

REX INTERNATIONAL HOLDING LIMITED

(Company Registration No.: 201301242M)

**Unaudited Financial Statement and Dividend Announcement
For the First Quarter Ended 31 March 2018**

Corporate Profile

Rex International Holding Limited (the “**Company**”) was listed on Singapore Exchange Securities Trading Limited’s Catalist Board on 31 July 2013.

Rex International Holding Limited is a new generation technology-driven oil company that owns a set of proprietary and innovative exploration technologies, Rex Technologies, developed by the Company’s Swedish founders. These include the liquid hydrocarbon indicator Rex Virtual Drilling technology, which can identify the location of oil reservoirs in the sub-surface using seismic data.

Wholly-owned subsidiary Rex Technology Management Ltd (“**RTM**”) provides Rex Virtual Drilling seismic data analysis services to partners and clients, while Rex International Holding has been using the Rex Technologies to grow and de-risk its portfolio of exploration and development assets.

Rex International Holding also has, amongst others, two indirect subsidiaries, Lime Petroleum AS (“**LPA**”) and Masirah Oil Ltd (“**MOL**”). These subsidiaries hold interests in assets in Norway and Oman respectively, in regions with previous oil and gas discoveries, as well as well-developed oil and gas infrastructures

For the purpose of this announcement, the financial results of Rex International Holding Limited and its subsidiaries (the “**Group**”) comprise the consolidated unaudited accounts of the Group for the three-month period ended 31 March 2018 (“**1Q FY2018**”).

- 1(a)(i) 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.

	Group Three Months Ended		
	31-Mar-18 US\$'000	31-Mar-17 US\$'000	Change %
Revenue:			
Service revenue	129	86	50
Cost of sales:			
Cost of services	(147)	(80)	84
Exploration and evaluation expenditure	(290)	(383)	(24)
Gross loss	(308)	(377)	(18)
Administration expenses	(2,855)	(2,695)	6
Other income	38	510	(93)
Results from operating activities	(3,125)	(2,562)	22
Finance income	232	225	3
Foreign exchange gain	65	156	(58)
Finance costs	(305)	(360)	(15)
Net finance (costs)/ income	(8)	21	NM
Net change in fair value of an available-for-sale investment, net of tax	–	830	NM
Share of equity-accounted losses of a jointly controlled entity, net of tax	–	(242)	NM
Loss before tax	(3,133)	(1,953)	60
Tax credit	986	1,202	(18)
Loss for the period, net of tax	(2,147)	(751)	186
Loss attributable to:			
Owners of the Company	(2,091)	(644)	225
Non-controlling interests	(56)	(107)	(48)
Loss for the period, net of tax	(2,147)	(751)	186

NM – Not meaningful

	Group		
	Three Months Ended		
	31-Mar-18	31-Mar-17	Change
	US\$'000	US\$'000	%
Other comprehensive income/ (loss)			
<i>– Items that are of may be reclassified subsequently to profit or loss:</i>			
Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss on disposal)	–	(830)	NM
Foreign currency translation differences from foreign operations	1,274	104	1,125
Other comprehensive income/ (loss) for the period	1,274	(726)	(275)
Total comprehensive loss for the period, net of tax	(873)	(1,477)	(41)
Total comprehensive loss attributable to:			
Owners of the Company	(884)	(1,385)	(36)
Non-controlling interests	11	(92)	NM
Total comprehensive loss for the period	(873)	(1,477)	(41)

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Loss before taxation is stated after crediting/ (charging) the following:

	Group		
	Three Months Ended		
	31-Mar-18	31-Mar-17	Change
	US\$'000	US\$'000	%
Depreciation of plant and equipment	(24)	(47)	(41)
Amortisation of other intangible assets	(212)	(212)	–
Impairment of exploration and evaluation assets	(40)	(268)	(85)
Net change in fair value of an available-for-sale investment, net of tax	–	830	NM
Change in fair value of quoted investments	(315)	323	NM
Gain on disposal of quoted investments	8	–	NM
Net gain on disposal of an available-for-sale investment, net of tax	–	185	NM

NM – Not meaningful

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

	Group		Company	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Exploration and evaluation assets	87,476	76,890	–	–
Plant and equipment	65	86	15	17
Intangible assets	5,702	5,915	–	–
Subsidiaries	–	–	95,077	92,977
Jointly controlled entities ⁽¹⁾	–	–	–	–
Available-for-sale investment	1,106	1,106	–	–
Other receivables	7,401	–	–	–
Non-current assets	101,750	83,997	95,092	92,994
Inventories	2,810	2,810	–	–
Trade and other receivables	11,197	9,529	2,288	2,397
Quoted investments	32,452	33,574	32,452	33,574
Cash and cash equivalents	11,558	11,700	7,419	8,631
Current assets	58,017	57,613	42,159	44,602
Total assets	159,767	141,610	137,251	137,596
Equity				
Share capital	255,758	255,758	255,758	255,758
Reserves ⁽²⁾	8,500	7,256	1,582	1,493
Accumulated losses ⁽²⁾	(146,118)	(144,470)	(136,408)	(135,248)
Total equity attributable to owners of the Company	118,140	118,544	120,932	122,003
Non-controlling interests	6,140	6,610	–	–
Total equity	124,280	125,154	120,932	122,003
Liabilities				
Deferred tax liabilities	9,848	2,358	–	–
Provisions	10,888	10,740	–	–
Non-current liabilities	20,736	13,098	–	–
Loan and borrowings	5,034	–	–	–
Trade and other payables	9,717	3,358	16,319	15,593
Current liabilities	14,751	3,358	16,319	15,593
Total liabilities	35,487	16,456	16,319	15,593
Total equity and liabilities	159,767	141,610	137,251	137,596

Footnotes:

(1) Jointly controlled entities comprised the Group's equity interest in:

Name of jointly controlled entities	Percentage of interest	
	31-Mar-18	31-Dec-17
Lime Petroleum Plc (“ Lime ”) *	65.00%	65.00%
HiRex Petroleum Sdn Bhd (“ HiRex ”) **	41.00%	41.00%
Rexonic AG (“ Rexonic ”) **	50.00%	50.00%

* Lime is currently undergoing liquidation.

** The Group's carrying value of investments in Rexonic and HiRex were fully impaired as at 31 March 2018 and 31 December 2017. Rexonic is currently undergoing voluntary liquidation procedures. One of the shareholders of HiRex has filed an application to seek to wind-up HiRex.

(2) The reserves and accumulated losses have been restated as at 1 January 2017 due to the adoption of the new accounting standards. Please refer to paragraph 5 of the results announcement for further information.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31-Mar-18		As at 31-Dec-17	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000

5,034	-	-	-
-------	---	---	---

Amount repayable after one year

As at 31-Mar-18		As at 31-Dec-17	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000

Details of any collateral

The credit facilities of the Group as at 31 March 2018 and 31 December 2017 were secured by:

- First priority assignment of tax refunds;
- First priority charge over certain bank accounts;
- First priority pledge of certain subsidiary's participation interests in licences; and
- First priority assignment of certain insurance.

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	
	Three Months Ended	
	31-Mar-18	31-Mar-17
	US\$'000	US\$'000
Cash flows from operating activities		
Loss before tax for the period	(3,133)	(1,953)
Adjustments for:		
Depreciation	24	41
Amortisation of other intangible assets	212	212
Net finance costs	73	135
Impairment of exploration and evaluation assets	40	268
Net change in fair value of an available-for-sale investment, net of tax	–	(830)
Net gain on disposal of an available-for-sale investment, net of tax	–	(185)
Share of equity-accounted losses of a jointly controlled entity, net of tax	–	242
Gain on disposal of quoted investments	(8)	–
Change in fair value of quoted investments	315	(323)
Equity settled share-based payment transactions	101	65
	(2,376)	(2,328)
Changes in:		
Inventories	–	(82)
Trade and other receivables	(1,816)	(523)
Trade and other payables	6,361	3,252
Net cash from operating activities	2,169	319
Cash flows from investing activities		
Interest received	232	225
Investment in a jointly controlled entity	–	(225)
Proceeds from disposal of an available-for-sale investment	–	1,717
Proceeds from disposal of quoted investments	815	–
Purchase of quoted investments	–	(2,011)
Exploration and evaluation expenditure	(8,636)	(5,591)
Purchase of plant and equipment	(2)	(7)
Net cash used in investing activities	(7,591)	(5,892)
Cash flows from financing activities		
Interest paid	(119)	(194)
Acquisition of non-controlling interests in subsidiaries	(100)	–
Proceeds from borrowings	5,143	1,796
Net cash from financing activities	4,924	1,602
Net decrease in cash and cash equivalents	(498)	(3,971)
Cash and cash equivalents at beginning of the period	11,700	33,240
Effect of exchange rate fluctuations on cash held	356	(60)
Cash and cash equivalents at end of the period	11,558	29,209

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.

	Attributable to owners of the Company						Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Merger reserve US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	
Group								
At 1 January 2018	255,758	4,129	1,080	1,070	977	(144,470)	118,544	6,610 125,154
Total comprehensive loss for the period	–	–	–	–	–	(2,091)	(2,091)	(56) (2,147)
Loss for the period								
Other comprehensive income								
Foreign currency translation differences, representing total other comprehensive loss	–	–	–	–	1,207	–	1,207	67 1,274
Total comprehensive loss for the period	–	–	–	–	1,207	(2,091)	(884)	11 (873)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment transactions – employee share option scheme and performance share plan, representing total contributions by and distributions to owners	–	–	–	101	–	–	101	(2) 99
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control, representing total changes in ownership interests in subsidiaries	–	–	–	(3)	(61)	443	379	(479) (100)
Total transactions with owners	–	–	–	98	(61)	443	480	(481) (1)
At 31 March 2018	255,758	4,129	1,080	1,168	2,123	(146,118)	118,140	6,140 124,280

	Attributable to owners of the Company								Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Merger reserve US\$'000	Capital reserve US\$'000	Fair value reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000		
Group										
At 1 January 2017, as previously stated	254,873	4,129	1,080	830	1,605	651	(139,892)	123,276	10,160	133,436
Impact of adoption of new accounting standard #	–	–	–	–	–	(651)	651	–	–	–
At 1 January 2017, as restated	254,873	4,129	1,080	830	1,605	–	(139,241)	123,276	10,160	133,436
Total comprehensive loss for the period										
Loss for the period	–	–	–	–	–	–	(644)	(644)	(107)	(751)
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	89	–	89	15	104
Net change in fair value of available-for-sale investment, net of tax	–	–	–	(830)	–	–	–	(830)	–	(830)
Total other comprehensive loss	–	–	–	(830)	–	89	–	(741)	15	(726)
Total comprehensive loss for the period	–	–	–	(830)	–	89	(644)	(1,385)	(92)	(1,477)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issuance of shares	664	–	–	–	(664)	–	–	–	–	–
Share-based payment transactions – employee share option scheme and performance share plan	–	–	–	–	65	–	–	65	–	65
Total transactions with owners	664	–	–	–	(599)	–	–	65	–	65
At 31 March 2017, as restated	255,537	4,129	1,080	–	1,006	89	(139,885)	121,956	10,068	132,024

Please refer to paragraph 5 of the results announcement on the impact of adoption of the new accounting standards.

	Share capital US\$'000	Capital reserve US\$'000	Fair value reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<u>Company</u>						
At 1 January 2018	255,758	505	–	988	(135,248)	122,003
Total comprehensive loss for the period						
Loss for the period, representing total comprehensive loss for the period	–	–	–	–	(1,160)	(1,160)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Share-based payment transactions						
– performance share plan, representing total transactions with shareholders	–	–	–	89	–	89
At 31 March 2018	255,758	505	–	1,077	(136,408)	120,932

	Share capital US\$'000	Capital reserve US\$'000	Fair value reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<u>Company</u>						
At 1 January 2017	254,873	505	830	1,553	(125,890)	131,871
Total comprehensive loss for the period						
Loss for the period	–	–	–	–	618	618
Other comprehensive income						
Net change in fair value of an available- for-sale investment, net of tax, representing total other comprehensive loss	–	–	(830)	–	–	(830)
Total comprehensive loss for the period	–	–	(830)	–	618	(212)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issuance of shares	664	–	–	(664)	–	–
Share-based payment transactions – performance share plan	–	–	–	58	–	58
Total transactions with shareholders	664	–	–	(606)	–	58
At 31 March 2017	255,537	505	–	947	(125,272)	131,717

- 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 Capital

The Company's issued and fully paid-up capital as at 31 March 2018 comprised 1,283,310,851 (31 December 2017: 1,283,310,851) ordinary shares. The Company did not issue any new shares during 1Q FY2018.

Employee Share Option Scheme (the "ESOS")

On 29 November 2013, the Company granted an aggregate of 3,187,500 options pursuant to its ESOS to eligible participants (the "Options"), of which 150,000 Options were cancelled in 2014, and 750,000 Options were cancelled in 2017. Details of the ESOS are as follows:

Date of grant of Options	Exercise price of Options	Number of Options outstanding at 1-Jan-18	Options granted in 1Q FY2018	Options exercised in 1Q FY2018	Options cancelled in 1Q FY2018	Number of Options outstanding at 31-Mar-18	Exercise period of Options
29.11.13	S\$0.65	1,525,000	–	–	–	1,525,000	29.11.14 to 28.11.18
29.11.13	S\$0.52	762,500	–	–	–	762,500	29.11.15 to 28.11.18
		<u>2,287,500</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,287,500</u>	

The total number of Options outstanding as at 31 March 2018 was 2,287,500, which would be exercisable into 2,287,500 shares (31 March 2017: 3,037,500 Options exercisable into 3,037,500 shares).

Performance Shares Plan (the “PSP”)

Details of the awards of ordinary shares granted under the PSP (“Awards”), including those granted but not yet vested as at 31 March 2018, are as follows:

Date of grant of Award	Number of shares which are the subject of Awards granted as at 1-Jan-18	Number of shares which are the subject of Awards adjusted in 1Q FY2018	Number of shares which are the subject of Awards granted in 1Q FY2018	Number of shares which are the subject of Awards which had lapsed/ cancelled in 1Q FY2018	Number of shares which are the subject of Awards vested in 1Q FY2018	Number of shares which are the subject of Awards granted as at 31-Mar-18	Number of holders
29.04.16	11,407,100 ⁽¹⁾	-	-	-	-	11,407,100	4
28.04.17	156,288,800 ⁽²⁾	-	-	-	-	156,288,800	18
	167,695,900	-	-	-	-	167,695,900	

- (1) The actual number of Awards to be delivered will range from 0% to 100% and is contingent on the achievement of pre-determined benchmarks set over a two-year performance period.
- (2) The actual number of Awards to be delivered are based on the average of the Company’s closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards (“**Average Performance Market Price**”). If the Average Performance Market Price is S\$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S\$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company’s announcement dated 28 April 2017.

The total number of shares which are the subject of Awards granted but not yet vested as at 31 March 2018 is 167,695,900 shares (31 March 2017: 11,407,100 shares).

Save for the aforementioned Options and Awards, the Company did not have any other outstanding convertibles as at 31 March 2018 and 31 March 2017.

There were also no treasury shares or subsidiary holdings as at 31 March 2018 and 31 March 2017.

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.

Company	
31-Mar-18	31-Dec-17

Total number of issued shares excluding treasury shares	1,283,310,851	1,283,310,851
---	---------------	---------------

The Company did not have any treasury shares as at 31 March 2018 and 31 December 2017.

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 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.

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

Other than disclosed in paragraph 5 below, there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 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 adopted the new Singapore Financial Reporting Standards (International) ("**SFRS(I)**") framework and concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I) which are mandatorily effective from 1 January 2018:

- SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*
- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance contracts* – Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* issued by the IASB in September 2016

Requirements in following SFRS(I)s arising from amendments to corresponding International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standard Board in 2016:

- SFRS(I) 2 *Share-based Payment*
- SFRS(I) 40 *Investment Property*
- SFRS (I) 1 *Amendments to IFRS 1*
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the above standards do not have any significant impact on the financial statements except for SFRS(I) 1, for the current period reported on.

Upon the adoption of SFRS(I) 1, the Group elected the optional exemption in SFRS(I) 1 to reset its cumulative foreign currency translation differences for all foreign operations to US\$NIL. The cumulative foreign currency translation reserve of US\$651,000 was transferred to accumulated losses as at 1 January 2017.

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.

(a) Based on the weighted average number of ordinary shares in issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

Loss per ordinary share ("LPS")	Group	
	Three months ended	
	31-Mar-18	31-Mar-17
Net loss attributable to owners of the Company (US\$)	(2,091,000)	(644,000)
Weighted average number of ordinary shares	1,283,310,851	1,274,567,579
Basic and fully diluted LPS (US cents)	(0.16)	(0.05)

As at 31 March 2018, 2,287,500 Options (31 March 2017: 3,037,500 Options) and 167,695,900 share awards (31 March 2017: 11,407,100 share awards) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. As such, the basic and fully diluted LPS were the same for the respective financial periods.

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

	Group		Company	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
Net asset value [#] (US\$)	124,280,000	125,154,000	120,932,000	122,003,000
Total number of issued shares excluding treasury shares	1,283,310,851	1,283,310,851	1,283,310,851	1,283,310,851
Net asset value per ordinary share based on number of shares in issue as at the end of the financial period/ year (US cents)	9.68	9.75	9.42	9.51

[#] Net asset value as disclosed above includes non-controlling interests.

- 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.**

Consolidated Statement of Comprehensive Income

The Group recorded service revenue of US\$0.13 million and corresponding cost of service of US\$0.15 million in 1Q FY2018, as compared to service revenue of US\$0.09 million and corresponding cost of service of US\$0.08 million in the three-month period ended 31 March 2017 ("**1Q FY2017**") from technical services rendered to external clients by RTM.

The Group recorded exploration and evaluation ("**E&E**") expenditure of US\$0.29 million in 1Q FY2018, of which US\$0.04 million was due to impairment of E&E assets. Comparatively, the Group recorded E&E expenditure of US\$0.38 million in 1Q FY2017, of which US\$0.27 million was due to impairment of E&E assets.

The Group recorded gross loss of US\$0.31 million in 1Q FY2018, as compared to a gross loss of US\$0.38 million in 1Q FY2017.

Administrative expenses increased to US\$2.86 million in 1Q FY2018, from US\$2.70 million in 1Q FY2017, as a result of an increase in the Group's operational costs in 1Q FY2018.

The Group recorded other income of US\$0.04 million and US\$0.51 million in 1Q FY2018 and 1Q FY2017 respectively, mainly from certain ad-hoc consultancy work performed by one of the subsidiaries.

Finance income of US\$0.23 million recorded in both 1Q FY2018 and 1Q FY2017, mainly arose from interest income generated from quoted investments. Finance costs of US\$0.31 million and US\$0.36 million recorded in 1Q FY2018 and 1Q FY2017 respectively, mainly due to bank borrowings.

The Group recorded US\$Nil net change in the fair value of an available-for-sale investment, net of tax (reclassified from equity on disposal) in 1Q FY2018, as compared to US\$0.83 million upon disposal of the Group's shares in North Energy ASA in 1Q FY2017.

The Group recorded US\$Nil share of equity-accounted losses in a jointly controlled entity in 1Q FY2018, as compared to US\$0.24 million in 1Q FY2017. The Group had fully impaired the carrying value of the jointly controlled entity in FY2017.

The change in fair value of quoted investments from a gain of US\$0.32 million in 1Q FY2017 to a loss of US\$0.32 million in 1Q FY2018 was mainly due to poorer performance in the bonds market as a result of the upticks in interest rates in 1Q FY2018.

The Group recorded tax credit of US\$0.99 million and US\$1.20 million in 1Q FY2018 and 1Q FY2017 respectively, from the Norwegian authorities in relation to the exploration costs incurred in Norway.

Overall, the Group registered a total comprehensive loss of US\$0.87 million in 1Q FY2018 as compared to a total comprehensive loss of US\$1.48 million in 1Q FY2017.

Statement of Financial Position

Non-current assets of the Group increased to US\$101.75 million as at 31 March 2018, from US\$84.00 million as at 31 December 2017. The increase was mainly due to exploration and evaluation expenditure of US\$8.64 million pursuant to exploration activities in Norway and Oman in 1Q FY2018, and the recognition of long-term income tax receivables of US\$7.40 million from Norwegian authorities for exploration costs incurred in 1Q FY2018.

Trade and other receivables of the Group increased to US\$11.20 million as at 31 March 2018, from US\$9.53 million as at 31 December 2017. The increase was largely due to prepayments to the operator in 1Q FY2018 in relation to its exploration activities in Norway.

Quoted investments decreased to US\$32.45 million as at 31 March 2018, from US\$33.57 million as at 31 December 2017, due to the disposal of debt securities in 1Q FY2018.

The Group recorded decommissioning provisions of US\$10.89 million and US\$10.74 million as at 31 March 2018 and 31 December 2017 respectively, in relation to exploration activities undertaken in Oman.

Deferred tax liabilities increased to US\$9.85 million as at 31 March 2018, from US\$2.36 million as at 31 December 2017, due to an increase in capitalised exploration and evaluation costs in Norway.

The Group recorded short-term borrowings of US\$5.03 million as at 31 March 2018, as a result of drawn-down credit facilities to fund exploration activities in Norway. All short-term borrowings were fully repaid as at 31 December 2017.

Trade and other payables increased to US\$9.72 million as at 31 March 2018, from US\$3.36 million as at 31 December 2017, due to an increase in accrued expenses for exploration activities in Norway in 1Q FY2018.

Working capital decreased to US\$43.27 million as at 31 March 2018, from US\$54.26 million as at 31 December 2017. This was largely due to an increase in bank borrowings and a decrease in cash and cash equivalents as a result of exploration and evaluation expenditures and operational expenses incurred in 1Q FY2018.

Statement of Cash Flows

The Group reported net cash of US\$2.17 million from operating activities in 1Q FY2018, after accounting for movements in working capital. This was primarily due to changes in working capital, offset by administrative and operational expenses incurred in relation to the Group's business.

Net cash used in investing activities of US\$7.59 million in 1Q FY2018 was largely attributable to exploration and evaluation expenditure of US\$8.64 million in Norway and Oman, partially offset by proceeds from the disposal of quoted investments of US\$0.82 million and interest received from quoted investments of US\$0.23 million.

Net cash from financing activities of US\$4.92 million in 1Q FY2018 was attributable to proceeds from bank borrowings of US\$5.14 million which was mainly for exploration activities in Norway, offset by interest expense of US\$0.12 million and acquisition of non-controlling interests in subsidiaries of US\$0.10 million.

The Group recorded an overall net decrease in cash and cash equivalents of US\$0.50 million in 1Q FY2018. As at 31 March 2018, the Group's cash and cash equivalents stood at US\$11.56 million and quoted investments stood at US\$32.45 million, totalling US\$44.01 million, as compared to a total of US\$45.27 million as at 31 December 2017 (comprising cash and cash equivalents of US\$11.70 million and quoted investments of US\$33.57 million).

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 or prospect statement has been previously disclosed to shareholders.

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 prices closed at US\$70 a barrel for the quarter ending 31 March 2018 compared to US\$53 a barrel in the previous corresponding period.¹ The year began on a bullish note for oil prices, supported by robust global demand, the Organization of the Petroleum Exporting Countries (OPEC) output cuts and a series of geopolitical tensions.² Brent futures breached US\$70 a barrel for the first time since December 2014 and Brent prices hit a high of US\$71 in January 2018,¹ signalling a sooner than expected rebalancing of oil markets due to continued compliance with

OPEC-led supply cuts and steady demand growth.³ The US Energy Information Administration (EIA) increased its forecast of Brent prices twice in 2018 from an average US\$60 a barrel, to US\$62 a barrel and subsequently to US\$63 a barrel for 2018.⁴

The Group is focusing on unlocking value in its key discovery assets in Norway and Oman by bringing them towards production. The Group will also step up on marketing its proprietary technology, Rex Virtual Drilling (“**RVD**”), as a de-risking tool to other oil companies to generate more recurring revenue.

The Group will update the market as and when there are material developments to its operational plan.

Footnotes:

¹ Bloomberg data

² CNBC: Oil prices ease from 3-year highs after Brent crude rockets above \$70 a barrel
<https://www.cnbc.com/2018/01/11/brent-crude-rockets-to-3-year-high-above-70.html>

³ Reuters: Goldman Sachs raises oil price forecasts on speedy market rebalancing
<https://www.reuters.com/article/us-research-oil-goldmansachs/goldman-sachs-raises-oil-price-forecasts-on-speedy-market-rebalancing-idUSKBN1FL4QG>

⁴ US Energy Information Administration (EIA), Short-term Energy Outlook, January - April 2018
https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf

11. Dividend

a) Current financial period reported on

No dividend has been declared or recommended for 1Q FY2018.

b) Corresponding period to immediately preceding financial year

No dividend has been declared or recommended for 1Q FY2017.

c) Date payable

Not applicable.

d) Book closure date

Not applicable.

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

No dividend has been declared or recommended for 1Q FY2018.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), 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 IPT. There were no IPT transactions of S\$100,000 and above during 1Q FY2018.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

15. Use of proceeds pursuant to Rule 704(30)

The Company had on 6 November 2013, completed a placement of 70 million new ordinary shares at an issue price of S\$0.755 per share (the “2013 Placement”), raising net proceeds of S\$50.87 million (after deducting placement expenses of S\$1.98 million).

The utilisation of proceeds from the Company’s 2013 Placement exercises as at the date of this announcement is as follows:

Use of proceeds	Amount allocated	Amount redeployed	Amount utilised	Balance
	S\$’000	S\$’000	S\$’000	S\$’000
Exploration and drilling activities in new opportunities in the Asia-Pacific region	17,856	(17,856) ⁽¹⁾⁽²⁾	-	-
Exploration and drilling activities in new opportunities in geographical regions including the Middle East, Norway and Western Europe	16,787	(6,268) ⁽³⁾	(10,519)	-
Invest in and expand the business in the oil services sector using well stimulation technology	16,228	(100) ⁽⁴⁾	(16,128)	-
Share buyback mandate	-	5,960 ⁽¹⁾	-	5,960
General working capital	-	13,264 ⁽²⁾⁽³⁾⁽⁴⁾	(13,264) ⁽⁵⁾	-
Total	50,871	(5,000)	(39,911)	5,960

Footnotes:

- (1) The provisional amount of S\$5.96 million which was redeployed was equivalent to 50% of the illustrated maximum amount of funds required for market purchases as disclosed in Section 2.9(c) of the circular to shareholders in relation to the proposed adoption of the share buyback mandate dated 1 October 2015.
- (2) S\$6.90 million and S\$5.00 million were redeployed to general working capital and further field development in Oman respectively due to fewer opportunities in the Asia Pacific region.
- (3) S\$6.27 million was redeployed to general working capital due to fewer opportunities in the Western Europe region.
- (4) S\$0.10 million was redeployed to general working capital as no further funds will be used for the investment in the oil service sector.
- (5) S\$13.26 million was used for Singapore’s office staff cost and operational expenses, consultancy and professional fees.

16. Use of funds/ cash by mineral, oil and gas companies pursuant to Rule 705(6)

Actual use of funds/ cash for 1Q FY2018

Purpose	Amount
	US\$'000
Exploration and drilling activities in Oman	531
Exploration and drilling activities in Norway	2,441*
General working capital	1,324
Total	4,296

In 1Q FY2018, US\$2.44 million and US\$0.53 million were used for exploration and drilling related activities in Norway and Oman respectively. US\$1.32 million was used for the Singapore and RTM offices' staff costs and operational expenses, consultancy and professional fees.

The actual amounts of funds used for drilling activities in Norway and Oman were US\$0.16 million and US\$0.33 million lower than the projected amounts in 4Q FY2017 respectively. There was a slight decrease of US\$0.08 million in the actual amount of funds used for general working capital.

The actual use of funds for 1Q FY2018 amounted to US\$4.30 million, which was slightly lower than the projected amount in 4Q FY2017.

* Net of tax refund receivables from the Norwegian tax authorities in relation to the exploration costs incurred in Norway. LPA is a pre-qualified oil company in Norway which is eligible to receive a cash tax refund of 78% of exploration costs annually.

Projection on the use of funds/ cash in 2Q FY2018

Purpose	Amount
	US\$'000
Exploration and drilling activities in Oman	590
Exploration and drilling activities in Norway	5,180*
General working capital	1,400
Total	7,170

* Net of tax refund receivables from the Norwegian tax authorities in relation to the exploration costs incurred in Norway.

17. Pursuant to Rule 705(7)(a) - Details of exploration (including geophysical surveys), mining 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.

In 1Q FY2018, the Group incurred US\$8.48 million and US\$0.16 million for seismic studies and exploration activities in Norway and Oman respectively.

The Group's exploration work is an ongoing process. The exploration activities fulfilled in 1Q FY2018 included Rex Virtual Drilling, actual drillings and preparatory work in Oman and Norway.

18. Pursuant to Rule 705(7)(b) - An update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

Norway

An independent qualified person's report ("QPR") in respect of the Rolvsnes (previously known as Edvard Grieg South) discovery from Gaffney, Cline & Associates Ltd has been included in a CD-ROM enclosed in the Company's Annual Report for the financial year ended 31 December 2017, as part of its obligations under the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual, Section B: Rules of Catalist ("Catalist Rules") on the disclosure of its reserves and resources. The asset is PL338C in Norway, where the Rolvsnes discovery was made in 2015. The operator Lundin Norway AS is currently performing development feasibility studies for a sub-sea tie-back to their operated Edvard Grieg platform some 7km to the north. Lime Petroleum AS ("LPA") holds a 30% working interest in the asset.

A summary from the QPR of the contingent resources of the Rolvsnes discovery which is attributable to LPA, a subsidiary in which the Company has an indirect 90% interest, as per Appendix 7D of the Catalist Rules is provided below:

		NET ATTRIBUTABLE TO LPA		
CATEGORY	GROSS ATTRIBUTABLE TO LICENCE (MMbbl/Bcf)	(MMbbl/Bcf)	CHANGE FROM PREVIOUS UPDATE (%)	REMARKS
CONTINGENT RESOURCES OF OIL				
1C	10.3	3.1	0	Unchanged from previous update (when called Edvard Grieg South).
2C	31.4	9.4	0	
3C	77.9	23.4	0	
CONTINGENT RESOURCES OF NATURAL GAS				
1C	10.4	3.1	0	Unchanged from previous update (when called Edvard Grieg South).
2C	31.8	9.5	0	
3C	78.7	23.6	0	

MMbbl: Millions of barrels
Bcf: Billions of cubic feet

Please refer to the Company's announcement dated 2 February 2018.

19. Negative Confirmation by the Board pursuant to Rule 705(5) and Rule 705(6)(b) of Catalyst Listing Manual.

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for 1Q FY2018 and the above information provided to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF
Rex International Holding Limited

Dan Broström
Executive Director and Chairman

10 May 2018

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).