HIBISCUS PETROLEUM BERHAD

(Incorporated in Malaysia)
Company No : 798322-P

Unaudited Quarterly Financial Report
30 JUNE 2012

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.6.2012 RM'000	QUARTER ENDED 30.6.2011 RM'000	PERIOD ENDED 30.6.2012 RM'000	PERIOD ENDED 30.6.2011 RM'000
REVENUE	1,999	93	1,999	93
Administrative expenses	(3,101)	(679)	(3,101)	(679)
Other expenses	(92)	(59)	(92)	(59)
Other operating income	524	-	524	-
Finance cost	(241)	-	(241)	-
Share of loss in a jointly controlled entity	(298)	-	(298)	-
LOSS BEFORE TAXATION	(1,209)	(645)	(1,209)	(645)
Taxation	16	-	16	-
LOSS AFTER TAXATION	(1,193)	(645)	(1,193)	(645)
Other comprehensive income, net of tax:-				
Foreign currency translation	7,196	-	7,196	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES)	6,003	(645)	6,003	(645)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	(1,193)	(645)	(1,193)	(645)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-				
Owners of the Company	6,003	(645)	6,003	(645)
LOSS PER SHARE (sen)				
Basic	(0.28)	(1.23)	(0.28)	(1.23)
Diluted	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

	UNAUDITED AS AT 30.6.2012 RM'000	AUDITED AS AT 31.3.2012 RM'000	AS AT 1.4.2011 RM'000
ASSETS			
NON CURRENT ASSETS			
Investment in a jointly controlled entity	188,767	12,258	-
Equipment	614	660	6
	189,381	12,918	6
CURRENT ASSETS			
Other receivables, deposits and prepayments	1,037	217	412
Amount owing by a jointly controlled entity	576	1,855	-
Fixed deposits with licensed banks	70,309	50,016	2,303
Cash and bank balances	1,749	168,508	213
	73,671	220,596	2,928
TOTAL ASSETS	263,052	233,514	2,934
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4,379	4,180	*
Other reserves	250,999	234,054	-
Accumulated losses	(7,282)	(6,089)	(1,205)
	248,096	232,145	(1,205)
NON-CURRENT LIABILITIES			
Discovery bonus payable	13,558	-	-
Deferred tax liabilities	20	41	-
	13,578	41	-
CURRENT LIABILITIES			
Other payables and accruals	717	628	83
Amount owing to related parties	-	-	3,000
Provision for taxation	442	481	-
Redeemable Convertible Preference Shares ("**RCPS**")	219	219	1,056
	1,378	1,328	4,139
TOTAL LIABILITIES	14,956	1,369	4,139
TOTAL EQUITY AND LIABILITIES	263,052	233,514	2,934
NET ASSETS PER SHARE (RM)	0.57	0.56	

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)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2012

	<------------------ NON-DISTRIBUTABLE			------------------>		
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
3 months to 30.6.2011						
At 1.4.2011	*	-	-	-	(1,205)	(1,205)
Conversion of RCPS	556	-	-	-	-	556
Capitalisation of initial investors' utilisation amount and subscription by initial investors	222	3,111	6,667	-	-	10,000
Share issuance costs		(341)	(227)	-	-	(568)
Loss after taxation	-	-	-	-	(645)	(645)
At 30.6.2011	778	2,770	6,440	-	(1,850)	8,138
3 months to 30.6.2012						
At 1.4.2012	4,180	137,217	98,151	(1,314)	(6,089)	232,145
Conversion of warrants	199	15,587	(5,838)	-	-	9,948
Loss after taxation	-	-	-	-	(1,193)	(1,193)
Other comprehensive income, net of tax:-						
Foreign currency translation	-	-	-	7,196	-	7,196
Total comprehensive income/ (expenses) for the quarter	-	-	-	7,196	(1,193)	6,003
At 30.6.2012	4,379	152,804	92,313	5,882	(7,282)	248,096

Note :
** - represents RM2*

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2012

	PERIOD ENDED 30.6.2012 RM'000	PERIOD ENDED 30.6.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,209)	(645)
Adjustments for:-		
Depreciation of equipment	46	9
Interest income	(490)	(93)
Unrealised gain on foreign exchange	(524)	-
Listing expenses	-	50
Qualifying Acquisition expenses	46	-
Finance cost	241	-
Share of loss in a jointly controlled entity	298	-
Operating loss before working capital changes	(1,592)	(679)
(Decrease)/Increase in other receivables, deposits and prepayments	(820)	362
Decrease/(Increase) in other payables and accruals	89	(30)
Decrease in amount owing by a jointly controlled entity	1,279	-
Cash used in operations	(1,044)	(347)
Interest received	490	93
Income tax paid	(45)	-
Net cash used in operating activities	(599)	(254)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(278)
Qualifying Acquisition expenses paid	(46)	-
Investment in a jointly controlled entity	(157,335)	-
Net cash used in investing activities	(157,381)	(278)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	9,948	7,000
Listing expenses paid	-	(50)
Share issuance costs paid	-	(568)
Net cash generated from financing activities	9,948	6,382
Net change in cash and cash equivalents	(148,032)	5,850
Effects of exchange rate changes	1,566	-
Cash and cash equivalents at beginning of the quarter	218,524	2,516
Cash and cash equivalents at end of the quarter	72,058	8,366

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

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

1 BASIS OF PREPARATION

The unaudited quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard ("**MFRS**") 134: *Interim Financial Reporting* 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 Malaysian Accounting Standards Board ("**MASB**") with effect from 1 January 2012 has been adopted by the Group. This MFRS Framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("**FRS**") with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**").

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

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

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	Investment in Associates and Joint Ventures**
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities**
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income^^
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities^

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

3 SEASONAL OR CYCLICAL FACTORS

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

4 UNUSUAL ITEMS

Other than the completion of the acquisition of 35% equity interest in Lime Petroleum Plc ("**Lime**"), there were no other unusual items affecting assets, liabilities, equity, net income and cash flows during the financial quarter ended 30 June 2012.

5 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the financial quarter ended 30 June 2012.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

Save as disclosed in Part B, Note 3 of this report, there were no other material events subsequent to the end of the financial quarter ended 30 June 2012.

7 CHANGES IN THE COMPOSITION OF THE GROUP

Save as previously disclosed in the Group's half yearly report announced on 30 May 2012, there were no changes in the composition of the Group during the financial quarter ended 30 June 2012.

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

9 DIVIDENDS PAID/PAYABLE

There were no dividends declared or paid during the financial quarter ended 30 June 2012.

10 BORROWINGS, DEBT AND EQUITY SECURITIES

Conversion of Warrants-A

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

		Quarter Ended 30.6.2012	
	Par Value RM	Number Of Shares	Share Capital RM'000
ORDINARY SHARES			
At 1.4.2012	0.01	418,047,922	4,180
Conversion of Warrants-A	0.01	19,895,500	199
At 30.6.2012	0.01	437,943,422	4,379

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

Conversion of Warrants-A (Cont'd)

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 quarter	:	19,895,500
Exercise price	:	RM0.50 per Warrant-A

RCPS

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

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

11 SEGMENTAL INFORMATION

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

12 CAPITAL COMMITMENTS

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

	QUARTER ENDED 30.6.2012 RM'000
Approved and contracted for:-	
Purchase of software	2,459
Office renovation	46
	2,505

13 SIGNIFICANT RELATED PARTY TRANSACTION

Save as disclosed below, there were no significant related party transactions during the financial quarter ended 30 June 2012. The recurrent related party transaction within the Group are as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.6.2012 RM'000	QUARTER ENDED 30.6.2011 RM'000	PERIOD ENDED 30.6.2012 RM'000	PERIOD ENDED 30.6.2011 RM'000
Project management, technical and other services fees from a jointly controlled entity				
- Lime	1,509	-	1,509	-

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

1 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

2 PERFORMANCE REVIEW

For the financial quarter ended 30 June 2012, the Group recorded revenue of RM2.0 million, an increase of RM1.9 million as compared against RM0.1 million in the corresponding quarter ended 30 June 2011.

The Company was listed in July 2011, and was subsequently appointed, via Hibiscus Oilfield Services Limited, as the Project Manager for the Middle East concessions under the Lime Group pursuant to its acquisition of the 35% equity interest in Lime ("**Lime Acquisition**"). Accordingly, the revenue for the current financial quarter ended 30 June 2012 comprises project management, technical and other services fees from Lime, and interest income received from funds raised from its Initial Public Offering.

The loss before taxation for the current financial quarter amounted to RM1.2 million which represents an increase of RM0.6 million as compared to RM0.6 million in the corresponding quarter ended 30 June 2011. The increase in loss before taxation is mainly attributable to the increase in personnel remuneration by RM1.7 million, due to the expansion of the project management and technical team required to provide services to the concession companies within the Lime Group. However, it should be highlighted that RM1.1 million of the Group's total remuneration expenses was recovered from Lime through the provision of project management, technical and other services.

Subsequent to the completion of the Lime Acquisition in April 2012, the Group also recorded its share of loss in the Lime Group of RM0.3 million. 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 fourth quarter of 2012.The finance cost of RM0.2 million arose from the changes in fair value of the discovery bonus payable to Rex Oil & Gas Ltd ("**Rex**"). As part of the terms of the Lime Acquisition, it was agreed that USD5 million would be paid to Rex if a discovery of hydrocarbons is made, and declared to be commercial by 31 December 2013 by an independent competent expert.

Pursuant to completion of the Lime Acquisition as the Qualifying Acquisition on 18 April 2012, the Company has transformed itself into a full-fledged oil and gas exploration and production company on the Main Market of Bursa Securities, and is now required to comply with Paragraph 9.22 of the MMLR.

3 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

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

On 2 May 2012, Lime signed transaction agreements ("**Transaction Agreements**") with North Energy ASA to secure 50% of North Energy ASA's interests in four concessions in the Norwegian Continental Shelf in Norway ("**Proposed Transfer of Norwegian Interests to Lime**").

The purchase consideration for the Proposed Transfer of Norwegian Interests to Lime is approximately NOK31.8 million (equivalent to approximately USD5.5 million or RM16.8 million)** if the transfer is completed in 2012. It will increase to approximately NOK31.8 million plus Lime's share of actual costs incurred in 2012 if the transfer is completed in 2013.

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

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

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

The Transaction Agreements are to be completed prior to the long-stop date of 1 July 2013 ("**Long–Stop Date**"), after which the obligations of the parties to complete the Proposed Transfer of Norwegian Interests to Lime shall cease for any of the four concessions that have not been transferred prior to the Long-Stop Date.

Since the Company's last half yearly report which was announced on 30 May 2012, there has been no change in the status of the Proposed Transfer of Norwegian Interests to Lime.

** *The exchange rates used are as at the date of the announcement to Bursa Securities on 4 May 2012 i.e. NOK1 : USD0.1741 : RM0.5272*

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

The Company announced on 2 August 2012 that it proposes to undertake the following:-

(a) an issuance of up to 210,000,000 new CRPS in Hibiscus Petroleum at an issue price of RM1.00 per CRPS through a private placement exercise without prospectus ("**Proposed Private Placement of CRPS**");

(b) increase in authorised share capital of Hibiscus Petroleum from RM25,000,000 comprising 2,400,000,000 ordinary shares of RM0.01 each ("**Hibiscus Petroleum Shares**") and 100,000,000 redeemable convertible preference shares of RM0.01 each to RM50,000,000 comprising 4,690,000,000 Hibiscus Petroleum Shares, 100,000,000 RCPS and 210,000,000 CRPS by the creation of an additional 2,290,000,000 new Hibiscus Petroleum Shares and 210,000,000 new CRPS ("**Proposed Increase in Authorised Share Capital**"); and

(c) amendment to the Memorandum and Articles of Association of Hibiscus Petroleum in respect of the issuance of CRPS pursuant to the Proposed Private Placement of CRPS and Proposed Increase in Authorised Share Capital;

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

Up to 3 August 2012, Hibiscus Petroleum had entered into six conditional subscription agreements that would raise RM74.5 million out of the total maximum of RM210 million.

The CRPS Proposals are subject to approval from the Company's shareholders and the Proposed Private Placement of CRPS is subject to the approvals from relevant regulatory authorities, all of which are pending. Accordingly, there has been no change in the status of the CRPS Proposals since the date of the announcement.

Please refer to the announcements to Bursa Securities on 2 August 2012, 3 August 2012 and 6 August 2012 for further details.

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

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

On 14 August 2012, the Company announced the following:-

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

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

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

The total investment sum of AUD29 million under the Proposed Subscription and Proposed Farm-In will be funded via available internal funds and proceeds raised from the CRPS issue.

The Proposed Subscription and the Proposed Farm-In are subject to approval from the Company's shareholders and the relevant regulatory authorities in Australia and Malaysia, which will be sought in due course. Accordingly, there has been no change in the status of these proposals since the date of the announcement.

Please refer to the announcement to Bursa Securities on 14 August 2012 for further details.

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

4 PROSPECTS OF THE GROUP FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013

Hibiscus Petroleum has focused on developing its position in Lime since the fourth quarter of 2011. This has allowed an early creation of value and capital appreciation of the equity held by its shareholders. The next phase of its growth strategy is two-pronged:

- The Group will continue its work as Project Manager on Lime Group's work programme for 2012 comprising seismic acquisition, processing and interpretation, geological studies and pre-drilling activities. A status update of such activities is detailed in Part C of this report; and

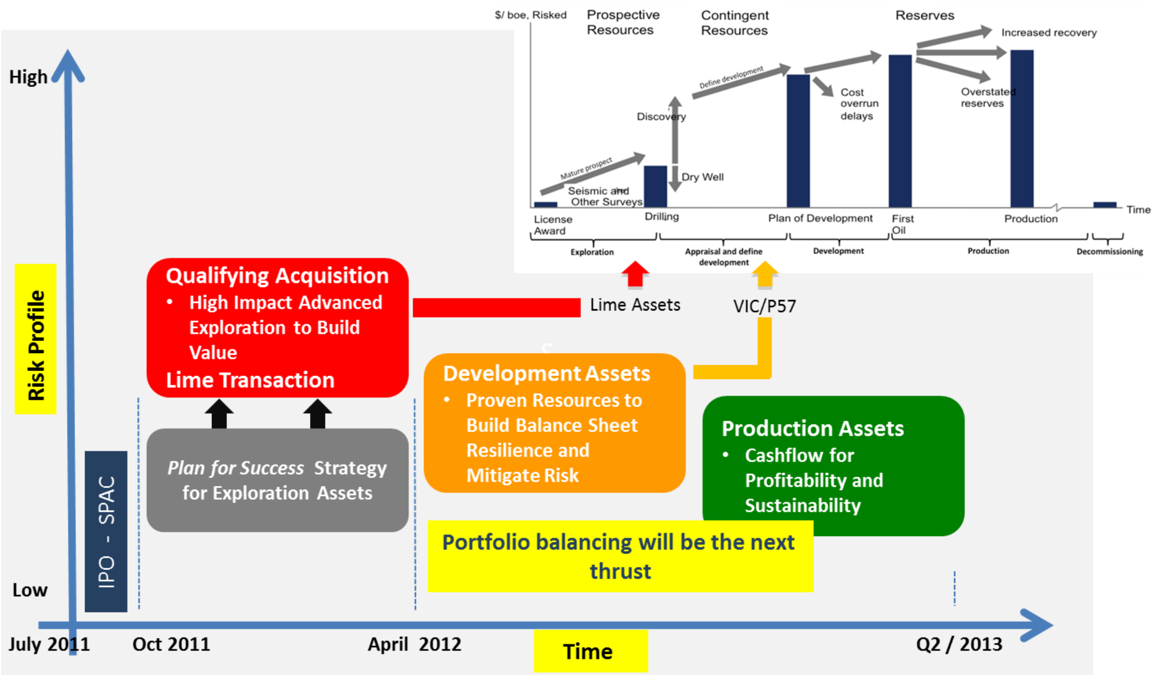
- It will evaluate the acquisition of development and/or producing oil/gas fields to balance its portfolio with more moderate and low-risk assets.

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

The Management believes that the current uncertainty in the global markets and a softening of oil prices provide an ideal opportunity to acquire the desired type of assets that will result in the balancing of the Group's portfolio. As part of the growth strategy to pursue development and/or producing oil and gas assets, the Company will require funding and has therefore launched a CRPS fund-raising exercise to raise up to RM210,000,000 on 2 August 2012 (please refer to Part B, Note 3 of this report).

Consistent with the strategy to utilise CRPS funds on development assets to balance the Group's overall portfolio from a risk perspective, Hibiscus Petroleum and its wholly-owned subsidiaries, had entered into agreements relating to the Proposed Subscription and Proposed Farm-In as described above under Part B, Note 3 of this report. First oil from VIC/P57 is targeted for mid-2014, subject to obtaining relevant approvals, and the availability of rig and production facilities. Most significantly, this proposed acquisition allows the Group to progress along the exploration and production value chain, as depicted below.

Figure 1: Strategic Approach of the Hibiscus Petroleum Group



5 PROFIT FORECAST AND PROFIT GUARANTEE

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

6 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sale of unquoted investments and/or properties during the financial quarter ended 30 June 2012.

7 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchase or disposal of quoted securities during the financial quarter ended 30 June 2012.

8 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

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

9 MATERIAL LITIGATION

There was no material litigation for the financial quarter ended 30 June 2012 as at the date of this report.

10 LOSS PER SHARE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.6.2012 RM'000	QUARTER ENDED 30.6.2011 RM'000	PERIOD ENDED 30.6.2012 RM'000	PERIOD ENDED 30.6.2011 RM'000
Loss after taxation attributable to owners of the Company	(1,193)	(645)	(1,193)	(645)
Weighted average number of shares in issue ('000)	429,368	52,479	429,368	52,479
Basic loss per share (sen)	(0.28)	(1.23)	(0.28)	(1.23)

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

11 LOSS BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.6.2012 RM'000	QUARTER ENDED 30.6.2011 RM'000	PERIOD ENDED 30.6.2012 RM'000	PERIOD ENDED 30.6.2011 RM'000
Loss before taxation is arrived at after charging/(crediting):-				
Interest income	(490)	(93)	(490)	(93)
Depreciation of equipment	46	9	46	9
Unrealised gain on foreign exchange	(524)	-	(524)	-
Listing expenses	-	50	-	50
Qualifying Acquisition expenses	46	-	46	-

Other than as presented in the 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 quarter ended 30 June 2012.

12 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.6.2012 RM'000	QUARTER ENDED 30.6.2011 RM'000	PERIOD ENDED 30.6.2012 RM'000	PERIOD ENDED 30.6.2011 RM'000
Based on results for the quarter:-				
Current income taxation	(6)	-	(6)	-
Deferred taxation	22	-	22	-
	16	-	16	-

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

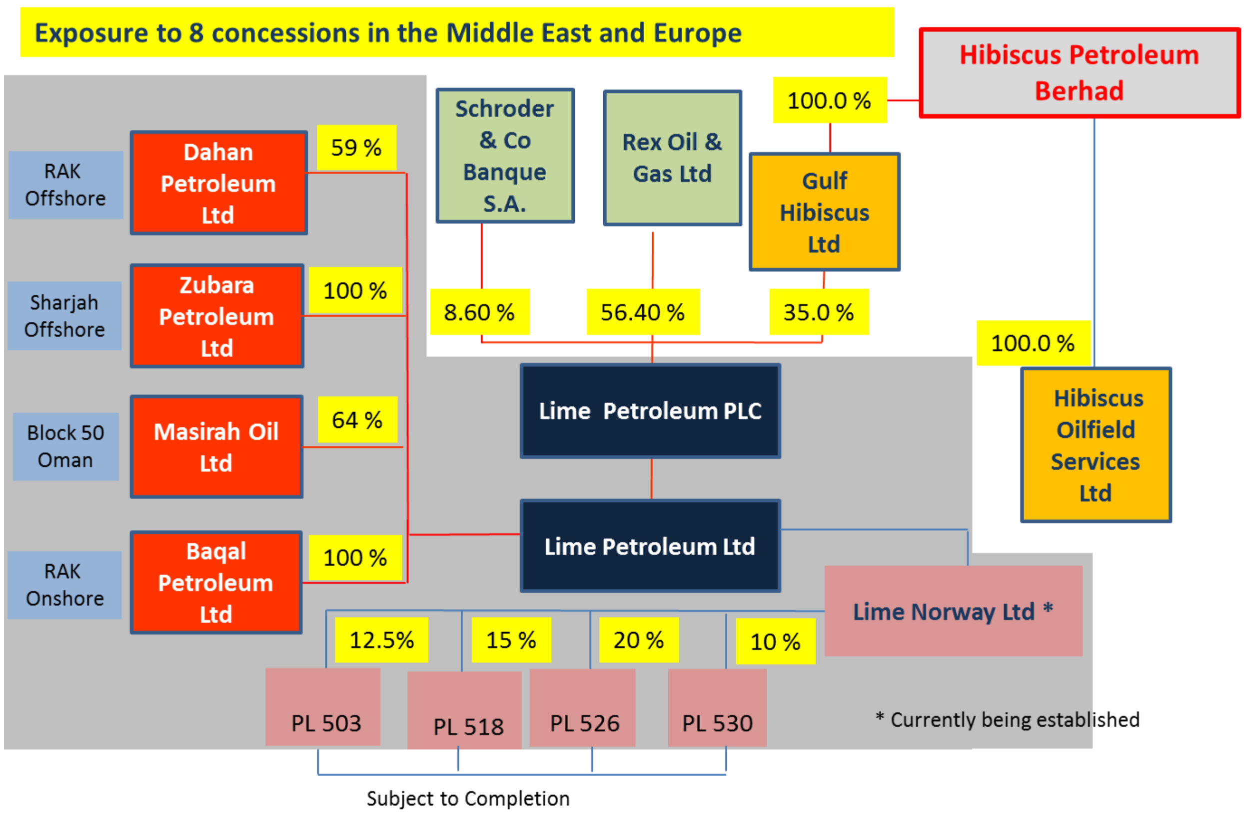
13 REALISED AND UNREALISED ACCUMULATED LOSSES

	UNAUDITED AS AT 30.6.2012 RM'000	AUDITED AS AT 31.3.2012 RM'000
Total accumulated losses:-		
Realised	(7,787)	(6,036)
Unrealised	505	(53)
	(7,282)	(6,089)

PART C – STATUS OF EXPLORATION ACTIVITIES WITHIN THE LIME GROUP

Through Hibiscus Petroleum Group's 35% equity interest in Lime, the Group has acquired four concessions in the Middle East while another four concessions in Norway are in the pipeline. The concession portfolio in the Middle East provides the Group with an opportunity to pursue high-impact exploration targets in the most prominent hydrocarbon producing region globally. In Norway, meanwhile, the Group is being presented the opportunity to develop its exploration skillsets alongside established industry players in a favourable fiscal regime.

Figure 2 : Structure of the Lime Group



During the quarter ended 30 June 2012, the total exploration expenditure incurred by the Lime Group is set out below:-

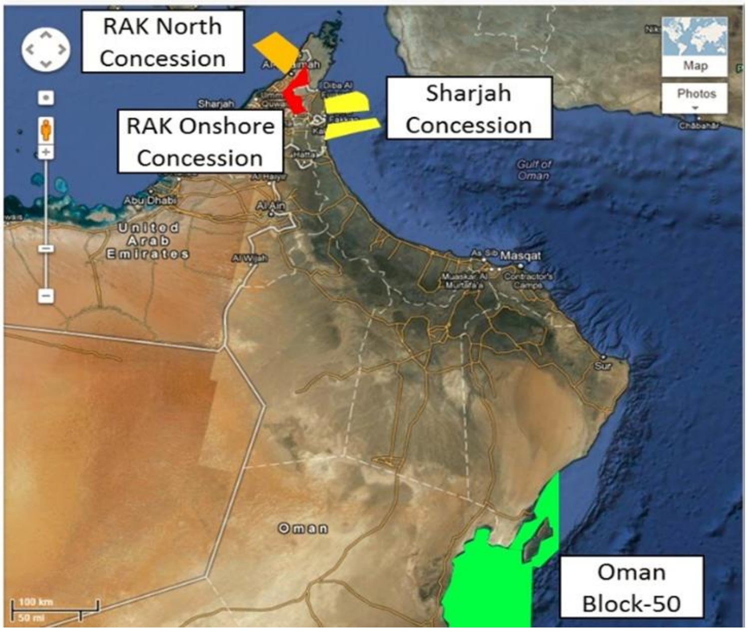
	QUARTER ENDED 30.6.2012 RM'000
Intangible exploration and evaluation assets	22,071
Administrative expenses	380
	22,451

The activities undertaken in the concessions within the Lime Group to-date are elaborated in the sections below.

It should be noted that the information presented below reflects the technical interpretation of assets at a particular instant in time, after the consideration of available data, at that time. Technical interpretations may vary from time to time as more data or a better understanding of the relevant geological setting becomes available.

MIDDLE EAST CONCESSIONS

Figure 3 : Lime Group's concessions in the Middle East



(i) Block 50, Oman

Sub-Surface Evaluation

Lime had inherited legacy seismic data from the previous holders of Block 50 in Oman. These datasets have been reprocessed and reinterpreted using modern techniques over the past year. The reprocessing work were carried out by seismic processing company Spectrum of the United Kingdom. More specifically, a full geological evaluation of the southern part of the block around the Masirah Bay area was carried out. This seismic data, acquired by Hunt Oil in 2004 and 2006, was mainly used for the initial geological interpretation. Available logs from the three wells in the area (SMPA-1, Maimun-1 and SMPB-1) were used for correlation and evaluation of reservoir properties.

In addition, gravity data and magnetic data acquired by Hunt Oil were used to validate structural elements and to define the extent of the ophiolite and the associated mélange feature. This study is being performed by Swedish consultancy firm, GeoVista.

Based on this preliminary work, a number of prospects and leads have been identified. In addition, more seismic acquisition work was carried out in 2012 as tabulated below:-

Period	Field Work Programme	Service Provider	Status
17 May – 1 Jul 2012	560 km 2D and 346 km^2 3D seismic	BGP International Equipment (M.E) FZE	Completed

MIDDLE EAST CONCESSIONS (CONT'D)

(i) Block 50, Oman (Cont'd)

Sub-Surface Evaluation (Cont'd)

This additional seismic acquisition work will be used to validate the results obtained from the vintage third party datasets. This work is currently on-going and is anticipated to contribute to the selection of final drilling locations within the block.

Virtual Drilling has also been carried out using legacy seismic data over all the identified leads. This technique, proprietary to Rex, uses responses from the low frequency band of conventional seismic data to identify resonance signatures from reservoir fluids. Using this methodology, positive indications of hydrocarbon accumulations have been seen over the identified prospects and leads.

The exploration work conducted to date has confirmed the large main leads previously identified by Hunt Oil below the mélange. In addition, two new smaller leads were identified west of the mélange. Direct hydrocarbon indications in the form of Amplitude versus Offset ("**AVO**") on seismic data, which opens another opportunity, were found southwest of Maimun-1.

The following geological and geophysical studies were awarded to aid in high-grading the different prospects:

- AVO: PSS Geo, Norway
- Basin Modeling and Reservoir Studies: Prime Energy, Dubai, UAE
- Fault Seal /Trap Studies: RDR, Leeds, United Kingdom

Preliminary reports have been received. The basin modeling confirms the possibility of an active petroleum system under the mélange section and further confirms the possibility of paths for the hydrocarbons to migrate to the identified prospects and leads. A petrophysics study (which has also been undertaken) indicates that the formations in the identified leads are likely to have good reservoir and seal properties.

The data available to-date provides good exploration elements for prospecting and is a good basis to further mature the leads. These results, combined with positive indicators from Rex's virtual drilling tests, lead the Group to be confident in planning its first few exploration wells.

A further review (using conventional and Virtual Drilling techniques) of seismic data acquired by Lime in 2012, will be performed to confirm the viability of the identified prospects and leads as drillable targets, before a final decision is made to invest in the drilling of at least two exploration wells in Block 50, Oman in late 2012 and early 2013.

Well Engineering

Commencing August 2011, a drilling scoping study was initiated by Lime and performed by a third party service contractor in anticipation of the drilling programme in Block 50 in Oman. In December 2011, several companies quoted for the drilling project management services. Following a technical and commercial evaluation of the submissions, SPD LLC ("**SPD**"), a division of Petrofac, was selected. Hibiscus Petroleum representatives have since been assigned to the SPD office in Dubai to work on developing the drilling strategy, in addition to the well engineering plan and overseeing of the tender process.

MIDDLE EAST CONCESSIONS (CONT'D)

(i) Block 50, Oman (Cont'd)

Well Engineering (Cont'd)

The Ministry of Oil and Gas of the Sultanate of Oman has reviewed all tender strategies for the two exploration wells to be drilled, and the majority of the tenders have been initiated. Discussions are on-going with drilling rig contractors and a contract for detailed geo-technical site surveys will be awarded in the near term.

Together with SPD, the Hibiscus Petroleum team has also conducted a logistics study and identified the preferred base of operations. In the next few months, the Group will focus on making this option as cost-effective as possible.

Meanwhile, submissions for all the required regulatory approvals for the work programme are on-going.

(ii) RAK North (Offshore)

The Ras Al Khaimah North offshore block covers 1,200km^2 off the northwest coast of the Emirate of Ras Al Khaimah. The producing Saleh field is located within the block, but is excluded from the concession.

Sub-Surface Evaluation

During the first half of 2012, conventional interpretation of 2D seismic data acquired by Lime in 2010 was completed. The project had an extensive scope covering:-

- Regional structural geology and lithology
- Placing RAK North in a regional geological setting
- Interpreting the new seismic data
- Integrating available wells
- Defining volumetrics and risking of identified prospects

The various studies have defined some conventional Cretaceous prospects with moderate risk.

An extensive seismic resonance analysis was initiated using Rex's Virtual Drilling technique. It suggested that fluids could be found in the Thamama formation to the east and north of the Saleh field. This play was previously unidentified using conventional geological interpretation. A reinterpretation of the seismic data was initiated to integrate the Virtual Drilling results with conventional geological interpretation. Using a more detailed analysis of the seismic dataset, and through a review of literature on a carbonate reservoir depositional model in the region, a new possible prospect setting was identified which support the Virtual Drilling results.

A seismic study involving AVO analysis and well-driven inversion was initiated to investigate if these methods can give indications of increased porosity over the new plays, thus support the findings from the Virtual Drilling. Results of a post-stack inversion indicate high porosity in the Thamama formation at the F-prospect, while the basin south of the Saleh field shows very low porosity. This conclusion may suggest negative implications for the Dahan B and C prospects which had been previously identified.

MIDDLE EAST CONCESSIONS (CONT'D)

(ii) RAK North Offshore (Cont'd)

Sub-Surface Evaluation (Cont'd)

In 2012, further seismic data was acquired by Lime as tabulated below:-

Period	Field Work Programme	Service Provider	Status
03 March – 06 April 2012	147km 2D and 121 km^2 3D	BGP International Equipment (M.E) FZE	Completed

A further Inversion study will be performed on the new 3D seismic data acquired in March 2012. In addition, the following studies have been initiated to further improve the prospectivity of this concession:-

- Reservoir petrophysics and diagenesis study
- Fault seal/trap study
- Pressure prediction study

Well Engineering

As in Oman, a drilling scoping study was initiated by a third party service provider AGR in August 2011. AGR reviewed all the relevant offset wells and produced a preliminary well design and a budgetary cost estimate. The results indicate that it would be challenging to drill an exploration well in this concession since the target formations are deep, have high pressures and temperatures and, in some cases, produce hydrogen sulphide (H2S) and carbon dioxide (CO2).

Work is currently on-going with SPD for the preliminary well design to identify the long lead items required. At the same time, a market survey is under way to source rigs that are able to drill in a safe and efficient manner taking into account the anticipated challenges.

(iii) RAK Onshore

The Ras Al Khaimah onshore concession is situated in the south of the Emirate of Ras Al Khaimah. At present, minimal data are available about the block. A scouting party has visited the area in order that a design for a seismic shoot can be done. The seismic shoot over this concession is planned for 2013.

(iv) Sharjah East Coast (Offshore)

This 1,600km^2 concession is located off the east coast of the Emirate of Sharjah.

Subsurface Evaluation

Based on reports from the previous operator of this concession, there is large potential prospectivity in the conventional Middle East Cretaceous structural traps and further opportunities in a very exciting second play-type of a Miocene turbidite setting.

MIDDLE EAST CONCESSIONS (CONT'D)

(iv) Sharjah East Coast Offshore (Cont'd)

Sub-Surface Evaluation (Cont'd)

A seismic acquisition campaign was undertaken by Lime in 2012 as tabulated below:

Period	Field Work Programme	Service Provider	Status
18 Feb – 24 Feb 2012	78 km 2D	BGP International Equipment (M.E) FZE	Completed
10 Apr – 4 May 2012	446 km^2 3D	BGP International Equipment (M.E) FZE	Completed

The seismic datasets acquired between 18 February and 4 May 2012 are being processed and should be ready for interpretation in October 2012. Both types of prospects have already been identified on the raw 2D seismic data and preliminary Virtual Drilling results are encouraging.

NORWEGIAN CONCESSIONS

Figure 4 : Lime Group's concessions in Norway

Lime entered into agreements on 2 May 2012 to secure 50% of North Energy's equity interests in four concessions totaling 3,412 km^2 located in the Norwegian Continental Shelf of Norway. All the concessions are not operated by Lime. They were selected based on a preliminary Virtual Drilling evaluation performed on seismic acquired by the operators of the various blocks. The current work programme involves further Virtual Drilling work to determine the viability of the assets and the optimal location of exploration wells to be drilled.

Currently, Lime is in the process of establishing the systems and personnel required to obtain its Pre-Qualification status.

Please refer to Note 3 of Part B of this report for further details.

CONCLUDING REMARKS

The work programme to-date has been performed with no safety related incidents. Furthermore, the programme was fulfilled within the planned budgets.

AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Board of Directors dated 27 August 2012.

By Order of the Board of Directors
Hibiscus Petroleum Berhad