

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 March 2012

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group		
	31/3/2012 (3 months) US\$'000	31/3/2011 (3 months) US\$'000	% Change
Revenue	21,395	19,115	12%
Cost of sales	(12,972)	(11,628)	12%
Gross profit	8,423	7,487	13%
Other income	8	-	N.M.
Administrative expenses	(1,024)	(882)	16%
Other expenses	(1,306)	(682)	91%
Finance costs	(560)	(364)	54%
Profit before tax	5,541	5,559	(0%)
Income tax expense	(4,267)	(4,353)	(2%)
Profit for the period	1,274	1,206	6%
Basic and fully diluted earnings per share attributable to owners of the Company (cents per share)	0.28	0.26	8%

N.M. : not meaningful

1(a)(i) Profit before tax is arrived after crediting/(charging) the following :

	Group	
	31/3/2012	31/3/2011
	(3 months)	(3 months)
	US\$'000	US\$'000
Depletion and amortisation of oil and gas properties	(2,617)	(2,596)
Depreciation of other property, plant and equipment	(107)	(111)
Foreign exchange loss, net	(178)	(101)
Interest expense	(368)	(364)
Interest income on bank deposits	1	-
Loss on crude oil commodity options	(1,516)	(753)
Loss on disposal of other property, plant and equipment	-	(13)
Management fees	-	(195)
Net fair value gain on derivatives	601	523
Share-based payments	(108)	-
Unwinding of discount on decommissioning provisions	(192)	-

1(a)(ii) Group Earnings before interest, taxation, depreciation and amortisation (EBITDA)

	Group	
	31/3/2012	31/3/2011
	(3 months)	(3 months)
	US\$'000	US\$'000
EBITDA	8,825	8,630

1(a)(iii) Consolidated Statement of Comprehensive Income for the period ended 31 March 2012

	Group	
	31/3/2012	31/3/2011
	(3 months)	(3 months)
	US\$'000	US\$'000
Profit for the period	1,274	1,206
Other comprehensive income :		
Foreign currency translation	24	33
Net fair value loss on cash flow hedge	(2,396)	(11,389)
Other comprehensive income for the period, net of tax	(2,372)	(11,356)
Total comprehensive income for the period attributable to owners of the Company	(1,098)	(10,150)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/3/2012	31/12/2011	31/3/2012	31/12/2011
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Oil and gas properties	65,050	64,636	-	-
Other property, plant and equipment	1,111	1,187	145	131
Exploration and evaluation assets	54,666	53,449	-	-
Goodwill	139,872	139,872	-	-
Investment in subsidiaries	-	-	-	-
	260,699	259,144	145	131
Current Assets				
Inventories	4,869	5,043	-	-
Other current assets	888	945	32	87
Trade and other receivables	6,218	5,535	404	396
Amount due from subsidiaries	-	-	161,270	161,727
Cash and short-term deposits	39,930	23,623	353	496
	51,905	35,146	162,059	162,706
Current Liabilities				
Income tax payable	3,091	2,425	114	111
Trade and other payables	65,317	49,152	916	738
Derivatives	4,990	3,194	-	-
Loans and borrowings	-	1,387	-	-
	73,398	56,158	1,030	849
Net Current (Liabilities)/ Assets	(21,493)	(21,012)	161,029	161,857
Non-Current Liabilities				
Provisions	3,270	3,046	-	-
Deferred tax liabilities	39,224	37,619	-	-
Loans and borrowings	78,625	78,628	53,515	53,515
Other liabilities	9,249	9,011	7,948	7,710
	130,368	128,304	61,463	61,225
Net Assets	108,838	109,828	99,711	100,763
Capital and Reserves				
Share capital	138,201	138,201	138,201	138,201
Reserves	(29,363)	(28,373)	(38,490)	(37,438)
Total Equity	108,838	109,828	99,711	100,763

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

	Group		Company	
	31/3/2012 US\$'000	31/12/2011 US\$'000	31/3/2012 US\$'000	31/12/2011 US\$'000
Secured				
Amount repayable in one year or less, or on demand	-	1,387	-	-
Amount repayable after one year	25,110	25,113	-	-
	25,110	26,500	-	-
Unsecured				
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	53,515	53,515	53,515	53,515
	53,515	53,515	53,515	53,515
Total				
Amount repayable in one year or less, or on demand				
USD - bank loans	-	1,387	-	-
Amount repayable after one year, comprising				
USD - bank loans	25,110	25,113	-	-
Loan from a related party	50,000	50,000	50,000	50,000
Loan from a corporate shareholder	3,515	3,515	3,515	3,515
	78,625	80,015	53,515	53,515
Total loans and borrowings	78,625	80,015	53,515	53,515

Details of any collateral

The secured borrowings of US\$25.1 million (31 December 2011: US\$26.5 million) relates to the bank loans secured by way of a fixed charge over a subsidiary's bank accounts and all amounts standing to the credit of these accounts and a pledge of shares in certain subsidiaries of the Group.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	31/3/2012	31/3/2011
	US\$'000	US\$'000
Operating activities		
Profit before tax	5,541	5,559
Adjustments for:		
Depletion and amortisation of oil and gas properties	2,617	2,596
Depreciation of other property, plant and equipment	107	111
Interest expense	368	364
Interest income on bank deposits	(1)	-
Loss on disposal of other property, plant and equipment	-	13
Net fair value gain on derivatives	(601)	(523)
Share-based payments	108	-
Unwinding of discount on decommissioning provisions	192	-
Operating cash flows before changes in working capital	8,331	8,120
<u>Changes in working capital</u>		
Decrease in inventories	177	2,656
(Increase)/Decrease in trade and other receivables	(622)	3,237
Increase/(Decrease) in trade and other payables	16,434	(6,606)
Cash flows from operations	24,320	7,407
Income tax paid	(1,999)	(2,560)
Interest paid	(368)	(364)
Interest received	1	-
Net cash flows from operating activities	21,954	4,483
Investing activities		
Additions to exploration and evaluation assets	(1,036)	(1,318)
Additions to oil and gas properties	(3,032)	(3,451)
Cash call contributions for asset retirements obligations	(166)	-
Purchase of other property, plant and equipment	(25)	(9)
Net cash flows used in investing activities	(4,259)	(4,778)
Financing activities		
Increase in charge over project accounts	-	(65)
Decrease in short-term deposit pledged	925	-
Net decrease in amounts due to related parties	-	(10,000)
Proceeds from loans and borrowings	-	31,099
Repayment of advances from a corporate shareholder	-	(4,000)
Repayment on loans and borrowings	(1,390)	-
Net cash (used in)/from financing activities	(465)	17,034
Net increase in cash and cash equivalents	17,230	16,739
Effect of exchange rate changes on cash and cash equivalents	2	51
Cash and cash equivalents at beginning of the period	20,865	2,897
Cash and cash equivalents at end of the period	38,097	19,687

Breakdown of Cash & Cash Equivalents at end of the period

	<u>31/3/2012</u>	<u>31/3/2011</u>
	<u>US\$'000</u>	<u>US\$'000</u>
Cash and short-term deposits	39,930	22,361
Less:		
Short-term deposit pledged	(833)	(1,774)
Charge over project accounts	(1,000)	(900)
Cash and cash equivalents	<u>38,097</u>	<u>19,687</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Capital reduction reserve	Assets revaluation reserve	Foreign currency translation reserve	Accumulated losses	Cash flow hedge reserve	Employee share option reserve	Total reserves	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group									
At 1 January 2011	137,616	2,886	-	(4,660)	(26,798)	-	-	(28,572)	109,044
Profit for the period	-	-	-	-	1,206	-	-	1,206	1,206
Other comprehensive income for the period	-	-	-	33	-	(11,389)	-	(11,356)	(11,356)
Total comprehensive income for the period	-	-	-	33	1,206	(11,389)	-	(10,150)	(10,150)
At 31 March 2011	137,616	2,886	-	(4,627)	(25,592)	(11,389)	-	(38,722)	98,894
At 1 January 2012	138,201	2,886	-	(4,484)	(23,866)	(3,082)	173	(28,373)	109,828
Profit for the period	-	-	-	-	1,274	-	-	1,274	1,274
Other comprehensive income for the period	-	-	-	24	-	(2,396)	-	(2,372)	(2,372)
Total comprehensive income for the period	-	-	-	24	1,274	(2,396)	-	(1,098)	(1,098)
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	-	108	108	108
At 31 March 2012	138,201	2,886	-	(4,460)	(22,592)	(5,478)	281	(29,363)	108,838
Company									
At 1 January 2011	137,616	2,886	-	-	(35,846)	-	-	(32,960)	104,656
Loss for the period	-	-	-	-	(1,009)	-	-	(1,009)	(1,009)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,009)	-	-	(1,009)	(1,009)
At 31 March 2011	137,616	2,886	-	-	(36,855)	-	-	(33,969)	103,647
At 1 January 2012	138,201	2,886	-	-	(40,497)	-	173	(37,438)	100,763
Loss for the period	-	-	-	-	(1,160)	-	-	(1,160)	(1,160)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,160)	-	-	(1,160)	(1,160)
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	-	108	108	108
At 31 March 2012	138,201	2,886	-	-	(41,657)	-	281	(38,490)	99,711

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE OPTIONS

In the first quarter ended 31 March 2012, there were 2,345,000 (quarter ended 31 March 2011: not applicable) options granted under the RHP Share Option Scheme 2011. The options are exercisable after the second anniversary of the grant date and expiring on the fifth anniversary of such grant date.

The unissued shares of the Company under option at the end of the financial period are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.01.12	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Number of options outstanding as at 31.03.12	Exercise period
22.07.2011	S\$0.59	2,437,000	-	-	40,000	2,397,000	22.07.2013 to 21.07.2016
02.03.2012	S\$0.37	-	2,345,000	-	-	2,345,000	02.03.2014 to 01.03.2017
		<u>2,437,000</u>	<u>2,345,000</u>	<u>-</u>	<u>40,000</u>	<u>4,742,000</u>	

PERFORMANCE SHARE PLAN

During the financial period, no shares were awarded (as at 31 March 2011: not applicable) pursuant to the Performance Share Plan.

SHARE CAPITAL

There has been no change in the company's share capital during the current reported financial period.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares as at 31 March 2012 was 456,821,443 (31 December 2011: 456,821,443).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation as the audited financial statements for the financial year ended 31 December 2011.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted applicable Financial Reporting Standards ("FRS"), which became effective for financial years beginning on or after 1 January 2012.

The adoption of the new/revised FRS did not result in any material impact on the Group's results.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	<u>31/3/2012</u>	<u>31/3/2011</u>
	Cents	Cents
Earnings per ordinary share for the period based on net profit attributable to owners of the Company		
(i) Based on the weighted average number of ordinary shares on issue; and	0.28	0.26
(ii) On a fully diluted basis	0.28	0.26

Basic earnings per share is calculated with reference to profit net of tax attributable to owners of the Company and the weighted average number of ordinary shares of 456,821,443 (31 March 2011 : 455,821,443 shares).

Diluted earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the quarter ended 31 March 2012 plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares amounted to 166,312 (31 March 2011 : Nil).

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	<u>31/3/2012</u>	<u>31/12/2011</u>	<u>31/3/2012</u>	<u>31/12/2011</u>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	23.83	24.07	21.83	22.08

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Consolidated Income Statement

Revenue for the first quarter ended 31 March 2012 ("1Q 2012") is higher than that for the first quarter ended 31 March 2011 ("1Q 2011") due mainly to the increase in average oil price for the period which has more than offset the production decline primarily due to field's operational issues. The increase in revenue is also attributable to the increase in gas and LPG sales.

The cost of sales increase by 12% in 1Q 2012 as compared to 1Q 2011 is mainly due to higher operational expenses.

In line with the higher revenue, partially offset by an increase in cost of production, the gross profit increased from US\$7,487,000 in 1Q 2011 to US\$8,423,000 in 1Q 2012.

The increase in administrative expenses for 1Q 2012 as compared to that for 1Q 2011 mainly due to share-based payment for the issuance of stock options to a director and employees and the increase in other monthly overheads.

Other expenses for 1Q 2012 have risen compared to that of 1Q 2011 mainly due to increases in the following:

- (i) Loss on crude oil commodity options partially offset by fair value gain of US\$601,000 on the ineffective portion of the cash flow hedge; and
- (ii) Foreign exchange loss.

These increases have been offset by the cessation of the management fees to pay to RH Capital Limited with effect from 1 January 2012.

Finance costs for 1Q 2012 are higher than that for 1Q 2011 due to unwinding of discount on decommissioning provisions.

Income tax expense mainly comprises the Group's share of the Basin and Island PSC's tax expense which is not relieved by the Group's expenses.

8.2 Consolidated Statement of Comprehensive Income

As part of the requirements of the bank loan agreement, the Group entered into a crude oil commodity option to hedge against the exposure to the variability in cash flows that is attributable to crude oil market price risk. The fair value of the cash flow hedge as at 31 March 2012 has increased by US\$1,796,000 to US\$4,990,000 and is recognised as derivatives in the balance sheet. Of the increase, fair value loss of US\$2,396,000 on the effective portion of the cash flow hedge is recognised in other comprehensive income.

8.3 Balance Sheet

8.3.1 The increase in trade and other receivables is mainly due to the increase in trade receivables of Basin and Island PSCs.

8.3.2 The increase in trade and other payables is mainly attributable to over-lifting due to joint venture partner and adjustment for the over-lift of hydrocarbon against the Group's entitlement.

8.3.3 The increase in income tax payable is due to higher tax provisions for the working interest in Basin PSC and Island PSC.

8.3.4 Loan and borrowings have decreased mainly due to the repayment of bank loan of US\$1,390,000.

8.4 Cash Flow

The Group recorded Net Operating Cash Flows of US\$21,954,000 for the period ended 31 March 2012. Of this US\$4,259,000 was used to fund the Group's exploration and development activities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Oil prices rallied strongly in 1Q 2012 due to tensions in the Middle East region. Oil prices have since receded slightly as concerns over the economic recovery of the US and problems in the Eurozone. The Board believes that oil prices will continue to be volatile throughout the rest of the year and is cautiously optimistic about the Group's performance for 2012.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary has been declared (recommended); and

None.

(b) (i) Amount per share in cents.

Not applicable.

(ii) Previous corresponding period in cents.

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the quarter ended 31 March 2012.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

14. Negative confirmation pursuant to Rule 705(5).

We, Dr Tan Jee-Theng, Tony and Dato' Sri Dr Tiong Ik King, being two Directors of RH PETROGAS LIMITED (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited first quarter financial results for the period ended 31 March 2012 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Tan Jee-Theng, Tony
Director

Dato' Sri Dr Tiong Ik King
Director

BY ORDER OF THE BOARD

Tan Sri Datuk Sir Tiong Hiew King
Executive Chairman

10 May 2012