



REENOVA INVESTMENT HOLDING LIMITED

(Incorporated in the Republic of Singapore | Company Reg. No.: 200104762G)

Website: www.reenovagroup.com

SGX Stock Code: **5EC**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND HALF-YEAR
FINANCIAL PERIOD ENDED 30 JUNE 2021**

Pursuant to the Notice of Compliance in relation to the requirement to perform quarterly reporting issued by Singapore Exchange Regulation Pte Ltd (“**SGX RegCo**”) on 6 February 2020, the Company is required to continue with the quarterly reporting of its unaudited financial statements under Rule 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual with effect from 7 February 2020.

PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS
1(a)(i) A consolidated income statement and statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.
Condensed Interim Consolidated Income Statement and Statement of Comprehensive Income for the Group

GROUP	3 months ended			6 months ended		
	30/06/2021	30/06/2020	Increase /	30/06/2021	30/06/2020	Increase /
	Q2 FY2021	Q2 FY2020	(Decrease)	HY 2021	HY 2020	(Decrease)
	S\$	S\$	%	S\$	S\$	%
Revenue	-	-	-	-	-	-
Other income	75,678	40,021	89.1	83,922	40,407	>100.0
Employee benefits expense	(243,633)	(261,706)	(6.9)	(501,024)	(485,062)	3.3
Depreciation	(18,997)	(35,342)	(46.2)	(38,184)	(70,896)	(46.1)
Other operating expenses	(1,607,596)	(1,531,506)	5.0	(1,036,337)	(2,586,283)	(59.9)
Finance costs	(710)	(27,662)	(97.4)	(1,527)	(28,948)	(94.7)
Share of loss of joint venture	-	(6,265)	(100.0)	-	(10,061)	(100.0)
Loss before tax	(1,795,258)	(1,822,460)	(1.5)	(1,493,150)	(3,140,843)	(52.5)
Income tax expense	-	-	-	-	-	-
Loss for the period	(1,795,258)	(1,822,460)	(1.5)	(1,493,150)	(3,140,843)	(52.5)
Other comprehensive income:						
Currency translation differences arising from consolidation	912,407	1,099,070	(17.0)	111,564	1,628,503	(93.1)
Total comprehensive loss for the period	(882,851)	(723,390)	22.0	(1,381,586)	(1,512,340)	(8.6)
Loss attributable to:						
Equity holders of the Company	(1,270,143)	(1,381,054)	(8.0)	(1,074,358)	(2,390,794)	(55.1)
Non-controlling interest	(525,115)	(441,406)	19.0	(418,792)	(750,049)	(44.2)
	(1,795,258)	(1,822,460)		(1,493,150)	(3,140,843)	
Total comprehensive loss attributable to:						
Equity holders of the Company	(585,838)	(556,751)	5.2	(990,685)	(1,169,416)	(15.3)
Non-controlling interest	(297,013)	(166,639)	78.2	(390,901)	(342,924)	14.0
	(882,851)	(723,390)		(1,381,586)	(1,512,340)	

Note: N.M. denotes not meaningful.

1(a)(ii) Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Loss net of tax is arrived at after charging / (crediting) the following items:

	3 months ended			6 months ended		
	30/06/2021 Q2 FY2021 S\$	30/06/2020 Q2 FY2020 S\$	Increase / (Decrease) %	30/06/2021 HY 2021 S\$	30/06/2020 HY 2020 S\$	Increase / (Decrease) %
Interest income on bank deposits	(60)	(42)	42.9	(168)	(68)	>100.0
Rental and operating leases	10,154	35,152	(71.1)	18,457	72,650	(74.6)
Lease liability interest expense	710	970	(26.8)	1,527	2,256	(32.3)
Impairment on VAT receivables	5,906	16,629	(64.5)	8,307	30,490	(72.8)

Note: N.M. denotes not meaningful.

1(b)(i) Statement of Financial Position of the Group and the Company
Condensed Interim Statements of Financial Position

	GROUP		COMPANY	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	S\$	S\$	S\$	S\$
ASSETS				
Current assets				
Cash and cash equivalents	673,698	1,716,593	463,827	1,375,256
Other receivables	59,784	125,479	8,593	49,121
Amounts due from subsidiaries	-	-	13,940,213	13,608,487
Other current assets	24,099	62,133	14,927	39,401
	757,581	1,904,205	14,427,560	15,072,265
Non-current assets				
Investments in subsidiaries	-	-	6	6
Investment in a joint venture	-	-	-	-
Property, plant and equipment	110,466	131,950	83,033	99,441
Intangible assets	36,027,632	36,027,632	-	-
Right-of-use assets	44,828	60,541	44,827	60,541
	36,182,926	36,220,123	127,866	159,988
Total assets	36,940,507	38,124,328	14,555,426	15,232,253
LIABILITIES				
Current liabilities				
Other payables	5,571,313	5,350,348	1,368,543	1,535,623
Lease liabilities	15,883	39,083	15,883	39,083
	5,587,196	5,389,431	1,384,426	1,574,706
Non-current liabilities				
Lease liabilities	30,603	30,603	30,603	30,603
Deferred income tax liabilities	6,138,610	6,138,610	2,954	2,954
	6,169,213	6,169,213	33,557	33,557
Total liabilities	11,756,409	11,558,644	1,417,983	1,608,263
NET ASSETS	25,184,098	26,565,684	13,137,443	13,623,990
EQUITY				
Share capital	48,750,905	48,750,905	48,750,905	48,750,905
Currency translation reserve	2,631,585	2,547,912	-	-
Accumulated losses	(29,425,329)	(28,350,971)	(35,613,462)	(35,126,915)
Total equity attributable to owners of the Company	21,957,161	22,947,846	13,137,443	13,623,990
Non-controlling interest	3,226,937	3,617,838	-	-
Total equity	25,184,098	26,565,684	13,137,443	13,623,990

1(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

	30/06/2021 (Unaudited)		31/12/2020 (Audited)	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amounts repayable within one year or less or on demand:				
- Loans from Executive Director ¹	-	575,000	-	575,000

¹ The loans from Executive Director are unsecured, interest-free and repayable on demand.

Details of any collateral

Nil

1(c) Consolidated Statement of Cash Flows
Condensed Interim Consolidated Statement of Cash Flows

	GROUP	
	6 months ended 30/06/2021 (Unaudited) S\$	6 months ended 30/06/2020 (Unaudited) S\$
Cash flows from operating activities		
Loss before tax for the period	(1,493,150)	(3,140,843)
Adjustments for:		
Depreciation	38,184	70,896
Lease liabilities interest	1,527	2,256
Convertible redeemable bond interest	-	26,692
Interest income	(168)	(68)
Impairment loss on VAT and other receivables	8,307	36,987
Share of loss of joint venture	-	10,061
Allowance for/(Write-back of) unutilised leave	5,443	(39,547)
Unrealised currency translation losses	110,579	1,629,991
Operating cash flows before changes in working capital	(1,329,278)	(1,403,575)
Changes in working capital:		
Other receivables and other current assets	95,419	(110,299)
Other payables	207,776	(89,351)
Cash used in operating activities	(1,026,083)	(1,603,225)
Interest received	168	68
Net cash used in operating activities	(1,025,915)	(1,603,157)
Cash flows from financing activities		
Lease liabilities interest paid	(1,527)	(2,256)
Proceeds from issuance of convertible redeemable bonds	-	950,000
Advances from bond subscriber	-	300,000
Interest-free loans from director	-	355,000
Payment of principal portion of lease liabilities	(15,453)	(37,381)
Net cash (used in)/provided by financing activities	(16,980)	1,565,363
Net decrease in cash and cash equivalents	(1,042,895)	(37,794)
Cash and cash equivalents at beginning of financial period	1,716,593	77,882
Cash and cash equivalents at end of financial period	673,698	40,088
List of significant non-cash transactions:		
Conversion of convertible redeemable bonds to ordinary shares	-	856,366

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.

Condensed Interim Statements of Changes in Equity

GROUP	Share capital (Unaudited)	Capital reserve (Unaudited)	Currency translation reserve (Unaudited)	Accumulated losses (Unaudited)	Non- controlling interest (Unaudited)	Total equity (Unaudited)
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2021	48,750,905	-	2,547,912	(28,350,971)	3,617,838	26,565,684
Loss for the period	-	-	-	(1,074,358)	(418,792)	(1,493,150)
Other comprehensive income for the period	-	-	83,673	-	27,891	111,564
Total comprehensive loss for the period	-	-	83,673	(1,074,358)	(390,901)	(1,381,586)
Balance at 30 June 2021	48,750,905	-	2,631,585	(29,425,329)	3,226,937	25,184,098

GROUP	Share capital (Unaudited)	Capital reserve (Unaudited)	Fair value reserve (Unaudited)	Currency translation reserve (Unaudited)	Accumulated losses (Unaudited)	Non- controlling interest (Unaudited)	Total equity (Unaudited)
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2020	42,161,116	130,524	(7,779,920)	499,896	(14,313,606)	4,336,594	25,034,604
Loss for the period	-	-	-	-	(2,390,794)	(750,049)	(3,140,843)
Other comprehensive income for the period	-	-	-	1,221,378	-	407,125	1,628,503
Total comprehensive loss for the period	-	-	-	1,221,378	(2,390,794)	(342,924)	(1,512,340)
Transactions with owners, recognised directly in equity:							
- Issuance of new ordinary shares	856,366	-	-	-	-	-	856,366
- Convertible redeemable bonds - equity component	-	(39,479)	-	-	-	-	(39,479)
Transactions with owners, recognised directly in equity	856,366	(39,479)	-	-	-	-	816,887
Balance at 30 June 2020	43,017,482	91,045	(7,779,920)	1,721,274	(16,704,400)	3,993,670	24,339,151

COMPANY	Share capital (Unaudited)	Capital reserve (Unaudited)	Accumulated losses (Unaudited)	Total equity (Unaudited)
	S\$	S\$	S\$	S\$
Balance at 1 January 2021	48,750,905	-	(35,126,915)	13,623,990
Loss for the period, representing total comprehensive loss	-	-	(486,547)	(486,547)
Balance at 30 June 2021	48,750,905	-	(35,613,462)	13,137,443

COMPANY	Share capital (Unaudited)	Capital reserve (Unaudited)	Accumulated losses (Unaudited)	Total equity (Unaudited)
	S\$	S\$	S\$	S\$
Balance at 1 January 2020	42,161,116	130,524	(31,675,157)	10,616,483
Loss for the period, representing total comprehensive loss	-	-	(644,860)	(644,860)
Issuance of new ordinary shares	856,366	-	-	856,366
Convertible redeemable bonds – equity component	-	(39,479)	-	(39,479)
Balance at 30 June 2020	43,017,482	91,045	(32,320,017)	10,788,510

Notes to the Condensed Interim Financial Statements

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements.

1. Corporate information

Reenova Investment Holding Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The address of its registered office and its principal place of business is located at 60, Paya Lebar Road, #10-16 Paya Lebar Square, Singapore 409051.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding, prospection, research and mining exploration of rare earth minerals and provision of consultancy services.

The Group refers to Reenova Investment Holding Limited and its subsidiaries.

The condensed interim financial statements have not been audited or reviewed by the auditors.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

Going concern assumption

For the six months ended 30 June 2021, the Group incurred a net loss of S\$1.5 million (30 June 2020: S\$3.1 million), recorded net operating cash outflows of S\$1.0 million (30 June 2020: S\$1.6 million) and as at 30 June 2021, recorded net current liabilities of S\$4.8 million (31 December 2020: S\$3.5 million). The Group's cash and cash equivalents as at 30 June 2021 was S\$674,000 (31 December 2020: S\$1.7 million). These conditions indicate that a material uncertainty exists with a pervasive impact that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the condensed interim financial statements for the six months financial period ended 30 June 2021 remains appropriate after taking into account the following factors:

- (a) The Board and Management are currently exploring possible fundraising options to secure financing commitments to allow the Group to have access to additional working capital.
- (b) The Group has implemented various cost containment measures to conserve financial resources such as reducing certain operating costs.
- (c) In addition, the Company is in the midst of exploring opportunities to generate revenue streams to fund or partially fund its working capital needs.

The Company will continue to prudently monitor its cashflows. The Company is expected to be faced with challenges in meeting certain obligations within the next 12 months in view of its negative net current liabilities position. As and when the situation calls for it, the Company will negotiate for payment periods in excess of 12 months. Furthermore, the Company is of the view that alternative funding arrangements are still being explored, and therefore, at this point in time, there is no compelling reason to present a scenario other than on a going concern basis. The Company will make further announcements to update shareholders on material developments as they arise.

The validity of the going concern basis on which the condensed interim financial statements are prepared depends on the directors' assessment of the Group's ability to operate as a going concern as set forth above. The assumptions are premised on future events, the outcome of which are inherently uncertain.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The nature and the carrying amount of such significant assets and liabilities are disclosed with further details in the relevant notes to these condensed interim financial statements.

3. Financial information by operating segments

For management purposes, the Group is currently organised into the following main business segments:

- (a) Minerals and resources
- (b) Investment management

30 June 2021	Minerals and Resources	Investment Management	Adjustments and Eliminations	Group
	S\$	S\$	S\$	S\$
Revenue				
- External revenue	-	-	-	-
Results				
Unallocated interest income	-	-	-	168
Depreciation	(6,062)	-	-	(6,062)
Unallocated depreciation	-	-	-	(32,122)
Unallocated finance cost	-	-	-	(1,527)

30 June 2021	Minerals and Resources	Investment Management	Adjustments and Eliminations	Group
	S\$	S\$	S\$	S\$
Share of loss of joint venture	-	-	-	-
Segment results	(1,675,168)	695,622	(513,604)	(1,493,150)
Assets				
Segment assets	36,265,758	17,026,709	(16,351,960)	36,940,507
Segment liabilities	23,533,546	49,787,853	(61,564,990)	11,756,409
30 June 2020				
	S\$	S\$	S\$	S\$
Revenue				
- External revenue	-	-	-	-
Results				
Unallocated interest income	-	-	-	68
Depreciation	(8,742)	-	-	(8,742)
Unallocated depreciation	-	-	-	(62,154)
Unallocated finance cost	-	-	-	(28,948)
Share of loss of joint venture	-	(28,092)	-	(10,061)
Segment results	(3,000,198)	448,747	(589,392)	(3,140,843)
Assets				
Segment assets	36,157,465	15,495,068	(13,958,482)	37,694,051
Segment liabilities	20,363,801	48,238,246	(55,247,147)	13,354,900

Geographical market of clients

The following details show the distribution of the Group's revenue and non-current assets from continuing operations based on the geographical segments in which the clients are located:

	Group			
	Revenue		Non-current assets	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	S\$	S\$	S\$	S\$
Singapore	-	-	127,861	1,360,571
Madagascar	-	-	36,055,065	36,088,837
	-	-	36,182,926	37,449,408

There was no revenue recorded by the Group for the half year financial period ended 30 June 2021 and 30 June 2020.

4. Other income

	Group			
	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	S\$	S\$	S\$	S\$
Interest income on bank deposits	60	42	168	68
Government grant income	4,140	31,600	9,660	31,600
Recovery of legal fees	71,478	-	71,478	-
Sundry income	-	8,379	2,616	8,739
	75,678	40,021	83,922	40,407

5. Employee benefits expense

	Group			
	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	S\$	S\$	S\$	S\$
Wages, salaries and other short-term employee benefits	231,052	246,982	475,674	455,509
Employer's contributions to defined contribution plans	12,581	14,724	25,350	29,553
	243,633	261,706	501,024	485,062

6. Other receivables

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$	S\$	S\$	S\$
Local sales tax (VAT)	1,715,743	1,707,427	-	-
Less: Allowance for impairment	(1,715,743)	(1,707,427)	-	-
	-	-	-	-
Other receivables	2,176	2,176	-	-
Less: Allowance for impairment	(2,176)	(2,176)	-	-
	-	-	-	-
Refundable deposits	55,375	71,301	5,640	29,623
Goods and Services Tax receivables	2,953	13,978	2,953	13,978
Government grant receivable	-	5,520	-	5,520
Sundry receivables	1,456	34,680	-	-
	59,784	125,479	8,593	49,121

7. Intangible assets

Group	Mining rights S\$
Cost	
At 31 December 2020 and 30 June 2021	<u>36,027,632</u>
Accumulated amortisation	
At 31 December 2020 and 30 June 2021	<u>-</u>
Carrying amount	
At 30 June 2021	<u>36,027,632</u>
At 31 December 2020	<u>36,027,632</u>

8. Other payables

	Group		Company	
	30 June 2021 S\$	31 December 2020 S\$	30 June 2021 S\$	31 December 2020 S\$
Accrued operating expenses	2,270,936	3,376,394	330,706	683,465
Loans from executive director *	575,000	575,000	575,000	575,000
Bond interest payable	35,150	35,150	35,150	35,150
Deferred grant income	-	5,520	-	5,520
Other payables	2,690,227	1,358,284	427,687	236,488
	<u>5,571,313</u>	<u>5,350,348</u>	<u>1,368,543</u>	<u>1,535,623</u>

* The loans from executive director are unsecured, interest-free and repayable on demand.

9. Events after the end of the reporting period

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, 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 share 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.

There was no change in the share capital of the Company as at 30 June 2021. There were no outstanding convertibles as at 30 June 2021.

- 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.**

The total number of issued shares excluding treasury shares as at 30 June 2021 and 31 December 2020 were 6,744,247,542 shares.

- 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.

- 1(d)(v) A statement showing all sales, transfers, disposal, 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 neither been audited nor reviewed by the Company's auditors.

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

Not applicable.

- 3(A). 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.

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

This is not required for any audit issue that is material uncertainty relating to going concern.

(a) Not applicable.

(b) 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 applied the same accounting policies and methods of computation as those used for the most recent financial statements for the financial year ended 31 December 2020.

- 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 all the applicable new, revised and interpretations of Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which became effective for the financial year beginning on or after 1 January 2021. The adoption of these new and revised SFRS(I) has no significant effect to the Group's accounting policies and amounts reported for the current and previous financial periods.

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.

	3 months ended		6 months ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
(Loss) per ordinary share of the Group after deducting any provision for preference dividends (Singapore cent per share):				
(a) Based on weighted average number of ordinary shares on issue; and	(0.019)	(0.031)	(0.016)	(0.054)
(b) On a fully diluted basis	(0.019)	(0.031)	(0.016)	(0.054)
Weighted average number of ordinary shares outstanding for basic loss per share	6,744,247,542	4,479,867,449	6,744,247,542	4,443,603,712

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	
	30/06/2021 (Unaudited)	31/12/2020 (Audited)	30/06/2021 (Unaudited)	31/12/2020 (Audited)
Net asset value per ordinary share based on issued share capital at the end of:	0.37 cent	0.39 cent	0.19 cent	0.20 cent

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.**

A) Review of the Group's Results

Other income increased by approximately S\$36,000 or 89.1% from S\$40,021 for Q2 FY2020 to S\$75,678 for Q2 FY2021 and increased by approximately S\$44,000 or >100.0% from S\$40,407 for HY2020 to S\$83,921 for HY2021. This was mainly due to the receipt of funds from Straits Hi-Rel Pte Ltd ("SHR") for the recharge of its share of legal fees pertaining to the investment and shareholders' agreement and payouts from Jobs Support Scheme received from the Singapore Government which was part of the Coronavirus Disease 2019 ("COVID-19") business support measures provided by the Singapore Government. The payouts were received in March and June 2021.

Employee benefits expense decreased by approximately S\$18,000 or 6.9% from S\$262,000 for Q2 FY2020 to S\$244,000 for Q2 FY2021 but increased by approximately S\$16,000 or 3.3% from S\$485,000 for HY2020 to S\$501,000 for HY2021. The overall increase of approximately S\$16,000 in HY2021 as compared to HY2020 was due mainly to the write-back of allowance for unutilised leave in Q1 FY2020, where there was no such write-back in Q1 FY2021, and was partially offset by resignation of staff subsequent to Q2 FY2020, which resulted in a decrease when comparing the employee benefits expenses for Q2 FY2021 against Q2 FY2020.

Depreciation expense decreased by approximately S\$16,300 or 46.2% from S\$35,300 for Q2 FY2020 to S\$19,000 for Q2 FY2021 and decreased by approximately S\$32,700 or 46.1% from S\$70,900 for HY2020 to S\$38,200 for HY2021. The decrease in depreciation was mainly due to fully depreciated assets in FY2020 that were no longer being depreciated in the current reporting period.

Analysis of the Group's Other Operating Expenses are as follows:

	GROUP			
	6 months ended			
	30/06/2021	30/06/2020	Increase / (Decrease)	
	(Unaudited)	(Unaudited)	S\$	%
	S\$	S\$	S\$	%
Directors' fee	66,194	78,000	(11,806)	(15.1)
Consultancy fees	469,644	472,022	(2,378)	(0.5)
Exchange loss	220,333	1,663,646	(1,443,313)	(86.8)
Insurance expense	23,841	23,913	(72)	(0.3)
Impairment loss on VAT and other receivables	8,307	34,811	(26,504)	(76.1)
Pilot production expenses	7,734	-	7,734	N.M
Professional fees	117,593	172,001	(54,408)	(31.6)
Rental expense	18,457	72,650	(54,193)	(74.6)
Listing related expenses	27,417	37,010	(9,593)	(25.9)
Office utilities and expenses	12,293	7,200	5,093	70.7
Repair and maintenance	5,588	8,906	(3,318)	(37.3)
Others	58,936	16,124	42,812	>100.0
	1,036,337	2,586,283	(1,549,946)	(59.9)

The decrease in operating expenses was mainly due to the exchange loss recorded for HY2021, which arose mainly from the unrealised exchange loss arising from the revaluation of Reenova Rare Earth (Malagasy) S.A.R.L.U's loan payable of approximately Malagasy Ariary ("MGA") 78.7 billion to Reenova Holding (Mauritius) Limited as at 30 June 2021. The loan payable was mainly denominated in EUR and USD currencies. MGA appreciated by approximately 1.0% against EUR and depreciated by approximately 2.4% against USD during HY2021 as compared to HY2020 where MGA depreciated by approximately 7.1% and 6.2% against EUR and USD respectively.

Finance costs decreased by approximately S\$27,000 or >100.0% from S\$27,700 for Q2 FY2020 to S\$700 for Q2 FY2021 and decreased by approximately S\$27,400 or >100.0% from S\$28,900 for HY2020 to S\$1,500 for HY2021. The decrease was mainly due to the recognition of the interest on convertible redeemable bonds in Q2 and HY2020 whereas there were no convertible redeemable bonds outstanding in Q2 and HY2021. Accordingly, no such interest expense was recognised.

In FY2020, the Group made a full impairment on its investment in Straits Hi-Rel Pte Ltd (“SHR”) based on its net carrying amount after recognising its share of losses of the joint venture for FY2020. Thus, no share of loss of the joint venture was recognised in Q2 and HY2021 as full impairment has been made in FY2020. SHR has ceased operations with effect from 1 January 2021.

Loss before tax decreased by approximately S\$30,000 or > 1.5% from S\$1.82 million for Q2 FY2020 to S\$1.79 million for Q2 FY2021; and decreased by approximately S\$1.65 million or 52.5% from S\$3.14 million for HY2020 to S\$1.49 million for HY2021. The decrease was mainly due to variances in the various line items as explained above.

B) Review of the Group’s Financial Position

Current assets decreased by approximately S\$1.14 million or 60.2% from S\$1.90 million as at 31 December 2020 to S\$0.76 million as at 30 June 2021. This was mainly due to (i) decrease of S\$1.04 million in cash and cash equivalents from S\$1.72 million as at 31 December 2020 to S\$0.67 million as at 30 June 2021 due to net cash flows used in operating activities of S\$1.03 million and net cash flows used in financing activities of S\$17,000; and (ii) decrease in other receivables due to refund of rental deposit from the former landlord.

Current liabilities increased by approximately S\$200,000 or 3.7% from S\$5.39 million as at 31 December 2020 to S\$5.59 million as at 30 June 2021. The increase was mainly due to the accrual of operating expenses, which was offset by payments made to the service providers and creditors in HY2021.

C) Review of the Group’s Cash Flows

Cash and cash equivalents decreased by approximately S\$1.04 million or 60.8% from S\$1.72 million as at 31 December 2020 to S\$0.67 million as at 30 June 2021. The decrease was mainly due to net cash flows used in operating activities of S\$1.03 million and net cash flows used in financing activities of S\$17,000.

Status on the Utilisation of Proceeds Raised from Placement of 979,000,000 New Ordinary Shares as at 30 June 2021

The Company refers to the net placement proceeds of approximately S\$2.51 million raised from the placement of 979,000,000 new ordinary shares in the capital of the Company (the “**Placement**”) that was completed in November 2020.

As at 30 June 2021, the status on the use of the net placement proceeds in S\$’000 is as follows:

	Amount Utilised S\$’000
Repayment of existing creditors	931
Commencing the next phase of works for the Company’s rare earth project	54
General working capital	898*
Total utilisation of net proceeds raised from placement of shares	1,883

* The breakdown of the amount utilised for general working capital is as follows:

	S\$’000
Wages, salaries and other short-term employee benefits and employer’s contributions to defined contribution plans	435
Director’s Fees	24
Office and warehouse rental	28
Professional fees (including legal, secretarial, investor relations)	258
Listing related expenses	33
Office expenses	51
Repair and maintenance	5
Insurance premiums	9
Others	55
Total	898

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

Not applicable. No forecast statement was previously disclosed to shareholders. There was also no deviation noted from the prospect statement for the first quarter period ended 31 March 2021 (“**Q1 FY2021**”).

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.

The resurgence of coronavirus variants amid the gradual inoculations worldwide undermined the optimism surrounding the re-opening of economies and country borders. The travel restrictions continue to impede the Group's progress in its commencement of pilot production at the mine site.

Despite the challenges, the Group continues to engage in regular follow ups with the Madagascar Mining Cadastral Office (*Bureau du Cadastre Minier de Madagascar*) on the status of the Group's exploration licence that is due to expire in early November 2021, as well as the progress of its application for the full mining licence for the 238km² concession area in north-western Madagascar, Africa that hosts rare earth oxides (the "**Rare Earth Project**").

As it monitors the Covid-19 situation closely and makes arrangements to send respective professional teams to travel to Madagascar to commence pilot production as soon as possible, the Group also continues to actively engage in discussions with various parties to secure funding to enable it to operate as a going concern and lift trading suspension, as well as to bring the Rare Earth Project to commercialisation.

The Company will continue to keep shareholders updated on any material developments as they arise.

11. Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared or recommended for the financial period ended 30 June 2021 as the Group intends to conserve cash to fund its operating activities and furthermore, the Company is in an accumulated loss position as at 30 June 2021.

13. Interested Person Transactions

The Group has no general mandate for interested person transactions under Rule 920(1) of the SGX-ST Listing Manual.

14. Details of exploration (including geophysical surveys), development and/or production activities undertaken by the Company 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.

There were no exploration and production activities conducted by the Group during the financial period ended 30 June 2021. The Group is in the process of making further funding arrangements and planning the next phase of work that includes trial leaching, pilot production, feasibility studies, engineering studies and environmental impact assessments.

The use of funds/cash for Q2 FY2021 and a projection on the use of funds/cash for Q3 FY2021 are set out as follows:

	Use of funds/cash for Q2 FY2021	Projection on use of funds/cash for Q3 FY2021
	S\$'000	S\$'000
Exploration and evaluation activities	-	-
General working capital	478	434
Total:	478	434

15. Negative Assurance Confirmation On Half Yearly/Quarterly Financial Results Pursuant To Rule 705(5) Of The Listing Manual

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results for the half year ended 30 June 2021 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual.

On behalf of the Board
REENOVA INVESTMENT HOLDING LIMITED

CHEN TONG
 Executive Chairman and Director

14 August 2021