



HIBISCUS PETROLEUM BERHAD

Registration Number: 200701040290 (798322-P)

EXECUTE • ENHANCE • EXCEL EXPLORING NEW HORIZONS

ANNUAL REPORT
2022/2023

EXECUTE • ENHANCE • EXCEL EXPLORING NEW HORIZONS

EXECUTE emphasises the importance of delivering within budget and schedule, the growing number of relatively large and complex development projects in our portfolio.

ENHANCE relates to our efforts to accrete shareholder value.

EXCEL refers to our efforts to be viewed by the industry as being potentially amongst the best operators in the Asia Pacific region and the United Kingdom Continental Shelf. This fits with our vision of being a respected, valuable and responsible energy company.

EXPLORING NEW HORIZONS introduces our intention towards finding new resources through near-field exploration initiatives. It also indicates that in our merger and acquisition strategies, we would consider expanding our geographical footprint to include other jurisdictions with established legal frameworks.



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In this Annual Report 2022/2023, references to the number of issued ordinary shares of the Company for the period prior to the effective date of the Proposed Share Consolidation (as defined on page 43 of the Management Discussion and Analysis section) are to the number of ordinary shares then existing, before consolidation.

13TH ANNUAL GENERAL MEETING

Venue : 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

Date : Tuesday, 5 December 2023.

Time : 9.30 a.m.



For more information, visit:
www.hibiscuspetroleum.com



Cover Painting by Zaharuddin Sarbini

Title

Hibiscus Series #3

Year of Painting

2020

Artist Biography

Zaharuddin Sarbini, born in 1966 in Sekinchan, Selangor, is a self-taught artist and a graduate of Aeronautical Engineering from Universiti Teknologi Malaysia. While Zaharuddin is widely recognised for his vibrant and lifelike still-life portrayals of fruits, his artistic journey has also led him to explore other subjects, including avian and aquatic themes.

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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, the United Kingdom and Australia.

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 opportunities that are present within our portfolio of existing assets and make quality acquisitions on a selective basis, thus delivering sustainable returns to our shareholders.

We are committed towards upholding high standards of safety and environmental management. We also prioritise corporate governance 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 as well as the FTSE4Good Bursa Malaysia Shariah Index. Hibiscus Petroleum securities have been classified as being Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia.





FY2023 GROUP HIGHLIGHTS

MARKET CAPITALISATION¹

RM1.74 billion

FY2022: RM2.01 billion ▼ 14%

REVENUE

RM2.34 billion

FY2022: RM1.70 billion ▲ 38%

NET ASSETS¹

RM2.69 billion

FY2022: RM2.20 billion ▲ 22%

CASH¹

RM1.18 billion

FY2022: RM707.8 million ▲ 67%

NET 2P RESERVES³

67.0 MMboe

FY2022: 72.3 MMboe ▼ 7%

NET UNIT PRODUCTION COST⁴

USD26/boe

FY2022: USD23/boe

EBITDA

RM1.27 billion

FY2022: RM1.08 billion ▲ 17%

PROFIT AFTER TAXATION

RM400.5 million

FY2022: RM652.9 million ▼ 39%

DEBT¹

RM456.8 million

FY2022: RM88.8 million ▲ 414%

CAPITAL EXPENDITURE²

RM516.8 million

FY2022: RM182.5 million ▲ 183%

NET 2C RESOURCES³

60.6 MMbbl

FY2022: 70.2 MMbbl ▼ 14%

NET PRODUCTION RATE

20,017 boe/day

FY2022: 20,013^{5,6} boe/day

Notes:

- ¹ As at 30 June 2023 for FY2023, as at 30 June 2022 for FY2022.
- ² For the PM3 CAA PSC, the Kinabalu PSC, the Block 46 Cai Nuoc PSC, the PM305 PSC, the PM314 PSC, the North Sabah PSC, the Anasuria Area and the Marigold Development Project only.
- ³ As at 1 July 2023 for FY2023, as at 1 July 2022 for FY2022.
- ⁴ Weighted average production volume and operating expenditure based on net entitlement/working interest in the PM3 CAA PSC, the Kinabalu PSC, the Block 46 Cai Nuoc PSC, the PM305 PSC, the PM314 PSC, the North Sabah PSC and the Anasuria Cluster.
- ⁵ Combined average daily net production rate (post validation by the regulator) is the sum of:
 - the average daily net production rate of the North Sabah PSC and the Anasuria Cluster for the period from 1 June 2021 to 30 June 2022; and
 - the average daily net production rate of the PM3 CAA, Kinabalu, Block 46 Cai Nuoc, PM305 and PM314 PSCs, for the period from 1 February 2022 to 30 June 2022.
- ⁶ Figures adjusted following PSC Statement audit and Petroliaam Nasional Berhad's review.

Key:

- FY2023 – Financial year ended 30 June 2023.
- FY2022 – Financial year ended 30 June 2022.
- 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.
- PSC – Production Sharing Contract.

Hibiscus Petroleum Group operates or jointly operates production sharing contracts or concessions in Malaysia, Vietnam, the United Kingdom and Australia. Our portfolio consists of production, development and exploration assets.



MALAYSIA

In January 2022, we achieved a significant milestone by finalising the acquisition of interests in three Malaysian Production Sharing Contracts (PSCs) from Repsol Exploración, S.A. (Repsol). This move marked a substantial expansion of our presence and operations within the Malaysian oil and gas sector.

Our journey in Malaysia commenced with the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (North Sabah PSC). SEA Hibiscus Sdn Bhd (SEA Hibiscus) took on the role of operator for the North Sabah PSC on 31 March 2018. During our tenure as operator, we have effectively overseen the implementation of a range of production enhancement initiatives, leading to a significant increase in gross oil production sales.

Looking ahead, our vision includes the diligent execution of additional prospects. These endeavours are designed to counteract natural decline and sustain the upward trajectory of our oil production. Of particular significance is that both the Kinabalu PSC and the North Sabah PSC contribute their crude oil to the Labuan Crude Oil Terminal, a facility managed and operated by SEA Hibiscus. This seamless synergy across our assets further solidifies our prominent position in the Malaysian oil and gas landscape.



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. Production enhancement projects, including the longest well drilled in Malaysia, have been successful in improving production.

VIETNAM

We completed the acquisition of the 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 the PM3 CAA PSC and oil produced from Block 46 is processed at the PM3 CAA facilities.

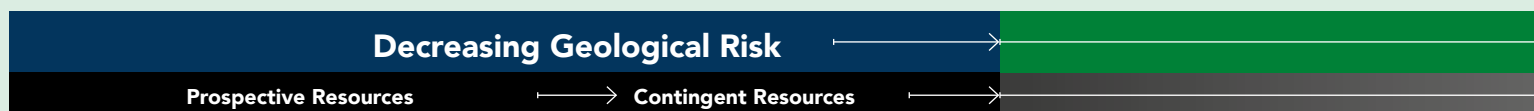
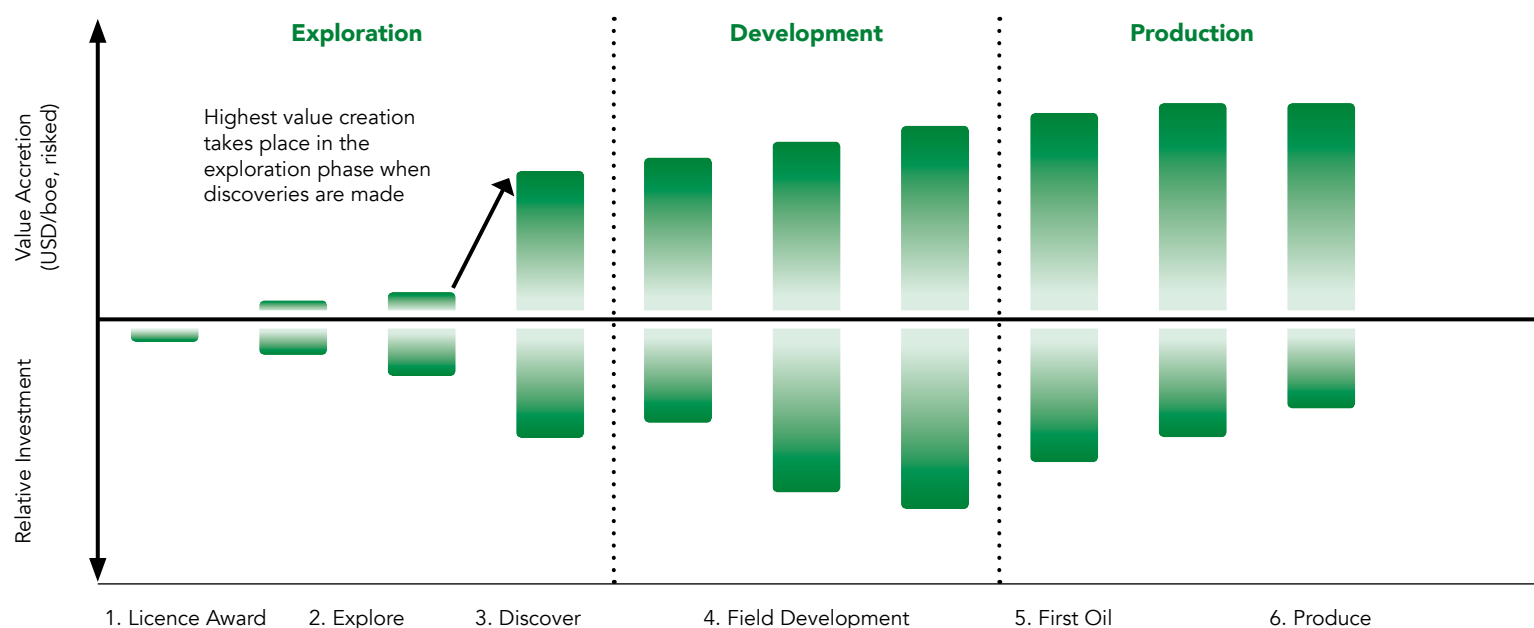
UNITED KINGDOM

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 five other licences through our interest in 3D Oil Limited.

INVESTMENT AND VALUE CREATION IN THE OILFIELD LIFE CYCLE



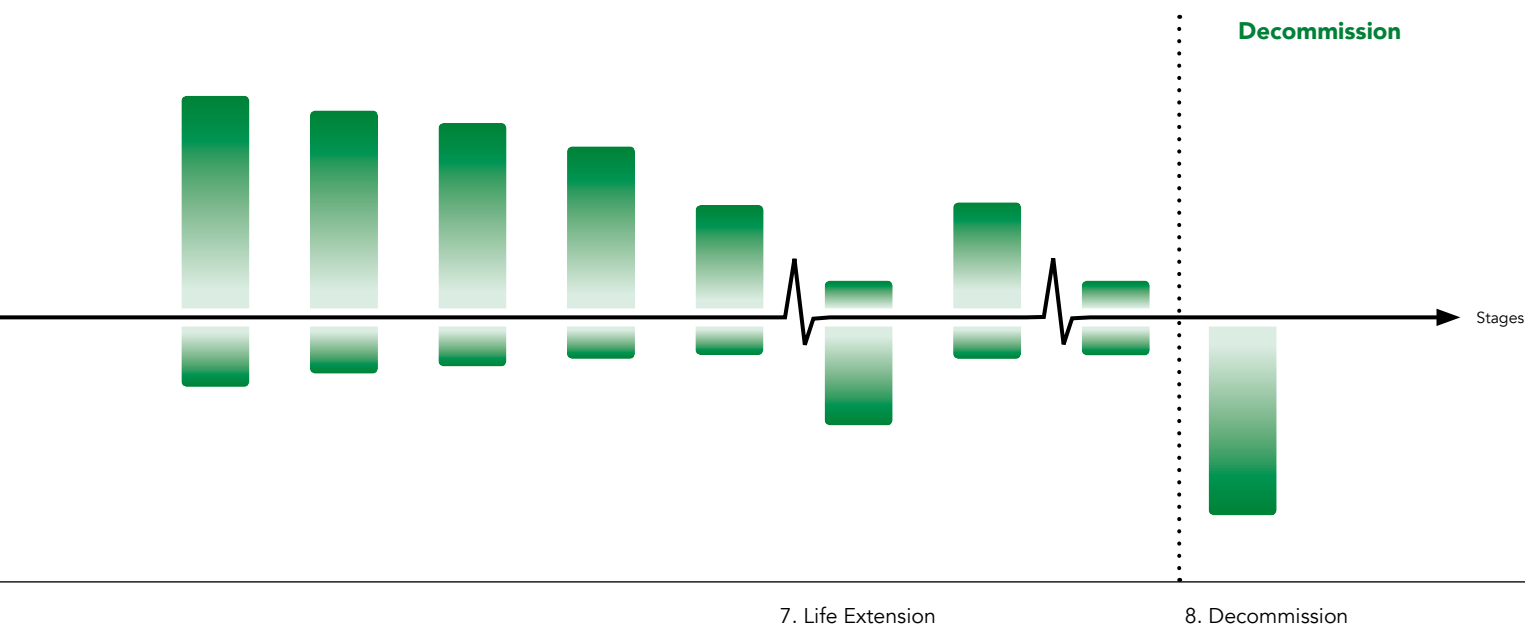
Stage	1. Licence Award	2. Explore	3. Discover	
Reserves/Resources	Prospective Resources		Contingent Resources	
Investment/Activity	Bidding or direct negotiation with host countries	Seismic acquisition, processing and interpretation	Drill exploration well	Drill appraisal well/ extended well test
Risks	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
		Proven 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 in the same transaction, these assets have brought about a step change to our oil and gas production volumes.

HIGHLIGHTS

OPERATIONAL PERFORMANCE	KINABALU	NORTH SABAH
AVERAGE UPTIME ¹	76%	94%
AVERAGE NET DAILY PRODUCTION RATE ¹	2,542 bbl/day	4,716 bbl/day
AVERAGE UNIT PRODUCTION COST ¹	17.4 USD/bbl	20.1 USD/bbl
LTIF ^{1,3}	0	0
2P OIL RESERVES ²	7.8 MMstb	19.7 MMstb
2C OIL RESOURCES ²	0	9.0 MMstb

LONG-TERM PARTNERSHIP WITH PETRONAS CARIGALI SDN BHD

Notes:

¹ For the financial year ended 30 June 2023.

² As at 1 July 2023. Reserves for Kinabalu Oil are based on FIPC Group's current estimated net entitlement, as per RPS Energy's report dated August 2022 and adjusted for actual production during the 12 months ended 30 June 2023. Reserves and resources for North Sabah are based on SEA Hibiscus' current estimated net entitlement, as per RPS Energy's report dated August 2023.

³ LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

⁴ Minimal reportable data for PM314 and PM305 PSCs as PM314 is no longer operating and is undergoing the final steps of decommissioning, while there is negligible production from PM305.

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.
- RPS Energy – RPS Energy Consultants Limited.

NORTH SABAH PSC: OFFSHORE AND ONSHORE FACILITIES



St Joseph



SF30



South Furious



Labuan Crude Oil Terminal (LCOT)



Barton

Malaysia At A Glance

KINABALU OIL PSC



Asset Name:
Kinabalu Oil PSC

Licence:
2012 Kinabalu Oil Production Sharing Contract

Hibiscus Petroleum's Interest:
60%

Operator:
Hibiscus Oil & Gas Malaysia Limited

Joint Venture 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

Awards:
Safety
PETRONAS Focused Recognition Award –
Awarded in March 2023 for excellent HSSE
performance for the Kinabalu PSC in CY2022^a.

Note:
^a Calendar Year 2022.

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

Joint Venture 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



PM305

Asset Name:

PM305 PSC

Licence:

PM305 Production Sharing Contract

Hibiscus Petroleum's Interest:

60%

Operator:

Hibiscus Oil & Gas Malaysia Limited

Joint Venture 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


Awards:
Safety

PETRONAS Focused Recognition Award – Awarded in March 2023 for excellent HSSE performance for the PM305 PSC in CY2022^a.

Note:

^a Calendar Year 2022.

PM314

Asset Name:

PM314 PSC

Licence:

PM314 Production Sharing Contract

Hibiscus Petroleum's Interest:

60%

Operator:

Hibiscus Oil & Gas Malaysia Limited

Joint Venture 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:

Previously producing via South Angsi A platform

Acquisition Completion Date:

24 January 2022

Office Locations:

Kuala Lumpur, Kota Bharu, Kemaman

Awards:
Safety

- (i) 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.
- (ii) PETRONAS Focused Recognition Award – Awarded in March 2023 for excellent HSSE performance in CY2022^b, with no major incidents and accidents.

Other Awards

- (i) PETRONAS Malaysia Upstream Awards 2020: Awarded Best Emerging Petroleum Arrangement Contractor, Wells Excellence – GOLD award and for Drilling Excellence – BRONZE award.

- (ii) 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.
- (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 award.

- (iv) PETRONAS Focused Recognition – received in March 2023 for LCOT demonstrating good collaboration with lifting parties to optimise market value of cargoes and secure reputation of Malaysia as a reliable crude exporter.

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 2022.

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 acquisition which included three Malaysian PSCs and one Vietnamese PSC. The PM3 CAA PSC has allowed us to diversify our production to include gas.

Production enhancement projects under our operatorship, including drilling of the longest well in Malaysia, have unlocked increased oil and gas production, while our gas exploration well, Bunga Lavatera-1, has also proved to be successful.

HIGHLIGHTS

AVERAGE UPTIME¹	AVERAGE NET DAILY OIL AND CONDENSATE PRODUCTION RATE¹	AVERAGE NET DAILY GAS PRODUCTION RATE¹
89%	3,068 bbl/day	7,016 boe/day
AVERAGE UNIT PRODUCTION COST¹	LTIF^{1,3}	2P OIL RESERVES²
13.0 USD/boe	0	5.7 MMstb
2P GAS RESERVES²	IMPORTANT SOURCE OF GAS FOR MALAYSIA AND VIETNAM	
64.8 Bscf		

Notes:

¹ For the financial year ended 30 June 2023.

² As at 1 July 2023, based on FIPC Group's current estimated net entitlement, as per RPS Energy's report dated August 2022 and adjusted for actual production during the 12 months ended 30 June 2023.

³ LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

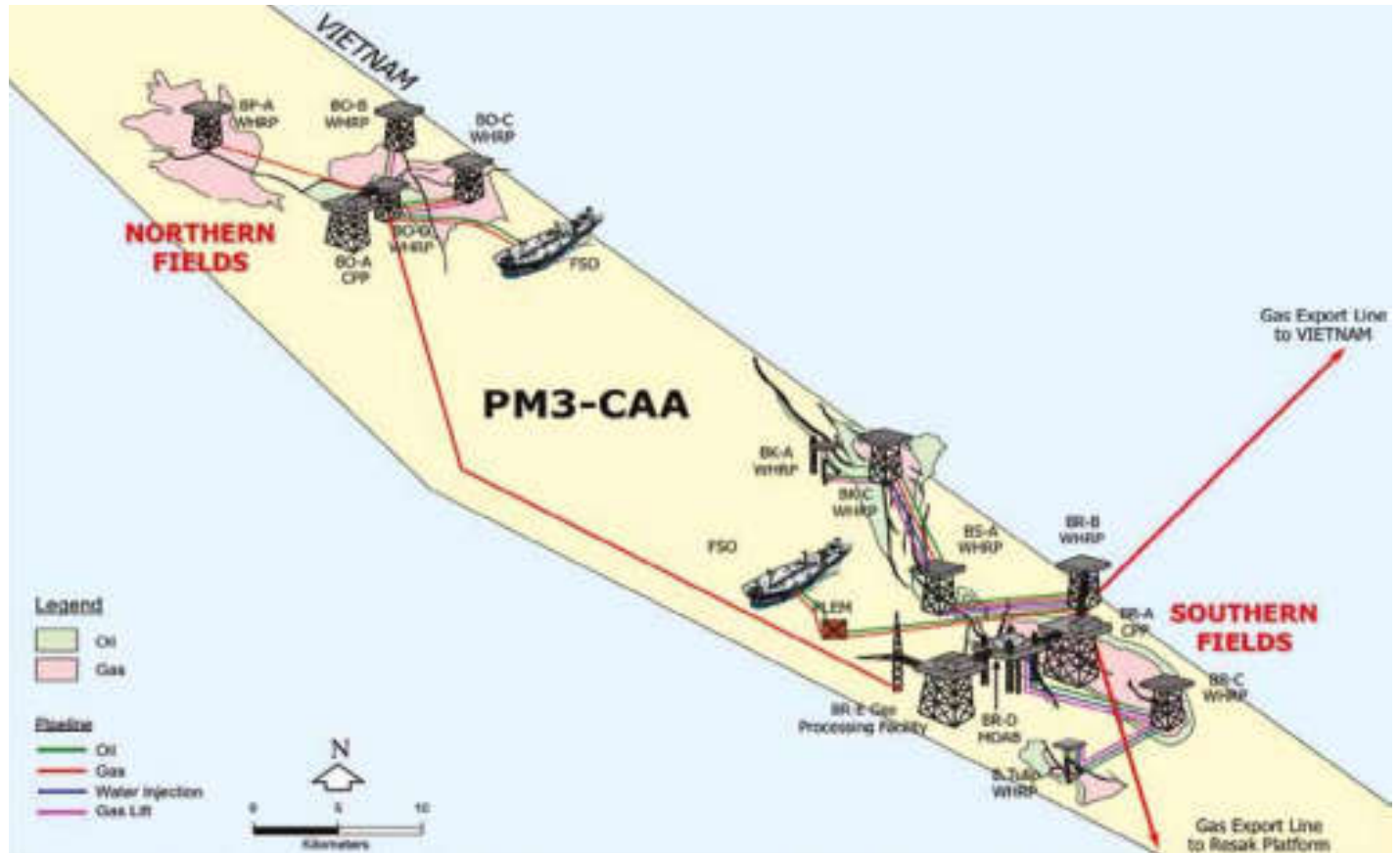
Key:

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





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

Joint Venture 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,
Bunga Lavatera

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

Acquisition Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Bharu, Kemaman

Awards:
Safety
(i) PETRONAS Malaysia Upstream Awards
2023: HSSE Excellence – Silver Award.
(ii) PETRONAS Focused Recognition Award:
Awarded in March 2023 for excellent
HSSE performance for PM3 CAA in
CY2022^a.

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 for tremendous
performance and successful delivery of
the H4 Development Facilities Project
despite the unprecedented COVID-19
pandemic and volatile market conditions.

(iii) PETRONAS Malaysia Upstream Awards
2023: Project Delivery Excellence – Silver
Award.

(iv) PETRONAS Focused Recognition Award:
Awarded in April 2023 for completion of
the drilling of the longest well in Malaysia
and for successfully flowing the well at
rates exceeding initial expectations.

(v) PETRONAS Focused Recognition:
Received in March 2023 for timely
reinstatement of Flash Gas Compressor
(FGC) at PM3 and successfully increasing
PM3 CAA gas availability by 40 MMscf
per day to fulfil high gas demand from
Kerteh (Malaysia) and Ca Mau (Vietnam).

Note:
^a Calendar Year 2022.

Key:
MMscf - Million standard cubic feet.

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 to the PM3 CAA facilities.

HIGHLIGHTS

AVERAGE UPTIME ¹	AVERAGE NET DAILY OIL PRODUCTION RATE ¹	AVERAGE UNIT PRODUCTION COST ¹
89%	166 bbl/day	28.7 USD/bbl
LTIF ^{1,3}	2P OIL RESERVES ²	
0	0.2 MMstb	

Notes:

- ¹ For the financial year ended 30 June 2023.
- ² As at 1 July 2023, based on FIPC Group's current estimated net entitlement, as per RPS Energy's report dated August 2022 and adjusted for actual production during the 12 months ended 30 June 2023.
- ³ LTIF represents the frequency of lost time injuries (LTi), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

Key:

- 2P Oil Reserves – Proven and probable oil reserves.
- bbl – Barrels.
- MMstb – Million stock tank barrels.
- LTIF – Lost Time Injury Frequency.
- USD – United States Dollar.
- FIPC – Fortuna International Petroleum Corporation.
- RPS Energy – RPS Energy Consultants Limited.



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*

Joint Venture 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 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.



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 late CY2024/early CY2025.

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.

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.

HIGHLIGHTS

ANASURIA AVERAGE UPTIME¹	AVERAGE NET DAILY PRODUCTION RATE¹	AVERAGE UNIT PRODUCTION COST¹
85%	2,415 boe/day	22.8 USD/boe
LTIF^{1,3:}	2P OIL RESERVES^{2:}	2P GAS RESERVES^{2:}
0	20.9 MMbbls	11.3 Bscf
2C OIL RESOURCES^{2:}	PERSONNEL WORKING ON ANASURIA OPERATIONS⁴	COMBINED PROJECT TEAM FOR MARIGOLD AND TEAL WEST:
43.6 MMbbls	144	31

Notes:

¹ For the financial year ended 30 June 2023.

² As at 1 July 2023, based on Anasuria Hibiscus' participating interest. The reserves estimates for Anasuria and Teal West are based on internal estimates, while the contingent resources report for the Marigold and Sunflower fields are based on RPS Energy's report dated August 2020.

³ LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 200,000 hours worked by both employees and contractors.

⁴ As at 30 September 2023, consists of personnel in the Anasuria Operating Company Limited and personnel dedicated to Anasuria operations from Petrofac Facilities Management Limited.

Key:

- 2P Oil or Gas Reserves – Proven and probable oil or gas reserves.
- 2C Oil or Gas Resources – Best estimate contingent oil or gas resources.
- boe – Barrels of oil equivalent.
- MMbbl – Million barrels.
- Bscf – Billion standard cubic feet.
- LTIF – Lost Time Injury Frequency.
- USD – United States Dollar.
- ROSPA – Royal Society for the Prevention of Accidents.
- FPSO – Floating, Production, Storage and Offloading Vessel.
- NSTA – North Sea Transition Authority, UK.
- RPS Energy – RPS Energy Consultants Limited.
- CY – Calendar year.

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 ROSPA for calendar year 2022 health and safety performance of the Anasuria FPSO vessel facility – 24th 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 24 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

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%

Operator:

Hibiscus Energy UK Limited

Field Life Cycle:

Development

Discovered Field:

Teal West

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

Hibiscus Petroleum's Interest:

19.3%

Operator:

Ithaca Energy

Field Life Cycle:

Exploration

Prospects:

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

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%¹

Operator:
Anasuria Hibiscus

Joint Venture Partner:
Caldera Petroleum (UK) Limited
(Caldera Petroleum)

Field Life Cycle:
Development

Discovered Fields:
Marigold and Sunflower

Acquisition Date:
16 October 2018

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

Note:
¹ As of June 30, 2023, Hibiscus Petroleum held a participating interest of 87.5% through Anasuria Hibiscus. Subsequently on 15 September 2023, a Unitisation and Unit Operating Agreement (UUA) was executed between Anasuria Hibiscus, Caldera Petroleum and Ithaca Energy. Under the UUA, Anasuria Hibiscus’ interest in the unitized Marigold unit is 61.25%.



EXECUTING PROJECTS SAFELY AND VIABLY

At Hibiscus Petroleum, our priority is ensuring the safety and well-being of our workforce whilst also managing risks effectively to safeguard the viability of our business.





CHAIRMAN’S STATEMENT

Dear Shareholders,

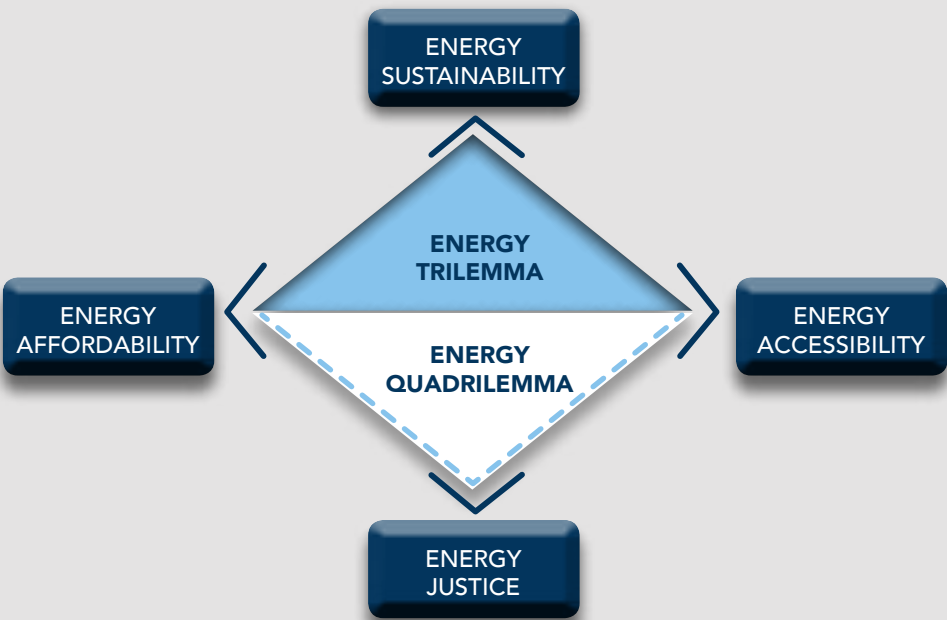
UNCERTAINTY

Since my last statement for our Annual Report 2021/2022, there has been a clear megatrend emerging in the area of Artificial Intelligence (AI). The development of AI related software tools and the technological hardware that supports this new area has directed a considerable focus on how many future job functions and work processes will be performed. The consensus is that greater efficiencies will be introduced in many areas of our day-to-day activities, given an almost immediate access and smart processing of information. Alongside this clear megatrend, the global population continues to grow with the world welcoming its eight billionth citizen in November 2022. This increase in population mostly occurs in countries currently deprived of energy.

The requirement of more computer processing power required by developed countries, coupled with an increasing level of energy generally being demanded by emerging economies, would have sufficed to underpin forecasts of strong energy prices going forward. However, these are not the only factors driving global energy related economics currently in play. Global economic and political decisions have for some time been heavily influenced by the demands of Environmental, Social and Governance (ESG) considerations as well as the climate change movement. Lately however, arising from the ongoing Russia-Ukraine conflict, there has been a realisation that national energy security strategies are also important for every country that is not energy independent. The post COVID-19 world also remains unsure if it is in recession or recovery, with interest rates being increased in some parts of the world to curb inflation whilst in China, the government has recently reduced these rates as a growth stimulus to curtail deflation.

REALITY

Notwithstanding these uncertainties, the responsibility of government, as far as energy delivery is concerned, has been captured in the well-publicised “Energy Trilemma”.



However, socio-economic considerations have now necessitated the addition of a fourth dimension which concerns the provision of energy in a just and sustainable way. Generally referred to as 'energy justice', it refers to situations where injustices occur in the energy delivery systems and how best law and policy can respond, particularly with the objective of social sustainability (the "human flourishing" aspect) emerging as an increasingly important consideration.

With circa 60% of the global population living east or south of the Suez, the realisation today is that it is insufficient to resolve for the Trilemma, but instead, it is imperative to find a solution for the Quadrilemma if the issues of ESG and climate change are to be addressed. This is the current reality. However, it remains uncertain how the objectives of the Quadrilemma can be delivered.

Given that our Group operates in this uncertain and dynamic environment, your Board has been devoting an increasing amount of our time with the Senior Leadership Team to navigate our growing

Company forward. Our objectives are to conduct our business in a manner consistent with, or better than our Vision and Mission statements, taking into account the dynamics of our industry and the uncertainties present all around us.

OPPORTUNITY

On 27 July 2023, the Malaysian government launched the National Energy Transition Roadmap (NETR) Phase 1 to accelerate Malaysia's energy transition. The NETR is characterised as being critical in supporting The Twelfth Malaysia Plan 2021 – 2025. This plan outlines the aspirations for the nation to achieve net zero emissions by 2050.

Conversely, in recent months, we have also observed that leaders of developed nations in Europe, the United States, and those managing large energy companies, have dialled back on climate change commitments previously made over the last three years. There is a dawning realisation that the economic cost of an accelerated push towards net zero targets will be prohibitive and ineffective unless it is matched with a global and united push towards the objectives of the Quadrilemma. Some prominent leaders have taken publicly unpopular stands, prioritising near-term economics and societal needs above the aspirations of the long-term climate change agenda. Notwithstanding this recent change in position, the large energy companies continue to actively participate in the energy transition by investing in renewables and rebalancing their respective portfolios, focussing more on gas projects and on oil opportunities in which their operational metrics (including parameters on (reducing) greenhouse gas (GHG) emissions) are in the top quartile.

ZAINUL RAHIM BIN MOHD ZAIN
Chair of the Board



Chairman's Statement

This rebalancing of portfolios of the larger players is creating Merger and Acquisition (M&A) opportunities for companies of our size.

TRAJECTORY

Whilst the International Energy Agency (IEA) has made some long-term energy demand projections and has recommended that financial institutions not support new oil and gas projects sanctioned after 31 December 2021, we believe that some of their views and assumptions stray into the realm of unrealistic optimism. Unfortunately, influential financial institutions have taken cue from the IEA views and what is currently clearly visible is that there is less capital available to develop fossil fuels, particularly, oil projects.

With less capital available, fewer oil projects are being developed. Thus, if the pathways proposed by the IEA in their document are not aggressively pursued and delivered, then we should not be surprised that within the next decade, energy starvation, brown-outs and even black-outs become terms of the vocabulary which are more frequently used.

So, the challenge then becomes in finding the right balance between the *status quo* and the change that will be required to protect the planet. To do this, we believe that as an industry, we must increase the momentum to decarbonise the oil and gas sector, through the development and deployment of solutions that are commercially sustainable. However, we believe at the same time, regulators must be pragmatic when introducing new regulations, and politicians and the media must also be fair and balanced in their rhetoric directed against industry players, so that investments in this very important energy delivery space will continue, hence avoiding tight energy supply situations, as we are experiencing right now.

Our Company believes that oil and gas will continue to remain an important part of the energy mix for at least the next 25 to 30 years. Thus, our trajectory will be to continue to pursue opportunities for new oil and gas, develop discovered resources and efficiently sweat the fields we currently operate. We will also continue to examine relevant M&A opportunities which will allow us to leverage our operational strengths, particularly when these opportunities emerge in legally safe and stable jurisdictions located around the countries in which we currently operate.

EXECUTE – ENHANCE – EXCEL – EXPLORING NEW HORIZONS

In the financial year (FY) ended 30 June 2023 (FY2023), we conducted our inaugural Investor Day during which we presented to some of our largest shareholders, the progress of the Company and some of our plans for the near future. The key themes covered the areas of Execute, Enhance, and Excel.

The theme of Execute recognised that over the next 18 months, our Group will likely spend more than RM1 billion (net to us) on capital projects in Malaysia and the United Kingdom (UK). To obtain the forecasted returns, we stressed the need to execute sanctioned projects in accordance with carefully crafted plans, requiring focus, discipline and competence to ensure that the execution remains on track, both technically and commercially.

We recognise our *raison d'être* is to enhance the value that we deliver to our shareholders. In this regard, we have embarked on several initiatives on our corporate front. Our recent announcement of our intent to consolidate our shares (which will allow larger funds to become part of our share register), and the buy-back of some of our shares, are both consistent with our intention to enhance shareholder value. Enhance is also about monetising and converting some 64 million barrels of discovered, contingent resources to reserves that will add to our future cash flow generation capacity and thus enhance our valuation as a company.

Excel is about excelling as an operator, through our relentless efforts to optimise the operations of every asset we acquire, with a view to maximise production and minimise wasteful practices by pursuing improvement techniques, thus earning us the respect as an efficient, robust and responsible operator in the industry. In mature fields, much like those under our operational purview, we will less likely find a small number of opportunities delivering large gains. Instead, we will have to relentlessly seek a large number of opportunities, each delivering a small gain which aggregate to a valuable prize. Our team that jointly operates the Anasuria asset is successfully delivering such small wins which aggregate to large gains over the longer-term and we are transferring some of their know-how and practices over to our Malaysian operations.

Whilst we only elaborated on the themes of Execute, Enhance and Excel at our Investor Day conference, I can now also disclose that over the course of FY2023, we have been developing and drilling some exciting exploration prospects, within the boundaries of licences that we currently possess.

More information on this subject may be found in our Management Discussion and Analysis section. We will make the necessary disclosures as these opportunities are implemented but at this juncture, we believe some of the prospects being pursued are potentially material.

OUR FINANCIAL PERFORMANCE

As mentioned earlier, oil prices have fluctuated over the course of FY2023. The Brent benchmark has ranged between a low of USD71.84 per barrel (bbl) and a high of USD113.50 per bbl over our Financial Year. Gas prices have also correspondingly moved. Against this backdrop (and combined with a full financial year contribution from the assets acquired from Repsol Exploración, S.A. in January 2022), our Group is pleased with our financial results for FY2023. We have reported a Profit After Taxation (PAT) of RM400.5 million on the back of revenue of circa RM2.3 billion and an EBITDA of RM1,269.7 million. This is the second consecutive year that our EBITDA levels have surpassed the RM1 billion mark, and the first year in which our revenue has hit the RM2 billion threshold.

In addition, during FY2023, the Group declared several interim single-tier dividends aggregating to 2.0 sen per ordinary share (based on the total number of issued ordinary shares of 2,012,418,743 prior to the share consolidation exercise). I am also pleased to be able to report that the Group is proposing, for the consideration of our shareholders during our Annual General

Meeting to be held on 5 December 2023, a single-tier dividend of 1.25 sen per ordinary share (based on the post-consolidation number of issued ordinary shares of up to 804,967,497, which is equivalent to 0.5 sen per ordinary share based on the total number of issued ordinary shares prior to the share consolidation exercise). Looking forward, we hope that our FY2024 results will be similarly strong, if not stronger. Assuming oil prices remain relatively high, we will continue with our current dividend paying trend.

OUR AWARDS AND SAFETY PERFORMANCE

Our work environment demands constant vigilance and attention towards Health, Safety, Security and Environment (HSSE) considerations, and our ability to be considered as a responsible operator depends on our capability to provide a safe, healthy and secure workplace for our employees and business partners.

Our safety performance for FY2023, 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 2022 - 30 June 2023

	UK	PM3 CAA	Malaysia	Australia
Fatality	0	0	0	0
LTIF*	0	0	0	0

Note:

* LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

The key HSSE initiatives that were conducted in FY2023 are itemised in the Sustainability Report section of this Annual Report 2022/2023.



Chairman's Statement



Whilst we have been honoured with several awards over the course of FY2023, there are several awards that I would like to specifically mention here:

- Our Group was awarded a **silver award for HSSE Excellence** at the Malaysia Upstream Awards 2023 event. This award, received from the Malaysian regulator PETRONAS, benchmarks our performance against that of all Exploration and Production companies operating in Malaysia; and
- In the UK, our team conducting Anasuria operations was awarded a **Gold Award** and the **Order of Distinction for calendar year 2022 health and safety performance** by the Royal Society for the Prevention of Accidents (ROSPA).

We believe that our HSSE performance is the outcome of consistent and relentless diligence across the various assets that we operate and a push towards a safer workplace that starts with our leadership. It takes a great deal of dedication to deliver the performance that receives such recognition, and hence we are very honoured to have been selected to receive these awards.

I would also like to share that on the business front we have been recognised as the **'Most Outstanding Company in Malaysia – Energy Sector'** at the 2023 Asiamoney Asia's Outstanding Companies Poll.



The Asia's Outstanding Companies Poll is designed to acknowledge excellence in areas such as financial performance, management team excellence, investor relations engagements and Corporate Social Responsibility initiatives. The poll was supported by 1,225 fund managers, analysts and bankers and a total of 7,653 votes were received for publicly listed companies across 12 markets in Asia. We would like to thank Asiamoney and our investors for supporting us and recognising our commitment.

INTRODUCING THE LATEST ADDITION TO OUR BOARD

Since January 2023, Puan Zaidah binti Ibrahim has been an Independent Non-Executive Director of our Board. Her profile may be viewed on page 82 of this Annual Report 2022/2023.

We are confident that her contributions and input 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

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 the ESG lens. We are proud to have maintained our top quartile position in the Bursa Malaysia FTSE4Good Malaysia Index, but we realise that the performance bar is being raised each year. We will try to keep pace with the ESG demands placed upon us, but in doing so, we wish to be convinced that our efforts will deliver tangible rewards to all our stakeholders.

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. High quality, robust discussions and meticulous reviews preceded our final Board 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 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) of the UK, the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) of the Commonwealth of Australia and the Australian National Offshore Petroleum Titles Administrator (NOPTA). You would also have noted that in July 2023, our Group announced that the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) had issued their Environmental Approval for our Teal West Project. This approval, the first to be issued in the UK after more than a year, paved the way for the



award of a Production Consent for the same project some weeks later. The continuous support of the various regulators 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, 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, BP Oil International Limited and PETCO Trading Labuan Company 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 each of 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, it has become increasingly difficult to secure financial facilities in support of our operations. We have engaged with several financial institutions in an effort to secure debt that will enable us to leverage our Balance Sheet more efficiently as we grow our Company. We have received tremendous encouragement in this area from HSBC Bank Malaysia Berhad, Bank of China (Malaysia) Berhad, Industrial and Commercial Bank of China (Malaysia) Berhad and Standard Chartered Bank Malaysia Berhad. 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. Your work, in the face of many challenges, has been of the highest standard. I am particularly encouraged by the initiatives that are being implemented towards improving our ESG positioning. 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.

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 patience, trust and support.

Hibiscus Petroleum Berhad is growing and can now claim to be an established regional Independent Oil and Gas Company in the exciting Asia Pacific business landscape. Reputable business partners are now part of our growth story 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. As previously mentioned, we believe in the long-term viability of our sector, and are pursuing exciting exploration prospects and will continue investing in relatively large development projects both in Malaysia and overseas. We are also continuously reviewing M&A opportunities, seeking a portfolio of assets that matches our risk profile. We look forward positively to FY2024 and to your continuing support.

Thank you.

ZAINUL RAHIM BIN MOHD ZAIN

Chair of the Board

4 October 2023





ENHANCING SHAREHOLDER VALUE

At Hibiscus Petroleum, our challenge is to foster growth that is sustainable and value accretive for our shareholders.



Your Support
and Trust
has been Critical

Thank You

E XECUTE
NHANCE
XCEL

DRIVING GROWTH

HIBISCUS
PETROLEUM

HIBISCUS23

HIBISCUS PETROLEUM INVESTOR DAY 2023



EXECUTE-ENHANCE-EX
DRIVING GROWTH

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF OUR BUSINESS AND OPERATIONS

A. OUR BUSINESS

Hibiscus Petroleum Berhad (Hibiscus Petroleum or our Company) and our subsidiaries (our Group) remain focused on creating value for all our stakeholders by safely and efficiently finding and producing hydrocarbons and bringing these resources to market. Over the financial year ended 30 June 2023 (FY2023) a critical activity has been to safely and efficiently integrate the assets and resources acquired from Repsol Exploración S.A. (Repsol) in January 2022 into our portfolio. Besides contributing towards a significant growth in our total production, the acquisition also ensured that 30% of our aggregate production is now from gas, a target that we have been pursuing as part of our portfolio balancing strategy.

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 assets 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 material 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.

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 revenues we achieve from our gas sales in Malaysia and Vietnam are oil price-linked. Thus, our general business performance is sensitive to the price at which we can sell the volumes of crude oil and gas we produce, offset against the corresponding costs we incur in delivering such production. Given that we are only 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 control our cost base prudently.

DR KENNETH GERARD PEREIRA
Managing Director



B. MACRO TRENDS

Oil and gas prices continue to be impacted by polarising world events and ever more volatile political and industrial views. Our FY2023 started with the continued rise in oil prices as the world economies recovered from the COVID-19 pandemic.



As can be seen from Figure 1, crude oil prices retreated from a high of USD113/bbl in July 2022 to about USD72/bbl in June 2023 as the slowing global economy weakened demand. China experienced its first annual decline in oil consumption this century amid repeated shutdowns in response to COVID-19 outbreaks and a faltering real estate market. Recession fears due to higher-than-expected inflation and tighter monetary policy in many major economies coupled with underlying banking woes sparked concerns about flagging demand.

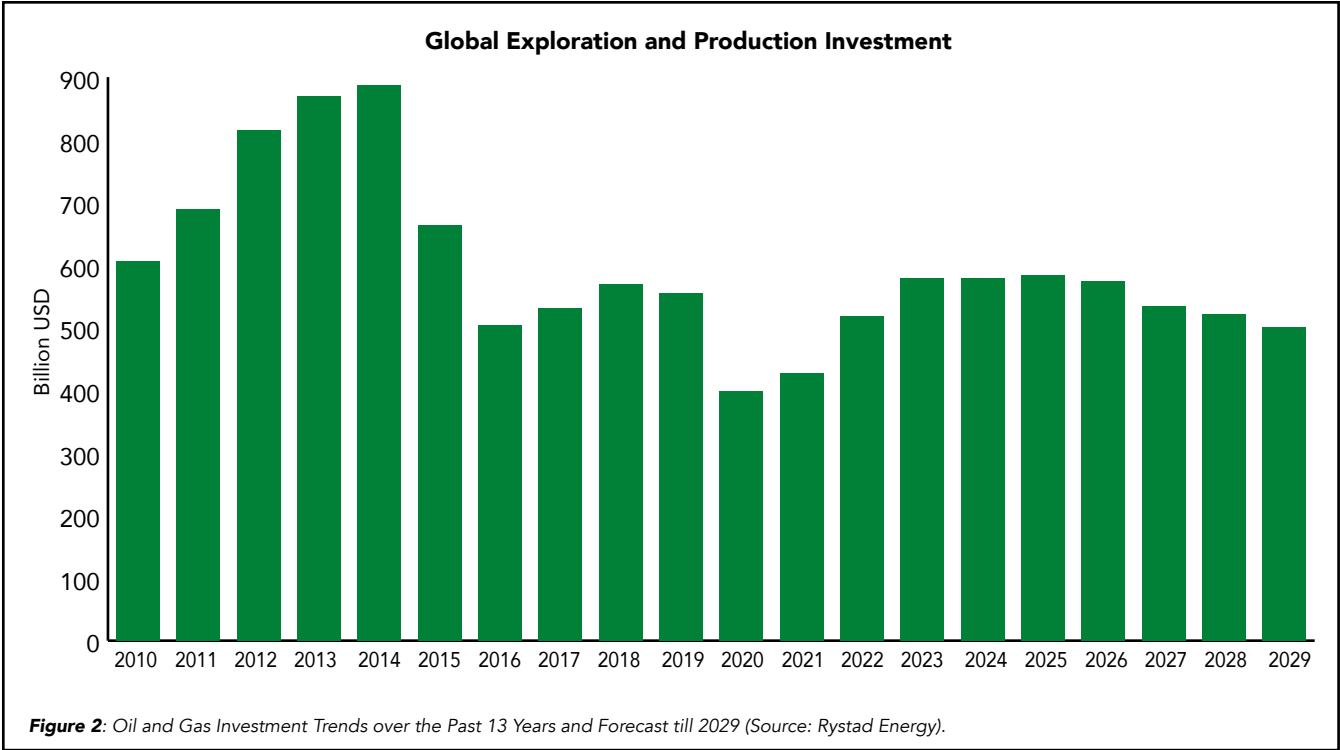
On the supply side, uncertainty over the effects of Western sanctions on Russian crude oil exports caused volatility in oil price movements. However, as of March 2023, Russian crude oil exports have held steady since implementation of the Group of Seven (G7) price cap and ban on crude oil imports, invoked on 5 December 2023. In response, Russia rerouted its oil, reportedly selling its barrels at a major discount to Brent oil prices, to non-sanctioning countries, primarily India and China. Downside supply risks did not materialise until Russia's recent announcement of a modest production reduction. A sizable release of strategic petroleum reserves by Organisation for Economic Co-operation and Development (OECD) member countries also helped keep oil markets well supplied, in part offsetting underproduction and reduced targets by OPEC+ (Organization of the Petroleum Exporting Countries plus selected non-member countries).

In more recent media releases, China appears to have shown better than expected growth figures for their economy and oil prices have rebounded significantly as a result. Similarly, gas prices may track upwards again in anticipation of the upcoming 2023 European winter. Last year, the European winter was unusually mild, providing a reprieve for most European countries.

With Russian gas supply curtailed, Europe has increased its reliance on Liquefied Natural Gas (LNG) and has significantly grown its LNG import capacity in 2023. However, if the European winter turns out more severe this year, some countries may face shortages. A side effect of increased LNG imports by European countries is that the less economically developed countries have been unable to compete with rising LNG gas prices and in the face of localised shortages are being forced to rely more on coal for their energy needs.

The trend of decreasing investments in oil and gas projects as seen in the last seven years appears to finally be reversing (see Figure 2). Many of the oil majors and national oil companies have matured development plans for large capital investments in the past year. Several major oil companies have also made announcements to reverse their growing investments in renewable and energy transition projects and focus more capital on high return oil and gas developments.

Management Discussion and Analysis



Several factors are driving this shift. Chief among them is the relatively high oil and gas prices that have been observed over the last year, and the changing priority of a number of governments around the world towards energy security. These large capital projects typically have long maturation cycles of 5 to 7 years so whilst they may impact long term oil and gas price levels, these projects will not relieve pressure on growing demand in the near term. As a result, oil prices will probably remain high for the next few years.

Despite this shift in investments, the majors are still actively participating in the energy transition and with that comes a rebalancing of their portfolios. This creates a healthy market for mergers and acquisitions as they continue to divest non-core assets.

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

The energy sector is at a crossroads, and political leaders worldwide are faced with the challenge of balancing environmental responsibility, economic stability and energy security. The next few years will be crucial in determining the trajectory of global energy systems and their impact on the planet.

Political trends in the energy sector will continue to evolve, reflecting the complex interplay of environmental, economic and geopolitical factors. When the Paris Agreement was signed in 2015, most countries acted quickly to devise plans to reduce emissions and incentivise increased investments into renewable energy development. Europe paved the way for the charge away from fossil fuels and implemented aggressive targets for decarbonisation. In the last few years, however, the narrative has been abruptly disrupted by not only the incursion of Russia into Ukraine and the associated political and economic implications, but also the realisation that the relentless pressure on companies to rebalance their oil and gas portfolios has led to supply concerns resulting in unstable energy prices. One consequence has been an undesired rise in inflation.

Noticeable changes are being observed. In recent weeks in the United Kingdom (UK), policies have been announced that have dramatically weakened the UK government's commitments towards its key green commitments. The UK government has also acknowledged that the decision to not approve development projects in the North Sea, and the subsequent need to increase LNG imports from overseas, has led to higher emissions. On 27 September 2023, the approval of Rosebank, a large oil and gas development in the North Sea was announced, following several other announcements



of developments (including the Teal West project proposed by our Company). It is now expected that the UK government will approve more oil and gas developments in the North Sea going forward.

In Southeast Asia, governments are steering conversations more towards the narrative around energy growth, energy security and achieving these targets responsibly. In Malaysia, the focus is on growing the contribution of renewables over time while utilising its abundant resource of gas as a transition fuel and exploring the option of implementing carbon capture, utilisation, and storage (CCUS).

Throughout calendar years of 2022, there had been a growing recognition of the need for a 'just transition' to a low-carbon economy, which culminated at COP27 with several announcements. South Africa signed loan agreements worth EUR600 million with France and Germany as part of its continued efforts to implement the Just Energy Transition Partnership announced at COP26. The Indonesia Just Energy Transition Partnership launched at the G20 Summit in parallel with COP27 intends to mobilise USD20 billion over the next three to five years to accelerate a just transition. Vietnam, India and Senegal have also expressed interest in entering Just Energy Transition Partnerships.

The energy crisis has also prompted some governments to rethink their plans to phase out nuclear power, as sentiment shifts in favour of reliable energy supplies. Japan, which idled its nuclear plants in the wake of the Fukushima Daiichi disaster in 2011, plans to restart seven nuclear reactors by the summer of 2023. Including these seven, Japan currently has 23 commercially operable but offline nuclear reactors. It is possible that the Japanese government could announce the restart of more nuclear reactors during 2023. Other countries, such as India and China, are also likely to renew focus on nuclear energy in 2023.

2. Social Trends

The impact of the clean energy transition is starting to be felt worldwide. The developed nations from Europe and North America are trying to weather the impact of rising energy prices in return for cleaner environments. However, in the developing world the impact is more painful.

Inflation, an energy scarcity scenario and rising interest rates are pushing over 50 countries towards the risk of bankruptcy, unless developed countries offer urgent assistance. In addition, around 75 million people who have recently gained access to electricity are likely to lose the ability to pay for it. There are also estimates that 100 million people may revert to the use of traditional biomass for cooking and at the current rate of economic progress, 670 million people will remain without electricity by 2030. This is 10 million more than projected in 2021.

It is also expected that food insecurity is likely to be exacerbated by the energy shortages that are being projected. Extreme poverty remains a major concern in certain areas with an estimated 49 million people, in 46 countries, currently living in near-famine-like conditions. These numbers include 750,000 people at immediate risk of starvation, of whom about 75% are concentrated in Ethiopia and Yemen.

On the other hand, the continued growth of digital-based lifestyles, not solely in the developed world, has created demand for an exponential growth in data centres and cloud computing clusters around the world. These are some of the more energy intensive industries. The growth rate of these industries could be significantly underestimated at this point as the technology shift continues at an ever-accelerating pace. This trend alone could exacerbate the energy crisis significantly.



Management Discussion and Analysis

3. Business and Economic Trends

Since early 2022, the world has been on a post-COVID economic rebound. The importance of long-term health and well-being, and a deep care for the environment continue to be part of the narrative, particularly amongst the younger generation. The impact over the past year of economic recovery and its link to decarbonisation objectives can be summarised as follows:

- The global economy resumed its growth trend (average of +3.2%), although there was a slowdown in China due to their Zero-COVID policy;
- CO₂ emissions once again experienced an increase of almost 2%, and the carbon factor continued to rise as coal consumption grew over the past two years, further deviating from the 2°C pathway;
- Renewable power generation continued to expand, with solar growing by 27% and wind by 13%;
- The Russia-Ukraine conflict continues to impact the recovery of the global economy; and
- Efforts to reduce energy intensity and the carbon factor are inadequate to align with the objectives outlined in the Paris Agreement. This global observation holds true at the regional level as well, especially in China, the USA and Europe, where the observed trend improvements are still insufficient.

For the oil and gas industry, it entered 2023 with its healthiest financial balance sheet yet for many decades. However, the industry's investment trajectory beyond 2023 will likely be determined by factors such as:

- The balance that oil and gas producers strike between increasing investment and continuing capital discipline;
- The role oil and gas companies see for themselves in accelerating and securing the energy transition;
- The dynamics of natural gas demand and the resultant policy environment;
- The refining industry's adaptation to the readjustment in energy markets; and
- The trajectory for deal-making amid the interplay of energy security and transition.

4. Technology

Over FY2023, the technology world has been mesmerised by ChatGPT. ChatGPT is a natural language processing tool driven by Artificial Intelligence (AI) technology that allows each of us to have human-like conversations and much more with a "chatbot". The language model can answer questions and assist you with tasks, such as composing emails, essays and even software code. Since its public launch, the rise in its use and popularity has been meteoric.

Whilst its utility cannot be disputed, people are also expressing concerns about AI chatbots replacing or atrophying human intelligence. The discourse today has extended to whether ChatGPT will gradually cripple human capacity and capability to think, or could it increase productivity to such astonishing degree that other considerations of concern will have to be ignored? The fact appears to be that AI has gone mainstream and its utility will accelerate faster than anything that has been seen before. It is also likely that as AI goes mainstream, it will be increasingly integrated into all aspects of our lives in a short space of time. In the oil and gas ecosystem, there are already several areas where AI is already being implemented and the results are encouraging.

5. The Malaysian Situation

As of the publication of this Annual Report 2022/2023, it has been one year since the coalition "Unity" government has been on seat. There is now a renewed focus on the implementation of long-term policies, focusing mainly on good governance, sustainable development and racial harmony under the framework termed "Malaysia MADANI". Of immediate concern to the business community is the weakness of the Malaysian Ringgit and the lacklustre performance of Bursa Malaysia Securities Berhad, the Malaysian stock exchange. More positively, the investment climate appears to be gradually improving as confidence in the new government grows internationally. There is also a focus on slowly reducing a reliance on subsidies in the country, which should allow the government more financial capacity to address new areas of economic growth.

On the sustainability front, there has been a strong emphasis placed on the initiatives as itemised in the National Energy Transition Roadmap (NETR).

Management Discussion and Analysis

Figure 4 shows a worrying trend, which is similar to that observed in other parts of the world. In order for Malaysia to achieve target of a 23% contribution from renewable sources to the primary energy supply, it has to achieve a renewable energy (RE) installed capacity of 70%. This reflects the relatively low capacity factor associated with RE technologies. Thus, despite natural gas having only 29% of the installed capacity by 2050, it is projected to constitute 56% of Malaysian primary energy supply.

Another interesting element of the NETR is the strong focus on CCUS initiatives. This is particularly of interest to the Company. We believe that our primary responsibility is to minimise the emissions from our operations. The Company has already initiated studies on how to capture CO₂ from our operations with the intention of storing it under ground. If this is done successfully, the associated natural gas produced can be accepted as green energy source. Extending such a concept further, the next step in this journey is for gas fired power plants to also capture and store CO₂ generated from its operations to generate clean energy for Malaysia.

NETR Energy Transition Lever: Carbon Capture, Utilisation and Storage (CCUS)		
Code	Key Initiatives	Champions
CC1	Develop CCUS-specific policies and regulations - Develop policy and regulatory framework to facilitate the implementation of CCUS projects. - Establish governance structure of CCUS by clearly defining roles of each ministry and agency. - Amend existing regulations (e.g. Exclusive Economic Zone Act 1984 [Act 311] and National Land Code) to incorporate key enablers for CCUS development.	Ministry of Economy (MOE)
CC2	Strengthen CCUS adoption through provision of incentives across all relevant sectors and facilitate hub development - Establish carbon pricing instrument to drive the adoption of carbon capture technology for stationary emitters. - Enhance incentives to reduce cost, enable access to funding and encourage adoption of CCUS technologies (e.g., public catalytic funds, tax credits, contract for difference).	Ministry of Finance MOE
CC3	Facilitate CCUS Hub infrastructure development Explore collaboration with potential investors and financiers to fund and catalyse investments in CCUs infrastructure for hub development.	MOE
CC4	Establish transboundary CO₂ agreement Negotiate and introduce transboundary CO₂ regulatory agreement encompassing the provisions on transboundary movement and storage of carbon, liability and cost sharing.	MOE
CC5	Promote local utilisation of CO₂ in industry Set specific mandates within use case (e.g. cured concrete and urea).	Ministry of International Trade and Industry

Source: <https://ekonomi.gov.my/sites/default/files/2023-08/National%20Energy%20Transition%20Roadmap.pdf> (29 August 2023).



C. OUR POSITIONING

Over the past eight 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 level economic volatility that is currently being observed globally, our 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 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 the current 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.

Our producing fields in:

- the Anasuria Cluster in the UK sector of the North Sea;
- Sabah, East Malaysia, specifically Kinabalu and North Sabah; and
- the Commercial Arrangement Area (CAA) between Peninsular Malaysia and Vietnam

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 conclusion our target in this area is clear – our mid-life asset operations need to be conducted safely, cost effectively and show a reducing trend in the area of greenhouse gas (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 generators have been determined and material financial and human resources are being deployed to progress business objectives.

In September 2023, the Unitisation and Unit Operating Agreement (UUOA) was executed by the various licensees of the Marigold West and Marigold East fields. This unitized area, now called Marigold, opens up the development of opportunities within the Marigold Unit and Sunflower Cluster:

- Licence P198, Blocks 15/13a and 15/13b in the North Sea; and
- 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 and Sunflower Cluster.

Also in early September 2023, all regulatory approvals required for the development of the Teal West field, within Licence P2535 Block 21/24d, were obtained. The Final Investment Decision related to this project was recently taken for this opportunity and First Oil is scheduled in late 2024 or early 2025.

3. Portfolio Management

Our Company also owns 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 2022/2023, our legacy permits in Australia (i.e. VIC/L31, VIC/P57 and VIC/P74) have all been subject to some form of recent portfolio management activities:

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

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

Management Discussion and Analysis

4. Near-Field Exploration

Seismic datasets around the producing licences that we operate in Malaysia were recently analysed and several near-field exploration opportunities have been identified, both in Peninsular Malaysia and Sabah. Over the course of FY2024, we shall be drilling these prospects that have a high geological chance of success (GCOS) of becoming a commercial discovery.

D. ESG CONSIDERATIONS

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

1. Environment (Emissions)

Whilst many governments are currently facing the competing priorities of energy security and the 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. In the first instance, our main objective will be to continue to optimally manage our own carbon footprint. Decarbonising initiatives are being implemented on an on-going basis in Anasuria, North Sabah and the recently acquired assets under the Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus) Group (see relevant sections of the Sustainability Report) since our acquisition of these assets and are all efforts are showing positive results.

Since January 2022, we have also had to include the emissions metrics of the recently acquired assets, under Peninsula Hibiscus Group, 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, and we are actively pursuing several pathways to make an impact in this area.

Although the Group has been gradually but conscientiously executing our decarbonising initiatives, the substance and urgency of developments in the area of climate change on a more macro scale caused us to roll out our *Climate Change Framework (CCF)* in November 2021. Our CCF makes it clear to all our stakeholders the targets we intend to pursue to meaningfully contribute to the global energy transition agenda. In pursuing our objectives in this area, we will ensure that the initiatives we implement are also economically sustainable.

In essence, 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
- Petroliaam Nasional Berhad (PETRONAS)' aspiration to be at Net Zero Carbon Emissions by 2050.

We have also committed to focus on transparent reporting of our climate disclosures (including measurable GHG metrics) that are 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.

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.

2. Social (Safety)

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

Period: 1 July 2022 - 30 June 2023

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

Note:

* LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

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. 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, business partners and regulators have been building 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. It is also important that our employees act with integrity when interacting with regulators, contractors and business partners and it is imperative that we ensure responsible oversight and put in place robust processes to remain compliant with local laws 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, our business practices are under constant review, particularly in several high-risk areas, with the intention of improving control procedures.



Management Discussion and Analysis

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 CAA Area PSC		
Fields	<u>Producing:</u> St Joseph, South Furious, South Furious 30 (SF30), Barton	<u>Producing:</u> Kinabalu Main, Kinabalu East, Kinabalu Far East	<u>Producing:</u> Murai/Angsi Southern Channel Unit		<u>Producing:</u> Bunga Orkid, Bunga Pakma, Bunga Raya, Bunga Seroja, Bunga Kekwa, Bunga Tulip, Bunga Lavatera <u>Exploration:</u> Greater Central Area, Greater Silver Area	<u>Producing:</u> Cai Nuoc <u>Discovered:</u> 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: 19.7 ² 2C Resources: 9.0 ²	2P Reserves: 7.8 ³	–	–	2P Reserves: 5.7 ³	2P Reserves: 0.2 ³	
Net Gas Reserves and Resources (Bscf)	–	–	–	–	2P Reserves: 64.8 ³	–	

Notes:

¹ As of January 2023.

² As of 1 July 2023, based on the current estimate net entitlement of SEA Hibiscus Sdn Bhd (SEA Hibiscus), derived from RPS Energy Consultants Limited's report dated August 2023 for the PSC life.

³ As of 1 July 2023, based on the current estimate net entitlement of the FIPC Group, derived from RPS Energy Consultants Limited's report dated August 2022 for the PSC life, adjusted for actual production in the 12 months ended 30 June 2023.

⁴ As of 1 July 2023, based on the participating interest of Anasuria Hibiscus, derived from RPS Energy Consultants Limited's report dated August 2020.

⁵ As of 1 July 2023, based on internal estimates.

⁶ As of June 30, 2023, Hibiscus Petroleum held a participating interest of 87.5% through Anasuria Hibiscus. Subsequently on 15 September 2023, a UUOA was executed between Anasuria Hibiscus, Caldera Petroleum (UK) Limited (Caldera Petroleum) and Ithaca Energy (UK) Limited (Ithaca Energy). Under the UUOA, Anasuria Hibiscus' interest in the unitized Marigold unit is 61.25%.



	United Kingdom						Australia
	Concession						Concession
	Anasuria Cluster (or Anasuria)				Marigold Cluster		Bass Strait Cluster
	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%	19.3%	87.5% ⁶	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: 20.9 ⁵			Subsurface studies yet to commence	2C Resources: 43.6 ⁴	Subsurface studies yet to commence	2C Resources: 8.0 ⁵
	2P Reserves: 11.3 ⁵		–	Subsurface studies yet to commence	–	Subsurface studies yet to commence	–

Key:

- 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 A.
- ASCU - Angsi Southern Channel Unit.

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 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 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.

In FY2023 we sold a total of circa 4.5 MMbbl of oil and condensate and 2.6 million barrels of oil equivalent (MMboe) of gas. Of those volumes, 4.8 MMboe originated from assets under the Peninsula Hibiscus group (Figure 5), 1.5 million barrels (MMbbl) from North Sabah (Figure 6), and 0.8 MMboe was sold from the Anasuria Cluster (Figure 7).

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, whilst gas is sold to PETRONAS and the Vietnam Oil and Gas Group (PetroVietnam). Gas produced from PM3 CAA asset is an important energy source for both Malaysia and Vietnam.

	Unit	FY2023	FY2022
Net Oil and Condensate Production	MMbbl	2.11	0.90
Net Oil and Condensate Sold	MMbbl	2.28	0.75
Average Realised Oil and Condensate Price	USD/bbl	97	119
Net Gas Sold	MMscf	15,220	5,982
Average Gas Price	USD/Mscf	5.11	7.57

Figure 5: Oil, condensate and gas production and sales volume net to our Group from the Peninsula Hibiscus Group assets.

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	FY2023	FY2022	FY2021	FY2020	FY2019
Net Oil Production	MMbbl	1.72	1.82	2.35	2.28	1.79
Net Oil Sold	MMbbl	1.48	2.06	2.67	1.87	1.96
Average Realised Oil Price	USD/bbl	94	90	52	57	73
Number of Cargo Offtakes	MMscf	5	7	9	6	7

Figure 6: Oil production and sales volume net to our Group from the North Sabah PSC over the last five financial years.

For the Anasuria Cluster, we have appointed BP Oil International Limited (BPOI) to lift our cargoes and to market our oil 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 an important component of the UK daily gas requirements.

	Unit	FY2023	FY2022	FY2021	FY2020	FY2019
Net Oil Production	MMbbl	0.78	0.67	0.85	0.95	1.13
Net Oil Sold	MMbbl	0.73	0.69	1.03	0.76	1.35
Average Realised Oil Price	USD/bbl	82	92	50	59	67
Net Gas Sold (Exported)	MMscf	612	620	716	652	799
Average Gas Price	USD/Mscf	28.10	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 five financial years.

We are pleased with our oil and gas trading arrangements for our producing assets. Our direct counterparties are financially strong and have a large pool of reputable clients. Working with major global players also ensures transparency and has allowed us to gradually develop business relationships with some of the largest global oil trading organisations.



G. FINANCIAL PERFORMANCE

Financial Year End	30 Jun 2023	30 Jun 2022	30 Jun 2021	30 Jun 2020	30 Jun 2019
Revenue (RM Mil)	2,344.8	1,696.5	804.8	646.5	988.3
EBITDA (RM Mil)	1,269.7	1,082.7	380.8	213.3	549.4
PAT/(LAT) (RM Mil)	400.5	652.9	103.7	(49.3)	230.0
Net Assets per Share (RM)	1.34	1.09	0.74	0.77	0.78
Debt (RM Mil)	(456.8)	(88.8)	(5.7)	(49.2)	-

Notes:

EBITDA : Earnings before interest, taxes, depreciation and amortisation.
 PAT : Profit after taxation.
 LAT : Loss after taxation.

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

The Group's revenue for FY2023 exceeded the RM2 billion mark for the first time in a full financial year, at RM2.3 billion. Contribution from the Peninsula Hibiscus Group's assets was instrumental in achieving this milestone, while the North Sabah and Anasuria Cluster assets also continued to deliver strong performance. FY2023 also marked the first year in which the Group recorded a positive contribution from the Peninsula Hibiscus Group's assets for a full twelve-month period.

On the back of strong revenue levels, the Group achieved an EBITDA and a PAT of RM1.3 billion and RM400.5 million respectively for FY2023, representing 65.9% and 19.3% year-on-year growth from the 'normalised' EBITDA and 'normalised' PAT recorded for FY2022, respectively. The 'normalised' results in FY2022 were derived after excluding the negative goodwill (which was recognised upon completing the acquisition of the Peninsula Hibiscus Group's assets from Repsol in January 2022) of RM317.3 million.

This enhanced financial performance enabled the Group to continue its efforts to reward our loyal shareholders with more consistent declarations of dividends.

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

Figure 9 tabulates the share price performance of the Company over the past five years. As of the date of this report (5 October 2023), our share price is at RM1.04 per ordinary share and our market capitalisation is approximately RM2.09 billion.

Financial Year End	30 Jun 2023	30 Jun 2022	30 Jun 2021	30 Jun 2020	30 Jun 2019
Year High (RM)	1.160	1.490	0.735	1.130	1.320
Year Low (RM)	0.815	0.605	0.445	0.260	0.775
Year Close (RM)	0.865	1.000	0.685	0.615	1.070
Trading Volume (Mil)	3,675	7,164	6,616	11,214	8,030
Market Capitalisation (As at the Year End) (RM Mil)	1,741	2,012	1,370	977	1,699
Oil Price at Year Close (USD/bbl)	75	115	75	41	67

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

We are also undertaking a corporate exercise related to our capital structure. Details of this exercise are outlined in the following paragraphs.

1. Proposed Share Consolidation

On 23 August 2023, we announced a proposal to undertake a consolidation of every 5 existing Hibiscus Petroleum shares into 2 consolidated shares (Proposed Share Consolidation).

The rationale for the Proposed Share Consolidation is to:

- reduce the volatility of our share price, thereby creating a more stable trading environment for our shares; and
- increase market interest of our shares to a wider pool of investors seeking share price stability and longer-term growth as well as institutional investors and investment funds whose investment guidelines currently limits trading in securities which are priced below a prescribed floor.

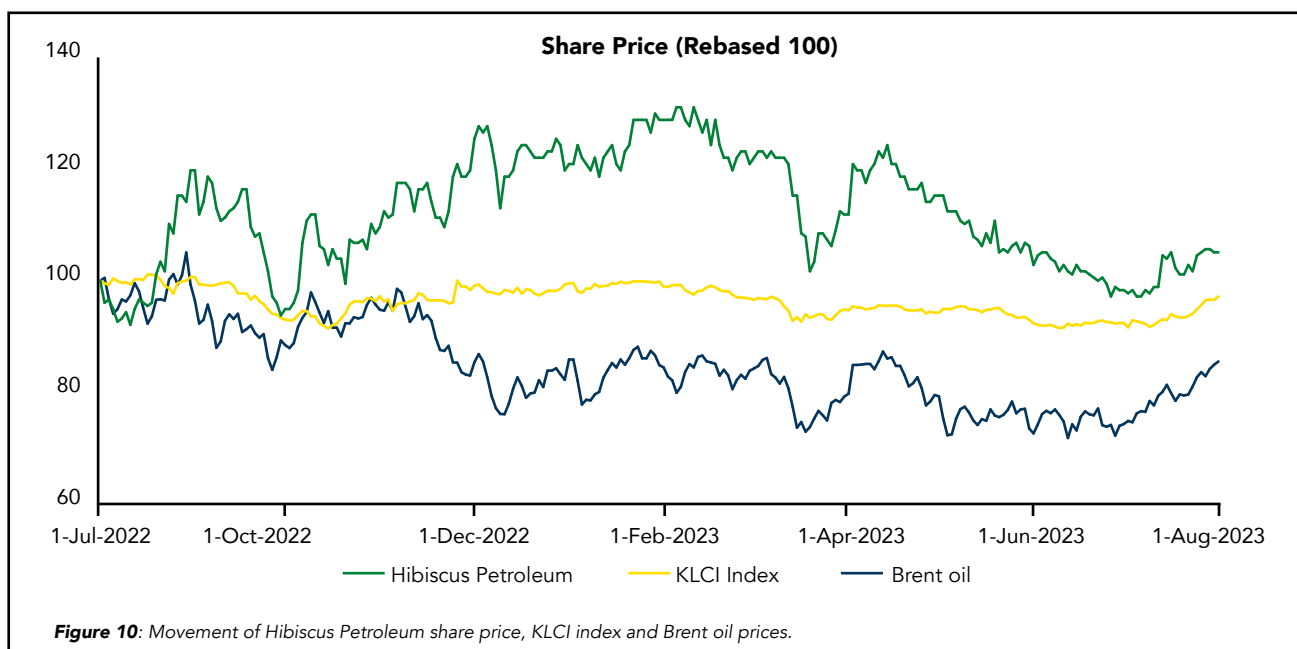
On 5 October 2023, our shareholders approved the Proposed Share Consolidation.

Upon completion of the Proposed Share Consolidation, our issued share capital shall remain the same. Further, there shall be no change in the percentage of equity interest and market value of shares held by shareholders other than non-material changes due to rounding and corrections for fractional entitlements.

Management Discussion and Analysis

Share Price Volatility

Over the past 12-month period up to and including 31 July 2023, our shares have been trading at a closing price range of between RM0.82 and RM1.16. Our relatively low share price subjects our shares to vulnerability of speculative day-to-day trading, which generates share price volatility. The low share price may also have been a contributory reason that price movements for our shares were relatively more volatile when compared to price movements for the FTSE Bursa Malaysia KLCI Index (KLCI Index) as well as Brent oil prices over the same period, as shown in Figure 10 below.



Share Liquidity

The market liquidity of the shares of a listed company is an important feature of its overall attractiveness to potential investors. Its liquidity is also a consideration when it is assessed for inclusion in domestic or global indices. In the process of proposing to consolidate our shares, these considerations were carefully evaluated. In summary, it is expected that sufficient trading liquidity will remain for our shares following the Proposed Share Consolidation exercise in view of the following:

- the relatively high average daily traded volume and total volume traded of our shares for the preceding 12-month period up to and including 31 July 2023 of 13.2 million and 3.4 billion shares, respectively;
- the relatively high turnover ratio of our shares based on public float and total number of shares in issue of 230% and 171%, respectively for the preceding 12-month period up to and including 31 July 2023; and
- the relatively high public float for our shares of about 75% of the total number of issued shares as at 31 July 2023.

Premised on the above, the consolidated shares are expected to remain accessible to a broad range of investors, support market participation as well as overall demand for the consolidated shares.

As an update, at an Extraordinary General Meeting held on 5 October 2023, our shareholders voted in favour of the share consolidation proposal.

2. REVIEW OF OPERATING ACTIVITIES

A. PENINSULAR MALAYSIA, VIETNAM, CAA AND KINABALU (ASSETS HELD UNDER PENINSULA HIBISCUS GROUP)

1. Production Operations

FY2023 was the first full year of financial results from the Peninsula Hibiscus Group post the completion of the acquisition of the entire equity interest in Fortuna International Petroleum Corporation (FIPC) from 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 PSCs are operated by Hibiscus Oil & Gas Malaysia Limited (HML), a member of the FIPC group of companies.

Throughout FY2023, there was a continuous drilling programme in the PSCs mentioned above. The Company drilled 3 wells as part of the North Bunga Orkid H4 Development, one successful exploration well in the Bunga Lavatera field, and infill wells on both the Bunga Raya and Bunga Orkid fields. The drilling rig also drilled two development wells in the Kinabalu field.

From a maintenance perspective, activities in FY2023 focused on catching up on existing backlogs and prioritised asset integrity. Two extensive major maintenance campaigns in the PM3 CAA PSC and the Kinabalu PSC were completed in Q1 of FY2023 with further campaigns commencing in Q4 of FY2023.

Key indicators demonstrating the performance of assets held under the Peninsula Hibiscus are tabulated in Figure 11 below:

	Unit	FY2023	FY2022
Average Uptime	%	85	91
Net Oil and Condensate Production	MMbbl	2.11	0.93
Net Oil and Condensate Sold	MMbbl	2.28	0.75
Net Gas Sold (exported)	MMscf	15,220	5,982
Average Unit Production Cost (UPC)	USD/boe	13.7	10.5

Note:

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

Figure 11: Performance Metrics of Assets in Peninsula Hibiscus Group.

2. Awards

HML received the following PETRONAS Focused Recognition Awards (FRA):

- In January 2023, FRA for successful implementation of the Back-to-Basics programme;
- In March 2023, FRA for timely reinstatement of Flash Gas Compressor (FGC) at PM3 and successfully increasing PM3 CAA gas availability by 40 MMscf per day to fulfil high gas demand from Kerteh (Malaysia) and Ca Mau (Vietnam);

- In March 2023, FRA for excellent 2022 Health, Safety, Security and Environment (HSSE) performance for PM3 CAA, Kinabalu and PM305; and
- In April 2023, FRA for completion of the drilling of the longest well in Malaysia, and for successfully flowing the well at rates exceeding initial expectations.

HML also received the following Malaysia Upstream Awards 2023:

- Silver Award for HSSE Excellence; and
- Silver Award for Project Delivery Excellence (H4 Project).

3. Production Enhancement Projects

BOC-29: Longest Well Drilled in Malaysia

In March 2023, HML completed the drilling of the longest well in Malaysia at the Bunga Orkid field in the northern area of PM3 CAA. The well, Bunga Orkid C-29 (BOC-29), was drilled to a total depth of 6,963 metres and produced at an initial rate of close to 4,000 barrels (bbl) of oil per day. For prudent reservoir management, the production rate from the well is currently being maintained at about 3,000 bbls of oil per day. The well was drilled utilising the PVD-III drilling rig and is the fifth well, and second oil producer drilled as part of the six-well Bunga Orkid H4 reservoir infill drilling programme. Three water injectors have already been drilled with a fourth water injector planned in CY2024 to complete the programme.

PM3 CAA PSC: Bunga Lavatera-1 Gas Exploration Well

In March 2023, the PVD-III rig was deployed to the Bunga Pakma A platform for the drilling of the Bunga Lavatera-1 exploration well. The well was spudded on 23 March 2023 and reached its target total depth of 6,000m (Measured Depth) / 2,347m (True Vertical Depth Below Sea Level) on 17 April 2023. The well discovered gas in both the primary and secondary target sands, with the primary target gas bearing sand coming in better than expected. The well was completed as a gas producer and first gas is scheduled in Q3 of CY2023 after the required topside facilities are hooked-up. The preliminary estimate of net incremental 2P Reserves is approximately 1.6 MMboe and total capital expenditure for the well has been estimated at about USD7 million, net to HML. Whilst the 2P Reserves that have been unlocked via this initiative are relatively modest, our success in identifying and converting this prospect to a commercially viable opportunity gives us confidence that we have a good understanding of the PM3 CAA geology.

Management Discussion and Analysis

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 other opportunities are in the final stages of the relevant approval processes. Development activities will continue in FY2024 and will likely extend into FY2025.

With the Sabah State Sales Tax dispute resolved, activities in the Kinabalu PSC will ramp up further in FY2024 and several development projects are currently going through the approval process with regulator PETRONAS.

We expect production from both the PM3 CAA PSC and the Kinabalu PSC to increase after completion of major maintenance campaigns in Q2 of FY2024. Increased continuous maintenance activities will improve facilities uptime and the drilling of additional oil production and water injection wells are projected to contribute additional production.

B. MALAYSIA – THE NORTH SABAH PSC

1. Production Operations

FY2023 represents the fifth 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 FY2023 increased by 8% to 94%. This was a result of the extensive annual major maintenance campaign which commenced in March 2022 during which time a great deal of the maintenance backlog, a result of the COVID-19 pandemic, was cleared.

	Unit	FY2023	FY2022	FY2021	FY2020
Average Uptime	%	94	86	92	91
Net Oil Production	MMbbl	1.72	1.82	2.35	2.28
Net Oil Sold	MMbbl	1.48	2.06	2.67	1.87
Average Unit Production Costs (UPC)	USD/bbl	20.1	18.0	14.2	12.6

Figure 12: Performance Metrics of the North Sabah PSC.

It should be noted that average net oil production rate in FY2023 decreased from an average of 4,989 bbl/day in FY2022 to an average of 4,716 bbl/day, an overall reduction of 5% and that average operating expenditure per bbl (OPEX/bbl), or unit operating cost, for FY2023 increased by 12% compared to FY2022 due to lower net oil production and increased expenditure being incurred on maintenance related activities.

2. Awards

The North Sabah asset received the following PETRONAS FRA awarded in March 2023 for:

- SEA Hibiscus' excellent HSSE performance in 2022, with no major incidents and accidents; and
- LCOT demonstrating good collaboration with lifting parties to optimise market value of cargoes and secure reputation of Malaysia as a reliable crude exporter.

3. Production Enhancement Projects

South Furious 30 Water Flood Phase 2 Project Development Plan

On 19 December 2022, PETRONAS approved the South Furious 30 Water Flood Phase 2 Field Development Plan (FDP), which entails the drilling of 6 water injectors and 5 oil infill wells at the South Furious 30 field over 2 years: CY2023 and CY2024. The objective of the water injection project is to increase production and reserves recovery via pressure support and sweep into existing and new oil producers. A total of 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 in mid 2024, and a new leased water injection facility is expected to be introduced to the field in late 2024.



First steel cut for the projects was achieved in Kuching fabrication yard on 16 May 2023.

Overall, we expect to spend circa USD154.5 million in capital expenditure, net to SEA Hibiscus, for sanctioned projects over CY2023 and CY2024.

4. 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. For FY2024 the focus will be on the safe and efficient execution of the South Furious 30 Water Flood Phase 2 project and the drilling of two near-field exploration prospects.

C. UK – THE ANASURIA CLUSTER

Anasuria Hibiscus has interest in the following fields which make up the Anasuria Cluster:

Asset Name/ Field	Asset Type	Anasuria Hibiscus Stake	Operator
Guillemot A	Producing Field	50%	Anasuria Operating Company Limited (AOCL)
Teal	Producing Field	50%	AOCL
Teal South	Producing Field	50%	AOCL
Cook	Producing Field	19.3%	Ithaca Energy
Teal West	Development Field	100%	Hibiscus Energy UK Limited (HEUK)
Anasuria FPSO	FPSO Facility	50%	AOCL

The majority of the fields in this cluster (including the FPSO) are operated by AOCL acting as Duty Holder since June 2022. The Cook field is operated by Ithaca Energy whilst the Teal West field is operated by HEUK, a wholly-owned subsidiary of Atlantic Hibiscus Sdn Bhd.

Average uptime achieved for the Anasuria Cluster in FY2023 was 85%, an increase from 68% in FY2022. The replacement of a riser which failed in May 2021 was

completed in September 2022 allowing uptime for the last three quarters of FY2023 to progressively improve. As at the date of this report, uptime has been consistently above 90% for several months, positively impacting production. Figure 13 presents the performance metrics of the assets under the Anasuria Cluster.

	Unit	FY2023	FY2022	FY2021	FY2020
Average Uptime		85	68	83	84
Net Oil Production	MMbbl	0.78	0.67	0.85	0.95
Net Oil Sold	MMbbl	0.73	0.69	1.03	0.76
Net Gas Sold (exported)	MMscf	612	620	716	652
Average Unit Production Cost (UPC)	USD/boe	22.8	26.2	22.2	19.3

Notes:

MMscf: Million standard cubic feet.

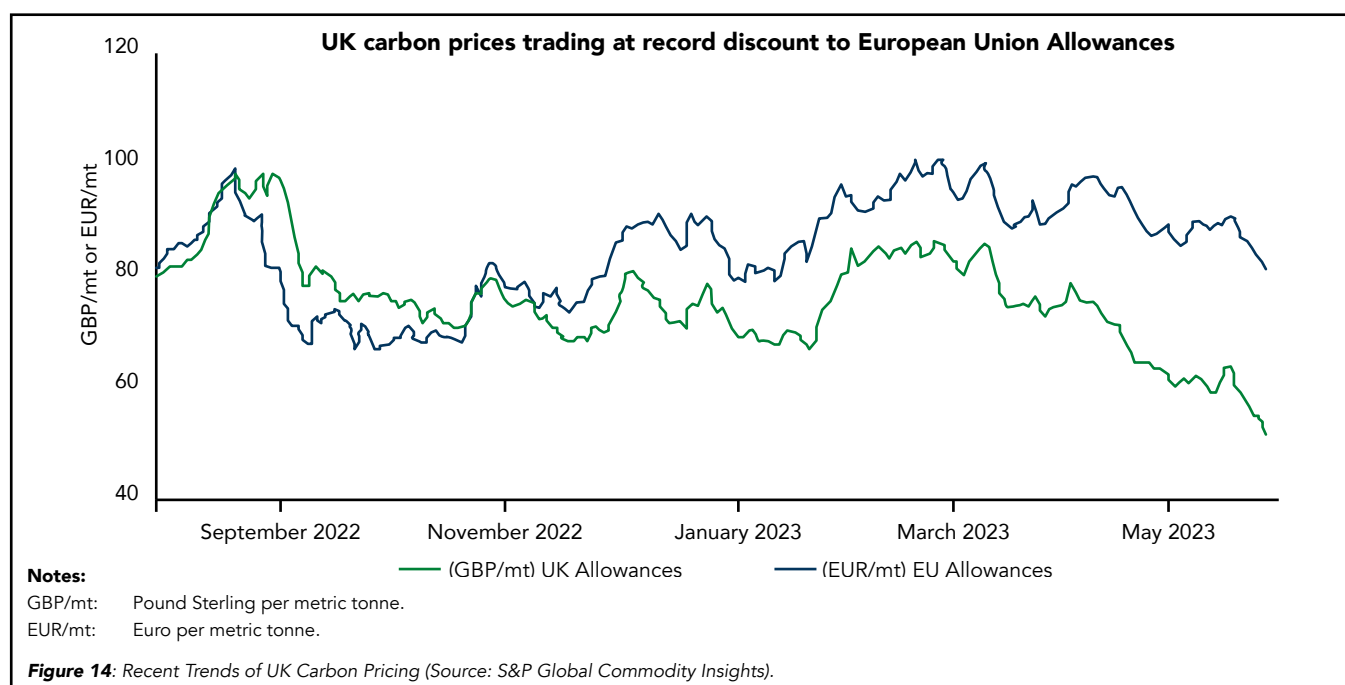
MMbbl: Million barrels.

Figure 13: Performance Metrics of Assets of the Anasuria Cluster.

With the failed riser returning to service, aggregate net oil production for FY2023 exceeded that of FY2022 but the declining trend seen since FY2021 is clear. Increased production in FY2023 compared to FY2022 and a more rigorous approach to the operations and maintenance activities being invoked at the Anasuria Floating Production Storage and Offloading (FPSO) facility since AOCL was appointed Duty Holder has resulted in lower UPC.



Management Discussion and Analysis



As shown in Figure 14, the cost of acquiring carbon credits in the UK has shown a downward trend in recent months. This factor has also contributed to a reduction of unit operating costs for AOCL.

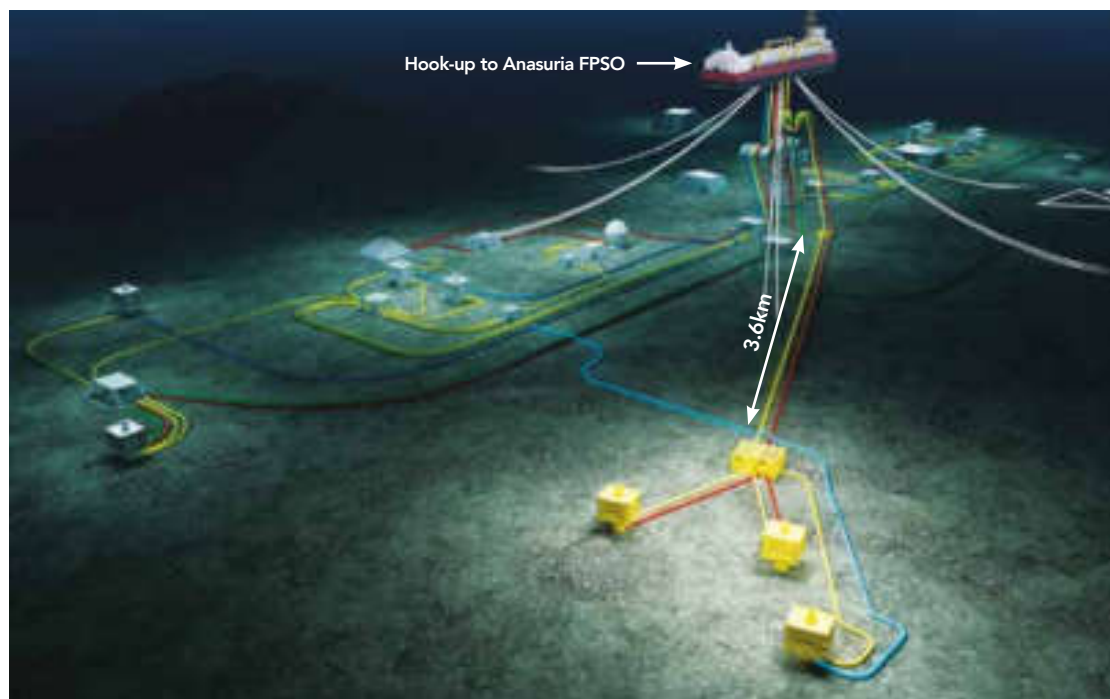
1. Awards

The Anasuria team received the following awards for safety performance:

- Gold Award – Awarded by the Royal Society for the Prevention of Accidents (ROSPA) for CY2022 health and safety performance of the Anasuria FPSO facility, this being our 24th consecutive annual award; and
- Order of Distinction – Awarded by ROSPA for 24 consecutive Gold Awards.

2. Production Enhancement Projects

UK – Teal West



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



Teal West Tie-back to Anasuria FPSO

Whilst equity interest in the Teal West licence is held by Anasuria Hibiscus, operatorship of this asset is being undertaken by HEUK. The base development plan for the Teal West field is to drill an oil producer well followed by the drilling of a water injector approximately 12 to 18 months after First Oil. The Teal West field is planned to be produced to the Anasuria FPSO – about 4km away – where well fluids will be processed and exported via the Anasuria infrastructure.

The key commercial elements governing the tie-in of the Teal West wells to the Anasuria FPSO are covered in an Agreement for the Transportation, Processing and Operating Services (TPOSA) between AOCL and Anasuria Hibiscus. This TPOSA was executed in March 2023.

Further progress was achieved when our Environmental Statement for this project was approved by the UK Government Authorities on 7 July 2023. The UK Government's North Sea Transition Authority (NSTA) subsequently approved the Field Development Plan on 1 August 2023 and a Production Consent for the Teal West field was issued to Anasuria Hibiscus.

The drilling of the initial Teal West development well is planned to commence in mid CY2024. It is forecasted that facilities related to the subsea tie-back will be installed in the third quarter of CY2024 with First Oil from the development expected in late CY2024 or early CY2025. Total capital expenditure is expected to be circa USD110 million over CY2023 and CY2024.

3. Outlook

The increased involvement of AOCL personnel in the day-to-day operations of assets in the Anasuria Cluster has significantly improved the efficiency of the Anasuria FPSO operations. There has also been a change in business sentiment in the UK towards oil and gas projects, with a renewed, pragmatic focus on energy security. These factors bode well for the UK oil and gas industry in general. It is also hoped that the fiscal regime will soon be improved in the near future to encourage a greater level of investment interest.

D. UK – MARIGOLD CLUSTER

Anasuria Hibiscus has interests in the Marigold Cluster of oil and gas fields. Initially our interests comprised the following licences covering 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.

Concurrently, Ithaca Energy, holder of Licence P2158 (Block 15/18b), which is adjacent to the Marigold West Field and includes the Yeoman discovery, submitted a Concept Select Report to the NSTA 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 tie-in to the existing Piper/Flotta infrastructure.

In November 2021, the NSTA ruled that their preference was the tie-back development concept as proposed by Ithaca Energy as it minimised GHG emissions. In the view of the NSTA, a joint development maximised economic recovery not only for the owners of the Marigold area but also delivered benefits to participants of the wider Flotta Catchment Area.

As part of its Area Plan, the NSTA also required that Anasuria Hibiscus and Ithaca Energy enter into a UUOA for the joint development of the Marigold unit, which covered the Marigold West and Marigold East Fields. The UUOA was recently signed on 15 September 2023. It defines the participating interest of Anasuria Hibiscus, Caldera Petroleum (UK) Ltd (Caldera Petroleum) and Ithaca Energy in the joint development of the Marigold unit as:

- Anasuria Hibiscus: 61.25%
- Caldera Petroleum: 8.75%
- Ithaca Energy: 30.00%

An integrated project team led by Anasuria Hibiscus, comprising Anasuria Hibiscus personnel and Ithaca Energy secondees will develop the Marigold FDP targeted for submission by early CY2024.

Management Discussion and Analysis

The Sunflower field, located in Block 15/13b and being part of Licence P198, will be developed by Anasuria Hibiscus and Caldera Petroleum as a subsea tie-in to the Marigold Project infrastructure and an FDP for Sunflower will be submitted independent of Marigold as Sunflower does not form part of the UUOA. As per Licence P198 interests stated above, Anasuria Hibiscus holds 87.5% and is the operator of the Sunflower field while Caldera Petroleum holds 12.5%.

In respect of licence P2518 - Block 15/17a (Kildrummy), there are no immediate plans to develop this asset. It is expected that the Kildrummy field will be subject to more detailed technical work to test its viability as a tie-back to the Marigold development but no timeline has been set for this activity at this juncture.

E. AUSTRALIA – BASS STRAIT

Our Bass Strait asset comprises 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 11.67% interest in the equity of 3D Oil Ltd (3D Oil), a company listed on the Australian Stock Exchange.

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

- On 4 February 2022, Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) and 3D Oil submitted an application to surrender the VIC/P57 permit in good standing to the NOPTA. The surrender was approved and took effect on 11 August 2022.
- On 7 July 2022, 3D Oil submitted an application for the "Approval of Transfer of a Petroleum Title" to NOPTA seeking approval for the transfer of Carnarvon Hibiscus' entire interest in VIC/P74 to 3D Oil. The Group had 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. STATEMENT OF PROFIT OR LOSS

The Group's revenue for the current twelve-month period, i.e. from 1 July 2022 to 30 June 2023 (FY2023) exceeded the RM2 billion mark for the first time over a full financial year, at RM2,344.8 million. This was 38% higher than the revenue posted in the previous financial year ended 30 June 2022 (FY2022) of RM1,696.5 million.

The contribution from the Peninsula Hibiscus Group was instrumental towards achieving this milestone, while the 2011 North Sabah Enhanced Oil Recovery PSC and the Anasuria Cluster continued to deliver strong performance.

FY2023 marked the first year in which the Group recorded a positive contribution from the Peninsula Hibiscus Group's assets for a full twelve-month period. As previously mentioned, our Group, via its wholly-owned subsidiary, Peninsula Hibiscus, completed the acquisition of the entire equity interest in FIPC from Repsol (Fortuna International Acquisition) on 24 January 2022 (Completion Date).

FIPC, through its wholly-owned subsidiaries, namely HML, Hibiscus Oil & Gas Malaysia (PM3) Limited (Hibiscus Oil & Gas (PM3)) and Talisman Vietnam Limited (TVL) (collectively, FIPC Group), owns participating interests in five PSCs (collectively, the Peninsula Hibiscus Group's assets):

- the 2012 Kinabalu Oil PSC (Kinabalu);
- the PM3 CAA PSC (PM3 CAA);
- the PM305 PSC (PM305);
- the PM314 PSC (PM314); and
- the Block 46 Cai Nuoc PSC (Block 46).

On the back of strong revenue levels, the Group achieved earnings before interest, taxes, depreciation and amortisation (EBITDA) and profit after taxation (PAT) of RM1,269.7 million and RM400.5 million respectively for FY2023, representing 66% and 19% year-on-year growth from the 'normalised' EBITDA and 'normalised' PAT recorded for FY2022, respectively. The 'normalised' EBITDA and 'normalised' PAT in FY2022 of RM765.3 million and RM335.6 million respectively were derived, after excluding a negative goodwill recognised (which was recognised upon completing the acquisition of the Peninsula Hibiscus Group's assets from Repsol) of RM317.3 million.

At Completion Date of the Fortuna International Acquisition, the fair value of the identifiable assets and liabilities acquired were accounted in accordance with the provisions of the Malaysian Financial Reporting Standards (MFRS) 3 'Business Combinations'. The fair value, when compared against the final purchase consideration of the Fortuna International Acquisition resulted in a one-off total negative goodwill of RM317.3 million.

In FY2023, our Group sold 4.5 MMbbl of oil and condensate and 2.6 MMboe of gas. On a combined basis, this represented an increase of 55% or 2.5 MMboe as compared with our sales volume in FY2022.

The Group's total assets and shareholders' funds as at 30 June 2023 amounted to RM6,198.5 million and RM2,689.8 million respectively. Total assets grew by RM686.1 million (or by 12%) while shareholders' funds improved by RM487.7 million (or by 22%) when compared to that recorded as at 30 June 2022. Included in shareholders' funds as at 30 June 2022 are retained earnings of RM2,214.8 million.



The favourable operational performance and relatively strong oil, condensate and gas prices resulted in positive cash flows being generated from our producing oil and gas assets and contributed to a favourable net current assets position, recorded as at 30 June 2023, amounting to RM687.7 million.

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

OPERATING SEGMENTS	FY2023	FY 2022	Variance	
	RM'000	RM'000	RM'000	%
Malaysia – North Sabah				
Revenue	626,780	791,291	(164,511)	(21)
EBITDA	274,034	309,846	(35,812)	(12)
PBT	136,870	183,446	(46,576)	(25)
Taxation	(40,531)	(86,896)	46,365	53
PAT	96,339	96,550	(211)	(0)
Malaysia – Kinabalu and Others				
Revenue	510,681	188,791	321,890	171
EBITDA	248,576	151,683	96,893	64
PBT	175,443	100,815	74,628	74
Taxation	(68,402)	62,171	(130,573)	-
PAT	107,041	162,986	(55,945)	(34)
CAA				
Revenue	784,205	380,491	403,714	106
EBITDA	511,248	469,491	41,757	9
PBT	294,854	388,228	(93,374)	(24)
Taxation	(33,959)	(317)	(33,642)	(10,613)
PAT	260,895	387,911	(127,016)	(33)
UK				
Revenue	347,255	330,942	16,313	5
EBITDA	249,765	214,544	35,221	16
PBT	136,902	145,019	(8,117)	(6)
Taxation	(159,419)	(63,939)	(95,480)	(149)
(LAT)/PAT	(22,517)	81,080	(103,597)	-
Vietnam				
Revenue	66,539	-	66,539	100
EBITDA	6,598	20,758	(14,160)	(68)
PBT	2,258	19,093	(16,835)	(88)
Taxation	(8,012)	478	(8,490)	-
(LAT)/PAT	(5,754)	19,571	(25,325)	-
Australia				
Revenue	-	-	-	-
(LBITDA)/EBITDA	(7,803)	(50,760)	42,957	85
(LBT)/PBT	(7,966)	(50,760)	42,794	84
Taxation	-	-	-	-
LAT	(7,966)	(50,760)	42,794	84

Management Discussion and Analysis

OPERATING SEGMENTS	FY2023	FY 2022	Variance	
	RM'000	RM'000	RM'000	%
Investment holding and Group activities				
Revenue	9,370	5,006	4,364	87
LBITDA	(12,722)	(32,897)	20,175	61
LBT	(26,275)	(44,410)	18,135	41
Taxation	(1,245)	13	(1,258)	–
LAT	(27,520)	(44,397)	16,877	38
Group				
Revenue	2,344,830	1,696,521	648,309	38
EBITDA	1,269,696	1,082,665	187,031	17
PBT	712,086	741,431	(29,345)	(4)
Taxation	(311,568)	(88,490)	(223,078)	(252)
PAT	400,518	652,941	(252,423)	(39)

Notes:

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.

Figure 15: Analysis of the Group's financial performance by operating segments.

1. Malaysia – North Sabah

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

In FY2023, the North Sabah operating segment recorded a revenue of RM626.8 million. 1,478,688 bbls of crude oil were sold at an average realised oil price of USD94.03 per bbl. The segment's revenue in FY2022 was RM791.3 million, on the back of the sales of 2,064,718 bbls of crude oil at an average oil price of USD90.44 per bbl.

The gross profit margin of 63.3% attained in FY2023 was lower than the 70.3% realised in FY2022 due to higher average operating costs (OPEX) per bbl incurred in FY2023. Average OPEX per bbl increased from USD18.00 in FY2022 to USD19.79 in FY2023 mainly due to higher OPEX and lower average daily oil production rate.

The OPEX per bbl in FY2023 included amounts incurred for the annual planned major maintenance campaigns for CY2022 and CY2023. The maintenance campaign of CY2022 took place between March 2022 and August 2022. Apart from the planned annual maintenance activities, this campaign also covered

catch-up activities of lower priority maintenance work, carried over from previous years, which had been deferred due to certain restrictions on movement, quarantine requirements, manpower and logistic constraints related to the COVID-19 pandemic. The planned major maintenance campaign for CY2023 took place from April 2023 to August 2023.

In addition to the above, a well intervention campaign was conducted between March 2023 and September 2023.

The EBITDA of RM274.0 million attained in FY2023 was delivered after charging supplemental payment of RM117.4 million, payable to PETRONAS and sales tax (SbST) imposed by the Sabah State Government on crude oil sold in FY2023 of RM31.3 million.

As previously disclosed, in order to achieve a stable environment for continuing investment and undertaking smooth operations in Sabah, the Group had, on 21 September 2022 proposed without prejudice to their respective rights as applicable, to pay the claims imposed by the Sabah State Government on revenues earned and to be earned, for the sale of crude oil by North Sabah and Kinabalu respectively. This proposal was accepted by the Sabah State Government on 27 September 2022.



As at 30 June 2022, the Group had accrued related penalties imposed by the Sabah State Government for the unpaid SbST up to 30 June 2022 amounting to RM38.2 million. This amount comprised RM33.7 million attributable to North Sabah and RM4.5 million was accrued for Kinabalu. Notwithstanding the above, SEA Hibiscus (which holds 50% participating interests in North Sabah) and HML (which holds 60% participating interests in Kinabalu) were able to achieve mutual agreements with the Sabah State Government to settle the penalties imposed at lower amounts, at RM8.3 million and RM0.9 million respectively. Accordingly, during FY2023, North Sabah and Kinabalu reversed an overprovision of the penalties related to SbST amounting to RM25.4 million and RM3.6 million respectively.

Profit Before Tax (PBT) for the North Sabah segment in FY2023 was RM136.9 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 RM108.2 million;
- Depreciation of right-of-use assets of RM14.3 million; and
- Unwinding of discount on provision for decommissioning costs of RM6.9 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 FY2023 amounted to RM40.5 million.

2. Malaysia – Kinabalu and Others

	FY2023			FY2022		
	Kinabalu	Others [@]	Total	Kinabalu	Others [@]	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	493,657	17,024	510,681	179,806	8,985	188,791
EBITDA/(LBITDA)	214,883	33,693	248,576	160,724	(9,041)	151,683
PBT/(LBT)	140,833	34,610	175,443	110,191	(9,376)	100,815
Taxation	(60,854)	(7,548)	(68,402)	75,623	(13,452)	62,171
PAT/(LAT)	79,979	27,062	107,041	185,814	(22,828)	162,986

	Variance (FY2023 vs FY2022)					
	Kinabalu	Others [@]	Total	Kinabalu	Others [@]	Total
	RM'000	RM'000	RM'000	%	%	%
Revenue	313,851	8,039	321,890	175	89	171
EBITDA/(LBITDA)	54,159	42,734	96,893	34	–	64
PBT/(LBT)	30,642	43,986	74,628	28	–	74
Taxation	(136,477)	5,904	(130,573)	–	44	–
PAT/(LAT)	(105,835)	49,890	(55,945)	(57)	–	(34)

[@] Consists of PM305 and PM314.

As previously mentioned, the Completion Date of the Fortuna International Acquisition was on 24 January 2022. Accordingly, in FY2023, the contribution of the PSCs acquired as part of this acquisition to the Group's financial performance was for a full twelve-month period as compared to approximately a five-month duration in FY2022 (i.e. from Completion Date to 30 June 2022).

The "Malaysia – Kinabalu and Others" segment consists of Kinabalu, PM305 and PM314. The Group has 60% participating interests in all these three PSCs.

Management Discussion and Analysis

During FY2023, this segment contributed RM510.7 million to our Group's revenue from the sale of crude oil. It consisted of the following:

- Kinabalu – 1,088,966 bbls of crude oil sold at an average realised oil price of USD100.56 per bbl; and
- PM305 and PM314 – 40,212 bbls of crude oil sold at an average realised oil price of USD93.91 per bbl.

This was significantly higher than the revenue attained in FY2022, during the five months from Completion Date to 30 June 2022 of RM188.8 million. This revenue, broken down by the different PSCs, comprised:

- Kinabalu – 350,236 bbls of crude oil sold 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

The Kinabalu PSC recorded a gross profit of RM330.8 million in FY2023. The resulting gross profit margin attained was relatively high, at 67.0%, which was reasonably consistent with the 67.6% achieved in FY2022. Kinabalu was able to maintain a reasonable level of profitability in FY2023 despite unfavourable operational performance due to the relatively high average oil price realised.

Kinabalu's operational performance in FY2023 was adversely affected by outages experienced with its high-pressure compressor since September 2022. The root cause was duly identified, and restoration work was completed in July 2023. Issues encountered with this compressor affected the supplies of gas lift to the producing oil wells.

The PSC's operations were also impacted by activities related to the CY2022 annual planned major maintenance campaign that took place from 29 July 2022 to 9 August 2022, during which production facilities were shut down. These activities included an electrical submersible pump change-out and an underwater inspection campaign. There was also a slower than planned production ramp up post the shutdown period caused by certain technical issues encountered with the high pressure gas compressor tubular bracing installation (as mentioned above). These events collectively resulted in a relatively high OPEX per bbl of USD17.37 in FY2023, compared to USD9.00 in FY2022.

The average net oil production rate and average uptime achieved in FY2023 were at 2,506 bbls per day and 76% respectively, both metrics being lower when compared to the 3,375 bbls per day and 88% respectively achieved in FY2022.

In FY2023, the segment incurred a supplemental payment amounting to RM77.8 million, payable to PETRONAS. SbST incurred for the sale of crude oil was RM24.6 million. As previously highlighted in the North Sabah segment above, the Kinabalu PSC had during FY2023 reversed an overprovision of the penalties related to SbST amounting to RM3.6 million.

The following non-cash items were deducted from EBITDA to arrive at FY2023's PBT:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM67.6 million;
- Depreciation of right-of-use assets of RM4.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM1.8 million.

In FY2022, a negative goodwill of RM165.0 million was allocated to this segment as at Completion Date, which did not recur in FY2023. A total negative goodwill of RM317.3 million was recognised by the Group upon the completion of the Fortuna International Acquisition. The Group segregated the various PSCs acquired into three operating segments, namely "Malaysia – Kinabalu and Others", "CAA" and "Vietnam". The total negative goodwill was allocated to the respective operating segments based on the relative fair value of the identifiable net assets of the PSCs at Completion Date.

The tax regime governing Kinabalu is PITA, at the rate of 38.0%. The effective tax rate (ETR) over PBT on the back of a net RM60.9 million tax expense in FY2023 was 43.2%. This was higher than the 38.0% PITA rate mainly due to the non-tax deductibility of certain unrealised foreign exchange losses recognised. Note that whilst Kinabalu was in a taxable position in FY2023, the segment has not been subject to any taxes under PITA as there were sufficient tax losses brought forward to fully offset taxes payable.

Others

The gross profit attained by PM305 and PM314 in FY2023 of RM14.3 million was RM7.6 million higher when compared to the RM6.7 million reported for FY2022. This was due to the higher volume of crude oil sold. This segment's high gross profit margin in FY2023 of 84.3% was largely driven by the high average oil price achieved.



The following transactions, which were recognised as gains in the profit or loss, were included in the PBT for FY2023:

- A reversal of over accrued wells decommissioning costs amounting to RM10.4 million upon finalisation of the decommissioning contract with the relevant vendor;
- Previously, Repsol had paid its contribution to cover future facilities decommissioning costs (to be incurred at the end of the production life) into an abandonment cess fund as required by the regulator. Facilities pre-decommissioning work for the SAA Platform commenced in 2019 and were previously expensed to the profit or loss by Repsol. As at 31 December 2022, costs incurred in relation to such facilities pre-decommissioning work of RM10.0 million have been reclassified as a receivables as they will be reimbursed from the abandonment cess fund subsequent to an agreement on the costs relating to the scope of work with the regulator. Accordingly, this amount has been recognised as a gain in the profit or loss in December 2022; and
- A reversal of over accrued costs amounting to RM2.6 million was recorded upon the completion of the wells decommissioning work relating to PM305 and PM314 in the first quarter of FY2023.

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 for that financial year.

The tax regime governing PM305 and PM314 is PITA, at the rate of 38.0%. In FY2023, a net RM7.5 million tax expense was recorded. The ETR over PBT of 21.8% was lower than the 38.0% PITA rate mainly due to adjustments made in December 2022 following a reassessment of the full CY2022 tax obligations under PITA.

3. CAA

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

PM3 CAA contributed RM784.2 million to the Group's FY2023 revenue from the sale of crude oil and gas. This revenue comprised the following:

- Crude oil – RM433.5 million (1,020,802 bbls at an average realised oil price of USD94.21 per bbl); and
- Gas – RM350.7 million (15,220 million standard cubic feet (MMscf) at an average realised price of USD5.11 per thousand standard cubic feet (scf)).

The total revenue generated by PM3 CAA in FY2023 more than doubled that achieved in FY2022, as the Group only accounted for five months sale transactions subsequent to Completion Date in FY2022.

PM3 CAA's revenue from the sale of crude oil and gas in FY2022 of RM380.5 million 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).

During FY2023, this PSC generated a gross profit and gross profit margin of RM505.9 million and 64.5% respectively. This was largely driven by the high average realised prices obtained for the sale of both crude oil and gas.

The higher level of activities carried out in FY2023 resulted in a higher OPEX per boe and lower average uptime in FY2023 compared to FY2022. The OPEX per boe and average uptime in FY2023 were USD13.02 and 89% respectively, compared to USD9.91 and 95% respectively achieved in FY2022.

Despite this, the average net oil equivalent production rate achieved in FY2023 of 9,569 boe per day was better than the 9,231 boe per day delivered in FY2022.

The operational performance in FY2023 was boosted by the following events:

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

Management Discussion and Analysis

These favourable developments were partly offset by the effect of the CY2022 annual planned major maintenance campaign, which took place from 20 August 2022 to 2 September 2022. In addition, oil production was also impacted by activities related to the mobilisation of a drilling rig to the Bunga Raya B platform for an infill well drilling programme.

OPEX incurred included costs associated with:

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

The segment achieved an EBITDA of RM511.2 million in FY2023. The EBITDA included a gain of RM22.0 million recognised from a reversal of provision for penalties relating to PITA and Corporate (Income Tax) Act 1967 (CITA) made by Repsol prior to the FIPC Acquisition.

In December 2022, the Inland Revenue Board of Malaysia (IRB) completed its audit on the tax returns submitted for Year of Assessment (YA) 2017 for PITA and for YA 2017 to YA 2019 for CITA. Following the receipt of the Notices of Additional Assessments from the IRB on these YAs, the provisions for the additional taxes and penalties previously made for these YAs were updated and the resulting gain to the profit or loss amounting to RM66.6 million was recorded by this segment. The RM66.6 million comprised RM22.0 million attributable to penalties that had been imposed whilst RM44.6 million comprised the tax component. The overprovision of RM22.0 million for penalties was adjusted to other expenses and the overprovision of taxes of RM44.6 million was adjusted to taxation in the profit or loss.

During FY2022, the segment recorded the following gains to the profit or loss which did not recur in FY2023:

- Negative goodwill which arose from the Fortuna International Acquisition allocated to this segment of RM146.0 million; and
- The reversal of overprovision of taxes and related tax penalties for YA 2014 to YA 2016 of RM125.5 million. The contractors of PM3 CAA are HML, Hibiscus Oil & Gas (PM3), PETRONAS Carigali and PetroVietnam Exploration & Production Corporation Ltd (PVEP). It should be noted that PM3 CAA is a chargeable person under PITA. Prior to Completion Date, the IRB had raised additional assessments for 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). Following this 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 CAA segment upon the reversal of the earlier provisions to the profit or loss as at 30 June 2022 was RM125.5 million. This sum comprised a 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 in FY2023 was RM294.9 million. It was derived mainly after deducting the following items from the segment's EBITDA of RM511.2 million, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM160.5 million;
- Depreciation of right-of-use assets of RM36.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM10.9 million.

The tax regime governing this segment is PITA, at the rate of 38.0%. During FY2023, the segment recognised a net tax expense of RM34.0 million, delivering an ETR over PBT of 11.5%. The following were the significant reversals of overprovision of taxes that resulted in the low net tax expense amount:

- PITA YA 2021 – Reversal of an overprovision of tax of RM40.0 million
 - The overprovision amount was finalised upon submission of the tax returns to the IRB in August 2022;
- PITA YA 2017 – Reversal of an overprovision of tax of RM31.6 million (refer to the explanation above); and
- CITA YA 2017 to YA 2019 – Reversal of an overprovision of tax of RM13.0 million (refer to the explanation above).

Omitting the impact of the abovementioned overprovision adjustments would result in a 'normalised' net tax expense of RM118.6 million in FY2023, delivering a 'normalised' ETR over a 'normalised' PBT (after omitting the overprovision of RM22.0 million for penalties mentioned above) of 43.5%. This was higher than the 38.0% PITA rate due to the non-tax deductibility of certain unrealised foreign exchange losses recognised.

4. United Kingdom

Total revenue generated by the UK segment in FY2023 amounted to RM347.3 million, which was RM16.3 million higher than the RM330.9 million revenue attained in FY2022.



The segment's higher revenue was due to the higher average selling price for the sale of gas. Total revenue generated from the sale of gas in FY2023 amounted to RM75.1 million, compared to RM58.7 million attained in FY2022.

Revenues generated from the sale of crude oil in both years were consistent at RM272.2 million for each year. The higher crude oil volume sold in FY2023 was off-set by a lower average realised oil price attained when compared to that secured in FY2022. In FY2023, 725,294 bbls of crude oil were sold at an average oil price per bbl of USD81.19 per bbl whilst in FY2022, 685,255 bbls were sold at an average oil price per bbl of USD95.32.

Operational performance in FY2023 improved significantly following the completion, in September 2022, of the project to replace the riser which malfunctioned in May 2021. The said riser, which transports produced crude oil from the subsea well to the Anasuria FPSO was temporarily isolated from the primary production system following the malfunction and the impact of that temporary isolation was a lower overall daily production rate from the Anasuria Cluster that adversely affected OPEX per boe and offtake volumes.

The average OPEX per boe recorded for FY2023 of USD22.75 was lower than the USD26.19 achieved in FY2022. Both the average daily oil equivalent production rate and average uptime in FY2023 were higher, at 2,415 boe per day and 85% respectively compared to 2,119 boe per day and 68% respectively delivered in FY2022.

Accordingly, the UK segment achieved higher profit margins in FY2023. The segment recorded gross profit and EBITDA amounting to RM262.8 million (75.7% margin over revenue) and RM249.8 million (71.9% margin over revenue) respectively. These profitability levels exceeded the performance of FY2022. In FY2022, gross profit was RM242.9 million (73.4% margin over revenue) and EBITDA was RM214.5 million (64.8% margin over revenue).

PBT stood at RM136.9 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM83.6 million; and
- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM21.9 million and RM1.7 million respectively.

Taxation – Ring fence corporation tax (RFCT), supplementary charge (SC), Energy Profits Levy (EPL)

RM '000	RFCT + SC	EPL	Total
Total	(41,092)	(118,327)	(159,419)
Income Tax	(18,448)	–	(18,448)
Deferred Tax	(22,644)	(118,327)	(140,971)
– Deferred tax liabilities	(36,092)	(130,391)	(166,483)
– Recognition (EPL - One-off)	–	(113,316)	(113,316)
– Recognition (EPL - Recurring)	–	(43,872)	(43,872)
– Recognition (RFCT + SC)	(69,567)	–	(69,567)
– Reversal	33,475	26,797	60,272
– Deferred tax assets	13,448	12,064	25,512

RFCT and SC

The tax regime which applies to the exploration for, and production of, oil and gas in the UK, and is thus applicable to Anasuria Hibiscus, currently comprises of the RFCT and the SC. The current rates for the RFCT and the SC are set at 30.0% and 10.0% respectively. The segment recorded a net tax expense in FY2023 amounting to RM41.1 million, representing an ETR over PBT of 30.0%. This was lower than the statutory rates stated, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the SC regime and the non-tax deductibility of foreign exchange gains recognised.

EPL

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

Management Discussion and Analysis

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

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

The net deferred tax expense arising from the EPL regime as at 30 June 2023 was RM130.4 million based on the taxable temporary differences expected to be reversed during the window for which the EPL regime applies, i.e. up to 31 March 2028. These temporary differences arose from the expected future amortisation of intangible assets and depreciation of oil and gas assets up to 31 March 2028. Included in this amount is RM113.3 million of deferred tax liability computed from the carrying values of the intangible and oil and gas assets at the point when the EPL regime became effective, i.e. on 26 May 2022 and the changes to the EPL regime that became effective on 1 January 2023. The net deferred tax liability recognised as at 30 June 2023 is non-cash in nature and will be fully reversed to the profit or loss by 31 March 2028.

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

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

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 Fortuna International Acquisition. Block 46 contains the producing Cai Nuoc field and the undeveloped Hoa Mai field. PVEP (a wholly-owned subsidiary of Vietnam Oil and Gas Group) holds the remaining participating interest in Block 46.

LAT for FY2023 amounted to RM5.8 million.

Since being acquired as part of the Fortuna International Acquisition, Block 46 conducted its sole crude oil offtake in October 2022, when 125,521 bbls of crude oil were sold at an average realised oil price of USD98.45 per bbl.

Block 46's opening underlift inventory acquired as part of the Fortuna International Acquisition (Acquired Underlift Inventory) of 81,418 bbls was incorporated into the Group's financial statements at its fair value, in accordance with the provisions of MFRS 3 'Business Combinations' (and revalued at the prevailing crude oil price at the end of each financial period in accordance with the provisions of MFRS 9 'Financial Instruments'). As the crude oil offtake that took place in October 2022 was the first offtake undertaken by Block 46 since Completion Date, 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 RM27.0 million.

It should be noted that a 'normalised' EBITDA for Block 46, after omitting the impact of the 'consumption' of the Acquired Underlift Inventory valued at a higher 'cost', would have been approximately RM33.6 million whilst a 'normalised' PBT would have been approximately RM29.2 million.

For Block 46, Vietnamese income tax of 50.0% is paid by the PSC. The net tax expense in FY2023 of RM8.0 million was driven by RM17.0 million of taxation imposed on revenue earned during FY2023. This was partly offset by (i) the reversal of overprovisions of Vietnam and Barbados income taxes made for prior years amounting to RM6.9 million, and (ii) net deferred tax credit recognised of RM2.2 million, as a result of the recognition of deferred tax assets relating to decommissioning activities and the reversal of deferred tax liabilities arising from depreciation of oil and gas properties.

Furthermore, the depreciation of oil and gas assets and the unwinding of the discount on the provision for decommissioning costs amounted to RM3.9 million and RM0.4 million respectively.



During FY2022, the segment recognised its share of the negative goodwill of RM6.3 million. This did not recur in FY2023.

6. Australia

The Australia operating segment's LAT of RM8.0 million in FY2023 was lower when compared to the LAT of RM50.8 million reported in FY2022.

The LAT in FY2023 was largely driven by a provision for decommissioning costs, amounting to RM6.5 million, associated with two legacy exploration wells, namely West Seahorse-3 and Wardie-1, in the undeveloped West Seahorse field. Subsequent to the Group having assessed that it was not economically feasible to develop the West Seahorse field, the Group is now required to fully decommission these two temporarily abandoned exploration wells. This will be done under a revised work programme submitted to NOPTA for the VIC/RL17 Petroleum Retention Lease (VIC/RL17) for the period between November 2023 and November 2026. The full decommissioning work involves removing the West Seahorse-3 wellhead and the Wardie-1 conductor which is sticking above the mudline at the seafloor.

The estimated cost for the full decommissioning work is approximately USD1.5 million or RM6.5 million equivalent. Upon completion of the full decommissioning work, which is expected to be undertaken during the first half of CY2025, the Group plans to return the VIC/RL17 permit to NOPTA by 4 November 2026.

During FY2022, the Group fully impaired the carrying amounts of VIC/RL17, the VIC/P57 Exploration Permit (VIC/P57) and the VIC/P74 Exploration Permit (VIC/P74). The total provision for impairment recognised, which was derived at after thorough assessments conducted by the Group and with the assistance of third-party experts, where required, amounted to RM46.9 million (RM40.5 million for VIC/RL17, RM4.5 million for VIC/P57 and RM1.9 million for VIC/P74).

It should be noted that the Group surrendered the VIC/P57 permit on 11 August 2022 and also transferred its entire interest in VIC/P74 to 3D Oil Limited on 21 September 2022.

7. Investment Holding and Group Activities

The LAT recorded for this segment in FY2023 amounted to RM27.5 million, which was lower by RM16.9 million when compared to a LAT of RM44.4 million incurred in FY2022. This reduction was driven by lower costs incurred for business

development and corporate development activities in FY2023, amounting to RM11.9 million.

In addition, net foreign exchange gains of RM12.1 million were recognised in FY2023 while in FY2022, the equivalent gains were RM5.6 million. Such foreign exchange differences arose mainly from the appreciation of the USD against the MYR. This positively impacted the period-end retranslation of the inter-company balances.

Total interest expenses incurred in FY2023 amounted to RM12.2 million. Of this amount, RM7.7 million represented interests charged on the drawn down portion of a term loan and revolving credit facilities while RM4.5 million was incurred in relation to the outstanding balance of Trafigura's prepayment facility. This was drawn down to part finance the purchase consideration for the Fortuna International Acquisition. In FY2022, interest expenses incurred of RM9.4 million generally arose from the outstanding balance of Trafigura's prepayment facility.

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

In FY2023, the segment reported a tax expense of RM1.2 million, mainly charged on interest income earned.

B. STATEMENTS OF FINANCIAL POSITION

1. Non-current Assets

The Group's non-current assets as at 30 June 2023 amounted to RM4,107.6 million, representing an increase of RM138.8 million from RM3,968.8 million as at 30 June 2022.

During FY2023, net unrealised foreign exchange gains, recognised due to the year-end retranslation of the Group's non-current assets denominated in non-MYR currencies, amounted to RM228.4 million. The USD had appreciated against MYR as at 30 June 2023 when compared to 30 June 2022. This positively affected the year-end retranslation of these non-current assets.

Capital expenditure invested by PM3 CAA in FY2023 amounted to RM191.5 million, mainly for the H4 development drilling campaign, the Bunga Lavatera drilling campaign and PM3 CAA workover. In addition, RM86.9 million was invested in Kinabalu mainly for the electrical submersible pump pilot facilities and redevelopment projects, while the North Sabah PSC invested RM71.7 million mainly for the South Furious 30 Water Flood Phase 2 development project.

Management Discussion and Analysis

In the UK, capital expenditure invested by Anasuria Hibiscus in FY2023 amounted to RM157.1 million (RM75.2 million for Teal West, RM48.5 million for the Anasuria Cluster and RM33.4 million for the Marigold West and Sunflower fields).

The above transactions, that increased the non-current assets balance, were partly offset by the depreciation and amortisation of equipment, intangible assets and right-of-use assets (by RM480.4 million), lower deferred tax assets (by RM71.7 million) and lower non-current lease receivables from PM3 CAA's and North Sabah's partners (by RM51.7 million).

2. Current Assets

As at 30 June 2023, the Group's current assets amounted to RM2,090.9 million, which was RM547.3 million higher than the balance as at 30 June 2022 of RM1,543.6 million.

Cash and bank balances increased from RM549.4 million as at 30 June 2022 to RM959.7 million as at 30 June 2023, largely due to the collection of proceeds from crude oil offtakes and the sale of gas from the Group's producing oil and gas assets.

The Group's other receivables, deposits and prepayments balance as at 30 June 2023 increased by RM77.7 million mainly caused by the higher amounts to be reimbursed by the respective joint venture partners for North Sabah, PM3 CAA and Kinabalu. In addition, when compared to 30 June 2022, both inventories and current tax recoverable balances as at 30 June 2023 increased by RM34.7 million and RM9.1 million respectively.

3. Total Liabilities

Total liabilities increased from RM3,310.4 million as at 30 June 2022 to RM3,508.8 million as at 30 June 2023.

During FY2023, the Group drew down a term loan to aid its capital expenditure and working capital requirements. The amount outstanding as at 30 June 2023 amounted to RM456.8 million. This did not exist as at 30 June 2022. Over the coming months, this amount will be applied towards progressing the SF30 Water Flood Phase 2 development project at North Sabah and the Teal West Development.

Our deferred tax liabilities balance also increased by RM211.8 million. It was mainly due to additional deferred tax liabilities recognised for the EPL regime in the UK and on capital expenditures invested by the Anasuria Cluster and PM3 CAA. In addition, as

at 30 June 2023, the outstanding operations-related payables and accruals for Kinabalu and PM3 CAA increased by RM39.3 million and RM20.7 million respectively when compared to 30 June 2022.

The increase in total liabilities were partly offset by the following:

- The outstanding amount owed to Trafigura as at 30 June 2022 of RM176.4 million which was fully repaid in November 2022;
- Lower provision for taxation balance by RM113.9 million, mainly due to the settlement of taxation obligations and reversal of overprovisions of taxation related to PM3 CAA, North Sabah and the Anasuria Cluster in FY2023;
- The outstanding drawn down amount of the revolving credit facilities as at 30 June 2022 of RM88.8 million which was fully repaid in November 2022;
- Lower outstanding lease liabilities by RM63.3 million mainly due to repayments made; and
- Lower operations-related payables and accruals balances in North Sabah of RM54.0 million mainly due to payment of SbST accrued as at 30 June 2022 and lower accruals for supplemental payments.

4. Total Equity

Total equity as at 30 June 2023 increased by RM487.7 million when compared to 30 June 2022. This was mainly attributable to net earnings generated by the producing oil and gas assets of the Group, partly offset by RM50.3 million dividends declared throughout FY2023. This amount comprised the sum of RM20.1 million for the final single-tier dividend of 1.0 sen per ordinary share declared in respect of FY2022 and a total of RM30.2 million for the first and second interim single-tier dividends of 0.75 sen per ordinary share each declared in respect of FY2023.

C. STATEMENTS OF CASH FLOWS

1. Cash flows from operating activities

During FY2023, net cash generated from the Group's operating activities amounted to RM726.7 million. It comprised mainly the aggregate of funds received from operations at the Group's producing oil and gas assets in Malaysia and the UK, partly offset by the repayment to Trafigura, payment of taxation obligations, payment of decommissioning liabilities and group-wide OPEX.



2. Cash flows used in investing activities

Net cash utilised by the Group during FY2023 for investing activities amounted to RM497.8 million. The amount invested in various capital expenditure programmes by the PM3 CAA, Anasuria Hibiscus, Kinabalu and North Sabah amounted to RM191.5 million, RM165.2 million, RM86.9 million and RM71.7 million respectively.

3. Cash flows from financing activities

The net cash flows generated from the Group's financing activities during FY2023 amounted to RM114.4 million. It was mainly due to the net amount received upon drawing down a term loan which amounted to RM436.5 million. This was partly offset with net repayments of the Group's lease liabilities and revolving credit facilities of RM167.4 million and RM90.2 million respectively.

It should be noted that the Company paid a total of RM55.3 million for dividends during FY2023. The details of the dividends paid are as follows:

- In respect of FY2022:
 - Interim single-tier dividend of 1.0 sen per ordinary share, paid on 22 July 2022 – RM20.1 million;
 - Final single-tier dividend of 1.0 sen per ordinary share, paid on 18 January 2023 – RM20.1 million; and
- In respect of FY2023:
 - First interim single-tier dividend of 0.75 sen per ordinary share, paid on 18 April 2023 – RM15.1 million.

4. KEY RISKS AND MITIGATIONS

As a responsible organisation, our commitment to achieving our objectives and fostering an environment of sustained growth is characterised by our capacity to manage our exposure to potential risks that may impact our business. Such risks may be operational, financial, regulatory, safety or environment related.

Our Executive Risk Management Committee (ERMC) maintains a vigilant stance within a board-approved risk management framework, actively developing and implementing robust strategies to mitigate potential risk affecting our Group over time.

While we acknowledge that complete risk elimination may not always be attainable, we have implemented targeted measures to address and minimise these risks. Below, in no order of priority, we outline our top risks and their corresponding mitigation strategies:

1. Price Uncertainties and Challenges in the Global Oil and Gas Industry

Mitigation Strategies

- Rigorous monitoring of oil and gas price trends providing a basis for essential functions such as price forecasting for strategic decisions, recognising potential market risks and vulnerabilities, shaping operational plans including deferment of non-critical capital expenditure and maintenance programmes, and locking in the selling price of some of our production when oil prices are high.
- Continuously striving for operational excellence through our commitment to cost efficiency, including streamlining processes, allocation of resources, maintenance excellence and technology integration.
- Explore opportunities for expansion and productivity enhancement, including extending our existing footprints.
- Incorporate conservative oil and gas price projections as an integral component of our extensive and prudent due diligence process for evaluating/stress testing new investments.

2. Liquidity and Funding Access Limitations

Mitigation Strategies

In addition to the mitigation strategies highlighted under the risk of price uncertainties and challenges in the global oil and gas industry:

- Conduct holistic annual business planning and exercises to establish balanced and realistic budgets that are communicated throughout the organisation and are progressively monitored with clear accountability.
- Implement rigorous and structured Group-wide cashflow management to ensure the availability of adequate resources, complemented by conscientious financial and capital discipline to maximise value for our shareholders.
- Continue strong relationships with existing established banks and build relationships with new banks.
- Maintaining engagement with the equity capital markets to ensure access to equity injection, if necessary, and to strengthen our financial flexibility and ability to secure additional capital to support our growth and strategic initiatives.

Management Discussion and Analysis

3. HSSE

Mitigation Strategies

- Uphold a comprehensive focus on HSSE requirements and risk assessments throughout our activities and asset lifecycles. This involves ongoing awareness programmes, communication efforts, and periodic audits to ensure effective risk management and the protection of our people, environment and communities.
- As stakeholder inclusiveness is a core element of our sustainability model, we actively engage with our key stakeholders, including oil and gas regulators, partners, local authorities and the community, to safeguard our environment and assets in combating threats, such as oil spills and asset damage resulting from activities such as fish bombing. We remain committed to understanding diverse perspectives and evolving expectations within all aspects of our business activities through close partnerships and ongoing engagement.
- The safety, health and well-being of our people are of paramount priority, and particularly in responding to the evolving health threats to our workforce and operations. Our HSSE function takes a leading role to review, coordinate and support the activation of pertinent parts of our Emergency Response Plan and Business Continuity Plan. We maintain continuous monitoring of directives and measures from various stakeholders, including governmental, industry and medical organisations, to ensure the safety of our people and the resilience of our business operations.

4. Cyberattack and Security Breach

Mitigation Strategies

We adopt a zero-trust security model, maintain agility in addressing emerging threats, and prioritise the protection of our digital assets and stakeholders. This commitment is reflected in our Group-wide implementation of comprehensive information technology (IT) security systems and cybersecurity programmes to mitigate data breach risks from both internal and external sources. These measures undergo regular audits and reviews for effectiveness, with audit findings presented to the Board. Continuous monitoring, enhancements and awareness sessions further fortify our defences against malicious activities that may compromise our IT systems.

5. Business Interests Misalignment

Mitigation Strategies

- Foster open and transparent communication channels with our partners, staying well-informed about their business drivers to ensure alignment of interests to allow us to maximise the value of joint assets.
- Plan our investments meticulously through a disciplined due diligence process which aims to mitigate the impact of specific risk factors on portfolio basis to the best of our abilities. We also adhere to an operational model that aligns in with the Group's operational capability, financial capacity and controls framework. Additionally, we objectively select potential business partners, viewing these partnerships as long-term associations.

6. Breach of Business Integrity and Compliance

Mitigation Strategies

- Fostering a culture of strong and effective corporate governance whilst adhering to a zero-tolerance policy against all forms of bribery and corruption. This commitment is reinforced through the continuous enhancement and communication of our Board endorsed *Code of Conduct and Ethics (Code)*, and *Anti-Corruption Anti-Bribery Policy*. To ensure strict adherence to these guidelines, compliance programmes are conducted, including regular training programmes for both staff and third-party consultants.
- Implement a Group-wide corruption risk management approach that encompasses all business segments and with regular internal audit activities conducted to provide assurance that established policies, standards and procedures are being complied with effectively.
- The Group has a well-established *Whistle Blower Policy* in place, offering stakeholders confidential platforms to report any known malpractices or wrongdoings, made verbally or in writing, on matters relating to Code, legal issues, accounting, audit, or any improper business conduct within the Group.

7. Changes in Regulations Related to GHG Emissions and Climate Change Compliance

Mitigation Strategies

- Execute our Energy Transition Strategy in pursuit of our Net Zero Emissions Producer goal by 2050 and to reduce 50% of our Scopes 1 and 2 emissions by 2030.



- Actively engage in initiatives aimed at reducing GHG emissions footprint, with a specialised division dedicated to coordinating decarbonisation efforts in our operating assets and evaluating low-carbon investment opportunities. This division is committed to enhancing our governance on climate change and low-carbon future, and fostering collaboration with our Group's asset teams and external stakeholders to meet our GHG reduction target.
- Conduct our operations responsibly, with due emphasis on GHG reduction while delivering value to all stakeholders, ensuring our environmental efforts align with their interests.

8. Human Capital Retention

Mitigation Strategies

- Business acquisition and restructuring initiatives have exacerbated the risk of losing talented employees. Recognising the importance of competitive compensation and benefit structures in retaining and attracting top talents, we conduct comprehensive annual Group-wide remuneration reviews to ensure employees are offered attractive and equitable financial incentives.
- Develop succession planning blueprint for vital roles across the Group to ensure a sustainable pool of skilled, qualified and competent talents for a future-ready organisation.
- Cultivate a positive, collaborative work environment that promotes inclusivity, employee engagement, well-being and work-life balance to attract and retain top talent.
- Maintain transparent communication with our employees through feedback mechanisms and performance evaluations, enabling us to identify areas for improvement and implement tailored strategies to meet employee preferences and aspirations.

5. OUR FUTURE: OBJECTIVES AND STRATEGIES FOR CREATING VALUE

A. BUILD REPUTATION AS A RESPECTED AND RESPONSIBLE OPERATOR OF MID-LIFE ASSETS:

The Group has been gradually developing a profile 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 business risks and HSSE considerations in all that we do.

B. 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. The 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, recognising that reputable financial institutions require that we make a strong commitment towards ESG requirements.

To support our Group, the equity markets will desire consistent returns via dividend payouts. Thus, the objective going forward will be to strive to deliver a reasonable dividend yield to loyal shareholders. Additionally, after receiving approval from our shareholders to buy-back our own shares, the Group is continuously monitoring the share price performance, and is ready to consider a buy-back of our shares when deemed appropriate.

C. 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 prices currently provide a viable economic base for the Group to consider the development of these opportunities at the current time.

D. 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.

E. NEAR-FIELD EXPLORATION (NFE):

As we learn more about the assets we operate, we have identified opportunities which we believe have a good risk/reward profile to justify 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.

Management Discussion and Analysis

F. SUSTAINABILITY:

Sustainability is reflected in the Group's *Sustainability Policy*. 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 faced with several material uncertainties impacting the world at this time. Governments are highlighting the urgency of climate change. The result is seen as 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 tipped energy security to the forefront as the current political priority with clean energy strategies becoming a secondary consideration.

Prior to 2022, OPEC+ had lost its position as the swing producer and market maker to the US shale industry. Over the past year, that position of influence appears to have returned to OPEC+. OPEC+ continues to curtail production to stabilise crude prices at a sustainable level. Whilst some stakeholders would like to see lower energy costs, this move by OPEC+ ensures that the development of new resources remains viable and profitable, while keeping energy costs at reasonable levels for consumers.

At the time of publication of this Annual Report 2022/2023, the price of Brent crude oil is once again around USD90 per barrel. Concurrently, uncertainty remains in both government policies and major oil company strategies surrounding the divide between energy security and net zero targets.

In addition, market volatility has been further compounded by the sudden and unprecedented attack by the Hamas movement on Israeli settlements located in the Gaza Strip. Political and military sensitivities have been seriously bound and it is expected that given the long history of conflict in this area coupled with the extent of fatalities and casualties, this unfortunate turn of events will have negative impact on global economic recovery.

You will note the theme of this Annual Report is Execute – Enhance – Excel – Exploring New Horizons. We first introduced this theme during our inaugural Investor Day on 16 March 2023.

EXECUTE emphasises the importance of delivering within budget and schedule, the growing number of relatively large and complex development projects in our portfolio. Our Group will spend more than RM1 billion on capital projects in Malaysia and the United Kingdom over the next 18 months. Executing projects safely and efficiently is critical to the Group and we have worked diligently to ensure that we have the right competence and governance in place to be successful.

ENHANCE relates to our efforts to enhance shareholder value. Besides the share consolidation and share buy-back initiatives mentioned earlier, we continuously focus on monetising the discovered, contingent resources already available to the company.

EXCEL refers to our efforts to be viewed by the industry as being potentially amongst the best operators in the Asia Pacific region. This fits with our vision of being a respected, valuable and responsible energy company. Over the years we have proven that we are a capable operator of mature assets, however, we are always striving to become amongst the best in the industry. We continuously challenge our teams to increase the efficiency and uptime of our facilities, while at the same time chasing production gains through facility and well enhancements.

EXPLORING NEW HORIZONS introduces our intention towards finding new resources through near-field exploration initiatives. It also indicates that in our merger and acquisition strategies, we would consider expanding our geographical footprint to include other jurisdictions with established legal frameworks. The main target is meaningful growth for the Company. This can be achieved through both NFE projects and new acquisitions but exploration has been in our DNA since the inception of the Company. Our first success as a company came when we made the first oil discovery in 30 years in offshore Oman in 2014. For nearly 10 years we had not pursued any exploration but pursued opportunities in early 2023, when we drilled a successful exploration well in the PM3 CAA PSC, called Bunga Lavatera. This exploration well discovered gas at a volume that was greater than the pre-drill forecast.

In FY2024 we expect to drill a number of NFE prospects both in East and West Malaysia, a few of which could have a meaningful impact to the Company.

In conclusion, we believe that the Company is on a strong business foundation, but we have to remain continuously vigilant to operating safely, with great care for the environment. We also believe that our foundation has positioned us to achieve our 2026 Mission to grow and maintain net production in a band between 35,000 and 50,000 boe/d whilst building our 2P Reserves base to 100MMboe.

DR KENNETH GERARD PEREIRA

Managing Director
5 October 2023



FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED (FY)	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Revenue	2,344,830	1,696,521	804,781	646,504	988,303
Profit/(loss) after taxation	400,518	652,941	103,676	(49,254)	230,010
Total assets	6,198,528	5,512,418	2,788,043	2,426,152	2,393,132
Shareholders' equity	2,689,759	2,202,017	1,473,922	1,221,307	1,237,532
Net assets per share	RM1.34	RM1.09	RM0.74	RM0.77	RM0.78
Basic earnings/(loss) per share	19.90 sen	32.51 sen	5.91 sen	(3.10 sen)	14.48 sen

REVENUE (RM'000)

FY2023	2,344,830
FY2022	1,696,521
FY2021	804,781
FY2020	646,504
FY2019	988,303

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

FY2023	400,518
FY2022	652,941
FY2021	103,676
FY2020	(49,254)
FY2019	230,010

TOTAL ASSETS (RM'000)

FY2023	6,198,528
FY2022	5,512,418
FY2021	2,788,043
FY2020	2,426,152
FY2019	2,393,132

SHAREHOLDERS' EQUITY (RM'000)

FY2023	2,689,759
FY2022	2,202,017
FY2021	1,473,922
FY2020	1,221,307
FY2019	1,237,532

NET ASSETS PER SHARE (RM)

FY2023	1.34
FY2022	1.09
FY2021	0.74
FY2020	0.77
FY2019	0.78

BASIC EARNINGS/(LOSS) PER SHARE (SEN)

FY2023	19.90
FY2022	32.51
FY2021	5.91
FY2020	(3.10)
FY2019	14.48



EXCELLING IN OPERATIONS

Operational excellence is the cornerstone of Hibiscus Petroleum's competitive advantage and success. Our relentless pursuit of process optimisation and enhanced productivity is crucial in fostering a culture of continuous improvement.





CALENDAR OF EVENTS

22 November 2022

Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) announced earnings before interest, taxes, depreciation and amortisation (EBITDA) of RM298.4 million and a profit after taxation (PAT) of RM135.3 million for the financial quarter ended 30 September 2022 on the back of average realised oil prices of over USD110 per barrel.



30 November 2022

Asia Hibiscus Sdn Bhd, a direct wholly-owned subsidiary of Hibiscus Petroleum, entered into the Group's maiden long-term debt facility agreement, with four banks for a total of USD120 million.

The facility will be used primarily to drive the Group's organic growth plans for our current producing and development assets, as well as to fund working capital requirements.

1 December 2022

The recommended final single-tier dividend of 1.0 sen per ordinary share in respect of FY2022 was approved by the shareholders during the 12th Annual General Meeting.

Hibiscus Petroleum also announced the appointment of Puan Zaidah binti Ibrahim as its new Independent Non-Executive Director, with effect from 1 January 2023.



2 December 2022

The Company announced several changes to the composition of its Board Committees effective 1 January 2023:

- Resignation of Encik Zainul Rahim bin Mohd Zain from the Audit and Risk Management Committee (ARMC), the Nominating Committee (NC) and the Remuneration Committee (RC);
- Appointment of YBhg Dato' Sri Roushan Arumugam to the ARMC; and
- Appointment of Puan Emeliana Dallon Rice-Oxley and Puan Zaidah binti Ibrahim to the NC and RC.

16 February 2023

Corporate:

Hibiscus Petroleum announced the following:

- EBITDA of RM353.3 million and PAT of RM70.5 million for the financial quarter ended 31 December 2022. EBITDA and PAT increased by 152.5% and 45.3% respectively year-on-year, driven by a revenue of RM713.1 million, due to consistently high oil, condensate and gas prices and strong operational performance; and
- Declaration of an interim single-tier dividend of 0.75 sen per ordinary share was declared for FY2023.

Peninsula Hibiscus Group (Peninsula Hibiscus):

- Received PETRONAS Focused Recognition Award in January 2023 for successful implementation of the Back-to-Basics Safety programme.

16 March 2023

Hibiscus Petroleum held its first Investor Day which was attended by approximately 100 external attendees comprising shareholders, investors, analysts and bankers. The event was organised with the objective of enhancing corporate visibility within the investment community. Presentations were made by senior members of the Leadership Team, on the Group's progress and strategic growth plans in pursuit of 2026 Mission.





24 May 2023

Corporate:

Hibiscus Petroleum announced the following:

- EBITDA of RM291.6 million and PAT RM71.5 million for the financial quarter ended 31 March 2023, on the back of RM523.3 million revenue. This represented an increase of 80% for EBITDA and 104% for PAT compared against the 'normalised' EBITDA and 'normalised' PAT recorded in the financial quarter ended 31 March 2022;
- Declaration of a second interim single-tier dividend of 0.75 sen per ordinary share for FY2023;
- Completion of the drilling of the longest well in Malaysia in March 2023, extending to a total measured depth of approximately 7km, with gross production of about 3,000 bbl/day; and
- Average net quarterly production which exceeded 21,000 boe/day.

Peninsula Hibiscus:

Received PETRONAS Focused Recognition commendations for:

- Timely reinstatement of Flash Gas Compressor (FGC) at PM3 and successfully increasing PM3 CAA gas availability by 40 MMscf per day to fulfil high gas demand from Kerteh (Malaysia) and Ca Mau (Vietnam) (March 2023);
- Excellent 2022 HSSE performance for PM3 CAA, Kinabalu and PM305 (March 2023); and
- Completion of the drilling of the longest well in Malaysia and for successfully flowing the well at rates exceeding initial expectations (April 2023).

North Sabah:

Received PETRONAS Focused Recognition commendations in March 2023 for:

- SEA Hibiscus' excellent HSSE performance in 2022, with no major incidents and accidents; and
- Labuan Crude Oil Terminal demonstrating good collaboration with lifting parties to optimise market value of cargoes and secure reputation of Malaysia as a reliable crude exporter.

Key:

- bbl – Barrels.
- boe – Barrels of oil equivalent.
- MMscf – Million standard cubic feet.

5 July 2023

The Company hosted its first Group-wide townhall since the completion of the acquisition of the Repsol assets, which was attended by over 800 Hibiscus employees (both physically and online). The objective of the townhall was to reinforce a sense of Unity, Pride and Growth amongst the team.



10 July 2023

Hibiscus Petroleum announced that Anasuria Hibiscus UK Limited (Anasuria Hibiscus), an indirect wholly-owned subsidiary of the Company, was granted approval of the Environmental Statement (ES) for the Teal West Development from the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED), on behalf of the United Kingdom's Secretary of State for the Department for Energy Security and Net Zero, on 7 July 2023. There were no conditions attached to the agreement to the grant of consent received.

Hibiscus Petroleum gets environmental consent for Teal West Development

By **NST Business** - July 10, 2023 @ 3:21pm

KUALA LUMPUR: Hibiscus Petroleum Bhd's subsidiary Anasuria Hibiscus UK Limited, has received the grant of consent for the Environmental Statement (ES) for the Teal West Development from the Offshore Petroleum Regulator for Environment and Decommissioning, last Friday.

There were no conditions attached to the agreement to grant consent.

Hibiscus Petroleum expects the decision on the Field Development Plan (FDP) in due course following the grant of consent for the ES.

The Teal West Development is expected to have a production life of 10 years and, in the high production case, reach a total of 10.4 million stock tank barrels of oil and 9.8 billion standard cubic feet of gas.

At midday Hibiscus Petroleum's share price closed 1.16 per cent higher at 87.5 sen.

Calendar of Events

12 July 2023

3D Oil Limited (3D Oil), an associate company of Hibiscus Petroleum announced that ConocoPhillips Australia, operator of the VIC/P79 and T/49P exploration permits, issued a Letter of Award for a semi-submersible rig to drill two firm exploration wells. 3D Oil has a participating interest of 20% in both exploration permits.



2 August 2023

Anasuria Hibiscus received a Development and Production Works Consent for the Teal West field from the North Sea Transition Authority on 1 August 2023.



23 August 2023

Hibiscus Petroleum announced the following:

- EBITDA of RM1.3 billion and PAT of RM400.5 million for the financial year ended 30 June 2023;
- Declaration of a third interim single-tier dividend of 0.50 sen per ordinary share for FY2023; total of 2.0 sen declared to-date; and
- Proposal to undertake a consolidation of every 5 existing Hibiscus Petroleum shares into 2 consolidated shares (Proposed Share Consolidation).

1 September 2023

Anasuria Hibiscus and Ping Petroleum UK PLC (Ping Petroleum) entered into a separate but identical Farm-in Agreement for Licence P2451 (Licence) with Rapid Oil Production Ltd (Rapid Oil) (Farm-in Agreement) to acquire 42.5% equity interest each in the Licence, with the balance 15% to remain with Rapid Oil.



25 September 2023

The Final Investment Decision (FID) approval for the Teal West field was obtained.

5 October 2023

At an Extraordinary General Meeting held, the shareholders of the Company approved the Proposed Share Consolidation.





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	- Non-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
Zaidah binti Ibrahim	- Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Thomas Michael Taylor	- Chair
YBhg Dato' Sri Roushan Arumugam	- Member
YBhg Dato' Dr Zaha Rina Zahari	- Member

NOMINATING COMMITTEE

YBhg Dato' Dr Zaha Rina Zahari	- Chair
YBhg Dato' Sri Roushan Arumugam	- Member
Thomas Michael Taylor	- Member
Emeliana Dallan Rice-Oxley	- Member
Zaidah binti Ibrahim	- Member

REMUNERATION COMMITTEE

YBhg Dato' Sri Roushan Arumugam	- Chair
Thomas Michael Taylor	- Member
Emeliana Dallan Rice-Oxley	- Member
Zaidah binti Ibrahim	- Member

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143) (SSM PC No. 202008001023)
 Tan Ai Ning (MAICSA 7015852) (SSM PC No. 202008000067)

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 Website : www.hibiscuspetroleum.com

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 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 and Gas Producers

SHARE REGISTRAR

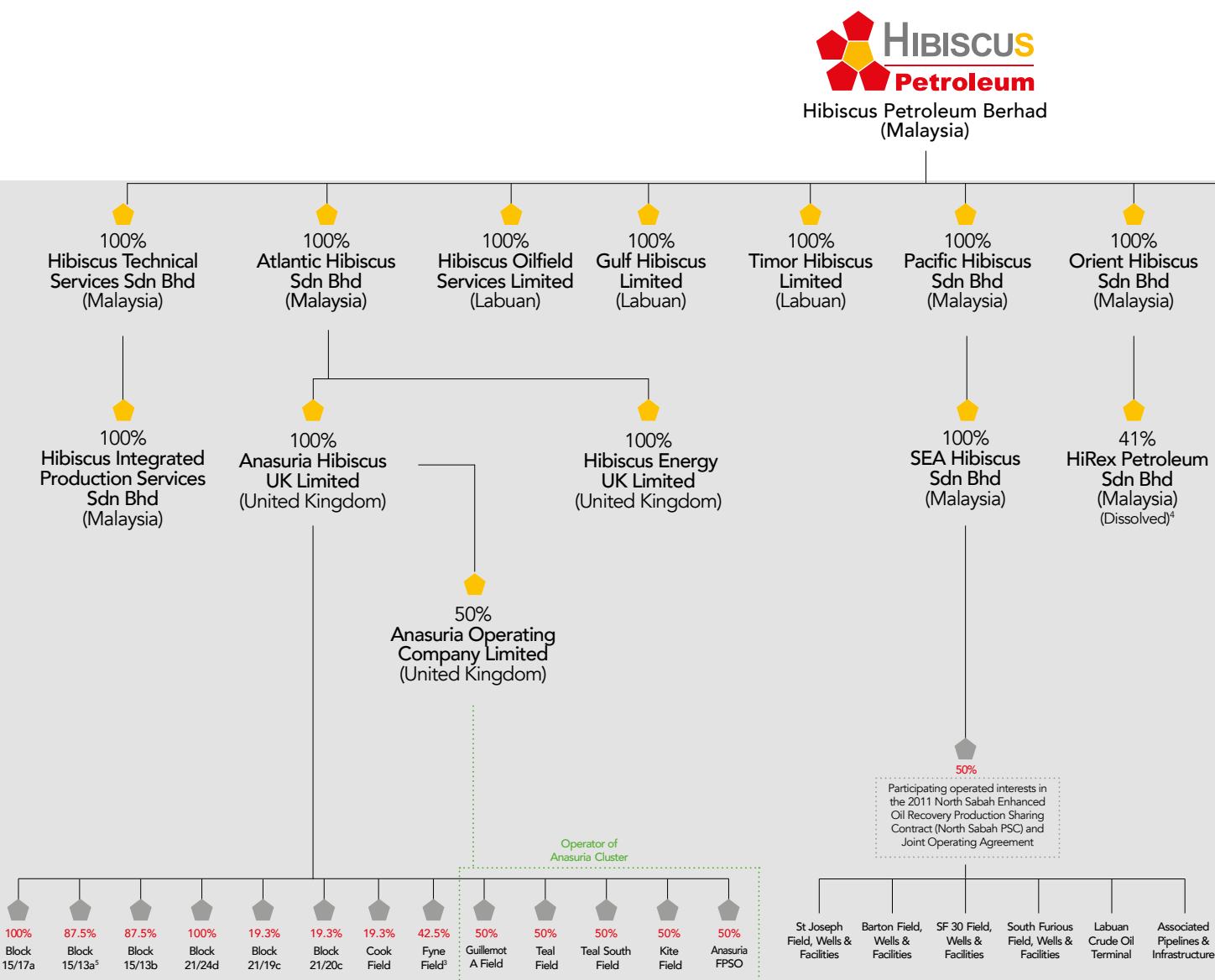
Tricor Investor & Issuing House Services Sdn Bhd
 Unit 32-01, Level 32, Tower A
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 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
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 Email : is.enquiry@my.tricor.global.com

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
 HSBC Amanah Malaysia Berhad
 Industrial and Commercial Bank of China (Malaysia) Berhad
 Bank of China (Malaysia) Berhad
 Standard Chartered Bank Malaysia Berhad
 Standard Chartered Saadiq Berhad

CORPORATE STRUCTURE

(AS AT 6 OCTOBER 2023)



Notes:

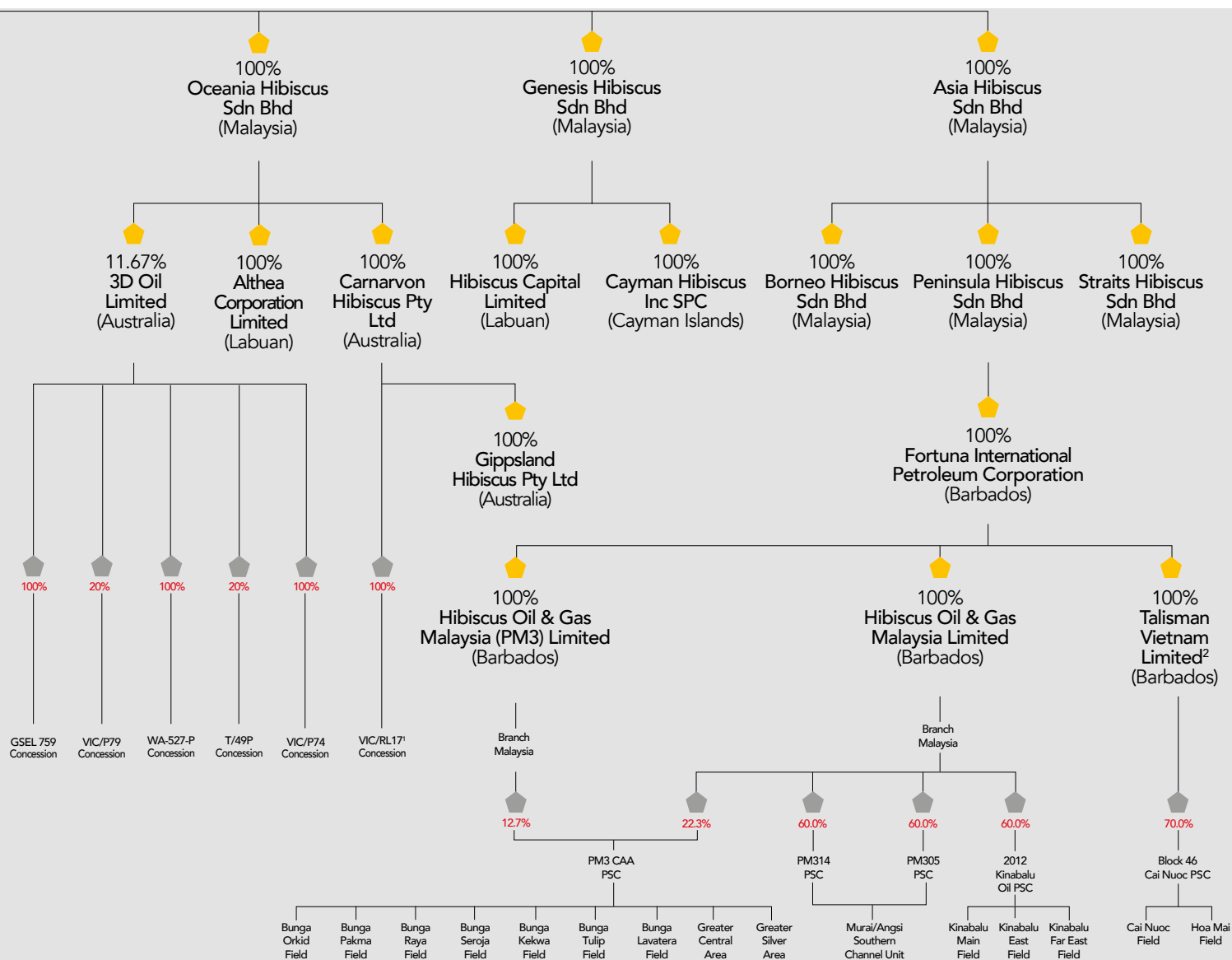
¹ Previously known as the VIC/L31 production licence.

² Entity to be renamed.

³ The acquisition of 42.5% equity interest in Licence P2451 is subject to approval by the North Sea Transition Authority.

⁴ Dissolved as of 6 October 2023.

⁵ As of 30 June 2023, Hibiscus Petroleum Berhad held a participating interest of 87.5% through Anasuria Hibiscus UK Limited (Anasuria Hibiscus). Subsequently on 15 September 2023, a Unitisation and Unit Operating Agreement (UUOA) was executed between Anasuria Hibiscus, Caldera Petroleum (UK) Limited and Ithaca Energy (UK) Limited. Under the UUOA, Anasuria Hibiscus' interest in the Marigold unit is 61.25%.





EXPLORING NEW HORIZONS

Our intention is to discover new oil and gas resources through near-field exploration initiatives. We will also consider expanding our geographical footprint through merger and acquisition activities to include new jurisdictions with sound and established legal frameworks.





I care for your safety

