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Unaudited Second Quarter Financial Statements for the Financial Period Ended 30 June 2019

INTRODUCTION

Resources Prima Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") makes reference to its announcement dated 28 June 2019, Update Pursuant to Catalist Rule 704(22), and provides the following update.

(A) Group's future direction and other material developments that may have a significant impact on the Group's financial situation

1. Termination of Operations: PT Energy Indonesia Resources ("EIR")

The Company had on 15 May 2019, announced that it received a letter of termination ("**Termination Letter**") from PT Coalindo Adhi Nusantara ("**CAN**") terminating the coal hauling service agreement.

i. Dispute on coal hauling service agreement between EIR and CAN

As disclosed in the Previous Announcements, EIR had sought for professional advice from its Indonesian legal counsel to take action to protect and enforce its rights under the coal hauling contract with CAN ("**Contract**") including but not limited to monthly shortfalls of coal hauled arising from CAN's failure to provide a minimum of 100,000 tonnes per month to EIR.

Upon obtaining the legal advice from the Indonesian legal counsel, EIR proceeded to, on 18 March 2019, invoice CAN for the shortfall in the coal hauled by EIR for the 15-month period commencing 1 November 2017 to 31 January 2019 due to CAN's failure to provide a minimum of 100,000 tonnes per month to EIR ("**First Shortfall Claim**") amounting to approximately USD2 million. As required under Indonesian Laws prior to the commencement of any legal proceedings, EIR subsequently sent three Notification letters dated 26 April 2019, 10 May 2019 and 17 May 2019 to CAN for the First Shortfall Claim of approximately USD2 million, the Rise & Fall (i.e. part of the pricing formula for the coal hauling services) ("**RNF**") for the period from September 2018 to February 2019 of USD35,089 and the Overpayment Claim of USD30,769.

On 22 May 2019, EIR invoiced CAN for the shortfall for the months February 2019 to April 2019 ("**Second Shortfall Claim**") amounting to about USD0.6 million and followed up with Notification letters dated 24 June 2019, 23 July 2019 and 30 July 2019 to CAN for this Second Shortfall Claim, the RNF for the period from March 2019 to April 2019 of USD7,408 and the Standby claim of USD8,645.

On 9 July 2019, EIR invoiced CAN for the Shortfall Claim for 9 days for the month of May 2019 ("**Third Shortfall Claim**") amounting to about USD61,000 and followed with a Notification Letter dated 12 August 2019 for this Third Shortfall claim and the work done by EIR providing coal hauling services, excluding the RNF portion for November 2018, December 2018, March 2019 and April 2019 of USD60,869.

On 2 July 2019, EIR received a payment of USD8,191 for the outstanding amount owed to EIR in relation to work done for February 2019.

ii. Advice from Indonesian Legal counsel on the Termination Letter

The Termination Letter was sent to the Company's Indonesian legal counsel on 15 May 2019 for preliminary advice. On 17 May 2019, the Board was advised that CAN has breached the Contract by its refusal to meet EIR's demand to pay all its invoices by claiming that EIR's fleet does not meet the age requirement. The Company's Indonesian legal counsel has also confirmed that there is also no requirement stated in the Contract for the fleet to be of certain age. In the Termination Letter, CAN disputed EIR's Shortfall Claims and terminated the Contract on the basis that EIR's fleet of coal hauling trucks were more than 5 years old on average and did not meet the age requirement for operations.

As previously announced, EIR had on 24 May 2019, sent a response letter to CAN ("**Response Letter**"), rejecting the basis of the termination of the Contract as set out in the Termination Letter and claim breach of the Contract arising from CAN's failure to pay the outstanding invoices due to EIR. EIR also demands CAN to immediately pay the outstanding invoices to EIR in order to avoid further legal action in the Response Letter. As at the date of this announcement, the EIR has yet to receive payments from CAN on the outstanding invoices and the Company has submitted a computation of the potential damages EIR would face following the termination of the Contract to its Indonesian lawyers.

EIR will continue to take action to protect and enforce its rights under the contract with CAN including but not limited to claim for damages due to breach of Contract by CAN for early termination of the Contract.

iii. Alternative coal hauling contracts

EIR's delivery trucks, all of which were, up to the time of receiving the Termination Letter, contracted solely for the Contract. Since the receipt of the Termination Letter, the Management has been on a look out for alternative commercially viable coal hauling contracts to redeploy the idle delivery trucks.

The Company will continue to update shareholders via SGXNET in respect of the above and other matters concerning the Group through its monthly update pursuant to Rule 704(22) of the Catalist Rules.

2. Ongoing Operations: RPG Logistics Pte Ltd's ("RPG Logistics**") Joint Operation Agreement with PT Prima Dharma Karsa ("**PT Prima**")**

The Company incorporated RPG Logistics, a wholly-owned subsidiary company on 25 March 2019 for the purposes of provision of logistical support and supervision of operations in respect of mining activities.

On 31 March 2019, the Company announced that the Company's wholly-owned subsidiary RPG Logistics had entered into a joint operation agreement (the "**JOA**") with PT Prima, a company incorporated in Indonesia to provide logistical support to PT Prima, including but not limited to the transportation of nickel to a loading port, the supervision of mining operations as well as provision of mining equipment and mining services to PT Prima in relation to a mining area.

Subsequent to the signing of the PT Prima JOA, work has been done to implement the PT Prima JOA. The first shipment of the Nickel ores commenced on 30 May 2019. On its maiden trip, 5,500 metric tonnes of nickel ores have been shipped. RPG Logistics had on 23 July 2019 invoiced PT Prima the royalty fees in accordance to the PT Prima JOA and RPG Logistics received the payment of this invoice from PT Prima on 8 August 2019.

The Company will continue to update shareholders via SGXNET in respect of the above matters on any material development in the Company's monthly update pursuant to Catalist Rule 704(22).

3. Cashflow analysis and resumption of trading:

- i. As a result of the Rinjani situation (including without limitation the loss of control of Rinjani), the Group has been operating under severe cashflow constraints as there was no operating cashflow for the period from July to October 2017. The severe underperformance of the coal hauling agreement with CAN as set out above added more uncertainty to the cashflows that can be generated by the Group. The Board also announced on 28 June 2017 that the Board is of the view that the Company is currently unable to demonstrate its ability to continue as a going concern or reasonably assess its financial position. As such the Board recommended that in the best interests of the Company, the trading halt of the Company's shares be converted to a trading suspension of the shares with immediate effect. Since 29 June 2017, the Board and Management have been concurrently working towards submitting a trading resumption proposal to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on or before 28 June 2018.

On 5 July 2018, the Company announced that it was informed by the SGX-ST that, having considered the financial position of the Company, SGX-ST, is of the view that a time extension will be in the interest of shareholders and in this regard SGX-ST has agreed to grant the Company a 3-month extension till 28 September 2018 for the Company to submit its resumption proposal.

On 12 November 2018, the Company announced that SGX-ST has, on 9 November 2018, through the Company's Sponsor, informed the Company that based on the information provided, SGX-ST has no objection to granting the Company a further 6-month extension to 28 March 2019 to submit its resumption proposal.

On 29 April 2019, the Company announced that SGX-ST has, on 26 April 2019, through the Company's Sponsor, informed the Company that based on the information provided, SGX-ST has no objection to granting the Company Further RTP EOT till 28 September 2019.

- ii. Having regard of the deadline imposed by the SGX-ST, the Company announced on 6 August 2018, the entry of an investment agreement with Mr Ang Liang Kim ("**Investor**") ("**Ang Investment Agreement**"), a substantial shareholder of the Company. The Investor has, pursuant to the Ang Investment Agreement, committed not less than S\$4 million of investment in the Company by way of a convertible loan (of up to S\$2 million) and a rights issue. These funds are for the purpose of general working capital and where necessary, capital expenditures (including but not limited to potential business opportunities). The first drawdown of funds notice under the convertible loan of S\$250,000 was issued on 10 December 2018 with funds amounting to S\$246,495.88 being subsequently received by the Company in January 2019 for working capital purposes in compliance with the terms of the Investment Agreement. The second drawdown of funds notice was issued on 23 May 2019 and subsequently funds amounting to S\$248,464 and S\$200,000 were received in May 2019 and July 2019 respectively. In view of the fact that the two independent directors have not received any fees since their appointment in Dec 2017, the Investor has agreed to the drawn down of S\$200,000 (included in the second drawdown of funds notice) under the Ang Investment Agreement in July 2019 for the payment of the independent directors' fees for FY2017 and FY2018 amounting to S\$199,689.

The Company will be holding a general meeting to seek shareholders' approval for the convertible loan in due course.

- iii. On 31 March 2019, the Company announced that it has entered into an investment agreement with Mr Perman Yadi ("**Mr Yadi**") ("**Yadi Investment Agreement**"). Pursuant to the Yadi Investment Agreement, Mr Yadi will grant the Company a convertible loan with a principal of USD2 million. The purposes of the convertible loan are extended to the Company for, *inter alia* business operations and projects undertaken by the Company with the Investor's express approval.

Please refer to the Company's announcement dated 31 March 2019 for details.

- iv. The Company, through its Sponsor has on 4 April 2019, made an application for (i) a subsequent further 6-month extension of time to 28 September 2019 to submit its resumption of trading proposal; (ii) a subsequent further 6-month extension to 28 March 2019 to fill the vacancy in its Audit and Risk Management Committee (the "Extensions"). On 29 April 2019, the Company announced that SGX-ST has, on 26 April 2019, through its Sponsor, informed the Company that based on the information provided, SGXST has no objection to granting the Company the following:
1. a 6-month extension till 28 September 2019 to submit a resumption proposal; and
 2. a 6-month extension till 28 September 2019 to fill the vacancy in the Audit and Risk Management Committee;

The Company has announced on 29 April 2019 the waivers granted, the reasons for and the outcome of the Extensions to submit a resumption proposal.

(B) Bankruptcy proceedings – PT Rinjani Kartanegara ("Rinjani")

There have been no further updates since the Company's announcement dated 28 June 2019 except that the Company will continue to seek professional advice from its Indonesian legal counsel to obtain further clarification from the Curators, to protect its rights as a creditor of Rinjani in accordance to Indonesian Bankruptcy Law.

The Company will continue to update shareholders via SGXNET in respect of the above matters on any material development in the Company's monthly update pursuant to Catalist Rule 704(22).

(C) State of negotiations between the Company and its principal bankers or trustee

The Company currently has no credit lines or facilities with its bankers or trustee.

(D) Litigation

The Company refers to its announcement dated 9 February 2018 and advises that the Group's subsidiary, PT Pilar Mas Utama Perkasa ("**Pilar Mas**"), received a notice dated 24 January 2018 from the State Court of West Jakarta, Indonesia (the "**Notice**") in relation to a statement of claim filed by a former shareholder of PT Rinjani Kartanegara ("**Rinjani**"), being Ruznie Oms., S.H. M.Hum ("**Ruznie**"). The statement of claim is filed against, Pilar Mas, Agus Sugiono, the Group's Executive Chairman and Chief Executive Officer ("**Defendant II**"), Rinjani ("**Defendant III**"), Nordiansyah Nasrie, the Group's Chief Operating Officer ("**Defendant IV**") and other third parties (collectively, the "**Defendants**").

The statement of claim against the Defendants, claims, *inter alia*, losses arising from events and transactions pertaining to the sale and purchase of Rinjani's shares from its original shareholders prior to the reverse takeover back in 2014, one of which being Ruznie. The amount being claimed of Rp665 billion (approximately US\$50 million), represents, amongst others, Ruznie's loss of rights from the sale of Rinjani's shares and loss of opportunity to profit from the sale of Rinjani coal.

Following a decision of the West Jakarta District Court to exclude Rinjani from the mediation process due to its bankruptcy and unwillingness to participate, the mediation process recommenced with the first mediation hearing on 3 July 2018. The mediation hearing was before a panel of 3 judges and included Ruznie, Pilar Mas, and Defendants II and IV amongst others.

At the 3 July 2018 mediation hearing, no agreement was reached between the parties and as such an initial hearing was set for 10 July 2018 during which Pilar Mas and Defendants II and IV submitted their response to Ruznie's statement of claim. Following a number of hearings, the latest of which was held on 11 December 2018 the panel of judges decided in favour of Pilar Mas and Defendants II and IV. The formal decision of the Court has been received and Ruznie has appealed against the decision to the higher court. No further actions are required by Pilar Mas, and Defendants II and IV while the higher court considers Ruznie's appeal. The Company will continue to defend its position and does not expect to incur any costs arising from the appeal process.

Other than as set out above, the Company has not been or is not a party in any other legal proceedings.

As previously announced, with effect from 9 October 2017, all litigation matters and decisions with respect to the legal proceedings against Rinjani will be handled by the curators appointed by the Commercial Court Jakarta.

(E) Board and board committee changes

Further to the changes and appointments to the Company's Board and Board Committees noted in the Company's announcement dated 11 May 2018, the Company will still be unable to meet the minimum number of members under Catalist Rule 704(7) in respect of the Audit and Risk Management Committee ("**ARMC**").

Although the Company endeavoured to fill the vacant position within the 3 months from 13 February 2018, the Company makes reference to the announcement dated 6 April 2018, wherein it advised that due to the Group's financial position, the independent directors, the executive chairman cum chief executive officer, the executive director, the chief operating officer and the former chief financial officer have all agreed not to take any fees or remuneration or to take only nominal salaries until there is more clarity on the Group's cashflow situation. Hence, it would be challenging for the Group to attract suitable candidates and an appointment of an additional independent director could potentially stretch the Group's financial resources.

Having regard to the above the Company refers to its announcements dated:

- 1 June 2018 wherein it was announced that SGX-ST had no objection to granting a 3-month extension till 10 August 2018 to appoint the additional (third) committee member of the ARMC, and
- 27 August 2018 wherein it was announced that based on the information provided by the Company, the SGX-ST has no objection to granting the Company a further 1.5-month extension, till 28 September 2018, to fill the vacancy in the ARMC.
- 12 November 2018 wherein it was announced that the SGX-ST has no objection to granting a 6-month extension till 28 March 2019 to fill the vacancy in the ARMC.
- 29 April 2019 wherein it was announced that the SGX-ST has no objection to granting a further 6-months extension to till 28 September 2019 to fill the vacancy in the ARMC.

The Company will continue to update shareholders via SGXNET when there are material developments in respect of any matters concerning the Group pursuant to Rule 704(7) of the Catalist Rules.

(F) Trading resumption

Please refer to item (A) above for details.

The Company will continue to update shareholders via SGXNET when there are material developments in respect of any matters concerning the Group pursuant to Rule 704(7) of the Catalist Rules.

The Board is of the opinion that all material disclosures have been provided by the Company.

GOING CONCERN

As set out in (A) above, the Company on 6 August 2018 announced the entry into an Investment Agreement with Mr Ang Liang Kim, a substantial shareholder of the Company (the "**Investor**") pursuant to which the Investor has committed not less than S\$4 million of investment in the Company by way of a convertible loan (of up to S\$2 million) and a rights issue. Following execution of the Investment Agreement, there is now more certainty on the cashflows of the Company to ensure it can meet its debts and obligations (excluding salary and fees of Management and Directors) as they fall due for the 12-month period from 31 December 2018 (the reporting date). Further, on 31 March 2019, the Company announced that it has entered into an investment agreement with Mr Perman Yadi ("**Mr Yadi**") ("**Yadi Investment Agreement**"). Pursuant to the Yadi Investment Agreement, Mr Yadi will grant the Company a convertible loan with a principal of USD2 million ("**Yadi Convertible Loan**"). The purposes of the Yadi Convertible Loan are extended to the Company for, *inter alia* business operations and projects undertaken by the Company with the Investor's express approval.

In addition, the Company had, on 31 March 2019 announced that it had, through its wholly owned subsidiary, RPG

Logistics which was incorporated on 25 March 2019, entered into a joint operation agreement (the “JOA”) with PT Prima, to provide logistical support, in respect of but not limited to the transportation of nickel to a loading port, the supervision of mining operations as well as provision of mining equipment and mining services to PT Prima in relation to a mining area in Indonesia. In return, PT Prima will pay RPG Logistics an amount equivalent to 60% of the profit per tonne of nickel sold from the mining area by PT Prima, provided always that the amount shall not be less than USD5 per tonne.

In view of the above, the Company has updated its profitability and cashflow analysis for the 12-month period from the reporting date up to 31 December 2019 and the analysis confirms that the Company is able to meet all of its debts and obligations during the forecast period.

The Board is therefore of the view that the Company is currently able to demonstrate that it can continue as a going concern and as such the second quarter financial statements of the Company and Group for the financial period ended 30 June 2019 have been prepared on a going concern basis.

CONSOLIDATED FINANCIAL STATEMENTS – PRESENTATION AND PREPARATION

Application of the New Financial Reporting Framework

The Group has adopted a new financial reporting framework, SFRS(I)s, on 1 January 2018 and has prepared its financial information under SFRS(I)s for the second quarter ended 30 June 2019. SFRS(I)s comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and is effective on 1 January 2018. In adopting SFRS(I) on 1 January 2018, the Group has applied all of the specific transition requirements in SFRS(I)1 First-Time Adoption of SFRS(I).

RESULTS ANNOUNCEMENT – ABBREVIATIONS

For ease of reference, the following abbreviations are used in this announcement:

- “2QFY2019”: The 3-months (second quarter) of the financial year ended 31 December 2019;
- “2QFY2018”: The 3-months (second quarter) of the financial year ended 31 December 2018;
- “1HFY2019”: The 6-months period ended 30 June 2019 of the financial year ended 31 December 2019;
- “1HFY2018”: The 6-months period ended 30 June 2018 of the financial year ended 31 December 2018; and
- “12MFY2018”: The 12-months financial year ended 31 December 2018.

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) 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 immediately preceding year

INCOME STATEMENT

	Group						Ref
	3 months ended	3 months ended	Inc/	6 months ended	6 months ended	Inc/	
	30.06.19	30.06.18	(Dec)	30.06.19	30.06.18	(Dec)	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Continuing Operations							
Revenue	35	348	(89.9)	86	661	(87.0)	8.1.1
Cost of goods sold	(123)	(364)	(66.2)	(276)	(684)	(59.6)	8.1.2
Gross loss	(88)	(16)	>100	(190)	(23)	>100	8.1.3
Other losses, net	(53)	(27)	96.3	(39)	(23)	69.6	8.1.4
Administrative expenses	(340)	(387)	(12.1)	(469)	(692)	(32.2)	8.1.5
Finance costs	(2)	(4)	(50.0)	(4)	(4)	0	8.1.6
Loss before tax	(483)	(434)	11.3	(702)	(742)	(5.4)	
Tax expense	-	-	N.M	-	(2)	N.M.	8.1.7
Loss for the financial period	(483)	(434)	11.3	(702)	(744)	(5.6)	

Other comprehensive income

Items that may be reclassified
subsequently to profit or loss

Currency translation differences

arising on consolidation

(20)	39	N.M.	(17)	27	N.M.	8.1.8
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**Total comprehensive loss for
the period**

(503)	(395)	27.3	(719)	(717)	0.3
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Loss attributable to:

- Equity holders of the Company

(483)	(435)	11.0	(702)	(745)	(5.8)
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- Non-controlling interests

-*	1	N.M.	-*	1	N.M.
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(483)	(434)	11.3	(702)	(744)	(5.6)
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**Total comprehensive loss
attributable to:**

- Equity holders of the Company

(503)	(396)	27.0	(719)	(718)	0.1
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- Non-controlling interests

-*	1	N.M.	-*	1	N.M.
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(503)	(395)	27.3	(719)	(717)	0.3
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N.M. – Not Meaningful

*- Amount is below US\$1,000

1(a)(ii) Income before tax is stated after charging/(crediting) the following: -

	Group						
	3 months ended 30.06.19 US\$'000	3 months ended 30.06.18 US\$'000	Inc/ (Dec) %	6 months ended 30.06.19 US\$'000	6 months ended 30.06.18 US\$'000	Inc/ (Dec) %	
	Foreign currency exchange loss/(gain)	(15)	56	N.M.	(45)	46	N.M.
	Depreciation of property, plant and equipment	38	63	(39.7)	75	128	(41.4)
Impairment loss on trade receivables	55	-	N.M.	74	-	N.M.	
Interest expense	2	4	(50.0)	4	4	N.M.	

N.M. – Not Meaningful

1(b)(i) 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		Ref	Company	
	As at 30.06.19 US\$'000 (Unaudited)	As at 31.12.18 US\$'000 (Audited)		As at 30.06.19 US\$'000 (Unaudited)	As at 31.12.18 US\$'000 (Audited)
Non-current assets					
Property, plant and equipment	392	467	8.2.1	-	-
	392	467		-	-
Current assets					
Available-for-sale investment	-*	-*		-*	-*
Inventories	48	45	8.2.3	-	-
Trade and other receivables	114	183	8.2.2	30	2
Cash and cash equivalents	226	253	8.2.4	180	70
	388	481		210	72
Total assets	780	948		210	72

Equity					
Share capital	100,480	100,480		236,508	236,508
Currency translation reserve	(817)	(800)	8.2.5	(15,826)	(15,809)
Accumulated losses	(101,717)	(101,015)		(222,852)	(222,411)
Equity attributable to equity holders of the Company	(2,054)	(1,335)		(2,170)	(1,712)
Non-controlling interests	(193)	(193)		-	-
Total equity	(2,247)	(1,528)		(2,170)	(1,712)
Non-current liabilities					
Finance lease liabilities	-	15	8.2.8	-	-
	-	15		-	-
Current liabilities					
Trade and other payables	2,146	1,900	8.2.6	2,014	1,784
Advances from Investor	366	-	8.2.7	366	
Finance lease liabilities	41	56	8.2.8	-	-
Tax payable	474	505	8.2.9	-	-
	3,027	2,461		2,380	1,784
Total liabilities	3,027	2,476		2,380	1,784
Net liabilities	(2,247)	(1,528)		(2,170)	(1,712)
Total equity and liabilities	780	948		210	72

* - Amount is below US\$1,000

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

(a) Amount repayable in one year or less, or on demand

30.06.19		31.12.18	
US\$'000	US\$'000	US\$'000	US\$'000
Secured	Unsecured	Secured	Unsecured
41	518	56	152

(b) Amount repayable after one year

30.06.19		31.12.18	
US\$'000	US\$'000	US\$'000	US\$'000
Secured	Unsecured	Secured	Unsecured
-	-	15	-

(c) Details of any collateral

Certain vehicles (such as coal hauling trucks) with an aggregate carrying amount of US\$0.04 million as at 30 June 2019 (31 December 2018: US\$0.1 million) are pledged under existing finance lease arrangements.

A corporate guarantee by Pilar Mas was provided as security for the debt owed by Rinjani to a main supplier amounting to approximately US\$15 million.

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

	Group			
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	30.06.19	30.06.18	30.06.19	30.06.18
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Loss before tax	(483)	(434)	(702)	(742)
<u>Adjustments for:-</u>				
Impairment loss on trade receivables	55	-	74	-
Depreciation of property, plant and equipment	38	63	75	128
Finance costs (interest expense)	2	4	4	4
Unrealised foreign currency exchange loss/(gain)	(15)	56	(45)	46
Operating cash flows before working capital changes	(403)	(311)	(594)	(564)
Inventories	(2)	4	(3)	-
Trade and other receivables	-	(92)	(4)	(98)
Trade and other payables	207	386	245	618
Currency translation adjustments	(3)	(32)	(2)	(45)
Cash used in operating activities	(201)	(45)	(358)	(89)
Taxes paid	(2)	-	(3)	(8)
Net cash used in operating activities	(203)	(45)	(361)	(97)
Cash flows from financing activities				
Advances from Investor	186	-	¹ 368	-
Repayment of finance lease	(15)	(14)	(30)	(14)
Interest paid	(2)	(4)	(4)	(4)
Net cash used in financing activities	169	(18)	334	(18)
Net (decrease)/increase in cash and cash equivalents	(34)	(63)	(27)	(115)
Cash and cash equivalents at beginning of period	260	272	253	322
Effects of currency translation on cash and cash equivalents	-	(2)	-	-
Cash and cash equivalents at end of period	226	207	226	207

¹ The Advances from Investor recorded in the cash flow statement differs by US\$2000 from the amount recorded in the balance sheet due to different exchange rates used to translate SGD to USD. The prevailing transactional rate was used in the cash flow statement while the closing rate as at 30 June 2019 was used for translation in the balance sheet.

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.

Statement of Changes in Equity

	<u>Share capital</u> US\$'000	<u>Currency translation reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Equity attributable to equity holders of the Company</u> US\$'000	<u>Non-controlling interests</u> US\$'000	<u>Total equity</u> US\$'000
Group						
At 1 January 2018	100,480	(824)	(99,634)	22	(173)	(151)
Loss for the 3 months ended 31 March 2018	-	-	(310)	(310)	-*	(310)
<u>Other comprehensive income:</u>						
- Currency translation differences	-	(12)	-	(12)	-	(12)
Loss and total comprehensive loss for the 3 months ended 31 March 2018	-	(12)	(310)	(322)	-*	(322)
Adjustments	-	-	2	2	(2)	-
At 31 March 2018	100,480	(836)	(99,942)	(298)	(175)	(473)
Loss for the 3 months ended 30 June 2018	-	-	(435)	(435)	1	(434)
<u>Other comprehensive income:</u>						
- Currency translation differences	-	39	-	39	-	39
Profit/(loss) and total comprehensive income/(loss) for the 3 months ended 30 June 2018	-	39	(435)	(396)	1	(395)
Adjustments	-	-	-	-	-	-
At 30 June 2018	100,480	(797)	(100,377)	(694)	(174)	(868)

* - Amount is below US\$1,000

Statement of Changes in Equity (continued)

	<u>Share capital</u> US\$'000	<u>Currency translation reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Equity attributable to equity holders of the Company</u> US\$'000	<u>Non-controlling interests</u> US\$'000	<u>Total equity</u> US\$'000
Group						
At 1 January 2019	100,480	(800)	(101,014)	(1,334)	(193)	(1,527)
Loss for the 3 months ended 31 March 2019	-	-	(219)	(219)	-*	(219)
<u>Other comprehensive income:</u>						
- Currency translation differences	-	3	-	3	-	3
Profit/(loss) and total comprehensive income/(loss) for the 3 months ended 31 March 2019	-	3	(219)	(216)	-*	(216)
At 31 March 2019	100,480	(797)	(101,233)	(1,550)	(193)	(1,743)
Loss for the 3 months ended 30 June 2019	-	-	(483)	(483)	-*	(483)
<u>Other comprehensive income:</u>						
- Currency translation differences	-	(20)	-	(20)	-	(20)
Loss) and total comprehensive loss for the 3 months ended 30 June 2019	-	(20)	(483)	(503)	-*	(503)
Adjustments	-	-	(1)	(1)	-	(1)
At 30 June 2019	100,480	(817)	(101,717)	(2,054)	(193)	(2,247)

* - Amount is below US\$1,000

Statement of Changes in Equity (continued)

	<u>Share capital US\$'000</u>	<u>Currency translation reserve US\$'000</u>	<u>Accumulated losses US\$'000</u>	<u>Total equity US\$'000</u>
Company				
At 1 January 2018	236,508	(15,833)	(221,159)	(484)
Loss for the 3 months ended 31 March 2018	-	-	(301)	(301)
<i>Other comprehensive income:</i>				
- Currency translation differences	-	(105)	-	(105)
Loss and total comprehensive loss for the 3 months ended 31 March 2018	-	(105)	(301)	(406)
At 31 March 2018	236,508	(15,938)	(221,460)	(890)
Loss for the 3 months ended 30 June 2018	-	-	(345)	(345)
<i>Other comprehensive income:</i>				
- Currency translation differences	-	134	-	134
Profit/(loss) and total comprehensive income/(loss) for the 3 months ended 30 June 2018	-	134	(345)	(211)
At 30 June 2018	236,508	(15,804)	(221,805)	(1,101)

Statement of Changes in Equity (continued)

	<u>Share capital US\$'000</u>	<u>Currency translation reserve US\$'000</u>	<u>Accumulated losses US\$'000</u>	<u>Total equity US\$'000</u>
Company				
At 1 January 2019	236,508	(15,809)	(222,411)	(1,712)
Loss for the 3 months ended 31 March 2019	-	-	(112)	(112)
<i>Other comprehensive income:</i>				
- Currency translation differences	-	3	-	3
Profit/(Loss) and total comprehensive income/(loss) for the 3 months ended 31 March 2019	-	3	(112)	(109)
At 31 March 2019	236,508	(15,806)	(222,523)	(1,821)
Loss for the 3 months ended 30 June 2019	-	-	(329)	(329)
<i>Other comprehensive income:</i>				
- Currency translation differences	-	(20)	-	(20)
Loss and total comprehensive loss for the 3 months ended 30 June 2019	-	(20)	(329)	(349)
At 30 June 2019	236,508	(15,826)	(222,852)	(2,170)

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 also 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.

	No. of Ordinary Shares	Issued Share Capital (\$)
At 30 June 2019 and 31 December 2018	1,832,999,998	307,306,455

There were no changes in the Company's share capital since 31 March 2019 and up till 30 June 2019. As at 30 June 2019 and 30 June 2018, the Company had no outstanding share options, other convertibles, treasury shares and subsidiary holdings.

Subject to the following corporate actions to be approved by shareholders, the number of ordinary shares will be increased by:

- a) the full drawdown and conversion of the convertible loan extended by Mr Ang Liang Kim into 2 billion shares;
- b) the full drawdown and conversion of the convertible loan extended by Mr Yadi into 2.705 billion shares;
- c) the conversion of the commission payable to Mr Khoo Boo Kok, introducer of the PT Prima JOA into 676,250,000 shares; and
- d) a 1-for-1 rights issue at S\$0.001 to be undertaken pursuant to the investment agreement entered into by the Company with Mr Ang Liang Kim.

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.

	30.06.19	31.12.18
Total number of issued shares (excluding treasury shares)	1,832,999,998	1,832,999,998

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

Not applicable. The Company had no treasury shares at the beginning of the financial period and does not have any at the end of the financial period.

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

Not applicable. The Company had no subsidiary holdings at the beginning of the financial period and does not have any at the end of the financial period.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent 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 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.

Except as disclosed in the Introduction (Consolidated financial statements – Presentation and Preparation) and item 5 below, the Group and the Company have applied the same accounting policies and methods of computation for the current reporting period as those of the audit financial statements for the year ended 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.

Except as noted in the Introduction (Consolidated financial statements – Presentation and Preparation), there have been no changes in the accounting policies and methods of computation. The Group and the Company have adopted all the new and revised standards and interpretations of the Singapore Financial Reporting Standards that are effective for annual periods beginning on or after 1 January 2019. The adoption of these standards and interpretations had no significant effect on the financial performance or position of the Group and the Company for the 2QFY2019 and 1HFY2019.

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

	Group			
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.19	30.06.18	30.06.19	30.06.18
Losses per ordinary share:-				
Basic (US\$ cents)	(0.026)	(0.024)	(0.038)	(0.041)
Diluted (US\$ cents)	(0.026)	(0.024)	(0.038)	(0.041)
Weighted average number of ordinary shares for basic earnings per share	1,832,999,998	1,832,999,998	1,832,999,998	1,832,999,998

Diluted loss per share is the same as basic loss per share for all reported financial periods ended 30 June 2019 and 2018 as there were no outstanding convertible instruments.

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 period reported on and (b) immediately preceding financial year.

	Group	
	As at 30.06.19	As at 31.12.18
Net asset value per ordinary share (US\$ cents)	(0.112)	(0.073)
Number of ordinary shares issued (excluding treasury shares)	1,832,999,998	1,832,999,998

	Company	
	As at 30.06.19	As at 31.12.18
Net asset value per ordinary share (US\$ cents)	(0.118)	(0.093)
Number of ordinary shares issued (excluding treasury shares)	1,832,999,998	1,832,999,998

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

8.1 INCOME STATEMENT

8.1.1 Revenue

During 2QFY2019 and 1HFY2019, EIR hauled a total of 8,900 tonnes and 28,100 tonnes of coal respectively. This is in comparison to 113,600 tonnes and 215,100 tonnes of coal hauled for 2QFY2018 and 1HFY2018 respectively. The decrease in coal haulage for 1HFY2019 was due to, *inter alia* temporary suspension of coal hauling operations from January 2019 to 25 February 2019, stoppage of operations from 11 March to 15 March 2019 and early termination of coal hauling contract in May 2019 as set out in the item (A) of the Introduction.

8.1.2 Cost of Goods Sold ("COGS")

EIR's COGS for 2QFY2019 and 1HFY2019 includes primarily the costs of manpower, fuel, repairs and maintenance/spare parts and depreciation of its coal hauling trucks. The decrease in EIR's COGS is less than proportionate than the decrease in revenue due to certain fixed component of COGS such as manpower cost and depreciation which remain fairly constant throughout the months.

8.1.3 Gross Loss

EIR incurred a gross loss of US\$88,000 and US\$190,000 for 2QFY2019 and 1HFY2019 respectively. This gross loss arose due to the reasons noted in the Introduction-point A.

8.1.4 Other losses, net

Other loss, net comprises primarily foreign exchange losses arising from an adjustment to tax payable of the Group and an impairment provision for 2QFY2019 and 1HFY2019 as set out in paragraph 8.2.2 below.

8.1.5 Administrative expenses

Administrative expenses comprise mainly executive management remuneration, director's fees, professional fees (audit and tax) and fees of the Company's service providers.

Administrative expenses decreased by 12.1% (US\$47,000) to US\$340,000 in 2QFY2019 from US\$387,000 in 2QFY2018 and 32.2% (US\$223,000) to US\$469,000 in 1HFY2019 from US\$692,000 in 1HFY2018. The decrease was primarily due to departure of some key executives and reductions in the costs/fees of certain service providers and professionals.

8.1.6 Finance costs

Finance costs is in relation to lease finance cost and amounted to US\$2,000 for 2QFY2019 and US\$4,000 for 1HFY2019. The finance costs for 2QFY2018 and 1HFY2018 was at US\$4,000 as EIR's lease agreements were under renegotiation with the lessor with all lease finance costs deferred until the execution of the new lease agreements in April 2018.

8.1.7 Tax expense

The tax expense is calculated based on the current statutory income tax rates in Singapore and Indonesia.

The tax expense is Nil for 2QFY2019 and 1HFY2019. The US\$2,000 noted in 1HFY2018 represents the tax expense of a subsidiary following receipt of a notice of assessment in relation to the Year of Assessment 2017 from the Inland Revenue Authority of Singapore.

8.1.8 Currency translation difference

The currency translation differences arise from translation of the financial statements of the Company from its functional currency (in SGD) to the Group's presentation currency (in USD).

8.2 ASSETS, LIABILITIES AND EQUITY

8.2.1 Property, plant and equipment

Property, plant and equipment ("PP&E") decreased by US\$75,000 to US\$392,000 as at 30 June 2019 from US\$467,000 as at 31 December 2018. The decrease was due to current period depreciation of EIR's coal hauling trucks.

Since the early termination of coal hauling contract in May 2019 as set out in the item (A) of the Introduction, EIR has been looking out for alternative coal hauling partners. At this junction, no impairment is provided for EIR's coal hauling trucks but the Company will review the need for impairment of the coal hauling trucks on a quarter to quarter basis and make the provisions where necessary.

8.2.2 Trade and other receivables

Trade and other receivables comprise primarily of receivables due from CAN for the coal hauling services and prepayments.

Trade and other receivables decreased by US\$69,000 to US\$114,000 as at 30 June 2019 from US\$183,000 as at 31 December 2018 mainly due to impairment provision of US\$74,000 in respect of the trade receivables and collection of trade receivables of US\$94,000 during the period. This is offset by revenue earned during the period and prepayment during the period. As collection from CAN is slow and intermittent, based on current credit risk assessment on CAN, the only trade debtor, expected credit losses amounting to approximately US\$55,000 and US\$74,000 have been recorded for 2QFY2019 and 1HFY2019 while a provision amounting to US\$27,000 has been booked for the 4QFY2018 and 12MFY2018 in accordance with the adoption of the SFRS(I) as set out in Consolidated Financial Statements – Presentation and Preparation.

8.2.3 Inventories

Inventories include fuel and spare parts and are stated at the lower of cost and net realisable value. The movement in the opening and closing balances, if any, results from normal operational activities.

8.2.4 Cash and cash equivalents

	Group	
	6 months ended 30.06.19 US\$'000	6 months ended 30.06.18 US\$'000
Cash and cash equivalents at beginning of financial period	253	322
Cash flows used in Operating Activities	(361)	(97)
Cash flows generated/(used in) Financing Activities	334	(18)
Net (decrease)/increase in cash and cash equivalents	(27)	(115)
Cash and cash equivalents at end of financial period	226	207

Cash flows (used in)/generated from operating activities

Cash flows used for operating activities before working capital changes amounted to US\$403,000 and US\$594,000 for 2QFY2019 and 1HFY2019 respectively as set out in paragraph 1(c) on Cash flow statement for the Group above. After working capital changes, cash flows used in operating activities reduced to approximately US\$203,000 and US\$361,000 for 2QFY2019 and 1HFY2019 respectively due to the increase of other payables.

Cash flows used in investing activities

There were no investing activities in 1HFY2019 and therefore no cash movement from investing activities.

Cash flows used in financing activities

There were drawdowns of amount totaling US\$368,000 from Ang Investment Agreement as set out in the item (A)(3)(ii) of the Introduction and paragraph 8.2.7 on Advances from Investor below for 1HFY2019. Cash flows used in financing activities amounted to US\$34,000 from the repayment of lease obligations and interest for 1HFY2019.

8.2.5 Currency translation reserve

The currency translation reserve represents the balance of translation from the Company's functional currency (in SG\$) to the Group's presentation currency (in US\$) as at 30 June 2019.

8.2.6 Trade and other payables

Trade and other payables comprise amounts due to vendors, service providers, related parties, directors and executive management as well as normal accruals.

Trade and other payables increased by US\$0.2 million to US\$2.1 million as at 30 June 2019 from US\$1.9 million as at 31 December 2018 mainly due to the accrual (and deferred payment) of executive management remuneration and director fees for 1HFY2019 amounting to approximately US\$0.3 million and offset by payment of approximately US\$0.1 million to certain service providers and professionals for their services in 1HFY2019.

8.2.7 Advances from Investor

The Company and the Group had made drawdowns from the Ang Investment Agreement in January 2019 and May 2019 for the financial period under review for its working capital requirements as set out in item (A)(3)(ii) of the Introduction.

No interest has been accrued on the basis that the controlling shareholder and the entities controlled by the controlling shareholder have given undertakings, *inter alia*, to vote and/or procure the voting of all the undertaking shares of 742,384,980 ordinary shares, representing approximately 40.5% of the total number of issued shares of the Company, in favour of the resolutions at any extraordinary general meeting of the Company to be held to approve, among others, the transactions contemplated in the Ang Investment Agreement, including but not limited to the convertible loan, the issuance of shares pursuant to the convertible loan, the whitewash waiver, and the rights issue.

As at the date of this announcement, no drawdown has been made pursuant to the Yadi Investment Agreement.

8.2.8 Finance lease liabilities (current and non-current)

Finance lease liabilities represent the outstanding obligation for the hire purchase of coal hauling trucks by EIR.

Finance lease liabilities (both current and non-current) decreased by US\$30,000 to US\$41,000 as at 30 June 2019 from US\$71,000 as at 31 December 2018 due to lease payments during 1HFY2019 by EIR.

8.2.9 Tax payable

Tax payable decreased by approximately US\$30,000 as set out in paragraph 8.1.4 above.

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

No forecast or prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the 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.**

Factors and events that are relevant to the Group in the next 12 months are highlighted in the Introduction under items A to F, Going Concern and Consolidated Financial Statements – Presentation and Preparation.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period/year reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period/year of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books 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 2QFY2019 and 1HFY2019 as the Group is loss making for the period.

13. **Interested Person Transactions**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “Catalist Rules”).

There were no interested person transactions of S\$100,000 or more entered into by the Group during 1HFY2019.

14. **Use of Funds**

Not applicable. In accordance with the use of proceeds as stated in the Company’s offer document dated 30 September 2014, the remaining S\$38,000 which was allocated for the upgrading of coal mining facilities is no longer available to the Group following the loss of control of Rinjani.

Additional Information Required for Mineral, Oil and Gas Companies

15. **Rule 705(6)(a) of the Catalist Rules**

1) Use of funds/cash for the quarter ended 30 June 2019:

Not applicable due to the loss of control of Rinjani with effect from 24 August 2017 and deconsolidation of Rinjani, which held all mining rights of the Group.

2) Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:

Not applicable due to the loss of control of Rinjani with effect from 24 August 2017 and deconsolidation of Rinjani, which held all mining rights of the Group.

16. **Rule 705(6)(b) of the Catalist Rules**

Refer to Item 19.

17. Rule 705(7)(a) of the Catalist Rules

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.

Not applicable due to the loss of control of Rinjani with effect from 24 August 2017 and deconsolidation of Rinjani, which holds all mining rights of the Group.

18. Confirmation by the Company pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings (in the format set out in Appendix 7H of the Catalist Rules) from all its Directors and Executive Officers pursuant to Rule 720(1) of the Catalist Rules.

19. Confirmation by the Board of Directors pursuant to Rule 705(5) and Rule 705(6)(b) of the Catalist Rules

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the above information provided to be false or misleading in any material aspect.

On behalf of the Board

Agus Sugiono
Executive Chairman and Chief Executive Officer

13 August 2019