REX INTERNATIONAL HOLDING LIMITED

(Company Registration Number: 201301242M)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONTENTS

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group Six Months Ended 30-Jun-22 US$'000	30-Jun-21 US$'000	Change %
Revenue:				
Sale of crude oil	4.2	99,454	75,762	31
Cost of sales:				
Production and operating expenses		(33,606)	(12,720)	164
Depletion of oil and gas properties	10	(17,321)	(19,544)	(11)
Exploration and evaluation expenditure	9	(10,590)	(10,804)	(2)
Cost of services		(413)	(389)	6
Gross profit		37,524	32,305	16
Administration expenses		(11,872)	(7,575)	57
Other expenses		(2,994)	–	NM
Other income		217	1,072	(80)
Results from operating activities		22,875	25,802	(11)
Finance income		103	478	(78)
Foreign exchange loss		(116)	(504)	(77)
Finance costs		(4,429)	(507)	774
Net finance costs		(4,442)	(533)	733
Share of profit of equity-accounted investees (net of tax)		433	–	NM
Profit before tax	6	18,866	25,269	(25)
Tax (expense)/ credit	7	(12,831)	2,446	(625)
Profit for the period, net of tax		6,035	27,715	(78)
Other comprehensive loss				
– Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences from foreign operations, representing total other comprehensive loss for the period		(6,810)	(63)	10710
Total comprehensive (loss)/ income for the period, net of tax		(775)	27,652	(103)
Profit attributable to:				
Owners of the Company		4,843	23,930	(80)
Non-controlling interests		1,192	3,785	(69)
Profit for the period, net of tax		6,035	27,715	(78)

NM: Not meaningful

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (continued)

	Note	Group Six Months Ended 30-Jun-22 US$'000	30-Jun-21 US$'000	Change %
Total comprehensive (loss)/ income attributable to:				
Owners of the Company		(1,441)	23,872	(106)
Non-controlling interests		666	3,780	(82)
Total comprehensive (loss)/ income for the period, net of tax		(775)	27,652	(103)
Earnings per share				
Basic earnings per share (cents)	6.1	0.37	1.84	(80)
Diluted earnings per share (cents)	6.1	0.37	1.84	(80)

NM: Not meaningful

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B. Condensed interim statements of financial position

		Group		Company	
		30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	Note	US$'000	US$'000	US$'000	US$'000
Assets					
Exploration and evaluation assets	9	36,204	40,646	–	–
Oil and gas properties	10	135,362	137,022	–	–
Other intangible assets	11	2,090	2,515	–	–
Plant and equipment	12	2,043	1,609	142	244
Subsidiaries		–	–	60,757	92,621
Associate and jointly controlled entity		2,432	1,000	–	–
Other receivables	13	156,240	167,193	–	–
Non-current assets		334,371	349,985	60,899	92,865
Inventories		9,471	11,278	–	–
Trade and other receivables	13	71,115	94,988	1,267	1,130
Quoted investments		27,263	26,306	27,262	26,298
Cash and cash equivalents		76,474	60,603	3,063	6,489
Current assets		184,323	193,175	31,592	33,917
Total assets		518,694	543,160	92,491	126,782
Equity					
Share capital	14	257,677	257,677	257,677	257,677
Reserves		2,483	8,753	739	725
Accumulated losses		(75,224)	(80,067)	(206,963)	(168,096)
Total equity attributable to owners of the Company		184,936	186,363	51,453	90,306
Non-controlling interests		13,558	12,892	–	–
Total equity		198,494	199,255	51,453	90,306
Liabilities					
Loan and borrowings	16	41,984	47,107	–	–
Deferred tax liabilities		55,150	40,831	–	–
Provisions	17	177,053	197,147	–	–
Lease liabilities		42	149	11	39
Non-current liabilities		274,229	285,234	11	39
Loan and borrowings	16	7,528	8,512	–	–
Trade and other payables		38,143	49,734	40,901	36,240
Lease liabilities		300	425	126	197
Current liabilities		45,971	58,671	41,027	36,437
Total liabilities		320,200	343,905	41,038	36,476
Total equity and liabilities		518,694	543,160	92,491	126,782

C. Condensed interim statements of changes in equity

	Attributable to owners of the Company									
	Share capital US$'000	Treasury shares US$'000	Merger reserve US$'000	Capital reserve US$'000	Share-based payment reserve US$'000	Translation reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Group										
At 1 January 2022	257,677	(716)	4,129	2,180	1,179	1,981	(80,067)	186,363	12,892	199,255
Total comprehensive income for the period										
Profit for the period	–	–	–	–	–	–	4,843	4,843	1,192	6,035
Other comprehensive loss										
Foreign currency translation differences, representing total other comprehensive loss	–	–	–	–	–	(6,284)	–	(6,284)	(526)	(6,810)
Total comprehensive loss for the period	–	–	–	–	–	(6,284)	4,843	(1,441)	666	(775)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share-based payment transactions – employee share option scheme and performance share plan, representing total transactions with owners	–	–	–	–	14	–	–	14	–	14
At 30 June 2022	257,677	(716)	4,129	2,180	1,193	(4,303)	(75,224)	184,936	13,558	198,494

C. Condensed interim statements of changes in equity (continued)

	Attributable to owners of the Company									
	Share capital US$'000	Treasury shares US$'000	Merger reserve US$'000	Capital reserve US$'000	Share-based payment reserve US$'000	Translation reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
<u>Group</u>										
At 1 January 2021	257,677	(716)	4,129	1,630	967	913	(137,092)	127,508	12,718	140,226
Total comprehensive income for the period										
Profit for the period	–	–	–	–	–	–	23,930	23,930	3,785	27,715
Other comprehensive loss										
Foreign currency translation differences, representing total other comprehensive loss	–	–	–	–	–	(58)	–	(58)	(5)	(63)
Total comprehensive income for the period	–	–	–	–	–	(58)	23,930	23,872	3,780	27,652
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share-based payment transactions – employee share option scheme and performance share plan, representing total transactions with owners	–	–	–	–	80	–	–	80	5	85
At 30 June 2021	257,677	(716)	4,129	1,630	1,047	855	(113,162)	151,460	16,503	167,963

C. Condensed interim statements of changes in equity (continued)

	Share capital US$'000	Treasury shares USD$'000	Capital reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company						
At 1 January 2022	257,677	(716)	505	936	(168,096)	90,306
Total comprehensive loss for the period						
Loss for the period, representing total comprehensive loss for the period	–	–	–	–	(38,867)	(38,867)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Share-based payment transactions – performance share plan, representing total transactions with shareholders	–	–	–	14	–	14
At 30 June 2022	257,677	(716)	505	950	(206,963)	51,453

C. Condensed interim statements of changes in equity (continued)

	Share capital US$'000	Treasury shares USD$'000	Capital reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company						
At 1 January 2021	257,677	(716)	505	793	(154,759)	103,500
Total comprehensive loss for the period						
Loss for the period, representing total comprehensive loss for the period	–	–	–	–	(584)	(584)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Share-based payment transactions – performance share plan, representing total transactions with shareholders	–	–	–	29	–	29
At 30 June 2021	257,677	(716)	505	822	(155,343)	102,945

D. Condensed interim consolidated statement of cash flows

	Group Six Months Ended 30-Jun-22 US$'000	Group Six Months Ended 30-Jun-21 US$'000
Cash flows from operating activities		
Profit before tax for the period	18,866	25,269
Adjustments for:		
Depreciation	409	367
Depletion of oil and gas properties	17,321	19,544
Amortisation of other intangible assets	425	425
Net finance costs	4,326	29
Other gains and losses	134	–
Expensed exploration and evaluation costs	–	9,615
Impairment losses on exploration and evaluation assets	8,748	–
Change in fair value of quoted investments	2,837	(834)
Gain on disposal of quoted investments	(215)	(106)
Share of profit of equity-accounted investees, net of tax	(433)	–
Equity settled share-based payment transactions	15	85
	52,433	54,394
Changes in:		
– Inventories	1,807	–
– Trade and other receivables	9,108	(43,355)
– Trade and other payables	(12,855)	6,795
Tax receipts from exploration and evaluation activities in Norway	12,810	–
Net cash from operating activities	63,303	17,834
Cash flows from investing activities		
Interest received	103	478
Investment in an associate	(1,000)	–
Purchase of quoted investments	(8,194)	(9,316)
Proceeds from disposal of quoted investments	3,880	8,432
Exploration and evaluation expenditure (Note 9)	(8,941)	(12,910)
Additions to oil and gas properties (Note 10)	(26,525)	(9,072)
Purchase of plant and equipment (Note 12)	(877)	(8)
Net cash used in investing activities	(41,554)	(22,396)
Cash flows from financing activities		
Interest paid	(3,434)	(372)
Proceeds from bank loans	–	2,914
Repayment of lease liabilities	(207)	(207)
Net cash (used in)/ from financing activities	(3,641)	2,335

D. Condensed interim consolidated statement of cash flows (continued)

	Group	
	Six Months Ended	
	30-Jun-22	30-Jun-21
	US$'000	US$'000
Net increase/ (decrease) in cash and cash equivalents	18,108	(2,227)
Cash and cash equivalents at beginning of the period	60,603	20,375
Effect of exchange rate fluctuations on cash held	(2,237)	702
Cash and cash equivalents at end of the period	76,474	18,850

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Rex International Holding Limited (the "**Company**") is a company incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 ("**1H FY2022**") comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activities of the Company are those relating to investment holding.

The principal activities of the Group are relating to oil and gas exploration and production and oil exploration technology.

2. Basis of preparation

The condensed interim financial statements for the six months period ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

The condensed interim financial statements are presented in United States ("**US**") dollar which is the Company's functional currency. All financial information presented in US dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1. New and amended standards adopted by the Group

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

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

2.2. Use of judgements and estimates (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit ("**CGU**") and choose a suitable discount rate in order to calculate the present value of those cash flows.

2.2. Use of judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

Amortisation of technology assets

Technology assets are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation expenses could be revised.

Provisions

Estimates of the Group's obligations arising from exploration drilling rehabilitation that exist as at the reporting date may be affected by future events which cannot be predicted with any certainty. The assumptions and best estimates in determining these provisions are made based on management's judgement and experience and therefore, future exploration drilling rehabilitation obligations and expenses could be revised.

Depletion of oil and gas properties

Oil and gas properties are mainly depleted on a unit of production basis at a rate calculated by reference to proved plus probable reserves and incorporating the estimated future cost of developing and extracting those reserves. Future development costs are estimated using assumptions as to the number of wells required to produce those reserves, the cost of the wells, future production facilities and operating costs; together with assumptions on oil and gas realisations based on the approved field development plans.

Critical judgements made in applying accounting policies

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers or ceases exploration and evaluation expenditure.

The Group's accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established and executed successfully. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

2.2. Use of judgements and estimates (continued)

<u>Critical judgements made in applying accounting policies (continued)</u>

Hydrocarbon reserves

Hydrocarbon reserves are estimates of the amount of oil that can be economically and legally extracted by the Group in approved fields. For the purpose of estimating reserves, several factors are considered, among others, such as geological, technical and economic, production techniques, recovery rates, production costs, transportation costs, demand and prices for commodities and exchange rates. Estimating the quantity and grade of reserves requires determining the size, shape and depth of the reservoirs or fields to be determined by analysing geological data and drilling samples. This process may require interpreting complex and difficult geological judgements. Because the economic assumptions change from period to period and the Group is still generating additional geological data during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the recovery of the carrying amount of oil properties due to changes in estimated future cash flows and the cost of depreciation recorded in profit or loss as it is given in terms of units of production based on total proven reserves.

3. Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has three reportable segments: Oil and Gas (exploration and production); Non-Oil and Gas (oil exploration technology); and Corporate.

The following summary describes the operations of each of the Group's reportable segments:

* Oil and Gas: involved in oil and gas exploration and production with concessions located in Oman and Norway.
* Non-Oil and Gas: pertains to the technology segment. Rex Technology owns the Rex Virtual Drilling technology that can extract information on the presence of reservoir rock and liquid hydrocarbons using conventional seismic data.
* Corporate: pertains to corporate functions.

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Executive Chairman, the Chief Executive Officer and senior management who are responsible for allocating resources and assessing performance of the operating segments.

4.1. Reportable segment

Information regarding the results of each reportable segment is as below:

Group	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
1 January 2022 to 30 June 2022				
Sale of crude oil	99,454	–	–	99,454
Service revenue	–	782	–	782
Total revenue for reportable segments	99,454	782	–	100,236
Elimination of inter-segment revenue	–	(782)	–	(782)
Consolidated revenue	99,454	–	–	99,454
Other income	–	–	2	2
Segment expense	(42,402)	(741)	(3,913)	(47,056)
Finance income	3	–	100	103
Foreign exchange gain/ (loss)	1,648	26	(1,790)	(116)
Finance costs	(4,393)	(1)	(35)	(4,429)
Depreciation	(307)	–	(102)	(409)
Depletion of oil and gas properties	(17,321)	–	–	(17,321)
Amortisation of other intangible assets	–	(425)	–	(425)
Share of profit of equity-accounted investees (net of tax)	–	433	–	433
Other material non-cash items:				
– Changes in fair values of quoted investments	(7)	–	(2,830)	(2,837)
– Gain from disposal of quoted investments	–	–	215	215
– Impairment losses on exploration and evaluation assets	(8,748)	–	–	(8,748)
Reportable segment profit/ (loss) before tax	27,927	(708)	(8,353)	18,866
Reportable segment assets	478,680	4,891	35,123	518,694
Segment assets include:				
Additions to:				
– Plant and equipment*	877	–	–	877
– Exploration and evaluation assets	8,941	–	–	8,941
– Oil and gas properties	26,525	–	–	26,525
Reportable segment liabilities	317,033	1,066	2,101	320,200

* Excludes right-of-use assets

4.1. Reportable segment (continued)

Group	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
1 January 2021 to 30 June 2021				
Sale of crude oil	75,762	–	–	75,762
Service revenue	–	1,001	–	1,001
Total revenue for reportable segments	75,762	1,001	–	76,763
Elimination of inter-segment revenue	–	(1,001)	–	(1,001)
Consolidated revenue	75,762	–	–	75,762
Other income	118	–	14	132
Segment expense	(28,214)	(636)	(1,846)	(30,696)
Finance income	–	–	478	478
Foreign exchange (loss)/ gain	(48)	3	(459)	(504)
Finance costs	(470)	–	(37)	(507)
Depreciation	(266)	–	(101)	(367)
Depletion of oil and gas properties	(19,544)	–	–	(19,544)
Amortisation of other intangible assets	–	(425)	–	(425)
Other material non-cash items:				
– Changes in fair values of quoted investments	1,100	–	(266)	834
– Gain from disposal of quoted investments	106	–	–	106
Reportable segment profit/ (loss) before tax	28,544	(1,058)	(2,217)	25,269
Reportable segment assets	194,166	3,175	40,265	237,606
Segment assets include:				
Additions to:				
– Plant and equipment*	4	–	4	8
– Exploration and evaluation assets	12,910	–	–	12,910
– Oil and gas properties	9,072	–	–	9,072
Reportable segment liabilities	68,109	414	1,120	69,643

* Excludes right-of-use assets

4.2. Disaggregation of revenue

Sale of crude oil

Nature of goods or services	Crude oil
When revenue is recognised	Revenue is recognised when the crude oil is loaded and on board the vessel arranged by buyer and certified by an independent surveyor
Significant payment terms	30 days after bill of lading

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Group Six Months Ended	
	30-Jun-22 US$'000	**30-Jun-21 US$'000**
Geographical information		
Singapore	35,882	62,425
Norway	63,572	–
China	–	13,337
Total revenue	99,454	75,762

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	Mandatorily at FVTPL US$'000	**Amortised cost US$'000**	**Other financial liabilities US$'000**	**Total carrying amount US$'000**	**Fair value US$'000**
Group					
30 June 2022					
Trade and other receivables (Note 13)*	–	43,900	–	43,900	–
Other receivables – non-current (Note 13)	–	149,937	–	149,937	–
Quoted investments	27,263	–	–	27,263	27,263
Cash and cash equivalents	–	76,474	–	76,474	–
Total financial assets	27,263	270,311	–	297,574	
Loans and borrowings (Note 16)	–	–	49,512	49,512	–
Lease liabilities	–	–	342	342	–
Trade and other payables	–	–	38,143	38,143	–
Total financial liabilities	–	–	87,997	87,997	

5. Financial assets and financial liabilities (continued)

	Mandatorily at FVTPL US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company					
30 June 2022					
Loan to a subsidiary	–	60,757	–	60,757	–
Other receivables (Note 13)*	–	1,145	–	1,145	–
Quoted investments	27,262	–	–	27,262	27,262
Cash and cash equivalents	–	3,063	–	3,063	–
Total financial assets	27,262	64,965	–	92,227	
Lease liabilities	–	–	137	137	–
Other payables	–	–	40,901	40,901	–
Total financial liabilities	–	–	41,038	41,038	
Group					
31 December 2021					
Trade and other receivables (Note 13)*	–	51,930	–	51,930	–
Other receivables – non-current (Note 13)	–	167,193	–	167,193	–
Quoted investments	26,306	–	–	26,306	26,306
Cash and cash equivalents	–	60,603	–	60,603	–
Total financial assets	26,306	279,726	–	306,032	
Loans and borrowings (Note 16)	–	–	55,619	55,619	–
Lease liabilities	–	–	574	574	–
Trade and other payables	–	–	49,734	49,734	–
Total financial liabilities	–	–	105,927	105,927	
Company					
31 December 2021					
Loan to a subsidiary	–	92,621	–	92,621	–
Other receivables (Note 13)*	–	1,000	–	1,000	–
Quoted investments	26,298	–	–	26,298	26,298
Cash and cash equivalents	–	6,489	–	6,489	–
Total financial assets	26,298	100,110	–	126,408	
Lease liabilities	–	–	236	236	–
Other payables	–	–	36,240	36,240	–
Total financial liabilities	–	–	36,476	36,476	

* Excludes income tax receivables and prepayments

5.1. Financial assets and financial liabilities – Fair value measurement

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

* Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
* Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
* Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Group				
30 June 2022				
Quoted investments				
– Equity investments	1	–	–	1
– Debt securities	27,262	–	–	27,262
	27,263	–	–	27,263
31 December 2021				
Quoted investments				
– Equity investments	8	–	–	8
– Debt securities	26,298	–	–	26,298
	26,306	–	–	26,306
Company				
30 June 2022				
Quoted investments				
– Debt securities	27,262	–	–	27,262
31 December 2021				
Quoted investments				
– Debt securities	26,298	–	–	26,298

5.1. Financial assets and financial liabilities – Fair value measurement (continued)

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Debt securities

The fair values of investments in debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year are assumed to approximate their fair values because of the short period to maturity or repricing.

6. Profit before tax

Profit before tax is stated after (charging)/ crediting the following:

	Group Six Months Ended	
	30-Jun-22 US$'000	**30-Jun-21 US$'000**
Depreciation of plant and equipment	(409)	(367)
Depletion of oil and gas properties	(17,321)	(19,544)
Amortisation of other intangible assets	(425)	(425)
Impairment losses on exploration and evaluation assets	(8,748)	–
Expensed exploration and evaluation costs	–	(9,615)
Change in fair value of quoted investments	(2,837)	834
Gain on disposal of quoted investments	215	106

6.1. Earnings per share

	Group Six Months Ended	
	30-Jun-22	**30-Jun-21**
Calculation of basic and diluted earnings per share ("**EPS**") is based on:		
Profit attributable to ordinary shareholders (US$)	4,843,000	23,930,000
Weighted average number of ordinary shares	1,302,320,991	1,302,320,991
Basic and fully diluted EPS (US cents)	0.37	1.84

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6.1. Earnings per share (continued)

As at 30 June 2022, 10,524,100 share awards (30 June 2021: 11,724,100 share awards) were excluded from the diluted weighted average number of ordinary shares calculation as they either had no impact or their effect would have been anti-dilutive. As such, the basic and fully diluted EPS were the same for the respective financial periods.

6.2. Related party transactions

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Apart from those disclosed elsewhere in the condensed interim financial statements, below are the remaining significant related party transactions.

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group Six Months Ended	
	30-Jun-22 US$'000	**30-Jun-21 US$'000**
Short-term employment benefits		
– Directors	3,016	935
– Key executives	1,402	2,005
Post-employment benefits (including CPF)	6	8
Share-based payment	15	143
	4,439	3,091

Other significant related party transactions

	Group Six Months Ended	
	30-Jun-22 US$'000	**30-Jun-21 US$'000**
Consultancy fees paid to a company controlled by a director	–	9

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group Six Months Ended	
	30-Jun-22 US$'000	30-Jun-21 US$'000
Current tax credit		
Current period	643	–
Changes in estimates related to prior years	(8,589)	(6,062)
	(7,946)	(6,062)
Deferred tax expense		
Origination and reversal of temporary differences	20,777	3,616
Total tax expense/ (credit)	12,831	(2,446)

8. Net asset value

	Group		Company	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
Net asset value# (US$)	198,494,000	199,255,000	51,453,000	90,306,000
Total number of issued shares excluding treasury shares	1,302,320,991	1,302,320,991	1,302,320,991	1,302,320,991
Net asset value per ordinary share based on number of shares in issue as at the end of the financial period/ year (US cents)	15.24	15.30	3.95	6.93

Net asset value includes non-controlling interests.

9. Exploration and evaluation assets

	Group	
	30-Jun-22	31-Dec-21
	US$'000	US$'000
Cost		
At beginning of period/ year	75,035	65,751
Additions	8,941	22,204
Charged to profit or loss for capitalised exploration expenditure	–	(9,733)
Translation difference on consolidation	(12,832)	(3,187)
At end of period/ year	71,144	75,035
Accumulated amortisation and impairment loss		
At beginning of period/ year	34,389	35,375
Impairment of capitalised exploration expenditure	8,748	1,018
Translation difference on consolidation	(8,197)	(2,004)
At end of period/ year	34,940	34,389
Carrying amounts at end of period/ year	36,204	40,646

Exploration and evaluation costs incurred were in respect of exploration and evaluation of hydrocarbons in Norway, Oman and Malaysia.

The table below shows the impairment loss on exploration and evaluation expenditure included in the consolidated statement of comprehensive income:

	Group	
	Six Months Ended	
	30-Jun-22	30-Jun21
	US$'000	US$'000
Cost of sales includes:		
Impairment of exploration expenditure previously capitalised	8,748	–
Expensed to profit or loss for capitalised exploration expenditure	–	9,615
Other exploration costs	1,842	1,189
	10,590	10,804

9. Exploration and evaluation assets (continued)

Norway

On 14 April 2022, one of the Group's subsidiaries, Lime Petroleum AS ("**LPA**") signed an agreement with MOL Norge AS ("**MOL Norge**") to acquire the latter's 40% interests in licences PL820 S and PL 820 SB in the North Sea, which contain the Iving and Evra discoveries. The transfer of the interests is pending regulatory approval.

On 30 June 2022, LPA signed an agreement with Vår Energi to farm down by 10%, LPA's 40% interests in the abovementioned licences. The transfers of the interests are pending regulatory approval and corporate approval from Vår Energi, and will be announced upon completion. LPA will hold 30% interests in the two licences when the transfers of interests are completed.

In 2021, LPA signed an agreement with ONE-Dyas Norge AS ("**ONE-Dyas**") to swap its 20% interests in each of the licences PL263D, PL263E, and PL263F Sierra (previously known as Apollonia) in the Norwegian Sea for ONE-Dyas' 13.30% interest in PL433 Fogelberg. LPA has agreed to pay ONE-Dyas a contingent cash consideration, which is related to the Plan for Development and Operations (PDO). LPA's interest in the licence was subsequently increased to 15.65%.

Impairment Assessment

In 1H FY2022, the Group recognised total impairment loss of US$8,748,000 with respect to exploration and evaluation assets in Norway as a result of the relinquishment of a licence.

10. Oil and gas properties

	Group	
	30-Jun-22	**31-Dec-21**
	US$'000	**US$'000**
Cost		
At beginning of period/ year	196,675	98,000
Additions	26,525	10,539
Acquisition of Brage Field	–	82,584
Change in decommissioning provision		5,728
Adjustments	(518)	(176)
Translation difference on consolidation	(11,246)	–
At end of period/ year	211,436	196,675
Accumulated depletion and impairment loss		
At beginning of period/ year	59,653	21,734
Depletion	17,321	36,238
Impairment of oil and gas properties previously capitalised	–	1,681
Translation difference on consolidation	(900)	–
At end of period/ year	76,074	59,653
Carrying amounts at end of period/ year	135,362	137,022

Norway

In 2021, Lime Petroleum AS (“**LPA**”), a subsidiary, entered into a sale and purchase agreement with Repsol Norge AS (“**Repsol**”), to acquire Repsol’s 33.8434% interests in the oil, gas and natural gas liquids (NGL) producing Brage Field (as defined herein) and five licences on the Norwegian Continental Shelf over which the Brage Field straddles (the “**Target Assets**”), for a post-tax consideration of US$40.96 million. The acquisition fulfils LPA’s ambition to pivot from solely oil exploration, to exploration and production in the Norwegian Continental Shelf in the near term, and to establish recurring cash flow, as well as develop and drive further value in LPA’s portfolio of several discovery licences.

The Target Assets are Repsol’s 33.8434% interests in a joint venture for oil, gas and natural gas liquids (NGL) production and operation of the Brage Field in blocks 31/4, 31/7 and 30/6 (the “**Brage Field**”) and the five licences (PL 053B, PL 055, PL 055B, PL 055D and PL 185) over which the Brage Field straddles.

Separately, Repsol has agreed to pay to (or on behalf of) LPA, a Brage decommissioning carry limited to 95% of decommissioning costs for the current Brage Field infrastructure (the “**Brage Decommissioning Carry**”). The Brage Decommissioning Carry will be guaranteed by Repsol Exploración S.A., the parent company of Repsol, with a guarantee granted in LPA’s favour on completion of the acquisition. Most of the decommissioning is expected to occur after the expiration of the licences’ validity. At the end of Brage Field’s production life, LPA will pay an effective 1.69% of the total estimated decommissioning costs for the current Brage Field infrastructure, in respect of its 33.8434% interest in the Brage Field.

The acquisition of the Brage Field was completed on 31 December 2021. The transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting as required by SFRS(I) 3 Business Combinations.

The Group incurred acquisition-related costs of US$300,000. The total cash consideration paid was US$40.96 million.

Identifiable assets acquired and liabilities assumed

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of SFRS(I) 3. As at 31 December 2021, the purchase price allocation is preliminary due to the complexity of the transaction and the Group is in the process of performing a detailed review of the final completion statement prepared by the seller.

The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

	US$'000
Oil and gas properties	82,584
Other receivables – non-current	167,193
Trade and other receivables – current	17,486
Inventories	11,173
Deferred tax liabilities	(18,482)
Provisions	(190,077)
Trade and other payables – current	(10,680)
Total net identifiable assets	59,197
Cash consideration transferred	(40,961)
Gain from bargain purchase	18,236

The final PPA will be completed within 12 months from the acquisition date. If new information obtained within one year from the date of acquisition about fact and circumstances that existed at the date of acquisition identified adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Measurement of fair values

Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the oil and gas properties. The model incorporated expected future cash flows based on estimates of projected revenues, production costs and capital expenditures as at the acquisition date. The cash flows were estimated using post-tax basis in accordance with the industry practice where acquisition of licences on Norwegian continental shelf without grossing up the value with a tax amortisation benefit.

The trade and other receivables (both current and non-current) comprise gross contractual amounts due of US$195,902,000, of which none are expected to be uncollectible at the date of acquisition.

Gain from bargain purchase

A gain from bargain purchase from the acquisition of Brage field was recorded in 'other income'. The gain arose from a favourable movement in the oil market as compared to the market outlook at the date that the sales and purchase agreement was entered into.

10. Oil and gas properties (continued)

Impairment assessment

In FY2021, the Group recognised total impairment loss of US$1,681,000 with respect to oil and gas properties in Oman as these assets are no longer in use. An impairment assessment was performed over the Group's remaining oil and gas properties in Oman. Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of these oil and gas properties, and no further impairment loss was recognised.

The recoverable amounts of the oil and gas properties were determined based on value in use calculations and budgeted 6 years of production period before economic cut-off. The calculation was based on the following key assumptions:

	FY2021
Pre-tax discount rate	10%
Proved and probable reserves, million barrels of oil (MMBbls)	6.6
Oil price, US$ per barrel (bbl)	64.5-73.5

11. Other intangible assets

	Technology US$'000	**Customer Contracts US$'000**	**Total US$'000**
Group			
Cost			
At 1 January 2021, 31 December 2021 and 30 June 2022	4,700	3,800	8,500
Accumulated amortisation			
At 1 January 2021	2,839	2,296	5,135
Amortisation	470	380	850
At 31 December 2021	3,309	2,676	5,985
Amortisation	235	190	425
At 30 June 2022	3,544	2,866	6,410
Carrying amounts			
At 30 June 2022	1,156	934	2,090
At 31 December 2021	1,391	1,124	2,515
At 1 January 2021	1,861	1,504	3,365

Amortisation

The amortisation of technology and customer contracts is included in "administration expenses".

12. Plant and equipment

The Group acquired assets amounting to US$877,000 in 1H FY2022 (six months ended 30 June 2021: US$8,000). No assets were disposed in both financial periods.

13. Trade and other receivables

	Group		Company	
	30-Jun-22 US$'000	**31-Dec-21 US$'000**	**30-Jun-22 US$'000**	**31-Dec-21 US$'000**
Trade receivables	29,374	44,212	–	–
Amounts due from subsidiaries, non-trade	–	–	1,038	871
Amounts due from jointly controlled entity, non-trade	–	2,647	–	–
Deposits	166	213	52	106
Decommissioning receivables (Note 10)	149,937	167,193	–	–
Other receivables	14,360	4,858	55	23
	193,837	219,123	1,145	1,000
Prepayments	1,065	2,497	122	130
Income tax receivables [(i)]	32,453	40,561	–	–
Trade and other receivables	227,355	262,181	1,267	1,130
Non-current	156,240	167,193	–	–
Current	71,115	94,988	1,267	1,130
	227,355	262,181	1,267	1,130

(i) Income tax receivables of US$32,453,000 (31 December 2021: US$40,561,000) relates to an amount receivable from the Norway tax authorities for exploration costs incurred in 2022 (2021: 2021). Oil exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to tax losses of the year. The refund will be paid out in November of the following year.

Amounts due from subsidiaries are repayable on demand, unsecured and interest-free.

In 2021, the amount due from a jointly controlled entity (non-trade) was unsecured and interest-free.

14. Share capital

The Company's issued and fully paid-up capital as at 30 June 2022 comprised 1,315,507,991 (31 December 2021 and 30 June 2021: 1,315,507,991) ordinary shares, of which 13,187,000 (31 December 2021 and 30 June 2021: 13,187,000) were held by the Company as treasury shares. The number of issued shares, excluding treasury shares, was 1,302,320,991 (31 December 2021: 1,302,320,991).

The Company did not issue any new shares in 1H FY2022, and accordingly, there was no change in the Company's share capital since 31 December 2021.

The treasury shares held represent 1.01% (31 December 2021 and 30 June 2021: 1.01%) of the total number of issued shares (excluding treasury shares) as at 30 June 2022. There were no sales, transfers, cancellation and/or use of treasury shares in 1H FY2022.

There were no subsidiary holdings as at 30 June 2022, 31 December 2021 and 30 June 2021, and the Company did not have any outstanding convertibles as at 30 June 2022, 31 December 2021 and 30 June 2021.

15. Share-based payment arrangements

Performance Share Plan ("PSP") (equity-settled)

The PSP of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at Extraordinary General Meetings of the Company held on 30 April 2014, 28 April 2017 and 3 March 2022.

Movement of the awards of ordinary shares granted under the PSP (the "**Awards**"):

	Number of Awards					
Date of Grant of Awards	At 1-Jan-22	Granted in 1H FY2022	Lapsed/ Cancelled in 1H FY2022	Vested in 1H FY2022	At 30-Jun-22	Number of Holders
9-Mar-21	11,724,100[(1)]	–	(11,724,100)[(2)]	–	–	–
8-Apr-22	–	11,724,100[(3)]	(1,200,000)[(4)]	–	10,524,100	3
	11,724,100	11,724,100	(12,924,100)	–	10,524,100	3

(1) On 9 March 2021, the Company granted 11,724,100 Awards to certain directors of the Company. The number of Awards to be vested will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s).

If the Average Performance Market Price* is S$0.30 and above, 50% of the Awards shall be released after the vesting period. If the Average Performance Market Price is S$0.45 and above, an additional 50% of the Awards shall be released. If the Average Performance Market Price is less than S$0.30, none of the Awards shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company's announcement dated 9 March 2021 for further details.

15. Share-based payment arrangements (continued)

Performance Share Plan ("PSP") (equity-settled) (continued)

(2) On 8 April 2022, 5,862,050 Awards previously granted had been cancelled (forthwith lapsed and to be of no value).

On 29 April 2022, 5,862,050 Awards previously granted had been cancelled (forthwith lapsed and to be of no value), subsequent to the approval of payment of additional remuneration to certain Directors at the conclusion of the annual general meeting held on 29 April 2022.

(3) On 8 April 2022, the Company granted 11,724,100 Awards to certain directors of the Company. The number of Awards to be vested will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s).

If the Average Performance Market Price***** is S$0.45 and above, 50% of the number of shares in the Awards shall be released. If the Average Performance Market Price is S$0.60 and above, an additional 50 per cent of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S$0.45 and S$0.60 in 2022 and 2023 respectively, a Key Performance Indicator-based incentive scheme ("**KPI-based Incentive Scheme**") shall apply and the number of shares to be released under the Awards will range from 0% to 100%, subject to the fulfilment of the predetermined performance targets in the KPI-based Incentive Scheme. The committee administering the Rex PSP may also modify the release of the Awards in tranches at its own discretion, in accordance with the rules of the Rex PSP.

(4) On 29 April 2022, 1,200,000 Awards previously granted to a director had been cancelled (forthwith lapsed and to be of no value), subsequent to his retirement as Independent Non-Executive Director.

* ***Average Performance Market Price*** *refers to the average of Company's closing market prices of Shares over a consecutive period of five (5) market days in which transactions in the Shares were recorded, at any time within a two-year period from the date of Awards.*

16. Loan and borrowings

	Group	
	30-Jun-22	31-Dec-21
	US$'000	US$'000
Amount repayable after one year		
Secured bond issues	41,984	47,107
Amount repayable within one year or on demand		
Current portion of secured bond issues	7,528	8,512

There were no unsecured loans or borrowings for the financial years ended 30 June 2022 and 31 December 2021.

Secured bond issues

In 2021, LPA completed the issuance of NOK 500 million (approximately US$57.07 million) worth of 2.5-year senior secured bonds. The bonds bear an interest rate of 3 months Norwegian interbank offered rate ("**NIBOR**") plus margin of 8.25% per annum. Interests and redemption of the bonds is repayable in semi-annual instalments, with first repayment in July 2022. The final maturity date of the bonds is 9 January 2024.

The bond is secured with, *inter alia*, a pledge over the Company's wholly-owned subsidiary, Rex International Investments Pte. Ltd.'s shareholding interests in LPA, security with first priority over interests in future hydrocarbon assets which LPA and/or its subsidiaries may acquire in future, tax balances held by LPA and deferred tax assets related to the Brage Field upon completion of the acquisition of Brage Field. In the event of a default on the bond, any remaining tax assets (comprising deferred tax assets and tax refund receivables) are backed by the Norwegian Government and can be used by the bond holders to partially recoup any shortfall in the bond issue.

17. Provisions

	Exploration drilling rehabilitation	
	30-Jun-22	31-Dec-21
	US$'000	US$'000
Group		
At beginning of period/ year	197,147	1,210
Acquisition of oil and gas properties (Note 10)	–	190,077
Unwinding of discount	2,030	132
Provisions made during the year	–	5,728
Translation difference on consolidation	(22,124)	–
At end of period/ year	177,053	197,147
Comprising:		
Current	–	–
Non-current	177,053	197,147
	177,053	197,147

Exploration drilling rehabilitation

The rehabilitation provision represents the present value of the cost of rehabilitating and decommissioning oil field assets and infrastructure such as wells, pipelines and processing facilities in Oman, which are expected to be incurred when the operations are ceased. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates, including discount rates, are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

In 2021, as part of the Group's regular review, the provisions were revised following the establishment and commencement of the planned drilling programme in Oman. Accordingly, the provisions increased by US$5,728,000, with a corresponding increase in oil and gas properties of US$5,728,000 (Note 10).

18. Contingent liability

Legal claims – Global Settlement Agreement

Global Settlement Agreement

On 31 August 2020, the Group and associates related to the legal cases with Gulf Hibiscus Limited signed a global settlement agreement (“**Settlement Agreement**”) with Hibiscus Petroleum Berhad (“**Hibiscus**”), its subsidiary and other parties related to the legal cases for purposes of resolving and settling those legal cases and other related claims. The Settlement Agreement does not involve any payment by the Group to the Hibiscus group (including Gulf Hibiscus Limited). The terms of the Settlement Agreement are confidential, and implementation of the same is subject to a long stop date of 31 December 2020, which was further extended to 30 June 2021.

On 25 June 2021, the parties entered into a second supplemental agreement to extend the long stop date for implementation of the settlement from 30 June 2021 to 31 December 2021.

On 18 October 2021, the settlement arrangement between the relevant parties in relation to the subject court proceedings and other related claims between the parties was duly completed and/or effected pursuant to the terms of the Settlement Agreement.

Masirah Oil Ltd

On 5 August 2021, Petroci Holding (“**Petroci**”) filed a claim against the Company’s subsidiaries, Rex Oman Limited ("**Rex Oman**"), Masirah Oil Limited (“**MOL**”), and certain past and present directors of MOL in the High Court, Commercial Division of the British Virgin Islands, in connection with the alleged conduct of MOL’s affairs, which led to a dilution of Petroci’s interest in MOL as a partner and minority shareholder.

Management has considered the above claims and allegations and are of the view that these claims and allegations against Rex Oman and MOL are frivolous, baseless and unmeritorious. Management does not expect any material financial impact from the claim.

19. Subsequent events

Bond Issue

On 5 July 2022, one of the Group’s subsidiaries, Lime Petroleum AS (“**LPA**”), successfully raised and issued a three-year senior secured bond issue of NOK 950 million (approximately US$96.7 million) (the “**Bond Issue**” or the “**Bonds**”), with maturity date on 7 July 2025. The coupon rate will be 3 months NIBOR* plus 9.25%. The Bonds will be issued at 97% of the nominal amount. The Bonds are targeted to be listed on the Oslo Børs within six months from the date of issue.

The purpose of the new Bond Issue is to refinance of the existing NOK 500 million (approximately US$51 million) senior secured bonds with maturity in January 2024 (ISIN NO0011037343) and for LPA’s acquisition purposes on the Norwegian Continental Shelf (NCS), as well as general working capital purposes.

19. Subsequent events (continued)

Yme Field

On 10 August 2022, one of the Group's subsidiaries, Lime Petroleum AS ("**LPA**") entered into a conditional sale and purchase agreement ("**SPA**") with KUFPEC Norway AS ("**KUFPEC**"), to acquire KUFPEC's 10% interest in the Yme Field (as defined herein) on the Norwegian North Sea, for a post-tax consideration of US$68.053 million (the "**Acquisition**"). The Yme Field is operated by Repsol Norge AS. As part of the Acquisition, LPA will assume tax balances (as at 1 January 2022) of NOK309 million (US$35 million). The Acquisition is expected to be completed in December 2022, with an effective date of 1 January 2022.

The Yme Field is located in PL 316 and PL 316B on the Norwegian Continental Shelf. According to the Norwegian Petroleum Directorate, Yme is a field in the south-eastern part of the Norwegian sector of the North Sea, 130 kilometres northeast of the Ula field (the "**Yme Field**").

Completion of the Acquisition is also conditional upon, inter alia, the fulfilment of the following conditions: 1) receipt of written consent by the Ministry of Petroleum and Energy pursuant to Section 10-12 of the Petroleum Act of 29 November 1996 on terms reasonably acceptable to KUFPEC and LPA; and 2) no pre-emption rights being executed.

Please refer to the Company's announcement dated 10 August 2022 for further details.

F. Other information required by Listing Rule Appendix 7.2

1. Audit or review

The condensed consolidated statement of financial position of Rex International Holding Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Review of performance of the Group

Consolidated Statement of Comprehensive Income

Revenue increased to US$99.45 million in 1H FY2022, from US$75.76 million for the six months period ended 30 June 2021 ("**1H FY2021**"), from the sale of crude oil from the Yumna Field (after the Oman government take) and the Brage Field. The increase in revenue was due to inclusion of oil liftings from the Brage Field in Norway (the acquisition of which was completed on 31 December 2021) and an increase in the average realised oil price sold from US$62 per barrel in 1H FY2021 to US$83 per barrel in 1H FY2022 for the sale of crude oil from the Yumna Field. The increase in revenue was partially offset by a decrease in the volume of oil lifted and sold from the Yumna Field in 1H FY2022, due to production stoppages for the planned major change-outs and upgrades made to the production facilities from February 2022 to April 2022 and unforeseen operational issues in June 2022.

Production and operating expenses increased to US$33.61 million in 1H FY2022, from US$12.72 million in 1H FY2021, mainly due to 1) inclusion of production costs from the Brage Field in Norway and 2) increase in production costs in Oman from the planned change-out of the floating storage tanker and the planned change-out of the Mobile Offshore Production Unit (MOPU) with upgraded facilities onboard.

Depletion of oil and gas properties decreased to US$17.32 million in 1H FY2022, from US$19.54 million in 1H FY2021, as a result of the decrease in the volume of oil lifted and sold in Oman in 1H FY2022.

Exploration and evaluation expenditure remained consistent in both periods, at US$10.59 million and US$10.80 million in 1H FY2022 and 1H FY2021 respectively.

Administrative expenses increased to US$11.87 million in 1H FY2022, from US$7.58 million in 1H FY2021. The significant increase was due to 1) a pay-out of bonuses to the board of directors of the Group, 2) an increase in payroll-related expenses in the Norway due to an increase in headcount and bonus pay-out, and 3) an increase in professional fees relating to the new bond issue in Norway.

Other expenses of US$2.99 million was recorded in 1H FY2021, mainly due to unrealised fair value loss of quoted investments of US$2.84 million, as a result of poor performance in the bond and equity markets. Other expenses were $nil in 1H FY2021.

Other income of US$0.22 million in 1H FY2022 was insignificant as compared to other income of US$1.07 million recorded in 1H FY2021. Other income of US$1.07 million recorded in 1H FY2021 was due to an unrealised gain in fair value of quoted investments of US$0.83 million and a realised gain on disposal of quoted investments of US$0.11 million, as a result of better performance in the bond and equity markets in 1H FY2021.

Finance income decreased to US$0.10 million in 1H FY2022, from US$0.48 million in 1H FY2021, due to poorer performance in the bond and equity markets.

Finance costs increased to US$4.43 million in 1H FY2022, from US$0.51 million in 1H FY2021, due to the issuance of secured bonds by a subsidiary.

The Group recorded a net foreign exchange loss of US$0.12 million and US$0.50 million in 1H FY2022 and 1H FY2021 respectively, from the continuous weakening of the Euro against the United States dollar. A portion of the quoted investments was denominated in Euro.

The Group recorded tax expense of US$12.83 million in 1H FY2022, mainly from an increase in deferred tax liabilities arising from the increase in oil and gas properties, as well as exploration and evaluation assets in Norway, which was partially offset by recognition of refundable tax arising from exploration costs incurred in Norway. In comparison, the Group recorded a tax credit of US$2.45 million in 1H FY2021 in relation to refundable tax arising from exploration costs incurred in Norway.

As a result of the aforementioned, the Group registered total profit after tax of US$6.04 million in 1H FY2022, as compared to total profit after tax of US$27.72 million in 1H FY2021.

Statement of Financial Position

Non-current assets of the Group decreased to US$334.37 million as at 30 June 2022, from US$349.99 million as at 31 December 2021. The decrease was mainly due to depletion of oil and gas properties in 1H FY2022 and foreign currency translation loss on consolidation due to significant weakening of the Norwegian Kroner against the United States dollar.

Current trade and other receivables of the Group decreased to US$71.12 million as at 30 June 2022, from US$94.99 million as at 31 December 2021, largely due to a decrease in trade receivables from the sale of crude oil in Oman, which included the Oman government's take for the oil lifted and sold in 1H FY2022.

Quoted investments increased to US$27.26 million as at 30 June 2022, from US$26.31 million as at 31 December 2021, mainly due to the purchase of new quoted investments in 1H FY2022.

Decommissioning provisions decreased to US$177.05 million as at 30 June 2022, from US$197.15 million as at 31 December 2021, due to foreign currency translation loss on consolidation, as a result of the significant weakening of the Norwegian Kroner against the United States dollar.

Deferred tax liabilities increased to US$55.15 million as at 30 June 2022, from US$40.83 million as at 31 December 2021, due to an increase in oil and gas properties, as well as exploration and evaluation assets in Norway.

Total current and non-current lease liabilities decreased to an aggregate of US$0.34 million as at 30 June 2022, from US$0.57 million as at 31 December 2021, due to the repayment of lease liabilities in 1H FY2021.

The Group recorded total current and non-current loans and borrowings of US$49.51 as at 30 June 2022, as compared to US$55.62 million as at 31 December 2021 from the issuance of secured bonds by a subsidiary to fund the acquisition of the Brage Field. The decrease was mainly due to foreign currency translation loss on consolidation as a result of the significant weakening of the Norwegian Kroner against the United States dollar.

Trade and other payables decreased to US$38.14 million as at 30 June 2022, from US$49.73 million as at 31 December 2021, largely due to settlement of outstanding trade payables in Oman.

Working capital increased to US$138.35 million as at 30 June 2022, from US$134.50 million as at 31 December 2021, mainly due to the increase in crude oil revenue in 1H FY2022.

Statement of Cash Flows

As at 30 June 2022, the Group's cash and cash equivalents and quoted investments totalled US$103.73 million (31 December 2021: US$86.91 million); with cash and cash equivalents at US$76.47 million (31 December 2021: US$60.60 million); and quoted investments at US$27.26 million (31 December 2021: US$26.31 million).

The Group reported net cash generated from operating activities of US$63.30 million in 1H FY2022, after accounting for movements in working capital. This was primarily due to sale of crude oil which was partially offset by production and operating expenses used in the production activities in Oman and Norway, and administrative and other operational expenses incurred in relation to the Group's business.

Net cash used in investing activities of US$41.55 million in 1H FY2022 was mostly attributable to 1) additions to oil and gas properties of US$26.53 million, 2) exploration and evaluation expenditure of US$8.94 million, 3) purchase of quoted investments of US$8.19 million, 4) investment in an associate of US$1.00 million and 5) purchase of plant and equipment of US$0.88 million. The net cash used in investing activities was also partially offset by proceeds from the disposal of quoted investments of US$3.88 million.

Net cash used in financing activities of US$3.64 million in 1H FY2022 was mainly due to interest payment of US$3.43 million.

As a result of the aforementioned, the Group recorded an overall net increase in cash and cash equivalents of US$18.11 million in 1H FY2022, as compared to an overall net decrease in cash and cash equivalents of US$2.23 million in 1H FY2021.

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

Not applicable.

4. 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 operating period and the next 12 months

The Brent crude oil was US$78.95[1] a barrel as at 3 January 2022 and continued to rise before crossing the US$100 mark on 28 February 2022, and closed at US$100.70 a barrel as at 30 June 2022. Following the Russia-Ukraine crisis, oil prices had surged more than 30% with the Brent crude oil soaring to a 14-year high of US$124.63 a barrel on 8 March 2022 as a result of an imposed US ban on Russian oil.[2] Similarly, Brent crude oil surged past US$120 again on 31 May 2022 following EU's ban on Russian oil imports and easing of COVID-19 restrictions in China.[3] As at 20 July 2022, Brent crude oil was around US$96.77.

According to Bloomberg, the Organization of the Petroleum Exporting Countries (OPEC) is more than half a billion barrels behind on its pledge to supply world markets with oil[4], despite its earlier pledge to boost output to 648,000 barrels per day in July and August[5]. The supply outlook for 2023 remains tight as OPEC expects demand for oil consumption to rise, but at a slower pace than 2022, with the assumption that the geopolitical developments and the containment of COVID-19 in China improve.[6] The International Energy Agency however, trimmed its oil demand outlook for 2022 and 2023 amid worsening macroeconomic outlook and fears of a recession.[7]

In Norway, the Group's subsidiary Lime Petroleum AS ("**LPA**") had acquired interests in two North Sea licences, PL820 S and PL820 SB with the Iving and Evra discoveries, for the purposes of development of the discoveries and exploration drilling. The drilling of a dry well at the Brage South prospect targeting the deeper reservoir sections has completed and a data acquisition programme will be completed before the well is side-tracked as a production well in the Fensfjord section of the Brage South structure. LPA is well position to seize acquisition opportunities after raising a three-year senior secured bond issue of NOK 950 million (approximately US$96.7 million) in June 2022.

In Oman, major change-outs and upgrades made to the Yumna Field production facilities have been completed and will be able to handle increased production from future new producing wells planned in the Yumna Field. A drilling campaign in Block 50 Oman is scheduled to be conducted in the second half of 2022 when the monsoon season is over.

In Malaysia, Rex's wholly-owned subsidiary Pantai Rhu Energy Sdn Bhd has engaged the Carlingford division of GFI Securities Limited as its exclusive mandated arranger of financing for the development of its Malaysian assets, in which the Group holds 95% interests and operatorship. Details of the development plans for the Malaysian assets will be shared in due course.

The Group will update shareholders whenever there are material developments to its operational plan.

Footnotes:

1 FactSet data
2 Business Times, Oil surges as US bans Russian crude, Britain launches phase out, 9 Mar 2022
3 Business Times, Oil climbs above US$121 a barrel as China eases restrictions, EU meets, 31 May 2022
4 Bloomberg, OPEC+ oil output is half a billion barrels behind on supply deal, 29 June 2022
5 Reuters, Oil settles up despite Opec+ output hike plan; supply still tight, 3 June 2022
6 Reuters, Opec sees slower 2023 oil demand growth, no big shale gain, 12 July 2022
7 The National, IEA trims oil demand outlook for 2022 and 2023 amid extreme market uncertainty, 13 July 2022

5. Dividend information

5a. Current financial period reported on

Any dividends recommended for the current financial period reported on? No.

5b. Corresponding period of the immediate preceding financial year

Any dividends declared for the corresponding period of the immediate preceding financial year? No.

5c. Date payable

Not applicable.

5d. Books closure date

Not applicable.

5e. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No interim dividend has been declared or recommended for the Company for 1H FY2022 as the Board of Directors has decided to continue evaluating the Group's financial results, and the declaration or recommendation of the dividends will only be determined at the end of the financial year.

6. Interested person transactions ("IPT")

The Group has not obtained a general mandate from shareholders for IPTs. There were no IPT transactions of more than S$100,000 in 1H FY2022.

7. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that undertakings have been procured from the Board of Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

The Company had on 6 November 2013, completed a placement of 70 million new ordinary shares at an issue price of S$0.755 per share (the "**2013 Placement**"), raising net proceeds of S$50.87 million (after deducting placement expenses of S$1.98 million). As at the date of this announcement, the Company had utilised all the 2013 Placement proceeds except for a part of the amount allocated to the share buyback mandate of S$5.96 million.

The Company had utilised S$0.99 million in relation to the share buyback exercise as at the date of this announcement, and the ending balance of the amount allocated to the share buyback mandate as at 30 June 2022 and the date of this announcement, was S$4.97 million.

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

Actual use of funds/ cash

	Group Three Months Ended 30-Jun-22 US$'000
Exploration, development and production activities in Oman	9,829
Exploration, development and production activities in Norway*	21,777
Exploration and drilling activities in Malaysia	611
General working capital	2,298
	34,515

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

In 1H FY2022, US$9.83 million and US$21.78 million were used for exploration and production related activities in Oman and Norway respectively. US$0.61 million was used in the exploration and drilling activities in Malaysia. US$2.30 million was used for the Singapore and Rex Technology offices' staff costs, operational expenses, and consultancy and professional fees.

The actual amount of funds used for exploration and production activities in Oman was US$1.30 million lower than the projected amount in the previous quarter ended 31 March 2022 ("**1Q FY2022**"). The lower actual amount was mainly due to 1) lower production costs incurred due to production stoppages in the Yumna Field, and 2) a decrease in actual overhead costs.

The actual amount of funds used for exploration and production activities in Norway was US$0.87 million higher than the projected amount in 1Q FY2022, due to higher actual costs incurred in relation to the Brage Field's development and exploration activities.

The actual amount of funds used in exploration and drilling activities in Malaysia was US$0.30 million lower than the projected amount in 1Q FY2022, due to lower actual consultancy and professional fees during the period.

The actual amount of funds used for general working capital was US$0.11 million lower than the projected amount in 1Q FY2022, mainly due to postponement of hiring additional planned headcount and lower actual professional fees.

The total actual use of funds for 2Q FY2022 amounted to US$34.52 million, which was US$0.84 million lower than the projected amount in 1Q FY2022.

Projection on the use of funds/ cash

	Group Three Months Ending 30-Sep-22 US$'000
Exploration and production activities in Oman	9,407
Exploration and production activities in Norway*	20,677
Exploration and drilling activities in Malaysia	855
General working capital	2,906
	33,845

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

10. Pursuant to Rule 705(7) - Details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

In 2Q FY2022, the Group incurred US$9.83 million and US$21.78 million for production related activities in Oman and Norway respectively. US$0.61 million was used for exploration related activities in Malaysia.

Production from the Yumna Field in Oman and the Brage Field in Norway will continue. Exploration activities in Malaysia are in progress and there are upcoming plans for the pre-development phase of the Rhu-Ara and the Diwangsa Clusters.

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

On behalf of the board of directors (the "**Board**") of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board which may render the interim financial statements for 1H FY2022 and the above information provided to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF
Rex International Holding Limited

Dan Broström
Executive Director and Chairman

Heng Su-Ling Mae
Independent Director

12 August 2022