

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited Full Year Financial Statements and Dividend Announcement for the Financial Year Ended 31 December 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group		
	Year	Year	%
	2020	2019	Change
	US\$'000	US\$'000	
Revenue	50,500	65,144	(22.5%)
Cost of sales	(47,634)	(55,852)	(14.7%)
Gross profit	2,866	9,292	(69.2%)
Other income	1,553	6,405	(75.8%)
Administrative expenses	(3,283)	(4,976)	(34.0%)
Other expenses	(1,549)	(8,189)	(81.1%)
Finance costs	(1,450)	(1,326)	9.4%
(Loss)/Profit before tax	(1,863)	1,206	N.M.
Income tax expense	(2,962)	(2,492)	18.9%
Loss for the financial year	(4,825)	(1,286)	N.M.
Attributable to:			
Owners of the Company	(3,726)	2,117	N.M.
Non-controlling interests	(1,099)	(3,403)	(67.7%)
	(4,825)	(1,286)	N.M.
(Loss)/Earnings per share attributable to owners of the Company (cents per share)			
Basic	(0.51)	0.29	N.M.
Diluted	(0.51)	0.29	N.M.

N.M. : not meaningful

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

	Group	
	Year	Year
	2020	2019
	US\$'000	US\$'000
(Allowance for)/Write back of doubtful trade receivables	(302)	875
Net gain on early lease termination	201	-
Depletion and amortisation of oil and gas properties	(7,028)	(7,938)
Depreciation of other plant and equipment	(12)	(19)
Depreciation of right-of-use assets	(3,489)	(4,328)
Foreign exchange loss, net	(996)	(1,327)
Gain on disposal of subsidiaries	-	5,601
Impairment loss on exploration and evaluation assets	(34)	(6,508)
Interest expense on lease liabilities	(730)	(667)
Interest income from bank deposits	49	152
Provision for plug and abandonment costs	-	(1,993)
Share-based payments	(73)	(96)
Underlift income/(Overlift expense)	886	(1,246)
Unwinding of discount on decommissioning provisions	(721)	(659)
Write back of exploration and evaluation payables	-	2,550

1(a)(ii) Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Group	
	Year	Year
	2020	2019
	US\$'000	US\$'000
Loss for the financial year	(4,825)	(1,286)
Other comprehensive income :		
<u>Item that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation	-	989
Realisation of foreign currency translation reserve upon disposal of foreign operation	-	(2,773)
Other comprehensive income	-	(1,784)
for the financial year, net of tax		
Total comprehensive income for the financial year	(4,825)	(3,070)
Attributable to:		
Owners of the Company	(3,726)	333
Non-controlling interests	(1,099)	(3,403)
	(4,825)	(3,070)

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

	Group		Company	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Non-current assets				
Oil and gas properties	19	7,291	-	-
Other plant and equipment	19	29	17	26
Deferred tax assets	694	-	-	-
Right-of-use assets	16,733	3,734	317	217
Cash and bank balances	3,187	2,560	-	-
Amounts due from subsidiaries	-	-	3,933	6,740
Other non-current assets	2,689	2,741	-	-
Investment in subsidiaries	-	-	-	-
	23,341	16,355	4,267	6,983
Current assets				
Inventories	-	745	-	-
Other current assets	74	76	27	28
Trade and other receivables	12,813	15,369	593	578
Cash and bank balances	14,913	9,511	3,962	536
	27,800	25,701	4,582	1,142
Current liabilities				
Income tax payable	4,497	2,443	-	-
Provisions	-	171	-	-
Lease liabilities	7,375	4,043	116	123
Trade and other payables	30,349	33,226	615	939
Loans and borrowings	115	482	115	482
	42,336	40,365	846	1,544
Net current (liabilities)/assets	(14,536)	(14,664)	3,736	(402)
Non-current liabilities				
Provisions	595	725	28	27
Loan from non-controlling interest	13,696	15,825	-	-
Deferred tax liabilities	-	774	-	-
Lease liabilities	12,272	228	205	91
Loans and borrowings	13,000	10,145	10,585	7,731
	39,563	27,697	10,818	7,849
Net liabilities	(30,758)	(26,006)	(2,815)	(1,268)
Equity attributable to owners of the Company				
Share capital	258,160	258,160	258,160	258,160
Reserves	(274,599)	(270,946)	(260,975)	(259,428)
	(16,439)	(12,786)	(2,815)	(1,268)
Non-controlling interests	(14,319)	(13,220)	-	-
Total deficit	(30,758)	(26,006)	(2,815)	(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 Dec 2020 US\$'000	31 Dec 2019 US\$'000	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Unsecured				
Amount repayable in one year or less, or on demand	115	482	115	482
Amount repayable after one year	13,000	10,145	10,585	7,731
	13,115	10,627	10,700	8,213
Total				
Amount repayable in one year or less, or on demand				
Loans from related parties	115	482	115	482
	115	482	115	482
Amount repayable after one year, comprising				
Loans from related parties	13,000	10,145	10,585	7,731
	13,000	10,145	10,585	7,731
Total loans and borrowings	13,115	10,627	10,700	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	
	Year 2020	Year 2019
	US\$'000	US\$'000
Operating activities		
(Loss)/Profit before tax	(1,863)	1,206
Adjustments for:		
Allowance for/(Write back of) doubtful trade receivables	302	(875)
Net gain on early lease termination	(201)	-
Depletion and amortisation of oil and gas properties	7,028	7,938
Depreciation of other plant and equipment	12	19
Depreciation of right-of-use assets	3,489	4,328
Gain on disposal of subsidiaries	-	(5,601)
Impairment loss on exploration and evaluation assets	34	6,508
Interest expense on lease liabilities	730	667
Interest income from bank deposits	(49)	(152)
Provision for plug and abandonment costs	-	1,993
Share-based payments	73	96
Unrealised foreign exchange loss	358	294
Unwinding of discount on decommissioning provisions	721	659
Write back of exploration and evaluation payables	-	(2,550)
Operating cash flows before changes in working capital	10,634	14,530
Changes in working capital		
Decrease in inventories	745	281
Decrease/(Increase) in trade and other receivables	2,307	(1,748)
(Decrease)/Increase in trade and other payables	(2,339)	4,748
Cash flows from operations	11,347	17,811
Income tax paid	(2,376)	(2,711)
Interest received	49	152
Net cash flows from operating activities	9,020	15,252
Investing activities		
Additions to exploration and evaluation assets	(34)	(5,987)
Additions to oil and gas properties	(293)	(3,629)
Cash call contributions for termination liabilities and decommissioning provisions	(1,022)	(2,824)
Proceeds from disposal of subsidiaries	-	160
Purchase of other plant and equipment	(2)	(25)
Net cash flows used in investing activities	(1,351)	(12,305)
Financing activities		
Decrease/(Increase) in deposits pledged	4,373	(1,252)
(Repayment to)/Loan from non-controlling interest	(2,129)	3,101
Payment of lease liabilities	(1,640)	(4,431)
Loan from/(Repayment of advances to) related parties	2,129	(3,273)
Net cash flows from/(used in) financing activities	2,733	(5,855)
Net increase/(decrease) in cash and cash equivalents	10,402	(2,908)
Effect of exchange rate changes on cash and cash equivalents	-	(1)
Cash and cash equivalents at beginning of the financial year	4,511	7,420
Cash and cash equivalents at end of the financial year	14,913	4,511

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

	Group	
	Year 2020	Year 2019
	US\$'000	US\$'000
Cash and bank balances	18,100	12,071
Less:		
Short-term deposits pledged	-	(5,000)
Long-term deposits pledged	(3,187)	(2,560)
Cash and cash equivalents	14,913	4,511

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 year	-	-	-	2,117	-	-	2,117	(3,403)	(1,286)
Other comprehensive income for the financial year	-	-	989	-	-	-	989	-	989
Realisation of foreign currency translation upon disposal of foreign operation	-	-	(2,773)	-	-	-	(2,773)	-	(2,773)
Total comprehensive income for the financial year	-	-	(1,784)	2,117	-	-	333	(3,403)	(3,070)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	96	96	-	96
- Expiry of employee share options	-	-	-	133	-	(133)	-	-	-
At 31 December 2019 and 1 January 2020	258,160	2,886	(90)	(276,065)	1,764	559	(270,946)	(13,220)	(26,006)
Loss for the financial year, representing total comprehensive income for the financial period	-	-	-	(3,726)	-	-	(3,726)	(1,099)	(4,825)
<u>Contributions by and distributions to owners</u>									
Share-based payments									
- Grant of equity-settled share options	-	-	-	-	-	73	73	-	73
- Expiry of employee share options	-	-	-	357	-	(357)	-	-	-
At 31 December 2020	258,160	2,886	(90)	(279,434)	1,764	275	(274,599)	(14,319)	(30,758)

	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	-	-	(1,551)	-	(1,551)	(1,551)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	96	96	96
- Expiry of employee share options	-	-	133	(133)	-	-
At 31 December 2019 and 1 January 2020	258,160	2,886	(262,873)	559	(259,428)	(1,268)
Loss for the financial year, representing total comprehensive income for the financial year	-	-	(1,620)	-	(1,620)	(1,620)
<u>Contributions by and distributions to owners</u>						
Share-based payments						
- Grant of equity-settled share options	-	-	-	73	73	73
- Expiry of employee share options	-	-	357	(357)	-	-
At 31 December 2020	258,160	2,886	(264,136)	275	(260,975)	(2,815)

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

SHARE OPTIONS

There were no options granted in the fourth quarter period ended 31 December 2020 (fourth quarter period ended 31 December 2019: Nil) pursuant to the RHP Share Option Scheme 2011. During the financial year ended 31 December 2020, there were 2,560,000 options (financial year ended 31 December 2019: 3,060,000 options) granted under the RHP Share Option Scheme 2011 which are exercisable after the second anniversary of the grant date and expiring on the fifth anniversary of such grant date.

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

Date of grant of options	Exercise price per share	Balance as at 01.01.2020	Granted during the financial year	Exercised during the financial year	Cancelled/lapsed during the financial year	Number of options outstanding as at 31.12.2020	Number of options outstanding as at 31.12.2019	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 financial year ended 31 December 2020 (financial year ended 31 December 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 fourth quarter period ended 31 December 2020 (fourth quarter period ended 31 December 2019: Nil).

There were no shares held as treasury shares by the Company and no subsidiary holdings, as at 31 December 2020 (as at 31 December 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 December 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	
	Year 2020 Cents	Year 2019 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	(0.51)	0.29
(ii) On a fully diluted basis	(0.51)	0.29

Basic (loss)/earnings per share is calculated with reference to (loss)/earnings net of tax attributable to owners of the Company and the weighted average number of ordinary shares of 734,277,400 (31 December 2019: 734,277,400 shares).

Diluted (loss)/earnings per share are calculated by dividing (loss)/earnings, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares were as follows:

	No. of Shares	
	Year 2020	Year 2019
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	734,277,400	734,277,400
Effects of dilution:		
- Share options	(1)	(1)
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	734,277,400	734,277,400

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

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

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

	Group		Company	
	31 Dec 2020 Cents	31 Dec 2019 Cents	31 Dec 2020 Cents	31 Dec 2019 Cents
Net asset value per ordinary share capital	(2.20)	(1.74)	(0.38)	(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\$50,500,000 for the financial year ended 31 December 2020 ("FY2020"), a decrease of 22.5% as compared to the US\$65,144,000 recorded for the financial year ended 31 December 2019 ("FY2019"). The decrease in revenue was mainly attributable to a 37% decrease in the average realised oil price for the year from US\$65 per barrel in FY2019 to US\$41 per barrel in FY2020, despite the higher volume of crude oil lifted in both the Basin production sharing contract ("PSC") and the Island PSC in FY2020 as compared to FY2019.

8.1.2 The cost of sales decreased by 14.7% in FY2020 as compared to FY2019 mainly due to the lower production expenses as a result of the implementation of cost reduction and optimisation programmes, as well as lower 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\$3,360,000 for FY2020 (FY2019: US\$4,197,000).

8.1.3 The gross profit decreased by 69.2% from US\$9,292,000 in FY2019 to US\$2,866,000 in FY2020 as a result of lower revenue. The decrease in gross profit was partially offset by the decrease in cost of sales.

8.1.4 Other income decreased from US\$6,405,000 in FY2019 to US\$1,553,000 in FY2020 mainly due to the absence of gain on disposal of Mastique Investments Limited and its subsidiary, Kingworld Resources Limited ("KRL") of US\$5,601,000 which was recorded in FY2019. This was partially offset by (i) the recognition of underlift income of US\$886,000 in both Basin and Island PSCs combined and (ii) cash payouts received from the Singapore Government Jobs Support Scheme.

8.1.5 Administrative expenses for FY2020 decreased by 34.0% to US\$3,283,000 as compared to FY2019 mainly due to the absence of administrative expenses related to KRL which was recorded in FY2019. 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 SG191031OTHRUB9 dated 24 September 2019 and 31 October 2019 respectively for more details.

8.1.6 The decrease in other expenses for FY2020 was mainly due to (i) lower impairment loss on exploration and evaluation assets for the SK331 PSC which was relinquished on 5 June 2020; (ii) lower foreign exchange loss recognised; and (iii) the absence of accrual of plug and abandonment costs of US\$1,993,000 for the TBA offshore field in the Island PSC which was recorded in FY2019. The decrease in other expenses was partially offset by the allowance for doubtful receivables of US\$302,000 from the Island PSC.

8.1.7 Finance costs for FY2020 were higher as compared to FY2019 due to (i) higher interest expense on lease liabilities and (ii) increase in unwinding of discount on decommissioning provisions for the Basin and Island PSCs.

8.1.8 The income tax expense of US\$2,962,000 in FY2020 mainly comprised the Group's share of the income tax expense of US\$4,430,000 for both Basin and Island PSCs, which was partially offset by derecognition of deferred tax liabilities of US\$774,000 as a result of depletion and amortisation of oil and gas properties for the Basin PSC as well as recognition of deferred tax assets of US\$694,000 for the New Basin PSC.

8.1.9 As a result of the above, the Group recorded a net loss of US\$4,825,000 and EBITDAX (see paragraph 16) of US\$6,662,000 for FY2020 as compared to net loss of US\$1,286,000 and EBITDAX of US\$10,839,000 for FY2019.

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 which was fully depreciated following its expiry on 15 October 2020. As at 31 December 2020, the carrying value of oil and gas properties of US\$19,000 relates to the New Basin PSC.

8.2.2 The Group recognised deferred tax assets of US\$694,000 as at 31 December 2020 mainly due to differences in depreciation for tax purposes for the New Basin PSC.

8.2.3 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 and Island PSCs. The increase in the ROU assets was due to new lease agreements entered for the New Basin and New Island PSCs in 2020, and partially offset by the depreciation of the ROU assets.

8.2.4 The increase in cash and bank balances under the non-current assets was mainly due to additional deposits placed with the bank as collateral for the issue of performance bonds in relation to the New Basin and New Island PSCs. With this deposit, the required cash collateral has been fully satisfied.

8.2.5 The decrease in inventories was mainly due to consumption for normal operating activities such as well workover. In addition, the Group wrote off the remaining inventories of US\$255,000 as these inventories were returned to the Government of Indonesia upon the expiry of the Basin PSC in October 2020.

8.2.6 The decrease in trade and other receivables was mainly due to collection of the sale proceeds in January 2020 for the sale and lifting of crude oil completed in December 2019 and the decrease was partially offset by (i) higher deferred expenses recognised in the Island PSC; (ii) increase in the Group's share of joint venture receivables in both the Basin and Island PSCs; and (iii) provision for doubtful debt receivables for the Island PSC. Included in trade and other receivables was the sale and lifting of crude oil of US\$5,390,000 from the New Basin and the New Island PSCs in December 2020 with the proceeds received in January 2021.

8.2.7 The increase in current and non-current lease liabilities was mainly due to additional lease agreements entered for the New Basin and the New Island PSCs in 2020, and was partially offset by payment of lease liabilities for the FY2020. As at 31 December 2020, the lease liabilities in the current liabilities and non-current liabilities were US\$7,375,000 and US\$12,272,000 respectively.

8.2.8 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.

8.2.9 The decrease in provisions in the current liabilities was due to a decrease in termination liabilities for the Basin PSC. The decrease in provisions in the non-current liabilities was mainly due to the decrease in decommissioning provisions in the Island PSC, and partially offset by the increase in decommissioning provisions in the Basin PSC.

8.2.10 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 that was pledged as collateral for the issuance of the bank guarantees to PETRONAS ("SK331 BG"), which has been released by the bank, together with the accumulated interest on such deposits totalling US\$2,494,000, which was partially offset by its portion of cash call contribution of US\$365,000 for the SK331 PSC. TTE holds a 49% shareholding interest in RHP (Mukah) Pte Ltd.

8.2.11 The decrease in deferred tax liabilities was due to derecognition of deferred tax liabilities as a result of depletion and amortisation of the oil and gas properties.

8.2.12 Total loans and borrowings increased due to the receipt of net advances of US\$2,129,000 from the related parties and unrealised foreign exchange loss. 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\$9,020,000 in FY2020 as compared to US\$15,252,000 in FY2019. The decrease was mainly due to the net working capital outflow and lower operating cash flows before changes in working capital.

8.3.2 Net cash flows used in investing activities was US\$1,351,000 in FY2020. This comprised mainly (i) cash call contribution for termination liabilities and decommissioning costs of US\$1,022,000 for the Basin PSC and (ii) well workovers and other capital expenditure of US\$293,000 for the Basin PSC.

8.3.3 Net cash flow from financing activities of US\$2,733,000 in FY2020 consisted of (i) the refund of US\$5,000,000 of bank deposits pledged as collateral for the SK331 BG in March 2020 following the full discharge of bank guarantees by PETRONAS; (ii) the receipt of net advances of US\$2,129,000, from related parties; and (iii) cash call contribution of US\$365,000 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\$627,000 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\$1,640,000 for the Basin and Island PSCs and the Company.

8.3.4 Whilst the Group was in a negative working capital position as at 31 December 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. The Group has no outstanding bank loan to serve. For FY2020, the Group recorded positive operating cash flows of US\$9,020,000 and has cash and cash equivalents of US\$14,913,000 as at 31 December 2020.

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. Subsequent to year end, the Group had also received a letter of financial support from the Company's substantial shareholder to continue providing financial support to the Group up to 30 June 2022.

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 oil prices averaged around US\$44 per barrel in the fourth quarter of 2020, a marginal increase of approximately 3% compared to the preceding quarter. For the whole of 2020, average oil price tumbled by almost 35% from a year earlier to US\$42 per barrel, weighed down by the stunning crash in oil prices in the first half of the year.

The resurgence of COVID-19 cases and the reintroduction of movement restrictions in many countries during the fourth quarter of 2020 stoked fears of a slowdown in recovery for energy demand, with uncertainties on the level of production cuts by OPEC+ members extending beyond January 2021 having also added to the gloom. Market sentiment improved on the global roll-out of COVID-19 vaccines and Saudi Arabia's unilateral voluntary decision to cut its oil production by a million barrels per day ("MMBPD") in February and March 2021 following the conclusion of the OPEC+ meeting in early January 2021.

In their recent reports published in January 2021, OPEC and other major energy agencies (i.e., IEA and EIA) are forecasting global oil demand recovery of between 5.5 to 5.9 MMBPD for 2021. With uncertainties arising from the renewed COVID-19 lockdowns and the challenges of achieving vaccination on a global scale, the road to oil demand/price recovery is likely to remain bumpy in the near term.

The business environment for the oil and gas industry remains challenging in the near term. The Group will continue to exercise financial prudence and discipline in 2021, while maintaining efforts to improve operational efficiency and cost optimisation across its operations.

COVID-19 remains a global concern. The safe management measures and well-being of our staff and contractors are our top priority and are of concern to us. The Group and its operating subsidiaries will continue to diligently adhere to and implement the various COVID-19 health and safe management measures issued by the relevant government and health authorities at places where we operate. Systems have been put in place by the Group to detect and control COVID-19 infection among our people and we continue to monitor the situation and implement appropriate supplementary measures as may be required.

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

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

None.

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

Not applicable.

(ii) Previous corresponding period in cents.

Not applicable.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been proposed by the Board for the financial year ended 31 December 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).

Not required for full year results announcement.

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

The Group only operates in oil and gas sector.

	Oil & Gas	
	2020	2019
	US\$'000	US\$'000
Revenue	50,500	65,144
EBITDAX *	6,662	10,839
Loss for the financial year	(4,825)	(1,286)
Total assets	51,141	42,056
Total capital expenditure	329	10,162
(Allowance for)/Write back of doubtful debt receivables	(302)	875
Depletion and amortisation of oil and gas properties	(7,028)	(7,938)
Depreciation of other plant and equipment	(12)	(19)
Depreciation of right-of-use assets	(3,489)	(4,328)
Foreign exchange loss, net	(996)	(1,327)
Gain on disposal of subsidiaries	-	5,601
Impairment loss on exploration and evaluation assets	(34)	(6,508)
Interest expense on lease liabilities	(730)	(667)
Provision for plug and abandonment costs	-	(1,993)
Underlift income/(Overlift expense)	886	(1,246)
Unwinding of discount on decommissioning provisions	(721)	(659)
Write back of exploration and evaluation payables	-	2,550

	EBITDAX *	
	2020	2019
	US\$'000	US\$'000
(Loss)/Profit before tax	(1,863)	1,206
Depletion and amortisation of oil and gas properties	7,028	7,938
Depreciation of other plant and equipment	12	19
Gain on disposal of subsidiaries	-	(5,601)
Impairment loss on exploration and evaluation assets	34	6,508
Interest expense on lease liabilities	730	667
Provision for plug and abandonment costs	-	1,993
Unwinding of discount on decommissioning provisions	721	659
Write back of exploration and evaluation payables	-	(2,550)
	6,662	10,839

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

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

Please refer to Paragraph 8.

18. A breakdown of sales as follows:-

	Group		% Change
	2020	2019	
	US\$'000	US\$'000	
(a) Sales reported for first half year	23,526	29,372	(20%)
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(4,164)	24	N.M.
(c) Sales reported for second half year	26,974	35,772	(25%)
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(661)	(1,310)	(50%)

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

Total Annual Dividend

	Latest Full Year 2020	Previous Full Year 2019
(a) Ordinary	-	-
(b) Preference	-	-
(c) Total	-	-

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

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

21. Interested Person Transactions ("IPT")

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽³⁾		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		FY2020 US\$'000	FY2019 US\$'000	FY2020 US\$'000	FY2019 US\$'000
RHP (Mukah) Pte. Ltd. ⁽¹⁾ - Loans from RH Petrogas Investments Pte. Ltd.	An associate of the Company's Directors and Controlling Shareholders ⁽¹⁾	379	3,228	Not Applicable	Not Applicable

Notes :

⁽¹⁾ Loans provided by RH Petrogas Investments Pte. Ltd. ("RHPI"), a wholly owned subsidiary of the Company, to RHP (Mukah) Pte. Ltd. ("RHP (Mukah)") following the completion of the sale (the "Sale") by RHPI of 3,184,881 ordinary shares representing 49% of the entire issued share capital of RHP (Mukah), to Tumbuh Tiasa Enterprises Sdn. Bhd. ("TTE") on 24 September 2014 (which was announced by the Company on 24 September 2014 under SGXNET Announcement No. SG140924OTHRNKS), pursuant to the shareholders' agreement between RHPI, TTE and RHP (Mukah), under which RHPI and TTE are to provide the funding required by RHP (Mukah) for the exploration and evaluation activities under the Production Sharing Contract in respect of Block SK331 to RHP (Mukah) in proportion to their equity interest in RHP (Mukah). Tan Sri Datuk Sir Tiong Hiew King⁽²⁾, a Controlling Shareholder, Dato' Sri Dr Tiong Ik King, a Director and Controlling Shareholder, Mr Tiong Kiong King, a Director, together with their family members, indirectly own the majority of the issued share capital of TTE.

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

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

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

For FY2020, the Group incurred US\$293,000 for well workovers, addition to production facilities and other capital expenditure in the Basin PSC and US\$34,000 mainly for residual payments in relation to environmental monitoring and seismic processing in the SK331 PSC.

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

The Company had appointed RPS Energy Consultants Limited (“RPS”), an independent reserve evaluator, to conduct the annual assessment of the oil and gas reserves and resources of the Company and its subsidiaries (the “Group”) as of 1 January 2021. RPS had completed its independent summary qualified person reports of the Group in February 2021. Please refer to SGXNET Announcement No. SG210225OTHRV7JI dated 25 February 2021 for more details.

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director

26 February 2021