

# RH Petrogas Limited

Company Registration No: 198701138Z

## Unaudited Second Quarter and Half Year Financial Statements and Dividend Announcement for the Period Ended 30 June 2015

### 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 (3 months ended)			Group (6 months ended)		
	30/6/2015 US\$'000	30/6/2014 US\$'000	% Change	30/6/2015 US\$'000	30/6/2014 US\$'000	% Change
Revenue	14,280	19,166	(25%)	27,529	38,944	(29%)
Cost of sales	(13,290)	(12,945)	3%	(26,532)	(28,634)	(7%)
<b>Gross profit</b>	<b>990</b>	<b>6,221</b>	<b>(84%)</b>	<b>997</b>	<b>10,310</b>	<b>(90%)</b>
Other income	130	5	N.M.	448	35	N.M.
Administrative expenses	(1,631)	(1,119)	46%	(3,060)	(2,377)	29%
Other expenses	(603)	(1,555)	(61%)	(772)	(1,942)	(60%)
Finance costs	(661)	(829)	(20%)	(1,351)	(1,645)	(18%)
<b>(Loss)/profit before tax</b>	<b>(1,775)</b>	<b>2,723</b>	<b>N.M.</b>	<b>(3,738)</b>	<b>4,381</b>	<b>N.M.</b>
Income tax (expense)/credit	(261)	(1,730)	(85%)	1,045	(3,315)	N.M.
<b>(Loss)/profit for the financial period</b>	<b>(2,036)</b>	<b>993</b>	<b>N.M.</b>	<b>(2,693)</b>	<b>1,066</b>	<b>N.M.</b>
<b>Attributable to:</b>						
Owners of the Company	(1,990)	993	N.M.	(2,678)	1,066	N.M.
Non-controlling interests	(46)	-	N.M.	(15)	-	N.M.
	<b>(2,036)</b>	<b>993</b>	<b>N.M.</b>	<b>(2,693)</b>	<b>1,066</b>	<b>N.M.</b>
(Loss)/earnings per share attributable to owners of the Company (cents per share)						
Basic	(0.27)	0.14	N.M.	(0.36)	0.15	N.M.
Diluted	(0.27)	0.13	N.M.	(0.36)	0.14	N.M.

N.M. : not meaningful

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

	Group (3 months ended)		Group (6 months ended)	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Amortisation of upfront fee paid for loans granted	(79)	(168)	(160)	(265)
Depletion and amortisation of oil and gas properties	(3,819)	(3,300)	(7,402)	(6,469)
Depreciation of other plant and equipment	(92)	(111)	(187)	(219)
Foreign exchange gain/(loss), net	123	2	342	(202)
Interest expense on bank loans	(374)	(555)	(776)	(1,115)
Interest income from bank deposits	7	6	18	34
Net fair value (loss)/gain on derivatives	(367)	(25)	(281)	39
Share-based payments	(70)	(37)	(116)	(67)
Unwinding of discount on decommissioning provisions	(287)	(274)	(575)	(530)
Unsuccessful exploration and evaluation expenditures	-	(1,266)	-	(1,266)

1(a)(ii) Group (loss)/earnings before interest, taxation, depreciation, amortisation, exploration expenses and other non-recurring items (EBITDAX)

	Group (3 months ended)		Group (6 months ended)	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/profit before tax	(1,775)	2,723	(3,738)	4,381
Interest expense on bank loans	374	555	776	1,115
Depletion and amortisation of oil and gas properties	3,819	3,300	7,402	6,469
Depreciation of other plant and equipment	92	111	187	219
Unwinding of discount on decommissioning provisions	287	274	575	530
Unsuccessful exploration and evaluation expenditures	-	1,266	-	1,266
	<u>2,797</u>	<u>8,229</u>	<u>5,202</u>	<u>13,980</u>

1(a)(iii) Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2015

	Group (3 months ended)		Group (6 months ended)	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/profit for the financial period	(2,036)	993	(2,693)	1,066
<b>Other comprehensive income :</b>				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	(7)	1	(16)	16
<b>Other comprehensive income for the financial period, net of tax</b>	<b>(7)</b>	<b>1</b>	<b>(16)</b>	<b>16</b>
<b>Total comprehensive income for the financial period attributable to owners of the Company</b>	<b>(2,043)</b>	<b>994</b>	<b>(2,709)</b>	<b>1,082</b>
<b>Attributable to:</b>				
Owners of the Company	(1,997)	994	(2,694)	1,082
Non-controlling interests	(46)	-	(15)	-
	<u>(2,043)</u>	<u>994</u>	<u>(2,709)</u>	<u>1,082</u>

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	
	30/6/2015 US\$'000	31/12/2014 US\$'000	30/6/2015 US\$'000	31/12/2014 US\$'000
<b>Non-Current Assets</b>				
Oil and gas properties	61,692	66,283	-	-
Development expenditures	2,106	472	-	-
Other plant and equipment	1,203	1,363	38	54
Exploration and evaluation assets	70,781	70,194	-	-
Goodwill	90,355	90,355	-	-
Amount due from subsidiaries	-	-	92,724	93,838
Investment in subsidiaries	-	-	273	273
	<b>226,137</b>	<b>228,667</b>	<b>93,035</b>	<b>94,165</b>
<b>Current Assets</b>				
Inventories	167	773	-	-
Other current assets	293	426	8	55
Trade and other receivables	18,559	7,925	429	411
Derivatives	12	590	-	-
Cash and short-term deposits	12,163	36,717	1,006	2,146
	<b>31,194</b>	<b>46,431</b>	<b>1,443</b>	<b>2,612</b>
<b>Current Liabilities</b>				
Income tax payable	779	1,394	-	-
Trade and other payables	40,793	48,652	483	769
Derivatives	98	109	-	-
Loans and borrowings	13,680	13,680	-	-
	<b>55,350</b>	<b>63,835</b>	<b>483</b>	<b>769</b>
<b>Net Current (Liabilities)/Assets</b>	<b>(24,156)</b>	<b>(17,404)</b>	<b>960</b>	<b>1,843</b>
<b>Non-Current Liabilities</b>				
Provisions	4,102	3,936	-	-
Loan from non-controlling interest	7,066	5,317	-	-
Deferred tax liabilities	27,219	28,983	-	-
Loans and borrowings	13,006	19,846	-	-
Other liabilities	1,301	1,301	-	-
	<b>52,694</b>	<b>59,383</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>149,287</b>	<b>151,880</b>	<b>93,995</b>	<b>96,008</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	258,160	258,160	258,160	258,160
Reserves	(110,768)	(108,190)	(164,165)	(162,152)
	147,392	149,970	93,995	96,008
Non-controlling interest	1,895	1,910	-	-
<b>Total Equity</b>	<b>149,287</b>	<b>151,880</b>	<b>93,995</b>	<b>96,008</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 period reported on with comparative figures as at the end of the immediately preceding financial year:-

	Group		Company	
	30/6/2015 US\$'000	31/12/2014 US\$'000	30/6/2015 US\$'000	31/12/2014 US\$'000
<b>Secured</b>				
Amount repayable in one year or less, or on demand	13,680	13,680	-	-
Amount repayable after one year	13,006	19,846	-	-
	<b>26,686</b>	<b>33,526</b>	-	-
<b>Unsecured</b>				
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-
	-	-	-	-
<b>Total</b>				
Amount repayable in one year or less, or on demand				
USD - bank loans	13,680	13,680	-	-
	<b>13,680</b>	<b>13,680</b>	-	-
Amount repayable after one year, comprising				
USD - bank loans	13,006	19,846	-	-
	<b>13,006</b>	<b>19,846</b>	-	-
<b>Total loans and borrowings</b>	<b>26,686</b>	<b>33,526</b>	-	-

**Details of any collateral**

The secured borrowings of US\$26.7 million (31 December 2014: US\$33.5 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 (3 months ended)		Group (6 months ended)	
	30/6/2015 US\$'000	30/6/2014 US\$'000	30/6/2015 US\$'000	30/6/2014 US\$'000
<b>Operating activities</b>				
<b>(Loss)/Profit before tax</b>	(1,775)	2,723	(3,738)	4,381
Adjustments for:				
Amortisation of upfront fee paid for loans granted	79	168	160	265
Depletion and amortisation of oil and gas properties	3,819	3,300	7,402	6,469
Depreciation of other plant and equipment	92	111	187	219
Interest expense on bank loans	374	555	776	1,115
Interest income on bank deposits	(7)	(6)	(18)	(34)
Net fair value loss/(gain) on derivatives	367	25	281	(39)
Share-based payments	70	37	116	67
Unwinding of discount on decommissioning provisions	287	274	575	530
Unsuccessful exploration and evaluation expenditures	-	1,266	-	1,266
<b>Operating cash flows before changes in working capital</b>	<b>3,306</b>	<b>8,453</b>	<b>5,741</b>	<b>14,239</b>
<b>Changes in working capital</b>				
Decrease/(Increase) in inventories	247	(582)	607	(711)
(Increase)/Decrease in trade and other receivables	(12,404)	483	(10,655)	3,834
Increase/(Decrease) in trade and other payables	9,706	(1,767)	(8,162)	(20,034)
<b>Cash flows from/(used in) operations</b>	<b>855</b>	<b>6,587</b>	<b>(12,469)</b>	<b>(2,672)</b>
Income tax paid	(604)	(2,445)	(1,334)	(3,568)
Interest paid	(374)	(555)	(776)	(1,115)
Interest received	7	6	18	34
<b>Net cash flows (used in)/from operating activities</b>	<b>(116)</b>	<b>3,593</b>	<b>(14,561)</b>	<b>(7,321)</b>
<b>Investing activities</b>				
Additions to development expenditures	(222)	-	(1,630)	-
Additions to exploration and evaluation assets	(39)	(2,880)	(292)	(9,256)
Additions to oil and gas properties	(2,390)	(1,496)	(2,919)	(3,387)
Cash call contributions for assets retirement obligations	(329)	(540)	(333)	(544)
Purchase of other plant and equipment	(1)	(57)	(18)	(159)
<b>Net cash flows used in investing activities</b>	<b>(2,981)</b>	<b>(4,973)</b>	<b>(5,192)</b>	<b>(13,346)</b>
<b>Financing activities</b>				
Loan from non-controlling interest	200	-	1,748	-
Proceeds from crude oil commodity options	61	-	287	292
Repayment of loans and borrowings	(3,420)	(3,420)	(6,840)	(6,840)
<b>Net cash used in financing activities</b>	<b>(3,159)</b>	<b>(3,420)</b>	<b>(4,805)</b>	<b>(6,548)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,256)</b>	<b>(4,800)</b>	<b>(24,558)</b>	<b>(27,215)</b>
Effect of exchange rate changes on cash and cash equivalents	1	(1)	4	(6)
Cash and cash equivalents at beginning of the financial period	15,651	27,262	33,950	49,682
<b>Cash and cash equivalents at end of the financial period</b>	<b>9,396</b>	<b>22,461</b>	<b>9,396</b>	<b>22,461</b>

**Breakdown of Cash & Cash Equivalents at end of the financial period**

	Group	
	30/6/2015 US\$'000	30/6/2014 US\$'000
Cash and short-term deposits	12,163	25,228
Less:		
Charge over project accounts	(2,767)	(2,767)
<b>Cash and cash equivalents</b>	<b>9,396</b>	<b>22,461</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 period of the immediately preceding financial year.

	Share capital	Capital reduction reserve	Foreign currency translation reserve	Accumulated losses	Equity reserve	Employee share option reserve	Total reserves	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>									
<b>At 1 January 2014</b>	<b>257,650</b>	<b>2,886</b>	<b>(393)</b>	<b>(83,646)</b>	<b>-</b>	<b>733</b>	<b>(80,420)</b>	<b>-</b>	<b>177,230</b>
Profit for the financial period	-	-	-	73	-	-	73	-	73
Other comprehensive income for the financial period	-	-	15	-	-	-	15	-	15
Total comprehensive income for the financial period	-	-	15	73	-	-	88	-	88
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	510	-	-	-	-	(188)	(188)	-	322
<b>At 31 March 2014</b>	<b>258,160</b>	<b>2,886</b>	<b>(378)</b>	<b>(83,573)</b>	<b>-</b>	<b>545</b>	<b>(80,520)</b>	<b>-</b>	<b>177,640</b>
Profit for the financial period	-	-	-	993	-	-	993	-	993
Other comprehensive income for the financial period	-	-	1	-	-	-	1	-	1
Total comprehensive income for the financial period	-	-	1	993	-	-	994	-	994
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	37	37	-	37
<b>At 30 June 2014</b>	<b>258,160</b>	<b>2,886</b>	<b>(377)</b>	<b>(82,580)</b>	<b>-</b>	<b>582</b>	<b>(79,489)</b>	<b>-</b>	<b>178,671</b>
<b>At 1 January 2015</b>	<b>258,160</b>	<b>2,886</b>	<b>(640)</b>	<b>(111,862)</b>	<b>795</b>	<b>631</b>	<b>(108,190)</b>	<b>1,910</b>	<b>151,880</b>
Loss for the financial period	-	-	-	(688)	-	-	(688)	31	(657)
Other comprehensive income for the financial period	-	-	(9)	-	-	-	(9)	-	(9)
Total comprehensive income for the financial period	-	-	(9)	(688)	-	-	(697)	31	(666)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	46	46	-	46
<b>At 31 March 2015</b>	<b>258,160</b>	<b>2,886</b>	<b>(649)</b>	<b>(112,550)</b>	<b>795</b>	<b>677</b>	<b>(108,841)</b>	<b>1,941</b>	<b>151,260</b>
Loss for the financial period	-	-	-	(1,990)	-	-	(1,990)	(46)	(2,036)
Other comprehensive income for the financial period	-	-	(7)	-	-	-	(7)	-	(7)
Total comprehensive income for the financial period	-	-	(7)	(1,990)	-	-	(1,997)	(46)	(2,043)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	70	70	-	70
<b>At 30 June 2015</b>	<b>258,160</b>	<b>2,886</b>	<b>(656)</b>	<b>(114,540)</b>	<b>795</b>	<b>747</b>	<b>(110,768)</b>	<b>1,895</b>	<b>149,287</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 2014</b>	<b>257,650</b>	<b>2,886</b>	<b>(91,385)</b>	<b>733</b>	<b>(87,766)</b>	<b>169,884</b>
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(737)	-	(737)	(737)
Share-based payments						
- Grant of equity-settled share options	510	-	-	(188)	(188)	322
<b>At 31 March 2014</b>	<b>258,160</b>	<b>2,886</b>	<b>(92,122)</b>	<b>545</b>	<b>(88,691)</b>	<b>169,469</b>
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(835)	-	(835)	(835)
Share-based payments						
- Grant of equity-settled share options	-	-	-	37	37	37
<b>At 30 June 2014</b>	<b>258,160</b>	<b>2,886</b>	<b>(92,957)</b>	<b>582</b>	<b>(89,489)</b>	<b>168,671</b>
<b>At 1 January 2015</b>	<b>258,160</b>	<b>2,886</b>	<b>(165,669)</b>	<b>631</b>	<b>(162,152)</b>	<b>96,008</b>
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(1,082)	-	(1,082)	(1,082)
Share-based payments						
- Grant of equity-settled share options	-	-	-	46	46	46
<b>At 31 March 2015</b>	<b>258,160</b>	<b>2,886</b>	<b>(166,751)</b>	<b>677</b>	<b>(163,188)</b>	<b>94,972</b>
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(1,047)	-	(1,047)	(1,047)
Share-based payments						
- Grant of equity-settled share options	-	-	-	70	70	70
<b>At 30 June 2015</b>	<b>258,160</b>	<b>2,886</b>	<b>(167,798)</b>	<b>747</b>	<b>(164,165)</b>	<b>93,995</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 period reported on and as at the end of the corresponding period of the immediately preceding financial year.

### **SHARE OPTIONS**

There were no options granted in the second quarter ended 30 June 2015 (second quarter ended 30 June 2014: Nil) pursuant to the RHP Share Option Scheme 2011.

The unissued shares of the Company under option as at 30 June 2015 are as follows:

Number of options								
Date of grant of options	Exercise price per share	Balance as at 01.04.2015	Granted during the financial period	Exercised during the financial period	Cancelled/lapsed during the financial period	Balance as at 30.06.2015	Balance as at 30.06.2014	Exercise period
22.07.2011	S\$0.590	310,000	-	-	-	310,000	325,000	23.07.2013 to 21.07.2016
02.03.2012	S\$0.370	284,000	-	-	-	284,000	303,000	03.03.2014 to 01.03.2017
05.03.2013	S\$0.420	2,048,500	-	-	-	2,048,500	2,098,500	06.03.2015 to 04.03.2018
07.03.2014	S\$0.420	641,800	-	-	(5,900)	635,900	711,800	08.03.2016 to 06.03.2019
06.03.2015	S\$0.275	2,950,000	-	-	(20,000)	2,930,000	-	07.03.2017 to 05.03.2020
		6,234,300	-	-	(25,900)	6,208,400	3,438,300	

### **PERFORMANCE SHARE PLAN**

There were no shares awarded in the second quarter ended 30 June 2015 (second quarter ended 30 June 2014: 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 second quarter ended 30 June 2015 (second quarter ended 30 June 2014: Nil).

There were no shares held as treasury shares as at 30 June 2015 (as at 30 June 2014: Nil).

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 30 June 2015 was 734,277,400 (31 December 2014: 734,277,400).

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 2014.

**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 2015.

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		Group	
	30/6/2015 (3 months) Cents	30/6/2014 (3 months) Cents	30/6/2015 (6 months) Cents	30/6/2014 (6 months) Cents
<b>(Loss)/Earnings per ordinary share for the period based on net (loss)/profit attributable to owners of the Company</b>				
(i) Based on the weighted average number of ordinary shares on issue; and	(0.27)	0.14	(0.36)	0.15
(ii) On a fully diluted basis	(0.27)	0.13	(0.36)	0.14

Basic (loss)/earnings per share is calculated with reference to (loss)/profit net of tax attributable to owners of the Company and the weighted average number of ordinary shares of 734,277,400 (30 June 2014 : 734,277,400 shares).

Diluted (loss)/earnings per share are calculated by dividing (loss)/profit, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial 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		Group	
	30/6/2015 (3 months)	30/6/2014 (3 months)	30/6/2015 (6 months)	30/6/2014 (6 months)
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	734,277,400	734,277,400	734,277,400	734,195,433
Effects of dilution:				
- Share options	493,445	1,528,336	395,628	1,192,426
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	734,770,845	735,805,736	734,673,028	735,387,859

**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	
	30/6/2015 Cents	31/12/2014 Cents	30/6/2015 Cents	31/12/2014 Cents
Net asset value per ordinary share capital	20.07	20.42	12.80	13.08

**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**

The Group recorded revenue of US\$14,280,000 for the second quarter ended 30 June 2015 ("2Q 2015") as compared to US\$19,166,000 in the second quarter ended 30 June 2014 ("2Q 2014"). The decrease in revenue is mainly due to the significant decrease in average realised oil prices for the period and decline in production due to power disruption in both Basin and Island production sharing contracts ("PSC").

The cost of sales increased by 3% in 2Q 2015 as compared to 2Q 2014 mainly due to higher depletion and amortisation of oil and gas properties in Basin PSC and Island PSC.

In line with the lower revenue and increase in cost of production, the gross profit decreased from US\$6,221,000 in 2Q 2014 to US\$990,000 in 2Q 2015.

The increase in other income for 2Q 2015 as compared to that for 2Q 2014 is mainly due to the foreign exchange gain of US\$123,000.

The increase in administrative expenses for 2Q 2015 as compared to that for 2Q 2014 is mainly due to the increase in professional fees, staff costs as well as the increase in other monthly overheads.

Other expenses for 2Q 2015 have decreased compared to that of 2Q 2014 mainly due to the absence of unsuccessful exploration and evaluation expenditures of US\$1,266,000 which was recorded in 2Q 2014, partially offset by net fair value loss on derivatives of US\$367,000.

Finance costs for 2Q 2015 are lower than that for 2Q 2014 mainly due to the decrease in interest expense as a result of the reduction in bank borrowings.

The decrease in income tax expense is due to lower charges for current income taxes as well as derecognition of deferred tax liabilities as a result of depletion and amortisation of oil and gas properties for Basin PSC and Island PSC in 2Q 2015.

As a result of the above, the Group recorded a net loss of US\$2,036,000 and EBITDAX (see Paragraph 1(a)(ii)) of US\$2,797,000 for 2Q 2015 compared to net profit of US\$993,000 and EBITDAX of US\$8,229,000 in 2Q 2014.

### **8.2 Balance Sheet**

8.2.1 The decrease in oil and gas properties is mainly due to depletion and amortisation of oil and gas properties for Basin PSC and Island PSC.

8.2.2 The increase in development expenditures is mainly due to further development activities at Fuyu 1 Block.

8.2.3 The decrease in inventories is due to utilisation of well supplies and raw materials for well workover and daily operating activities.

8.2.4 Included in trade and other receivables is the sale and lifting of crude oil of US\$12,056,000 from the Basin PSC in June 2015 with the proceeds received in July 2015.

8.2.5 As required under the loan facilities, the Group entered into crude oil commodity put options. The fair value of the crude oil commodity put options as at 30 June 2015 amounting to US\$12,000 was recognised as derivative assets in the balance sheet.

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

8.2.7 As required under the 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 is recognised as derivatives liabilities in the balance sheet.

8.2.8 The increase in loan from non-controlling interest is mainly due to cash call contribution for SK331 PSC from Tumbuh Tiasa Enterprises Sdn Bhd which holds 49% shareholding interest in RHP (Mukah) Pte Ltd.

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

8.2.10 Loan and borrowings have decreased due to repayment of the bank loan of US\$6,840,000 in the first half year period ended 30 June 2015.

### 8.3 Cash Flow

The Group recorded net operating cash outflow of US\$116,000 in 2Q 2015. This was funded out of the cash balances brought forward from previous period.

### 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 previously been 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 strengthened in the second quarter on the back of expectation of a drop in US production and growing demand. Brent gained nearly 20% at one point before receding to a quarterly gain of 8% and ended the quarter at US\$60 per barrel. In July, the oil market was impacted by the uncertainty associated with events from several fronts, including Greece bailout deal, Iran's nuclear deal, China's stock market woes and the continued oversupply of crude oil. The outlook for oil prices remains challenging in the near term, which may significantly impact the Group's performance in 2015.

### 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 30 June 2015.

### 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, Chang Cheng-Hsing Francis 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 second quarter financial results for the financial period ended 30 June 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Chang Cheng-Hsing Francis  
Group CEO & Executive Director

5 August 2015