

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited First Quarter Financial Statements and Dividend Announcement for the Financial Period Ended 31 March 2020

RH Petrogas Limited (the "Company") is required by the Singapore Exchange Securities Trading Limited ("SGX-ST") to announce these unaudited financial statements pursuant to Rule 705(2)(e) of the Listing Manual of the SGX-ST.

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		
	31 Mar 2020	31 Mar 2019	%
	(3 months)	(3 months)	Change
	US\$'000	US\$'000	
Revenue	13,330	13,150	1.4%
Cost of sales	(11,997)	(11,409)	5.2%
Gross profit	1,333	1,741	(23.4%)
Other income	576	1,060	(45.7%)
Administrative expenses	(929)	(1,375)	(32.4%)
Other expenses	(139)	(120)	15.8%
Finance costs	(426)	(439)	(3.0%)
Profit before tax	415	867	(52.1%)
Income tax credit/(expense)	137	(533)	N.M.
Profit for the financial period	552	334	65.3%
Attributable to:			
Owners of the Company	593	382	55.2%
Non-controlling interests	(41)	(48)	(14.6%)
	552	334	65.3%
Earnings per share attributable to owners of the Company (cents per share)			
Basic	0.08	0.05	60.0%
Diluted	0.08	0.05	60.0%

N.M. : not meaningful

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

	Group	
	31 Mar 2020	31 Mar 2019
	(3 months)	(3 months)
	US\$'000	US\$'000
Depletion and amortisation of oil and gas properties	(2,505)	(2,107)
Depreciation of other plant and equipment	(3)	(6)
Depreciation of right-of-use assets	(1,159)	(1,652)
Foreign exchange gain, net	434	849
Impairment loss on exploration and evaluation assets	(34)	(24)
Interest expense on lease liabilities	(107)	(264)
Interest income from bank deposits	32	23
Share-based payments	(22)	(22)
Unwinding of discount on decommissioning provisions	(318)	(174)

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

	Group	
	31 Mar 2020	31 Mar 2019
	(3 months)	(3 months)
	US\$'000	US\$'000
Profit before tax	415	867
Depletion and amortisation of oil and gas properties	2,505	2,107
Depreciation of other plant and equipment	3	6
Impairment loss on exploration and evaluation assets	34	24
Interest expense on lease liabilities	107	264
Unwinding of discount on decommissioning provisions	318	174
	3,382	3,442

1(a)(iii) Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2020

	Group	
	31 Mar 2020	31 Mar 2019
	(3 months)	(3 months)
	US\$'000	US\$'000
Profit for the financial period	552	334
Other comprehensive income :		
<u>Item that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation	-	(1,028)
Other comprehensive income		
for the financial period, net of tax	-	(1,028)
Total comprehensive income for the financial period	552	(694)
Attributable to:		
Owners of the Company	593	(646)
Non-controlling interests	(41)	(48)
	552	(694)

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 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Oil and gas properties	4,689	7,291	-	-
Other plant and equipment	26	29	23	26
Right-of-use assets	2,622	3,734	185	217
Cash and bank balances	2,873	2,560	-	-
Amounts due from subsidiaries	-	-	3,354	6,740
Other non-current assets	2,741	2,741	-	-
	12,951	16,355	3,562	6,983
Current assets				
Inventories	700	745	-	-
Other current assets	55	76	46	28
Trade and other receivables	7,697	15,369	480	578
Cash and bank balances	15,278	9,511	5,763	536
	23,730	25,701	6,289	1,142
Current liabilities				
Income tax payable	2,663	2,443	-	-
Provisions	213	171	-	-
Lease liabilities	3,276	4,043	116	123
Trade and other payables	29,124	33,226	773	939
Loans and borrowings	240	482	240	482
	35,516	40,365	1,129	1,544
Net current (liabilities)/assets	(11,786)	(14,664)	5,160	(402)
Non-current liabilities				
Provisions	604	725	26	27
Loan from non-controlling interest	13,559	15,825	-	-
Deferred tax liabilities	67	774	-	-
Lease liabilities	129	228	54	91
Loans and borrowings	12,238	10,145	9,823	7,731
	26,597	27,697	9,903	7,849
Net liabilities	(25,432)	(26,006)	(1,181)	(1,268)
Equity attributable to owners of the Company				
Share capital	258,160	258,160	258,160	258,160
Reserves	(270,331)	(270,946)	(259,341)	(259,428)
	(12,171)	(12,786)	(1,181)	(1,268)
Non-controlling interests	(13,261)	(13,220)	-	-
Total deficit	(25,432)	(26,006)	(1,181)	(1,268)

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 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Unsecured				
Amount repayable in one year or less, or on demand	240	482	240	482
Amount repayable after one year	12,238	10,145	9,823	7,731
	12,478	10,627	10,063	8,213
Total				
Amount repayable in one year or less, or on demand				
Loans from related parties	240	482	240	482
	240	482	240	482
Amount repayable after one year, comprising				
Loans from related parties	12,238	10,145	9,823	7,731
	12,238	10,145	9,823	7,731
Total loans and borrowings	12,478	10,627	10,063	8,213

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	
	31 Mar 2020 (3 months) US\$'000	31 Mar 2019 (3 months) US\$'000
Operating activities		
Profit before tax	415	867
Adjustments for:		
Depletion and amortisation of oil and gas properties	2,505	2,107
Depreciation of other plant and equipment	3	6
Depreciation of right-of-use assets	1,159	1,652
Impairment loss on exploration and evaluation assets	34	24
Interest expense on lease liabilities	107	264
Interest income from bank deposits	(32)	(23)
Share-based payments	22	22
Unrealised foreign exchange (gain)/loss	(625)	123
Unwinding of discount on decommissioning provisions	318	174
Operating cash flows before changes in working capital	3,906	5,216
Changes in working capital		
Decrease in inventories	45	52
Decrease in trade and other receivables	7,693	2,542
Decrease in trade and other payables	(3,982)	(6,416)
Cash flows from operations	7,662	1,394
Income tax paid	(350)	(570)
Interest received	32	23
Net cash flows from operating activities	7,344	847
Investing activities		
Additions to exploration and evaluation assets	(34)	(24)
Additions to oil and gas properties	(206)	(486)
Cash call contributions for termination liabilities and decommissioning provisions	(736)	-
Purchase of other plant and equipment	-	(2)
Net cash flows used in investing activities	(976)	(512)
Financing activities		
Decrease/(Increase) in deposits pledged	4,687	(313)
(Repayment to)/Loan from non-controlling interest	(2,266)	63
Payment of lease liabilities	(288)	(260)
Loan from/(Repayment of advances to) related parties	2,266	(63)
Net cash flows from/(used in) financing activities	4,399	(573)
Net increase/(decrease) in cash and cash equivalents	10,767	(238)
Effect of exchange rate changes on cash and cash equivalents	-	3
Cash and cash equivalents at beginning of the financial period	4,511	7,420
Cash and cash equivalents at end of the financial period	15,278	7,185

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

	Group	
	31 Mar 2020 (3 months) US\$'000	31 Mar 2019 (3 months) US\$'000
Cash and bank balances	18,151	13,806
Less:		
Short-term deposits pledged	-	(5,000)
Long-term deposits pledged	(2,873)	(1,621)
Cash and cash equivalents	15,278	7,185

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
Group									
At 1 January 2019	258,160	2,886	1,694	(278,315)	1,764	596	(271,375)	(9,817)	(23,032)
Profit/(Loss) for the financial period	-	-	-	382	-	-	382	(48)	334
Other comprehensive income for the financial period	-	-	(1,028)	-	-	-	(1,028)	-	(1,028)
Total comprehensive income for the financial period	-	-	(1,028)	382	-	-	(646)	(48)	(694)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	22	22	-	22
- Expiry of employee share options	-	-	-	174	-	(174)	-	-	-
At 31 March 2019	258,160	2,886	666	(277,759)	1,764	444	(271,999)	(9,865)	(23,704)
At 1 January 2020	258,160	2,886	(90)	(276,065)	1,764	559	(270,946)	(13,220)	(26,006)
Profit/(Loss) for the financial period	-	-	-	593	-	-	593	(41)	552
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	593	-	-	593	(41)	552
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	22	22	-	22
- Expiry of employee share options	-	-	-	-	-	-	-	-	-
At 31 March 2020	258,160	2,886	(90)	(275,472)	1,764	581	(270,331)	(13,261)	(25,432)

	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
Company						
At 1 January 2019	258,160	2,886	(261,455)	596	(257,973)	187
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(464)	-	(464)	(464)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	22	22	22
- Expiry of employee share options	-	-	174	(174)	-	-
At 31 March 2019	258,160	2,886	(261,745)	444	(258,415)	(255)
At 1 January 2020	258,160	2,886	(262,873)	559	(259,428)	(1,268)
Profit for the financial period, representing total comprehensive income for the financial period	-	-	65	-	65	65
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	22	22	22
- Expiry of employee share options	-	-	-	-	-	-
At 31 March 2020	258,160	2,886	(262,808)	581	(259,341)	(1,181)

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

During the first quarter period ended 31 March 2020, 2,560,000 options (first quarter period ended 31 March 2019: 3,060,000 options) were granted under the RHP Share Option Scheme 2011. These options are exercisable after the second anniversary of the grant date and expire on the fifth anniversary of such grant date.

The unissued shares of the Company under option as at 31 March 2020 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.01.2020	Granted during the financial period	Exercised during the financial period	Cancelled/ lapsed during the financial period	Number of options outstanding as at 31.03.2020	Number of options outstanding as at 31.03.2019	Exercise period
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	3,060,000	06.03.2021 to 04.03.2024
06.03.2020	S\$0.023	-	2,560,000	-	-	2,560,000	-	07.03.2022 to 05.03.2025
		8,970,000	2,560,000	-	(2,540,000)	8,990,000	8,970,000	

PERFORMANCE SHARE PLAN

There were no shares awarded in the first quarter period ended 31 March 2020 (first quarter period ended 31 March 2019: 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 first quarter period ended 31 March 2020 (first quarter period ended 31 March 2019: Nil).

There were no shares held as treasury shares by the Company and no subsidiary holdings, as at 31 March 2020 (as at 31 March 2019: 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 March 2020 was 734,277,400 (31 December 2019: 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 2019 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 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted applicable Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for the financial years beginning on or after 1 January 2020.

The adoption of the new/revised SFRS(I) did not result in any material impact on the Group's results.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group	
	31 Mar 2020	31 Mar 2019
	(3 months)	(3 months)
	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	0.08	0.05
(ii) On a fully diluted basis	0.08	0.05

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 March 2019: 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	
	31 Mar 2020	31 Mar 2019
	(3 months)	(3 months)
Weighted average number of ordinary shares for basic earnings per share computation	734,277,400	734,277,400
Effects of dilution:		
- Share options	222,798	224,211
Weighted average number of ordinary shares for diluted earnings per share computation	734,500,198	734,501,611

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 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	(1.66)	(1.74)	(0.16)	(0.17)

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

8.1.1 The Group recorded revenue of US\$13,330,000 for the first quarter period ended 31 March 2020 ("1Q 2020"), a marginal increase of 1.4% as compared to the US\$13,150,000 recorded in the first quarter period ended 31 March 2019 ("1Q 2019"). The increase in revenue was attributable to higher lifting of crude oil in the Basin production sharing contract ("PSC") in 1Q 2020 as compared to 1Q 2019, despite a 14% decrease in the average realised oil price for the period from US\$63 per barrel in 1Q 2019 to US\$54 per barrel in 1Q 2020.

8.1.2 The cost of sales increased by 5.2% in 1Q 2020 as compared to 1Q 2019 mainly due to higher depletion and amortisation of oil and gas properties in the Basin PSC. Included in the cost of sales was depreciation expense on right-of-use assets of US\$1,126,000 for 1Q 2020 (1Q 2019 : US\$1,619,000).

8.1.3 As a result of the higher cost of sales and partially offset by the increase in revenue, the gross profit decreased by 23.4% from US\$1,741,000 in 1Q 2019 to US\$1,333,000 in 1Q 2020.

8.1.4 Other income decreased from US\$1,060,000 in 1Q 2019 to US\$576,000 in 1Q 2020 mainly due to lower foreign exchange gain.

8.1.5 Administrative expenses for 1Q 2020 decreased by 32.4% to US\$929,000 as compared to 1Q 2019 due mainly to the absence of administrative expenses related to Kingworld Resources Ltd ("KRL") which was recorded in 1Q 2019. Mastique Investments Ltd, together with its wholly-owned subsidiary KRL ceased to be members of the Group following the completion of its disposal 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.

8.1.6 The increase in other expenses for 1Q 2020 was mainly due to higher impairment loss on exploration and evaluation assets for the SK331 PSC and the increase in other miscellaneous expenses.

8.1.7 Finance costs for 1Q 2020 were lower as compared to 1Q 2019 due to a lower interest expense on lease liabilities for the Basin PSC, partially offset by the increase in unwinding of discount on decommissioning provisions for both Basin and Island PSCs.

8.1.8 The income tax credit of US\$137,000 in 1Q 2020 arose from the derecognition of deferred tax liabilities of US\$707,000 as a result of depletion and amortisation of oil and gas properties, partially offset by the Group's share of the Basin and Island PSCs income tax expense of US\$570,000.

8.1.9 As a result of the above, the Group recorded a net profit of US\$552,000 and EBITDAX (see paragraph 1(a)(ii)) of US\$3,382,000 for 1Q 2020 as compared to net profit of US\$334,000 and EBITDAX of US\$3,442,000 for 1Q 2019.

8.2 Balance Sheet

8.2.1 The decrease in oil and gas properties was mainly due to depletion and amortisation for the Basin PSC in 1Q 2020. The oil and gas properties in relation to Basin PSC will be fully depreciated by 15 October 2020 in accordance with expiration of the Basin PSC on that date.

8.2.2 The right-of-use ("ROU") assets were mainly related to the leases of office and warehouse, motor vehicles, plant and machinery and other equipment for the Basin PSC. The decrease in the ROU assets was due to depreciation of ROU assets in 1Q 2020.

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 decrease in trade and other receivables was mainly due to collection of the sale proceeds in January 2020 from the sale and lifting of crude oil completed in December 2019 for both Basin and Island PSCs, partially offset by an increase in the Group's share of joint venture receivables. Included in trade and other receivables was the sale and lifting of crude oil of US\$2,536,000 from Basin and Island PSCs in March 2020 with the proceeds received in April 2020.

8.2.6 The Group recognised lease liabilities in both current liabilities and the non-current liabilities with the adoption of SFRS(I) 16 with effective from 1 January 2019. The decrease in lease liabilities in the current liabilities was due to the payment of lease liabilities in 1Q 2020 and partially offset by the reclassification of the lease liabilities from the non-current liabilities to current liabilities.

8.2.7 The decrease in trade and other payables was mainly attributable to the decrease in trade creditors and other payables of Basin PSC and SK331 PSC.

8.2.8 The increase in provisions in the current liabilities was due to an increase in termination liabilities for Island PSC. The decrease in provisions in the non-current liabilities was mainly due to the decrease in decommissioning provisions in the Island PSC.

8.2.9 The decrease in loan from non-controlling interest was due to the refund to Tumbuh Tiasa Enterprises Sdn Bhd ("TTE") of its 49% share of bank deposits pledged as collateral for the issuance of the bank guarantees to PETRONAS ("SK331 BG") together with the accumulated interest on such deposits totalling US\$2,494,000 and partially offset by its portion of cash call contribution of US\$228,000 for SK331 PSC. TTE holds a 49% shareholding interest in RHP (Mukah) Pte Ltd.

8.2.10 Total loans and borrowings increased due to the receipt of net advances of US\$2,266,000 from the related parties, partially offset by unrealised foreign exchange gain. Related parties are companies in which two directors have a substantial interest.

8.3 Cash Flow

8.3.1 The Group recorded net cash flows from operating activities of US\$7,344,000 in 1Q 2020 as compared to US\$847,000 in 1Q 2019. The increase was mainly due to higher net working capital inflow, partially offset by lower operating cash flows before changes in working capital.

8.3.2 Net cash flows used in investing activities was US\$976,000 in 1Q 2020. This comprised mainly (i) cash call contribution for termination liabilities and decommissioning costs of US\$736,000 for Basin and Island PSCs; and (ii) well workovers and other capital expenditure of US\$206,000 for Basin PSC.

8.3.3 Net cash flow from financing activities of US\$4,399,000 in 1Q 2020 consist of (i) the refund of US\$5,000,000 in March 2020 of bank deposits pledged as collateral for the SK331 BG following the full discharge of such bank guarantees by PETRONAS; (ii) the receipt of net advances of US\$2,266,000 from related parties; and (iii) cash call contribution of US\$228,000 from TTE (non-controlling interest) for the SK331 PSC. These were partially offset by (i) repayment of US\$2,494,000 to TTE for its 49% share of the refund of bank deposits pledged for the SK331 BG together with the accumulated interest; (ii) additional deposits of US\$313,000 pledged as collateral with the issuing bank of the performance bonds in relation to the new 20-year PSCs for the Basin and Island blocks; and (iii) payment of lease liabilities of US\$288,000 for the Company and the Basin PSC.

8.3.4 Whilst the Group was in a negative working capital position as at 31 March 2020, 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 1Q 2020, the Group recorded positive operating cash flows of US\$7,344,000 and has cash and cash equivalents of US\$15,278,000 as at 31 March 2020. With no outstanding bank loan to service, the Group will be able to deploy its cash flow for its operational requirements and other areas.

8.3.5 As disclosed in Note 2 on page 54 of RH Petrogas Limited's (the "Company") Annual Report 2019, the Group had received a letter of financial support from a substantial shareholder to provide adequate funds to the Group till 30 June 2021 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.

Brent crude oil prices averaged around US\$50 per barrel in the first quarter of 2020, a decline of approximately 20% as compared to both the preceding quarter and the corresponding quarter in 2019. Oil prices traded sharply lower in March, triggered by the price-volume war between Saudi Arabia and Russia at a time when energy demand was plummeting as nations grappled with the worsening COVID-19 pandemic. The OPEC+ alliance's subsequent agreement on 12 April 2020 to cut oil production by a record amount of almost 10 million barrels per day failed to assuage the markets which deemed the cut insufficient to address the dented energy demand in the face of lockdown and movement control measures implemented across many countries across the world. The situation was further exacerbated by mounting concerns over the dwindling global storage capacities to store the excess oil supplies, which saw oil prices hovering at their lowest level in more than 20 years in the second half of April 2020.

The COVID-19 pandemic has created one of the most volatile periods in history for the upstream oil and gas industry with unprecedented challenges. The outlook for the Industry has clearly turned weaker with International Monetary Fund (IMF), International Energy Agency (IEA) and OPEC slashing their recent oil price and demand forecasts for 2020.

In view of the COVID-19 and OPEC+ actions, there remains significant demand and supply uncertainties for oil and accordingly, the medium and long-term oil price outlook remain uncertain. The Group will continue to monitor the situation closely and to review its price assumptions used for impairment assessment of its assets when there is more clarity on the market development.

Against this very challenging environment, the Group's financial conditions, as with most of its peers in the upstream oil industry, will be adversely impacted. The Group will strive to conserve its cash reserves and continue to exercise financial prudence and discipline in its spending during this difficult period. These include deferring all discretionary and non-essential capital expenditures for rest of the year, as well as implementing drastic cost reduction and optimisation programmes across its operations. In the meantime, the Board wishes to advise shareholders of the Company and investors to exercise caution when dealing in the shares of the Company.

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 first quarter period ended 31 March 2020. 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).

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 first quarter financial results for the financial period ended 31 March 2020 to be false or misleading in any material aspect.

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).

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director

8 May 2020