

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

**Unaudited Interim Financial Report**  
**30 September 2011**

# HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)  
Company No: 798322 - P

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

		UNAUDITED CURRENT HALF YEAR PERIOD 30.9.2011	UNAUDITED PRECEDING CORRESPONDING HALF YEAR PERIOD 30.9.2010
	NOTE	RM'000	RM'000
<b>REVENUE</b>	2	2,292	-
Administrative expenses		(2,091)	(3)
Other expenses		(1,378)	(10)
<b>LOSS BEFORE TAXATION</b>		(1,177)	(13)
Income tax expenses	3	(97)	-
<b>LOSS FOR THE PERIOD</b>		<b>(1,274)</b>	<b>(13)</b>
Total comprehensive expenses attributable to :-			
Owners of the Group		(1,274)	(13)
<b>LOSS PER SHARE (RM)</b>			
- Basic	4	(0.01)	(62.50)
- Diluted	4	Not applicable	Not applicable

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.*

# HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)  
Company No: 798322 - P

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

		UNAUDITED 30.9.2011	AUDITED 31.3.2011
	NOTE	RM'000	RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Equipment		565	6
<b>CURRENT ASSETS</b>			
Deposits and prepayments		63	411
Fixed deposits	5	236,637	2,304
Cash and bank balances		1,451	213
		<u>238,151</u>	<u>2,928</u>
<b>TOTAL ASSETS</b>		<u>238,716</u>	<u>2,934</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	6	4,180	*
Share premium	7	137,217	-
Warrant reserve	8	98,151	-
Accumulated losses		(2,479)	(1,205)
		<u>237,069</u>	<u>(1,205)</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		1,331	84
Amount owing to related parties		-	3,000
Redeemable Convertible Preference Shares ("RCPS")	9	219	1,055
Provision for taxation		97	-
		<u>1,647</u>	<u>4,139</u>
<b>TOTAL LIABILITIES</b>		<u>1,647</u>	<u>4,139</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>238,716</u>	<u>2,934</u>
<b>Net assets per share (RM)</b>		<b>0.57</b>	<b>(6,023)</b>

Note:

\* - Represents RM2

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

# HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)  
Company No: 798322 - P

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
( UNAUDITED )					
Balance at 1.4.2011	*	-	-	(1,205)	(1,205)
Issuance of shares					
- 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 ( " <b>Public Issue</b> " )	3,122	137,375	93,664	-	234,161
Listing expenses	-	(3,269)	(2,180)	-	(5,449)
Total comprehensive expenses for the financial period	-	-	-	(1,274)	(1,274)
Balance at 30.9.2011	4,180	137,217	98,151	(2,479)	237,069
( UNAUDITED )					
Balance at 1.4.2010	*	-	-	(11)	(11)
Total comprehensive expenses for the financial period	-	-	-	(13)	(13)
Balance at 30.9.2010	*	-	-	(24)	(24)

Note :

\* - Represents RM2

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

# HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)

Company No: 798322 - P

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	UNAUDITED CURRENT HALF YEAR PERIOD  30.9.2011  RM'000	UNAUDITED PRECEDING CORRESPONDING HALF YEAR PERIOD 30.9.2010  RM'000
<b>CASH FLOWS (FOR) / FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,177)	(13)
Adjustments for:-		
Depreciation of equipment	37	-
Interest income	(2,292)	-
Listing expenses	217	10
Proposed Qualifying Acquisition ("Proposed QA") expenses	1,124	-
Operating loss before working capital changes	(2,091)	(3)
Decrease in other receivables	348	-
Increase in other payables	442	18
<b>NET CASH (FOR) / FROM OPERATING ACTIVITIES</b>	<b>(1,301)</b>	<b>15</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(596)	-
Proposed QA expenses paid	(319)	-
Interest received	2,292	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>1,377</b>	<b>-</b>
<b>CASH FLOWS FROM / (FOR) FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares	241,161	-
Listing expenses paid	(5,666)	(10)
<b>NET CASH FROM / (FOR) FINANCING ACTIVITIES</b>	<b>235,495</b>	<b>(10)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>235,571</b>	<b>5</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,517</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>238,088</b>	<b>5</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.*

## PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

### 1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) and Financial Reporting Standards (“**FRS**”) 134 - *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements; and should be read in conjunction with the financial statements of Hibiscus Petroleum Berhad (“**Hibiscus Petroleum**” or the “**Company**”) and its subsidiary company (the “**Group**”) as at and for the financial year ended 31 March 2011.

The financial statements of the Group as at and for the financial year ended 31 March 2011, which were prepared under FRS, are available upon request from the Group’s registered office at:

Level 18, The Gardens North Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur.

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with FRS in Malaysia.

- (a) During the current financial period, the Group had adopted the following new accounting standards and interpretations (including the consequential amendments):-

#### **FRSs and IC Interpretations (including the Consequential Amendments)**

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

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## 1. Basis of Preparation (Cont'd)

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to IC Interpretation 9 : Scope of IC Interpretation 9 and FRS 3 (Revised)

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfer of Assets from Customers

Annual Improvements to FRSs (2010)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that had been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
FRS 124 (Revised) Related Party Disclosures	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations.

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## 2. REVENUE

Revenue represents interest income from fixed deposits as prior to completion of a qualifying acquisition, the Company's principal activity is investment holding. Interest income is recognised on an accrual basis.

## 3. INCOME TAX EXPENSE

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	UNAUDITED CURRENT HALF YEAR PERIOD 30.9.2011 RM'000	UNAUDITED PRECEDING CORRESPONDING HALF YEAR PERIOD 30.9.2010 RM'000
Loss before taxation	(1,177)	(13)
Tax at the statutory tax rate of 25%	(294)	(3)
Tax effect of:- Non-deductible expenses	391	3
Income tax expense for the financial period	97	-

## 4. LOSS PER SHARE

The basic loss per share is arrived at by dividing the Group's loss attributable to shareholders of RM1.274 million (30.9.2010 – RM0.013 million) by the weighted average number of ordinary shares in issue during the financial period of 209,523,942 (30.9.2010 - 200).

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



## 5. FIXED DEPOSITS

	UNAUDITED 30.9.2011 RM'000	AUDITED 31.3.2011 RM'000
Deposits held by:		
Group	24,526	2,304
Custodian	212,111	-
	<u>236,637</u>	<u>2,304</u>

The weighted average effective interest rate of the fixed deposits at the end of the reporting period is 3.6% per annum (31.3.2011 – 3.3%). The fixed deposits have a maturity period of 90 days (31.3.2011 – 30 days).

## 6. SHARE CAPITAL

The movements in the authorised share capital of the Group are as follows:-

	UNAUDITED 30.9.2011			AUDITED 31.3.2011		
	PAR VALUE RM	NUMBER OF SHARES	SHARE CAPITAL RM'000	PAR VALUE RM	NUMBER OF SHARES	SHARE CAPITAL RM'000
<b>ORDINARY SHARES</b>						
At 1.4.2011/2010	0.01	89,000,000	890	1.00	1,000,000	1,000
Increase during the financial period	0.01	2,311,000,000	23,110	-	-	-
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.01 each	-	-	-	0.01	99,000,000	-
Divided into RCPS	-	-	-	0.01	(11,000,000)	(110)
At 30.9.2011/31.3.2011	0.01	<u>2,400,000,000</u>	<u>24,000</u>	0.01	<u>89,000,000</u>	<u>890</u>

## 6. SHARE CAPITAL (CONT'D)

The movements in the issued and paid-up share capital of the Group are as follows:-

	UNAUDITED 30.9.2011			AUDITED 31.3.2011		
	PAR VALUE RM	NUMBER OF SHARES	SHARE CAPITAL RM'000	PAR VALUE RM	NUMBER OF SHARES	SHARE CAPITAL RM'000
ORDINARY SHARES						
At 1.4.2011/2010	0.01	200	*	1.00	2	*
Capitalisation of initial investors utilisation amount and subscription by initial investors	0.01	22,222,222	222	-	-	-
Public Issue	0.01	312,214,300	3,122	-	-	-
Conversion of RCPS	0.01	83,611,200	836			
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.01 each		-	-	0.01	198	-
At 30.9.2011/31.3.2011	0.01	418,047,922	4,180	0.01	200	*

Note :

\* -Represents RM2

### Salient terms of Warrants-A

The Warrants-A had been issued in registered form and are constituted by the Warrants-A Deed Poll. The Warrants-A are listed on the Main Market of Bursa Malaysia and are exercisable anytime during the period commencing from and inclusive of the date of completion of the Proposed QA up to and including the 3 years from the listing date of 25 July 2011.

Total issued : 334,436,522  
Exercise price : RM0.50 per Warrant-A

### Salient terms of Warrants-B

The Warrants-B had been issued in registered form and are constituted by the Warrants-B Deed Poll. The Warrants-B are not listed and are exercisable anytime during the period commencing from and inclusive of the date of completion of the Proposed QA up to and including the 3 years from the listing date of 25 July 2011.

Total issued : 83,611,200  
Exercise price : RM0.10 per Warrant-B

Note :

The Warrants-B are held by Hibiscus Upstream Sdn Bhd ("**Hibiscus Upstream**") a company set up to hold ordinary shares of RM0.01 each and Warrants-B of Hibiscus Petroleum on behalf of the Company's non-Independent Directors and management team. There is a moratorium imposed on the sale, transfer or assignment of Warrants-B held by Hibiscus Upstream.

## 7. SHARE PREMIUM

The movements in the share premium of the Group are as follows:-

	UNAUDITED 30.9.2011 RM'000	AUDITED 31.3.2011 RM'000
Premium arising from:-		
Capitalisation of initial investors utilisation amount and subscription by initial investors Public Issue	3,111 137,375	-
	<hr/>	<hr/>
Listing expenses	140,486 (3,269)	-
	<hr/>	<hr/>
At 30.9.2011/31.3.2011	137,217	-
	<hr/>	<hr/>

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

## 8. WARRANT RESERVE

The movements in the warrant reserve of the Group are as follows:-

	UNAUDITED 30.9.2011 RM'000	AUDITED 31.3.2011 RM'000
Warrant reserve arising from:		
Capitalisation of initial investors utilisation amount and subscription by initial investors Public Issue	6,667 93,664	-
	<hr/>	<hr/>
Listing expenses	100,331 (2,180)	-
	<hr/>	<hr/>
At 30.9.2011/31.3.2011	98,151	-
	<hr/>	<hr/>

The warrant reserve arose from the allocation of the proceeds received from the Public Issue by reference to the fair value of the Warrants net of discount, amounting to RM0.30 per Warrant and net of listing expenses incurred in relation to listing exercise.

## 9. RCPS

The RCPS 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 balance of RCPS into the ordinary shares of the Company.

## 10. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	UNAUDITED 30.9.2011 RM'000	AUDITED 31.3.2011 RM'000
Not more than one year	139	128
Later than one year and not later than five years	215	284
	<u>354</u>	<u>412</u>

## 11. MATERIAL LITIGATION / CONTINGENT LIABILITIES

As at the date of this announcement, the Group had not engaged in any material litigation, claims or arbitration, including those pending or threatened against the Group, as plaintiff or defendant, which has a material effect on the financial position of the Group.

In addition, there were no material contingent liabilities that may, upon materialisation, have a material effect on the Group's financial results or position.

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## 12. INVESTMENT IN A SUBSIDIARY

	UNAUDITED 30.9.2011 RM'000	AUDITED 31.3.2011 RM'000
Unquoted shares, at cost	*	-

Note:

\* - Represents RM2

Name of company	Principal activities	Country of incorporation	Effective equity interest 30.9.2011	Effective equity interest 31.3.2011
Orient Hibiscus Sdn Bhd ("Orient Hibiscus")	Dormant	Malaysia	100%	-

## 13. SIGNIFICANT EVENTS DURING / SUBSEQUENT TO THE FINANCIAL PERIOD

On 16 August 2011, Hibiscus Petroleum had acquired Orient Hibiscus, a wholly-owned subsidiary, to facilitate streamlining of the future activities of the Company.

On 17 October 2011, Hibiscus Petroleum had established two wholly-owned companies in Labuan, being Gulf Hibiscus Limited ("**Gulf Hibiscus**") and Hibiscus Oilfield Services Limited ("**Hibiscus Oilfield**"), to facilitate its participation in its Proposed QA exercise.

To-date, the Company holds 4,000,001 ordinary shares in Gulf Hibiscus, and holds 1 ordinary share in Hibiscus Oilfield.

Please refer to Part B - Notes 1, 2 and 3 of this report for other significant events during / subsequent to the financial period.

**14. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES**

	UNAUDITED 30.9.2011 RM'000	AUDITED 31.3.2011 RM'000
Total accumulated losses		
- Realised	2,479	1,205
- Unrealised	-	-
	<hr/>	<hr/>
	2,479	1,205
	<hr/>	<hr/>

## **PART B – ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

### **COMMENTARY BY THE BOARD OF DIRECTORS**

#### **1. LISTING OF HIBISCUS PETROLEUM BERHAD**

The Company was listed on the Main Market of Bursa Malaysia on 25 July 2011 as a Special Purpose Acquisition Company (“**SPAC**”).

The listing scheme of Hibiscus Petroleum comprised the following :

- Tranche 1 Conversion of RCPS

On 28 April 2011, Hibiscus Upstream converted a total of 5,557,000 RCPS held into 55,570,000 new ordinary shares of RM0.01 each in Hibiscus Petroleum (“**Shares**”) together with 55,570,000 Warrants-B.

- Capitalisation of Advances from Initial Investors Amounting To RM3,000,000 (“**Initial Investors’ Utilisation Amount**”) and Subscription by the Initial Investors

Prior to the receipt of the Securities Commission (“**SC**”)’s approval for the Initial Public Offering (“**IPO**”), the Initial Investors had provided a total of RM3,000,000 for the Company to utilise on behalf of the Initial Investors towards payment of expenses incurred in connection with the IPO.

On 4 May 2011, the Initial Investors entered into subscription agreements with the Company for the following:-

- (a) the capitalisation of the Initial Investors’ Utilisation Amount into 6,666,667 new Shares together with 6,666,667 Warrants-A at an issue price of RM0.45 per new Share; and
- (b) the subscription for 15,555,555 new Shares together with 15,555,555 Warrants-A at a subscription price of RM0.45 per new Share. The Subscription by the Initial Investors raised total proceeds of RM7,000,000.

- On 20 July 2011, Hibiscus Upstream converted a total of 2,804,120 RCPS held into 28,041,200 new Shares together with 28,041,200 Warrants-B. This resulted in Hibiscus Upstream holding 20% in the enlarged issued and paid-up ordinary share capital of the Company.
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- Public Issue of 312,214,300 new Shares (“Public Issue Shares”), together with 312,214,300 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for, at an issue price of RM0.75 per Public Issue Share paid in full upon application comprising:-
  - (a) 265,362,100 Public Issue Shares together with 265,362,100 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for by way of placement to selected investors; and
  - (b) 46,852,200 Public Issue Shares together with 46,852,200 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for which were available for application by the Malaysian Public.

Hibiscus Petroleum had raised a total of RM11 million prior to its IPO and RM234 million from its IPO exercise. The combined IPO funds raised from the public subscription and placement to selected investors of RM234 million represented an excess of RM84 million over the minimum of RM150 million required to be raised by a SPAC under the Securities Commission’s Equity Guidelines for SPACs (“**SC Guidelines**”).

In compliance with the SC Guidelines, 90% of the IPO funds raised are held in trust by the Company’s independent custodian, Deutsche Trustees Malaysia Berhad (“**Trust Account**”). The remaining 10% has been set aside to fund IPO costs, operational expenses and costs related to identifying, evaluating and acquiring target assets.

SPACs are companies which have no operations or income generating business at the point of IPO but undertake an IPO for the purpose of raising funds to acquire operating companies, businesses or assets, otherwise known as qualifying acquisitions (“**Qualifying Acquisition**”). Accordingly, in the short to medium term, SPACs are not expected to generate income in view of the costs incurred to prospect for and subsequently acquire target companies or assets.

The Group aims to be established as an independent Oil and Gas Exploration & Production (“**E&P**”) player after the completion of its Qualifying Acquisition.

## 2. **SELECTION PROCESS TO IDENTIFY A SUITABLE QUALIFYING ACQUISITION**

Since its listing, in its identification of a Qualifying Acquisition, the Group had evaluated not less than 14 opportunities relating to prospects located in Oman, India, Vietnam, Indonesia, Philippines, Australia, Papua New Guinea and Thailand. Of these, 4 were shortlisted before finally selecting the proposed Qualifying Acquisition (refer to Section 3 below) to be recommended to our shareholders. The selection criteria was based on the broad business strategy as set out in the Company’s Prospectus dated 30 June 2011 (“**Prospectus**”), and a more detailed consideration of other factors under the following criteria :

- (a) technical criteria (i.e. passive or active technical role of the Group, subsurface considerations and risks, operational risks, exploitation issues);
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- (b) commercial criteria (i.e. fiscal terms of concession, venture partners, financial returns). The Group also had to ensure that the total consideration to be paid resulted in an aggregate of at least RM170 million (80.0% of the aggregate amount in the Trust Account) to qualify as a Qualifying Acquisition under the requirement set out by SC under Chapter 6.25 of the SC Guidelines; and
- (c) geo-political criteria (i.e. whether the prospects considered were located in politically stable and secure areas within our regions of interest namely South Asia, Middle East, East Asia and Oceania).

### 3. PROPOSED QUALIFYING ACQUISITION

On 25 October 2011, 3 months after its listing, the Group announced that on 24 October 2011, Gulf Hibiscus, had entered into :

- a conditional share subscription agreement ("**SSA**") with Lime Petroleum Plc ("**Lime**") to subscribe for 76,923,077 new ordinary shares of 0.05 USD cents each in Lime ("**Lime Shares**"), representing 27.2% of the enlarged issued and paid-up share capital of Lime, for a cash consideration of USD50 million (equivalent to RM156.5 million\*) ("**Proposed Subscription**"); and
- a conditional share purchase agreement ("**SPA**") with Rex Oil & Gas Limited ("**Rex**") under which 22,153,846 existing Lime Shares representing 7.8% of the enlarged issued and paid-up share capital of Lime will be acquired from Rex by Gulf Hibiscus for a cash consideration of USD5 million (equivalent to RM15.6 million\*) ("**Proposed Acquisition**"). Upon receipt of independent confirmation of commercial discovery of a well no later than 2013, a discovery bonus amount of USD5 million will also be payable to Rex.

*Note \* : The exchange rate of RM3.129 to USD1 has been applied for the purpose of converting USD-denominated values to Ringgit Malaysia-denominated values.*

(Collectively, the Proposed Subscription and Proposed Acquisition shall hereinafter be known as the "**Proposals**" or the "**Proposed QA**".)

In conjunction with the Proposals, on the same date:

- Gulf Hibiscus had entered into a shareholders' agreement with Rex, Schroder & Co Banque S.A and Lime ("**Shareholders' Agreement**"); and
  - Hibiscus Oilfield, had entered into a project management and technical services agreement with Lime for Hibiscus Oilfield to provide project management and technical services to Lime in relation to Lime's existing and future oil and gas concessions in the Middle East region.
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Lime Group has controlling interests in concession companies with concession rights in offshore oil and gas exploration assets as follows :

- RAK North Offshore Concession in Ras Al Khaimah, United Arab Emirates (“UAE”).
- Offshore Sharjah East Coast Concession in Sharjah, UAE.
- Block 50 Concession Area in the Sultanate of Oman.

Pursuant to the fulfillment of all Tranche One Conditions, as set out in the SSA, on 4 November 2011 and the payment of the Tranche One amount of USD4 million (RM12.5 million) on 8 November 2011, new Lime Shares of 6,605,128 (“Tranche One Shares”), representing 2.3% of the enlarged issued and paid-up share capital of Lime, had been issued by Lime to Gulf Hibiscus, on 8 November 2011.

Under the terms of the Shareholders’ Agreement, Dr Kenneth Pereira, the Managing Director of Hibiscus, had been appointed to the Board of Lime on 10 November 2011.

In addition, pursuant to the issue of Tranche One Shares, under the terms of the Shareholders’ Agreement, a representative of Gulf Hibiscus is to be appointed no later than 7 February 2012 to the boards or governing committees of the other existing subsidiary companies under Lime Group, namely Lime Petroleum Limited, Masirah Oil Limited, Dahan Petroleum Limited and Zubara Petroleum Limited.

The appointment of Dr Kenneth Pereira to the Board of Lime, appointment of Gulf Hibiscus’ representative on the Boards of the subsidiaries of Lime as well as Hibiscus Oilfield’s appointment as Project Manager enables Hibiscus Petroleum to:

- have input in matters relating to the strategic direction of Lime Group and actively participate in the key decisions of Lime Group; and
- be responsible for the day-to-day operations and management of the concessions under Lime Group.

As set out in our Prospectus, our initial business strategy is to focus on identifying and acquiring the rights to develop small and medium sized, relatively low to moderate risk oil and gas fields in the South Asia, Middle-East, East Asia and Oceania regions. The Proposals are generally in line with the stated business strategy as they represent the acquisition of relevant interests with a moderate risk profile in the Middle-East.

Applications to the SC in respect of the Proposed QA are expected to be submitted within 2 months from the announcement made to Bursa Malaysia on 25 October 2011.

Subject to the approval of the SC and our shareholders as well as the fulfillment of other conditions precedent stated in the relevant agreements, it is envisaged that the Proposed QA will be completed by the first half of 2012. Upon completion of the Proposed QA, the Company will evolve from being a SPAC to a fully operating oil and gas E&P company.

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There is no change to the capital and status of Hibiscus Petroleum as a SPAC.

#### 4. REVIEW OF RESULTS

The Group earned interest income of approximately RM2.3 million from its fixed deposits placements during the period ended 30 September 2011. The total expenditure incurred was RM3.4 million, resulting in a net loss before taxation of RM1.2 million. Out of the total expenditure incurred, RM1.3 million comprised IPO and Proposed QA costs, which are regarded as non-recurring costs.

Minimal expenses were incurred in the previous corresponding period as the Group had not commenced operations as a SPAC.

The expenses of the Group during the financial period ended 30 September 2011 consisted of the following :

	UNAUDITED 1.4.2011 TO 30.9.2011 RM'000	UNAUDITED 1.4.2010 TO 30.9.2010 RM'000
Proposed QA expenses	1,124	-
Key management personnel remuneration	772	-
Executive Director's remuneration	440	-
Prospecting cost for target acquisitions	290	-
Listing expenses	217	-
Others	626	13
	3,469	13

The Proposed QA expenses primarily comprise fees for legal, technical, financial, corporate and valuation advisory services in relation to due diligence exercises, execution of legal documents and submission to regulatory authorities relating to the Proposed QA. Further substantial Proposed QA expenses are expected to be incurred up to the completion of the Proposals.

The total listing expenses incurred amounted to RM6.0 million which primarily comprise fees to advisors and regulatory authorities, commissions, and advertising and printing costs. Out of this total, RM5.5 million was offset against the share premium and warrant reserve accounts. The remaining sum of RM0.5 million, was expensed off against the statement of comprehensive income, out of which RM0.3 million had been expensed off against the statement of comprehensive income in the previous financial year ended 31 March 2011.

The management team's remuneration and the Executive Director's remuneration which comprise salaries, allowances and related costs, amounted to RM0.8 million and RM0.4 million respectively.

As part of its evaluation of suitable acquisition targets, the Group had also incurred approximately RM0.3 million for preliminary technical due diligence assessments. These targets were not considered as suitable after such assessments.

## **5. AMOUNT IN THE TRUST ACCOUNT**

The SC Guidelines require that the funds held in trust are placed in permitted investments namely Malaysian Government Securities, money market instruments and AAA-rated papers. After considering various factors such as yields, liquidity, tenure and availability, the Group invested the IPO funds in fixed deposits which are considered as relatively secure and liquid at an interest rate of 3.6% per annum.

As at 30 September 2011, the amount placed in fixed deposits under the Trust Account and the corresponding interest income earned were as follows :

	PLACEMENT AMOUNT (RM'000)	INTEREST INCOME (RM'000)	TOTAL (RM'000)
Amount under the Trust Account	210,757	1,354	212,111

Investment in fixed deposits is not materially exposed to market risks nor liquidity risks, but premature redemption of the fixed deposit may involve some penalty interest or no interest being paid at all. The Group does not anticipate such premature redemption in view of the short term tenure of 3 months of the fixed deposits.

## **6. STATEMENT ON ABNORMAL CIRCUMSTANCES**

The Directors confirm that there are no abnormal circumstances that had affected or will affect the business or financial position of the Group.

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