HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)
Company No : 798322-P

Unaudited Quarterly Financial Report
30 September 2012

HIBISCUS PETROLEUM BERHAD
(Company No : 798322-P)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.9.2012 RM'000	QUARTER ENDED 30.9.2011 RM'000	PERIOD ENDED 30.9.2012 RM'000	PERIOD ENDED 30.9.2011 RM'000
REVENUE	1,870	2,199	3,869	2,292
Administrative expenses	(3,311)	(1,412)	(6,412)	(2,091)
Other expenses	(53)	(1,319)	(145)	(1,378)
Other operating expenses	(528)	-	(4)	-
Finance cost	(367)	-	(608)	-
Share of losses in a jointly controlled entity	(495)	-	(793)	-
LOSS BEFORE TAXATION	(2,884)	(532)	(4,093)	(1,177)
Taxation	20	(97)	36	(97)
LOSS AFTER TAXATION	(2,864)	(629)	(4,057)	(1,274)
Other comprehensive expenses, net of tax:				
Foreign currency translation*	(7,281)	-	(85)	-
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	(10,145)	(629)	(4,142)	(1,274)
LOSS AFTER TAXATION ATTRIBUTABLE TO:				
Owners of the Company	(2,864)	(629)	(4,057)	(1,274)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:				
Owners of the Company	(10,145)	(629)	(4,142)	(1,274)
LOSS PER SHARE (sen)				
Basic	(0.65)	(0.19)	(0.94)	(0.67)
Diluted	Not Applicable	Not Applicable	Not Applicable	Not Applicable

** Arising from translation of Group entities' financial statements with different functional currency recognised directly in reserves.*

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012.

HIBISCUS PETROLEUM BERHAD
(Company No : 798322-P)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED AS AT 30.9.2012 RM'000	AUDITED AS AT 31.3.2012 RM'000
ASSETS		
NON CURRENT ASSETS		
Investment in a jointly controlled entity	180,418	12,258
Equipment	837	660
	181,255	12,918
CURRENT ASSETS		
Other receivables, deposits and prepayments	11,061	217
Amount owing by a jointly controlled entity	496	1,855
Fixed deposits with licensed banks	59,176	50,016
Cash and bank balances	6,906	168,508
	77,639	220,596
TOTAL ASSETS	258,894	233,514
EQUITY AND LIABILITIES		
EQUITY		
Share capital	4,386	4,180
Other reserves	244,061	234,054
Accumulated losses	(10,146)	(6,089)
	238,301	232,145
NON CURRENT LIABILITIES		
Discovery bonus payable	13,353	-
Deferred tax liabilities	-	41
	13,353	41
CURRENT LIABILITIES		
Other payables and accruals	6,625	628
Provision for taxation	396	481
Redeemable Convertible Preference Shares ("**RCPS**")	219	219
	7,240	1,328
TOTAL LIABILITIES	20,593	1,369
TOTAL EQUITY AND LIABILITIES	258,894	233,514
NET ASSETS PER SHARE (RM)	0.54	0.56

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012.

HIBISCUS PETROLEUM BERHAD
(Company No : 798322-P)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<------------------ NON-DISTRIBUTABLE ------------------>					
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
6 months to 30.9.2011						
At 1.4.2011	*	-	-	-	(1,205)	**(1,205)**
Conversion of RCPS	836	-	-	-	-	**836**
Capitalisation of initial investors' utilisation amount and subscription by initial investors	222	3,111	6,667	-	-	**10,000**
Public issue pursuant to the Company's listing ("**Public Issue**")	3,122	137,375	93,664	-	-	**234,161**
Share issuance costs		(3,269)	(2,180)	-	-	**(5,449)**
Loss after taxation	-	-	-	-	(1,274)	**(1,274)**
At 30.9.2011	4,180	137,217	98,151	-	(2,479)	**237,069**
6 months to 30.9.2012						
At 1.4.2012	4,180	137,217	98,151	(1,314)	(6,089)	**232,145**
Conversion of warrants	206	16,136	(6,044)	-	-	**10,298**
Loss after taxation	-	-	-	-	(4,057)	**(4,057)**
Other comprehensive expenses, net of tax:						
Foreign currency translation	-	-	-	(85)	-	**(85)**
Total comprehensive expenses for the period	-	-	-	(85)	(4,057)	**(4,142)**
At 30.9.2012	4,386	153,353	92,107	(1,399)	(10,146)	**238,301**

Note :
** - represents RM2*

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012.

HIBISCUS PETROLEUM BERHAD
(Company No : 798322-P)
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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		PERIOD ENDED 30.9.2012 RM'000	PERIOD ENDED 30.9.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(4,093)	(1,177)
Adjustments for:			
Depreciation of equipment		99	37
Interest income		(969)	(2,292)
Unrealised loss on foreign exchange		4	-
Listing expenses		-	217
Qualifying acquisition expenses		46	1,124
Finance cost		608	-
Share of loss in a jointly controlled entity		793	-
Operating loss before working capital changes		(3,512)	(2,091)
(Increase)/Decrease in other receivables, deposits and prepayments		(761)	348
Increase in other payables and accruals		652	442
Decrease in amount owing by a jointly controlled entity		1,359	-
Cash used in operations		(2,262)	(1,301)
Interest income received		969	2,292
Income tax paid		(90)	-
Net cash (used in)/generated from operating activities		(1,383)	991
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment		(276)	(596)
Qualifying acquisition expenses paid		(46)	(319)
Investment in a jointly controlled entity		(157,335)	-
Proposed Subscription of shares in 3D Oil and related expenses paid		(8,316)	-
Net cash used in investing activities		(165,973)	(915)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		10,297	241,161
Proposed CRPS expenses paid		(146)	-
Deposits received from CRPS placees	*Note (a)*	3,724	-
Listing expenses paid		-	(5,666)
Net cash generated from financing activities		13,875	235,495
Net change in cash and cash equivalents		(153,481)	235,571
Effects of exchange rate changes		1,039	-
Cash and cash equivalents at beginning of the period		218,524	2,517
Cash and cash equivalents at end of the period		66,082	238,088

Note (a) : RM3,724,000 of deposits in respect of Convertible Redeemable Preference Shares (" ***CRPS*** *") were received from six placees, held in the custody of the placement agent.*

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012.

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

1. BASIS OF PREPARATION

The unaudited Quarterly Report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard ("**MFRS**") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("**MASB**") and Paragraph 9.22 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The explanatory notes attached to the unaudited condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Hibiscus Petroleum Berhad (the "**Company**") and its subsidiaries (the "**Group**") since the financial year ended 31 March 2012.

2. CHANGES IN ACCOUNTING POLICIES

(i) The new MFRS Framework issued by the MASB with effect from 1 January 2012 has been adopted by the Group. This MFRS Framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("**FRS**") with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**").

(ii) Save for the required presentation of the three statements of financial position in the first MFRS financial statements, there is no other significant impact on the Group's financial results and position, and changes to the accounting policies of the Group arising from the adoption of this MFRS Framework as the requirements under the previous FRS Framework were equivalent to the MFRS Framework, although there are some differences in relation to the transitional provisions and effective dates contained in certain of the MFRSs.

(iii) At the date of this report, the following MFRSs, Amendments to MFRSs and IC Interpretations were issued, but not yet effective, and have not been applied by the Group:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)*
MFRS 10	Consolidated Financial Statements**
MFRS 11	Joint Arrangements**
MFRS 12	Disclosure of Interests in Other Entities**
MFRS 13	Fair Value Measurement**
MFRS 119	Employee Benefits**
MFRS 127	Separate Financial Statements**
MFRS 128	Investments in Associates and Joint Ventures**
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities**
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income^^
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities^

* Applicable for annual periods beginning on or after 1 January 2015
** Applicable for annual periods beginning on or after 1 January 2013
^ Applicable for annual periods beginning on or after 1 January 2014
^^ Applicable for annual periods beginning on or after 1 July 2012

3. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not significantly affected by any seasonal or cyclical factors except for severe weather conditions.

4. UNUSUAL ITEMS

Other than the 5% deposit received arising from the execution of the CRPS Subscription Agreements and payment of AUD2,043,558 as consideration for Subscription Shares (refer to Note 4, Part B of this Quarterly Report), there were no unusual items affecting assets, liabilities, equity, net income and cash flows during the financial period ended 30 September 2012.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years and quarters that have a material effect in the financial period ended 30 September 2012.

6. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

Save as disclosed in Note 4, Part B of this Quarterly Report, there were no other material events subsequent to the end of the financial period ended 30 September 2012.

7. CHANGES IN THE COMPOSITION OF THE GROUP

Save as previously disclosed in the Half-Yearly Report for the financial year ended 31 March 2012 and in Note 4, Part B of this Quarterly Report relating to the proposed acquisition of participating interests in four concessions in Norway, there were no changes in the composition of the Group during the financial period ended 30 September 2012.

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

9. DIVIDENDS PAID/PAYABLE

There were no dividends declared or paid during the financial period ended 30 September 2012.

10. BORROWINGS, DEBT AND EQUITY SECURITIES

Conversion of Warrants-A

The movements in the issued and paid-up share capital of the Company arising from the conversion of Warrants-A into ordinary shares during the financial period were as follows:

		Period Ended 30.9.2012	
	Par Value RM	Number Of Shares	Share Capital RM'000
ORDINARY SHARES			
At 1.4.2012	0.01	418,047,922	4,180
Conversion of Warrants-A	0.01	20,595,800	206
At 30.9.2012	0.01	438,643,722	4,386

The Warrants-A were issued in registered form and are constituted by the Warrants-A Deed Poll. The Warrants-A are listed on the Main Market of Bursa Securities and are exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

Total issued	:	334,436,522
Exercised during the financial period	:	20,595,800
Exercise price	:	RM0.50 per Warrant-A

RCPS

The RCPS, which are denominated in Ringgit Malaysia, are classified as current liabilities as the RCPS are redeemable at the option of the RCPS holders. The RCPS holders are not entitled to convert the remaining RCPS into ordinary shares of the Company. There were no movements in the RCPS during the financial period ended 30 September 2012.

There were no other issuances, cancellations, repurchases, resale and repayments of borrowings, debt and equity securities during the financial period ended 30 September 2012.

11. SEGMENTAL INFORMATION

Segmental reporting is not separately presented as the Group's sole business is joint ownership and operation of oil and gas concessions within the Lime Petroleum Plc ("**Lime**") Group, which are within a single business segment. The Group's operations in the oil and gas concessions are primarily in the Middle East. Accordingly, no segmental information is considered necessary for analysis by industry segment or by geographical segment.

12. MATERIAL COMMITMENTS

Save as disclosed below, the Group is not aware of any material capital commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group as at 30 September 2012:

	RM'000
Authorised and contracted for:-	
Farm-In Investment for the Proposed Farm-In *(Please refer to Note 4 (iii) Part B)*	88,933
Share of a jointly controlled entity's material commitments	10,711
Capital commitment for purchase of property, plant and equipment	2,977
	102,621

13. SIGNIFICANT RELATED PARTY TRANSACTION

The recurrent related party transaction within the Group is as follows:

	3 months ended		6 months ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Project management, technical and other services fees from a jointly controlled entity				
- Lime	1,392	-	2,901	-

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

1. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

2. PERFORMANCE REVIEW

2.1 Material factors affecting financial year-to-date results

Group revenue increased by RM1.6 million from RM2.3 million in the corresponding six month period in the previous year ("**corresponding period**') to RM3.9 million in the current period ("**current period**").

The Company was listed in July 2011, and the revenue for the corresponding period represents interest income from proceeds raised from its Initial Public Offering placed in fixed deposits. Hibiscus Oilfield Services Limited, the Company's wholly-owned subsidiary company, was subsequently appointed as the Project Manager for the Middle East concessions under the Lime Group pursuant to its acquisition of the 35% equity interest in Lime ("**Lime Acquisition**"). Accordingly, the revenue for the current period comprises project management, technical and other services fees from the Lime Group and interest income received.

Group loss before taxation for the current period amounted to RM4.1 million which represents an increase of RM2.9 million as compared to loss before taxation of RM1.2 million in the corresponding period. The increase in loss before taxation is mainly due to the share of losses in the Lime Group of RM0.8 million and the increase in personnel remuneration by RM2.5 million.

With the completion of the Lime Acquisition in April 2012, the Group's share of losses in the Lime Group amounting to RM0.8 million is recognised in the current period. The Lime Group is currently carrying out various activities within its work programme in preparation of its multi-well drilling programme targeted to commence early 2013. The finance cost of RM0.6 million is arising from changes in the fair value of the discovery bonus to Rex Oil & Gas Ltd ("**Rex**"). As part of the terms of the Lime Acquisition, it was agreed that USD5 million would be paid to Rex if a discovery of hydrocarbons is made, and declared to be commercial by 31 December 2013 by an independent competent expert.

The increase in personnel remuneration is due to the expansion of corporate personnel as well as project management and technical team required to provide services to the concession companies within the Lime Group. Accordingly, part of the Group's remuneration expenses totalling RM1.9 million was recovered from the Lime Group through the provision of project management, technical and other services.

2.2 Material factors affecting current quarter's results

Group revenue for the current quarter was lower at RM1.9 million as compared to RM2.2 million in the corresponding quarter in the previous year ("**corresponding quarter**"), due to lower interest income earned during the quarter of RM0.5 million (2011 : RM2.2 million) arising from lower placement balances.

2. PERFORMANCE REVIEW (CONT'D)

2.2 Material factors affecting current quarter's results (Cont'd)

Group loss before taxation for the current quarter was at RM2.9 million as compared to RM0.5 million in the corresponding quarter. The higher loss before taxation is primarily due to the aforementioned reduction in revenue by RM0.3 million, the recognition of the full quarter share of losses in the Lime Group amounting to RM0.5 million, finance cost arising from changes in fair value of discovery bonus payable to Rex of RM0.4 million and higher personnel remuneration costs by RM1.1 million. Part of the remuneration expenses amounting to RM0.9 million was recovered from Lime through the provision of project management, technical or other services.

3. MATERIAL CHANGE IN LOSS BEFORE TAXATION IN COMPARISON TO THE PRECEDING QUARTER

For the quarter ended 30 September 2012, the Group recorded a loss before taxation of approximately RM2.9 million as compared to a loss before taxation of RM1.2 million for the preceding financial quarter ended 30 June 2012.

The increase in loss before taxation for the current quarter compared to the preceding quarter is mainly due to the loss on foreign exchange of RM1.1 million arising from the translation of US Dollar ("**USD**") denominated Multi Currency Account balances into Ringgit Malaysia ("**RM"**) at 30 September 2012.

In the current quarter, the USD depreciated against the RM resulting in a loss on foreign exchange of RM528K, whereas in the preceding quarter, the USD appreciated against the RM, resulting in a gain on foreign exchange of RM524K. The combined effect resulted in a net foreign exchange loss of RM4K for the financial year-to-date ended 30 September 2012.

4. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(i) Proposed Acquisition of Participating Interests in Four Concessions in Norway

On 2 May 2012, Lime signed transaction agreements ("**Transaction Agreements**") with North Energy ASA ("**North Energy**") to secure 50% of North Energy's interests in four concessions in the Norwegian Continental Shelf in Norway, namely PL 503/Valberget, PL 518/Zapffe, PL 526/Vågar and PL 530/Heilo ("**Proposed Transfer of Norwegian Interests to Lime**").

On 22 August 2012, North Energy increased its stake in the PL 526/Vågar license from 40.00% to 66.67%, after the other partners to the license, Norwegian Energy Company ASA and Dana Petroleum Norway ASA, withdrew their participation from the license.

After performing internal technical evaluations which included Rex Virtual Drilling**, Lime holds a positive view of the prospects within the license. Accordingly, Lime has agreed to increase its potential interest in the PL 526/Vågar license from 20.00% to 33.33% on 7 September 2012. Lime is not required to pay for this increase in interest as there was no further consideration paid by North Energy for its additional interest in the license.

** *Rex Virtual Drilling seeks to reduce early risks associated with the discovery of oil and gas (and its commercial impact) and the time required to commercialise viable fields by conducting an evaluation to infer the content of accumulations (fluid identification) through a complex seismic evaluation scheme based on resonance*.

4. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (CONT'D)

(i) Proposed Acquisition of Participating Interests in Four Concessions in Norway (Cont'd)

As a result of the above development, the current status of the participating interests to be secured by Lime in the concessions in Norway is as follows:

Production License / Prospect	Current ownership interest of North Energy	Previous interest to be transferred to Lime	Current interest to be transferred to Lime
PL 503/Valberget	25.00%	12.50%	12.50%
PL 518/Zapffe	30.00%	15.00%	15.00%
PL 526/Vågar	66.67%	20.00%	33.33%
PL 530/Heilo	20.00%	10.00%	10.00%

The completion of the Transaction Agreements is conditional upon, inter-alia, approval from the Ministry of Petroleum and Energy in Norway and the approval of Lime's application to obtain pre-qualification status as an oil and gas exploration company in Norway in order to jointly participate with North Energy, the license holder, in partner-operated licenses in the Norwegian Continental Shelf.

Save for the above, since the Company's latest quarterly report which was announced on 27 August 2012, there has been no change in the status of the Proposed Transfer of Norwegian Interests to Lime.

(ii) Proposed Private Placement of Convertible Redeemable Preference Shares ("CRPS")

The Company announced on 2 August 2012 that it proposed to undertake an issuance of up to 210,000,000 new CRPS in the Company at an issue price of RM1.00 per CRPS through a private placement exercise without prospectus ("**Proposed Private Placement of CRPS**") with necessary increases in the authorised share capital of the Company and relevant amendments to the Memorandum and Articles of Association ("**CRPS Proposals**").

As at the date of this Quarterly Report, the Company had received the following approvals:

(a) Bursa Securities' approval dated 30 August 2012 for the listing and quotation of up to 131,250,000 new ordinary shares of RM0.01 each in the Company, to be issued upon conversion of the CRPS of RM0.01 each pursuant to the Proposed Private Placement of CRPS.

(b) The holder of the Company's Redeemable Convertible Preference Shares' approval for the Proposed Private Placement of CRPS on 24 September 2012.

(c) Shareholders' approval for the CRPS Proposals at the Extraordinary General Meeting held on 26 September 2012.

(d) Bank Negara Malaysia's ("**BNM**") approval dated 17 October 2012, for the issuance of CRPS by the Company for the amount of up to RM178,000,000 to non-resident investors.

The approval granted by BNM is subject to certain conditions as specified in the announcement to Bursa Securities dated 18 October 2012.

4. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (CONT'D)

(ii) Proposed Private Placement of Convertible Redeemable Preference Shares ("CRPS") (Cont'd)

As at the date of this Quarterly Report, the Company has completed five conditional subscription agreements raising proceeds of RM69.48 million out of the total maximum of RM210 million.

Pursuant to this, the Company has allotted and issued a total of 69,480,000 CRPS to the five CRPS placees on 1 and 2 November 2012.

The maturity date of the CRPS is on 30 April 2014.

Please refer to the announcements to Bursa Securities on 2 August 2012, 3 August 2012, 6 August 2012, 15 August 2012, 30 August 2012, 18 October 2012, 29 October 2012 and 2 November 2012 for further details.

(iii) Proposed Subscription of Shares in 3D Oil Limited ("3D Oil") and Proposed Acquisition of a 50.1% Unencumbered Legal and Beneficial Right, Title and Interest in VIC/P57

On 14 August 2012, the Company announced the following:

(a) the Company, Oceania Hibiscus Sdn Bhd ("**OHSB**"), a wholly-owned subsidiary of the Company and 3D Oil had entered into a conditional subscription agreement on 14 August 2012 ("**Subscription Agreement**") for the subscription of 30,963,000 new fully paid ordinary shares in the capital of 3D Oil ("**Subscription Shares**"), representing approximately 13.04% of the enlarged total issued share capital of 3D Oil immediately following the issue of the Subscription Shares for a subscription amount of AUD2,043,558 (equivalent to RM6,731,071*); and

(b) the Company, Carnarvon Hibiscus Pty Ltd ("**CHPL**"), a wholly-owned subsidiary of OHSB, and 3D Oil, had also entered into a conditional farm-in agreement on 14 August 2012 ("**Farm-In Agreement**") for the acquisition of a 50.1% unencumbered legal and beneficial right, title and interest in VIC/P57 and any petroleum recovered from the permit area, together with all relevant property, data and information (whether held by 3D Oil or otherwise) relating to VIC/P57 ("**Farm-In Interest**") by CHPL, from 3D Oil for a purchase consideration of AUD13,473,000 (equivalent to RM44,377,367*) and a contribution of AUD13,527,000 (equivalent to RM44,555,233*) towards the joint operating activities of the project in respect of the Farm-In Interest ("**Proposed Farm-In of VIC/P57**");

collectively referred to as "**the Proposals**".

In addition to acquiring the Farm-In Interest, CHPL will also assume the role as Operator subject to the approval of the relevant authorities.

** converted at an assumed exchange rate of RM3.2938 to AUD1.00*

4. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (CONT'D)

(iii) Proposed Subscription of Shares in 3D Oil Limited ("3D Oil") and Proposed Acquisition of a 50.1% Unencumbered Legal and Beneficial Right, Title and Interest in VIC/P57 (Cont'd)

On 3 September 2012, the Company remitted AUD2,043,558 as consideration for the Subscription Shares. The total investment sum of approximately AUD29 million under the Proposals will be funded via proceeds raised from the CRPS issue and available internal funds.

Pursuant to the Subscription Agreement, 3D Oil had on 4 September 2012, appointed Dr. Kenneth Gerard Pereira, the Managing Director of the Company, as a director of 3D Oil.

To-date, the Company has received the following approvals in relation to the Proposals:

(a) The Australian Securities Exchange ("**ASX**") had resolved, via its letter dated 31 August 2012, to grant 3D Oil a waiver from ASX Listing Rule 6.18 to the extent necessary to permit the Company to maintain, by way of a right to participate in any issue of equity securities or to subscribe for equity securities, its percentage interest in the issued capital of 3D Oil under the Subscription Agreement on terms acceptable to both the parties. The waiver from the ASX is subject to certain conditions.

(b) The Foreign Investment Review Board, Australia has, via its letter dated 4 October 2012, stated that it has no objection to the Proposals in terms of the Australian government's foreign investment policy, provided that the Proposals are undertaken within 12 months from the date of its letter and that there are no material changes that would alter the Proposals.

(c) The Australian National Offshore Petroleum Titles Administrator has, via its letter dated 13 November 2012, given its approval for the dealing in relation to VIC/P57 (i.e. approval of the Farm-In Agreement) under Section 493 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

Pursuant to the approvals received above, the Proposals are still subject to, inter-alia, approval from the Company's shareholders.

Please refer to the announcements to Bursa Securities on 14 August 2012, 3 September 2012, 4 October 2012 and 14 November 2012 for further details.

5. PROSPECTS OF THE GROUP FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013

Through our interest in Lime, our Group currently has access to 4 oil and gas concessions in the Middle East and potentially another 4 concessions in Norway (after completion of the Proposed Transfer of Norwegian Interests to Lime). All the Middle East and Norwegian concessions are currently at early to advanced exploration stages.

5. PROSPECTS OF THE GROUP FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013 (CONT'D)

Under our initial strategy, our Company had focused on exploration assets to build early value and provide optimal upside to the shareholders of our Company. Our Group's next phase of growth strategy is two-pronged:

- **Continue progressing the work programme on the existing assets under Lime Group**

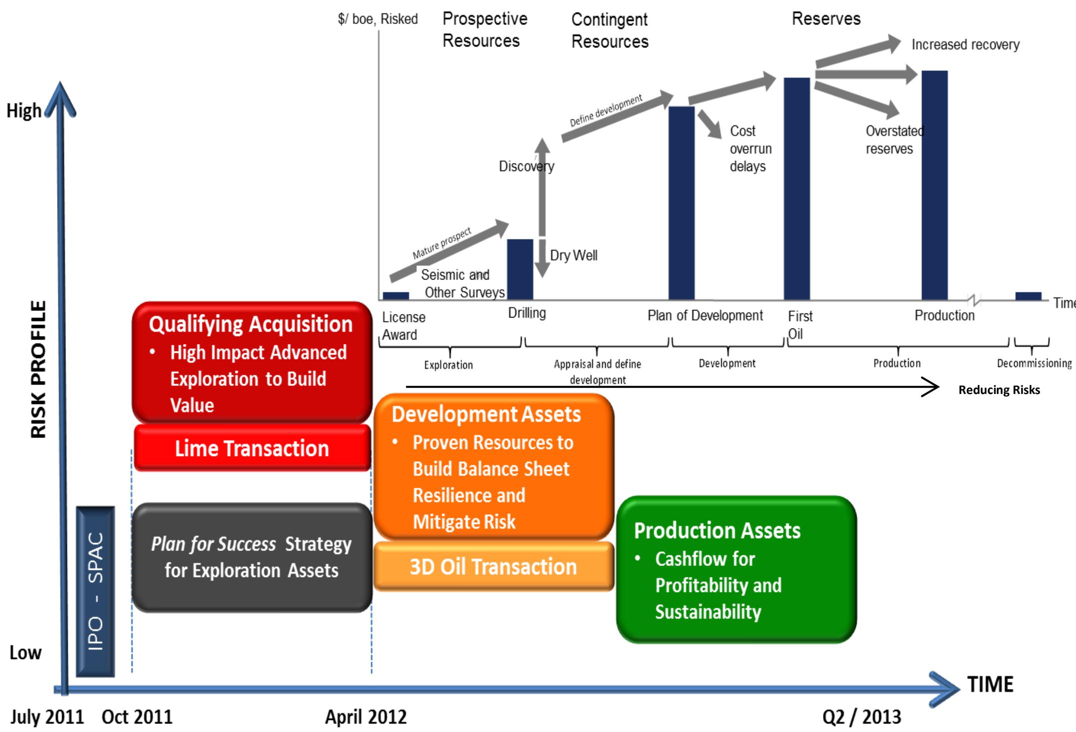
  The Company has been focusing on its work as Project Manager in the Middle East concessions within the Lime Group since the fourth quarter of 2011.

  An update of status of exploration activities within the Lime Group is detailed in the accompanying report (Part C) to this Quarterly Report.

- **Balancing the portfolio of assets through the future acquisitions of development and/or producing assets**

  Our Board believes that current uncertainty in the global markets and a softening of oil prices provide an ideal opportunity to acquire development and/or producing assets as part of our efforts to balance our portfolio with more moderate and low risk assets.

  The Proposed Farm-In of VIC/P57 which contains a development asset, namely the discovered West Seahorse field (please refer to Note 4(iii), Part B of this Quarterly Report), enables the Group to progress along the exploration and production value chain as depicted in the chart below.



5. PROSPECTS OF THE GROUP FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013 (CONT'D)

- **Balancing the portfolio of assets through the future acquisitions of development and/or producing assets (cont'd)**

  Pending the appointment of our Group as Operator upon the completion of the Proposed Farm-In of VIC/P57, our Group has commenced the process of establishing an experienced operations team led by our Chief Development Officer, Stephen Dechant, to oversee the development of the West Seahorse oilfield.

  The Proposed Farm-In of VIC/P57 may not deliver very large returns (relative to exploration assets) but it should serve to mitigate the Group's exploration related investment risks. The Proposals will infuse the funds required by 3D Oil to commence the development of the field. The successful development of the asset is expected to enhance the market value of OHSB's 13.04% equity interest in 3D Oil.

  Please refer to the accompanying report (Part C) to this Quarterly Report for further details of the activities conducted to progress the development of the West Seahorse field.

6. PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not announce or disclose any profit forecast or profit guarantee in any public documents.

7. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the financial period ended 30 September 2012.

8. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the financial period ended 30 September 2012.

9. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

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

10. MATERIAL LITIGATION

There was no material litigation as at the date of this Quarterly Report.

11. LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the quarter/period.

		3 months ended		6 months ended	
		30.9.2012	30.9.2011	30.9.2012	30.9.2011
Loss after taxation attributable to owners of the Company (RM'000)	(A)	(2,864)	(629)	(4,057)	(1,274)
Weighted average number of shares in issue ('000)	(B)	438,180	329,851	433,821	191,304
Basic loss per share (sen)	(A/B)	(0.65)	(0.19)	(0.94)	(0.67)

The weighted average number of ordinary shares in issue for the corresponding financial quarter/period for the computation of loss per share has been recalculated and the related basic loss per share restated. The loss after taxation remains the same.

The fully diluted loss per share for the Group was not presented as the assumed conversion from the exercise of Warrants-A and Warrants-B would be anti-dilutive.

12. LOSS BEFORE TAXATION

	3 months ended		6 months ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Loss before taxation is arrived at after charging/(crediting):				
Interest income	(479)	(2,199)	(969)	(2,292)
Depreciation of equipment	54	28	99	37
Unrealised loss on foreign exchange	528	-	4	-
Finance cost	367	-	608	-
Listing expenses	-	167	-	217
Qualifying acquisition expenses	-	1,124	46	1,124

Other than as presented in the Condensed Consolidated Statements of Comprehensive Income and as disclosed above, there were no other income, interest expense, provision for and write off of receivables or inventories, gain/loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain/loss on derivatives, and other exceptional items for the financial period ended 30 September 2012.

13. TAXATION

	3 months ended		6 months ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Income taxation	1	(97)	(5)	(97)
Deferred taxation	19	-	41	-
	20	(97)	36	(97)

The Group's taxation for the period ended 30 September 2012 relates to provision for income taxation for an offshore subsidiary company, and reversal of provision for deferred taxation.

14. REALISED AND UNREALISED ACCUMULATED LOSSES

	UNAUDITED As at 30.9.2012 RM'000	AUDITED As at 31.3.2012 RM'000
Analysis of accumulated losses:		
Realised	(10,142)	(6,036)
Unrealised	(4)	(53)
	(10,146)	(6,089)

AUTHORISED FOR ISSUE

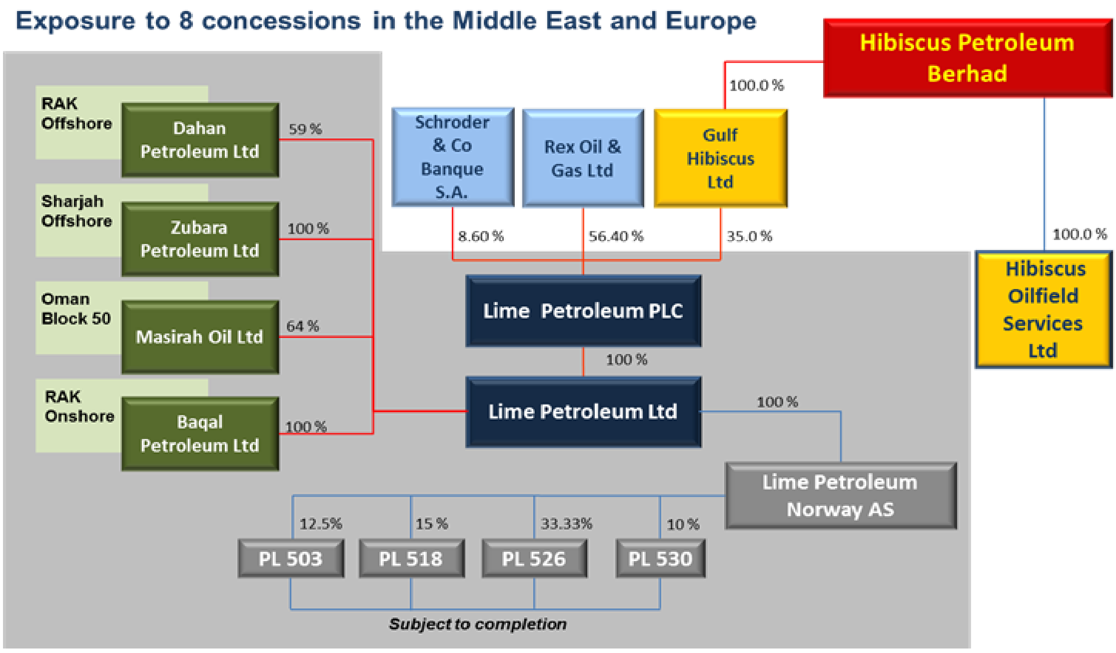
The Quarterly Report is authorised for issue by the Board in accordance with a resolution of the Board of Directors dated 23 November 2012.

By Order of the Board of Directors
Hibiscus Petroleum Berhad

PART C – STATUS OF DEVELOPMENT AND EXPLORATION ACTIVITIES

1. EXPLORATION ACTIVITIES UNDER THE LIME GROUP

1.1 Lime Group Structure



During the period ended 30 September 2012, the total expenditure incurred by the Lime Group is set out below:

	Quarter ended 30.9.2012 RM'000	Period ended 30.9.2012 RM'000
Intangible exploration and evaluation assets	20,141	42,212
Administrative expenses	1,570	1,950
	21,711	44,162
Loan to North Energy ASA ("**North Energy**")*	14,777	14,777

* *The loan to North Energy of NOK27.5 million is essentially a prepayment for the Proposed Transfer of Norwegian Interests to Lime, for which an interest at the rate of 4.00% p.a. is earned.*

1. EXPLORATION ACTIVITIES UNDER THE LIME GROUP (CONT'D)

1.1 Lime Group Structure (Cont'd)

Hibiscus Petroleum Group has a 35% equity stake in the Lime Group which has access to the following oil and gas concessions:

(i) Middle East

- Block 50 Oman Concession in the Sultanate of Oman ("**Block 50 Oman Concession**")
- RAK Offshore Concession in Ras Al Khaimah, United Arab Emirates ("**RAK North Offshore Concession**")
- RAK Onshore Concession in Ras Al Khaimah, United Arab Emirates ("**RAK South Onshore Concession**")
- Sharjah Offshore Concession in Sharjah, United Arab Emirates ("**Sharjah East Coast Concession**")

(ii) Norway

- PL 503/Valberget
- PL 518/Zapffe
- PL 526/Vågar
- PL 530/Heilo

collectively referred to as "**Firm Assigned Interests**".

The completion of the part-acquisition of interests in various North Energy held assets in Norway is premised on, among others, Lime being pre-qualified as an oil and gas exploration company in Norway.

Subject to agreement between North Energy and Lime, one or several of the following three optional interests ("**Optional Assigned Interests**") or any interest in any other production license held by North Energy may be added to the Firm Assigned Interests:

- PL 536/Elbrus
- PL 562/Lepus
- PL 564/Alta/Kvitunge

In addition, should one or several of the Firm Assigned Interests not be available for transfer to Lime due to specified reasons, Lime will have the right to replace such unavailable assigned interests with an equal number of the Optional Assigned Interests.

1. EXPLORATION ACTIVITIES UNDER THE LIME GROUP (CONT'D)

1.2 Middle East Activities

The thrust for 2012/2013 comprises seismic data acquisition, processing and interpretation, various geological studies and well engineering/drilling preparation activities.

(i) Seismic activities

A 2D and 3D seismic data acquisition program was conducted from 18 February 2012 until 1 July 2012 for the Block 50 Oman Concession, RAK North Offshore Concession and Sharjah East Coast Concession.

(a) Block 50 Oman Concession

The 2D seismic data for Block 50 Oman Concession has been processed. The 3D seismic data is still being processed and should be available by the end of 2012.

Prospects covered by the new 2D seismic data are being subjected to Rex Virtual Drilling studies. Virtual Drilling, a proprietary technology of Rex Oil & Gas Limited (a shareholder of Lime), assesses the responses from the low frequency band of conventional seismic data to further define the hydrocarbon bearing potential of drilling targets identified through conventional seismic data interpretation.

(b) RAK North Offshore Concession

We have received access to 3D seismic data that was acquired in 1984 over the Saleh field (which lies within, but is excluded from Lime's concession). The data which has been made available to Lime also covers some acreage which lies inside its concession boundaries. Preliminary Virtual Drilling studies are being carried out and initial results confirm the previous positive conclusions on the prospectivity of the concession.

(c) RAK South Onshore Concession

Early geographical-based studies are being conducted that will be used to better define the appropriate locations for our seismic data acquisition programme which is planned for 2013.

(d) Sharjah East Coast Concession

Some preliminary Virtual Drilling studies have been performed on the raw seismic data acquired during the 2012 acquisition programme. Whilst the preliminary results are promising, more work will be carried out to obtain a better overview of the prospectivity of the asset. Once the processed seismic data is received from a third party processing house, a full conventional geological study will be performed over this concession coupled with further Virtual Drilling studies.

1. EXPLORATION ACTIVITIES UNDER THE LIME GROUP (CONT'D)

1.2 Middle East Activities (Cont'd)

(ii) Drilling programme

Early in 2012, Lime outsourced the engineering related activities for its drilling programme. Following a tendering exercise and technical and commercial evaluation of several proposals by international drilling project management service companies, SPD LLC ("**SPD**"), a division of Petrofac Production Solutions, was selected as the drilling project management service company to assist Lime with various detailed aspects of the drilling programme. The Company's representatives have been assigned to the SPD office in Dubai to oversee the work of developing the drilling strategy, in addition to other well engineering activities. We have also been overseeing the tender process related to the procurement of various other services that will be required as part of the drilling programme.

All drilling related contracts requiring tenders have had their respective tender strategies approved by the Ministry of Oil and Gas of the Sultanate of Oman. All tenders have been issued, submissions have been received and technical and commercial evaluations are on-going.

The drilling programme for Lime is initially focused on Block 50 Oman Concession, and is scheduled to start in the first quarter of 2013 pending the finalisation of drilling rig procurement and the securing of various environmental and regulatory approvals.

Preliminary technical work is also currently on-going with SPD in preparation for the drilling of a well in the RAK North Offshore Concession to identify specific issues related to the well. Simultaneously, a market survey is under way to source rigs suitable for RAK North Offshore Concession taking into account the anticipated technical challenges.

Concluding Remarks

The work programme for the Middle East activities to-date has been performed without any safety related incidents occurring. Furthermore, the programme has been fulfilled within the planned budgets.

1.3 Norway Activities

For the assets in Norway, activities to secure both pre-qualification of Lime Petroleum Norway AS as an oil and gas exploration company in Norway together with associated regulatory approvals for the part-acquisition of interests in the Norwegian concessions are being actively pursued. Simultaneously, an assessment of all seismic data available for each of the Norwegian assets targeted by Lime is being conducted in order that final selection decisions may be taken to determine whether Lime should retain or exchange any of the assets that are part of the current Norwegian portfolio available to it.

2. DEVELOPMENT ACTIVITIES IN RELATION TO THE WEST SEAHORSE FIELD, VIC/P57, GIPPSLAND BASIN, AUSTRALIA

Pending the completion of the Proposed Farm-In of VIC/P57 by the Company (through its wholly-owned subsidiary company), a project team has been established in Melbourne with Hibiscus Petroleum, 3D Oil Limited ("**3D Oil**"), and other specialists to carry out Concept and Front-end Engineering Design studies. These studies are required to progress the proposed development and will be required to obtain government approvals and bank financing. As a next step, a Final Investment Decision will be made post finalisation and confirmation of a field development plan.

In light of the Proposed Farm-In of VIC/P57 and as a first necessary step in the approvals process, 3D Oil had submitted an application for the declaration of a location covering the West Seahorse oilfield, and received such declaration from the National Offshore Petroleum Titles Administrator in Australia on 5 November 2012 which specifies that the declaration of a location will have effect from 2 November 2012. A declaration of location commences the regulatory process to convert the area with a proven hydrocarbon accumulation governed by the terms of an exploration license into an area covered and governed by the terms of an oil and/or gas production license. 3D Oil is currently preparing a production license application for the West Seahorse field.

Whilst the production license application is targeted to be made for the West Seahorse field early next year, the exploration permit for the other blocks within the VIC/P57 acreage including two identified exploration prospects, Sea Lion and Felix will continue until the end of the current exploration term. Any renewal of the exploration permit for the other blocks, if pursued, would be subject to the owners of VIC/P57 completing the specified minimum work requirements.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
23 November 2012