

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited Third Quarter Financial Statements and Dividend Announcement for the Financial Period Ended 30 September 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 (9 months ended)		
	30/9/2017 US\$'000	30/9/2016 US\$'000	% Change	30/9/2017 US\$'000	30/9/2016 US\$'000	% Change
Revenue	13,421	13,543	(1%)	40,160	38,475	4%
Cost of sales	(12,114)	(14,577)	(17%)	(35,738)	(40,744)	(12%)
Gross profit/(loss)	1,307	(1,034)	N.M.	4,422	(2,269)	N.M.
Other income	648	192	N.M.	1,220	332	N.M.
Administrative expenses	(740)	(873)	(15%)	(2,245)	(3,030)	(26%)
Other expenses	(589)	(423)	39%	(1,741)	(2,445)	(29%)
Finance costs	(24)	(461)	(95%)	(670)	(1,517)	(56%)
Profit/(Loss) before tax	602	(2,599)	N.M.	986	(8,929)	N.M.
Income tax credit	82	1,455	(94%)	1,744	5,413	(68%)
Profit/(Loss) for the financial period	684	(1,144)	N.M.	2,730	(3,516)	N.M.
Attributable to:						
Owners of the Company	771	(1,067)	N.M.	2,927	(3,260)	N.M.
Non-controlling interests	(87)	(77)	13%	(197)	(256)	(23%)
	684	(1,144)	N.M.	2,730	(3,516)	N.M.
Earnings/(Loss) per share attributable to owners of the Company (cents per share)						
Basic	0.11	(0.15)	N.M.	0.40	(0.44)	N.M.
Diluted	0.11	(0.15)	N.M.	0.40	(0.44)	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 (9 months ended)	
	30/9/2017 US\$'000	30/9/2016 US\$'000	30/9/2017 US\$'000	30/9/2016 US\$'000
Amortisation of upfront fee paid for loans granted	(32)	(67)	(145)	(168)
Depletion and amortisation of oil and gas properties	(1,149)	(4,385)	(5,491)	(13,866)
Depreciation of other plant and equipment	(18)	(23)	(119)	(74)
Foreign exchange gain/(loss), net	555	2	925	(1,059)
Impairment loss on development expenditures	(383)	(277)	(1,182)	(991)
Impairment loss on exploration and evaluation assets	(90)	-	(90)	-
Interest expense on bank loans	-	(160)	(88)	(661)
Interest income on bank deposits	3	5	11	7
Other plant and equipment written off	(1)	-	(1)	-
Net fair value gain on derivatives	-	16	2	83
Share-based payments	(9)	(51)	(38)	(162)
Unwinding of discount on decommissioning provisions	(24)	(301)	(582)	(856)

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

	Group (3 months ended)		Group (9 months ended)	
	30/9/2017 US\$'000	30/9/2016 US\$'000	30/9/2017 US\$'000	30/9/2016 US\$'000
Profit/(Loss) before tax	602	(2,599)	986	(8,929)
Impairment loss on development expenditures	383	277	1,182	991
Impairment loss on exploration and evaluation assets	90	-	90	-
Interest expense on bank loans	-	160	88	661
Depreciation of other plant and equipment	18	23	119	74
Depletion and amortisation of oil and gas properties	1,149	4,385	5,491	13,866
Unwinding of discount on decommissioning provisions	24	301	582	856
	<u>2,266</u>	<u>2,547</u>	<u>8,538</u>	<u>7,519</u>

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

	Group (3 months ended)		Group (9 months ended)	
	30/9/2017 US\$'000	30/9/2016 US\$'000	30/9/2017 US\$'000	30/9/2016 US\$'000
Profit/(Loss) for the financial period	684	(1,144)	2,730	(3,516)
Other comprehensive income :				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	(677)	114	(1,588)	960
Other comprehensive income for the financial period, net of tax	(677)	114	(1,588)	960
Total comprehensive income for the financial period attributable to owners of the Company	7	(1,030)	1,142	(2,556)
Attributable to:				
Owners of the Company	94	(953)	1,339	(2,300)
Non-controlling interests	(87)	(77)	(197)	(256)
	<u>7</u>	<u>(1,030)</u>	<u>1,142</u>	<u>(2,556)</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	
	30/9/2017 US\$'000	31/12/2016 US\$'000	30/9/2017 US\$'000	31/12/2016 US\$'000
Non-Current Assets				
Oil and gas properties	13,314	18,373	-	-
Development expenditures	-	-	-	-
Other plant and equipment	438	476	31	48
Exploration and evaluation assets	2,536	2,536	-	-
Amount due from subsidiaries	-	-	16,995	18,648
	16,288	21,385	17,026	18,696
Current Assets				
Inventories	506	687	-	-
Other current assets	68	104	37	28
Trade and other receivables	10,271	16,025	475	805
Cash and bank balances	7,279	8,267	884	755
	18,124	25,083	1,396	1,588
Current Liabilities				
Income tax payable	785	1,431	-	-
Trade and other payables	38,567	42,824	428	573
Derivatives	-	2	-	-
Loans and borrowings	-	6,166	-	-
	39,352	50,423	428	573
Net Current (Liabilities)/Assets	(21,228)	(25,340)	968	1,015
Non-Current Liabilities				
Provisions	3,205	2,916	-	-
Loan from non-controlling interest	9,962	9,765	-	-
Deferred tax liabilities	45	2,575	-	-
Loans and borrowings	16,762	16,883	14,026	14,253
	29,974	32,139	14,026	14,253
Net (Liabilities)/Assets	(34,914)	(36,094)	3,968	5,458
Equity attributable to owners of the Company				
Share capital	258,160	258,160	258,160	258,160
Reserves	(283,120)	(284,497)	(254,192)	(252,702)
	(24,960)	(26,337)	3,968	5,458
Non-controlling interest	(9,954)	(9,757)	-	-
Total (Deficit)/Equity	(34,914)	(36,094)	3,968	5,458

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	
	30/9/2017 US\$'000	31/12/2016 US\$'000	30/9/2017 US\$'000	31/12/2016 US\$'000
Secured				
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>
Unsecured				
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	16,762	16,883	14,026	14,253
	<u>16,762</u>	<u>16,883</u>	<u>14,026</u>	<u>14,253</u>
Total				
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	16,762	16,883	14,026	14,253
	<u>16,762</u>	<u>16,883</u>	<u>14,026</u>	<u>14,253</u>
Total loans and borrowings	<u>16,762</u>	<u>23,049</u>	<u>14,026</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 (9 months ended)	
	30/9/2017 US\$'000	30/9/2016 US\$'000	30/9/2017 US\$'000	30/9/2016 US\$'000
Operating activities				
Profit/(Loss) before tax	602	(2,599)	986	(8,929)
Adjustments for:				
Amortisation of upfront fee paid for loans granted	32	67	145	168
Depletion and amortisation of oil and gas properties	1,149	4,385	5,491	13,866
Depreciation of other plant and equipment	18	23	119	74
Impairment loss on development expenditures	383	277	1,182	991
Impairment loss on exploration and evaluation assets	90	-	90	-
Interest expense on bank loans	-	160	88	661
Interest income on bank deposits	(3)	(5)	(11)	(7)
Other plant and equipment written off	1	-	1	-
Net fair value gain on derivatives	-	(16)	(2)	(83)
Share-based payments	9	51	38	162
Unrealised foreign exchange loss	178	152	683	228
Unwinding of discount on decommissioning provisions	24	301	582	856
Operating cash flows before changes in working capital	2,483	2,796	9,392	7,987
Changes in working capital				
Decrease in inventories	41	21	193	45
(Increase)/Decrease in trade and other receivables	(3,118)	3,994	5,669	3,372
(Decrease)/Increase in trade and other payables	209	549	(5,234)	(301)
Cash flows (used in)/from operations	(385)	7,360	10,020	11,103
Income tax paid	-	-	(1,431)	(271)
Interest paid	-	(160)	(88)	(661)
Interest received	3	5	11	7
Net cash flows (used in)/from operating activities	(382)	7,205	8,512	10,178
Investing activities				
Additions to development expenditures	(383)	(277)	(1,182)	(991)
Additions to exploration and evaluation assets	(90)	-	(90)	-
Additions to oil and gas properties	(459)	(479)	(1,125)	(773)
Cash call contributions for assets retirement obligations	(321)	(328)	(333)	(571)
Purchase of other plant and equipment	(7)	-	(8)	-
Net cash flows used in investing activities	(1,260)	(1,084)	(2,738)	(2,335)
Financing activities				
Decrease in charge over project accounts	707	-	2,767	-
Loan from non-controlling interest	71	173	197	357
(Repayment of advances)/loan from related parties	(71)	(173)	(797)	6,323
Proceeds from crude oil commodity options	-	-	-	65
Repayment of loans and borrowings	-	(3,420)	(6,166)	(10,260)
Net cash from/(used in) financing activities	707	(3,420)	(3,999)	(3,515)
Net (decrease)/increase in cash and cash equivalents	(935)	2,701	1,775	4,328
Effect of exchange rate changes on cash and cash equivalents	3	1	4	5
Cash and cash equivalents at beginning of the financial period	8,211	5,144	5,500	3,513
Cash and cash equivalents at end of the financial period	7,279	7,846	7,279	7,846

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

	Group	
	30/9/2017 US\$'000	30/9/2016 US\$'000
Cash and bank balances	7,279	10,613
Less:		
Charge over project accounts	-	(2,767)
Cash and cash equivalents	7,279	7,846

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
Group									
At 1 January 2016	258,160	2,886	(482)	(282,612)	795	888	(278,525)	(9,372)	(29,737)
Loss for the financial period	-	-	-	(2,193)	-	-	(2,193)	(179)	(2,372)
Other comprehensive income for the financial period	-	-	846	-	-	-	846	-	846
Total comprehensive income for the financial period	-	-	846	(2,193)	-	-	(1,347)	(179)	(1,526)
<u>Contributions by and distributions to owners</u>									
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	111	111	-	111
At 30 June 2016	258,160	2,886	364	(284,805)	795	999	(279,761)	(9,551)	(31,152)
Loss for the financial period	-	-	-	(1,067)	-	-	(1,067)	(77)	(1,144)
Other comprehensive income for the financial period	-	-	114	-	-	-	114	-	114
Total comprehensive income for the financial period	-	-	114	(1,067)	-	-	(953)	(77)	(1,030)
<u>Contributions by and distributions to owners</u>									
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	51	51	-	51
- Expiry of employee share options	-	-	-	88	-	(88)	-	-	-
At 30 September 2016	258,160	2,886	478	(285,784)	795	962	(280,663)	(9,628)	(32,131)
At 1 January 2017	258,160	2,886	1,890	(291,078)	795	1,010	(284,497)	(9,757)	(36,094)
Profit for the financial period	-	-	-	2,156	-	-	2,156	(110)	2,046
Other comprehensive income for the financial period	-	-	(911)	-	-	-	(911)	-	(911)
Total comprehensive income for the financial period	-	-	(911)	2,156	-	-	1,245	(110)	1,135
<u>Contributions by and distributions to owners</u>									
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	29	29	-	29
- Expiry of employee share options	-	-	-	62	-	(62)	-	-	-
At 30 June 2017	258,160	2,886	979	(288,860)	795	977	(283,223)	(9,867)	(34,930)
Profit for the financial period	-	-	-	771	-	-	771	(87)	684
Other comprehensive income for the financial period	-	-	(677)	-	-	-	(677)	-	(677)
Total comprehensive income for the financial period	-	-	(677)	771	-	-	94	(87)	7
<u>Contributions by and distributions to owners</u>									
Share-based payments - Grant of equity-settled share options	-	-	-	-	-	9	9	-	9
At 30 September 2017	258,160	2,886	302	(288,089)	795	986	(283,120)	(9,954)	(34,914)

	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 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	-	-	(1,835)	-	(1,835)	(1,835)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	111	111	111
At 30 June 2016	258,160	2,886	(242,468)	999	(238,583)	19,577
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(207)	-	(207)	(207)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	51	51	51
- Expiry of employee share options	-	-	88	(88)	-	-
At 30 September 2016	258,160	2,886	(242,587)	962	(238,739)	19,421
At 1 January 2017	258,160	2,886	(256,598)	1,010	(252,702)	5,458
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(1,069)	-	(1,069)	(1,069)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	29	29	29
- Expiry of employee share options	-	-	62	(62)	-	-
At 30 June 2017	258,160	2,886	(257,605)	977	(253,742)	4,418
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(459)	-	(459)	(459)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	9	9	9
At 30 September 2017	258,160	2,886	(258,064)	986	(254,192)	3,968

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 third quarter period ended 30 September 2017 (third quarter period ended 30 September 2016: Nil) pursuant to the RHP Share Option Scheme 2011.

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

Date of grant of options	Exercise price per share	Balance as at 01.07.2017	Granted during the financial period	Exercised during the financial period	Cancelled/lapsed during the financial period	Number of options outstanding as at 30.09.2017	Number of options outstanding as at 30.09.2016	Exercise period
22.07.2011	S\$0.590	-	-	-	-	-	-	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
		<u>6,891,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,891,700</u>	<u>5,861,700</u>	

PERFORMANCE SHARE PLAN

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

There were no shares held as treasury shares by the Company and no subsidiary holdings, as at 30 September 2017 (as at 30 September 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 September 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:-

	Group		Group	
	30/9/2017 (3 months) Cents	30/9/2016 (3 months) Cents	30/9/2017 (9 months) Cents	30/9/2016 (9 months) Cents
Earnings/(Loss) per ordinary share for the financial period based on net profit/(loss) attributable to owners of the Company				
(i) Based on the weighted average number of ordinary shares on issue; and	0.11	(0.15)	0.40	(0.44)
(ii) On a fully diluted basis	0.11	(0.15)	0.40	(0.44)

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 September 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 Group		No. of Shares Group	
	30/9/2017 (3 months)	30/9/2016 (3 months)	30/9/2017 (9 months)	30/9/2016 (9 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	-	-	-	-
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation	734,277,400	734,277,400	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	
	30/9/2017 Cents	31/12/2016 Cents	30/9/2017 Cents	31/12/2016 Cents
Net asset value per ordinary share capital	(3.40)	(3.59)	0.54	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 a revenue of US\$13,421,000 for the third quarter ended 30 September 2017 ("3Q 2017"), a marginal decrease of 1% as compared to revenue of US\$13,543,000 recorded in the third quarter ended 30 September 2016 ("3Q 2016"). Despite of the 21% increase in average realised oil price for the period from US\$43 per barrel to US\$52 per barrel, the decrease in revenue is mainly due to the decrease in production in both Basin and Island production sharing contracts ("PSC").

The cost of sales decreased by 17% in 3Q 2017 as compared to 3Q 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.

As a result of the decrease in cost of sales, the Group recorded a gross profit of US\$1,307,000 in 3Q 2017 as compared to a gross loss of US\$1,034,000 recorded in 3Q 2016.

The increase in other income for 3Q 2017 as compared to that for 3Q 2016 is mainly due to the foreign exchange gain of US\$555,000.

The decrease in administrative expenses for 3Q 2017 as compared to that for 3Q 2016 is mainly due to the decrease in staff costs and other monthly overheads.

Other expenses for 3Q 2017 have increased compared to that of 3Q 2016 mainly due to the impairment loss on exploration and evaluation assets of US\$90,000 for Block SK331 and an increase in impairment loss on development expenditures for Fuyu 1 Block from US\$277,000 in 3Q 2016 to US\$383,000 in 3Q 2017.

Finance costs for 3Q 2017 are lower than that for 3Q 2016 mainly due to the decrease in unwinding of discount on decommissioning provisions as well as no interest expense is recorded in 3Q 2017 due to the full repayment of the remaining bank loans on 30 June 2017.

The income tax credit arises from the derecognition of deferred tax liabilities of US\$343,000 as a result of depletion and amortisation of oil and gas properties for Basin PSC and Island PSC in 3Q 2017, partially offset by the income tax expenses for 3Q 2017 of US\$261,000.

As a result of the above, the Group recorded a net profit of US\$684,000 and EBITDAX (see Paragraph 1(a)(ii)) of US\$2,266,000 for 3Q 2017 compared to net loss of US\$1,144,000 and EBITDAX of US\$2,547,000 for 3Q 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 lifting and sale of crude oil of US\$5,051,000 from the Basin PSC and Island PSC in September 2017 with the proceeds received in October 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 September 2017.

8.2.5 The increase in loan from non-controlling interest is due to cash call contribution of US\$197,000 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 dropped to zero due to full repayment of the remaining bank loans of US\$6,166,000 in June 2017.

8.3 Cash Flow

The Group recorded net operating cash outflows of US\$382,000 in 3Q 2017. This is mainly attributable to the increase in trade and other receivables for Basin PSC and Island PSC. The Group has received the balance of the security deposit of US\$707,000 in 3Q 2017 after the full repayment of the bank loans in previous quarter.

Whilst the Group is in a negative working capital position as at 30 September 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 nine months period ended 30 September 2017, the Group has recorded positive operating cash flows of US\$8,512,000. In addition, with the full repayment of the bank loan, the Group would 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 September 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.

Oil prices rallied in the third quarter with average prices registering three straight months of increase. The average monthly price of Brent increased from US\$46.40 per barrel in June to US\$56.20 per barrel in September, reaching a 2-year high of US\$59.77 per barrel towards the end of the quarter. Oil supply and demand fundamentals continue to tighten with the high compliance among OPEC (Organization of Petroleum Exporting Countries) members on the output cut agreement, declining global oil inventories, increasing expectations for global economic and oil demand growth, and geopolitical events.

The Group continues to maintain a prudent approach in managing its operating costs and put its focus on strengthening its business efficiency for the rest of the year.

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 September 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 third quarter financial results for the financial period ended 30 September 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 November 2017