

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited Third Quarter Financial Statements and Dividend Announcement for the Financial Period Ended 30 September 2018

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)		
	30/9/2018	30/9/2017 (Restated)	%	30/9/2018	30/9/2017 (Restated)	%
	US\$'000	US\$'000	Change	US\$'000	US\$'000	Change
Revenue	14,806	14,090	5%	42,643	36,512	17%
Cost of sales	(11,599)	(12,436)	(7%)	(34,555)	(32,209)	7%
Gross profit	3,207	1,654	94%	8,088	4,303	88%
Other income	592	737	(20%)	855	1,309	(35%)
Administrative expenses	(1,199)	(740)	62%	(3,617)	(2,245)	61%
Other expenses	(1,439)	(589)	144%	(2,090)	(1,741)	20%
Finance costs	(146)	(24)	N.M.	(438)	(670)	(35%)
Profit before tax	1,015	1,038	(2%)	2,798	956	193%
Income tax (expense)/credit	(470)	82	N.M.	(451)	1,744	N.M.
Profit for the financial period	545	1,120	(51%)	2,347	2,700	(13%)
Attributable to:						
Owners of the Company	283	1,207	(77%)	2,145	2,897	(26%)
Non-controlling interests	262	(87)	N.M.	202	(197)	N.M.
	545	1,120	(51%)	2,347	2,700	(13%)
Earnings per share attributable to owners of the Company (cents per share)						
Basic	0.04	0.16	(75%)	0.29	0.39	(26%)
Diluted	0.04	0.16	(75%)	0.29	0.39	(26%)

N.M. : not meaningful

Notes :

The comparative results have been restated due to the adoption of SFRS(I) 15 Revenue from Contracts with Customers. Please refer to paragraph 5 below and also the Note 3.3 in the audited financial statements for the financial year ended 31 December 2017 as set out in RH Petrogas Limited's Annual Report 2017 for more details.

SFRS(I) - Singapore Financial Reporting Framework (International), a new financial reporting framework identical to International Financial Reporting Standards

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

	Group (3 months ended)		Group (9 months ended)	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	US\$'000	US\$'000	US\$'000	US\$'000
Amortisation of upfront fee paid for loans granted	-	(32)	-	(145)
Depletion and amortisation of oil and gas properties	(1,167)	(1,149)	(4,344)	(5,491)
Depreciation of other plant and equipment	(1)	(18)	(37)	(119)
Foreign exchange (loss)/gain, net	(1,315)	555	(1,773)	925
Impairment loss on development expenditures	(21)	(383)	(31)	(1,182)
Impairment loss on exploration and evaluation assets	-	(90)	-	(90)
Interest expense on bank loans	-	-	-	(88)
Interest income from bank deposits	4	3	24	11
Net fair value gain on derivatives	-	-	-	2
Other plant and equipment written off	(6)	(1)	(6)	(1)
Share-based payments	(22)	(9)	(57)	(38)
Unwinding of discount on decommissioning provisions	(146)	(24)	(438)	(582)

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)	
	30/9/2018	30/9/2017 (Restated)	30/9/2018	30/9/2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
Profit before tax	1,015	1,038	2,798	956
Depletion and amortisation of oil and gas properties	1,167	1,149	4,344	5,491
Depreciation of other plant and equipment	1	18	37	119
Impairment loss on development expenditures	21	383	31	1,182
Impairment loss on exploration and evaluation assets	-	90	-	90
Interest expense on bank loans	-	-	-	88
Unwinding of discount on decommissioning provisions	146	24	438	582
	<u>2,350</u>	<u>2,702</u>	<u>7,648</u>	<u>8,508</u>

1(a)(iii) Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2018

	Group (3 months ended)		Group (9 months ended)	
	30/9/2018	30/9/2017 (Restated)	30/9/2018	30/9/2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
Profit for the financial period	545	1,120	2,347	2,700
Other comprehensive income :				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	1,485	(677)	2,195	(1,588)
Other comprehensive income for the financial period, net of tax	1,485	(677)	2,195	(1,588)
Total comprehensive income for the financial period	<u>2,030</u>	<u>443</u>	<u>4,542</u>	<u>1,112</u>
Attributable to:				
Owners of the Company	1,768	530	4,340	1,309
Non-controlling interests	262	(87)	202	(197)
	<u>2,030</u>	<u>443</u>	<u>4,542</u>	<u>1,112</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	
	30/9/2018	31/12/2017 (Restated)	30/9/2018	31/12/2017
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Oil and gas properties	8,684	11,649	-	-
Development expenditures	-	-	-	-
Other plant and equipment	440	432	9	25
Exploration and evaluation assets	2,536	2,536	-	-
Deferred tax assets	295	-	-	-
Amount due from subsidiaries	-	-	11,938	14,153
Other non-current assets	3,736	-	-	-
	15,691	14,617	11,947	14,178
Current Assets				
Inventories	493	796	-	-
Other current assets	97	37	82	29
Trade and other receivables	11,420	8,985	548	512
Cash and bank balances	11,272	14,058	878	1,217
	23,282	23,876	1,508	1,758
Current Liabilities				
Income tax payable	693	1,757	-	-
Trade and other payables	34,205	37,151	581	763
Loans and borrowings	2,000	2,000	2,000	2,000
	36,898	40,908	2,581	2,763
Net Current Liabilities	(13,616)	(17,032)	(1,073)	(1,005)
Non-Current Liabilities				
Provisions	2,256	2,378	-	-
Loan from non-controlling interest	11,418	10,083	-	-
Deferred tax liabilities	-	731	-	-
Loans and borrowings	13,162	14,856	10,510	12,057
	26,836	28,048	10,510	12,057
Net (Liabilities)/Assets	(24,761)	(30,463)	364	1,116
Equity attributable to owners of the Company				
Share capital	258,160	258,160	258,160	258,160
Reserves	(273,055)	(278,421)	(257,796)	(257,044)
	(14,895)	(20,261)	364	1,116
Non-controlling interest	(9,866)	(10,202)	-	-
Total (Deficit)/Equity	(24,761)	(30,463)	364	1,116

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	
	30/9/2018 US\$'000	31/12/2017 US\$'000	30/9/2018 US\$'000	31/12/2017 US\$'000
Unsecured				
Amount repayable in one year or less, or on demand	2,000	2,000	2,000	2,000
Amount repayable after one year	13,162	14,856	10,510	12,057
	15,162	16,856	12,510	14,057
Total				
Amount repayable in one year or less, or on demand				
Loans from related parties	2,000	2,000	2,000	2,000
	2,000	2,000	2,000	2,000
Amount repayable after one year, comprising				
Loans from related parties	13,162	14,856	10,510	12,057
	13,162	14,856	10,510	12,057
Total loans and borrowings	15,162	16,856	12,510	14,057

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)	
	30/9/2018	30/9/2017 (Restated)	30/9/2018	30/9/2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Profit before tax	1,015	1,038	2,798	956
Adjustments for:				
Amortisation of upfront fee paid for loans granted	-	32	-	145
Depletion and amortisation of oil and gas properties	1,167	1,149	4,344	5,491
Depreciation of other plant and equipment	1	18	37	119
Impairment loss on development expenditures	21	383	31	1,182
Impairment loss on exploration and evaluation assets	-	90	-	90
Interest expense on bank loans	-	-	-	88
Interest income from bank deposits	(4)	(3)	(24)	(11)
Other plant and equipment written off	6	1	6	1
Net fair value gain on derivatives	-	-	-	(2)
Share-based payments	22	9	57	38
Unrealised foreign exchange (gain)/loss	(53)	178	(299)	683
Unwinding of discount on decommissioning provisions	146	24	438	582
Operating cash flows before changes in working capital	2,321	2,919	7,388	9,362
<u>Changes in working capital</u>				
Decrease in inventories	138	41	289	193
(Increase)/Decrease in trade and other receivables	(36)	(2,793)	(2,428)	2,141
Increase/(Decrease) in trade and other payables	1,184	(552)	(244)	(1,676)
Cash flows from/(used in) operations	3,607	(385)	5,005	10,020
Income tax paid	(783)	-	(2,540)	(1,431)
Interest paid	-	-	-	(88)
Interest received	4	3	24	11
Net cash flows from/(used in) operating activities	2,828	(382)	2,489	8,512
Investing activities				
Additions to development expenditures	(21)	(383)	(31)	(1,182)
Additions to exploration and evaluation assets	-	(90)	-	(90)
Additions to oil and gas properties	(694)	(459)	(2,028)	(1,125)
Cash call contributions for assets retirement obligations	(217)	(321)	(535)	(333)
Payment for signature bonuses and related costs	(3,736)	-	(3,736)	-
Proceeds from issuance of new shares in subsidiaries to non-controlling interest	1,103	-	1,103	-
Purchase of other plant and equipment	-	(7)	(41)	(8)
Net cash flows used in investing activities	(3,565)	(1,260)	(5,268)	(2,738)
Financing activities				
Decrease in charge over project accounts	-	707	-	2,767
Increase in short-term deposits pledged	(2,500)	-	(2,500)	-
Loan from non-controlling interest	1,261	71	1,335	197
Repayment of advances to related parties	(1,261)	(71)	(1,335)	(797)
Repayment of loans and borrowings	-	-	-	(6,166)
Net cash (used in)/from financing activities	(2,500)	707	(2,500)	(3,999)
Net (decrease)/increase in cash and cash equivalents	(3,237)	(935)	(5,279)	1,775
Effect of exchange rate changes on cash and cash equivalents	(40)	3	(7)	4
Cash and cash equivalents at beginning of the financial period	12,049	8,211	14,058	5,500
Cash and cash equivalents at end of the financial period	8,772	7,279	8,772	7,279

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

	Group (9 months ended)	
	30/9/2018	30/9/2017 (Restated)
	US\$'000	US\$'000
Cash and bank balances	11,272	7,279
Less:		
Short-term deposits pledged	(2,500)	-
Cash and cash equivalents	8,772	7,279

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 2017	258,160	2,886	1,890	(291,078)	795	1,010	(284,497)	(9,757)	(36,094)
Profit for the financial period (as previously reported)	-	-	-	2,156	-	-	2,156	(110)	2,046
Effect of adoption of SFRS(I) 15	-	-	-	(466)	-	-	(466)	-	(466)
Profit for the financial period (restated)	-	-	-	1,690	-	-	1,690	(110)	1,580
Other comprehensive income for the financial period	-	-	(911)	-	-	-	(911)	-	(911)
Total comprehensive income for the financial period (restated)	-	-	(911)	1,690	-	-	779	(110)	669
<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 (restated)	258,160	2,886	979	(289,326)	795	977	(283,689)	(9,867)	(35,396)
Profit for the financial period (as previously reported)	-	-	-	771	-	-	771	(87)	684
Effect of adoption of SFRS(I) 15	-	-	-	436	-	-	436	-	436
Profit for the financial period (restated)	-	-	-	1,207	-	-	1,207	(87)	1,120
Other comprehensive income for the financial period	-	-	(677)	-	-	-	(677)	-	(677)
Total comprehensive income for the financial period (restated)	-	-	(677)	1,207	-	-	530	(87)	443
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	9	9	-	9
At 30 September 2017 (restated)	258,160	2,886	302	(288,119)	795	986	(283,150)	(9,954)	(34,944)

	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 31 December 2017	258,160	2,886	(569)	(282,427)	795	950	(278,365)	(10,202)	(30,407)
Effect of adoption of SFRS(I) 15	-	-	-	(56)	-	-	(56)	-	(56)
At 1 January 2018 (restated)	258,160	2,886	(569)	(282,483)	795	950	(278,421)	(10,202)	(30,463)
Profit for the financial period	-	-	-	1,862	-	-	1,862	(60)	1,802
Other comprehensive income for the financial period	-	-	710	-	-	-	710	-	710
Total comprehensive income for the financial period	-	-	710	1,862	-	-	2,572	(60)	2,512
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	35	35	-	35
- Expiry of employee share options	-	-	-	415	-	(415)	-	-	-
At 30 June 2018	258,160	2,886	141	(280,206)	795	570	(275,814)	(10,262)	(27,916)
Profit for the financial period	-	-	-	283	-	-	283	262	545
Other comprehensive income for the financial period	-	-	1,485	-	-	-	1,485	-	1,485
Total comprehensive income for the financial period	-	-	1,485	283	-	-	1,768	262	2,030
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	22	22	-	22
<u>Changes in ownership interests in subsidiary</u>									
Issuance of new shares in subsidiaries to non-controlling interest	-	-	-	-	969	-	969	134	1,103
At 30 September 2018	258,160	2,886	1,626	(279,923)	1,764	592	(273,055)	(9,866)	(24,761)

	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 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
At 1 January 2018	258,160	2,886	(260,880)	950	(257,044)	1,116
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(495)	-	(495)	(495)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	35	35	35
- Expiry of employee share options	-	-	415	(415)	-	-
At 30 June 2018	258,160	2,886	(260,960)	570	(257,504)	656
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(314)	-	(314)	(314)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	22	22	22
At 30 September 2018	258,160	2,886	(261,274)	592	(257,796)	364

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 2018 (third quarter period ended 30 September 2017: Nil) pursuant to the RHP Share Option Scheme 2011.

The unissued shares of the Company under option as at 30 September 2018 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.07.2018	Granted during the financial period	Exercised during the financial period	Cancelled/lapsed during the financial period	Number of options outstanding as at 30.09.2018	Number of options outstanding as at 30.09.2017	Exercise period
05.03.2013	S\$0.420	-	-	-	-	-	2,035,000	06.03.2015 to 04.03.2018
07.03.2014	S\$0.420	566,700	-	-	-	566,700	626,700	08.03.2016 to 06.03.2019
06.03.2015	S\$0.275	2,620,000	-	-	-	2,620,000	2,780,000	07.03.2017 to 05.03.2020
06.03.2017	S\$0.084	1,450,000	-	-	-	1,450,000	1,450,000	07.03.2019 to 05.03.2022
06.03.2018	S\$0.074	2,000,000	-	-	-	2,000,000	-	07.03.2020 to 05.03.2023
		<u>6,636,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,636,700</u>	<u>6,891,700</u>	

PERFORMANCE SHARE PLAN

There were no shares awarded in the third quarter period ended 30 September 2018 (third quarter period ended 30 September 2017: 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 2018 (third quarter period ended 30 September 2017: Nil).

There were no shares held as treasury shares by the Company and no subsidiary holdings, as at 30 September 2018 (as at 30 September 2017: 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 2018 was 734,277,400 (31 December 2017: 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 2017.

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 had previously recognised revenue based on the Group's working interest and the terms of the relevant production sharing contracts. Under this method, revenue reflects the participant's share of production regardless of which participant has actually made the sale and invoiced the production. This is achieved by adjusting revenue in dealing with imbalances between actual sales and entitlements, and recognising a corresponding underlift asset or overlift liability in the balance sheet. This approach was consistently adopted by the Group up to the financial year ended 31 December 2017 ("FY 2017").

With effect from 1 January 2018, the Group adopted SFRS(I) 15 Revenue from Contracts with Customers. Under SFRS(I) 15, a participant in a joint operation should recognise revenue from contracts with customers under SFRS(I) 15 based on its actual sales to customers in that period. No adjustments should be recorded in revenue to account for any variance between the actual share of production volumes sold to date and the share of production which the party has been entitled to sell to date. Entities may then adjust production costs to align to the volumes sold.

Accordingly, with the adoption of SFRS(I) 15, the Group changed its accounting policies retrospectively to each of the period presented, using the full retrospective method. The following comparative figures for 3Q 2017 and FY 2017 have been restated as a result of the above restatement.

<u>Consolidated Income Statements</u>	Group		Group	
	30/9/2017	30/9/2017	30/9/2017	30/9/2017
	(3 months)	(3 months)	(9 months)	(9 months)
	(as restated)	(as previously reported)	(as restated)	(as previously reported)
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	14,090	13,421	36,512	40,160
Cost of sales	(12,436)	(12,114)	(32,209)	(35,738)
Gross profit	1,654	1,307	4,303	4,422
Profit before tax	1,038	602	956	986
Profit for the financial period	1,120	684	2,700	2,730
Profit attributable to owners of the parent	1,207	771	2,897	2,927
Earnings per share attributable to owners of the Company (cents per share)				
Basic	0.16	0.11	0.39	0.40
Diluted	0.16	0.11	0.39	0.40

Consolidated Statement of Comprehensive Income

Total comprehensive income for the financial period	443	7	1,112	1,142
Total comprehensive income for the financial period attributable to owners of the Company	530	94	1,309	1,339

Consolidated Statement of Financial Position

	Group	
	31/12/2017	31/12/2017
	(as restated)	(as previously reported)
	US\$'000	US\$'000
Trade and other receivables	8,985	9,041
Current Assets	23,876	23,932
Trade and other payables	(37,151)	(37,151)
Current Liabilities	(40,908)	(40,908)
Net Current Liabilities	(17,032)	(16,976)
Net Liabilities	(30,463)	(30,407)
Reserves	(278,421)	(278,365)
Total Deficit	(30,463)	(30,407)

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	
	30/9/2018 (3 months)	30/9/2017 (3 months) (Restated)	30/9/2018 (9 months)	30/9/2017 (9 months) (Restated)
	Cents	Cents	Cents	Cents
Earnings per ordinary share for the financial period based on net profit attributable to owners of the Company				
(i) Based on the weighted average number of ordinary shares on issue; and	0.04	0.16	0.29	0.39
(ii) On a fully diluted basis	0.04	0.16	0.29	0.39

Basic earnings per share is calculated with reference to profit net of tax attributable to owners of the Company and the weighted average number of ordinary shares of 734,277,400 (30 September 2017: 734,277,400 shares).

Diluted earnings per share are calculated by dividing profit, 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	
	30/9/2018 (3 months)	30/9/2017 (3 months)	30/9/2018 (9 months)	30/9/2017 (9 months)
Weighted average number of ordinary shares for basic earnings per share computation	734,277,400	734,277,400	734,277,400	734,277,400
Effects of dilution:				
- Share options	-	-	172,951	-
Weighted average number of ordinary shares for diluted earnings per share computation	734,277,400	734,277,400	734,450,351	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	
	30/9/2018	31/12/2017 (Restated)	30/9/2018	31/12/2017
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	(2.03)	(2.76)	0.05	0.15

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\$14,806,000 for the third quarter period ended 30 September 2018 ("3Q 2018"), a 5% increase as compared to the revenue of US\$14,090,000 recorded in the third quarter period ended 30 September 2017 ("3Q 2017"). Despite a lower volume of crude oil lifted during 3Q 2018 as compared to 3Q 2017, the increase in revenue is mainly due to a 42% increase in the average realised oil price for the period from US\$52 per barrel in 3Q 2017 to US\$74 per barrel in 3Q 2018 in both Basin and Island production sharing contracts ("PSC").

The cost of sales decreased by 7% mainly due to lower cost of production and the recognition of deferred expenses in 3Q 2018 as a result of under-lifting following the adoption of SRFS(I) 15 in Basin and Island PSCs.

In line with the higher revenue and decrease in cost of sales, the gross profit has increased 94% from US\$1,654,000 in 3Q 2017 to US\$3,207,000 in 3Q 2018.

Other income for 3Q 2018 has decreased by 20% as compared to 3Q 2017 mainly due to the absence of foreign exchange gain of US\$555,000 which was recorded in 3Q 2017. This is partially offset by the recognition of underlift income following the adoption of SRFS(I) 15, and the increase in head office overhead charged to partners in Basin PSC in 3Q 2018.

Administrative expenses for 3Q 2018 have increased by 62% as compared to 3Q 2017 mainly due to the increase in professional fees, staff costs and recognition of administrative expenses arising from Fuyu 1 PSC.

The increase in other expenses for 3Q 2018 as compared to 3Q 2017 is mainly due to foreign exchange loss of US\$1,315,000. This is partially offset by lower impairment loss on development expenditure for Fuyu 1 PSC and the absence of impairment loss on exploration and evaluation assets of US\$90,000 for SK331 PSC which was recorded in 3Q 2017.

Finance costs for 3Q 2018 are higher than that for 3Q 2017 due to the increase in unwinding of discount on decommissioning provisions.

The income tax expense in 3Q 2018 comprises the Group's share of the Basin PSC tax expense of US\$619,000, and partially offset by derecognition of deferred tax liabilities of US\$149,000 as a result of depletion and amortisation of oil and gas properties for Basin and Island PSCs.

As a result of the above, the Group recorded a net profit of US\$545,000 and EBITDAX (see paragraph 1(a)(ii)) of US\$2,350,000 for 3Q 2018 as compared to net profit of US\$1,120,000 and EBITDAX of US\$2,702,000 for 3Q 2017.

8.2 Balance Sheet

8.2.1 The decrease in oil and gas properties is mainly due to depletion and amortisation on oil and gas properties for the Basin PSC.

8.2.2 The Group recognised deferred tax assets of US\$295,000 as at 30 September 2018 mainly due to differences in depreciation for tax purposes.

8.2.3 Other non-current assets comprise (i) signature bonuses and upfront fees paid for issuance of performance bonds, amounting to a total of US\$2,741,000; and (ii) cash collateral of US\$995,000 placed with the issuing bank of the performance bonds, all of which are in relation to the signing of new 20-year PSCs for the Basin and Island PSCs beyond their current contract expiry in 2020. Please refer to SGXNET Announcement No.SG180625OTHR0VBN and SG180711OTHRON04 dated 25 June 2018 and 11 July 2018 respectively for more details.

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

8.2.5 The increase in trade and other receivables is mainly due to the increase in other joint venture receivables and the recognition of deferred expenses of US\$1,612,000 as a result of under-lifting following the adoption of SRFS(I) 15 (see paragraph 8.1 above) in Basin and Island PSCs. Included in trade and other receivables is the sale and lifting of crude oil of US\$4,028,000 from the Basin and Island PSCs in September 2018 with the proceeds received in October 2018.

8.2.6 The decrease in trade and other payables is mainly attributable to a decrease in trade creditors and other payables of Basin and Island PSCs.

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

8.2.8 The increase in loan from non-controlling interest is due to cash call contribution of US\$1,335,000 for SK331 PSC from Tumbuh Tiasa Enterprises Sdn Bhd which holds 49% shareholding interest in RHP (Mukah) Pte Ltd.

8.2.9 Loan and borrowings have decreased mainly due to the repayment of advances to related parties as well as the unrealised foreign exchange gain. Related parties are companies in which two directors have a substantial interest.

8.3 Cash Flow

The Group recorded net operating cash inflows of US\$2,828,000 in 3Q 2018 as compared to net operating cash outflows of US\$382,000 in 3Q 2017. The increase is mainly due to the increase in trade and other payables, and decrease in trade and other receivables for Basin and Island PSCs. These are partially offset by income tax payment of US\$783,000 for Basin PSC.

Net cash used in investing activities is US\$3,565,000 in 3Q 2018. This comprises mainly (i) signature bonuses and upfront fees paid for issuance of performance bonds, amounting to a total of US\$2,741,000; (ii) cash collateral of US\$995,000 placed with the issuing bank of the performance bonds, whereby both (i) and (ii) are in relation to the signing of new 20-year PSCs for the Basin and Island PSCs beyond their current contract expiry in 2020, and (iii) US\$911,000 in relation to decommissioning costs, well workovers and other capital expenditure for Basin PSC. These are partially offset by proceeds of US\$1,103,000 received from the issuance of new shares in Petrogas (Basin) Ltd and Petrogas (Island) Ltd to PT Citra Wahana Abadi, which was announced on 6 July 2018 under SGXNET Announcement No.SG180706OTHRJXVI.

Net cash used in financing activities of US\$2,500,000 in 3Q 2018 is for short-term deposits pledged to fulfil collateral requirement for issuance of the performance bond to Petroliam Nasional Berhad (PETRONAS) for SK331 PSC.

Whilst the Group is in a negative working capital position as at 30 September 2018, 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 2018, the Group has recorded positive operating cash flow of US\$2,489,000. In addition, the Group has cash and bank balances of US\$11,272,000 as at 30 September 2018. With no outstanding bank loan to service, the Group would be able to deploy its cash flow for its operational requirements and other areas.

As disclosed in Note 2 on page 50 of RH Petrogas Limited's (the "Company") Annual Report 2017, the Group has received a letter of financial support from a substantial shareholder to provide adequate funds to the Group till 30 June 2019 to meet the Group's working capital needs.

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.

Concerns over crude oil over-supply and trade tensions between US and China spilled over from the previous quarter and continued to dampen market sentiments, with Brent prices declining to US\$68 per barrel in the first part of third quarter. However, the trend reversed in mid-August 2018 as the continuing decline in Venezuelan production and the looming Iranian sanctions took centre stage, pushing Brent price to multi-year highs towards early October. Brent oil prices averaged US\$75.10 per barrel in the third quarter, and were up 24% year to date.

The Group believes the outlook for the oil market will remain volatile in the near term. It will continue to maintain a prudent approach in managing its operating costs and put its focus on strengthening operational 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 2018.

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 2018 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 2018