HIBISCUS PETROLEUM BERHAD

(Company No : 798322-P)
(Incorporated in Malaysia)

Unaudited Quarterly Financial Report
31 December 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31.12.2015 RM'000	QUARTER ENDED 31.12.2014 RM'000	PERIOD ENDED 31.12.2015 RM'000	PERIOD ENDED 31.12.2014 RM'000
REVENUE		955	2,379	1,200	4,550
Other income		85	10,077	24,083	10,771
Administrative expenses		(98,478)	(11,195)	(111,842)	(17,822)
Other expenses		(3,582)	(6,952)	(7,035)	(10,465)
Finance costs		(181)	-	(206)	-
Share of results of an associate		(103)	(966)	(205)	(1,029)
Share of results of joint ventures		(62,853)	(3,977)	(65,393)	(6,605)
LOSS BEFORE TAXATION	25	(164,157)	(10,634)	(159,398)	(20,600)
Taxation	26	(9)	(24)	(19)	665
LOSS AFTER TAXATION		(164,166)	(10,658)	(159,417)	(19,935)
LOSS AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		(164,166)	(10,658)	(159,417)	(19,935)
LOSS PER SHARE (SEN)					
Basic	24	(16.32)	(1.20)	(16.18)	(2.87)
Diluted	24	(16.32)	(1.20)	(16.18)	(2.87)

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2015 RM'000	QUARTER ENDED 31.12.2014 RM'000	PERIOD ENDED 31.12.2015 RM'000	PERIOD ENDED 31.12.2014 RM'000
LOSS AFTER TAXATION	(164,166)	(10,658)	(159,417)	(19,935)
Other comprehensive (expenses)/income:				
Items that may be subsequently reclassified to profit and loss:				
- Foreign currency translation*	(2,305)	11,870	45,028	13,392
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE QUARTER/PERIOD	(166,471)	1,212	(114,389)	(6,543)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:				
Owners of the Company	(166,471)	1,212	(114,389)	(6,543)

** 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 period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 31.12.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000
ASSETS			
NON-CURRENT ASSETS			
Investment in an associate		3,798	5,022
Investments in joint ventures		238,970	259,310
Intangible assets		182,039	144,774
Equipment		52,871	55,451
		477,678	464,557
CURRENT ASSETS			
Other receivables, deposits and prepayments		68,771	67,477
Amounts owing by joint ventures		1,828	12,102
Amount owing by a joint operation		716	-
Amount owing by an associate		773	970
Cash and bank balances		8,483	5,930
		80,571	86,479
TOTAL ASSETS		558,249	551,036
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	10,832	9,278
Other reserves		681,611	574,403
Accumulated losses		(231,361)	(71, 944)
		461,082	511,737
CURRENT LIABILITIES			
Other payables and accruals		95,469	26,970
Amount owing to an associate		1,438	11,849
Amount owing to a joint venture		-	240
Amount owing to a joint operation		1	-
Provision for taxation		40	21
Redeemable Convertible Preference Shares ("**RCPS**")		219	219
		97,167	39,299
TOTAL LIABILITIES		97,167	39,299
TOTAL EQUITY AND LIABILITIES		558,249	551,036
NET ASSETS PER SHARE (RM)		0.43	0.55

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements

HIBISCUS PETROLEUM BERHAD
(Company No : 798322-P)
(Incorporated in Malaysia)
QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015

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**
6 months to 31.12.2015							
As at 01.07.2015	9,278	535,731	-	241	38,431	(71,944)	511,737
Issuance of shares	1,554	59,679	-	-	-	-	61,233
Share-based payment	-	-	-	75	-	-	75
Change in composition of a a joint venture	-	-	-	2,426	-	-	2,426
Loss after taxation	-	-	-	-	-	(159,417)	(159,417)
Other comprehensive income, net of tax: - Foreign currency Translation	-	-	-	-	45,028	-	45,028
Total comprehensive income/(expenses) for the period	-	-	-	-	45,028	(159,417)	(114,389)
As at 31.12.2015	10,832	595,410	-	2,742	83,459	(231,361)	461,082
6 months to 31.12.2014							
As at 01.07.2014	5,892	328,141	64,654	110	5,322	(7,117)	397,002
Conversion of warrants	3,024	178,996	(64,654)	-	-	-	117,366
Share-based payment	-	-	-	66	-	-	66
Unexercised warrant reserve	-	-	-	-	-	423	423
Loss after taxation	-	-	-	-	-	(19,935)	(19,935)
Other comprehensive income, net of tax: - Foreign currency translation	-	-	-	-	13,392	-	13,392
Total comprehensive income/(expenses) for the period	-	-	-	-	13,392	(19,935)	(6,543)
As at 31.12.2014	8,916	507,137	-	176	18,714	(26,629)	508,314

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(159,398)
Adjustments for:	
Depreciation of equipment	7,035
Interest income	(76)
Unrealised gain on foreign exchange	(17,464)
Finance costs	206
Impairment of investment in an associate	1,944
Impairment of intangible assets	84,531
Share of results of an associate	205
Share of results of joint ventures	65,393
Operating loss before working capital changes	(17,624)
Other receivables, deposits and prepayments	25,730
Other payables and accruals	59,563
Amount owing by a joint operation	(716)
Amounts owing by joint ventures	11,843
Amount owing to a joint venture	(240)
Amount owing by an associate	244
Amount owing to an associate	(11,025)
Cash generated from operating activities	67,775
Tax paid	(1)
Net cash generated from operating activities	67,774
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(95)
Interest received	76
Deposit for an investment	(19,456)
Acquisition of intangible assets	(108,483)
Net cash used in investing activities	(127,958)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of ordinary shares	61,234
Cash advances	4,837
Net cash generated from financing activities	66,071
Net increase in cash and cash equivalents	5,887
Effects of foreign exchange rate changes	(3,334)
Cash and cash equivalents at beginning of the financial period	5,930
Cash and cash equivalents at end of the financial period	8,483

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

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 Group's audited financial statements for the financial period ended 30 June 2015 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 the Group since the financial period ended 30 June 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial period ended 30 June 2015. There were no new standards, amendments to published standards and Issue Committee ("**IC**") Interpretations that came into effect on 1 July 2015.

2.1 Standards issued but not yet effective

At the date of authorisation of the Quarterly Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

Description		**Effective for financial periods beginning on or after**
Amendment to MFRS 11	*Joint Arrangements*	1 January 2016
Amendments to MFRS 116 and MFRS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 127	*Separate Financial Statements*	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	(Amendments to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, MFRS 7 *Financial Instruments: Disclosures*, MFRS 134 *Interim Financial Reporting*)	1 January 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Standards issued but not yet effective (cont'd)

Description		Effective for financial periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 128	*Investment entities – Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101	*Presentation of Financial Statements*	1 January 2016
MFRS 15	*Revenue from Contracts with Customers*	1 January 2018
MFRS 9	*Financial Instruments*	1 January 2018

The Group will adopt the above standards and amendments when they become effective in the respective financial periods. The Group is in the process of making an assessment of the impact of the adoption of these standards and amendments to existing standards.

3 SEASONAL OR CYCLICAL FACTORS

The Group's operations were not significantly affected by any seasonal or cyclical factors.

4 SIGNIFICANT/UNUSUAL ITEMS

Save as disclosed below, there were no other significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 31 December 2015:

(i) Proposed call option between HiRex Petroleum Sdn. Bhd. ("**HIREX**") and Carnarvon Hibiscus Pty Ltd ("**CHPL**") to grant CHPL a call option to acquire 100% of the entire issued and paid-up share capital of HiRex (Australia) Pty Ltd ("**HIREX Australia**"), for a call option price of USD1.00

HIREX had on 14 August 2015 entered into a call option agreement with CHPL whereby HIREX had granted CHPL a call option to acquire 100% of the entire issued and paid-up share capital of HIREX Australia, for a call option price of USD1.00 ("**Proposed Call Option**"). CHPL had on the same day exercised the Proposed Call Option. Therefore, the Group has 78.35% effective interest in the VIC/P57 Exploration Permit ("**VIC/P57**") as at 4 September 2015, upon completion of the transaction contemplated in the Proposed Call Option.

On 7 October 2015, HIREX Australia's name was changed to Gippsland Hibiscus Pty Ltd.

Please refer to our announcements dated 14 August 2015 and 4 September 2015.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(ii) The proposed placement of up to 89,164,225 new ordinary shares of RM0.01 each in the Company ("**Hibiscus Petroleum Shares**"), pursuant to the approval obtained from the shareholders of the Company at its Annual General Meeting for the Board to allot and issue new Hibiscus Petroleum Shares not exceeding 10% of the Company's issued share capital for the time being, pursuant to Section 132D of the Companies Act, 1965 ("**Placement Shares**")

Subsequent to the financial period ended 30 June 2015, the Company issued 53,027,700 Placement Shares, raising a total of RM38,314,775.

The Placement Shares exercise was completed on 6 August 2015 with a total of 89,164,200 new ordinary shares issued.

Please refer to our announcements dated 1 July 2015, 13 July 2015, 14 July 2015, 29 July 2015, 4 August 2015, 5 August 2015 and 6 August 2015.

(iii) On 11 September 2015, the Company announced that it proposes to undertake the placement of up to 326,935,484 new ordinary shares in the Company ("**New Placement Shares**"), representing up to 25% of the enlarged issued and paid-up ordinary share capital of the Company ("**Proposed Placement**").

Please refer to Part B, Item 17 (i) of this Quarterly Report for further details.

(iv) Proposed acquisition of the entire equity interest in Talisman Resources (JPDA 06-105) Pty Limited ("**Talisman Resources JPDA**")

On 23 June 2014, the Company announced that its wholly-owned subsidiary, Timor Hibiscus Limited ("**Timor Hibiscus**"), had entered into a conditional share sale agreement ("**SSA**") with Talisman Oil & Gas (Australia) Pty Limited ("**Talisman Oil & Gas**") and the Company (as Timor Hibiscus' guarantor) to acquire the entire equity interest in Talisman Resources JPDA, which in turn holds a 25% interest in the Kitan producing oilfield for a purchase price of USD18 million.

A sum of USD13 million had been remitted into a joint escrow account in accordance with the terms of the SSA.

The Company subsequently terminated the agreement on 1 June 2015, as conditions precedent were not fully satisfied by the cut-off date of 31 May 2015, as stipulated within the SSA. Talisman Oil & Gas had disputed the termination of the SSA by the Company. At the date of this report, all matters relating to the dispute have been resolved.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(v) On 11 November 2015, the Company announced that its wholly-owned subsidiary, CHPL advised that wireline evaluation and sampling of formation fluids over the 6 zones of interest identified on preliminary Sea Lion-1 data had been completed. This work confirmed that no zones of commercial hydrocarbons were encountered in the Sea Lion-1 well. The well was plugged and abandoned and operations at the drilling location were completed. Despite this, the Group plans to continuously explore other potential prospects within the permit.

Please refer to our announcements dated 11 November 2015 and 16 November 2015 and to Part C, Item 2 of this Quarterly Report for further details.

In the quarter ended 31 December 2015, the Group recognised an impairment of RM84.5 million following its assessment of its carrying value of the permit.

(vi) Lime Petroleum Plc ("**Lime Plc**") and its concession companies ("**Lime Group**")

- Lime Petroleum Norway AS ("**Lime Norway**")

  Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or the "**Company**") has (among others) made several disclosures to Bursa Securities on 14 December 2015, 24 December 2015, 30 December 2015, 21 January 2016, 26 January 2016, 4 February 2016, 10 February 2016 and 12 February 2016 in respect of certain actions ("**Dilutive Actions**") on the part of parties related to Rex Middle East Ltd ("**Rex**") and Schroder & Co Banque S.A. ("**Schroder**"). These Dilutive Actions specifically refer to the equity interests held by Lime Plc in Lime Norway.

  On 23 December 2015, Gulf Hibiscus Limited ("**Gulf Hibiscus**"), a wholly-owned subsidiary of the Company filed an application for leave in the Isle of Man courts ("**Application for Leave**") to make claims on behalf of Lime Plc against 3 directors of Lime Plc, namely;

  - Laurence Keenan ("**Keenan**");
  - Karl Helge Tore Lidgren ("**Lidgren**"); and
  - Simon Comina ("**Comina**"),

  relating to breach of trust and/or breach of fiduciary duty on the part of those directors, particularly with regard to their conduct in relation to the Dilutive Actions. The court hearing for the Application for Leave is scheduled to be held on 21 April 2016.

  In view of the current uncertainty but without prejudice to the Group's legal position and rights (all of which are fully reserved) and without accepting the purported dilution in any way, the Company has decided to adopt a prudent approach in relation to the accounting treatment for this matter and accounted for the purported dilution in its financial statements for the quarter/period ended 31 December 2015.

  In addition, the Company intends to perform an impairment assessment once sufficient and reliable information relating to Lime Plc's actual current investment in both Lime Norway and Masirah Oil Limited ("**Masirah**") is available. Such assessment, on the carrying value of the Company's investment in Lime Plc/Lime Group of RM233.4 million, is expected to be undertaken for its financial year ending 30 June 2016.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

The rationale for the Company adopting this accounting treatment position is based on the following:

- since the commencement of the Application for Leave, no information ordinarily expected for financial reporting purposes has been shared with Gulf Hibiscus by Lime Plc relating to Lime Norway, and the Company therefore does not have access to all relevant information;
- since the commencement of the Application for Leave, no information relating to the operations of Lime Norway has been shared with Gulf Hibiscus by Lime Plc, and the Company therefore does not have access to all relevant information; and
- the Company is embarking on the next phase of its evolution as an oil producer in the United Kingdom sector of the North Sea and the Company does not (as far as is reasonably practicable) wish to maintain entries in its financial statements which may be subject to write-off at a future date in the event that the legal claims against Messrs Keenan, Lidgren and Comina and other relevant parties are not successful. In the event that the Application for Leave and/or other relevant claims are successful, and the Group is able to enforce its claims on the responsible parties, these will be duly reflected in the Company's profit/loss statements accordingly.

The currently estimated total claim amount potentially accruing to the benefit of Gulf Hibiscus upon a successful outcome of the Application for Leave and the underlying claims is approximately USD35 million and above. The shareholders of the Company should be assured that the Company will take appropriate steps to protect the interests of the Group.

All rights of the Group are fully reserved.

- Masirah

In respect of Masirah, the corporate proposal/restructuring exercise undertaken by Masirah (including the new issuance of shares by Masirah) was not duly approved by Lime Plc and are contentious.

The above position is subject to (among others) ongoing legal review and consideration and the rights of the Company and Gulf Hibiscus are fully reserved.

The Company wishes to reiterate that it regards the actions taken by certain parties to dilute the interest of Lime Petroleum Limited, a wholly-owned subsidiary of Lime Plc, in Masirah to be improper.

Similar to Lime Norway, since the commencement of the Application for Leave, the material information relating to Masirah which is ordinarily expected for proper financial reporting purposes has not been shared with Gulf Hibiscus and the Company therefore does not have access to all relevant information. The same position applies with regard to information relating to the operations of Masirah, as such information has also not been shared by Lime Plc with Gulf Hibiscus and the Company therefore does not have access to all relevant information

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

Accordingly, In view of the current uncertainty but without prejudice to the Group's legal position and rights (all of which are fully reserved) and without accepting the purported dilution in any way, the Company has adopted a prudent financial approach and has accounted for the purported dilution relating to Masirah and the Block 50 Concession in the Sultanate of Oman in its financial statements for the quarter/period ended 31 December 2015. In the event that the relevant claims are successful and the Group is able to enforce its claims on the responsible parties, these will be duly reflected in the Company's profit/loss statements accordingly.

The shareholders of the Company should be assured that the Company will take appropriate steps to protect the interests of the Group.

All rights of the Group are fully reserved.

(vii) Debt facility

During the quarter ended 31 December 2015, the Group had entered into a binding arrangement for a debt facility amounting to USD20 million for a tenure of between 18 and 36 months. In the process of finalizing documentation for the debt facility, the lending party varied terms previously agreed. As of 31 December 2015, the terms of the loan agreement had not been finalized. Hence drawdown of the debt facility has been deferred. In the interim, alternative financing arrangements are being put in place.

(viii) On 9 November 2015, the Company announced that it had executed a binding equity transaction term sheet in relation to the proposed acquisition of 100% equity interest in Hydra Energy Holdings Pty Ltd ("**Hydra Energy**") to be satisfied through the issuance of new ordinary shares of RM0.01 each in Hibiscus Petroleum.

An update on the transaction is as follows:

- This transaction is supported by the binding term sheet executed between the Company and Hydra Energy on 9 November 2015.
- Due diligence and independent probabilistic resource assessment of Hydra Energy's assets were initiated by the Company subsequent to the execution of the binding term sheet.
- The Company is currently awaiting Hydra Energy to revert on their position and intentions on the transaction.

Please refer to our announcements dated 9 November 2015, 11 November 2015 and 13 November 2015.

(ix) The proposed acquisition of 50% interest in the Anasuria Cluster

Please refer to Part B, Item 17 (ii) of this Quarterly Report for further details.

5 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial periods that have a material effect in the financial period ended 31 December 2015.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

Save as disclosed in Note 17 of this Quarterly Report, there were no other material events subsequent to the end of the financial period ended 31 December 2015 up to the date of this report.

7 CHANGES IN THE COMPOSITION OF THE GROUP

On 5 August 2015, the Company acquired Atlantic Hibiscus Sdn Bhd ("**Atlantic Hibiscus**"), a company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of 400,000 ordinary shares of RM1.00 each and a paid-up capital of RM2.00. Atlantic Hibiscus is a wholly-owned subsidiary of the Company. The principal activity of Atlantic Hibiscus is investment holding. Concurrently, Atlantic Hibiscus has, on 5 August 2015, become the sole shareholder of Anasuria Hibiscus UK Limited ("**Anasuria Hibiscus**"), a company incorporated under the laws of England and Wales, with an issued and paid-up share capital of 1 ordinary share of £1.00. The principal activity of Anasuria Hibiscus is exploration and production of oil and gas.

Save as disclosed above, there were no changes in the composition of the Group during the financial period ended 31 December 2015.

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 loss, or net assets value of the Group.

9 DIVIDENDS PAID/PAYABLE

There were no dividends declared or paid during the financial period ended 31 December 2015.

10 BORROWINGS, DEBT AND EQUITY SECURITIES

The movements in the issued and paid-up share capital of the Company arising from Placement Shares during the financial period ended 31 December 2015 were as follows:

		PERIOD ENDED 31.12.2015	
ORDINARY SHARES	**Par value RM**	**Number of shares**	**Share capital RM'000**
As at 01.07.2015	0.01	927,778,754	9,278
Placement Shares	0.01	53,027,700	530
New Placement Shares	0.01	102,398,000	1,024
As at 31.12.2015	0.01	1,083,204,454	10,832

Placement Shares

During the financial period 31 December 2015, the Company issued 53,027,700 new Hibiscus Petroleum Shares, raising a total of RM38,314,775. This was undertaken in two tranches; 18,200,000 shares were issued on 13 July 2015 at RM0.67 per share and 34,827,700 shares were issued on 4 August 2015 at RM0.75 per share. Please refer to Part A, Item 4 (ii) of this Quarterly Report for further details.

10 BORROWINGS, DEBT AND EQUITY SECURITIES (CONT'D)

New Placement Shares

During the financial period 31 December 2015, the Company issued 102,398,000 new Hibiscus Petroleum Shares, raising a total of RM24,187,510. This was undertaken in two tranches; 90,000,000 shares were issued on 4 December 2015 at RM0.235 per share and 12,398,000 shares were issued on 17 December 2015 at RM0.245 per share. Please refer to Part A, Item 4 (iii) and Part B, Item 17 (i) of this Quarterly Report for further details.

Save for the above, there were no other issuances, cancellations, repurchases, resale and repayments of borrowings, debt and equity securities during the financial period ended 31 December 2015.

11 OPERATING SEGMENTS

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

(i)	Investment holding and group activities	Investments in companies owning/operating oil and gas concessions, and provision of project management, technical and other services relating to the oil and gas exploration and production industry. The investment holding and group activities are located in Malaysia and the United Kingdom.
(ii)	Lime	Group's investments and operations in the exploration assets of the Lime Group, located in the Middle East and Norway.
(iii)	3D Oil, VIC/L31 & VIC/P57	Group's operations in the VIC/L31 Production Licence ("**VIC/L31**") for the West Seahorse field and other exploration prospects in Australia within VIC/P57, and investment in 3D Oil Limited ("**3D Oil**").
(iv)	HIREX	Planned investments in exploration assets within the Asia Pacific region. Activities are located in Malaysia.

11 OPERATING SEGMENTS (CONT'D)

	Investment holding and group activities RM'000	Lime RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 31.12.2015						
Non-current assets	1,396	233,396	237,312	5,574	-	477,678
Included in the segments assets are:						
Investment in an associate	-	-	3,798	-	-	3,798
Investments in joint ventures	-	233,396	-	5,574	-	238,970
Additions to non-current assets	95	-	111,290	-	-	111,385
Period ended 31.12.2015						
Revenue	1,135	-	65	-	-	1,200
Depreciation	(688)	-	(6,347)	-	-	(7,035)
Profit/(loss) from operations	6,893	-	(14,012)	-	-	(7,119)
Impairment of investment in an associate	-	-	(1,944)	-	-	(1,944)
Impairment of intangible assets	-	-	(84,531)	-	-	(84,531)
Share of results	-	(64,235)	(205)	(1,158)	-	(65,598)
Finance costs	(206)	-	(2,914)	-	2,914	(206)
Interest income	2,914	-	-	-	(2,914)	-
Taxation	(19)	-	-	-	-	(19)
Profit/(loss) after taxation	9,582	(64,235)	(103,606)	(1,158)	-	(159,417)

Revenue arises from the provision of project management services which originated from Malaysia.

11 OPERATING SEGMENTS (CONT'D)

	Investment holding and group activities RM'000	Lime RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 31.12.2014						
Non-current assets	2,664	230,769	195,113	7,103	-	435,649
Include in the segments assets are:						
Investment in an associate	-	-	7,796	-	-	7,796
Investment in joint ventures	-	232,029	-	7,103	-	239,132
Additions to non-current assets	34	11,979	94,795	-	-	106,808
Period ended 31.12.2014						
Revenue	4,425	-	125	-	-	4,550
Depreciation	(711)	-	(655)	-	-	(1,366)
Profit/(loss) from operations	230	-	(13,196)	-	-	(12.966)
Share of results	-	(3,776)	(1,029)	(2,829)	-	(7,634)
Finance costs	-	-	(2,324)	-	2,324	-
Interest income	2,324	-	-	-	(2,324)	-
Taxation	(20)	-	685	-	-	665
Profit/(loss) after taxation	2,534	(3,776)	(15,864)	(2,829)	-	(19,935)

Revenue arises from the provision of project management services which originated from Malaysia.

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2015 RM'000	QUARTER ENDED 31.12.2014 RM'000	PERIOD ENDED 31.12.2015 RM'000	PERIOD ENDED 31.12.2014 RM'000
Project management, technical and other services fees earned from joint ventures				
- Lime	10	2,144	101	3,522
- HIREX	49	87	133	552
Project management, technical and other services fees earned from a joint operation				
- Anasuria Operating Company Limited ("**AOCL**")	716	-	716	-
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	345	100	534	188
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	1,630	580	1,754	930
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	(1,260)	(127)	(1,497)	(254)
Consultancy services provided by a related party	(72)	-	(72)	-

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 loss, or net assets value of the Group as at 31 December 2015:

	RM'000
Approved and contracted for:	
Group's material commitments	23,266
Share of an associate's material commitments	3,660
	26,926

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

14 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

15 PERFORMANCE REVIEW

15.1 Material factors affecting financial year-to-date results

The Group recorded a loss before taxation of RM159.4 million in the current six-month period ("**current period**") as compared to a loss before taxation of RM20.6 million in the corresponding six-month period in the previous year ("**corresponding period**").

The Company announced on 11 November 2015 that its wholly-owned subsidiary, CHPL advised that wireline evaluation and sampling of formation fluids over the 6 zones of interest identified on preliminary Sea Lion-1 data was complete and that no zones of commercial hydrocarbons were encountered in the Sea Lion-1 well subsequent to commencement of drilling operations on 26 October 2015. Following that, the Group performed an assessment of the carrying value of the VIC/P57 Exploration Permit and has during the current period recognised an impairment of RM84.5 million.

Without prejudice to the Group's legal position and rights (all of which are fully reserved) and without accepting the purported dilution in any way, the Group accounted for its share of a purported dilution of its investment in the Lime Group amounting to RM56.0 million. Also, its share of losses in the Lime Group were higher by RM4.5 million compared to the corresponding period largely due to increased level of operations and general expenditure. Please refer to Part A, Item 4 (vi) of this Quarterly Report for further details.

Depreciation for the Britannia Rig commenced in December 2014 following its completion of works in ensuring its readiness for its intended use. A depreciation charge amounting to RM6.2 million was recognised during the current period as compared to RM0.6 million in the corresponding period. Any costs subsequent to this completion are maintenance in nature which would not enhance the value of the asset, and thus expenses off. Such costs amounted to RM2.3 million.

In addition, the Group incurred transition costs relating to the proposed acquisition of 50% interest in the Anasuria Cluster amounting to RM5.7 million in the current period.

During the current period, the Group recorded revenue of RM1.2 million, a decrease of RM3.4 million as compared to RM4.6 million in the corresponding period. Such decrease is mainly due to lower revenue from project management, technical and other services from Lime.

These were partially offset by higher net gain on unrealised foreign exchange of RM17.5 million mainly because of the stronger Australian Dollar ("**AUD**") against the Ringgit, which positively impacted the AUD-denominated intercompany securities (Convertible Mandatory Redeemable Preference Shares) issued by CHPL and held by Oceania Hibiscus Sdn Bhd, both of which are wholly-owned subsidiaries of Hibiscus Petroleum.

15 PERFORMANCE REVIEW (CONT'D)

15.2 Material factors affecting current quarter's results

During the current three-month period ("**current quarter**"), the Group recorded a loss before taxation of RM164.2 million, an increase of RM153.6 million as compared to a loss before taxation of RM10.6 million in the corresponding three-month period ended 31 December 2014 ("**corresponding quarter**").

Following its assessment of the carrying value of the VIC/P57 Exploration Permit, the Group recognised an impairment of RM84.5 million of the permit in the current quarter**.**

Without prejudice to the Group's legal position and rights (all of which are fully reserved) and without accepting the purported dilution in any way, the Group also accounted for its share of a purported dilution of its investment in the Lime Group amounting to RM56.0 million. The Group also incurred a higher share of losses in the Lime Group of RM4.0 million. Please refer to Part A, Item 4 (vi) of this Quarterly Report for further details.

In addition, the Group recognised transition costs relating to the proposed acquisition of 50% interest in the Anasuria Cluster amounting to RM3.3 million and depreciation for the Britannia Rig is higher by RM2.5 million compared to the corresponding quarter.

16 MATERIAL CHANGE IN LOSS BEFORE TAXATION IN COMPARISON TO THE PRECEDING QUARTER

The Group loss before taxation for the current quarter amounted to RM164.2 million as compared to a profit before taxation of RM4.8 million in the preceding three-month period ended 30 September 2015 ("**preceding quarter**").

During the current quarter, the Group recognised an impairment of RM84.5 million following its assessment of its carrying value of the VIC/P57 Exploration Permit.

In addition, without prejudice to the Group's legal position and rights (all of which are fully reserved) and without accepting the purported dilution in any way, the Group accounted for its share of a purported dilution of its investment in the Lime Group amounting to RM56.0 million and there was a higher share of losses in the Lime Group of RM4.6 million largely due to increased level of operations and general expenditure. Please refer to Part A, Item 4 (vi) of this Quarterly Report for further details.

The Group recorded a net loss on foreign exchange by RM24.1 million mainly due to a net negative impact on the Group's available USD-denominated balances and funds arising from the depreciation of the USD against the Ringgit between the current quarter and the preceding quarter.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(i) New Placement Shares

Bursa Securities gave its approval for the listing of and quotation of the New Placement Shares on 23 September 2015 whilst the approval of the shareholders of Hibiscus Petroleum was obtained for the Proposed Placement at an Extraordinary General Meeting ("**EGM**") held on 13 October 2015.

As at the date of this Quarterly Report, the Company has placed out 121,984,000 new Hibiscus Petroleum Shares.

Please refer to our announcements dated 11 September 2015, 14 September 2015, 23 September 2015, 28 September 2015, and 13 October 2015, 1 December 2015, 4 December 2015, 7 December 2015, 11 December 2015, 18 December 2015, 21 December 2015, 14 January 2016, 20 January 2016 and 21 January 2016.

(ii) Proposed Acquisition of 50% Interest in the Anasuria Cluster

On 6 August 2015, the Company announced that its indirect wholly-owned subsidiary, Anasuria Hibiscus, had entered into two conditional sale and purchase agreements to acquire 50% interest in the Anasuria Cluster for a total cash consideration of USD52.5 million ("**Proposed Acquisition**").

The Company paid a deposit of USD4.0 million (RM15.5 million) upon the execution of the two conditional sale and purchase agreements.

The Anasuria Cluster comprises a geographically focused package of operated producing fields and associated infrastructure as follows:

- 100% interest in the Guillemot A field and the related field facilities ("**Guillemot A Field**");
- 100% interest in the Teal field and the related field facilities ("**Teal Field**");
- 100% interest in the Teal South field and the related field facilities ("**Teal South Field**");
- 38.65% interest in the Cook field and the related field facilities ("**Cook Field**"); and
- 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Offloading unit and the related equipment ("**Anasuria FPSO**").

The Guillemot A Field, Teal Field, Teal South Field, Cook Field and Anasuria FPSO are collectively referred to as the "Anasuria Cluster".

Shareholders of Hibiscus Petroleum had, at the EGM of the Company held on 4 February 2016, unanimously approved the Proposed Acquisition.

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

(ii) Proposed Acquisition of 50% Interest in the Anasuria Cluster (Cont'd)

On 15 February 2016, the Company announced that the Secretary of State for Energy and Climate Change of the United Kingdom Government ("**Secretary of State**") has, vide its notices dated 9 February 2016 (in respect of the Guillemot A Field, the Teal Field and the Teal South Field) and 11 February 2016 (in respect of the Cook Field) (which were both received on 12 February 2016) granted its consents and approvals in relation to the Proposed Acquisition for the following:

(i) the assignment of the relevant interests of Shell U.K. Limited ("**Shell UK**"), Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited under the relevant licences of the Anasuria Cluster to Anasuria Hibiscus and Ping Petroleum UK Limited ("**Ping Petroleum UK**");

(ii) the creation and execution of (and the transactions contained in) the relevant assignment documents including the assignment of the entitlement to the benefit of rights granted by the licenses and transfer of operatorships;

(iii) the appointment of AOCL as the operator of the Guillemot A Field, the Teal Field and the Teal South Field; and

(iv) the appointment of Ithaca Energy (UK) Limited as the operator of the Cook Field.

The Secretary of State's consents and approvals are subject to the following conditions:

(i) the deeds of assignment being executed in a form approved by the Secretary of State;

(ii) the Proposed Acquisition being completed during the period of validity of the consents and approvals of the Secretary of State which is until 9 May 2016 (in respect of the Guillemot A Field, the Teal Field and the Teal South Field) and 11 May 2016 (in respect of the Cook Field); and

(iii) the Department of Energy and Climate Change to be notified of the completion of the Proposed Acquisition within 2 weeks of completion.

Given this approval by the Secretary of State, the Company believes that completion of the Proposed Acquisition will take place in the near future.

The Proposed Acquisition will be financed through borrowings, sale of call options and internally generated funds from the Anasuria Cluster.

Please refer to our announcements dated 6 August 2015, 19 January 2016, 20 January 2016, 4 February 2016 and 15 February 2016.

18 PROSPECTS OF THE GROUP

The oil and gas industry is currently facing one of the most challenging and volatile periods in recent history. With current, mid-term oil price projections being lower than previously anticipated and over-supply dominating demand/supply projections, investment in exploration and development activities are generally being cut back. The capital markets are currently supporting exploration and production companies that have production projects that are cash flow positive at the current low oil price levels.

Given this industry backdrop, we believe that our acquisition of the Anasuria Cluster located offshore the east coast of Scotland in the United Kingdom sector of the North Sea will be seen in positive light. The conditional sale and purchase agreements and other agreements relating to this transaction were executed on 6 August 2015. On 4 February 2016, shareholders of Hibiscus Petroleum voted in favour of this transaction and in mid-February 2016, we were extremely pleased to disclose that the Secretary of State had also given its conditional approval for Anasuria Hibiscus to be assigned 50% interest in this producing cluster of fields.

We are now working towards the legal and operational completion of this transaction. We anticipate this to take place in the near future thereby giving Hibiscus Petroleum a stable revenue base and profits at current oil price levels.

19 PROFIT FORECAST AND PROFIT GUARANTEE

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

20 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the financial period ended 31 December 2015.

21 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the financial period ended 31 December 2015.

22 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.

23 MATERIAL LITIGATION

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

For completeness, please also refer to Part A, Item 4 (vi) of this Quarterly Report.

24 LOSS PER SHARE

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31.12.2015 RM'000	QUARTER ENDED 31.12.2014 RM'000	PERIOD ENDED 31.12.2015 RM'000	PERIOD ENDED 31.12.2014 RM'000
Loss after taxation attributable to owners of the Company (RM'000)	(A)	(164,166)	(10,658)	(159,417)	(19,935)
Weighted average number of shares in issue ('000)	(B)	1,005,905	891,642	985,044	694,276
Basic loss per share (sen)	(A/B)	(16.32)	(1.20)	(16.18)	(2.87)
Diluted loss per share (sen)		(16.32)	(1.20)	(16.18)	(2.87)

The diluted loss per share for the Group is the basic loss per share as there are no dilutive shares outstanding at the end of the financial quarter/period.

25 LOSS BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2015 RM'000	QUARTER ENDED 31.12.2014 RM'000	PERIOD ENDED 31.12.2015 RM'000	PERIOD ENDED 31.12.2014 RM'000
Loss before taxation is arrived at after charging/ (crediting):				
Depreciation of equipment	3,582	1,003	7,035	1,366
Interest income	(6)	(148)	(76)	(476)
Unrealised loss/(gain) on foreign exchange	6,322	(2,345)	(17,464)	47
Realised gain on foreign exchange	(6,062)	(1,684)	(6,085)	(1,531)
Finance costs	181	-	206	-
Impairment of investment in an associate	1,120	3,300	1,944	3,300
Impairment of intangible assets	84,531	-	84,531	-

Other than as presented in the Condensed Consolidated Statements of Profit or Loss, 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 31 December 2015.

26 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.12.2015 RM'000	QUARTER ENDED 31.12.2014 RM'000	PERIOD ENDED 31.12.2015 RM'000	PERIOD ENDED 31.12.2014 RM'000
Income taxation	(9)	(24)	(19)	(44)
Deferred taxation	-	-	-	709
	(9)	(24)	(19)	665

27 REALISED AND UNREALISED ACCUMULATED LOSSES

	UNAUDITED AS AT 31.12.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000
Analysis of accumulated losses:		
Realised	(245,855)	(77,722)
Unrealised	17,464	6,719
	(228,391)	(71,003)
Less: Consolidation adjustments	(2,970)	(941)
	(231,361)	(71,944)

By Order of the Board of Directors
Hibiscus Petroleum Berhad
29 February 2016

PART C – STATUS OF DEVELOPMENT AND EXPLORATION ACTIVITIES

1 ANASURIA CLUSTER

On 6 August 2015, Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or the "**Company**"), via its indirectly wholly-owned subsidiary, Anasuria Hibiscus UK Ltd with Ping Petroleum UK Limited, entered into sale and purchase agreements to each acquire 50% of the entire interests of Shell U.K. Ltd ("**Shell UK**"), Shell EP Offshore Ventures Limited ("**Shell EP**") and Esso Exploration and Production UK Limited ("**Esso E&P**") in the Anasuria Cluster of oil and gas fields effective 1 January 2015 for a consideration of USD52.5 million ("**Proposed Acquisition**").

The Anasuria Cluster is located approximately 175 kilometres east of Aberdeen in the UK Central North Sea and consists of:

- 100% interest in the Guillemot A field and the related field facilities ("**Guillemot A Field**");
- 100% interest in the Teal field and the related field facilities ("**Teal Field**");
- 100% interest in the Teal South field and the related field facilities ("**Teal South Field**");
- 38.65% interest in the Cook field and the related field facilities ("**Cook Field**"); and
- 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Offloading unit and the related equipment ("**Anasuria FPSO**").

Anasuria FPSO in the Central North Sea during a crude oil offtake

1 ANASURIA CLUSTER (CONT'D)

The cluster represents an attractive, geographically focused package of operated interests in producing fields and associated infrastructure. The assets have a proven and producing resource base which provides a platform for further development. A number of incremental development and exploration opportunities exist within the licence areas which are expected to generate significant incremental value in the medium term.

The Company, together with Ping Petroleum Limited ("**Ping Petroleum**") has established the joint operating company, Anasuria Operating Company Limited ("**AOCL**") in Aberdeen.

The onshore organisation required to take over operatorship of the assets from Shell UK has been established in a newly opened office in Aberdeen. It intends to outsource the day-to-day operations and maintenance of the assets to Petrofac Facilities Management ("**Petrofac**"), a substantial Contract Operator of North Sea assets. The AOCL office has hence been co-located in Petrofac's office.

Shareholders of Hibiscus Petroleum had, at the EGM of the Company held on 4 February 2016, unanimously approved the Proposed Acquisition.

On 15 February 2016, the Company announced that the Secretary of State for Energy and Climate Change of the United Kingdom Government ("**Secretary of State**") has, vide its notices dated 9 February 2016 (in respect of the Guillemot A Field, the Teal Field and the Teal South Field) and 11 February 2016 (in respect of the Cook Field) (which were both received on 12 February 2016) granted its consents and approvals in relation to the Proposed Acquisition, subject to the following conditions:

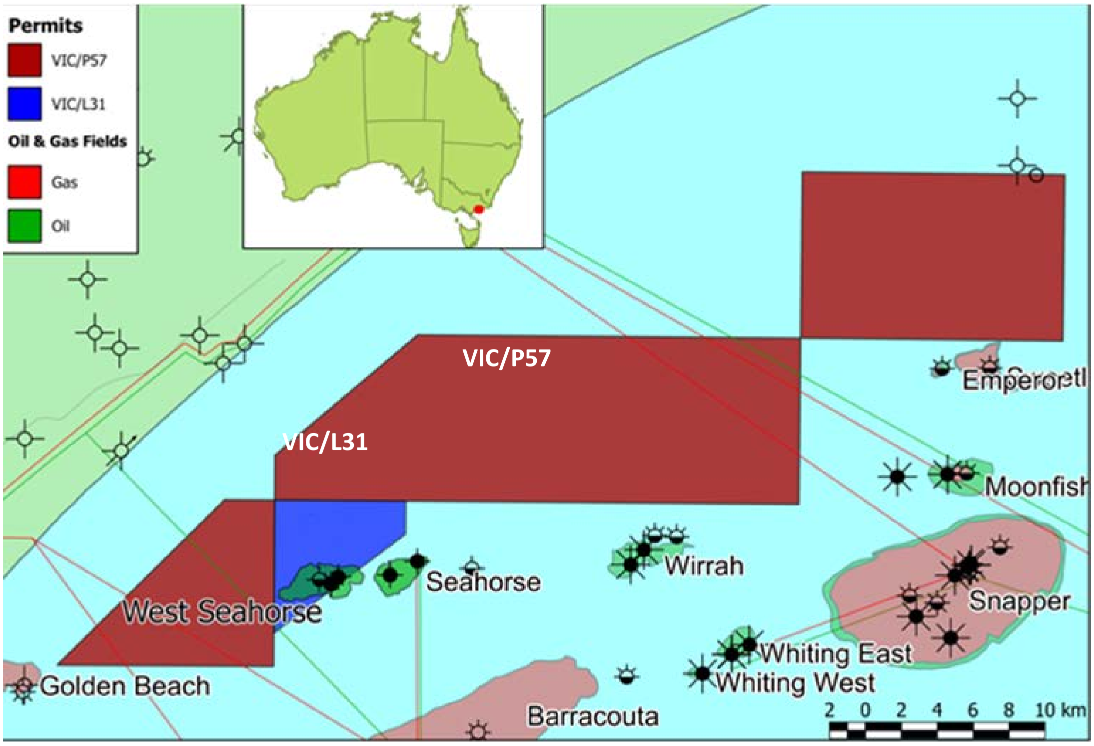
(a) the deeds of assignment being executed in a form approved by the Secretary of State;

(b) the Proposed Acquisition being completed during the period of validity of the consents and approvals of the Secretary of State which is until 9 May 2016 (in respect of the Guillemot A Field, the Teal Field and the Teal South Field) and 11 May 2016 (in respect of the Cook Field); and

(c) the Department of Energy and Climate Change to be notified of the completion of the Proposed Acquisition within 2 weeks of completion.

It is currently estimated that the transition of operations from Shell UK to AOCL will occur in the very near future. Completion of the transaction occurs on the date of transfer of operatorship with financial close shortly thereafter.

2 EXPLORATION AND DEVELOPMENT ACTIVITIES IN RELATION TO THE PRODUCTION LICENSE VIC/L31 AND EXPLORATION PERMIT VIC/P57, GIPPSLAND BASIN, AUSTRALIA



Hibiscus Petroleum's wholly-owned subsidiary, Carnarvon Hibiscus Pty Ltd ("**CHPL**"), as operator, is responsible for the day-to-day management of work activities within the VIC/P57 Exploration Permit ("**VIC/P57**") and the VIC/L31 Production Licence ("**VIC/L31**"), affording us a high level of financial and operational control in these concessions.

In the VIC/P57 concession, following exercising an option to acquire the interest in VIC/P57 held by HiRex (Australia) Pty Ltd ("**HiRex (Australia)**"), Hibiscus Petroleum Group (the "**Group**")'s interest is 78.3%. CHPL had on 17 November 2014 acquired additional interest in VIC/L31, bringing its total interest held in VIC/L31 to 100%.

The VIC/P57 Exploration Permit contains an obligation to drill two exploration wells, the first by end 2015 and the second by early 2019. As part of the commitment, CHPL announced that it commenced drilling operations at the Sea Lion-1 exploration well on 26 October 2015. On 11 November 2015, CHPL announced that wireline evaluation and sampling of formation fluids over 6 zones of interest in the well had been completed. The wireline work confirmed that no zones of commercial hydrocarbons were encountered in the well. The well was plugged and abandoned and the rig was then reassigned to Origin Energy Resources on 16 November 2015, 3 days in advance of the planned 30-day drilling program. While unsuccessful, the well was performed without any recordable safety or environmental incidents and ahead of schedule.

2 EXPLORATION AND DEVELOPMENT ACTIVITIES IN RELATION TO THE PRODUCTION LICENSE VIC/L31 AND EXPLORATION PERMIT VIC/P57, GIPPSLAND BASIN, AUSTRALIA (CONT'D)

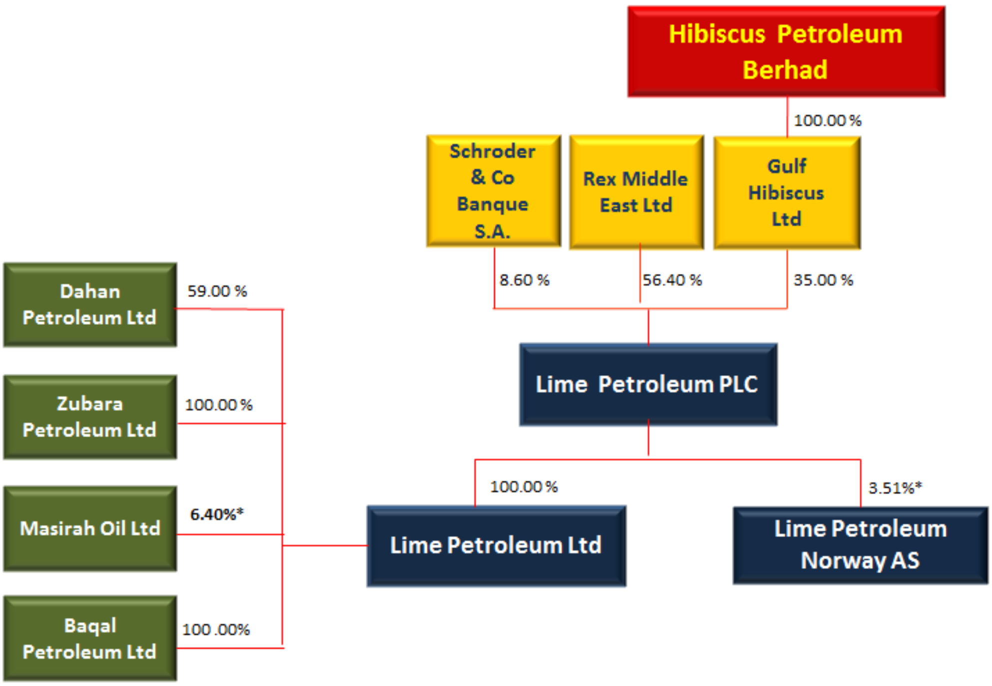
One additional obligation well in VIC/P57 is required by January 2018 to retain the lease. Discussions with the regulatory authorities will be held in early 2016 to request an extension of the license by 1 year to January 2019 in order to provide CHPL additional time to assess the results of the Sea Lion well before making a commitment to drill another exploration well in the license.

From a regulatory perspective, we believe the West Seahorse project is well-positioned. In October 2013, the Department of Sustainability, Environment, Water, Population and Communities of the Australian government approved our Environment Protection and Biodiversity Conservation Act referral as a non-controlled action (no threat to items of national significance). In November 2013, the Australian National Offshore Petroleum Titles Administrator ("**NOPTA**") approved the Field Development Plan for West Seahorse. In December 2013, NOPTA awarded CHPL (on behalf of the VIC/P57 Joint Venture) the VIC/L31 Production Licence over the West Seahorse oilfield.

With volatile oil prices dominating the oil and gas environment, CHPL will seek to identify and aggregate suitable stranded assets (that utilize similar infrastructure as envisaged for the West Seahorse field) which will allow a viable development of the West Seahorse field.

3 LIME PETROLEUM PLC AND ITS CONCESSION COMPANIES ("LIME GROUP")

LIME GROUP STRUCTURE



Note * : Please refer to Part A, Item 4 (vi) of this Quarterly Report

4 AWARD OF THE SOUTH EAST RAS EL USH CONCESSION IN EGYPT

Gulf Hibiscus Limited ("**Gulf Hibiscus**"), the Company's wholly-owned subsidiary, has been awarded the South East Ras El Ush concession in Egypt by the Ganoub El-Wadi Petroleum Holding Company, an entity of the Ministry of Petroleum, Arab Republic of Egypt.

The award was made pursuant to the successful submission of a bid by Gulf Hibiscus, together with its partner, Pacific Oil Limited[1], for a joint equal ownership of the concession.

Due to current low price environment, Gulf Hibiscus is unlikely to pursue this opportunity.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
29 February 2016

[1] *Pacific Oil was incorporated as a special purpose vehicle, registered in Seychelles, to pursue oil and gas, exploration and production opportunities predominantly in Africa. In July 2013, Pacific Oil was awarded a Petroleum Exploration License in the Republic of Malawi.*