RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited First Quarter Financial Statements and Dividend Announcement for the Financial Period Ended 31 March 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		
	31/3/2018 (3 months)	**31/3/2017 (3 months) (Restated)**	**%**
	US$'000	**US$'000**	**Change**
Revenue	18,337	13,844	32%
Cost of sales	(15,662)	(12,485)	25%
Gross profit	**2,675**	**1,359**	**97%**
Other income	1,293	81	N.M.
Administrative expenses	(1,168)	(675)	73%
Other expenses	(98)	(606)	(84%)
Finance costs	(161)	(344)	(53%)
Profit/(Loss) before tax	**2,541**	**(185)**	**N.M.**
Income tax credit	162	812	(80%)
Profit for the financial period	**2,703**	**627**	**N.M.**
Attributable to:			
Owners of the Company	2,734	695	N.M.
Non-controlling interests	(31)	(68)	(54%)
	2,703	**627**	**N.M.**
Earnings per share attributable to owners of the Company (cents per share)			
Basic	0.37	0.09	N.M.
Diluted	0.37	0.09	N.M.

N.M. : not meaningful

Notes :

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

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

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

	Group	
	31/3/2018 (3 months)	**31/3/2017 (3 months)**
	US$'000	**US$'000**
Amortisation of upfront fee paid for loans granted	-	(57)
Depletion and amortisation of oil and gas properties	(1,580)	(2,402)
Depreciation of other plant and equipment	(11)	(39)
Foreign exchange gain/(loss), net	1,173	(75)
Impairment loss on development expenditures	(4)	(314)
Interest expense on bank loans	-	(66)
Interest income from bank deposits	9	4
Net fair value gain on derivatives	-	1
Share-based payments	(13)	(20)
Unwinding of discount on decommissioning provisions	(161)	(277)

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

	Group	
	31/3/2018 (3 months)	**31/3/2017 (3 months) (Restated)**
	US$'000	**US$'000**
Profit/(Loss) before tax	2,541	(185)
Depletion and amortisation of oil and gas properties	1,580	2,402
Depreciation of other plant and equipment	11	39
Impairment loss on development expenditures	4	314
Interest expense on bank loans	-	66
Unwinding of discount on decommissioning provisions	161	277
	4,297	2,913

1(a)(iii) Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2018

	Group	
	31/3/2018 (3 months)	**31/3/2017 (3 months) (Restated)**
	US$'000	**US$'000**
Profit for the financial period	2,703	627
Other comprehensive income :		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(1,498)	(290)
Other comprehensive income for the financial period, net of tax	**(1,498)**	**(290)**
Total comprehensive income for the financial period	**1,205**	**337**
Attributable to:		
Owners of the Company	1,236	405
Non-controlling interests	(31)	(68)
	1,205	**337**

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	
	31/3/2018	31/12/2017 (Restated)	31/3/2018	31/12/2017
	US$'000	US$'000	US$'000	US$'000
Non-Current Assets				
Oil and gas properties	9,922	11,649	-	-
Development expenditures	-	-	-	-
Other plant and equipment	444	432	22	25
Exploration and evaluation assets	2,536	2,536	-	-
Amount due from subsidiaries	-	-	13,602	14,153
	12,902	**14,617**	**13,624**	**14,178**
Current Assets				
Inventories	990	796	-	-
Other current assets	56	37	48	29
Trade and other receivables	9,316	8,985	475	512
Cash and bank balances	17,730	14,058	1,320	1,217
	28,092	**23,876**	**1,843**	**1,758**
Current Liabilities				
Income tax payable	1,178	1,757	-	-
Trade and other payables	39,055	37,151	707	763
Derivatives	-	-	-	-
Loans and borrowings	2,000	2,000	2,000	2,000
	42,233	**40,908**	**2,707**	**2,763**
Net Current Liabilities	**(14,141)**	**(17,032)**	**(864)**	**(1,005)**
Non-Current Liabilities				
Provisions	2,598	2,378	-	-
Loan from non-controlling interest	10,128	10,083	-	-
Deferred tax liabilities	187	731	-	-
Loans and borrowings	15,093	14,856	12,193	12,057
	28,006	**28,048**	**12,193**	**12,057**
Net (Liabilities)/Assets	**(29,245)**	**(30,463)**	**567**	**1,116**
Equity attributable to owners of the Company				
Share capital	258,160	258,160	258,160	258,160
Reserves	(277,172)	(278,421)	(257,593)	(257,044)
	(19,012)	(20,261)	567	1,116
Non-controlling interest	(10,233)	(10,202)	-	-
Total (Deficit)/Equity	**(29,245)**	**(30,463)**	**567**	**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	
	31/3/2018	**31/12/2017**	**31/3/2018**	**31/12/2017**
	US$'000	**US$'000**	**US$'000**	**US$'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	15,093	14,856	12,193	12,057
	17,093	**16,856**	**14,193**	**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	15,093	14,856	12,193	12,057
	15,093	**14,856**	**12,193**	**12,057**
Total loans and borrowings	**17,093**	**16,856**	**14,193**	**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	
	31/3/2018 (3 months)	**31/3/2017 (3 months) (Restated)**
	US$'000	**US$'000**
Operating activities		
Profit/(Loss) before tax	2,541	(185)
Adjustments for:		
Amortisation of upfront fee paid for loans granted	-	57
Depletion and amortisation of oil and gas properties	1,580	2,402
Depreciation of other plant and equipment	11	39
Impairment loss on development expenditures	4	314
Interest expense on bank loans	-	66
Interest income from bank deposits	(9)	(4)
Net fair value gain on derivatives	-	(1)
Share-based payments	13	20
Unrealised foreign exchange loss	281	305
Unwinding of discount on decommissioning provisions	161	277
Operating cash flows before changes in working capital	**4,582**	**3,290**
Changes in working capital		
(Increase)/Decrease in inventories	(186)	11
(Increase)/Decrease in trade and other receivables	(306)	4,622
Increase/(Decrease) in trade and other payables	884	(221)
Cash flows from operations	**4,974**	**7,702**
Income tax paid	(960)	(600)
Interest paid	-	(66)
Interest received	9	4
Net cash flows from operating activities	**4,023**	**7,040**
Investing activities		
Additions to development expenditures	(4)	(314)
Additions to exploration and evaluation assets	-	(5)
Additions to oil and gas properties	(337)	(100)
Cash call contributions for assets retirement obligations	(6)	(6)
Purchase of other plant and equipment	(4)	(1)
Net cash flows used in investing activities	**(351)**	**(426)**
Financing activities		
Loan from non-controlling interest	45	64
Repayment of advances to related parties	(45)	(64)
Repayment of loans and borrowings	-	(3,420)
Net cash used in financing activities	**-**	**(3,420)**
Net increase in cash and cash equivalents	3,672	3,194
Cash and cash equivalents at beginning of the financial period	14,058	5,500
Cash and cash equivalents at end of the financial period	**17,730**	**8,694**

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

	Group	
	31/3/2018 (3 months)	**31/3/2017 (3 months) (Restated)**
	US$'000	**US$'000**
Cash and bank balances	17,730	11,461
Less:		
Charge over project accounts	-	(2,767)
Cash and cash equivalents	**17,730**	**8,694**

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
Contributions by and distributions to owners									
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)**
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
Contributions by and distributions to owners									
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)**

	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**
<u>**Company**</u>						
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**
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**

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

During the first quarter period ended 31 March 2018, 2,000,000 options (first quarter period ended 31 March 2017: 1,450,000 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 2018 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.01.2018	Granted during the financial period	Exercised during the financial period	Cancelled/ lapsed during the financial period	Number of options outstanding as at 31.03.2018	Number of options outstanding as at 31.03.2017	Exercise period
05.03.2013	S$0.420	2,000,000	-	-	(2,000,000)	-	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	2,000,000	-	(2,000,000)	6,636,700	6,891,700	

PERFORMANCE SHARE PLAN

There were no shares awarded in the first quarter period ended 31 March 2018 (first quarter period ended 31 March 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 first quarter period ended 31 March 2018 (first quarter period ended 31 March 2017: Nil).

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

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation as the audited financial statements for the financial year ended 31 December 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 1Q 2017 and FY 2017 have been restated as a result of the above restatement.

	Group	
Consolidated Income Statements	**31/3/2017 (3 months) (as restated)**	**31/3/2017 (3 months) (as previously reported)**
	US$'000	**US$'000**
Revenue	13,844	12,630
Cost of sales	(12,485)	(11,518)
Gross profit	1,359	1,112
Loss before tax	(185)	(432)
Profit for the financial period	627	380
Profit attributable to owners of the parent	695	448
Earnings per share attributable to owners of the Company (cents per share)		
Basic	0.09	0.06
Diluted	0.09	0.06
Consolidated Statement of Comprehensive Income		
Total comprehensive income for the financial period	337	90
Total comprehensive income for the financial period attributable to owners of the Company	405	158

	Group	
Consolidated Statement of Financial Position	**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	
	31/3/2018 (3 months)	31/3/2017 (3 months) (Restated)
	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	0.37	0.09
(ii) On a fully diluted basis	0.37	0.09

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 2017 : 734,277,400 shares).

Diluted earnings per share are calculated by dividing profit, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial peruid 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	
	31/3/2018 (3 months)	31/3/2017 (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	205,258	83,969
Weighted average number of ordinary shares for diluted earnings per share computation	734,482,658	734,361,369

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	
	31/3/2018	31/12/2017 (Restated)	31/3/2018	31/12/2017
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	(2.59)	(2.76)	0.08	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$18,337,000 for the first quarter ended 31 March 2018 ("1Q 2018"), a 32% increase as compared to the revenue of US$13,844,000 recorded in the first quarter ended 31 March 2017 ("1Q 2017"). The increase in revenue is mainly due to a 25% increase in the average realised oil price for the period from US$53 per barrel in 1Q 2017 to US$66 per barrel in 1Q 2018, as well as higher volume of crude oil lifted during 1Q 2018 as compared to 1Q 2017 at Basin production sharing contracts ("PSC").

The cost of sales increased by 25% in 1Q 2018 as compared to 1Q 2017 mainly due to the increase in cost of production, and higher accrual for production expense as a result of over-lifting in 1Q 2018 following the adoption of SFRS(I) 15, in Basic PSC. These are partially offset by a decrease in depletion and amortisation of oil and gas properties.

In line with the higher revenue, the gross profit has increased from US$1,359,000 in 1Q 2017 to US$2,675,000 in 1Q 2018.

The increase in other income for 1Q 2018 as compared to that for 1Q 2017 is mainly due to foreign exchange gain of US$1,173,000 and higher head office overhead charged to partners in Basin PSC.

The increase in administrative expenses for 1Q 2018 as compared to that for 1Q 2017 is mainly due to the increase in staff costs, and recognition of administrative expenses arising from Fuyu 1 PSC.

Other expenses for 1Q 2018 have decreased by 84% as compared to that of 1Q 2017 mainly due to (i) lower impairment loss on development expenditure for Fuyu 1 PSC; (ii) decrease in bank charges and (iii) the absence of foreign exchange loss.

Finance costs for 1Q 2018 are lower than that for 1Q 2017 mainly due to the decrease in unwinding of discount on decommissioning provisions and the absence of interest expense as a resulf of the full repayment of bank loans on 30 June 2017.

The income tax credit arises from the derecognition of deferred tax liabilities of US$544,000 as a result of depletion and amortisation of oil and gas properties for Basin PSC in 1Q 2018, and partially offset by the Group's share of the Basin PSC tax expense of US$382,000.

As a result of the above, the Group recorded a net profit of US$2,703,000 and EBITDAX (see paragraph 1(a)(ii)) of US$4,297,000 for 1Q 2018 as compared to net profit of US$627,000 and EBITDAX of US$2,913,000 for 1Q 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 increase in inventories is due to purchase of repair and replacement parts for power plant, and materials for well workover and daily operating activities.

8.2.3 The increase in trade and other receivables is mainly due to the increase in trade and other joint venture receivables in Basin and Island PSCs. Included in trade and other receivables is the sale and lifting of crude oil of US$5,385,000 from the Basin PSC and Island PSC in March 2018 with the proceeds received in April 2018.

8.2.4 The increase in trade and other payables is mainly attributable to recognition of the accrual for production expense of US$3,838,000 as a result of over-lifting in 1Q 2018 following the adoption of SFRS(I) 15 (see paragraph 8.1 above), and partially offset by a decrease in trade creditors and other payables of Basin PSC and Island PSC.

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

8.2.6 The increase in loan from non-controlling interest is due to cash call contribution of US$45,000 for SK331 PSC from Tumbuh Tiasa Enterprises Sdn Bhd which holds 49% shareholding interest in RHP (Mukah) Pte Ltd.

8.2.7 Loan and borrowings in the non-current liabilities have increased mainly due to the unrealised foreign exchange loss.

8.3 Cash Flow

The Group recorded net operating cash inflows of US$4,023,000 in 1Q 2018 as compared to US$7,040,000 in 1Q 2017. The decline is mainly attributable to the increase in trade and other receivables for Basin PSC and Island PSC.

Net cash used in investing activities was US$351,000 in 1Q 2018. This comprised mainly well workovers and other capital expenditure in Basin PSC.

The net cash in financing activities in 1Q 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 31 March 2018, the Group believes that its business operations would be able to generate sufficient cash flows to meet its short-term obligations as and when they fall due. For 1Q 2018, the Group has recorded positive operating cash flows of US$4,023,000. 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 markets started strongly in 2018, with Brent rallying to a four-year high of US$71.10 per barrel in late January. However, the markets struggled to gain traction since then as financial market volatility and concerns on rising U.S. oil production weighed on oil prices through the rest of 1Q 2018. Brent ended the quarter with an average of US$66.90 per barrel, its third consecutive quarter of price increase.

Despite the improved sentiment, the outlook for the oil market remains volatile in the near term. The Group 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 31 March 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 first quarter financial results for the financial period ended 31 March 2018 to be false or misleading in any material aspect.

15. Confirmation of undertaking pursuant to Rule 720(1).

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

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director

9 May 2018