



# REX INTERNATIONAL HOLDING LIMITED

(Company Registration Number: 201301242M)

## Unaudited Financial Statements and Dividend Announcement

**For the First Quarter  
Ended 31 March 2019**

For the purpose of this announcement, the financial results of Rex International Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) comprise the consolidated unaudited accounts of the Group for the three-month period ended 31 March 2019 (“**1Q FY2019**”).

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Three Months Ended		
	31-Mar-19 US\$'000	31-Mar-18 US\$'000	Change %
<b>Revenue:</b>			
Service revenue	–	129	NM
<b>Cost of sales:</b>			
Cost of services	(126)	(147)	-14%
Exploration and evaluation expenditure	(19)	(290)	-93%
<b>Gross loss</b>	(145)	(308)	-53%
Administration expenses	(2,923)	(2,540)	15%
Other expense	(58)	(315)	-82%
Other income	851	38	NM
<b>Results from operating activities</b>	(2,275)	(3,125)	-27%
Finance income	254	232	9%
Foreign exchange (loss)/ gain	(20)	65	NM
Finance costs	(493)	(305)	62%
<b>Net finance costs</b>	(259)	(8)	NM
<b>Loss before tax</b>	(2,534)	(3,133)	-19%
Tax credit	1,478	986	50%
<b>Loss for the period, net of tax</b>	(1,056)	(2,147)	-51%
<b>Loss attributable to:</b>			
Owners of the Company	(954)	(2,091)	-54%
Non-controlling interests	(102)	(56)	82%
<b>Loss for the period, net of tax</b>	(1,056)	(2,147)	-51%

NM – Not meaningful

	Group		
	Three Months Ended		
	31-Mar-19	31-Mar-18	Change
	US\$'000	US\$'000	%
<b>Other comprehensive income</b>			
– <i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences from foreign operations	378	1,274	-70%
<b>Other comprehensive income for the period</b>	378	1,274	-70%
<b>Total comprehensive loss for the period, net of tax</b>	(678)	(873)	-22%
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(601)	(884)	-32%
Non-controlling interests	(77)	11	NM
<b>Total comprehensive loss for the period</b>	(678)	(873)	-22%

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

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

	Group		
	Three Months Ended		
	31-Mar-19	31-Mar-18	Change
	US\$'000	US\$'000	%
Depreciation of plant and equipment	(116)	(24)	NM
Amortisation of other intangible assets	(213)	(212)	0%
Impairment of exploration and evaluation assets	–	(40)	NM
Change in fair value of quoted investments	851	(315)	NM
(Loss)/Gain on disposal of quoted investments	(27)	8	NM
NM –	Not meaningful		

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

	Group		Company	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>				
Exploration and evaluation assets	78,480	136,060	–	–
Other intangible assets	4,852	5,065	–	–
Plant and equipment	1,145	70	188	9
Subsidiaries	–	–	105,755	102,426
Other receivables	7,279	–	–	–
Deferred tax assets	3,249	–	–	–
<b>Non-current assets</b>	95,005	141,195	105,943	102,435
Inventories	2,304	2,304	–	–
Trade and other receivables	34,544	31,273	1,112	1,078
Assets held-for-sale	67,165	–	–	–
Quoted investments	27,610	28,819	26,466	27,775
Cash and cash equivalents	3,331	5,305	1,713	1,968
<b>Current assets</b>	134,954	67,701	29,291	30,821
<b>Total assets</b>	229,959	208,896	135,234	133,256
<b>Equity</b>				
Share capital	256,324	256,324	256,324	256,324
Reserves	5,943	5,551	1,179	1,152
Accumulated losses	(143,838)	(142,884)	(140,020)	(140,144)
<b>Total equity attributable to owners of the Company</b>	118,429	118,991	117,483	117,332
<b>Non-controlling interests</b>	6,764	6,839	–	–
<b>Total equity</b>	125,193	125,830	117,483	117,332
<b>Liabilities</b>				
Deferred tax liabilities	–	40,946	–	–
Provisions	11,487	11,331	–	–
Lease liabilities	609	–	–	–
<b>Non-current liabilities</b>	12,096	52,277	–	–
Loan and borrowings	29,556	26,413	–	–
Trade and other payables	12,113	4,376	17,570	15,924
Lease liabilities	475	–	181	–
Liabilities held-for-sale	50,526	–	–	–
<b>Current liabilities</b>	92,670	30,789	17,751	15,924
<b>Total liabilities</b>	104,766	83,066	17,751	15,924
<b>Total equity and liabilities</b>	229,959	208,896	135,234	133,256

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

**Amount repayable in one year or less, or on demand**

As at 31-Mar-19		As at 31-Dec-18	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
29,556	–	26,413	–

**Amount repayable after one year**

As at 31-Mar-19		As at 31-Dec-18	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
–	–	–	–

**Details of any collateral**

The credit facilities of the Group as at 31 March 2019 and 31 December 2018 were secured by:

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

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

	<b>Group</b>	
	<b>Three Months Ended</b>	
	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax for the period	(2,534)	(3,133)
Adjustments for:		
Depreciation	116	24
Amortisation of other intangible assets	213	212
Net finance costs	239	73
Impairment of exploration and evaluation assets	–	40
Loss/(gain) on disposal of quoted investments	27	(8)
Change in fair value of quoted investments	(851)	315
Equity settled share-based payment transactions	41	99
	<b>(2,749)</b>	<b>(2,658)</b>
Changes in:		
Trade and other receivables	(2,876)	(1,816)
Trade and other payables	7,763	6,361
<b>Net cash from operating activities</b>	<b>2,138</b>	<b>2,169</b>
<b>Cash flows from investing activities</b>		
Interest received	254	232
Purchase of quoted investments	(21)	–
Proceeds from disposal of quoted investments	2,054	815
Exploration and evaluation expenditure	(8,793)	(8,636)
Purchase of plant and equipment	–	(2)
<b>Net cash used in investing activities</b>	<b>(6,506)</b>	<b>(7,591)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(331)	(119)
Acquisition of non-controlling interests in subsidiaries	–	(100)
Proceeds from bank loans	2,810	5,143
Repayment of lease liabilities	(114)	–
<b>Net cash from financing activities</b>	<b>2,365</b>	<b>4,924</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,003)</b>	<b>(498)</b>
Cash and cash equivalents at beginning of the period	5,305	11,700
Effect of exchange rate fluctuations on cash held	29	356
<b>Cash and cash equivalents at end of the period</b>	<b>3,331</b>	<b>11,558</b>

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

	Attributable to owners of the Company								
	Share capital US\$'000	Merger reserve US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>Group</b>									
At 1 January 2019	256,324	4,129	1,080	771	(429)	(142,884)	118,991	6,839	125,830
<b>Total comprehensive loss for the period</b>									
Loss for the period	–	–	–	–	–	(954)	(954)	(102)	(1,056)
<b>Other comprehensive income</b>									
Foreign currency translation differences, representing total other comprehensive loss	–	–	–	–	353	–	353	25	378
<b>Total comprehensive loss for the period</b>	–	–	–	–	353	(954)	(601)	(77)	(678)
<b>Transactions with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Share-based payment transactions – performance share plan, representing total transactions with owners	–	–	–	39	–	–	39	2	41
<b>At 31 March 2019</b>	<b>256,324</b>	<b>4,129</b>	<b>1,080</b>	<b>810</b>	<b>(76)</b>	<b>(143,838)</b>	<b>118,429</b>	<b>6,764</b>	<b>125,193</b>

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



	Share capital US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<b><u>Company</u></b>					
<b>At 1 January 2019, as previously stated</b>	256,324	505	647	(140,144)	117,332
<b>Total comprehensive loss for the period</b>					
Loss for the period, representing total comprehensive loss for the period	–	–	–	124	124
<b>Transactions with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Share-based payment transactions					
– performance share plan, representing total transactions with shareholders	–	–	27	–	27
<b>At 31 March 2019</b>	<b>256,324</b>	<b>505</b>	<b>674</b>	<b>(140,020)</b>	<b>117,483</b>

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

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

#### Share Capital

The Company's issued and fully paid-up capital as at 31 March 2019 comprised 1,291,220,451 (31 December 2018: 1,291,220,451) ordinary shares. The Company did not issue any new shares during 1Q FY2019.

#### Employee Share Option Scheme (the "ESOS")

The total number of Options outstanding as at 31 March 2019 was Nil (31 March 2018: 2,287,500 Options exercisable into 2,287,500 shares).

#### Performance Shares Plan (the "PSP")

Details of the awards of ordinary shares granted under the PSP ("Awards"), including those granted but not yet vested as at 31 March 2019, are as follows:

Date of grant of Award	Number of shares which are the subject of Awards granted as at 1-Jan-19	Number of shares which are the subject of Awards adjusted in 1Q FY2019	Number of shares which are the subject of Awards granted in 1Q FY2019	Number of shares which are the subject of Awards which had lapsed/ cancelled in 1Q FY2019	Number of shares which are the subject of Awards vested in 1Q FY2019	Number of shares which are the subject of Awards granted as at 31-Mar-19	Number of holders
28.04.17	156,288,800 <sup>(1)</sup>	-	-	-	-	156,288,800	18
	156,288,800	-	-	-	-	156,288,800	

- <sup>(1)</sup> The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S\$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S\$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company's announcement dated 28 April 2017 for further details.

The total number of shares which are the subject of Awards granted but not yet vested as at 31 March 2019 was 156,288,800 shares (31 March 2018: 167,695,900 shares).

Save for the aforementioned Options and Awards, the Company did not have any other outstanding convertibles as at 31 March 2019 and 31 March 2018.

There were also no treasury shares or subsidiary holdings as at 31 March 2019 and 31 March 2018.

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

Company	
31-Mar-19	31-Dec-18

Total number of issued shares excluding treasury shares	1,291,220,451	1,291,220,451
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The Company did not have any treasury shares as at 31 March 2019 and 31 December 2018.

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Other than disclosed in paragraph 5 below, there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2018.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted all the new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) applicable for the financial period and beginning 1 January 2019 and the following standard has an impact on the Group’s financial information:

SFRS(I) 16: Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. The adoption of SFRS(I) 16 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low value leases. The accounting for lessors has not changed significantly.

Under the standard, an asset (Right-of-use (“**ROU**”) asset) and a financial liability to pay rentals are recognised in the balance sheet and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in the income statement.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group applied the practical expedient to grandfather the definition of a lease on transition. SFRS(I) 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4. The application of SFRS(I) 16 has not resulted in an adjustment to the opening balance of retained earnings as at 1 January 2019.

The adoption of SFRS(I) 16 has resulted in an increase in ROU assets (classified within plant and equipment) and an increase in lease liabilities (classified within non-current lease liabilities and trade and other payables) of the statement of financial position as at 1 January 2019. Operating cash flows will increase and financing cash inflows decrease as repayment of the principal portion of the lease liabilities will be classified as cash inflows from financing activities.

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

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

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

	Group	
	Three months ended	
Loss per ordinary share (“ <b>LPS</b> ”)	31-Mar-19	31-Mar-18
Net loss attributable to owners of the Company (US\$)	(954,000)	(2,091,000)
Weighted average number of ordinary shares	1,291,220,451	1,283,310,851
Basic and fully diluted LPS (US cents)	(0.07)	(0.16)

As at 31 March 2019, nil Options (31 March 2018: 2,287,500 Options) and 156,288,800 share awards (31 March 2018: 167,695,900 share awards) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. As such, the basic and fully diluted LPS were the same for the respective financial periods.

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

	Group		Company	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
Net asset value <sup>#</sup> (US\$)	125,193,000	125,830,000	117,483,000	117,332,000
Total number of issued shares excluding treasury shares	1,291,220,451	1,291,220,451	1,291,220,451	1,291,220,451
Net asset value per ordinary share based on number of shares in issue as at the end of the financial period/ year (US cents)	9.70	9.75	9.10	9.09

<sup>#</sup> Net asset value as disclosed above includes non-controlling interests.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### Consolidated Statement of Comprehensive Income

The Group did not record any service revenue in 1Q FY2019, as compared to a service revenue of US\$0.13 million in the corresponding three-month period ended 31 March 2018 ("**1Q FY2018**") from technical services rendered to external clients by Rex Technology Management Ltd ("**RTM**"). Corresponding cost of services of US\$0.13 million and US\$0.15 million were approximately the same as recorded in 1Q FY2019 and 1Q FY2018 respectively as they relate to fixed costs of services incurred in the ordinary business activities.

The Group recorded exploration and evaluation ("**E&E**") expenditure of US\$0.02 million in 1Q FY2019. Comparatively, the Group recorded E&E expenditure of US\$0.29 million in 1Q FY2018, of which US\$0.04 million was due to impairment of E&E assets. The lower E&E expenditure recorded in 1Q FY2019 was due to decreased exploration activities in Norway for the period.

The Group recorded gross loss of US\$0.15 million in 1Q FY2019, as compared to a gross loss of US\$0.31 million in 1Q FY2018.

Administrative expenses increased to US\$2.92 million in 1Q FY2019, from US\$2.54 million in 1Q FY2018, as a result of an increase in the Group's operational costs in 1Q FY2019.

Other expenses decreased to US\$0.06 million in 1Q FY2019, from US\$0.32 million in 1Q FY2018, mainly due to a loss in fair value of derivative financial instruments recorded in 1Q FY2018.

The Group recorded other income of US\$0.85 million and US\$0.04 million in 1Q FY2019 and 1Q FY2018 respectively, mainly from gain in fair value of derivative financial instruments.

Finance income of US\$0.25 million and US\$0.23 million were recorded in 1Q FY2019 and 1Q FY2018 respectively, mainly from interest income generated from quoted investments. Finance costs of US\$0.49 million and US\$0.31 million recorded in 1Q FY2019 and 1Q FY2018 respectively, mainly due to short-term bank borrowings.

The change in fair value of quoted investments from a loss of US\$0.32 million in 1Q FY2018 to a gain of US\$0.85 million in 1Q FY2019 was mainly due to better performance in the bond market as a result of a decrease in interest rates in 1Q FY2019.

Depreciation increased to US\$0.12 million in 1Q FY2019, from US\$0.02 million in 1Q FY2018, as a result of adoption of SFRS(I) 16 from 1 January 2019. There was no impairment of E&E assets in 1Q FY2019 as compared to US\$0.04 million in 1Q FY2018 for the Group, mainly due to a minor impairment of E&E assets in Norway in 1Q FY2018.

The Group recorded tax credit of US\$1.48 million and US\$0.99 million in 1Q FY2019 and 1Q FY2018 respectively, from the Norwegian authorities in relation to exploration costs incurred in Norway.

Overall, the Group registered a lower total comprehensive loss of US\$0.68 million in 1Q FY2019 as compared to a total comprehensive loss of US\$0.87 million in 1Q FY2018.

#### Statement of Financial Position

Non-current assets of the Group decreased to US\$95.01 million as at 31 March 2019, from US\$141.20 million as at 31 December 2018. The decrease was mainly due to the reclassification of certain licences in Norway of US\$67.17 million from E&E assets to assets held-for-sale upon the Group entering into an agreement to dispose these licences to a third party, partially offset by the addition of E&E expenditure of US\$0.02 million pursuant to exploration activities in Norway and Oman in 1Q FY2019, the addition in deferred tax assets arising from exploration activities in Norway of US\$3.25 million, the addition in plant and equipment of US\$1.08 million and the recognition of long-term income tax receivables of US\$7.28 million from the Norwegian authorities for exploration costs incurred as of 31 March 2019.

Trade and other receivables of the Group increased to US\$34.54 million as at 31 March 2019, from US\$31.27 million as at 31 December 2018. The increase was largely due to prepayments to the operator in 1Q FY2018 in relation to its exploration activities in Norway.

Quoted investments decreased to US\$27.61 million as at 31 March 2019, from US\$28.82 million as at 31 December 2018, due to the disposal of debt securities of US\$2.05 million, partially offset by gain in fair value of quoted investments of US\$0.85 million in 1Q FY2019.

The Group recorded decommissioning provisions of US\$11.49 million and US\$11.33 million as at 31 March 2019 and 31 December 2018 respectively, in relation to exploration activities undertaken in Oman.

No deferred tax liabilities was recorded as at 31 March 2019, compared to a deferred tax liabilities of US\$40.95 million as at 31 December 2018, due to the reclassification of deferred tax liabilities relating to certain licences in Norway of US\$50.53 million to liabilities held-for-sale.

Due to the adoption of SFRS(I) 16, the Group has recorded a lease liabilities of US\$1.08 million as at 31 March 2019 as compared to no lease liabilities recorded as at 31 December 2018.

The Group recorded short-term bank borrowings of US\$29.56 million and US\$26.41 million as at 31 March 2019 and 31 December 2018 respectively, as a result of drawn-down credit facilities to fund exploration activities in Norway.

Trade and other payables increased to US\$12.11 million as at 31 March 2019, from US\$4.38 million as at 31 December 2018, mainly due to an increase in accrued expenses for exploration activities in Norway in 1Q FY2019.

Working capital (excluding the reclassification of certain assets and liabilities relating to licences in Norway to held-for-sale) decreased to US\$25.65 million as at 31 March 2019, from US\$36.91 million as at 31 December 2018. This was largely due to the increase in bank borrowings and trade and other payables as a result of exploration and evaluation expenditures and operational expenses incurred in 1Q FY2019.

#### Statement of Cash Flows

At 31 March 2018, the Group's cash and cash equivalents and quoted investments totaled US\$30.94 million (31 December 2018: US\$34.12 million); with cash and cash equivalents at US\$3.33 million (31 December 2018: US\$5.30 million) and quoted investments at US\$27.61 million (31 December 2018: US\$28.82 million).

The Group reported net cash of US\$2.14 million generated from operating activities in 1Q FY2019, after accounting for movements in working capital (excluding the reclassification of certain licences in Norway of US\$67.17 million from exploration and evaluation assets to current assets held-for-sale). This was primarily due to changes in working capital, partially offset by administrative and operational expenses incurred in relation to the Group's business.

Net cash used for investing activities of US\$6.51 million in 1Q FY2019 was largely attributable to E&E expenditure of US\$8.79 million and partially offset by proceeds from the disposal of quoted investments of US\$2.05 million and interest received from quoted investments of US\$0.25 million.

Net cash from financing activities of US\$2.37 million in 1Q FY2019 was attributable to proceeds from bank borrowings of US\$2.81 million which was mainly for exploration activities in Norway, partially offset by payment of interests of US\$0.33 million and lease liabilities of US\$0.11 million.

The Group recorded an overall net decrease in cash and cash equivalents of US\$2.00 million in 1Q FY2019 (before taking into account of the effect of exchange rate changes on balances held in foreign currency).



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

The Company said in its 7 December 2017 press release titled “Rex International Holding targets substantially higher revenue going forward”, that it was targeting to “achieve higher revenue from 2018 and onwards” (“**Press Release**”), based on expected significant contribution from the Group’s assets in Norway and Oman when developed and its Rex Virtual Drilling services. In January 2019, the Group’s 90 per cent subsidiary Lime Petroleum AS (“**LPA**”) entered into an agreement, subject to the fulfilment of certain conditions precedent and regulatory approvals, to divest its interests in the Rolvsnes discovery in PL338C, PL338E and the Goddo prospect in PL815 for a cash consideration of US\$43 million and a contingent payment of a further US\$2 million (the “**Norway transaction**”). The Norway transaction could be viewed as an upfront monetisation of the potential future revenues and returns of the Rolvsnes asset and the other licences.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Brent prices increased 27% to US\$68 per barrel as at 31 March 2019 from US\$54 per barrel as at 31 December 2018.<sup>1</sup> This came on the back of stronger than expected growth from China, support from OPEC supply cuts, and US sanctions on OPEC members, Venezuela and Iran.<sup>2</sup> In April 2019, Brent prices rose as fighting in Libya and falling Venezuelan and Iranian exports raised concerns over tightening global supply<sup>3</sup> and later hit a six-month high of US\$74 a barrel when the US announced the elimination of all waivers on Iranian oil exports<sup>4</sup>. Consultancy firm Rystad Energy reportedly expects Brent price to climb gradually to peak at US\$75 a barrel in January 2020<sup>5</sup>.

LPA’s Norway transaction is pending regulatory approvals and conditions precedent for completion. Post-transaction, the Group will continue to hold interests in licences in the North Sea and the Norwegian Sea, and a high equity stake in its Oman licence. Focus will be on achieving first oil in Oman in 2019, the viability calculations for which are based on oil price of US\$60 per barrel.

Marketing efforts are continuing for the Group’s proprietary direct hydrocarbon indicator Rex Virtual Drilling in Europe and the Middle East.

The Group will remain prudent with its capital management and vigilant to further volatility in oil prices as seen in the second half of 2018, and will update the market as and when there are material developments to its operational plan.

Footnotes:

- (1) Bloomberg data
- (2) CNBC: Oil prices slip, but settle near 2019 highs on China growth, lower US crude stockpiles, 16 April 2019 <https://www.cnbc.com/2019/04/16/oil-markets-russia-opec-output-in-focus.html>
- (3) Reuters, Oil up 1 percent as market focuses on supply risks, 16 April 2019
- (4) Reuters, Oil hits 2019 high on U.S. plan to tighten squeeze on Iran, 22 April 2019
- (5) Business Times, Rystad Energy expects crude under-supply for 2019 and 2020, 11 April 2019

**11. Dividend**

**a) Current financial period reported on**

No dividend has been declared or recommended for 1Q FY2019.

**b) Corresponding period to immediately preceding financial year**

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

**c) Date payable**

Not applicable.

**d) Book closure date**

Not applicable.

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

No dividend has been declared or recommended for 1Q FY2019 as the Group has just turned profitable in FY2018 mainly due to reversal of impairment losses on exploration and evaluation assets subsequent to the successful horizontal test production well of the Rolvsnes discovery.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for IPT. There were no IPT transactions of S\$100,000 and above during 1Q FY2019.

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

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

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

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

As at the date of this announcement, the Company had utilised all the 2013 Placement proceeds except for the amount allocated to the share buyback mandate of S\$5.96 million.

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

Actual use of funds/ cash for 1Q FY2019

Purpose	Amount
	US\$'000
Exploration and drilling activities in Oman	262
Exploration and drilling activities in Norway *	2,729
General working capital	1,596
<b>Total</b>	<b>4,587</b>

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

In 1Q FY2019, US\$2.73 million and US\$0.26 million were used for exploration and drilling related activities in Norway and Oman respectively. US\$1.60 million was used for the Singapore and RTM offices' staff costs and operational expenses, consultancy and professional fees.

The actual amounts of funds used for drilling activities in Norway were US\$0.23 million higher and Oman were US\$5.74 million lower than the projected amounts in 4Q FY2018 respectively. The lower of amount in Oman was due to less investments in drilling activities in 1Q FY2019. There was an increase of US\$0.20 million in the actual amount of funds used for general working capital.

The actual use of funds for 1Q FY2019 amounted to US\$4.59 million, which was lower than the projected amount of US\$9.90 million in 4Q FY2018.

Projection on the use of funds/ cash in 2Q FY2019

Purpose	Amount
	US\$'000
Exploration and drilling activities in Oman	5,500
Exploration and drilling activities in Norway *	2,800
General working capital	1,500
<b>Total</b>	<b>9,800</b>

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

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

In 1Q FY2019, the Group incurred costs of US\$7.89 million and US\$0.90 million for seismic studies and exploration activities in Norway and Oman respectively.

The Group's exploration work is an ongoing process. The exploration activities fulfilled in 1Q FY2019 included Rex Virtual Drilling, exploration preparatory work in Oman and Norway.

**18. Negative Confirmation by the Board pursuant to Rule 705(5) and Rule 705(6)(b) of Catalist Listing Manual.**

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for 1Q FY2019 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

13 May 2019

*This announcement has been prepared by the Company and reviewed by the sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not drawn on any specific technical expertise in its review of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement. The accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement is the sole responsibility of the Company's board of directors and management.*

*The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.*