

# RH Petrogas Limited

Company Registration No: 198701138Z

## Unaudited Full Year Financial Statements and Dividend Announcement for the Financial Year Ended 31 December 2019

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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		% Change
	Year 2019 US\$'000	Year 2018 US\$'000	
Revenue	65,144	61,918	5%
Cost of sales	(55,852)	(48,589)	15%
<b>Gross profit</b>	<b>9,292</b>	<b>13,329</b>	<b>(30%)</b>
Other income	6,405	1,040	N.M.
Administrative expenses	(4,976)	(4,928)	1%
Other expenses	(8,189)	(503)	N.M.
Finance costs	(1,326)	(450)	195%
<b>Profit before tax</b>	<b>1,206</b>	<b>8,488</b>	<b>(86%)</b>
Income tax expense	(2,492)	(4,484)	(44%)
<b>(Loss)/Profit for the financial year</b>	<b>(1,286)</b>	<b>4,004</b>	<b>N.M.</b>
<b>Attributable to:</b>			
Owners of the Company	2,117	3,753	(44%)
Non-controlling interests	(3,403)	251	N.M.
	<b>(1,286)</b>	<b>4,004</b>	<b>N.M.</b>
Earnings per share attributable to owners of the Company (cents per share)			
Basic	0.29	0.51	(43%)
Diluted	0.29	0.51	(43%)

N.M. : not meaningful

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

	Group	
	Year 2019	Year 2018
	US\$'000	US\$'000
Depletion and amortisation of oil and gas properties	(7,938)	(4,479)
Depreciation of other plant and equipment	(19)	(28)
Depreciation of right-of-use assets	(4,328)	-
Foreign exchange loss, net	(1,327)	(1,850)
Gain on disposal of subsidiaries	5,601	-
Impairment loss on development expenditures	-	(73)
Impairment loss on exploration and evaluation assets	(3,958)	(114)
Interest expense on lease liabilities	(667)	-
Interest income from bank deposits	152	46
Other plant and equipment written off	-	(418)
(Overlift expense)/Underlift income	(1,246)	454
Provision for plug and abandonment costs	(1,993)	-
Share-based payments	(96)	(61)
Unwinding of discount on decommissioning provisions	(659)	(450)
Write back of/(Allowance for) doubtful trade receivables	875	(54)
Write back of exploration and evaluation payables	-	2,550
Write back of inventory obsolescence	-	76

1(a)(ii) Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Group	
	Year 2019	Year 2018
	US\$'000	US\$'000
(Loss)/Profit for the financial year	(1,286)	4,004
<b>Other comprehensive income :</b>		
<u>Item that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation	989	2,263
Realisation of foreign currency translation reserve upon disposal of foreign operation	(2,773)	-
<b>Other comprehensive income for the financial year, net of tax</b>	<b>(1,784)</b>	<b>2,263</b>
<b>Total comprehensive income for the financial year</b>	<b>(3,070)</b>	<b>6,267</b>
<b>Attributable to:</b>		
Owners of the Company	333	6,016
Non-controlling interests	(3,403)	251
	<b>(3,070)</b>	<b>6,267</b>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>				
Oil and gas properties	7,291	9,305	-	-
Other plant and equipment	29	24	26	8
Right-of-use assets	3,734	-	217	-
Exploration and evaluation assets	-	2,536	-	-
Cash and bank balances	2,560	1,308	-	-
Amounts due from subsidiaries	-	-	6,740	10,778
Other non-current assets	2,741	2,741	-	-
	<b>16,355</b>	<b>15,914</b>	<b>6,983</b>	<b>10,786</b>
<b>Current assets</b>				
Inventories	745	1,026	-	-
Other current assets	76	56	28	32
Trade and other receivables	15,369	13,336	578	567
Cash and bank balances	9,511	12,420	536	784
	<b>25,701</b>	<b>26,838</b>	<b>1,142</b>	<b>1,383</b>
<b>Current liabilities</b>				
Income tax payable	2,443	1,464	-	-
Provisions	171	-	-	-
Lease liabilities	4,043	-	123	-
Trade and other payables	33,226	33,567	939	762
Loans and borrowings	482	2,500	482	2,500
	<b>40,365</b>	<b>37,531</b>	<b>1,544</b>	<b>3,262</b>
<b>Net current liabilities</b>	<b>(14,664)</b>	<b>(10,693)</b>	<b>(402)</b>	<b>(1,879)</b>
<b>Non-current liabilities</b>				
Provisions	725	2,189	27	-
Loan from non-controlling interest	15,825	12,724	-	-
Deferred tax liabilities	774	1,972	-	-
Lease liabilities	228	-	91	-
Loans and borrowings	10,145	11,368	7,731	8,720
	<b>27,697</b>	<b>28,253</b>	<b>7,849</b>	<b>8,720</b>
<b>Net (liabilities)/assets</b>	<b>(26,006)</b>	<b>(23,032)</b>	<b>(1,268)</b>	<b>187</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	258,160	258,160	258,160	258,160
Reserves	(270,946)	(271,375)	(259,428)	(257,973)
	(12,786)	(13,215)	(1,268)	187
Non-controlling interests	(13,220)	(9,817)	-	-
<b>Total (deficit)/equity</b>	<b>(26,006)</b>	<b>(23,032)</b>	<b>(1,268)</b>	<b>187</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	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Unsecured</b>				
Amount repayable in one year or less, or on demand	482	2,500	482	2,500
Amount repayable after one year	10,145	11,368	7,731	8,720
	<b>10,627</b>	<b>13,868</b>	<b>8,213</b>	<b>11,220</b>
<b>Total</b>				
Amount repayable in one year or less, or on demand				
Loans from related parties	482	2,500	482	2,500
	<b>482</b>	<b>2,500</b>	<b>482</b>	<b>2,500</b>
Amount repayable after one year, comprising				
Loans from related parties	10,145	11,368	7,731	8,720
	<b>10,145</b>	<b>11,368</b>	<b>7,731</b>	<b>8,720</b>
<b>Total loans and borrowings</b>	<b>10,627</b>	<b>13,868</b>	<b>8,213</b>	<b>11,220</b>

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	
	Year 2019	Year 2018
	US\$'000	US\$'000
<b>Operating activities</b>		
<b>Profit before tax</b>	1,206	8,488
Adjustments for:		
Depletion and amortisation of oil and gas properties	7,938	4,479
Depreciation of other plant and equipment	19	28
Depreciation of right-of-use assets	4,328	-
Gain on disposal of subsidiaries	(5,601)	-
Impairment loss on development expenditures	-	73
Impairment loss on exploration and evaluation assets	3,958	114
Interest expense on lease liabilities	667	-
Interest income from bank deposits	(152)	(46)
Other plant and equipment written off	-	418
Provision for plug and abandonment costs	1,993	-
Share-based payments	96	61
Unrealised foreign exchange loss/(gain)	293	(270)
Unwinding of discount on decommissioning provisions (Write back of)/Allowance for doubtful trade receivables	659	450
Write back of exploration and evaluation payables	(875)	54
Write back of inventory obsolescence	-	(2,550)
	-	(76)
<b>Operating cash flows before changes in working capital</b>	<b>14,529</b>	<b>11,223</b>
<u>Changes in working capital</u>		
Decrease/(Increase) in inventories	281	(216)
Increase in trade and other receivables	(1,748)	(4,192)
Increase in trade and other payables	3,626	1,958
<b>Cash flows from operations</b>	<b>16,688</b>	<b>8,773</b>
Income tax paid	(2,710)	(3,536)
Interest received	152	46
<b>Net cash flows from operating activities</b>	<b>14,130</b>	<b>5,283</b>
<b>Investing activities</b>		
Additions to development expenditures	-	(44)
Additions to exploration and evaluation assets	(5,987)	(62)
Additions to oil and gas properties	(3,629)	(2,988)
Cash call contributions for termination liabilities and decommissioning provisions	(2,823)	(844)
Proceeds from disposal of subsidiaries	160	-
Payment for signature bonus and related costs	-	(2,741)
Purchase of other plant and equipment	(25)	(30)
<b>Net cash flows used in investing activities</b>	<b>(12,304)</b>	<b>(6,709)</b>
<b>Financing activities</b>		
Increase in deposits pledged	(1,251)	(6,308)
Loan from non-controlling interest	3,101	2,641
Proceeds from issuance of new shares in subsidiaries to non-controlling interests	-	1,103
Payment of lease liabilities	(3,309)	-
Repayment of advances to related parties	(3,273)	(2,641)
<b>Net cash flows used in financing activities</b>	<b>(4,732)</b>	<b>(5,205)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,906)</b>	<b>(6,631)</b>
Effect of exchange rate changes on cash and cash equivalents	(3)	(7)
Cash and cash equivalents at beginning of the financial year	7,420	14,058
<b>Cash and cash equivalents at end of the financial year</b>	<b>4,511</b>	<b>7,420</b>

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

	<b>Group</b>	
	<b>Year 2019</b>	<b>Year 2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Cash and bank balances	12,071	13,728
Less:		
Short-term deposits pledged	(5,000)	(5,000)
Long-term deposits pledged	(2,560)	(1,308)
<b>Cash and cash equivalents</b>	<b>4,511</b>	<b>7,420</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 capitalisation 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 interests	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 2018</b>	<b>258,160</b>	<b>2,886</b>	<b>(569)</b>	<b>(282,483)</b>	<b>795</b>	<b>950</b>	<b>(278,421)</b>	<b>(10,202)</b>	<b>(30,463)</b>
Profit for the financial year	-	-	-	3,753	-	-	3,753	251	4,004
Other comprehensive income for the financial year	-	-	2,263	-	-	-	2,263	-	2,263
Total comprehensive income for the financial year	-	-	2,263	3,753	-	-	6,016	251	6,267
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	61	61	-	61
- Expiry of employee share options	-	-	-	415	-	(415)	-	-	-
<u>Changes in ownership interests in subsidiary</u>									
- Issuance of new shares in subsidiaries to non-controlling interest	-	-	-	-	969	-	969	134	1,103
<b>At 31 December 2018 and 1 January 2019</b>	<b>258,160</b>	<b>2,886</b>	<b>1,694</b>	<b>(278,315)</b>	<b>1,764</b>	<b>596</b>	<b>(271,375)</b>	<b>(9,817)</b>	<b>(23,032)</b>
Profit/(Loss) for the financial year	-	-	-	2,117	-	-	2,117	(3,403)	(1,286)
Other comprehensive income for the financial year	-	-	989	-	-	-	989	-	989
Realisation of foreign currency translation upon disposal of foreign operation	-	-	(2,773)	-	-	-	(2,773)	-	(2,773)
Total comprehensive income for the financial year	-	-	(1,784)	2,117	-	-	333	(3,403)	(3,070)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	96	96	-	96
- Expiry of employee share options	-	-	-	133	-	(133)	-	-	-
<b>At 31 December 2019</b>	<b>258,160</b>	<b>2,886</b>	<b>(90)</b>	<b>(276,065)</b>	<b>1,764</b>	<b>559</b>	<b>(270,946)</b>	<b>(13,220)</b>	<b>(26,006)</b>

	Share capital	Capital reduction reserve	Accumulated losses	Employee share option reserve	Total reserves	Total equity / (deficit)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>						
<b>At 1 January 2018</b>	<b>258,160</b>	<b>2,886</b>	<b>(260,880)</b>	<b>950</b>	<b>(257,044)</b>	<b>1,116</b>
Loss for the financial year, representing total comprehensive income for the financial year	-	-	(990)	-	(990)	(990)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	61	61	61
- Expiry of employee share options	-	-	415	(415)	-	-
<b>At 31 December 2018 and 1 January 2019</b>	<b>258,160</b>	<b>2,886</b>	<b>(261,455)</b>	<b>596</b>	<b>(257,973)</b>	<b>187</b>
Loss for the financial year, representing total comprehensive income for the financial year	-	-	(1,551)	-	(1,551)	(1,551)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	96	96	96
- Expiry of employee share options	-	-	133	(133)	-	-
<b>At 31 December 2019</b>	<b>258,160</b>	<b>2,886</b>	<b>(262,873)</b>	<b>559</b>	<b>(259,428)</b>	<b>(1,268)</b>



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 fourth quarter period ended 31 December 2019 (fourth quarter period ended 31 December 2018: Nil) pursuant to the RHP Share Option Scheme 2011. During the financial year ended 2019, there were 3,060,000 options (financial year ended 31 December 2018: 2,000,000 options) granted under the RHP Share Option Scheme 2011 which are exercisable after the second anniversary of the grant date and expiring on the fifth anniversary of such grant date.

The unissued shares of the Company under option as at 31 December 2019 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.01.2019	Granted during the financial year	Exercised during the financial year	Cancelled/lapsed during the financial year	Number of options outstanding as at 31.12.2019	Number of options outstanding as at 31.12.2018	Exercise period
07.03.2014	S\$0.420	550,000	-	-	(550,000)	-	550,000	08.03.2016 to 06.03.2019
06.03.2015	S\$0.275	2,540,000	-	-	-	2,540,000	2,540,000	07.03.2017 to 05.03.2020
06.03.2017	S\$0.084	1,400,000	-	-	-	1,400,000	1,400,000	07.03.2019 to 05.03.2022
06.03.2018	S\$0.074	1,970,000	-	-	-	1,970,000	1,970,000	07.03.2020 to 05.03.2023
05.03.2019	S\$0.044	-	3,060,000	-	-	3,060,000	-	06.03.2021 to 04.03.2024
		6,460,000	3,060,000	-	(550,000)	8,970,000	6,460,000	

#### **PERFORMANCE SHARE PLAN**

There were no shares awarded in the financial year ended 31 December 2019 (financial year ended 31 December 2018: 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 fourth quarter period ended 31 December 2019 (fourth quarter period ended 31 December 2018: Nil).

There were no shares held as treasury shares by the Company and no subsidiary holdings, as at 31 December 2019 (as at 31 December 2018: Nil).

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury shares as at 31 December 2019 was 734,277,400 (31 December 2018: 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 modifications or emphasis of a matter).**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable. The audited financial statements for the year ended 31 December 2018 was not subjected to an adverse opinion, qualified opinion or disclaimer of opinion.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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 2018.

**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 the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases*, which took effect on 1 January 2019. SFRS(I) 16 require lessees to recognise most leases on balance sheet with the exception of "low value" assets and short-term leases.

At the commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying assets during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Accordingly, with the adoption of SFRS(I) 16, the Group recognised right-of-use assets of US\$6,865,000 in the non-current assets, lease liabilities of US\$3,481,000 in the current liabilities and US\$3,357,000 in the non-current liabilities; and provision for reinstatement costs of US\$27,000 in the statement of financial position as at 1 January 2019.

**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	
	Year 2019	Year 2018
	Cents	Cents
<b>Earnings per ordinary share for the financial year based on net profit attributable to owners of the Company</b>		
(i) Based on the weighted average number of ordinary shares on issue; and	0.29	0.51
(ii) On a fully diluted basis	0.29	0.51

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 (31 December 2018: 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	
	Year 2019	Year 2018
Weighted average number of ordinary shares for basic earnings per share computation	734,277,400	734,277,400
Effects of dilution: - Share options	- <sup>(1)</sup>	132,899
Weighted average number of ordinary shares for diluted earnings per share computation	734,277,400	734,410,299

<sup>(1)</sup> The share options granted to employees are not included in the calculation because they are anti-dilutive.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.**

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	(1.74)	(1.80)	(0.17)	0.03

**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\$65,144,000 for the financial year ended 31 December 2019 ("FY2019"), an increase of 5% as compared to the US\$61,918,000 recorded in the financial year ended 31 December 2018 ("FY2018"). The increase in revenue was due to higher lifting of crude oil and gas in FY2019 as compared to FY2018 in Basin production sharing contract ("PSC"), despite a 7% decrease in the average realised oil price for the year from US\$70 per barrel in FY2018 to US\$65 per barrel in FY2019.

The cost of sales increased by 15% in FY2019 as compared to FY2018 mainly due to increase in cost of production and higher depletion and amortisation of oil and gas properties in Basin PSC. The increase in cost of production was mainly due to the increase in well services activities in Basin PSC. Following the adoption of SFRS(I) 16, the Group recognised depreciation expense of right-of-use assets of US\$4,197,000 in the cost of sales in FY2019 (corresponding lease rental in FY2018 was US\$6,159,000).

As a result of the higher cost of sales which was partially offset by the increase in revenue, the gross profit decreased by 30% from US\$13,329,000 in FY2018 to US\$9,292,000 in FY2019.

Other income for FY2019 increased by US\$5,365,000 as compared to FY2018 mainly due to (i) the gain on disposal of Mastique Investments Limited and its only subsidiary Kingworld Resources Limited (both indirect wholly owned subsidiaries of the Company) of US\$5,601,000 which was completed on 31 October 2019. Please refer to SGXNET Announcement No. SG190924OTHR6GHL and SG191031OTHCUB9 dated 24 September 2019 and 31 October 2019 respectively for more details; and (ii) higher interest income received from deposits pledged to fulfil collateral requirement in relation to the issuance of bank guarantees for SK331 PSC. These were partially offset by the absence of underlift income of US\$454,000 which was recorded in FY2018.

Administrative expenses for FY2019 increased marginally by 1% as compared to FY2018 mainly due to increase in staff costs and other monthly overheads.

The increase in other expenses for FY2019 was mainly due to (i) net impairment loss on exploration and evaluation assets of US\$3,958,000 in relation to the acquisition and processing of a new 2D seismic data program in Block SK331 which commenced in 3Q2019, after taking into account the write back of exploration and evaluation payables of US\$2,550,000 pursuant to confirmation by Petroliam Nasional Berhad ("PETRONAS") that the above new 2D seismic program has fulfilled the outstanding minimum work commitment under the SK331 PSC; (ii) accrual of plug and abandonment costs of US\$1,993,000 for the TBA offshore field in Island PSC; and (iii) settlement of FY2018 overlift of US\$1,246,000 for both Basin and Island PSCs. These were partially offset by lower foreign exchange loss and write back of doubtful trade receivables of US\$875,000 mainly from the Island PSC.

Finance costs for FY2019 were higher in FY2019 as compared to FY2018 due to the recognition of interest expense on lease liabilities of US\$667,000 following the adoption of SFRS(I) 16 (which took effect on 1 January 2019) for the Basin PSC, and the increase in unwinding of discount on decommissioning provisions for both Basin and Island PSCs.

The income tax expense of US\$2,492,000 in FY2019 mainly comprised the Group's share of the Basin and Island PSCs tax expense of US\$3,674,000 and partially offset by derecognition of deferred tax liabilities of US\$1,198,000 as a result of depletion and amortisation of oil and gas properties.

As a result of the above, the Group recorded a net loss of US\$1,286,000 and EBITDAX (see paragraph 16) of US\$10,839,000 for FY2019 as compared to net profit of US\$4,004,000 and EBITDAX of US\$11,082,000 for FY2018.

**8.2 Balance Sheet**

8.2.1 The decrease in oil and gas properties was mainly due to depletion and amortisation during the year for the Basin PSC, which was partially offset by reclassification of exploration and evaluation assets of US\$2,536,000 to oil and gas properties.

8.2.2 As disclosed in paragraph 5 above, following the adoption of SFRS(I) 16 on 1 January 2019, the Group recognised right-of-use ("ROU") assets which were mainly related to the leases of motor vehicles, machineries and equipment for the Basin PSC. As at 31 December 2019, the balance for ROU assets was US\$3,734,000.

8.2.3 The increase in cash and bank balances in the non-current assets was mainly due to additional deposits pledged for cash collateral requirement placed with the issuing bank of the performance bonds in relation to the signing of new 20-year PSCs for the Basin and Island blocks beyond their current contract expiry in 2020.

8.2.4 The decrease in inventories was mainly due to usage for well supplies, and materials for well workover and daily operating activities.

8.2.5 The increase in trade and other receivables was mainly due to the increase in trade receivables from the sale and lifting of crude oil, partially offset by the decrease in share of joint venture receivables and lower deferred expenses recognised in both Basin and Island PSCs. Included in trade and other receivables was the sale and lifting of crude oil of US\$10,136,000 from Basin and Island PSCs in December 2019 with the proceeds received in January 2020.

8.2.6 As disclosed in paragraph 5 above, following the adoption of SFRS(I) 16 on 1 January 2019, the Group also recognised lease liabilities in both current liabilities and the non-current liabilities. As at 31 December 2019, the lease liabilities in the current liabilities and the non-current liabilities were US\$4,043,000 and US\$228,000 respectively.

8.2.7 The decrease in trade and other payables was mainly attributable to the write back of exploration and evaluation payables of US\$2,550,000 for SK331 PSC (see paragraph 8.1 above), and was partially offset by (i) accrual of plug and abandonment costs of US\$1,993,000 for TBA offshore field in Island PSC; and (ii) increase in trade creditors and other payables of Basin PSC.

8.2.8 The decrease in provisions was due to the decrease in decommissioning provisions and reclassification of termination liabilities of US\$171,000 for Basin and Island PSCs from non-current liabilities to current liabilities.

8.2.9 The increase in loan from non-controlling interest was due to cash call contribution of US\$3,101,000 for SK331 PSC from Tumbuh Tiasa Enterprises Sdn Bhd which holds 49% shareholding interest in RHP (Mukah) Pte Ltd.

8.2.10 Total loans and borrowings decreased due to repayment of advances of US\$3,273,000 to the related parties. As disclosed in the unaudited third quarter financial statements and dividend announcement for the period ended 30 September 2019 dated 7 November 2019, the Group has reclassified a further US\$1,000,000 from non-current loans and borrowings to current loans and borrowings in expectation of further repayment to the related parties in the fourth quarter of 2019. Related parties are companies in which two directors have a substantial interest.

### 8.3 Cash Flow

The Group recorded net cash flows from operating activities of US\$14,130,000 in FY2019 as compared to US\$5,283,000 in FY2018. The increase was mainly due to higher operating cash flows before changes in working capital as well as higher net working capital inflow.

Net cash flows used in investing activities was US\$12,304,000 in FY2019. This comprised mainly (i) cash call contribution for termination liabilities and decommissioning costs of US\$2,823,000 for Basin and Island PSCs (ii) well drillings, well workovers and other capital expenditure of US\$3,629,000 for Basin PSC and (iii) 2D seismic data acquisition and processing costs of US\$5,987,000 in SK331 PSC. These were offset by net proceeds from disposal of Mastique Investments Limited and its only subsidiary Kingworld Resources Limited (both indirect wholly owned subsidiaries of the Company) of US\$160,000.

Net cash flows used in financing activities of US\$4,732,000 in FY2019 consisted of (i) additional deposits pledged of US\$1,251,000 for cash collateral requirement placed with the issuing bank of the performance bonds in relation to the signing of new 20-year PSCs for the Basin and Island blocks; (ii) repayment of advances to related parties of US\$3,273,000 and (iii) payment of lease liabilities of US\$3,309,000 for the Basin PSC. These were offset by the loan from non-controlling interest (Tumbuh Tiasa Enterprises Sdn Bhd) for cash call contribution of US\$3,101,000 for the SK331 PSC.

Whilst the Group was in a negative working capital position as at 31 December 2019, 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 FY2019, the Group recorded positive operating cash flows of US\$14,130,000 and has cash and cash equivalents of US\$4,511,000 as at 31 December 2019. With no outstanding bank loan to service, the Group will be able to deploy its cash flow for its operational requirements and other areas.

As disclosed in Note 2 on page 53 of RH Petrogas Limited's (the "Company") Annual Report 2018, the Group had received a letter of financial support from a substantial shareholder to provide adequate funds to the Group till 30 June 2020 to meet the Group's working capital needs. Subsequent to year end, the Group had also received a letter of financial support from the Company's substantial shareholder to continue providing financial support to the Group up to 30 June 2021.

### 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The unaudited consolidated financial results of the Group for the FY2019 set out in this announcement are in line with the profit guidance announcement released by the Company on 19 February 2020 (Announcement Reference: SG200219OTHR8DKU).

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Brent crude oil prices averaged around US\$63 per barrel in the fourth quarter of 2019, a decline of 8.1% as compared to the same quarter last year, but a rebound of 2% from the preceding quarter. The price rebound in the fourth quarter was driven mainly by hopes that energy demand would benefit following a much anticipated trade deal between U.S. and China, along with the agreement among OPEC members and its allies to deepen their production cut.

Despite the year-end rebound, average oil price for the whole of 2019 was still approximately 10% lower than 2018's level. Short term outlook for the upstream oil and gas industry remains downbeat with OPEC and major financial institutions slashing their oil price and demand growth forecasts in light of the recent Covid-19 outbreak.

Against the challenging backdrop, the Group will continue to build up its operational efficiency and adopt a prudent approach to its capital expenditure. The Group is optimistic about its long-term prospects as it enters new 20-year PSC term for both its Salawati Basin and Island blocks this year.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend 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 and the reason(s) for the decision.**

No dividend has been proposed by the Board for the financial year ended 31 December 2019. The Group is conserving its cash towards funding the work programs of its assets and to grow its reserve and production base.

**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).**

Not required for full year results announcement.

**15. Confirmation of undertakings pursuant to Rule 720(1).**

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

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group only operates in oil and gas sector.

	<b>Oil &amp; Gas</b>	
	<b>2019</b>	<b>2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Revenue	65,144	61,918
EBITDAX *	10,839	11,082
(Loss)/Profit for the financial year	(1,286)	4,004
Total assets	42,056	42,752
Total capital expenditure	10,162	3,205
Depletion and amortisation of oil and gas properties	(7,938)	(4,479)
Depreciation of other plant and equipment	(19)	(28)
Depreciation of right-of-use assets	(4,328)	-
Foreign exchange loss, net	(1,327)	(1,850)
Gain on disposal of subsidiaries	5,601	-
Impairment loss on development expenditures	-	(73)
Impairment loss on exploration and evaluation assets	(3,958)	(114)
Interest expense on lease liabilities	(667)	-
Other plant and equipment written off	-	(418)
(Overlift expense)/Underlift income	(1,246)	454
Provision for plug and abandonment costs	(1,993)	-
Unwinding of discount on decommissioning provisions	(659)	(450)
Write back of/(Allowance for) doubtful trade receivables	875	(54)
Write back of exploration and evaluation payables	-	2,550

	<b>EBITDAX *</b>	
	<b>2019</b>	<b>2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit before tax	1,206	8,488
Depletion and amortisation of oil and gas properties	7,938	4,479
Depreciation of other plant and equipment	19	28
Gain on disposal of subsidiaries	(5,601)	-
Impairment loss on development expenditures	-	73
Impairment loss on exploration and evaluation assets	3,958	114
Interest expense on lease liabilities	667	-
Provision for plug and abandonment costs	1,993	-
Unwinding of discount on decommissioning provisions	659	450
Write back of exploration and evaluation payables	-	(2,550)
	<u>10,839</u>	<u>11,082</u>

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

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Paragraph 8.

**18. A breakdown of sales as follows:-**

	<b>Group</b>		<b>% Change</b>
	<b>2019</b>	<b>2018</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	
(a) Sales reported for first half year	29,372	27,837	6%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	24	1,802	(99%)
(c) Sales reported for second half year	35,772	34,081	5%
(d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(1,310)	2,202	N.M.

**19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

Total Annual Dividend

	Latest Full Year 2019	Previous Full Year 2018
(a) Ordinary	-	-
(b) Preference	-	-
(c) Total	-	-

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of RH Petrogas Limited (the "Company") confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries that is related to a director or chief executive officer or substantial shareholder of the Company.

**21. Interested Person Transactions ("IPT")**

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) <sup>(3)</sup>		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		FY2019 US\$'000	FY2018 US\$'000	FY2019 US\$'000	FY2018 US\$'000
RHP (Mukah) Pte. Ltd. <sup>(1)</sup> - Loans from RH Petrogas Investments Pte. Ltd.	An associate of the Company's Directors and Controlling Shareholders <sup>(1)</sup>	3,228	2,749	Not Applicable	Not Applicable

**Notes :**

<sup>(1)</sup> Loans provided by RH Petrogas Investments Pte. Ltd. ("RHPI"), a wholly owned subsidiary of the Company, to RHP (Mukah) Pte. Ltd. ("RHP (Mukah)") following the completion of the sale (the "Sale") by RHPI of 3,184,881 ordinary shares representing 49% of the entire issued share capital of RHP (Mukah), to Tumbuh Tiasa Enterprises Sdn. Bhd. ("TTE") on 24 September 2014 (which was announced by the Company on 24 September 2014 under SGXNET Announcement No. SG140924OTHRNNKS), pursuant to the shareholders' agreement between RHPI, TTE and RHP (Mukah), under which RHPI and TTE are to provide the funding required by RHP (Mukah) for the exploration and evaluation activities under the Production Sharing Contract in respect of Block SK331 to RHP (Mukah) in proportion to their equity interest in RHP (Mukah). Tan Sri Datuk Sir Tiong Hiew King<sup>(2)</sup>, a Controlling Shareholder, Dato' Sri Dr Tiong Ik King, a Director and Controlling Shareholder, Mr Tiong Kiong King, a Director, together with their family members, indirectly own the majority of the issued share capital of TTE.

<sup>(2)</sup> Retired as a Director and ceased to be the Executive Chairman of the Company at the conclusion of the Company's Annual General Meeting held on 26 April 2019.

<sup>(3)</sup> As announced on 7 October 2016 (SGXNET Announcement No. SG161007OTHR39JX), SGX-ST has granted its approval in a letter dated 4 October 2016, allowing the Company to determine the materiality of interested person transactions for the purposes of Rules 905 and 906 of the SGX-ST Listing Manual based on the Company's market capitalisation as at the previous financial year end, for so long as the Group's latest audited consolidated net tangible assets or the Group's latest audited consolidated net asset value remains negative.

**22. Details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.**

For FY2019, the Group incurred US\$3,629,000 for well drillings, well workovers, addition to production facilities and other capital expenditure in the Basin PSC. In SK331 PSC, the Group incurred US\$6,508,000 mainly for the new 2D seismic data acquisition and processing costs.

**23. An update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 6.3, including a summary of reserves and resources as set out in Appendix 7.5.**

The Company had appointed RPS Energy Consultants Limited ("RPS"), an independent reserve evaluator, to conduct the annual assessment of the oil and gas reserves and resources of the Company and its subsidiaries (the "Group") as of 1 January 2020. RPS had completed its independent summary qualified person reports of the Group in February 2020. Please refer to SGXNET Announcement No. SG200225OTHR7H3B dated 25 February 2020 for more details.

**BY ORDER OF THE BOARD**

Chang Cheng-Hsing Francis  
Group CEO & Executive Director

26 February 2020