

# RH Petrogas Limited

Company Registration No: 198701138Z

## Unaudited Second Quarter and Half Year Financial Statements and Dividend Announcement for the Financial Period Ended 30 June 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 (3 months ended)			Group (6 months ended)		
	30/6/2017 US\$'000	30/6/2016 US\$'000	% Change	30/6/2017 US\$'000	30/6/2016 US\$'000	% Change
Revenue	14,109	13,065	8%	26,739	24,932	7%
Cost of sales	(12,106)	(12,780)	(5%)	(23,624)	(26,167)	(10%)
<b>Gross profit/(loss)</b>	<b>2,003</b>	<b>285</b>	<b>N.M.</b>	<b>3,115</b>	<b>(1,235)</b>	<b>N.M.</b>
Other income	566	81	N.M.	572	140	N.M.
Administrative expenses	(830)	(1,011)	(18%)	(1,505)	(2,157)	(30%)
Other expenses	(621)	(1,586)	(61%)	(1,152)	(2,022)	(43%)
Finance costs	(302)	(500)	(40%)	(646)	(1,056)	(39%)
<b>Profit/(Loss) before tax</b>	<b>816</b>	<b>(2,731)</b>	<b>N.M.</b>	<b>384</b>	<b>(6,330)</b>	<b>N.M.</b>
Income tax credit	850	1,708	(50%)	1,662	3,958	(58%)
<b>Profit/(Loss) for the financial period</b>	<b>1,666</b>	<b>(1,023)</b>	<b>N.M.</b>	<b>2,046</b>	<b>(2,372)</b>	<b>N.M.</b>
<b>Attributable to:</b>						
Owners of the Company	1,708	(926)	N.M.	2,156	(2,193)	N.M.
Non-controlling interests	(42)	(97)	(57%)	(110)	(179)	(39%)
	<b>1,666</b>	<b>(1,023)</b>	<b>N.M.</b>	<b>2,046</b>	<b>(2,372)</b>	<b>N.M.</b>
Earnings/(Loss) per share attributable to owners of the Company (cents per share)						
Basic	0.23	(0.13)	N.M.	0.29	(0.30)	N.M.
Diluted	0.23	(0.13)	N.M.	0.29	(0.30)	N.M.

N.M. : not meaningful

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

	Group (3 months ended)		Group (6 months ended)	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	US\$'000	US\$'000	US\$'000	US\$'000
Amortisation of upfront fee paid for loans granted	(56)	(46)	(113)	(101)
Depletion and amortisation of oil and gas properties	(1,940)	(4,973)	(4,342)	(9,481)
Depreciation of other plant and equipment	(62)	(24)	(101)	(51)
Foreign exchange gain/(loss), net	445	(1,061)	370	(1,061)
Impairment loss on development expenditures	(485)	(426)	(799)	(714)
Interest expense on bank loans	(22)	(236)	(88)	(501)
Interest income on bank deposits	4	2	8	2
Net fair value gain on derivatives	1	75	2	67
Share-based payments	(9)	(47)	(29)	(111)
Unwinding of discount on decommissioning provisions	(281)	(264)	(558)	(555)

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

	Group (3 months ended)		Group (6 months ended)	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	US\$'000	US\$'000	US\$'000	US\$'000
Profit/(Loss) before tax	816	(2,731)	384	(6,330)
Impairment loss on development expenditures	485	426	799	714
Interest expense on bank loans	22	236	88	501
Depreciation on other plant and equipment	62	24	101	51
Depletion and amortisation of oil and gas properties	1,940	4,973	4,342	9,481
Unwinding of discount on decommissioning provisions	281	264	558	555
	<u>3,606</u>	<u>3,192</u>	<u>6,272</u>	<u>4,972</u>

1(a)(iii) Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2017

	Group (3 months ended)		Group (6 months ended)	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	US\$'000	US\$'000	US\$'000	US\$'000
Profit/(Loss) for the financial period	1,666	(1,023)	2,046	(2,372)
<b>Other comprehensive income :</b>				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	(621)	1,082	(911)	846
<b>Other comprehensive income</b>	<b>(621)</b>	<b>1,082</b>	<b>(911)</b>	<b>846</b>
<b>for the financial period, net of tax</b>				
<b>Total comprehensive income for the financial period</b>	<b>1,045</b>	<b>59</b>	<b>1,135</b>	<b>(1,526)</b>
<b>attributable to owners of the Company</b>				
<b>Attributable to:</b>				
Owners of the Company	1,087	156	1,245	(1,347)
Non-controlling interests	(42)	(97)	(110)	(179)
	<u>1,045</u>	<u>59</u>	<u>1,135</u>	<u>(1,526)</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	
	30/6/2017 US\$'000	31/12/2016 US\$'000	30/6/2017 US\$'000	31/12/2016 US\$'000
<b>Non-Current Assets</b>				
Oil and gas properties	14,194	18,373	-	-
Development expenditures	-	-	-	-
Other plant and equipment	396	476	30	48
Exploration and evaluation assets	2,536	2,536	-	-
Amount due from subsidiaries	-	-	17,724	18,648
	<b>17,126</b>	<b>21,385</b>	<b>17,754</b>	<b>18,696</b>
<b>Current Assets</b>				
Inventories	541	687	-	-
Other current assets	87	104	24	28
Trade and other receivables	7,161	16,025	518	805
Cash and bank balances	8,918	8,267	408	755
	<b>16,707</b>	<b>25,083</b>	<b>950</b>	<b>1,588</b>
<b>Current Liabilities</b>				
Income tax payable	525	1,431	-	-
Trade and other payables	37,802	42,824	318	573
Derivatives	-	2	-	-
Loans and borrowings	-	6,166	-	-
	<b>38,327</b>	<b>50,423</b>	<b>318</b>	<b>573</b>
<b>Net Current (Liabilities)/Assets</b>	<b>(21,620)</b>	<b>(25,340)</b>	<b>632</b>	<b>1,015</b>
<b>Non-Current Liabilities</b>				
Provisions	3,502	2,916	-	-
Loan from non-controlling interest	9,891	9,765	-	-
Deferred tax liabilities	388	2,575	-	-
Loans and borrowings	16,655	16,883	13,968	14,253
	<b>30,436</b>	<b>32,139</b>	<b>13,968</b>	<b>14,253</b>
<b>Net (Liabilities)/Assets</b>	<b>(34,930)</b>	<b>(36,094)</b>	<b>4,418</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	(283,223)	(284,497)	(253,742)	(252,702)
	(25,063)	(26,337)	4,418	5,458
Non-controlling interest	(9,867)	(9,757)	-	-
<b>Total (Deficit)/Equity</b>	<b>(34,930)</b>	<b>(36,094)</b>	<b>4,418</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 period reported on with comparative figures as at the end of the immediately preceding financial year:-

	Group		Company	
	30/6/2017 US\$'000	31/12/2016 US\$'000	30/6/2017 US\$'000	31/12/2016 US\$'000
<b>Secured</b>				
Amount repayable in one year or less, or on demand	-	6,166	-	-
Amount repayable after one year	-	-	-	-
	<u>-</u>	<u>6,166</u>	<u>-</u>	<u>-</u>
<b>Unsecured</b>				
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	16,655	16,883	13,968	14,253
	<u>16,655</u>	<u>16,883</u>	<u>13,968</u>	<u>14,253</u>
<b>Total</b>				
Amount repayable in one year or less, or on demand				
USD - bank loans	-	6,166	-	-
	<u>-</u>	<u>6,166</u>	<u>-</u>	<u>-</u>
Amount repayable after one year, comprising				
USD - bank loans	-	-	-	-
Loans from related parties	16,655	16,883	13,968	14,253
	<u>16,655</u>	<u>16,883</u>	<u>13,968</u>	<u>14,253</u>
<b>Total loans and borrowings</b>	<u>16,655</u>	<u>23,049</u>	<u>13,968</u>	<u>14,253</u>

**Details of any collateral**

The bank loans have been fully repaid on 30 June 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 (3 months ended)		Group (6 months ended)	
	30/6/2017 US\$'000	30/6/2016 US\$'000	30/6/2017 US\$'000	30/6/2016 US\$'000
<b>Operating activities</b>				
<b>Profit/(Loss) before tax</b>	816	(2,731)	384	(6,330)
Adjustments for:				
Amortisation of upfront fee paid for loans granted	56	46	113	101
Depletion and amortisation of oil and gas properties	1,940	4,973	4,342	9,481
Depreciation of other plant and equipment	62	24	101	51
Impairment loss on development expenditures	485	426	799	714
Interest expense on bank loans	22	236	88	501
Interest income on bank deposits	(4)	(2)	(8)	(2)
Net fair value gain on derivatives	(1)	(75)	(2)	(67)
Share-based payments	9	47	29	111
Unrealised foreign exchange loss/(gain)	200	(69)	505	278
Unwinding of discount on decommissioning provisions	281	264	558	555
<b>Operating cash flows before changes in working capital</b>	<b>3,866</b>	<b>3,139</b>	<b>6,909</b>	<b>5,393</b>
<b>Changes in working capital</b>				
Decrease in inventories	141	70	152	24
Decrease/(Increase) in trade and other receivables	2,693	2,293	8,787	(622)
Decrease in trade and other payables	(3,997)	(4,366)	(5,443)	(1,128)
<b>Cash flows from operations</b>	<b>2,703</b>	<b>1,136</b>	<b>10,405</b>	<b>3,667</b>
Income tax paid	(831)	(188)	(1,431)	(271)
Interest paid	(22)	(236)	(88)	(501)
Interest received	4	2	8	2
<b>Net cash flows from operating activities</b>	<b>1,854</b>	<b>714</b>	<b>8,894</b>	<b>2,897</b>
<b>Investing activities</b>				
Additions to development expenditures	(480)	(426)	(799)	(714)
Additions to oil and gas properties	(566)	-	(666)	(294)
Cash call contributions for assets retirement obligations	(6)	(5)	(12)	(243)
Purchase of other plant and equipment	-	-	(1)	-
<b>Net cash flows used in investing activities</b>	<b>(1,052)</b>	<b>(431)</b>	<b>(1,478)</b>	<b>(1,251)</b>
<b>Financing activities</b>				
Decrease in charge over project accounts	2,060	-	2,060	-
Loan from non-controlling interest	62	90	126	184
(Repayment of advances)/loan from related parties	(662)	1,923	(726)	6,839
Proceeds from crude oil commodity options	-	65	-	65
Repayment of loans and borrowings	(2,746)	(3,420)	(6,166)	(6,840)
<b>Net cash (used in)/from financing activities</b>	<b>(1,286)</b>	<b>(1,342)</b>	<b>(4,706)</b>	<b>248</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(484)</b>	<b>(1,059)</b>	<b>2,710</b>	<b>1,894</b>
Effect of exchange rate changes on cash and cash equivalents	1	(3)	1	4
Cash and cash equivalents at beginning of the financial period	8,694	6,473	5,500	3,513
<b>Cash and cash equivalents at end of the financial period</b>	<b>8,211</b>	<b>5,411</b>	<b>8,211</b>	<b>5,411</b>

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

	Group	
	30/6/2017 US\$'000	30/6/2016 US\$'000
Cash and bank balances	8,918	8,178
Less:		
Charge over project accounts	(707)	(2,767)
<b>Cash and cash equivalents</b>	<b>8,211</b>	<b>5,411</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>
Loss for the financial period	-	-	-	(926)	-	-	(926)	(97)	(1,023)
Other comprehensive income for the financial period	-	-	1,082	-	-	-	1,082	-	1,082
Total comprehensive income for the financial period	-	-	1,082	(926)	-	-	156	(97)	59
<u>Contributions by and distributions to owners</u>									
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	47	47	-	47
<b>At 30 June 2016</b>	<b>258,160</b>	<b>2,886</b>	<b>364</b>	<b>(284,805)</b>	<b>795</b>	<b>999</b>	<b>(279,761)</b>	<b>(9,551)</b>	<b>(31,152)</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>
Profit for the financial period	-	-	-	1,708	-	-	1,708	(42)	1,666
Other comprehensive income for the financial period	-	-	(621)	-	-	-	(621)	-	(621)
Total comprehensive income for the financial period	-	-	(621)	1,708	-	-	1,087	(42)	1,045
<u>Contributions by and distributions to owners</u>									
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	9	9	-	9
<b>At 30 June 2017</b>	<b>258,160</b>	<b>2,886</b>	<b>979</b>	<b>(288,860)</b>	<b>795</b>	<b>977</b>	<b>(283,223)</b>	<b>(9,867)</b>	<b>(34,930)</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>
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(820)	-	(820)	(820)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	47	47	47
<b>At 30 June 2016</b>	<b>258,160</b>	<b>2,886</b>	<b>(242,468)</b>	<b>999</b>	<b>(238,583)</b>	<b>19,577</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>
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(445)	-	(445)	(445)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	9	9	9
<b>At 30 June 2017</b>	<b>258,160</b>	<b>2,886</b>	<b>(257,605)</b>	<b>977</b>	<b>(253,742)</b>	<b>4,418</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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 period ended 30 June 2017 (second quarter period ended 30 June 2016: Nil) pursuant to the RHP Share Option Scheme 2011.

The unissued shares of the Company under option as at 30 June 2017 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.04.2017	Granted during the financial period	Exercised during the financial period	Cancelled/lapsed during the financial period	Number of options outstanding as at 30.06.2017	Number of options outstanding as at 30.06.2016	Exercise period
22.07.2011	S\$0.590	-	-	-	-	-	310,000	23.07.2013 to 21.07.2016
02.03.2012	S\$0.370	-	-	-	-	-	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
		6,891,700	-	-	-	6,891,700	6,171,700	

#### **PERFORMANCE SHARE PLAN**

There were no shares awarded in the second quarter period ended 30 June 2017 (second quarter period ended 30 June 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 second quarter period ended 30 June 2017 (second quarter period ended 30 June 2016: Nil).

There were no shares held as treasury shares by the Company and no subsidiary holdings, as at 30 June 2017 (as at 30 June 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 30 June 2017 was 734,277,400 (31 December 2016: 734,277,400).

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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:-**

	Group		Group	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	(3 months)	(3 months)	(6 months)	(6 months)
	Cents	Cents	Cents	Cents
<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	0.23	(0.13)	0.29	(0.30)
(ii) On a fully diluted basis	0.23	(0.13)	0.29	(0.30)

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 (30 June 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:

	No. of Shares		No. of Shares	
	Group		Group	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	(3 months)	(3 months)	(6 months)	(6 months)
Weighted average number of ordinary shares for basic earnings/(loss) per share computation	734,277,400	734,277,400	734,277,400	734,277,400
Effects of dilution:				
- Share options	-	-	44,024	-
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation	734,277,400	734,277,400	734,321,424	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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	(3.41)	(3.59)	0.60	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\$14,109,000 for the second quarter ended 30 June 2017 ("2Q 2017") with a 8% increase as compared to US\$13,065,000 in the second quarter ended 30 June 2016 ("2Q 2016"). The increase in revenue is mainly due to the average realised oil price for the period has increased by 16% from US\$43 per barrel to US\$50 per barrel, partially offset by a decrease in production in both Basin and Island production sharing contracts ("PSC").

The cost of sales decreased by 5% in 2Q 2017 as compared to 2Q 2016 mainly due to the decrease in depletion and amortisation of oil and gas properties, partially offset by an increase in cost of production in Basin PSC and Island PSC.

In line with the higher revenue and the decrease in cost of sales, the gross profit increased from US\$285,000 in 2Q 2016 to US\$2,003,000 in 2Q 2017.

The increase in other income for 2Q 2017 as compared to that for 2Q 2016 is mainly due to the foreign exchange gain and increase in head office overhead charged to partners in Basin PSC. These are partially offset by a decrease in net fair value gain on derivatives.

The decrease in administrative expenses for 2Q 2017 as compared to that for 2Q 2016 is mainly due to the decrease in staff costs, professional fees and other monthly overheads.

Other expenses for 2Q 2017 have decreased compared to that of 2Q 2016 mainly due to the absence of foreign exchange loss of US\$1,061,000 which was recorded in 2Q 2016.

Finance costs for 2Q 2017 are lower than that for 2Q 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\$1,083,000 as a result of depletion and amortisation of oil and gas properties for Basin PSC and Island PSC in 2Q 2017, partially offset by the income tax expenses for 2Q 2017 of US\$233,000.

As a result of the above, the Group recorded a net profit of US\$1,666,000 and EBITDAX (see Paragraph 1(a)(ii)) of US\$3,606,000 for 2Q 2017 compared to net loss of US\$1,023,000 and EBITDAX of US\$3,192,000 in 2Q 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.

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\$2,049,000 from the Basin PSC and Island PSC in June 2017 with the proceeds received in July 2017.

8.2.3 The decrease in trade and other payables is mainly attributable to the adjustment for the under-lift of hydrocarbon against the Group's entitlement and 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. As these loan facilities have been fully repaid on 30 June 2017, there is no derivative liabilities in the balance sheet as at 30 June 2017.

8.2.5 The increase in loan from non-controlling interest is due to cash call contribution of US\$126,000 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 due to repayment of the bank loan of US\$6,166,000 in the six months period ended 30 June 2017. The bank loan is now fully repaid.

### 8.3 Cash Flow

The Group recorded net operating cash inflows of US\$1,854,000 in 2Q 2017. This was used to fund the Group's development and production activities and partly for the repayment of the bank loan.

Whilst the Group is in a negative working capital position as at 30 June 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 the six months period ended 30 June 2017, the Group has recorded positive operating cash flows of US\$8,894,000 as compared to US\$2,897,000 in previous corresponding period.

In addition, with the full repayment of the bank loan, the Group will be able to deploy the freed up cash flow for operational requirements and other areas. 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 30 June 2017, the Group had received a total of approximately US\$14.0 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.

After having remained relatively stable since the beginning of the year, oil prices turned volatile in the second quarter as concerns over the state of market rebalancing persisted. The average price of Brent dropped to US\$49.60 per barrel during the quarter as compared to US\$53.60 per barrel in the last quarter.

The US shale oil production has proven to be more resilient than expected and the resurging US production has offset part of the production cuts undertaken by key OPEC (Organization of Petroleum Exporting Countries) and non-OPEC producers. The participating producers have since committed to extend the same level of production cuts by another nine months from July 2017 to March 2018. Based on oil market reports from IEA (International Energy Agency), preliminary estimates of oil demand exceeded oil supply during the second quarter, which appears to imply that stock drawdown has occurred.

Against this backdrop, the Group will continue to put its focus on strengthening its operational efficiency and managing its operating costs prudently.

### 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 30 June 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 second quarter financial results for the financial period ended 30 June 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

10 August 2017