

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited First Quarter Financial Statements and Dividend Announcement for the Financial Period Ended 31 March 2016

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

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

Consolidated Income Statement

	Group		%
	31/3/2016 (3 months) US\$'000	31/3/2015 (3 months) US\$'000	
Revenue	11,867	13,249	(10%)
Cost of sales	(13,387)	(13,242)	1%
Gross (loss)/profit	(1,520)	7	N.M.
Other income	67	318	(79%)
Administrative expenses	(1,146)	(1,429)	(20%)
Other expenses	(444)	(169)	163%
Finance costs	(556)	(690)	(19%)
Loss before tax	(3,599)	(1,963)	83%
Income tax credit	2,250	1,306	72%
Loss for the financial period	(1,349)	(657)	105%
Attributable to:			
Owners of the Company	(1,267)	(688)	84%
Non-controlling interests	(82)	31	N.M.
	(1,349)	(657)	105%
Loss per share attributable to owners of the Company (cents per share)			
Basic	(0.17)	(0.09)	89%
Diluted	(0.17)	(0.09)	89%

N.M. : not meaningful

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

	Group	
	31/3/2016	31/3/2015
	(3 months)	(3 months)
	US\$'000	US\$'000
Amortisation of upfront fee paid for loans granted	(55)	(81)
Depletion and amortisation of oil and gas properties	(4,508)	(3,583)
Depreciation of other plant and equipment	(27)	(95)
Foreign exchange gain, net	-	219
Impairment loss on development expenditures	(288)	-
Interest expense on bank loans	(265)	(402)
Interest income on bank deposits	-	11
Net fair value (loss)/gain on derivatives	(8)	86
Share-based payments	(64)	(46)
Unwinding of discount on decommissioning provisions	(291)	(288)

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

	Group	
	31/3/2016	31/3/2015
	(3 months)	(3 months)
	US\$'000	US\$'000
Loss before tax	(3,599)	(1,963)
Impairment loss on development expenditures	288	-
Interest expense on bank loans	265	402
Depreciation of other plant and equipment	27	95
Depletion and amortisation of oil and gas properties	4,508	3,583
Unwinding of discount on decommissioning provisions	291	288
	<u>1,780</u>	<u>2,405</u>

1(a)(iii) Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2016

	Group	
	31/3/2016	31/3/2015
	(3 months)	(3 months)
	US\$'000	US\$'000
Loss for the financial period	(1,349)	(657)
Other comprehensive income :		
<u>Item that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation	(236)	(9)
Other comprehensive income	(236)	(9)
for the financial period, net of tax		
Total comprehensive income for the financial period	(1,585)	(666)
attributable to owners of the Company		
Attributable to:		
Owners of the Company	(1,503)	(697)
Non-controlling interests	(82)	31
	<u>(1,585)</u>	<u>(666)</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	
	31/3/2016 US\$'000	31/12/2015 US\$'000	31/3/2016 US\$'000	31/12/2015 US\$'000
Non-Current Assets				
Oil and gas properties	24,125	29,372	-	-
Development expenditures	-	-	-	-
Other plant and equipment	577	587	70	78
Exploration and evaluation assets	2,536	2,536	-	-
Amount due from subsidiaries	-	-	31,768	29,221
	27,238	32,495	31,838	29,299
Current Assets				
Inventories	2,349	2,299	-	-
Other current assets	204	253	54	46
Trade and other receivables	22,296	19,384	475	413
Derivatives	-	3	-	-
Cash and bank balances	9,240	6,280	1,769	383
	34,089	28,219	2,298	842
Current Liabilities				
Income tax payable	73	155	-	-
Trade and other payables	45,540	42,645	646	616
Derivatives	37	32	-	-
Loans and borrowings	16,426	19,846	-	-
	62,076	62,678	646	616
Net Current (Liabilities)/Assets	(27,987)	(34,459)	1,652	226
Non-Current Liabilities				
Provisions	3,592	3,616	-	-
Loan from non-controlling interest	9,500	9,406	-	-
Deferred tax liabilities	4,277	6,527	-	-
Loans and borrowings	13,140	8,224	13,140	8,224
	30,509	27,773	13,140	8,224
Net (Liabilities)/Assets	(31,258)	(29,737)	20,350	21,301
Equity attributable to owners of the Company				
Share capital	258,160	258,160	258,160	258,160
Reserves	(279,964)	(278,525)	(237,810)	(236,859)
	(21,804)	(20,365)	20,350	21,301
Non-controlling interest	(9,454)	(9,372)	-	-
Total (Deficit)/Equity	(31,258)	(29,737)	20,350	21,301

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	
	31/3/2016 US\$'000	31/12/2015 US\$'000	31/3/2016 US\$'000	31/12/2015 US\$'000
Secured				
Amount repayable in one year or less, or on demand	16,426	19,846	-	-
Amount repayable after one year	-	-	-	-
	16,426	19,846	-	-
Unsecured				
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	13,140	8,224	13,140	8,224
	13,140	8,224	13,140	8,224
Total				
Amount repayable in one year or less, or on demand				
USD - bank loans	16,426	19,846	-	-
	16,426	19,846	-	-
Amount repayable after one year, comprising				
USD - bank loans	-	-	-	-
Loans from related parties	13,140	8,224	13,140	8,224
	13,140	8,224	13,140	8,224
Total loans and borrowings	29,566	28,070	13,140	8,224

Details of any collateral

The secured borrowings of US\$16.4 million (31 December 2015: US\$19.8 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.

Waiver for breach of certain banking covenants

The subsidiary has received confirmation from its banker that the subsidiary has been granted an indulgence for the financial year ended 31 December 2015 for not having met certain banking covenants based on its finalised year-end financial position.

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	
	31/3/2016	31/3/2015
	(3 months) US\$'000	(3 months) US\$'000
Operating activities		
Loss before tax	(3,599)	(1,963)
Adjustments for:		
Amortisation of upfront fee paid for loans granted	55	81
Depletion and amortisation of oil and gas properties	4,508	3,583
Depreciation of other plant and equipment	27	95
Interest expense on bank loans	265	402
Interest income on bank deposits	-	(11)
Impairment loss on development expenditures	288	-
Net fair value loss/(gain) on derivatives	8	(86)
Share-based payments	64	46
Unwinding of discount on decommissioning provisions	291	288
Operating cash flows before changes in working capital	1,907	2,435
Changes in working capital		
(Increase)/Decrease in inventories	(46)	360
(Increase)/Decrease in trade and other receivables	(2,915)	1,749
Increase/(Decrease) in trade and other payables	3,585	(17,868)
Cash flows from/(used in) operations	2,531	(13,324)
Income tax paid	(83)	(730)
Interest paid	(265)	(402)
Interest received	-	11
Net cash flows from/(used in) operating activities	2,183	(14,445)
Investing activities		
Additions to oil and gas properties	(294)	(1,408)
Additions to development expenditures	(288)	(253)
Additions to exploration and evaluation assets	-	(529)
Cash call contributions for assets retirement obligations	(238)	(4)
Purchase of other plant and equipment	-	(17)
Net cash flows used in investing activities	(820)	(2,211)
Financing activities		
Loan from non-controlling interest	94	1,548
Loan from related parties	4,916	-
Proceeds from crude oil commodity options	-	226
Repayment of loans and borrowings	(3,420)	(3,420)
Net cash from/(used in) financing activities	1,590	(1,646)
Net increase/(decrease) in cash and cash equivalents	2,953	(18,302)
Effect of exchange rate changes on cash and cash equivalents	7	3
Cash and cash equivalents at beginning of the financial period	3,513	33,950
Cash and cash equivalents at end of the financial period	6,473	15,651

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

	Group	
	31/3/2016	31/3/2015
	(3 months)	(3 months)
	US\$'000	US\$'000
Cash and bank balances	9,240	18,418
Less:		
Charge over project accounts	<u>(2,767)</u>	<u>(2,767)</u>
Cash and cash equivalents	<u>6,473</u>	<u>15,651</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	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 2015	258,160	2,886	(640)	(111,862)	795	631	(108,190)	1,910	151,880
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
At 31 March 2015	258,160	2,886	(649)	(112,550)	795	677	(108,841)	1,941	151,260
At 1 January 2016	258,160	2,886	(482)	(282,612)	795	888	(278,525)	(9,372)	(29,737)
Loss for the financial period	-	-	-	(1,267)	-	-	(1,267)	(82)	(1,349)
Other comprehensive income for the financial period	-	-	(236)	-	-	-	(236)	-	(236)
Total comprehensive income for the financial period	-	-	(236)	(1,267)	-	-	(1,503)	(82)	(1,585)
<u>Contributions by and distributions to owners</u>									
Share -based payments									
- Grant of equity-settled share options	-	-	-	-	-	64	64	-	64
At 31 March 2016	258,160	2,886	(718)	(283,879)	795	952	(279,964)	(9,454)	(31,258)

	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 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	-	-	(1,082)	-	(1,082)	(1,082)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	46	46	46
At 31 March 2015	258,160	2,886	(166,751)	677	(163,188)	94,972
At 1 January 2016	258,160	2,886	(240,633)	888	(236,859)	21,301
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(1,015)	-	(1,015)	(1,015)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	64	64	64
At 31 March 2016	258,160	2,886	(241,648)	952	(237,810)	20,350

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 first quarter period ended 31 March 2016 (first quarter period ended 31 March 2015: 2,950,000 options) pursuant to RHP Share Option Scheme 2011.

The unissued shares of the Company under option as at 31 March 2016 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.01.16	Granted during the financial period	Exercised during the financial period	Cancelled/lapsed during the financial period	Number of options outstanding as at 31.03.16	Number of options outstanding as at 31.03.15	Exercise period
22.07.2011	S\$0.590	310,000	-	-	-	310,000	310,000	23.07.2013 to 21.07.2016
02.03.2012	S\$0.370	284,000	-	-	-	284,000	284,000	03.03.2014 to 01.03.2017
05.03.2013	S\$0.420	2,048,500	-	-	-	2,048,500	2,048,500	06.03.2015 to 04.03.2018
07.03.2014	S\$0.420	635,900	-	-	(6,700)	629,200	641,800	08.03.2016 to 06.03.2019
06.03.2015	S\$0.275	2,930,000	-	-	(30,000)	2,900,000	2,950,000	07.03.2017 to 05.03.2020
		6,208,400	-	-	(36,700)	6,171,700	6,234,300	

PERFORMANCE SHARE PLAN

There were no shares awarded in the first quarter period ended 31 March 2016 (first quarter period ended 31 March 2015: 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 2016 (first quarter period ended 31 March 2015: Nil).

There were no shares held as treasury shares as at 31 March 2016 (as at 31 March 2015: Nil).

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 March 2016 was 734,277,400 (31 December 2015: 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 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 2015.

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 2016.

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	
	31/3/2016 (3 months) Cents	31/3/2015 (3 months) Cents
Loss per ordinary share for the financial period based on net loss attributable to owners of the Company		
(i) Based on the weighted average number of ordinary shares on issue; and	(0.17)	(0.09)
(ii) On a fully diluted basis	(0.17)	(0.09)

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 (31 March 2015 : 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	
	31/3/2016 (3 months)	31/3/2015 (3 months)
Weighted average number of ordinary shares for basic loss per share computation	734,277,400	734,277,400
Effects of dilution:		
- Share options	-	-
Weighted average number of ordinary shares for diluted loss per share computation	734,277,400	734,277,400

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	
	31/3/2016 Cents	31/12/2015 Cents	31/3/2016 Cents	31/12/2015 Cents
Net asset value per ordinary share capital	(2.97)	(2.77)	2.77	2.90

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\$11,867,000 for the first quarter ended 31 March 2016 ("1Q 2016") as compared to US\$13,249,000 in the first quarter ended 31 March 2015 ("1Q 2015"). The decrease in revenue is mainly due to the average realised oil price for the period has declined by 37% from US\$52 per barrel to US\$33 per barrel in both Basin and Island production sharing contracts ("PSC").

The cost of sales increased marginally in 1Q 2016 as compared to 1Q 2015 mainly due to higher depletion and amortisation of oil and gas properties, partially offset by a decrease in cost of production in Basin PSC and Island PSC.

As a result of the lower revenue, the Group recorded gross loss of US\$1,520,000 in 1Q 2016 as compared to a gross profit of US\$7,000 in 1Q 2015.

The decrease in other income for 1Q 2016 as compared to that for 1Q 2015 is mainly due to the absence of foreign exchange gain of US\$219,000 which was recorded in 1Q 2015.

The decrease in administrative expenses for 1Q 2016 as compared to that for 1Q 2015 is mainly due to the decrease in staff costs, professional fees and other monthly overheads.

Other expenses for 1Q 2016 have increased compared to that of 1Q 2015 mainly due to the impairment loss on development expenditures of US\$288,000 in Fuyu 1 Block.

Finance costs for 1Q 2016 are lower than that for 1Q 2015 mainly due to the decrease in interest expense as a result of the reduction in bank borrowings.

The income tax credit arises from the derecognition of deferred tax liabilities as a result of depletion and amortisation of oil and gas properties for Basin PSC and Island PSC in 1Q 2016.

As a result of the above, the Group recorded a net loss of US\$1,349,000 and EBITDAX (see Paragraph 1(a)(ii)) of US\$1,780,000 for 1Q 2016 compared to net loss of US\$657,000 and EBITDAX of US\$2,405,000 in 1Q 2015.

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 inventories is due to purchase of well supplies and raw materials for well workover and daily operating activities.

8.2.3 The increase in trade and other receivables is mainly due to the adjustment for the under-lift of hydrocarbon against the Group's entitlement. Included in trade and other receivables is the sale and lifting of crude oil of US\$5,130,000 from the Basin PSC in March 2016 with the proceeds received in April 2016.

8.2.4 The increase in trade and other payables is mainly attributable to the increase in trade creditors and other payables of Basin PSC and Island PSC.

8.2.5 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 derivative liabilities in the balance sheet.

8.2.6 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.

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

8.2.8 Loan and borrowings in the current liabilities have decreased due to repayment of the bank loan of US\$3,420,000 in the first quarter period ended 31 March 2016.

8.3 Cash Flow

The Group recorded net operating cash flows of US\$2,183,000 in 1Q 2016. This was used to partly fund the Group's development and production activities and repayment of bank loan.

The Group received interest free loans of US\$4,916,000 from the related parties in 1Q 2016. The total interest free loans received as at 31 March 2016 is US\$13,140,000. Related parties are companies in which two directors have a substantial interest.

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.

Brent price averaged US\$34 per barrel in the first quarter of 2016. Sentiment in the oil market remained largely bearish in the beginning of the year on the back of unabated oversupply and with Iran expected to exacerbate the supply glut post sanctions. Nonetheless, prices rebounded for two consecutive months in February and March from the low of US\$26 per barrel on 20 January 2016 as talks of major producers freezing their output gained traction and further evidence emerged of accelerating decline in US outputs.

The Group believes the outlook for oil prices will remain subdued in the near term as market continues its rebalancing. For the year ahead, the Group continues to put its focus on improving operational efficiency and cost optimization.

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 2016.

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 first quarter financial results for the financial period ended 31 March 2016 to be false or misleading in any material aspect.

15. Confirmation of undertaking pursuant to Rule 720(1).

The Group has procured undertakings from all its directors and executive officers pursuant to Rule 720(1).

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director

11 May 2016