

# RH Petrogas Limited

Company Registration No: 198701138Z

## Unaudited First Quarter Financial Statements and Dividend Announcement for the Financial Period Ended 31 March 2017

### 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		
	31/3/2017 (3 months) US\$'000	31/3/2016 (3 months) US\$'000	% Change
Revenue	12,630	11,867	6%
Cost of sales	(11,518)	(13,387)	(14%)
<b>Gross profit/(loss)</b>	<b>1,112</b>	<b>(1,520)</b>	<b>N.M.</b>
Other income	81	67	21%
Administrative expenses	(675)	(1,146)	(41%)
Other expenses	(606)	(444)	36%
Finance costs	(344)	(556)	(38%)
<b>Loss before tax</b>	<b>(432)</b>	<b>(3,599)</b>	<b>(88%)</b>
Income tax credit	812	2,250	(64%)
<b>Profit/(Loss) for the financial period</b>	<b>380</b>	<b>(1,349)</b>	<b>N.M.</b>
<b>Attributable to:</b>			
Owners of the Company	448	(1,267)	N.M.
Non-controlling interests	(68)	(82)	(17%)
	<b>380</b>	<b>(1,349)</b>	<b>N.M.</b>
Earnings/(Loss) per share attributable to owners of the Company (cents per share)			
Basic	0.06	(0.17)	N.M.
Diluted	0.06	(0.17)	N.M.

N.M. : not meaningful

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

	Group	
	31/3/2017 (3 months) US\$'000	31/3/2016 (3 months) US\$'000
Amortisation of upfront fee paid for loans granted	(57)	(55)
Depletion and amortisation of oil and gas properties	(2,402)	(4,508)
Depreciation of other plant and equipment	(39)	(27)
Foreign exchange loss, net	(75)	-
Impairment loss on development expenditures	(314)	(288)
Interest expense on bank loans	(66)	(265)
Interest income on bank deposits	4	-
Net fair value gain/(loss) on derivatives	1	(8)
Share-based payments	(20)	(64)
Unwinding of discount on decommissioning provisions	(277)	(291)

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

	Group	
	31/3/2017 (3 months) US\$'000	31/3/2016 (3 months) US\$'000
Loss before tax	(432)	(3,599)
Impairment loss on development expenditures	314	288
Interest expense on bank loans	66	265
Depreciation on other plant and equipment	39	27
Depletion and amortisation of oil and gas properties	2,402	4,508
Unwinding of discount on decommissioning provisions	277	291
	<u>2,666</u>	<u>1,780</u>

1(a)(iii) Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2017

	Group	
	31/3/2017 (3 months) US\$'000	31/3/2016 (3 months) US\$'000
Profit/(Loss) for the financial period	380	(1,349)
<b>Other comprehensive income :</b>		
<u>Item that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation	(290)	(236)
<b>Other comprehensive income for the financial period, net of tax</b>	<b>(290)</b>	<b>(236)</b>
<b>Total comprehensive income for the financial period attributable to owners of the Company</b>	<b>90</b>	<b>(1,585)</b>
<b>Attributable to:</b>		
Owners of the Company	158	(1,503)
Non-controlling interests	(68)	(82)
	<u>90</u>	<u>(1,585)</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	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-Current Assets</b>				
Oil and gas properties	15,607	18,373	-	-
Development expenditures	-	-	-	-
Other plant and equipment	458	476	43	48
Exploration and evaluation assets	2,536	2,536	-	-
Amount due from subsidiaries	-	-	17,788	18,648
	<b>18,601</b>	<b>21,385</b>	<b>17,831</b>	<b>18,696</b>
<b>Current Assets</b>				
Inventories	678	687	-	-
Other current assets	104	104	47	28
Trade and other receivables	9,883	16,025	489	805
Cash and bank balances	11,461	8,267	1,502	755
	<b>22,126</b>	<b>25,083</b>	<b>2,038</b>	<b>1,588</b>
<b>Current Liabilities</b>				
Income tax payable	1,123	1,431	-	-
Trade and other payables	41,176	42,824	521	573
Derivatives	1	2	-	-
Loans and borrowings	3,346	6,166	600	-
	<b>45,646</b>	<b>50,423</b>	<b>1,121</b>	<b>573</b>
<b>Net Current (Liabilities)/Assets</b>	<b>(23,520)</b>	<b>(25,340)</b>	<b>917</b>	<b>1,015</b>
<b>Non-Current Liabilities</b>				
Provisions	3,228	2,916	-	-
Loan from non-controlling interest	9,829	9,765	-	-
Deferred tax liabilities	1,471	2,575	-	-
Loans and borrowings	16,537	16,883	13,894	14,253
	<b>31,065</b>	<b>32,139</b>	<b>13,894</b>	<b>14,253</b>
<b>Net (Liabilities)/Assets</b>	<b>(35,984)</b>	<b>(36,094)</b>	<b>4,854</b>	<b>5,458</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	258,160	258,160	258,160	258,160
Reserves	(284,319)	(284,497)	(253,306)	(252,702)
	(26,159)	(26,337)	4,854	5,458
Non-controlling interest	(9,825)	(9,757)	-	-
<b>Total (Deficit)/Equity</b>	<b>(35,984)</b>	<b>(36,094)</b>	<b>4,854</b>	<b>5,458</b>

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial year reported on with comparative figures as at the end of the immediately preceding financial year:-

	Group		Company	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Secured</b>				
Amount repayable in one year or less, or on demand	2,746	6,166	-	-
Amount repayable after one year	-	-	-	-
	<b>2,746</b>	<b>6,166</b>	-	-
<b>Unsecured</b>				
Amount repayable in one year or less, or on demand	600	-	600	-
Amount repayable after one year	16,537	16,883	13,894	14,253
	<b>17,137</b>	<b>16,883</b>	<b>14,494</b>	<b>14,253</b>
<b>Total</b>				
Amount repayable in one year or less, or on demand				
USD - bank loans	2,746	6,166	-	-
Loans from related parties	600	-	600	-
	<b>3,346</b>	<b>6,166</b>	<b>600</b>	-
Amount repayable after one year, comprising				
USD - bank loans	-	-	-	-
Loans from related parties	16,537	16,883	13,894	14,253
	<b>16,537</b>	<b>16,883</b>	<b>13,894</b>	<b>14,253</b>
<b>Total loans and borrowings</b>	<b>19,883</b>	<b>23,049</b>	<b>14,494</b>	<b>14,253</b>

#### Details of any collateral

The secured borrowings of US\$2.7 million (31 December 2016: US\$6.2 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 2016 for not having met certain banking covenants based on its finalised year-end financial position. Nevertheless the bank loans will be fully repaid in the second quarter period ended 30 June 2017.

#### Loans from related parties

The US\$600,000 has been classified as current liabilities and this amount was repaid in April 2017.

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	
	31/3/2017 (3 months) US\$'000	31/3/2016 (3 months) US\$'000
<b>Operating activities</b>		
<b>Loss before tax</b>	(432)	(3,599)
Adjustments for:		
Amortisation of upfront fee paid for loans granted	57	55
Depletion and amortisation of oil and gas properties	2,402	4,508
Depreciation of other plant and equipment	39	27
Impairment loss on development expenditures	314	288
Interest expense on bank loans	66	265
Interest income on bank deposits	(4)	-
Net fair value (gain)/loss on derivatives	(1)	8
Share-based payments	20	64
Unrealised foreign exchange loss	305	-
Unwinding of discount on decommissioning provisions	277	291
<b>Operating cash flows before changes in working capital</b>	<b>3,043</b>	<b>1,907</b>
<b>Changes in working capital</b>		
Decrease/(Increase) in inventories	11	(46)
Decrease/(Increase) in trade and other receivables	6,094	(2,915)
(Decrease)/Increase in trade and other payables	(1,446)	3,585
<b>Cash flows from operations</b>	<b>7,702</b>	<b>2,531</b>
Income tax paid	(600)	(83)
Interest paid	(66)	(265)
Interest received	4	-
<b>Net cash flows from operating activities</b>	<b>7,040</b>	<b>2,183</b>
<b>Investing activities</b>		
Additions to development expenditures	(314)	(288)
Additions to exploration and evaluation assets	(5)	-
Additions to oil and gas properties	(100)	(294)
Cash call contributions for assets retirement obligations	(6)	(238)
Purchase of other plant and equipment	(1)	-
<b>Net cash flows used in investing activities</b>	<b>(426)</b>	<b>(820)</b>
<b>Financing activities</b>		
Loan from non-controlling interest	64	94
(Repayment of advances)/loan from related parties	(64)	4,916
Repayment of loans and borrowings	(3,420)	(3,420)
<b>Net cash (used in)/from financing activities</b>	<b>(3,420)</b>	<b>1,590</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,194</b>	<b>2,953</b>
Effect of exchange rate changes on cash and cash equivalents	-	7
Cash and cash equivalents at beginning of the financial period	5,500	3,513
<b>Cash and cash equivalents at end of the financial period</b>	<b>8,694</b>	<b>6,473</b>

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

	Group	
	31/3/2017 (3 months) US\$'000	31/3/2016 (3 months) US\$'000
Cash and bank balances	11,461	9,240
Less:		
Charge over project accounts	(2,767)	(2,767)
<b>Cash and cash equivalents</b>	<b>8,694</b>	<b>6,473</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 deficit
	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 2016</b>	<b>258,160</b>	<b>2,886</b>	<b>(482)</b>	<b>(282,612)</b>	<b>795</b>	<b>888</b>	<b>(278,525)</b>	<b>(9,372)</b>	<b>(29,737)</b>
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
<b>At 31 March 2016</b>	<b>258,160</b>	<b>2,886</b>	<b>(718)</b>	<b>(283,879)</b>	<b>795</b>	<b>952</b>	<b>(279,964)</b>	<b>(9,454)</b>	<b>(31,258)</b>
<b>At 1 January 2017</b>	<b>258,160</b>	<b>2,886</b>	<b>1,890</b>	<b>(291,078)</b>	<b>795</b>	<b>1,010</b>	<b>(284,497)</b>	<b>(9,757)</b>	<b>(36,094)</b>
Profit for the financial period	-	-	-	448	-	-	448	(68)	380
Other comprehensive income for the financial period	-	-	(290)	-	-	-	(290)	-	(290)
Total comprehensive income for the financial period	-	-	(290)	448	-	-	158	(68)	90
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	20	20	-	20
- Expiry of employee share options	-	-	-	62	-	(62)	-	-	-
<b>At 31 March 2017</b>	<b>258,160</b>	<b>2,886</b>	<b>1,600</b>	<b>(290,568)</b>	<b>795</b>	<b>968</b>	<b>(284,319)</b>	<b>(9,825)</b>	<b>(35,984)</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 2016</b>	<b>258,160</b>	<b>2,886</b>	<b>(240,633)</b>	<b>888</b>	<b>(236,859)</b>	<b>21,301</b>
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
<b>At 31 March 2016</b>	<b>258,160</b>	<b>2,886</b>	<b>(241,648)</b>	<b>952</b>	<b>(237,810)</b>	<b>20,350</b>
<b>At 1 January 2017</b>	<b>258,160</b>	<b>2,886</b>	<b>(256,598)</b>	<b>1,010</b>	<b>(252,702)</b>	<b>5,458</b>
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(624)	-	(624)	(624)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	20	20	20
- Expiry of employee share options	-	-	62	(62)	-	-
<b>At 31 March 2017</b>	<b>258,160</b>	<b>2,886</b>	<b>(257,160)</b>	<b>968</b>	<b>(253,306)</b>	<b>4,854</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**

During the first quarter period ended 31 March 2017, 1,450,000 options (first quarter period ended 31 March 2016: Nil) were granted under the RHP Share Option Scheme 2011. These options are exercisable after the second anniversary of the grant date and expire on the fifth anniversary of such grant date.

The unissued shares of the Company under option as at 31 March 2017 are as follows:

<b>Date of grant of options</b>	<b>Exercise price per share</b>	<b>Balance as at 01.01.2017</b>	<b>Granted during the financial period</b>	<b>Exercised during the financial period</b>	<b>Cancelled/ lapsed during the financial period</b>	<b>Number of options outstanding as at 31.03.2017</b>	<b>Number of options outstanding as at 31.03.2016</b>	<b>Exercise period</b>
22.07.2011	S\$0.590	-	-	-	-	-	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	2,035,000	-	-	-	2,035,000	2,048,500	06.03.2015 to 04.03.2018
07.03.2014	S\$0.420	626,700	-	-	-	626,700	629,200	08.03.2016 to 06.03.2019
06.03.2015	S\$0.275	2,780,000	-	-	-	2,780,000	2,900,000	07.03.2017 to 05.03.2020
06.03.2017	S\$0.084	-	1,450,000	-	-	1,450,000	-	07.03.2019 to 05.03.2022
		<u>5,725,700</u>	<u>1,450,000</u>	<u>-</u>	<u>(284,000)</u>	<u>6,891,700</u>	<u>6,171,700</u>	

#### **PERFORMANCE SHARE PLAN**

There were no shares awarded in the first quarter period ended 31 March 2017 (first quarter period ended 31 March 2016: 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 2017 (first quarter period ended 31 March 2016: Nil).

There were no shares held as treasury shares as at 31 March 2017 (as at 31 March 2016: 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 31 March 2017 was 734,277,400 (31 December 2016: 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 2016.

**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 2017.

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:-**

	<b>Group</b>	
	<b>31/3/2017 (3 months) Cents</b>	<b>31/3/2016 (3 months) Cents</b>
<b>Earnings/(Loss) per ordinary share for the financial period based on net profit/(loss) attributable to owners of the Company</b>		
(i) Based on the weighted average number of ordinary shares on issue; and	0.06	(0.17)
(ii) On a fully diluted basis	0.06	(0.17)

Basic earnings/(loss) per share is calculated with reference to profit/(loss) net of tax attributable to owners of the Company and the weighted average number of ordinary shares of 734,277,400 (31 March 2016 : 734,277,400 shares).

Diluted earnings/(loss) per share are calculated by dividing profit/(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:

	<b>No. of Shares</b>	
	<b>31/3/2017 (3 months)</b>	<b>31/3/2016 (3 months)</b>
Weighted average number of ordinary shares for basic earnings/(loss) per share computation	734,277,400	734,277,400
Effects of dilution:		
- Share options	83,969	-
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation	734,361,369	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.**

	<b>Group</b>		<b>Company</b>	
	<b>31/3/2017 Cents</b>	<b>31/12/2016 Cents</b>	<b>31/3/2017 Cents</b>	<b>31/12/2016 Cents</b>
Net asset value per ordinary share capital	(3.56)	(3.59)	0.66	0.74

**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\$12,630,000 for the first quarter ended 31 March 2017 ("1Q 2017") with a 6% increase as compared to US\$11,867,000 in the first quarter ended 31 March 2016 ("1Q 2016"). The increase in revenue is mainly due to the average realised oil price for the period has increased by 61% from US\$33 per barrel to US\$53 per barrel, partially offset by decrease in production in both Basin and Island production sharing contracts ("PSC").

The cost of sales decreased by 14% in 1Q 2017 as compared to 1Q 2016 mainly due decrease in depletion and amortisation of oil and gas properties in Basin PSC and Island PSC.

In line with the higher revenue and decrease in depletion and amortisation of oil and gas properties, the Group recorded a gross profit of US\$1,112,000 in 1Q 2017 as compared to a gross loss of US\$1,520,000 in 1Q 2016.

The increase in other income for 1Q 2017 as compared to that for 1Q 2016 is mainly due to the increase in head office overhead charged to partners in Basin PSC.

The decrease in administrative expenses for 1Q 2017 as compared to that for 1Q 2016 is mainly due to the decrease in staff costs, professional fees and other monthly overheads.

Other expenses for 1Q 2017 have increased compared to that of 1Q 2016 mainly due to the foreign exchange loss, increase in bank charges and impairment loss on development expenditures in Fuyu 1 Block.

Finance costs for 1Q 2017 are lower than that for 1Q 2016 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 of US\$1,104,000 as a result of depletion and amortisation of oil and gas properties for Basin PSC and Island PSC in 1Q 2017, partially offset by the income tax expenses for 1Q 2017 of US\$292,000.

As a result of the above, the Group recorded a net profit of US\$380,000 and EBITDAX (see Paragraph 1(a)(ii)) of US\$2,666,000 for 1Q 2017 compared to net loss of US\$1,349,000 and EBITDAX of US\$1,780,000 in 1Q 2016.

### **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 the Basin PSC and the Island PSC.

8.2.2 The decrease in trade and other receivables is mainly due to the collection of revenue from crude oil and gas sales. Included in trade and other receivables is the sale and lifting of crude oil of US\$4,904,000 from the Basin PSC and Island PSC in March 2017 with the proceeds received in April 2017.

8.2.3 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.

8.2.4 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.

8.2.5 The increase in loan from non-controlling interest is due to cash call contribution of US\$64,000 for SK331 PSC from Tumbuh Tiasa Enterprises Sdn Bhd which holds 49% shareholding interest in RHP (Mukah) Pte Ltd.

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

8.2.7 Loan and borrowings in the current liabilities have decreased mainly due to repayment of the bank loan of US\$3,420,000 in the first quarter period ended 31 March 2017.

### 8.3 Cash Flow

The Group recorded net operating cash inflows of US\$7,040,000 in 1Q 2017. This was used to fund the Group's development and production activities and the repayment of the bank loan.

Whilst the Group is in a negative working capital position as at 31 March 2017, the Group believes that its business operations would be able to generate sufficient cash flows to meet its short-term obligations as and when they fall due. For 1Q 2017, the Group has recorded positive operating cash flows of US\$7,040,000 as compared to US\$2,183,000 in 1Q 2016.

In addition, the Group has embarked on several cost cutting programs and to improve its operational and cost efficiency. As disclosed in Note 2 on page 47 of RH Petrogas Limited's (the "Company") Annual Report 2016, the Group has received an undertaking from the Company's controlling shareholder to provide adequate funds to the Group until 30 June 2018 to meet all the Group's forecasted future cash obligations as and when they fall due. As at 31 March 2017, the Group had received a total of approximately US\$14.3 million in interest free loans from the controlling shareholder.

### 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.

Brent oil prices averaged US\$53 per barrel during the first quarter. Prices were range-bound for a large part of the quarter on the back of the high compliance rate achieved by OPEC (Organization of the Petroleum Exporting Countries) on its output cut agreement, even as the persistently high global crude stocks and the resurgent US shale production continued to afflict the market. The near term outlook of the market will depend very much on OPEC following through with its indication to extend the output cut when the current agreement ends in June 2017.

The Group continues to put its focus on strengthening its operational capability and improving its business 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 period ended 31 March 2017.

### 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 2017 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

9 May 2017