



RESOURCES GLOBAL DEVELOPMENT LIMITED

(Company Registration No. 201841763M)
(Incorporated in the Republic of Singapore)

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

This announcement has been prepared by Resources Global Development Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Background

Resources Global Development Limited (the “Company”, and together with its subsidiaries, the “Group”) was listed on Catalist on 31 January 2020. The Group is an established coal trader and coal shipping company in Indonesia. The Group procures thermal coal from coal mines located in South Kalimantan mainly for domestic sales. It also owns a relatively young and well-maintained fleet of nine Indonesian-flagged vessels, and provides chartering services of tugboats, barges and bulk carrier to transport coal within the Indonesian territories. For more information, please visit the Company’s website at www.rgd.sg.

The Company was incorporated in the Republic of Singapore on 12 December 2018 as a private company limited by shares under the name “Resources Global Development Pte. Ltd.”. The Company was converted into a public company and consequently changed its name to “Resources Global Development Limited” on 23 December 2019.

The Group was formed pursuant to a restructuring exercise (the “Restructuring Exercise”) which involved a series of acquisitions, the rationalisation of its corporate and shareholding structure as well as business and operations for the purposes of the Company’s listing on Catalist. Please refer to the Company’s offer document dated 14 January 2020 (registered by the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore on 14 January 2020) (“Offer Document”) in respect of the initial public offering of the shares of the Company (“IPO”), for further details on the Restructuring Exercise. Pursuant to the IPO, the Company issued and allotted 15,000,000 new shares in the capital of the Company at S\$0.20 each through a placement exercise (“Placement”), with a resultant post-IPO issued and paid-up share capital of 90,000,000 shares.

PART 1 – INFORMATION REQUIRED FOR HALF YEAR AND FULL YEAR RESULTS ANNOUNCEMENT

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 period.

	GROUP		
	1H 2020 S\$	1H 2019 S\$	Increase/ (Decrease) %
	(Unaudited)	(Unaudited)	
Revenue	39,204,047	40,923,478	(4.2)
Cost of sales and services	(34,678,922)	(38,777,098)	(10.6)
Gross profit	4,525,125	2,146,380	110.8
Other income	300,655	139,140	116.1
Administrative expenses	(2,826,129)	(1,616,591)	74.8
Finance costs	(328,576)	(93,101)	252.9
Profit before tax	1,671,075	575,828	190.2
Tax expense	(424,991)	(392,828)	8.2
Profit for the financial period	1,246,084	183,000	580.9
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	196,017	401,943	(51.2)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement of post-employment benefits liabilities, net of tax	-	8,035	(100)
Other comprehensive income for the financial period, net of tax	196,017	409,978	(52.2)
Total comprehensive income for the financial period	1,442,101	592,978	143.2
Profit for the financial period attributable to:			
Equity holders of the Company	784,308	367,014	113.7
Non-controlling interests	461,776	(184,014)	NM
	1,246,084	183,000	580.9
Total comprehensive income attributable to:			
Equity holders of the Company	902,917	590,780	52.8
Non-controlling interests	539,184	2,198	NM
	1,442,101	592,978	143.2

"NM" denotes not meaningful.

"1H 2020" denotes six months period ended 30 June 2020.

"1H 2019" denotes six months period ended 30 June 2019

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

	GROUP		
	1H 2020	1H 2019	Increase/ (Decrease)
	S\$	S\$	%
	(Unaudited)	(Unaudited)	
<i>Profit before tax has been arrived at after (crediting)/charging:</i>			
Depreciation of property, plant and equipment	2,101,170	714,999	193.9
Capitalisation of IPO expenses	(193,582)	-	NM
Listing expenses ⁽¹⁾	419,274	280,576	49.4
Interest income	(56,230)	(139,140)	(59.6)
Post-employment benefits	-	112,806	(100)
Foreign exchange losses	1,180,761	33,993	NM

"NM" denotes not meaningful.

Note:

- (1) The IPO was completed in January 2020 where substantial proportion of listing expenses (in particular, placement commissions) would have been incurred. Accordingly, higher expenses were incurred in 1H 2020 as compared to 1H 2019.

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	
	As at 30 June 2020 S\$ (Unaudited)	As at 31 December 2019 S\$ (Audited)	As at 30 June 2020 S\$ (Unaudited)	As at 31 December 2019 S\$ (Audited)
Non-current assets				
Property, plant and equipment	33,169,897	35,100,035	194,771	241,169
Deferred tax assets	8,325	7,618	-	-
Other receivables	2,650	2,636	-	-
Investment in subsidiaries	-	-	1,701,028	1,701,028
	33,180,872	35,110,289	1,895,799	1,942,197
Current assets				
Inventories	88,006	37,804	-	-
Trade and other receivables	3,711,677	7,824,013	49,626	169,394
Contract assets	228,121	201,951	-	-
Cash and cash equivalents	11,239,859	7,971,299	1,142,940	262,155
	15,267,663	16,035,067	1,192,566	431,549
Total assets	48,448,535	51,145,356	3,088,365	2,373,746
Non-current liabilities				
Liabilities for post-employment benefits	231,833	230,598	-	-
Borrowings	7,975,363	7,990,915	86,302	128,643
	8,207,196	8,221,513	86,302	128,643
Current liabilities				
Trade and other payables	3,712,624	10,459,973	108,546	1,191,226
Contract liabilities	2,033,709	1,807,550	-	-
Borrowings	166,879	220,647	84,187	83,202
Tax payable	232,102	483,011	-	-
	6,145,314	12,971,181	192,733	1,274,428
Total liabilities	14,352,510	21,192,694	279,035	1,403,071
Net assets	34,096,025	29,952,662	2,809,330	970,675
Equity				
Share capital	5,701,262	3,000,000	5,701,262	3,000,000
Retained earnings / (accumulated losses)	15,170,519	14,386,211	(2,891,932)	(2,029,325)
Currency translation reserve	(467,374)	(585,983)	-	-
Equity attributable to equity holders of the Company	20,404,407	16,800,228	2,809,330	970,675
Non-controlling interests	13,691,618	13,152,434	-	-
Total equity	34,096,025	29,952,662	2,809,330	970,675

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial year reported on with comparative figures as at the end of the immediately preceding financial year

	GROUP	
	As at 30 June 2020 S\$	As at 31 December 2019 S\$
Borrowings, secured and non-guaranteed ⁽¹⁾	116,223	135,666
Borrowings, secured and guaranteed	-	-
Borrowings, unsecured and non-guaranteed	<u>8,026,019</u>	<u>8,075,896</u>
	<u>8,142,242</u>	<u>8,211,562</u>

Amount repayable within one year or less, or on demand

As at 30 June 2020 (S\$)		As at 31 December 2019 (S\$)	
Secured	Unsecured	Secured	Unsecured
29,562	137,317	34,194	186,453

Amount repayable after one year

As at 30 June 2020 (S\$)		As at 31 December 2019 (S\$)	
Secured	Unsecured	Secured	Unsecured
86,661	7,888,702	101,472	7,889,443

Details of any collateral

- (1) The lease liabilities on the finance lease of the vehicles are secured by the rights to the leased motor vehicles, which will revert to the lessor in the event of default by the Group.

1(c) **A statement of cash flows (for the group), together with a comparative statement, for the corresponding year of the immediately preceding financial period.**

	GROUP	
	1H 2020	1H 2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	1,671,075	575,828
Adjustments for:		
Depreciation of property, plant and equipment	2,101,170	714,999
Capitalisation of IPO expenses	(193,582)	-
Post-employment benefits	-	112,806
Interest income	(56,230)	(139,140)
Interest expense	328,576	93,101
Operating cash flows before working capital changes	3,851,009	1,357,594
Change in operating assets and liabilities:		
Inventories	(50,202)	(2,314,162)
Receivables	3,980,994	3,768,065
Payables	(6,521,189)	4,543,606
Currency translation difference	80,551	134,079
Cash generated from operations	1,341,163	7,489,182
Interest received	56,230	139,140
Taxes paid	(675,408)	(532,590)
Net cash generated from operating activities	721,985	7,095,732
Cash flows from investing activities		
Purchases of property, plant and equipment	(14,702)	(16,338,026)
Net cash used in investing activities	(14,702)	(16,338,026)
Cash flows from financing activities		
Proceeds from issuance of share placements	3,000,000	-
Interest paid	(328,576)	(36,644)
Loan from a related party	-	7,656,964
Prepayment of lease liabilities	(110,920)	(16,477)
Repayment of bank loan	-	(312,323)
Net cash generated from financing activities	2,560,504	7,291,520
Net increase/(decrease) in cash and cash equivalents	3,267,787	(1,950,774)
Effect of exchange rate changes on cash and cash equivalents	773	172
Cash and cash equivalents at beginning of financial period	7,971,299	11,326,672
Cash and cash equivalents at end of financial period	11,239,859	9,376,070

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

GROUP	← Attributable to equity holders of the Company →			Total S\$	Non-controlling interests S\$	Total equity S\$
	Share capital S\$	Retained earnings S\$	Currency translation reserve S\$			
Balance at 1 January 2020 (Audited)	3,000,000	14,386,211	(585,983)	16,800,228	13,152,434	29,952,662
Profit for the financial period	-	784,308	-	784,308	461,776	1,246,084
Other comprehensive income						
Currency translation differences arising from consolidation	-	-	118,609	118,609	77,408	196,017
Re-measurement of post-employment benefits liabilities	-	-	-	-	-	-
Other comprehensive income for the financial period, net of tax	-	-	118,609	118,609	77,408	196,017
Total comprehensive income for the financial period	-	784,308	118,609	902,917	539,184	1,442,101
Issue of new shares	3,000,000	-	-	3,000,000	-	3,000,000
Capitalisation of IPO expenses	(298,738)	-	-	(298,738)	-	(298,738)
Balance at 30 June 2020 (Unaudited)	<u>5,701,262</u>	<u>15,170,519</u>	<u>(467,374)</u>	<u>20,404,407</u>	<u>13,691,618</u>	<u>34,096,025</u>

GROUP	← Attributable to equity holders of the Company →			Total S\$	Non-controlling interests S\$	Total equity S\$
	Share capital S\$	Retained earnings S\$	Currency translation reserve S\$			
Balance at 1 January 2019 (Audited)	3,000,000	13,515,043	(1,016,205)	15,498,838	12,438,524	27,937,362
Profit/(loss) for the financial period	-	367,014	-	367,014	(184,014)	183,000
Other comprehensive income						
Currency translation differences arising from consolidation	-	-	217,291	217,291	184,652	401,943
Re-measurement of post-employment benefits liabilities	-	6,475	-	6,475	1,560	8,035
Other comprehensive income for the financial period, net of tax	-	6,475	217,291	223,766	186,212	409,978
Total comprehensive income for the financial period	-	373,489	217,291	590,780	2,198	592,978
Fair value gain on loan from non-controlling shareholders of a subsidiary	-	408,833	-	408,833	425,520	834,353
Balance at 30 June 2019 (Unaudited)	<u>3,000,000</u>	<u>14,297,365</u>	<u>(798,914)</u>	<u>16,498,451</u>	<u>12,866,242</u>	<u>29,364,693</u>

COMPANY	Share capital S\$	Accumulated losses S\$	Total equity S\$
Balance at 1 January 2020 (Audited)	3,000,000	(2,029,325)	970,675
Issue of new shares	3,000,000	-	3,000,000
Capitalisation of IPO expenses	(298,738)	-	(298,738)
Loss for the period	-	(862,607)	(862,607)
Balance at 30 June 2020 (Unaudited)	<u>5,701,262</u>	<u>(2,891,932)</u>	<u>2,809,330</u>

COMPANY	Share capital S\$	Accumulated losses S\$	Total equity S\$
Balance at 1 January 2019 (Audited)	3,000,000	-	3,000,000
Loss for the period	-	(543,906)	(543,906)
Balance at 30 June 2019 (Unaudited)	<u>3,000,000</u>	<u>(543,906)</u>	<u>2,456,094</u>

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

Issued share capital	Number of shares	Issued and paid-up share capital (S\$)
As at 31 December 2019	75,000,000	3,000,000
Issue of new Shares pursuant to the Placement on 30 January 2020	15,000,000	3,000,000
Capitalisation of IPO Expenses	-	(298,738)
As at 30 June 2020	<u>90,000,000</u>	<u>5,701,262</u>

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at 30 June 2019 and 30 June 2020.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

	As at 30 June 2020	As at 31 December 2019
Total number of issued shares excluding treasury shares	<u>90,000,000</u>	<u>75,000,000</u>

The Company did not have any treasury shares as at 31 December 2019 and 30 June 2020.

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

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

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. The Company does not have subsidiary holdings during and as at the end of the current financial period report on.

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.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; and (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been disclosed.

Not applicable. The latest audited financial statements of the Group for the financial year ended 31 December 2019 are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

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

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements for the 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.

Nil.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	GROUP	
	1H 2020	1H 2019
Profit attributable to equity holders of the Company (S\$)	784,308	367,014
Weighted average number of shares	90,000,000	90,000,000
Basic and diluted earnings per share (S\$ cents)	0.9	0.4 ⁽¹⁾

Note:

- (1) For comparative purpose, basic and diluted earnings per share for 1H 2019 are calculated based on net profit attributable to equity holders of the Company divided by the total number of ordinary shares, adjusted for the Restructuring Exercise and the issuance and allotment of New Shares pursuant to the IPO (as detailed in section 1(d)(ii) above).

The basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in existence during the respective financial period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital 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	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Net asset value (" NAV ") attributable to equity holders of the Company (S\$)	20,404,407	16,800,228	2,809,330	970,675
Number of ordinary shares	90,000,000	90,000,000 ⁽¹⁾	90,000,000	90,000,000 ⁽¹⁾
NAV per ordinary share (S\$ cents)	22.7	18.7	3.1	1.1

Note:

- (1) For comparative purpose, the number of ordinary shares in issue used in the computation of NAV per ordinary share as at 31 December 2019 has been adjusted to reflect the issue of 15,000,000 new shares on 30 January 2020, assuming such transactions occurred as at 31 December 2019.

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.

REVIEW OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

(A) Revenue

Total revenue decreased by S\$1.7 million (4.2%), from S\$40.9 million in 1H 2019 to S\$39.2 million in 1H 2020. The breakdown of revenue by business segment is set out below:

Business Segment	1H 2020		1H 2019	
	S\$	%	S\$	%
Coal Trading Business	32,392,678	82.6	37,837,577	92.5
Coal Shipping Services	6,811,369	17.4	3,085,901	7.5
Total	39,204,047	100.0	40,923,478	100.0

Coal Trading Business

Revenue from Coal Trading Business decreased by S\$5.4 million (14.3%), from S\$37.8 million in 1H 2019 to S\$32.4 million in 1H 2020. This is mainly attributed to lower average market price in 1H 2020, coupled with decrease in the sales volume from about 787,000 mt in 1H 2019 to 771,000 mt in 1H 2020.

Coal Shipping Services

Revenue from Coal Shipping Services increased by S\$3.7 million (119.4%), from S\$3.1 million in 1H 2019 to S\$6.8 million in 1H 2020. This is mainly due to increased vessel capacity.

The Group has a fleet of nine Indonesian-flagged vessels, with an aggregate fleet capacity of 116,000 metric tonnes deployed in 1H 2020, as compared to a fleet of seven Indonesian-flagged vessels, with an aggregate fleet capacity of 58,000 metric tonnes operationally deployed in 1H 2019.

(B) Gross profit

Gross profit increased by S\$2.4 million (110.8%), from S\$2.1 million in 1H 2019 to S\$4.5 million in 1H 2020, while gross profit margin increased by 6.3 percentage points from 5.2% in 1H 2019 to 11.5% in 1H 2020. The breakdown of gross profit and gross profit margin by business segment is set out below:

Business Segment	1H 2020 S\$	1H 2019 S\$
Coal Trading Business		
Gross profit	2,819,625	1,848,534
Gross profit margin	8.7%	4.9%
Coal Shipping Services		
Gross profit	1,705,500	297,846
Gross profit margin	25.0%	9.7%
Overall		
Gross profit	4,525,125	2,146,380
Gross profit margin	11.5%	5.2%

Coal Trading Business

Gross profit of Coal Trading Business increased by S\$1.0 million (55.6%), from S\$1.8 million in 1H 2019 to S\$2.8 million in 1H 2020. This is mainly attributed to the fixed term coal contracts renewed with suppliers with more favorable terms, coupled with a lower freight charges on trans-shipment with third-party service providers. As a result, the gross profit margin increased by 3.8 percentage points from 4.9% in 1H 2019 to 8.7% in 1H 2020.

Coal Shipping Services

Gross profit of Coal Shipping Services increased by S\$1.4 million (466.7%), from S\$0.3 million in 1H 2019 to S\$1.7 million in 1H 2020, which was in line with the increase in the sales activities contributed by this segment.

Gross profit margin from this segment increased by 15.3 percentage points, from 9.7% in 1H 2019 to 25.0% in 1H 2020. The increase is attributed to the initial set up costs (which comprised staff costs, fuel costs, spare parts, equipment and maintenance) incurred in 1H 2019 as fixed costs ahead of new vessels and barges being operationally deployed during 1H 2019, and no such costs were incurred in 1H 2020. In addition, the lower bunker fuel costs in 1H 2020 has further reduced the operating costs of the vessels.

Depreciation charges increased by S\$1.31 million (189.9%) from S\$0.69 million in 1H 2019 to S\$2.0 million in 1H 2020. This was mainly due to additional vessels and barges being fully deployed in 1H 2020.

(C) Other income

Other income increased by S\$0.2 million (116.1%), from S\$0.1 million in 1H 2019 to S\$0.3 million in 1H 2020.

Other income in 1H 2019 of S\$0.1 million relates to interest income from bank and fixed deposit. Such interest income declined to S\$56,000 in 1H 2020 mainly due to lower bank and fixed deposit placed with financial institutions in 1H 2020.

Other income in 1H 2020 mainly relate to a one-off S\$0.2 million listing grant from the Monetary Authority of Singapore under the Grant for Equity Market Singapore (or GEMS) pursuant to the Company's successful IPO in January 2020, together with the wage support grant from the Singapore government under the Jobs Support Scheme and interests from bank and fixed deposit.

(D) Administrative expenses

Administrative expenses increased by S\$1.2 million (74.8%), from S\$1.6 million in 1H 2019 to S\$2.8 million in 1H 2020. The increase was largely attributed to the foreign exchange loss of S\$1.1 million incurred in 1H 2020 due to the conversion of the Group's US\$ to IDR as working capital when IDR was strengthening against the US\$.

Depreciation charges recognised in the administrative expenses increased by S\$102,000 (351.7%), from S\$29,000 in 1H 2019 to about S\$131,000 in 1H 2020. The increase was mainly attributed to the recognition on right-of-use on the office lease following the adoption of SFRS(I) 16 Leases, leasehold improvement and purchase of office furniture and equipment for the new office leased in Singapore during the second half of the financial year ended 31 December 2019 ("FY2019").

(E) Finance costs

Finance costs increased by about S\$0.2 million (252.9%), from S\$0.1 million in 1H 2019 to S\$0.3 million in 1H 2020, mainly due to higher interest expenses incurred on a new interest-bearing bank loan obtained in the fourth quarter of FY2019.

(F) Profit for the financial period

As a result of the above, profit for the financial period after tax increased by S\$1.1 million (580.9%), from S\$0.2 million in 1H 2019 to S\$1.3 million in 1H 2020.

REVIEW OF STATEMENTS OF FINANCIAL POSITION OF THE GROUP

(A) Non-current assets

Non-current assets decreased by S\$1.9 million (5.5%), from S\$35.1 million as at 31 December 2019 to S\$33.2 million as at 30 June 2020, mainly due to decrease in property, plant and equipment by S\$1.9 million, as a result of depreciation charges in 1H 2020.

(B) Current assets

Current assets decreased by S\$0.8 million (4.8%), from S\$16.0 million as at 31 December 2019 to S\$15.2 million as at 30 June 2020. This is mainly attributed to the following:

Trade and Other Receivables

Trade and other receivables decreased by S\$4.1 million (52.6%), from S\$7.8 million as at 31 December 2019 to S\$3.7 million as at 30 June 2020. The decrease was mainly attributed to payment received from customers.

Contract assets

Contract assets increased by S\$26,000 (13.0%), from S\$202,000 as at 31 December 2019 to S\$228,000 as at 30 June 2020, due mainly to an increase on services rendered but not yet billed as at 30 June 2020 in respect of our Coal Shipping Services.

Inventories

Inventories increased by S\$50,000 (132.8%) from S\$38,000 as at 31 December 2019 to S\$88,000 as at 30 June 2020, mainly attributed to additional spare parts purchased for the bulk carrier.

Cash and Cash Equivalents

Cash and cash equivalents increased by S\$3.2 million (41.0%), from S\$8.0 million as at 31 December 2019 to S\$11.2 million as at 30 June 2020. Please refer to the section entitled "Review of Cash Flow of the Group" below for information on the increase in cash and cash equivalents.

(C) Non-current liabilities

Non-current liabilities remained relatively stable at S\$8.2 million as at 31 December 2019 and 30 June 2020.

(D) Current liabilities

Current liabilities decreased by S\$6.8 million (52.6%), from S\$13.0 million as at 31 December 2019 to S\$6.2 million as at 30 June 2020. This is mainly due to the following:

Trade and Other Payables

Trade and other payables decreased by S\$6.8 million (64.5%), from S\$10.5 million as at 31 December 2019 to S\$3.7 million as at 30 June 2020. The decrease was mainly due to payments made to suppliers, service providers and vessel construction vendor during 1H 2020.

Contract Liabilities

Contract liabilities increased by S\$0.2 million (12.5%), from S\$1.8 million as at 31 December 2019 to S\$2.0 million as at 30 June 2020. This is mainly due to recognition of deferred revenue from the Coal Shipping Services as its revenue is recognized over duration of each voyage.

Borrowings

Borrowings, which comprised mainly lease liabilities, decreased by S\$54,000 (24.4%), from S\$221,000 as at 31 December 2019 to S\$167,000 as at 30 June 2020. The decrease was due mainly to the payment made during 1H 2020.

Tax Payable

Tax payable decreased by S\$0.3 million (51.9%), from S\$0.5 million as at 31 December 2019 to S\$0.2 million as at 30 June 2020. The decrease was due mainly to the tax paid during 1H 2020.

(E) Working capital

The working capital of the Group increased from S\$3.1 million as at 31 December 2019 to S\$9.1 million as at 30 June 2020.

REVIEW OF CASH FLOW OF THE GROUP

Net cash generated from operating activities in 1H 2020 was S\$0.7 million, mainly due to operating cash flows before working capital changes of S\$3.8 million, changes in working capital of S\$2.5 million and taxes paid of S\$0.7 million. Changes in working capital were due to decrease in payables of S\$6.5 million and decrease in receivables of S\$4.0 million.

Net cash used in investing activities in 1H 2020 of S\$15,000 relates to purchase of office equipment and spare parts for the vessels.

Net cash generated from financing activities of S\$2.6 million in 1H 2020 was mainly due to (i) proceeds of S\$3.0 million from the issuance of new shares pursuant to the Placement, partially offset by (ii) interest paid of S\$0.3 million in respect of bank loans and finance lease, and (iii) prepayment of lease liabilities of S\$0.1 million.

As a result of the above, cash and cash equivalents increased by S\$3.3 million in 1H 2020, from S\$7.9 million as at 31 December 2019 to S\$11.2 million as at 30 June 2020.

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

The Company refers to the trend information disclosed in the section entitled “General Information on our Group – Trend Information” of the Offer Document, where the board of directors of the Company indicated that, among others, it expects (i) the Group’s revenue to remain stable on the back of continued domestic demand for coal and the Group’s Coal Shipping Services, and (ii) lower overall gross profit margin for the next 12 months from 17 December 2019 as a result of increasing competition faced by the Group (“**Prospect Statement**”).

In 1H 2020, the Group recorded a 4.2% decline in sales and 6.3 percentage points improvement in gross profit margin, as compared to 1H 2019 (“**Actual Results**”). The variance between the Actual Results and the Prospect Statement was largely attributable to (i) decrease in market price and sales volume in our Coal Trading Business during 1H 2020, partially offset by the increase of our revenue generated from our Coal Shipping Services, which affected revenue; and (ii) lower bunker fuel costs in 1H 2020 and improved terms in the renewed purchase agreement with coal suppliers which affected gross profit margin.

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 year and the next 12 months.

The coal industry and its related logistics businesses remain challenging. There is lack of visibility created by the COVID-19 pandemic and its impact on the economy is difficult to anticipate. Notwithstanding the above, the Group’s management remains cautiously optimistic

on the prospects of the Group's businesses going forward. The Group has taken proactive steps and initiatives to manage the business continuity plans for all of our offices and our business operations, to minimize disruptions to our customers' supply chain while preserving the well-being of our staff and crews.

Coal Trading Business

Both the revenue and sales volume in our Coal Trading Business decreased in 1H 2020 due to the challenging market conditions arising from the COVID-19 pandemic. However, we have recorded a higher gross margin in the Coal Trading Business due to a more favourable terms we have negotiated with the coal suppliers.

We will continue our effort to secure new clients to broaden our customer base in both domestic and overseas market.

Coal Shipping services

Our tugboats and barges business remains relatively stable during 1H 2020. The bulk carrier, on the other hand, has shown some signs of slowdown due to slower market demands. We have expected this amidst the challenging market conditions arising from the COVID-19 pandemic. We are monitoring the situation closely.

We will continue to seek new business for the bulk carrier and to improve vessel efficiency and utilization rate through better management and improve planning of the voyages.

Fertilizer Trading Business

On 22 June 2020, the Company announced the incorporation of a new subsidiary, RG Nutrients Pte. Ltd. This new trading business will supply fertilizer products to customers in the regional market and will allow us to expand and create additional revenue source for the Group.

The Group is currently looking into various opportunities and ventures, including but not limited to resource-related businesses, which are synergistic to the business of the Group. Such efforts will allow for effective integration with our existing business segments. The aim is to bring about competitive advantage for the Group with greater economies of scale and provide an impetus for future growth.

11. Dividend

(a) Any dividend recommended/declared for the current financial year reported on?

Nil.

(b) Any dividend recommended/declared for the corresponding year of the immediately preceding financial year?

Nil.

(c) Date payable

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for 1H 2020, as the Group is conserving its cash for future growth and expansion.

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 obtained a general mandate from shareholders of the Company for interested person transactions in respect of the purchase of coal from PT Angsana Jaya Energi (“PT AJE”) and PT Akbar Mitra Jaya (“PT AMJ”). The aggregate values of the respective IPTs entered into during 1H 2020 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during 1H 2020 (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) (S\$’000)	Aggregate value of all IPTs during 1H 2020 conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$’000)
PT AJE	A coal mining company incorporated in Indonesia and an associate company of PT Deli Coal ⁽¹⁾	-	5,811
PT AMJ	A coal mining company incorporated in Indonesia and an associate company of PT Deli Coal ⁽¹⁾	-	14,832
Ever Grace International Trading Limited	An investment holding company incorporated in Hong Kong, which is indirectly wholly-owned by Ms Lenny Limanto ⁽²⁾	500	-

Notes:

- (1) PT Deli Coal is indirectly 79%-owned by certain Founding Shareholders ⁽³⁾ (namely Mr Djunaidi Hardi, Mr Arifin Ang, Mr Juhadi and Mr Arifin Tan) and their associates (namely Mdm Ratih Anggaraini and Mdm Lai Hong).
- (2) Ms Lenny Limanto is the sister of Mr Salim Limanto (Executive Director of the Company), the daughter of Mr Djunaidi Hardi, and the niece of Mr Arifin Ang, Mr Juhadi and Mr Limas Ananto. Each of Mr Djunaidi Hardi, Mr Arifin Ang, Mr Juhadi and Mr Limas Ananto is a Founding Shareholder ⁽³⁾.
- (3) Founding Shareholders refer to Mr Juhadi, Mr Arifin Tan, Mr Djunaidi Hardi, Mr Arifin Ang and Mr Limas Ananto. The Founding Shareholders are deemed to be interested in the shares of the Company held by Deli International Resources Pte. Ltd. (the controlling shareholder of the Company).

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 all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

15. Negative assurance on interim financial statements pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge and belief, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the half year ended 30 June 2020 to be false or misleading in any material aspect.

16. Use of IPO proceeds

The Company received gross proceeds from the IPO of S\$3.0 million (the “**Gross Proceeds**”). The use of the Gross Proceeds as at the date of this announcement is as follows:

	Amount on a re-allocated basis (as announced on 27 March 2020) (S\$'000)	Gross Proceeds utilised as at 22 July 2020 ⁽¹⁾ (S\$'000)	Gross Proceeds utilised from 23 July 2020 up to the date of this announcement (S\$'000)	Balance of Gross Proceeds as at the date of this announcement (S\$'000)
General working capital	1,830	(1,277)	-	553
Listing expenses:				
Professional fees	950	(950)	-	-
Placement commission	200	(200)	-	-
Listing and application fees	20	(20)	-	-
Gross Proceeds	3,000	(2,447)	-	553

Note:

(1) Please refer to the Company's announcement on 22 July 2020 in relation to the use of Gross Proceeds.

BY ORDER OF THE BOARD

Francis Lee
Executive Director and CEO

Salim Limanto
Executive Director and COO

12 August 2020