

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 March 2013

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		% Change
	31/3/2013 (3 months) US\$'000	31/3/2012 (3 months) US\$'000	
Revenue	18,452	21,395	(14%)
Cost of sales	(13,063)	(12,972)	1%
Gross profit	5,389	8,423	(36%)
Other income	153	8	N.M.
Administrative expenses	(1,297)	(1,024)	27%
Other expenses	(447)	(1,306)	(66%)
Finance costs	(838)	(560)	50%
Profit before tax	2,960	5,541	(47%)
Income tax expense	(2,350)	(4,267)	(45%)
Profit for the period	610	1,274	(52%)
Basic and fully diluted earnings per share attributable to owners of the Company (cents per share)	0.10	0.28	(64%)

N.M. : not meaningful

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

	Group	
	31/3/2013	31/3/2012
	(3 months)	(3 months)
	US\$'000	US\$'000
Depletion and amortisation of oil and gas properties	(2,496)	(2,617)
Depreciation of other property, plant and equipment	(110)	(107)
Foreign exchange gain/(loss), net	142	(178)
Interest expense	(644)	(368)
Interest income from bank deposits	4	1
Loss on crude oil commodity options	-	(1,516)
Net fair value (loss)/gain on derivatives	(116)	601
Share-based payments	(182)	(108)
Unwinding of discount on decommissioning provisions	(194)	(192)

1(a)(ii) Group Earning before interest, taxation, depreciation, amortisation and exploration expenses (EBITDAX)

	Group	
	31/3/2013	31/3/2012
	(3 months)	(3 months)
	US\$'000	US\$'000
EBITDAX	6,404	8,825

1(a)(iii) Consolidated Statement of Comprehensive Income for the period ended 31 March 2013

	Group	
	31/3/2013	31/3/2012
	(3 months)	(3 months)
	US\$'000	US\$'000
Profit for the period	610	1,274
Other comprehensive income :		
Foreign currency translation	24	24
Net loss on fair value changes of cash flow hedge	-	(2,396)
Other comprehensive income for the period, net of tax	24	(2,372)
Total comprehensive income for the period attributable to owners of the Company	634	(1,098)

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	
	31/3/2013 US\$'000	31/12/2012 US\$'000	31/3/2013 US\$'000	31/12/2012 US\$'000
Non-Current Assets				
Oil and gas properties	66,591	67,657	-	-
Other property, plant and equipment	812	911	114	123
Exploration and evaluation assets	72,554	66,571	3,488	-
Goodwill	139,872	139,872	-	-
	279,829	275,011	3,602	123
Current Assets				
Inventories	6,153	6,494	-	-
Other current assets	698	539	87	46
Trade and other receivables	30,233	8,816	660	479
Amount due from subsidiaries	-	-	151,425	143,110
Derivatives	2	17	-	-
Cash and short-term deposits	13,121	28,615	3,034	15,991
	50,207	44,481	155,206	159,626
Current Liabilities				
Income tax payable	3,447	2,798	116	118
Trade and other payables	47,937	49,403	659	711
Derivatives	588	488	-	-
Loans and borrowings	5,280	5,280	-	-
	57,252	57,969	775	829
Net Current (Liabilities)/ Assets	(7,045)	(13,488)	154,431	158,797
Non-Current Liabilities				
Provisions	3,011	2,371	-	-
Deferred tax liabilities	40,042	39,817	-	-
Loans and borrowings	46,586	37,006	-	-
Other liabilities	1,301	1,301	-	-
	90,940	80,495	-	-
Net Assets	181,844	181,028	158,033	158,920
Equity attributable to owners of the Company				
Share capital	199,640	199,640	199,640	199,640
Reserves	(17,796)	(18,612)	(41,607)	(40,720)
Total Equity	181,844	181,028	158,033	158,920

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	
	31/3/2013 US\$'000	31/12/2012 US\$'000	31/3/2013 US\$'000	31/12/2012 US\$'000
Secured				
Amount repayable in one year or less, or on demand	5,280	5,280	-	-
Amount repayable after one year	46,586	37,006	-	-
	51,866	42,286	-	-
Unsecured				
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-
	-	-	-	-
Total				
Amount repayable in one year or less, or on demand				
USD - bank loans	5,280	5,280	-	-
	5,280	5,280	-	-
Amount repayable after one year, comprising				
USD - bank loans	46,586	37,006	-	-
	46,586	37,006	-	-
Total loans and borrowings	51,866	42,286	-	-

Details of any collateral

The secured borrowings of US\$51.9 million (31 December 2012: US\$42.3 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	
	31/3/2013	31/3/2012
	US\$'000	US\$'000
Operating activities		
Profit before tax	2,960	5,541
Adjustments for:		
Depletion and amortisation of oil and gas properties	2,496	2,617
Depreciation of other property, plant and equipment	110	107
Interest expense	644	368
Interest income on bank deposits	(4)	(1)
Net fair value loss/(gain) on derivatives	116	(601)
Share-based payments	182	108
Unwinding of discount on decommissioning provisions	194	192
Operating cash flows before changes in working capital	6,698	8,331
<u>Changes in working capital</u>		
Decrease in inventories	342	177
Increase in trade and other receivables	(21,572)	(622)
(Decrease)/Increase in trade and other payables	(1,627)	16,434
Cash flows (used in)/from operations	(16,159)	24,320
Income tax paid	(1,476)	(1,999)
Interest paid	(644)	(368)
Interest received	4	1
Net cash flows (used in)/from operating activities	(18,275)	21,954
Investing activities		
Additions to exploration and evaluation assets	(5,805)	(1,036)
Additions to oil and gas properties	(954)	(3,032)
Cash call contributions for assets retirement obligations	(38)	(166)
Purchase of other property, plant and equipment	(6)	(25)
Net cash flows used in investing activities	(6,803)	(4,259)
Financing activities		
Decrease in short-term deposit pledged	884	925
Proceeds from loans and borrowings	10,900	-
Repayment on loans and borrowings	(1,320)	(1,390)
Net cash from/(used in) financing activities	10,464	(465)
Net (decrease)/increase in cash and cash equivalents	(14,614)	17,230
Effect of exchange rate changes on cash and cash equivalents	3	2
Cash and cash equivalents at beginning of the period	24,965	20,865
Cash and cash equivalents at end of the period	10,354	38,097

Breakdown of Cash & Cash Equivalents at end of the period

	Group	
	<u>31/3/2013</u>	<u>31/3/2012</u>
	<u>US\$'000</u>	<u>US\$'000</u>
Cash and short-term deposits	13,121	39,930
Less:		
Short-term deposits pledged	-	(833)
Charge over project accounts	(2,767)	(1,000)
Cash and cash equivalents	<u>10,354</u>	<u>38,097</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	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
Group								
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
At 1 January 2013	199,640	2,886	(4,467)	(17,763)	-	732	(18,612)	181,028
Profit for the period	-	-	-	610	-	-	610	610
Other comprehensive income for the period	-	-	24	-	-	-	24	24
Total comprehensive income for the period	-	-	24	610	-	-	634	634
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	182	182	182
At 31 March 2013	199,640	2,886	(4,443)	(17,153)	-	914	(17,796)	181,844

	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
Company						
At 1 January 2012	138,201	2,886	(40,497)	173	(37,438)	100,763
Loss for the period, representing 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
At 1 January 2013	199,640	2,886	(44,338)	732	(40,720)	158,920
Loss for the period, representing total comprehensive income for the period	-	-	(1,069)	-	(1,069)	(1,069)
Share-based payments						
- Grant of equity-settled share options	-	-	-	182	182	182
At 31 March 2013	199,640	2,886	(45,407)	914	(41,607)	158,033

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 2013, there were 3,638,500 (first quarter ended 31 March 2012: 2,345,000) 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 as at the end of the financial period are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.01.13	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Number of options outstanding as at 31.03.13	Number of options outstanding as at 31.03.12	Exercise period
22.07.2011	S\$0.59	2,397,000	-	-	(35,000)	2,362,000	2,397,000	23.07.2013 to 21.07.2016
02.03.2012	S\$0.37	2,345,000	-	-	-	2,345,000	2,345,000	03.03.2014 to 01.03.2017
05.03.2013	S\$0.42	-	3,638,500	-	-	3,638,500	-	06.03.2015 to 04.03.2018
		4,742,000	3,638,500	-	(35,000)	8,345,500	4,742,000	

PERFORMANCE SHARE PLAN

There were no shares awarded in the first quarter ended 31 March 2013 (first quarter ended 31 March 2012: nil) 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 first quarter period ended 31 March 2013.

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 2013 was 614,277,400 (31 December 2012: 614,277,400).

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 2012.

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 2013.

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	
	31/3/2013 Cents	31/3/2012 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	0.10	0.28
(ii) On a fully diluted basis	0.10	0.28

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 614,277,400 (31 March 2012 : 456,821,443 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 period 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:

	No. of Shares Group	
	31/3/2013 (3 months)	31/3/2012 (3 months)
Weighted average number of ordinary shares for basic earnings per share computation	614,277,400	456,821,443
Effects of dilution:		
- Share options	959,645	166,312
Weighted average number of ordinary shares for diluted earnings per share computation	615,237,045	456,987,755

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	
	31/3/2013 Cents	31/12/2012 Cents	31/3/2013 Cents	31/12/2012 Cents
Net asset value per ordinary share capital	29.60	29.47	25.73	25.87

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 2013 ("1Q 2013") is lower than that for the first quarter ended 31 March 2012 ("1Q 2012") mainly due to the decrease in average oil price for the period and decline in production primarily due to field's operational issues.

The cost of sales increased marginally by 1% in 1Q 2013 as compared to 1Q 2012 mainly due to higher production costs in Basin Production Sharing Contract ("PSC") and Island PSC.

In line with the lower revenue and higher cost of production, the gross profit decreased by 36% from US\$8,423,000 in 1Q 2012 to US\$5,389,000 in 1Q 2013.

The increase in other income for 1Q 2013 as compared to that for 1Q 2012 is mainly due to the unrealised foreign exchange gain of US\$142,000.

The increase in administrative expenses for 1Q 2013 as compared to that for 1Q 2012 is mainly due to share-based payment for the issuance of stock options to directors and employees and the increase in other monthly overheads.

Other expenses for 1Q 2013 have decreased compared to that of 1Q 2012 mainly due to the absence of unrealised foreign exchange loss of US\$178,000 and loss on crude oil commodity options of US\$1,516,000, partially offset by net fair value gain on derivatives of US\$601,000, which were recorded in 1Q 2012. The fair value loss on derivatives in 1Q2013 was US\$116,000.

Finance costs for 1Q 2013 are higher than that for 1Q 2012 due to the increase in interest expense from additional bank borrowings.

Income tax expense mainly comprises the Group's share of the Basin PSC and Island PSC's tax expense which is not relieved by the Group's expenses. The decrease in income tax expense is in line with the lower revenue recorded during the period.

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 there was no further net fair value gain or loss recognised in 1Q 2013.

8.3 Balance Sheet

8.3.1 The increase in exploration and evaluation assets is mainly due to further exploration activities at Basin PSC, pre-development preparation activities at Fuyu 1 Block and cost sharing of the seismic program at Block M-1, Myanmar.

8.3.2 The increase in trade and other receivables is mainly due to the sale and lifting of crude oil in the Basin PSC.

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

8.3.4 The decrease in trade and other payables is mainly attributable to the decrease in trade creditors of Basin PSC and adjustment for the under-lift of hydrocarbon against the Group's entitlement.

8.3.5 As required under the new loan facilities, the Group 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 of the interest rate swaps as at 31 March 2013 has increased by US\$100,000 to US\$588,000 and is recognised as derivatives in the balance sheet. Of the increase, fair value loss of US\$100,000 on the interest rate swaps was charged to the profit and loss and forms part of the fair value loss on derivatives of US\$116,000.

8.3.6 The increase in provisions is mainly due to the increase in decommissioning provisions for Basin PSC and Island PSC.

8.3.7 Loan and borrowings have increased mainly due to the drawdown of the bank loan of US\$10,900,000 from Malayan Banking Berhad.

8.4 Cash Flow

The Group recorded net operating cash outflow of US\$18,275,000 in 1Q 2013. This was funded out of the cash balances brought forward from previous period and loan of US\$10,900,000 from Malayan Banking Berhad.

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.

The oil markets have been impacted by economic weakness in Europe and slowing growth in China. Reversing the early year rally, Brent prices have traded about US\$108 per barrel in 1Q 2013, down from a high of US\$120 per barrel in 1Q 2012. Weakening demand for oil amid a stable supply environment and increasing oil inventory has resulted in a downward pressure on oil prices. The oil markets are likely to remain volatile which may impact on the Group's performance in 2013.

Following the release of the first quarter results for the period ended 31 March 2013, the Company will continue to monitor market sentiments 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 for the quarter ended 31 March 2013.

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. Usage of Placement Proceeds

Further to the announcement on 27 February 2013, the usage of the net placement proceeds of S\$41.6 million as at 31 March 2013 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: (a) the crude oil production project at Fuyu 1 Block in preparation for commercial production; and (b) other petroleum exploration and production projects	30,000	29,615	385
Working capital	Not Applicable	1,615	1,615 ⁽¹⁾	-
Total		41,615	41,230	385

Note :

⁽¹⁾ 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>

15. 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 2013 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

08 May 2013