

# RH Petrogas Limited

Company Registration No: 198701138Z

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## Unaudited Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2012

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### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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 year of the immediately preceding financial year.

#### Consolidated Income Statement

|  | Group                    |                          |             |
|--|--------------------------|--------------------------|-------------|
|  | Year<br>2012<br>US\$'000 | Year<br>2011<br>US\$'000 | %<br>Change |
| Revenue  | 86,376                   | 89,424                   | (3%)        |
| Cost of sales  | (54,179)                 | (56,810)                 | (5%)        |
| <b>Gross profit</b>  | <b>32,197</b>            | <b>32,614</b>            | (1%)        |
| Other income   | 39                       | 599                      | (93%)       |
| Administrative expenses  | (5,319)                  | (5,329)                  | (0%)        |
| Other expenses   | (8,487)                  | (7,293)                  | 16%         |
| Finance costs  | (2,222)                  | (1,776)                  | 25%         |
| <b>Profit before tax</b>   | <b>16,208</b>            | <b>18,815</b>            | (14%)       |
| Income tax expense   | (10,105)                 | (15,883)                 | (36%)       |
| <b>Profit for the year</b>   | <b>6,103</b>             | <b>2,932</b>             | <b>108%</b> |
| Basic and fully diluted earnings per share attributable to owners of the Company (cents per share) | 1.18                     | 0.64                     | 84%         |

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

|   | <b>Group</b>    |                 |
|---|-----------------|-----------------|
|   | <b>Year</b>     | <b>Year</b>     |
|   | <b>2012</b>     | <b>2011</b>     |
|   | <b>US\$'000</b> | <b>US\$'000</b> |
| Allowance for doubtful debts                            | (333)           | (469)           |
| Allowance for inventory obsolescences                   | (456)           | -               |
| Depletion and amortisation of oil and gas properties    | (10,389)        | (12,975)        |
| Depreciation of other property, plant and equipment     | (437)           | (434)           |
| Foreign exchange (loss)/gain, net                       | (242)           | 587             |
| Interest expense  | (1,811)         | (1,472)         |
| Interest income from bank deposits                      | 19              | 9               |
| Loss on crude oil commodity options                     | (3,241)         | (5,118)         |
| Loss on disposal of other property, plant and equipment | (53)            | (13)            |
| Management fees   | -               | (780)           |
| Net fair value loss on derivatives                      | (1,078)         | (112)           |
| Share-based payments                                    | (559)           | (758)           |
| Unwinding of discount on decommissioning provisions     | (411)           | (304)           |
| Write-off of dry well                                   | (1,502)         | -               |

**1(a)(ii) Consolidated Statement of Comprehensive Income for the year ended 31 December 2012**

|  | <b>Group</b>    |                 |
|--|-----------------|-----------------|
|  | <b>Year</b>     | <b>Year</b>     |
|  | <b>2012</b>     | <b>2011</b>     |
|  | <b>US\$'000</b> | <b>US\$'000</b> |
| Profit for the year  | 6,103           | 2,932           |
| <b>Other comprehensive income :</b>  |                 |                 |
| Foreign currency translation   | 17              | 176             |
| Net fair value gain/(loss) on cash flow hedge  | 3,082           | (3,082)         |
| <b>Other comprehensive income for the year, net of tax</b>                           | <b>3,099</b>    | <b>(2,906)</b>  |
| <b>Total comprehensive income for the year attributable to owners of the Company</b> | <b>9,202</b>    | <b>26</b>       |

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 Dec<br>2012<br>US\$'000 | 31 Dec<br>2011<br>US\$'000 | 31 Dec<br>2012<br>US\$'000 | 31 Dec<br>2011<br>US\$'000 |
| <b>Non-Current Assets</b>                           |                            |                            |                            |                            |
| Oil and gas properties                              | 67,657                     | 64,636                     | -                          | -                          |
| Other property, plant and equipment                 | 911                        | 1,187                      | 123                        | 131                        |
| Exploration and evaluation assets                   | 66,571                     | 53,449                     | -                          | -                          |
| Goodwill  | 139,872                    | 139,872                    | -                          | -                          |
| Investment in subsidiaries                          | -                          | -                          | -                          | -                          |
|   | <b>275,011</b>             | <b>259,144</b>             | <b>123</b>                 | <b>131</b>                 |
| <b>Current Assets</b>                               |                            |                            |                            |                            |
| Inventories   | 6,494                      | 5,043                      | -                          | -                          |
| Other current assets                                | 539                        | 945                        | 46                         | 87                         |
| Trade and other receivables                         | 8,816                      | 5,535                      | 479                        | 396                        |
| Amount due from subsidiaries                        | -                          | -                          | 143,110                    | 161,727                    |
| Derivatives   | 17                         | -                          | -                          | -                          |
| Cash and short-term deposits                        | 28,615                     | 23,623                     | 15,991                     | 496                        |
|   | <b>44,481</b>              | <b>35,146</b>              | <b>159,626</b>             | <b>162,706</b>             |
| <b>Current Liabilities</b>                          |                            |                            |                            |                            |
| Income tax payable                                  | 2,798                      | 2,425                      | 118                        | 111                        |
| Trade and other payables                            | 49,403                     | 49,152                     | 711                        | 738                        |
| Derivatives   | 488                        | 3,194                      | -                          | -                          |
| Loans and borrowings                                | 5,280                      | 1,387                      | -                          | -                          |
|   | <b>57,969</b>              | <b>56,158</b>              | <b>829</b>                 | <b>849</b>                 |
| <b>Net Current (Liabilities)/ Assets</b>            | <b>(13,488)</b>            | <b>(21,012)</b>            | <b>158,797</b>             | <b>161,857</b>             |
| <b>Non-Current Liabilities</b>                      |                            |                            |                            |                            |
| Provisions  | 2,371                      | 3,046                      | -                          | -                          |
| Deferred tax liabilities                            | 39,817                     | 37,619                     | -                          | -                          |
| Loans and borrowings                                | 37,006                     | 78,628                     | -                          | 53,515                     |
| Other liabilities                                   | 1,301                      | 9,011                      | -                          | 7,710                      |
|   | <b>80,495</b>              | <b>128,304</b>             | <b>-</b>                   | <b>61,225</b>              |
| <b>Net Assets</b>                                   | <b>181,028</b>             | <b>109,828</b>             | <b>158,920</b>             | <b>100,763</b>             |
| <b>Equity attributable to owners of the Company</b> |                            |                            |                            |                            |
| Share capital                                       | 199,640                    | 138,201                    | 199,640                    | 138,201                    |
| Reserves  | (18,612)                   | (28,373)                   | (40,720)                   | (37,438)                   |
| <b>Total Equity</b>                                 | <b>181,028</b>             | <b>109,828</b>             | <b>158,920</b>             | <b>100,763</b>             |

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 year reported on with comparative figures as at the end of the immediately preceding financial year:-

|  | Group                      |                            | Company                    |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | 31 Dec<br>2012<br>US\$'000 | 31 Dec<br>2011<br>US\$'000 | 31 Dec<br>2012<br>US\$'000 | 31 Dec<br>2011<br>US\$'000 |
| <b>Secured</b>                                     |                            |                            |                            |                            |
| Amount repayable in one year or less, or on demand | 5,280                      | 1,387                      | -                          | -                          |
| Amount repayable after one year                    | 37,006                     | 25,113                     | -                          | -                          |
|  | <b>42,286</b>              | <b>26,500</b>              | -                          | -                          |
| <b>Unsecured</b>                                   |                            |                            |                            |                            |
| Amount repayable in one year or less, or on demand | -                          | -                          | -                          | -                          |
| Amount repayable after one year                    | -                          | 53,515                     | -                          | 53,515                     |
|  | -                          | <b>53,515</b>              | -                          | <b>53,515</b>              |
| <b>Total</b>                                       |                            |                            |                            |                            |
| Amount repayable in one year or less, or on demand |                            |                            |                            |                            |
| USD - bank loans                                   | 5,280                      | 1,387                      | -                          | -                          |
|  | <b>5,280</b>               | <b>1,387</b>               | -                          | -                          |
| Amount repayable after one year, comprising        |                            |                            |                            |                            |
| USD - bank loans                                   | 37,006                     | 25,113                     | -                          | -                          |
| Loan from a related party                          | -                          | 50,000                     | -                          | 50,000                     |
| Loan from a corporate shareholder                  | -                          | 3,515                      | -                          | 3,515                      |
|  | <b>37,006</b>              | <b>78,628</b>              | -                          | <b>53,515</b>              |
| <b>Total loans and borrowings</b>                  | <b>42,286</b>              | <b>80,015</b>              | -                          | <b>53,515</b>              |

#### Details of any collateral

The secured borrowings of US\$42.3 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.

As announced on 16 July 2012, a loan agreement was entered into between Malayan Banking Berhad and RHP Salawati Holdings B.V. ("RHP Salawati"), a wholly-owned indirect subsidiary of the Company, for loan facilities of up to US\$56.5 million (the "Facility"). The Facility is to refinance the existing loan facilities which RHP Salawati had obtained from BNP Paribas and for, *inter alia*, the working capital requirements of the Company and its subsidiaries.

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

|   | <b>Group</b>    |                 |
|---|-----------------|-----------------|
|   | <b>Year</b>     | <b>Year</b>     |
|   | <b>2012</b>     | <b>2011</b>     |
|   | <b>US\$'000</b> | <b>US\$'000</b> |
| <b>Operating activities</b>                                   |                 |                 |
| <b>Profit before tax</b>                                      | 16,208          | 18,815          |
| Adjustments for:  |                 |                 |
| Allowance for doubtful debts                                  | 333             | 469             |
| Allowance for inventory obsolescences                         | 456             | -               |
| Amortisation of upfront fee paid for loans granted            | 1,009           | 264             |
| Depletion and amortisation of oil and gas properties          | 10,389          | 12,975          |
| Depreciation of other property, plant and equipment           | 437             | 434             |
| Interest expense  | 1,811           | 1,472           |
| Interest income on bank deposits                              | (19)            | (9)             |
| Loss on disposal of other property, plant and equipment       | 53              | 13              |
| Net fair value loss on derivatives                            | 1,078           | 112             |
| Share-based payments  | 559             | 758             |
| Unwinding of discount on decommissioning provisions           | 411             | 304             |
| Write-off of dry well   | 1,502           | -               |
| <b>Operating cash flows before changes in working capital</b> | <b>34,227</b>   | <b>35,607</b>   |
| <u>Changes in working capital</u>                             |                 |                 |
| (Increase)/Decrease in inventories                            | (1,905)         | 2,280           |
| (Increase)/Decrease in trade and other receivables            | (3,570)         | 20,477          |
| Decrease in trade and other payables                          | (242)           | (15,590)        |
| <b>Cash flows from operations</b>                             | <b>28,510</b>   | <b>42,774</b>   |
| Income tax paid   | (7,539)         | (10,621)        |
| Interest paid   | (1,811)         | (1,472)         |
| Interest received   | 19              | 9               |
| <b>Net cash flows from operating activities</b>               | <b>19,179</b>   | <b>30,690</b>   |
| <b>Investing activities</b>                                   |                 |                 |
| Additions to exploration and evaluation assets                | (17,169)        | (15,495)        |
| Additions to oil and gas properties                           | (10,810)        | (12,849)        |
| Cash call contributions for assets retirement obligations     | (1,086)         | (656)           |
| Purchase of other property, plant and equipment               | (174)           | (60)            |
| <b>Net cash flows used in investing activities</b>            | <b>(29,239)</b> | <b>(29,060)</b> |
| <b>Financing activities</b>                                   |                 |                 |
| Increase in charge over project accounts                      | (1,767)         | (100)           |
| Decrease in short-term deposit pledged                        | 874             | -               |
| Net decrease in amounts due to related parties                | -               | (10,000)        |
| Proceeds from loans and borrowings                            | 44,486          | 31,099          |
| Repayment of advances from a corporate shareholder            | -               | (4,000)         |
| Repayment on loans and borrowings                             | (28,700)        | -               |
| Share issuance expenses                                       | (93)            | -               |
| Upfront fee paid for loans granted                            | (645)           | -               |
| <b>Net cash from financing activities</b>                     | <b>14,155</b>   | <b>16,999</b>   |
| <b>Net increase in cash and cash equivalents</b>              | <b>4,095</b>    | <b>18,629</b>   |
| Effect of exchange rate changes on cash and cash equivalents  | 4               | (661)           |
| Cash and cash equivalents at beginning of the year            | 20,865          | 2,897           |
| <b>Cash and cash equivalents at end of the year</b>           | <b>24,964</b>   | <b>20,865</b>   |

**Breakdown of Cash & Cash Equivalents at end of the year**

|                                  | <b>Group</b>    |                 |
|----------------------------------|-----------------|-----------------|
|                                  | <b>Year</b>     | <b>Year</b>     |
|                                  | <b>2012</b>     | <b>2011</b>     |
|                                  | <b>US\$'000</b> | <b>US\$'000</b> |
| Cash and short-term deposits     | 28,615          | 23,623          |
| Less:                            |                 |                 |
| Short-term deposits pledged      | (884)           | (1,758)         |
| Charge over project accounts     | (2,767)         | (1,000)         |
| <b>Cash and cash equivalents</b> | <b>24,964</b>   | <b>20,865</b>   |

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 year of the immediately preceding financial year.

|   | Share capital  | Capital reduction 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       |
| <b>Group</b>                                  |                |                           |                                      |                    |                         |                               |                 |                |
| <b>At 1 January 2011</b>                      | <b>137,616</b> | <b>2,886</b>              | <b>(4,660)</b>                       | <b>(26,798)</b>    | <b>-</b>                | <b>-</b>                      | <b>(28,572)</b> | <b>109,044</b> |
| Profit for the year                           | -              | -                         | -                                    | 2,932              | -                       | -                             | 2,932           | 2,932          |
| Other comprehensive income for the year       | -              | -                         | 176                                  | -                  | (3,082)                 | -                             | (2,906)         | (2,906)        |
| Total comprehensive income for the year       | -              | -                         | 176                                  | 2,932              | (3,082)                 | -                             | 26              | 26             |
| Share-based payments                          |                |                           |                                      |                    |                         |                               |                 |                |
| - Award of performance shares                 | 585            | -                         | -                                    | -                  | -                       | -                             | -               | 585            |
| - Grant of equity-settled share options       | -              | -                         | -                                    | -                  | -                       | 173                           | 173             | 173            |
| <b>At 31 December 2011 and 1 January 2012</b> | <b>138,201</b> | <b>2,886</b>              | <b>(4,484)</b>                       | <b>(23,866)</b>    | <b>(3,082)</b>          | <b>173</b>                    | <b>(28,373)</b> | <b>109,828</b> |
| Profit for the year                           | -              | -                         | -                                    | 6,103              | -                       | -                             | 6,103           | 6,103          |
| Other comprehensive income for the year       | -              | -                         | 17                                   | -                  | 3,082                   | -                             | 3,099           | 3,099          |
| Total comprehensive income for the year       | -              | -                         | 17                                   | 6,103              | 3,082                   | -                             | 9,202           | 9,202          |
| Share issued for debt conversion              | 61,532         | -                         | -                                    | -                  | -                       | -                             | -               | 61,532         |
| Share issuance expenses                       | (93)           | -                         | -                                    | -                  | -                       | -                             | -               | (93)           |
| Share-based payments                          |                |                           |                                      |                    |                         |                               |                 |                |
| - Grant of equity-settled share options       | -              | -                         | -                                    | -                  | -                       | 559                           | 559             | 559            |
| <b>At 31 December 2012</b>                    | <b>199,640</b> | <b>2,886</b>              | <b>(4,467)</b>                       | <b>(17,763)</b>    | <b>-</b>                | <b>732</b>                    | <b>(18,612)</b> | <b>181,028</b> |

|   | Share capital  | Capital reduction reserve | Accumulated losses | Employee share option reserve | Total reserves  | Total equity   |
|---|----------------|---------------------------|--------------------|-------------------------------|-----------------|----------------|
|   | US\$'000       | US\$'000                  | US\$'000           | US\$'000                      | US\$'000        | US\$'000       |
| <b>Company</b>  |                |                           |                    |                               |                 |                |
| <b>At 1 January 2011</b>  | <b>137,616</b> | <b>2,886</b>              | <b>(35,846)</b>    | <b>-</b>                      | <b>(32,960)</b> | <b>104,656</b> |
| Loss for the year, representing total comprehensive income for the year | -              | -                         | (4,651)            | -                             | (4,651)         | (4,651)        |
| Share-based payments  |                |                           |                    |                               |                 |                |
| - Award of performance shares   | 585            | -                         | -                  | -                             | -               | 585            |
| - Grant of equity-settled share options                                 | -              | -                         | -                  | 173                           | 173             | 173            |
| <b>At 31 December 2011 and 1 January 2012</b>                           | <b>138,201</b> | <b>2,886</b>              | <b>(40,497)</b>    | <b>173</b>                    | <b>(37,438)</b> | <b>100,763</b> |
| Loss for the year, representing total comprehensive income for the year | -              | -                         | (3,841)            | -                             | (3,841)         | (3,841)        |
| Share issued for debt conversion  | 61,532         | -                         | -                  | -                             | -               | 61,532         |
| Share issuance expenses   | (93)           | -                         | -                  | -                             | -               | (93)           |
| Share-based payments  |                |                           |                    |                               |                 |                |
| - Grant of equity-settled share options                                 | -              | -                         | -                  | 559                           | 559             | 559            |
| <b>At 31 December 2012</b>  | <b>199,640</b> | <b>2,886</b>              | <b>(44,338)</b>    | <b>732</b>                    | <b>(40,720)</b> | <b>158,920</b> |



**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 year reported on and as at the end of the corresponding period of the immediately preceding financial year.**

### **SHARE OPTIONS**

As at 31 December 2012, there were 2,345,000 options (as at 31 December 2011: 2,437,000) were granted under the RHP Share Option Scheme 2011 which 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 as at 31 December 2012 are as follows:

| Date of grant of options | Exercise price per share | Balance as at 01.01.12 | Granted during the year | Exercised during the year | Cancelled/ lapsed during the year | Number of options outstanding as at 31.12.12 | Number of options outstanding as at 31.12.11 | Exercise period          |
|--------------------------|--------------------------|------------------------|-------------------------|---------------------------|-----------------------------------|--|--|--------------------------|
| 22.07.2011               | S\$0.59                  | 2,437,000              | -                       | -                         | 40,000                            | 2,397,000                                    | 2,437,000                                    | 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 |
|                          |                          | 2,437,000              | 2,345,000               | -                         | 40,000                            | 4,742,000                                    | 2,437,000                                    |                          |

### **PERFORMANCE SHARE PLAN**

There were no shares awarded as at 31 December 2012 (as at 31 December 2011: 1,000,000 ordinary shares) pursuant to the Performance Share Plan.

### **SHARE CAPITAL**

There were no changes to the Company's issued share capital and no shares on convertibles were issued in the fourth quarter period ended 31 December 2012. During the financial year ended 31 December 2012, the Company issued 157,455,957 new ordinary shares at the issue price of S\$0.492 for each debt conversion share pursuant to the debt conversion exercise approved by shareholders at the Extraordinary General Meeting ("EGM") held on 7 August 2012.

The details of changes in the Company's share capital were as follows:

|                                  | <b><u>No. of ordinary shares</u></b> | <b><u>US\$'000</u></b> |
|----------------------------------|--------------------------------------|------------------------|
| Balance as at 1 January 2012     | 456,821,443                          | 138,201                |
| Share issued for debt conversion | 157,455,957                          | 61,532                 |
| Share issuance expenses          | -                                    | (93)                   |
| Balance as at 31 December 2012   | 614,277,400                          | 199,640                |

There were no shares held as treasury shares as at 31 December 2012 and 31 December 2011.

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

Total number of issued shares excluding treasury shares as at 31 December 2012 was 614,277,400 (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 year 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 year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends:-**

|   | <b>Group</b>         |                      |
|---|----------------------|----------------------|
|   | <b>Year<br/>2012</b> | <b>Year<br/>2011</b> |
|   | <b>Cents</b>         | <b>Cents</b>         |
| <b>Earnings per ordinary share for the year based on net profit attributable to owners of the Company</b> |                      |                      |
| (i) Based on the weighted average number of ordinary shares on issue; and                                 | 1.18                 | 0.64                 |
| (ii) On a fully diluted basis   | 1.18                 | 0.64                 |

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 517,480,705 (31 December 2011 : 456,268,018 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 year 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 were as follows:

|   | <b>No. of Shares<br/>Group</b> |                      |
|---|--------------------------------|----------------------|
|   | <b>Year<br/>2012</b>           | <b>Year<br/>2011</b> |
|   |                                |                      |
| Weighted average number of ordinary shares for basic earnings per share computation   | 517,480,705                    | 456,268,018          |
| Effects of dilution:  |                                |                      |
| - Share options   | 415,780                        | 171,620              |
| Weighted average number of ordinary shares for diluted earnings per share computation | 517,896,485                    | 456,439,638          |

**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 year reported on; and**

**(b) immediately preceding financial year.**

|  | <u>Group</u>  |               | <u>Company</u> |               |
|--|---------------|---------------|----------------|---------------|
|  | <u>31 Dec</u> | <u>31 Dec</u> | <u>31 Dec</u>  | <u>31 Dec</u> |
|  | <u>2012</u>   | <u>2011</u>   | <u>2012</u>    | <u>2011</u>   |
|  | Cents         | Cents         | Cents          | Cents         |
| Net asset value per ordinary share capital | 29.47         | 24.04         | 25.87          | 22.06         |

**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 financial year ended 31 December 2012 ("FY2012") is lower than that for the financial year ended 31 December 2011 ("FY2011") mainly due to the decrease in average oil price for the year and decline in production primarily due to field's operational issues.

The cost of sales decreased by 5% in FY2012 as compared to FY2011 mainly due to decrease in depletion and amortisation of oil and gas properties.

In line with the lower revenue, partially offset by a decrease in cost of production, the gross profit decreased marginally by 1% from US\$32,614,000 in FY2011 to US\$32,197,000 in FY2012.

The decrease in other income for FY2012 as compared to that for FY2011 is mainly due to the absence of unrealised foreign exchange gain recorded in FY2011.

Other expenses for FY2012 have increased compared to that of FY2011 mainly due to the following:

- (i) Write off of the remaining capitalized upfront fees and payment of cancellation fees of US\$1,039,000 in relation to the BNP Paribas loan facilities which has been refinanced with loans provided by Malayan Banking Berhad (see Note 1(b)(ii));
- (ii) Write off dry well of US\$1,502,000;
- (iii) Fair value loss on interest rate swaps of US\$488,000;
- (iv) Provision for inventory obsolescences of US\$456,000; and
- (v) Foreign exchange loss of US\$242,000.

These increases have been offset by the following:

- (i) Cessation of the management fees paid to RH Capital Limited with effect from 1 January 2012; and
- (ii) Lower loss on crude oil commodity options.

Finance costs for FY2012 are higher than that for FY2011 due to the increase in interest expense from additional bank borrowings and unwinding of discount on decommissioning provisions.

Income tax expense mainly comprises the Group's share of the Basin Production Sharing Contract ("PSC") and Island PSC's tax expense which is not relieved by the Group's expenses. The decrease in income tax expense is due to lower charges for both deferred and current income taxes for Basin PSC and Island PSC in FY2012.

## **8.2 Consolidated Statement of Comprehensive Income**

The hedging agreement with BNP Paribas was terminated in July 2012 following the refinancing of the Group's loan facilities and accordingly cash flow hedge reserve of US\$3,082,000 was reversed through other comprehensive income.

## **8.3 Balance Sheet**

8.3.1 The increase in oil and gas properties is mainly due to further development activities at Basin PSC and Island PSC.

8.3.2 The increase in exploration and evaluation assets is mainly due to further exploration activities at Basin PSC and additional evaluation works at Fuyu block and West Belida block.

8.3.3 The increase in inventories is due to purchase of well supplies and raw materials for well drillings and daily operating activities.

8.3.4 The decrease in other current assets is mainly due to the write off of remaining upfront fees which were capitalised in prior year on loan facilities obtained from BNP Paribas.

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

8.3.6 As required under the new loan facilities, the Group entered into crude oil commodity put options and paid an option premium of US\$720,000. The fair value of the crude oil commodity put options amounting to US\$17,000 was recognised as derivative assets in the balance sheet.

8.3.7 The increase in income tax payable is due to current year tax provisions for the working interest in Basin PSC and Island PSC.

8.3.8 As required under the new loan facilities, the Group also entered into interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. The fair value loss on the interest rate swaps of US\$488,000 was charged to the profit and loss and the corresponding entry was recognised as derivative liabilities in the balance sheet.

8.3.9 The decrease in provisions is mainly due to the decrease in decommissioning provisions for Basin PSC and Island PSC.

8.3.10 Loan and borrowings have decreased mainly due to conversion of loan from RH Capital Limited of US\$50,000,000 and Surreyville Pte Ltd of US\$3,515,000 into 127,947,154 and 9,183,600 new ordinary shares respectively on 13 August 2012 (see Note 1(d)(ii)). This has been offset by increase in bank borrowings with Malayan Banking Berhad.

8.3.11 Other liabilities have decreased due to conversion of balance purchase consideration of S\$10,000,000 owing to Sharptone Investments Limited for the acquisition of Kingworld Resources Limited, into 20,325,203 new ordinary shares on 13 August 2012 (see Note 1(d)(ii)).

## **8.4 Cash Flow**

The Group recorded net operating cash flows of US\$19,179,000 in FY2012. This was used to fund the Group's exploration and development activities.

The Group has obtained a loan of US\$44,486,000 from Malayan Banking Berhad in FY2012. Of this US\$25,100,000 has been utilised to repay the loan facilities with BNP Paribas.

**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.**

2013 has begun with some positive news such as the report of an improvement in U.S. leading economic indicators in January. Oil prices have also started off strongly in 2013, with Brent averaging close to US\$114 per barrel up to the middle of February. The oil markets are likely to remain volatile with development in various fronts affecting the supply and demand equation. Barring unforeseen circumstances, the Group remains cautiously optimistic on the performance in 2013.

Following the release of the full year results for FY2012, the Company will continue to monitor market sentiments together with CLSA Singapore Pte Ltd and Maybank Kim Eng Securities Pte Ltd with regard to opportunities to raise capital on terms that are favourable for the Company. The Company will make the appropriate announcement in due course with respect to the Proposed Placement (as defined in the circular to the Shareholders of the Company dated 20 July 2012), as applicable.

**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.

**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).**

Not required for announcement on full year results.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group only operates in oil and gas sector.

|   | <b>Oil &amp; Gas</b> |                 |
|---|----------------------|-----------------|
|   | <b>2012</b>          | <b>2011</b>     |
|   | <b>US\$'000</b>      | <b>US\$'000</b> |
| Revenue   | 86,376               | 89,424          |
| EBITDAX *   | 30,758               | 34,000          |
| Profit for the year                                 | 6,103                | 2,932           |
| Total assets  | 319,492              | 294,290         |
| Total capital expenditure                           | 28,153               | 28,404          |
| Depreciation and amortisation                       | (10,826)             | (13,409)        |
| Net fair value loss on derivatives                  | (1,078)              | (112)           |
| Foreign exchange (loss)/gain, net                   | (242)                | 587             |
| Loss on crude oil commodity options                 | (3,241)              | (5,118)         |
| Unwinding of discount on decommissioning provisions | (411)                | (304)           |
| Write-off of dry well                               | (1,502)              | -               |

\* Earnings before interest, taxation, depreciation, amortisation and exploration expenses (EBITDAX)

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Paragraph 8.

**17. A breakdown of sales as follows :**

|  | <b>Group</b>    |                 |               |
|--|-----------------|-----------------|---------------|
|  | <b>2012</b>     | <b>2011</b>     | <b>%</b>      |
|  | <b>US\$'000</b> | <b>US\$'000</b> | <b>Change</b> |
| (a) Sales reported for first half year   | 40,287          | 40,776          | (1%)          |
| (b) Operating profit after tax before deducting minority interests reported for first half year  | 2,090           | 176             | N.M.          |
| (c) Sales reported for second half year  | 46,089          | 48,648          | (5%)          |
| (d) Operating profit after tax before deducting minority interests reported for second half year | 4,013           | 2,756           | 46%           |

N.M. : not meaningful

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

Total Annual Dividend

|                | Latest<br>Full Year<br>2012 | Previous<br>Full Year<br>2011 |
|----------------|-----------------------------|-------------------------------|
| (a) Ordinary   | -                           | -                             |
| (b) Preference | -                           | -                             |
| (c) Total      | -                           | -                             |

**19. Disclosure of person occupying a managerial position in the issuer or any its principal subsidiaries who is a relative of a director or Chief Executive Officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of RH Petrogas Limited (the "Company") confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries that is related to a director or Chief Executive Officer or substantial shareholder of the Company.

**20. Interested Person Transactions ("IPT")**

| Name of Interested Person   | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) |                     | Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |                     |
|---|--|---------------------|---|---------------------|
|   | FY 2012<br>US\$'000  | FY 2011<br>US\$'000 | FY 2012<br>US\$'000   | FY 2011<br>US\$'000 |
| Tan Sri Datuk Sir Tiong Hiew King   |  |                     |   |                     |
| (a) Loans from RH Capital Limited <sup>(1)</sup>  | Nil  | 780                 | Not applicable  | Not applicable      |
| (b) Acquisition of 50% participating interest in the Production Sharing Contract for Block M-1, Offshore Myanmar <sup>(2)</sup> | Estimated to be US\$3.6 million  | Nil                 | Not applicable  | Not applicable      |

Notes :

<sup>(1)</sup> The aggregate value of US\$780,000 is the management fee incurred for FY2011 pursuant to loan from an interested person, RH Capital Limited (being a company controlled by Tan Sri Datuk Sir Tiong Hiew King) for the sum of up to US\$50 million to fund the acquisition of the working interest in Basin PSC and Island PSC. The US\$50 million loan was converted into 127,947,154 new ordinary shares on 13 August 2012 pursuant to the debt conversion exercise approved by the shareholders at the EGM held on 07 August 2012.

<sup>(2)</sup> As announced on 11 December 2012, the Company had on 11 December 2012 executed a farm-in option agreement with Rimbunan Petrogas Limited (“RPL”) pursuant to which RPL has granted the Company a seismic option, to farm-in and acquire 50% of RPL’s participating interest in the Production Sharing Contract for Block M-1 located offshore Myanmar. RPL is controlled by Tan Sri Datuk Sir Tiong Hiew King. The expected size of the IPT is estimated to be US\$3.6 million.

## 21. Usage of Placement Proceeds

Further to the announcement on 21 March 2012, the usage of the net placement proceeds of S\$41.6 million as at 31 December 2012 from the placement of 54,500,000 new shares at S\$0.80 each in the share capital of the Company completed on 29 September 2009 was as follows:-

| Intended uses  | Re-allocated uses  | Net placement proceeds allocated S\$'000 | Net placement proceeds used to date S\$'000 | Balance S\$'000         |
|--|--|--|---|-------------------------|
| As part payment of the unpaid cash consideration for the acquisition of the entire issued share capital of Kingworld Resources Limited                           | Not Applicable   | 10,000                                   | 10,000                                      | -                       |
| To fund the capital expenditure and operating costs in connection with the crude oil production project at Fuyu 1 Block in preparation for commercial production | To fund the capital expenditure, operating costs and other funding requirements of:<br>(a) the crude oil production project at Fuyu 1 Block in preparation for commercial production; and<br>(b) other petroleum exploration and production projects | 30,000                                   | 28,898                                      | <sup>(1)</sup><br>1,102 |
| Working capital  | Not Applicable   | 1,615                                    | 1,615 <sup>(2)</sup>                        | -                       |
| <b>Total</b>   |  | <b>41,615</b>                            | <b>40,513</b>                               | <b>1,102</b>            |

### Note :

<sup>(1)</sup> Included in the balance is the fixed deposit of S\$1,080,000 pledged as security for a performance bond given by RH Petrogas Singapore Pte Ltd (formerly known as Orchard Energy Pte Ltd) to the Central Government of the Republic of Indonesia. This is in relation to the activities as set out in the terms of the production sharing contract for exploration and production of petroleum in West Belida Block, Jambi, South Sumatra, Indonesia (the “PSC”). The amount of the fixed deposit pledged was reduced from S\$2,280,000 to S\$1,080,000 in January 2012 following the fulfillment of the first and second years’ work commitments under the PSC.

<sup>(2)</sup> The breakdown of the working capital of S\$1,615,000 utilised was as follows:

|                          |              |
|--------------------------|--------------|
|                          | S\$'000      |
| Staff costs              | 866          |
| Professional fees        | 540          |
| Other operating expenses | 209          |
|                          | <u>1,615</u> |

## BY ORDER OF THE BOARD

Tan Sri Datuk Sir Tiong Hiew King  
Executive Chairman

27 February 2013