

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited Second Quarter and Half Year Financial Statements and Dividend Announcement for the Financial Period Ended 30 June 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 (6 months ended)		
	30/6/2018	30/6/2017 (Restated)	%	30/6/2018	30/6/2017 (Restated)	%
	US\$'000	US\$'000	Change	US\$'000	US\$'000	Change
Revenue	9,501	8,578	11%	27,837	22,422	24%
Cost of sales	(7,294)	(7,288)	0%	(22,956)	(19,773)	16%
Gross profit	2,207	1,290	71%	4,881	2,649	84%
Other income	143	566	(75%)	263	572	(54%)
Administrative expenses	(1,250)	(830)	51%	(2,418)	(1,505)	61%
Other expenses	(1,727)	(621)	178%	(651)	(1,152)	(43%)
Finance costs	(131)	(302)	(57%)	(292)	(646)	(55%)
(Loss)/Profit before tax	(758)	103	N.M.	1,783	(82)	N.M.
Income tax (expense)/credit	(143)	850	N.M.	19	1,662	N.M.
(Loss)/Profit for the financial period	(901)	953	N.M.	1,802	1,580	14%
Attributable to:						
Owners of the Company	(872)	995	N.M.	1,862	1,690	10%
Non-controlling interests	(29)	(42)	(31%)	(60)	(110)	(45%)
	(901)	953	N.M.	1,802	1,580	14%
(Loss)/Earnings per share attributable to owners of the Company (cents per share)						
Basic	(0.12)	0.14	N.M.	0.25	0.23	9%
Diluted	(0.12)	0.14	N.M.	0.25	0.23	9%

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) (Loss)/Profit before tax is arrived after crediting/(charging) the following :

	Group (3 months ended)		Group (6 months ended)	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	US\$'000	US\$'000	US\$'000	US\$'000
Amortisation of upfront fee paid for loans granted	-	(56)	-	(113)
Depletion and amortisation of oil and gas properties	(1,597)	(1,940)	(3,177)	(4,342)
Depreciation of other plant and equipment	(25)	(62)	(36)	(101)
Foreign exchange (loss)/gain, net	(1,631)	445	(458)	370
Impairment loss on development expenditures	(6)	(485)	(10)	(799)
Interest expense on bank loans	-	(22)	-	(88)
Interest income from bank deposits	11	4	20	8
Net fair value gain on derivatives	-	1	-	2
Share-based payments	(22)	(9)	(35)	(29)
Unwinding of discount on decommissioning provisions	(131)	(281)	(292)	(558)

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

	Group (3 months ended)		Group (6 months ended)	
	30/6/2018	30/6/2017 (Restated)	30/6/2018	30/6/2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/Profit before tax	(758)	103	1,783	(82)
Depletion and amortisation of oil and gas properties	1,597	1,940	3,177	4,342
Depreciation of other plant and equipment	25	62	36	101
Impairment loss on development expenditures	6	485	10	799
Interest expense on bank loans	-	22	-	88
Unwinding of discount on decommissioning provisions	131	281	292	558
	<u>1,001</u>	<u>2,893</u>	<u>5,298</u>	<u>5,806</u>

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

	Group (3 months ended)		Group (6 months ended)	
	30/6/2018	30/6/2017 (Restated)	30/6/2018	30/6/2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/Profit for the financial period	(901)	953	1,802	1,580
Other comprehensive income :				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	2,208	(621)	710	(911)
Other comprehensive income	2,208	(621)	710	(911)
for the financial period, net of tax				
Total comprehensive income for the financial period	<u>1,307</u>	<u>332</u>	<u>2,512</u>	<u>669</u>
Attributable to:				
Owners of the Company	1,336	374	2,572	779
Non-controlling interests	(29)	(42)	(60)	(110)
	<u>1,307</u>	<u>332</u>	<u>2,512</u>	<u>669</u>

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

	Group		Company	
	30/6/2018	31/12/2017 (Restated)	30/6/2018	31/12/2017
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Oil and gas properties	9,204	11,649	-	-
Development expenditures	-	-	-	-
Other plant and equipment	437	432	16	25
Exploration and evaluation assets	2,536	2,536	-	-
Deferred tax assets	147	-	-	-
Amount due from subsidiaries	-	-	11,013	14,153
	12,324	14,617	11,029	14,178
Current Assets				
Inventories	640	796	-	-
Other current assets	33	37	25	29
Trade and other receivables	11,485	8,985	536	512
Cash and bank balances	12,049	14,058	3,244	1,217
	24,207	23,876	3,805	1,758
Current Liabilities				
Income tax payable	858	1,757	-	-
Trade and other payables	34,409	37,151	392	763
Loans and borrowings	2,000	2,000	2,000	2,000
	37,267	40,908	2,392	2,763
Net Current (Liabilities)/Assets	(13,060)	(17,032)	1,413	(1,005)
Non-Current Liabilities				
Provisions	2,487	2,378	-	-
Loan from non-controlling interest	10,156	10,083	-	-
Deferred tax liabilities	-	731	-	-
Loans and borrowings	14,537	14,856	11,786	12,057
	27,180	28,048	11,786	12,057
Net (Liabilities)/Assets	(27,916)	(30,463)	656	1,116
Equity attributable to owners of the Company				
Share capital	258,160	258,160	258,160	258,160
Reserves	(275,814)	(278,421)	(257,504)	(257,044)
	(17,654)	(20,261)	656	1,116
Non-controlling interest	(10,262)	(10,202)	-	-
Total (Deficit)/Equity	(27,916)	(30,463)	656	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	
	30/6/2018 US\$'000	31/12/2017 US\$'000	30/6/2018 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	14,537	14,856	11,786	12,057
	16,537	16,856	13,786	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	14,537	14,856	11,786	12,057
	14,537	14,856	11,786	12,057
Total loans and borrowings	16,537	16,856	13,786	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 (6 months ended)	
	30/6/2018	30/6/2017 (Restated)	30/6/2018	30/6/2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
(Loss)/Profit before tax	(758)	103	1,783	(82)
Adjustments for:				
Amortisation of upfront fee paid for loans granted	-	56	-	113
Depletion and amortisation of oil and gas properties	1,597	1,940	3,177	4,342
Depreciation of other plant and equipment	25	62	36	101
Impairment loss on development expenditures	6	485	10	799
Interest expense on bank loans	-	22	-	88
Interest income from bank deposits	(11)	(4)	(20)	(8)
Net fair value gain on derivatives	-	(1)	-	(2)
Share-based payments	22	9	35	29
Unrealised foreign exchange (gain)/loss	(527)	200	(246)	505
Unwinding of discount on decommissioning provisions	131	281	292	558
Operating cash flows before changes in working capital	485	3,153	5,067	6,443
Changes in working capital				
Decrease in inventories	337	141	151	152
(Increase)/Decrease in trade and other receivables	(2,086)	312	(2,392)	4,934
Decrease in trade and other payables	(2,312)	(903)	(1,428)	(1,124)
Cash flows (used in)/from operations	(3,576)	2,703	1,398	10,405
Income tax paid	(797)	(831)	(1,757)	(1,431)
Interest paid	-	(22)	-	(88)
Interest received	11	4	20	8
Net cash flows (used in)/from operating activities	(4,362)	1,854	(339)	8,894
Investing activities				
Additions to development expenditures	(6)	(480)	(10)	(799)
Additions to oil and gas properties	(997)	(566)	(1,334)	(666)
Cash call contributions for assets retirement obligations	(312)	(6)	(318)	(12)
Purchase of other plant and equipment	(37)	-	(41)	(1)
Net cash flows used in investing activities	(1,352)	(1,052)	(1,703)	(1,478)
Financing activities				
Decrease in charge over project accounts	-	2,060	-	2,060
Loan from non-controlling interest	29	62	74	126
Repayment of advances to related parties	(29)	(662)	(74)	(726)
Repayment of loans and borrowings	-	(2,746)	-	(6,166)
Net cash used in financing activities	-	(1,286)	-	(4,706)
Net (decrease)/increase in cash and cash equivalents	(5,714)	(484)	(2,042)	2,710
Effect of exchange rate changes on cash and cash equivalents	33	1	33	1
Cash and cash equivalents at beginning of the financial period	17,730	8,694	14,058	5,500
Cash and cash equivalents at end of the financial period	12,049	8,211	12,049	8,211

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

	Group (6 months ended)	
	30/6/2018	30/6/2017 (Restated)
	US\$'000	US\$'000
Cash and bank balances	12,049	8,918
Less:		
Charge over project accounts	-	(707)
Cash and cash equivalents	12,049	8,211

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)	-	-	-	448	-	-	448	(68)	380
Effect of adoption of SFRS(I) 15	-	-	-	247	-	-	247	-	247
Profit for the financial period (restated)	-	-	-	695	-	-	695	(68)	627
Other comprehensive income for the financial period	-	-	(290)	-	-	-	(290)	-	(290)
Total comprehensive income for the financial period (restated)	-	-	(290)	695	-	-	405	(68)	337
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	20	20	-	20
- Expiry of employee share options	-	-	-	62	-	(62)	-	-	-
At 31 March 2017 (restated)	258,160	2,886	1,600	(290,321)	795	968	(284,072)	(9,825)	(35,737)
Profit for the financial period (as previously reported)	-	-	-	1,708	-	-	1,708	(42)	1,666
Effect of adoption of SFRS(I) 15	-	-	-	(713)	-	-	(713)	-	(713)
Profit for the financial period (restated)	-	-	-	995	-	-	995	(42)	953
Other comprehensive income for the financial period	-	-	(621)	-	-	-	(621)	-	(621)
Total comprehensive income for the financial period (restated)	-	-	(621)	995	-	-	374	(42)	332
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	9	9	-	9
At 30 June 2017 (restated)	258,160	2,886	979	(289,326)	795	977	(283,689)	(9,867)	(35,396)

	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	-	-	-	2,734	-	-	2,734	(31)	2,703
Other comprehensive income for the financial period	-	-	(1,498)	-	-	-	(1,498)	-	(1,498)
Total comprehensive income for the financial period	-	-	(1,498)	2,734	-	-	1,236	(31)	1,205
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	13	13	-	13
- Expiry of employee share options	-	-	-	415	-	(415)	-	-	-
At 31 March 2018	258,160	2,886	(2,067)	(279,334)	795	548	(277,172)	(10,233)	(29,245)
Loss for the financial period	-	-	-	(872)	-	-	(872)	(29)	(901)
Other comprehensive income for the financial period	-	-	2,208	-	-	-	2,208	-	2,208
Total comprehensive income for the financial period	-	-	2,208	(872)	-	-	1,336	(29)	1,307
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	22	22	-	22
At 30 June 2018	258,160	2,886	141	(280,206)	795	570	(275,814)	(10,262)	(27,916)

	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	-	-	(624)	-	(624)	(624)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	20	20	20
- Expiry of employee share options	-	-	62	(62)	-	-
At 31 March 2017	258,160	2,886	(257,160)	968	(253,306)	4,854
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(445)	-	(445)	(445)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	9	9	9
At 30 June 2017	258,160	2,886	(257,605)	977	(253,742)	4,418
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	-	-	(562)	-	(562)	(562)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	13	13	13
- Expiry of employee share options	-	-	415	(415)	-	-
At 31 March 2018	258,160	2,886	(261,027)	548	(257,593)	567
Loss for the financial period, representing total comprehensive income for the financial period	-	-	67	-	67	67
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	22	22	22
At 30 June 2018	258,160	2,886	(260,960)	570	(257,504)	656

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE OPTIONS

There were no options granted in the second quarter period ended 30 June 2018 (second quarter period ended 30 June 2017: Nil) pursuant to the RHP Share Option Scheme 2011.

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

Date of grant of options	Exercise price per share	Balance as at 01.04.2018	Granted during the financial period	Exercised during the financial period	Cancelled/ lapsed during the financial period	Number of options outstanding as at 30.06.2018	Number of options outstanding as at 30.06.2017	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
		6,636,700	-	-	-	6,636,700	6,891,700	

PERFORMANCE SHARE PLAN

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

There were no shares held as treasury shares by the Company and no subsidiary holdings, as at 30 June 2018 (as at 30 June 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 June 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 2Q 2017 and FY 2017 have been restated as a result of the above restatement.

<u>Consolidated Income Statements</u>	Group		Group	
	30/6/2017 (3 months) (as restated)	30/6/2017 (3 months) (as previously reported)	30/6/2017 (6 months) (as restated)	30/6/2017 (6 months) (as previously reported)
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	8,578	14,109	22,422	26,739
Cost of sales	(7,288)	(12,106)	(19,773)	(23,624)
Gross profit	1,290	2,003	2,649	3,115
Profit/(Loss) before tax	103	816	(82)	384
Profit for the financial period	953	1,666	1,580	2,046
Profit attributable to owners of the parent	995	1,708	1,690	2,156
Earnings per share attributable to owners of the Company (cents per share)				
Basic	0.14	0.23	0.23	0.29
Diluted	0.14	0.23	0.23	0.29

Consolidated Statement of Comprehensive Income

Total comprehensive income for the financial period	332	1,045	669	1,135
Total comprehensive income for the financial period attributable to owners of the Company	374	1,087	779	1,245

<u>Consolidated Statement of Financial Position</u>	Group	
	31/12/2017 (as restated)	31/12/2017 (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	
	30/6/2018 (3 months)	30/6/2017 (3 months) (Restated)	30/6/2018 (6 months)	30/6/2017 (6 months) (Restated)
	Cents	Cents	Cents	Cents
(Loss)/Earnings per ordinary share for the financial period based on net (loss)/profit attributable to owners of the Company				
(i) Based on the weighted average number of ordinary shares on issue; and	(0.12)	0.14	0.25	0.23
(ii) On a fully diluted basis	(0.12)	0.14	0.25	0.23

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

Diluted (loss)/earnings per share are calculated by dividing (loss)/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	
	30/6/2018 (3 months)	30/6/2017 (3 months)	30/6/2018 (6 months)	30/6/2017 (6 months)
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	734,277,400	734,277,400	734,277,400	734,277,400
Effects of dilution:				
- Share options	244,865	-	294,473	44,024
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	734,522,265	734,277,400	734,571,873	734,321,424

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

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

	Group		Company	
	30/6/2018	31/12/2017 (Restated)	30/6/2018	31/12/2017
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	(2.40)	(2.76)	0.09	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\$9,501,000 for the second quarter ended 30 June 2018 ("2Q 2018"), a 11% increase as compared to the revenue of US\$8,578,000 recorded in the second quarter ended 30 June 2017 ("2Q 2017"). The increase in revenue is mainly due to a 46% increase in the average realised oil price for the period from US\$50 per barrel in 2Q 2017 to US\$73 per barrel in 2Q 2018, partially offset by lower volume of crude oil lifted during 2Q 2018 as compared to 2Q 2017 at Basin production sharing contracts ("PSC").

The cost of sales remains relatively unchanged in 2Q 2018 as compared to 2Q 2017. Though the cost of production is higher in 2Q 2018 as compared to 2Q 2017, this is offset by the recognition of deferred expenses as a result of under-lifting in 2Q 2018 following the adoption of SFRS(I) 15 in Basin and Island PSCs, as well as the lower depletion and amortisation of oil and gas properties.

In line with the higher revenue, the gross profit has increased from US\$1,290,000 in 2Q 2017 to US\$2,207,000 in 2Q 2018.

Other income for 2Q 2018 has decreased by 75% as compared to that of 2Q 2017 mainly due to the absence of foreign exchange gain of US\$445,000 which was recorded in 2Q 2017, and partially offset by the increase in head office overhead charged to partners in Basin PSC.

Administrative expenses for 2Q 2018 have increased by 51% as compared to 2Q 2017 mainly due to the increase in staff costs, and recognition of administrative expenses arising from Fuyu 1 PSC.

The increase in other expenses for 2Q 2018 as compared to 2Q 2017 is mainly due to foreign exchange loss of US\$1,631,000. This is partially offset by a decrease in bank charges and a lower impairment loss on development expenditure for Fuyu 1 PSC.

Finance costs for 2Q 2018 are lower than that for 2Q 2017 mainly due to the decrease in unwinding of discount on decommissioning provisions and the absence of interest expense as a result of the full repayment of bank loans on 30 June 2017.

The income tax expense mainly comprises of the Group's share of the Basin PSC tax expense of US\$477,000, and partially offset by derecognition of deferred tax liabilities of US\$334,000 as a result of depletion and amortisation of oil and gas properties for Basin PSC in 2Q 2018.

As a result of the above, the Group recorded a net loss of US\$901,000 and EBITDAX (see paragraph 1(a)(iii)) of US\$1,001,000 for 2Q 2018 as compared to net profit of US\$953,000 and EBITDAX of US\$2,893,000 for 2Q 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\$147,000 as at 30 June 2018 mainly due to differences in depreciation for tax purposes.

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

8.2.4 The increase in trade and other receivables is mainly due to the increase in other joint venture receivables and the recognition of the deferred expenses of US\$1,422,000 as a result of under-lifting following the adoption of SFRS(I) 15 (see paragraph 8.1 above), and partially offset by the decrease in trade receivables in Basin and Island PSCs. Included in trade and other receivables is the sale and lifting of crude oil of US\$4,488,000 from the Basin PSC and Island PSC in June 2018 with the proceeds received in July 2018.

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

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

8.2.7 The increase in loan from non-controlling interest is due to cash call contribution of US\$74,000 for SK331 PSC from Tumbuh Tiasa Enterprises Sdn Bhd which holds 49% shareholding interest in RHP (Mukah) Pte Ltd.

8.2.8 Loan and borrowings in the non-current liabilities have decreased mainly due to the unrealised foreign exchange gain.

8.3 Cash Flow

The Group recorded net operating cash outflows of US\$4,362,000 in 2Q 2018 as compared to net operating cash inflows of US\$1,854,000 in 2Q 2017. The decline is mainly attributable to the increase in trade and other receivables and decrease in trade and other payables for Basin PSC and Island PSC.

Net cash used in investing activities was US\$1,352,000 in 2Q 2018. This comprised mainly decommissioning costs, well workovers and other capital expenditure for Basin PSC.

The net cash in financing activities in 2Q 2018 is nil as the Group had fully repaid the bank loans on 30 June 2017.

Whilst the Group is in a negative working capital position as at 30 June 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. As at 30 June 2018, the Group has cash and bank balance of US\$12,049,000. 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.

Oil prices improved in the second quarter of the year, with Brent increasing 11% from the previous quarter to average around US\$74.50 per barrel. The relatively strong oil prices were underpinned by healthy demand and supply uncertainties arising from geopolitical events and supply disruptions in several key oil producing countries.

However, sustained oil production increase from the United States and the prospect of the existing production cuts led by OPEC and Russia being partially lifted has affected the oil market sentiment towards the later part of the quarter. The escalating trade disputes between the United States and its key trading partners heighten market risk and uncertainties further considering its potential impact on global economic growth and energy demand.

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

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

(a) Whether an interim (final) ordinary has been declared (recommended); and

None.

(b) (i) Amount per share in cents.

Not applicable.

(ii) Previous corresponding period in cents.

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the quarter period ended 30 June 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 second quarter financial results for the financial period ended 30 June 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

7 August 2018