

REENOVA INVESTMENT HOLDING LIMITED

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

 SGX Stock Code: **5EC**
UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER FINANCIAL (Q2" FY2020") AND HALF YEAR PERIOD ENDED 30 JUNE 2020 ("HY 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			6 months ended		
	30/06/2020	30/06/2019	Increase / (Decrease) %	30/06/2020	30/06/2019	Increase / (Decrease) %
	Q2 FY2020 S\$	Q2 FY2019 S\$		HY 2020 S\$	HY 2019 S\$	
Revenue	-	-	-	-	-	-
Other income	40,021	22	>100.0	40,407	1,349	>100.0
Employee benefits expense	(261,706)	(237,851)	10.0	(485,062)	(488,844)	(0.8)
Depreciation	(35,342)	(37,450)	(5.6)	(70,896)	(75,870)	(6.6)
Other operating expenses	(1,531,506)	329,854	> (100.0)	(2,586,283)	(583,458)	>100.0
Finance costs	(27,662)	(4,026)	> 100.0	(28,948)	(6,346)	>100.0
Share of loss of joint venture	(6,265)	(20,289)	(69.1)	(10,061)	(33,461)	(69.9)
(Loss)/profit before tax	(1,822,460)	30,260	> (100.0)	(3,140,843)	(1,186,630)	>100.0
Income tax expense	-	-	-	-	-	-
(Loss)/profit for the period	(1,822,460)	30,260	> (100.0)	(3,140,843)	(1,186,630)	>100.0
Other comprehensive income:						
Currency translation differences arising from consolidation	1,099,070	(34,354)	> (100.0)	1,628,503	367,347	>100.0
Total comprehensive loss for the period	(723,390)	(4,094)	> 100.0	(1,512,340)	(819,283)	84.6
Loss attributable to:						
Equity holders of the Company	(1,381,054)	23,011	> (100.0)	(2,390,794)	(743,163)	>100.0
Non-controlling interest	(441,406)	7,249	> (100.0)	(750,049)	(443,468)	69.1
	(1,822,460)	30,260		(3,140,843)	(1,186,630)	
Total comprehensive loss attributable to:						
Equity holders of the Company	(556,751)	57,495	> (100.0)	(1,169,416)	(467,652)	>100.0
Non-controlling interest	(166,639)	(61,589)	> 100.0	(342,924)	(351,631)	(2.5)
	(723,390)	(4,094)		(1,512,340)	(819,283)	

Note: N.M. denotes not meaningful.

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

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

	3 months ended			6 months ended		
	30/06/2020	30/06/2019	Increase / (Decrease) %	30/06/2020	30/06/2019	Increase / (Decrease) %
	Q2 FY2020 S\$	Q2 FY2019 S\$		HY 2020 S\$	HY 2019 S\$	
Interest income on bank deposits	(42)	(22)	90.9	(68)	(35)	94.3
Rental and operating leases	35,152	33,300	5.5	72,650	73,729	(1.5)
Lease liability interest expense	970	2,031	(52.2)	2,256	4,351	(48.1)
Impairment on VAT receivables	16,629	-	N.M	30,490	-	N.M
Reversal of impairment on trade and other receivables	-	750,619	(100.0)	-	750,619	(100.0)

Note: N.M. denotes not meaningful.

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

	Group		Company	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	S\$	S\$	S\$	S\$
ASSETS				
Current assets				
Cash and cash equivalents	40,088	77,882	21,591	50,271
Other receivables	101,837	45,349	31,441	31,457
Amounts due from subsidiaries	-	-	13,836,166	13,430,264
Other current assets	58,794	41,971	10,748	6,866
Right-of-use assets	43,924	-	43,924	-
	244,643	165,202	13,943,870	13,518,858
Non-current assets				
Investments in subsidiaries	-	-	6	7
Investment in a joint venture	1,235,615	1,245,676	-	-
Property, plant and equipment	177,054	203,692	115,849	132,257
Intangible assets	36,027,632	36,027,632	-	-
Right-of-use asset	9,107	87,849	9,107	87,849
	37,449,408	37,564,849	124,962	220,113
Total assets	37,694,051	37,730,051	14,068,832	13,738,971
LIABILITIES				
Current liabilities				
Other payables	5,566,945	5,027,521	1,628,023	1,590,218
Convertible redeemable bonds	1,585,299	1,439,057	1,585,299	1,439,057
Lease liability	53,496	-	53,496	-
	7,205,740	6,466,578	3,266,818	3,029,275
Non-current liabilities				
Lease liability	10,550	90,259	10,550	90,259
Deferred income tax liabilities	6,138,610	6,138,610	2,954	2,954
	6,149,160	6,228,869	13,504	93,213
Total liabilities	13,354,900	12,695,447	3,280,322	3,122,488
NET ASSETS	24,339,151	25,034,604	10,788,510	10,616,483
EQUITY				
Share capital	43,017,482	42,161,116	43,017,482	42,161,116
Capital reserve	91,045	130,524	91,045	130,524
Fair value reserve	(7,779,920)	(7,779,920)	-	-
Currency translation reserve	1,721,274	499,896	-	-
Accumulated losses	(16,704,400)	(14,313,606)	(32,320,017)	(31,675,157)
Total equity attributable to owners of the Company	20,345,481	20,698,010	10,788,510	10,616,483
Non-controlling interest	3,993,670	4,336,594	-	-
Total equity	24,339,151	25,034,604	10,788,510	10,616,483

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

	30/06/2020		31/12/2019	
	(Unaudited)		(Audited)	
	Secured	Unsecured	Secured	Unsecured
	S\$	S\$	S\$	S\$
Amounts repayable within one year or less or on demand:				
- Convertible redeemable bonds	-	1,585,299	-	1,439,057
- Advances from Bond Subscriber ¹	-	300,000	-	800,000
- Loan from Executive Director ¹	-	545,000	-	190,000
	-	2,430,299	-	2,429,057
Amounts repayable after one year:				
Convertible redeemable bonds	-	-	-	-

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

Details of any collateral

Nil.

1(c) Consolidated Statement of Cash Flows

	Group	
	6 months ended 30/06/2020 (Unaudited)	6 months ended 30/06/2019 (Unaudited) (Restated)
	S\$	S\$
Cash flows from operating activities		
Loss before tax for the period	(3,140,843)	(1,186,630)
Adjustments for:		
Depreciation	70,896	75,870
Convertible redeemable bond interest	26,692	-
Lease liabilities interest	2,256	4,351
Interest income	(68)	(35)
Impairment loss on other receivables	36,987	1,359
Reversal of impairment loss on other receivables	-	(750,619)
Share of loss of joint venture	10,061	33,461
Write-back of allowance for unutilised leave	(39,547)	-
Unrealised currency translation losses	1,629,991	367,594
Operating cash flows before working capital changes	(1,403,575)	(1,451,039)
Changes in working capital:		
Other receivables and other current assets	(110,299)	67,460
Other payables	(89,351)	(341,075)
Cash used in operating activities	(1,603,225)	(1,743,109)
Interest received	68	35
Net cash used in operating activities	(1,603,157)	(1,743,074)
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	(2,256)	(4,351)
Proceeds from issuance of convertible redeemable bonds	950,000	950,000
Share issue expenses	-	(30,020)
Advances from bond subscriber	300,000	946,500
Interest-free loan from director	355,000	190,000
Repayment of lease liabilities	(37,381)	(42,134)
Net cash provided by financing activities	1,565,363	2,009,995
Net (decrease)/increase in cash and cash equivalents	(37,794)	247,760
Cash and cash equivalents at beginning of financial period	77,882	151,555
Cash and cash equivalents at end of financial period	40,088	399,315
List of significant non-cash transactions:		
Conversion of convertible redeemable bonds to ordinary shares	856,366	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	-	-	-	-	(2,390,794)	(750,049)	(3,140,843)
Other comprehensive income for the period	-	-	-	1,221,378	-	407,125	1,628,503
Total comprehensive loss for the period	-	-	-	1,221,378	(2,390,794)	(342,924)	(1,512,340)
Transactions with owners, recognised directly in equity:							
- Issuance of new ordinary shares	856,366	-	-	-	-	-	856,366
- Convertible redeemable bonds - equity component	-	(39,479)	-	-	-	-	(39,479)
Transactions with owners, recognised directly in equity	856,366	(39,479)	-	-	-	-	816,887
Balance at 30 June 2020	43,017,482	91,045	(7,779,920)	1,721,274	(16,704,400)	3,993,670	24,339,151

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 2019	37,816,578	139,124	(7,779,920)	(30,905)	(13,383,375)	8,652,498	25,414,000
Loss for the period	-	-	-	-	(743,162)	(443,468)	(1,186,630)
Other comprehensive income for the period	-	-	-	275,510	-	91,837	367,347
Total comprehensive loss for the period	-	-	-	275,510	(743,162)	(351,631)	(819,283)
Transactions with owners, recognised directly in equity:							
- Issuance of new ordinary shares	3,852,621	-	-	-	-	-	3,852,621
- Share issue expense	(30,020)	-	-	-	-	-	(30,020)
- Convertible redeemable bonds - equity component	-	(5,821)	-	-	-	-	(5,821)
- Acquisition of additional shares in a subsidiary	-	-	-	-	2,206,779	(2,957,398)	(750,619)
Transactions with owners, recognised directly in equity	3,822,601	(5,821)	-	-	2,206,779	(2,957,398)	3,066,161
Balance at 30 June 2019	41,639,179	133,303	(7,779,920)	244,605	(11,919,758)	5,343,469	27,660,878

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

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	-	-	(597,633)	(597,633)
Issuance of new ordinary shares	3,852,621	-	-	3,852,621
Share issue expense	(30,020)	-	-	(30,020)
Convertible redeemable bonds – equity component	-	(5,821)	-	(5,821)
Balance at 30 June 2019	41,639,179	133,303	(31,125,508)	10,646,974

- 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\$856,366 in Q2 FY2020 and HY2020 arising from conversion of convertible redeemable bonds with a face value of S\$900,000 into 300,000,000 conversion shares.

The number of shares that may be potentially issued on conversion of the outstanding convertible redeemable bonds of S\$1,585,299 (with a face value of S\$1,600,000) as at 30 June 2020 amount to 533,333,333 conversion shares (30 June 2019: 366,666,666 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 June 2020 and 31 December 2019 were 4,707,339,976 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		6 months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
(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	(0.031)	0.001	(0.054)	(0.019)
(b) On a fully diluted basis	(0.031)	0.001	(0.054)	(0.019)
Weighted average number of ordinary shares outstanding for basic loss per share	4,479,867,449	4,053,860,122	4,443,603,712	3,968,619,321

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

	Group		Company	
	30/06/2020 (Unaudited)	31/12/2019 (Audited)	30/06/2020 (Unaudited)	31/12/2019 (Audited)
Net asset value per ordinary share based on issued share capital at the end of:	0.52 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\$40,000 or >100.0% from S\$22 for Q2 FY2019 to S\$40,021 for Q2 FY2020 and increased by approximately S\$39,000 or >100.0% from S\$1,349 for HY2019 to S\$40,407 for HY2020. This was mainly due to the Job Support Scheme payouts from the Singapore Government and property tax rebates received from the landlord which were part of the COVID-19 support measures rolled out by the Government in relation to the ongoing COVID-19 pandemic. The payouts and rebates were received in Q2 FY2020.

Employee benefits expense increased by approximately S\$24,000 or 10.0% from S\$238,000 for Q2 FY2019 to S\$262,000 for Q2 FY2020. This was mainly due to the hiring of a general supervisor and safety supervisor in the office in Ambanja, Madagascar.

Depreciation expense decreased by approximately S\$2,100 or 5.6% from S\$37,400 for Q2 FY2019 to S\$35,300 for Q2 FY2020; and decreased by approximately S\$5,000 or 7.5% from S\$75,900 for HY FY2019 to S\$70,900 for HY FY2020. The decrease in depreciation was mainly due to fully depreciated assets in FY2019 that are no longer being depreciated in the current reporting period.

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

	Group			
	6 months ended			
	30/06/2020	30/06/2019	Increase /	
	(Unaudited)	(Unaudited)	(Decrease)	
		(Restated)		
	S\$	S\$	S\$	%
Directors' fee	78,000	78,000	-	-
Consultancy fees	472,022	449,026	22,996	5.1
Exchange loss	1,663,646	441,786	1,221,860	>100.0
Insurance expense	23,913	23,927	(14)	N.M
Impairment loss on VAT and other receivables	34,811	1,509	12,502	>100.0
Reversal of impairment loss on trade receivables and debt securities	-	(750,619)	750,619	(100.0)
Professional fees	172,001	116,865	55,136	47.2
Rental expense	72,650	73,729	(1,079)	(1.5)
Listing related expenses	37,010	37,327	(317)	(0.8)
Office utilities and expenses	7,200	8,235	(1,035)	(12.6)
Repair and maintenance	8,906	3,888	5,018	>100.0
Others	16,124	99,785	(83,661)	(83.8)
	2,586,283	583,458	141,465	15.5

The increase in operating expenses was mainly due to the exchange loss recorded for HY 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") 72.6 billion to Reenova Holding (Mauritius) Limited as at 30 June 2020. The loan payable was mainly denominated in EUR and USD currencies. MGA depreciated by approximately 7.1% and 6.2% against EUR and USD respectively during HY FY2020 where EUR 1: MGA 4,328.15 and USD 1 : MGA 3,855.38 as compared to HY FY2019 where EUR 1: MGA 3,962.15 and USD 1 : MGA 3,470.24.

Finance costs increased by approximately S\$23,600 or >100.0% from S\$4,000 for Q2 FY2019 to S\$27,700 for Q2 FY2020; and increased by approximately S\$22,600 or >100.0% from S\$6,300 for HY FY2019 to S\$28,900 for HY FY2020. This was mainly due to the convertible redeemable bond interest calculated on outstanding bonds that remain unconverted as at 30 June 2020.

As at 30 June 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\$70,800 (unaudited) for the half year ended 30 June 2020. Thus, under equity accounting method, the Group recognised approximately S\$10,000 as the Group's share of loss in the joint venture for HY FY2020.

Loss before tax increased by approximately S\$1.85 million or >100.0% from a profit of S\$30,200 for Q2 FY2019 to a loss of S\$1.82 million for Q2 FY2020; and increased by approximately S\$1.95 million or >100.0% from S\$1.19 million for HY FY2019 to S\$3.14 million for HY 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\$79,000 or 48.1% from S\$165,000 as at 31 December 2019 to S\$244,000 as at 30 June 2020. This was mainly to (i) increase in other receivables from S\$45,000 as at 31 December 2019 to S\$102,000 as at 30 June 2020 due to deposit held by a legal firm; and (ii) increase in right-of-use assets of S\$44,000 as at 30 June 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\$115,000 or 0.3% from S\$37.56 million as at 31 December 2019 to S\$37.45 million as at 30 June 2020. This was mainly due to 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.

Current liabilities increased by approximately S\$739,000 or 11.4% from S\$6.47 million as at 31 December 2019 to S\$7.21 million as at 30 June 2020. The increase was mainly due to interest-free loan from executive director and accrual of consultancy fees.

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 June 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 June 2020 as ISR China Limited, a wholly-owned subsidiary of the Company that was incorporated in the British Virgin Islands, has been 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 June 2020 and the financial year ending 31 December 2020.

C) Review of the Group's Cash Flows

Cash and cash equivalents decreased by approximately S\$38,000 or 48.5% from S\$78,000 as at 31 December 2019 to S\$40,000 as at 30 June 2020. The decrease was mainly due to net cash flows of S\$1.76 million generated by financing activities and partially offset by net cash flows used in operating activities of S\$1.79 million.

Status on the Utilisation of Proceeds Raised from Issuance of Convertible Redeemable Bonds (“CRB”) of S\$15,000,000 as at 30 June 2020

The Company refers to the net proceeds of approximately S\$13.85 million raised from the issuance of CRB in S\$'000 as at 30 June 2020.

As at 30 June 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	9,265*
General working capital	4,581**
Total net proceeds raised from issuance of CRB	13,846
* Including loans provided to Reenova Holding (Mauritius) Limited and Tantalus Rare Earths AG of S\$3.33 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	2,079
Office and warehouse rental	438
Directors' fees	432
Professional fees (including legal, secretarial, investor relations)	380
Listing related expenses	229
Office expenses	111
Repair and maintenance	80
Insurance premiums	172
Others	660
Total	4,581

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 Q1 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 uncertainties arising from the ongoing trade dispute between the United States and China and geopolitical tensions have caused anxiety across the world, raising awareness that the industry may need a supply chain outside of China¹.

China accounts for 80% of the global mined supply of rare earths and an even higher share of the manufacturing of powerful rare earth magnets, which are key constituents in everything from wind turbines to military defence weapons.

The rare earth metals market was estimated at \$13.2 billion in 2019 and is expected to hit nearly \$19.8 billion by 2026, registering a CAGR of 10.8% from 2020 to 2026, according to Global Market Insights Inc².

The growing initiatives by governments towards renewable energy consumption is one of the strong driving forces which is promoting the rising demand for clean and renewable energy. One of the 17 rare earth elements, neodymium, is extensively utilised in the renewable energy sector and in electric vehicles among others, and scandium alloys are broadly used in the aircraft and aerospace industry. These rare earth elements including praseodymium and dysprosium can be found in the Group's 238km² concession area in north-western Madagascar, Africa (the "**Rare Earth Project**").

The ongoing COVID-19 pandemic caused delays and disruptions to planned schedules. Nevertheless, the Group is monitoring the situation and striving to achieve the stipulated milestones towards the application of the full mining licence for Rare Earth Project.

The Group remains committed to overcoming the challenges in bringing the Rare Earth Project to commercial production. It will also keep shareholders updated on material developments as and when it arises.

Source:

1 <https://www.ft.com/content/fc368da6-1c86-454b-91ed-cb2727507661>

2 <https://www.globenewswire.com/news-release/2020/06/30/2055207/0/en/The-Rare-Earth-Metals-Market-is-growing-at-10-8-CAGR-to-2026-Says-Global-Market-Insights-Inc.html>

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 half year ended 30 June 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 June 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 Q2 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 Q2 FY2020 and a projection on the use of funds/cash for Q3 FY2020 are set out as follows:

	Use of funds/cash for Q2 FY2020	Projection on use of funds/cash for Q3 FY2020
	S\$'000	S\$'000
Exploration and evaluation activities	-	-
General working capital	466	537
Total:	466	537

- 15. Negative Assurance Confirmation On Half Year 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 second quarter and half year ended 30 June 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

14 August 2020