

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited Third Quarter Financial Statements and Dividend Announcement for the Period Ended 30 September 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 (9 months ended)		
	30/9/2015	30/9/2014	%	30/9/2015	30/9/2014	%
	US\$'000	US\$'000	Change	US\$'000	US\$'000	Change
Revenue	11,233	18,680	(40%)	38,762	57,624	(33%)
Cost of sales	(13,976)	(15,487)	(10%)	(40,508)	(44,121)	(8%)
Gross (loss)/profit	(2,743)	3,193	N.M.	(1,746)	13,503	N.M.
Other income	8	6	33%	456	41	N.M.
Administrative expenses	(1,325)	(1,166)	14%	(4,385)	(3,543)	24%
Other expenses	(77,618)	(20,645)	N.M.	(78,390)	(22,587)	N.M.
Finance costs	(632)	(756)	(16%)	(1,983)	(2,401)	(17%)
Loss before tax	(82,310)	(19,368)	N.M.	(86,048)	(14,987)	N.M.
Income tax credit/(expense)	17,316	(103)	N.M.	18,361	(3,418)	N.M.
Loss for the financial period	(64,994)	(19,471)	N.M.	(67,687)	(18,405)	N.M.
Attributable to:						
Owners of the Company	(64,943)	(19,471)	N.M.	(67,621)	(18,405)	N.M.
Non-controlling interests	(51)	-	N.M.	(66)	-	N.M.
	(64,994)	(19,471)	N.M.	(67,687)	(18,405)	N.M.
Loss per share attributable to owners of the Company (cents per share)						
Basic	(8.84)	(2.65)	N.M.	(9.21)	(2.51)	N.M.
Diluted	(8.84)	(2.65)	N.M.	(9.21)	(2.50)	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 (9 months ended)	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Amortisation of upfront fee paid for loans granted	(64)	(84)	(224)	(350)
Depletion and amortisation of oil and gas properties	(3,745)	(4,818)	(11,147)	(11,287)
Depreciation of other plant and equipment	(88)	(106)	(275)	(325)
Foreign exchange loss, net	(1,592)	(25)	(1,250)	(227)
Impairment loss on goodwill	(43,580)	(20,474)	(43,580)	(20,474)
Impairment loss on oil and gas properties	(17,578)	-	(17,578)	-
Impairment loss on exploration and evaluation assets	(15,367)	-	(15,367)	-
Interest expense on bank loans	(344)	(490)	(1,120)	(1,605)
Interest income from bank deposits	8	6	26	40
Loss on disposal of other property, plant and equipment	-	(1)	-	(1)
Net fair value (loss)/gain on derivatives	(33)	53	(314)	92
Share-based payments	(69)	(37)	(185)	(104)
Unwinding of discount on decommissioning provisions	(288)	(266)	(863)	(796)
Unsuccessful exploration and evaluation expenditures	-	-	-	(1,266)
Write back of inventory obsolescence	716	-	716	-

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

	Group (3 months ended)		Group (9 months ended)	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Loss before tax	(82,310)	(19,368)	(86,048)	(14,987)
Depletion and amortisation of oil and gas properties	3,745	4,818	11,147	11,287
Depreciation of other plant and equipment	88	106	275	325
Impairment loss on goodwill	43,580	20,474	43,580	20,474
Impairment loss on oil and gas properties	17,578	-	17,578	-
Impairment loss on exploration and evaluation assets	15,367	-	15,367	-
Interest expense on bank loans	344	490	1,120	1,605
Unsuccessful exploration and evaluation expenditures	-	-	-	1,266
Unwinding of discount on decommissioning provisions	288	266	863	796
	<u>(1,320)</u>	<u>6,786</u>	<u>3,882</u>	<u>20,766</u>

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

	Group (3 months ended)		Group (9 months ended)	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Loss for the financial period	(64,994)	(19,471)	(67,687)	(18,405)
Other comprehensive income :				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	99	(8)	83	8
Other comprehensive income	99	(8)	83	8
for the financial period, net of tax				
Total comprehensive income for the financial period	(64,895)	(19,479)	(67,604)	(18,397)
attributable to owners of the Company				
Attributable to:				
Owners of the Company	(64,844)	(19,479)	(67,538)	(18,397)
Non-controlling interests	(51)	-	(66)	-
	<u>(64,895)</u>	<u>(19,479)</u>	<u>(67,604)</u>	<u>(18,397)</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	
	30/9/2015 US\$'000	31/12/2014 US\$'000	30/9/2015 US\$'000	31/12/2014 US\$'000
Non-Current Assets				
Oil and gas properties	39,564	66,283	-	-
Development expenditures	2,924	472	-	-
Other plant and equipment	1,079	1,363	29	54
Exploration and evaluation assets	54,316	70,194	-	-
Goodwill	46,775	90,355	-	-
Amount due from subsidiaries	-	-	93,683	93,838
Investment in subsidiaries	-	-	273	273
	144,658	228,667	93,985	94,165
Current Assets				
Inventories	181	773	-	-
Other current assets	249	426	27	55
Trade and other receivables	11,513	7,925	462	411
Derivatives	4	590	-	-
Cash and short-term deposits	20,283	36,717	2,327	2,146
	32,230	46,431	2,816	2,612
Current Liabilities				
Income tax payable	293	1,394	-	-
Trade and other payables	41,820	48,652	732	769
Derivatives	93	109	-	-
Loans and borrowings	13,680	13,680	-	-
	55,886	63,835	732	769
Net Current (Liabilities)/Assets	(23,656)	(17,404)	2,084	1,843
Non-Current Liabilities				
Provisions	4,203	3,936	-	-
Loan from non-controlling interest	9,015	5,317	-	-
Deferred tax liabilities	9,606	28,983	-	-
Loans and borrowings	12,416	19,846	2,829	-
Other liabilities	1,301	1,301	-	-
	36,541	59,383	2,829	-
Net Assets	84,461	151,880	93,240	96,008
Equity attributable to owners of the Company				
Share capital	258,160	258,160	258,160	258,160
Reserves	(175,543)	(108,190)	(164,920)	(162,152)
	82,617	149,970	93,240	96,008
Non-controlling interest	1,844	1,910	-	-
Total Equity	84,461	151,880	93,240	96,008

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	
	30/9/2015 US\$'000	31/12/2014 US\$'000	30/9/2015 US\$'000	31/12/2014 US\$'000
Secured				
Amount repayable in one year or less, or on demand	13,680	13,680	-	-
Amount repayable after one year	9,587	19,846	-	-
	23,267	33,526	-	-
Unsecured				
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	2,829	-	2,829	-
	2,829	-	2,829	-
Total				
Amount repayable in one year or less, or on demand				
USD - bank loans	13,680	13,680	-	-
	13,680	13,680	-	-
Amount repayable after one year, comprising				
USD - bank loans	9,587	19,846	-	-
Loans from related parties	2,829	-	2,829	-
	12,416	19,846	2,829	-
Total loans and borrowings	26,096	33,526	2,829	-

Details of any collateral

The secured borrowings of US\$23.3 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 (9 months ended)	
	30/9/2015 US\$'000	30/9/2014 US\$'000	30/9/2015 US\$'000	30/9/2014 US\$'000
Operating activities				
Loss before tax	(82,310)	(19,368)	(86,048)	(14,987)
Adjustments for:				
Amortisation of upfront fee paid for loans granted	64	84	224	350
Depletion and amortisation of oil and gas properties	3,745	4,818	11,147	11,287
Depreciation of other plant and equipment	88	106	275	325
Impairment loss on goodwill	43,580	20,474	43,580	20,474
Impairment loss on oil and gas properties	17,578	-	17,578	-
Impairment loss on exploration and evaluation assets	15,367	-	15,367	-
Interest expense on bank loans	344	490	1,120	1,605
Interest income on bank deposits	(8)	(6)	(26)	(40)
Loss on disposal of other property, plant and equipment	-	1	-	1
Net fair value loss/(gain) on derivatives	33	(53)	314	(92)
Share-based payments	69	37	185	104
Unwinding of discount on decommissioning provisions	288	266	863	796
Unsuccessful exploration and evaluation expenditures	-	-	-	1,266
Write back of inventory obsolescence	(716)	-	(716)	-
Operating cash flows before changes in working capital	(1,878)	6,849	3,863	21,089
Changes in working capital				
Decrease/(Increase) in inventories	692	(140)	1,299	(851)
Decrease/(increase) in trade and other receivables	7,002	3,912	(3,653)	8,011
Increase/(Decrease) in trade and other payables	2,597	227	(5,565)	(20,073)
Cash flows from/(used in) operations	8,413	10,848	(4,056)	8,176
Income tax paid	(782)	(1,455)	(2,116)	(5,023)
Interest paid	(344)	(490)	(1,120)	(1,605)
Interest received	8	6	26	40
Net cash flows from/(used in) operating activities	7,295	8,909	(7,266)	1,588
Investing activities				
Additions to development expenditures	(839)	-	(2,469)	-
Additions to exploration and evaluation assets	(192)	(3,768)	(484)	(13,024)
Additions to oil and gas properties	805	(1,194)	(2,114)	(4,581)
Cash call contributions for assets retirement obligations	(217)	(4)	(550)	(548)
Proceeds from disposal of subsidiary	-	2,786	-	2,786
Purchase of other plant and equipment	(5)	(20)	(23)	(179)
Net cash flows used in investing activities	(448)	(2,200)	(5,640)	(15,546)
Financing activities				
Loan from non-controlling interest	1,950	3,503	3,698	3,503
Purchase of crude oil commodity options	(32)	(48)	(32)	(48)
Proceeds from crude oil commodity options	-	-	287	-
Proceeds from exercise of employee share options	-	-	-	292
Loans from related parties	2,829	-	2,829	-
Repayment of loans and borrowings	(3,420)	(3,420)	(10,260)	(10,260)
Net cash from/(used in) financing activities	1,327	35	(3,478)	(6,513)
Net increase/(decrease) in cash and cash equivalents	8,174	6,744	(16,384)	(20,471)
Effect of exchange rate changes on cash and cash equivalents	(54)	-	(50)	(6)
Cash and cash equivalents at beginning of the financial period	9,396	22,461	33,950	49,682
Cash and cash equivalents at end of the financial period	17,516	29,205	17,516	29,205

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

	Group	
	30/9/2015	30/9/2014
	US\$'000	US\$'000
Cash and short-term deposits	20,283	31,972
Less:		
Charge over project accounts	(2,767)	(2,767)
Cash and cash equivalents	17,516	29,205

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
Group									
At 1 January 2014	257,650	2,886	(393)	(83,646)	-	733	(80,420)	-	177,230
Profit for the financial period	-	-	-	1,066	-	-	1,066	-	1,066
Other comprehensive income for the financial period	-	-	16	-	-	-	16	-	16
Total comprehensive income for the financial period	-	-	16	1,066	-	-	1,082	-	1,082
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	510	-	-	-	-	(151)	(151)	-	359
At 30 June 2014	258,160	2,886	(377)	(82,580)	-	582	(79,489)	-	178,671
Loss for the financial period	-	-	-	(19,471)	-	-	(19,471)	-	(19,471)
Other comprehensive income for the financial period	-	-	(8)	-	-	-	(8)	-	(8)
Total comprehensive income for the financial period	-	-	(8)	(19,471)	-	-	(19,479)	-	(19,479)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	37	37	-	37
<u>Changes in ownership interest in subsidiaries</u>									
Disposal of subsidiary without a change in control	-	-	-	-	795	-	795	1,991	2,786
At 30 September 2014	258,160	2,886	(385)	(102,051)	795	619	(98,136)	1,991	162,015
At 1 January 2015	258,160	2,886	(640)	(111,862)	795	631	(108,190)	1,910	151,880
Loss for the financial period	-	-	-	(2,678)	-	-	(2,678)	(15)	(2,693)
Other comprehensive income for the financial period	-	-	(16)	-	-	-	(16)	-	(16)
Total comprehensive income for the financial period	-	-	(16)	(2,678)	-	-	(2,694)	(15)	(2,709)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	116	116	-	116
At 30 June 2015	258,160	2,886	(656)	(114,540)	795	747	(110,768)	1,895	149,287
Loss for the financial period	-	-	-	(64,943)	-	-	(64,943)	(51)	(64,994)
Other comprehensive income for the financial period	-	-	99	-	-	-	99	-	99
Total comprehensive income for the financial period	-	-	99	(64,943)	-	-	(64,844)	(51)	(64,895)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	69	69	-	69
At 30 September 2015	258,160	2,886	(557)	(179,483)	795	816	(175,543)	1,844	84,461

	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 2014	257,650	2,886	(91,385)	733	(87,766)	169,884
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(1,572)	-	(1,572)	(1,572)
Share-based payments						
- Grant of equity-settled share options	510	-	-	(151)	(151)	359
At 30 June 2014	258,160	2,886	(92,957)	582	(89,489)	168,671
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(798)	-	(798)	(798)
Share-based payments						
- Grant of equity-settled share options	-	-	-	37	37	37
At 30 September 2014	258,160	2,886	(93,755)	619	(90,250)	167,910
At 1 January 2015	258,160	2,886	(165,669)	631	(162,152)	96,008
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(2,129)	-	(2,129)	(2,129)
Share-based payments						
- Grant of equity-settled share options	-	-	-	116	116	116
At 30 June 2015	258,160	2,886	(167,798)	747	(164,165)	93,995
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(824)	-	(824)	(824)
Share-based payments						
- Grant of equity-settled share options	-	-	-	69	69	69
At 30 September 2015	258,160	2,886	(168,622)	816	(164,920)	93,240

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 third quarter ended 30 September 2015 (third quarter ended 30 September 2014: Nil) pursuant to the RHP Share Option Scheme 2011.

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

Number of options									
Date of grant of options	Exercise price per share	Balance as at 01.07.2015	Granted during the financial period	Exercised during the financial period	Cancelled/ lapsed during the financial period	Balance as at 30.09.2015	Balance as at 30.09.2014	Exercise period	
22.07.2011	S\$0.590	310,000	-	-	-	310,000	320,000	23.07.2013 to 21.07.2016	
02.03.2012	S\$0.370	284,000	-	-	-	284,000	298,000	03.03.2014 to 01.03.2017	
05.03.2013	S\$0.420	2,048,500	-	-	-	2,048,500	2,068,500	06.03.2015 to 04.03.2018	
07.03.2014	S\$0.420	635,900	-	-	-	635,900	691,800	08.03.2016 to 06.03.2019	
06.03.2015	S\$0.275	2,930,000	-	-	-	2,930,000	-	07.03.2017 to 05.03.2020	
		<u>6,208,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,208,400</u>	<u>3,378,300</u>		

PERFORMANCE SHARE PLAN

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

There were no shares held as treasury shares as at 30 September 2015 (as at 30 September 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 September 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	
	30/9/2015 (3 months)	30/9/2014 (3 months)	30/9/2015 (9 months)	30/9/2014 (9 months)
	Cents	Cents	Cents	Cents
Loss per ordinary share for the period based on net loss attributable to owners of the Company				
(i) Based on the weighted average number of ordinary shares on issue; and	(8.84)	(2.65)	(9.21)	(2.51)
(ii) On a fully diluted basis	(8.84)	(2.65)	(9.21)	(2.50)

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

Diluted loss per share are calculated by dividing loss, 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	
	30/9/2015 (3 months)	30/9/2014 (3 months)	30/9/2015 (9 months)	30/9/2014 (9 months)
Weighted average number of ordinary shares for basic loss per share computation	734,277,400	734,277,400	734,277,400	734,230,671
Effects of dilution:				
- Share options	-	1,571,885	110,973	1,334,144
Weighted average number of ordinary shares for diluted loss per share computation	734,277,400	735,849,285	734,388,373	735,564,815

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	
	30/9/2015	31/12/2014	30/9/2015	31/12/2014
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	11.25	20.42	12.70	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\$11,233,000 for the third quarter ended 30 September 2015 ("3Q 2015") as compared to US\$18,680,000 in the third quarter ended 30 September 2014 ("3Q 2014"). The decrease in revenue is mainly due to the average realised oil price for the period has declined significantly by 53% to US\$47 per barrel in both Basin and Island production sharing contracts ("PSC").

The cost of sales decreased by 10% in 3Q 2015 as compared to 3Q 2014 mainly due to lower production costs as well as the decrease in depletion and amortisation of oil and gas properties in Basin PSC and Island PSC.

As a result of the significant decrease in revenue, partially offset by a decrease in cost of production, the Group recorded gross loss of US\$2,743,000 in 3Q 2015 as compared to a gross profit of US\$3,193,000 in 3Q 2014.

The increase in administrative expenses for 3Q 2015 as compared to that for 3Q 2014 is mainly due to the increase in professional fees, staff costs as well as the increase in other monthly overheads.

Other expenses for 3Q 2015 have increased compared to that of 3Q 2014 mainly due to the following :

- (i) Impairment loss on goodwill of US\$43,580,000 which arose from the acquisition of the working interest in Fuyu 1 Block;
- (ii) Impairment loss on oil and gas properties of US\$17,578,000 in Basin PSC and Island PSC;
- (iii) Impairment loss on exploration and evaluation assets of US\$15,367,000 in Island PSC; and
- (iv) Foreign exchange loss of US\$1,592,000.

These increases have been partially offset by the absence of impairment loss on goodwill of US\$20,474,000 which arose from the acquisition of the working interest in Basin PSC and Island PSC and was recorded in 3Q 2014.

Finance costs for 3Q 2015 are lower than that for 3Q 2014 mainly due to the decrease in interest expense as a result of the reduction in bank borrowings.

The income tax credit arises from (i) the write back of deferred tax liabilities of US\$15,212,000 as a result of the impairment loss on exploration and evaluation assets as well as oil and gas properties and (ii) US\$2,400,000 from derecognition of deferred tax liabilities as a result of depletion and amortisation of oil and gas properties, for Basin PSC and Island PSC in 3Q 2015, partially offset by the income tax expense for 3Q 2015 of US\$296,000.

As a result of the above, the Group recorded a net loss of US\$64,994,000 and negative EBITDAX (see Paragraph 1(a)(ii)) of US\$1,320,000 for 3Q 2015 compared to net loss of US\$19,471,000 and EBITDAX of US\$6,786,000 in 3Q 2014.

8.2 Balance Sheet

8.2.1 The decrease in oil and gas properties is mainly due to depletion and amortisation and impairment loss on 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 exploration and evaluation assets is mainly due to Impairment loss on exploration and evaluation assets for Island PSC.

8.2.4 The decrease in goodwill is mainly due to the charge of goodwill impairment of US\$43,580,000 which arose from the acquisition of the working interest in Fuyu 1 Block.

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

8.2.6 Included in trade and other receivables is the sale and lifting of crude oil of US\$3,850,000 from the Basin PSC in September 2015 with the proceeds received in October 2015.

8.2.7 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 September 2015 amounting to US\$4,000 was recognised as derivative assets in the balance sheet.

8.2.8 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.

8.2.9 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.

8.2.10 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.

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

8.2.12 Loan and borrowings have decreased due to repayment of the bank loan of US\$10,260,000 in the nine months period ended 30 September 2015. The Group received loans of US\$2,829,000 from the related parties in 3Q 2015. Related parties are companies in which two directors have a substantial interest.

8.3 Cash Flow

The Group recorded net operating cash flows of US\$7,295,000 in 3Q 2015. This was used to fund the Group's exploration and development activities and repayment of bank loan.

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 trended downward in the third quarter of the year and reached six-and-a-half year lows of US\$41 per barrel in August. Average Brent oil price for the quarter was approximately US\$50 per barrel. Concerns about economic slowdown in emerging markets and persistent over supply continue to affect the oil market. The outlook for oil prices remains depressed in the near term and this is expected to adversely affect 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 September 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 third quarter financial results for the financial period ended 30 September 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director

12 November 2015