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

Unaudited Quarterly Financial Report
31 March 2013

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2013
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.03.2013 RM'000	QUARTER ENDED 31.03.2012 RM'000	YEAR ENDED 31.03.2013 RM'000	YEAR ENDED 31.03.2012 RM'000
REVENUE	2,313	3,173	8,516	7,961
Other income	1,705	-	1,255	-
Administrative expenses	(5,673)	(2,651)	(15,343)	(6,269)
Other expenses	(519)	(1,048)	(748)	(6,050)
Finance costs	(982)	-	(2,583)	-
Share of results in an associate:				
- share of losses	(137)	-	(137)	-
- negative goodwill arising from acquisition	7,447	-	7,447	-
Share of losses in a jointly controlled entity	(1,479)	-	(2,337)	-
PROFIT/(LOSS) BEFORE TAXATION (Note 26)	2,675	(526)	(3,930)	(4,358)
Taxation **(Note 27)**	(314)	(180)	(267)	(526)
PROFIT/(LOSS) AFTER TAXATION	2,361	(706)	(4,197)	(4,884)
Other comprehensive income/(expenses), net of tax:				
Foreign currency translation*	2,761	(1,486)	1,970	(1,314)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD/YEAR	5,122	(2,192)	(2,227)	(6,198)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:				
Owners of the Company	2,361	(706)	(4,197)	(4,884)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:				
Owners of the Company	5,122	(2,192)	(2,227)	(6,198)
EARNINGS/(LOSS) PER SHARE (sen) (Note 25)				
Basic	0.54	(0.17)	(0.96)	(1.60)
Diluted	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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

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

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2013
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 31.03.2013 RM'000	AS AT 31.03.2012 RM'000	AS AT 01.04.2011 (Date of transition) RM'000
ASSETS				
NON CURRENT ASSETS				
Investment in a jointly controlled entity		180,770	12,258	-
Investment in an associate		14,161	-	-
Intangible assets	10	44,179	-	-
Equipment		3,831	660	6
		242,941	12,918	6
CURRENT ASSETS				
Other receivables, deposits and prepayments		656	217	411
Tax recoverable		90	-	-
Amount owing by a jointly controlled entity		572	1,855	-
Fixed deposits with licensed banks		58,881	50,016	2,304
Cash and bank balances		67,108	168,508	213
		127,307	220,596	2,928
TOTAL ASSETS		370,248	233,514	2,934
EQUITY AND LIABILITIES				
EQUITY				
Share capital		4,404	4,180	*
Other reserves		247,163	234,054	-
Accumulated losses		(10,286)	(6,089)	(1,205)
		241,281	232,145	(1,205)
NON CURRENT LIABILITIES				
Convertible Redeemable Preference Shares ("**CRPS**")	11	79,369	-	-
Deferred taxation		318	41	-
		79,687	41	-
CURRENT LIABILITIES				
Other payables and accruals		5,117	628	83
Amount owing to an associate		29,677	-	-
Amount owing to related parties		-	-	3,000
Provision for taxation		6	481	-
Redeemable Convertible Preference Shares ("**RCPS**")	11	219	219	1,056
Discovery bonus payable		14,261	-	-
		49,280	1,328	4,139
TOTAL LIABILITIES		128,967	1,369	4,139
TOTAL EQUITY AND LIABILITIES		370,248	233,514	2,934
NET ASSETS/(LIABILITIES) PER SHARE (RM)		0.55	0.56	(6,025)

Note :
** - represents RM2*

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 FOURTH QUARTER ENDED 31 MARCH 2013
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<------ NON-DISTRIBUTABLE				------>		
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	OTHER RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
12 months to 31.03.2012							
At 01.04.2011	*	-	-	-	-	(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	10,928	9,366	-	-	-	**23,416**
Reclassification from Financial Liability component of the Public Issue shares	-	126,447	84,298	-	-	-	**210,745**
Total Public Issue during the financial year	3,122	137,375	93,664	-	-	-	**234,161**
Share issuance costs	-	(3,269)	(2,180)	-	-	-	**(5,449)**
Loss after taxation	-	-	-	-	-	(4,884)	**(4,884)**
Other comprehensive expenses, net of tax:							
Foreign currency translation	-	-	-	-	(1,314)	-	**(1,314)**
Total comprehensive expenses for the financial year	-	-	-	-	(1,314)	(4,884)	**(6,198)**
At 31.03.2012	4,180	137,217	98,151	-	(1,314)	(6,089)	**232,145**
12 months to 31.03.2013							
At 01.04.2012	4,180	137,217	98,151	-	(1,314)	(6,089)	**232,145**
Conversion of warrants	224	17,507	(6,558)	-	-	-	**11,173**
Equity component of CRPS	-	-	-	190	-	-	**190**
Loss after taxation	-	-	-	-	-	(4,197)	**(4,197)**
Other comprehensive income, net of tax:							
Foreign currency translation	-	-	-	-	1,970	-	**1,970**
Total comprehensive income/ (expenses) for the financial year	-	-	-	-	1,970	(4,197)	**(2,227)**
At 31.03.2013	4,404	154,724	91,593	190	656	(10,286)	**241,281**

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
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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2013
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		YEAR ENDED 31.03.2013 RM'000	YEAR ENDED 31.03.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(3,930)	(4,358)
Adjustments for:			
Interest income		(2,332)	(6,112)
Finance costs		2,583	-
Share of results in an associate			
- share of losses		137	-
- negative goodwill arising from acquisition		(7,447)	-
Share of losses in a jointly controlled entity		2,337	-
Unrealised (gain)/loss on foreign exchange		(1,005)	12
Depreciation of equipment		229	115
Qualifying acquisition expenses		46	5,706
Listing expenses		-	217
Operating loss before working capital changes		(9,382)	(4,420)
(Increase)/decrease in other receivables, deposits and prepayments		(436)	195
Increase in other payables and accruals		3,963	294
Increase in amount owing by a related party		-	(1,855)
Increase in amount owing to an associate		29,406	-
Decrease in amount owing by a jointly controlled entity		1,372	-
Cash generated from/(used in) operations		24,923	(5,786)
Interest income received		2,332	6,112
Income tax paid		(557)	(4)
Net cash generated from operating activities		26,698	322
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment		(3,400)	(769)
Qualifying acquisition expenses paid		(46)	(5,457)
Investment in an associate		(6,916)	-
Investment in a jointly controlled entity		(157,335)	(12,258)
Acquisition of intangible assets		(43,775)	-
Net cash used in investing activities		(211,472)	(18,484)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of new ordinary shares		11,173	241,161
Listing expenses paid		-	(217)
Proceeds from issuance of CRPS		79,480	-
Deposit received from a CRPS placee	*Note (a)*	500	-
Share issuance costs paid		(1,140)	(5,449)
Net cash generated from financing activities		90,013	235,495
Net change in cash and cash equivalents		(94,761)	217,333
Effects of foreign exchange rate changes		2,226	(1,326)
Cash and cash equivalents at beginning of the financial year		218,524	2,517
Cash and cash equivalents at end of the financial year		125,989	218,524

Note (a) : RM500,000 of deposit in respect of CRPS was received from a placee, held in 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 the 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 ("**Hibiscus Petroleum**" or 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) As 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 134	Interim Financial Reporting**
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 July 2012
^^ Applicable for annual periods beginning on or after 1 January 2014

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

Save as disclosed below, there were no unusual items affecting assets, liabilities, equity, net income and cash flows of the Group during the financial year ended 31 March 2013:

(i) Payment of USD51.00 million as balance settlement for acquisition of the 35% interest in Lime Petroleum Plc ("**Lime**"), a jointly controlled entity;

(ii) Payment of AUD2.04 million for the subscription of 3D Oil Limited ("**3D Oil**") shares representing 13.04% of the enlarged share capital. The investment gave rise to a negative goodwill of AUD2.4 million or RM7.4 million for the financial year as the net fair value of 3D Oil's identifiable assets and liabilities were higher than the consideration paid;

(iii) Farm-in investment of AUD27.00 million comprising a purchase consideration of AUD13.47 million for a 50.1% farm-in interest in VIC/P57 and a contribution of AUD13.53 million towards the joint operating activities of the project in respect of the farm-in interest. A payment of AUD20.25 million was made during the financial year ended 31 March 2013, whilst the balance of AUD6.75 million will be remitted at a later date in accordance with the terms of the Farm-in Agreement between Carnarvon Hibiscus Pty Ltd ("**Carnarvon Hibiscus**") and 3D Oil.

(iv) Receipt of CRPS proceeds amounting to RM79.48 million, and 5% deposit received of RM0.5 million upon the execution of the CRPS Subscription Agreement with Sri Inderajaya (Far East) Sdn Bhd ("**Sri Inderajaya**") (refer to Note 18 of this Quarterly Report).

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 year ended 31 March 2013.

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

Save as disclosed in Note 18 of this Quarterly Report, there were no other material events subsequent to the end of the financial year ended 31 March 2013.

7. CHANGES IN THE COMPOSITION OF THE GROUP

On 19 February 2013, Orient Hibiscus Sdn Bhd ("**Orient Hibiscus**"), a wholly owned subsidiary of the Company, had acquired a shelf company, HiRex Petroleum Sdn Bhd ("**HiRex**") (formerly known as Revenue Sphere Sdn Bhd), with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each ("**shares**") and a paid-up capital of RM2.00 comprising 2 shares.

Save for the above, there were no other changes in the composition of the Group during the financial quarter ended 31 March 2013.

Changes in the composition of the Group subsequent to 31 March 2013

On 13 May 2013, Orient Hibiscus had subscribed for 39,998 shares in HiRex, for a total cash consideration of RM39,998. With this subscription, Orient Hibiscus holds 40,000 shares, representing 50% of the issued and paid-up capital in HiRex, further to the earlier acquisition of 2 shares held by Orient Hibiscus in HiRex in February 2013.

On the same date, Rex South East Asia Ltd ("**Rex**") also subscribed for 40,000 shares in HiRex, for a total cash consideration of RM40,000.

With the subscription of shares by both Orient Hibiscus and Rex, HiRex is held equally by both parties.

HiRex has an authorised share capital of RM100,000 divided into 100,000 shares.

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 year ended 31 March 2013.

10. INTANGIBLE ASSETS

	Year ended 31.03.2013 RM'000	Year ended 31.03.2012 RM'000
Rights and concession	39,183	-
Conventional studies	4,996	-
	44,179	-

Rights and concession relates to capitalisation of 50.1% of the AUD20.25 million payment for the farm-in investment in VIC/P57 and its related transaction costs.

Conventional studies relate to conceptual study costs incurred for the West Seahorse field development within VIC/P57.

11. BORROWINGS, DEBT AND EQUITY SECURITIES

(i) 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 year were as follows:

		Year ended 31.03.2013	
	Par Value RM	Number Of Shares	Share Capital RM'000
ORDINARY SHARES			
At 01.04.2012	0.01	418,047,922	4,180
Conversion of Warrants-A	0.01	22,346,800	224
At 31.03.2013	0.01	440,394,722	4,404

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 year	:	22,346,800
Exercise price	:	RM0.50 per Warrant-A

(ii) 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 year ended 31 March 2013.

(iii) CRPS

During the quarter under review, the Company issued further CRPS amounting to RM10,000,000 at an issue price of RM1.00 per CRPS. The total CRPS in issuance as at 31 March 2013 amounted to RM79,480,000 at an issue price of RM1.00 per CRPS.

Details of the CRPS are as follows:

(a) The CRPS are classified as a compound financial instrument, where the instrument contains both liability and equity components. The Company has a financial liability arising from its obligation to repay interest and principal to the holders of the CRPS if they choose to redeem the CRPS in the event the balance proceeds are more than 20% of the total proceeds raised. The Company does not have an unconditional right to avoid the redemption as it does not have 100% control on the final outcome of the utilisation of the proceeds. The equity component represents the option available to the holders for the following:

(i) to redeem or convert the CRPS into new ordinary shares in the Company should less than 80% of the proceeds raised be utilised as permitted; or

11. BORROWINGS, DEBT AND EQUITY SECURITIES (CONT'D)

(iii) CRPS (Cont'd)

(ii) to convert all or part of the CRPS into new ordinary shares in the Company at the earlier of 1 May 2013 or when the market price of the ordinary shares is transacted at RM3.00 per share or more at any point in time and day after the date of issuance of the CRPS.

(b) The liability component is measured initially at the fair value of a similar liability that does not have an equity conversion option. For the purposes of determining the fair value of the liability component of the CRPS, a discount rate of 5% was used. This discount rate reflects the underlying risk of the CRPS which is backed by cash. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

The transaction costs for the issuance of 79,480,000 CRPS of approximately RM1.1 million, comprise professional fees and other expenses directly related to the issuance of the CRPS, and have been allocated to the liability and equity components in proportion to their initial carrying amounts.

The maturity date of the CRPS is 30 April 2014.

There were no other issuances, cancellations, repurchases, resale and repayments of borrowings, debt and equity securities during the financial year ended 31 March 2013.

12. SEGMENTAL INFORMATION

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas:

(i)	Investment holding	Investment in companies owning/operating oil and gas concessions.
(ii)	Lime	Group's investments and operations in the exploration assets of Lime and its subsidiaries ("**Lime Group**"), located in the Middle East and Norway.
(iii)	3D Oil & VIC/P57	Group's operations in a development asset, West Seahorse field and other exploration prospects in Australia within exploration permit VIC/P57, and investment in 3D Oil.

12. SEGMENTAL INFORMATION (CONT'D)

	Investment holding RM'000	Lime RM'000	3D Oil & VIC/P57 RM'000	Elimination RM'000	Group RM'000
Quarter ended 31.03.2013					
Revenue	2,186	-	127	-	2,313
Loss from operation	(743)	-	(1,431)	-	(2,174)
Share of results	-	(1,479)	7,310	-	5,831
Finance costs	(982)	-	(737)	737	(982)
Interest income	681	-	-	(681)	-
Taxation	1	-	(315)	-	(314)
Profit/(loss) after taxation	(1,043)	(1,479)	4,827	56	2,361
As at 31.03.2013					
Non current assets	3,823	180,770	58,348	-	242,941
Quarter ended 31.03.2012					
Revenue	3,173	-	-	-	3,173
Loss from operation	(526)	-	-	-	(526)
Taxation	(180)	-	-	-	(180)
Loss after taxation	(706)	-	-	-	(706)
As at 31.03.2012					
Non current assets	660	12,258	-	-	12,918
Year ended 31.03.2013					
Revenue	8,389	-	127	-	8,516
Loss from operation	(4,889)	-	(1,431)	-	(6,320)
Share of results	-	(2,337)	7,310	-	4,973
Finance costs	(2,583)	-	(737)	737	(2,583)
Interest income	681	-	-	(681)	-
Taxation	48	-	(315)	-	(267)
Profit/(loss) after taxation	(6,743)	(2,337)	4,827	56	(4,197)
Year ended 31.03.2012					
Revenue	7,961	-	-	-	7,961
Loss from operation	(4,358)	-	-	-	(4,358)
Taxation	(526)	-	-	-	(526)
Loss after taxation	(4,884)	-	-	-	(4,884)

13. MATERIAL COMMITMENTS

Save as disclosed below, the Group is not aware of any material capital commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group as at 31 March 2013:

	RM'000
Authorised and contracted for :	
Share of an associate's material commitments (3D Oil)	139
Share of a jointly controlled operation's material commitments (VIC/P57)	1,065
Share of a jointly controlled entity's material commitments (Lime)	10,112
Capital commitment for purchase of equipment	615
	11,931
Authorised but not contracted for :	
Share of an associate's material commitments (3D Oil)	16,000
Share of a jointly controlled operation's material commitments (VIC/P57)	121,000
	137,000

14. SIGNIFICANT RELATED PARTY TRANSACTION

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

	3 months ended		12 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Project management, technical and other services fees earned from a jointly controlled entity - Lime	1,760	1,400	6,184	1,849

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

15. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

16. PERFORMANCE REVIEW

16.1. Material Factors Affecting Financial Year-To-Date Results

Group revenue increased by RM0.5 million from RM8.0 million in the twelve-month period in the previous financial year ("**corresponding year**") to RM8.5 million in the twelve-month period in the current financial year ("**current year**").

The Company was listed in July 2011, and the revenue for the corresponding year primarily 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 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**") completed in April 2012**.** Accordingly, the revenue for the current year comprises project management, technical and other services fees from the Lime Group and interest income received.

The Group recorded RM3.9 million and RM4.4 million of loss before taxation for the current year and the corresponding year respectively.

The current year loss before taxation recorded increases primarily in personnel remuneration by RM4.7 million, finance costs by RM2.6 million and share of losses in the Lime Group and 3D Oil by RM2.5 million. The increased costs were offset by the recognition of negative goodwill of RM7.4 million arising from the subscription of 3D Oil shares during the current year.

The corresponding year's results included a non-recurring expense of RM5.7 million in respect of the Lime Acquisition mainly comprising fees for legal, technical, financial, corporate and valuation advisory services.

The increase in personnel remuneration is due to the expansion of corporate personnel as well as the project management and technical team required to provide services to the concession companies within the Lime Group and in preparation for the development of the West Seahorse prospect in VIC/P57. Accordingly, part of the Group's remuneration expenses totalling RM5.5 million was recovered from Lime and VIC/P57 through the provision of project management, technical and other services.

The finance costs include RM1.4 million arising from changes in the fair value of the discovery bonus payable to Rex Oil & Gas Ltd and RM1.2 million interest expense on the liability portion of CRPS issued. As part of the terms of the Lime Acquisition, it was agreed that USD5 million would be paid to Rex Oil & Gas Ltd if a discovery of hydrocarbons is made, and declared to be commercial by 31 December 2013 by an independent competent expert.

The Group's share of losses in the Lime Group amounting to RM2.3 million has been recognised since the completion of the Lime Acquisition. The Lime Group is currently carrying out various activities within its work programme in preparation of its multi-well drilling programme targeted to commence in the quarter ending September 2013.

16. PERFORMANCE REVIEW (CONT'D)

16.2. Material Factors Affecting Current Quarter's Results

For the current quarter under review, the Group recorded revenue of RM2.3 million, a decrease of RM0.9 million as compared to RM3.2 million in the corresponding three-month period in the prior year ("**corresponding quarter**"). Such decrease is due to lower interest income earned during the current quarter from lower placement balances arising from the consideration paid for the Lime Acquisition by RM1.2 million, offset by higher revenue earned from project management, technical and other services fees from Lime by RM0.3 million.

Despite the lower revenue, the Group recorded profit before taxation of RM2.7 million compared to loss before taxation of RM0.5 million in the corresponding quarter, primarily due to negative goodwill arising from the subscription of 3D Oil shares of RM7.4 million, and unrealised gain on foreign exchange arising from the translation of US Dollar and Australian Dollar balances of RM1.7 million offset by increase in costs by RM4.7 million.

The key increases in costs in the current quarter include personnel remuneration by RM1.4 million, the share of losses in the Lime Group and 3D Oil by RM1.6 million and finance cost by RM1.0 million comprising RM0.6 million finance costs on the liability portion of CRPS issued and RM0.4 million arising from changes in the fair value of the discovery bonus.

17. MATERIAL CHANGE IN PROFIT/(LOSS) BEFORE TAXATION IN COMPARISON TO THE PRECEDING QUARTER

The Group recorded a profit before taxation for the current quarter of RM2.7 million as compared to a loss before taxation of RM2.5 million in the three-month period ended 31 December 2012 primarily due to negative goodwill arising from subscription of 3D Oil shares of RM7.4 million, partially offset by increases in personnel remuneration of RM1.3 million and the share of losses in the Lime Group and 3D Oil of RM1.6 million.

18. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

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

The Company had made earlier announcements in respect of transaction agreements executed on 2 May 2012 between Lime and North Energy ASA[1] ("**North Energy**") to secure 50% of North Energy's interests in four concessions in the Norwegian Continental Shelf ("**NCS**") in Norway ("**Previous Agreement**").

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[1] *North Energy is a qualified petroleum exploration company, listed on the Oslo Stock Exchange, which holds participating interests in 24 production licenses on the Norwegian Continental Shelf and is operator of 2 of these licenses.*

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

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

Pursuant to being pre-qualified as a licensee in the NCS by the Norwegian Ministry of Petroleum and Energy in February 2013, Lime Petroleum Norway AS ("**Lime Norway**"), a wholly-owned subsidiary of Lime, had executed an Intellectual Property Licence Agreement with Rex Technology Management Ltd[2] ("**Rex Management**"), an affiliate of Rex Oil & Gas Ltd (the Company's partner in Lime), on 21 March 2013. This agreement grants Lime Norway the use of Rex Technology in the NCS for a period of 3 years from the date of the agreement, with renewal on an annual basis thereafter.

After performing in-depth technical evaluations including Rex Virtual Drilling[3] on the production licenses ("**PLs**") in the NCS in which North Energy holds participating interests, Lime Norway had selected six PLs to be acquired from North Energy. A revised agreement to replace the Previous Agreement was signed between Lime Norway and North Energy on 17 April 2013, which covers interests in the following PLs:-

	PL / Prospect	Previous interest to be transferred to Lime Norway	Current interest to be transferred to Lime Norway
1.	PL 503 / Valberget	12.50%	12.50%
2.	PL 503B / Valberget	-	12.50%
3.	PL 526 / Vågar	20.00%	33.33%
4.	PL 562 / Lepus	-	5.00%
5.	PL 616 / Skagastøl	-	5.00%
6.	PL 498 / Skagen	-	5.00%
7.	PL 518 / Zapffe	15.00%	-
8.	PL 530 / Heilo	10.00%	-

The total purchase consideration amounts to Norwegian Kroner ("**NOK**") 28.23 million or equivalent of USD 4.93 million[4] which comprises the consideration of NOK27.50 million (as per the Previous Agreement) plus interest.

If the transfer of interests in the PLs is not completed by 1 October 2013, Lime Norway is still obligated to settle the full consideration of NOK 28.23 million, unless the reduction in the number of transferred licenses is due to the fault of North Energy; and / or the conditions precedent are not fulfilled for at least 4 of the 6 PLs through no fault of Lime Norway.

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[2] *Rex Management has been provided full ownership of Rex Technology through the recent execution of a Novation Agreement between Rex Oil & Gas Ltd, Lime and Rex Management, and the signing of an Assignment Agreement between Rex Oil & Gas Ltd and Rex Management.*

[3] *Rex Virtual Drilling, a proprietary technology of Rex Management, is a software-based tool which relies on the phenomenon of resonance in acquired seismic data to detect hydrocarbon deposits and predict oil in-place volumes.*

[4] *The exchange rate used for this Quarterly Report is 1 NOK : USD0.1745.*

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

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

Save for the above, since the last Quarterly Report announced on 25 February 2013, there has been no other change in the status of the proposed acquisition of Norwegian interests from North Energy by Lime Norway.

(ii) Proposed Private Placement of CRPS

The Company had 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 ("**Private Placement of CRPS**").

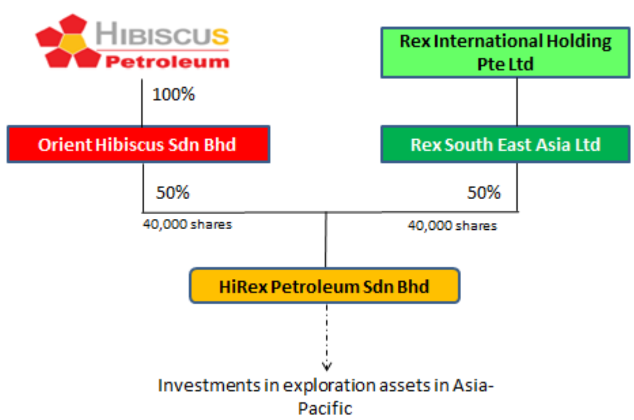
In January 2013, the Company had executed two additional subscription agreements with a combined value of RM20 million, thereby increasing the total CRPS subscription agreements executed to RM89.48 million out of the total maximum of RM210 million which may be raised under the Private Placement of CRPS.

One of the executed subscription agreements for the proposed subscription of RM10 million CRPS is with Sri Inderajaya, an entity which is connected to a director of the Company.

As at the date of this Quarterly Report, the Company has allotted and issued a total of 79,480,000 CRPS to six CRPS placees. The proposed subscription by Sri Inderajaya is subject to the approval of shareholders at an Extraordinary General Meeting to be held by the Company.

(iii) HiRex : Joint Venture with Rex

On 21 March 2013, the Company's wholly owned subsidiary, Orient Hibiscus, had entered into an equal joint venture arrangement with Rex ("**Joint Venture**"), to pursue investments in exploration assets in 11 countries within the Asia Pacific region, namely Malaysia, New Zealand, the Philippines, Vietnam, Australia, Thailand, Brunei, Papua New Guinea, Indonesia, Myanmar and Cambodia, and offshore areas associated with these countries ("**Territory**").



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

(iii) HiRex : Joint Venture with Rex (Cont'd)

Rex, incorporated in the British Virgin Islands, is an affiliate of Rex Oil & Gas Ltd.

The Joint Venture was formalised through the execution of the following agreements:

(a) Shareholders' Agreement between Orient Hibiscus, Rex, Hibiscus Petroleum, Rex International Holding Pte Ltd and HiRex. This agreement provides HiRex with a first right of refusal utilising Rex Technology in the Territory, to participate in exploration asset opportunities (either directly in the asset or indirectly through an entity owning the asset) in the Territory.

(b) Intellectual Property Licence Agreement between HiRex and Rex Management. This agreement grants HiRex the use of Rex Technology within the Territory for a period of 5 years from the date of the agreement, with a renewal of a further period of 3 years, and on an annual basis thereafter.

(c) Support Services Agreement between Orient Hibiscus and HiRex for the provision of support services by Orient Hibiscus pertaining to various technical, business development and financial services, and/or such other services as may be required by HiRex.

As at the date of this Quarterly Report, Orient Hibiscus and Rex hold 50% each in HiRex.

(iv) Compliance with the Securities Commission's Bumiputera Equity Condition

In its approval for the listing of Hibiscus Petroleum, the Securities Commission ("**SC**") had imposed the condition that the Company has 12.5% Bumiputera equity interest within 1 year from the completion of its qualifying acquisition. The qualifying acquisition was completed on 18 April 2012.

On 17 April 2013, the Ministry of International Trade and Industry ("**MITI**") had, vide its letter dated 17 April 2013, recognised a total of 12.58% Bumiputera equity interest in Hibiscus Petroleum.

Following this letter from MITI, Hibiscus Petroleum has complied with the SC's Bumiputera equity condition within the deadline imposed by the SC.

19. PROSPECTS OF THE GROUP

Through our interest in Lime, our Group has access to 4 oil and gas concessions in the Middle East and potentially another 6 concessions in Norway (upon completion of the proposed acquisition of these Norwegian concessions). All the Middle East and Norwegian concessions are currently at early to advanced exploration stages.

In addition, we have acquired a 13.04% interest in 3D Oil, an Australian Securities Exchange ("**ASX**")-listed company which is involved in the exploration and development of upstream oil and gas assets. Our Group also holds a direct 50.1% stake in exploration permit VIC/P57, located offshore northwest of the Gippsland Basin, Australia. The farm-in into VIC/P57 which contains a development asset, namely the discovered West Seahorse field, combined with two identified exploration prospects, has served to balance our portfolio with more moderate and low risk assets.

19. PROSPECTS OF THE GROUP (CONT'D)

Our Group is planning a busy year of high impact initiatives at corporate and operational levels to meet shareholders' expectations. Such initiatives include the following :-

(i) Continue progressing the work programme on the existing assets under Lime Group

A 2-well drilling programme is targeted to commence in Block 50 Oman in the quarter ending September 2013. Currently, three viable prospects are being surveyed for drill site suitability ahead of drilling. Two out of three of these prospects are expected to be less costly to drill as previously envisaged and if successful, would at the same time, significantly reduce exploration risks associated with the acreage and increase the commercial potential. Negotiations are ongoing with drilling rig vendors and drilling contractors to identify the most suitable available rig. If the drilling programme is successful, and with an early production system in place, production from drilling is expected in the quarter ending March 2014.

Farm-out activities for the Sharjah and RAK North Offshore Concessions are also ongoing for target drilling commencement by 2014.

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

(ii) Continue development activities in West Seahorse, Gippsland Basin, Australia

After a comprehensive review, an offshore solution for the exploitation of the West Seahorse field has been selected as it is believed to reduce time to first oil by 6 months, reduces capital expenditure and is a proven development concept in the Bass Strait.

The production license application was submitted to the National Offshore Petroleum Titles Authority in April 2013. A final Field Development Plan was submitted in May 2013 for which regulatory approval is expected in the quarter ending December 2013. Immediately following such approval, a formal tender process for major contracts will be initiated.

Oil production is targeted for by the quarter ending March 2015.

An update of status of development activities in relation to the West Seahorse field is detailed in the accompanying report (Part C) to this Quarterly Report.

(iii) Pursuing high-impact exploration opportunities in the Asia-Pacific region

Our Company has tied-up with Rex to form an equal joint-venture company, HiRex, to focus on exploration investments in the Asia-Pacific region.

This joint venture is an attractive business expansion opportunity for our Group for the following reasons:

(a) HiRex will be the early adopter of Rex Virtual Drilling, a state-of-the-art exploration tool, in this region, and has the first right of refusal to use Rex Technology to identify valuation concessions in Malaysia, New Zealand, the Philippines, Vietnam, Australia, Thailand, Brunei, Papua New Guinea, Indonesia, Myanmar and Cambodia.

19. PROSPECTS OF THE GROUP (CONT'D)

(iii) Pursuing high-impact exploration opportunities in the Asia-Pacific region (Cont'd)

(b) HiRex will leverage on the extensive industry experience and business network of our team, thereby having the ability to fully exploit the capability of Rex Technology.

(c) Using Rex Technology, HiRex will be well positioned to identify, select and secure equity positions in high impact exploration assets.

(iv) Leveraging on our access to Rex Technology

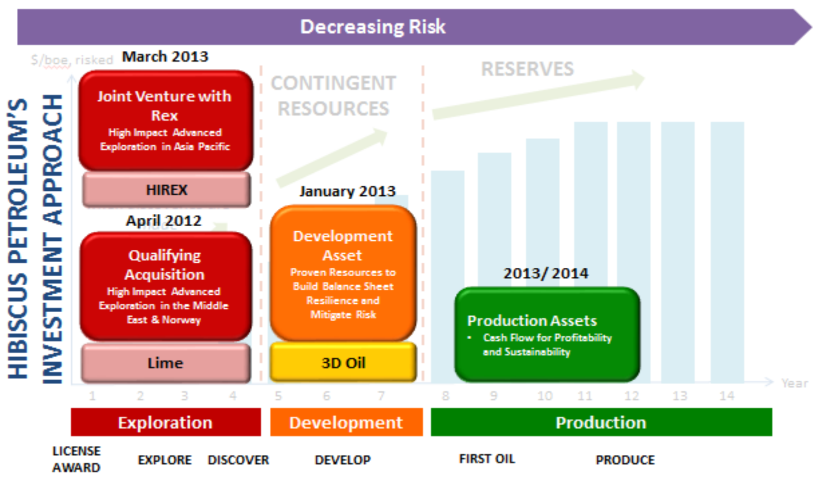
In March 2013, the results of some eight "blind" tests using the Rex Virtual Drilling technology conducted over several months by North Energy in the NCS repeatedly indicated the accuracy of Rex Technology in predicting the presence or absence of oil without physically drilling a well. The technology was highly successful in predicting whether each well that had been drilled in the tested areas was dry, had traces of oil or if it had substantial oil reserves associated with it.

The success of Rex Technology substantially de-risks exploration whilst enjoying high impact value accretion. The highest value accretion within the exploration, development and production value chain occurs in the exploration phase upon commercial discovery.

To-date, our Group has secured access to Rex Technology as follows :

(a) Exclusive use of Rex Technology in 15 countries in the Middle East (through Lime).
(b) Use of Rex Technology on a project basis in Norway.
(c) First right of refusal to use Rex Technology in 11 countries in the Asia-Pacific region (through HiRex).

(v) Balancing the portfolio of assets through future acquisitions of development and/or producing assets



19. PROSPECTS OF THE GROUP (CONT'D)

(v) Balancing the portfolio of assets through future acquisitions of development and/or producing assets (Cont'd)

The farm-in into VIC/P57 in January 2013 was part of our Group's efforts to balance our portfolio with more moderate and low risk assets. Although investments in such assets may not deliver large returns (relative to exploration assets), it would serve to mitigate the Group's exploration related investment risks, whilst further enhancing the market value of our equity investment in 3D Oil.

Going forward, the Group plans to acquire production assets to provide a stream of cashflows to ensure the long-term sustainability of the Group.

20. PROFIT FORECAST AND PROFIT GUARANTEE

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

21. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the financial year ended 31 March 2013.

22. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

Save for the subscription of 30,963,000 shares in 3D Oil, a company listed on the ASX, there was no other purchase or disposal of quoted securities during the financial year ended 31 March 2013.

23. 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.

24. MATERIAL LITIGATION

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

25. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the quarter/year.

		3 months ended		12 months ended	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
Profit/(loss) after taxation attributable to owners of the Company (RM'000)	(A)	2,361	(706)	(4,197)	(4,884)
Weighted average number of shares in issue ('000)	(B)	440,344	418,048	436,890	304,987
Basic earnings/(loss) per share (sen)	(A/B)	0.54	(0.17)	(0.96)	(1.60)

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

The fully diluted earnings/(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 for the financial year.

26. PROFIT/(LOSS) BEFORE TAXATION

	3 months ended		12 months ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Interest income	(553)	(1,773)	(2,332)	(6,112)
Forfeiture of CRPS deposit	-	-	(250)	-
Finance costs	982	-	2,583	-
Unrealised (gain)/loss on foreign exchange	(1,705)	11	(1,005)	12
Realised loss on foreign exchange	445	-	473	-
Depreciation of equipment	74	45	229	115
Qualifying acquisition expenses	-	992	46	5,706
Listing expenses	-	-	-	217
Negative goodwill arising from acquisition of an associate	(7,447)	-	(7,447)	-
Share of losses in an associate	137	-	137	-
Share of losses in a jointly controlled Entity	1,479	-	2,337	-

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 year ended 31 March 2013.

27. TAXATION

	3 months ended		12 months ended	
	31.03.2013 RM'000	31.03.2012 RM'000	31.03.2013 RM'000	31.03.2012 RM'000
Income taxation	1	(139)	7	(485)
Deferred taxation	(315)	(41)	(274)	(41)
	(314)	(180)	(267)	(526)

The Group's taxation for the financial year ended 31 March 2013 relates to provision for deferred taxation and reversal of overprovision of income tax in previous financial year.

The deferred taxation for the financial year ended 31 March 2013 mainly relates to timing differences arising during the financial year.

28. REALISED AND UNREALISED ACCUMULATED LOSSES

	Year ended 31.03.2013 RM'000	Year ended 31.03.2012 RM'000
Analysis of accumulated losses:		
Realised	(10,884)	(6,036)
Unrealised	687	(53)
	(10,197)	(6,089)
Less: Consolidation adjustments	(89)	-
	(10,286)	(6,089)

AUTHORISED FOR ISSUE

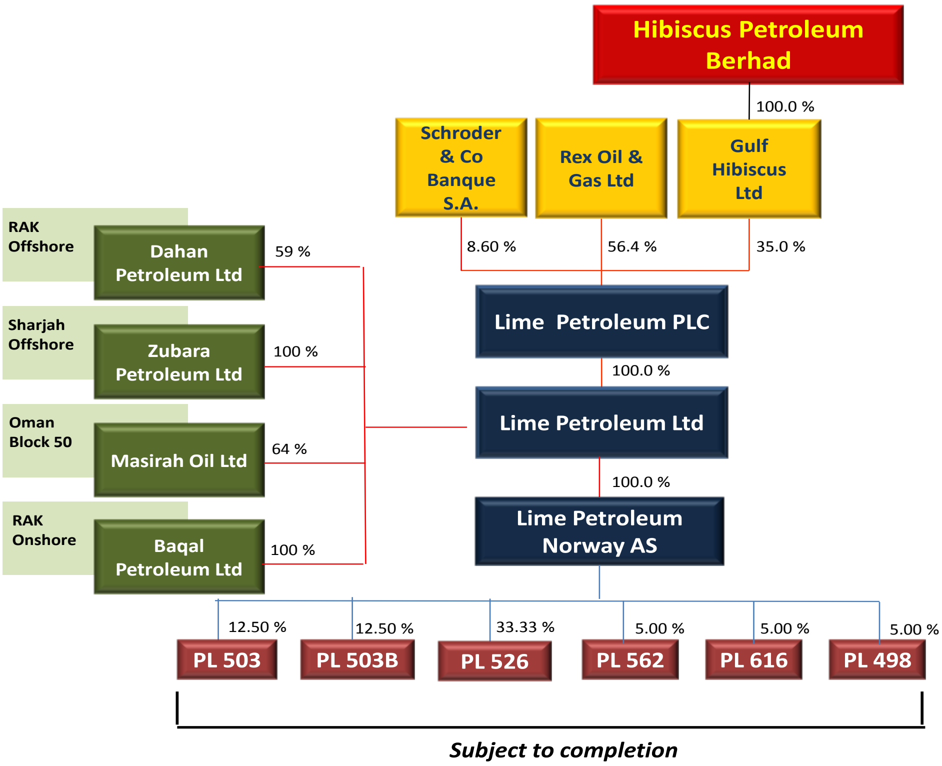
The Quarterly Report is authorised for issue by the Board in accordance with a resolution of the Board of Directors dated 23 May 2013.

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 financial year ended 31 March 2013, the total expenditure incurred by the Lime Group is set out below:

	Quarter ended 31.03.2013 RM'000	Year ended 31.03.2013 RM'000
Intangible exploration and evaluation assets	8,046	54,774
Administrative expenses	4,788	12,002
	12,834	66,776

	As at 31.03.2013 RM'000
Loan to North Energy ASA ("**North Energy**")*	14,561

* *The loan to North Energy of NOK27.5 million is essentially a prepayment for the Proposed Acquisition of Norwegian Interests by Lime Petroleum Norway AS ("**Lime Norway**"), for which an interest at the rate of 4.00% per annum is earned.*

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

1.1 Lime Group Structure (Cont'd)

The 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 ("**UAE**") ("**RAK North Offshore Concession**")
- RAK Onshore Concession in Ras Al Khaimah, UAE ("**RAK South Onshore Concession**")
- Sharjah Offshore Concession in Sharjah, UAE ("**Sharjah East Coast Concession**")

(ii) Norway

- PL 503/Valberget
- PL 503B/Valberget
- PL 526/Vågar
- PL 562/Lepus
- PL 616/Skagastøl
- PL 498/Skagen

1.2 Middle East Activities

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

(i) Seismic activities

A 2D and 3D seismic data acquisition programme 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) <u>Block 50 Oman Concession</u>

Both the 2D and 3D seismic data for Block 50 Oman Concession have now been processed and interpreted using both conventional analysis and Rex Virtual Drilling[1].

[1] *Rex Virtual Drilling, a proprietary technology of Rex Management, is a software-based tool which relies on the phenomenon of resonance in acquired seismic data to detect hydrocarbon deposits and predict oil in-place volumes.*

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

1.2 Middle East Activities (Cont'd)

(i) Seismic activities (Cont'd)

(a) Block 50 Oman Concession (Cont'd)

Through the use of Rex Virtual Drilling, applied on new and vintage seismic data, two new prospects have been identified and high-graded. These prospects were not identified or included in the original reports by Aker Geo AS (**"Aker Geo"**) and Pareto Securities Asia Pte Ltd ("**Pareto**") (which were used in 2011 as a basis of valuing the Lime concessions).

Currently, three viable prospects (which include the two new recently identified prospects mentioned above) are being surveyed for drill site suitability ahead of drilling. In the course of the site surveys, further more detailed 2D seismic over the two new prospects has been carried out. This has re-affirmed early studies and locations, and now better defines the prospects.

The two new prospects are expected to be less costly to drill compared to prospects which were included in the Aker Geo or Pareto valuation reports and if successful, will significantly reduce exploration risks associated with the acreage whilst also increasing the commercial potential.

All other previously identified prospects recorded in the 2011 Aker Geo report at time of preparation still remain as viable conventional prospects.

Additionally, an infill 2D seismic program and a pseudo 100 metre spacing 3D seismic swath were acquired in the quarter ended March 2013. It was acquired to better delineate the two new prospects that were identified on 2012 2D seismic and on older sparse spaced 2D seismic data. The survey was completed on the 18 April 2103. Processing of the 2013 seismic was completed in mid-May 2013. Interpretation is on-going and expected to be completed at end May 2013.

(b) RAK North Offshore Concession

Preliminary Rex Virtual Drilling studies have been completed with several very positive prospects identified. The additional 3D seismic data acquired by others in 1984 has now been interpreted and confirms the virtual drilling anomalies found in the 2D data. A prospect has been prioritised that is confirmed by conventional evaluation, sequence stratigraphy and virtual drilling and a well prognosis has been developed.

(c) RAK South Onshore Concession

The integration of seismic, grav-mag data has now been completed and has identified areas for the future seismic acquisition.

The tender for the seismic acquisition over the area has been completed and is under evaluation.

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

1.2 Middle East Activities (Cont'd)

(i) Seismic activities (Cont'd)

(d) Sharjah East Coast Concession

Studies looking to integrate the petrophysics related to 3 previous wells and other recent studies are ongoing. Further work will be undertaken by a third party. Rex Virtual Drilling will continue to be used over prospective areas to align the conventional analysis with virtual drilling anomalies.

(ii) Drilling programme

In early 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. Hibiscus Petroleum's representatives were assigned to the SPD office in Dubai to oversee the work of developing the drilling strategy, in addition to other well engineering activities. The team has also been overseeing the tender process related to the procurement of various other services that will be required as part of the drilling programme.

Following the issue and submission of tenders, the majority of evaluations are now either complete or at the commercial stage. Placing of purchase orders for long lead time items has been completed with the delivery of material starting in May 2013. The remaining orders for other equipment and drilling related services are almost complete and will be finalised in the quarter ending June 2013.

Marine survey work in Block 50 Oman is completed and the Environmental Impact Assessment ("**EIA**") submission has taken place and approval is expected in late May 2013. The geotechnical and geophysical surveys at each of the 3 prospect locations has taken place and preliminary information shows that it is suitable for both mat and independent leg drilling rigs.

The work to set up the logistics/supply base in the Duqm port in Oman to receive material shall commence soon. Negotiations are ongoing with drilling rig vendors and drilling contractors to identify suitable available rigs for Block 50. Several options are available and negotiations are in progress. With an early production system in place, production from drilling is expected in the quarter ending March 2014.

Preliminary technical work is continuing with SPD in preparation for the drilling of a well in the RAK North Offshore Concession.

As reported previously, the team is continuously monitoring the market to identify available rigs suitable for the RAK North Offshore Concession taking into account the anticipated technical challenges.

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

1.2 Middle East Activities (Cont'd)

Concluding Remarks

The work programme for the Middle East activities to-date has been performed without any safety related incidents occurring.

1.3 Norway Activities

Subsequent to the last quarter, Lime Norway has been pre-qualified as a licensee in the Norwegian Continental Shelf ("**NCS**") by the Norwegian Ministry of Petroleum and Energy.

This approval endorses Lime Norway as a qualified oil and gas player in Norway, thus allowing the company to directly assume participating interests in partner-operated licenses in the NCS.

The pre-qualification process, which usually takes several months and requires new entrants to demonstrate sufficient technical expertise such as in geological and geophysical areas and sound financial ability, is part of the Norwegian Government's efforts to attract both established and new oil and gas players who can contribute to efficient and safe domestic exploration activities.

Pursuant to in-depth technical evaluations which included Rex Virtual Drilling, Lime Norway had finalised its selection of production licenses to be acquired from North Energy, and a revised agreement to replace the earlier agreement was signed between Lime Norway and North Energy on 17 April 2013.

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

During the financial year ended 31 March 2013, the total expenditure incurred by permit VIC/P57 amounted to :

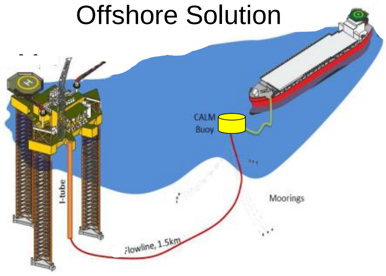
	Quarter ended 31.03.2013 RM'000	Year ended 31.03.2013 RM'000
Conventional studies	9,972	9,972

The Farm-In to VIC/P57 was completed on 8 January 2013. An integrated project team has been established in Melbourne, Australia led by Carnarvon Hibiscus Pty Ltd ("**Carnarvon Hibiscus**") (a subsidiary of Oceania Hibiscus Sdn Bhd). The development concept for the West Seahorse field has now been finalised and the current focus of the team is the Front End Engineering Design ("**FEED**") of the selected concept.

Following a comprehensive review of a variety of alternatives, the Carnarvon Hibiscus / 3D Oil joint venture has selected an offshore solution for the exploitation of the West Seahorse field. The development will consist of production via two wells to a leased Mobile Offshore Production Unit ("**MOPU**") to a tanker serving as a Floating Storage and Offloading ("**FSO**") Vessel.

2. DEVELOPMENT ACTIVITIES IN RELATION TO THE WEST SEAHORSE FIELD, VIC/P57, GIPPSLAND BASIN, AUSTRALIA (CONT'D)

Offshore Solution



Advantages of the offshore solution include:

- Reduces time to first oil by 6 months;
- Reduces the capital expenditures;
- Is a proven development concept in the Bass Strait; and
- Opens crude oil sales options to both domestic and international markets.

The Production License application was submitted to the National Offshore Petroleum Titles Authority ("**NOPTA**") in April 2013. The final Field Development Plan has been submitted to NOPTA in May 2013. Regulatory approval is expected to be received in the quarter ending December 2013.

Tender packages for all major contracts are being prepared leading to the formal tender process during the second half of 2013 and contract award immediately following regulatory approval. Oil production is targeted for by the quarter ending March 2015.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
23 May 2013