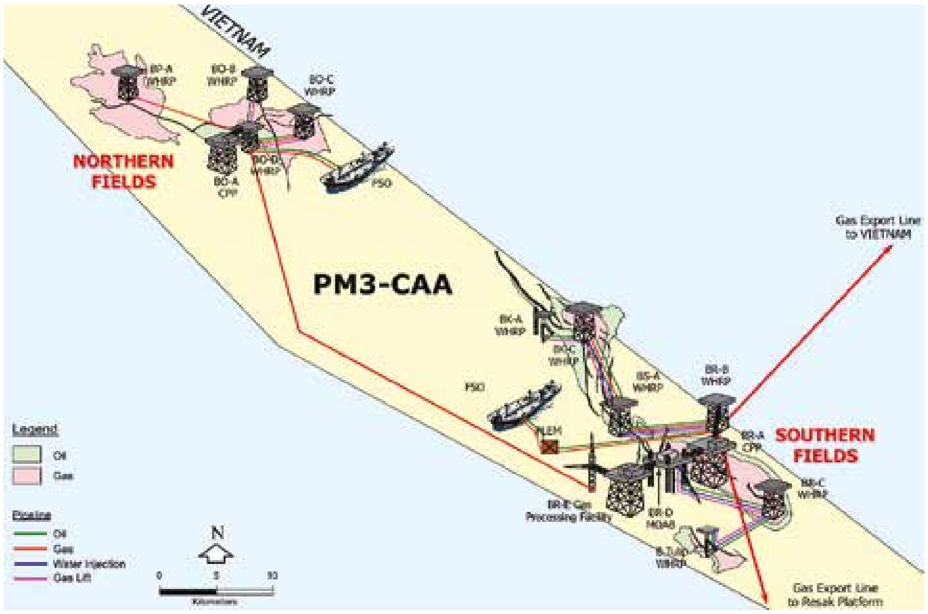
Acquisition Completion Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Bharu, Kemaman

MALAYSIA-VIETNAM COMMERCIAL ARRANGEMENT AREA AT A GLANCE

On 24 January 2022, we completed the acquisition and transfer of operatorship in the PM3 Commercial Arrangement Area (CAA) PSC as part of the same transaction which include the three Malaysian PSCs and one Vietnamese PSC. The PM3 CAA PSC has allowed us to diversify our production to include gas.

PM3 CAA PSC



Asset Name:
PM3 CAA PSC

Licence:
PM3 Commercial Arrangement Area (CAA) Production Sharing Contract

Hibiscus Petroleum's Interest:
35%

Operator:
Hibiscus Oil & Gas Malaysia Limited (formerly known as Repsol Oil & Gas Malaysia Limited)

Non-operating Partner:
PETRONAS Carigali Sdn Bhd, PetroVietnam Exploration Production Corporation Limited

Asset Location:
CAA between Malaysia and Vietnam

Water Depth:
56m

Field Life Cycle:
Production

Producing Fields:
Bunga Orkid, Bunga Pakma, Bunga Raya, Bunga Seroja, Bunga Kekwa, Bunga Tulip

Development Type:
Fixed platforms with gas pipelines to Peninsular Malaysia and Vietnam, oil export via FSO Orkid and FSO PM3 CAA

Acquisition Completion Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Bharu, Kemaman

Awards:

Production

(i) PETRONAS Focused Recognition Award – Awarded in March 2022 for increasing gas supply from PM3 CAA to support higher gas demand in February 2022.

(ii) PETRONAS Malaysia Upstream Awards 2022: Project Delivery Excellence – Bronze Award. Awarded to Hibiscus Oil & Gas Malaysia Limited (formerly known as Repsol Oil & Gas Malaysia Limited) for tremendous performance and successful delivery of the H4 Development Facilities Project despite the unprecedented COVID-19 pandemic and volatile market conditions.

(iii) PETRONAS Focused Recognition Award – Awarded in May 2022 for delivering first oil for PM3 CAA North Bunga Orkid Development (H4) project on 30 April 2022.

(iv) PETRONAS Focused Recognition Award – Awarded in August 2022 for successfully completing the PM305/PM314 South Angsi Well Abandonment campaign in July 2022.

HIGHLIGHTS

AVERAGE UPTIME[1] 94%	**AVERAGE NET DAILY OIL AND CONDENSATE PRODUCTION RATE[1]** 2,571 bbl/day	**AVERAGE NET DAILY GAS PRODUCTION RATE[1]** 6,647 boe/day	**AVERAGE UNIT PRODUCTION COST[1]** 9.9 USD/boe
LTIF[1,3] 0	**2P OIL RESERVES[2]** 6.7 MMstb	**2P GAS RESERVES[2]** 68.5 Bscf	**IMPORTANT SOURCE OF GAS FOR** MALAYSIA AND VIETNAM

Notes:

1 For the period from 1 February 2022 to 30 June 2022.

2 As at 1 July 2022, based on FIPC Group's current estimated net entitlement, based on RPS Energy Consultants Limited's report dated August 2022.

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 1 million hours worked by employees and contractors.

Key:

- 2P Oil/Gas Reserves – Proven and probable oil/gas reserves.
- bbl – Barrels.
- boe – Barrels of oil equivalent.
- MMstb – Million stock tank barrels.
- Bscf – Billions of standard cubic feet of gas.
- LTIF – Lost Time Injury Frequency.
- USD – United States Dollar.
- FIPC – Fortuna International Petroleum Corporation.
- FSO – Floating Storage and Offloading.

VIETNAM
AT A GLANCE

We acquired Block 46 Cai Nuoc PSC from Repsol on 24 January 2022 as part of the same acquisition which included three Malaysian PSCs and the PM3 CAA PSC. It lies adjacent to PM3 CAA and oil produced from Block 46 Cai Nuoc PSC flows into the PM3 CAA facilities.

BLOCK 46 CAI NUOC PSC

Asset Name:
Block 46 Cai Nuoc PSC

Licence:
Block 46 Cai Nuoc Production Sharing Contract

Hibiscus Petroleum's Interest:
70%

Operator:
Talisman Vietnam Limited*

Non-operating Partner:
PetroVietnam Exploration Production Corporation Ltd

Asset Location:
Offshore Vietnam

Water Depth:
56m

Field Life Cycle:
Production

Producing Field:
Cai Nuoc

Development Type:
Tie-back to PM3 CAA facilities

Acquisition Completion Date:
24 January 2022

Office Location:
Kuala Lumpur

Note:
* *Talisman Vietnam Limited is undergoing a name change. The legal entity is currently part of Hibiscus Petroleum pending the name change.*

HIGHLIGHTS

AVERAGE UPTIME[1] 91%	**AVERAGE NET DAILY OIL PRODUCTION RATE**[1] 191 bbl/day	**AVERAGE UNIT PRODUCTION COST**[1] 12.6 USD/bbl
LTIF[1,3] 0	**2P OIL RESERVES**[2] 0.3 MMstb	

Notes:

1 For the period from 1 February 2022 to 30 June 2022.

2 As at 1 July 2022, based on FIPC Group's current estimated net entitlement, based on RPS Energy Consultants Limited's report dated August 2022.

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 1 million hours worked by employees and contractors.

Key:

- 2P Oil Reserves – Proven and probable oil reserves.
- bbl – Barrels.
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- LTIF – Lost Time Injury Frequency.
- USD – United States Dollar.
- FIPC – Fortuna International Petroleum Corporation.

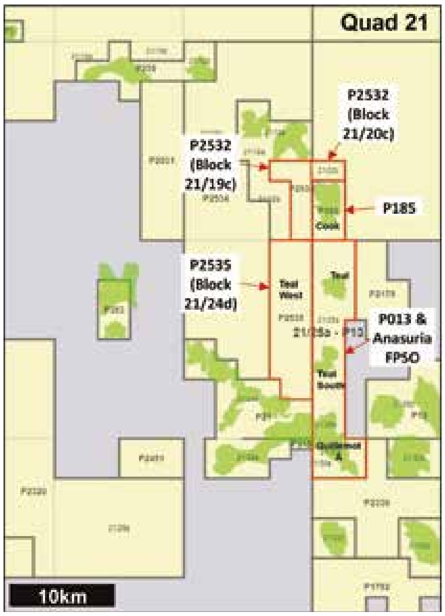
UNITED KINGDOM
AT A GLANCE

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 cashflow with infield future development opportunities and exploration upside. The addition of the Teal West discovery, an award to Hibiscus Petroleum as part of the UK Continental Shelf (UKCS) 32nd Licensing Round is a positive development and is expected to contribute to an increase in Anasuria's production by 2024.

Expanding our footprint in the North Sea, Hibiscus Petroleum acquired the discovered Marigold West and Sunflower oilfields on 16 October 2018. This shallow-water development asset will deliver a step change to our production volumes and revenue generating capacity by CY2025.

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 UKCS 32nd Licensing Round). Kildrummy lies in close proximity to the Marigold West and Sunflower fields.

ANASURIA CLUSTER



Schematic of the Anasuria Field Layout and Infrastructure

Asset Name:
Anasuria Cluster

Licences:
P013, P185, P2535, P2532

Asset Location:
UK 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

Awards:
Safety
(i) Gold Award – Awarded by the Royal Society for the Prevention of Accidents (ROSPA) for calendar year 2022 health and safety performance of the Anasuria Floating Production Storage and Offloading (FPSO) vessel facility – 23rd consecutive annual award.

(ii) Offshore Safety Awards 2022 – Awards for Asset Operational Integrity Low Pressure (LP) Mode Project and Elected Safety Representative of the Year.

Other Awards
(i) Order of Distinction – Awarded by ROSPA for 23 consecutive Gold awards.

1) P013 and 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 PLC (formerly known as Ping Petroleum UK Limited)

HIGHLIGHTS

ANASURIA AVERAGE UPTIME[1] 68%	**AVERAGE NET DAILY PRODUCTION RATE[1]** 2,119 boe/day	**AVERAGE UNIT PRODUCTION COST[1]** 26.2 USD/boe	**LTIF[1, 3]** 0	**2P OIL RESERVES[2]** 23.3 MMbbl
2P GAS RESERVES[2] 9.2 Bscf	**2C OIL RESOURCES[2]** 47.6 MMbbl	**PERSONNEL WORKING ON ANASURIA OPERATIONS[4]** 148	**DEDICATED PROJECT TEAM FOR MARIGOLD** 28	

Notes:

1 For the financial year ended 30 June 2022.

2 As at 1 July 2022, based on Anasuria Hibiscus' participating interest. The reserves and resources estimates for Anasuria and Teal West are extracted from RPS Energy Consultants Limited's report dated August 2021, adjusted for actual production in the 12 months ended 30 June 2022, 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 2022, consists of personnel in the 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.
- NSTA – North Sea Transition Authority, UK (formerly known as Oil and Gas Authority, UK).

Field Life Cycle:
Production

Producing Fields:
Teal, Teal South, Guillemot A

Development Type:
Subsea tie-back 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 tie-back to Anasuria FPSO

3) P2535 (Block 21/24d)

Hibiscus Petroleum's Interest:
100%[1]

Operator:
Anasuria Hibiscus

Field Life Cycle:
Development

Discovered Field:
Teal West

Note:
[1] *The assignment of NEO Energy (ZPL) Limited's 30% interest in Licence P2535 (Block 21/24d) to Anasuria Hibiscus has been approved by the NSTA and the transfer of interest is now pending completion.*

4) P2532 (Blocks 21/19c and 21/20c)

Hibiscus Petroleum's Interest:
19.3%

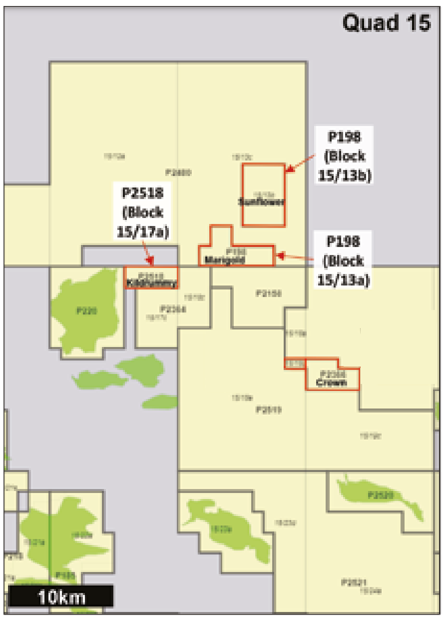
Operator:
Ithaca Energy

Field Life Cycle:
Exploration

Prospects:
Cook West, Cook North as potential extensions to the existing Cook Field

UNITED KINGDOM AT A GLANCE

MARIGOLD WEST, SUNFLOWER AND KILDRUMMY



Asset Name:
Marigold West and Sunflower

Licences:
P198, Blocks 15/13a and 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) P198 (Blocks 15/13a and 15/13b)

Hibiscus Petroleum's Interest:
87.5%

Operator:
Anasuria Hibiscus

Non-operating Partner:
Caldera Petroleum (UK) Limited

Field Life Cycle:
Development

Discovered Fields:
Marigold and Sunflower

Acquisition Date:
16 October 2018

Target Development Milestones:
- 2023: FID and NSTA Approval of FDP
- 2025: First Oil

2) P2518 (Block 15/17a)

Hibiscus Petroleum's Interest:
100%

Operator:
Anasuria Hibiscus

Field Life Cycle:
Development

Discovered Field:
Kildrummy

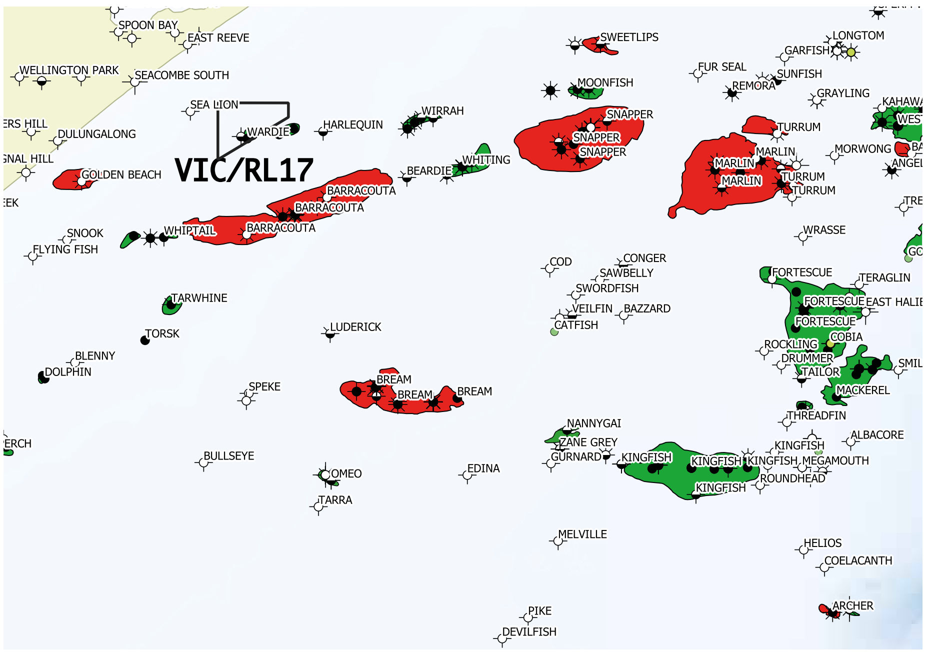
Award Date:
19 January 2021

AUSTRALIA
AT A GLANCE

Hibiscus Petroleum, through our wholly-owned subsidiary Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) has interests in one licence 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 four additional exploration licences.

GIPPSLAND BASIN



1) VIC/RL17 Petroleum Retention Lease (previously known as VIC/L31)

Hibiscus Petroleum's Interest:
100%

Operator:
Carnarvon Hibiscus

Asset Location:
Gippsland Basin, Offshore Victoria

Water Depth:
50m

Field Life Cycle:
Development

Discovered Field:
West Seahorse

2) Investments:

3D Oil, a company listed on the Australian Stock Exchange is an associate company of Hibiscus Petroleum. As at 1 October 2022, Hibiscus Petroleum holds 11.68% indirect interest in 3D Oil. 3D Oil holds interests in four offshore exploration licences:

A. VIC/P74
100%

B. T/49P
20%

Location:
Otway Basin adjacent to the Thylacine and Geographe gas fields.

C. WA-527-P
100%

Location:
Bedout sub-basin, adjacent to the recent significant oil discovery at Dorado field.

D. VIC/P79
100%

Location:
Otway Basin adjacent to the Thylacine and Geographe gas fields.

HIGHLIGHTS

NUMBER OF LICENCE[1]	2C OIL RESOURCES[1]	WELL DRILLED[1]
1	8.0 MMbbl	1 Exploration well

Note:
[1] Based on Hibiscus Petroleum's direct interest in VIC/RL17.

Key:
- 2C Oil Resources – Best estimate contingent oil resources.
- MMbbl – Million barrels.

ACHIEVING STABILITY AMIDST VOLATILITY THROUGH INFORMED AND COMPETENT LEADERSHIP

The knowledge and experience of our leaders define what we do and how we do it.

CHAIRMAN'S STATEMENT

ZAINUL RAHIM BIN MOHD ZAIN
Chair of the Board

DEAR SHAREHOLDERS,

Of Oil Shocks, War and Recession

With the gradual recovery of the world economy as COVID-19 transitions from pandemic to endemic phase, the demand for oil and gas has been steadily rising. Consequently, oil prices have also climbed, with a clear upward trajectory being visible since December 2021. In February 2022, Russia invaded Ukraine. As of the date of this Annual Report 2021/2022, the invasion has entered its eighth month, with no clear end of hostilities in sight.

With our 2017-2021 Mission targets having broadly been met, and after considering the current global social, political and economic trends, the Group set out to refresh its Mission with the aim of achieving a target equity production of 35,000 – 50,000 boe per day and 2P reserves of 100 million boe by 2026.

As a response to this invasion, many countries placed sanctions on Russian-produced oil and gas. This, coupled with the continuing imbalances in the oil markets, as the economies of the world open up, and the relative lack of investment in the industry over the past decade, have led to Brent recording a high closing price of USD127.98 per barrel (bbl) in March 2022. A price of that level had not been seen in close to ten years and as seen from our results for the financial year ended 30 June 2022 (FY2022), the Group has been a beneficiary of these high oil prices. Gas prices have also seen sharp increases mainly caused by the reliance of Europe on Russian gas which has also been the subject of sanctions.

Since that peak of crude prices in March 2022, there has been volatility mainly caused by fears of the inflationary effects of these high oil prices. Thought leaders believe that the high oil and gas prices will drive demand destruction but the consensus remains that fossil fuels still have an important role to play in parallel with a transition towards cleaner forms of energy.

TRANSFORMATIVE ASSET ACQUISITION

Through our indirect wholly-owned subsidiary, Peninsula Hibiscus Sdn Bhd, we completed the acquisition of the entire equity interest in Fortuna International Petroleum Corporation (FIPC) from Repsol Exploración, S.A (Repsol) (Acquisition) on 24 January 2022. FIPC, through its wholly-owned subsidiaries, namely Hibiscus Oil & Gas Malaysia Limited (HML) (formerly known as Repsol Oil & Gas Malaysia Limited), Hibiscus Oil & Gas Malaysia (PM3) Limited (formerly known as Repsol Oil & Gas Malaysia (PM3) Limited) and Talisman Vietnam Limited*, owns participating interests in five Production Sharing Contracts (PSC): 2012 Kinabalu Oil PSC, PM3 Commercial Arrangement Area (CAA) PSC, PM305 PSC, PM314 PSC and Block 46 Cai Nuoc PSC. The Group also assumed Repsol's operatorship status in all five of these PSCs.

With these new assets on board, we have grown our equity production to approximately 20,000 barrels of oil equivalent (boe) per day, an almost tripling of our pre-acquisition production volumes with gas production now making up approximately a third of our total volumes. As operator of the newly acquired assets, the Group is well-positioned to continue to build on its successful operational track record of optimising asset performance, which has been previously demonstrated in its other producing assets in the United Kingdom (Anasuria) and Malaysia (North Sabah). Production enhancements projects have also been proceeding, and whilst it is still early, we are working towards extending the tenure of the PM3 CAA licence, which currently expires in 2027.

The timing of this Acquisition has also proved to be very positive, in a similar fashion to the acquisitions of Anasuria Cluster and North Sabah. Given that the effective date of the Acquisition was 1 January 2021, all economic benefits and risks from that date until completion of the transaction on 24 January 2022 accrued to the Group. The cashflows generated from the assets in that period, coupled with funds drawn-down from an existing prepayment facility that we have with Trafigura Pte Ltd, minimised equity and internally generated funds that were required to complete the transaction.

Overall, we are extremely pleased with the outcome of this Acquisition and we remain grateful for all the co-operation we received from the Repsol Mergers and Acquisition team in making this initiative a success.

OUR NEW VISION AND MISSION

With our 2017 – 2021 Mission targets having broadly been met, and after considering the current global social, political and economic trends, the Group set out to refresh its Mission. The process involved various workshops with Management and the Board to align our plans for the next five years and beyond.

In pursuit of business growth, we intend to maintain our geographic focus in the North Sea and Southeast Asia. We will continue to assess future growth opportunities in these areas with the aim of achieving a target equity production of 35,000 – 50,000 boe per day and 2P Reserves of 100 million boe by 2026.

The Group will also continue to apply its current core competence to maximise the generation of cash in the near term (against a backdrop of strong oil prices) whilst also recognising that clean energy players will likely have a role to play during the energy transition.

We have noted that the Malaysian Government has recently unveiled its Low Carbon Aspirations 2040 plan, in addition to the aim of reaching Carbon Neutrality as early as 2050. 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 aspires to become a Net Zero Emissions producer by 2050. To do so, we will include climate-related considerations that are relevant to our industry, in our capital investment decisions.

Note:
* *Entity to be renamed.*

I would further like to inform you that over the next five years, our strategy will include fortifying the resilience of our portfolio of hydrocarbon assets, decarbonising our upstream operations, and exploring investment opportunities in green/clean energy. 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 have also invested some time to reflect on the core values of the Group. In essence, our aim was to simplify our communication (and your understanding) of our core values whilst simultaneously retaining the principles which guide the manner in which we conduct our business. We eventually settled on five key core values to underpin our Vision to become a more Respected, Valuable and Responsible Energy Company whilst also assisting us to deliver on our Mission. The descriptors that we identified as being synonymous with how we wish the Group to be perceived in terms of its core values (TEPAT) are:

- **T**enacious
- **E**nvironmentally Responsible
- **P**eople Focused
- **A**gile
- **T**rustworthy

We hope that these core values partly resonate with your assessment of the Company.

As part of our review of the 2022-2026 Mission, we also considered how we could further enhance shareholder value holistically. We noted that several of our shareholders had written to us over the past year to suggest that we deploy any free cash that we might accumulate towards the buy-back of our own shares during periods of relatively soft prices. Your Board has considered this suggestion in depth and has decided to seek your mandate at the forthcoming Extraordinary General Meeting to embark on a share buy-back programme under certain market conditions. The rationale for seeking your approval to pursue this programme are to:

- capitalise on any undervaluation of the Company's shares, thereby supporting their fundamental value. In turn, this is expected to stabilise the market price and therefore, enhance investors' confidence.
- benefit from any potential capital gains if the shares are retained as treasury shares and re-sold at higher prices later.

Subject to your approval, any proposed share buy-back activity will only be implemented after careful consideration that there are available surplus funds and retained earnings to undertake such an initiative.

We sincerely believe that our 2022-2026 Mission will enable the Group to continually enhance shareholder value whilst also positively positioning the Company for a future in which the world will transition to a more diversified energy mix.

OUR FINANCIAL PERFORMANCE

As mentioned earlier, oil and gas prices have climbed over the course of FY2022, averaging USD90 per bbl over the whole year. Against this backdrop, and combined with the contribution from the recently acquired assets, our Group is pleased with our financial results for FY2022. We have reported a Profit After Taxation (PAT) of RM652.9 million on the back of revenue of circa RM1.70 billion. More positively, our EBITDA has risen to RM1.08 billion. In addition, during FY2022, the Group declared an interim single-tier dividend of 1.0 sen per ordinary share and I am also pleased to be able to report that the Group is proposing a final dividend of 1.0 sen per ordinary share for the consideration of our shareholders during our Annual General Meeting (AGM) to be held on 1 December 2022. It is our hope that our FY2023 results will be similarly strong, if not stronger, assuming oil prices remain relatively high and given that the FY2023 results will include the full contribution from the recently acquired assets.

OUR SAFETY PERFORMANCE

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

Our safety performance for FY2022, as tabulated below, reflects our performance in this key area, recording zero Fatality and zero Lost Time Injury Frequency (LTIF) in all our operated assets, across all locations.

Period: 1 July 2021 - 30 June 2022

	United Kingdom	PM3 CAA**	Malaysia	Australia
Fatality	0	0	0	0
Lost Time Injury Frequency (LTIF)*	0	0	0	0

Notes:

* *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.*

** *Period from 25 January 2022 to 30 June 2022.*

The key HSSE initiatives that were conducted in FY2022 are itemised in the Sustainability Report section of this Annual Report 2021/2022.

AWARDS RECOGNITION

Over the course of FY2022, we have been honoured with several awards which are itemised below:

North Sabah:

- PETRONAS Malaysia Upstream Awards 2022: Most Improved Operator Award - Awarded to SEA Hibiscus for showcasing sustained and continuous improvement in overall performance for three consecutive years.

PETRONAS Malaysia Upstream Awards 2022.

5-star Rating Award.

Anasuria: Offshore Safety Awards 2022.

- PETRONAS Focused Recognition Award – Awarded in November 2021 for successfully completing the Malaysia Petroleum Management (MPM) Integrated Assurance activities with no reported incident or accident, contributing to increased stakeholder confidence by improving internal systems and controls.

- 5-star Rating Award given to Labuan Crude Oil Terminal (LCOT) by the Office of the Chief Government Security Officer Malaysia, with a commendation for the high commitment and priority towards safety and security in protecting national interests and for being one of 15 national assets receiving a 5-star Rating Award.

- PETRONAS Focused Recognition Award – Awarded in February 2022 for successful production enhancement gains of 20% above the target plan for CY2021, despite the impact of COVID-19.

Anasuria:
- Gold Award – Awarded by the Royal Society for the Prevention of Accidents (ROSPA) for calendar year 2022 health and safety performance of the Anasuria Floating Production Storage and Offloading vessel facility – 23rd consecutive annual award.

- Order of Distinction – Awarded by ROSPA for 23 consecutive Gold awards.

- Offshore Safety Awards 2022 – Awards for Asset Operational Integrity for the Low Pressure (LP) Mode Project and Elected Safety Representative of the Year.

PM3 CAA:
- PETRONAS Focused Recognition Award – Awarded in March 2022 for increasing gas supply from PM3 CAA to support higher gas demand in February 2022.

- PETRONAS Malaysia Upstream Awards 2022: Project Delivery Excellence – Bronze Award. Awarded to HML for tremendous performance and successful delivery of the H4 Development Facilities Project despite the unprecedented COVID-19 pandemic and volatile market conditions.

- PETRONAS Focused Recognition Award – Awarded in May 2022 for delivering first oil for PM3 CAA North Bunga Orkid Development (H4) project on 30 April 2022.

- PETRONAS Focused Recognition Award – Awarded in August 2022 for successfully completing the PM305/PM314 South Angsi Well Abandonment campaign in July 2022.

These awards, received from regulators both in Malaysia and overseas, are an outcome of consistent and relentless diligence across the various assets and we are very honoured to have been selected to receive them.

INTRODUCING THE LATEST ADDITION TO OUR BOARD

On behalf of the Board, I am pleased to welcome Mrs Emeliana Dallan Rice-Oxley as our new Independent Non-Executive Director. Her profile may be viewed on page 86 of this Annual Report 2021/2022.

We are confident that her contributions to the Group will be extremely valuable and we look forward to working with her towards fulfilling our Vision of being a **Respected, Valuable and Responsible Energy Company**.

OUR THANKS

This year, I would like to commence this section of my statement by expressing the Board's heartfelt and sincere appreciation to the team joining us from Repsol. We hope you feel part of the Hibiscus family, and we look forward to achieving many milestones together. Your support and your suggestions will always be very much appreciated.

Thank you.

We are now moving towards the endemic phase of the COVID-19 pandemic, with many restrictions having been lifted. Over the last year, within our organisation, all our staff worked through the various periods of the Movement Control Orders. 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. Your efforts to safely maintain business continuity have not gone unnoticed and remain highly appreciated.

Thank you.

The duties for the Board have been increasing as all 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 sustainability and Environmental, Social and Governance (ESG) lens. These fast-developing areas have required a deeper and wider perspective of our present day and future activities to be considered as part of our decision-making process.

As always, 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 review at the Board are highly technical with considerable detail being presented by our Management team. Over these past few months, some of our Board meetings were conducted without much face-to-face deliberation. Even though we faced these challenges, detailed, high quality, robust discussions and meticulous reviews preceded our decisions. Thus, I would like to take this opportunity to thank my fellow Board members for their dedication and individual contributions.

I would also like to take this opportunity to record our thanks to the relevant regulators in Malaysia, namely the Securities Commission of Malaysia, Bursa Malaysia Securities Berhad 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 of Malaysia, PetroVietnam of Vietnam, the North Sea Transition Authority (NSTA) and the Department for Business, Energy & Industrial Strategy (BEIS) of the United Kingdom, the National Offshore Petroleum Safety and Environmental Management

Authority (NOPSEMA) of the Commonwealth of Australia and the Australian National Offshore Petroleum Titles Administrator (NOPTA). 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 PLC (formerly known as Ping Petroleum UK Limited), Ithaca Energy (UK) Limited, PetroVietnam Exploration Production Corporation Limited, Caldera Petroleum (UK) 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 in the achievement of many milestones over the years. Much of what we have done would not have been possible without your timely and positive support. For this, on behalf of the Group, I would like to 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.

I would also like to extend my thanks to the Management team and all our employees. Once again, your dedication and professionalism towards delivering our short-term business objectives and the recently adopted long-term, five-year Mission have been of the highest standard. Your response to the sudden changes in the business environment and the challenges we have faced has also demonstrated an agility that is fundamental to our business continuity in these uncertain times. The work that was done to complete the Acquisition 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 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.

Finally, on behalf of the Board, I would also like to extend our thanks to all our stakeholders and in particular our shareholders. Thank you most sincerely for your continued trust and support.

This year, given the COVID-19 situation, we will be once again conducting our AGM virtually. We believe that we successfully conducted such an event last year and we look forward to another meaningful engagement with our shareholders this year.

With the recently acquired assets on board, Hibiscus Petroleum Berhad can now claim to be an established regional Independent Oil Company in the exciting and emerging South-East Asian business landscape. Reputable business partners are now part of our growth formula and with these alliances we believe our aspiration of being an even more respected Exploration and Production operator in the upstream business is at hand.

Thank you.

ZAINUL RAHIM BIN MOHD ZAIN
Chair of the Board
4 October 2022

ACHIEVING STABILITY AMIDST VOLATILITY THROUGH A RELENTLESS PURSUIT OF SAFE AND OPTIMAL OPERATIONAL PERFORMANCE

Our licence to manage assets depends on our ability to operate safely and efficiently whilst demonstrating a respect for our environment.

MANAGEMENT DISCUSSION AND ANALYSIS

DR KENNETH GERARD PEREIRA
Managing Director

1. OVERVIEW OF OUR BUSINESS AND OPERATIONS

A. OUR BUSINESS

Over the past year, Hibiscus Petroleum Berhad (Hibiscus Petroleum or our Company) and our subsidiaries (our Group) have been focused on creating value for all our stakeholders by:

- safely and efficiently finding and producing hydrocarbons and bringing these resources to market; and
- adding to our production volumes and increasing our Reserves and Resources base primarily through Merger and Acquisition (M&A) activities.

Our revenues are primarily derived from the sale of crude oil and gas. It is important to note that with the exception of our assets in the United Kingdom Continental Shelf (UKCS), where gas produced is sold at market price, the price at which we sell our gas in Malaysia and Vietnam is oil price-linked. Thus, our general business performance is sensitive to the price at which we can sell the volumes of crude oil (and in the UKCS, gas) we produce offset against the corresponding costs we incur in delivering such production. Given that we are a very small part of the global oil and gas ecosystem, our Company has little control of the prices at which we are able to sell our products, and thus it is imperative that we manage our operations optimally and manage our cost base prudently.

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 other opportunities which remain currently undeveloped. In conducting our business, we collaborate and/or compete with regulators, financial institutions, state-owned enterprises, other public-quoted entities and privately held companies from around the world with a key element of our business strategy being 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 within the assets under our care; and
- the opportunity to rollout components of our Environmental, Social and Governance (ESG) agenda together with our co-venturers.

B. MACRO TRENDS

Even though we operate in an area of business that has been fulfilling the world's primary energy needs for nearly 150 years, never have key paradigms which have been the tenets of our industry become almost intractable paradoxes. In certain jurisdictions, governments are demanding greater levels of production in the interest of energy security, to keep oil and gas prices down and inflation levels manageable. However, instead of providing greater incentives to catalyse more investment into development projects to bring onstream higher levels of production, there has been a tendency for the implementation of inimical taxation policies. Investment allowances included to offset some of the effects of the enhanced fiscal load placed on exploration and production (E&P) companies and to encourage investment have only resulted in a "grab" for the services and equipment required to undertake capital and routine maintenance related projects. This "grab" for equipment and services has resulted in a sharp increase in the corresponding procurement costs, which has then disadvantaged the economics of projects being sanctioned. This "grab" being currently observed also includes a movement of experienced human capital as organisations compete for this scarce resource.

The impatience of the global population, chasing an accelerated pursuit of a green, clean agenda continues but it is now becoming clear that this race is one of the key contributors to the current situation, in which the gap between what is desired and that which can be delivered is clearly being reflected in the energy markets. Technology, investment and an access to raw materials (primarily rare earth materials) are all lagging idealistic goals and the reality is that clean energy sources will require a longer gestation before they are ready to materially replace established fossil-fuel based solutions.

In western Europe, with the shortage of primary energy sources (whether clean or oil and gas based) becoming acute in certain jurisdictions, coal, the most damaging from a greenhouse gas (GHG) emissions perspective, is seeing very strong demand. In countries most impacted by the effects of sanctions in Russia, this form of hydrocarbon is providing a "safety net" and coal-based power stations that were in the process of being moth-balled are now instead, being rejuvenated. In fact, energy needs currently cannot be managed from supply side solutions alone but instead, soft forms of rationing are an integral part of the solutions being deployed. As examples, in a bid to conserve energy, Parisian city officials announced on 13 September 2022 that they would commence a programme of measures to reduce demand.

Amongst the measures disclosed were:

- turning off the lights that illuminate the iconic Eiffel Tower more than an hour earlier daily than was usually the case (i.e. 11:45 p.m. instead of 1:00 a.m.);
- lowering the temperature inside public buildings from 19 to 18 Celsius during normal business hours, and to 16 Celsius on nights and weekends; and
- turning on the heat in public buildings in mid-November 2022, rather than mid-October 2022.

Several other cities in Europe are pursuing similar initiatives. London has created special lanes and reduced speed limits for motor vehicles on many roads to 20 miles per hour (mph) to make it safer for the increasing number of cyclists now using electric and manual bicycles. In fact, in September 2022, an announcement was made that a 15 mph speed limit would soon be enforced in many areas.

The most confusing of strategic signals, at this time, come from the largest and oldest industry players in the oil and gas sector. At a time of some of the highest oil and gas prices seen in the past decade, with energy security of grave concern in Western Europe and elsewhere, boardroom and courtroom disagreements have seen these companies reduce their investments and geographical footprints in their core business area and instead, venture aggressively into the space of clean energy technologies. With the largest companies unwilling to flex their Balance Sheets to close visible gaps in the oil and gas supply/demand equation, markets are only further tightening.

It is clear that the oil and gas business is being seen, at least from some political and many social perspectives, to be a "necessary evil". It is also now being accepted that the political sprint, seen in the past three years, towards fulfilling the popular narrative of a clean, green dream and a sustainable world is partly responsible for the inflation, recession and this period of economic hardship that is currently being endured. The Russian aggression seen in the Ukraine is also another significant factor. It has appeared to tip the energy security/clean energy agenda discourse with energy security and a more gradual transition to cleaner forms of primary energy being prioritised ahead of an accelerated climate change agenda.

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**

Until the end of 2021, the governments of Western Europe led the charge away from the use of fossil fuels. Aggressive climate related targets were set in some countries, in certain nations, these were gazetted into law. The introduction of the European Commission's (EC) European Green Deal (EGD) is aimed to transition the European Union (EU) market towards a greater resource efficiency base and a more competitive, sustainable, and circular economy. Achievement of the EC's goals by 2050 was projected to require a combination of policies supported by both compliance and forward-looking technology. A key assumption for the implementation of the EGD was peace and stability in Europe.

Since the end of World War II, Europe has been in a relatively peaceful state. There was the dissolution of the Soviet Union event which resulted in the end of the country's and its federal government's existence as a sovereign state, thereby resulting in its constituent republics gaining full sovereignty on 26 December 1991. There was also the breakup of Yugoslavia which occurred as a result of a series of political and economic upheavals and conflicts during the lates 1980s and early 1990s. But apart from these events, peace and stability have been hallmarks of the European continent.

Thus, the aggressive military action taken by Russian armed forces in the Ukraine caused much concern as it unfolded in early 2022. The subsequent slew of economic sanctions implemented against the Russian state and its notable business luminaries by the EU and the United States (US) in the main induced a tit for tat response from Russia. The Russian Government used the fact that approximately 40% of gas demand from Europe was sourced from Russia, and its action of choking back that gas supply to its European neighbours has had far reaching direct and indirect consequences, causing, amongst others:

- an acute gas shortage in Europe;
- the prioritisation of energy security goals by the EU countries over climate change objectives for the current time;
- a reversion back to a reliance on coal;
- a re-mapping of global energy flows in response to Western sanctions;
- the re-making of geopolitical alliances in the Middle East;
- the introduction of gas and nuclear power into the taxonomy of the EU clean energy agenda; and
- a disproportionate increase globally of the price of liquified natural gas (LNG) when compared to oil.

Security issues, market uncertainty, supply chain constraints and an expectation that during the forthcoming winter, some gas fired power plants located in Western Europe may revert to the use of oil have also caused crude to sell at a premium. Not only is the direct shortage of gas of concern but there are several additional knock-on negative effects that are part and parcel of a gas shortage. Natural gas provides the feedstock for agricultural fertilisers which enhance yields of crops. Furthermore, a considerable portion of the grain supply for Europe and the rest of the world originates from Ukraine. With the Ukraine engaged in a war with Russia and fertiliser production in Europe under threat as a result of a lack of feedstock gas, food supply chains could also be at risk if the Russian – Ukrainian conflict persists.

Overall, it appears that Western Europe has pursued a strategy that has now placed it in a position in which it has little control of its energy supply solution. In an effort to recover some control of its energy supply dilemma, the President of the EU announced on 14 September 2022 that the EU had plans to launch a "deep and comprehensive" reform of the electricity markets by decoupling the effect of the price of gas on the price of electricity. The mechanism to do this would likely be through the introduction of gas price caps and an implementation of windfall taxes imposed on oil and gas companies.

The political situations in both our primary areas of business are also uncertain at this time. In Malaysia, as this Annual Report 2021/2022 goes to print, a General Election is anticipated whilst in the United Kingdom (UK), a change in the Prime Minster has resulted in a new Cabinet. The early indications from the new leadership in the UK appears to be pro oil and gas with domestic energy independence a key objective.

The increase in the current cost of energy has also not been well received by US President Biden. Whilst the Democratic Party has been pushing a green/clean energy agenda in the US, he has had to attempt to secure output of additional volumes of oil from the Organization of the Petroleum Exporting Countries (OPEC) to stop crude prices from escalating. To date, his efforts have been largely unsuccessful. With few options remaining and the cost of crude oil increasing, driving inflation and the cost of living upwards, the US was forced to release volumes from its Strategic Petroleum Reserve (SPR) and at the time of this Annual Report 2021/2022, the US SPR is now at circa 416 million barrels, down from about 618 million barrels about a year ago. In the meantime, US shale and tight gas producers are gradually increasing production to take advantage of LNG supply opportunities into Western Europe, caused by sanctions on Russian gas producers.

In China, a zero tolerance for COVID-19 has resulted in sporadic lockdowns with the consequent impact of a fluctuating level of energy demand. At the time of this Annual Report 2021/2022, it appears that the Chinese Government is gradually relaxing on the enforcement of this policy as COVID-19 becomes less prevalent. More economic activity in China will only tighten energy markets further.

Amidst all the supply shortfalls, OPEC and its alliance partners (OPEC+) have remained disciplined. OPEC+ members have continuously not been able to meet permitted production quotas, a consequence of many years of reduced levels of capital deployment to grow or maintain capacity. At the time of this Annual Report 2021/2022 being published, it appears that OPEC+, after months of increasing production quotas, is currently in the process of reducing quotas with price management now seemingly the priority.

2. Economic and Business Trends

With the world slowly exiting the COVID-19 pandemic, what was undesired was a scenario of relatively high oil and gas prices. Unfortunately, with the generally low and volatile oil price regime that had prevailed for more than 5 years, the lack of prior investment in opportunities became clearly visible as supply tightened concurrent with a demand increase, with no spare capacity on-hand. The second blow to a smooth economic recovery after the pandemic was the Russian incursion into the Ukraine which precipitated in further shocks to the gas, oil and food supply chains. Primary energy price escalation was quickly followed by a general cost of living increase. As oil companies started reporting bumper profits, share buy-backs and dividend pay-outs, many governments imposed so called "windfall taxes" to redistribute the economic benefits of the prevailing crude oil and gas price spikes, causing a further slowdown to sector reinvestment momentum.

In its second quarter (Q2) 2022 Financial Review, the Energy Information Administration (EIA) reported the following headlines:

- Brent crude oil daily average prices were 62% higher in Q2 2022 than in Q2 2021 and averaged USD112 per barrel. Henry Hub daily gas average prices were 152% higher over the same period and averaged USD7.50 per million British Thermal Unit;
- In a sample of 143 energy companies from around the world:
    - combined petroleum liquids production decreased 3.6% in Q2 2022 when compared to Q2 2021, with western divestment of assets located in Russia contributing to lower production. However, natural gas production increased 4.8% during the same period;
    - Cash from operations in Q2 2022 totalled USD203 billion, the highest in the 2017 to 2022 period;
    - Capital expenditure in Q2 2022 totalled USD59 billion, 8% higher than in Q2 2021.
    - About 88% of the companies had positive free cashflow, and 95% of companies reported positive upstream earnings in Q2 2022;
    - Net losses from hedging derivatives were USD9 billion in Q2 2022;
    - Distributions to shareholders via dividends and share repurchases reached USD45 billion, the highest four-quarter average in the 2017 to 2022 period;
    - The companies decreased debt by USD33 billion in Q2 2022, and the long-term debt-to-equity ratio decreased to 40% for energy companies, lower than long-term debt-to-equity ratio for US manufacturing companies of 53%; and
    - The return on equity for the energy companies increased to 22% on a four-quarter average basis ending in Q2 2022, surpassing US manufacturing companies' returns for the first time in the 2017 to 2022 period.

The extent of the under-investment in the E&P sector is also visible from the chart in Figure 1 which estimates that overall E&P investment for 2022 is expected to be 46% that of 2014.

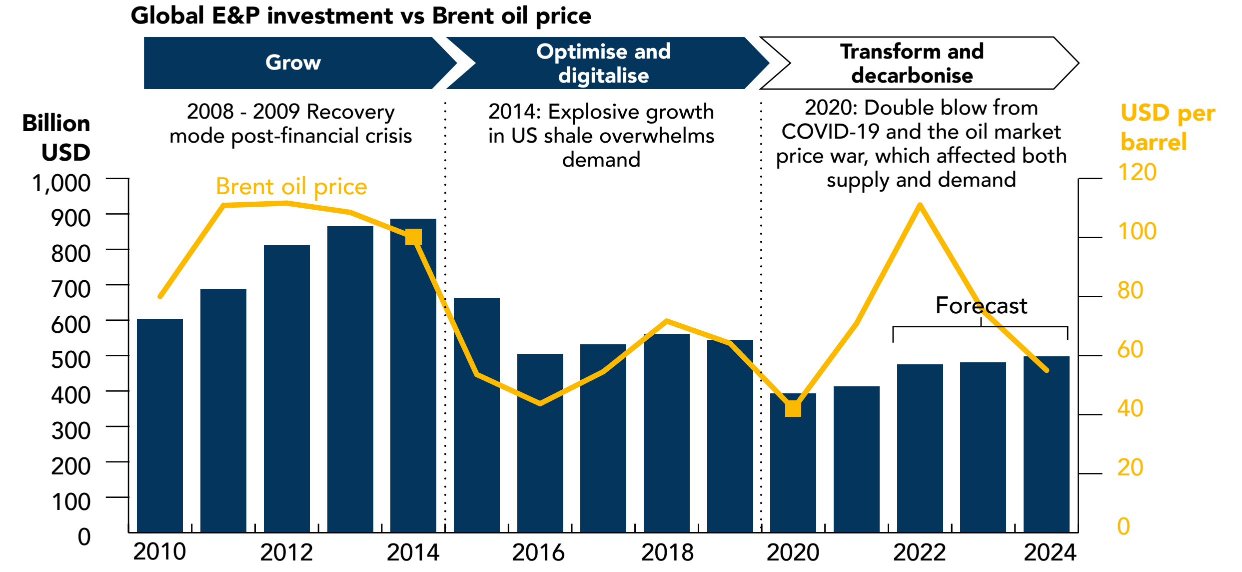


***Figure 1**: Global E&P Investment 2010-2024 (Source: Rystad Energy).*

In terms of M&A activity, in its September 2022 M&A report Rystad Energy notes that:

- discovered and producing resources continued to account for most of the resources traded. The share of traded resources in the production phase increased in North America and Europe, attributed to the high commodity price environment, which is spurring sellers to seek maximum value for their assets, while buyers want to capitalise through higher cashflows; and
- the valuation of producing assets has increased in tandem with the rising price of crude oil. The deal value per resource for producing assets climbed to USD8 per barrel of oil equivalent (boe) in the current quarter from nearly USD5 per boe in the third quarter of last year (see Figure 2). Simultaneously, the value per resource for under-development assets more than halved this year, to USD3 per boe currently from nearly USD8 per boe at the end of 2021 (Figure 3). The current high commodity price environment has pushed the value per 1P and 2P reserves up towards pre-pandemic levels. The valuation now stands at USD16 per boe for 1P reserves and USD11 per boe for 2P reserves. By comparison, traded reserves reached recently high valuations in the first quarter of 2020 of USD20 per boe for 1P reserves and USD14 per boe for 2P reserves.

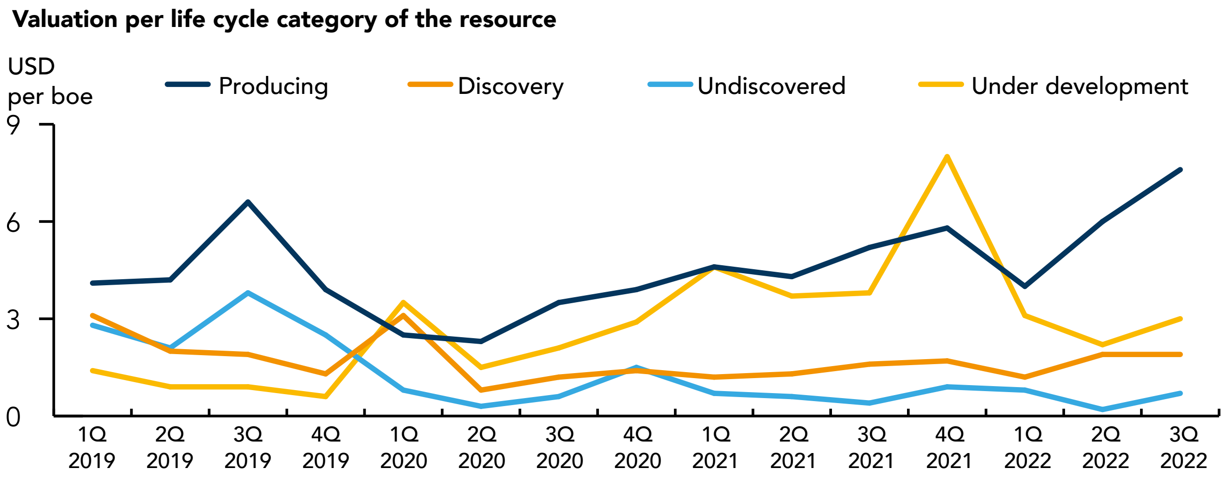


***Figure 2**: Valuation per Resource Life Cycle Category (Source: Rystad Energy).*

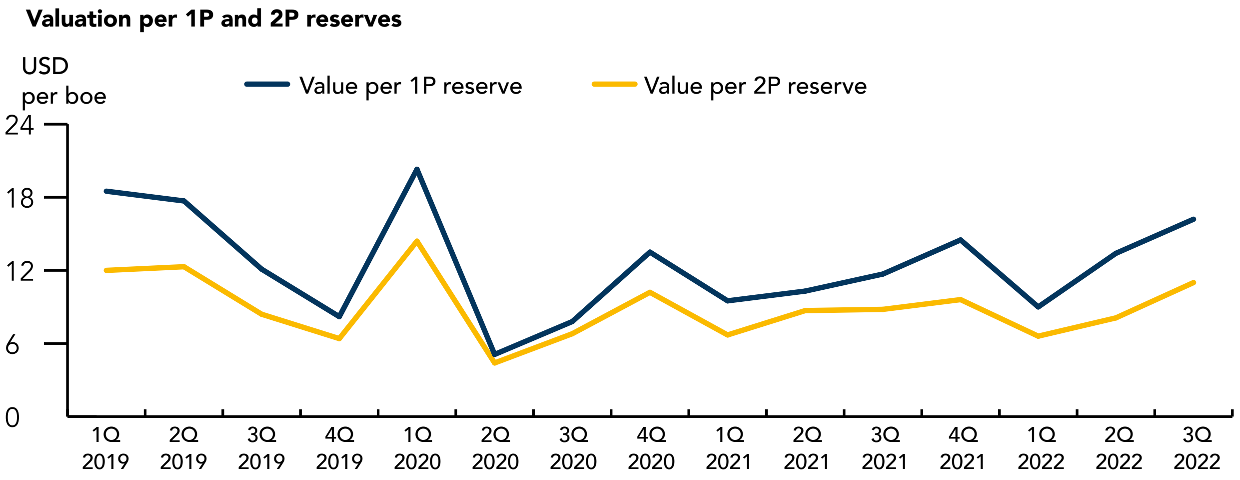


***Figure 3**: Valuation per 1P and 2P Reserves (Source: Rystad Energy).*

National oil companies and the supermajors are also being drawn concurrently in different directions because of uncertainty and volatility in stakeholder expectations. Dividends, share buy-backs and new energy investments are being demanded but existing and near term cashflow generation are premised on reserves replacement and the corresponding investments to continue production at current levels. All these competing priorities are a stress on the finances of the E&P companies, particularly those that are mid-sized and small. In parallel, debt is becoming increasingly difficult to secure and with global interest rates on the rise, to curb inflation, it appears that efforts to increase the supply of fossil fuels will only get more difficult going forward.

3. Social Trends

The Climate Change Movement's prioritisation of a clean and green based energy agenda has taken root in the mindset of senior leaders from Wall Street to the back roads. However, with the available clean energy supply infrastructure base not being able to fulfil demand, and fossil fuel supply being subject to sanctions in various parts of the world (Iran, Venezuela and Russia), economic hardship and difficulties have descended on a wide scale. This energy supply gap is not easily closed. There are also other social trends which are being observed.

Firstly, the drop in energy demand and resultant work activity during the COVID-19 pandemic caused many experienced professionals to leave the oil and gas industry. In addition, the continuous and repeated public media attacks on the fossil fuels industry have resulted in no new talent readily seeking career paths in this important area. Thus, the sector is experiencing a dearth of qualified human capital to contribute to the closing of supply gaps.

In parallel, environment-friendly groups have leveraged on social media, political parties and emotive media broadcasts to slant opinion of the institutional investing and lending community against the fossil fuel business. The result is that from a financial standpoint, oil and gas companies are increasingly having to rely on equity as a source of funding and with equity investors also expecting greater levels of yield, there is less corporate financial firepower available to fund opportunities that aim to close the energy supply gap. With no increased production, oil and gas prices may well remain higher for longer.

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.

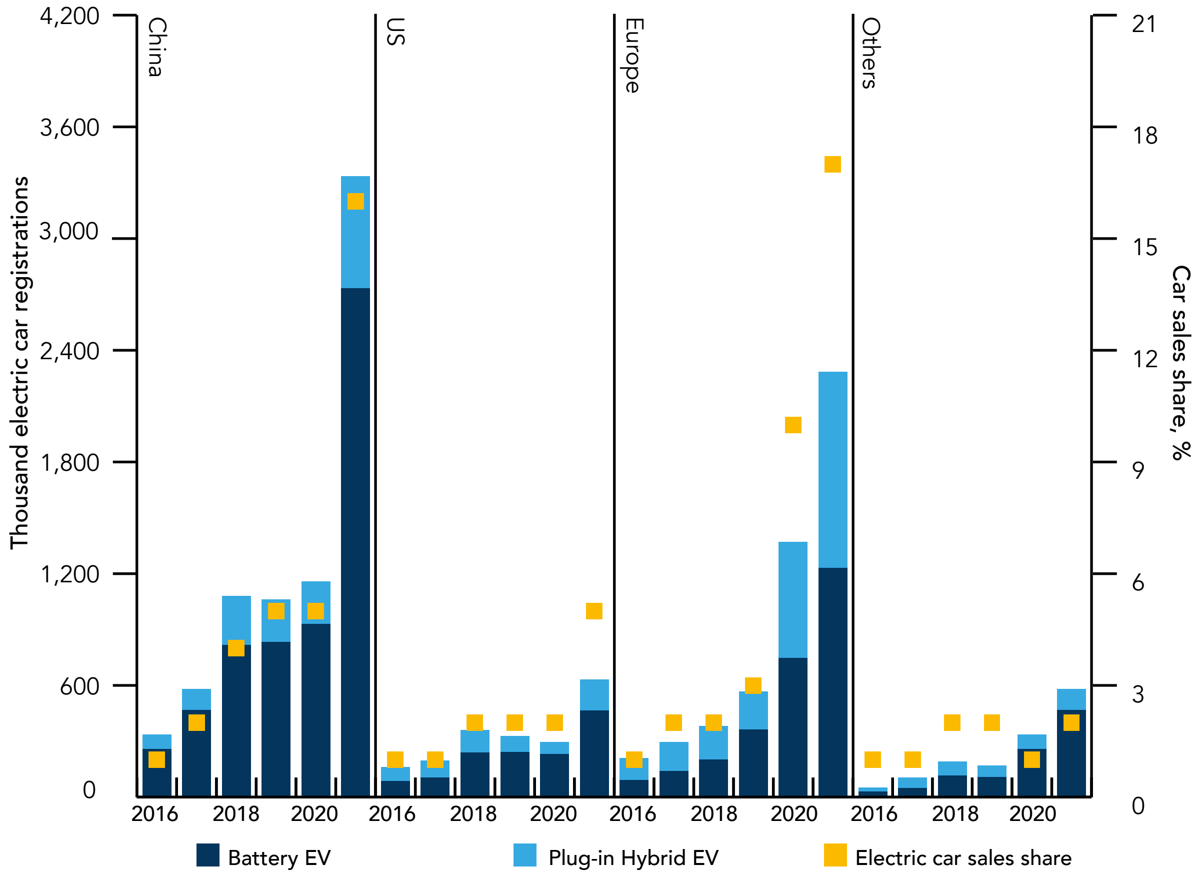


***Figure 4**: EV Adoption by Country/Region (Source: EIA Global EV Outlook 2022).*

4. Technological Trends

In previous years, we have presented developments in the areas of:

- robotics;
- four-dimensional (4D) seismic processing technology and Enhanced Oil Recovery (EOR) techniques;
- wearable technologies; and
- Artificial Intelligence (AI), Blockchain and Machine Learning (ML) algorithms

relevant to the oil and gas industry.

With there being a dearth of qualified human capital available to address technical issues that arise in the oilfield and a concern about the reduction of the carbon footprint associated with the conduct of our work, various state-of-the art technologies are being packaged for utilisation in the oil and gas industry. An area that is emerging is the access oil and gas companies are now able to obtain through web-based visual platforms which use technology to build a digital walkthrough of the asset using 360° High Definition photography.

This innovative web-based tool enhances operational and engineering functionality whilst delivering material cost benefits to our clients and reduces emissions originating from the need to transport engineering and surveying teams to a particular site to procure accurate measurements of items to be engineered or replaced.

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. Over the past year, on the back of increasing oil prices, we observe that the domestic Government is relying on higher levels of dividends from the Malaysian regulator, Petroliam Nasional Berhad (PETRONAS), as a means of subsidising the increasing cost of energy. Thus, there has been more focus on enhancing production from the various assets we have in Malaysia.

We also note that various agencies under the purview of the Malaysian Government are in the initial stages of implementing a Voluntary Carbon Exchange. We believe that this could become a platform for a future in which emissions are taxed, as is the case in first world economies.

As this Management Discussion and Analysis is being prepared, it appears work and travel restrictions associated COVID-19 have been totally withdrawn and with a domestic election on the horizon, it is expected that an investment friendly National Budget will be implemented.

C. OUR POSITIONING

Over the past seven years, the Company has evolved through the timely acquisitions of mature assets which have identifiable opportunities that may be exploited by an efficient operator to enhance value. Given the global macro level volatility that is currently being observed globally, the current corporate direction is to be vigilant of risks that may negatively impact the Company and to identify, monitor and mitigate them as far as practicable. This approach will provide a strong business foundation from which to pursue our (fundamentally) organic growth plans.

In the coming months and years, we expect this growth to be delivered through our traditional activities, i.e.:

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

In addition, we hope to be able to also pursue some near-field exploration activities in both Peninsular Malaysia and North Sabah if market conditions permit.

1. Brownfield Operations

This business area covers our operations or joint operations of 'mid-life' producing assets. These activities are our primary source of cashflow. 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 intensity metrics do not substantially increase but instead, on a holistic basis, demonstrate or promise improvement.

The Anasuria Cluster in the UK sector of the North Sea and our Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus) and North Sabah assets located in Malaysia fall into this category of our business. Within these brownfield clusters, there are growth opportunities located in areas which have access to existing infrastructure.

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 West and Sunflower Cluster (Licence P198, Blocks 15/13a and 15/13b) in the UK North Sea fall into this category as does:

- Licence P2518 Block 15/17a (containing the Kildrummy discovery) which was awarded to Anasuria Hibiscus UK Limited (Anasuria Hibiscus) as part of the UKCS 32nd Offshore Licensing Round. Subject to further technical work, we hope that Kildrummy becomes part of a long-term area development plan around the Marigold West and Sunflower Cluster.
- Licence P2535 Block 21/24d (containing the Teal West discovery). Efforts to secure regulatory approvals to progress opportunities within this licence to production are advanced.

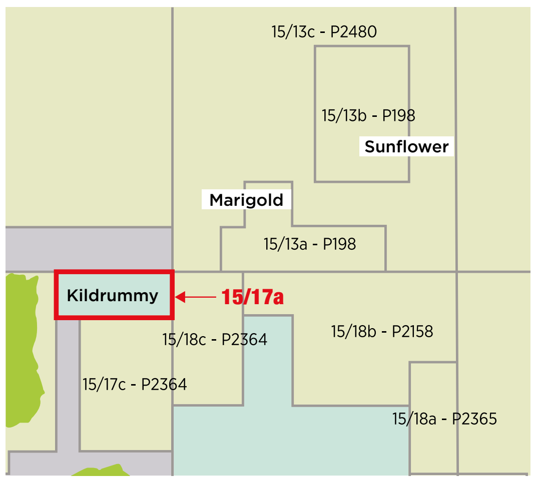


Figure 5: *Location of Kildrummy adjacent to the Marigold Cluster.*

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. As have been presented elsewhere in this Annual Report 2021/2022, our legacy permits in Australia (i.e. VIC/L31, VIC/P57 and VIC/P74) have all been subject to some form of corporate action:

- VIC/L31: Currently converted to a Retention Lease
- VIC/P74: 50% interest transferred to 3D Oil Limited (3D Oil)
- VIC/P57: Permit surrendered to the Australian National Offshore Petroleum Titles Administrator (NOPTA)

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

4. Near-Field Exploration

Seismic datasets around the producing licences that we operate in Malaysia have been analysed and several near-field exploration opportunities have been identified, both in Peninsular Malaysia and Sabah. Over the course of the next year, we hope to high-grade these opportunities into drillable targets that have a high geological chance of success (GCOS) of becoming a discovery.

D. ESG CONSIDERATIONS

Within the context of ESG, the current narrative is generally focussed on the environment. Whilst this is an important component of the ESG triangle, we believe that certain sub-categories of this area are significant and are highlighted below.

1. Emissions

Whilst many governments are currently facing the competing priorities of energy security and achievement of climate change goals and, the large Independent Oil Companies (IOCs) are themselves preparing for a long-term future in which fossil fuels become decreasingly significant as a primary energy source, our Company will look at a more modest contribution to the global energy transition agenda. Our main objective will be to continue to optimally manage our own carbon footprint. Decarbonising initiatives have been implemented on an on-going basis in Anasuria, North Sabah and the recently acquired assets under the Peninsula Hibiscus Group (see relevant sections of the Sustainability Report) since our acquisition of these assets and are showing positive results.

Since January 2022, we have also had to include the emissions metrics of the recently acquired assets, under Peninsula Hibiscus as part of our overall group business sustainability scorecard. Whilst it may be noted that the Group has made significant progress in reducing our GHG emissions (Scope 1 and Scope 2) as is reported in our Sustainability Report, we recognise that there is more to do particularly in Peninsular Malaysia.

Although the Group has always been gradually but conscientiously executing our decarbonising initiatives, the substance and velocity of developments in the area of Climate Change on a more macro scale has caused us to roll out a Framework *(Climate Change Framework (CCF))* in November 2021. Our *CCF* makes it clear to all our stakeholders the pathway we intend to pursue to meaningfully contribute to the global Energy Transition agenda.

In summary, at Hibiscus Petroleum, our Vision compels us to be a responsible energy company. A significant component of that responsibility covers our tangible actions and contributions towards the global Energy Transition agenda.

Our overarching aspiration is to be a Net Zero Emissions Producer by 2050. This Net Zero aspiration will align 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.

We have also committed to focus on transparent reporting on 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.

2. Safety

Our Vision to be a Respected and Responsible Energy Company implicitly captures a requirement for us to operate our assets safely.

Period: 1 July 2021 - 30 June 2022

	United Kingdom	PM3 CAA**	Malaysia	Australia
Fatality	0	0	0	0
Lost Time Injury Frequency (LTIF)*	0	0	0	0

Notes:

* *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.*

** *Period from 25 January 2022 to 30 June 2022.*

Our performance in this area is captured in our Sustainability Report and our record of being recognised by regulators and government agencies domestically and internationally is testimony of our relentless efforts.

In summary, our intention is to provide a safe and healthy environment for the people who work with us and in doing so, grow the trust that host governments and regulators have in us.

3. Governance

We can only earn the trust of our stakeholders if we act with full transparency in matters relating to corporate governance. In the assets that we operate in emerging economies, where corrupt practices could sometimes prevail, it is even more imperative that we ensure oversight and put in place robust processes to remain compliant with the law and generally accepted business principles. Given the increase in the scale of our operations, we have afforded more resources to our Internal Audit department and under the direction of the Audit and Risk Management Committee, it has reviewed our business practices in several high risk areas with the intention of improving control procedures.

E. OUR ASSETS

Jurisdiction	Malaysia				Malaysia-Vietnam Commercial Arrangement Area (CAA)	Vietnam
Fiscal System	Production Sharing Contract (PSC)				PSC	PSC
Licence Name	North Sabah PSC	Kinabalu PSC	PM305 PSC	PM314 PSC	PM3 CAA PSC	Block 46 Cai Nuoc PSC
	2011 North Sabah Enhanced Oil Recovery PSC	2012 Kinabalu Oil PSC			PM3 Commercial Arrangement Area PSC	
Fields	Producing: St Joseph, South Furious, South Furious 30 (SF30), Barton	Producing: Kinabalu Main, Kinabalu East, Kinabalu Far East	Producing: Murai/Angsi Southern Channel Unit		Producing: Bunga Orkid, Bunga Pakma, Bunga Raya, Bunga Seroja, Bunga Kekwa, Bunga Tulip Exploration: Greater Central Area, Greater Silver Area	Producing: Cai Nuoc Discovered: Hoa Mai
Licence Tenure	2040	2032	2029	2033	2027	2027
Direct Interest	50.0%	60.0%	60.0%	60.0%	35.0%	70.0%
Operatorship	Operated	Operated	Operated	Operated	Operated	Operated
Asset Type	Production	Production	Production and Decommissioning	Decommissioning	Production	Production
Facilities/ Infrastructure	20 Platforms/ Structures[1], 146 Wells[1], 1 Crude Oil Terminal	2 Platforms[1], 36 Wells[1]	1 Platform (SAA), 1 Platform (ASCU), 10 Wells (SAA), 6 Wells (ASCU)	1 Platform (SAA), 3 Wells (SAA)	14 Platforms/ Structures[1], 143 Wells[1], 2 FSOs[1]	9 Wells[1]
Net Oil Reserves and Resources (MMbbl)	2P Reserves: 21.3[2] 2C Resources: 14.6[2]	2P Reserves: 7.8[3]	–	–	2P Reserves: 6.7[3]	2P Reserves: 0.3[3]
Net Gas Reserves and Resources (Bscf)	–	–	–	–	2P Reserves: 68.5[3]	–

Notes:

1 As at January 2022.

2 As at 1 July 2022, based on the net entitlement of SEA Hibiscus Sdn Bhd (SEA Hibiscus), derived from RPS Energy Consultants Limited's report for the PSC life, adjusted for actual production in the 12 months ended 30 June 2022.

3 As at 1 July 2022, based on the net entitlement of the FIPC Group, derived from RPS Energy Consultants Limited's report for the PSC life.

4 As at 1 July 2022, based on the participating interest of Anasuria Hibiscus, derived from RPS Energy Consultants Limited's reports, adjusted for actual production in the 12 months ended 30 June 2022.

5 As at 1 July 2022, based on internal estimates.

6 The assignment of NEO Energy (ZPL) Limited's 30% interest in Teal West to Anasuria Hibiscus has been approved by the NSTA and the transfer of interest is now pending completion.

United Kingdom						Australia
Concession						Concession
Anasuria Cluster (or Anasuria)				Marigold Cluster		Bass Strait
P013 – Teal, Teal South and Guillemot A	P185 – Cook	P2535 – Block 21/24d	P2532 – Blocks 21/19c and 21/20c	P198 – Blocks 15/13a and 15/13b	P2518 – Block 15/17a	VIC/RL17
Producing: Teal, Teal South, Guillemot A	Producing: Cook	Discovered: Teal West	Prospects: Cook West, Cook North as potential extensions of the existing Cook field	Discovered: Marigold West, Sunflower	Discovered: Kildrummy	Discovered: West Seahorse
Life of Field	Life of Field	Life of Field	Life of Field	Life of Field	Life of Field	2026
50.0%	19.3%	100.0%[6]	19.3%	87.5%	100%	100%
Jointly-operated	Non-operated	Operated	Non-operated	Operated	Operated	Operated
Production	Production	Development	Exploration	Development	Development	Development
13 Subsea Wells[1], 1 FPSO[1]		2 Subsea Wells (future)	–	8 Subsea Wells (future)	1 Subsea Well (future)	–
2P Reserves: 23.3[4]		2C Resources: 5.8[4]	Subsurface studies yet to commence	2C Resources: 43.6[4]	Subsurface studies yet to commence	2C Resources: 8.0[5]
2P Reserves: 9.2[4]		2C Resources: 4.6[4]	Subsurface studies yet to commence	–	Subsurface studies yet to commence	–

Key:

- FIPC : Fortuna International Petroleum Corporation.
- FPSO : Floating Production, Storage and Offloading vessel.
- FSO : Floating Storage and Offloading vessel.
- 2P Reserves : Proven and probable reserves.
- 2C Resources : Best estimate contingent resources.
- MMbbl : Million barrels.
- Bscf : Billion standard cubic feet.
- SAA : South Angsi Alpha.
- ASCU : Angsi Southern Channel Unit.
- NSTA : North Sea Transition Authority, UK.

MANAGEMENT DISCUSSION AND ANALYSIS

F. OUR SALES AND CUSTOMERS

The fields of the Anasuria Cluster, North Sabah, as well as our recently acquired assets under the Peninsula Hibiscus Group of companies, produce a combination of oil, condensate, gas and water daily. Of value to us are the oil, condensate 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 ensure that it is 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.

With the recently acquired assets contributing to our operations from 25 January 2022, our goal for FY2022 was to deliver 4.6 million barrels of oil equivalent (MMboe) of oil, condensate and gas from the producing oilfields operated or jointly-operated by our Group. We achieved this target and sold a total of 3.5 MMbbl of oil and condensate and 1.1 MMboe of gas. Of those volumes, 2.06 MMbbl originated from North Sabah (Figure 6), 0.79 MMboe was sold from the Anasuria Cluster (Figure 7), with a further 1.75 MMboe from the recently acquired assets (Figure 8).

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

	Unit	FY2022	FY2021	FY2020	FY2019
Net Oil Production	MMbbl	1.82	2.35	2.28	1.79
Net Oil Sold	MMbbl	2.06	2.67	1.87	1.96
Number of Cargo Offtakes	Nos	7	9	6	7
Average Realised Oil Price	USD/ bbl	90	52	57	73

***Figure 6**: Oil production and sales volume net to our Group from the North Sabah PSC over the last four 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 the St Fergus gas terminal are integral towards meeting the UK gas requirements on a daily basis.

	Unit	FY2022	FY2021	FY2020	FY2019
Net Oil Production	MMbbl	0.67	0.85	0.95	1.13
Net Oil Sold	MMbbl	0.69	1.03	0.76	1.35
Average Realised Oil Price	USD/ bbl	92	50	59	67
Net Gas Sold (exported)	MMscf	620	716	652	799
Average Gas Price	USD/ Mscf	22.58	2.95	1.78	4.53

Figure 7: *Oil and gas production and sales volume net to our Group from the Anasuria Cluster over the last four financial years.*

Notes to Figure 7:

- MMscf : Million standard cubic feet
- Mscf : Thousand standard cubic feet

For the recently acquired assets under the Peninsula Hibiscus Group, oil and condensate are mainly sold through a marketing agreement with PETCO Trading Labuan Company Ltd, a subsidiary of PETRONAS, whereas gas is sold to PETRONAS and the Vietnam Oil and Gas Group (PetroVietnam). Gas produced from PM3 CAA is an important energy source for Malaysia and Vietnam.

	Unit	FY2022
Net Oil and Condensate Production	MMbbl	0.90
Net Oil and Condensate Sold	MMbbl	0.75
Average Realised Oil and Condensate Price	USD/bbl	119
Net Gas Sold (exported)	MMscf	5,982
Average Gas Price	USD/Mscf	7.57

Figure 8: *Oil, condensate and gas production and sales volume net to our Group from the recently acquired assets.*

Note to Figure 8:

- FY2022 figures are for the period 1 February 2022 to 30 June 2022

We are pleased with our oil and gas trading arrangements for our producing assets. Our counterparties are reputable and have a large pool of reputable 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 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Revenue (RM 'million)	1,696.5	804.8	646.5	988.3	394.3
EBITDA (RM 'million)	1,082.7	380.8	213.3	549.4	334.1
PAT/(LAT) (RM 'million)	652.9	103.7	(49.3)	230.0	203.7
Net Assets per Share	1.09	0.74	0.77	0.78	0.63
Debt (RM 'million)	(88.8)	(5.7)	(49.2)	-	-

Figure 9: *Hibiscus Petroleum's financial performance over the last five financial years.*

Notes to Figure 9:

- EBITDA – Earnings before interest, taxes, depreciation and amortisation
- PAT – Profit after taxation
- LAT – Loss after taxation

Figure 9 demonstrates our Company's financial performance over the last five years. For FY2022, we reported a PAT of RM652.9 million and an EBITDA of RM1.1 billion. As of 30 June 2022, our total assets were approximately at RM5.5 billion and shareholders' funds stood at about RM2.2 billion.

These robust results are due to the addition of the recently acquired assets as well as the increase in oil and gas prices over the course of FY2022.

On 25 May 2022, the Company declared an interim single-tier dividend of 1.0 sen per ordinary share, which was paid on 22 July 2022 to shareholders of ordinary shares whose names appeared on the Record of Depositors on 23 June 2022. On 4 October 2022, a final single-tier dividend of 1.0 sen per ordinary share was proposed by the Board for FY2022 for the consideration of shareholders at our forthcoming 12th 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 cashflow management, loyal shareholders and careful sequencing of investments 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 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Year High (RM)	1.490	0.735	1.130	1.320	1.150
Year Low (RM)	0.605	0.445	0.260	0.775	0.400
Year Close (RM)	1.000	0.685	0.615	1.070	0.885
Trading Volume (million)	7,164	6,616	11,214	8,030	10,091
Market Capitalisation (as at the Year End) (RM 'million)	2,012	1,370	977	1,699	1,405
Oil Price at Year Close (USD/bbl)	115	75	41	67	79

Figure 10: *Hibiscus Petroleum's share performance over the last five financial years.*

Figure 10 shows our share price performance over the last five financial years. As part of the funding for the recently acquired assets, the Group raised RM203.6 million from the issuance of Islamic Convertible Redeemable Preference Shares (CRPS). As of 30 June 2022, 203.6 million units of CRPS, representing 100% percent of the CRPS issued had been converted into the ordinary shares of Hibiscus Petroleum.

2. REVIEW OF OPERATING ACTIVITIES

A. MALAYSIA, VIETNAM & CAA – PENINSULA HIBISCUS

1. Production Operations

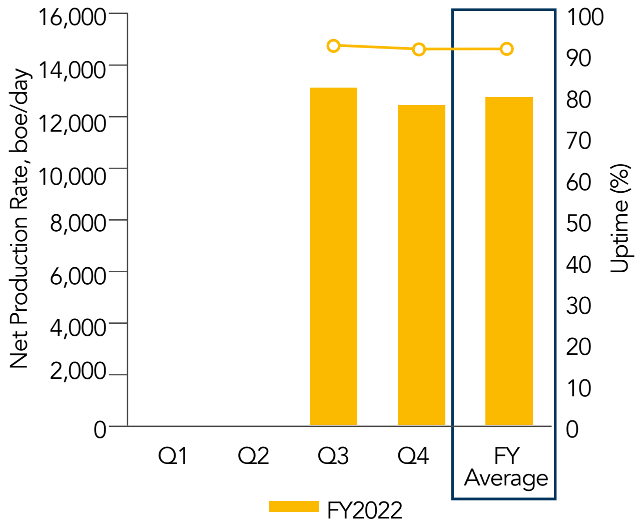


Figure 11: *Average net oil, condensate and gas production rate and uptime (RHS) of the Peninsula Hibiscus Assets (PM3 CAA PSC, Block 46 Cai Nuoc PSC, PM305/314 PSC, and 2012 Kinabalu Oil PSC).*

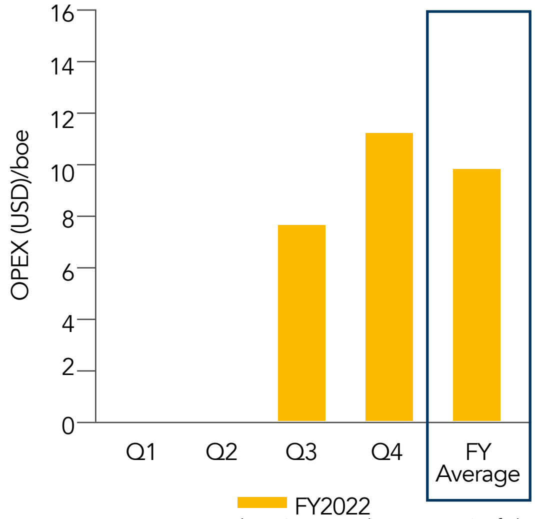


Figure 12: *Average OPEX/boe (unit production cost) of the Peninsula Hibiscus Assets.*

Notes to Figure 11 and 12:
- Q3 figures are for the period 1 February 2022 to 31 March 2022
- OPEX - operational expenditure

Through our indirect wholly-owned subsidiary, Peninsula Hibiscus, we completed the acquisition of the entire equity interest in Fortuna International Petroleum Corporation (FIPC) from Repsol Exploración, S.A. (Repsol) on 24 January 2022. FIPC, through its wholly-owned subsidiaries owns participating interests in five PSCs: 2012 Kinabalu Oil (Kinabalu) PSC, PM3 CAA PSC, PM305 PSC, PM314 PSC and Block 46 Cai Nuoc PSC. The Group also assumed Repsol's operatorship in all five PSCs.

The name of the main operating subsidiary was changed to Hibiscus Oil & Gas Malaysia Limited (HML) (formerly known as Repsol Oil & Gas Malaysia Limited) in Q4 FY2022.

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.

On completion of the transaction with Repsol, we continued an active drilling programme with the North Bunga Orkid H4 Development programme. This on-going programme involves the drilling of 4 water injection wells and 2 oil production wells.

Maintenance activities undertaken in the various PSCs have been very low in CY2020 and CY2021 due to the restrictions imposed by the COVID-19 pandemic. HML has been focusing on catching up on maintenance backlogs and prioritising asset integrity. Two extensive major maintenance campaigns in the PM3 CAA PSC and the Kinabalu PSC commenced in Q4 FY2022.

a. PM3 CAA PSC

Overall operational performance of PM3 CAA during the months of February and March 2022 was very good. Oil and condensate production has been supported by better reservoir performance and stable operations. Furthermore, with a move towards the COVID-19 endemic phase, and a visible increase in economic activities in Southeast Asia, we have observed strong gas demand from both PETRONAS and PetroVietnam.

Overall average gross oil and condensate production fell by approximately 2% in Q4 FY2022. Oil production was higher due to strong oil performance throughout the 4th Quarter as a result of sustained water injection, well optimisation via gas lift and the sequencing of wells drilled as part of the H4 development project to accelerate first oil which commenced flowing on 30 April 2022. This increase was offset by lower condensate production due to lower gas production. The lower gas production was driven by rectification works on the Permeate Compressor and Flash Gas Compressor during Q4 FY2022.

OPEX per boe showed an increasing trend as maintenance activities ramped up. This trend is expected to continue as we catch up on integrity related work throughout CY2022.

b. Kinabalu PSC

In FY2022 unplanned platform interruptions affected the overall performance of the Kinabalu field but was offset by optimisation measures implemented at the Kinabalu facility. Overall, good uptime metrics were achieved and are the outcome of:

- Stable topside operations;
- Well optimisation; and
- A relatively high level of compressor reliability being achieved which allowed a consistent supply of gas for gas lift activities.

Average OPEX per boe showed an increasing trend as maintenance activities ramped up and this trend will continue for CY2022.

2. Awards

Our Group received the following awards over the course of FY2022 in Malaysia:

- Project Delivery Excellence – Bronze Award. Awarded to HML for tremendous performance and successful delivery of the H4 Development Facilities Project despite the unprecedented COVID-19 pandemic and volatile market conditions.
- PETRONAS Focused Recognition Award – Awarded in May 2022 for delivering first oil for PM3 CAA North Bunga Orkid Development (H4) project on 30 April 2022.
- PETRONAS Focused Recognition Award – Awarded in August 2022 for successfully completing the PM305/PM314 South Angsi Well Abandonment campaign in July 2022.

3. Production Enhancement Project

Project Description	Status
North Bunga Orkid Development (H4) - Drill 2 infill oil production wells and 4 water injection wells	Ongoing - Delivered first oil in April 2022

***Figure 13**: Production enhancement project in the Peninsula Hibiscus Assets in FY2022.*

a) North Bunga Orkid Development (H4)

This development project started in 2021 prior to the acquisition of FIPC by Peninsula Hibiscus. All facility modifications were completed in Q4 2021. Drilling commenced in December 2021. HML has, after the completion of the acquisition, completed drilling 4 wells in this project to date and managed to achieve first oil from the project on 30 April 2022, 2 months ahead of schedule, with an initial gross production rate of approximately 1,400 bbl/day.

One more oil production well and one water injection well will be completed by the end of Q2 FY2023. The drilling rig will continue to drill wells for HML as 4 more projects will be executed through FY2023.

Total expenditure on this project since completion of the transaction with Repsol and 30 June 2022 was RM82.4 million.

4. Outlook

The PM3 CAA PSC contains a number of opportunities for further development and exploration. HML is working diligently with partners PETRONAS Carigali Sdn Bhd (PETRONAS Carigali) and PetroVietnam Exploration Production Corporation (PVEP) to define and high grade these projects. Several projects have already received approval from regulators PETRONAS (Malaysia Petroleum Management) and PetroVietnam, while opportunities are in the final stages of the approval process. Development activities will continue in FY2023 and will likely extend into FY2024.

With the Sabah State Sales Tax matter resolved, activities in the Kinabalu PSC will ramp up further in FY2023 and several development projects are currently going through the approval process with regulator PETRONAS.

We expect production from both PSCs to increase after completing the major maintenance campaigns in Q2 FY2023. Increased continuous maintenance activities will improve facilities uptime and drilling of additional oil production and water injection wells are projected to contribute additional production.

B. MALAYSIA – THE NORTH SABAH PSC

1. Production Operations

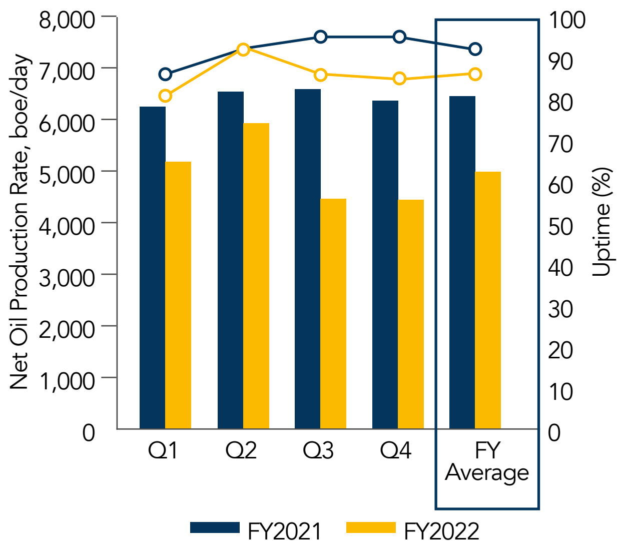


***Figure 14**: Average net oil production rate and uptime (RHS) of the North Sabah PSC.*

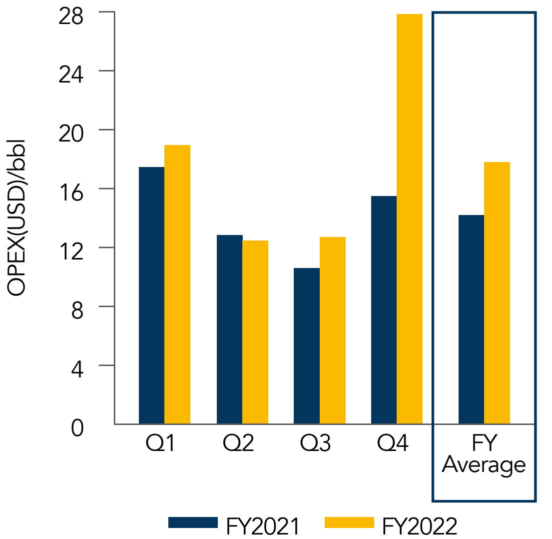


Figure 15*: Average OPEX/bbl (unit production cost) of the North Sabah PSC.*

FY2022 represents the fourth full financial year of SEA Hibiscus' 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.

When compared to the previous year, average facilities uptime in FY2022 decreased by 6% to 86%. This was a result of higher unplanned production platform interruptions, in part due to manpower and logistics constraints during the COVID-19 lockdowns disrupting the services provided by several of our contractors, as well as the undertaking of the annual major maintenance campaign in March 2022. We were also in dispute with the State Government on certain matters related to the payment of the Sabah State Sales Tax and this matter occasionally delayed the issuance of permits that were required to conduct maintenance scopes of work.

With the higher oil prices seen, the net oil entitlement under the PSC has reduced. Consequently, in combination with the above factors, the average net oil production rate in FY2022 fell from an average of 6,444 bbl/day in FY2021 to an average of 4,989 bbl/day, an overall decrease of 23%.

The average operating expenditure per bbl (OPEX/bbl), or unit operating cost, for FY2022 increased by 27% compared to FY2021 due to planned major maintenance activities, lower net oil production, as well as the increased costs associated with COVID-19 restrictions and standard operating procedures.

2. Awards

SEA Hibiscus received the following awards over the course of FY2022 for the North Sabah asset:

- PETRONAS Malaysia Upstream Awards 2022: Most Improved Operator Award. Awarded to SEA Hibiscus for showcasing sustained and continuous improvement in overall performance for three consecutive years.
- PETRONAS Focused Recognition Award – Awarded in February 2022 for successful production enhancement gains of 20% above the target plan for CY2021, despite the impact from COVID-19.
- PETRONAS Focused Recognition Award – Awarded in November 2021 for successfully completing the MPM Integrated Assurance activities with no reported incident or accident, contributing to increased stakeholder confidence by improving internal systems and controls.
- 5-star Rating Award given to LCOT by the Chief Government Security Officer, commending the high commitment and priority towards safety and security in protecting national interests and for being one of 15 national assets receiving a 5-star Rating Award.

3. Outlook

As a responsible operator, we will continue to collaborate with our joint venture partner, PETRONAS Carigali, and the Malaysian regulator, PETRONAS, to develop viable opportunities within the boundaries of the North Sabah PSC. On 2 June 2022, PETRONAS approved the Milestone Review 4 (MR4) for the South Furious 30 Water Flood Phase 2, which entails the drilling of 6 water injectors and 5 oil infill wells at the South Furious 30 field. The objective of the project is to increase production and reserves recovery via pressure support from water injection and sweep into existing and new oil producers. The 11 wells will be drilled from a newly installed well head platform, bridge linked to an existing jacket. The drilling campaign is tentatively planned to commence from September 2023, and a new water injection facility is expected to be introduced to the field in August 2024.

C. UNITED KINGDOM – THE ANASURIA CLUSTER

1. Production Operations

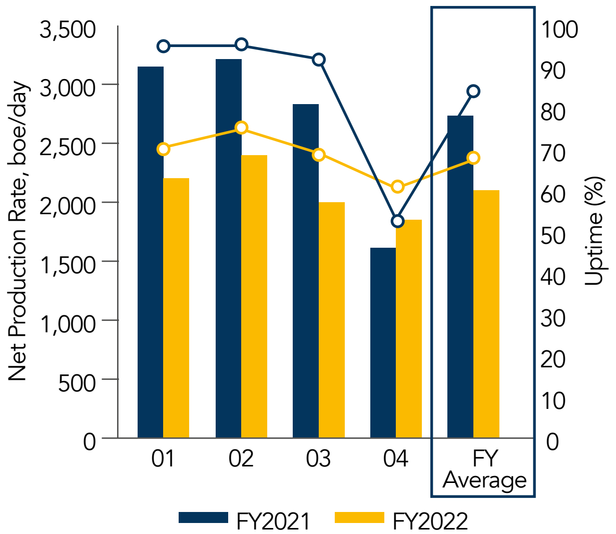


***Figure 16**: Average oil equivalent production rate and uptime (RHS) of Anasuria.*

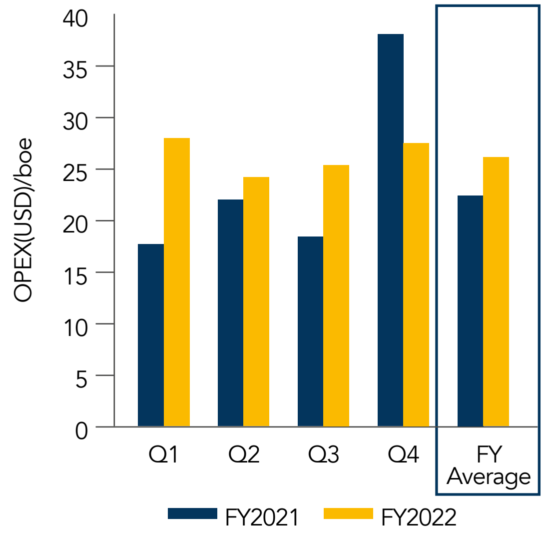


***Figure 17**: Average OPEX/boe of Anasuria.*

Average uptime in FY2022 was 68%, a decrease from 83% in FY2021, whereas the average daily oil equivalent production rate in FY2022 was 2,119 boe/day, also a decrease from 2,665 boe/day in FY2021. This was primarily due to the malfunction of a production riser, a critical component of the subsea infrastructure, which occurred whilst in the process of bringing the Anasuria FPSO back to full production upon completion of the 2021 Offshore Turnaround in May 2021. The riser was isolated from the primary production system which constrained the overall production from Anasuria throughout FY2022. The project to replace the malfunctioned riser has been completed and the riser returned to service in September 2022.

Operational performance in FY2022 was also affected by a planned offshore turnaround of the Anasuria FPSO which commenced on 17 June 2022 and was subsequently completed on 17 July 2022 (2022 Turnaround). The 2022 Turnaround was conducted with the objective of improving the reliability and integrity of the Anasuria FPSO in addition to ensuring a safe offshore working environment.

Lower production rates coupled with increased operational costs (due to the 2022 Turnaround) resulted in an increase in average operating expenditure per bbl of oil equivalent (OPEX/boe) of 18% to USD26/boe in FY2022 when compared to FY2021.

2. Awards

Assets owned by our Group in the UK received the following awards over the course of FY2022:

- Gold Award – Awarded by the Royal Society for the Prevention of Accidents (ROSPA) for CY2021 health and safety performance of the Anasuria FPSO facility – 23rd consecutive annual award.
- Order of Distinction – Awarded by ROSPA for 23 consecutive Gold Awards.
- Asset Operational Integrity at the Offshore Safety Awards – jointly organised by Offshore Energies UK (OEUK), the leading representative body for the UK offshore oil and gas industry, and Step Change in Safety.
- Elected Safety Representative for the Year at the Offshore Safety Awards.

3. Production Enhancement Projects

There was no site-related execution of major production enhancement projects in FY2022. The Company is performing detailed subsurface studies to identify further well opportunities in the Guillemot-A, Teal and Cook fields. In particular, the Company is working towards the maturation of future projects through ongoing studies which are expected to complete in the next year. These subsurface studies are expected to generate production and/or water injection well targets that can increase the oil recovery from the fields.

4. Opportunities and Concerns

a) 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 (UK) 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 were encountered. The operator conducted a subsea campaign in March 2022 to determine the root cause of the problem, and another campaign is being planned for execution in October 2022 to complete the repairs, and thereafter recommence water injection into the Cook WI well.

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.

b) Transfer of Duty Holder

Anasuria Operating Company Limited (AOCL) is working to gradually take more direct control of the operations of the Anasuria Cluster by assuming Duty Holder responsibilities. AOCL has been steadily building its organisation and has been involved in operations, managing capital projects and activities, with Petrofac, a large international oilfield services provider, acting as Duty Holder since 2016. On 10 June 2022, AOCL successfully assumed Duty Holder responsibilities from Petrofac and became installation and pipeline operator for the fields of the Anasuria Cluster (with the exception of the Cook Field, which is operated by Ithaca). On the same day, Petrofac was awarded an Integrated Services Provider (ISP) contract by AOCL for Petrofac to continue to provide onshore and offshore personnel and a range of technical support services. This is an important milestone for AOCL as it takes more direct ownership of Anasuria related activities, to optimise operations and maximise value.

c) **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 P2535 in the UKCS during the UKCS 32nd Offshore Licensing Round. Anasuria Hibiscus held a 70% interest in this licence with the remaining 30% interest being held by NEO Energy.

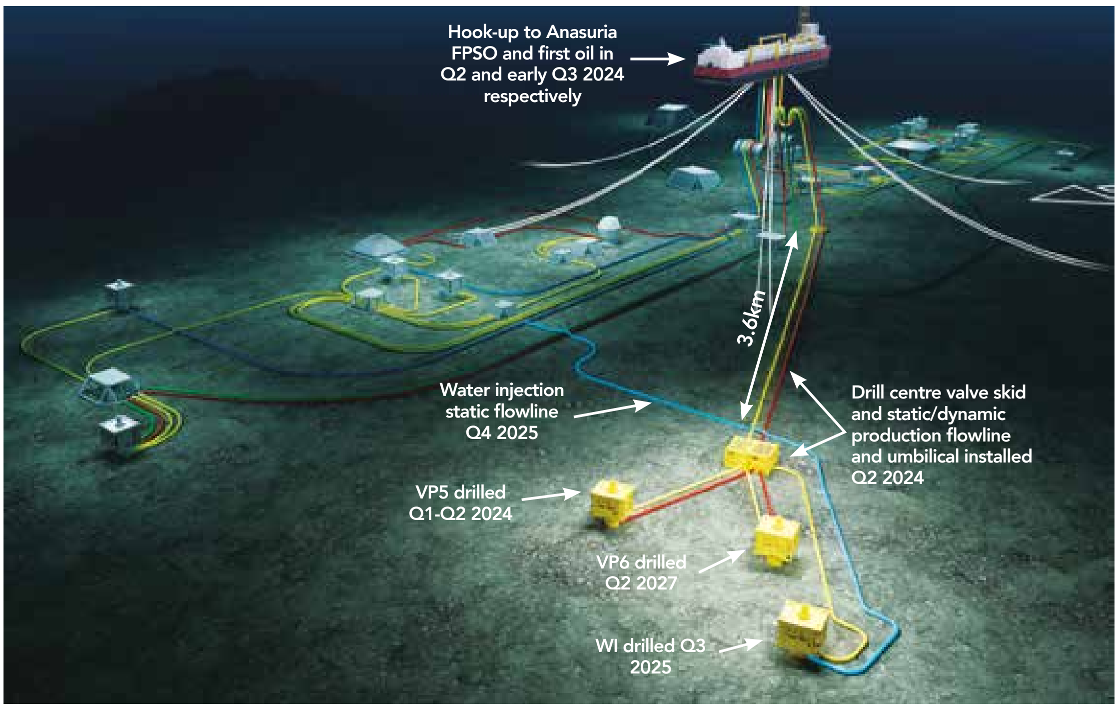
On 8 July 2022, NEO Energy advised Anasuria Hibiscus of its intention to withdraw from Licence P2535. Given the advanced state of the technical work that had been done and the value this project adds to the Anasuria Cluster, Anasuria Hibiscus decided to proceed with activities related to Licence P2535 on a 100% interest basis. The assignment of NEO Energy's interest to Anasuria Hibiscus has been approved by the North Sea Transition Authority (NSTA) (formerly known as the Oil and Gas Authority (OGA)) and the transfer of NEO Energy's interest to Anasuria Hibiscus is now in the final stages of the transfer process.

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 the high porosity Fulmar Sandstone with 37 degree API oil. The field is estimated to contain between 9 to 23 MMbbl of oil in-place.

The base development plan for the Teal West field is to initially drill an oil well (VP5) to the south-east of the structure, followed by a water injector well at the west of the structure 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 south-west of the structure about 36 months after First Oil, depending on crude oil price at the time of project sanction.

The Teal West Concept Select Report was submitted to the NSTA on 10 September 2021 and a Letter of No Objection (LoNO) was subsequently received from the NSTA on 15 November 2021. Based on the LoNO, the project team proceeded to conduct detailed subsurface and front-end engineering design studies to confirm the economic viability of the project and prepare the Field Development Plan (FDP) and Environmental Statement (ES) for consent (from various host government regulatory bodies) to develop Teal West.

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, a Heads of Agreement for a Transportation, Processing & Operating Service



Teal West: Proposed Development Plan - Tie-back to Existing Anasuria FPSO

Agreement (TPOSA) has been signed between AOCL and Anasuria Hibiscus on 4 August 2021. Advanced discussions are also ongoing with the SEGAL pipeline owners to extend the scope of the current Anasuria Hibiscus Gas Sales Agreement for Anasuria Hibiscus to include Teal West gas production together with the export of gas from the Anasuria Cluster through the SEGAL pipeline.

The Teal West FDP was submitted to the NSTA on 2 August 2022 along with the submission of the ES to the Department for Business, Energy & Industrial Strategy's Offshore Petroleum Regulator for Environment and Decommissioning on 29 July 2022. These are the documents which require UK regulatory consent so that Anasuria Hibiscus can proceed with the field development.

The ES is currently in the public consultation period which ends on 15 October 2022 and subject to there being no significant objections to the project, it is expected that consent for the development will be granted in early 2023. The drilling of the initial development well is planned to commence in March 2024. The subsea tie-back facilities will be installed in the second quarter of 2024 and first oil from the development is expected in July 2024.

D. UNITED KINGDOM – MARIGOLD CLUSTER

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

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

Anasuria Hibiscus has been progressing the development of the Marigold Cluster in Licence P198 since the Marigold West and Sunflower fields were acquired in October 2018. In December 2020, the company submitted a FDP to the NSTA to develop the Marigold Cluster using a leased, operated FPSO. Around the same time, Ithaca, holder of Licence P2158 (Block 15/18b) (which is adjacent to the Marigold Field and contains the Yeoman discovery), submitted a Concept Select Report which proposed that the oil and gas resources in the vicinity of Marigold West, including their own adjacent Yeoman (now called Marigold East) discovery, would be best developed via a tying into the existing Piper/Flotta infrastructure at the Piper B platform for processing and transportation.

In January 2021, the NSTA requested that Anasuria Hibiscus work with Ithaca to propose a common development solution for the resources found in both licences. During the period to early September 2021 Ithaca and Anasuria Hibiscus collaborated with a view to determining whether the tie-back or FPSO maximised economic recovery from the Marigold Area (comprising Marigold West and Marigold East) resources and which concept best supported the UK Government's "Net Zero" aspirations by minimising GHG emissions.

By the deadline set for determining the common development solution at the end of August 2021, Ithaca and Anasuria Hibiscus could not agree which development concept best met the NSTA guidance and requested that the NSTA review both party's proposals and advise their preferred approach. In November 2021, the NSTA stated that their preference was the tie-back development concept as it minimised GHG emissions to 2030 and in their view maximised economic recovery not only for the owners of the Marigold area resources but the wider Flotta Catchment Area participants.

In December 2021, Ithaca and Anasuria Hibiscus agreed to jointly investigate the development via a tie-back to Piper B by conducting Front End Engineering of the tie-back concept and commissioned an alliance comprising Repsol Sinopec Resources UK Limited, Petrofac and TechnipFMC to conduct the work, led by a joint Anasuria Hibiscus/Ithaca project team. The outcome of this work is expected in early November 2022 at which time the economic viability of the tie-back concept will be confirmed. On the basis of economic viability, a FDP and an ES is expected to be submitted to the NSTA in 2023.

The work to date indicates that first oil production from the Marigold Area via tie-back to Piper B will be in late 2025.

The NSTA requires that Anasuria Hibiscus and Ithaca enter into a Unitisation and Unit Operating Agreement (UUOA) for the joint development of the Marigold Area, which includes the Marigold West and Marigold East Fields. The UUOA will define the participating interest of Anasuria Hibiscus, Caldera and Ithaca in the joint development and whether Anasuria Hibiscus or Ithaca will be the operator of the unit development.

E. AUSTRALIA – BASS STRAIT

Our Bass Strait asset comprises the following:

- 100% interest in the VIC/RL17 Petroleum Retention Lease for the West Seahorse field (VIC/RL17) (previously known as the VIC/L31 Production Licence)

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

A Retention Lease application for VIC/RL17 was submitted to NOPTA on 4 December 2018. On 5 November 2021, NOPTA granted approval of this application subject to the work programme stated in the title instrument and associated conditions to be met.

In relation to the Group's other legacy licences in Australia:

- On 4 February 2022, Carnarvon Hibiscus and 3D Oil submitted an application to surrender the VIC/P57 permit in good standing to NOPTA. The surrender was approved and took effect on 11 August 2022.
- On 7 July 2022, 3D Oil submitted an application of "Approval of Transfer of a Petroleum Title" to NOPTA to seek approval for the transfer of Carnarvon Hibiscus' entire interest in VIC/P74 to 3D Oil. The Group has agreed to transfer its entire interest to 3D Oil at no cost. The transfer was approved and took effect on 21 September 2022.

3. REVIEW OF FINANCIAL RESULTS AND FINANCIAL POSITION

A. STATEMENTS OF PROFIT OR LOSS

For the current twelve-month period, i.e. from 1 July 2021 to 30 June 2022 (FY2022), Hibiscus Petroleum posted a revenue of RM1,696.5 million, more than double the revenue achieved in the corresponding twelve-month period in the previous financial year ended 30 June 2021 (FY2021) of RM804.8 million.

The Group recorded year-on-year growth in both earnings before interest, taxes, depreciation and amortisation (EBITDA) and profit after taxation (PAT) of 184% and 530% respectively. EBITDA for FY2022 of RM1,082.7 million and PAT of RM652.9 million were considerably higher compared to FY2021. An EBITDA and a PAT of RM380.8 million and RM103.7 million respectively were delivered in FY2021.

Our Group completed the acquisition of the entire equity interest in FIPC (FIPC Acquisition) from Repsol Exploración, S.A. (Repsol) on 24 January 2022 (Completion Date). FIPC, through its wholly-owned subsidiaries, namely HML, Hibiscus Oil & Gas Malaysia (PM3) Limited (HMPM3) (formerly known as Repsol Oil & Gas Malaysia (PM3) Limited) and Talisman Vietnam Limited (collectively, FIPC Group), owns participating interests in five PSCs, namely the Kinabalu PSC, the PM3 CAA PSC (PM3 CAA), the PM305 PSC (PM305), the PM314 PSC (PM314) and the Block 46 Cai Nuoc PSC (Block 46). The Group also assumed Repsol's operatorship in all these five PSCs under the provisions of the relevant joint operating agreements.

This FIPC Acquisition together with the performances of the North Sabah PSC (North Sabah) and the Anasuria Cluster, coupled with a strengthening crude oil and gas prices, were the main drivers of the Group's strong financial performance in FY2022. The performance was further enhanced by the Group's cost optimisation initiatives implemented throughout the financial year.

In FY2022, our Group met its target and sold a total of 4.6 MMboe of oil, condensate and gas, comprising 3.5 MMbbl of oil and condensate and 1.1 MMboe of gas, as compared to 3.7 MMbbl of oil sold in FY2021.

Both the Group's total assets and shareholders' funds as at 30 June 2022 of RM5,512.4 million and RM2,202.0 million respectively were significantly higher than that recorded as at 30 June 2021. Total assets grew by RM2,724.4 million or by 98% while shareholders' funds improved by RM728.1 million or by 49%. Included in shareholders' funds as at 30 June 2022 are retained earnings of RM1,064.6 million.

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

OPERATING SEGMENTS	Financial year ended 30 June 2022	Financial year ended 30 June 2021	Variance	
	RM'000	RM'000	RM'000	%
Malaysia – North Sabah				
Revenue	791,291	569,873	221,418	39
EBITDA	309,846	313,247	(3,401)	(1)
PBT	183,446	180,029	3,417	2
Taxation	(86,896)	(63,231)	(23,665)	(37)
PAT	96,550	116,798	(20,248)	(17)
Malaysia – Kinabalu and Others				
Revenue	188,791	N/A	N/A	N/A
EBITDA	151,683	N/A	N/A	N/A
PBT	100,815	N/A	N/A	N/A
Taxation	62,171	N/A	N/A	N/A
PAT	162,986	N/A	N/A	N/A
Commercial Arrangement Area				
Revenue	380,491	N/A	N/A	N/A
EBITDA	469,491	N/A	N/A	N/A
PBT	388,228	N/A	N/A	N/A
Taxation	(317)	N/A	N/A	N/A
PAT	387,911	N/A	N/A	N/A
United Kingdom				
Revenue	330,942	229,003	101,939	45
EBITDA	214,544	90,494	124,050	137
PBT	145,019	15,308	129,711	847
Taxation	(63,939)	(1,003)	(62,936)	(6,275)
PAT	81,080	14,305	66,775	467
Vietnam				
Revenue	–	N/A	N/A	N/A
EBITDA	20,758	N/A	N/A	N/A
PBT	19,093	N/A	N/A	N/A
Taxation	478	N/A	N/A	N/A
PAT	19,571	N/A	N/A	N/A

OPERATING SEGMENTS	Financial year ended 30 June 2022	Financial year ended 30 June 2021	Variance	
	RM'000	RM'000	RM'000	%
Australia				
Revenue	–	–	–	–
(LBITDA)/EBITDA	(50,760)	1,557	(52,317)	(3,360)
(LBT)/PBT	(50,760)	1,557	(52,317)	(3,360)
Taxation	–	–	–	–
(LAT)/PAT	(50,760)	1,557	(52,317)	(3,360)
Investment holding and group activities				
Revenue	5,006	5,905	(899)	(15)
LBITDA	(32,897)	(24,469)	(8,428)	(34)
LBT	(44,410)	(29,291)	(15,119)	(52)
Taxation	13	307	(294)	(96)
LAT	(44,397)	(28,984)	(15,413)	(53)
Total				
Revenue	1,696,521	804,781	891,740	111
EBITDA	1,082,665	380,829	701,836	184
PBT	741,431	167,603	573,828	342
Taxation	(88,490)	(63,927)	(24,563)	(38)
PAT	652,941	103,676	549,265	530

Figure 18: *Analysis of the Group's financial performance by operating segments.*

Notes to Figure 18:

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.
N/A - Not applicable, as the FIPC Acquisition was completed on 24 January 2022.

1. **Malaysia – North Sabah**

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

The North Sabah operating segment recorded revenue of RM791.3 million in FY2022. 2,064,718 bbls of crude oil were sold at an average realised oil price of USD90.44 per bbl. This was RM221.4 million or 39% higher when compared to FY2021. In FY2021, the segment's revenue was RM569.9 million, where 2,671,281 bbls of crude oil were sold at an average realised oil price of USD51.75 per bbl.

The segment's gross profit margin of 70.3% was higher than the 62.7% realised in FY2021 due to the higher average realised oil price in FY2022.

Operational performance in FY2022 was however less favourable. Average OPEX per bbl increased from USD14.21 in FY2021 to USD18.01 in FY2022. The OPEX per bbl in FY2022 included amounts incurred for the annual planned major maintenance campaign for calendar year (CY) 2022. This planned major maintenance took place from March 2022 to September 2022. To coincide with this maintenance campaign, non-routine production enhancement work at the offshore platforms at South Furious and St Joseph and routine production enhancement activities at all fields, to improve and maintain production reliability, were also carried out. In addition, OPEX in FY2022 was also impacted by COVID-19 restrictions and government standard operating procedures that were imposed. There were also planned maintenance activities performed at the offshore platforms at the South Furious and Barton fields during the first financial quarter of FY2022. There were also a higher (than average) number of unplanned production operational interruptions at the South Furious and South Furious 30 fields in January 2022.

As is reported elsewhere in this Annual Report 2021/2022, the Sabah State Government imposed a state sales tax (SbST) on petroleum products sold by SEA Hibiscus and HML in relation to crude oil being sold from the LCOT. On the basis of advice from the external legal advisors of the Group, SEA Hibiscus and HML clarified to the Sabah State Government that pursuant to the Petroleum Development Act 1974, SEA Hibiscus and HML cannot and do not provide such "taxable goods" from Sabah and are therefore not legally liable for the SbST. Notwithstanding the advice from the external legal advisors of the Group, and in order to create a stable environment for continuing investment and smooth operations in Sabah, the Group on 21 September 2022 proposed, without prejudice to their respective rights as applicable, to pay the claims imposed by the Sabah State Government on revenues earned/to be earned, for the sale of crude oil by North Sabah and Kinabalu respectively (Proposal). In light of this most recent development and having also duly considered all prior events relating to this matter, the Group assessed that there was a probable cash outflow from a potential liability that existed as at 30 June 2022 to settle the Sabah State Government's claims for SbST payment. Consequently, the Group made the appropriate accruals for all estimated liabilities related to this matter in other payables and accruals in the financial year. The Sabah State Government accepted the Proposal on 27 September 2022. The resulting impact to SEA Hibiscus for North Sabah's obligation up to 30 June 2022 was a net charge of RM75.6 million to FY2022's profit or loss.

Despite the adverse impact to profitability arising from the abovementioned SbST charge, the segment's EBITDA for FY2022 of RM309.8 million remained fairly consistent with the EBITDA of RM313.2 million recorded in FY2021.

PBT for the North Sabah segment in FY2022 was RM183.4 million. It was derived mainly after deducting the following items from EBITDA, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM104.7 million;
- Unwinding of discount on provision for decommissioning costs of RM8.3 million; and
- Depreciation of right-of-use assets of RM8.0 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 FY2022 amounted to RM86.9 million.

2. Malaysia – Kinabalu and Others

	Kinabalu RM'000	Others @ RM'000	Total RM'000
Revenue	179,806	8,985	188,791
EBITDA/ (LBITDA)	160,724	(9,041)	151,683
PBT/(LBT)	110,191	(9,376)	100,815
Taxation	75,623	(13,452)	62,171
PAT/(LAT)	185,814	(22,828)	162,986

@ *Consisted of PM305 and PM314*

As previously mentioned, the Completion Date of the FIPC Acquisition was on 24 January 2022. Accordingly, the financial performance of the newly acquired PSCs for FY2022 was for the period from Completion Date to 30 June 2022.

The Malaysia – Kinabalu and Others segment consisted of Kinabalu, PM305 and PM314. Upon completing the FIPC Acquisition, the Group has a:

- 60% participating interest in Kinabalu, located off the coast of Sabah, Malaysia;
- 60% participating interest in PM305, located off the eastern coast of Peninsular Malaysia in the Malay Basin; and
- 60% participating interest in PM314, located off the eastern coast of Peninsular Malaysia in the Malay Basin.

From Completion Date to 30 June 2022, this segment generated an EBITDA and a PAT of RM151.7 million and RM163.0 million respectively.

During FY2022, the segment contributed RM188.8 million to our Group's revenue from the sale of crude oil. It consisted of the following:

- Kinabalu – 350,236 bbls of crude oil sold (May 2022) at an average realised oil price of USD121.15 per bbl; and
- PM305 and PM314 – 18,130 bbls of crude oil sold at an average realised oil price of USD116.96 per bbl.

Kinabalu

Gross profit for Kinabalu was RM121.6 million while gross profit margin recorded was relatively high, at 67.6%. The healthy gross profit margin was largely driven by the high average realised price obtained for the sale of crude oil and a relatively low OPEX per bbl of USD9.06. The OPEX per bbl included amounts incurred on inspection, equipment change-out and well intervention activities.

The average net oil production rate and average uptime achieved in FY2022 were at 3,074 bbls per day and 88% respectively.

The opening underlift inventory in Kinabalu as at 25 January 2022 acquired from Repsol (Acquired Underlift Inventory) of 92,471 bbls was incorporated into the Group's financial statements at its fair value, in accordance with the provisions of the Malaysian Financial Reporting Standards (MFRS) 3 'Business Combinations' (and revalued at the prevailing crude oil price at the end of each financial period in accordance with the provisions of MFRS 9 'Financial Instruments'). The crude oil offtake that took place in May 2022 was the first offtake undertaken by Kinabalu since Completion Date. As a result, the "cost" of the Acquired Underlift Inventory included in the cost of sales for this offtake was higher than would have been the case had the weighted average costs been used, by approximately RM25.0 million.

The impact from the SbST matter highlighted earlier in this Annual Report 2021/2022 on Kinabalu since Completion Date was limited to the crude oil offtake in May 2022. The net charge to FY2022's profit or loss amounted to RM10.1 million.

Kinabalu's EBITDA attained in FY2022 was high, at RM160.7 million.

As at Completion Date, the fair value of the identifiable assets and liabilities acquired has been accounted for in accordance with the provisions of MFRS 3. The fair value when compared against the final purchase consideration of the FIPC Acquisition resulted in a total negative goodwill of RM317.3 million. The Group has segregated the PSCs acquired into three operating segments, namely Malaysia – Kinabalu and Others, Commercial Arrangement Area and Vietnam. Kinabalu's share of the negative goodwill (allocated to the respective operating segments based on the relative fair value of the identifiable net assets of the PSCs at Completion Date) was RM165.0 million.

The PBT was derived mainly after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM47.9 million;
- Depreciation of right-of-use assets of RM1.7 million; and
- Unwinding of discount on provision for decommissioning costs of RM0.8 million.

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

	Kinabalu RM'000
Income taxation	688
- PITA	–
- Barbados tax	688
Deferred taxation	74,935
Total taxation	75,623

Total net tax credit recognised by Kinabalu in FY2022 was RM75.6 million.

Income taxation:

- Despite Kinabalu being in a taxable position in FY2022, no provision for PITA was made as there were sufficient accumulated tax losses prior to the completion of the FIPC Acquisition which were partially utilised to offset Kinabalu's tax payable under PITA in FY2022; and
- Barbados income tax was computed at the entity level (i.e. HML in the case for Kinabalu) and then allocated to the respective PSCs in the entity based on the respective PSCs' result before taxation position (computed based on the tax rules applicable to the Barbados tax regime). As Kinabalu recorded a LBT (for Barbados tax purposes) in FY2022, a tax credit for Barbados tax was allocated.

Deferred taxation:

- The deferred tax credit of RM74.9 million was mainly due to the recognition of previously unrecognised deferred tax assets which amounted to RM56.0 million. These deferred tax assets arose from brought forward unutilised tax losses (up to 31 December 2020) attributable to Kinabalu, which were not recognised by Repsol previously. Repsol had performed an assessment of the availability of future taxable profits of Kinabalu as part of the statutory audit of Repsol's financial statements for the financial year ended 31 December 2020. That assessment was conducted during a period where oil prices were very low and the outcome was that a portion of the unutilised tax losses as at 31 December 2020 were estimated to remain unutilised upon the expiry of the Kinabalu PSC due to insufficient future taxable profits. However, based on updated assumptions adopted in a similar assessment performed by our Group, as part of the statutory audit of our Group's financial statements for FY2022, it is probable Kinabalu will be able to fully utilise the existing unutilised tax losses against available future taxable profits by the expiry of the PSC. Therefore, the deferred tax assets on the abovementioned brought forward tax losses (up to 31 December 2020) were recognised in FY2022; and

- In addition to this, there were deferred tax assets recognised due to the amortisation of intangible assets and depreciation of oil and gas assets and right-of-use assets.

Others

Gross profit for PM305 and PM314 in FY2022 was RM6.7 million while gross profit margin recorded was 74.7%.

During FY2022, decommissioning expenditure relating to PM305 and PM314 of RM13.2 million was recognised as an expense. This was due to a rephasing of the well plug and abandonment decommissioning work, which was completed in August 2022. This was the main cause for a LBITDA of RM9.0 million and a LBT of RM9.4 million.

The tax regime governing PM305 and PM314 is PITA, at the rate of 38.0%.

	Others RM'000
Income taxation	558
- PITA	–
- Barbados tax	558
Deferred taxation	(14,010)
Total taxation	(13,452)

Total net tax charge in FY2022 was RM13.5 million.

Income taxation:

- PM305 and PM314 were in a tax loss position hence no provision for PITA was made; and
- Barbados income tax was computed at the entity level (i.e. HML) and allocated to the respective PSCs in the entity based on the respective PSCs' result before taxation position. As PM305 and PM314 recorded a LBT (for Barbados tax purposes) for FY2022, a tax credit for Barbados tax was allocated.

Deferred taxation:

- There was a deferred tax charge of RM14.0 million in FY2022. A net RM6.3 million charge was recorded due to the realisation (or reversal) of deferred tax assets relating to decommissioning activities carried out. In addition, as part of the statutory audit of our Group's financial statements for FY2022, an assessment on the availability of the PSCs' available future taxable profits was performed and based on the assessment, PM305 and PM314 were assessed to be unable to utilise any unutilised tax losses against available future taxable profits by the expiry of the PSCs. Hence, the deferred tax assets which arose from the brought forward tax losses as at Completion Date amounting to RM6.1 million were reversed in FY2022.

3. Commercial Arrangement Area

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

From Completion Date to 30 June 2022, this segment generated an EBITDA and a PAT of RM469.5 million and RM387.9 million respectively.

The segment's share of the negative goodwill which arose from the FIPC Acquisition amounted to RM146.0 million.

During FY2022, PM3 CAA contributed RM380.5 million to our Group's revenue from the sale of crude oil and gas. It consisted of the following:

- Gas – RM191.8 million (5,982 MMscf at an average realised price of USD7.57 per thousand scf); and
- Crude oil – RM188.7 million (383,015 bbls at an average realised oil price of USD116.26 per bbl).

Gross profit was RM270.1 million while gross profit margin recorded was relatively high, at 71.0%. The healthy gross profit margin was largely driven by the high average realised prices obtained for the sale of both gas and crude oil and a low average OPEX per boe of USD9.92. The OPEX per boe included amounts incurred on major maintenance activities, well integrity and intervention campaigns and inspection and maintenance work scopes at both the Northern and Southern fields.

The average net oil equivalent production rate and average uptime achieved in FY2022 were high, at 9,218 boe per day and 94% respectively.

The contractors of PM3 CAA are HML, HMPM3, PETRONAS Carigali and PVEP. PM3 CAA is a chargeable person under PITA. Prior to Completion Date, the Inland Revenue Board of Malaysia (IRB) had raised assessments for Year of Assessment (YA) 2014, YA 2015 and YA 2016 under PITA against PM3 CAA for additional taxes and penalties. In September 2022, PM3 CAA and the IRB reached an amicable settlement on this matter which resulted in the issuance of revised/reduced assessments by the IRB on 27 September 2022 (Settlement).

A Consent Order recording the Settlement was presented to the Court of Appeal at its hearing date of 5 October 2022. Following this latest development, the provisions for the additional taxes and penalties made by Repsol prior to Completion Date were updated and the resulting gain recorded by this Commercial Arrangement Area segment upon the reversal of the earlier provisions to the profit or loss as at 30 June 2022 was RM125.5 million, categorised into reversal of over accrual of tax provision of RM60.1 million in taxation and reversal of provision for tax penalties of RM65.4 million in other expenses.

The segment's PBT was RM388.2 million. It was derived mainly after deducting the following items from the segment's EBITDA of RM469.5 million, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM58.7 million;
- Depreciation of right-of-use assets of RM14.3 million; and
- Unwinding of discount on provision for decommissioning costs of RM4.2 million.

The tax regime governing this segment is PITA, at the rate of 38.0%. The net tax credit in FY2022 was due to the reversal of RM60.1 million from taxation as part of the Settlement.

4. United Kingdom

Total revenue generated by the UK segment in FY2022 amounted to RM330.9 million, which was RM101.9 million (or 45%) higher than the revenue attained in FY2021 of RM229.0 million.

The segment sold 685,255 bbls of crude oil in FY2022 at an average realised oil price of USD95.32 per bbl. Revenue generated from the sale of crude oil amounted to RM272.2 million. In FY2021, average oil price per bbl achieved was only USD50.04. As a result, despite the higher crude oil volume sold of 1,032,566 bbls, revenue generated was lower at RM220.3 million.

In addition, contribution to revenue from the sale of gas was more significant in FY2022 due to significantly higher gas prices. The average price per thousand scf rose sharply commencing from October 2021 onwards. Total gas revenue in FY2022 amounted to RM58.7 million, which was significantly higher than the RM8.7 million attained in FY2021.

Average OPEX per boe recorded for FY2022 was USD26.19. Both the average daily oil equivalent production rate and average uptime in FY2022 were low, at 2,119 boe per day and 68% respectively. These metrices were also less favourable when compared to FY2021. Average OPEX per boe, average daily oil equivalent production rate and average uptime in FY2021 were USD22.19, 2,665 boe per day and 83% respectively.

Operational performance in FY2022 for this segment was affected by a planned Offshore Turnaround of the Anasuria floating production storage and offloading vessel (FPSO) which commenced on 17 June 2022 and was subsequently completed on 17 July 2022 (2022 Turnaround). The 2022 Turnaround was conducted with the objective of improving the reliability and integrity of the Anasuria FPSO in addition to ensuring a safe offshore working environment. It should also be noted that a portion of the costs incurred for CY 2021's planned shutdown of the Anasuria FPSO for maintenance activities (2021 Turnaround) was included in July 2021, hence formed part of FY2022's cost of sales.

Additionally, the unavailability of a production riser which malfunctioned in May 2021 adversely affected operational performance throughout FY2022. This riser, which transports produced crude oil to the Anasuria FPSO was temporarily isolated from the primary production system. The impact of this temporary isolation is a lower overall daily production rate from the Anasuria Cluster and therefore adversely affects OPEX per boe and CY 2022 offtake volumes. The project to replace the malfunctioned riser has been completed and the riser returned to service in September 2022.

Despite the unavailability of a production riser for the entire financial year, the UK segment achieved healthy profit margins in FY2022. The segment recorded gross profit and EBITDA amounting to RM242.9 million (73.4% margin over revenue) and RM214.5 million (64.8% margin over revenue) respectively. These profitability levels exceeded FY2021's attainment. In FY2021, gross profit was RM137.8 million (60.2% margin over revenue) and EBITDA was RM90.5 million (39.5% margin over revenue).

PBT stood at RM145.0 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM42.2 million; and
- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM20.4 million and RM3.2 million respectively.

The tax regime which applies to exploration for, and production of, oil and gas in the UK, currently comprises of 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 FY2022 amounting to RM63.9 million, representing an effective tax rate over PBT of 44.1%. This was slightly higher than the statutory rates stated, mainly due to the non-deductibility of unrealised foreign exchange losses for tax purposes.

5. Vietnam

The Vietnam operating segment consists of the Group's investment in its 70% interest in Block 46, a tie-back asset to PM3 CAA located in Vietnamese waters, which was acquired as part of the FIPC Acquisition. Block 46 contains the producing Cai Nuoc field and the undeveloped Hoa Mai field. PVEP (a wholly-owned subsidiary of PetroVietnam) holds the remaining participating interest in Block 46.

PAT for FY2022 amounted to RM19.6 million.

There was no sale of crude oil from Block 46 from the Completion Date to 30 June 2022. Acquired Underlift Inventory for this segment was 81,418 bbls and upon the revaluation exercise as at 30 June 2022, a gain of RM14.6 million was recognised. This Acquired Underlift Inventory represents the right to receive crude oil in future offtakes or cash from other participants of the PSC and was measured at fair value at Completion Date. It was then subsequently remeasured at fair value as at 30 June 2022, which resulted in the gain on revaluation stated above.

In addition, the segment's share of the negative goodwill amounted to RM6.3 million.

For Block 46, income tax of 50.0% is paid on behalf of the PSC participants by PetroVietnam.

6. Australia

The Australia operating segment recorded a LAT of RM50.8 million in FY2022, as compared to a PAT of RM1.6 million in FY2021.

A Retention Lease application for the VIC/RL17 petroleum retention lease (VIC/RL17) for the West Seahorse field (formerly known as the VIC/L31 production licence), was submitted to NOPTA on 4 December 2018. On 5 November 2021, NOPTA granted approval of this application subject to the meeting of certain conditions and a specified work programme stated in the title instrument being undertaken.

Given this development on VIC/RL17, the Group had, during FY2022, assessed the impact of this reclassification of the licence on the recoverable amount of VIC/RL17. This was done with the assistance of third-party experts.

In addition, upon the completion of the FIPC Acquisition, the profile of the Group's oil and gas portfolio is now dominated by producing assets primarily in South East Asia and to a lesser degree, in the UK. Material financial and human resources are being applied to these assets. As a result of these factors and after considering the abovementioned development on VIC/RL17, the Group also assessed the recoverable amounts of the intangible assets relating to both the VIC/P57 exploration permit (VIC/P57) and the VIC/P74 exploration permit (VIC/P74).

Following the assessments, the Group fully impaired the carrying amounts of VIC/RL17, VIC/P57 and VIC/P74. The total provision for impairment recognised in FY2022 amounted to RM46.9 million (RM40.5 million for VIC/RL17, RM4.5 million for VIC/P57 and RM1.9 million for VIC/P74).

For information, the Group has submitted the following applications to NOPTA with respect to VIC/P57 and VIC/P74:

- VIC/P57 – The Group, together with 3D Oil, a joint venture partner on VIC/P57 with a 24.9% participating interest, submitted an application to surrender the VIC/P57 permit in good standing to NOPTA. The surrender was approved and took effect on 11 August 2022.
- VIC/P74 – On 7 July 2022, 3D Oil submitted an "Approval of Transfer of a Petroleum Title" to NOPTA to seek approval for the transfer of the Group's entire interest in VIC/P74 to 3D Oil. The Group has agreed to transfer its entire interest to 3D Oil at no cost. The transfer was approved and took effect on 21 September 2022.

Also included as part of the overall results for the segment for FY2022 are unrealised foreign exchange losses, costs incurred for professional fees, project management fees, administrative expenses and share of results of the associate (i.e. 3D Oil).

The PAT in FY2021 was largely due to unrealised gains on foreign exchange. The segment's functional currency, the AUD, had appreciated against the USD during FY2021, which 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.

7. Investment Holding and Group Activities

LAT recorded for this operating segment in FY2022 amounted to RM44.4 million, which was higher by RM15.4 million when compared to a LAT of RM29.0 million incurred in FY2021.

In FY2022, the segment recognised higher interest expenses amounting to RM9.4 million, which were incurred mostly in relation to the outstanding balance of Trafigura's prepayment facility. The facility was drawn down to part finance the purchase consideration for the FIPC Acquisition.

In addition, there were higher amounts incurred in FY2022 for corporate expenses, fund-raising and business development activities and professional and consultancy fees.

B. STATEMENTS OF FINANCIAL POSITION

1. Non-current Assets

The Group's non-current assets as at 30 June 2022 amounted to RM3,968.8 million, an increase of RM1,840.3 million from RM2,128.5 million as at 30 June 2021.

The increase was mainly driven by the inclusion of the amount attributable to the fair value of identifiable non-current assets of the acquired FIPC Group of RM1,705.3 million.

There was also significant capital expenditure incurred by Anasuria Hibiscus and by PM3 CAA. Capital expenditure invested by Anasuria Hibiscus in FY2022 amounted to RM96.9 million (RM55.1 million for the Anasuria Cluster, RM27.8 million for the Marigold West and Sunflower fields and RM14.0 million for Teal West). In addition, subsequent to the completion of the FIPC Acquisition, RM78.4 million has been invested in capital expenditure in PM3 CAA.

As at 30 June 2022, deferred tax assets recognised by the Group amounted to RM88.5 million. This balance was not present as at 30 June 2021. The amount was mainly attributable to the brought forward tax losses relating to Kinabalu. These tax losses were accumulated prior to the completion of the FIPC Acquisition and can be utilised to offset against Kinabalu's future tax payable under PITA.

A tax recoverable amount of RM50.4 million formed part of the Group's non-current assets upon the completion of the FIPC Acquisition in January 2022 and hence, did not exist as at 30 June 2021. The balance relates to PM3 CAA's income taxes that were previously overpaid (i.e. paid pre-FIPC Acquisition) to the Vietnamese tax authority for YA 2014, YA 2015 and YA 2019. Applications to offset the overpaid balance against future PM3 CAA's income taxes payable have been made to the relevant authorities. As the decision to offset this tax recoverable amount is not within the control of the Group and a decision from such relevant authorities has not been received, the Group has classified the balance to be non-current.

In addition to the above, Anasuria Hibiscus had paid an amount equivalent to RM32.9 million in FY2022 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 additions to non-current assets were partially offset by depreciation and amortisation of equipment, intangible assets and right-of-use assets recorded during FY2022 amounting to RM280.2 million. In addition, the Group recognised provisions for impairment totalling RM46.9 million on its Australian licences (RM40.5 million for VIC/RL17, RM4.5 million for VIC/P57 and RM1.9 million for VIC/P74) as at 30 June 2022.

2. Current Assets

As at 30 June 2022, the Group's current assets amounted to RM1,543.6 million. That was RM884.0 million higher than the balance as at 30 June 2021 of RM659.6 million.

The higher current assets balance of the Group as at 30 June 2022 was due to the inclusion of the current assets of the FIPC Group. Balances related to the FIPC Group as at 30 June 2022 amounted to RM918.5 million, which included a cash balance of RM355.4 million. These balances did not exist as at 30 June 2021.

In addition, outstanding receivables balances relating to proceeds on offtakes were higher in both Anasuria Hibiscus (for crude oil and gas) and SEA Hibiscus (for crude oil) as at 30 June 2022 compared to 30 June 2021 by RM97.5 million and RM68.5 million respectively. Such receivables balances as at 30 June 2022 were subsequently received in July 2022.

The above was partially offset by movements in other investment, deposits and other receivables, as illustrated below.

Included in current assets as at 30 June 2021 was the item, other investment, which amounted to RM136.4 million. This amount comprised investments in unit trust funds, which corresponded to the remaining net proceeds from the issuance of the Islamic Convertible Redeemable Preference Shares in November 2020 (after deducting all related expenses) and income earned from investing the net proceeds into permitted investments. Its balance as at 30 June 2022 was nil after the full withdrawal of the entire balance in December 2021 to part finance the purchase consideration of the FIPC Acquisition.

In addition, there was a deposit as at 30 June 2021 of RM62.3 million (or USD15.0 million) which was paid to Repsol when the conditional sale and purchase agreement with Repsol (Repsol SPA) was signed on 1 June 2021. The deposit was reversed upon the completion of the FIPC Acquisition.

3. Total Liabilities

Total liabilities increased from RM1,314.1 million as at 30 June 2021 to RM3,310.4 million as at 30 June 2022.

As at 30 June 2022, total liabilities in the FIPC Group amounted to RM1,519.5 million. This amount comprised mainly of the following:

- RM447.4 million – Lease liabilities;
- RM417.0 million – Other payables and accruals relating to its oil and gas operations;
- RM337.3 million – Present value of decommissioning costs in respect of PM3 CAA, Kinabalu, PM305, PM314 and Block 46; and
- RM237.4 million – Provision for taxation.

In addition to the above, the amount owing to Trafigura as at 30 June 2022 was higher by RM135.2 million when compared to the balance as at 30 June 2021 due to the drawdown of the prepayment facility in December 2021 to part finance the purchase consideration of the FIPC Acquisition.

A revolving credit facility was utilised by the Group during FY2022 to aid its working capital requirements. The amount outstanding as at 30 June 2022 amounted to RM88.8 million. This item did not exist as at 30 June 2021.

As at 30 June 2022, SEA Hibiscus had accrued a net (after taxation impact) amount of RM78.6 million for SbST-related liabilities, which did not exist as at 30 June 2021. The outstanding operations-related payables and accruals for the North Sabah asset increased by approximately RM24.7 million when compared to 30 June 2021 mainly due to a higher level of activities.

The outstanding operations-related payables and accruals for the Anasuria Cluster as at 30 June 2022 have also increased when compared to 30 June 2021, by approximately RM36.5 million. The provision for taxation in the UK was higher by RM28.1 million due to higher taxable income from an increased level of revenue achieved.

Lastly, the Company has, in respect of FY2022, declared an interim single-tier dividend of 1.0 sen per ordinary share on 25 May 2022. The amount payable relating to this amounting to RM20.1 million was paid in July 2022, and thus was recognised as a liability as at 30 June 2022.

4. Total Equity

Total equity as at 30 June 2022 increased by RM728.1 million from RM1,473.9 million to RM2,202.0 million when compared to 30 June 2021.

This was mainly attributable to net earnings generated by the producing assets of the Group and the inclusion of the negative goodwill in relation to the business combination arising from the FIPC Acquisition.

C. STATEMENTS OF CASHFLOWS

1. Cashflows from Operating Activities

The Group's net cash generated from operating activities in FY2022 was RM919.5 million.

It comprised mainly the aggregate of funds received from operations at North Sabah, the Anasuria Cluster and the FIPC Group, partly offset by group-wide operating overheads, payment of taxation obligations and payment of decommissioning liabilities.

It also includes a net RM135.2 million received from Trafigura from June 2021 to June 2022, largely impacted by the funds received from the drawdown of the prepayment facility in December 2021.

2. **Cashflows Used in Investing Activities**

Net cash utilised by the Group during FY2022 for investing activities amounted to RM534.5 million.

The final purchase consideration (after taking into account various adjustments) to complete the FIPC Acquisition amounted to USD138.7 million (equivalent to RM581.0 million).

Subsequent to the FIPC Acquisition, from Completion Date to 30 June 2022, capital expenditure amounting to RM81.3 million was invested by the newly acquired PSCs (particularly for PM3 CAA).

In addition, amounts invested in various capital expenditure programmes by Anasuria Hibiscus during FY2022 amounted to RM88.2 million.

The above was partially offset by the following:

- Cash received by the Company from the withdrawal of funds in other investment in December 2021 of RM136.6 million; and
- Available cash balance of RM77.7 million (or USD18.5 million) in the FIPC Group at Completion Date that was taken over by the Group as part of the agreed arrangement in the Repsol SPA.

3. **Cashflows from Financing Activities**

The net cash used in financing activities was mainly attributable to payments made to fulfil the Group's lease liabilities obligations.

4. KEY RISKS AND MITIGATIONS

We are committed on delivering our targets and driving future growth whilst managing our operations, financial performance, and capital structure and liquidity. The Executive Risk Management Committee (ERMC) remains vigilant and cognisant of our risk factors and is guided by a risk management framework, as approved by the Board of Directors. Through its comprehensive approach towards risk management, the ERMC has devised sound countermeasures to mitigate the various risk factors that may impact our Group, and actively monitors their implementation and outcomes, where possible.

Albeit certain risks may not be fully mitigated, our Group has carried out robust assessments of its key risk factors as follows in no order of priority:

1. **Oil and Gas Price Uncertainties**

Mitigation Strategies

- Diligently monitor oil and gas price trends whilst maintaining stringent and low-cost structure to safely operate our assets in a manner that protects their viability and business sustainability.
- Incorporate conservative oil and gas price projections into our extensive and prudent due diligence process for new investment for decision making purposes.

2. **Liquidity and Funding**

Mitigation Strategies

In addition to mitigation strategies highlighted under risk of oil and gas price uncertainties:

- Holistic annual business planning exercise establishing balanced and realistic budgets that are communicated and progressively monitored with clear accountability.
- Rigorous review of Group cashflow requirements on an ongoing basis to ensure adequate resources are available, complemented with conscientious management of financial and capital discipline and structured processes practised across our Group to maximise value to shareholders.
- 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 phasing of expenditure on existing assets.
- Maintain regular engagements with the equity capital markets to ensure access to equity injection if necessary.

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

Mitigation Strategies

- Incorporate HSSE requirements and risk assessment as a subject matter in Group's key activities, and at their various phases of lifecycle, including regular awareness programmes and communication to our people.
- Active engagements with oil and gas regulators, partners, local authorities and community in combating threats, such as oil spill and asset damage caused by fish bombing activities.
- As the health and well-being of our people are non-negotiable priorities, and particularly in response to the evolving health threats of the COVID-19 situation impacting our people and businesses, our HSSE function reviews, leads and supports the activation of pertinent parts of the Business Continuity Plan and Emergency Response Plan. Continuous monitoring of directives and measures from a variety of stakeholders, including governmental, industry and medical organisations, is in place.

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 to maximise joint assets' value.
- Plan our investments with a disciplined due diligence process, so that on a portfolio basis, the impact of this specific risk factor is mitigated to the best of our abilities. We also have in place an operating model that fits in with the Group's operational capability, financial capacity and controls framework. We also select potential business partners objectively and view such partnerships as long term associations.

5. **Business Integrity and Compliance**

Mitigation Strategies

- Fostering strong and effective corporate governance and subscribing to a zero-tolerance policy against all forms of bribery and corruption through continuous update and communication of our Board endorsed *Code of Conduct and Ethics (Code)*, and *Anti-Bribery and Anti-Corruption Policy (ACAB)*. To ensure adherence to the *Code* and *ACAB*, we run compliance programmes with regular training provided to staff and third-party consultants.
- Group-wide corruption risk management focusing on all business segments and with regular internal audit activities to provide assurance on compliance with established policies, standards and procedures.
- Pro-active engagement with relevant State Government and regulators to find a mutually beneficial solution to any dispute which arises without comprising our business integrity principles and always working with the best interests of our shareholders being of utmost consideration

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. To that end, we have formed a dedicated division focused on seeking and evaluating new energy solutions ranging from renewables to low carbon/ clean energy. Additionally, this division is also collaborating with the Group's various asset teams and external stakeholders (comprising aggregators, transporters and emitters) to develop an integrated Carbon Capture, Utilisation and Storage (CCUS) ecosystem.
- 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.

7. Human Capital Retention

Mitigation Strategies

- Business acquisition and restructuring initiatives have increased our risk associated with losing competent and skilled employees. Consequently, Group wide remuneration reviews are conducted annually to ensure that our compensation structures are competitive, our employees are provided opportunities which motivate them and we maintain a work environment which is conducive of attracting outstanding talent.

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 cashflow;
- 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.

To support our Group, the equity markets will desire consistent returns vide dividend payouts. The objective going forward will be to strive to deliver a reasonable dividend yield to loyal shareholders. In addition, the Group has made a proposal (for the consideration and approval of our shareholders at the Extraordinary General Meeting scheduled for 1 December 2022) to buy-back our own shares when the equity markets do not afford Hibiscus Petroleum shares a fair valuation. We hope that this initiative will further enhance value for our equity owners.

3. 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. Strong crude oil price provides a viable economic base for the Group to consider the development of these opportunities at the current time.

4. 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.

5. Near-Field Exploration

As we learn more about the assets we operate, we have identified opportunities which we believe have a good risk/reward profile to justify Near-Field Exploration (NFE) investment given the current crude oil price outlook. Opportunities that we pursue in this area will be infrastructure led i.e. we will pursue opportunities that can be brought onstream in a short time frame in a success case due to proximity to existing infrastructure, preferably under our operatorship.

6. Sustainability

Sustainability is reflected in the Group's *Sustainability Policy* which spans the three pillars of ESG practices. In this area, it is the intention of the Group to continue to uphold high ESG standards. An honest and pragmatic approach towards the reduction in our carbon footprint, a commitment to the safety and well-being of our employees and contractors and, a relentless pursuit of transparency and governance in the conduct of our business coupled with an awareness of the concerns of our community will be the foundation from which we deliver the Group's Vision in a sustainable manner.

6. CONCLUDING REMARKS

Our business is firmly fixed at the confluence of several material uncertainties impacting the world at this time. The urgency of climate change has resulted in a thrust towards the widespread use of renewable and clean sources of energy but there are clear signs that the current sprint towards a Net Zero World has resulted in a fragile energy balance. The Russian incursion into the Ukraine has tipped energy security as the current priority with clean energy strategies becoming a secondary consideration.

As this Annual Report 2021/2022 goes to print, we note that the OPEC+ alliance has decided to reduce production at a time when the West, in particular Western Europe, is facing winter and is being choked of Russian gas by its own action of having imposed sanctions on its main supplier. This move has irked America and its Western allies. America wants low crude oil prices as politicians face mid-term elections. Non-oil and gas producing countries also desire low oil prices to have some control of inflation. It appears that access to oil and gas is being weaponised and it projects to be a winter of discontent.

The capacity of the downstream sector is also being tested. Crude oil is a vital input into refineries and whilst the world's refineries have, in aggregate enough capacity to handle global crude supply, these facilities are not located geographically in the most optimum locations. There is a growing shortage of refining capacity in the West but spare capacity in China. In fact, it is these concerns about the emissions from China that have led the Chinese Government regulators in Beijing to halve export quotas allowed to the big domestic refiners. Thus, about 4 million barrels of refining capacity is not being used in China. This is under-utilised capacity that could result in reduced oil prices if brought on-stream.

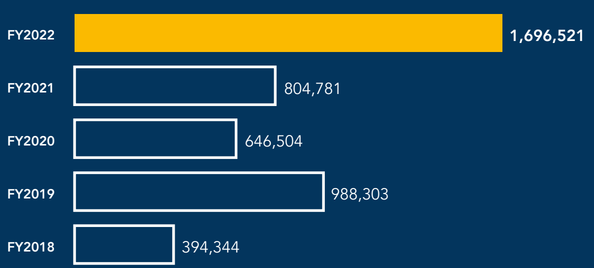
These are the costs of the energy transition. The transition from black sources of energy to green forms is causing economic hardship and geopolitical tension. There is confusion, concern, and economic and political volatility in the macro environment. Amidst these macro forces, our goal is to find the optimum space for business stability. Agility and tenacity, two of our core values, will be key.

DR KENNETH GERARD PEREIRA
Managing Director
5 October 2022

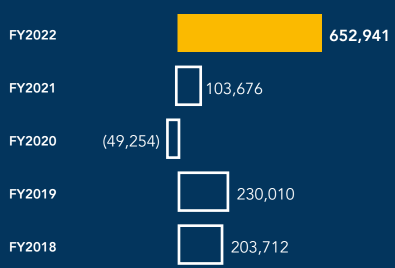
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED (FY)	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Revenue	**1,696,521**	804,781	646,504	988,303	394,344
Profit/(loss) after taxation	**652,941**	103,676	(49,254)	230,010	203,712
Total assets	**5,512,418**	2,788,043	2,426,152	2,393,132	1,973,965
Shareholders' equity	**2,202,017**	1,473,922	1,221,307	1,237,532	995,790
Net assets per share	**RM1.09**	RM0.74	RM0.77	RM0.78	RM0.63
Basic earnings/(loss) per share	**32.51 sen**	5.91 sen	(3.10 sen)	14.48 sen	13.19 sen

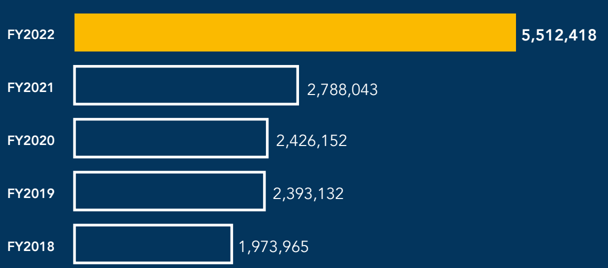
REVENUE (RM'000)



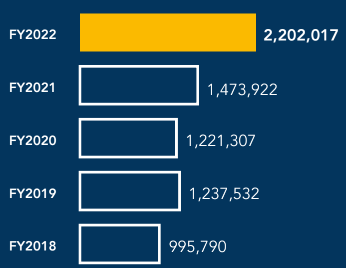
PROFIT/(LOSS) AFTER TAXATION (RM'000)



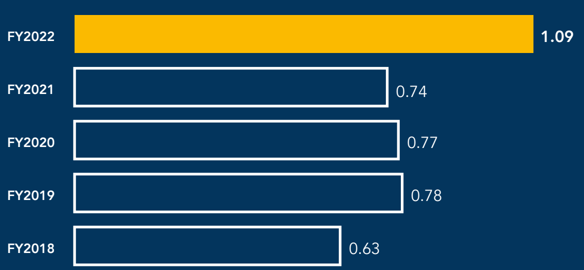
TOTAL ASSETS (RM'000)



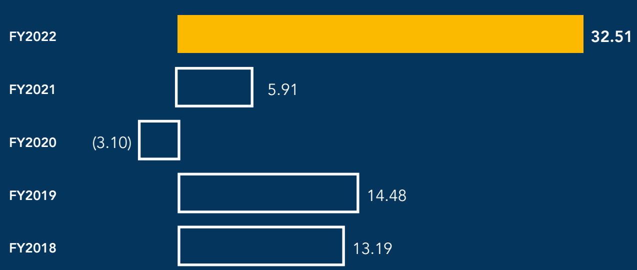
SHAREHOLDERS' EQUITY (RM'000)



NET ASSETS PER SHARE (RM)



BASIC EARNINGS/(LOSS) PER SHARE (SEN)



ACHIEVING STABILITY AMIDST VOLATILITY REQUIRES THE AGILITY AND COURAGE TO ACT IN A TIMELY MANNER

Diligent monitoring for changes to our business landscape and responding decisively and responsibly in a timely manner are key to value creation and risk mitigation.

CALENDAR OF EVENTS

20 October 2021

In conjunction with the release of the Annual Audited Financial Statements for the financial year ended 30 June 2021 (FY2021), Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company)'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 subsequent Annual General Meeting (AGM) of the Company.

9 November 2021

SEA Hibiscus Sdn Bhd (SEA Hibiscus), the Company's indirect wholly-owned subsidiary, executed with Trafigura Pte Ltd (Trafigura) an Amendment and Restatement Agreement in respect of a Prepayment Agreement originally dated 8 October 2018 (Prepayment Facility). This agreement effectively extended the existing Trafigura prepayment facility to 31 December 2023. Subject to agreed terms, the Prepayment Facility provide SEA Hibiscus with up to USD80 million to fund general working capital requirements, capital expenditure and general corporate purposes, as well as fees, costs and expenses incurred in respect of the Prepayment Facility.

10 November 2021

Corporate:

- Hibiscus Petroleum announced earnings before interest, taxes, depreciation and amortisation (EBITDA) of RM123.6 million and a profit after taxation (PAT) of RM41.5 million for the financial quarter ended 30 September 2021, on the back of revenue of RM246.7 million.

Anasuria Operations:

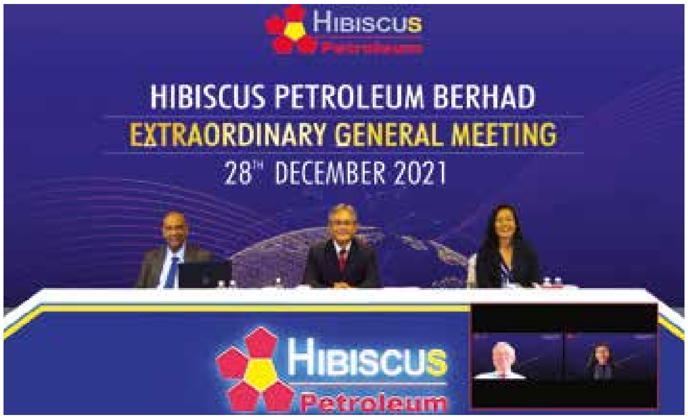
- Gold Award – Awarded by the Royal Society for the Prevention of Accidents (ROSPA) for calendar year 2020 (CY2020) health and safety performance of the Anasuria Floating Production Storage and Offloading (FPSO) facility – 22nd consecutive annual award.
- Order of Distinction – Awarded by ROSPA for 22 consecutive Gold Awards.
- Seven years without a Lost Time Incident on the Anasuria FPSO achieved on 6 October 2021.

14 December 2021

The recommended final single-tier dividend of 1.0 sen per ordinary share in respect of FY2021 was approved by shareholders during the 11th AGM.

28 December 2021

The shareholders of Hibiscus Petroleum approved a resolution presented for the proposed acquisition by its indirect wholly-owned subsidiary, Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus) of the entire issued share capital of Fortuna International Petroleum Corporation (FIPC) for a cash consideration of USD212.5 million.



25 January 2022

Hibiscus Petroleum announced that its indirect wholly-owned subsidiary, Peninsula Hibiscus, had successfully completed the acquisition of the entire equity interest of FIPC on 24 January 2022.

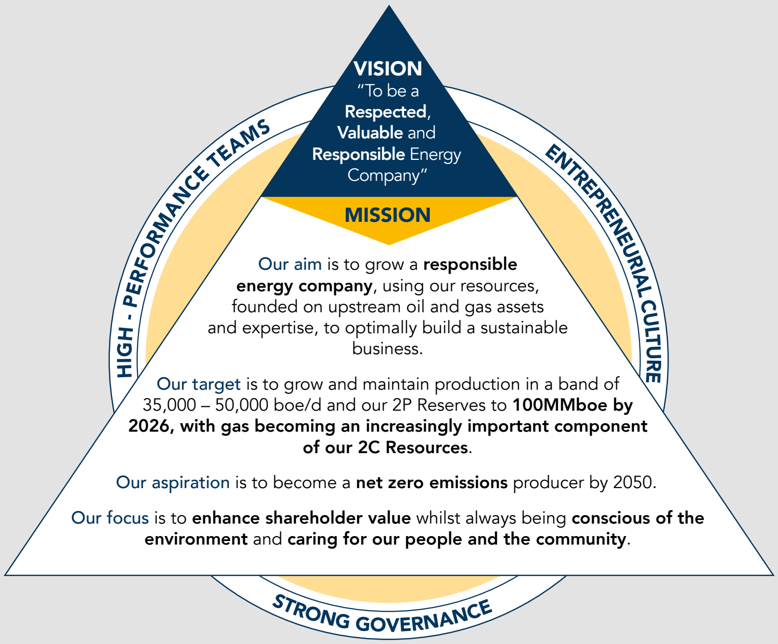
4 February 2022

3D Oil Limited announced that the National Offshore Petroleum Titles Administrator (NOPTA) had awarded the company the VIC/P79 exploration permit containing the Vanguard gas prospect, situated in the offshore Otway Basin adjacent to the producing Thylacine and Geographe gas fields.

17 February 2022

Hibiscus Petroleum refreshed its 2022-2026 Vision and Mission, underpinned by the following core values - "TEPAT":

- **T**enacious
- **E**nvironmentally Responsible
- **P**eople Focused
- **A**gile
- **T**rustworthy



Notes:

2P Reserves	–	Proven and probable oil reserves.
boe/d	–	Barrels of oil equivalent per day.
MMboe	–	Million barrels of oil equivalent.
2C Resources	–	Best estimate contigent oil/gas resources.

25 May 2022

Hibiscus Petroleum announced an EBITDA of RM434.7 million and PAT of RM307.5 million for the financial quarter ended 31 March 2022. The newly acquired assets contributed RM390.1 million and RM334.9 million to the Group's EBITDA and PAT respectively. Strong oil, condensate and gas price levels contributed positively to the profitability levels in all other producing assets. In conjunction with this, the Board of Directors, in respect of the financial year ending 30 June 2022, declared an interim single-tier dividend of 1.0 sen per ordinary share.

Additionally, our North Sabah operations also received the following awards:

- PETRONAS Focused Recognition Award – Awarded in February 2022 for successful production enhancement gains of 20% above the target plan for calendar year 2021, despite the impact from the COVID-19 pandemic.
- PETRONAS Focused Recognition Award – Awarded in March 2022 for increasing gas supply from PM3 CAA to support higher gas demand in February 2022.

CALENDAR OF EVENTS

7 June 2022

The Directors and Management visited the Labuan Crude Oil Terminal (LCOT) for a Tree Planting Ceremony in conjunction with Hibiscus Petroleum's 10th Anniversary.

4 October 2022

Hibiscus Petroleum announced the following:

- The appointment of Mrs Emeliana Dallan Rice-Oxley as Independent Non-Executive Director to the Company's Board with effect on 5 October 2022.
- A proposed final single-tier dividend of 1.0 sen per ordinary share for FY2022, subject to the approval of shareholders at the forthcoming general meeting to be held in December 2022.
- A proposed share buy-back of up to 10% of the Company's issued shares enabling the Company to purchase its shares to capitalise any undervaluation.
- An adjusted increase to the Group's PAT pursuant to updates on two material tax related matters disclosed on the same day.

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
Emeliana Dallan Rice-Oxley	–	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

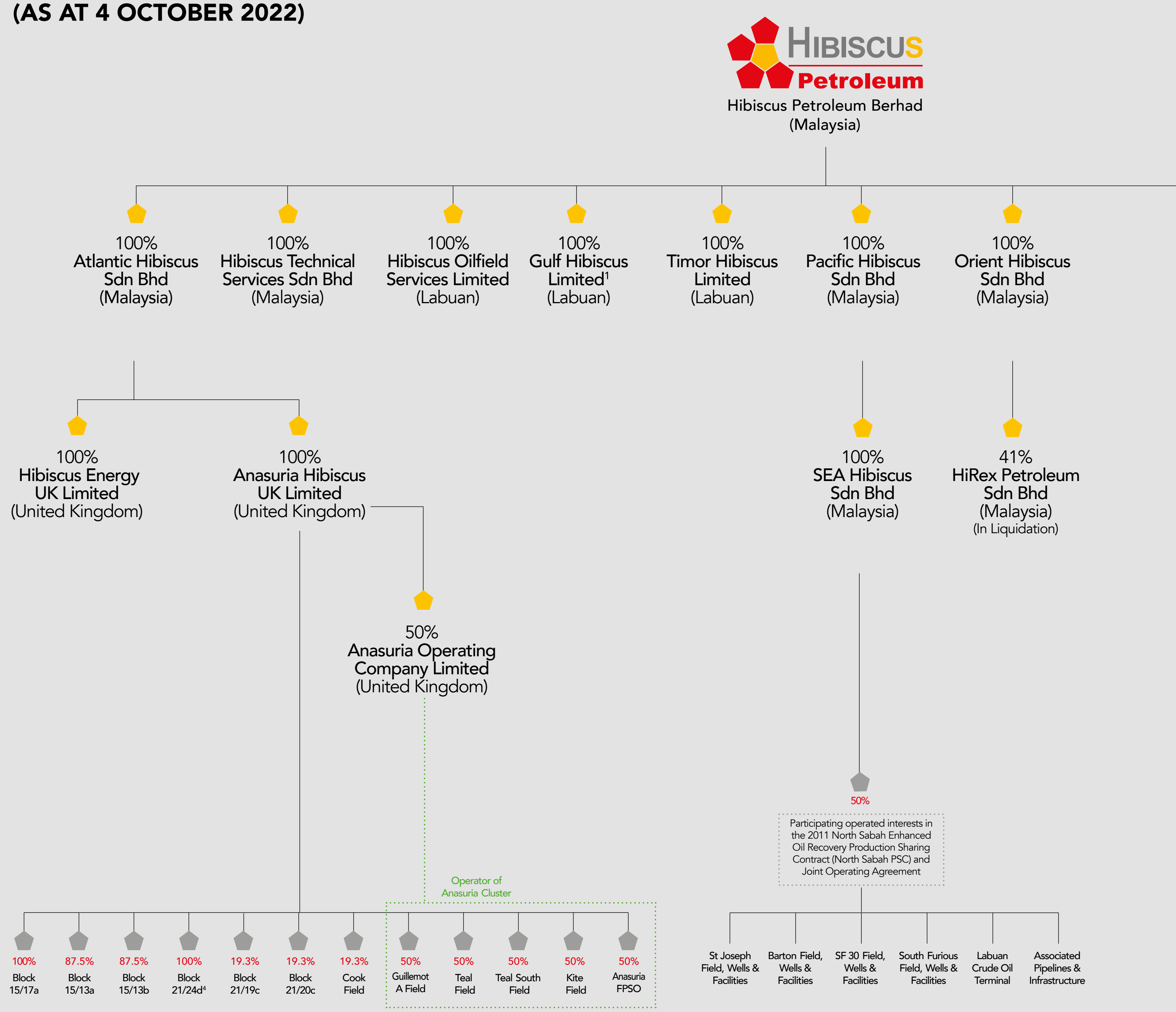
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222

PRINCIPAL BANKERS

HSBC Amanah Malaysia Berhad
CIMB Islamic Bank Berhad

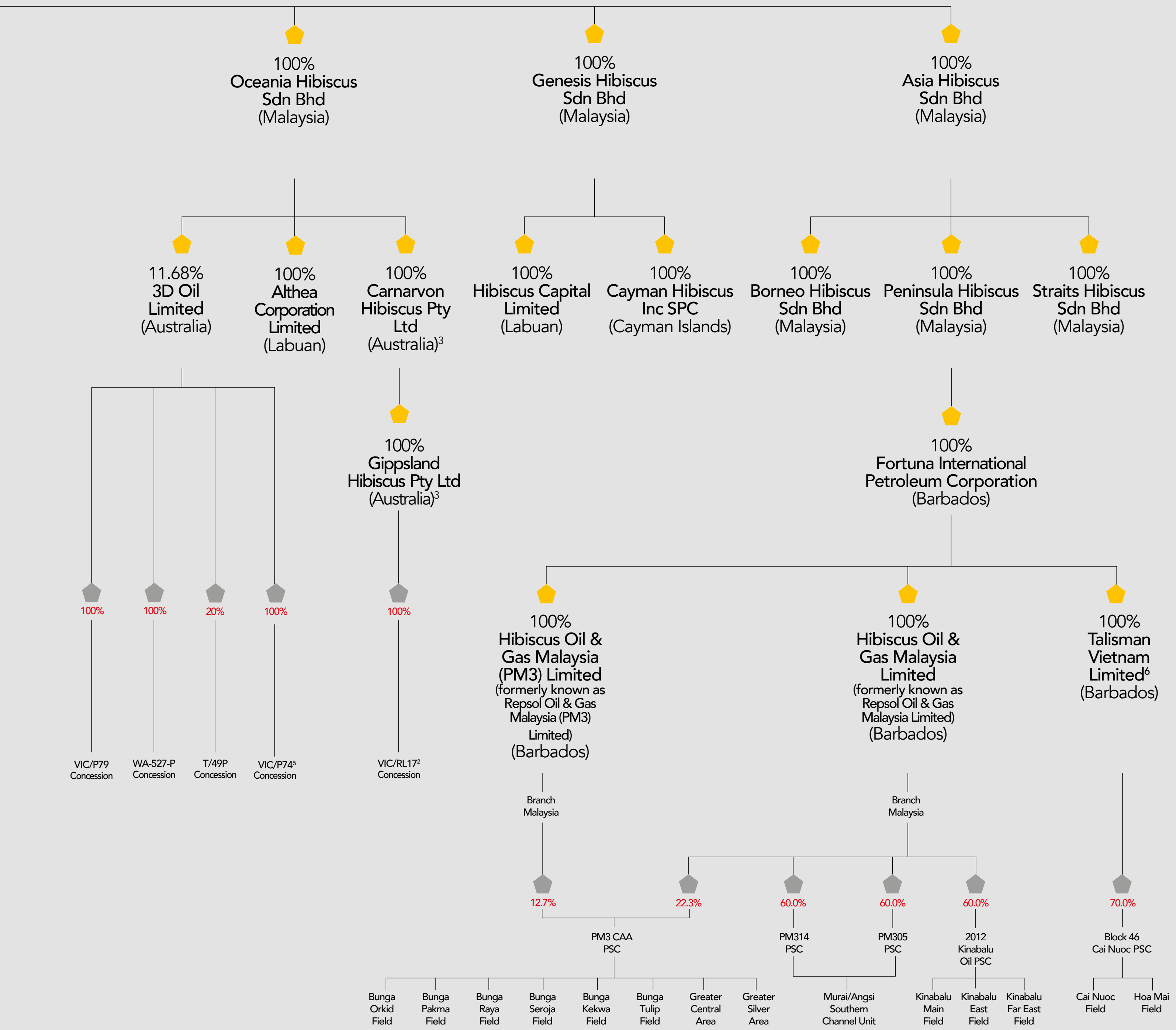
CORPORATE STRUCTURE

(AS AT 4 OCTOBER 2022)



Notes:

1. Lime Petroleum Plc, in which Gulf Hibiscus Limited had a 35.0% interest, has been dissolved with effect from 15 March 2022.
2. Previously known as the VIC/L31 production licence.
3. The Australian National Offshore Petroleum Titles Administrator (NOPTA) provided approval for the surrender of the VIC/P57 exploration permit (Permit) on 11 August 2022. Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) held a 55.1% direct interest in the Permit while its wholly-owned subsidiary, Gippsland Hibiscus Pty Ltd held another 20.0% interest.
4. The assignment of NEO Energy (ZPL) Limited's 30.0% interest in Block 21/24d to Anasuria Hibiscus UK Limited has been approved by the North Sea Transition Authority and the transfer of interest is now pending completion.
5. 3D Oil Limited (3D Oil)'s application to NOPTA to transfer Carnarvon Hibiscus' 50.0% interest in VIC/P74 to 3D Oil was approved on 21 September 2022.
6. Entity to be renamed.


100%
Oceania Hibiscus Sdn Bhd
(Malaysia)
100%
Genesis Hibiscus Sdn Bhd
(Malaysia)
100%
Asia Hibiscus Sdn Bhd
(Malaysia)
11.68%
3D Oil Limited
(Australia)
100%
Althea Corporation Limited
(Labuan)
100%
Carnarvon Hibiscus Pty Ltd
(Australia)[3]
100%
Hibiscus Capital Limited
(Labuan)
100%
Cayman Hibiscus Inc SPC
(Cayman Islands)
100%
Borneo Hibiscus Sdn Bhd
(Malaysia)
100%
Peninsula Hibiscus Sdn Bhd
(Malaysia)
100%
Straits Hibiscus Sdn Bhd
(Malaysia)
100%
Gippsland Hibiscus Pty Ltd
(Australia)[3]
100%
Fortuna International Petroleum Corporation
(Barbados)
100%
100%
20%
100%
100%
VIC/P79 Concession
WA-527-P Concession
T/49P Concession
VIC/P74[5] Concession
VIC/RL17[2] Concession
100%
Hibiscus Oil & Gas Malaysia (PM3) Limited
(formerly known as Repsol Oil & Gas Malaysia (PM3) Limited)
(Barbados)
100%
Hibiscus Oil & Gas Malaysia Limited
(formerly known as Repsol Oil & Gas Malaysia Limited)
(Barbados)
100%
Talisman Vietnam Limited[6]
(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 Cai Nuoc PSC
Bunga Orkid Field
Bunga Pakma Field
Bunga Raya Field
Bunga Seroja Field
Bunga Kekwa Field
Bunga Tulip Field
Greater Central Area
Greater Silver Area
Murai/Angsi Southern Channel Unit
Kinabalu Main Field
Kinabalu East Field
Kinabalu Far East Field
Cai Nuoc Field
Hoa Mai Field

ACHIEVING STABILITY AMIDST VOLATILITY BY ENSURING DECISIONS TAKEN ARE FOR THE COMMON BENEFIT OF ALL SHAREHOLDERS

The Board ensures that key decisions and strategic initiatives undertaken by the Group benefit all shareholders equally.

BOARD OF DIRECTORS
(AS AT 5 OCTOBER 2022)

ZAINUL RAHIM BIN MOHD ZAIN

Non-Independent
Non-Executive Chair

Malaysian

69

Male

DATE APPOINTED TO THE BOARD
14 December 2010

DATE OF LAST RE-ELECTION
14 December 2021

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

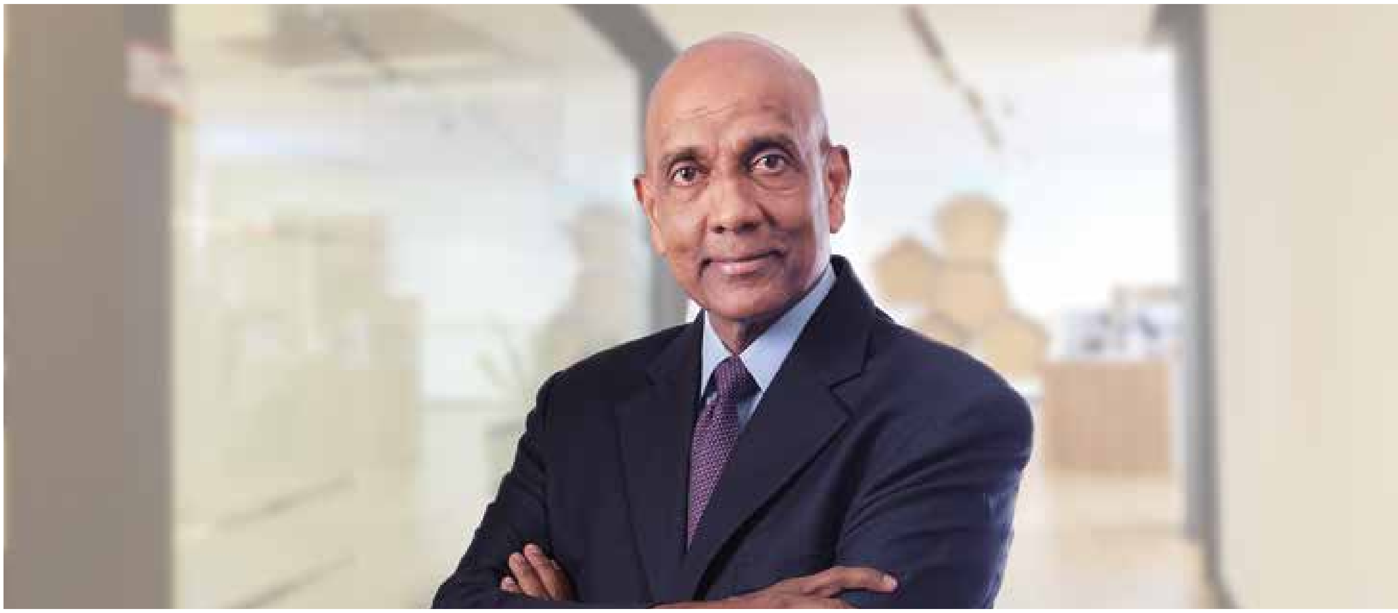
PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:

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):

- 44 years of experience in the oil and 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

64

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):

- 34 years of experience in the oil and gas industry (both in services and E&P)
- Managing Director, Interlink Petroleum Ltd, an oil and gas E&P company listed on the BSE (formerly known as Bombay Stock Exchange)
- Chief Operating Officer, 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)

YBHG DATO' SRI ROUSHAN ARUMUGAM

Independent
Non-Executive Director

Malaysian

50

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):

- 23 years of 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

66

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 COMMITTEES:

- 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):

- 38 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

YBHG DATO' DR ZAHA RINA ZAHARI

Independent
Non-Executive Director

Malaysian

60

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 COMMITTEES:

- Chair, Nominating Committee
- Member, Audit and Risk Management Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:

Listed Entity:
- 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
- Director, Mizuho Bank (Malaysia) 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 33 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 13 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
- Chief Operating Officer, 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

EMELIANA DALLAN RICE-OXLEY

Independent
Non-Executive Director

Malaysian

59

Female

DATE APPOINTED TO THE BOARD
5 October 2022

DATE OF LAST RE-ELECTION
Not applicable

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Advanced Management Programme, Harvard Business School, United States of America
- Professional Certification in Decision Quality and Risk Management, Stanford University, Stanford, California, United States of America
- B.Sc in Geology, University of South Carolina, United States of America

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:

Listed Entity:
Nil

PRESENT APPOINTMENT(S):

- Member, Heriot-Watt University Malaysia Business Advisory Board
- Advisory Board member for the Women's Global Leadership Conference, Houston, Texas, United States of America

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

- Experience of more than 30 years in the oil and gas industry
- Distinguished Achievements Award (Offshore Technology Conference Asia 2022)
- 2020 Global Influencers 275 List (Women's Energy Council)
- 2019 Female Executive of the Year, Asia Pacific Energy Assembly
- Led PETRONAS international exploration growth strategy with key entries into selective, prolific basins in the Americas and West Africa.
- Led PETRONAS strategy to accelerate monetisation of the gas-rich resources in East Malaysia.
- Served in numerous technical and managerial roles in Malaysia, the United Kingdom Central North Sea, Brazil, United States of America and Latin America for Shell
- Exploration Portfolio and Planning Manager for Asia Pacific region for Shell
- Director, PETRONAS Management Training Sdn Bhd
- Director, PETRONAS Gas Berhad
- Vice President, Exploration, Upstream, PETRONAS
- Member, PETRONAS Upstream Leadership Team
- Member, PETRONAS Upstream People Development Council
- Champion, PETRONAS Leading Women Network
- Director of various PETRONAS Carigali Overseas' private limited companies
- Director, PETRONAS E&P Overseas Ventures Sdn Bhd
- Vice President, Exploration Malaysia, PETRONAS
- Senior General Manager, Exploration Malaysia, PETRONAS

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 2022.

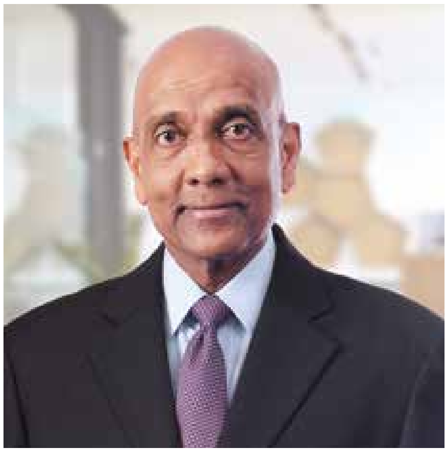
5. **Attendance at Board Meetings**
   The details of attendance of each Director at Board Meetings are set out on page 106 of this Annual Report 2021/2022.

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 5 OCTOBER 2022)



DR KENNETH GERARD PEREIRA
Managing Director

Nationality	Age	Gender
Malaysian	64	Male

Please refer to page 81 of this Annual Report 2021/2022.

YIP CHEE YEONG
Chief Financial Officer (CFO)

Nationality	Age	Gender
Malaysian	48	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
- B.A. (Honours) in Accounting and Finance, Middlesex University, London, United Kingdom

WORKING EXPERIENCE:

- Joined Hibiscus Petroleum Berhad (Hibiscus Petroleum) in November 2013 and has held the positions of Vice President Finance and Group Controller before his appointment as CFO.
- Has over 28 years of accounting and finance experience in various industries, namely oil and gas, manufacturing, technology, services, risk consulting, audit and taxation.
- Was previously the CFO at Microsoft Malaysia, responsible for company-wide financial management and was a key member of the senior management team.

DR PASCAL HOS

Chief Executive Officer,
Peninsula Hibiscus Group

Nationality	Age	Gender
Dutch	51	Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 February 2022

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 a co-founder. Was re-designated as Chief Operating Officer of HiRex Petroleum Sdn Bhd in October 2014.
- Subsequently re-designated as Vice President, New Ventures in May 2016, Chief Executive Officer, SEA Hibiscus Sdn Bhd in September 2017 and Senior Vice President, New Ventures in March 2021, before being appointed as Chief Executive Officer of the Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus) Group of companies in February 2022.
- Has over 22 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	Age	Gender
British and Australian	63	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 42 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 a 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 Chief Executive Officer for the ASX-listed, Cue Energy Resource Ltd from 2011 to 2013.

LEADERSHIP TEAM
(AS AT 5 OCTOBER 2022)

KEVIN ROBINSON
Vice President,
Project Assurance & Asset Oversight

Nationality	Age	Gender
British and American	66	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 Group in April 2019.
- Has over 44 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	Age	Gender
Malaysian	45	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 Chief Operating Officer of SEA Hibiscus.
- Has over 21 years of work experience in the oil and 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	Age	Gender
Malaysian	54	Female

DATE APPOINTED TO THE CURRENT DESIGNATION:
2 September 2020

QUALIFICATIONS:

- B. Economics, majoring in Accounting, LaTrobe University, Melbourne

WORKING EXPERIENCE:

- Joined Hibiscus Petroleum on 1 January 2011 as CFO and a co-founder. Was re-designated as Vice President, Strategy Development effective 5 May 2015 until December 2015. She is currently Head, Corporate Finance.
- Has more than 31 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 and RHB Sakura Merchant Bankers Berhad from 1996 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 Chief Operating Officer'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	Age	Gender
Malaysian	65	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 Chartered Institute of Arbitrators, United Kingdom

WORKING EXPERIENCE:

- Joined Hibiscus Petroleum in October 2014.
- Over 31 years of experience in oil and gas law practice, project documentation, and management and resolution of project execution issues, claims and 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 5 OCTOBER 2022)

KELVIN TANG
Vice President, Business Development

Nationality	Age	Gender
Singaporean	48	Male

DATE APPOINTED TO THE CURRENT DESIGNATION:
21 March 2022

QUALIFICATIONS:

- LLB (Honours), National University of Singapore

WORKING EXPERIENCE:

- Joined Hibiscus Petroleum in March 2022.
- Over 21 years of experience in oil and gas start-up businesses, mergers and acquisitions, project negotiations and development, fund raising, equity and debt capital markets, and general management.
- Formerly CEO of KrisEnergy Ltd, General Counsel of Aabar Petroleum PJSC and General Counsel of Pearl Energy Ltd.
- Started career as a lawyer in private practice.

DEEPAK THAKUR, CFA
Vice President,
Economics and Business Planning

Nationality	Age	Gender
Indian	39	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 15 years of experience in the oil and gas industry in a career dedicated to developing financial models and cashflows, performing valuation and 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	Age	Gender
Malaysian	65	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. (Hons) 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.
- 39 years oil and gas industry global experience. Previously worked with Schlumberger, GE Oil & Gas; oil companies as Vice President, E&P / Chief Operating Officer at Interlink Petroleum (BSE listed) and Chief Executive Officer 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 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).

SYARIFAH ALIZA SYED AZAUDDIN

Vice President,
Corporate Governance

Nationality	Age	Gender
Malaysian	47	Female

DATE APPOINTED TO THE CURRENT DESIGNATION:
1 January 2019

QUALIFICATIONS:

- MBA, International Islamic University, Malaysia
- B. A. (Hons) in Accountancy and Finance, Lancaster University, United Kingdom

WORKING EXPERIENCE:

- Joined Hibiscus Petroleum in September 2011 and has previously held the position of Senior General Manager, Corporate Finance, Secretarial and Regulatory Compliance. She is currently Vice President, Corporate Governance.
- Has over 25 years of experience in various areas of corporate finance, asset management, private equity, corporate strategy including Environmental, Social and Governance (ESG), 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 5 OCTOBER 2022)

NURZALINA JAMALUDDIN
Chief Operating Officer, SEA Hibiscus

Nationality	Age	Gender
Malaysian	45	Female

DATE APPOINTED TO THE CURRENT DESIGNATION:
5 April 2021

QUALIFICATIONS:

- B.Sc. in Chemical Engineering, Cornell University (Cum Laude), New York, United States of America

WORKING EXPERIENCE:

- Joined Hibiscus Petroleum Group in April 2021.
- Over 21 years of 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	Age	Gender
Malaysian	39	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 19 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 them by any regulatory bodies* during the financial year ended 30 June 2022.

5. **Directorship in Public Companies and Listed Issuers**
   None of the Leadership Team have 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.

MANAGEMENT TEAM AND TECHNICAL EXPERTS
(AS AT 5 OCTOBER 2022)

Vincent Lee
Group Internal Auditor

Indarjit Singh
Geoscience Advisor

Vivian Phang Mun Yee
Senior General Manager,
Human Capital

Meera Surin Derpall
Senior General Manager,
Risk & Business Process
Improvement

Jenny Poh
Deputy General Manager,
Corporate Secretarial

Doreen Hong
Senior Manager,
Corporate Finance

Liew Shau Teng
Senior Manager, Finance

Eiki Loke Chiu Chee
Senior Manager, Finance

Catherine Chow
Treasury Advisor









LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

NORTH SABAH TEAM
(AS AT 5 OCTOBER 2022)

Chong Chee Seong
Chief Executive Officer

Nurzalina Jamaluddin
Chief Operating Officer

David Jayakumar Richards
Head, Subsurface

Ng Kok Kong
Head, Finance

Muhamad Her Nasir
Head, Contracts & Procurement

Alan Toh
Head, Planning

Michele Toh
Legal Counsel

Mohammad Hatta Rizal Mansor
Head, Health, Safety, Security & Environment

Nordin Ahmad
Head, Human Capital Management

Edmund Ang
Head, Operations

Amnoradi Baijuri
Head, Projects & Engineering

Nor Aina Ahmad
Logistic Manager

Anwar Hisham Zainal Anuar
Head, Drilling

Kevin Gan
Enterprise Resource Planning Lead

Rizal Eddy
Acting Head, Information Technology (IT)/ Information Management















LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

PENINSULA HIBISCUS TEAM
(AS AT 5 OCTOBER 2022)

Dr Pascal Hos
Chief Executive Officer

Suresh Vasudevan
Head, Planning & Resource

Devarajan Indran
Head, Technical Services

Regina Khoo Pooi Yin
Head, Finance

Lim Sui Yuan
Finance Controller

Azmi Mahras
Senior Manager, Supply Chain Management

Ahmad Fakhrurrazi Arshad
Head, Stakeholder Relations

Coco Chan Kim Yan
Head, Legal

Abu Bakar Hanfi Abdul Mannan
Head, Health, Safety & Environment









Kalavathy Mahintheran
Head, Human Capital

Michael Anthony Fox
Head, Operated Asset

Robert Palmer
Head, Operations

George Wong
Head, Drilling

Zaizakrani Md Salleh
Senior Manager, Subsurface

Nor Afida Abdul Ali
Head, Corporate Services

Lim Kok Chee
Head, IT

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

MARIGOLD AND SUNFLOWER CLUSTER TEAM
(AS AT 5 OCTOBER 2022)

Mark John Paton
Project Director

Gurin Hanspal
Project Manager - Marigold

Dr Jeyanthi Ramasamy
Subsea Manager

Clifford Lang
Drilling and Completions Manager - Marigold

Ashok Kumar
Drilling Manager - Teal West

Eric Tioe
Subsurface Manager - Marigold and Teal West

Mohd Fadzil Harun
Senior Reservoir Engineer

Joel Sheng
IT Manager & System Administrator

Chan Sine Yee
Finance Manager

Sanathakumara Somunaidu
Accountant










LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

ANASURIA CLUSTER ASSET TEAM
(AS AT 5 OCTOBER 2022)

Kevin Robinson
Vice President, Project Assurance & Asset Oversight

Yap Siew Chee
Subsurface Manager

Golokavasini Ravi Pillai
Manager, Economics & Business Planning

Yee Shen Yann
Assistant Asset Coordinator

ACHIEVING STABILITY AMIDST VOLATILITY THROUGH STRONG GOVERNANCE AND TRANSPARENCY

We will only earn the trust and respect of all our stakeholders if we are transparent in our disclosures and apply strong principles of governance in the conduct of our business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our 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.

This Statement summarises how our Group has applied the Corporate Governance (CG) principles and practices as set out in the Malaysian Code on Corporate Governance 2021 (MCCG) through the application of the following three (3) key CG principles and practices:

(i) The Board's leadership and effectiveness;
(ii) Effective audit and risk management; and
(iii) Integrity in corporate reporting and meaningful relationship with stakeholders.

For the latest review conducted in calendar year 2022, the Company continued to maintain its constituency on the FTSE4Good Bursa Malaysia (F4GBM) Index, which was first attained in December 2020, evidencing recognition of our good Environmental, Social and Governance (ESG) practices. The Company has also retained its highest rating of 4 stars from FTSE Russell which placed us in the top 25% by ESG ratings amongst public listed companies in the FBM EMAS Index, in addition to preserving our position in the FTSE4Good Bursa Malaysia Shariah Index.

Furthermore, Hibiscus Petroleum continues to maintain its Green Lane Policy (GLP) status accorded by Bursa Malaysia Securities Berhad (Bursa Securities) which was first granted 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 "complex" circulars which do not fall within the parameters of the exemptions provided.

This Statement is prepared in compliance with Bursa Securities' Main Market Listing Requirements (MMLR)[1] and it is to be read together with the Company's CG Report 2022 (CG Report) which is available on Hibiscus Petroleum's website (*https://www.hibiscuspetroleum.com*). The CG Report details how the Company has applied each Practice as set out in the MCCG during the financial year ended 30 June 2022 (FY2022), including any alternative measures taken to achieve the intended outcomes.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Leadership and Company Purpose

Our Board is accountable to the Group's stakeholders for the performance and enhancement of sustainable value by ensuring that the strategic plan and budget of the Group supports and integrates long-term value creation and includes initiatives on economic, environmental and social considerations underpinning sustainability. Our Board meets these aims by charting the Group's targets/objectives, values and strategies and ensuring that the necessary resources are available to achieve the agreed strategic priorities.

During FY2022, our Group focused on both growth and business optimisation objectives. These initiatives were pursued against a backdrop of uncertainties caused by the COVID-19 pandemic as it entered an endemic phase.

Our Corporate Governance Framework

Good governance is at the core of our activities. A strong CG framework, coupled with a well-defined values system, is vital in ensuring compliance with applicable laws and regulations. It is also important to enable effective risk mitigation and the cultivation of ethical behaviour. Hibiscus Petroleum is committed to achieving high standards of business integrity, ethics and professionalism. Our Board sets the tone at the top by embodying our corporate values of tenacity, being environmentally responsible, people focused, agile and trustworthy (TEPAT), and such values guide our every action.

TENACIOUS

Hibiscus succeeds because our people take ownership and are relentless in pursuit of our goals.

ENVIRONMENTALLY RESPONSIBLE

Our decision-making and actions shall safeguard the environment as far as reasonably practicable.

PEOPLE FOCUSED

We can only succeed when everyone works as one, with common objectives in a safe, secure and respectful work environment.

AGILE

Our uniqueness lies in our readiness to act and our ability to be flexible, balanced and adaptive to change.

TRUSTWORTHY

We believe that trust and integrity are fundamental prerequistes to being a respected and valuable company.

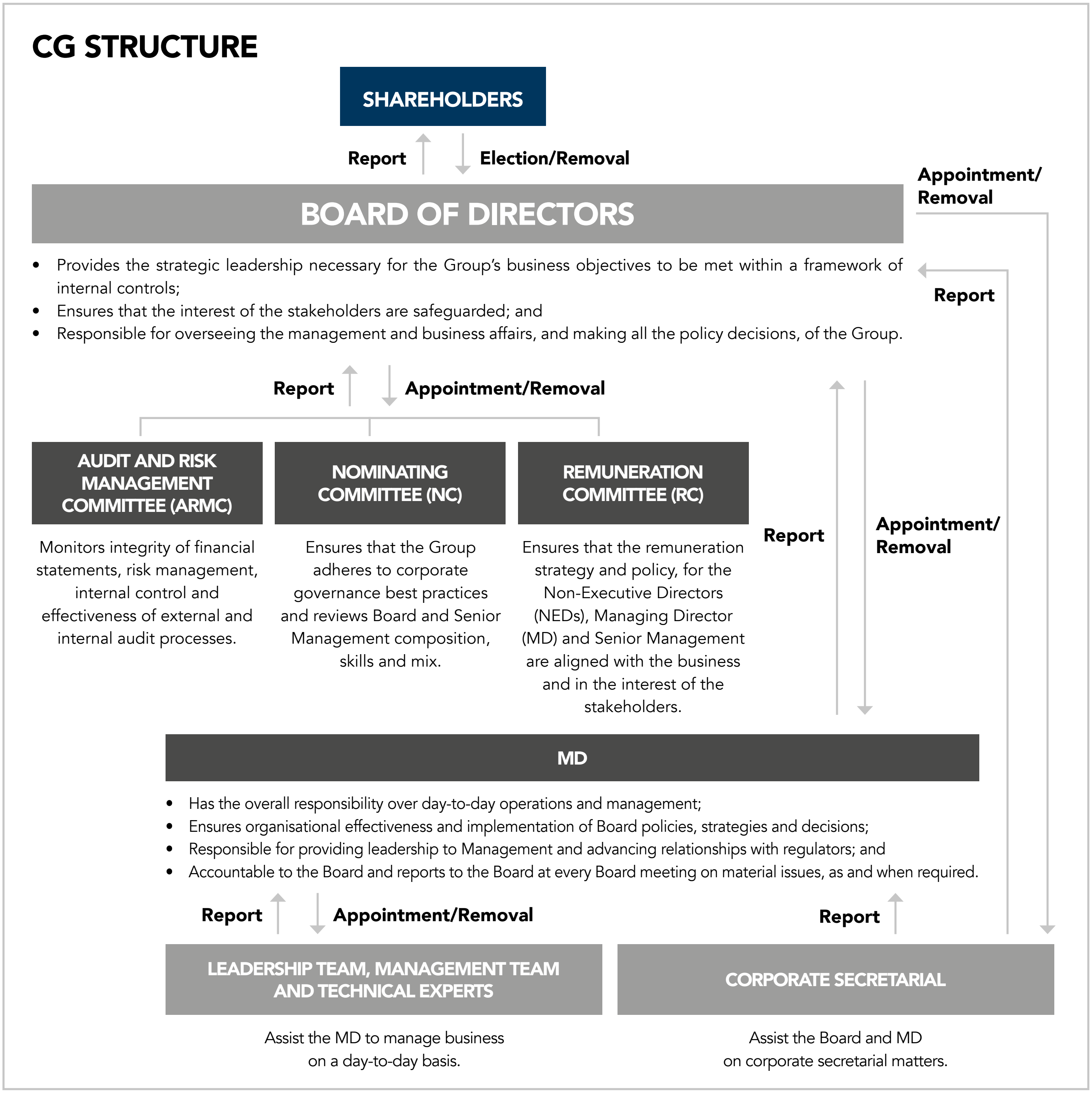
Note:

[1] *Compliance with Paragraphs 15.08A(3) and 15.25 as well as Practice Note 9 of the MMLR on the preparation of the Nominating Committee Report and disclosure of CG related information.*

Our Board operates through a governance framework with clear procedures, lines of responsibility and delegated authorities to ensure that the approved strategy is implemented, and key risks are assessed and managed effectively. These are underscored by the Board's attention in emphasising the Group's core value behaviours, culture and standards of business conduct, to ensure that they are clearly understood by all employees.

Our Board also makes sure that there is sufficient engagement with the Group's stakeholders in order for their views to be considered in decisions made.

Our CG structure is as depicted below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Division of Responsibilities

Our Chair is responsible for leadership of the Board and its overall effectiveness whilst our MD is responsible for the operational management of the business, for developing strategy in consultation with the Board, and for implementation of the strategy with the Leadership Team.

In addition, one of our NEDs serves as the Senior Independent Director, pursuant to selection and appointment by our Board. Our Board is fully satisfied that the Senior Independent Director demonstrates complete independence and robustness of character in this role.

The delegation of the day-to-day management of the business has been made by our Board to our MD via an approved *Limits of Authority (LOA)* framework. The *LOA* is the principal policy for the MD to delegate some authority to the Group Senior Management at levels which are considered appropriate to enable them to fulfil their responsibilities accordingly and efficiently.

The *LOAs* are implemented at corporate level, at operating subsidiary level (SEA Hibiscus Sdn Bhd and Peninsula Hibiscus Sdn Bhd Group), at project level (in Anasuria Hibiscus UK Limited and Carnarvon Hibiscus Pty Ltd) as well as at the joint operating entity level (Anasuria Operating Company Limited). The *LOAs* are periodically reviewed and updated to ensure their relevance and appropriateness to the Group's business.

Following the appointment of a new director to our Board pursuant to a search process conducted, our Board now comprise 4 Independent Directors (67%) and 2 Non-Independent Directors (33%).

Strategic Planning and Implementation

Our Board undertook a review of the schedule matters reserved for the Board as well as examined the criteria set out in the MMLR and MCCG.

As part of the governance framework, the Board has delegated some of its responsibilities to three Board Committees, namely the Audit and Risk Management Committee (ARMC), the Nominating Committee (NC) and the Remuneration Committee (RC). The Board is satisfied that the Board Committees have sufficient resources and time to carry out their duties effectively. Their *Terms of Reference* are reviewed and revisions approved periodically by the Board and the respective Board Committee Chairs report on their activities to the Board. The individual Board Committee's *Terms of Reference* can be found on our corporate website.

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 Directors' attendance at Board and Board Committee meetings for FY2022 is summarised below:

Director	Board	ARMC	NC	RC
Number of meetings held during FY2022	14	9	5	5
Zainul Rahim bin Mohd Zain	100%	100%	100%	100%
Dr Kenneth Gerard Pereira	100%	n/a#	n/a	n/a
YBhg Dato' Sri Roushan Arumugam	100%	n/a	100%	100%
Thomas Michael Taylor	100%	100%	100%	100%
YBhg Dato' Dr Zaha Rina Zahari	100%	100%	100%	n/a
Emeliana Dallan Rice-Oxley*	n/a	n/a	n/a	n/a

Notes:

* *Mrs Emeliana Dallan Rice-Oxley was appointed to the Board on 5 October 2022.*
\# *n/a denotes 'not applicable' as the Director is not a member of the Board or Board Committee (as applicable) during FY2022.*

Board Administration

Our Board is supported and advised by 2 company secretaries who ensure that the Board has the policies, processes, information and resources it needs for it to function effectively and efficiently. The Company Secretaries are also responsible for ensuring compliance with all Board procedures and for providing advice to the Directors, as required. The Company Secretaries serve as the secretary to the ARMC, NC and RC, and have direct access to the Chairs of these Board Committees. In addition to their statutory duties, the Company Secretaries also facilitate communication between the Board and Management.

Discharging Board Responsibilities

Our Board typically meets 10 times in a year. One of those meetings is devoted to an extensive review of the long-term strategy of the business to provide the Board with deeper insight into the Company's operations. More frequent Board meetings were held this year to apprise the Board of the Group's proposed plans on funding, asset acquisitions and developments, and to enable the Board to deliberate and provide their guidance accordingly. The depth of review and their commitment to allocating appropriate amounts of time to do the same are a testament of the Board's responsibility in carrying out its fiduciary duties diligently.

Due to the restrictions imposed by the COVID-19 pandemic, several of the Board/Board Committee meetings were held via audio and/or video conferences. Following the re-opening of international borders by the Malaysian Government on 1 April 2022, the majority of the Directors were able to travel as a group to the Labuan Crude Oil Terminal (LCOT) and our MD was also able to visit the Group's overseas offices, as part of efforts to engage with a variety of stakeholders in addition to ensuring the smooth running of business operations.

As a brief recap of the financial year, the focus of the Board meetings during the first half of FY2022 were on key aspects of operational performance and transition of activities of the newly acquired assets, and a detailed review of the Business Plan (including the funding plan of the Group). Meetings during the second half of FY2022 prioritised deliberation on matters such as capital allocation and the Group's long-term strategy, stakeholder engagement, the energy transition and sustainability, and the competitiveness of our employee compensation scheme in light of an increasingly tight labour market in our sector of the business. At various meetings during the financial year, the Board also reviewed the key risks faced by the Group and discussed our management of such risks.

Promoting Good Business Conduct

Our *Code of Conduct and Ethics (Code)* governs the way we work and reflects our zero tolerance for bribery, corruption and other forms of financial crime as well as our position and controls with regards to human rights and anti-slavery. All individuals and organisations involved in Hibiscus Petroleum Group's extended supply chain and operations are contractually required to adhere to the standards of our *Code* and our *Anti-Corruption and Anti-Bribery (ACAB) Policy*. In 2021, we updated our *Code* to include a section to provide clarity on how to avoid potential conflicts of interest, the procedures to make a report in the event such a situation arises and the steps to address the same. In 2022, we enhanced our refresher *ACAB Policy* training to include the newly acquired subsidiaries of Peninsula Hibiscus Sdn Bhd and implemented the organisation of online course and quizzes for the Group to test their awareness and understanding of the *ACAB Policy* as well as the corporate liability provisions introduced by Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (amended 2018). As of 30 September 2022, all of Hibiscus Petroleum Group staff completed the required annual course and quizzes.

In addition, all employees were reminded of their obligations to highlight behaviours/misconduct they had reason to believe were not in alignment with our *Code*. A *Whistle Blower Policy* for Directors, employees and other stakeholders has been made available for use for reporting any improper conduct or known organisational malpractice(s) or wrongdoing(s). The *Whistle Blower Policy* can be found on our website: *https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Whistle-Blower-Policy.pdf*. Any reported case is reviewed and investigated by our Group Internal Auditor, with an update provided to the ARMC and the Board of Directors.

Furthermore, Hibiscus Petroleum has an *Anti-Modern Slavery Policy* which is aligned with internationally recognised human rights and labour standards, and can be found at the following link: *https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Anti-Modern-Slavery-Policy.pdf*.

On a continual basis, our Directors and all of our employees including Principal Officers [2] 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 FY2022, neither our Directors nor our Principal Officers dealt in Hibiscus Petroleum securities during the specified closed periods.

In May 2022, we established the *Fit and Proper Policy for the Appointment and Re-election of Directors* (*https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Fit-and-Proper-Policy.pdf*) to ensure that any person to be appointed or re-elected as a Director of Hibiscus Petroleum Group possesses the necessary quality and character as well as integrity, competency and commitment to discharge the responsibilities required of the position in the most effective manner. In view of its importance, the *Fit and Proper Policy for the Appointment and Re-election of Directors* is also referred to in the *Board Charter* and the *NC's Terms of Reference*. In addition, the monitoring of the Company's performance and efforts to build sustainable value for the shareholders by ensuring that the strategic plan of the company supports and integrates long-term value creation and includes initiatives on economic, environmental and social considerations underpinning sustainability, has also been incorporated in the updated *Board Charter* of May 2022.

Governing Sustainability

Hibiscus Petroleum's aim is to build a better future through sustainable growth via the implementation of innovative ideas and the consideration of multiple strategic options. We help address global energy demand in a safe, cost-efficient and environmentally and socially responsible way. We form close relationships and partnerships in our host countries of Malaysia, Vietnam, the United Kingdom and Australia and our activities generate significant economic and social value, advance national development priorities, create local business and investment opportunities, in addition to contributing towards enhancing local skills and capabilities.

Sustainability is embedded across our business units through the implementation of our strategy, management standards, governance and audit processes. Our approach considers the expectations of our Directors, our Business Sustainability Management Committee, key stakeholder groups including our shareholders, host governments and communities; all of which are underpinned by our corporate values and aligned at a global level with the United Nations' (UN) Sustainable Development Goals (SDGs). Such a posture in relation to sustainability is contained and communicated in our *Sustainability Policy* and *Climate Change Framework* which may be perused by our stakeholders on our corporate website, (*https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Sustainability-Policy.pdf*) and (*https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Climate-Change-Framework.pdf*).

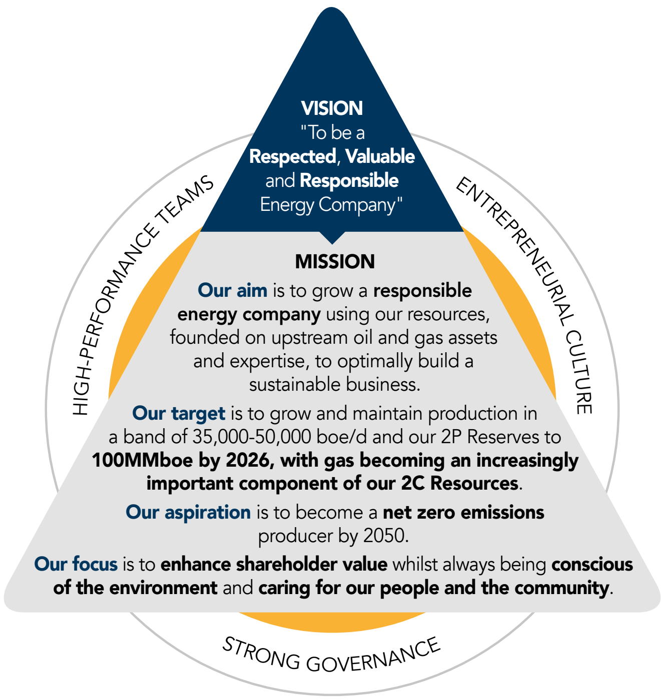
Note:

[2] *Principal Officers refer 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.*

In addition, the Group has also in place an *Environment Policy* to use energy and natural resources optimally, and to ensure our Management continually assesses the impact of our operations on 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 in order that we 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).

For FY2022, the material sustainability matters which reflect key environmental, social and governance impacts to our business were reviewed and approved by our Board on 24 June 2022. Further details on our sustainability performance can be found at our Sustainability Report on pages 114 to 183 of this Annual Report 2021/2022.

Our long-term strategy is as depicted below:



Notes:

- boe/d - Barrels of oil equivalent per day.
- MMboe - Million barrels of oil equivalent.
- 2P Reserves - Proven and probable oil/gas reserves.
- 2C Resources - Best estimate contingent oil/gas resources.

Composition, Succession and Evaluation

To ensure that the Board, MD and Leadership Team continue to possess the necessary skills and experience required to spearhead and lead the Group, the Board has tasked the NC to oversee the process of appointments and succession planning for Directors and other Senior Management.

Our Board places high emphasis on inclusivity and acknowledges that a mix of individuals from different backgrounds, skills, experience and competencies will promote a greater diversity of thought which is key for value creation, as also highlighted by our *Diversity Policy*. Whilst our Board aspires to achieve at least 30% female representation on the Board, the overriding consideration in appointments is based on merit and the potential value add that each candidate brings to our Group. Appointments and re-elections to our Board are guided by the *Fit and Proper Policy for the Appointment and Re-election of Directors*.

As part of efforts to have a wider range of diversity and expertise on our Board, a search process was initiated and effective on 5 October 2022, Mrs Emeliana Dallan Rice-Oxley was appointed as an Independent Non-Executive Director (INED). With her appointment, the gender target of 30% women directors has been achieved.

Mrs Emeliana Dallan Rice-Oxley brings extensive international experience in the oil and gas industry to Hibiscus Petroleum, having worked successfully across Malaysia, the United Kingdom, Brazil, United States of America and Latin America for more than 30 years. Her profile can be found on page 86 of this Annual Report 2021/2022.

Upon joining the Board, the newly appointed Director shall receive an induction programme which has been specifically designed to complement her background, experience and knowledge with more detailed understanding of the Group's business operations and other matters regularly discussed by the Board. The programmes include one-to-one meetings with the Leadership Team/Senior Management, functional leaders/heads of business unit and, where possible, visits to the Group's principal offices and operations. She will also receive an overview of her duties, corporate governance policies and Board processes.

YBhg Dato' Sri Roushan has expressed his intention to seek retention as an INED at the 12th AGM in December 2022. Subject to shareholders' approval, he shall complete his 12 year tenure as an INED on the Board on 24 July 2023, after which he shall then serve as a non-INED of the Company effective 25 July 2023.

At the 12th AGM, Mr Thomas Michael Taylor who is subject to re-election under Clause 134 of the Constitution of the Company, will be seeking re-election at the 12th AGM in December 2022.

The Board strongly supports the re-election of YBhg Dato' Sri Roushan as INED and the re-election of Mr Thomas Michael Taylor.

At the same 12th AGM, Mrs Emeliana Dallan Rice-Oxley will be seeking for re-election under Clause 110 of the Constitution of the Company. The Board supports the re-election of Mrs Emeliana Dallan Rice-Oxley who is a much welcomed addition to our Board.

As part of the ongoing evaluation of the Board's effectiveness, the Board carried out an internal evaluation of its performance and that of its Board Committees in 2022. The assessment was facilitated by the Company Secretaries with input from the Chair of the Board, the Senior INED and other Board members. The review required each of the Directors to submit responses to a series of questionnaires to reflect their individual performance, the performance of the Board and its Board Committees. All responses were compiled and discussed at the NC and Board meetings.

The evaluations reported a number of positive observations including the Board's belief that there is a positive diversity of views, skills and experience within its members, and a boardroom culture where challenge is welcomed and delivered in a constructive manner. The evaluation also highlighted areas for the Board to focus on in the near future, including continued attention on the principal risks faced by the Company and its succession strategy. These areas have been incorporated into the Board's future meeting agenda.

Directors' Continuing Education Programme

In order to effectively discharge their responsibilities, our Directors attended a wide spectrum of informal and formal training programmes (seminars, conferences, webinars) during FY2022. The Directors are regularly notified of external training programmes by our Corporate Secretarial team. 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 could enhance Board effectiveness.

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 2022 is shown on pages 18 to 21 of the CG Report.

Furthermore, 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. Several training programmes on sustainability issues which are increasingly becoming relevant to Hibiscus Petroleum's business and operations, were also organised internally for the Board and Management to keep them abreast of current developments and challenges faced during FY2022.

Directors' Remuneration Framework

The policies and practices for determining the remuneration of the NEDs, executive Directors and Senior Management of the Company have been delegated to the RC. The principal role of the RC is to develop and maintain the *Directors' Remuneration Policy* as well as the remuneration policies for the Senior Management to ensure that rewards are closely aligned with the successful delivery of the Group Scorecard and Key Performance Indicators (KPIs).

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.

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 NEDs 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.

Our RC conducts the Board remuneration review on an annual basis to ascertain the competitiveness of the Board remuneration taking into account various factors including the director remunerations provided at comparable peers in the oil and gas sector. The NC also takes into consideration the complexities and performance of the Group, as well as having cognisance of the responsibilities and contribution levels of individual members in terms of statutory duties, fiduciary duties, risks, intensity or complexity of work, time commitment and effort. In this respect, the Board had on 7 September 2022 approved the proposed remuneration for the NEDs from 2 December 2022 until the date of the next AGM in year 2023, subject to the shareholders' approval at the 12th AGM.

Individual Directors do not participate in the discussion and decisions relating to their specific remuneration.

Our Board acknowledged the review carried out by the RC which showed that:

(i) The fees paid to our Chairman is trailing the market mean, and noted that the fees for the Chairman position on a number of comparable oil and gas public listed entities have increased from the previous year.
(ii) The fees paid to our other NEDs fall within the lower end of the "market average" range.
(iii) The meeting allowances rate for NEDs remain appropriate based on the workload and responsibilities of our Directors, the current market landscape which Hibiscus Petroleum operates in, and are necessary to attract and retain high calibre NEDs.

Following from the review, our Board then approved the RC's recommendation to seek shareholders' approval at the 12th AGM in December 2022:

(i) For an increase in the fees paid to our Chairman and NEDs from RM180,000 per annum currently to RM250,000 per annum, and from RM110,000 per annum to RM150,000 per annum, respectively, pursuant to the expansion of the Group following the recent Repsol assets acquisition which was completed in January 2022, the consequent increasing scope of material and complex matters requiring additional Board scrutiny, and to remain market competitive in terms of the fees offered to the Chairman and NEDs.
(ii) For the meeting allowances rates to remain status quo accordingly.

The NEDs' remuneration structure is shown below:

Type of Fees/Meeting Allowances	Existing Rate	For the period from a day after the 12th AGM in December 2022 until the date of the next AGM in year 2023
Non-Executive Chair's fees per annum	RM180,000	RM250,000
NEDs' fees (save for the Chair of the Board) per annum	RM110,000	RM150,000

Type of Fees/Meeting Allowances	Existing Rate	For the period from a day after the 12th AGM in December 2022 until the date of the next AGM in year 2023
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 a 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 other than those referred to at the two rows above, for and on behalf of the Company	RM3,500	No change proposed

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 306 of this Annual Report 2021/2022.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit, Risk and Internal Control

Our Directors acknowledge their responsibility for the Group's system of internal controls which are designed to safeguard the assets of the Group and ensure the reliability of financial information for both internal use and external publication and to comply with the requirements of the MCCG. In this regard, the Board has overseen the establishment and implementation of procedures to manage risks and provide the relevant internal controls in the pursuit of achieving the business objectives of the Group.

The ARMC retains responsibility for oversight of the external audit of reserves and resources. The ARMC has also assumed responsibility for overseeing the Group's internal audit programme and the process of identifying principal and emerging risks and ensuring that they are managed effectively. As part of that process, the Company's internal controls and risk management systems are assessed annually.

The ARMC is assisted in this effort by the Executive Risk Management Committee which meets on a quarterly basis to consistently assess the Group's risk profile and evaluate the status of risks identified and mitigation measures implemented.

Business Sustainability Management Committee

Our Board has delegated the responsibility and oversight of the Company's environmental stewardship, occupational and process safety, asset security and overall governance of the business to this Committee. The Committee reviews sustainability strategies and priorities, in addition to assessing key initiatives, policies and programmes including our progress in attaining our aspiration to become a net zero emissions producer by 2050.

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

Engaging With Our 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. Our *Corporate Disclosure Policies and Procedures* document which was updated in July 2021, regulates interaction with our stakeholders and our Group's spokespersons adhere to such policy.

We recognise the importance of shareholder engagement, which is a part of the Board's fiduciary duties to our 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 are publicly disseminated.

Our 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 our 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 Senior Management of the Group as a communications tool to ensure that key information is released with the appropriate level of explanation. In addition, the Group has also been providing responses to various queries posed by shareholders vide an open forum on our website.

COVID-19 posed significant challenges in the Board's ability to build on its relationships with all of Hibiscus Petroleum's key stakeholders during FY2022. Nevertheless, our Board and Senior Management engaged virtually (and in some cases, face-to-face) with our key stakeholders and feedback from these engagements are considered during Board discussions and decision making.

Conduct of General Meetings

The AGM is the annual forum for shareholders' engagement and communication.

We hosted our 11th AGM virtually on 14 December 2021. Our decision to hold a virtual AGM was 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 and to comply with the revised standard operating procedures issued by Majlis Keselamatan Negara (MKN) on 4 October 2021.

The Notice of our 11th AGM in 2021 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.

The virtual AGM also afforded an opportunity for our shareholders, particularly individuals not residing in the Klang Valley, to participate and vote at our 11th AGM (including submitting questions directly to our Board both prior to and during the AGM).

During the 11th AGM, our Managing Director presented an overview of our Group's results and key achievements. Participation from our shareholders was encouraging with over 300 shareholders and proxies representing 34.32% of our Company's issued share capital at the time joining the virtual meeting. All our Board members including our Managing Director and Leadership Team attended the 11th 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 Business Advisory Sdn Bhd, the independent moderator appointed for the 11th 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 Business 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 Board also encourages other channels of communication with the stakeholders. Queries or concerns may be directed to the Board through the Chair of the Board or the Senior INED:

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

Mr Thomas Michael Taylor
(Senior INED)
Email : tmiketaylor@hibiscuspetroleum.com
Tel : +603 2092 1300
Fax : +603 2092 1301

Shareholder Information

12th AGM

Our forthcoming 12th AGM has been scheduled at 9.30 a.m. on Thursday, 1 December 2022. The Notice of the 12th AGM (Notice of Meeting), on pages 337 to 341 of this Annual Report 2021/2022, sets out the resolutions to be proposed at the forthcoming 12th AGM. The Notice of Meeting will be sent to shareholders on 31 October 2022, in accordance with the MMLR.

Electronic Communications

To reduce impact on the environment, the Company encourages all shareholders to receive their communications, including Annual Reports and Notice of Meetings, electronically.

A letter will be sent on 31 October 2022 to all shareholders notifying that the Notice of the 12th AGM, Proxy Form, Administrative Guide, Annual Report 2021/2022 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 2021/2022 will only be sent to shareholders upon request.

In support of the Government of Malaysia's ongoing efforts to contain the spread of the COVID-19 and as part of our objective to ensure the safety of all individuals, the Company will conduct the 12th AGM on a virtual basis through live streaming and online remote voting.

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 2022.

ACHIEVING STABILITY AMIDST VOLATILITY THROUGH SUSTAINABILITY

Sustainability at Hibiscus Petroleum has been elevated from an important element of our operations to being a critical pillar for business competitiveness and the creation of value against a backdrop of uncertainty and volatility.

SUSTAINABILITY REPORT

INTRODUCTION

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.

Hibiscus Petroleum Berhad Group (Group) recognises the importance of sustainability related matters and its increasing impact to our business. The Group is committed to understanding and implementing sustainable practices to achieve the right balance between meeting the objectives and expectations of our shareholders, attaining economic success, fulfilling our ethical obligations to other stakeholders and the wider communities in which the Group has a presence.

After the latest review conducted in calendar year (CY) 2022, Hibiscus Petroleum Berhad continues to maintain its constituency on the FTSE4Good Bursa Malaysia (F4GBM) Index. This was first attained in December 2020, evidencing recognition of our good Environmental, Social and Governance (ESG) practices. The Company has also continued to retain the highest rating of 4 stars from FTSE Russell which has repeatedly placed us in the top 25% by ESG ratings amongst public listed companies in the FBM EMAS Index, in addition to preserving our position in the FTSE4Good Bursa Malaysia Shariah Index.

In 2021, to commemorate the Company's 10th anniversary operating in oil and gas, exploration and production, our *Sustainability Policy* was aligned with the United Nations' Sustainable Development Goals (UN SDGs) 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 (Report) is to transparently communicate to our stakeholders, our management of economic, environmental and social matters which are considered material to us and our stakeholders from a business sustainability perspective. This Report highlights our efforts to achieve positive outcomes in these areas for the financial year ended 30 June 2022 (FY2022). 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 2021/2022 which cover aspects of sustainability, namely our Management Discussion and Analysis, our Corporate Governance (CG) Overview Statement, CG Report and the Statement on Risk Management and Internal Control (SORMIC).

1.0 OUR APPROACH

Coverage

This Report primarily focuses on our active operations which are:

- The 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (PSC) in Malaysia (North Sabah PSC) for which we are the operator. As the Group completed the North Sabah PSC transaction at the end of March 2018, only 4 years of comparative data is available.
- The assets acquired from Repsol Exploracion, S.A. at the end of January 2022 comprising the PM3 Commercial Arrangement Area (CAA) PSC and the Kinabalu Oil (Kinabalu PSC). There is minimal reportable data for the PM314 and PM305 licences as both PSCs are no longer operating and are undergoing the final stages of decommissioning. For clarity, the Block 46 Cai Nuoc PSC (Block 46) located in Vietnamese waters, is accounted for under the PM3 CAA PSC as the Block 46 production wells are tied-back to PM3 CAA's facilities.
- The Anasuria Cluster in the North Sea, United Kingdom (UK) (Anasuria Cluster), together with our Corporate Headquarters in Kuala Lumpur. Anasuria Operating Company Limited (AOCL) is equally owned by the Anasuria concessionaires i.e. Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and Ping Petroleum UK PLC (PPUK) (formerly known as Ping Petroleum UK Limited). 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 was supported by Petrofac Facilities Management Limited (Petrofac) as the offshore facility Duty Holder from 2016 before Petrofac was assigned the role as the Integrated Service Provider (ISP) on 10 June 2022, upon replacement by AOCL of its former scope. Petrofac's continuation of providing services as an ISP ensures the effective transition and continuity of operational services, as it is a reputable global oil and gas services company with resources at its Aberdeen office providing substantial depth to AOCL's overall operating capability. As a point of note, 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).

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.

Board of Directors through Managing Director

- Oversees direction and development of sustainability strategies and plans
- Charts the development and implementation of sustainability plans and initiatives
- Approves execution timelines

Business Sustainability Management Committee

- Corporate Development
- Corporate Governance
- Legal
- Human Capital
- Finance
- Risk and Compliance
- Commercial and Strategic Relations
- New Energy Ventures
- Engineering and Asset Management
- Health, Safety, Security and Environment
- Operations

- Reviews sustainability strategies and priorities
- Assesses key initiatives, policies and programmes

Business Units

- Manages business unit sustainability matters
- Executes action plans specific to the business unit
- Monitors and reports to the Business Sustainability Management Committee

Underpinned by corporate core values

- Tenacious
- Environmentally responsible
- People focused
- Agile
- Trustworthy

Notes:

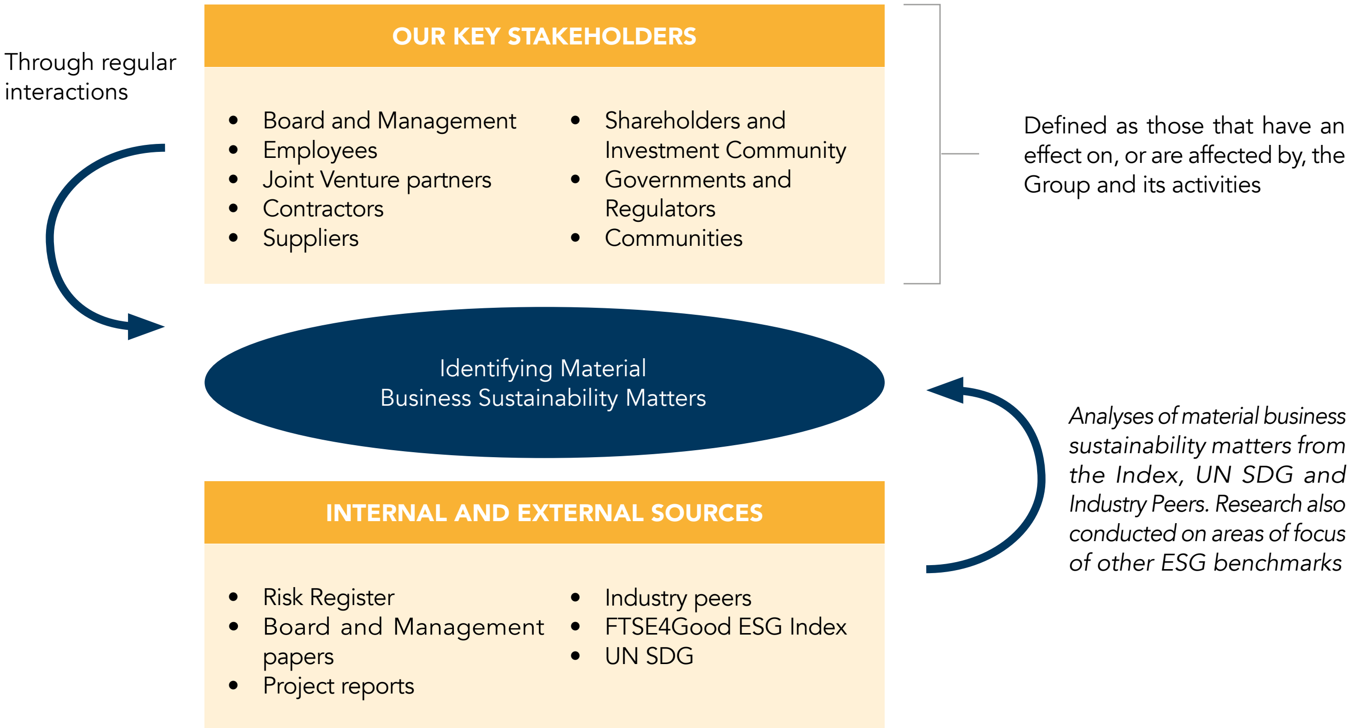
- boe/d - Barrels of oil equivalent per day.
- MMboe - Million barrels of oil equivalent.
- 2P Reserves - Proven and probable oil/gas reserves.
- 2C Resources - Best estimate contingent oil/gas resources.

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 during the past financial year:

- 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 and frequently 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 and stakeholder expectations. 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.

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 and stakeholder relationships, and how these could affect our business strategy, financial or operational performance. Whilst all the above considerations are critical to the conduct of a sustainable business, we have particularly worked to uphold our safety policy and business ethics principles.

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 CG Overview Statement, CG Report and in the SORMIC.

4.0 OUR SUMMARISED CONTRIBUTIONS TOWARDS THE UN SDGs UP TO FY2022

The Group's *Sustainability Policy* covers the three key ESG pillars with each pillar contributing to the relevant UN SDGs. A summary of the Group's contributions to these UN SDGs, as further detailed later in this Report, is depicted below:

UN SDG	Contributions up to FY2022
2 ZERO HUNGER	Food aid to 7,859 low-income households and those facing extreme hardships as a result of the COVID-19 pandemic (Klang Valley, Sabah and Labuan), was carried out for a period of 25 consecutive weeks until end of CY2021.
3 GOOD HEALTH AND WELL-BEING	• Sponsoring up to RM2.5 million for human papillomavirus (HPV) screenings in Sabah, supporting Malaysian B40 women (aged 30 to 65 years old), over a five-year period, starting from 2021; • Launch of the NowYouSeeMe (NYSM) 2.0 campaign on World Thalassaemia Day, to educate secondary school students on this medical condition, thus contributing towards an active role by society to manage and eventually eradicate this disease; • One of the main sponsors of an awareness-raising conference of the Cansurvive Centre Malaysia Berhad (RM20,000); • Contributed RM200,000 to the Malaysian Medical Association (Sabah) in October 2020 for 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; • Continued strict enforcement of our *Health, Security, Safety and Environment (HSSE) Policy*[1]; • Organised webinars for all personnel on pandemic-related topics such as mental health and wellbeing; • Issued COVID-19 guidelines and provided self-test kits for screening prior to entering work locations; • Continued strict enforcement of our *Drug and Alcohol Policy* which was introduced in January 2020 as a demonstration of the Group's commitment towards providing a safe and healthy work environment for all parties involved in our operations; • Anasuria Cluster: Contracts in place for Medical Emergency Response (ER) support coverage – Having in place an integrated medical services provider which extends comprehensive and continuous occupational health services covering international medical assistance, healthcare, occupational health regulatory compliance consultation and medical evacuation support services; • North Sabah: Dust Particulate monitoring performed annually to ensure compliance under the Environmental Quality (Clean Air) Regulations 2014 (CAR 2014); • Conducted soil quality and soil characteristic assessments; • Anasuria FY2022 HSE Campaigns within the workforce: OPASG-2 Occupational Health, Permit to Work, COVID-19 & Vaccine Benefit, Blood Borne Viruses, Obesity, Hydrogen Sulphide (H_2S) Briefing, Neurodiversity etc; and • Anasuria: Risk assessments are carried out specifically on health and safety aspects prior to commencement of new and ongoing operations or projects.
4 QUALITY EDUCATION	• The Hibiscus Hope Scholarship (HHS) was awarded to a post-graduate student in 2018; • In 2022, the Group awarded 10 scholarships to deserving students enrolled in 5 Malaysian universities to pursue their 3.5 to 4-year degree programmes. We also honoured the previous scholarships awarded by Repsol Oil & Gas Malaysia Limited (now known as Hibiscus Oil & Gas Malaysia Limited) to 49 scholars by continuing bursaries and payments for recipients to continue and conclude their degree programmes; and • In addition, internship programmes have commenced for several scholars.
5 GENDER EQUALITY	• Our *Diversity Policy*[2] sets out the target of having at least 30% women representation on the Board[3]. Furthermore, we practice a policy in which remuneration levels and all decisions associated with career advancement are determined based on competence and merit, regardless of gender; • The *Group Recruitment Policy* aims to recruit the best candidates based on merit regardless of gender. Women with appropriate experience and qualifications are considered equally in the recruitment and selection process; and • Our *CG Report* provides further disclosure on gender equality.

Notes:

1 *https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/HSSE-Policy.pdf.*
2 *https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Diversity-Policy.pdf.*
3 *Following the appointment of our new female Director effective 5 October 2022, the gender target of 30% female representation on our Board has been achieved.*

UN SDG	Contributions up to FY2022
6 CLEAN WATER AND SANITATION	• Produced (effluent) water is treated at Labuan Crude Oil Terminal (LCOT) and at our offshore platforms to the stipulated tolerances of the Malaysian Marine Water Quality Standards (MMWQS) before being discharged into the sea; • Conducted annual monitoring of seawater and groundwater quality at our facilities for reporting to the Department of Environment (DOE) of Malaysia; • Recycling water through a condensation process from air-conditioning units offshore (Kinabalu PSC) to reduce reliance on freshwater supply from shore; • Harvesting of rainwater in North Sabah PSC to reduce water consumption; and • Anasuria: Produced water is cleaned, filtered and then discharged into the sea. Produced water samples are obtained on a regular basis and analysed for inorganic/organic matters, radiology and chemical residuals.
7 AFFORDABLE AND CLEAN ENERGY	• Fuel switching from diesel gensets to a hybrid of solar photovoltaic (PV) panels and/or small wind turbines in unmanned platforms (North Sabah, PM3 CAA and Kinabalu PSC); • Switching to energy efficient light emitting diode (LED) lights (AOCL); and • Increasing gas reserves in the hydrocarbon portfolio after the successful acquisition of Repsol's assets in Malaysia (January 2022). Gas is seen as the cleanest form of fossil fuels and has been included by the European Union (EU) as part of their green taxonomy.
8 DECENT WORK AND ECONOMIC GROWTH	• Provided on-the-job guidance and exposure for interns from the petroleum geoscience, petroleum engineering, chemical engineering, materials and manufacturing fields, and electrical and electronics engineering; • Prioritised the appointment of suitably qualified locals in the selection of interns which were provided on-the-job guidance; • Rolled out our *Anti-Modern Slavery Policy* which states our commitment in prohibiting the employment of forced, bonded or underaged labour; • Continued support of freedom of association and collective bargaining; • Full compliance with labour regulations of countries in which we operate. No labour standard or human rights violations were reported during the financial year under review; • Awarded contracts to indigenous contractors within the state in which we operate where practicable, generating job opportunities within local communities in Sabah; • 47% of our North Sabah PSC employees comprise local Sabahans which far exceeds the minimum threshold set by the state government of 30%, whilst 99% of our employees are Malaysians; and • Anasuria: Employees and contractors receive emergency response training appropriate to their roles and responsibilities.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• PM3 CAA: Pilot run in replacing membrane elements, which are part of the acid gas removal unit (AGRU) with advanced membranes that have a higher selectivity to achieve higher hydrocarbon recovery while reducing vented hydrocarbons; • Kinabalu PSC: Upgrade of low-pressure and high-pressure compressors to allow more production gas to be sent to the Samarang Platform and reduce flaring; • North Sabah, PM3 CAA and Kinabalu PSC: Solar PV panels and wind turbine systems have been installed offshore at our facilities to reduce our carbon footprint as part of fuel switching initiatives; and • Anasuria: Switching to energy efficient LED lights.
10 REDUCED INEQUALITIES	• 47% of our North Sabah PSC employees comprise local Sabahans which far exceeds the minimum threshold set by the state government of 30%, whilst 99% of our employees are Malaysians; • Our *Diversity Policy* to ensure inclusiveness for better value creation; • Our *Group Recruitment Policy* which considers all persons equally, regardless of age, gender, ethnicity, disability, cultural background or other personal factors; • Strict practice of a merit-based performance appraisal and strict practice of an incentives framework; and • A commitment towards exceeding legally set minimum wage requirements.

UN SDG	Contributions up to FY2022
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Recycling water through a condensation process from air-conditioning units on offshore facilities (Kinabalu PSC); • A *Sustainability Policy* which supports our commitment to use energy and natural resources wisely and efficiently; • Handling of hazardous waste as per the Environmental Quality (Scheduled Wastes) Regulations, 2005 and Hibiscus' Waste Management Procedure; • Awareness, refresher programmes, virtual sessions, and scheduled waste management training on hazardous Scheduled Wastes management were organised for our onshore and offshore staff and delivered by the DOE of Labuan; • E-Waste campaign to minimise waste generated from electrical and electronic sources; • Sludge farm operations for the treatment of hazardous waste; • Harvesting of rainwater in the North Sabah PSC to reduce water consumption; • Exploring ways to repurpose and reuse platforms to reduce their impact on the environment; and • Anasuria: Evaluation of alternative gas evacuation routes to prevent high flaring of gas if the Shell Esso Gas and Associated Liquids (SEGAL) pipeline experiences capacity constraints between 2021-2025.
13 CLIMATE ACTION	• Greenhouse gas (GHG) emissions performance: The Group has achieved a Net Absolute Emissions reduction of 24% and Net Emissions Intensity reduction of 0.1% for FY2022 compared with our FY2020 base year; • Development of a Net Zero roadmap by AOCL; • The Group declared our aspiration to be a Net Zero Producer by 2050 in 2021; • Introduction of the Group's *Climate Change Framework* in FY2022; and • Focused awareness development in climate related physical risks and adaptation measures relevant for the upstream oil and gas sector.
14 LIFE BELOW WATER	• In FY2022, there are plans to conduct a Macrobenthos study in FY2023, a reliable indicator of the biotic integrity of marine ecosystems; • Seawater sampling for organic and inorganic pollutants; • Exploring initiative with Malaysia Petroleum Management (MPM) on rig-to-reef (R2R) abandonment philosophies to promote biodiversity with Department of Fisheries; • Marine environment monitoring on a yearly and five-yearly basis; and • Marine Risk Assessment (MRA).
15 LIFE ON LAND	• Participation in DOE's Tree Planting Programme in celebration of World Rivers Day (September 2021).
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• *Anti-Modern Slavery Policy* which states our commitment in prohibiting the employment of forced, bonded or underage labour; • *Anti-Corruption and Anti-Bribery (ACAB) Policy;* • *Code of Conduct and Ethics;* • *Whistle Blower Policy;* • *Diversity Policy;* and • *Group Recruitment Policy* which considers all persons equally, regardless of age, gender, ethnicity, disability, cultural background or other personal factors.

UN SDG	Contributions up to FY2022
17 PARTNERSHIPS FOR THE GOALS	• The Group partnered with 5 local universities in the areas of engineering, environment, finance and information technology to offer scholarships to 10 scholars in 2022; • We also partnered 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) to provide women in the B40 economic category with assistance allowing the early detection of HPV, the main causative agent of cervical cancer; • A collaborative effort with the Ministry of Health and the Ministry of Education of Malaysia was also launched for the NYSM 2.0 campaign on World Thalassaemia Day to raise awareness of this disease with the goal of eventually eradicating it; • A project in collaboration with the Department of Fisheries Sabah was initiated to develop and sponsor 7 selected participants from the B40 economic category in oyster farming skills for a sustained income, in line with the Department's desire to target and develop the Mengkabong bay area into a primary oyster production hub; and • A collaboration was also commenced with the Sultan Mizan Royal Foundation to revitalise a local handicraft using 'Kercut' (Lepironia articulata), a wild sedge that grows in and near 'gelam' (Melaleuca forest) swamps in the Setiu Wetlands area and 'Lidi' from Nipah trees (Nypa fruticans), plants that grow in mangrove forests in tidal areas. 10 women participated in the Kercut programme while another 10 women joined the Lidi Nipah programme. The objectives of the programmes, amongst others, were to enhance weaving skills and creativity for new products and downstream products, to increase the potential income of craft entrepreneurs through the production of tourism products and creating a new community in the field of crafts with the involvement of the younger generation.

5.0 RISKS, HEALTH, SAFETY AND SECURITY (HSS)

Safety is of primary concern; therefore, HSS considerations are embedded into every task that we undertake and each business decision that we make. In addition, our governance structure provides our Board and Management oversight of our core risk management processes and our corresponding mitigation plans.

Our ability to create sustained value in the short, medium and long-term will be largely dependent on sustainability related matters. Thus, sustainability matters and risks are identified and assessed in terms of their reputational, financial, operational, environmental, strategic 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.

We strive to maintain a comprehensive and disciplined approach to risk management whilst combining this activity with a pragmatic approach to business needs, operational excellence, on delivery of business objectives and meeting stakeholder expectations. We place great emphasis on effective risk management to identify and assess risks, and manage the identified risk to the level of 'As Low As Reasonably Practicable' (ALARP).

This approach lies at the heart of our comprehensive process of identifying and managing our business and operational risk exposure areas via risk-based prioritisation. This in turn allows us 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.

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

Comprehensive risk assessments are carried out on health and safety aspects prior to the commencement of new and ongoing operations or projects. Specialised techniques such as Hazard Identification (HAZID), Process Hazard Analysis (PHA) and Hazard and Operability analysis (HAZOP) are used by multi-disciplined teams to examine and identify all possible sources of hazards during a project lifecycle and to study proposed changes to existing operations. This allows for a systematic assessment of potential safety and health hazards, consequences and unmitigated risks throughout the lifecycle of new and ongoing operations or projects.

We uphold at highest priority the safety, health and well-being of our most valuable asset - our people and the contractors who support us at our various locations. We aspire to achieve zero harm to people by upholding the highest standards of health, safety and security, as embodied within the Group's key business drivers.

We strive to continuously improve our HSS performance, and are guided in our efforts by our *HSSE Policy*, through which we also seek to reinforce the role of personal accountability at all levels to sustain a culture of zero harm, at all times. The policy sets out the Group's guiding principle in managing risks and hazards relevant to our business operations. Accordingly, the emphasis on HSS is driven from the top. Our Board oversees HSS matters and evaluates HSS performance regularly, whilst the Executive Management work to reinforce it at every level.

Towards the achievement of this objective, the Group oversees the governance of HSS through implementation of a HSS Management System (HSS-MS) which encompasses both corporate-level as well as specific subsidiary-level policies specific to the jurisdiction of the entity's operations. These policies are then implanted into a HSS framework which forms the central hub of control, identifying business areas where increased levels of risk prevail and as such, require an increased level of oversight, thus leading to the integration of HSS aspects into the business plans and targets.

The HSS-MS 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 HSS 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. However, it should be noted that whilst the scorecard includes such safety targets, our compensation system is not premised on excellent safety performance. Instead, excellent safety performance is viewed as a necessary requirement to maintain our licence to operate.

5.1 OCCUPATIONAL HEALTH AND SAFETY (OH&S)

The resolute focus to collectively uphold safety, regardless of any externalities sets the tone of the safety mindset driven by our Leadership Team. We strive, without exception, to meet our obligations 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 across the Group. 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 an 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. Our safety practices aim to maintain a culture in which employees and contractors keep each other safe on the job. Specifically for our Group, it has been stressed that any action or inaction that amounts to a violation of the International Association of Oil & Gas Producers' (IOGP) Life Saving Rules will be thoroughly investigated with culpable violator(s) subject to appropriate consequence management.

This has contributed to an inherently safe work environment that fortifies HSS compliance (as far as practicable), prevents non-compliances as well as promotes a proactive reporting and intervention culture.

At all levels across our Group, processes to encourage open dialogue and collaboration on the work being performed are encouraged and practised as a means to increase our capacity to safely manage work and critical activities, to be mindful of risks, and to be committed to predicting errors. 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 introduce the necessary mitigative measures to manage these risks to ALARP levels.

North Sabah PSC

Proactive programmes to strengthen communication on health and safety and fortify a culture of compliance have demonstrated our focus and resolve towards providing a safe workplace amidst the lingering effects of the COVID-19 pandemic. Our holistic approach to addressing safety means that we have been periodically reviewing the risks associated with the pandemic, ensuring that our practices, Standard Operating Procedures (SOPs) and protocols are appropriate in keeping our people and contractors safe, healthy and secure. An example of a key HSS activity conducted during the year include the HSSE briefing as part of the induction process to all staff (includes contractors).

Onboarding briefing on the LCOT HSSE requirement for new contractors in November 2021.

Work barge pre-mobilisation induction on 18 March 2022.

Further, staff travelling to offshore facilities are required to have undergone the Basic Offshore Safety Induction and Emergency Training (BOSIET) certification which includes:

- helicopter survival with Compressed Air-Emergency Breathing System (CA-EBS),
- emergency first aid,
- firefighting, and
- sea survival and lifeboat training.

A refresher programme also known as the Further Offshore Emergency Training (FOET) certification must be attended every 4 years to ensure sustained competency levels.

- Quarterly (virtual and physical) leadership site visits to all our primary locations were successively organised for Senior Management throughout FY2022, to engage our frontliners on safety performance and reflect on challenges that had been faced. These visits also served to reinforce Management's commitment towards the safety, health and well-being of the workforce through transparent and open conversations, and in line with the Group's *HSSE Policy* and practices.

Management visit to asset platform.

Q2 North Sabah Offshore MOV onboard a work boat on 19 June 2022.

- HSSE performance is reviewed on a weekly, monthly and quarterly basis by Senior Management. These reviews serve to ensure that the annual Key Performance Indicators (KPI) and targets, set at the beginning of the year, are pursued and remain active business objectives. The HSSE performance is also shared consistently with all staff during the quarterly townhall sessions across all locations.

- Continuation of the virtual monthly HSSE Management meetings involving the Management Team, HSSE function and staff representatives organised prior to the release of the HSSE KPI monthly reporting to the regulator i.e. before the 10th of every month.

- The introduction of a 3-year SEA Hibiscus Hearts & Minds (H&M) behavioural safety programme which commenced in September 2021 to optimise the "culture of care" and inherent safety mindfulness with the aim of delivering a generative HSS culture through:
  - A series of workshop sessions: To cascade the selected Energy Institute (EI) Modular[4] series;
  - Facilitated Coaching: Post the cascading session via meetings and engagements; and
  - Monitoring and Reporting sessions: Leading indicators to measure performance and verify that the H&M objectives are achieved.

H&M module cascading at LCOT in FY2022.

Working at Height (WAH) training course in November 2021.

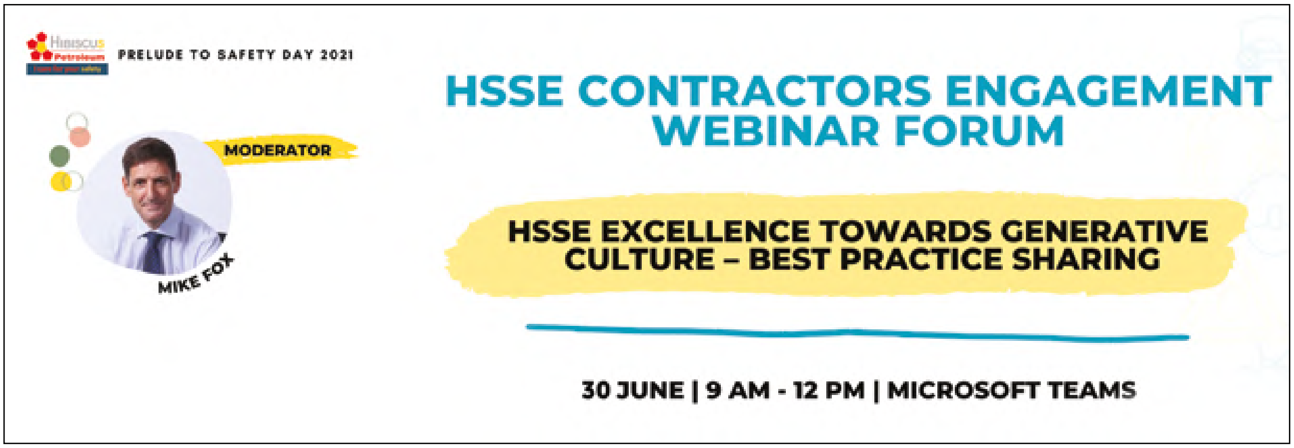
Note:

[4] *Professional organisation for people who work across the energy industry which regularly shares information on good industry practices and guidance, amongst others.*

- 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. This activity has allowed the HSSE function to identify potential areas for improvement, monitor and gauge overall focus areas that require close monitoring and the elimination of unsafe acts and conditions and at-risk behaviours.

- Regular Toolbox meetings are performed to enable our staff and contractors to identify specific health and safety issues associated with a particular task, with the intention of proposing relevant and adequate mitigation measures accordingly. Toolbox meetings focus on embedding ownership for safe work with our frontliners, thus also serving as a platform to cover safety checks and to confirm that the proper safety measures have been put in place prior to the start of a job. This in turn empowers staff and contractors to make the right decision i.e. to call for a **STOP WORK** if necessary and where required.

- Our annual Safety Day event – Safety Day 2021 with the theme: Process Safety – A Journey to Excellence was successfully carried out on 7 July 2021 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 the North Sabah asset at the time. A series of prelude programmes were conducted as part of the main event, most notable amongst these being the HSSE Contractors Engagement (Live) Webinar Forum on 30 June 2021 which included presentations by the Management representatives of 6 key contractors. The forum provided an opportunity for the workforce supporting the North Sabah operations to reflect on safety, review our collective responses to matters pertaining to safety, and acknowledge our workforce's contribution to staying safe despite the significant (safety) challenges posed by the lingering effects of the COVID-19 pandemic in FY2022.



HSSE Contractors Engagement (Live) Webinar Forum on 30 June 2021.

The IOGP Life Saving Rules were adopted and rolled out across all business locations in 2019. However, continuous focus on creating awareness to the IOGP Life Saving Rules in the execution of familiar or routine tasks have led to a series of successful quarterly HSSE campaigns which have been carried out at the frontline from January 2020 and into FY2022. These campaigns included a 'Line of Fire' campaign in Q3 2021, a 'Drop Object' campaign in Q4 2021, a 'Hand & Finger Injury' campaign in Q1 2022 and a 'Slip, Trip and Fall' campaign in Q2 2022 respectively. These campaigns were conducted to reinforce the importance of HSSE controls.

Our key HSS performance indicators for the North Sabah PSC are set out below:

Indicators[1]	FY2019	FY2020	FY2021	FY2022
Number of staff trained on health and safety standards	309	211	222	225
Lost Time Injury Frequency (LTIF)[2]	0.69	0.30	0.00	0.00
Total Recordable Case Frequency (TRCF)[3]	0.69	0.59	1.46	0.00
Incident free days (including LTI, major spills, medical treatment case (MTC), major loss process containment)[4]	298	278	273	638
Number of work-related fatalities	0	0	0	0

Notes:

1 *FY2019, FY2020, FY2021 and FY2022 data shown in the table above are as of 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 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 1 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 1 million hours worked for employees and contractors.*
4 *Incident free days is from last Restricted Work Case (RWC) on 30 September 2020.*

In FY2022, we achieved outstanding safety performance, our best since our indirect wholly-owned subsidiary, SEA Hibiscus, assumed operatorship of the North Sabah PSC. This achievement is testament of our resolute focus and commitment to uphold at highest priority the safety, health and well-being of our people and the contractors who support us at our various locations.



Rigging & Slinging Refresher in October 2021.

We continuously aim to do better by emphasising learning from past incidents to further strengthen our HSS resilience, manage HSS risks and improve overall HSS monitoring at the frontline. In line with this, and as a means to prevent future incidents, near miss incidents that have the potential to result in severe consequences are reported and tracked internally. The root cause of all near miss incidents are investigated thoroughly with lessons learnt being shared and corrective action(s) being implemented across our operations accordingly.

PM3 CAA and Kinabalu PSCs, and other PSCs under the Peninsula Hibiscus Group

Hibiscus Oil & Gas Malaysia Limited (HML) (formerly known as Repsol Oil & Gas Malaysia Limited) launched its Back to Basics 5.0 programme in January 2022 to emphasise the importance of observing and carrying out the HSE MS (Management System) interface and integration, knowledge management, contractor management and HSE assurance practices in its operations.

HSEMS Interface and Integration

- Identification and assessment of critical/non-critical processes
- Interface management of site-specific norm, procedure and practices
- Integration of HSEMS (systemic and critical processes)

Knowledge Management

- HSE training and competency management as per matrix
- Socialization of interface and integration outcomes

Contractor Management

- Increase number of green banded contractors
- Focus engagement for Mode 2 high and medium risk contractors
- Initiate contractors HSE performance management

HSE Assurance

- Initiate Tier 1 HSE Assurance Programme
- Focus on 21 HSE Risk Areas and Processes Compliance
- Development of compliance matrix by assets/facilities/functionalities

HML Back to Basics 5.0 Programme.

As a supplement to the Back to Basics 2022 programme, a campaign named "Individual HSE Commitment" was initiated to guide and motivate each individual to contribute towards the cultivation of a positive HSE culture amongst staff and contractors. In addition, from 25 January 2022, there were 187 number of staff trained on health and safety standards including:

- Chemical and Asbestos Management Programme
- Environmental Awareness
- Ergonomic Awareness
- Noise Induced Hearing Prevention
- Awareness on Scheduled Waste Management
- Hazard Identification and Risk Assessment (HIRA)
- Incident Management Team (IMT)
- Business Support Team (BST)
- Floor Warden Briefing
- First Aider Briefing

In addition, HML maintains an Observation and Intervention programme using a Hibiscus Observation Card (HiOC) to nurture and promote a safety mindset while concurrently enabling our workforce a platform to continuously report any unsafe act or condition in addition to safe acts. A total of 35,448 submissions of HiOC have been recorded from 25 January 2022 to 30 June 2022. From the total submissions recorded, 89% comprised safe act observations whilst 11% noted unsafe conditions and unsafe acts. Several measures to address such unsafe acts and unsafe conditions were implemented such as Stop Work Policy, Life-Saving Rules socialisation, Permit to Work (PTW) audit and Catch of the Month (COTM) Award for the best HiOC card submission.

Hibiscus Observation Card (HiOC) Poster.

Another safety initiative involved the frequent HSE engagement which HML maintained with all (high exposure[5] and selected high and medium risk[6]) contractors to further instill a safety culture.

Prior to the Q3 2022 Kinabalu Complex Shutdown Campaign (annual platform preventive maintenance programme), HML launched an Offshore Safety Induction (OSI) Briefing on 14 May 2022 and 5 July 2022 in KK to equip contractors with HML's HSE management system processes and familiarise them with the essential job background knowledge prior to their mobilisation to our facilities to carry out their assigned scope.

Further engagement with contractors was also organised through the HML 2022 Logistics HSE Forum held on 30 June 2022. Here leaders from contractor companies were invited to share their knowledge and experience on maritime safety and security, HSE best practices and oil spill response readiness. At this forum, HML also presented recognition awards to contractors who achieved high performance.

HML 2022 Logistics HSE Forum on 30 June 2022.

2022 Kinabalu Shutdown Offshore Safety Briefing on 14 May 2022 and 5 July 2022.

Notes:

5 *Contractors which record high manhours working in HML facilities, i.e. longer period of contracts with high numbers of manpower/resources.*
6 *Risk level (high, medium and low) is defined after risk assessments are performed based on hazards and risks associated with contractors' activities.*

As per Hibiscus' *HSSE Policy*, HML is committed to achieve zero injuries in the conduct of its operation and strives to be an industry leader in HSSE. HML is focused in ensuring compliance with HSSE legislation in all its jurisdictions of operations. Risk assessments pertaining to health, safety and environment matters have been carried out for potential new operations or projects, in addition to existing operations. In this regard, HML has taken steps to ensure its contractors understand their HSSE responsibilities and required behaviors, in addition to being aware of the consequences of any non-compliance.

HML's Senior Management Team's involvement in health and safety improvements are demonstrated through the quarterly HSE Steering Committee Meetings held. This participative initiative is a platform for management discussions on health and safety matters with employee representation from all levels of the organisation. The HSE Steering Committee is supported by the following sub-HSE committees as follows:

- Asset Committee
- Technical Services Committee
- Logistics Committee
- Human Capital Safety Committee
- Office Safety Committee

These sub-committees conduct monthly meetings to discuss HSE related matters pertaining to their respective scopes and highlight any significant issues to the HSE Steering Committee's attention.

Throughout 1H 2022 (25 January until 30 June 2022), HML delivered 2,130,784 man-hours of work without Lost Time Injury, a major fire, major process safety event or oil spill. Within this period, HML recorded 1 restricted work case (RWC) injury. The incident occurred at a drilling rig when the injured person's right ring finger was caught in between the handle of an item of equipment and a joint of tubing during a Power Tong[7] guiding activity. An investigation was carried out and lessons learnt were communicated to reduce the probability of any future recurrences.

There has been no work-related employee or contractor fatality for the last 3 years, continuing the good performance recorded pursuant to HML's inclusion into the Hibiscus Group. In cases of accidents or incidents leading to injuries, HML discloses its investigations and findings of reported incidents together with actions taken to address them as per its internal Incident Notification, Investigation and Reporting Procedure.

Note:

[7] *Power Tong is a large pneumatically or hydraulically operated rig tong used for turning when making up or breaking out drill pipe, casing, tubing or other pipe during drilling activities.*

Indicators	2022[1]
No. of manhours	2,130,784
No. of work-related fatalities	0
No. of Lost Time Injury (LTI)	0
Lost Time Injury Frequency (LTIF)[2]	0
No. of recordable case[3]	1
Total Recordable Case Frequency (TRCF)[4]	0.43
Major Oil Spills (>5bbls)	0
Major Gas Releases	0
Major LOPC (>=Tier 1)[5]	0
Fire Incident	0

Notes:

[1] *From 25 January 2022 until 30 June 2022.*

[2] *Calculated based on number of LTI (lost time injury) injuries/illness (Fatality + Permanent Partial Disability (PPD)) + Permanent Total Disability (PTD) + Lost Workdays Cost (LWC) and exposure work hours (Employee, Contractor or both).*

[3] *Recordable case is the sum of Fatalities, PPD, PTD, LWC, RWC and Medical Treatment Case.*

[4] *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.*

[5] *Major LOPC is an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g., steam, hot water, nitrogen, compressed CO_2 or compressed air), that resulted in one or more of the consequences listed below:*

- *An employee, contractor or subcontractor experiencing "days away from work" due to injury and/or fatality.*
- *A hospital admission and/or fatality of a third-party.*
- *An officially declared community evacuation or community shelter-in-place including precautionary community evacuation or community shelter-in-place.*
- *An engineered pressure relief discharge, of a quantity greater than or equal to the Tier 1 threshold quantities in Table 1 of API 754 2nd Edition (see Appendix ii) in any one-hour period, to atmosphere whether directly or via a downstream destructive device that results in one or more of the following four consequences:*
  - *rainout;*
  - *discharge to a potentially unsafe location;*
  - *an on-site shelter-in-place or on-site evacuation, excluding precautionary on-site shelter-in-place or on-site evacuation;*
  - *public protective measures (e.g., road closure) including precautionary public protective measures.*
- *An upset emission from a permitted or regulated source, of a quantity greater than or equal to the Tier 1 threshold quantities in Table 1 of API 754 2nd Edition (see Appendix ii) in any one-hour period, that results in one or more of the following four consequences:*
  - *rainout;*
  - *discharge to a potentially unsafe location;*
  - *an on-site shelter-in-place or on-site evacuation, excluding precautionary on-site shelter-in-place or on-site evacuation;*
  - *public protective measures (e.g., road closure) including precautionary public protective measures.*
- *A release of material greater than or equal to the Tier 1 threshold quantities described in Table 1 of API 754 2nd Edition (see Appendix ii) in any one-hour period.*

Anasuria Cluster

Under the UK regulations (Statutory Instrument No.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 of the FPSO. 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 FY2022, there were campaigns to inculcate safety awareness within the workforce. Several campaigns were rolled out offshore, covering cancer awareness, permit to work and hydrogen sulphide awareness. Again, 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:

- Take Care on the Stairs
- Permit to Work
- Face Mask Use
- 20 Second Scan
- H_2S Briefing
- Cancer Awareness
- Electronic Observation System
- OPASG-2 – Occupational Health
- Obesity
- Sun Awareness
- COVID-19 & Vaccine benefit
- Blood Borne Viruses
- Crew Annual Induction
- Neurodiversity
- Back to Basics presentation – Petrofac incidents

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 5 financial years are set out below:

Indicators	FY2018	FY2019	FY2020	FY2021	FY2022
Number of staff trained on health and safety standards[1]	9 (75%)	10 (77%)	9 (75%)	9 (100%)	12 (100%)
Lost Time Injury Frequency (LTIF) – employees and contractors[2]	0	0	0	0	0
Total Recordable Injury Rates (TRIR) – employees and contractors[3]	0.74	0.89	0.52	0.00	1.70
Incident free days (including LTI, major spills, medical treatment case, major loss process containment)	361	359	366	363	362
Number of work-related fatalities of employees and contractors	0	0	0	0	0

Notes:

1 *Includes only AOCL workforce.*
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 200,000 hours worked by employees and contractors.*
3 *TRIR is the number of fatalities, lost time injuries, substitute work, and other injuries requiring treatment by a medical professional per 200,000 hours worked for employees and contractors.*

The HSS performance for FY2022 is generally positive, with zero LTIs recorded during this period.

At many of our operating sites, we work alongside third-party contractors who deliver proprietary products and 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 organisational safety performance. We are only interested in working with those who are non-compromising in their attitude towards safety performance.

In Anasuria, two recordable cases were reported during the period resulting in a TRIR of 1.7 (based on 200,000 worked hours). Details on the two reportable cases are as follows:

- On 19 January 2022, during a maintenance operation, a contractor was struck in the face with a hand tool. Two people were using pry bars at the same time and one slipped and struck the other person on the face. The injured party sustained a cut to his forehead which required minor medical treatment (medical glue which is regarded beyond first aid as defined by Occupational Safety and Health Administration (OSHA)).

- On 20 March 2022, whilst descending the galley stairs, the injured person slipped forward on the second or third step from the top. He caught himself, preventing a fall, by using both of the handrails. In trying to prevent the fall, he jarred his neck and suffered an upper torso strain. The injuries he sustained resulted in him undertaking restricted work (as defined by OSHA).

In the case of all incidents reported on the asset, full investigations were conducted, root causes identified and actions tracked to closure in the AOCL Action Tracking Management System (ATMS).

5.2 Process Safety and Asset Integrity

North Sabah PSC

Our Process Safety Framework is a tool for managing asset integrity across the value chain, through the disciplined application of systems and processes to prevent a major unplanned and uncontrolled process safety incident that has the potential to negatively impact our people, the environment, our assets and production. We focus on utilising effective precautions or safety barriers across our operations to keep our facilities safe, eliminating potential impact to our people, the environment, our facilities and our reputation. We acknowledge that strong leadership and operational discipline are essential attributes that contribute towards mitigating risks and sustaining a healthy process safety culture.

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

A rigorous maintenance schedule with specific requirements and criteria for inspections is maintained to ensure barriers are effective. This protects the integrity of our wells, structures, piping and equipment and minimises the risk of an unplanned loss of containment or an unplanned release of hydrocarbons. Both are considered process safety events.


North Sabah HSSE and Process Safety Management Site Verification at St Joseph platform.

A detailed approach is adopted to prevent the occurrence of major accidents whilst undertaking all projects, as a means of continually improving our process safety culture. We ensure that employees with the appropriate level of competency undertake, oversee and (peer) review 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 international good practices as well as existing legislation. We also rely on the effective application of design criteria and safety barriers which are built into our programmes and verified through internal and external review processes, including independent inspections of proposed well designs.

Safety Day 2021 Process Safety Webinar Talk.

Contractor HSSE Management

Contractors are an integral part of our operations, contributing around 68.45% of our total workforce hours in FY2022. Compliance to the North Sabah safety requirements is mandatory for all staff (including contractors) working on our operations. To comply with this requirement, from the onset and prior to award of a contract, potential contractors' HSE management systems, capabilities and HSSE competencies are assessed and rated against our HSSE requirements during the bidding process. Additional focus has also been placed on the pre-award process through the introduction of risk ranking and mode categorisation initiatives to identify potential risks as early as possible. The intent being for action(s) to mitigate the identified potential risk(s) associated with an activity to be frequently monitored by the contract owners during the post-award phase.

As part of efforts to ensure that any potential risk is identified and the relevant mitigation action is taken as early as possible to address the same, the relevant safety related activities were carried out throughout FY2022. These activities were conducted in the presence of, and with the participation of, contractor personnel such as:

- Quarterly Vessel Fast Crew Boat, Standby Boat and Boat inspection programme.
- HSSE and Welfare Quarterly Management Engagements at the frontlines.
- Workplace Inspection Programmes at all locations.

Further, a high-risk and medium-risk contractor audit programme was also introduced in FY2021 as a platform for company and contractor representatives to monitor HSSE compliance and raise concerns on the same. In this programme, the selected higher risk contractors were audited through desktop reviews and/or field verification against the Company's HSSE requirements, industry standards and best practices.

External Assurance Audits

During FY2022, several external assurance programmes were carried out on the North Sabah PSC, namely the Tier 2 Integrated Operational Asset Integrity Assurance (IOAIA) audit from 20 April 2021 to 12 November 2021 and the LCOT-Department of Occupational Safety and Health Malaysia (DOSH) OSH Workplace 15-monthly audit on 20 June 2022.

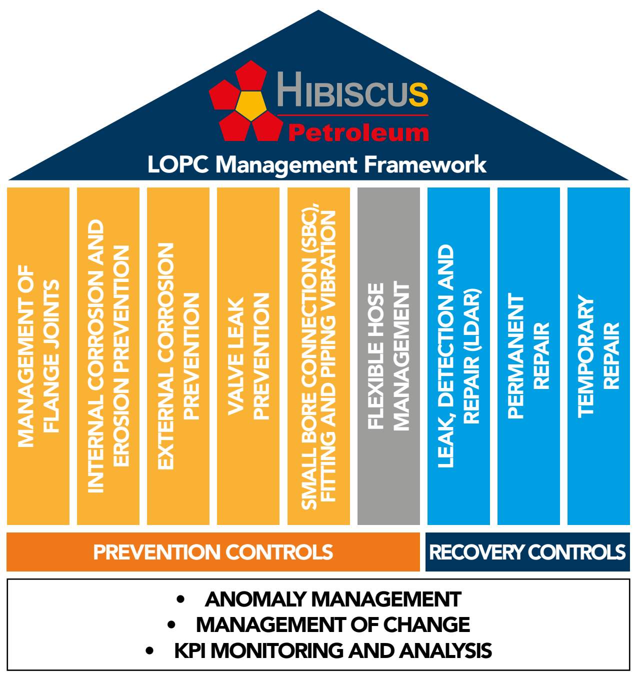
The IOAIA audit was implemented in accordance with the objectives of the Offshore Self-Regulation Management System (OSRMS) and enhanced by the PETRONAS Procedures and Guidelines for Upstream Activities (PPGUA), as well as other recognised international industry standards that are benchmarked and practiced globally. The focus here has been on proactive governance of asset integrity and reliability, which in turn ensures safe and dependable operations management throughout the lifespan of the asset.

The LCOT-DOSH OSH Workplace 15-monthly audit by the DOSH was conducted in order to provide assurance that the management control framework in place complies with the OSH (Control of Industrial Major Accident Hazard) regulation 1996 as well as to specific requirements or aspects referenced within the organisation such as the Group's *HSSE Policy*, HSSE procedures and incident management arrangements. This audit serves to, amongst others, identify and ensure evaluation of major hazards including control of hazardous substance at our installations, confirm adequate emergency planning and preparation for managing a potential major hazard which includes emergency exercises, procedures and plans, ensuring safe operating procedures are available at site.

The North Sabah PSC is continuing its efforts to pursue the OHS ISO45001 certification. OHS ISO45001 is an international standard that specifies the requirements for an occupational health and safety (OH&S) management system to enable organisations provide safe and healthy workplaces in order to mitigate the occurrence of work-related incidents of injuries or ill health, and to proactively improve OH&S performance by taking advantage of OH&S opportunities.

PM3 CAA and Kinabalu PSCs, and other PSCs under the Peninsula Hibiscus Group

As part of its ongoing efforts to reduce the incidence of Loss of Primary Containment (LOPC) across all of HML's maturing assets, an ongoing LOPC Management Framework programme, established since July 2021, has been utilised to identify common threats for LOPC based on historical data and operational experience in order to identify areas of focus. Simultaneously, a review of the ongoing programme is being conducted across all assets to monitor, analyse, and report LOPC KPI to facilitate the development of new strategies to ultimately prevent and/or minimise LOPC incidents across all HML-operated assets.



In Q2 2022, Hazard Identification and Risk Assessment (HIRA)[8] training commenced for selected HML employees at Menara Citibank, KL and offshore crew. As of 21 July 2022, a total of 83 participants have been trained to Level 1. Training for these participants advanced to Level 2 and Level 3. The objective of such training is to create awareness to identify hazards and determine control measures associated with activities conducted at HML's facilities.

Contractor HSSE Management

Activities by contractors are an important component of our operations, comprising approximately 79% of our total workforce hours in FY2022. Compliance to our safety requirements is mandatory for all staff (including contractors) working on our operations. To comply with this requirement, we conducted random PTW audits for specific activities at offshore facilities. We also conducted Marine Contractor Oil Companies International Marine Forum (OCIMF) Offshore Vessel Management and Self-Assessment (OVMSA) Audit Assessments on marine contractors to ensure compliance.

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 when Petrofac was the Duty Holder, a Safety Case thorough review was conducted, and the required report was submitted to the HSEX in 2020. As AOCL successfully transitioned to the role of the Anasuria FPSO Duty Holder on 10 June 2022, the responsibility to address open action items has transferred from Petrofac to AOCL. Furthermore, during the HSEX's inspection of the Anasuria FPSO in March 2022, 8 areas for improvement were identified. Some of these areas require the execution of engineering studies and projects in order to close out these matters and this will take several months to complete. AOCL is engaging with the HSEX on these items and they are tracked in AOCL's ATMS system to closure.

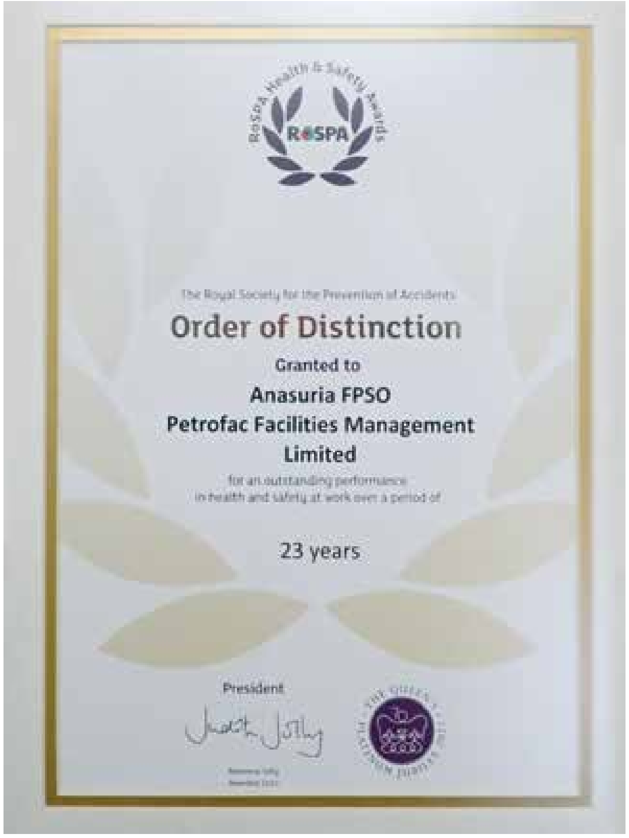
AOCL had undertaken and completed 2 independent Safety Case Regulation 5 audits in preparation to take over the role as Duty Holder. After undergoing a 90-day review cycle by the HSEX, a separate Safety Case Material Change was approved by HSEX in FY2022 prior to AOCL's appointment as Installation and Pipeline Operator, as part of its role as Duty Holder.

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 2021 and the OPRED Inspection Letter was received in May 2022 which identified 10 areas for improvement, all of which are being tracked in AOCL's ATMS system to closure. As of August 2022, 3 of these areas have been closed. The remaining 7 areas were handed over from Petrofac to AOCL during the Duty Holder transition. AOCL aims to have the remaining 7 areas closed by the end of CY2022. Areas of improvement include (i) ensuring meters are inspected and changed out in a timely manner, (ii) ensuring meter maintenance activities are carried out as planned, (iii) ensuring crude offtake systems are maintained and tested to prevent the release of crude oil to the sea, (iv) plans to assure integrity of all Anasuria risers and ensuring they are fit for operations beyond CY2022, (v) ensure AOCL's anomaly management system allows clear tracking of anomalies through all phases or remediation, and (vi) ensuring drain lines and valves are correctly marked.

On 2 April 2022, the Royal Society for the Prevention of Accidents (ROSPA), UK awarded Anasuria the Continuation of Gold Award for the 23rd consecutive year and the Order of Distinction for 23 consecutive Gold Awards for health and safety performance. Hibiscus Petroleum through its indirect wholly-owned subsidiary, Anasuria Hibiscus 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.

Note:

[8] *HIRA Training Levels:*
Level 1 - Team members' level. Workforce regularly involved in Risk Assessment session.
Level 2 - Facilitator level. To facilitate Risk Assessment session.
Level 3 - Approval level. Targeted for senior management teams who are involved in reviewing and approving Risk.



Order of Distinction Award in 2022.

Offshore Safety Awards 2022.

Awarded the Elected Safety Representative of the Year in 2022.

In addition, in July 2022, AOCL entered the Offshore Safety Awards which are jointly organised by Offshore Energies UK (OEUK), the leading representative body for the UK offshore oil and gas industry, and Step Change in Safety. The Offshore Safety Awards celebrate the excellent work being done to promote safety across the energy industry, with winners being selected by their industry peers. In this regard, AOCL won 2 of the 6 industry awards bestowed when its Transformation Manager won the category for Asset Operational Integrity for the Low Pressure (LP) Mode project reducing major accident hazard risk while its Long Term Asset Scaffolder won for the Elected Safety Representative of the Year.

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

At many of our operating sites, we work alongside third-party contractors who deliver proprietary products, and specialist technical skills and services. Where third-party contractors work alongside our employees, we must ensure that these members of our 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.

5.3 Crisis and Emergency Preparedness

Safety is not just a core value at Hibiscus. It is the very foundation of our business. We strive to ensure the safety of our workforce and communities located in close proximity to assets under care by keeping our infrastructure healthy and fit for service, and by maintaining a high level of emergency preparedness and response utilising robust systems.

We have robust emergency preparedness and response systems are constantly tested for continuous monitoring and improvement, to enable us to promptly resume normal operations and/or business activities in the unlikely event of an incident. This reduces the occurrence of any adverse impact to business productivity and profitability. We also partner proactively with local first responders, emergency management groups as well as state and federal agencies.

Our Crisis Management Team (CMT), located at our headquarters in Kuala Lumpur, is responsible for the overall strategic management of critical events which require corporate support. 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) Centres and ER plans are in place at the country, regional or global level.

ER plans are seamlessly integrated by Company-appointed crisis and ER operatives and personnel. These individuals are provided with 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 use an organisational structure for incident management that, depending on the nature and magnitude of an incident, covers all levels of the organisation - from frontline workers to executive leadership - and 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 requirements of each business unit to cover distinct operations and risks, including site-specific factors. We regularly review, audit, update and test these plans to ensure they work as expected. Our emergency management programmes outline the review and improvement cycles and all our regulated plans are updated to ensure effectiveness and alignment with stakeholders' expectations, in addition to evolving business needs. Relevant information from our ER plans is shared with local first responders and key stakeholders in accordance with the requirements of our license to operate 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 each individual receives will commensurate with the role they would be required to take on during such an emergency and addresses potential hazards or risks that may be encountered in the course of the performance of their duty. 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 secured contractual support from well-established entities to better manage and elevate our capabilities when facing non-desired events. More specifically, contracts were established for:

- Medical 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 its 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 mobilised from their regional bases at any time, for instance, it owns a dispersant aircraft based at Senai, Johor and a regional logistics base at Singapore.

- Oil Spill Contingency Plan support coverage: A local oil spill response organisation is well-connected with local enforcement and government agencies. It provides oil spill response consultation and equipment during oil spill incidents, as well as assists to build competency and skills for our emergency responders.

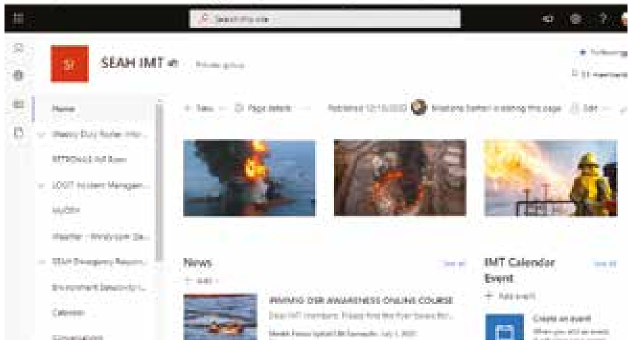
North Sabah PSC

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

To further improve response effectiveness, the HSSE Department fully utilised 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).

The integration of LogIT with the pre-existing ER procedures and plans was done via linkage to our IMT Webpage. The IMT Webpage functions as a one-stop centre for emergency response, and provides the user with access to business emergency and crisis plans, emergency callout duty roster, operation emergency standing instruction updates, training schedules and online knowledge centre for ER including to 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 also conducted, including seminars, workshops, tabletop drills, as well as 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.

Respiratory Fit Testing Operator Training.

Emergency Drill ASB Warehouse (completed December 2021).

Our Auxiliary Police on board St Joseph Standby Vessel.

Testing and inspection of Oil Dispersant Sprayer kit at St Joseph platform standby vessel (February 2022).

Offshore North Sabah Emergency Response Assurance Visit, Training and Exercise (February 2022).

Further, through industry associations, we exchange best practices with other operators and participate in collaborative activities and joint exercises for the purpose of collectively advancing safety and emergency preparedness. There were some notable engagements undertaken with the following agencies during this financial year:

- PETRONAS 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)

Pandemic Preparedness - COVID-19

The onset of COVID-19 required that we moved swiftly to ensure preventive controls were established within the organisation.

The following initiatives were implemented upon the announcement of the Movement Control Order (MCO) and the variations under Enhanced (EMCO), Conditional (CMCO), Recovery (RMCO) and Endemic stage protocols 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 allowed to work from home, and there was minimal physical manning at all business units. It is noteworthy to mention that no material downtime was recorded throughout the pandemic.
- Daily health screening/temperature checks and the submission of self-declaration forms were implemented at all work entry checkpoints.
- Administering of other site COVID-19 control protocols i.e. close contact monitoring, frequent sanitisation of work area and the use of personal protective equipment (PPE).
- Administering of offshore quarantine control which included COVID-19 testing and offshore crew quarantine monitoring control at company nominated quarantine centers per State Department of Health pandemic guidelines.
- Timely and frequent management circulars and directives were broadcasted internally.
- Maintaining of close communications and participation in external pandemic group platforms (PETRONAS MPM, MOH, National/State Crisis Preparedness Response Center (CPRC) KK/Labuan, Kota Kinabalu Port and CGSO).
- Active participation in the Malaysian Government driven contact tracing 'MySejahtera' database initiative.
- Promotion of Government and Industry initiatives towards National Vaccination Program among employees and contractors.
- Heightened pandemic controls, during MCO 3.0, leading to establishment of LCOT Transit Center and testing programmes ensuring strict COVID-19 testing being observed for all LCOT workers.

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.

CGSO 5-Star Rating Award

An assurance assessment was conducted by CGSO on LCOT under the Government Key Point One facility enactment to determine the level of readiness of LCOT in countering security threats. The assessment result that was achieved was highly satisfactory and LCOT was awarded a 5-star merit rating for best Key Point One facility[9] in the Federal Territory of Labuan, thereby being awarded the CGSO 5-star Rating Award.

The 5-star result was presented by the Director General (DG) of CGSO to the SEA Hibiscus CEO during his working visit to LCOT on 29 October 2021. In his remarks, the DG CGSO expressed his appreciation and recognition to LCOT for being one of 15 national assets receiving the 5-star Rating Award, commending SEA Hibiscus' high commitment and priority towards safety and security in protecting national interest.

Subsequently, the award was officially presented to LCOT by the Malaysian Deputy Minister of Home Affairs 2 on 11 August 2022 at a ceremony held in KK.

5-star Rating Award Ceremony on 11 August 2022.

Presentation of CGSO 5-star Rating Award.

The DG CGSO signing LCOT Visitor's Book.

Note:

[9] *An identified key national asset registered under CGSO, a unit under the Prime Minister's Department.*

PM3 CAA and Kinabalu PSCs, and other PSCs under the Peninsula Hibiscus Group

The HML emergency response team comprises of the CMT, Business Support Team (BST), IMT and Tactical Response Team (TRT).

As part of an annual company emergency response and preparedness exercise, HML organised training and drills for the BST, IMT and TRT. Below are the examples of TRT emergency drill exercise scenarios carried out on-site:

- Fire
- Medical Emergency
- Man Overboard (MOB)
- Piracy
- Collision
- Power Failure
- COVID-19 Emergency
- Abandon Ship
- Confined Space
- Emergency Steering
- Oil Pollution
- Dynamic Positioning (DP) Failure
- Cargo Shifting

In Q2 2022, HML joined other oil and gas companies in an assessment to review the functionality of oil spill response equipment owned by the Petroleum Industry of Malaysia Mutual Aid Action Group (PIMMAG).

In addition, HML is also working with Oil Spill Response Limited (OSRL) to review Oil Spill Response Capability for Block PM3 CAA and the Kinabalu assets (anticipated to be completed in Q3 2022). OSRL is the largest international industry-funded cooperative which exists to respond to oil spills wherever in the world they may occur, by providing preparedness, response and intervention services. This Capability Review assesses, provides feedback, and makes recommendations on the following topics:

- Oil spill planning processes i.e. scenario identification, response strategy, emergency response documents and tiered response capability;
- Adherence/compliance to legislation, regulations, and agreements;
- Emergency response documents (i.e. Oil Spill Response Plan (OSRP), Incident Management Plan (IMP);
- Oil Spill Training and Exercise Programmes; and
- Sustainability and Continuous Improvements.

Pandemic Preparedness - COVID-19

During the ongoing COVID-19 pandemic, HML conducted a phase by phase Risk Assessments (RA) to evaluate the risks originating from the COVID-19 virus outbreak from the perspective of HML's operations. Mitigation measures to combat the spread of the virus were taken. RA were performed for the Work from Home phase, Return to Office phase, offshore Sign-On and Sign-Off procedures as well as Working in the Office 100% phase. Completion of the Online Health Declaration Form requirement was enforced on all employees, visitors/guests and contractors. HML also regularly updated its COVID-19 related guidelines to be aligned with the requirements of MPM and MOH.

For each of HML's offshore assets mobilisation, demobilisation, movement and other activities, a Green-Bubble Initiative[10] by MPM was adhered to strictly. HML also strongly promoted the importance of COVID-19 vaccination including the booster dose intake. Mental Health Assessments to evaluate the mental health status of employees and contractors during the pandemic were also conducted in an effort to safeguard their well-being.

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 (AOCL), which is also the owner of the Safety Case, to demonstrate that AOCL has the ability to operate the Anasuria facility safely and be 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 Tiers 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 Tiers 1-3 response arrangements for the installation and subsea infrastructure and is supported by the Onshore AOCL OPEP. 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 Emergency Response Team of which they are a part of.

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

Note:

[10] *An inter-facility movement restriction arrangement for mobilisation, demobilisation and other operations activities within one field.*

Response Advisory Group's (OSPRAG) well capping device. The well capping device is a vital piece of equipment which, if in the unlikely event has 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. In relation to a well related incident, an appointed Well Operator has been provided the authority to mobilise these resources. AOCL and the appointed Well Operators are also members 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 of casualties/those with serious illness.

Pandemic Preparedness - COVID-19

We moved swiftly to ensure preventive controls were established within the organisation subsequent to the onset of the COVID-19 pandemic. AOCL developed both offshore and onshore COVID-19 Procedures which detailed COVID-19 controls which are to be implemented on the Anasuria FPSO and onshore, and have been applicable to all AOCL and third-party personnel.

In response to the COVID-19 pandemic, several measures were taken to minimise the risk of infection to our onshore and offshore personnel. As of March 2022, with UK COVID-19 restrictions relaxing, onshore personnel work in AOCL offices two days a week with the remaining time working from home, following a hybrid working system. To-date, the Anasuria FPSO has not been required to shutdown due to COVID-19 cases.

The following mandatory controls are now in place to reduce the potential spread of COVID-19:

- All personnel mobilising offshore to be briefed on arrival offshore. COVID-19 expectations are captured within the asset induction process;
- Preparations made for responding to COVID-19 infections;
- Enhanced personnel hygiene and personal protective behaviours to be supported by managers;
- Hand sanitisers to be readily available;
- Suitable face coverings to be available for those who wish to use them;
- Personnel with COVID-19 symptoms instructed to contact the offshore Medic;
- Cleaning is conducted between each cabin occupancy involving the wipe down of common surfaces and must meet or exceed the UK Government's guidance for Living Safely with Respiratory Infections, including COVID-19; and
- Personnel following the "clean as you go" principle in the accommodation area.

Additionally, all offshore work scopes were thoroughly reviewed, and a significant number of work activities were delayed or deferred from the plan to allow a safe reduction in offshore crew 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, AOCL has been heavily involved with the oil and gas industries response to COVID-19 via the OEUK Pandemic Steering Group.

6.0 ENVIRONMENTAL MANAGEMENT

The 6th Assessment Report released by the Intergovernmental Panel on Climate Change (IPCC) in August 2021 highlighted the urgency of climate change issues and the global call to mitigation actions. Climate issues are material and relevant to the upstream oil and gas sector and for this reason, this section on environmental management will cover 2 broad streams: (i) climate change, and (ii) resource management.

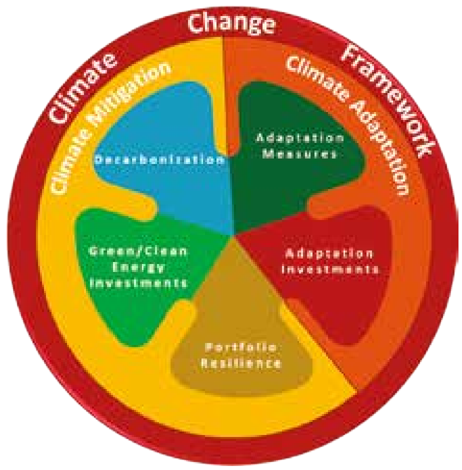
We use an environmental risk assessment process to manage associated risks following our environmental management system throughout the lifecycle of assets under our control or influence. Environmental aspects are those elements of our activities, products, services, or physical resources which may have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

SEA Hibiscus is one of a small number of Malaysian industry players, selected by the DOE to participate in the programme entitled 'Guided Self-Regulation' (GSR). Only onshore facilities are eligible for GSR programme and in our case, this covers LCOT. Through this programme, the DOE has formulated a set of rigorous environmental mainstreaming (EM) tools to be implemented in organisational and industrial premises. 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.

This Report includes our disclosure of data with the recently acquired assets of PM3 CAA PSC and Kinabalu PSC. There will be no reportable data for PM314 and PM305 as both PSCs are no longer operating and are undergoing the last stages of decommissioning. Block 46 PSC is accounted for under the PM3 CAA PSC as the PSC facilities are tied-back to PM3 CAA infrastructure.

6.1 Climate Change

We have set out to report our climate change disclosures to cover two relevant components which are Emissions Management and Energy Management. In addition to the Group's aspiration to be a Net Zero[11] Emissions Producer by 2050, our continuous efforts to align our climate ambition with the Paris Goal resulted in the publication of our Climate Change Framework[12] soon after the conclusion of the 26th United Nations Climate Change conference (COP26) meeting in Glasgow (November 2021). The following section provides an introduction to our Climate Change Framework and an update on our progress with activities relevant to the framework.



Update on Climate Change Framework

Our Climate Change Framework is premised on the principle of *common but differentiated responsibilities*, prescribed within the United Nation Framework Convention on Climate Change (UNFCCC). Our Climate Change Framework covers both Climate Mitigation and Climate Adaptation Strategies.

The objective of climate mitigation is to reduce the cause of climate change whilst the objective of climate adaptation is to reduce the impact of climate change.

The framework also includes a high-level assessment of climate-related risks and opportunities. These risks and opportunities have been adopted from the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), the indicative and relevant action plan to progress forward.

An update on the progress of our climate activities relevant to the framework as at end of FY2022 is provided below:

Transition Risks	Threats	Actions/Opportunities Implemented by FY2022
Market	Possible decline in market demand for oil resulting in stranded assets	• Improve resilience of hydrocarbon portfolio: As of 24 January 2022, the Group successfully acquired Repsol's assets in Malaysia and Vietnam which resulted in the increase of gas volumes in our portfolio from 4% to 31% (2P reserves); and • Internal carbon pricing: The Group has continued to adopt internal carbon pricing for development projects in the UK. As of FY2022, the internal carbon price adopted was USD95/tonne.
Technology	Widespread adoption of green/ disruptive technologies (e.g., electronic vehicle (EV), energy storage system (ESS)) and fuel (e.g. hydrogen) displacing demand for oil	The Group is still exploring clean energy investments in a progressive and measured manner.

Notes:

[11] *Boundary condition for Net Zero goal: Scope 1 and Scope 2 emissions.*
[12] *https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Climate-Change-Framework.pdf.*

Transition Risks	Threats	Actions/Opportunities Implemented by FY2022
Policy and Legal	Tightening government policies on climate rules, implementation of domestic and cross border carbon tax	• GHG Emissions performance in FY2022 compared with Base Year of FY2020 – 8,416,395 tonnes CO_2e Net Absolute Emissions and 223.27 tonnes CO_2e/kBOE Net Emissions Intensity; 120,178 tonnes of methane; • Decarbonising activities: ◦ AOCL: Developed Net Zero roadmap to fulfil requirements by the North Sea Transition Authority (NSTA), switching to energy efficient LED lights; ◦ North Sabah: Fuel switching of diesel gensets to hybrid of solar PV and small wind turbines; ◦ For all assets: Leak detection and repair to reduce fugitive emissions; ◦ Pilot trial of membrane replacement in AGRU (PM3 CAA); ◦ Explore opportunities for cost recovery of eligible decarbonising projects via carbon market; and • See section on Stakeholders' Engagements for our participation with relevant key stakeholders on climate-related activities including industry membership.
Reputation	Stigmatisation of the oil and gas sector due to perceptions of the sector's contribution to climate change or detraction from energy transition	• Hibiscus Petroleum has maintained its constituency on the FTSE4Good Bursa Malaysia and Shariah Indexes and was accorded a 4-star (highest) ESG rating by FTSE Russell despite increasing climate change requirements (in CY2022); • Recognised by WWF-Malaysia and Boston Consulting Group (WWF-BCG) in their Net Zero Pathway report for Malaysia as one of the exemplary Malaysian corporates with progressive climate related ambitions; and • Improving Scope 3 disclosure by expanding to include Category 4: Upstream Transportation and Distribution by North Sabah PSC.
Physical Risks	Potential business disruption and impact on portfolio of hydrocarbon assets due to increasing extreme weather event (acute) and shifts in climate pattern (chronic)	See section on Climate Adaptation Activities.

Performance Update on Climate Change Framework.

November 2021 was a crucial month for the global climate agenda. The much-awaited COP26 was finally held in Glasgow, UK. At the COP26, WWF-BCG launched a joint report entitled "Securing Our Future: Net Zero Pathways for Malaysia". In the report, Hibiscus was most honoured to be cited by WWF-BCG as one of the exemplary seven major Malaysian corporations having progressive climate ambitions.

"Reflecting the importance of climate change in the national agenda, the Malaysian Climate Change Action Council (MyCAC) was established as the platform to discuss and set the direction on climate change issues and the green development agenda in the country. Progressive climate ambitions have also been set by major Malaysian corporations, including PETRONAS, Hibiscus Petroleum, Tenaga Nasional, Maybank, CIMB, Bursa Malaysia, and the Malaysian Aviation Group, as some examples."

WWF

BCG

6.2 Emissions Management

The Group is conscious that GHG emissions are critical drivers of the climate change phenomenon and is committed to taking steps to further improve our reporting and performance in this area. Our GHG reporting is largely guided by the GHG Protocol Corporate Accounting and Reporting Standard.

The boundary of our GHG reporting covers Scope 1, Scope 2 and Scope 3 under our operational control. Our GHG emissions calculations are premised on IPCC's 5th Assessment Report for our Global Warming Potential (GWP) factors. Our GHG emissions estimates include carbon dioxide, methane, and nitrous oxide which are reported in the units of carbon dioxide equivalent (CO_2e).

The Group is continuously seeking to enhance the quality of our climate governance (in terms of GHG emissions reporting) and with the inclusion of our recent acquisition, we have introduced new reporting indicators. Specifically, our disclosure on Scope 1 shall include emissions by sources and we have expanded Scope 2 to cover corporate building emissions. As a progressive improvement in our Scope 3 emissions reporting, we have started our disclosure on Scope 3 under Category 4: Upstream Transportation and Distribution for our North Sabah Asset since November 2021. Our disclosure covers diesel consumption by third-party vessels namely for accommodation work barge, workboats, and anchor handling towing supply vessels that we use in our North Sabah offshore operations. In this Report, we have refined our GHG emissions reporting to disclose new indicators on total GHG emissions premised on our net emissions after payment to the UK ETS and net equity based on our working interest.

GHG emissions for the newly acquired assets have been included in our base year of FY2020 to allow a re-determination of our Group's emissions as permitted by the GHG Protocol Corporate Accounting and Reporting Standard. Although the acquisition of the new assets were completed on 24 January 2022, the GHG emissions data will cover a full reporting year of FY2022 to provide a common basis for comparison with the base year which has incorporated the full year emissions of the newly acquired assets for FY2020.

Monitoring the flare stack emissions.

We are planning to commence the use of the SANGEA Software application (SANGEA) to calculate and report GHG emissions for the North Sabah PSC, PM3 CAA PSC and Kinabalu PSC which we operate, and have completed the necessary training in March 2022 (by a third-party environmental consultant). 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.

We also conducted a GHG emissions Data Validation Exercise in May 2022 after we successfully migrated to the SANGEA platform for GHG calculations and reporting. The GHG Data Validation is being carried out at the North Sabah PSC by an appointed third-party.

As part of PETRONAS MPM requirements, SEA Hibiscus is preparing to report GHG Fugitive Emissions Level 3[13] by December 2022. Training organised by MPM for all PACs on methane quantification using a process simulation software, iCON was held over two sessions on 18 April 2022 and 25 April 2022. The objectives of the training sessions were to provide awareness on the methods to quantify the remaining sources of methane as per the revised MPM guideline on Minimum Environment Specifications (MES) and to provide the know-how, including the information required to customise iCON for site-specific methane quantification. iCON is a software developed by the PETRONAS Project Delivery and Technology (PD&T) group that quantifies methane from remaining sources. Peninsula Hibiscus is currently reporting GHG Fugitive Emissions at Level 4[14] and meets PETRONAS' MPM requirements.

We strive to continuously improve our efforts to reduce GHG emissions and conduct planned Leak, Detection, and Repair (LDAR) programmes across our PSCs as well as in LCOT. Phase 1 of the LDAR programme for LCOT was carried out in April 2021, with the remaining phases set to be performed this year for targeted completion by 2023. Similarly, the LDAR programme for North Sabah offshore will commence in the South Furious field, followed by St Joseph and Barton fields in 2023. This is part of the requirement imposed by the DOE, Malaysia under CAR 2014 to detect

Notes:

13 *Level 3 is a level of quantification of GHG emissions at a Component Level. It is quantified based on the number of components such as valves or pumps in gas/liquid services with an average emission factor being applied to each category (component and services) to calculate methane emissions. Level 3 gives a higher confidence and accuracy than Levels 1 and 2 because it is based on site-specific component inventory. Level 3 is reported using MPM's software called iCON.*

14 *Level 4 is a level of quantification of GHG emissions at a site. It requires actual or direct site measurement using appropriate measurement equipment or use of process data for quantification. Direct site measurement can use appropriate measurement equipment such as flowmeter and Optical Gas Imaging (OGI). It can also use processed data for quantification by using a simulation model. A Simulation Model refers to an engineering calculation, using suitable software when appropriate, to determine the volume of emissions.*

Volatile Organic Compounds (VOCs) and Methane (CH_4) under the category of fugitive emissions; e.g. via pipelines and valves. In addition to DOE requirements, LDAR is also part of MPM's requirement under the MES which is to quantify and report GHG Fugitive Emissions Level 4.

For our recently acquired assets, PM3 CAA PSC has conducted several pilot GHG emissions reduction initiatives such as a flaring of excess pre-permeate gas. This has helped to achieve a cumulative GHG reduction of 3,000 tonnes of CO_2e from the period 2020 to 2021. Since April 2022, a further initiative is being carried out by undertaking a pilot run to replace membrane elements, which are part of the AGRU with advanced membranes that have a higher level of selectivity. The objective is to achieve higher levels of hydrocarbon recovery while reducing vented hydrocarbons. The progress of the pilot will be closely monitored.

Kinabalu PSC is also carrying out a debottlenecking project to upgrade the low-pressure and high-pressure compressors to allow more production gas to be sent to the Samarang Platform. Associated gas produced from the Kinabalu Complex is being channelled to Samarang Platform owned by PETRONAS but due to the limitation of existing gas compressors on the Kinabalu Complex, a small volume of production gas that cannot be sent to Samarang Platform has to be flared, thus contributing to higher level of GHG emissions.

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. There are also upcoming potential capacity constraints in the 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.

AOCL participates in the UK Emissions Trading Scheme (ETS), and actively purchases carbon credits when the emissions at the Anasuria Cluster exceed the permitted (free) allowances. With the withdrawal of the UK from the European Union, the UK Government has established its own ETS which commenced operations in 2021. Prior to this, the UK participated in the European Union (EU) 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. The UK ETS Authority and its Regulators issued guidance on 18 May 2022 to help operators of installations with GHG emissions permits comply with their obligations under the UK ETS. In addition, the UK ETS Authority will be launching a new digital permitting, monitoring, reporting and verification (PMRV) system to replace the current UK ETS system, Emissions Trading Scheme Workflow Automation Project (ETSWAP). The new PMRV system will be launched in October 2022.

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. In 2022, Anasuria Hibiscus' internal carbon price assumption of USD95/tonne has been applied to estimate the future ETS costs for when the development assets have progressed into production phase.

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

Scope 1 Emissions

Emissions by source	Unit	FY2019	FY2020	FY2021	FY2022
Combustion	tonnes CO_2e	226,330	280,499	269,272	1,250,382
Flaring	tonnes CO_2e	209,535	233,482	241,510	460,664
Venting	tonnes CO_2e	94,047	70,993	36,037	183,647
AGRU	tonnes CO_2e	-	-	-	4,514,050
Fugitive Emissions	tonnes CO_2e	3,039	2,898	2,960	2,206
Mobile and Transportations	tonnes CO_2e	374	235	65	76,706
Others	tonnes CO_2e	-	-	-	237
Total	**tonnes CO_2e**	**533,325**	**588,107**	**549,846**	**6,487,891**

Emissions by type of gas	Unit	FY2019	FY2020	FY2021	FY2022
Carbon dioxide	tonnes	473,955	489,389	490,990	4,118,623
Methane	tonnes	2,423	4,640	2,694	94,019
Nitrous oxide	tonnes	16	17	16	63
HFCs	tonnes	0.00	-	0.01	0.02

Scope 2 Emissions[1]

Emissions by source	Unit	FY2019	FY2020	FY2021	FY2022
Indirect Emissions	tonnes CO_2e	1,683	1,647	1,602	2,796

Total GHG Emissions (Scopes 1 and 2)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022
Total Operational GHG Emissions	**tonnes CO_2e**	**535,008**	**589,754**	**551,447**	**6,490,687**

Total GHG Emissions (Scope 3)

Category	Unit	FY2019	FY2020	FY2021	FY2022
Upstream Transportation and Distribution	tonnes CO_2e	n/a[5]	n/a	n/a	26,272
Business Travel	tonnes CO_2e	0	0	0	0
Total	**tonnes CO_2e**	**0**	**0**	**0**	**26,272**

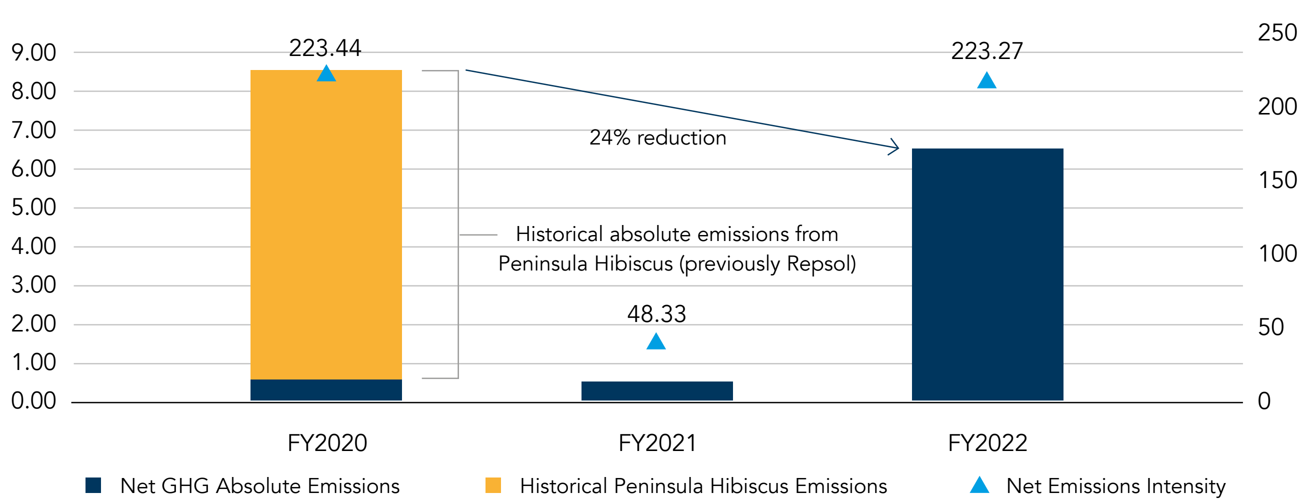
UK ETS Payment	**RM mil**	**13.7**	**11.5**	**16.8**	**25.0**

Net GHG Emissions (Scopes 1 & 2) – Operational Control[2]	**tonnes CO_2e**	**447,589**	**479,143**	**465,213**	**6,434,565**
Net GHG Emissions (Scopes 1 & 2) – Working Interest[3]	**tonnes CO_2e**	**214,413**	**229,886**	**224,598**	**2,384,890**
Aggregate Net Emissions Intensity[4]	**tonnes CO_2e/kBoE**	**48.50**	**57.08**	**48.33**	**223.27**

Notes:

1 *Scope 2 Emissions include corporate building emissions.*
2 *Net GHG Emissions – Operational Control refers to net emissions after payment to UK ETS.*
3 *Net GHG Emissions – Working Interest refers to the net emissions based on our equity control.*
4 *Aggregate Net Emissions Intensity - Previously GHG Emissions Intensity was presented as Gross Emissions Intensity. This has been updated to a Net GHG Emission Intensity.*
5 *n/a denotes not applicable.*

The recalculation of the net Absolute Emissions for our FY2020 base year is 8,416,395 tonnes CO_2e with the inclusion of our new assets. This gives us a better comparison for FY2022. The Group has achieved a Net Absolute Emissions reduction of 24% and Net Emissions Intensity reduction of 0.1% for FY2022 compared with our FY2020 base year.



Group Net GHG Emissions Performance

North Sabah PSC

We report GHG emissions for our operations and business units, including North Sabah Offshore, LCOT, SEA Hibiscus Asian Supply Base (ASB) warehouse, and our KL and KK offices.

Scope 1 Emissions

Emissions by source	Unit	FY2019	FY2020	FY2021	FY2022
Combustion	tonnes CO_2e	147,701	203,053	192,283	214,643
Flaring	tonnes CO_2e	154,242	152,274	192,507	185,369
Venting	tonnes CO_2e	93,833	70,807	35,866	183,498
Fugitive Emissions	tonnes CO_2e	3,036	2,898	2,941	2,162
Mobile and Transportations	tonnes CO_2e	374	235	65	47
Total	**tonnes CO_2e**	**399,185**	**429,267**	**423,663**	**585,719**

Emissions by type of gas	Unit	FY2019	FY2020	FY2021	FY2022
Carbon dioxide	tonnes	347,455	340,493	371,813	373,522[1]
Methane	tonnes	2,207	4,340	2,501	8,371[2]
Nitrous oxide	tonnes	8.85	8.33	9.19	9.57[3]

Scope 2 Emissions[4]

Emissions by source	Unit	FY2019	FY2020	FY2021	FY2022
Indirect Emissions	tonnes CO_2e	1,608	1,567	1,564	2,122

Total GHG Emissions (Scopes 1 and 2)[5]

Indicator	Unit	FY2019	FY2020	FY2021	FY2022
Total Operational GHG Emissions	**tonnes CO_2e**	**400,793**	**430,834**	**425,227**	**587,841[6]**

Total GHG Emissions (Scope 3)[7]

Category	Unit	FY2019	FY2020	FY2021	FY2022
Upstream Transportation and Distribution	**tonnes CO_2e**	**n/a[8]**	**n/a**	**n/a**	**26,272**

GHG Emissions Performance for North Sabah PSC.

Notes:

1 *Carbon dioxide emissions increased by 0.46% due to an increase in venting in North Sabah offshore in FY2022.*
2 *Methane emissions increased from FY2021 due to higher venting in FY2022.*
3 *Increased 4.13% in nitrous oxide emission due to an increase in combustion in North Sabah offshore in FY2022.*
4 *Scope 2 Emissions cover indirect emissions of purchased electricity for our facilities onshore.*
5 *Total operational GHG emissions cover Scopes 1 and 2 only.*
6 *GHG emissions increase of 37.7% from FY2021 due to higher venting in FY2022. These are caused by an increase in associated gas from oil production, unplanned shutdowns and trips on equipment.*
7 *Scope 3 Emissions cover only Category 4: Upstream Transportation and Distribution – Diesel Consumption for third-party vessels from 21 November 2021.*
8 *n/a denotes not applicable.*

PM3 CAA PSC

We report GHG emissions for our operations and business units, including PM3 CAA Offshore, Kemaman Supply Base (KSB) warehouse, Tok Bali Supply Base (TBSB) warehouse and our KL office.

Scope 1 Emissions

Emissions by source	Unit	FY2022
Combustion	tonnes CO_2e	933,158
Flaring	tonnes CO_2e	114,103
AGRU[1]	tonnes CO_2e	4,514,050
Fugitive Emissions	tonnes CO_2e	41
Mobile and Transportations	tonnes CO_2e	68,472
Total	**tonnes CO_2e**	**5,629,823**

Emissions by type of gas	Unit	FY2022
Carbon dioxide	tonnes	3,478,205
Methane	tonnes	85,575
Nitrous oxide	tonnes	41

Scope 2 Emissions

Emissions by source	Unit	FY2022
Indirect Emissions	tonnes CO_2e	447

Total GHG Emissions (Scopes 1 and 2)

Indicator	Unit	FY2022
Total Operational GHG Emissions	**tonnes CO_2e**	**5,630,270**

GHG Emissions Performance for PM3 CAA PSC.

Note:

[1] *Acid Gas Removal Unit (AGRU).*

Kinabalu PSC

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

Scope 1 Emissions

Emissions by source	Unit	FY2022
Combustion	tonnes CO_2e	26,646
Flaring	tonnes CO_2e	149,843
Venting	tonnes CO_2e	0
Fugitive Emissions	tonnes CO_2e	1.21
Mobile and Transportations	tonnes CO_2e	8,187
Total	**tonnes CO_2e**	**184,677**

Emissions by type of gas	Unit	FY2022
Carbon dioxide	tonnes	182,777
Methane	tonnes	5
Nitrous oxide	tonnes	6

Scope 2 Emissions

Emissions by source	Unit	FY2022
Indirect Emissions	tonnes CO_2e	173

Total GHG Emissions (Scopes 1 and 2)

Indicator	Unit	FY2022
Total Operational GHG Emissions	**tonnes CO_2e**	**184,850**

GHG Emissions Performance for Kinabalu PSC.

Anasuria Cluster

Scope 1 Emissions[1]

Emissions by source	Unit	FY2018	FY2019	FY2020	FY2021[6]	FY2022[7]
Combustion	tonnes CO_2e	77,181	78,629	77,446	76,990	75,935
Flaring	tonnes CO_2e	93,274	55,292	81,208	49,003	11,349
Venting	tonnes CO_2e	194	215	186	171	149
Fugitive Emissions	tonnes CO_2e	44	4	-	19	2
Other	tonnes CO_2e	-	-	-	-	237
Total	**tonnes CO_2e**	**170,694**	**134,140**	**158,840**	**126,183**	**87,672**

Emissions by type of gas	Unit	FY2018	FY2019	FY2020	FY2021[6]	FY2022[7]
Carbon dioxide	tonnes	159,607	126,501	148,896	119,176	84,119
Methane	tonnes	341	216	300	193	67
Nitrous oxide	tonnes	8	8	8	7	6
HFCs[2]	tonnes	0.02	0.00	-	0.01	0.02

Scope 2 Emissions[3]

Emissions by source	Unit	FY2018	FY2019	FY2020	FY2021[6]	FY2022[7]
Indirect Emissions	tonnes CO_2e	0	0	0	0	0

Total GHG Emissions (Scopes 1 and 2)

Indicator	Unit	FY2018	FY2019	FY2020	FY2021[6]	FY2022[7]
Total Operational GHG Emissions	**tonnes CO_2e**	**170,694**	**134,140**	**158,840**	**126,183**	**87,672**

Total GHG Emissions (Scope 3)[4]

Category	Unit	FY2018	FY2019	FY2020	FY2021[6]	FY2022[7]
Business Travel	tonnes CO_2e	0	0	0	0	0
UK ETS Payment[5]	**RM mil**	**6.0**	**13.7**	**11.5**	**16.8**	**25.0**

GHG Emissions Performance for Anasuria Cluster.

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 *HFCs or Hydrofluorocarbons are included in the reporting for this year.*
3 *Scope 2 GHG emissions are zero as there is no purchased electricity for the Anasuria FPSO operations, as all activities are conducted offshore. Office use of electricity is not measured separately as this is included in the office rent.*
4 *Scope 3 – Business Travel GHG emissions are zero as there are no vehicles that are owned or rented by AOCL, or where 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 Streamlined Energy and Carbon Reporting (SECR) requirements.*
5 *Payments for UK ETS are on a gross basis.*
6 *Emissions figures from 1 January 2021 to 31 December 2021 are final and have undergone successful external verification.*
7 *Emissions figures from 1 January 2022 to 30 June 2022 are provisional.*

An independent third-party has been commissioned to conduct an annual audit on carbon emissions data as part of a mandatory requirement for the UK ETS reporting process. 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.

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 North Sea Transition Authority); and
- Reduce methane emissions by 50% by 2030,

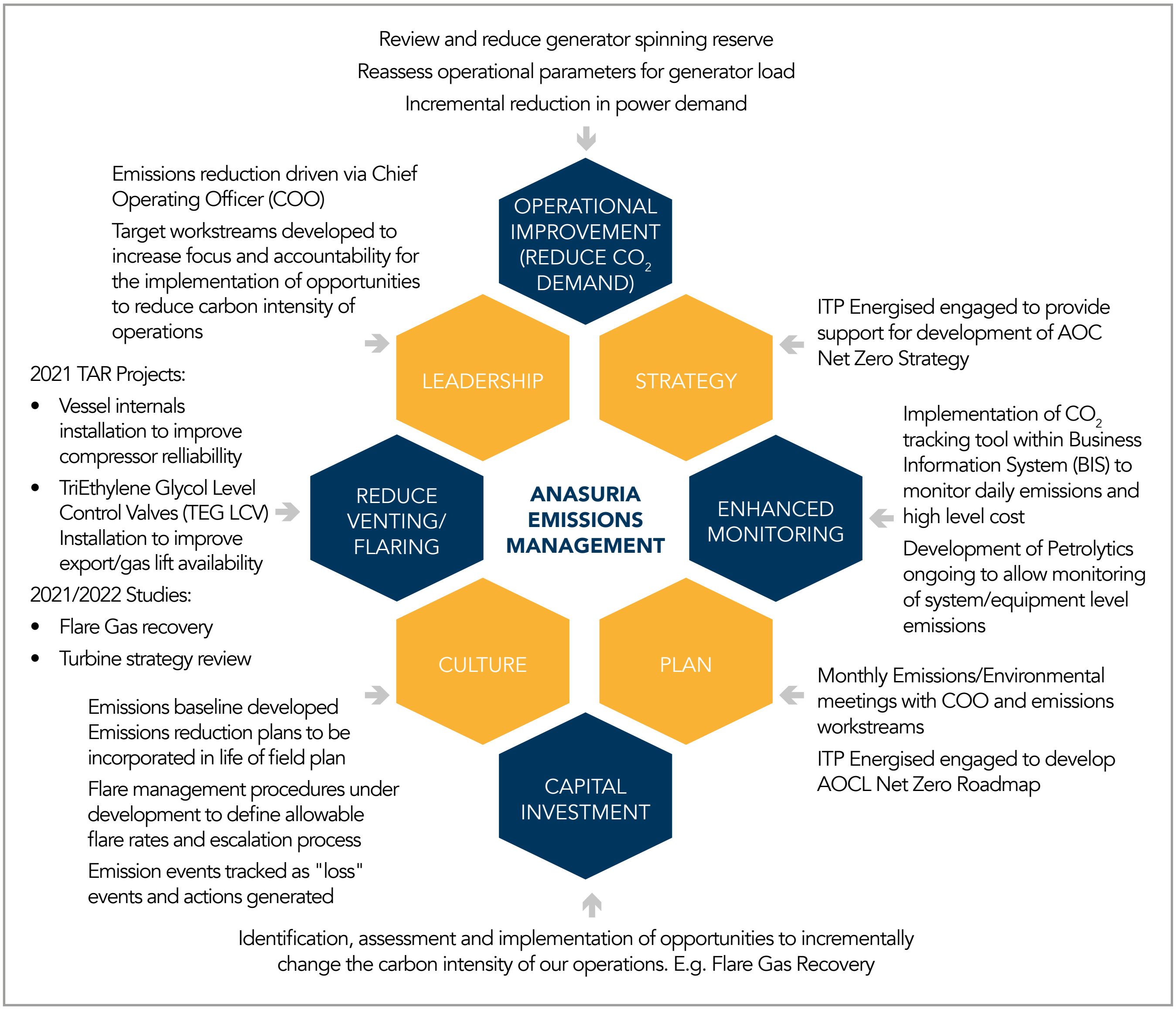
AOCL put in place its *Net Zero Policy* in May 2021 and established a taskforce consisting of AOCL Leadership Team members as well as key working level personnel to formulate a plan to contribute towards reducing emissions from the Anasuria Cluster. This near-term Environmental Improvement Plan is being 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 emissions-related KPI as part of the 2023 business plan for Anasuria. A key initiative also includes a 3D scan of the facilities on the FPSO which has also been performed to 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 relevant steering committee to discuss the progress and address additional regulatory requirements, etc. These initiatives have also been shared with the external regulatory stakeholders.

AOCL is also a member of OEUK and is committed to working collaboratively with OEUK towards achieving the aims of its Roadmap 2035: A Blueprint for Net Zero. This initiative was launched in September 2019 by OEUK, 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 OEUK 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).

In March 2022, the UK ETS Authority launched a consultation to seek views on proposals to further develop the UK ETS. The UK ETS Authority have committed to implementing a net zero consistent cap for the scheme, reviewing the Free Allocation Policy, expanding the use of emissions trading across the economy and improving its operational effectiveness. The consultation closed in June 2022 and was issued in August 2022. The Department for Business, Energy and Industrial Strategy will be publishing an early response to set out its final positions on a small number of proposals that will require implementation via legislation ahead of the 2023 scheme year which includes aligning the UK ETS with the UK's commitment to Net Zero.

In 2022, AOCL has been developing a Net Zero Strategy working alongside ITP Energised who provide asset management services, facilitating the transition to Net Zero. AOCL's Net Zero Strategy is intended to provide a structured and reasoned approach to AOCL and their shareholders that supports the future development and investment decisions of the organisation on emissions reduction. The strategy is broken into two main focus areas; namely alignment and benchmarking against wider sector and national aspirations, and practical asset level investment to drive emissions reduction. These 2 areas combined will support AOCL in developing an integrated, organisational approach where strategic commitments can be aligned with operational improvements and efficiencies associated with the Anasuria FPSO. Several energy efficiency opportunities have been identified together with their potential emissions reduction, the likely associated costs based on up-to-date emissions cost forecasts and a cost benefit assessment for the identified options. Looking forward to 2023, a more focused and detailed energy assessment will be required to realise AOCL's Net Zero target. The scope of these will be determined based on the options that AOCL choose to focus on as part of the Net Zero Strategy and wider asset investment prioritisation.



AOCL's Emission Strategy.

Carbon Credit Policy

The Group is cognisant of the growing importance and relevance of the use of carbon credits in pursuing a pathway to Net Zero. The Group is also cognisant that the inappropriate widespread use of carbon credits has led to claims of greenwashing by environmental analysts and activists globally. In this regard, the Group will prioritise implementing decarbonising activities that reduce our emissions footprint and it is our hope that such activities are justified both from economic and ethical perspectives. Consequently, carbon credits will only be applied to address any residual gaps to meet our emissions reduction targets or in meeting a compliance requirement. Any carbon offsets purchased as carbon credits for this purpose shall be of high quality, meeting our requirements of upholding environmental integrity, ensuring additionality and permanence, and complying with reputable standards. The use of any purchased carbon credits for both compliance and voluntary carbon markets shall be transparently disclosed under the Group's GHG emissions data in our annual Sustainability Report.

Stakeholders' Engagements

In FY2021, Bank Negara Malaysia (BNM) formed a second cohort to develop the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guides for Oil and Gas (O&G), Manufacturing, and Construction and Infrastructure (C&I). These 3 sectors were selected because they were deemed as "climate relevant" sectors. The VBIAF Sectoral Guide incorporated ESG risk considerations for Financial Institutions' financing and investment decision making process and supported climate change initiatives by BNM and the Joint Committee on Climate Change (JC3). The Group was invited to provide technical guidance to the Working Group for the oil and gas sectoral guide.

ABOUT 2ND COHORT WORKING GROUP

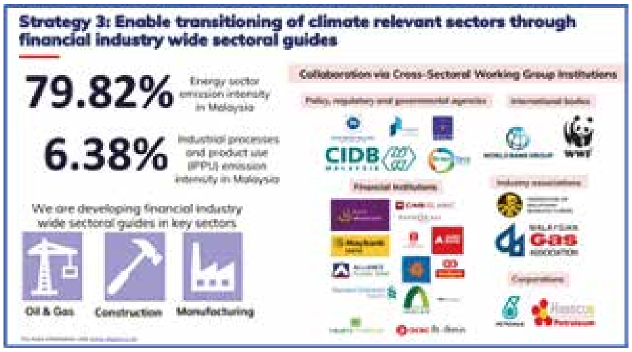
<table>
<tr><th>Sectoral Guides</th><th>Project Leads</th><th>Working Group</th><th>Technical Guidance</th></tr>
<tr><td>O&G</td><td>CIMB Islamic Bank Berhad</td><td>• HSBC Amanah Malaysia
• OCBC Al-Amin Bank Berhad
• RHB Islamic Bank Berhad</td><td rowspan="3">• Construction Industry Development Board
• Federation of Malaysian Manufacturers
• Hibiscus Petroleum
• Malaysia Green Technology Corporation Berhad
• Malaysia Petroleum Resources Corporation
• Malaysian Gas Association
• PETRONAS
• SIRIM Berhad
• World Bank Inclusive Growth and Sustainable Finance Hub in Malaysia
• WWF Malaysia</td></tr>
<tr><td>Manufacturing</td><td>Alliance Islamic Bank Berhad</td><td>• Affin Islamic Bank Berhad
• Maybank Islamic Berhad
• Public Islamic Bank Berhad
• Standard Chartered Saadiq Berhad</td></tr>
<tr><td>C&I</td><td>Bank Kerjasama Rakyat Malaysia</td><td>• AmBank Islamic Berhad
• Bank Islam Malaysia Berhad
• Bank Muamalat Malaysia Berhad</td></tr>
<tr><td colspan="3">General Expert
Bank Negara Malaysia

Observers
Syarikat Takaful Malaysia Am Berhad
Takaful Ikhlas General Berhad</td><td>Secretariat
AIBIM

Content Manager
IMPACTO Sdn Bhd</td></tr>
</table>

Source: https://aibim.com/press-release/VBIAF-Working-Group-Release-Sectoral-Guides-on-Oil-Gas-Construction-Infrastructure-and-Manufacturing.pdf (22nd March 2022).

Members of 2nd Cohort for VBIAF's Sectoral Guides.



VBIAF: One of the three key national strategies for achieving Net Zero.

In addition, the Company 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 of Malaysia. The MPRC is a government agency under the Economic Planning Unit (EPU) in the Prime Minister's Department and one of its functions is to support the EPU in promoting the sustainability agenda among members of the Malaysia's Oil and Gas Services and Equipment (OGSE) industry. The MPIA was established in 2006 with a seed grant from a joint United Nations Development Programme (UNDP) and the Malaysian Government project with the objective of advancing the solar photovoltaic (PV) industry in the country. Following the successful acquisition of Repsol's assets in Malaysia, the Group became a member of the Malaysian Gas Association (MGA) as gas reserves in our hydrocarbon portfolio have increased. The MGA is a strong advocate for gas as a transition and bridging fuel in the energy transition, gas being the cleanest of fossil fuels and being also essential as the world transits to using lower carbon fuels. This advocacy aligns with the Group's energy transition strategy of increasing gas in our hydrocarbon portfolio of hydrocarbon assets.

Awareness Building on Climate Change

The impact of climate change is relevant as it sets the tone of the expectations desired from the oil and gas industry in the future and with this in mind, we have striven to build our knowledge and awareness of climate change, and its mitigation. To further enhance our capability on GHG reporting standards, the Group participated in a jointly organized workshop by Bursa Malaysia and the Malaysian Green Technology and

Climate Change Centre (MGTC). The MGTC's Capacity Building Programme Workshop on Climate Change for the Energy Sector was held in October 2021 and the workshop covered climate mitigation and adaptation interventions relevant to the oil and gas sector. On 30 November 2021, there was a further briefing on the introduction to TCFD by a credible global environmental consultant for the Board, management, and staff of the Group. Given the future importance of TCFD reporting, the Sustainability team of the Group also attended basic TCFD training carried out by the Singapore Stock Exchange (SGX) and Bursa Malaysia in October 2021 and March 2022 respectively. We concluded FY2022 by hosting another in-house Knowledge Sharing Webinar (KSW) on Addressing Climate Change in the oil and gas sector. Experts from PETRONAS and the International Petroleum Industry Environmental Conservation Association (IPIECA) provided insights on relevant mitigation and adaptation strategies for the upstream oil and gas sector.

Climate Adaptation Activities

In FY2022, much of the climate adaptation activities were focused on awareness development in climate related physical risks and adaptation measures relevant for the upstream oil and gas sector through briefings by technology providers, climate experts and relevant government agencies such as the National Water Research Institute of Malaysia (NAHRIM) and MGTC. On 16 and 17 June 2022, the Group was invited by NAHRIM to be part of the sub-working group (SWG) of the energy sector chaired by EPU. The objective of the SWG is to contribute to the UNFCCC's 4th Biennial Update Report (BUR4) and the 4th National Communication (NC4) report focusing on the chapter on climate related vulnerabilities and adaptation. The 2-day workshop provided much needed capacity building for the Group on physical risks modelling using scenarios developed by NAHRIM for our upstream oil and gas business operations.

6.3 Energy Management

In Q3 2021, our ongoing switch to renewable energy utilisation included installation of a solar PV system at a St Joseph (SJJT-F) Platform. We also installed a wind turbine system at St Joseph (SJJT-A) in FY2023. In addition, we target a further hybrid of solar PV and wind turbine system at South Furious (SFJT-B) in FY2024.

Currently, we are looking at a new initiative which is to reduce the usage of instrument gas for a remote jacket by embarking on a study to use a small-scale instrument air compressor powered by solar energy. In this manner, remote jackets will use natural gas as their "air". We hope by pursuing this initiative, we can achieve significant cost savings and methane emission reductions by converting natural gas-powered pneumatic control systems to compressed air based instrument systems. Instrument air systems substitute natural gas, eliminating methane emissions and providing additional safety benefits.

Wind Turbine at South Furious.

The newly installed solar PV and wind turbine hybrid power at South Furious Jacket F (SFJT-F). The first unit was installed in 2018. The installation of the second unit was completed at the end of December 2021 which was under the SJJT-F Infill Drilling Project scope. With the increasing electrical load for this project, the second unit of Solar PV - Wind Turbine unit has been installed.

The newly installed solar PV and wind turbine hybrid power at SFJT-F from a different view distance.

The solar PV power at PM3 CAA's unmanned platforms.

Wave energy technology was one of the initiatives that was investigated to determine if wave energy is a viable energy source to decarbonise the power supply for our North Sabah offshore facilities. The study is currently on hold due to a very limited level of expertise in this area.

Anasuria Cluster

At the Anasuria Cluster, we run our operations in compliance to the AOCL HSEMS. In addition, AOCL as an organisation, qualifies for the Energy Savings Opportunity Scheme (ESOS) in the UK. As such, AOCL is obliged to notify the Scottish Environmental Protection Agency (SEPA) that it has complied with its ESOS obligations, which cover 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 FPSO	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Natural Gas	kWh	328,488,295	350,263,852	347,342,263	348,580,994	355,760,061
Diesel	kWh	37,904,045	26,459,223	25,888,563	22,049,094	14,467,869

Energy Consumption for Anasuria FPSO.

Notes:

The 2020 UK Government GHG Conversion Factors for Company Reporting have been used to convert fuel consumption from tonnes to kWh.

[1] *Energy consumption figures from 1 January 2021 to 31 December 2021 are final.*

[2] *Energy consumption figures from 1 January 2022 to 30 June 2022 are provisional.*

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 as they form a part of our Emissions Management Strategy and these opportunities will be addressed in the near future. Furthermore, additional opportunities have also been identified as part of AOCL's emissions reduction strategy for longer term attention.

The Anasuria FPSO and its 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 recent vintages of such 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 undertaken as part of the assessment.

6.4 Waste Management

In Malaysia, all hazardous waste is handled as per the Environmental Quality (Scheduled Wastes) Regulations, 2005. Within Hibiscus, we make reference to our Waste Management Procedure. There are currently 2 competent persons (CePSWAM - Certified Environmental Professional in Scheduled Waste Management) certified under DOE, Malaysia for onshore facilities to manage the hazardous waste and/or scheduled waste generated by SEA Hibiscus, with another 5 CePSWAM at Peninsula Hibiscus managing the same scope. All hazardous waste inventory data both generated and disposed of, are submitted monthly to the DOE via their online Electronic Scheduled Waste Information System (E-SWIS) for both SEA Hibiscus and Peninsula Hibiscus.

We also conduct Waste Acceptance Criteria (WAC) reviews on the oily sludge (SW311 and SW310) at LCOT via Total Threshold Limit Concentration (TTLC) tests. The parameters for this test include Total Solids, Gross Calorific Value, Sulphur, and Flash Point. In addition, TTLC analysis for oily sludge (SW310) generated by the crude oil storage tanks (CST) at LCOT is planned to be carried out by Q3 2023.

In addition, we plan to carry out Waste Characterisation which is a determination of the characteristics and composition of our waste, particularly our scheduled waste. This activity is also planned for Q3 2022. Among the scheduled waste components to be studied are waste containing mercury or its compound (SW109), sludge from mineral oil storage tank (SW310), contaminated soil, debris or matter resulting from cleaning-up of a spill of chemical, mineral oil or scheduled wastes (SW408), waste of inks, paints, pigments, lacquer, dye or varnish (SW417), spent lubricating oil (SW305), discarded or off-specification inks, paints, pigments, lacquer, dye or varnish products containing organic solvent (SW418) and chemicals that are discarded or found to be off-specification (SW429).

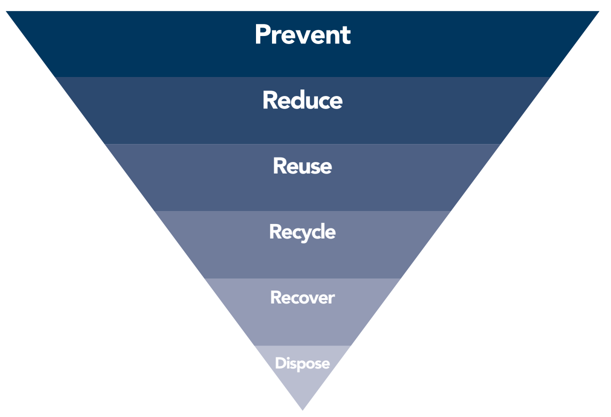
Awareness, refresher programmes, virtual sessions and scheduled waste management trainings on hazardous Scheduled Wastes management were also organised for both onshore and offshore staff by the DOE of Labuan. In addition, hazardous waste inspections were conducted across all our offshore and onshore 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 recover hazardous waste from our E-Waste from Q2 2022 once the relevant contracting processes are completed.

As part of our 3R (Reduce, Reuse and Recycle) initiatives, we donated 12 drums (2,400 litres) of Obsolete Fluoro Protein Foam FP 70, 3% to Labuan Fire Department for their training purposes in Q4 2021.

In March 2022, SEA Hibiscus arranged a visit to the disposal facility located at Kuching, Sarawak where we treat, recover, and dispose of our scheduled waste to further enhance the competency and increase the exposure for our scheduled waste competent persons (CePSWAM).

We also conducted a performance review on our scheduled waste contractor to assist them enhance their performance in managing our waste, where possible.

Hazardous wastes generated by Peninsula Hibiscus operations are being sent to licensed facilities for final disposal. A waste recovery contract is being established for scheduled wastes that are recoverable such as contaminated drums and oily sludge with the aim to extend the circularity of the waste material and to be consistent with our waste management hierarchy.



Waste Management Hierarchy.

Scheduled Waste Awareness for North Sabah Offshore personnel was conducted.

Several meetings and inspections with different stakeholders in relation to our scheduled waste treatment, recovery, and onshore and disposal facilities.

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. AOCL has a Waste Management Plan for the installation.

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

Indicator	Unit	FY2019	FY2020	FY2021	FY2022
Hazardous waste	tonnes	30.42	39.17	66.61	191.59
Non-recycled waste	tonnes	58.96	47.49	34.01	174.78
Recycled waste	tonnes	66.89	72.30	78.40	62.52
Environmental fines and penalties	RM	0	0	0	0

Group Waste Management Performance.

Note:

All the environmental data for Peninsula Hibiscus is from 25 January 2022 onwards (after the completion of the Repsol assets' acquisition).

North Sabah PSC

Indicator	Unit	FY2019	FY2020	FY2021	FY2022
Hazardous waste	tonnes	3.395	12.95	51.15	29.13
Non-recycled waste	tonnes	3.395	-	-	-
Recycled waste	tonnes	0.978	-	-	-
Environmental fines and penalties	RM	0	0	0	0

Waste Management for North Sabah PSC.

Note:

Non-recycled and recycled waste are no longer reported as there are no requirements to report this to MPM.

PM3 CAA PSC

Indicator	Unit	FY2022
Hazardous waste	tonnes	148.61
Non-recycled waste	tonnes	148.61
Recycled waste	tonnes	0
Environmental fines and penalties	RM	0

Waste Management for PM3 CAA PSC.

Note:

All the environmental data inclusive of waste from PM305 is from 25 January 2022 onwards (after the completion date of acquisition by Peninsula Hibiscus).

Kinabalu PSC

Indicator	Unit	FY2022
Hazardous waste	tonnes	5.03
Non-recycled waste	tonnes	1.80
Recycle waste	tonnes	3.23
Environmental fines and penalties	RM	0

Waste Management for Kinabalu PSC.

Note:

All the environmental data is from 25 January 2022 onwards (after the completion date of acquisition by Peninsula Hibiscus).

Anasuria Cluster

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Hazardous waste	tonnes	23.71	27.02	26.22	15.46	8.82
Non-recycled waste	tonnes	69.88	55.56	47.49	34.01	24.37
Recycled waste	tonnes	82.58	65.91	72.30	78.40	59.29
Environmental fines and penalties	RM	0	0	0	0	0

Waste Management for Anasuria Cluster.

Notes:

[1] *Waste figures from 1 January 2021 to 31 December 2021 are final.*
[2] *Waste consumption figures from 1 January 2022 to 30 June 2022 are provisional.*

On 16 June 2022, SEA Hibiscus visited a third-party scheduled waste recovery site located in Kuching, Sarawak. This visit was in line with SEA Hibiscus' plan to carry out scheduled waste recovery for e-waste and empty contaminated drums.




Visit to a Third-party Waste Recovery Site.

Oil Spill Performance

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

Indicator	Unit	FY2019	FY2020	FY2021	FY2022
North Sabah PSC	kg	0	0	0	0
PM3 CAA PSC	kg	n/a[2]	n/a	n/a	0
Kinabalu PSC	kg	n/a	n/a	n/a	0
AOCL	kg	0	0	26.81	41.50[1]
Total	**kg**	**0**	**0**	**26.81**	**41.50**

Group Oil Spill Performance.

Notes:

[1] *Hydrocarbon discharges to sea during permitted routine or planned operations have not been included, such as the April Oil Pollution Prevention and Control (OPPC) Non-Compliance Event described under the Water Management section.*
[2] *n/a denotes not-applicable as the completion of acquisition of these assets occurred on 24 January 2022.*

Sludge Farm

We are the only oil and gas organisation in Malaysia with a licence to operate a sludge farm within our facility for the treatment of hazardous waste, particularly sludge waste. This licence is accompanied by a stringent 55 line-item requirement as part of 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, Effluent Treatment Plant (ETP), Free Water Knock-out Vessels (FWKO), and during maintenance activities (such as Pigging operations).

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 for a period 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.

As part of our monitoring obligations, we are carrying out Technologically Enhanced Naturally Occurring Radioactive Material (TENORM) Monitoring at our facility to monitor the level of TENORM concentrations in the sludge.

Chemicals

The Offshore Chemicals Regulations 2002 (as amended) require 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 activities. 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 Centre for Environment Fisheries Aquaculture Science (CEFAS). AOCL has all relevant permits in place which allows the Anasuria FPSO to utilise chemicals during normal operations and for ad-hoc projects. Chemicals are tracked and usage and discharge reported to the regulators on a quarterly basis.

6.5 Water Management

All produced water from offshore North Sabah is sent to LCOT via pipeline and is then treated at the ETP in LCOT before being discharged to the open sea after treatment whilst produced water from the PM3 CAA and Kinabalu is treated on the offshore facilities before being discharged to the open sea. 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 of 100 mg/l in the effluent discharge. 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 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 solids, boron, phenol, sulphide, ammoniacal nitrogen, cyanide, and chloride.

In Anasuria, our operated offshore fields deliver oil, gas and water from reservoirs, which we then separate using our processing facilities at the FPSO. In the case of water (produced water), 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.

On 12 April 2022, during an OPPC permitted discharging activity, a Serious Non-Compliance event took place which resulted in an unplanned discharge of hydrocarbons to the marine environment. As part of our monitoring and mitigation obligations, AOCL worked closely with the Regulator, the Marine and Coastguard Agency (MCA) and OSRL. OSRL monitored the discharge which dispersed naturally. An Environmental Impact Assessment report was undertaken by an independent third-party, commissioned immediately after the discharge, which indicated no discernible impact on marine sensitivities were expected. An OPPC Non-Compliance Notification was submitted to the Regulator to report the unplanned discharge during a planned activity permitted under the OPPC permit. Following from this, in June 2022 during the next planned OPPC permitted discharging activity, oil in water levels were found to be above the permissible limit which resulted in a OPPC Non-Compliance Notification being submitted to the Regulator. This event was classed as "Serious".

Immediately after this event, produced water discharges from the FPSO were stopped. This allowed an immediate review of AOCL's Method Statement: Slops Water Management. Updates to our Method Statement was signed off by AOCL and Petrofac management with OPRED also being heavily involved in this process. The updated Method Statement was formally issued for use and produced water discharges could then re-start.

View of ETP at LCOT.

LCOT ETP outfall.

LCOT ETP final discharge basin.

We are constantly looking at various initiatives to reduce our water consumption and we strive to reduce and recycle potential sources of water when possible. Some of these initiatives include the harvesting of rainwater within the facilities of the North Sabah PSC and the condensed water collection initiatives within the Kinabalu PSC.

Peninsula Hibiscus has also explored ways to reduce our water consumption and recycle used water in our facilities. In particular, at the Kinabalu Complex (which comprises two wellhead platforms, i.e. KNDP-A and KNDW-D), we are examining if re-using and recycling water condensation from the air conditioning system is feasible. The Kinabalu Complex relies on a freshwater supply from shore (shipped by support vessel) as it is not fitted with a water maker for seawater desalination. This initiative has allowed the Kinabalu Complex to have a sustainable supply of fresh water for general washing and sanitation purposes while reducing the freshwater supply from shore.

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.

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

Indicator	Unit	FY2019	FY2020	FY2021	FY2022
Produced water (effluent) discharge[1]	m^3	6,087,360	5,737,533	5,501,175	7,273,602
Freshwater purchased from 3rd party[2]	m^3	0	0	0	326
Non-freshwater withdrawal[3]	m^3	0	0	0	25,169
Re-used water[4]	m^3	0	0	0	156
Total water discharge[5]	m^3	6,087,360	5,737,533	5,501,175	7,299,254
Environmental fines and penalties	RM	0	0	0	0

Group Water Management Performance.

Notes:

1 *Produced water is water generated from our production.*
2 *Freshwater purchased is potable water used for consumption.*
3 *Withdrawal of seawater for desalination – used for sanitation and general washing.*
4 *Water is re-used from water condensation from air conditioners.*
5 *Total water discharge includes produced water discharge, re-used water, and water purchased and withdrawn.*

North Sabah PSC

Indicator	Unit	FY2019	FY2020	FY2021	FY2022
Produced water (effluent) discharge	m^3	4,822,974	4,392,416	4,013,413	3,430,599[1]
Total water discharge	m^3	4,822,974	4,392,416	4,013,413	3,430,599[2]
Produced Water Discharge – oil in water concentration	mg/l	20.09	20.60	19.90	17.60[3]
Environmental fines and penalties	RM	0	0	0	0

Water Management for North Sabah PSC.

Notes:

1 The 14.5% reduction of water effluent discharge is due to operational improvements.
2 Total water discharge includes only produced water discharge. Definition for total water discharge last year was based on discharging of water only and has been improved to include produced water discharge.
3 Lower Oil in Water (OIW) concentration in 2022 due to high plant reliability and equipment efficiency which leads to better OIW discharge quality.

PM3 CAA PSC

Indicator	Unit	FY2022
Produced water (effluent) discharge	m^3	2,101,436
Freshwater purchased from 3rd party	m^3	65.48
Non-freshwater withdrawal	m^3	25,169.39
Total water discharge[1]	m^3	2,126,671
Produced Water Discharge – oil in water concentration	mg/l	13.42
Environmental fines and penalties	RM	0

Water Management for PM3 CAA PSC.

Note:

1 All the environmental data is from 25 January 2022 onwards (after the completion date of acquisition by Peninsula Hibiscus).

Kinabalu PSC

Indicator	Unit	FY2022
Produced water (effluent) discharge	m^3	433,412
Freshwater purchased from 3rd party	m^3	261
Re-used water	m^3	156
Total water discharge[1]	m^3	433,829
Produced Water Discharge – oil in water concentration	mg/l	24.73
Environmental fines and penalties	RM	0

Water Management for Kinabalu PSC.

Note:

1 All the environmental data is from 25 January 2022 onwards (after the completion date of acquisition by Peninsula Hibiscus).

Anasuria Cluster

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Produced water (effluent) discharge	m^3	1,593,180	1,264,386	1,345,117	1,487,762	1,308,155
Total water discharge	m^3	1,593,180	1,264,386	1,345,117	1,487,762	1,308,155
Produced Water Discharge – oil in water concentration[1]	mg/l	13.36	8.82	8.75	7.82	11.92
Environmental fines and penalties	RM	0	0	0	0	0

Water Management for Anasuria Cluster.

Note:

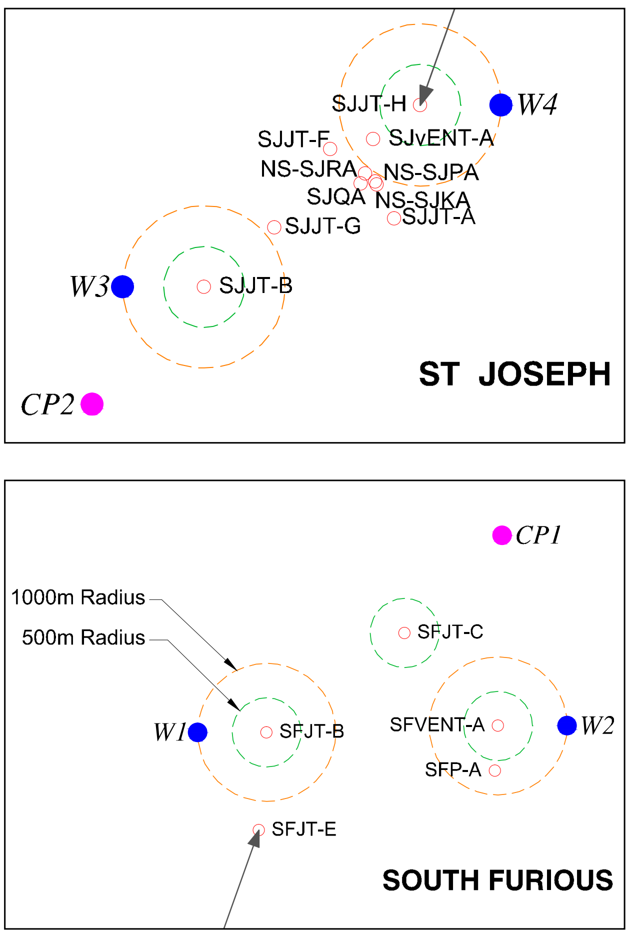
[1] *Previous year data was reported as discharge of oil to water in tonnes. This has been improved for consistency to produced water discharge – oil in water concentration in mg/l.*

Water Quality

The monitoring of seawater quality at St Joseph is routinely performed on a quarterly basis since 2018 to monitor the OIW and Copper parameters. It is 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).

Given our good performance, in November 2020, the DOE of Sabah issued a new directive to carry out Annual Marine Water Quality Monitoring activity, 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 Hydrocarbons (PAH), Total Phenol, Oil & Grease, Fecal Coliform Count, Temperature, pH, and Marine litter. The monitoring covers 4 locations within a 1km radius distance from the nearest St Joseph and South Furious facilities and 2 control stations.



Locations of seawater monitoring in North Sabah Offshore.

This year is the inaugural year for SEA Hibiscus to monitor seawater quality for both South Furious and St Joseph fields. Since 2018 until 2020, SEA Hibiscus has monitored the seawater quality at St Joseph field on a quarterly basis for OIW and Copper only. However, in November 2020, the DOE, Sabah gave an approval for SEA Hibiscus to carry out monitoring annually for both fields.

The results for seawater sampling reported that concentrations for the parameters of interest are well below the prescribed Class 3 limit stipulated in the Malaysia Marine Water Quality Criteria and Standard (MMWQCS), where applicable with the sole exception for water location point 2 (W2) for Fecal Coliform. External sources may be the source of sewage contamination as the South Furious platform is not equipped with living quarters. Almost all heavy metals were below detection levels except for Zinc at Control Point 2, Arsenic (III), and Aluminium at points W3, W4, and Control Point 2.

We also monitor and report our groundwater quality to the DOE on a bi-annual basis, in particular we ensure that the limits set by the DOE on Contaminated Land Management and Control Guideline No. 1: Malaysian Recommended Site Screening Levels (SSL) for Contaminated Land, 2009 and Dutch Intervention Value, 2000 are not exceeded or breached. The parameters monitored include temperature, pH, dissolved oxygen, total suspended solids, Phenol, Cyanide, Chromium (Hexavalent and Trivalent), Arsenic, Copper, Lead, Selenium, Vanadium, Zinc, Mercury, total PAH and Monoaromatic Hydrocarbons - Benzene, Toluene, Ethylbenzene and Xylenes (BTEX). The monitoring points are BH1 - BH2 and BH4 - BH8. Pursuant to our ESA Study conducted in 2020, 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. In March 2022, DOE issued an approval for SEA Hibiscus to reduce our groundwater monitoring frequency from a bi-annual to annual basis. This relaxation is due to the continuous good performance, commitment, and efforts demonstrated by SEA Hibiscus for its environmental management, performance, and compliance. The parameters and locations of monitoring points remain the same.

Environment Site Assessments (ESAs) were also carried out at Peninsula Hibiscus' supply bases in ASB, KSB and TBSB to determine if our activities caused any contamination to the soil and/or groundwater beneath the sites. Yearly ground water monitoring is being conducted and there has been no environmental contamination observed to-date.

6.6 Biodiversity

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. Our 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-à-vis the environment.

As part of our efforts to promote the importance of biodiversity, we also joined DOE Labuan to celebrate World Rivers Day on 26 September 2021 by participating in their Tree Planting Programme.

In conjunction with Malaysia Environment Day, SEA Hibiscus participated in the DOE Webinar on EIA: Plan Towards Sustainability Development organised by DOE Sabah.

In respect of the importance of marine biodiversity, we are exploring ways, in collaboration with the relevant regulators, to repurpose and reuse platforms to reduce their impact on the environment. One of the ways being evaluated is the reuse or repurposing of decommissioned platforms or jackets to create artificial reefs using decommissioned platform jackets. Repurposing a platform jacket as an artificial reef helps to enhance the marine ecosystem and benefit the existing communities' habitats, promoting fish production and biodiversity. This also helps to reduce the safety risk to personnel by minimising the handling of a decommissioned platform jacket. Another initiative being pursued is the repurposing of the topsides of a platform from another operator for the SEA Hibiscus waterflood project. Such an initiative will help reduce our impact on the environment by reusing a facility that is considered to be at the end of its life and use as a platform.

SEA Hibiscus participated in the Tree Planting Programme during World Rivers Day organised by DOE.

6.7 Soil Quality

Soil quality is defined as the ability of the soil to perform functions that are essential to maintaining 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 to support human health and habitation.

Our soil monitoring covers 10 parameters and these are; pH, oil and grease, Cyanide, Cadmium, Chromium, Lead, Mercury, Copper, total Phenol and Arsenic.

In March 2022, the DOE issued an approval for SEA Hibiscus to reduce our soil monitoring and reporting frequency from a bi-annual to annual basis. This is due to the continued good performance, commitment, and efforts demonstrated by SEA Hibiscus in terms of environmental management, performance, and compliance. The parameters and locations of monitoring points remain the same.

Apart from soil quality monitoring, we also carry out soil characteristics assessment focussing on soil permeability, hydraulic conductivity, subsurface transport capability, and soil nutrient status. Both soil quality monitoring and soil characteristics assessments have a different set of test parameters, according to the licence requirements.

6.8 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.

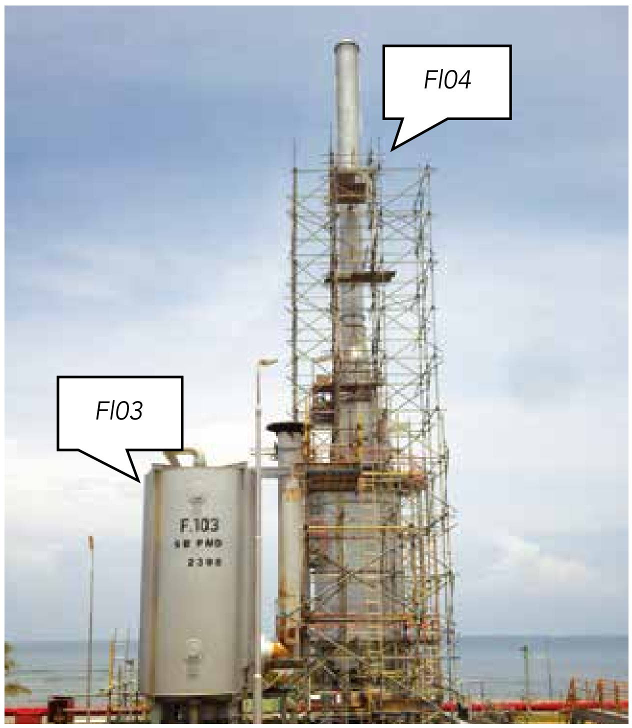
Boundary noise monitoring in progress.

Boundary Noise monitoring in progress.

6.9 Air Quality

In an effort to minimise air pollution to the atmosphere, we carry out an annual Dark Smoke observation on all our Fuel Burning Equipment (FBE) at LCOT as means to comply with the CAR 2014 requirements. We also carry out Dust Particulate monitoring for furnace F103, furnace F104 and two generator sets G1 and G2 in LCOT.

An FBE Efficiency Assessment is also conducted annually to detect our flue gas emissions and to assess our combustion efficiency and we are also reporting our Emissions Declaration for LCOT annually to the DOE, Malaysia.



Furnace F104 (behind furnace F103) with scaffolding ready for Dust Particulate monitoring and FBE Efficiency assessment in LCOT.

Environment Studies

We place priority on environmental management and therefore we conduct studies based on requirements by both DOE and MPM when such studies are appropriate or useful. This year we plan to conduct a Macrobenthos Study in LCOT to monitor macrobenthos, particle size distribution and hydrocarbons (total petroleum hydrocarbons, aliphatic hydrocarbons, aromatic hydrocarbons, and BTEX and metals) and to attempt a correlation analysis among the macrobenthos data collected and volume of effluent discharge, concentrations of hydrocarbons and metals.

EIA Study and Marine Risk Assessment (MRA)

As part of our commitment to conserve the environment, we are also conducting an EIA Study and Marine Risk Assessment (MRA) for the SF30 Waterflood Project Phase 2. At this time, a site visit is being planned for the relevant parties. The study included Environmental Baseline Sampling (EBS) which monitors marine water quality, seabed sediment quality, plankton sampling and macrobenthos sampling.

Marine environments surrounding Kinabalu Complex and PM3 CAA Platforms are also being monitored on a yearly and five-yearly basis respectively with a team of qualified consultants which collects seawater, seabed sediments, and marine biology (phytoplankton, zooplankton, and microbenthic) samples for laboratory analysis. Present activities at the site have indicated that there have been no major impacts to the environment (from our monitoring reports in 2021).

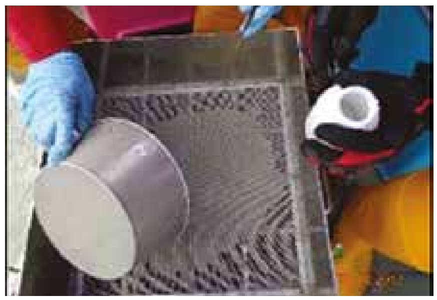
Examples of Environmental Baseline Sampling

Sampling using Water Sampler.

Deploying plankton net through the surface water.

Plankton net being lifted from the surface water.

Transferring concentrated plankton from the net to the designated sampling bottle.



Collecting macrobenthos sample.

Meeting with DOE Sabah on EIA Study SF30 Waterflood Project Phase 2 to discuss on the confirmation of Environmental Baseline Sampling (EBS) location and monitoring points and finalisation of EIA study scope.

Anasuria Cluster

The AOCL framework under the Safety and Environmental Management System (SEMS) for Environmental Management is externally verified against the requirements of the Oslo and Paris Conventions (OSPAR) Recommendations 2003/5. AOCL has in place an EMS Manual, which describes our approach to eliminate or reduce risks to the environment and actively promote continuous improvement.

It should be noted that AOCL has used a new methodology for High Pressure (HP) and Low Pressure (LP) flare calculations (5 modes) that was approved by OPRED in February 2022. This methodology update has resulted in improved accuracy and a reduction of finalised numbers. The table below details the emissions of air pollutants from our operators at Anasuria.

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Nitrogen oxide emissions (NO_X)	tonnes	288	273	281	265	246
Sulphur oxide emissions (SO_X)	tonnes	6	5	5	4	3
Volatile organic compounds (VOC) emissions	tonnes	772	691	709	568	389

Air Emissions for Anasuria Cluster.

Notes:

[1] *Emissions figures from 1 January 2021 to 31 December 2021 are final.*
[2] *Emissions figures from 1 January 2022 to 30 June 2022 are provisional.*

6.10 Coastal Hydraulic Study at LCOT

We conducted a Coastal Hydraulic Study at LCOT which was carried out in two phases; Phase 1 covered a Coastal Evolution Analysis and Consultation, and Phase 2 comprised a Coastal Hydraulic Study. The coastal evolution analysis in Phase 1 included assessment of measured coastal transects, assessment of coastal transects, satellite image analysis of shoreline changes and vegetation lines. Phase 2 included data collection and literature review of past hydraulic studies at LCOT and Labuan, referencing the Integrated Shoreline Management Plan (ISMP) Labuan in 2010, and further referencing the National Coastal Erosion Study (NCES) Study of 2015, evaluation of potential impacts and modelling scenarios.

The focus of the study was on the rock berm area near the effluent pipeline which is located to the south of the LCOT beach area and which was built as part of the LCOT ETP - Effluent Discharge Pipeline Replacement (EDPR) Project carried out in 2017 by the previous operator.

The study and assessment among others concluded that no significant changes were observed along the measured coastal transects between the year 2008 and the year 2021 indicating that the LCOT nearshore areas have been morphologically stable. The minimal changes in the shoreline position agree with the characteristics of the area that shows a shallow rocky nearshore that induces a reduction of the wave energy reaching the upper parts of the beach, therefore minimising sand movements. The modelling results show changes in the wave and current conditions localised within the LCOT site only, that is in an area with rocky outcrops with limited sediment transport capacity. The results also agree with the historical shoreline analysis that confirms changes have been minor within the LCOT facility and confined to the proximity of the rock berm.

Constructed rock berm and causeway at LCOT.

This rocky outcrop spotted during the coastal transect survey. Shoreline at the site comprises a narrow sandy beach with rock outcrops in the intertidal zone which stabilises the shoreline by dissipating incoming waves. The presence of the outcrops has led to a concave-shaped shoreline which has been classified as stable.

Environmental Sensitivity Index Site Verification

From 9 to 14 May 2022, SEA Hibiscus participated in the Environmental Sensitivity Index (ESI) site verification for Sabah and Labuan together with MPM Petronas, DOE Sabah, Universiti Malaysia Sarawak (UNIMAS), Universiti Malaysia Sabah (UMS) and World Wildlife Fund (WWF). It covered the areas of Labuan, Kudat; Batu Sirih, Kg. Selamat, Teluk Long, Nusa-Nusa, Maliyu, Damaran, Malawali, Sibogoh, Balak, Laksian, Lok Tohog, Limbuak, Maliangin, Singgah Mata, Kapitangan, Dogoton, Kalangkaman, Sebangkat and many more locations.

Environmental Sensitivity Index Site Verification.

6.11 Environmental Audit

An annual Environmental Audit by an independent third-party is part of the requirement by the DOE, Malaysia for certain elements of our operations. The Environmental Audit serves as a continuous improvement tool that 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.

Auditors who are registered with the DOE conduct document reviews, site visits and interviews prior to the preparation of an audit report for submission to the DOE. No non-compliance has been reported over the last five years of such compliance audits at the Kinabalu Complex.

Our Environmental Audit for LCOT in FY2022 recorded no instance of non-compliance. Eight good practices, and one observation were reported. The good practices acknowledged were:

- Good housekeeping was noted to be practiced onsite through observations of pictures provided of the sludge farm and plant area.
- Sludge farm is well managed in accordance with Environmental Quality (Scheduled Wastes) Regulations, 2005 i.e., within a bunded area with sump pits provided.
- Environmental Mainstreaming Tools which had been submitted to DOE were given a full score indicating good self-regulation practiced onsite.
- Proper waste segregation (for e-waste) has been promoted within LCOT staff to promote proper e-waste disposal.
- Environment awareness training being actively practiced throughout the year to promote good waste management.
- Environmental management matters being diligently communicated and discussed with DOE.
- Environmental monitoring reports had been submitted to DOE Labuan as per requirements. All parameters of interest were within the stipulated limits.
- Performance Monitoring of the unit operations and unit processes of the Effluent Treatment System were conducted in the specified manner as stipulated in the Guidance Document on Performance Monitoring of Industrial Effluent Treatment Systems issued by the DOE.

The only observation covered the scheduled waste inventory recorded in the Electronic Scheduled Waste Information System (E-SWIS) being not aligned with the in-house manual scheduled waste inventory. Since this observation, the differences have been reconciled and the relevant data has been aligned for both sets of inventories.

Apart from third-party audits, we are also being inspected by the DOE annually for our compliance to the Environmental Quality (Industrial Effluent) Regulations 2009 and the Environmental Quality (Scheduled Wastes) Regulations 2005, CAR 2014, which support our Sludge Farm license. This year we were inspected by the DOE virtually due to COVID-19 regulations.

In addition, this year, we intend to register SEA Hibiscus for ISO 14001:2018 certification. The accreditation process is expected to conclude in Q4 2022. The awareness sessions for all SEA Hibiscus staff have been completed in April and May 2022.

7.0 OUR PEOPLE

Our people are the collective essence of who we are as an organisation. 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.

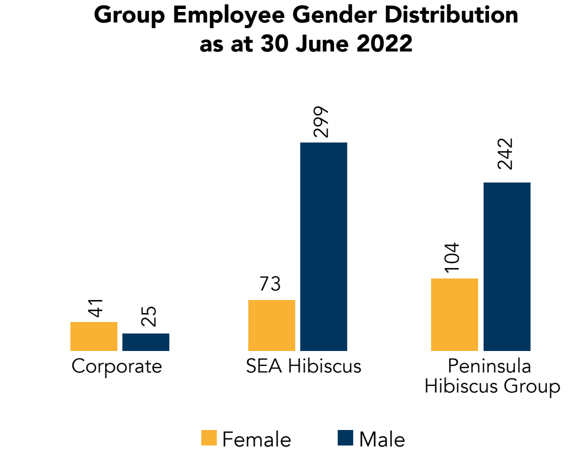
Our vision of becoming a respected, valuable and responsible energy company is fuelled by our five corporate core values which include being tenacious, environmentally responsible, people focused, agile and trustworthy. These core values define how we work as a team and how we deliver on our commitments to our stakeholders. As a young organisation in a competitive, global environment, we question the status quo and challenge common 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.

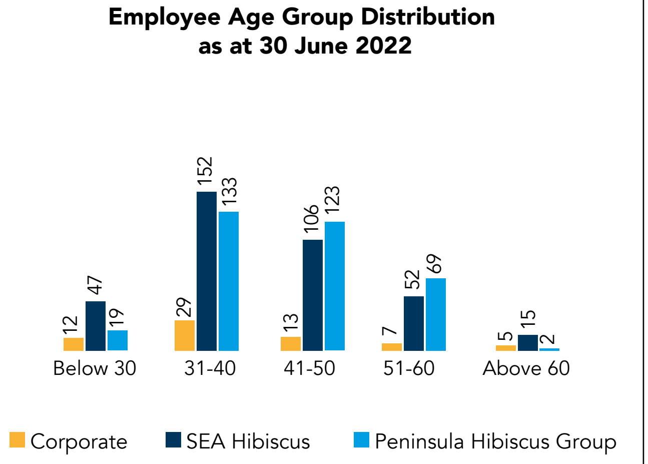
Our success is underpinned by our ability to recruit, develop, motivate and retain highly competent employees. This is driven primarily by the following key factors:

- 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.

7.1 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 beliefs and socio-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 784 permanent and fixed term employees and another 8 secondees from PetroVietnam. There are 7 nationalities present (Malaysian, Singaporean, British, Australian, Indian, Vietnamese 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.

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:
    - 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
    - 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 (ERPr) 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.

7.2 Performance and Rewards

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 across the organisation throughout the year and empower people to deliver on their commitments.

Our employees undergo 2 comprehensive appraisals annually. 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 the Leadership Team were conducted by our MD and Nominating and Remuneration Committees, before being approved by our Board.

We are committed towards exceeding the regulatory minimum wage requirements. We further strive to remunerate our employees competitively and conduct industry remuneration benchmarking exercise at least once annually. 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.

7.3 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, mentoring and participation in relevant workshops, conferences and seminars. The various types of training programmes that are offered to employees build on key competencies required for their specific job roles. In addition, employees are afforded exposure to other fields. The programmes undertaken during FY2022 included technical courses (mandatory HSSE, industry specific courses including business fundamentals, technical elements of operations, petroleum economics and climate change matters impacting the industry), management and leadership skills development, personal competencies and various corporate courses.

In 2022, SEA Hibiscus embarked on a pilot Leadership Development Programme (LDP) which was exclusively designed and developed to build strong capabilities in leading and serving the SEA Hibiscus organisation. Based on early results of this SEA Hibiscus effort, there are encouraging signs indicating that the Group should potentially adopt this pilot programme across the relevant companies within the Group with suitable adaptations also being made to support the overall talent development in other entities/assets within the Group, where applicable. The SEA Hibiscus programme consists of 4 parts; the Senior Management Development Programme (SMDP), the Managerial Development Programme (MDP), the Executive Development Programme (EDP) and the Supervisory Development Programme (SDP).

The extent of training provided to our employees during FY2022 is tabulated below:

Indicators	FY2019	FY2020	FY2021	FY2022
Total training hours as a Group	8,284 hours	10,526 hours	6,359 hours	15,772 hours*
Average training hours per day per employee	22.76 hours / 2.84 days	27.06 hours/ 3.38 days	15.86 hours/ 1.98 days	20.12 hours/ 2.52 days

Note:

* *For Peninsula Hibiscus Group, the total training hours computed were from 25 January 2022 to 30 June 2022 as the acquisition of Repsol's assets was completed on 24 January 2022.*

In addition, we have launched a series of Knowledge Sharing Webinars (KSW) 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 drawn from 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 technical areas such as decommissioning phases, gas business fundamentals through to legal scopes covering topics such as briefings to familiarise staff on the Petroleum Act 1974, commercial areas such as basics of petroleum economics, and environmental topics including climate change and possible steps to address it, as well as current issues faced in managing wellness during the COVID-19 pandemic. These sharing sessions have provided the opportunity for different experts from various assets to share and learn from each other's work experiences and facilitate personal development. These sessions have been recorded and posted on our Hi-Tech corporate learning repository for employee access at any time. So far, 11 KSWs have been conducted with ongoing monthly webinars planned through to the end of 2022.

7.4 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 content within these documents have been carefully developed 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 these 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 as of 30 September 2022, all employees have fully completed the quizzes which had been rolled out to test their awareness and understanding of 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-discriminatory grievance process as set out in the *Employee Handbook*.

The attrition rate of our full-time employees during FY2022 was 5%, of which 0.26% of this total was due to staff reaching the age of retirement. This metric demonstrated a decrease from the previous year statistic of 6.4% 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 adherence to good personal hygiene practices. At the height of the COVID-19 pandemic, office-based employees were advised to work from home and updates were shared via the Microsoft Teams platform and emails, when appropriate. Production facilities in the meantime were prepped to be fully compliant with the Government's SOPs for the safety of our production related employees.

In addition, all our office locations were organised to comply with the respective Government SOPs and office-based employees were divided into risk groups and scheduled for a phased return to work to minimise exposure to infection. Effective February 2022, the Group has operated a 100% working from office (WFO) policy with exceptions to specific stakeholders in accordance with the Ministry of Health and Government guidelines. Furthermore, any employee intending to return to the office had to either be fully vaccinated or was required to furnish a negative COVID-19 test result after taking a swab test at a designated facility with costs borne by the Group.

We have continued to place utmost priority on the health and safety of all employees and contractors working at our premises. In this regard, we wish to report that the employment of 2 employees were terminated for persistent COVID-19 SOP non-compliance. Action to terminate the 2 employees was only effected after many months of consultation and counselling did not yield the required compliance to SOPs and Group policies. Such a measure was taken to protect the health and safety of the entire team and supporting staff, in addition to ensure that business and production operations were not continually negatively impacted by such non-compliances.

8.0 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.

8.1 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.

In addition, during FY2022 and up to 30 September 2022, we provided on-the-job guidance and exposure to 9 interns from the petroleum geoscience, chemical engineering, mechanical engineering, mechanical, material and manufacturing engineering, and electrical and electronics engineering 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 West Project	MSc in Petroleum Engineering, Imperial College London, UK
Marigold West Project	Petroleum Engineering, Heriot-Watt University, Malaysia
Corporate Services	Master's Degree in Mechanical, Material and Manufacturing Engineering, University of Nottingham Malaysia
Peninsula Hibiscus - Operated Asset	Mechanical Engineering, Universiti Teknologi Mara, Malaysia
Peninsula Hibiscus - Subsurface	MSc in Petroleum Geoscience, Universiti Malaya (UM), Malaysia
Peninsula Hibiscus - Subsurface	MSc in Petroleum Geoscience, UM, Malaysia
Peninsula Hibiscus - Maintenance Engineering and Integrity	Electrical and Electronics Engineering, Universiti Tenaga Nasional, Malaysia
Peninsula Hibiscus - Operations	Chemical Engineering, Universiti Teknologi Malaysia, Malaysia
Peninsula Hibiscus - Drilling Engineering	Applied Geology, UM, Malaysia

For North Sabah, 47% of our employees comprise local Sabahans which far exceeds the minimum threshold set by the state government of 30%, whilst more than 99% of our employees are Malaysians. Meanwhile, for Peninsula Hibiscus Group, approximately 4% of employees are local Sabahans and there are no minimum requirements set for their employment.

In Malaysia for North Sabah, 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.

In addition, AOCL also sponsored its Transformation Manager in her pursuit and attainment of the Association for Project Management Qualification, in support of her goals to become a Chartered Engineer. The AOCL Technical Manager is also mentoring the Transformation Manager, the Operations Superintendent and the Operations Engineer (core personnel through the Petrofac Integrated Services Provider arrangement) in order for them to apply for their chartership as Chartered Engineers. In addition, AOCL also sponsored its Human Resource & Business Services Lead to pursue and attain a diploma in Human Resource Management in May 2021 and this individual is now an associate chartered member of the Chartered Institute of Personnel and Development.

Furthermore, AOCL has also sponsored its Human Resource & Business Services Lead and Subsea Engineer/Logistics Coordinator to train as Mental Health First Aiders to advocate well-being within the organisation and to create awareness for the importance of mental health particularly during the pandemic. Mental Health First Aiders are the first line of contact for staff should they seek help for their mental health.

8.2 Community Investment and Engagement

The Group has a set of 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.

Under the Group's Social Sustainability section of the *Sustainability Policy*, we have recognised the importance of community engagements via the following assertion made i.e. "*The Group places importance on CSR Programmes and actively encourages our employees to participate in CSR activities/programmes in our locations of operations. Such engagements with local communities and other stakeholders play an important part in our maintaining a social licence to operate.*"

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*.

Education and Internship Placements

Hibiscus commenced the Hibiscus Hope Scholarship programme in 2018 by funding a British student to pursue a fully-funded Masters-level petroleum engineering degree at a Malaysian campus of a British university. The scholarship awarded, valued at circa RM104,000 recognises that it was an opportunity in the UK that seeded the building of a sustainable business within our Group. The scholar has since completed his studies and was employed by the Group's Marigold asset team.

Pursuant to the subsequent Malaysian asset/participating interest acquisitions made by the Group, the current focus of our educational thrust is on developing young Malaysian talents via another limb of our Hibiscus Scholarship programme. Through this initiative, we have partnered with 5 local universities, namely UM, Universiti Sains Malaysia (USM), University Teknologi Malaysia (UTM), Universiti Malaysia Terengganu (UMT) and Universiti Malaysia Sabah (UMS) in the areas of engineering, environment, finance and information technology.

As part of these partnerships, on 26 May 2022, the Group awarded 10 scholarships amounting to approximately RM446,000 to deserving students enrolled in these 5 above mentioned universities to pursue their 3.5 to 4-year degree programmes. The scholarships cover their living allowances, purchase of a computer or laptop for their use in addition to the opportunity for an internship placement with the Group to provide them practical experience to better prepare them for their future careers.

We have also honoured the previous scholarships awarded by Repsol Oil & Gas Malaysia Limited (now known as Hibiscus Oil & Gas Malaysia Limited) to 49 scholars from Years 2018, 2019 and 2020 currently pursuing the degree courses at the 5 universities by continuing payments totalling an additional RM452,400 this year. At the current time, two scholars from Year 2019 are doing their internship programme in the Peninsula Hibiscus Group.

At this juncture, it is noteworthy to state that 11 scholars from Year 2018 consisting 4 from UTM – in chemical and petroleum courses, 3 from USM – in a geophysics course, 4 from UMS – in mechanical and chemical courses, graduate at the 2022 year-end.

Presentation of Scholarship Award on 26 May 2022.

From the above, it is clear that the Group is committed to the United Nations' 2030 Agenda for Sustainable Development as the establishment and organisation of the Hibiscus Scholarship programme is a testament of our support to several UN SDGs such as UN SDG 4 (Quality Education) and UN SDG 17 (Partnerships for the Goals).

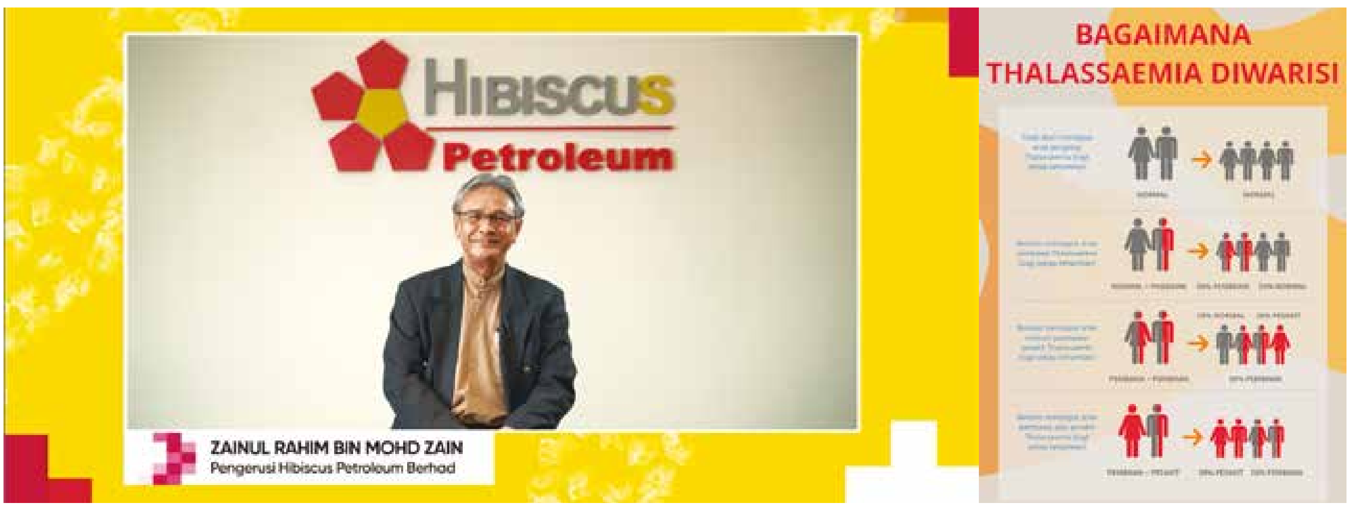
Hibiscus recognises the benefit of tapping into the domestic human capital talent pool. With this in mind, and in support of the UN SDG 8 (Decent Work and Economic Growth), the Group provides paid placement opportunities to undergraduate students for them to complete their academic and practical requisites and ultimately gain experience for better future employability. On average, the Company has been accepting 4 interns per year since 2018.

Health

In line with the Group's portfolio expansion to include the North Sabah asset in March 2018, CSR initiatives have featured more prominently in the state of Sabah.

One such project is the HPV medical screening sponsorship. The Group hopes to improve the relatively low number of screenings currently conducted caused by inaccessibility, lack of awareness and financial limitations by making medical screening available to women aged between 30 to 65 years in the bottom 40th percentile household income category (B40) in Sabah, which has among the highest incidence rates of cervical cancer in Malaysia.

Hibiscus has collaborated with public agencies (Sabah State Health Department), private individuals (general practitioners), academic institutions (Hospital UMS) and civil societies (Malaysia Medical Association and the Obstetrical and Gynaecological Society of Malaysia) to provide early detection of HPV, the main causative agent of cervical cancer. We have pledged approximately RM2.5 million for this effort over a five-year period starting calendar year 2021. As of 31 August 2022, 1,492 women have been screened under this programme, of which 29 cases of HPV have been detected. Those detected with the HPV have been advised on their next medical course of action.



NowYouSeeMe 2.0 Campaign was launched on 8 May 2022.

Hibiscus is also steadfast in our support for the local Thalassaemia communities and have made efforts to raise awareness about this disorder. Thalassaemia is a hereditary blood disorder that causes one's body to have less haemoglobin (red blood cells that carry oxygen which would cause one to easily feel tired, weak, or have shortness of breath). Regular blood transfusions are the most common method of treatment which is a life-long procedure.

The goal we are working towards is to get the community involved in the fight against the disease to reduce Thalassaemia nationwide. On 8 May 2022, we launched the NYSM 2.0 campaign on World Thalassaemia Day, a collaborative effort with the Ministry of Health and the Ministry of Education. The campaign aims to educate secondary school students on the medical condition to be better informed and to play an active role in society to manage and eventually eradicate the disease.

The NYSM 2.0 campaign initiative taps into students' creativity in storytelling to create content on social media platforms and engage in their respective school contests in the area of Thalassaemia awareness. Students from 70 schools throughout the country are competing, showcasing their talent and ingenuity to create awareness on Thalassaemia through a fresh, different perspective – one that is relatable to the audience of the same generation. The Closing ceremony will be held in November 2022 to determine the winners (schools and individuals for various categories) of the competitions and activities.

The future of education lies in digital platforms and goes beyond the classroom syllabus. This campaign is an important effort to raise awareness on Thalassemia as the disease can only be best managed when detected early.

This NYSM 2.0 programme supports UN SDG 3 (Good Health and Well-being) and UN SDG 17 (Partnerships for the Goals).

Food Aid Initiative in the Klang Valley, Sabah and Labuan

The long-drawn-out COVID-19 pandemic unfortunately impacted households across the nation. With that in mind, we strived to focus on CSR contributions to aid parties that have been severely hit by the pandemic or are unable to access mainstream social/economic aid.

To support communities in the locations where we operate, the Group carried out a food aid initiative over a period of 25 weeks until December 2021 with the aim of supporting low-income households and those in need of assistance by working together with charity organisation(s) to identify areas that were hard-hit in the Klang Valley and Sabah/Labuan areas. The food aid initiative involved the distribution of packs containing household essentials which included non-perishable food items such as rice, noodles, canned sardines, baked beans, cooking oil, biscuits, diapers, milk powder, flour, sugar, face mask, shower gel and detergent to the affected families. With the completion of this food aid relief programme, a total of 7,859 families were supported at a cost of approximately RM630,000.

Food aid recipients in Sabah.

Arranging for food aid supply to be transported to Semporna, Sabah for distribution.

Oyster Rearing in Sabah

A capacity building project in support of needy communities was launched at Tuaran District, Sabah in October 2021 to develop and sponsor seven selected participants from the B40 category on oyster farming skills for a sustained income.

The project was initiated as a collaboration with the Department of Fisheries Sabah (Fisheries Department) in line with the Fisheries Department's desire to target and develop the bay into a primary oyster production hub in Sabah and Malaysia in general. A total of 109.3 metric tonnes (MT) were harvested in 2020 at a value of RM546,520 in Sabah from which 108.3MT was from Tuaran district, involving 166 producers.

All participants are residents of Kampong Lentuong, a village fronting the Mengkabong Bay – touted as the oyster hub of Sabah. Each participant was offered free usage of a 2-acre farming lot in the oyster-rich Mengkabong Bay by the Fisheries Department. Sales generated from the project will be solely shared amongst the participants. A taskforce under the Fisheries Department began the skills transfer by teaching theory and hands-on skills on oyster farming methods, technical advice, educational visits to existing oyster farms, systematic harvesting, basic book-keeping and marketing techniques. These capacity-building topics will continue during the 12-month monitoring period of the project.

Under the arrangement, Hibiscus has sponsored a total sum of RM106,000 for the costs of purchasing farm materials, participants' farm wear and tools as well as financing the Programme Launch held on 28 October 2021 and the Closing Ceremony which will be held 18 months from the commencement of the project in order to acknowledge and recognize the top three participants.

The oyster farming project should enable participants to develop their skills and become capable and competitive agropreneurs, earning a sustainable income for themselves and their families.

Oyster Farming Project.

Handicraft Revival in Kuala Terengganu

We have collaborated with the Sultan Mizan Royal Foundation to revive a local handicraft using 'Kercut' (Lepironia articulata), a wild sedge that grows in and near 'gelam' (Melaleuca forest) swamps in the Setiu Wetlands area and 'Lidi' from Nipah trees (Nypa fruticans), plants that grow in mangrove forests where there are tides and which are close to the sea.

With a funding of RM100,000, ten women were selected from Kg. Beris Tok Ku, Setiu to participate in the Kercut programme while another ten women, selected from Pengkalan Gelap, Setiu, participated in the Lidi Nipah programme.

The objectives of these programmes, amongst others, were to enhance weaving skills and creativity for new product development to increase the income of craft entrepreneurs through the production of tourism products and creating a new community in the craft field with involvement of the younger generation.

The Oyster Rearing programme in Sabah and the Terengganu Handicraft Revival programme contribute to UN SDG 12 (Responsible Consumption and Production), UN SDG 14 (Life Below Water), UN SDG 15 (Life on Land) and UN SDG17 (Partnerships for the Goals).

Conclusion

The Group's commitment towards the support of the United Nations' 2030 Agenda for Sustainable Development defined our priorities in assessing our CSR programmes.

The Group is passionate in reaching out to different segments of local communities on a consistent and sustained basis, to assist in advancing and improving the quality of life of these communities.

We are pleased that our social investment programmes have positively impacted many lives and we remain committed to assist in the development of the communities around us through our annual allocation of sponsorship programmes under our social investment budget.

9.0 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) with 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* ensures the inclusiveness of all people.

Whistle Blower Policy

Our *Whistle Blower Policy* extends to external parties as a further sign of our commitment to 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.

10.0 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 FY2022:

- Payment of taxes and royalties totalling approximately RM333.9 million to host governments, which grant us our licences 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 RM572.0 million; and
- Payment of remuneration of approximately RM120.3 million to our employees.

11.0 INFORMATION TECHNOLOGY AND CYBER SECURITY

The key priorities for the InfoTech Department for FY2022 have focussed on the continuous enhancement of cyber security and expansion of the organisation's Information Technology (IT) infrastructure with the inclusion of the newly acquired Repsol asset on 24 January 2022.

For continuous enhancements of cyber security systems across the Group, customisation and alignment of processes between different business units have been the top priority.

Other efforts carried out include:

- Increasing server capacities to ensure testing and staging environments are set-up for controlled roll-out of applications in-compliance with the Information Technology General Compliance (ITGC) requirements;
- Implementing an improved anti-virus system to further secure the end-point environment;
- Installing and commissioning the offshore facing firewall for North Sabah to improve secure offshore data transmission and ensure bandwidth carries uninterrupted legitimate business data for processing; and
- Operating the disaster recovery centre and managing the business continuity operations to ensure that the offsite back-up process run seamlessly. Simulations and audits have been conducted, and third-party experts were engaged to evaluate the sufficiency and veracity of the system.

Other steps taken by the InfoTech Department on a periodic basis include:

- Data centre maintenance for file share folders and applications database;
- Data centre back-up and restore testing procedures;
- Security awareness notifications to detect phishing attempts;

- Network maintenance; and
- Increasing inventory management controls and widening business intelligence.

With an enlarged Group pursuant to the completion of acquisition of the Repsol asset, a carefully planned and executed transition project for all the systems including IT infrastructure, core applications, engineering applications and Enterprise Resource Planning (ERPl) system was performed by the InfoTech Department.

Efforts are underway to migrate all operations and engineering applications together with production data as well as to ensure all data streams are ready for user application without any downtime. Enhancements to the applications are performed to further allow collaboration within existing Group processes through continuous engagement with the vendors and stakeholders, while controls are in place to ensure the applications' licenses procurement are in compliance with local statutory requirements for cost optimisation.

Apart from the transition of engineering applications, the ERPl system, which consists of the maintenance management system and financial system is also currently being migrated. Critical steps have been taken to ensure all business data are transferred and mapped to the Group's existing ERPl system which differs from the acquired Repsol ERPl system. Works are currently still ongoing, and it is envisaged that completion of the migration will conclude by the end of 2022.

The priorities for the remainder of this year until 2023 include the commencement of a digitalisation roadmap for business improvement, further security improvements and re-organisation arising from the completion of the latest Repsol asset acquisition which all have a significant impact on the operating infrastructure systems:

- Digitalisation initiatives such as identifying and improving Internet of Things (IoT) & Asset Management programmes to enable real-time tracking of high-cost assets, inventory, and their movement across the supply chain.
- A Supervisory Control and Data Acquisition (SCADA) initiative comprising of 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.

Improvements are continually being planned and implemented to our systems, and in this regard, enhancements to our IT administration and control procedures, encryption requirements and additional security enhancements have been introduced on an ongoing basis, according to business requirements.

THE 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.**

GLOSSARY FOR THE SUSTAINABILITY REPORT

#

4Cs	-	Command, Control, Coordination and Communication

A

ACAB	-	Anti-Corruption and Anti-Bribery
ACT	-	Accident Control Technique
AELB	-	Atomic Energy Licensing Board
AGRU	-	Acid Gas Removal Unit
AI	-	Artificial Intelligence
AIBIM	-	Association of Islamic Banking and Financial Institutions Malaysia
ALARP	-	As Low As Reasonably Practicable
Anasuria	-	Anasuria Cluster
Anasuria Hibiscus	-	Anasuria Hibiscus UK Limited
AOCL	-	Anasuria Operating Company Limited
ASB	-	Asian Supply Base
ATMS	-	Action Tracking Management System

B

BCG	-	Boston Consulting Group
BIS	-	Business Information System
BNM	-	Bank Negara Malaysia
BOD5	-	Biological Oxygen Demand5
BOSIET	-	Basic Offshore Safety Induction and Emergency Training
BST	-	Business Support Team
BTEX	-	Benzene, Toluene, Ethylbenzene and Xylenes
BUR4	-	UNFCCC's 4th Biennial Update Report

C

CA-EBS	-	Compressed Air Emergency Breathing System
CAR 2014	-	Environmental Quality (Clean Air) Regulations 2014
CEFAS	-	Centre for Environment Fisheries Aquaculture Science
CEO	-	Chief Executive Officer
CePIETSO	-	Certified Environmental Professional in The Operation of Industrial Effluent Treatment Systems
CePSWAM	-	Certified Environmental Professional in Scheduled Waste Management
CG	-	Corporate Governance
CGSO	-	Chief Government Security Officer Malaysia
CH_4	-	Methane
CMCO	-	Conditional Movement Control Order
CMT	-	Crisis Management Team
CO_2e	-	carbon dioxide equivalent
COD	-	Chemical Oxygen Demand
COO	-	Chief Operating Officer
COP26	-	26th United Nations Climate Change conference
COTM Award	-	Catch of the Month Award
COVID-19	-	Coronavirus disease 2019
CPRC	-	Crisis Preparedness Response Center
CSR	-	Corporate Social Responsibility
CST	-	crude oil storage tank
CY	-	calendar year

D

DG	-	Director General
DLP	-	Data Leakage Prevention
DO	-	Dissolved Oxygen
DOE	-	Department of Environment
DOSH	-	Department of Occupational Safety and Health Malaysia
DP	-	Dynamic Positioning

E

EBS	-	Environmental Baseline Sampling
ECC	-	Emergency Control Centre
EDP	-	Executive Development Programme
EDPR	-	Effluent Discharge Pipeline Replacement
EI	-	Energy Institute
EIA	-	Environment Impact Assessment
EM	-	Environmental Mainstreaming
EMCO	-	Enhanced Movement Control Order
EPU	-	Economic Planning Unit
EQA	-	Environmental Quality Act
ER	-	Emergency Response
ERCMC	-	Environment Regulatory Compliance Monitoring Committee
ERPr	-	Employee Referral Programme
ERPI	-	Enterprise Resource Planning
ESG	-	Environmental, Social and Governance
ESA	-	Environmental Site Assessment
ESI	-	Environmental Sensitivity Index
ESOS	-	Energy Savings Opportunity Scheme
ESS	-	Energy Storage System
E-SWIS	-	Electronic Scheduled Waste Information System
ETP	-	Effluent Treatment Plant
ETS	-	Emissions Trading Scheme
ETSWAP	-	Emissions Trading Scheme Workflow Automation Project
EU	-	European Union
EU ETS	-	European Union Emission Trading Scheme
EV	-	Electric Vehicle
EWTP	-	Emulsion and Wax Treatment Plant

F

F4BGM	-	FTSE4Good Bursa Malaysia
FBE	-	Fuel Burning Equipment
FOET	-	Further Offshore Emergency Training
FWKO	-	Free Water Knock-out Vessels
FY	-	Financial Year

G

GHG	-	greenhouse gas
Group	-	Hibiscus Petroleum Berhad Group
GSR	-	Guided Self-Regulation
GUI	-	Graphical User Interfaces
GWP	-	Global Warming Potential

GLOSSARY FOR THE SUSTAINABILITY REPORT

H

H_2S	-	Hydrogen Sulphide
H&M	-	Hearts & Minds
HAZID	-	Hazard Identification
HAZOP	-	Hazard and Operability analysis
HHS	-	Hibiscus Hope Scholarship
HiOC	-	Hibiscus Observation Card
HIRA	-	Hazard Identification and Risk Assessment
HML	-	Hibiscus Oil & Gas Malaysia Limited (formerly known as Repsol Oil & Gas Malaysia Limited)
HP	-	High Pressure
HSEQ	-	Health, Safety, Environment and Quality
HSEX	-	Health & Safety Executive
HSS	-	Health, Safety and Security
HSSE	-	Health, Security, Safety and Environment
HSS-MS	-	HSS Management System
HPV	-	Human Pappilomavirus

I

IMP	-	Incident Management Plan
IMT	-	Incident Management Team
IOAIA	-	Integrated Operational Asset Integrity Assurance
IOGP	-	International Association of Oil & Gas Producers
IoT	-	Internet of Things
IPCC	-	Intergovernmental Panel on Climate Change
IPIECA	-	International Petroleum Industry Environmental Conservation Association
ISMP	-	Integrated Shoreline Management Plan
ISP	-	Integrated Service Provider
ISPS	-	International Ship & Port Security
IT	-	Information Technology
ITGC	-	Information Technology General Compliance

J

JC3	-	Joint Committee on Climate Change

K

KK	-	Kota Kinabalu
KKM	-	Kementerian Kesihatan Malaysia
KL	-	Kuala Lumpur
KPIs	-	Key Performance Indicators
KSB	-	Kemaman Supply Base
KSW	-	Knowledge Sharing Webinar

L

LCOT	-	Labuan Crude Oil Terminal
LDAR	-	Leak, Detection and Repair
LD	-	Leadership Development Programme
LFI	-	Learning from Incident
LOPC	-	Loss of Primary Containment
LP	-	Low Pressure
LTI	-	Lost Time Injury
LTIF	-	Lost Time Injury Frequency
LWC	-	Lost Workday Case

M

MCA	-	Marine and Coastguard Agency
MCO	-	Movement Control Order
MD	-	Managing Director
MDP	-	Managerial Development Programme
MDV	-	Management Operation Visit
MES	-	Minimum Environment Specification
MFA	-	Multi-Factor Authentication
MGA	-	Malaysian Gas Association
MGTC	-	Malaysian Green Technology and Climate Change Centre
MKN	-	Malaysia National Security Council
MMEA	-	Malaysia Maritime Enforcement Agency
MMWQCS	-	Malaysia Marine Water Quality Criteria and Standard
MMWQS	-	Malaysian Marine Water Quality Standards
MOB	-	Man Overboard
MOH	-	Ministry of Health
MOV	-	Management Operation Visit
MPIA	-	Malaysian Photovoltaic Industry Association
MPM	-	Malaysia Petroleum Management
MPRC	-	Malaysia Petroleum Resources Corporation
MRA	-	Marine Risk Assessment
MS	-	Management System
MTC	-	medical treatment case

N

NAHRIM	-	National Water Research Institute of Malaysia
NC4	-	4th National Communication
NCES	-	National Coastal Erosion Study
North Sabah PSC	-	The 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract
NO_x	-	Nitrogen oxide
NSTA	-	North Sea Transition Authority
NYSM	-	NowYouSeeMe campaign

O

OCIMF	-	Oil Companies International Marine Forum
OEUK	-	Offshore Energies UK
OGI	-	Optical Gas Imaging
OGSE	-	Oil and Gas Services and Equipment
O&G	-	Oil and Gas
OH&S	-	Occupational Health and Safety
OIW	-	Oil In Water
OPEP	-	Oil Pollution and Emergency Plan
OPOL	-	Offshore Pollution Liability Association
OPRED	-	Offshore Petroleum Regulator for Environment and Decommissioning
OPPC	-	Oil Pollution Prevention and Control
OSHA	-	Occupational Safety and Health Administration
OSH	-	Occupational Safety and Health
OSI	-	Offshore Safety Induction
OSPAR	-	Oslo and Paris Conventions
OSPRAG	-	Oil Spill Prevention and Response Advisory Group
OSRL	-	Oil Spill Response Limited
OSRMS	-	Offshore Self-Regulation Management System
OSRP	-	Oil Spill Response Plan
OVMSA	-	Offshore Vessel Management and Self-Assessment

P

PAH	-	Polycyclic Aromatic Hydrocarbon
PCP	-	Plant Change Proposals
PDRM	-	Polis DiRaja Malaysia
PD&Y	-	Project Delivery and Technology
Petrofac	-	Petrofac Facilities Management Limited
PETRONAS	-	Petroliam Nasional Berhad
PHA	-	Process Hazard Analysis
PIMMAG	-	Petroleum Industry of Malaysia Mutual Aid Action Group
PMRV	-	Permitting, Monitoring, Reporting and Verification
PPD	-	Permanent Partial Disability
PPE	-	Personal Protective Equipment
PPGUA	-	PETRONAS Procedures and Guidelines for Upstream Activities
PPUK	-	Ping Petroleum UK PLC
PSC	-	Production Sharing Contract
PTD	-	Permanent Total Disability
PTW	-	Permit to Work
PV	-	photovoltaic

R

RAM	-	Risk Assessment Matrix
RMCO	-	Recovery Movement Control Order
ROSPA	-	Royal Society for the Prevention of Accidents
RWC	-	Restricted Work Case

S

SANGEA	-	SANGEA software application
SBC	-	Small Bore Connection
SCADA	-	Supervisory Control and Data Acquisition
SDP	-	Supervisory Development Programme
SEA Hibiscus	-	SEA Hibiscus Sdn Bhd
SECR	-	Streamlined Energy and Carbon Reporting
SEGAL	-	Shell Esso Gas and Associated Liquids
SEMS	-	Safety and Environmental Management System
SEPA	-	Scottish Environmental Protection Agency
SFJT-B	-	South Furious Jacket B
SFJT-F	-	South Furious Jacket F
SGX	-	Singapore Stock exchange
SIMOPs	-	Simultaneous Operations
SJJT-A	-	St Joseph Jacket A
SJJT-F	-	St Joseph Jacket F
SJLQ	-	St Joseph Living Quarters
SMDP	-	Senior Management Development Programme
SMP	-	Shoreline Management Plan
SOPs	-	Standard Operating Procedures
SORMIC	-	Statement on Risk Management and Internal Control
SO_X	-	Sulphur oxide
SSL	-	Site Screening Levels
SWG	-	sub-working group

T

TA	-	Turn-Around
TBSB	-	Tok Bali Supply Base
TBT	-	Tributyltin
TCFD	-	Taskforce on Climate-related Financial Disclosures
TEG LCV	-	TriEthylene Glycol Level Control Valves
TENORM	-	Technologically Enhanced Naturally Occurring Radioactive Material
TRCF	-	Total Recordable Case Frequency
TRT	-	Tactical Response Team
TSS	-	Total Suspended Solids
TTLC	-	Total Threshold Limit Concentration

U

UK	-	United Kingdom
UK ETS	-	UK Emissions Trading Scheme
UM	-	University of Malaya
UMS	-	Universiti Malaysia Sabah
UMT	-	Universiti Malaysia Terengganu
UN SDG	-	United Nations' Sustainable Development Goals
UNDP	-	United Nations Development Programme
UNFCCC	-	United Nation Framework Convention on Climate Change
UNIMAS	-	Universiti Malaysia Sarawak
USM	-	Universiti Sains Malaysia
UTM	-	University Teknologi Malaysia

V

VBIAF	-	Value-based Intermediation Financing and Investment Impact Assessment Framework
VOCs	-	Volatile Organic Compounds

W

W2	-	Water point location 2
WAC	-	Waste Acceptance Criteria
WFO	-	working from office
WG	-	Work Group
WWF	-	World Wildlife Fund

NOMINATING COMMITTEE REPORT

This report is prepared in accordance with Paragraph 15.08A(3) of the Main Market Listing Requirements (MMLR), setting out the activities of our Nominating Committee (NC) in discharging its duties for the financial year.

The NC has reviewed this report and the Board of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) has approved it for inclusion in the Annual Report 2021/2022.

YBHG DATO' DR ZAHA RINA ZAHARI
Chair of the Nominating Committee

Roles and Responsibilities

The main function of the NC is to ensure that the Board and Board Committees are appropriately constituted and have the appropriate skills, expertise and ability to devote the necessary time to support the Group's current and future activities in order to deliver its objective for sustainable long-term success. When recruiting new Non-Executive Directors (NEDs), the NC considers recommendations from various sources including our existing Board members and industry contacts as well as independent parties, to provide a list of potential candidates, from which a shortlist is produced.

The NC also focuses on the recruitment, development and retention of a high quality, diverse workforce and assesses the suitability and quality of succession plans developed.

The *NC's Terms of Reference* is reviewed periodically and can be assessed on the corporate website at: *https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/NC-TOR.pdf.*

Composition

Our NC was established by our Board on 26 February 2011. The composition of our NC complies with Paragraph 15.08A of the MMLR of Bursa Malaysia Securities Berhad (Bursa Securities) which states that a nominating committee shall comprise exclusively of 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 2022 (FY2022) 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	5/5
Thomas Michael Taylor	15 August 2016	Member, Senior Independent NED	5/5
Zainul Rahim bin Mohd Zain	26 February 2011	Member, Non-Independent NED	5/5
YBhg Dato' Sri Roushan Arumugam	28 March 2013	Member, Independent NED	5/5

Our NC is chaired by YBhg Dato' Dr Zaha Rina Zahari (YBhg Dato' Dr Zaha Rina), who is an Independent NED (INED), thereby adhering to Practice 5.8 of the Malaysian Code on Corporate Governance 2021 (MCCG) that the nominating committee should be chaired by an Independent Director or the Senior Independent Director.

There were no changes to our NC's composition in FY2022.

Meeting Attendance

The meetings of our NC are planned in advance, prior to the commencement of a new calendar year. The requisite quorum stipulated in the *NC's Terms of Reference* is two (2) members. Five (5) meetings were held during FY2022 which were attended by all four (4) members. Our Company Secretaries act as the Secretary to our NC.

Our Managing Director is invited to participate in our NC meetings to facilitate deliberations on the proposals tabled for our NC's consideration other than for matters which concern him personally. An update of the key deliberations and recommendations is reported to our Board by our NC Chair and where required, approvals are sought for proposals accordingly. The relevant proposals for FY2022 are highlighted in the Summary of Key Activities section on pages 186 to 188 of our Annual Report 2021/2022.

<u>Directors' Appointments and Re-election</u>

One of the key functions of the NC is to manage the selection and nomination of candidates to our Board. The assessment of potential candidates for appointment to our Board is governed by the parameters set out in *the Diversity Policy* and the *Fit & Proper Policy for the Appointment and Re-election of Directors*, which are designed to ensure that our Directors have the character, experience, integrity, competence, and time to effectively discharge their role.

Directors are expected to possess and exhibit the following attributes:

(i) Proven leadership and experience in areas that are relevant to Hibiscus Petroleum's strategies and business plan.

(ii) Character and Integrity

- (a) Probity : Demonstrated through compliance with legal and regulatory requirements and professional standards.
- (b) Personal Integrity : Honest and no record of abuse of any position that contravenes with the principles of good corporate governance.
- (c) Financial Integrity : Demonstrated prudent management of financial obligations.
- (d) Reputation : An unblemished reputation for integrity and ability to exercise good business judgement.

(iii) Experience and Competence

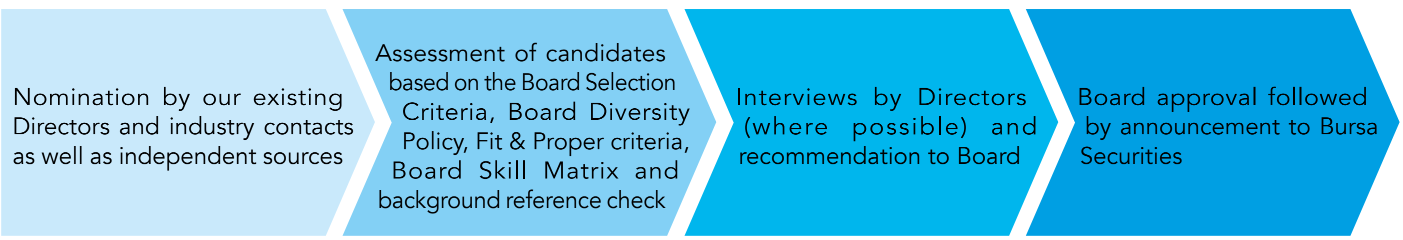
- (a) Qualifications, training and skills.
- (b) Relevant past and current experience and expertise : Past experience in driving/leading/implementing the organisation's business performance, operations and corporate governance and possess a commendable past performance record.

(iv) Time and Commitment

- (a) Ability to dedicate sufficient time to fulfil his or her responsibilities as a member of our Board and Board Committee(s) to which he or she may be appointed.
- (b) Displays openness and objectivity to the views of others with the ability to make independent and considered judgement, manifest passion as a member of our Board and exemplifies readiness to participate in the Group's other activities or events outside the boardroom.

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*.

The following chart depicts the process for Board appointments:



NOMINATING COMMITTEE REPORT

Board Effectiveness Evaluation

The other key function of our NC is to manage the process for evaluation of our Board's effectiveness annually. The annual Board assessment is primarily a tool to gauge the performance of our Board, Board Committees and individual Directors. The findings are also used for the purposes of recommending the re-election of Directors and to assist in the selection of potential candidates to be appointed to our Board.

The evaluation process encompasses the Board as a whole and each Board Committee, analysing matters such as their composition and discharge of responsibilities. Feedback is obtained through both self and peer assessment in respect of our Directors' performance and contributions, character and personality to enable a 360° feedback.

As part of the evaluation, INEDs are assessed to determine their ability to act independently in the discharge of their roles and responsibilities as INEDs.

Our NC examines the strengths and gaps identified from the evaluation and establishes a plan to address the gaps. Findings as well as action plans are reported to our Board for further discussion.

Summary of Key Activities in FY2022

The key activities of the NC in FY2022 are summarised as follows:

1	Board Size and Composition	The annual review of our Board's size and composition encompasses the following analysis: (a) Review of Board balance for effective stewardship[1] Our Board has met the requirement for at least half of the Board must be INEDs. In the event the Company becomes a Large Company*, a majority of the Board must comprise INEDs. From an overall diversity perspective, our Directors are corporate leaders, accountants and engineers from various backgrounds with rich experience and knowledge. For FY2022, our Board comprised five (5) Directors including a non-executive Chairman and 60% independent NEDs. During FY2022, there is also 20% female representation on our Board. Our Directors' profiles can be found on pages 80 to 87 of this Annual Report 2021/2022. **Note:** * *As defined in the MCCG, Large Companies are those that are on the FTSE Bursa Malaysia Top 100 Index or have a market capitalisation of RM2 billion and above, at the start of the companies' financial year. For clarity, Hibiscus Petroleum is not a Large Company for this reporting period.*
		(b) Re-election of Directors[2] Clause 134 of the Constitution provides that one-third (1/3) of the directors of our Board shall retire by rotation at an AGM at least once in three years and shall be eligible for re-election. The NC reviews the schedule on the retirement by rotation prepared by our Company Secretaries. Based on the schedule, Mr Thomas Michael Taylor is subject to retirement by rotation under Clause 134 at our forthcoming 12th AGM. Based on a review of his individual performance and contributions, our NC has recommended that Mr Thomas Michael Taylor be considered for re-election at our forthcoming 12th AGM. This recommendation was endorsed by our Board. At this juncture, we wish to highlight that Mr Thomas Michael Taylor, abstained from deliberations on his proposed re-election as director.

Notes:

1 Our Board aspires to achieve at least 30% female representation as recommended under Practice 5.9 of the MCCG and this target was achieved with the appointment of Mrs Emeliana Dallan Rice-Oxley as our new INED to the Board on 5 October 2022. At this juncture, we wish to highlight that the overriding consideration in Board appointments is based on merit and the potential value add that each candidate brings to our Group.

2 Following Mrs Emeliana Dallan Rice-Oxley's appointment to the Board on 5 October 2022, she will be seeking re-election under Clause 110 of the Constitution of the Company. Mrs Emeliana Dallan Rice-Oxley did not deliberate on her proposed re-election as Director.

		(c) INED Shareholders' approval was obtained at our 11th AGM on 14 December 2021 for the retention of YBhg Dato' Sri Roushan Arumugam as an INED. He was appointed on 25 July 2011 and would have served eleven (11) years and five (5) months as at the date of our 12th AGM. YBhg Dato' Sri Roushan Arumugam has expressed his intention to seek shareholders' approval to continue serving as an INED until his tenure reaches a 12-year period on 24 July 2023, following which he would then serve as a non-INED of the Company, effective 25 July 2023. Our NC reviewed and recommended the retention of YBhg Dato' Sri Roushan as an INED of the Company until 24 July 2023 (although his tenure has exceeded a 9-year period from 25 July 2020), 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 was received at the 9th AGM held on 4 December 2019, at the 10th AGM held on 2 December 2021 and at the 11th AGM held on 14 December 2022): • 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 eleven (11) years and therefore understands the Company's business and 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 FY2022. In this regard, our NC's recommendations are set out on page 108 of the CG Overview Statement. These recommendations were endorsed by our Board. YBhg Dato' Sri Roushan abstained from deliberations on this matter.
		(d) Policy enhancements relating to Board and Board Committees composition The following enhancements, amongst others, were made and reflected in the Board and Board Committees *Terms of Reference* and other policy documents: • At least half of the Board shall comprise of Independent Directors[1]. In the event the Company becomes a Large Company[2], the Board shall comprise a majority Independent Directors. • Approval for the appointment and re-election of directors on the board of the Group in accordance with the *Fit and Proper Policy for the Appointment and Re-election of Directors of the Group.* • The annual review would include all directors including directors on the boards of the subsidiaries, in accordance with the *Group's Fit and Proper Policy for the Appointment and Re-election of Directors.* • Tenure limit of 12 years for INEDs. • Former audit partner of the external auditor shall not be appointed as ARMC members until expiry of a three (3) year cooling-off period. **Notes:** 1 *An "Independent Director" shall have the meaning as defined in the MMLR.* 2 *As defined in the MCCG, Large Companies are those that are on the FTSE Bursa Malaysia Top 100 Index or have a market capitalisation of RM2 billion and above, at the start of the companies' financial year. For clarity, Hibiscus Petroleum is not a Large Company for this reporting period.*
2	Board Effectiveness Evaluation	Based on the FY2022 annual Board assessment, the overall performance of our Board, Board Committees and Directors, including INEDs were found to be very good. Our Board will continue to place strong emphasis in enhancing our Board composition and we continually look out for additional INEDs who possess the skills, experience and values required to support the Board as a whole and Management Team to deliver our long-term strategy in pursuit of our purpose and ideally bring further diversity.

NOMINATING COMMITTEE REPORT

3	Organisational Structure, Key Senior Management Appointments and Succession	Hibiscus Petroleum continues to refine its organisational structure in accordance with its business needs. Our organisational structure is categorised into key business and corporate units, led by our Managing Director and Leadership Team, which is periodically reviewed to ensure alignment with our business objectives. The performance of individual Leadership Team members is evaluated by our NC against the agreed annual targets. The successful delivery of the business activities and improved performance in calendar year 2021 is a testament to the strength and cohesiveness of the Leadership Team. Together with the strong support of the Board, the Leadership Team worked in 2021 to position the organisation for sustainable success. Based on the 2022 review of the performance in calendar year 2021, our Board is satisfied that our Managing Director and the Leadership Team members are individuals with the necessary competencies for their responsibilities and have the character, experience, integrity and time to effectively discharge their respective roles in compliance with Paragraph 2.20A of the MMLR. During FY2022, NC carried out the following reviews: (a) Appointment of the Chief Executive Officer, Designate of Peninsula Hibiscus Sdn Bhd Group (Peninsula Hibiscus Group), based on an evaluation of his performance and character to ensure his suitability to lead the Peninsula Hibiscus Group; (b) Reviewed the performance of the Group Internal Auditor for calendar year 2021 based on the primary input from the Chair of the ARMC and made the relevant recommendation to the RC and Board for approval; (c) Reviewed the performance of our Managing Director for the calendar year 2021 and made the relevant recommendation to the RC and Board for approval; (d) Reviewed the performance and competency of various members of the Leadership Team and where applicable, their increased scope, responsibilities and accountabilities subsequent to completion of the acquisition of the Repsol assets in January 2022 and made the relevant recommendations to the RC and Board for approval; (e) Management succession plans: Our NC noted that management succession plans are in place for critical roles and has undertaken a leadership capability review of the extended Leadership Team and in its review, emphasised the importance of succession planning for key positions; (f) Talent development and workforce: Hibiscus Petroleum has a diverse workforce which is a strong enabler in decision making and idea generation, with individuals bringing different perspectives into discussions based on their own experiences. Our NC noted encouraging progress in digitally upskilling our workforce through training programmes organised across a range of disciplines; (g) Company-wide performance assessment: Our NC, having reviewed the performance of the employees of the Group (including the Leadership Team) for the calendar year 2021 against the Agreed Performance Scorecard, was fully satisfied that the targeted deliverables/performance had been met; (h) Reviewed the basis of salary adjustments for application company-wide (excluding Leadership Team) and made the relevant recommendations to the RC and Board for approval; (i) Reviewed the criteria being applied to assess the eligibility of the Leadership Team members and the Group Internal Auditor for award of a monthly salary adjustment and the appropriateness of the methodology used to decide the quantum of the salary adjustment proposed; and (j) Reviewed and recommended extensions to contract of the Leadership Team members who were also being proposed for salary adjustments.

This Report is dated on 4 October 2022.

HIBISCUS PETROLEUM'S 2022 MID-YEAR REVIEW AND STRATEGIC PLANNING CONFERENCE

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 2021/2022.

YBHG DATO' SRI ROUSHAN ARUMUGAM
Chair of the Remuneration Committee

Composition

Our RC was established on 26 February 2011 and is exclusively comprised of Non-Executive Directors (NEDs), of whom a majority are Independent Directors, adhering to Guidance 7.2 of the Malaysian Code on Corporate Governance 2021.

The members of the RC and their attendance at the RC meetings held during the financial year ended 30 June 2022 (FY2022) are as follows:

Name of RC Member	Appointment Date	Directorship	Attendance at RC Meetings
YBhg Dato' Sri Roushan Arumugam	28 March 2013	Chair, Independent NED	5/5
Thomas Michael Taylor	15 August 2016	Member, Senior Independent NED	5/5
Zainul Rahim bin Mohd Zain	26 February 2011	Member, Non-Independent NED	5/5

There were no changes to our RC's composition in FY2022.

Meeting Attendance

The meetings of our RC are planned in advance prior to the commencement of a new calendar year. The requisite quorum for a meeting, as stipulated in the *RC's Terms of Reference,* is two (2) members. Five (5) meetings were held during FY2022 which were attended by all three (3) members. Our Company Secretaries act as the Secretary to our RC.

Our Managing Director is invited to participate in our RC meetings to facilitate deliberations on the proposals tabled for our RC's consideration other than when his personal remuneration was being discussed. An update of the key deliberations and recommendations is reported to our Board by our RC Chair at the Board meetings and, where required, approvals are sought for proposals within the list of Board Reserved Matters. The Board upon the recommendation of the RC, is also required, by Bursa Malaysia Securities Berhad's Main Market Listing Requirements and our Constitution to seek shareholders' approval for the fees and meeting allowances of our NEDs. The relevant proposals for FY2022 are highlighted in Summary of Key Activities section of this Annual Report 2021/2022 on page 191.

Key Responsibilities

The RC's key responsibilities include ensuring the Managing Director and the Leadership Team are appropriately rewarded for their contributions in achieving the Key Performance Indicators (KPIs) contained in the Group Scorecard, as reviewed by the Nominating Committee (NC), including striving towards attaining long-term sustainability of the Group by delivering on the approved business strategy. The RC is also tasked to continually monitor the remuneration and related policies as they apply to the workforce, and how incentives and rewards are aligned with the Group's goals to make certain employees are rewarded fairly for their contribution to the overall Group performance.

In relation to NEDs, the RC assists the Board in determining that the remuneration package of the NEDs is of a sufficient level to attract and retain high calibre NEDs to our Board. In this regard, the NEDs are paid a base fee for their directorship and receive an additional fee for attendance at (i) any Board and Board Committees meetings and (ii) meetings and/or any third-party events involving external parties in their capacity as the NED of the Company. The quantum of the meeting allowance fee differs depending on whether the NED is a Chair or a member of the Board/Board Committee. In addition, each NED is also entitled to a reimbursement of necessary travel, hotel accommodation and other incidental expenses incurred in performing his/her role and duties.

NEDs do not participate in any share or pension scheme and are not eligible for any bonus during their appointment.

At this juncture, we wish to highlight that the *Directors' Remuneration Policy* and the RC's *Terms of Reference* are reviewed periodically and can be accessed on the corporate website at *https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Directors-Remuneration-Policy.pdf* and *https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/RC-TOR.pdf* respectively.

NEDs' Remuneration

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:

(i) The fees paid to our Chairman is trailing the market mean. It should be noted that the fees for the Chairman position on a number of comparable oil and gas public listed entities have increased from the previous year.
(ii) The fees paid to our other NEDs fall within the lower end of the "market average" range.
(iii) The meeting allowances rate for NEDs remain appropriate based on the workload and responsibilities of our Directors, the current market landscape which Hibiscus Petroleum operates in, and are necessary to attract and retain high calibre NEDs.

Therefore, shareholders' approval shall be sought during our 12th Annual General Meeting (AGM) in December 2022:

(i) For an increase in the fees paid to our Chairman and NEDs from RM180,000 per annum currently to RM250,000 per annum, and from RM110,000 per annum to RM150,000 per annum, respectively, pursuant to the expansion of the Group following the recent Repsol acquisition which was completed in January 2022, the consequent increasing scope of material and complex matters requiring additional Board scrutiny; and to remain market competitive in terms of the fees offered to the Chairman and NEDs.
(ii) For the meeting allowances rates to remain status quo accordingly.

At this point, we wish to highlight that at the 11th AGM on 14 December 2021, the three remuneration-related resolutions put forth for shareholders' approval received over 99.8% approval votes, affirming the resounding agreement of shareholders/proxies to the following resolutions namely (i) the NEDs' fees per annum (for the Chair and members), (ii) the meeting allowances for Board/Board Committee meetings which a NED attends, and (iii) the 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 other than those referred to under items (i) and (ii) of the preceeding paragraph.

Summary of Key Activities in FY2022

A summary of the main RC activities during FY2022 is set out below:

(1) Reviewed the bonus allocation for calendar year 2021 of the Managing Director, Leadership Team, Group Internal Auditor and the employee workforce;

(2) Reviewed the remuneration package of various members of the Leadership Team based on the revised/increased scope, responsibilities and accountabilities of their respective roles (where applicable) subsequent to the completion of the acquisition of the Repsol assets in January 2022 and made the relevant recommendations to the Board for approval;

(3) Reviewed the implementation of revised pay philosophy and principles of the wider workforce, and salary adjustments for eligible members of the Leadership Team members and the Group Internal Auditor, based on the justifications provided by Management;

(4) Reviewed the *Directors' Remuneration Policy*; and

(5) Reviewed the proposed fees and meeting allowances for our NEDs for the period from 15 December 2021 to the 12th AGM in December 2022.

This report is dated 4 October 2022.

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 2022 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities).

This report has been approved by the Board of Directors (Board) of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) for inclusion in this Annual Report 2021/2022.

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 2022 (FY2022), is also reflected below:

Name of ARMC Member	Appointment Date	Directorship	Attendance at ARMC Meetings
Thomas Michael Taylor	1 August 2016	Chair, Senior Independent Non-Executive Director	9/9
Zainul Rahim bin Mohd Zain	26 February 2011	Member, Non-Independent Non-Executive Chair	9/9
YBhg Dato' Dr Zaha Rina Zahari	17 October 2017	Member, Independent Non-Executive Director	9/9

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 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 FY2022

The ARMC carried out the following activities in discharging its functions and duties during FY2022:

A. Financial Reporting

- Reviewed the draft audited financial statements of the Group and of the Company for the financial year ended 30 June 2021 (FY2021) (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) for FY2022 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 cashflows 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 FY2022;

- 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 suitability, objectivity, performance and independence of the external auditors;

- Recommended the re-appointment of the external auditors of the Company to the Board, subject to shareholders' approval at the Company's Annual General Meeting;

- Conducted meetings with the external auditors without Management being present; and

- Received a presentation from the external auditors on its Transparency Report for FY2021.

C. Internal Audit

- Reviewed and approved the internal audit plan for FY2022;

- Reviewed the effectiveness of the internal audit process and assessed the performance of the internal audit function;

- Reviewed and noted the annual declaration made by the Group Internal Auditor on behalf of the Group's internal audit function, in order to assess their independence and objectivity for FY2022 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 FY2022 were:

  (i) SEA Hibiscus Sdn Bhd (SEA Hibiscus)'s key business processes and compliance in the following areas:
    - key vendor contracts relating to maintenance activities at the Labuan Crude Oil Terminal;
    - control procedures over diesel consumption;

  (ii) Anasuria Hibiscus UK Limited's process related to the contractual negotiations for Licence No. P2366;

- 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 FY2022, 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 2020/2021 for FY2021 to the Board for consideration and 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);

- Proposed revisions to the ARMC *TOR* and the *External Auditor Independence Policy* to the Board for consideration and approval; and

- Reviewed the comparison of findings reported by the external auditors and the internal audit function on internal control matters at SEA Hibiscus.

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 Group's internal audit function is headed by the in-house Group Internal Auditor, who 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. As at 30 June 2022, the Group's internal audit function consists of four (4) members (inclusive of the Group Internal Auditor).

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's internal audit function 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's internal audit function for FY2022 are as follows:

1. Established and presented risk-based annual internal audit plans for FY2022, 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 RM960,247 was incurred by the Group for the internal audit function for FY2022.

This statement is made in accordance with the resolution of the Board dated 4 October 2022.

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 2022 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 include 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.

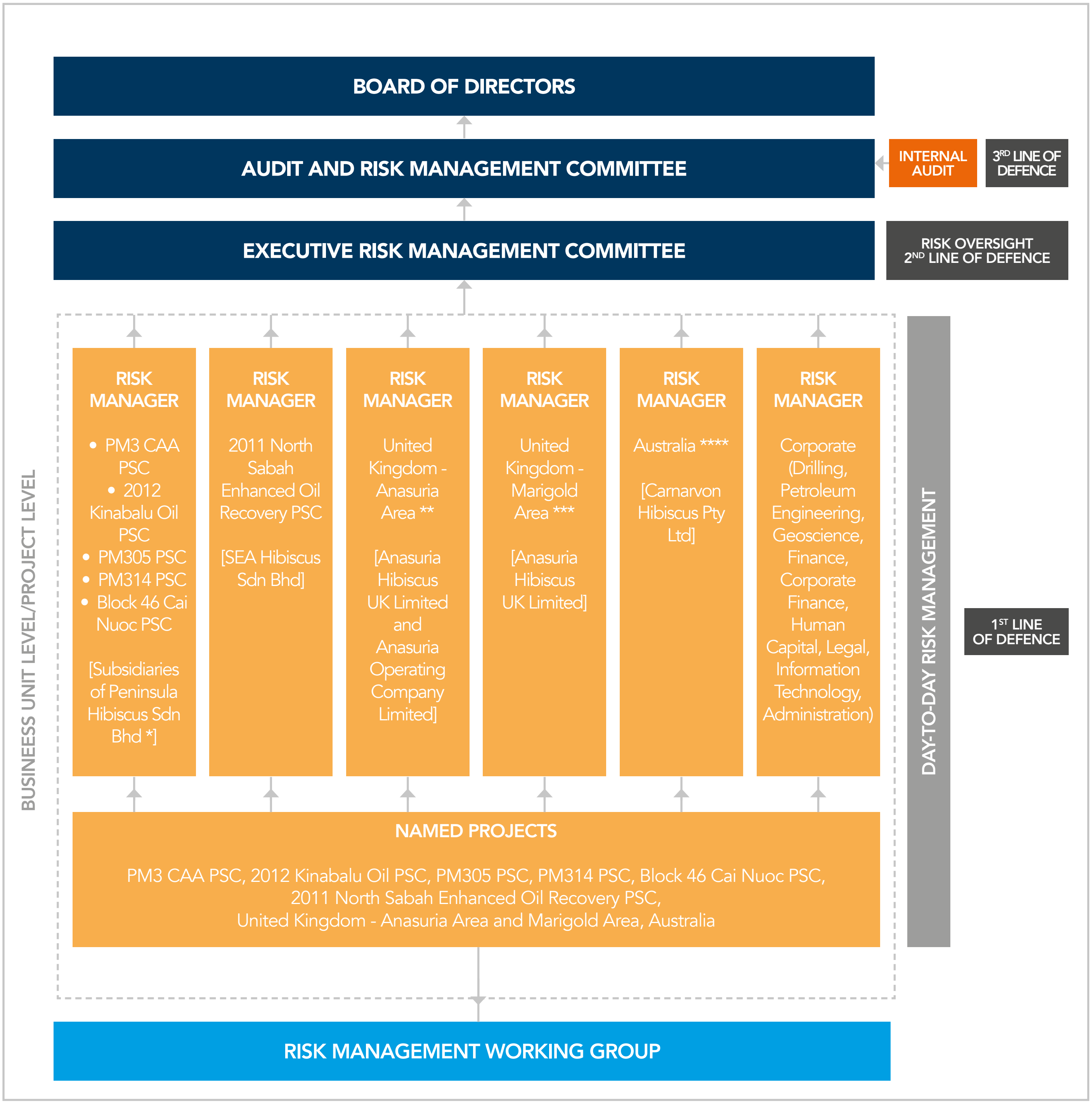
REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

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 is therefore 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 at business unit or 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 immediately informed and steps taken to remedy such a breach.

Risk Management Structure



* Hibiscus Oil & Gas Malaysia Limited (formerly known as Repsol Oil & Gas Malaysia Limited), Hibiscus Oil & Gas Malaysia (PM3) Limited (formerly known as Repsol Oil & Gas Malaysia (PM3) Limited) and Talisman Vietnam Limited.

** 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 West and Sunflower fields (Licence No. P198 (Blocks 15/13a and 15/13b)) and Kildrummy (Licence No. P2518 (Block 15/17a)).

**** The VIC/RL17 Petroleum Retention Lease (formerly known as the VIC/L31 Production Licence), the VIC/P57 Exploration Permit and the VIC/P74 Exploration Permit. (Note: (i) Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) and 3D Oil Limited (3D Oil)'s application to surrender the VIC/P57 Exploration Permit to the Australian National Offshore Petroleum Titles Administrator (NOPTA) was approved and took effect on 11 August 2022, and (ii) 3D Oil's application to NOPTA to transfer Carnarvon Hibiscus' 50% interest in the VIC/P74 Exploration Permit to 3D Oil was approved on 21 September 2022.)

- **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 Executive Risk Management Committee (ERMC) and the Board that the Group's risk management framework and internal control systems are operating adequately and effectively in all material aspects.

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.

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.

As is reported elsewhere in this Annual Report 2021/2022, the Sabah State Government imposed state sales tax on petroleum products sold by SEA Hibiscus Sdn Bhd (SEA Hibiscus) and Hibiscus Oil & Gas Malaysia Limited (HML) (formerly known as Repsol Oil & Gas Malaysia Limited) in the state of Sabah.

Throughout the period of this disagreement over the payment by the companies of the Group, both Management and the Board has had to ensure that:

(a) sufficient funds were maintained to settle the claims being made by the State so that operations would not be disrupted; and
(b) all possible efforts were expended to make our case to both the State and the Federal Government regulator and records of such efforts were maintained.

In order to create a stable environment for continuing investment and smooth operations in Sabah, SEA Hibiscus and HML on 21 September 2022 proposed, without prejudice to their respective rights applicable, to pay the claims imposed by the Sabah State Government on revenues earned/to be earned, for the sale of crude oil by the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (PSC) (North Sabah) and the 2012 Kinabalu Oil PSC (Kinabalu) respectively (Proposal). The Sabah State Government accepted the Proposal on 27 September 2022.

COVID-19, a novel coronavirus, was confirmed by the World Health Organization in January 2020 to be a Public Health Emergency of International Concern. The disease has since moved into endemic phase from the previous pandemic stage. Despite this shift to a less significant level of public health concern, as part of the Group's business continuity plan, and given that the health and safety of our personnel are of utmost importance, various operating practices have been retained in place as part of the Group's business continuity plan. In addition, the Group ensured that its workforce complied with measures imposed in the different jurisdictions of our operations.

Under the risk management framework, 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 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 level and the project level are also regularly discussed at the management level to ensure risks and controls are designed to meet the agreed business objectives.

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 ones (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 any additional information deemed necessary to ensure it had taken into account all significant aspects of risk factors and internal controls 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; and
(g) the adequacy and effectiveness of the risk management and internal control policies as a whole.

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 a segregation of duties. Clear reporting lines and authority limits govern the approval processes, driven by the *Limits of Authority (LOA)* framework 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 cashflow forecasts, business strategies, business opportunities, corporate exercises and any other key matter 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* framework which deals with areas of corporate, financial, operational, human capital and work plans and budgets. The *LOA* framework is the primary instrument that governs and manages the Group's business decision process. Whilst the objective of the *LOA* framework 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* framework is periodically reviewed and updated to ensure its relevance to the Group's business. *LOAs* are implemented at corporate level, including at operating subsidiary level (Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus) and its subsidiaries (Peninsula Hibiscus Group) and SEA Hibiscus), at project level (in Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and 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 have had full and unimpeded access to both the internal and external auditors during the financial year.

Human Capital Policies and Procedures

The Group's Human Capital policies and procedures serve to govern all aspects of human capital management, from talent acquisition, learning and development, performance management, employee relations to cessation of employment. These policies and procedures 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.

Consistent recurrent trainings including quizzes to gauge employees' understanding of the policy, have been carried out to ensure full compliance with the policy.

All contracts with third-parties entered by the Group impose *Anti-Corruption and Anti-Bribery Policy* compliance requirements on such third-parties.

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. This policy demonstrates 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. In support of this policy, the Group also adopted a *Climate Change Framework* to define our position and our adaptation and migration principles related to climate change.

Other Policies

Key policies and procedures covering *Related Party Transactions, Information Technology (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 material unresolved penalties or fines which may adversely affect the Group for the financial year under review and up to the date of this statement.

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.

The Group's overall strategic business plan which maps out its objectives, business direction and highlights project risks with particular focus on its oil and gas assets in Malaysia, Vietnam, United Kingdom and Australia, were presented by Management to the Board for their deliberation and approval. Subsequent to alignment between the Board and Management on the business objectives to be pursued, overall performance and the potential of the crystallization of potential, identified risks are continuously monitored.

It is reported elsewhere in this Annual Report 2021/2022 that in Malaysia, the Group operates the following PSCs - Kinabalu, the PM3 CAA PSC (PM3 CAA), the PM305 PSC (PM305), the PM314 PSC (PM314), the Block 46 Cai Nuoc PSC (Block 46) and North Sabah. This portfolio of assets includes the North Sabah asset, which is operated by the Company's indirect wholly-owned subsidiary company, SEA Hibiscus and the PSCs that were recently acquired by Peninsula Hibiscus.

On 24 January 2022, the Company, via its indirect wholly-owned subsidiary, Peninsula Hibiscus, completed the acquisition of the entire equity interest in Fortuna International Petroleum Corporation (Acquisition) from Repsol Exploración, S.A. (Repsol). The Acquisition resulted in the Group assuming Repsol's role as operator in all the PSCs under the joint operating agreements, namely Kinabalu, PM3 CAA, PM305, PM314 and Block 46. The ARMC and ERMC assessed any risks associated with the Acquisition and reported their findings to the Board for deliberation and were satisfied that key risks had been materially and appropriately addressed or mitigated. In addition, the Group has put in place the necessary measures to ensure the smooth transition of the newly acquired entities and PSCs into the Group.

Peninsula Hibiscus Group's and SEA Hibiscus' Management Teams have established their own structure for the monitoring of internal controls, which is in compliance with processes and procedures established by the Malaysian and Vietnamese regulators (where applicable), and which reports regularly to the Company and to 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, if such an approval is required under the Group's *LOA*.

The Company, together with Ping Petroleum UK PLC (formerly known as Ping Petroleum UK Limited) has established the joint operating company, AOCL as the Licence Operator for the Anasuria Cluster. The Company, through a specific team, 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 West and Sunflower fields (Licence No. P198 (Blocks 15/13a and 15/13b)), Teal West (Licence No. P2535 (Block 21/24d)) and Kildrummy (Licence No. P2518 (Block 15/17a)) licences. 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 projects.

In addition, progress in the VIC/RL17 Petroleum Retention Lease, 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.

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.

Internal Audit

The internal audit function is undertaken in-house led 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 internal audit function achieves its objectives by bringing a systematic, risk-based approach to evaluate the Group's governance, risk management and internal controls. 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. 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 2022, 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 2022.

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 2022 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. The latest Service Agreement was executed from 1 August 2022 for a period of 2 years.

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 2022, 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.

As at 25 March 2022, all the CRPS (both CRPS-T1 and CRPS-T2) have been fully converted to the issued and paid-up ordinary share capital of the Company. Accordingly, the CRPS-T2 were removed from the Official List of Bursa Securities with effect from 28 March 2022.

4. NON-AUDIT FEES

During the financial year under review, non-audit fees to the external auditors of the Hibiscus Petroleum Group amounted to RM2,493,913. Included in this amount was RM2,266,013 incurred at the Company level.

Out of these amounts, RM1,200,000 was incurred in relation to the acquisition of the entire equity interest in Fortuna International Petroleum Corporation (FIPC) in the capacity of reporting accountants and RM700,000 was incurred for the reviews of draft pro forma statements in relation to a proposed corporate financing exercise. The remaining non-audit fees to the external auditors of the Group and of the Company of RM593,913 and RM366,013 respectively were incurred for other permissible tax-related services/advice and accounting-related services/advice.

The scope and terms of the non-audit work scope were negotiated and discussed independently by the Group and the Company in accordance with the Group's and the Company's relevant policies and procedures. The work scope was not prohibited under the *External Auditors Independence Policy*, which comply with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

5. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

CRPS

The proceeds arising from the first and second tranches of the Private Placement of CRPS of RM203,611,100 have been fully utilised as at 4 October 2022, as follows:

Purpose	Proposed utilisation of proceeds from the Private Placement of CRPS as at 4 October 2022 RM'000	Actual utilisation as at 4 October 2022 RM'000	Intended timeframe for utilisation from the date of completion of the Private Placement of CRPS	Percentage utilised (%)
Permitted Utilisation Note 1	196,050	196,050	Within 24 months from the receipt of the proceeds	100
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**	**203,611**		

Note 1: *The acquisition by Peninsula Hibiscus Sdn Bhd, an indirect wholly-owned subsidiary of Hibiscus Petroleum, of the entire issued share capital of FIPC (FIPC Acquisition), has fulfilled the conditions for Permitted Utilisation. RM196.1 million out of the proceeds arising from the first and second tranches of the Private Placement of CRPS was utilised upon completion of the FIPC Acquisition on 24 January 2022.*

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 cashflows 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.

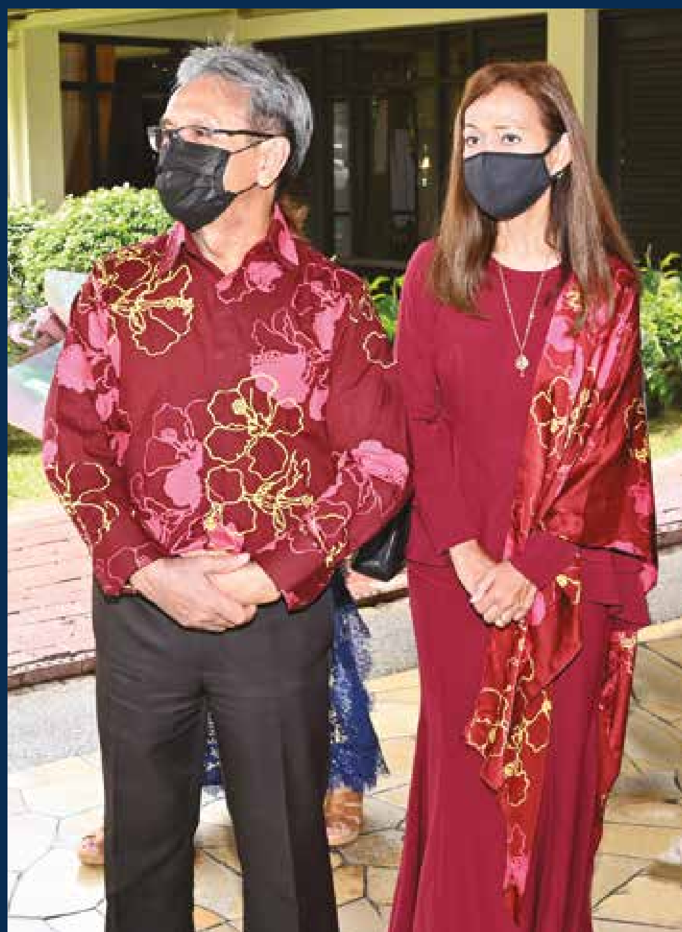
The Board has the responsibility for ensuring that the Group and the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure the financial statements comply with the Act.

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 209 to 216 and the financial statements from pages 229 to 332 of this Annual Report 2021/2022.

This statement is made in accordance with the resolution of the Board dated 4 October 2022.


VISION
MISSION




Petroleum
Selamat
Hari Raya
Aidilfitri 2022
17 May 2022
Special Guests

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 2022.

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	652,941	41,469

DIVIDENDS

The amount of dividends paid by the Company since 30 June 2021 are as follows:

	RM'000
In respect of the financial year ended 30 June 2022	
Interim single-tier dividend of 1.0 sen per ordinary share, paid on 22 July 2022	20,124
In respect of the financial year ended 30 June 2021	
Final single-tier dividend of 1.0 sen per ordinary share, paid on 28 January 2022	20,075
	40,199

On 4 October 2022, 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 2022, 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 2023.

ISSUANCE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM959,891,550 to RM966,013,525 by way of conversions of 5,895,169 units of the second tranche of the private placement of Islamic Convertible Redeemable Preference Shares at a conversion price of RM0.48 into 12,281,592 new ordinary shares.

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.

During the financial year, 5,895,169 units of CRPS-T2 were converted into 12,281,592 new ordinary shares at a conversion price of RM0.48.

Bursa Securities' approval for the implementation of the Private Placement of CRPS expired on 21 March 2022 and this brings the Private Placement of CRPS to its completion. All the CRPS (both CRPS-T1 and CRPS-T2) have been fully converted to the issued and paid-up ordinary share capital of the Company.

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.

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 operations of the Group during the financial year were substantially affected by the following:

(i) Recognition of negative goodwill amounting to RM317,319,012 upon the acquisition of the entire equity interest in Fortuna International Petroleum Corporation ("Fortuna International") (refer to Note 13 to the financial statements);

(ii) Reversal of over accrued taxes and penalties amounting to RM60,087,653 and RM65,453,920 respectively in relation to the Notice of Additional Assessment for YA 2014 and the Notices of Assessment for YA 2015 and YA 2016 raised by the Inland Revenue Board of Malaysia against the PM3 CAA Production Sharing Contract ("PSC") (refer to Note 45 to the financial statements); and

(iii) Recognition of unpaid state sales tax imposed by the Sabah State Government up to 30 June 2022 for the sale of crude oil under both the 2011 North Sabah Enhanced Oil Recovery PSC and the 2012 Kinabalu Oil PSC amounting to RM76,480,305 and the related penalties amounting to RM38,240,152 (refer to Note 46 to the financial statements).

Except as disclosed above, 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, Thomas Michael Taylor 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.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 ("Act"), the Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of the report are:

Chong Chee Seong
Devarajan Indran
Ian Edward Gregory
Jeremy Andrew Marryshow
Lim Kock Hooi
Mark John Paton
Dr Pascal Josephus Petronella Hos
Poh Phei Ling
Sir Trevor Austin Carmichael
William Peter Anthony Douglas

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the 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 01.07.2021	**Bought**	**Sold**	**At 30.06.2022**
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	500,000	-	**70,385,000**
Indirect interests:				
Dr Kenneth Gerard Pereira*	108,772,600	-	-	**108,772,600**
YBhg Dato' Sri Roushan A/L Arumugam**	53,415,000	-	(15,974,300)	**37,440,700**

* *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' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Number of Redeemable Convertible Preference Shares			
	At 01.07.2021	Bought	Redeemed	At 30.06.2022
Indirect interests:				
Dr Kenneth Gerard Pereira*	2,193,880	-	-	**2,193,880**

* *Deemed interested via his 63.75% equity interest in Hibiscus Upstream.*

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 set out on page 213 of the Directors' Report) 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' REMUNERATION

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 RM'000	Company RM'000
Executive Director:		
- salaries and bonus	5,471	5,471
- defined contribution plan	1,258	1,258
- other benefits	8	8
	6,737	6,737
Non-executive Directors:		
- fees and allowances	1,196	1,063
	7,933	7,800

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 and bonus, defined contribution plan and other benefits in their capacity as employees of the Group and Directors' fees amounted to RM11,054,031 and RM165,108 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 RM288,160 in the financial year.

SUBSIDIARIES

The details of the subsidiaries of the Company are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%)
Gulf Hibiscus Limited	Provision of project management, technical and other services	Malaysia	100
Hibiscus Oilfield Services Limited	Provision of project management, technical and other services	Malaysia	100
Orient Hibiscus Sdn. Bhd.	Investment holding	Malaysia	100
Oceania Hibiscus Sdn. Bhd. ("Oceania Hibiscus")	Investment holding	Malaysia	100
Genesis Hibiscus Sdn. Bhd. ("Genesis Hibiscus")	Investment holding	Malaysia	100
Hibiscus Technical Services Sdn. Bhd.	Provision of project management, technical and other services	Malaysia	100
Timor Hibiscus Limited	Investment holding	Malaysia	100
Atlantic Hibiscus Sdn. Bhd. ("Atlantic Hibiscus")	Investment holding	Malaysia	100
Pacific Hibiscus Sdn. Bhd. ("Pacific Hibiscus")	Investment holding	Malaysia	100
Asia Hibiscus Sdn. Bhd. ("Asia Hibiscus")	Investment holding	Malaysia	100
Subsidiaries of Oceania Hibiscus			
Carnarvon Hibiscus Pty Ltd ("Carnarvon Hibiscus")	Exploration and development of oil and gas	Australia	100
Althea Corporation Limited	Investment holding	Malaysia	100
Subsidiaries of Genesis Hibiscus			
Cayman Hibiscus Inc SPC	Dormant	Cayman Islands	100
Hibiscus Capital Limited	Investment holding	Malaysia	100
Subsidiaries of Atlantic Hibiscus			
Anasuria Hibiscus UK Limited	Exploration and production of oil and gas	United Kingdom ("UK")	100
Hibiscus Energy UK Limited	Dormant	UK	100

DIRECTORS' REPORT
(CONTINUED)

SUBSIDIARIES (CONTINUED)

The details of the subsidiaries of the Company are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%)
Subsidiary of Pacific Hibiscus			
SEA Hibiscus Sdn. Bhd.	Exploration and production of oil and gas	Malaysia	100
Subsidiary of Carnarvon Hibiscus			
Gippsland Hibiscus Pty Ltd	Exploration and development of oil and gas	Australia	100
Subsidiaries of Asia Hibiscus			
Peninsula Hibiscus Sdn. Bhd. ("Peninsula Hibiscus")	Exploration and production of oil and gas	Malaysia	100
Borneo Hibiscus Sdn. Bhd.	Exploration and production of oil and gas	Malaysia	100
Straits Hibiscus Sdn. Bhd.	Exploration and production of oil and gas	Malaysia	100
Subsidiary of Peninsula Hibiscus			
Fortuna International	Investment holding	Barbados	100
Subsidiaries of Fortuna International			
Hibiscus Oil & Gas Malaysia (PM3) Limited	Oil and gas exploration, development and production	Barbados	100
Hibiscus Oil & Gas Malaysia Limited	Oil and gas exploration, development and production	Barbados	100
Talisman Vietnam Limited	Oil and gas exploration, development, production	Barbados	100

AUDITORS' REMUNERATION

The aggregate amounts of auditors' remuneration paid and/or payable of the Group and of the Company during the financial year amounted to RM5,020,070 and RM2,581,013 respectively.

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 2022. Signed on behalf of the Board of Directors:

DR KENNETH GERARD PEREIRA	**ZAINUL RAHIM BIN MOHD ZAIN**
DIRECTOR	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 229 to 332 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 2022 and financial performance of the Group and of the Company for the financial year ended 30 June 2022 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 2022.

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 229 to 332 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 2022.

Before me

RAJEEV SAIGAL A/L RAMLABAYA SAIGAL (W681)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD
(Incorporated in Malaysia)
(Registration Number: 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 2022, 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 2022 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 229 to 332.

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 Number: 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
Acquisition of entire equity interest in Fortuna International Petroleum Corporation ("Fortuna International") and its subsidiaries ("Fortuna International Group")	
Refer to Note 5(a) - Critical accounting estimates and judgement: Estimation of oil and gas reserves and Note 13 - Business Combination On 24 January 2022, Peninsula Hibiscus Sdn. Bhd. ("Peninsula Hibiscus"), an indirect wholly-owned subsidiary of the Company, completed the acquisition of the entire equity interest in the Fortuna International Group (the "Acquisition"). The Fortuna International Group owns participating interests in the following Production Sharing Contracts ("PSC"): a) 60% interest in the 2012 Kinabalu Oil PSC ("Kinabalu"); b) 35% interest in the PM3 CAA PSC ("PM3 CAA"); c) 60% interest in each of the PM305 and PM314 PSCs ("PM305 and PM314"); and d) 70% interest in the Block 46 Cai Nuoc PSC, a tie-back asset to the PM3 CAA PSC located in Vietnamese waters ("Block 46"). Management assessed the accounting for the Acquisition in accordance with MFRS 3 "Business Combination". The purchase consideration based on the conditional sale and purchase agreement with Repsol Exploración, S.A. ("Repsol SPA") amounted to USD212.5 million. The final purchase consideration amounted to USD138.7 million are after the adjustments disclosed in Note 13 to the financial statements. We focused on the determination of fair value of the share of net assets acquired in the Acquisition as it involved significant judgements and estimates. The valuation methodology, as well as the inputs and assumptions in the purchase price allocation exercise will affect the fair value of the net identifiable assets acquired. The resulting negative goodwill of RM317.3 million arising from the Acquisition is also highly dependent on the fair value of the net identifiable assets acquired.	We performed the following audit procedures: - Obtained the Repsol SPA from management and discussed the key terms and conditions with management; - Reviewed management's assessment that the Acquisition of the Fortuna International Group is a business combination under MFRS 3; - Checked the production profile period used in the valuation model to the licence period of the PSCs; - Checked the forecasted oil and gas prices incorporated into the valuation model to available market data and externally available benchmark sources; - Agreed the production volumes incorporated into the valuation model to the reserves estimates prepared by in-house engineers; - Assessed the competency and objectivity of the in-house engineers who produced the reserves estimates by considering their professional qualifications and experience; - Assessed the reasonableness of the contingent reserves in determining the production volumes for each oil field derived from the future development plans approved by the regulators; - Agreed operating and future capital expenditure included in the valuation model to supporting documents and approved budgets; - Checked the decommissioning cost estimates used by management to the cost estimates provided by external experts; - Checked the reasonableness of the lease liabilities to the terms of the lease contracts; - Assessed the reasonableness of forward USD/RM exchange rates used in the valuation model by checking to available market information;

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
Acquisition of entire equity interest in Fortuna International Petroleum Corporation ("Fortuna International") and its subsidiaries ("Fortuna International Group") (continued)	- Checked the valuation methodology of the net identifiable assets and the reasonableness of the discount rate used with the assistance of our valuation experts; and - Recomputed the negative goodwill arising from the Acquisition being the difference between the net present value of the purchase price and fair value of the net identifiable assets acquired. We did not find any material exceptions from the procedures performed.
Accrual for State Sales Tax imposed by the Sabah State Government *Refer to Note 5(e) - Critical accounting estimates and judgement: Provision for income taxes, deferred taxes and indirect taxes, Note 10 - Profit before taxation, Note 33 - Other payables and accruals and Note 46 - Significant event* On 1 April 2020, the Sabah State Government imposed state sales tax ("SbST") on certain petroleum products sold by SEA Hibiscus Sdn. Bhd. ("SEA Hibiscus") and Hibiscus Oil & Gas Malaysia Limited ("Hibiscus Oil & Gas") (both indirect wholly-owned subsidiaries of the Company) in relation to crude oil being sold from the Labuan Crude Oil Terminal ("LCOT"). Appeals against the applicability of SbST on crude oil sold from LCOT were submitted by SEA Hibiscus and Hibiscus Oil & Gas to the Sabah State Minister of Finance on 30 June 2020 and 21 September 2020 respectively but both appeals were officially rejected on 14 June 2022. SEA Hibiscus and Hibiscus Oil & Gas have received payment notices from the Permanent Secretary and Director of State Sales Tax for the SbST amounting to RM97.3 million for the taxable period from April 2020 to April 2022, and RM14.2 million for the taxable period from April 2020 to June 2022 on 21 June 2022 and 10 August 2022 respectively.	We performed the following procedures: - Examined the correspondences between the Sabah State Government, SEA Hibiscus and Hibiscus Oil & Gas; - Read the basis of the rejection by the Sabah State Government on the appeals and the legal advice received from the external legal advisors of the Group, and discussed with our indirect tax expert on the appropriateness of the accruals basis made by management; - Checked management's workings of the accruals for SbST; and - Reviewed the adequacy of disclosures on the matter in the financial statements. 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 Number: 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
Accrual for State Sales Tax imposed by the Sabah State Government (continued) SEA Hibiscus and Hibiscus Oil & Gas, on the basis of advice from the external legal advisors of the Group, responded to the Sabah State Government to clarify the basis for the appeals submitted by the Group in June 2020 and September 2020 that pursuant to the Petroleum Development Act 1974, SEA Hibiscus and Hibiscus Oil & Gas cannot and do not provide such "taxable goods" from Sabah and are therefore not legally liable for the SbST. Notwithstanding the advice from the external legal advisors of the Group, SEA Hibiscus and Hibiscus Oil & Gas on 21 September 2022 proposed, without prejudice to their respective rights as applicable, to pay the SbST on revenues earned from the sale of crude oil earned by the 2011 North Sabah Enhanced Oil Recovery PSC ("North Sabah") and Kinabalu in SEA Hibiscus and Hibiscus Oil & Gas respectively ("Proposal"). The Sabah State Government accepted the Proposal on 27 September 2022. Accordingly, the Group has assessed that there was a probable cash outflow from a potential liability that existed as at 30 June 2022 to settle the Sabah State Government's claims for SbST payment and has made the appropriate accruals for all estimated liabilities related to this matter which amounted to RM119.4 million, which included penalties of RM39.8 million as at 30 June 2022. We focused on this area as it was a significant transaction during the year due to the magnitude of the amounts recognised by the Group.	

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
Provision for taxation arising from Petroleum Income Tax Act ("PITA") tax audits	
Refer to Note 5(e) - Critical accounting estimates and judgement: Provision for income taxes, deferred taxes and indirect taxes, Note 10 - Profit before taxation, Note 11 - Taxation and Note 45 - Material litigation The Inland Revenue Board of Malaysia ("IRB") had issued a Notice of Additional Assessment for YA 2014 and Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA, disallowing several PSC costs and sole costs of certain partners of PM3 CAA. The partners of PM3 CAA had disputed the additional taxes and penalties arising from these notices. In September 2022, PM3 CAA and the IRB reached an amicable settlement on this matter ("Settlement"). The Settlement resulted in a reduction in the additional taxes and penalties payable by the Group amounting to RM125.5 million. Management has considered the impact of the Settlement when estimating the provision for taxation in the financial statements for the current financial year. We focused on this area as it was a significant transaction during the year due to the magnitude of the amounts recognised by the Group.	We performed the following procedures: - Examined the correspondences between the IRB, Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3) (including those from the respective companies' tax agent and the Group's external legal advisor) to understand the status of the tax dispute and to corroborate the Settlement agreed between the respective parties; - Checked management's workings of the provision for PITA and the related reversal of such provisions with the assistance of our tax experts where applicable; and - Reviewed the adequacy of disclosures on the matter in the financial statements. 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 Number: 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Group (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Recoverability of the carrying amounts of intangible assets, equipment and right-of-use assets

Refer to Note 4(k)(ii) - Significant accounting policies: Impairment of non-financial assets, Note 5(a) - Critical accounting estimates and judgement: Estimation of oil and gas reserves, Note 5(b) - Critical accounting estimates and judgement: Impairment review of intangible assets, equipment and right-of-use assets, Note 15 - Intangible assets, Note 16 - Equipment and Note 17 - Right-of-use assets

As at 30 June 2022, the Group's carrying amounts of intangible assets, equipment and right-of-use assets (collectively, "Upstream Assets") amounted to RM1,422.6 million, RM1,839.0 million and RM175.2 million respectively.

These Upstream Assets are grouped at the lowest level cash generating units ("CGUs") for which separate identifiable cash flows are available. These CGUs are based on operating areas as listed below:

- North Sabah
- Kinabalu
- PM3 CAA
- PM305 and PM314
- Block 46
- Anasuria Cluster (Licence No. P013, Licence No. P185 and Anasuria floating production storage and offloading vessel)
- Marigold and Sunflower fields ("MGS")
- Licence No. P2535 ("Teal West")
- VIC/RL17 petroleum retention lease ("VIC/RL17")
- VIC/P74 exploration permit ("VIC/P74")
- VIC/P57 exploration permit ("VIC/P57")</td><td>We performed the following audit procedures for each of the CGUs:

- 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 licence period for the CGUs;

- Agreed the production volumes or contingent resources incorporated into the cash flows to the reserves estimates prepared by external independent parties or internal geological and geophysical teams;

- Assessed the reasonableness of the forecasted oil and gas prices incorporated into the cash flows by comparing to available market data and considered the appropriateness of the possible impact of the volatility in oil and gas prices;

- Agreed future operating and capital expenditure included in the cash flows to supporting documents;

- Assessed the reliability of operating cash flows by comparing the actual operating expenditures to the previous forecast;

- Compared the commercial risk factors incorporated into the cash flows for North Sabah, VIC/RL17, MGS and Teal West to externally available benchmarks in light of the uncertainties for development projects given the volatile oil prices;

- Assessed the competency, capabilities and objectivity of the external independent parties and internal geological and geophysical teams who produced the reserves estimates by considering their professional qualifications, experience and independence;

- Checked the reasonableness of the discount rates and the commercial risk factors with the assistance of our valuation experts by benchmarking to industry reports; and</td></tr>
</table>

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 amounts of intangible assets, equipment and right-of-use assets (continued) Management had performed the impairment assessments for Upstream Assets using the fair value less costs to sell ("FVLCTS") model that mainly derived from the estimated future cash flows of each CGU based on management estimates of future oil and gas prices, market supply and demand, product margins, expected future capital expenditure and expected future production volumes. Based on the assessments, the capitalised costs related to VIC/RL17, VIC/P57 and VIC/P74 have been fully impaired. The impairment loss recognised during the year for VIC/RL17, VIC/P57 and VIC/P74 amounted to RM40.5 million, RM4.5 million and RM1.9 million respectively. The Directors also concluded that no impairment is required for North Sabah, Kinabalu, PM3 CAA, PM305 and PM314, Block 46, the Anasuria Cluster, MGS and Teal West. 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.	- Performed sensitivity analysis by changing the key assumptions used in the base case cash flows on oil and gas prices, production volumes, contingent resources and discount rates in consideration of the possible impact due to potential market uncertainties. For VIC/P57 and VIC/P74, we have performed additional procedures as below: - Sighted the application form to surrender VIC/P57 dated 4 February 2022, submitted to the Australian National Offshore Petroleum Titles Administrator ("NOPTA"); - Sighted the Government Gazette dated 11 August 2022 on the approval of the surrender of VIC/P57 by the Commonwealth - Victoria Offshore Petroleum Joint Authority; - Sighted the application form for the transfer of petroleum title for VIC/P74 dated 7 July 2022, submitted to NOPTA; and - Sighted the approval of the transfer of petroleum title for VIC/P74 dated 21 September 2022 by NOPTA. 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 Number: 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
Liquidity position of the Group *Refer to Note 44(a)(iii) - Financial instruments: Financial risk management policies - liquidity risk* As at 30 June 2022, the Group's current liabilities exceeded their current assets by RM155.3 million. The Group's net current liabilities position is mainly contributed by the operational requirements and capital commitments for Kinabalu, PM3 CAA, PM305 and PM314, Block 46 (collectively, "Fortuna International Assets"), North Sabah, the Anasuria Cluster, MGS, Teal West, corporate overheads and other relevant obligations which include the settlement of a trade arrangement with a counterparty and repayment of a revolving credit facility. In assessing the liquidity position of the Group, management has prepared a cash flow projection for the next twelve months from the date of approval of the financial statements, and had considered the following: • availability of cash inflow from the operations of the Fortuna International Assets, North Sabah and the Anasuria Cluster to meet the operational, investing and financing obligations of the Group; • continued ability to draw upon available funding from a trade arrangement with a counterparty and banking facilities with a commercial bank; and • impact of the volatility in future oil and gas prices and any other relevant obligations to maintain positive cash balances for the next twelve months from the date of approval of the financial statements. We focused on this area as the cash flow projections of the Group are inherently uncertain and involved significant estimates and judgements.	We have performed the following procedures: - Checked management's cash flow projections for the Group over the next twelve months from the date of approval of the financial statements to the budget approved by the Directors; - Discussed with management on the assumptions used in the cash flow projections of the Group over the next twelve months from the date of approval of the financial statements; - Checked that the contracted operating and capital expenditures in relation to the North Sabah, the Fortuna International Assets, the Anasuria Cluster, MGS, Teal West and corporate overheads have been included in the cash flow projections; - Compared the forecast oil and gas prices to available market data and externally available benchmarks; - Performed back testing on the reasonableness of management's projection by comparing the relevant projected monthly cash flows against the actual monthly cash flows for prior and current periods to-date; - Corroborated the availability of funding by reviewing the signed trade agreement with a counterparty and signed banking facilities with a commercial bank; - Reviewed sensitivity analysis on the key assumptions such as oil and gas prices for the forecasted offtakes, planned but discretionary capital expenditures, and considered the resulting effects to the underlying cash flow projections; and - Reviewed the adequacy and the appropriateness of management's liquidity risk disclosures in the financial statements. 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 Number: 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 amounts 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 5(d) - Critical accounting estimates and judgement: Impairment review of investments in subsidiaries and amounts owing by subsidiaries, Note 18 - Investments in subsidiaries and Note 25 - Amounts owing by/(to) subsidiaries* As at 30 June 2022, the net carrying amounts of the investments in subsidiaries and amounts owing by subsidiaries is RM281.2 million after total impairment losses of RM683.5 million. As a result of the full impairment of the carrying amounts of VIC/RL17, VIC/P57 and VIC/P74, the Company has recognised an impairment in the amount owing by a subsidiary of RM54.2 million. 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 Upstream Assets after taking into account financing and tax cash flows of the respective subsidiaries, which are available for distributions as dividends. 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.	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 subsidiaries and amounts owing by subsidiaries to cash flows used to determine the recoverable amount of 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 Upstream Assets had been appropriately adjusted for financing and tax cash flows of the respective subsidiaries; and - Checked appropriateness of management's assessment on the expected credit losses of amounts owing by subsidiaries. We did not find any material exceptions from the procedures performed.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Registration Number: 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 2022 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.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(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.

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 18 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 2022

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	6	**1,696,521**	804,781	**143,190**	77,497
Cost of sales	7	**(479,630)**	(304,021)	**-**	-
Gross profit		**1,216,891**	500,760	**143,190**	77,497
Other income	8	**8,893**	14,622	**3,040**	799
Administrative expenses		**(397,521)**	(121,699)	**(102,596)**	(35,288)
Impairment of intangible assets		**(46,942)**	-	**-**	-
Net (impairment)/reversal of impairment of investments in subsidiaries and amounts owing by subsidiaries		**-**	-	**(54,554)**	50
Other administrative expenses		**(350,579)**	(121,699)	**(48,042)**	(35,338)
Other expenses		**(342,729)**	(182,839)	**(1,309)**	(1,271)
Finance costs	9	**(61,007)**	(42,179)	**(868)**	(5,024)
Share of results of an associate		**(415)**	(1,062)	**-**	-
Negative goodwill from business combination	13	**317,319**	-	**-**	-
Profit before taxation	10	**741,431**	167,603	**41,457**	36,713
Taxation	11	**(88,490)**	(63,927)	**12**	307
Profit after taxation		**652,941**	103,676	**41,469**	37,020
Profit after taxation attributable to:					
- Owners of the Company		**652,941**	103,676	**41,469**	37,020

	Note	Group 2022	Group 2021
Earnings per share (sen)			
Basic	12	**32.51**	5.91
Diluted	12	**32.45**	5.61

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Profit after taxation	**652,941**	103,676	**41,469**	37,020
Other comprehensive income/(expenses):				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation	**109,477**	(36,311)	**-**	-
Total comprehensive income for the financial year, net of tax	**762,418**	67,365	**41,469**	37,020
Total comprehensive income attributable to:				
- Owners of the Company	**762,418**	67,365	**41,469**	37,020

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	15	**1,422,576**	1,375,808	**-**	-
Equipment	16	**1,838,981**	604,833	**2,148**	2,359
Right-of-use assets	17	**175,245**	12,407	**879**	589
Other receivables	23	**230,541**	5,458	**-**	-
Investments in subsidiaries	18	**-**	-	**4,761**	56,070
Investment in an associate	19	**4,088**	4,381	**-**	-
Investments in joint ventures	20	**-**	-	**-**	-
Restricted cash and bank balances	29	**158,456**	125,581	**-**	-
Tax recoverable		**50,406**	-	**-**	-
Deferred tax assets	36	**88,513**	-	**-**	-
		3,968,806	2,128,468	**7,788**	59,018
CURRENT ASSETS					
Inventories	21	**163,900**	49,462	**-**	-
Trade receivables	22	**404,730**	112,905	**-**	-
Other receivables, deposits and prepayments	23	**415,850**	182,808	**759**	2,680
Other investment	24	**-**	136,430	**-**	136,430
Amounts owing by subsidiaries	25	**-**	-	**276,451**	104,974
Amount owing by a joint venture	26	**328**	318	**-**	-
Amount owing by an associate	27	**10**	-	**-**	-
Amount owing by a related party	28	**-**	-	**145**	145
Cash and bank balances	29	**549,386**	177,652	**22,880**	4,921
Tax recoverable		**9,408**	-	**-**	-
		1,543,612	659,575	**300,235**	249,150
TOTAL ASSETS		**5,512,418**	2,788,043	**308,023**	308,168

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (CONTINUED)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	30	**966,014**	959,892	**966,014**	959,892
Other reserves	31	**171,396**	62,165	**-**	246
Retained earnings/(Accumulated losses)		**1,064,607**	451,865	**(690,591)**	(691,861)
		2,202,017	1,473,922	**275,423**	268,277
NON-CURRENT LIABILITIES					
Other payables	33	**9,340**	9,545	**-**	-
Borrowings	34	**364,009**	11,230	**106**	314
Contingent consideration	35	**35,372**	19,683	**-**	-
Deferred tax liabilities	36	**581,189**	471,958	**-**	57
Provision for decommissioning costs	37	**621,611**	322,697	**-**	-
Convertible Redeemable Preference Shares ("CRPS")					
- liability component	39	**-**	5,677	**-**	5,677
		1,611,521	840,790	**106**	6,048
CURRENT LIABILITIES					
Trade payables	32	**8,458**	9,638	**-**	-
Other payables and accruals	33	**1,040,443**	293,072	**30,612**	7,350
Borrowings	34	**193,750**	15,540	**812**	299
Amounts owing to subsidiaries	25	**-**	-	**539**	25,663
Amount owing to a joint venture	26	**319**	318	**-**	-
Amount owing to an associate	27	**-**	119	**-**	-
Amount owing to a related party	28	**-**	-	**312**	312
Contingent consideration	35	**28,552**	25,251	**-**	-
Provision for decommissioning costs	37	**90,720**	58,677	**-**	-
Provision for taxation		**336,419**	70,497	**-**	-
Redeemable Convertible Preference Shares	38	**219**	219	**219**	219
		1,698,880	473,331	**32,494**	33,843
TOTAL LIABILITIES		**3,310,401**	1,314,121	**32,600**	39,891
TOTAL EQUITY AND LIABILITIES		**5,512,418**	2,788,043	**308,023**	308,168

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	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 01.07.2021	**959,892**	**246**	**389**	**61,530**	**451,865**	**1,473,922**
Profit after taxation	**-**	**-**	**-**	**-**	**652,941**	**652,941**
Other comprehensive income, net of tax:						
- Foreign currency translation	**-**	**-**	**-**	**109,477**	**-**	**109,477**
Total comprehensive income for the financial year	**-**	**-**	**-**	**109,477**	**652,941**	**762,418**
Conversion of CRPS to new ordinary shares	**6,122**	**(246)**	**-**	**-**	**-**	**5,876**
Dividends	**-**	**-**	**-**	**-**	**(40,199)**	**(40,199)**
Total transactions with owners of the Company	**6,122**	**(246)**	**-**	**-**	**(40,199)**	**(34,323)**
At 30.06.2022	**966,014**	**-**	**389**	**171,007**	**1,064,607**	**2,202,017**

The annexed notes form an integral part of these financial statements.

	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 (continued)						
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	-	-	-	-	(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

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

	Non-distributable			
	Share capital RM'000	CRPS - equity component RM'000	Accumulated losses RM'000	Total RM'000
Company				
At 01.07.2021	**959,892**	**246**	**(691,861)**	**268,277**
Profit after taxation/Total comprehensive income for the financial year	**-**	**-**	**41,469**	**41,469**
	959,892	**246**	**(650,392)**	**309,746**
Conversion of CRPS to new ordinary shares	**6,122**	**(246)**	**-**	**5,876**
Dividends	**-**	**-**	**(40,199)**	**(40,199)**
Total transactions with owners of the Company	**6,122**	**(246)**	**(40,199)**	**(34,323)**
At 30.06.2022	**966,014**	**-**	**(690,591)**	**275,423**
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	-	-	(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

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**741,431**	167,603	**41,457**	36,713
Adjustments for:					
Depreciation and amortisation of equipment, intangible assets and right-of-use assets		**280,227**	171,047	**1,273**	1,204
Finance costs		**61,007**	42,179	**868**	5,024
Impairment of intangible assets		**46,942**	-	**-**	-
Share of results of an associate		**415**	1,062	**-**	-
Write-off of inventories		**63**	-	**-**	-
Impairment of equipment		**35**	-	**-**	-
Loss on disposal of equipment		**-**	2,228	**-**	-
Net impairment/(reversal of impairment) of investments in subsidiaries and amounts owing by subsidiaries		**-**	-	**54,554**	(50)
Dividend income		**-**	-	**(121,000)**	(62,445)
Reversal of contingent consideration		**-**	(2,330)	**-**	-
Fair value gain on other investment		**(130)**	(162)	**(130)**	(162)
Interest income		**(1,883)**	(2,464)	**(5,777)**	(2,062)
Unrealised (gain)/loss on foreign exchange		**(3,656)**	10,476	**(2,373)**	(331)
Negative goodwill from business combination	13	**(317,319)**	-	**-**	-
Operating profit/(loss) before working capital changes		**807,132**	389,639	**(31,128)**	(22,109)
Inventories		**(8,347)**	16,399	**-**	-
Trade receivables		**(49,122)**	(98,846)	**-**	-
Other receivables, deposits and prepayments		**120,460**	61,228	**1,916**	28
Trade payables		**(1,560)**	4,950	**-**	-
Other payables and accruals		**208,902**	(64,625)	**3,151**	2,482
Amounts owing by subsidiaries		**-**	-	**(59,453)**	(9,354)
Amount owing by an associate		**(10)**	65	**-**	-
Amount owing by a related party		**-**	-	**-**	158
Amount owing to an associate		**(117)**	118	**-**	-
CASH GENERATED FROM/(USED IN) OPERATIONS		**1,077,338**	308,928	**(85,514)**	(28,795)
(Tax paid)/tax refund		**(133,027)**	20,710	**-**	-
Movement in restricted cash and bank balances		**(24,781)**	(32,663)	**2**	(2)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**919,530**	296,975	**(85,512)**	(28,797)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash outflow arising from business combination	13	**(503,297)**	-	**-**	-
Purchase of equipment		**(141,115)**	(104,379)	**(272)**	(30)
Acquisition of intangible assets		**(28,506)**	(33,082)	**-**	-
Deposit for an investment		**-**	(61,838)	**-**	-
Advances to subsidiaries		**-**	-	**(200,466)**	(62,040)
Repayment of advances to subsidiaries		**-**	-	**132,491**	23,356
Dividend received from a subsidiary		**-**	-	**49,945**	27,500
Proceeds from disposal of equipment		**-**	3,600	**-**	-
Interest received		**1,883**	2,464	**5,777**	2,062
Other investment		**136,560**	(136,268)	**136,560**	(136,268)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(534,475)**	(329,503)	**124,035**	(145,420)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		**(69,582)**	(17,380)	**(858)**	(857)
Dividend paid to equity holders of the Company		**(20,075)**	(9,923)	**(20,075)**	(9,923)
Repayment of term loan		**-**	(49,358)	**-**	-
Repayment of advances from subsidiaries		**-**	-	**-**	(8,611)
Net proceeds from issuance of new ordinary shares		**-**	4	**-**	4
Net proceeds from issuance of CRPS		**-**	196,050	**-**	196,050
Drawdown of revolving credit		**84,752**	-	**-**	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(4,905)**	119,393	**(20,933)**	176,663
NET INCREASE IN CASH AND CASH EQUIVALENTS		**380,150**	86,865	**17,590**	2,446
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		**(9,260)**	9,717	**371**	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**173,889**	77,307	**4,919**	2,472
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29	**544,779**	173,889	**22,880**	4,919

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("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 2022.

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 18 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.

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.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5 to the financial statements.

3 BASIS OF PREPARATION (CONTINUED)

(a) Amendments to published standards that are effective to the Group and the Company

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 July 2021:

- Amendments to MFRS 7, MFRS 9, MFRS 16 and MFRS 139 'Interest Rate Benchmark Reform – Phase 2'
- Amendments to MFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021'

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

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 2022.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

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 amounts 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 may include the fair value of any 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' in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured 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.

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 on goodwill is set out in Note 4(i)(i) to the financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Oil and gas expenditure - exploration and evaluation ("E&E") assets

E&E assets comprise rights and concession and conventional studies related to licensed areas of interest in the exploration phase. Following the acquisition of a concession right to explore a licensed area, the costs directly associated with an exploration well such as licence acquisition, 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 42 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.

(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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Currency translation (continued)

(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.

(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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- 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 and the Company have 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 instruments 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 statements of comprehensive income or statements of profit or loss and statements of comprehensive income as applicable.

    - 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 statements of comprehensive income or statements of profit or loss and statements of comprehensive income as applicable.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Measurement (continued)

  - 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 bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

  ECL represents 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.

  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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments (continued)

  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 a loss allowance at an amount equal to 12 months ECL if the 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 the 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
  - 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments (continued)

<u>Definition of default and credit-impaired financial assets</u>

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 being in default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria

- The debtor meets the 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.

<u>Write-off</u>

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.

Other receivables

- The Group and the Company write-off financial assets, in whole or in part, when they have exhausted all practical recovery efforts and have 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(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.

The 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. During the financial year and as at the reporting date, the Group and the Company did not participate in any hedging activities.

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.

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 remeasured 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) Redeemable Convertible Preference Shares (“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 and are classified as current liabilities. The RCPS are not entitled to any dividend.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements 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 amount may not be recoverable.

On the disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount 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.

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 costs cannot be recovered.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(h) Production Sharing Contract

The Company's subsidiaries which are parties to Production Sharing Contract ("PSC") arrangements are SEA Hibiscus Sdn. Bhd. ("SEA Hibiscus"), Hibiscus Oil & Gas Malaysia Limited ("Hibiscus Oil & Gas") (formerly known as Repsol Oil & Gas Malaysia Limited), Hibiscus Oil & Gas Malaysia (PM3) Limited ("Hibiscus Oil & Gas (PM3)") (formerly known as Repsol Oil & Gas Malaysia (PM3) Limited) and Talisman Vietnam Limited ("Talisman Vietnam").

Under the terms of the PSCs, assets procured by the contractors for petroleum operations in each contract area become the property of the host government in which the PSC operates, with the contractors retaining the rights of use of those assets for the duration of the PSC.

The Group classifies the PSCs as joint operations and recognises its share of assets, liabilities, revenues and expenses in accordance with the contractually conferred rights and obligations stated in the PSCs and the Joint Operating Agreements ("JOAs").

Under the JOAs, the operator is allowed to recover its indirect charges for administrative contributions for supporting the joint operation by charging the non-operator the portion of allowed overhead calculated based on agreed percentages under the JOAs. This charge of the allowed overhead is 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 portion of the allowed overhead, when charged to the non-operator, is recognised as a reduction in the operator's cost of sales upon incurred.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Production Sharing Contract (continued)

Under the PSCs, 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 PSCs. The cost recovery mechanism of the PSCs 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.

(ii) Other intangible assets

Other intangible assets comprise rights and concession and conventional studies related to licensed areas of interest in the development and production phases. 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 recognition, 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (continued)

(ii) Other intangible assets (continued)

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.

(iii) Computer software

Costs incurred to acquire computer software that does not form an integral part of the related hardware are capitalised as intangible assets when the computer software is ready for its intended use. Computer software is amortised on a straight-line basis over the estimated useful life of three years.

The costs of computer software 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 intended manner.

When an indication of impairment exists, the carrying amount of the intangible assets is assessed for impairment. Refer to Note 4(k)(ii) to the financial statements for the accounting policy on impairment of non-financial assets.

(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 of the following assets is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives:

Furniture and fittings	10% - 14%
Office equipment	20% - 33.33%
Office renovation	10% - 33.33%
Floating production storage and offloading vessel (“FPSO”)	5%

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Equipment (continued)

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 amounts 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.

(l) Inventories

Inventories of crude oil, spares and diesel 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 bank balances

Cash and bank balances in the statements of financial position comprise cash in hand, bank balances, fixed deposits with licensed banks. In the statements of cash flows, cash equivalents are short-term and highly liquid investments for the purpose of meeting short term commitments rather than for investments or other purposes, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and exclude restricted cash.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 once 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

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.

(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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred taxation (continued)

Income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. Deferred tax assets and liabilities are offset when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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.

- 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(i) Accounting by lessee (continued)

- 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.

- 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(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'.

(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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

(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

The Company's 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.

(s) Under/overlift

An underlift asset is initially measured at market price of crude oil at the date of lifting and remeasured to the current market price of crude oil at the reporting date. Change arising from the remeasurement is included in profit or loss.

The measurement of an overlift liability depends on the terms of agreement. If the agreement allows the net settlement of overlift balances in cash, the balances will fall within the scope of MFRS 9. Overlift balances that fall within the scope of MFRS 9 are to be initially measured at market price of crude oil at the date of lifting and remeasured to the current market price of crude oil at the reporting date. However, if the agreement restricts the net settlement of overlift balances to be settled in kind only, the transactions will not fall within the scope of MFRS 9. Overlift balances that do not fall within the scope of MFRS 9 are to be initially measured at estimated future production costs at the date of lifting and remeasured at the lower of carrying amount and current market price of crude oil at the reporting date. Changes arising from the remeasurement is included in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact on the Group's and the Company's results and financial positions are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) 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 the assessment of the fair value of identifiable assets and liabilities acquired through business combination and in impairment assessments. 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(a) 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.

(b) 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 assessed for indicators of impairment and reviewed for possible impairment when indicators of impairment exist. 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 Enhanced Oil Recovery PSC ("North Sabah"), the 2012 Kinabalu Oil PSC ("Kinabalu"), the PM3 CAA PSC ("PM3 CAA"), the PM305 and PM314 PSCs ("PM305 and PM314"), the Block 46 Cai Nuoc PSC ("Block 46"), the Anasuria Cluster, Licence No. P2532, Licence No. P2535, the Marigold and Sunflower fields, Licence No. P2366, Licence No. P2518, the VIC/RL17 petroleum retention lease ("VIC/RL17") (formerly known as the VIC/L31 production licence), the VIC/P57 exploration permit ("VIC/P57") and the VIC/P74 exploration permit ("VIC/P74").

Estimates of future cash flows of each CGU are based on management estimates of future crude oil and gas prices, market supply and demand, product margins, expected future capital expenditure 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.

Refer to Note 15 to the financial statements for the key assumptions on the impairment review of intangible assets, equipment and right-of-use assets.

(c) 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

(d) 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.

(e) 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. Determination of the treatment of provision in relation to tax matters is based on the Group's view of the expected outcome of the matters after consultation with the Group's appointed external legal counsels and external tax advisors.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the tax authority.

6 REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customer:				
Crude oil sales	**1,441,010**	790,144	**-**	-
Gas sales	**250,505**	8,732	**-**	-
Project management, technical and other services fees	**3,947**	3,843	**16,413**	12,990
	1,695,462	802,719	**16,413**	12,990
Revenue from other sources:				
Dividend income	**-**	-	**121,000**	62,445
Interest income	**1,059**	2,062	**5,777**	2,062
	1,059	2,062	**126,777**	64,507
	1,696,521	804,781	**143,190**	77,497

Included in interest income is profit income received from deposits with licensed Islamic banks amounting to RM1,058,911 (2021: RM2,061,666).

7 COST OF SALES

	Group	
	2022 RM'000	2021 RM'000
Cost of operations	**403,013**	278,942
Tariff and transportation expenses	**76,617**	25,079
	479,630	304,021

8 OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unrealised gain on foreign exchange	**3,656**	-	**2,373**	331
Realised gain on foreign exchange	**4,150**	-	**537**	306
Interest income	**824**	402	**-**	-
Fair value gain on other investment (Note 24)	**130**	162	**130**	162
Sundry income	**133**	14,058	**-**	-
	8,893	14,622	**3,040**	799

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

9 FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unwinding of discount on contingent consideration (Note 35)	**3,222**	632	**-**	-
Unwinding of discount on provision for decommissioning costs (Note 37)	**34,315**	25,909	**-**	-
Interest expenses	**23,470**	15,638	**868**	5,024
	61,007	42,179	**868**	5,024

10 PROFIT BEFORE TAXATION

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Profit before taxation is arrived at after charging/ (crediting):				
Auditors' remuneration:				
- fees for statutory audit				
- PricewaterhouseCoopers PLT, Malaysia	**1,534**	650	**315**	322
- member firms of PricewaterhouseCoopers PLT, Malaysia	**600**	317	**-**	-
- fees for audit related services				
- PricewaterhouseCoopers PLT, Malaysia	**392**	120	**-**	-
- fees for other services				
- member firms of PricewaterhouseCoopers PLT, Malaysia	**2,494**	1,295	**2,266**	1,198
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	**280,227**	171,047	**1,273**	1,204
State sales tax	**76,480**	-	**-**	-
Impairment of intangible assets	**46,942**	-	**-**	-
Prospecting costs and consultancy fees	**30,435**	16,797	**9,102**	7,681
Rental expenses	**13,411**	319	**-**	-
Share of results of an associate	**415**	1,062	**-**	-
Write-off of inventories	**63**	-	**-**	-
Impairment of equipment	**35**	-	**-**	-
Loss on disposal of equipment	**-**	2,228	**-**	-
Net impairment/(reversal of impairment) of investments in subsidiaries and amounts owing by subsidiaries	**-**	-	**54,554**	(50)
Reversal of contingent consideration	**-**	(2,330)	**-**	-
Unrealised (gain)/loss on foreign exchange	**(3,656)**	10,476	**(2,373)**	(331)
Realised (gain)/loss on foreign exchange	**(4,150)**	1,316	**(537)**	(306)
Net reversal of tax penalties	**(27,214)**	-	**-**	-
Negative goodwill from business combination	**(317,319)**	-	**-**	-
Staff costs:				
- Directors' fees and allowances	**1,196**	1,156	**1,063**	1,156
- salaries and bonus	**88,886**	42,477	**18,898**	14,966
- defined contribution plan	**12,342**	8,353	**3,296**	2,584
- other benefits	**2,473**	3,666	**157**	151

10 PROFIT BEFORE TAXATION (CONTINUED)

Rental expenses recognised are related to short-term and low value leases.

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

State sales tax of RM76,480,305 represents sales tax imposed by the Sabah State Government ("SbST") on petroleum products sold by SEA Hibiscus and Hibiscus Oil & Gas (refer to Note 46 to the financial statements).

The net reversal of tax penalties amounting to RM27,213,768 comprised a reversal of provision for tax penalties in relation to the Notice of Additional Assessment for YA 2014 and the Notices of Assessment for YA 2015 and YA 2016 raised by the Inland Revenue Board of Malaysia ("IRB") against PM3 CAA (refer to Note 45 to the financial statements) of RM65,453,920, partially offset by the tax penalty in relation to the SbST of RM38,240,152 (refer to Note 46 to the financial statements).

Directors' remuneration included in staff costs is as disclosed in Note 40 to the financial statements.

11 TAXATION

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current tax:				
- Malaysian income tax	**156,253**	54,268	**-**	-
- Foreign income tax	**44,914**	14,732	**-**	-
- Over accrual in prior years	**(54,373)**	(5,795)	**-**	-
	146,794	63,205	**-**	-
Deferred tax expense (Note 36):				
- Origination of temporary differences	**(58,304)**	722	**(12)**	(307)
	88,490	63,927	**(12)**	(307)

11 TAXATION (CONTINUED)

A reconciliation of income tax expense/(credit) applicable to the profit 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	**741,431**	167,603	**41,457**	36,713
Tax at the statutory tax rate of 24% (2021: 24%)	**177,943**	40,225	**9,950**	8,811
Non-deductible expenses	**38,583**	11,235	**3,856**	2,922
Non-taxable income	**(169,231)**	(12,814)	**(29,989)**	(15,615)
Effects of tax rates in different jurisdictions	**120,019**	28,710	**-**	-
Deductions for supplementary charge in different jurisdictions	**(4,098)**	(425)	**-**	-
Share of post tax results from investments accounted for using the equity method	**100**	255	**-**	-
Temporary differences not recognised	**35,533**	3,329	**16,171**	3,575
Recognition of previously unrecognised temporary differences	**(55,986)**	(793)	**-**	-
Over accrual in prior years	**(54,373)**	(5,795)	**-**	-
Income tax expense/(credit) for the financial year	**88,490**	63,927	**(12)**	(307)

Included in income tax expense of the Group and of the Company are tax savings amounting to RM5,498,220 (2021: RM79,830) and RM1,134,536 (2021: RM79,830) respectively from the utilisation of current and previous financial year tax losses.

Included in over accrual in prior years is a reversal of provision for taxation amounting to RM60,087,653 in relation to the Notice of Additional Assessment for YA 2014 and the Notices of Assessment for YA 2015 and YA 2016 raised by the IRB against PM3 CAA (refer to Note 45 to the financial statements).

In the UK, a new inclusion in the fiscal regime, namely the Energy Profits Levy was enacted when the Energy (Oil and Gas) Profits Levy Act 2022 received Royal Assent on 14 July 2022. The Energy Profits Levy, which took effect from 26 May 2022, is an additional 25% levy on UK oil and gas profits on top of the existing ring fence corporation tax and supplementary charge. The Energy Profits Levy is temporary and could be phased out when oil and gas prices return to historically more normal levels although this is not specified in the law. The legislation has included a sunset, or expiry, clause that would ensure the levy does not apply beyond 31 December 2025. Any levy that may arise from the Energy Profits Levy regime for the period from 26 May 2022 to 30 June 2022 has not been included in the financial year as it was not yet enacted on 30 June 2022. The Group does not expect a significant liability arising from the Energy Profits Levy regime in the period to 30 June 2022.

12 EARNINGS PER SHARE

The basic earnings per share is derived by dividing the Group's profit attributable to the owners of the Company of RM652,941,533 (2021: RM103,675,647) by the weighted average number of ordinary shares in issue during the financial year of 2,008,539,421 shares (2021: 1,754,276,788 shares).

Diluted earnings per share is determined by dividing the Group's profit 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 2,012,418,750 shares (2021: 1,848,549,662 shares).

		Group	
		2022	**2021**
Profit after taxation attributable to owners of the Company (RM'000)	(A)	**652,941**	103,676
Weighted average number of shares for basic earnings per share computation ('000)	(B)	**2,008,539**	1,754,277
Effects of dilution of CRPS ('000)		**3,880**	94,273
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	**2,012,419**	1,848,550
Basic earnings per share (sen)	(A/B)	**32.51**	5.91
Diluted earnings per share (sen)	(A/C)	**32.45**	5.61

13 BUSINESS COMBINATION

On 24 January 2022 ("Completion Date"), the Company's indirect wholly-owned subsidiary, Peninsula Hibiscus Sdn. Bhd. ("Peninsula Hibiscus"), completed the acquisition of the entire equity interest in Fortuna International Petroleum Corporation ("Fortuna International") ("Fortuna International Acquisition") from Repsol Exploración, S.A. ("Repsol") for a cash purchase consideration of United States Dollar ("USD") 212,500,000 (subject to agreed adjustments).

Fortuna International through its wholly-owned subsidiaries, namely Hibiscus Oil & Gas, Hibiscus Oil & Gas (PM3) and Talisman Vietnam (collectively, "Fortuna International Group") owns participating interests in the following PSCs:

(a) 60% interest in Kinabalu located off the coast of Sabah, Malaysia, held by Hibiscus Oil & Gas;

(b) 35% interest in PM3 CAA located within the Commercial Arrangement Area ("CAA") between Malaysia and Vietnam, held by Hibiscus Oil & Gas (22.3%) and Hibiscus Oil & Gas (PM3) (12.7%);

(c) 60% interest in each of PM305 and PM314 located off the eastern coast of Peninsular Malaysia in the Malay Basin, held by Hibiscus Oil & Gas; and

(d) 70% interest in Block 46, a tie-back asset to PM3 CAA located in Vietnamese waters, held by Talisman Vietnam.

(Kinabalu, PM3 CAA, PM305, PM314 and Block 46 are collectively referred to as the "Fortuna International Assets".)

The Fortuna International Acquisition has resulted in the Group assuming Repsol's role as operator in all of the PSCs under the JOAs.

13 BUSINESS COMBINATION (CONTINUED)

The parties holding the remaining participating interests in the Fortuna International Assets are as follows:

(a) PETRONAS Carigali Sdn. Bhd. ("PETRONAS Carigali"), a wholly-owned subsidiary of Petroliam Nasional Berhad, in Kinabalu, PM305 and PM314;

(b) PETRONAS Carigali and PetroVietnam Exploration & Production Corporation ("PetroVietnam"), a wholly-owned subsidiary of Vietnam Oil and Gas Group, in PM3 CAA; and

(c) PetroVietnam in Block 46.

The purchase consideration per the conditional sale and purchase agreement with Repsol ("Repsol SPA") was USD212,500,000 (equivalent to RM890,396,250). In calculating the final purchase consideration, the following adjustments were made (pursuant to the Repsol SPA):

	RM'000
Purchase consideration per the Repsol SPA (i.e. USD212,500,000)	**890,396**
Add: Time value amount	**19,491**
Less: Pre-closing dividend	**(326,828)**
Less: Leakage adjustment amount	**(2,092)**
Final purchase consideration (i.e. USD138,652,308)	**580,967**
Less: Cash and bank balances of subsidiaries acquired	**(77,670)**
Net cash outflow arising from business combination	**503,297**

The resulting final purchase consideration was USD138,652,308 (equivalent to RM580,967,036).

The fair value of the identifiable assets and liabilities of the Fortuna International Group has been determined in accordance with the provisions of MFRS 3 'Business Combinations' and assigned to the identifiable assets and liabilities on Completion Date. The fair value of the identifiable assets and liabilities of the Fortuna International Group as at Completion Date was as follows:

	Fair value recognised on acquisition RM'000
Assets	
Intangible assets	**27,691**
Equipment	**1,188,502**
Right-of-use assets	**172,486**
Tax recoverable	**56,676**
Deferred tax assets	**31,225**
Inventories	**98,780**
Trade receivables	**222,817**
Other receivables, deposits and prepayments	**536,584**
Cash and bank balances	**77,670**
	2,412,431

13 BUSINESS COMBINATION (CONTINUED)

	Fair value recognised on acquisition RM'000
Liabilities	
Trade payables	**96,226**
Other payables and accruals	**202,780**
Borrowings	**465,496**
Provision for taxation	**306,477**
Deferred tax liabilities	**72,461**
Provision for decommissioning costs	**370,705**
	1,514,145
Total identifiable net assets at fair value	**898,286**
Negative goodwill from business combination	**(317,319)**
Final purchase consideration (after adjustments)	**580,967**

The transaction resulted in a gain (i.e. negative goodwill) as the Group has the skill sets and capabilities to further enhance value of the Fortuna International Assets post acquisition. As a result, the fair value of the acquired assets was greater than the final purchase consideration. The negative goodwill of RM317,319,012 has been recognised in profit or loss in the financial year.

For the purposes of reporting the financial performance of the Fortuna International Group, the Group has segregated the PSCs acquired into the following operating segments:

- Malaysia – Kinabalu and Others
  - Comprises Kinabalu, PM305 and PM314.
- Commercial Arrangement Area
  - Comprises PM3 CAA.
- Vietnam
  - Comprises Block 46.

For the period from 25 January 2022 to 30 June 2022, the Fortuna International Group contributed revenue of RM569,282,319 and profit after taxation generated from operations (i.e. without including the negative goodwill) of RM253,149,735. With the inclusion of the negative goodwill of RM317,319,012, total profit after taxation generated by the operating segments in the Fortuna International Group for the financial year amounted to RM570,468,747.

13 BUSINESS COMBINATION (CONTINUED)

The abovementioned Fortuna International Group's revenue, allocation of negative goodwill and profit after taxation reported for the financial year by operating segments are shown in the table below:

	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	Vietnam RM'000	Total RM'000
Revenue	**188,791**	**380,491**	**-**	**569,282**
Negative goodwill	**165,006**	**145,967**	**6,346**	**317,319**
Profit after taxation	**162,986**	**387,911**	**19,571**	**570,468**

The negative goodwill has been allocated to the respective operating segments based on the relative fair value of the identifiable net assets of the PSCs at Completion Date.

Had the Fortuna International Group been acquired on 1 July 2021, the Group's revenue and profit after taxation for the financial year would have been RM2,195,091,235 and RM798,457,778 respectively.

Transaction costs and professional fees incurred relating to the Fortuna International Acquisition of RM2,878,441 was expensed to profit or loss as part of the Group's administrative expenses.

14 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, 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. and successfully assumed the role of operator for the assets from Sabah Shell Petroleum. The responsibilities of SEA Hibiscus as the operator of North Sabah 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 LCOT, an onshore processing plant and oil export terminal.

The expiry date of the PSC is on 31 December 2040.

14 JOINT OPERATIONS (CONTINUED)

(b) Fortuna International Assets

Subsequent to the completion of the Fortuna International Acquisition, the Group assumes the role of operator in all of the PSCs under the JOAs.

Hibiscus Oil & Gas holds the operatorship of Kinabalu, PM3 CAA, PM305 and PM314. The responsibilities of Hibiscus Oil & Gas as the operator of these PSCs and under the JOAs are the management of the operations of:

(i) Kinabalu

- Production of petroleum from three existing oil fields, namely Kinabalu Main, Kinabalu East and Kinabalu Far East.

(ii) PM3 CAA

- Production of petroleum, gas and condensate from six existing oil fields, namely Bunga Orkid, Bunga Pakma, Bunga Raya, Bunga Seroja, Bunga Kekwa and Bunga Tulips; and
- Exploration activities from two existing fields, namely Greater Central Area and Greater Silver Area.

(iii) PM305

- Production of petroleum from Murai field through the Angsi Southern Channel, a unitised area operated by PETRONAS Carigali.

(iv) PM314

- Production of petroleum has ceased since September 2019.

Talisman Vietnam holds the operatorship of Block 46. The responsibilities of Talisman Vietnam as the operator of Block 46 and under the JOA are the management of the operations of production of petroleum from Cai Nuoc oil field.

The expiry dates of the respective PSCs are as follows:

(i) 25 December 2032 for Kinabalu;

(ii) 31 December 2027 for PM3 CAA;

(iii) 26 November 2029 for PM305;

(iv) 30 March 2033 for PM314; and

(v) 31 December 2027 for Block 46.

The details of the Fortuna International Assets are disclosed in Note 13 to the financial statements.

(c) Anasuria Area

(i) Anasuria Cluster

(i) Licence No. P013 and the Anasuria FPSO

The Group, via its indirect wholly-owned subsidiary, Anasuria Hibiscus UK Limited ("Anasuria Hibiscus"), together with Ping Petroleum UK PLC ("Ping Petroleum") (formerly known as Ping Petroleum UK Limited) has established the joint operating company, Anasuria Operating Company Limited ("Anasuria Operating Company") in Aberdeen and this company has been approved as the Licence Operator for Licence No. P013 by the Secretary of State for Energy and Climate Change of the United Kingdom ("UK") Government. Anasuria Hibiscus holds 50% interest in Anasuria Operating Company.

14 JOINT OPERATIONS (CONTINUED)

(c) Anasuria Area (continued)

(i) Anasuria Cluster (continued)

(i) Licence No. P013 and the Anasuria FPSO (continued)

Anasuria Operating Company operates the fields under Licence 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 Licence 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 licence covering the Guillemot A, Teal and Teal South fields.

Anasuria Hibiscus also holds 50% interest in the Anasuria FPSO and the related equipment.

(ii) Licence No. P185

Anasuria Hibiscus' interest in Licence 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 North Sea Transition Authority ("NSTA") (formerly known as the Oil and Gas Authority) had on 12 March 2018 extended the licence for the Cook field into a life of field licence. The licence is terminable only if there is a continuous minimum 12-month period in which the production has fallen below a minimum production level.

(ii) Licence No. P2532

Licence No. P2532 (Blocks 21/19c and 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 (Licence No. P185 (Block 21/20a)) and reflect a similar equity holding as that of the Cook field.

(iii) Licence No. P2535

Licence 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. The Teal West discovery is a potential tieback candidate to the Anasuria FPSO.

Anasuria Hibiscus is the operator for the field.

14 JOINT OPERATIONS (CONTINUED)

(c) Anasuria Area (continued)

(iii) Licence No. P2535 (continued)

As at the end of the financial year, Anasuria Hibiscus holds 70% interest in Licence No. P2535 and the remaining 30% is held by NEO Energy (ZEX) Limited ("NEO Energy").

On 8 July 2022, NEO Energy advised Anasuria Hibiscus of its intention to withdraw from Licence No. P2535. Given the advanced state of the technical work that has been done and the value this project adds to the Anasuria Cluster, Anasuria Hibiscus has decided to proceed with activities related to Licence No. P2535 on a 100% interest basis. The assignment of NEO Energy's interest to Anasuria Hibiscus has been approved by the NSTA and the transfer of interest, without any compensation, is now pending completion.

Anasuria Hibiscus had to prepare a field development plan for the Teal West discovery for approval by the NSTA by the end of 2022, as part of the terms of the licence. The field development plan was submitted to the NSTA on 2 August 2022 along with the submission of the Environmental Statement to the Department of Business, Energy and Industrial Strategy's Offshore Petroleum Regulator for Environment and Decommissioning on 29 July 2022, being the documents requiring UK regulatory consent to proceed with field development. The consent is expected to be granted within six months from the date of submission.

(d) Marigold and Sunflower fields

The Marigold and Sunflower fields, which are part of the UK Continental Shelf Petroleum Production Licence 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 indirect wholly-owned subsidiary, Anasuria Hibiscus, completed the acquisition of 50% interest in the two blocks under Licence 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 Licence 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.

On 5 May 2022, Anasuria Hibiscus and Caldera Petroleum entered into a Governance Agreement with Ithaca Oil and Gas Limited ("Ithaca Oil and Gas") to jointly develop the resources found in Licence No. P198 Block 15/13a and Ithaca Oil and Gas' Licence No. P2158 Block 15/18b (which is adjacent to the Marigold field and contains the Yeoman discovery) via a tieback to the Piper B platform.

The Marigold field is expected to be in production by 2026, upon which Licence No. P198 would then be expected to be valid for the life of the fields.

(e) VIC/P57

The Group, via its indirect 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 2022, Carnarvon Hibiscus and its wholly-owned subsidiary, Gippsland Hibiscus Pty Ltd ("Gippsland Hibiscus") have a 55.1% (2021: 55.1%) and a 20.0% (2021: 20.0%) participating interest in this arrangement respectively.

14 JOINT OPERATIONS (CONTINUED)

(e) VIC/P57 (continued)

The Group, together with 3D Oil Limited ("3D Oil") (a joint venture partner to VIC/P57 with a 24.9% participating interest) renewed the VIC/P57 permit on 7 March 2018 for up to a five-year term dependent on meeting various work programme commitments on a yearly basis.

On 4 February 2022, Carnarvon Hibiscus and 3D Oil submitted an application to surrender the VIC/P57 permit in good standing to the Australian National Offshore Petroleum Titles Administrator ("NOPTA"). The surrender was approved and took effect on 11 August 2022.

(f) VIC/P74

On 3 October 2019, Carnarvon Hibiscus exercised its option to farm into VIC/P74 by acquiring a 50% interest in VIC/P74 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 executed an Instrument of Transfer, a JOA and a Deed of Cross Charge for VIC/P74 (collectively, the "Instruments"). The Instruments were approved by NOPTA and were registered on 7 October 2020, thereby facilitating the completion of Carnarvon Hibiscus' acquisition of a 50% interest in VIC/P74.

Under the JOA, it is agreed that 3D Oil shall remain as the operator of VIC/P74 through the primary first three 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 VIC/P74 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 VIC/P74 that will require drilling a well or wells by the farmee, the farmee will become the operator for all operations.

As at 30 June 2022, the Group has elected to exit VIC/P74 at the end of First Phase's work programme, thus avoiding having to commit to the work programme of the second three years ("Second Phase") which includes an obligation to acquire 200 km^2 of 3D seismic data. In addition, the reprocessed 3D seismic data acquired as part of the First Phase's work programme showed that the four identified leads in VIC/P74 are, in the opinion of the Group, of relatively high geological risk. On 7 July 2022, 3D Oil submitted an application of "Approval of Transfer of a Petroleum Title" to NOPTA to seek approval for the transfer of Carnarvon Hibiscus' entire interest in VIC/P74 to 3D Oil. The Group has agreed to transfer its entire interest to 3D Oil at no cost. The transfer was approved and took effect on 21 September 2022.

15 INTANGIBLE ASSETS

	Rights and concession RM'000	Conventional studies RM'000	Computer software RM'000	Total RM'000
Group				
At 01.07.2021	**1,312,444**	**63,364**	**-**	**1,375,808**
Additions	**14,697**	**27,727**	**775**	**43,199**
Acquisition through business combination (Note 13)	**-**	**22,947**	**4,744**	**27,691**
Changes in estimates	**29,505**	**-**	**-**	**29,505**
Reclassification	**-**	**-**	**1,723**	**1,723**
Amortisation	**(86,722)**	**-**	**(3,107)**	**(89,829)**
Impairment	**(30,437)**	**(16,505)**	**-**	**(46,942)**
Exchange differences	**76,279**	**4,883**	**259**	**81,421**
At 30.06.2022	**1,315,766**	**102,416**	**4,394**	**1,422,576**
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

	Computer software RM'000
Company	
At 01.07.2021	**-**
Reclassification	**29**
Amortisation	**(29)**
At 30.06.2022	**-**

15 INTANGIBLE ASSETS (CONTINUED)

Included in rights and concession are the carrying amounts of producing field licences in the Anasuria Cluster amounting to RM630,154,952 (2021: RM614,296,994), producing field licences in North Sabah amounting to RM452,639,494 (2021: RM462,024,007), capitalised acquisition and related transaction costs of the Marigold and Sunflower fields amounting to RM232,971,176 (2021: RM205,099,518). The Group impaired the remaining carrying amounts of the capitalised acquisition and related transaction costs in VIC/RL17, VIC/P57 and VIC/P74 in full during the financial year amounting to RM30,437,194 (2021: carrying amounts of RM30,482,771, RM446,678 and RM93,573 for VIC/RL17, VIC/P57 and VIC/P74 respectively). 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 of the Marigold and Sunflower fields amounting to RM60,722,518 (2021: RM44,394,642), PM3 CAA amounting to RM24,234,933 (2021: not applicable), Licence No. P2535 amounting to RM17,383,874 (2021: RM2,628,821), Licence No. P2532 amounting to RM64,303 (2021: RM41,671) and Block 46 amounting to RM10,244 (2021: not applicable). The remaining carrying amounts of exploration costs in VIC/RL17, VIC/P57 and VIC/P74 were fully impaired during the financial year amounting to RM16,505,246 (2021: carrying amounts of RM10,454,223, RM4,153,167 and RM1,691,516 for VIC/RL17, VIC/P57 and VIC/P74 respectively).

(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 inflow and outflow 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% (2021: 10%);

(ii) Oil price forecast based on the oil price forward curve from an independent party;

(iii) Future oil production profile based on an assessment by an independent oil and gas reserve expert; and

(iv) Commercial risk factors applied to the valuation derived, as a result of the uncertain commerciality surrounding development projects included in the valuation model.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount 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. The cost to sell is estimated to be immaterial.

(b) Kinabalu

The recoverable amounts of the intangible assets, equipment and right-of-use assets relating to Kinabalu were determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of Kinabalu.

The key assumptions applied to determine the recoverable amount for Kinabalu were as follows:

(i) Discount rate of 10% (2021: not applicable);

(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 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. The cost to sell is estimated to be immaterial.

15 INTANGIBLE ASSETS (CONTINUED)

(c) PM3 CAA

The recoverable amounts of the intangible assets, equipment and right-of-use assets relating to PM3 CAA were determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of PM3 CAA.

The key assumptions applied to determine the recoverable amount for PM3 CAA were as follows:

(i) Discount rate of 10% (2021: not applicable);

(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 is greater than the carrying amount. The most sensitive assumption in the DCF is oil and gas prices forecast. A 10% decrease in the oil and gas prices forecast would not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

(d) PM305 and PM314

Hibiscus Oil & Gas has 60% interest in PM305 and PM314. As at the reporting date, the carrying amounts of equipment and right-of-use assets relating to PM305 and PM314 are negligible.

(e) Block 46

The recoverable amounts of the intangible assets and equipment relating to Block 46 were determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of Block 46.

The key assumptions applied to determine the recoverable amount for Block 46 were as follows:

(i) Discount rate of 10% (2021: not applicable);

(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 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. The cost to sell is estimated to be immaterial.

(f) 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 inflow and outflow 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% (2021: 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.

15 INTANGIBLE ASSETS (CONTINUED)

(f) Anasuria Cluster (continued)

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount 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. The cost to sell is estimated to be immaterial.

(g) Licence No. P2532

Anasuria Hibiscus has 19.325% interest in Licence No. P2532 (Blocks 21/19c and 21/20c) containing the Cook West and Cook North field extensions. As at the reporting date, minimal development cost has been incurred.

(h) Licence No. P2535

The Group has assessed the recoverable amount of the intangible assets and equipment relating to the Teal West fields. The recoverable amount was determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production lives of the Teal West field.

The key assumptions applied to determine the recoverable amount for the Teal West fields were as follows:

(i) Discount rate of 10%;

(ii) First oil being achieved in year 2024;

(iii) Oil price forecast based on the oil price forward curve from an independent party;

(iv) An oil production profile based on an assessment by independent oil and gas reserve expert; and

(v) Commercial risk factors applied to the valuation derived.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount 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 or a six-month deferment in capital expenditure would not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

Such assessment was not carried out in the previous financial year, as only minimal development cost was incurred.

(i) 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 inflow and outflow 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% (2021: 10%);

(ii) First oil being achieved in year 2026 (2021: year 2023);

(iii) Oil price forecast based on the oil price forward curve from an independent party;

15 INTANGIBLE ASSETS (CONTINUED)

(i) Marigold and Sunflower fields (continued)

(iv) An oil production profile based on an assessment by independent oil and gas reserve expert; and

(v) Commercial risk factors applied to the valuation derived.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount 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 or a six-month deferment in capital expenditure would not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

(j) Licence No. P2366

Licence No. P2366 has been fully impaired as there was no sanctioned development of the licence. The licence expired on 30 September 2021 when the request to extend the expiry date of the licence was not approved by the NSTA.

(k) Licence No. P2518

Anasuria Hibiscus has 100% interest in Licence No. P2518 (Block 15/17a) containing the Kildrummy discovered field. As at the reporting date, no development costs have been incurred.

(l) VIC/RL17

A Retention Lease application for VIC/RL17 (containing the West Seahorse field) was submitted to NOPTA on 4 December 2018. On 5 November 2021, NOPTA granted approval of this application subject to the work programme stated in the title instrument and associated conditions to be met. The impact of this development and reclassification of the licence was taken into consideration when assessing the recoverable amount of VIC/RL17. VIC/RL17 was formerly known as the VIC/L31 production licence, which was granted by the Australian authorities to Carnarvon Hibiscus for an indefinite period from 5 December 2013.

The recoverable amount of the intangible assets relating to VIC/RL17 was determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production licence period.

The key assumptions applied to determine the recoverable amount for VIC/RL17 were as follows:

(i) Discount rate of 9.5% (2021: 10%);

(ii) The licence being available up to year 2031 (2021: up to year 2026) which is the expected economic limit cut off for the licence;

(iii) Total project capital expenditure of approximately USD241 million (2021: USD51 million), which is higher than the previous financial year's assumption due to a recent change in development concept following an assessment performed by an independent party;

(iv) First oil being achieved in July 2025 (2021: 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 applied to the valuation derived, as a result of the uncertain commerciality surrounding the development of VIC/RL17.

15 INTANGIBLE ASSETS (CONTINUED)

(l) VIC/RL17 (continued)

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount is negligible. Hence, capitalised costs related to VIC/RL17 were fully impaired during the financial year amounting to RM40,525,828.

(m) VIC/P57

VIC/P57 is an exploration permit granted by the Australian authorities.

On 4 February 2022, Carnarvon Hibiscus and 3D Oil submitted an application to surrender the VIC/P57 permit to NOPTA. The surrender was approved and took effect on 11 August 2022. Hence, capitalised costs related to VIC/P57 were fully impaired during the financial year amounting to RM4,531,994.

(n) VIC/P74

VIC/P74 is an exploration permit granted by the Australian authorities.

The Group elected to exit VIC/P74 at the end of the First Phase's work programme (the details of the planned exit are dislosed in Note 14(f) to the financial statements). Hence, capitalised costs related to VIC/P74 were fully impaired during the financial year amounting to RM1,884,617.

16 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 01.07.2020	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/ 01.07.2021	**1,142**	**14,425**	**3,187**	**643,322**	**29,025**	**-**	**89,075**	**780,176**
Additions	**15**	**1,518**	**37**	**72,328**	**-**	**-**	**67,219**	**141,117**
Acquisition through business combination (Note 13)	**-**	**514**	**-**	**1,117,196**	**-**	**-**	**70,792**	**1,188,502**
Changes in estimates	**-**	**-**	**-**	**(25,236)**	**-**	**-**	**-**	**(25,236)**
Transfer	**-**	**-**	**-**	**18,791**	**5,858**	**-**	**(24,649)**	**-**
Write-off	**(1)**	**(89)**	**-**	**-**	**-**	**-**	**-**	**(90)**
Reclassification	**-**	**(8,769)**	**-**	**(5,009)**	**5,009**	**-**	**-**	**(8,769)**
Exchange differences	**10**	**190**	**103**	**100,293**	**2,325**	**-**	**10,893**	**113,814**
At 30.06.2022	**1,166**	**7,789**	**3,327**	**1,921,685**	**42,217**	**-**	**213,330**	**2,189,514**

16 EQUIPMENT (CONTINUED)

	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 (continued)								
Accumulated depreciation								
At 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/ 01.07.2021	**305**	**11,419**	**970**	**156,193**	**6,456**	**-**	**-**	**175,343**
Depreciation	**117**	**1,518**	**722**	**160,152**	**3,009**	**-**	**-**	**165,518**
Write-off	**(1)**	**(89)**	**-**	**-**	**-**	**-**	**-**	**(90)**
Reclassification	**-**	**(7,046)**	**-**	**-**	**-**	**-**	**-**	**(7,046)**
Exchange differences	**4**	**116**	**67**	**16,067**	**518**	**-**	**-**	**16,772**
At 30.06.2022	**425**	**5,918**	**1,759**	**332,412**	**9,983**	**-**	**-**	**350,497**
Accumulated impairment								
At 01.07.2020	-	-	-	-	-	9,006	-	9,006
Disposal	-	-	-	-	-	(9,006)	-	(9,006)
At 30.06.2021/ 01.07.2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment	**-**	**-**	**-**	**35**	**-**	**-**	**-**	**35**
Exchange differences	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**1**
At 30.06.2022	**-**	**-**	**-**	**36**	**-**	**-**	**-**	**36**
Net book value								
At 30.06.2021	837	3,006	2,217	487,129	22,569	-	89,075	604,833
At 30.06.2022	**741**	**1,871**	**1,568**	**1,589,237**	**32,234**	**-**	**213,330**	**1,838,981**

16 EQUIPMENT (CONTINUED)

	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Total RM'000
Company				
Cost				
At 01.07.2020	974	5,212	1,513	7,699
Additions	4	13	13	30
At 30.06.2021/01.07.2021	**978**	**5,225**	**1,526**	**7,729**
Additions	**11**	**261**	**-**	**272**
Write-off	**(1)**	**(89)**	**-**	**(90)**
Reclassification	**-**	**(3,617)**	**-**	**(3,617)**
At 30.06.2022	**988**	**1,780**	**1,526**	**4,294**
Accumulated depreciation				
At 01.07.2020	159	4,667	104	4,930
Depreciation	94	193	153	440
At 30.06.2021/01.07.2021	**253**	**4,860**	**257**	**5,370**
Depreciation	**92**	**209**	**153**	**454**
Write-off	**(1)**	**(89)**	**-**	**(90)**
Reclassification	**-**	**(3,588)**	**-**	**(3,588)**
At 30.06.2022	**344**	**1,392**	**410**	**2,146**
Net book value				
At 30.06.2021	725	365	1,269	2,359
At 30.06.2022	**644**	**388**	**1,116**	**2,148**

17 RIGHT-OF-USE ASSETS

	Office equipment RM'000	Equipment RM'000	Vessels RM'000	Leasehold buildings RM'000	Total RM'000
Group					
Cost					
At 01.07.2020	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 30.06.2021/01.07.2021	**4,769**	**5,506**	**6,436**	**8,211**	**24,922**
Additions	**2,326**	**3,097**	**94**	**1,080**	**6,597**
Acquisition through business combination (Note 13)	**613**	**-**	**158,292**	**13,581**	**172,486**
Modification	**(5)**	**(231)**	**-**	**-**	**(236)**
Exchange differences	**137**	**633**	**8,572**	**1,122**	**10,464**
At 30.06.2022	**7,840**	**9,005**	**173,394**	**23,994**	**214,233**
Accumulated depreciation					
At 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 30.06.2021/01.07.2021	**2,995**	**3,099**	**2,489**	**3,932**	**12,515**
Depreciation	**1,030**	**3,120**	**17,026**	**3,704**	**24,880**
Exchange differences	**18**	**362**	**843**	**370**	**1,593**
At 30.06.2022	**4,043**	**6,581**	**20,358**	**8,006**	**38,988**
Net book value					
At 30.06.2021	1,774	2,407	3,947	4,279	12,407
At 30.06.2022	**3,797**	**2,424**	**153,036**	**15,988**	**175,245**

17 RIGHT-OF-USE ASSETS (CONTINUED)

	Office equipment RM'000	Leasehold buildings RM'000	Total RM'000
Company			
Cost			
At 01.07.2020	159	1,298	1,457
Additions	-	648	648
Lease termination	-	(230)	(230)
At 30.06.2021/01.07.2021	**159**	**1,716**	**1,875**
Additions	**-**	**1,080**	**1,080**
At 30.06.2022	**159**	**2,796**	**2,955**
Accumulated depreciation			
At 01.07.2020	27	725	752
Depreciation	36	728	764
Lease termination	-	(230)	(230)
At 30.06.2021/01.07.2021	**63**	**1,223**	**1,286**
Depreciation	**36**	**754**	**790**
At 30.06.2022	**99**	**1,977**	**2,076**
Net book value			
At 30.06.2021	96	493	589
At 30.06.2022	**60**	**819**	**879**

18 INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	**2021 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	**56,202**	53,267
Less: Impairment losses	**(55,513)**	(1,269)
	4,761	56,070

The details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 2022	2021
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")	Investment holding	Malaysia	**100**	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

18 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 (%) 2022	2021
Subsidiaries of Genesis Hibiscus				
Cayman Hibiscus Inc SPC[2]	Dormant	Cayman Islands	**100**	100
Hibiscus Capital Limited ("Hibiscus Capital")[3]	Investment holding	Malaysia	**100**	-
Subsidiaries 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 and gas	Malaysia	**100**	100
Subsidiary of Carnarvon Hibiscus				
Gippsland Hibiscus[1]	Exploration and development of oil and gas	Australia	**100**	100
Subsidiaries of Asia Hibiscus				
Peninsula Hibiscus	Exploration and production of oil and gas	Malaysia	**100**	100
Borneo Hibiscus Sdn. Bhd.[4]	Exploration and production of oil and gas	Malaysia	**100**	-
Straits Hibiscus Sdn. Bhd.[5]	Exploration and production of oil and gas	Malaysia	**100**	-
Subsidiary of Peninsula Hibiscus				
Fortuna International[1][6]	Investment holding	Barbados	**100**	-
Subsidiaries of Fortuna International				
Hibiscus Oil & Gas (PM3)[1][6]	Oil and gas exploration, development and production	Barbados	**100**	-
Hibiscus Oil & Gas[1][6]	Oil and gas exploration, development and production	Barbados	**100**	-
Talisman Vietnam[1][6]	Oil and gas exploration, development, production	Barbados	**100**	-

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(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 2022.

(3) Incorporated on 10 September 2021.

(4) Incorporated on 27 September 2021.

(5) Incorporated on 31 March 2022.

(6) Acquired on 24 January 2022 (refer to Note 13 to the financial statements).

During the financial year, the Company reviewed the recoverability of its underlying interests in subsidiaries which recorded net liabilities positions as at 30 June 2022. 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 15, Note 16 and Note 19 to the financial statements. Fair value measurement was performed based on Level 3 hierarchy. As a result of the review, the Company recognised an impairment in the amount owing by Oceania Hibiscus of RM54,243,895.

In the previous financial year, there was no net impairment loss recognised in its investment in subsidiaries.

19 INVESTMENT IN AN ASSOCIATE

	Group	
	2022 RM'000	**2021 RM'000**
At 01.07.2021/01.07.2020	**4,381**	5,403
Share of post-acquisition results and reserves	**(293)**	(1,022)
At 30.06.2022/30.06.2021	**4,088**	4,381
Fair value of quoted shares (Level 1)	**4,329**	4,636

19 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	
	2022 **RM'000**	**2021** **RM'000**
Revenue	**1**	270
Loss after taxation/Total comprehensive expenses	**(3,553)**	(3,451)
Non-current assets	**42,273**	43,796
Current assets	**4,153**	10,031
Non-current liabilities	**(10,683)**	(10,133)
Current liabilities	**(3,368)**	(8,812)
Net assets	**32,375**	34,882
Group's share of net assets 11.68% (2021: 11.68%)	**3,781**	4,074
Transaction costs capitalised	**307**	307
Carrying amount	**4,088**	4,381

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:

				Group's effective equity interest (%)	
Name of company	**Principal activities**	**Place of business/ Country of incorporation**	**Measurement method**	**2022**	**2021**
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 against the carrying amount of the investment. The recoverable amount is based on FVLCTS, which is derived from the market price of the shares. As at 30 June 2022, the share price was AUD0.046 per share (2021: AUD0.048 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.

20 INVESTMENTS IN JOINT VENTURES

	Group	
	2022 RM'000	**2021 RM'000**
Unquoted shares outside Malaysia, at cost:		
At 30.06.2022/30.06.2021	**-**	-

Lime Petroleum Plc ("Lime")

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") on 31 August 2020. The Settlement Agreement between the relevant parties in relation to the subject legal proceedings and other related claims between the parties has been duly completed and/or effected as at 18 October 2021, pursuant to the terms of the Settlement Agreement.

Lime was dissolved on 15 March 2022. The Directors have fully impaired the Group's investment in Lime and its concession companies in previous financial years.

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.

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 (%) 2022	Group's effective equity interest (%) 2021
Lime	Oil and gas exploration and production business	Isle of Man	Equity	**-**	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.

21 INVENTORIES

	Group	
	2022 RM'000	**2021 RM'000**
Crude oil	**30,416**	23,092
Spares	**133,100**	25,607
Diesel	**384**	763
	163,900	49,462

Inventories recognised as expenses during the financial year amounted to RM301,284,558 (2021: RM278,941,866). These were included in cost of sales as disclosed in Note 7 to the financial statements.

22 TRADE RECEIVABLES

	Group	
	2022 RM'000	2021 RM'000
Sales of crude oil	**309,859**	97,740
Sales of gas	**78,718**	1,888
Provision of project management, technical and other services	**16,153**	13,277
	404,730	112,905

The amounts are unsecured and are to be settled in cash.

23 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Other receivables	**230,541**	5,458	**-**	-
Current				
Other receivables and deposits	**400,403**	173,883	**4,536**	4,538
Less:				
Impairment of other receivables	**(6,121)**	(9,782)	**(4,296)**	(4,296)
	394,282	164,101	**240**	242
Prepayments	**21,568**	18,707	**519**	2,438
	415,850	182,808	**759**	2,680

23 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Other receivables

Other receivables include finance leases receivable in relation to right-of-use assets for SEA Hibiscus and Hibiscus Oil & Gas. 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	
	2022 RM'000	**2021 RM'000**
Within one year	**99,383**	8,388
Later than one year but not later than five years	**145,292**	5,627
Later than five years	**157,382**	883
Minimum lease payments	**402,057**	14,898
Future finance income	**(108,489)**	(1,916)
Net investment in finance leases	**293,568**	12,982
Non-current	**230,541**	5,458
Current	**63,027**	7,524
	293,568	12,982

Deposits

In the previous financial year, current other receivables and deposits included a deposit for the Fortuna International Acquisition amounting to RM62,319,000. The deposit was released at Completion Date.

24 OTHER INVESTMENT

	Group/Company	
	2022 RM'000	**2021 RM'000**
Other investment	**-**	136,430

Other investment comprised investment in unit trust funds and was classified as financial assets at FVTPL. During the financial year, the fair value gain recognised in profit or loss is RM130,384 (2021: RM162,471) as disclosed in Note 8 to the financial statements.

This amount corresponded to the remaining 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. Its balance as at 30 June 2022 was nil after the full withdrawal of the entire balance in December 2021 to part finance the purchase consideration of the Fortuna International Acquisition.

25 AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2022 RM'000	**2021 RM'000**
Amounts owing by subsidiaries:		
Trade	**19,305**	9,942
Less: Impairment of receivables (trade)	**(2,324)**	(2,531)
Non-trade	**301,105**	138,681
Less: Impairment of receivables (non-trade)	**(41,635)**	(41,118)
	276,451	104,974
Amounts owing to subsidiaries:		
Non-trade	**(539)**	(25,663)

The trade balance of amounts owing by subsidiaries represents receivables on demand and to be settled in cash. As at 30 June 2022, included in the non-trade balance are advances that bear interest rates from 3.29% to 4.50% per annum. The remaining non-trade balance represents payments made on behalf of subsidiaries and dividend receivable from a subsidiary which are unsecured and interest-free.

In the financial year, there is a net impairment loss of RM310,114 (2021: net reversal of impairment of RM49,501) on amounts owing by subsidiaries.

The non-trade balance of amounts owing to subsidiaries is unsecured, repayable on demand and interest-free, except for advances from a subsidiary in the previous financial year that bore an interest rate of 5.00% per annum. These advances were repaid during the financial year.

26 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.

27 AMOUNT OWING BY/(TO) AN ASSOCIATE

Amount owing by an associate represents 3D Oil's 24.9% (2021: 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% (2021: 50%) share of VIC/P74 expenses. The amounts are unsecured and are to be settled in cash.

28 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 amounts are unsecured and are to be settled in cash.

29 CASH AND BANK BALANCES

For the purpose of the statements of cash flows, cash and cash equivalents comprised the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	**707,842**	303,233	**22,880**	4,921
Less: Cash restricted in use	**(163,063)**	(129,344)	**-**	(2)
Cash and cash equivalents	**544,779**	173,889	**22,880**	4,919
Cash restricted in use represented by:				
Non-current	**158,456**	125,581	**-**	-
Current	**4,607**	3,763	**-**	2
	163,063	129,344	**-**	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 deposits placed with financial institutions as security for banking facilities obtained for SEA Hibiscus and Hibiscus Oil & Gas.

29 CASH AND BANK BALANCES (CONTINUED)

Reconciliation of liabilities arising from financing activities:

				Non-cash changes					
	At 01.07.2021 RM'000	Acquisition through business combination (Note 13) RM'000	Cash flows RM'000	Additions RM'000	Interest expense RM'000	Transfer* RM'000	Modification RM'000	Foreign exchange movement RM'000	At 30.06.2022 RM'000
Group									
Lease liabilities	**26,770**	**465,496**	**(69,582)**	**12,115**	**12,831**	**-**	**(485)**	**21,800**	**468,945**
Revolving credit	**-**	**-**	**84,752**	**-**	**602**	**-**	**-**	**3,460**	**88,814**
CRPS	**5,677**	**-**	**-**	**-**	**154**	**(5,831)**	**-**	**-**	**-**
Total liabilities arising from financing activities	**32,447**	**465,496**	**15,170**	**12,115**	**13,587**	**(5,831)**	**(485)**	**25,260**	**557,759**

			Non-cash changes			
	At 01.07.2021 RM'000	Cash flows RM'000	Additions RM'000	Interest expense RM'000	Transfer* RM'000	At 30.06.2022 RM'000
Company						
Lease liabilities	**613**	**(858)**	**1,080**	**83**	**-**	**918**
CRPS	**5,677**	**-**	**-**	**154**	**(5,831)**	**-**
	6,290	**(858)**	**1,080**	**237**	**(5,831)**	**918**

* Transfer represents conversion of CRPS into new ordinary shares.

29 CASH AND BANK BALANCES (CONTINUED)

Reconciliation of liabilities arising from financing activities: (continued)

					Non-cash changes					
	At 01.07.2020 RM'000	**Upon issuance RM'000**	**Transaction cost RM'000**	**Cash flows RM'000**	**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
Total liabilities arising from financing activities	74,265	191,957	(5,577)	(66,738)	16,310	6,020	(184,218)	(23)	451	32,447

					Non-cash changes			
	At 01.07.2020 RM'000	**Upon issuance RM'000**	**Transaction cost RM'000**	**Cash flows RM'000**	**Additions RM'000**	**Interest expense RM'000**	**Transfer* 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.

30 SHARE CAPITAL

	Number of shares	Share capital RM
Ordinary shares		
At 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 Warrant C	3,960	4,435
At 30.06.2021/01.07.2021	**2,000,137,151**	**959,891,550**
Conversion of CRPS to new ordinary shares	**12,281,592**	**6,121,975**
At 30.06.2022	**2,012,418,743**	**966,013,525**

During the financial year, the Company increased its issued and paid-up ordinary share capital by way of conversions of 5,895,169 units of the second tranche of the private placement of Islamic Convertible Redeemable Preference Shares ("Private Placement of CRPS") ("CRPS-T2") at a conversion price of RM0.48 into 12,281,592 new ordinary shares.

31 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 39 to the financial statements.

32 TRADE PAYABLES

Trade payables are related to the direct cost of delivering sales of crude oil and gas and direct cost of executing exploration and development activities in non-producing licences. The amounts are unsecured and are to be settled in cash.

33 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Non-current				
Other payables	**9,340**	9,545	**-**	-
Current				
Other payables	**362,171**	107,587	**1,871**	1,255
Accruals	**658,148**	185,485	**8,617**	6,095
Dividend payable	**20,124**	-	**20,124**	-
	1,040,443	293,072	**30,612**	7,350

Other payables and accruals are mainly related to cost of production operations, maintenance and overheads.

Included in current other payables of the Group is an amount of RM176,376,000 (2021: RM41,130,540) arising from a trade arrangement with a counterparty that bears an effective interest rate ranging from 7.08% to 8.25% (2021: 7.08% to 7.17%) per annum. This amount will be settled either via future crude oil offtakes proceeds or in cash, over a twelve-month period from the utilisation of the trade arrangement.

The accruals for SbST and related penalties amounting to RM79,580,956 and RM39,790,477 respectively (refer to Note 46 to the financial statements) are included in current accruals of the Group.

34 BORROWINGS

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Non-current				
Secured				
Lease liabilities	**364,009**	11,230	**106**	314
Current				
Secured				
Lease liabilities	**104,936**	15,540	**812**	299
Unsecured				
Revolving credit	**88,814**	-	**-**	-
	193,750	15,540	**812**	299
	557,759	26,770	**918**	613

34 BORROWINGS (CONTINUED)

Lease liabilities

	Group	
	2022 RM'000	**2021 RM'000**
Commitments in relation to lease liabilities are payable as follows:		
Within one year	**138,658**	17,178
Later than one year but not later than five years	**399,840**	11,701
Later than five years	**1,767**	1,765
Minimum lease payments	**540,265**	30,644
Future finance charges	**(71,320)**	(3,874)
Recognised as liabilities	**468,945**	26,770
The present value of lease liabilities are as follows:		
Within one year	**104,936**	15,540
Later than one year but not later than five years	**362,485**	9,707
Later than five years	**1,524**	1,523
Lease liabilities	**468,945**	26,770

	Company	
	2022 RM'000	**2021 RM'000**
Commitments in relation to lease liabilities are payable as follows:		
Within one year	**849**	326
Later than one year but not later than five years	**109**	329
Minimum lease payments	**958**	655
Future finance charges	**(40)**	(42)
Recognised as liabilities	**918**	613
The present value of lease liabilities are as follows:		
Within one year	**812**	299
Later than one year but not later than five years	**106**	314
Lease liabilities	**918**	613

34 BORROWINGS (CONTINUED)

Lease liabilities (continued)

As at 30 June 2022, the Group's and the Company's lease liabilities have remaining terms up to eight years (2021: up to nine years) and up to three years (2021: up to four years) respectively.

Revolving credit

The revolving credit facility is unsecured with a six-month roll-over period at an effective interest rate of 3.99% per annum.

35 CONTINGENT CONSIDERATION

	Group	
	2022 RM'000	**2021 RM'000**
Non-current		
At 01.07.2021/01.07.2020	**19,683**	2,363
Additions	**14,697**	47,760
Reversal	**-**	(2,330)
Transfer to current liabilities	**(4,001)**	(28,803)
Unwinding of discount (Note 9)	**3,222**	632
Exchange differences	**1,771**	61
At 30.06.2022/30.06.2021	**35,372**	19,683
Current		
At 01.07.2021/01.07.2020	**25,251**	-
Settlement	**(2,317)**	(3,746)
Transfer from non-current liabilities	**4,001**	28,803
Exchange differences	**1,617**	194
At 30.06.2022/30.06.2021	**28,552**	25,251

The contingent consideration of the Group in the financial year 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 Licence No. P198 Block 15/13a and Block 15/13b, 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 14(d) 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.

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 previous 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 in the previous financial year.

36 DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
Deferred tax liabilities	**1,001,966**	624,667
Deferred tax assets	**(509,290)**	(152,709)
	492,676	471,958

	Group	
	2022 RM'000	2021 RM'000
At 01.07.2021/01.07.2020	**471,958**	485,791
Acquisition through business combination (Note 13)	**41,236**	-
Addition due to issuance of CRPS	**-**	2,797
Release of deferred tax liabilities due to conversion of CRPS to new ordinary shares	**(45)**	(2,433)
Recognised in profit or loss (Note 11)	**(58,304)**	722
Exchange differences	**37,831**	(14,919)
At 30.06.2022/30.06.2021	**492,676**	471,958

	Company	
	2022 RM'000	2021 RM'000
Deferred tax liabilities	**-**	57

	Company	
	2022 RM'000	2021 RM'000
At 01.07.2021/01.07.2020	**57**	-
Addition due to issuance of CRPS	**-**	2,797
Release of deferred tax liabilities due to conversion of CRPS to new ordinary shares	**(45)**	(2,433)
Recognised in profit or loss (Note 11)	**(12)**	(307)
At 30.06.2022/30.06.2021	**-**	57

36 DEFERRED TAX (ASSETS)/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 01.07.2021	**163,320**	**462,305**	**(958)**	**624,667**
Acquisition through business combination	**246,474**	**11,092**	**71,645**	**329,211**
Conversion of CRPS to new ordinary shares (deferred tax liabilities component)	**-**	**-**	**(45)**	**(45)**
Recognised in profit or loss	**(2,004)**	**(3,280)**	**(5,447)**	**(10,731)**
Exchange differences	**23,881**	**29,210**	**5,773**	**58,864**
At 30.06.2022	**431,671**	**499,327**	**70,968**	**1,001,966**
Offsetting				**(420,777)**
Deferred tax liabilities (after offsetting) at 30.06.2022				**581,189**

	Equipment RM'000	Decom-missioning costs RM'000	Intangible assets RM'000	Tax losses RM'000	Provision and other payables RM'000	Others RM'000	Total RM'000
Group							
Deferred tax assets							
At 01.07.2021	**-**	**(144,726)**	**(90)**	**(279)**	**(7,614)**	**-**	**(152,709)**
Acquisition through business combination	**(1,453)**	**(145,849)**	**-**	**(95,160)**	**-**	**(45,513)**	**(287,975)**
Recognised in profit or loss	**1,234**	**27,079**	**88**	**(48,705)**	**(1,463)**	**(25,806)**	**(47,573)**
Exchange differences	**12**	**(17,662)**	**2**	**3,180**	**(526)**	**(6,039)**	**(21,033)**
At 30.06.2022	**(207)**	**(281,158)**	**-**	**(140,964)**	**(9,603)**	**(77,358)**	**(509,290)**
Offsetting							**420,777**
Deferred tax assets (after offsetting) at 30.06.2022							**(88,513)**

36 DEFERRED TAX (ASSETS)/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 01.07.2020	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

	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					-

The movements in deferred tax assets and deferred tax liabilities for the Company arise from movements relating to the Private Placement of CRPS.

36 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Tax losses	**344,278**	311,830	**101,494**	90,343
Unabsorbed capital allowance	**9,145**	8,036	**5,583**	5,236
Provisions and other payables	**272,568**	171,569	**62,315**	6,434
	625,991	491,435	**169,392**	102,013

In accordance with the Malaysian Finance Act 2021 which was gazetted on 31 December 2021, the Group's and the Company's unutilised tax losses can now be carried forward for ten consecutive years of assessment ("YA") (2021: seven consecutive YAs).

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Limit of utilisation				
YA 2025	**-**	59,004	**-**	53,085
YA 2026	**-**	10,962	**-**	10,962
YA 2027	**-**	13,068	**-**	12,344
YA 2028	**59,004**	18,768	**53,085**	13,952
YA 2029	**10,962**	-	**10,962**	-
YA 2030	**13,068**	-	**12,344**	-
YA 2031	**18,768**	-	**13,952**	-
YA 2032	**11,359**	-	**11,151**	-
	113,161	101,802	**101,494**	90,343

37 PROVISION FOR DECOMMISSIONING COSTS

	Group	
	2022 RM'000	**2021 RM'000**
At 01.07.2021/01.07.2020	**381,374**	334,945
Additions	**-**	7,505
Acquisition through business combination (Note 13)	**370,705**	-
Changes in estimates	**17,505**	59,549
Payment	**(104,228)**	(56,476)
Unwinding of discount (Note 9)	**34,315**	25,909
Exchange differences	**12,660**	9,942
At 30.06.2022/30.06.2021	**712,331**	381,374
Represented by:		
Non-current	**621,611**	322,697
Current	**90,720**	58,677
At 30.06.2022/30.06.2021	**712,331**	381,374

The Group makes provisions for the future costs of decommissioning of its oil and gas production facilities and pipelines on a discounted basis.

38 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 01.07.2021/30.06.2022	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.

38 RCPS (CONTINUED)

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.

39 CRPS

In the previous financial year, the Company issued 203,611,100 CRPS (i.e. 6,600 in the first tranche of the Private Placement of CRPS ("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 were as follows:

(a) The CRPS were classified as compound financial instruments comprising both liability and equity components.

The Company had a financial liability arising from its obligation to repay the premium and principal ("Redemption Price") to holders of the CRPS which were not converted at the maturity date of the CRPS. The Company had 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 was 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 was derived by netting off the total liability component of the CRPS from the total proceeds obtained from the issuance of the CRPS.

39 CRPS (continued)

(b) The CRPS allow 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 was 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 which comprise placement fees, professional fees, regulatory fees and other expenses amounted to RM7.6 million.

RM5.9 million of this amount was incurred for the issuance of the 203,611,100 CRPS, 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 charged to profit or loss in the financial year when the Private Placement of CRPS expired on 21 March 2022.

The maturity date of the CRPS is on 18 November 2022.

During the financial year, there were conversions of 5,895,169 units of CRPS-T2 into 12,281,592 new ordinary shares. All the CRPS (both CRPS-T1 and CRPS-T2) have been fully converted to the issued and paid-up ordinary share capital of the Company.

	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 30.06.2021/01.07.2021	**246**	**5,677**	**57**	**5,980**
Recognised in profit or loss:				
Accretion of interest expense	**-**	**154**	**-**	**154**
Deferred tax	**-**	**-**	**(12)**	**(12)**
Conversion into new ordinary shares	**(246)**	**(5,831)**	**(45)**	**(6,122)**
At 30.06.2022	**-**	**-**	**-**	**-**

40 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Director:				
- salaries and bonus	**5,471**	4,475	**5,471**	4,475
- defined contribution plan	**1,258**	1,029	**1,258**	1,029
- other benefits	**8**	13	**8**	13
	6,737	5,517	**6,737**	5,517
Non-executive Directors:				
- fees and allowances	**1,196**	1,156	**1,063**	1,156
	7,933	6,673	**7,800**	6,673

(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	
	2022	2021
Executive Director:		
RM6,700,001 – RM6,750,000	**1**	-
RM5,500,001 – RM5,550,000	**-**	1
Non-executive Directors:		
RM300,001 – RM350,000	**1**	1
RM250,001 – RM300,000	**1**	3
RM200,001 – RM250,000	**2**	-
RM150,001 – RM200,000	**-**	-
RM100,001 – RM150,000	**-**	-
RM50,001 – RM100,000	**-**	-
RM1 – RM50,000	**3**	-
	8	5

40 DIRECTORS' REMUNERATION (CONTINUED)

(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: (continued)

	Company	
	2022	**2021**
Executive Director:		
RM6,700,001 – RM6,750,000	**1**	-
RM5,500,001 – RM5,550,000	**-**	1
Non-executive Directors:		
RM300,001 – RM350,000	**1**	1
RM250,001 – RM300,000	**1**	3
RM200,001 – RM250,000	**2**	-
	5	5

41 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 18, Note 19 and Note 20 to the financial statements; and

(ii) The Directors and leadership team who are the key management personnel.

(b) In addition to the information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year:

	Transaction values		Balances outstanding	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Group				
Project management, technical and other services fees receivable from:				
Ping Petroleum[1]	**3,947**	3,770	**16,153**	13,275
HIREX[2]	**-**	-	**183**	173

41 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to the information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Group (continued)				
Project management, technical and other services fees receivable from: (continued)				
Lime[(2)]:				
Gross	**-**	-	**-**	1,683
Less: Impairment of receivables	**-**	-	**-**	(1,683)
	-	-	**-**	-
Joint Operating Agreement indirect overheads recovery from:				
3D Oil[(3)]	**1**	1	**41**	-
Technical and non-technical charges reimbursed from an associate:				
3D Oil[(3)]	**-**	1	**-**	-
Technical and non-technical, and overhead charges reimbursed to an associate:				
3D Oil[(3)]	**(196)**	(1,819)	**(18)**	(119)

41 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to the information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Company				
Project management, technical and other services fees receivable from:				
Oceania Hibiscus[(4)]:				
Gross	**29**	29	**1,186**	1,182
Less: Impairment of receivables	**-**	-	**(498)**	-
	29	29	**688**	1,182
Hibiscus Technical[(4)]:				
Gross	**9,377**	6,968	**20,470**	9,942
Less: Impairment of receivables	**-**	-	**(2,324)**	(2,531)
	9,377	6,968	**18,146**	7,411
Anasuria Hibiscus[(4)]	**4,863**	5,318	**205**	-
SEA Hibiscus[(4)]	**401**	376	**-**	-
Gulf Hibiscus[(4)]:				
Gross	**100**	289	**1,373**	1,273
Less: Impairment of receivables	**-**	-	**(1,373)**	(1,273)
	100	289	**-**	-
Peninsula Hibiscus[(4)]	**1,444**	-	**1,451**	-
Hibiscus Oil & Gas[(4)]	**132**	-	**114**	-
Dividend income:				
Pacific Hibiscus[(4)]	**121,000**	62,445	**106,000**	34,945

41 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to the information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Company (continued)				
Payment on behalf of:				
Gulf Hibiscus[(4)]:				
Gross	**164**	493	**11,521**	11,382
Less: Impairment of receivables	**-**	-	**(11,521)**	(11,382)
	164	493	**-**	-
Oceania Hibiscus[(4)]:				
Gross	**466**	4,211	**53,746**	50,815
Less: Impairment of receivables	**-**	-	**(53,746)**	-
	466	4,211	**-**	50,815
Hibiscus Technical[(4)]	**1,608**	17	**1,608**	-
Timor Hibiscus[(4)]:				
Gross	**10**	8	**27,809**	27,799
Less: Impairment of receivables	**-**	-	**(27,799)**	(27,799)
	10	8	**10**	-
Peninsula Hibiscus[(4)]	**134,819**	62,040	**81,857**	62,082
Hibiscus Capital[(4)]:				
Gross	**175**	-	**182**	-
Less: Impairment of receivables	**-**	-	**(182)**	-
	175	-	**-**	-

41 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to the information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Company (continued)				
Advances to:				
Anasuria Hibiscus[4]	**44,221**	-	**40,318**	-
Hibiscus Technical[4]	**21,438**	-	**21,438**	-
Interest income on advances to:				
Anasuria Hibiscus[4]	**87**	-	**87**	-
Hibiscus Technical[4]	**223**	-	**223**	-
Peninsula Hibiscus[4]	**4,408**	-	**4,408**	-
Advances from:				
Anasuria Hibiscus[4]	**8,782**	-	**-**	21,973
Interest expense on advances from:				
Anasuria Hibiscus[4]	**631**	1,431	**-**	3,025

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.

41 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(c) Key management personnel compensation

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Directors:				
- fees and allowances	**1,196**	1,156	**1,063**	1,156
- salaries and bonus	**5,471**	4,475	**5,471**	4,475
- defined contribution plan	**1,258**	1,029	**1,258**	1,029
- other benefits	**8**	13	**8**	13
	7,933	6,673	**7,800**	6,673
Key management personnel other than Directors:				
- salaries, bonus and fees	**18,212**	18,151	**5,829**	3,789
- defined contribution plan	**1,472**	1,138	**931**	597
- other benefits	**768**	808	**4**	28
	20,452	20,097	**6,764**	4,414

42 OPERATING SEGMENTS

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

(i) Malaysia – North Sabah

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

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.2376 and 4.4094 respectively.

(ii) Malaysia – Kinabalu and Others

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

Kinabalu

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

42 OPERATING SEGMENTS (CONTINUED)

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas[1]: (continued)

(ii) Malaysia – Kinabalu and Others (continued)

PM305

- Group's investment in 60% participating interest in PM305, located off the eastern coast of Peninsular Malaysia in the Malay Basin.

PM314

- Group's investment in 60% participating interest in PM314, located off the eastern coast of Peninsular Malaysia in the Malay Basin.

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.2376 and 4.4094 respectively.

(iii) Commercial Arrangement Area

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

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.2376 and 4.4094 respectively.

(iv) United Kingdom

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

Anasuria Area

(a) Anasuria Cluster

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

(b) Licence No. P2532

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

(c) Licence No. P2535

- Group's investment in its 70% interest in Licence No. P2535 (Block 21/24d) containing the Teal West discovered field.

42 OPERATING SEGMENTS (CONTINUED)

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas[1]: (continued)

(iv) United Kingdom (continued)

Marigold Area

(a) Marigold and Sunflower fields

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

(b) Licence No. P2366

- Group's investment in its 100% interest in Licence No. P2366 (Blocks 15/18d and 15/19b) containing the Crown discovered field. Our request for an extension of the expiry date of the licence was not approved by NSTA. Consequently, the licence expired on 30 September 2021.

(c) Licence No. P2518

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

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.2376 and 4.4094 respectively.

(v) Australia

Group's operations in the VIC/RL17 for the West Seahorse field, other exploration prospects in Australia within the VIC/P57[2], the VIC/P74[3], and investment in 3D Oil.

The functional currency of this segment is Australian Dollar ("AUD"). The average and closing rates adopted for conversion to RM in the financial year are 3.0602 and 3.0393 respectively.

(vi) Vietnam

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

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.2376 and 4.4094 respectively.

(vii) Investment holding and group activities

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

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

(2) Carnarvon Hibiscus and 3D Oil submitted an application to surrender the VIC/P57 permit to NOPTA. The surrender was approved and took effect on 11 August 2022.

(3) Carnarvon Hibiscus has elected to exit VIC/P74. 3D Oil submitted an application to NOPTA to seek approval for the transfer of Carnarvon Hibiscus' entire interest in VIC/P74 to 3D Oil. The transfer was approved and took effect on 21 September 2022.

42 OPERATING SEGMENTS (CONTINUED)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
30.06.2022								
Non-current assets	668,564	585,787	1,152,246	1,536,940	17,995	4,088	3,186	3,968,806
Included in the segments assets is:								
Investment in an associate	-	-	-	-	-	4,088	-	4,088
Additions to non-current assets	39,849[(4)]	(8,943)[(4)]	65,543[(4)]	121,104	(481)[(4)]	514	1,522	219,108
Project management, technical and other services	-	-	-	-	-	-	3,947	3,947
Sales of crude oil and gas	791,291	188,791	380,491	330,942	-	-	-	1,691,515
Interest income	-	-	-	-	-	-	1,059	1,059
Revenue	791,291	188,791	380,491	330,942	-	-	5,006	1,696,521
Depreciation and amortisation	(112,777)	(49,345)	(73,007)	(42,237)	(1,530)	-	(1,331)	(280,227)
Profit/(loss) from operations	196,967	(62,746)	250,457	171,723	12,882	(3,403)	(34,228)	531,652
Impairment of intangible assets	-	-	-	-	-	(46,942)	-	(46,942)
Share of results of an associate	-	-	-	-	-	(415)	-	(415)
Finance costs	(13,623)	(1,523)	(8,256)	(27,288)	(135)	-	(10,182)	(61,007)
Interest income	102	78	60	584	-	-	-	824
Negative goodwill from business combination	-	165,006	145,967	-	6,346	-	-	317,319
Taxation	(86,896)	62,171	(317)	(63,939)	478	-	13	(88,490)
Profit/(loss) after taxation	96,550	162,986	387,911	81,080	19,571	(50,760)	(44,397)	652,941

(4) Included effect of revision in the discount rate used for provision for decommissioning costs.

42 OPERATING SEGMENTS (CONTINUED)

	Malaysia – North Sabah RM'000	United Kingdom RM'000	Australia 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 mainly derived from the sale of crude oil and gas amounted to RM1,691,515,117 (2021: RM798,876,419). Revenue mainly derived from each of the three (2021: two) major customers amounted to RM791,291,268 (2021: RM569,872,990), RM368,506,896 (2021: not applicable) and RM272,226,087 (2021: RM220,269,780) respectively.

43 COMMITMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Approved and contracted for:				
Capital commitments	**123,006**	17,091	**42**	-
Share of a joint operation's capital commitments	**566**	10,020	**-**	-
	123,572	27,111	**42**	-
Share of a joint operation's other material commitments	**32,571**	33,486	**-**	-
	156,143	60,597	**42**	-

44 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 USD, 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.

44 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						
30.06.2022						
Financial assets						
Trade receivables	381,099	-	-	23,627	4	404,730
Other receivables and deposits	503,330	119,598	-	499	-	623,427
Amount owing by a joint venture	183	145	-	-	-	328
Amount owing by an associate	-	-	10	-	-	10
Cash and bank balances	416,457	103,382	47	187,877	79	707,842
Intra-group balances	594,547	192,762	10,740	5,687	99	803,835
	1,895,616	415,887	10,797	217,690	182	2,540,172
Financial liabilities						
Trade payables	822	237	-	7,399	-	8,458
Other payables and accruals	470,723	381,443	590	68,655	9,000	930,411
Borrowings	522,762	34,997	-	-	-	557,759
Contingent consideration	63,924	-	-	-	-	63,924
RCPS	-	219	-	-	-	219
Amount owing to a joint venture	302	15	-	2	-	319
Intra-group balances	614,667	209,764	135,234	23,757	1,704	985,126
	1,673,200	626,675	135,824	99,813	10,704	2,546,216
Net financial assets/(liabilities)	222,416	(210,788)	(125,027)	117,877	(10,522)	(6,044)
Less: Net financial (assets)/ liabilities denominated in respective entities' functional currencies	(222,696)	(92,591)	122,777	-	-	(192,510)
	(280)	(303,379)	(2,250)	117,877	(10,522)	(198,554)

44 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 (continued)						
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

44 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						
30.06.2022						
Financial assets						
Other receivables and deposits	**-**	**240**	**-**	**-**	**-**	**240**
Amounts owing by subsidiaries	**1,934**	**268,216**	**1,373**	**5,617**	**-**	**277,140**
Amount owing by a related party	**-**	**145**	**-**	**-**	**-**	**145**
Cash and bank balances	**1,677**	**21,110**	**12**	**2**	**79**	**22,880**
	3,611	**289,711**	**1,385**	**5,619**	**79**	**300,405**
Financial liabilities						
Other payables and accruals	**3,399**	**27,166**	**-**	**22**	**25**	**30,612**
Borrowings	**-**	**918**	**-**	**-**	**-**	**918**
RCPS	**-**	**219**	**-**	**-**	**-**	**219**
Amounts owing to subsidiaries	**459**	**80**	**-**	**-**	**-**	**539**
Amount owing to a related party	**296**	**15**	**-**	**1**	**-**	**312**
	4,154	**28,398**	**-**	**23**	**25**	**32,600**
Net financial (liabilities)/assets	**(543)**	**261,313**	**1,385**	**5,596**	**54**	**267,805**
Less: Net financial assets denominated in respective entities' functional currencies	**-**	**(261,313)**	**-**	**-**	**-**	**(261,313)**
	(543)	**-**	**1,385**	**5,596**	**54**	**6,492**

44 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 (continued)						
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
Borrowings	-	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

44 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**	
	2022 Increase/ (Decrease) RM'000	**2021 Increase/ (Decrease) RM'000**	**2022 Increase/ (Decrease) RM'000**	**2021 Increase/ (Decrease) RM'000**
Effects on profit before taxation/equity:				
USD				
- strengthened by 5%	**(14)**	(32)	**(27)**	2,461
- weakened by 5%	**14**	32	**27**	(2,461)
AUD				
- strengthened by 5%	**(112)**	(535)	**69**	434
- weakened by 5%	**112**	535	**(69)**	(434)
GBP				
- strengthened by 5%	**5,894**	6,082	**280**	164
- weakened by 5%	**(5,894)**	(6,082)	**(280)**	(164)
RM				
- strengthened by 5%	**(15,164)**	2,090	**-**	-
- weakened by 5%	**15,164**	(2,090)	**-**	-

Interest rate risk

The Group and the Company have minimal exposure to interest rate risks.

44 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 8 (2021: 4) customers which constituted 100% (2021: 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 the MFRS 9 simplified approach to measure ECL which uses lifetime ECL allowances for all trade receivables.

As at 30 June 2022, 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 18, Note 23 and Note 25 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.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Company has issued corporate guarantees for a trade arrangement with a counterparty and a banking facility in its indirect wholly-owned subsidiaries. The Company has assessed that the subsidiaries have the financial capacity to meet the contractual cash flow obligations and hence, does not expect significant credit losses arising from these guarantees.

As at the end of the financial year, the exposure to credit risk in relation to the corporate guarantees given by the Company amounted to RM264,564,000 (2021: RM41,130,540).

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(iii) Liquidity risk

As at 30 June 2022, the Group is in a net current liability position of RM155,267,004 (2021: net current asset position of RM186,243,829).

Liquidity risk arises mainly from the risk of insufficient cash flows from business activities and funding to meet the Group's financial obligations when they fall due. The Group practises prudent risk management by maintaining sufficient cash balances.

The Group's cash requirements for the next twelve months from the date of the approval of the financial statements are primarily for operational requirements and capital commitments for North Sabah, the Fortuna International Assets, the Anasuria Cluster, Licence No. P2535, Marigold and Sunflower fields, corporate overheads and other relevant obligations which include the settlement of a trade arrangement with a counterparty and the repayment of a revolving credit facility.

The Directors expect to fund their operational, investing and financing obligations for the next twelve months from the date of the approval of the financial statements via cash inflow from the operations of the Fortuna International Assets, North Sabah and the Anasuria Cluster. If required, the Group may continue to draw upon the availability of unutilised funding from a trade arrangement with a counterparty and banking facilities with a commercial bank. The Directors have also considered the impact of the volatility in future oil and gas prices and any other relevant obligations to maintain positive cash balances for the next twelve months from the date of the approval of the financial statements.

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.

Based on the above, the Directors are of the view that the Group and the Company are able to meet their cash requirements for the next twelve months from the date of the approval of the financial statements.

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					
30.06.2022					
Trade payables	**8,458**	**8,458**	**8,458**	**-**	**-**
Other payables and accruals	**930,411**	**936,156**	**926,789**	**2,501**	**6,866**
Borrowings	**557,759**	**629,079**	**227,472**	**193,838**	**207,769**
Contingent consideration	**63,924**	**67,981**	**29,497**	**30,295**	**8,189**
RCPS	**219**	**219**	**219**	**-**	**-**
Amount owing to a joint venture	**319**	**319**	**319**	**-**	**-**
	1,561,090	**1,642,212**	**1,192,754**	**226,634**	**222,824**

44 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	More than 2 years RM'000
Group (continued)					
30.06.2021					
Trade payables	9,638	9,638	9,638	-	-
Other payables and accruals	302,617	306,258	296,139	10,119	-
Borrowings	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
Company					
30.06.2022					
Other payables and accruals	**30,612**	**30,612**	**30,612**	**-**	**-**
Borrowings	**918**	**958**	**849**	**99**	**10**
RCPS	**219**	**219**	**219**	**-**	**-**
Amounts owing to subsidiaries	**539**	**539**	**539**	**-**	**-**
Amount owing to a related party	**312**	**312**	**312**	**-**	**-**
Financial guarantee contracts	**-**	**270,278**	**270,278**	**-**	**-**
	32,600	**302,918**	**302,809**	**99**	**10**

44 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 (continued)				
30.06.2021				
Other payables and accruals	7,350	7,350	7,350	-
Borrowings	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	-
Financial guarantee contracts	-	44,164	44,164	-
	39,834	85,827	79,132	6,695

(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.

44 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments

	2022 RM'000	2021 RM'000
Group		
Financial assets		
Financial assets at amortised cost		
Trade receivables	**404,730**	112,905
Other receivables and deposits	**623,427**	168,071
Amount owing by an associate	**10**	-
Amount owing by a joint venture	**328**	318
Cash and bank balances	**707,842**	303,233
	1,736,337	584,527
Financial assets at FVTPL		
Other investment	**-**	136,430
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**8,458**	9,638
Other payables and accruals	**930,411**	302,617
Borrowings	**557,759**	26,770
CRPS	**-**	5,677
RCPS	**219**	219
Amount owing to a joint venture	**319**	318
Amount owing to an associate	**-**	119
	1,497,166	345,358
Financial liabilities at FVTPL		
Contingent consideration	**63,924**	44,934

44 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments (continued)

	2022 RM'000	2021 RM'000
Company		
Financial assets		
Financial assets at amortised cost		
Other receivables and deposits	**240**	242
Amounts owing by subsidiaries	**277,140**	156,972
Amount owing by a related party	**145**	145
Cash and bank balances	**22,880**	4,921
	300,405	162,280
Financial assets at FVTPL		
Other investment	**-**	136,430
Financial liabilities		
Financial liabilities at amortised cost		
Other payables and accruals	**30,612**	7,350
Borrowings	**918**	613
CRPS	**-**	5,677
RCPS	**219**	219
Amounts owing to subsidiaries	**539**	25,663
Amount owing to a related party	**312**	312
	32,600	39,834

44 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where the Group and 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 statements of financial position RM'000	Net amounts presented in the statements of financial position RM'000
Group			
30.06.2022			
Financial assets			
Other receivables, deposits and prepayments	**427,033**	**(11,183)**	**415,850**
Financial liabilities			
Other payables and accruals	**1,051,626**	**(11,183)**	**1,040,443**
Company			
30.06.2022			
Financial assets			
Amounts owing by subsidiaries	**282,464**	**(5,324)**	**277,140**
Financial liabilities			
Amounts owing to subsidiaries	**5,863**	**(5,324)**	**539**
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

44 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2022.

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.

Financial instruments other than those carried at fair value

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values.

(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:				
Liability				
Contingent consideration				
At 01.07.2020	-	-	2,363	2,363
Additions	-	-	47,760	47,760
Reversal	-	-	(2,330)	(2,330)
Settlement	-	-	(3,746)	(3,746)
Unwinding of discount	-	-	632	632
Exchange differences	-	-	255	255
At 30.06.2021/01.07.2021	**-**	**-**	**44,934**	**44,934**
Additions	**-**	**-**	**14,697**	**14,697**
Settlement	**-**	**-**	**(2,317)**	**(2,317)**
Unwinding of discount	**-**	**-**	**3,222**	**3,222**
Exchange differences	**-**	**-**	**3,388**	**3,388**
At 30.06.2022	**-**	**-**	**63,924**	**63,924**

45 MATERIAL LITIGATION

(i) Notice of Additional Assessment for YA 2014 under the Petroleum (Income Tax) Act 1967 ("PITA") against PM3 CAA

The contractors of PM3 CAA are Hibiscus Oil & Gas, Hibiscus Oil & Gas (PM3), PETRONAS Carigali and PetroVietnam (collectively, "PM3 CAA Partners"). PM3 CAA is a chargeable person under PITA. On 27 December 2019, the IRB raised a Notice of Additional Assessment for YA 2014 under PITA against PM3 CAA for additional tax and penalty amounting to RM95,641,365.08 ("Notice of Additional Assessment for YA 2014"), disallowing several PSC costs and sole costs of certain PM3 CAA Partners. Of this total amount, the portion potentially attributable to Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3) was estimated to be up to RM79,168,229.90.

On 9 January 2020, Hibiscus Oil & Gas (on behalf of PM3 CAA) filed a notice of appeal (i.e. Form Q) to the Special Commissioners of Petroleum Income Tax ("SCPIT") against the Notice of Additional Assessment for YA 2014. On the 3 October 2022 mention date, the SCPIT was informed that an amicable settlement has been reached between the IRB and PM3 CAA in September 2022 ("Settlement") for the additional tax and penalty payable under the Notice of Additional Assessment for YA 2014 and also under the Notices of Assessment for YA 2015 and YA 2016 as elaborated in Note 45(ii) to the financial statements. The next mention date will be on 16 November 2022 to update the SCPIT.

On 17 January 2020, the PM3 CAA Partners also filed an application for judicial review at the High Court in Kuala Terengganu against the Notice of Additional Assessment for YA 2014. On 20 January 2021, the High Court delivered its decision in relation to the judicial review. The High Court did not quash/invalidate the Notice of Additional Assessment for YA 2014 or declare it as being invalid but had instead granted an Order of Prohibition ("Prohibition Order") to prohibit the IRB from taking any steps/actions to, amongst others, demand or collect the additional tax and penalty purportedly assessed under the Notice of Additional Assessment for YA 2014, until the Form Q appeal is determined/concluded before the SCPIT including any further appeals therefrom. Therefore, no payment is required to be made in respect of YA 2014 yet.

The IRB subsequently filed an appeal to the Court of Appeal ("CA") against the grant of Prohibition Order by the High Court while the PM3 CAA Partners have also filed an appeal with the CA against that part of the High Court's decision which did not quash/invalidate the Notice of Additional Assessment for YA 2014. The first hearing for both appeals took place on 21 September 2022 and was subsequently adjourned to 5 October 2022.

(ii) Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA

On 31 December 2020, the IRB raised Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA for additional taxes and penalties totaling RM166,282,868.93 ("Notices of Assessment for YA 2015 and YA 2016"), disallowing several PSC costs and sole costs of certain PM3 CAA Partners. Of this total amount, the portion potentially attributable to Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3) was estimated to be up to RM16,446,882.48.

On 12 January 2021, Hibiscus Oil & Gas (on behalf of PM3 CAA) filed notices of appeal (i.e. Forms Q) to the SCPIT against the Notices of Assessment for YA 2015 and YA 2016. On the 3 October 2022 mention date, as mentioned above, the SCPIT was informed that the IRB and PM3 CAA has achieved an amicable settlement in September 2022 for the additional taxes and penalties payable under the Notices of Assessment for YA 2015 and YA 2016. The next mention date will be on 16 November 2022 to update the SCPIT.

Separately on 31 December 2020, the PM3 CAA Partners filed an application for judicial review at the High Court in Kuala Terengganu against the Notices of Assessment for YA 2015 and YA 2016.

On 9 February 2021, the High Court delivered its decision. The High Court did not quash/invalidate the Notices of Assessment for YA 2015 and YA 2016 or declare them as being invalid but had instead granted a Prohibition Order to prohibit the IRB from taking any steps/actions to, amongst others, demand or collect the additional taxes and penalties purportedly assessed under the Notices of Assessment for YA 2015 and YA 2016, until the Forms Q appeals are determined/concluded before the SCPIT including any further appeals therefrom. Therefore, no payment is required to be made in respect of YA 2015 and YA 2016 yet.

45 MATERIAL LITIGATION (CONTINUED)

(ii) Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA (continued)

The IRB has subsequently filed an appeal to the CA against the grant of Prohibition Order by the High Court while the PM3 CAA Partners have also filed an appeal with the CA against that part of the High Court's decision which did not quash/invalidate the Notices of Assessment for YA 2015 and YA 2016. The first hearing for both appeals took place on 21 September 2022 and was subsequently adjourned to 5 October 2022.

As per the Settlement:

- The total amount of additional tax and penalty payable by PM3 CAA for YA 2014 is now reduced from RM95,641,365.08 to RM25,123,705.66. Out of this reduced amount, RM12,567,449.89 is attributable to Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3); and

- The total amount of additional taxes and penalties payable by PM3 CAA for YA 2015 and YA 2016 is now reduced from RM166,282,868.93 to RM18,171,995.98. Out of this reduced amount, RM4,777,032.70 is attributable to Hibiscus Oil & Gas and Hibiscus Oil & Gas (PM3).

A Consent Order recording the Settlement is expected to be presented to the CA at its scheduled next hearing date of 5 October 2022.

The Group has considered the impact of the Settlement when estimating the provision for taxation in the financial statements for the financial year.

46 SIGNIFICANT EVENT

On 1 April 2020, the Sabah State Government decided to impose the SbST on petroleum products sold by SEA Hibiscus and Hibiscus Oil & Gas in relation to crude oil being sold from LCOT.

Appeals against the applicability of SbST on crude oil sold from LCOT were submitted by SEA Hibiscus and Hibiscus Oil & Gas to the Sabah State Minister of Finance on 30 June 2020 and 21 September 2020 respectively. These appeals were officially rejected on 14 June 2022. On 21 June 2022, SEA Hibiscus received a notice of assessment from the Permanent Secretary and Director of State Sales Tax for the SbST and a penalty amounting to RM97,310,000 in total for the taxable period from April 2020 to April 2022.

On 10 August 2022, Hibiscus Oil & Gas received a notice of assessment from the Permanent Secretary and Director of State Sales Tax for the SbST and a penalty amounting to RM14,180,000 in total for the taxable period from April 2020 to June 2022.

On 8 July 2022, SEA Hibiscus and Hibiscus Oil & Gas received a letter from the office of the Chief Minister of Sabah ("Letter") which stated that (i) they are both liable for the aforesaid SbST on the basis that SEA Hibiscus and Hibiscus Oil & Gas are providing "taxable goods", namely crude petroleum oils and natural gas from Sabah, and (ii) all relevant work passes of the individuals employed by SEA Hibiscus and Hibiscus Oil & Gas and their respective contractors would be cancelled by 1 October 2022 if the aforesaid SbST is not paid by then. On 11 July 2022, SEA Hibiscus and Hibiscus Oil & Gas, on the basis of advice from the external legal advisors of the Group, responded to the Letter to clarify the basis for the appeals submitted by the Group in June 2020 and September 2020 that pursuant to the Petroleum Development Act 1974, SEA Hibiscus and Hibiscus Oil & Gas cannot and do not provide such "taxable goods" from Sabah and are therefore not legally liable for the SbST.

Notwithstanding the advice from the external legal advisors of the Group, in order to create a stable environment for continuing investment and smooth operations in Sabah, the Group on 21 September 2022 proposed, without prejudice to their respective rights as applicable, to pay the claims imposed by the Sabah State Government on revenues earned/ to be earned, for the sale of crude oil by North Sabah and Kinabalu respectively ("Proposal"). In light of this most recent development and having also duly considered all prior events relating to this matter, the Group has assessed that there was a probable cash outflow from a potential liability that existed as at 30 June 2022 to settle the Sabah State Government's claims for SbST payment as aforesaid. Consequently, the Group has made the appropriate accruals for all estimated liabilities related to this matter in other payables and accruals in the financial year (refer to Note 33 to the financial statements). The Sabah State Government accepted the Proposal on 27 September 2022 and payment of the SbST computed up to 30 June 2022 have been made by SEA Hibiscus and Hibiscus Oil & Gas by the date of approval of the financial statements.

ANALYSIS OF THE HOLDINGS OF ORDINARY SHARES
AS AT 30 SEPTEMBER 2022

Total number of issued shares : 2,012,418,743 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	138	2,427	0.00
100 – 1,000	3,420	2,035,054	0.10
1,001 – 10,000	9,080	47,286,028	2.35
10,001 – 100,000	4,474	149,339,122	7.42
10,001 to less than 5% of issued shares	1,139	1,674,856,112	83.23
5% and above of issued shares	1	138,900,000	6.90
Total	**18,252**	**2,012,418,743**	**100.00**

Substantial Shareholders as per Register of Substantial Shareholders as at 30 September 2022

No.	Name	Direct No. of Ordinary Shares	%	Indirect No. of Ordinary Shares	%
1	Hibiscus Upstream Sdn Bhd	108,772,600	5.41	-	-
2	Dr Kenneth Gerard Pereira	70,785,000	3.52	108,772,600[1]	5.41
3	Polo Investments Limited	138,900,000	6.90	-	-
4	YBhg Datuk Michael Tang Vee Mun	-	-	214,359,066[2]	10.65
5	Mettiz Capital Limited	-	-	138,900,000[3]	6.90
6	Polo Resources Limited	-	-	138,900,000[3]	6.90

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.*

Directors' Shareholdings as per Register of Directors' Shareholdings as at 30 September 2022

No.	Name	Direct No. of Ordinary Shares	%	Indirect No. of Ordinary Shares	%
1	Zainul Rahim bin Mohd Zain	-	-	-	-
2	Dr Kenneth Gerard Pereira	70,785,000	3.52	108,772,600[1]	5.41
3	YBhg Dato' Sri Roushan Arumugam	790,000	0.04	37,440,700[2]	1.86
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.*

ANALYSIS OF THE HOLDINGS OF ORDINARY SHARES AS AT 30 SEPTEMBER 2022

LIST OF TOP 30 SHAREHOLDERS AS AT 30 SEPTEMBER 2022

No.	Name	No. of Ordinary Shares	% of Total Shareholdings
1	CIMSEC Nominees (Asing) Sdn Bhd CIMB For Polo Investments Limited (PB)	138,900,000	6.90
2	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kenneth Gerard Pereira	57,785,000	2.87
3	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hibiscus Upstream Sdn Bhd (MGN-HUS0001M)	54,772,600	2.72
4	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hibiscus Upstream Sdn Bhd (MGN-KGP0001M)	54,000,000	2.68
5	CitiGroup Nominees (Asing) Sdn Bhd CBNY For Georgetown Emerging Markets Fund SPC, Ltd	53,190,000	2.64
6	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mettiz Capital Sdn Bhd	51,834,066	2.58
7	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN For DBS Bank Ltd (SFS-PB)	37,440,700	1.86
8	CitiGroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (2)	35,000,000	1.74
9	HSBC Nominees (Asing) Sdn Bhd JPMSE LUX For Stichting Depositary APG Emerging Markets Equity Pool	25,902,000	1.29
10	HSBC Nominees (Asing) Sdn Bhd BPSS FFT For BAYVK A3-FONDS	25,778,400	1.28
11	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 6B14 For Lazard Emerging Markets Small Cap Equity Trust	25,695,800	1.28
12	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (CEB)	23,714,900	1.18
13	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	22,638,200	1.12
14	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (7001398)	20,544,600	1.02
15	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mettiz Capital Sdn Bhd (MY3831)	20,000,000	0.99
16	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (TMEF)	19,302,600	0.96
17	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	18,712,200	0.93
18	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	18,612,700	0.92
19	Cartaban Nominees (Asing) Sdn Bhd Exempt AN For State Street Bank & Trust Company (WEST CLT OD67)	18,325,800	0.91
20	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities Plc	16,908,640	0.84

LIST OF TOP 30 SHAREHOLDERS AS AT 30 SEPTEMBER 2022

No.	Name	No. of Ordinary Shares	% of Total Shareholdings
21	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad For Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	16,301,739	0.81
22	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	16,152,000	0.80
23	HSBC Nominees (Asing) Sdn Bhd TNTC For Barings Asean Frontiers Fund	15,780,600	0.78
24	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN For DBS Bank Ltd (SFS)	15,721,166	0.78
25	Mariam Parineh	14,416,666	0.72
26	CitiGroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	14,201,461	0.71
27	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund TCT9 For California State Teachers Retirement System	13,226,400	0.66
28	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kenneth Gerard Pereira	13,000,000	0.65
29	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Opportunities Fund (50154 TR01)	12,676,100	0.63
30	CitiGroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (MAYBANK 2)	12,007,600	0.60

ANALYSIS OF THE HOLDINGS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS)
AS AT 30 SEPTEMBER 2022

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 2022

		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 2022

No.	Name	No. of RCPS	% of Total RCPS Holdings
1	Hibiscus Upstream Sdn Bhd	2,193,880	100

NOTICE OF THE 12TH ANNUAL GENERAL MEETING (AGM)

NOTICE IS HEREBY GIVEN that the 12th 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 Thursday, 1 December 2022 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 2022 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 2022.	**[Ordinary Resolution 1]**
3.	To approve the payment of Non-Executive Directors (NEDs)' fees amounting to RM250,000 per annum to the Chair of the Board and RM150,000 per annum to each NED (save for the Chair of the Board) for the period from 2 December 2022 until the date of the next AGM in year 2023, to be paid quarterly in arrears.	**[Ordinary Resolution 2]**
4.	To approve the payment of NEDs' meeting allowances for the period from 2 December 2022 until the date of the next AGM in year 2023 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.	**[Ordinary Resolution 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 other than those referred to under Item 4 above, in the NED's capacity as a Director of the Company, for the period from 2 December 2022 until the date of the next AGM in year 2023, 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 Mr Thomas Michael Taylor who is retiring pursuant to Clause 134 of the Constitution of the Company.	**[Ordinary Resolution 5]**
7.	To re-elect Mrs Emeliana Dallan Rice-Oxley who is retiring pursuant to Clause 110 of the Constitution of the Company.	**[Ordinary Resolution 6]**
8.	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2023 and to authorise the Directors to fix their remuneration.	**[Ordinary Resolution 7]**

As Special Business

To consider and, if thought fit, to pass the following resolutions:

9. AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

[Ordinary Resolution 8] (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.

AND THAT for purposes of and pursuant to Section 85 of the Act to be read together with Clause 61 of the *Constitution* of the Company, the general pre-emption rights of Hibiscus Petroleum shareholders under those provisions for the issuance of new Hibiscus Petroleum shares which rank equally to the existing issued Hibiscus Petroleum shares arising from any issuance of new Hibiscus Petroleum shares pursuant to Sections 75 and 76 of the Act, is hereby fully waived and shall not be applicable."

10. RETENTION OF YBHG DATO' SRI ROUSHAN ARUMUGAM AS INDEPENDENT DIRECTOR

[Ordinary Resolution 9] (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 24 July 2023 and thereafter shall be re-designated as a Non-Independent Director of the Company with effect from 25 July 2023."

11. 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 2022, if approved by the shareholders, will be paid on 18 January 2023 to the shareholders whose names appear in the Record of Depositors at the close of business on 4 January 2023.

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 2023 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
31 October 2022

Notes:

1. *The Securities Commission Malaysia had on 7 April 2022 issued a Revised Guidance Note on the Conduct of General Meetings for Listed Issuers (Revised Guidance Note) stating various modes of conducting general meetings to align with the "Transition to Endemic" phase and the requirements under the prevailing and applicable Standard Operating Procedure (SOP) issued by Majlis Keselamatan Negara (MKN) and the Ministry of Health (MOH). The Revised Guidance Note allows listed issuers to continue leveraging technology to conduct their general meetings in line with the recommendation stated under Practice 13.3 of Malaysian Code on Corporate Governance. In line with the Malaysian Government's directive and the Revised Guidance Note, the 12th 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 12th 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 12th 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 12th AGM.*

3. *For purposes of determining who shall be entitled to attend this 12th 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 23 November 2022 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 12th AGM.*

4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the 12th 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 12th 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 12th 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 12th 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 12th 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 12th 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 involving external parties (other than those referred to under Item 4 of the Agenda), for and on behalf of the Company.

3. **Item 9 of the Agenda**
The Company had, during its 11th AGM held on 14 December 2021, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act (2021 Mandate). As at the date of the notice, the Company did not issue any shares pursuant to the 2021 Mandate.

The Ordinary Resolution 8 proposed under item 9 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 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.

4. **Item 10 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 NED of the Company for a cumulative term of more than 9 years since 25 July 2011, and recommended him to continue to act as an Independent NED 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 9 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 NED of the Company until 24 July 2023. Upon completion of his 12 years of service, he shall be re-designated as a Non-Independent NED of the Company with effect from 25 July 2023, to be in line with the *Board Charter* and the *Board Assessment Policy* of the Company, the Malaysian Code on Corporate Governance 2021 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. However, if this Ordinary Resolution 9 is not carried, YBhg Dato' Sri Roushan Arumugam will remain on the Board and be re-designated as a Non-Independent NED 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 12th 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 12th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 12th 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 Berhad
Registration Number: 200701040290 (798322-P)

CDS Account No.

*I/We ____
I.C. No. / Passport No. / Registration No. / Company No. ______________________________
of ____
______________________ Email Address ______________________ Mobile Phone No. ______________________
being a member of **HIBISCUS PETROLEUM BERHAD** ("**HIBISCUS PETROLEUM**" or "**Company**") hereby appoint ____________
____
I.C. No. / Passport No. ______________________________ of ______________________________
______________________ Email Address ______________________ Mobile Phone No. ______________________
or failing him/her ______________________________, I.C. No. / Passport No. ______________________
of ____
______________________ Email Address ______________________ Mobile Phone No. ______________________

or failing him/her, the CHAIR OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the 12th 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 Thursday, 1 December 2022 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 12th 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 2022 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 RM250,000 per annum to the Chair of the Board and RM150,000 per annum to each NED (save for the Chair of the Board) for the period from 2 December 2022 until the date of the next AGM in year 2023, to be paid quarterly in arrears.	2		
4.	To approve the payment of NEDs' meeting allowances for the period from 2 December 2022 and up to the date of the next AGM in year 2023 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 other than those referred to under Item 4 above, in the NED's capacity as a Director of the Company, for the period from 2 December 2022 until the date of the next AGM in year 2023, at the rate of RM3,500 per meeting or event, to be paid quarterly in arrears.	4		
6.	To re-elect Mr Thomas Michael Taylor who is retiring pursuant to Clause 134 of the *Constitution* of the Company.	5		
7.	To re-elect Mrs Emeliana Dallan Rice-Oxley who is retiring pursuant to clause 110 of the *Constitution* of the Company	6		
8.	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2023 and to authorise the Directors to fix their remuneration.	7		
	Special business	**Resolution**	**For**	**Against**
9.	Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	8		
10.	Retention of YBhg Dato' Sri Roushan Arumugam as Independent Director.	9		

Dated this __________ day of ________________ 2022

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. *The Securities Commission Malaysia had on 7 April 2022 issued a Revised Guidance Note on the Conduct of General Meetings for Listed Issuers (Revised Guidance Note) stating various modes of conducting general meetings to align with the "Transition to Endemic" phase and the requirements under the prevailing and applicable Standard Operating Procedure (SOP) issued by Majlis Keselamatan Negara (MKN) and the Ministry of Health (MOH). The Revised Guidance Note allows listed issuers to continue leveraging technology to conduct their general meetings in line with the recommendation stated under Practice 13.3 of Malaysian Code on Corporate Governance. In line with the Malaysian Government's directive and the Revised Guidance Note, the 12th 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 12th 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 12th 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 12th AGM.*

3. *For purposes of determining who shall be entitled to attend this 12th 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 23 November 2022 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 12th AGM.*

4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the 12th 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 12th 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 12th 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 12th 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 12th 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 12th 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 12th AGM dated 31 October 2022.

AFFIX
POSTAGE
STAMP

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