REENOVA INVESTMENT HOLDING LIMITED

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

Website: **www.reenovagroup.com**

SGX Stock Code: **5EC**

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ("Q3 FY2020") AND NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 ("9M 2020")

PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A consolidated statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended			9 months ended		
	30/09/2020 Q3 FY2020 (Unaudited) S$	30/09/2019 Q3 FY2019 (Unaudited) (Restated) S$	Increase / (Decrease) %	30/09/2020 9M 2020 (Unaudited) S$	30/09/2019 9M 2019 (Unaudited) (Restated) S$	Increase / (Decrease) %
Revenue	-	-	-	-	-	-
Other income	16,776	389	>100.0	57,183	1,738	>100.0
Employee benefits expense	(827,722)	(249,122)	>100.0	(1,312,784)	(737,966)	77.9
Depreciation	(35,332)	(37,165)	(4.9)	(106,228)	(113,035)	(6.0)
Other operating expenses	(2,051,866)	(1,434,153)	43.1	(4,638,149)	(2,017,611)	>100.0
Finance costs	(648)	(6,348)	(89.8)	(29,596)	(12,694)	>100.0
Share of loss of joint venture	(23,155)	(8,108)	>100.0	(33,216)	(41,569)	(20.1)
Loss before tax	**(2,921,947)**	(1,734,507)	68.5	**(6,062,790)**	**(2,921,137)**	>100.0
Income tax expense	-	-	-	-	-	-
Loss for the period	**(2,921,947)**	(1,734,507)	68.5	**(6,062,790)**	**(2,921,137)**	>100.0
Other comprehensive income:						
Currency translation differences arising from consolidation	791,857	769,177	2.9	2,420,360	1,136,524	>100.0
Total comprehensive loss for the period	**(2,130,090)**	(965,330)	> 100.0	**(3,642,430)**	**(1,784,613)**	>100.0
Loss attributable to:						
Equity holders of the Company	**(2,554,615)**	**(1,350,854)**	89.1	**(4,945,409)**	**(2,094,017)**	>100.0
Non-controlling interest	**(367,332)**	**(383,653)**	(4.3)	**(1,117,381)**	**(827,120)**	35.1
	(2,921,947)	**(1,734,507)**		**(6,062,790)**	**(2,921,137)**	
Total comprehensive loss attributable to:						
Equity holders of the Company	**(1,960,722)**	**(773,972)**	> 100.0	**(3,130,138)**	**(1,241,624)**	>100.0
Non-controlling interest	**(169,368)**	**(191,358)**	(11.5)	**(512,292)**	**(542,989)**	(5.7)
	(2,130,090)	**(965,330)**		**(3,642,430)**	**(1,784,613)**	

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			9 months ended		
	30/09/2020 Q3 FY2020 (Unaudited)	30/09/2019 Q3 FY2019 (Unaudited) (Restated)	Increase / (Decrease)	30/09/2020 9M 2020 (Unaudited)	30/09/2019 9M 2019 (Unaudited) (Restated)	Increase / (Decrease)
	S$	S$	%	S$	S$	%
Interest income on bank deposits	(21)	(28)	(25.0)	(89)	(63)	41.3
Rental and operating leases	35,164	39,986	(12.1)	107,814	113,715	(5.2)
Lease liability interest expense	648	1,719	(62.3)	2,904	6,070	(52.2)
Impairment on VAT receivables	10,304	-	N.M	40,794	-	N.M
Reversal of impairment on trade and other receivables	-	750,619	(100.0)	-	750,619	(100.0)
Impairment on investment in a joint venture	800,000	-	N.M	800,000	-	N.M

Note: N.M. denotes not meaningful.

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

	Group		Company	
	30/09/2020 (Unaudited)	31/12/2019 (Audited)	30/09/2020 (Unaudited)	31/12/2019 (Audited)
	S$	S$	S$	S$
ASSETS				
Current assets				
Cash and cash equivalents	**309,935**	77,882	**194,244**	50,271
Other receivables	**101,479**	45,349	**31,246**	31,457
Amounts due from subsidiaries	**-**	-	**14,155,814**	13,430,264
Other current assets	**41,003**	41,971	**8,071**	6,866
Right-of-use assets	**21,962**	-	**21,962**	-
	474,379	165,202	**14,411,337**	13,518,858
Non-current assets				
Investments in subsidiaries	**-**	-	**6**	7
Investment in a joint venture	**412,460**	1,245,676	**-**	-
Property, plant and equipment	**163,258**	203,692	**107,645**	132,257
Intangible assets	**36,027,632**	36,027,632	**-**	-
Right-of-use asset	**8,197**	87,849	**8,197**	87,849
	36,611,547	37,564,849	**115,848**	220,113
Total assets	**37,085,926**	37,730,051	**14,527,185**	13,738,971
LIABILITIES				
Current liabilities				
Other payables	**5,589,771**	5,027,521	**1,477,689**	1,590,218
Convertible redeemable bonds	**-**	1,439,057	**-**	1,439,057
Lease liability	**30,779**	-	**30,779**	-
	5,620,550	6,466,578	**1,508,468**	3,029,275
Non-current liabilities				
Lease liability	**8,693**	90,259	**8,693**	90,259
Deferred income tax liabilities	**6,138,610**	6,138,610	**2,954**	2,954
	6,147,303	6,228,869	**11,647**	93,213
Total liabilities	**11,767,853**	12,695,447	**1,520,115**	3,122,488
NET ASSETS	**25,318,073**	25,034,604	**13,007,070**	10,616,483
EQUITY				
Share capital	**46,217,539**	42,161,116	**46,217,539**	42,161,116
Capital reserve	**-**	130,524	**-**	130,524
Fair value reserve	**(7,779,920)**	(7,779,920)	**-**	-
Currency translation reserve	**2,315,167**	499,896	**-**	-
Accumulated losses	**(19,259,015)**	(14,313,606)	**(33,210,469)**	(31,675,157)
Total equity attributable to owners of the Company	**21,493,771**	20,698,010	**13,007,070**	10,616,483
Non-controlling interest	**3,824,302**	4,336,594	**-**	-
Total equity	**25,318,073**	25,034,604	**13,007,070**	10,616,483

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

	30/09/2020 (Unaudited)		31/12/2019 (Audited)	
	Secured S$	Unsecured S$	Secured S$	Unsecured S$
Amounts repayable within one year or less or on demand:				
- Convertible redeemable bonds	**-**	**-**	-	1,439,057
- Advances from Bond Subscriber[1]	**-**	**-**	-	800,000
- Loan from Executive Director[1]	**-**	**575,000**	-	190,000
	-	**575,000**	-	2,429,057
Amounts repayable after one year:				
Convertible redeemable bonds	**-**	**-**	-	-

[1] The advances from Bond Subscriber and loan from Executive Director were unsecured, interest-free and repayable on demand.

Details of any collateral

Nil.

1(c) Consolidated Statement of Cash Flows

	Group	
	9 months ended 30/09/2020 (Unaudited)	9 months ended 30/09/2019 (Unaudited) (Restated)
	S$	S$
Cash flows from operating activities		
Loss before tax for the period	**(6,062,790)**	(2,921,137)
Adjustments for:		
Depreciation	**106,228**	113,035
Convertible redeemable bond interest	**26,692**	6,603
Lease liabilities interest	**2,904**	6,090
Interest income	**(89)**	(67)
Impairment loss on other receivables	**47,291**	2,696
Impairment loss on investment in a joint venture	**800,000**	-
Reversal of impairment loss on other receivables	**-**	(750,619)
Employee share award expense	**573,723**	-
Share of loss of joint venture	**33,216**	41,569
Write-back of allowance for unutilised leave	**(39,110)**	(42,782)
Unrealised currency translation losses	**2,423,184**	1,141,001
Operating cash flows before working capital changes	**(2,088,751)**	(2,403,611)
Changes in working capital:		
Other receivables and other current assets	**(102,453)**	59,699
Other payables	**202,498**	(265,060)
Cash used in operating activities	**(1,988,706)**	(2,608,972)
Interest received	**89**	67
Net cash used in operating activities	**(1,988,617)**	(2,608,905)
Cash flows from investing activities		
Purchase of property, plant and equipment	**-**	(19,161)
Net cash used in investing activities	**-**	(19,161)
Cash flows from financing activities		
Lease liability interest	**(2,904)**	(6,090)
Proceeds from issuance of convertible redeemable bonds	**1,900,000**	950,000
Share issue expenses	**-**	(30,020)
Advances from bond subscriber	**-**	1,546,500
Interest-free loan from director	**385,000**	190,000
Repayment of lease liabilities	**(61,426)**	(63,638)
Net cash provided by financing activities	**2,220,670**	2,586,752
Net increase/ (decrease) in cash and cash equivalents	**232,053**	(41,314)
Cash and cash equivalents at beginning of financial period	**77,882**	151,555
Cash and cash equivalents at end of financial period	**309,935**	110,241
List of significant non-cash transactions:		
Conversion of convertible redeemable bonds to ordinary shares	**3,482,700**	**863,592**
Issuance and allotment of ordinary shares as payment for the acquisition of 60% of Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd)	**-**	**2,989,029**

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.

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	**-**	**-**	**-**	**-**	**(4,945,409)**	**(1,117,381)**	**(6,062,790)**
Other comprehensive income for the period	**-**	**-**	**-**	**1,815,271**	**-**	**605,089**	**2,420,360**
Total comprehensive loss for the period	**-**	**-**	**-**	**1,815,271**	**(4,945,409)**	**(512,292)**	**(3,642,430)**
Transactions with owners, recognised directly in equity:							
- Issuance of new ordinary shares	**4,056,423**	**-**	**-**	**-**	**-**	**-**	**4,056,423**
- Convertible redeemable bonds - equity component	**-**	**(130,524)**	**-**	**-**	**-**	**-**	**(130,524)**
Transactions with owners, recognised directly in equity	**4,056,423**	**(130,524)**	**-**	**-**	**-**	**-**	**3,925,899**
Balance at 30 September 2020	**46,217,539**	**-**	**(7,779,920)**	**2,315,167**	**(19,259,015)**	**3,824,302**	**25,318,073**

Group	Share capital (Unaudited)	Capital reserve (Unaudited)	Fair value reserve (Unaudited)	Currency translation reserve (Unaudited) (Restated)	Accumulated losses (Unaudited) (Restated)	Non-controlling interest (Unaudited) (Restated)	Total equity (Unaudited) (Restated)
	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2019	37,816,578	139,124	(7,779,920)	(30,905)	(13,383,375)	8,652,498	25,414,000
Loss for the period	**-**	**-**	**-**	**-**	(2,094,017)	(827,120)	(2,921,137)
Other comprehensive income for the period	**-**	**-**	**-**	852,393	-	284,131	1,136,524
Total comprehensive loss for the period	**-**	**-**	**-**	852,393	(2,094,017)	(542,989)	(1,784,613)
Transactions with owners, recognised directly in equity:							
- Issuance of new ordinary shares	4,434,558	-	-	-	-	-	4,434,558
- Share issue expense	(60,020)	-	-	-	-	-	(60,020)
- Convertible redeemable bonds - equity component	-	(12,463)	-	-	-	-	(12,463)
- Acquisition of additional shares in a subsidiary	-	-	-	-	2,206,779	(2,957,398)	(750,619)
Transactions with owners, recognised directly in equity	4,374,538	(12,463)	-	-	2,206,779	(2,957,398)	3,611,456
Balance at 30 September 2019	**42,191,116**	**126,661**	**(7,779,920)**	**821,448**	**(13,270,613)**	**5,152,111**	**27,240,843**

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	**-**	**-**	**(1,535,312)**	**(1,535,312)**
Issuance of new ordinary shares	**4,056,423**	-	-	**4,056,423**
Convertible redeemable bonds – equity component	**-**	**(130,524)**	**-**	**(130,524)**
Balance at 30 September 2020	**46,217,539**	**-**	**(33,210,469)**	**13,007,070**

Company	Share capital (Unaudited)	Capital reserve (Unaudited)	Accumulated losses (Unaudited)	Total equity (Unaudited)
	S$	S$	S$	S$
Balance at 1 January 2019	37,816,578	139,124	(30,527,875)	7,427,827
Loss for the period, representing total comprehensive loss	-	-	(962,195)	(962,195)
Issuance of new ordinary shares	4,434,558	-	-	4,434,558
Share issue expense	(60,020)	-	-	(60,020)
Convertible redeemable bonds – equity component	-	(12,463)	-	(12,463)
Balance at 30 September 2020	**42,191,116**	**126,661**	**(31,490,070)**	**10,827,707**

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.

Share capital has increased by S$3,200,057 in Q3 FY2020 mainly due to the conversion of convertible redeemable bonds with a face value of S$2.6 million into 866,666,666 conversion shares. Share capital has increased by S$4,056,423 in 9M FY2020 mainly due to the conversion of convertible redeemable bonds with a face value of S$3.5 million into 1,166,666,666 conversion shares. In addition, the increase in Q3 FY2020 and 9M FY2020 was also due to the share awards granted to the Company's employees and independent directors under the Reenova Performance Share Plan in Q3 FY2020.

The bonds with a maturity date of 16 September 2020 have been fully converted into new ordinary shares of the Company following the conversion of the first sub-tranche of Tranche 4 bonds by the Subscriber on 7 September 2020. The Company does not have any outstanding bonds recorded on its financial statements as at 16 September 2020. (30 September 2019: 166,666,666 conversion shares).

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 September 2020 and 31 December 2019 were 5,765,247,542 and 4,407,339,976 respectively.

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 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 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 2020. 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		9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
(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	(0.054)	(0.031)	(0.107)	(0.051)
(b) On a fully diluted basis	(0.054)	(0.031)	(0.107)	(0.051)
Weighted average number of ordinary shares outstanding for basic loss per share	4,730,343,266	4,372,557,367	4,640,611,154	4,104,989,163

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	
	30/09/2020 (Unaudited)	31/12/2019 (Audited)	30/09/2020 (Unaudited)	31/12/2019 (Audited)
Net asset value per ordinary share based on issued share capital at the end of:	**0.44 cent**	0.57 cent	**0.23 cent**	0.24 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$16,000 or >100.0% from S$389 for Q3 FY2019 to S$16,776 for Q3 FY2020 and increased by approximately S$55,000 or >100.0% from S$1,738 for 9M FY2019 to S$57,183 for 9M FY2020. This was mainly due to the payouts from Jobs Support Scheme as well as rental waiver and property tax rebate received from the landlord which were part of the Coronavirus Disease 2019 ("**COVID-19**") business support measures by the Singapore Government. The payouts and rebates were received in Q2 and Q3 FY2020.

Employee benefits expense increased by approximately S$579,000 or >100.0% from S$249,000 for Q3 FY2019 to S$828,000 for Q3 FY2020 and increased by approximately S$572,000 or 77.5% from S$738,000 for 9M FY2019 to S$1.31 million for 9M FY2020. This was mainly due to the share awards granted to the Company's employees and independent directors under the Reenova Performance Share Plan in Q3 FY2020.

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

	Group 9 months ended			
	30/09/2020 (Unaudited)	30/09/2019 (Unaudited) (Restated)	Increase / (Decrease)	
	S$	S$	S$	%
Directors' fee	**102,000**	117,000	(15,000)	(12.8)
Consultancy fees	**638,984**	693,158	(54,174)	(7.8)
Exchange loss	**2,449,947**	1,228,167	1,221,780	>100.0
Insurance expense	**35,870**	35,891	(21)	N.M
Impairment loss on VAT and other receivables	**47,291**	2,696	44,595	>100.0
Impairment loss on investment in a joint venture	**800,000**	-	800,000	N.M
Reversal of impairment loss on trade receivables and debt securities	**-**	(750,619)	750,619	(100.0)
Professional fees	**293,541**	223,587	69,954	31.3
Rental expense	**107,814**	113,715	(5,901)	(5.2)
Listing related expenses	**42,301**	53,300	(10,999)	(20.6)
Office utilities and expenses	**9,433**	15,985	(6,552)	(41.0)
Repair and maintenance	**11,301**	5,508	5,793	>100.0
Others	**99,667**	279,223	(179,556)	(64.3)
	4,638,149	2,017,611	2,620,538	>100.0

The increase in operating expenses was mainly due to the exchange loss recorded for 9M FY2020, which arose mainly from the unrealised exchange losses arising from the revaluation of Reenova Rare Earth (Malagasy) S.A.R.L.U's loan payable of approximately Malagasy Ariary ("**MGA**") 74.9 billion to Reenova Holding (Mauritius) Limited as at 30 September 2020. The loan payable was mainly denominated in EUR and USD currencies. MGA depreciated by approximately 11.6% and 4.4% against EUR and USD respectively during 9M FY2020 where EUR 1: MGA 4,541.59 and USD 1 : MGA 3,882.84 as compared to 9M FY2019 where EUR 1: MGA 4,070.99 and USD 1 : MGA 3,718.41.

Finance costs increased by approximately S$16,900 or >100.0% from S$12,700 for 9M FY2019 to S$29,600 for 9M FY2020. This was mainly due to the convertible redeemable bond interest calculated on outstanding bonds that remain unconverted as at Q2 FY2020.

As at 30 September 2020, the Group invested S$1.34 million for a 14.29% shareholding in Straits Hi-Rel Pte Ltd ("**SHR**"). SHR incurred a net loss of approximately S$232,800 (unaudited) for the 9M ended 30 September 2020. Thus, under equity accounting method, the Group recognised approximately S$33,000 as the Group's share of loss in the joint venture for 9M FY2020.

Loss before tax increased by approximately S$1.19 million or 68.5% from S$1.73 million for Q3 FY2019 to S$2.92 million for Q3 FY2020; and increased by approximately S$3.14 million or >100.0% from S$2.92 million for 9M FY2019 to S$6.06 million for 9M FY2020. This was mainly due to the increase in other operating expenses as set out above.

B) Review of the Group's Financial Position

Current assets increased by approximately S$309,000 or >100.0% from S$165,000 as at 31 December 2019 to S$474,000 as at 30 September 2020. This was mainly due to (i) increase in cash and cash equivalents from $78,000 as at 31 December 2019 to S$310,000 as at 30 September 2020 due to the subscription of Sub-Tranche 1 of Tranche 4 convertible redeemable bonds by the Bond Subscriber on 3 September 2020; (ii) increase in other receivables from S$45,000 as at 31 December 2019 to S$101,000 as at 30 September 2020 due to deposit held by a legal firm; and (iii) increase in right-of-use assets of S$22,000 as at 30 September 2020 due to reclassification of right-of-use asset pertaining to the Singapore office lease from non-current assets as the remaining lease term is less than 12 months.

Non-current assets decreased by approximately S$953,000 or 2.5% from S$37.56 million as at 31 December 2019 to S$36.61 million as at 30 September 2020. This was mainly due to recognition of an impairment loss of S$800,000 on the Group's investment in a joint venture in Q3 FY2020 and the reclassification of right-of-use asset pertaining to the Singapore office lease to current assets as the remaining term of the office lease is less than 12 months. The operations of the joint venture have been significantly impacted by the COVID-19 pandemic in the past six months as projects have not been forthcoming, thereby reducing its revenue pipeline and adversely affecting its ability to generate future cash inflows. The Group will continue to monitor the situation closely and further impairment losses may be recognised if the situation does not improve by year-end.

Current liabilities decreased by approximately S$846,000 or 13.1% from S$6.47 million as at 31 December 2019 to S$5.62 million as at 30 September 2020. The decrease was mainly due to the convertible redeemable bonds being fully converted by the Bond Subscriber into ordinary shares of the Company before the maturity of the convertible redeemable bonds on 16 September 2020 and accordingly, the Company does not have any outstanding bonds recorded on its statement of financial position as at 30 September 2020.

Non-current liabilities decreased by approximately S$80,000 or 1.3% from S$6.23 million as at 31 December 2019 to S$6.15 million as at 30 September 2020. This was mainly due to the reclassification of lease liability to current liabilities as the remaining lease term of the Singapore office lease is less than 12 months.

The Company's investments in subsidiaries decreased by S$1 from S$7 as at 31 December 2019 to S$6 as at 30 September 2020 as ISR China Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands, was struck off with effect from 1 May 2020 (the "**Strike-Off**"). Accordingly, ISR China Limited and its wholly-owned subsidiary, ISR Shanghai Investment Advisory Co. Ltd, ceased to be subsidiaries of the Company and are no longer part of the Group with effect from 1 May 2020. The Strike-Off does not have any material impact on the net tangible assets or earnings/(loss) per share of the Company for the period ended 30 September 2020 and the financial year ending 31 December 2020.

C) Review of the Group's Cash Flows

Cash and cash equivalents increased by approximately S$232,000 or >100.0% from S$78,000 as at 31 December 2019 to S$310,000 as at 30 September 2020. The increase was mainly due to net cash flows

of S$2.22 million generated by financing activities and partially offset by net cash flows used in operating activities of S$1.99 million.

Status on the Utilisation of Proceeds Raised from Issuance of Convertible Redeemable Bonds ("CRB") of S$16,000,000 as at 30 September 2020

The Company refers to the net proceeds of approximately S$14.79 million raised from the issuance of CRB as at 30 September 2020.

As at 30 September 2020, the status on the use of the net proceeds raised from the issuance of CRB in S$'000 is as follows:

	Amount Utilised
	S$'000
Investments and general corporate purposes	9,800*
General working capital	4,798**
Total net proceeds raised from issuance of CRB	**14,598**

* Including loans provided to Reenova Holding (Mauritius) Limited and Tantalus Rare Earths AG of S$3.73 million and S$653,000 respectively.

	S$'000
** The breakdown of the amount utilised for general working capital is as follows:	
Wages, salaries, bonuses and other short-term employee benefits and employer's contributions to Central Provident Fund	2,237
Office and warehouse rental	427
Directors' fees	469
Professional fees (including legal, secretarial, investor relations)	513
Listing related expenses	245
Office expenses	114
Repair and maintenance	88
Insurance premiums	172
Others	533
Total	**4,798**

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 Q2 FY2020.

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 Group had overcome adversities to move forward with its plans to commence pilot production in this financial year to date. On 19 August 2020, the Group entered into an agreement to engage Ramboll Environ Africa (Pty) Ltd to assist in providing environmental impact assessment services for the pilot production area within the 238km^2 concession area that hosts rare earth oxides in north-western Madagascar, Africa (the "**Rare Earth Project**"). Subsequently on 20 September 2020, the Group appointed a mining servicer provider, YQS ARC Limited, to set up and operate the pilot production of the Rare Earth Project. On the same date, the Group made a formal application to the Madagascar Mining

Cadastral Office (*Bureau du Cadastre Minier de Madagascar*) to apply for the full mining licence (*Permis de Exploitation*) in relation to the Rare Earth Project.

As announced on 19 October 2020, the Group can continue with the pilot production phase until it receives an official response to its application for the full mining licence. Hence, the Group does not need to cease operations upon the expiration of its current exploration licence in November 2021. On 6 November 2020, the Group completed the share placement exercise which raised approximately S$2.56 million in proceeds.

According to official data, the volume of China's rare earth imports jumped 74% in the first half of this year compared with the same period in 2019. This surge in import looks set to continue as Chinese consumers of rare earths, from smelting factories to magnet makers, race to place orders with overseas suppliers. The supply crunch has been exacerbated by the Chinese economy's rapid recovery from the Covid-19 pandemic. Rising production by Chinese electric vehicle makers, whose output increased 32% year on year in the third quarter, had contributed to soaring domestic demand for rare earths.[1]

With the initial financing in place, the Group will continue its plans towards commencing pilot production. The Group is also in ongoing negotiations to secure offtake agreements with potential buyers and it will keep shareholders updated on material developments as and when it arises.

Source:

1 https://www.ft.com/content/b13a3c4e-e80b-4a5c-aa6f-0c6cc87df638

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 nine months ended 30 September 2020 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 September 2020.

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 Q3 FY2020. 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 Q3 FY2020 and a projection on the use of funds/cash for Q4 FY2020 are set out as follows:

	Use of funds/cash for Q3 FY2020	Projection on use of funds/cash for Q4 FY2020
	S$'000	**S$'000**
Exploration and evaluation activities	-	-
General working capital	425	1,130
Total:	**425**	**1,130**

15. Negative Assurance Confirmation On Third Quarter 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 third quarter and nine months ended 30 September 2020 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

13 November 2020