



RESOURCES GLOBAL DEVELOPMENT LIMITED

(Company Registration No. 201841763M)

(Incorporated in the Republic of Singapore)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

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Background

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

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

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

For the purpose of this announcement, the financial results of the Group for the financial year ended 31 December 2019 (“FY2019”) and the comparative results of the Group for the financial year ended 31 December 2018 (“FY2018”) have been prepared on the assumption that the Group’s structure pursuant to the Restructuring Exercise had been in place since 1 January 2018.

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

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

	GROUP		Increase/ (Decrease) %
	FY2019	FY2018	
	S\$	S\$	
	(Unaudited)	(Audited)	
Revenue	84,425,363	44,757,179	88.6
Cost of sales and services	<u>(78,863,269)</u>	<u>(39,272,268)</u>	100.8
Gross profit	5,562,094	5,484,911	1.4
Interest income	230,559	150,063	53.6
Other income	269	-	NM
Administrative expenses ⁽¹⁾	(3,572,978)	(1,454,413)	145.7
Finance costs	<u>(393,324)</u>	<u>(128,194)</u>	206.8
Profit before tax	1,826,620	4,052,367	(54.9)
Tax expense	<u>(819,582)</u>	<u>(599,368)</u>	36.7
Profit for the financial year	<u>1,007,038</u>	<u>3,452,999</u>	(70.8)
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	785,750	(998,893)	NM
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement of post-employment benefits liabilities, net of tax	<u>(7,867)</u>	<u>44,482</u>	NM
Other comprehensive income/(loss) for the financial year, net of tax	<u>777,883</u>	<u>(954,411)</u>	NM
Total comprehensive income for the financial year	<u>1,784,921</u>	<u>2,498,588</u>	(28.6)
Profit for the financial year attributable to:			
Equity holders of the Company	764,135	2,241,696	(65.9)
Non-controlling interests	<u>242,903</u>	<u>1,211,303</u>	(79.9)
	<u>1,007,038</u>	<u>3,452,999</u>	(70.8)
Total comprehensive income attributable to:			
Equity holders of the Company	1,188,503	1,810,058	(34.3)
Non-controlling interests	<u>596,418</u>	<u>688,530</u>	(13.4)
	<u>1,784,921</u>	<u>2,498,588</u>	(28.6)

"NM" denotes "Not meaningful"

Note:

(1) Included listing expenses of S\$0.7 million and S\$0.4 million in FY2019 and FY2018, respectively. If such listing expenses have been excluded, profit before tax and profit for the financial year would have been S\$2.5 million and S\$1.7 million respectively, in FY2019 (S\$4.5 million and S\$3.9 million respectively, in FY2018).

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

The Group's net profit was arrived after (crediting) / charging the following:

	GROUP		Increase/ (Decrease)
	FY2019 S\$	FY2018 S\$	%
<i>Profit before tax has been arrived at after charging:</i>	(Unaudited)	(Audited)	
Depreciation of property, plant and equipment	2,875,761	1,272,099	126.1
Loss on disposal of property, plant and equipment	2,788	-	NM
Listing expenses	691,156	412,520	67.5
Post-employment benefits	186,622	72,493	157.4
Office rental	34,301	33,720	1.7
Foreign exchange losses	101,242	63,069	60.5

"NM" denotes "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	
	As at 31 December 2019 S\$ (Unaudited)	As at 31 December 2018 S\$ (Audited)	As at 31 December 2019 S\$ (Unaudited)	As at 31 December 2018 S\$ (Audited)
Non-current assets				
Property, plant and equipment	35,100,035	14,506,465	241,169	3,344
Deferred tax assets	7,618	1,838	-	-
Other receivables	2,636	19,997	-	-
Investment in subsidiaries	-	-	1,701,028	1,701,028
	35,110,289	14,528,300	1,942,197	1,704,372
Current assets				
Inventories	37,804	31,207	-	-
Trade and other receivables	7,824,013	7,269,823	169,394	36,505
Contract assets	201,951	-	-	-
Cash and cash equivalents	7,971,299	11,326,672	262,155	1,081,082
	16,035,067	18,627,702	431,549	1,117,587
Total assets	51,145,356	33,156,002	2,373,746	2,821,959
Non-current liabilities				
Liabilities for post-employment benefits	230,598	182,537	-	-
Borrowings	7,990,915	101,351	128,643	-
	8,221,513	283,888	128,643	-
Current liabilities				
Trade and other payables	10,459,973	3,794,528	1,191,226	246,169
Contract liabilities	1,807,550	40,298	-	-
Borrowings	220,647	590,635	83,202	-
Tax payable	483,011	509,291	-	-
	12,971,181	4,934,752	1,274,428	246,169
Total liabilities	21,192,694	5,218,640	1,403,071	246,169
Net assets	29,952,662	27,937,362	970,675	2,575,790
Equity				
Share capital	3,000,000	3,000,000	3,000,000	3,000,000
Retained earnings/(accumulated losses)	14,386,211	13,515,043	(2,029,325)	(424,210)
Currency translation reserve	(585,983)	(1,016,205)	-	-
Equity attributable to equity holders of the Company	16,800,228	15,498,838	970,675	2,575,790
Non-controlling interests	13,152,434	12,438,524	-	-
Total equity	29,952,662	27,937,362	970,675	2,575,790

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

	GROUP	
	As at 31 December 2019 S\$	As at 31 December 2018 S\$
Borrowings, secured and non-guaranteed ⁽¹⁾	135,666	127,661
Borrowings, secured and guaranteed ⁽²⁾	-	564,325
Borrowings, unsecured and non-guaranteed ⁽³⁾	8,075,896	-
	8,211,562	691,986

Amount repayable in one year or less, or on demand

As at 31 December 2019 (S\$)		As at 31 December 2018 (S\$)	
Secured	Unsecured	Secured	Unsecured
34,194	186,453	590,635	-

Amount repayable after one year

As at 31 December 2019 (S\$)		As at 31 December 2018 (S\$)	
Secured	Unsecured	Secured	Unsecured
101,472	7,889,443	101,351	-

Details of any collateral

Notes:

- (1) The secured and non-guaranteed borrowings are in connection with the financing of company motor vehicles and secured by the rights of the leases of these motor vehicles.
- (2) The secured and guaranteed borrowing is in connection with the financing of the purchase of a tugboat and a barge and secured by the vessels with corporate guarantee from a related party and joint and several personnel. This loan facility was fully repaid on 6 November 2019 and accordingly, the personal and corporate guarantees provided were discharged.
- (3) The unsecured and non-guaranteed borrowing is in connection with the IDR80.0 billion (S\$7.8 million) loan facility extended from PT Bank DBS Indonesia, pursuant to a loan agreement dated 17 September 2019. The PT DBS Loan has a 3-year tenure and carries an interest of 8.0% per annum. S\$0.3 million was in connection with the recognition of office lease liabilities following the adoption of SFRS(I) 16 Leases, which became effective from 1 January 2019.

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

	GROUP	
	FY2019	FY2018
	S\$	S\$
Cash flows from operating activities		
Profit before tax	1,826,620	4,052,367
Adjustments for:		
Depreciation of property, plant and equipment	2,875,761	1,272,099
Loss on disposal of property, plant on equipment	2,788	-
Post-employment benefits	186,622	72,493
Interest income	(230,559)	(150,063)
Interest expense	393,324	128,194
Operating cash flows before working capital changes	5,054,556	5,375,090
Change in operating assets and liabilities:		
Inventories	(6,597)	(10,181)
Receivables	(738,779)	(3,459,038)
Payables	5,755,328	3,208,583
Currency translation difference	484,200	4,560
Cash generated from operations	10,548,708	5,119,014
Interest received	230,559	150,063
Taxes paid	(864,450)	(432,663)
Net cash generated from operating activities	9,914,817	4,836,414
Cash flows from investing activities		
Cash outflow pursuant to the Restructuring Exercise	-	(1,758,033)
Purchases of property, plant and equipment	(20,510,281)	(1,353,951)
Advances to a director of the Company	-	(12,324)
Advances to shareholders	-	(26,070)
Repayment from a director of the Company	-	101,789
Repayment from shareholders	-	55,932
Repayment from related parties	-	6,486,509
Advances to a third party	-	(35,374)
Net cash (used in)/generated from investing activities	(20,510,281)	3,458,478

	GROUP	
	FY2019	FY2018
	S\$	S\$
Cash flows from financing activities		
Proceeds from issuance of shares	-	4,000,573
Proceeds from issuance of shares to non-controlling interest	-	10,107
Dividend paid to shareholders	-	(1,422,000)
Interest paid	(162,946)	(128,194)
Loan from a related party	500,000	-
Proceed of loan from a shareholder	7,656,964	-
Repayment of loan from shareholder	(7,807,200)	-
Proceed from bank loans	7,714,877	(618,695)
Prepayment of lease liabilities	(88,775)	-
Repayment of loan from a related party	-	(961,711)
Repayment of bank loan	(576,924)	-
Repayment of finance lease liabilities	-	(32,327)
Net cash generated from financing activities	7,235,996	847,753
Net (decrease) / increase in cash and cash equivalents	(3,359,468)	9,142,645
Effect of exchange rate changes on cash and cash equivalents	4,095	-
Cash and cash equivalents at beginning of financial year	11,326,672	2,184,027
Cash and cash equivalents at end of financial year	7,971,299	11,326,672

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

GROUP	Attributable to equity holders of the Company			Total S\$	Non-controlling interests S\$	Total equity S\$
	Share capital S\$	Retained earnings S\$	Currency translation reserve S\$			
Balance at 1 January 2019	3,000,000	13,515,043	(1,016,205)	15,498,838	12,438,524	27,937,362
Profit for the financial year	-	764,135	-	764,135	242,903	1,007,038
Other comprehensive income/(loss)						
Currency translation differences arising from consolidation	-	-	430,222	430,222	355,528	785,750
Remeasurement of post-employment benefits liabilities	-	(5,854)	-	(5,854)	(2,013)	(7,867)
Other comprehensive income/(loss) for the financial year, net of tax	-	(5,854)	430,222	424,368	353,515	777,883
Total comprehensive income for the financial year	-	758,281	430,222	1,188,503	596,418	1,784,921
Fair value gain on loan from non-controlling shareholders of a subsidiary	-	112,887	-	112,887	117,492	230,379
Balance at 31 December 2019	3,000,000	14,386,211	(585,983)	16,800,228	13,152,434	29,952,662

GROUP	Attributable to equity holders of the Company			Total S\$	Non-controlling interests S\$	Total equity S\$
	Share capital S\$	Retained earnings S\$	Currency translation reserve S\$			
Balance at 1 January 2018	757,460	11,947,356	(561,796)	12,143,020	12,465,107	24,608,127
Profit for the financial year	-	2,241,696	-	2,241,696	1,211,303	3,452,999
Other comprehensive income/(loss)						
Currency translation differences arising from consolidation	-	-	(454,409)	(454,409)	(544,484)	(998,893)
Remeasurement of post-employment benefits liabilities	-	22,771	-	22,771	21,711	44,482
Other comprehensive income/(loss) for the financial year, net of tax	-	22,771	(454,409)	(431,638)	(522,773)	(954,411)
Total comprehensive income/(loss) for the financial year	-	2,264,467	(454,409)	1,810,058	688,530	2,498,588
Dividend	-	(696,780)	-	(696,780)	(725,220)	(1,422,000)
Issuance of shares by a subsidiary	1,000,573	-	-	1,000,573	10,107	1,010,680
Issuance of shares by the Company	3,000,000	-	-	3,000,000	-	3,000,000
Adjustment pursuant to the Restructuring Exercise	(1,758,033)	-	-	(1,758,033)	-	(1,758,033)
Balance at 31 December 2018	3,000,000	13,515,043	(1,016,205)	15,498,838	12,438,524	27,937,362

COMPANY	Share capital S\$	Accumulated losses S\$	Total equity S\$
Issuance of shares on 12 December 2018 (date of incorporation)	3,000,000	-	3,000,000
Loss for the year	<u>-</u>	<u>(424,210)</u>	<u>(424,210)</u>
Balance at 31 December 2018	3,000,000	(424,210)	2,575,790
Loss for the year	<u>-</u>	<u>(1,605,115)</u>	<u>(1,605,115)</u>
Balance at 31 December 2019	<u>3,000,000</u>	<u>(2,029,325)</u>	<u>970,675</u>

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

	<u>Number of shares</u>	<u>Issued and paid-up share capital (S\$)</u>
Issued and paid-up share capital as at date of incorporation of the Company on 12 December 2018	<u>3,000,000</u>	<u>3,000,000</u>
Resultant issued and paid-up share capital subsequent to the Restructuring Exercise (including a share split exercise), before the IPO as at 31 December 2019	75,000,000	3,000,000
Issuance of the new Shares pursuant to the Placement on 30 January 2020	<u>15,000,000</u>	<u>3,000,000</u>
Resultant issued and paid-up share capital immediately after the IPO on 31 January 2020	<u>90,000,000</u>	<u>6,000,000</u>

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at 31 December 2019 and 31 December 2018.

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

	As at 31 December 2019	As at 31 December 2018
Total number of issued shares excluding treasury shares	<u>75,000,000 ⁽¹⁾</u>	<u>3,000,000</u>

Note:

(1) As set out in section 1(d)(ii) above, pursuant to the Restructuring Exercise (including a share split exercise) and the issuance and allotment of 15,000,000 new Shares pursuant to the Placement, the resultant issued and paid-up share capital of the Company after the IPO on 31 January 2020 was 90,000,000 shares.

The Company did not have any treasury shares as at 31 December 2019 and 31 December 2018.

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

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

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year 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.

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

Not applicable.

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

Not applicable. The latest audited financial statements of the Group for the financial year ended 31 December 2018 are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

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

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements for the year ended 31 December 2018, except for the adoption of certain new revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) that became mandatory from 1 January 2019, as disclosed in item 5 below.

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

The Group has adopted SFRS(I) 16 effective 1 January 2019. The Group has elected to apply the simplified transition approach without restating prior periods' information. On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of SFRS(I) 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

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

	GROUP	
	FY2019	FY2018
	S\$	S\$
Profit attributable to equity holders of the Company	764,135	2,241,696
Weighted average number of shares	75,000,000	75,000,000
Basic and diluted earnings per share (S\$ cents) ⁽¹⁾	1.0	3.0

Note:

(1) The Company has no dilutive ordinary shares in FY2019 and FY2018. For comparative purpose, the earnings per ordinary share in FY2019 and FY2018 was calculated based on the total number of shares in issue of 75,000,000 ordinary shares as at 31 December 2019, before the placement of 15,000,000 shares on 30 January 2020.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) Current financial year reported on; and (b) Immediately preceding financial year.**

	GROUP		COMPANY	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Net asset value (“NAV”) (excluding non-controlling interests) (S\$)	16,800,228	15,498,838	970,675	2,575,790
Number of ordinary shares as at 31 December 2019	75,000,000	75,000,000	75,000,000	75,000,000
NAV per ordinary share (S\$ cents) ⁽¹⁾	22.4	20.7	1.3	3.4

Note:

- (1) The number of ordinary shares in issue used in the computation of NAV per ordinary share as at 31 December 2019 and 31 December 2018 has been retrospectively adjusted to reflect the Restructuring Exercise which includes a share split, assuming such transactions occurred as at 31 December 2019 and 31 December 2018.

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 year 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 year reported on.**

REVIEW OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

(A) Revenue

The breakdown of revenue by business segment is set out below:

Business Segment	FY2019		FY2018	
	S\$	%	S\$	%
Coal Shipping Services	10,063,901	11.9	8,319,802	18.6
Coal Trading Business	74,361,462	88.1	36,437,377	81.4
Total	84,425,363	100.0	44,757,179	100.0

Revenue increased by S\$39.6 million from S\$44.8 million in FY2018 to S\$84.4 million in FY2019, due to the increase in the revenue generated from both of our Coal Shipping Services and Coal Trading Business in FY2019.

Revenue from our Coal Shipping Services increased from S\$8.3 million in FY2018 to S\$10.1 million in FY2019, mainly due to operational deployment of three additional sets of tugboats and barges and one bulk carrier during FY2019. These allowed the Group to provide its customers with increased shipping capacities, and ensure better control of coal loading and shipment schedules.

The Group has a fleet of nine Indonesian-flagged vessels, with an aggregate fleet capacity of 116,000 metric tonnes deployed in FY2019, as compared to a fleet of five Indonesian-flagged vessels, with an aggregate fleet capacity of 42,000 metric tonnes, deployed in FY2018. The Group maintains a consistent fleet utilisation rate of 100.0% for both FY2018 and FY2019.

Revenue from our Coal Trading Business increased from S\$36.4 million in FY2018 to S\$74.4 million in FY2019, as we continue to expand our coal sales volume due to increasing demand, which resulted in more than 1-fold increase of coal sold from 0.7 million metric tonnes in FY2018 to 1.6 million metric tonnes in FY2019.

(B) Gross profit

Business Segment	FY2019 S\$	FY2018 S\$
Coal Shipping Services		
Gross profit	1,958,507	3,165,663
Gross profit margin	19.5%	38.1%
Coal Trading Business		
Gross profit	3,603,587	2,319,248
Gross profit margin	4.8%	6.4%
Overall		
Gross profit	5,562,094	5,484,911
Gross profit margin	6.6%	12.3%

Coal Shipping Services

The gross profit of our Coal Shipping Services decreased by S\$1.2 million, from S\$3.2 million in FY2018 to S\$2.0 million in FY2019 and gross profit margin decreased by 18.6 percentage points, from 38.1% in FY2018 to 19.5% in FY2019. This was mainly due to (i) decrease in the chartering rates in FY2019 as a result of increased competition; and (ii) increase in costs of sales and services in FY2019 was in line with the increased business activities during FY2019. In particular, costs relating to the new crew related costs and vessels related costs like spare parts, equipment and maintenance, were incurred as fixed costs ahead of new vessels and barges being operationally deployed.

The depreciation costs recognised in the costs of sales increased by S\$1.6 million, from S\$1.3 million in FY2018 to S\$2.9 million in FY2019. The increase was in line with the additional vessels and barges purchased in FY2019.

Coal Trading Business

The gross profit of our Coal Trading Business increased by S\$1.3 million, from S\$2.3 million in FY2018 to S\$3.6 million in FY2019, which was in line with the increase in revenue contributed by this segment. However, the gross profit margin decreased by 1.6 percentage points, from 6.4% in FY2018 to 4.8% in FY2019. This was mainly due to the entry into fixed term coal contracts with suppliers and customers during FY2019, which provided greater certainty over the volume of coal purchased and sold, but provided the Group with lower price volatility. Revenue from fixed term coal contracts generally attract lower but stable margins. A significant portion of the gross profit margin of our Coal Trading Business in FY2019 was attributable to such fixed term coal purchase and sale contracts.

A significant portion of coal purchase and sale transactions in FY2018 were conducted at “spot” market prices and the Group was therefore able to record favourable gross profit margins in FY2018 due to the greater flexibility afforded in negotiating coal prices for each specific transaction with the relevant supplier and customer, where we were able to achieve a larger spread in the transacted coal prices.

As a result of the above, the Group’s overall gross profit remains relatively stable, at S\$5.5 million in FY2018 and S\$5.6 million in FY2019, but overall gross profit margin decreased by 5.7 percentage points, from 12.3% in 2018 to 6.6% in FY2019.

(C) Interest income

Interest income, which comprised interest from bank and fixed deposit, increased by S\$0.1 million or 53.6%, from S\$0.1 million in FY2018 to S\$0.2 million in FY2019. The increase was mainly due to higher interest income generated from the larger cash amounts placed with financial institutions in FY2019.

(D) Administrative expenses

Administrative expenses increased by S\$2.1 million, from S\$1.5 million in FY2018 to S\$3.6 million in FY2019.

The increase was mainly due to the (i) increase in staff costs by S\$1.2 million, which arose from the increase in staff headcount (excluding crew members) from 14 as at 31 December 2018 to 27 as at 31 December 2019, to support the growth of the Group’s business operations; and (ii) increase in listing expenses of S\$0.3 million, from S\$0.4 million in FY2018 to S\$0.7 million in FY2019.

Depreciation charges recognised in the administrative expenses increased by S\$83,000, from S\$38,000 in FY2018 to S\$121,000 in FY2019. The increase was mainly attributed to the leasehold improvement and purchase of office furniture and equipment for the new office leased in Singapore in July 2019.

(E) Finance costs

Finance costs increased by S\$0.3 million, from S\$0.1 million in FY2018 to S\$0.4 million in FY2019, mainly due to higher interest expenses incurred from the new loans obtained in FY2019.

(F) Profit before tax

As a result of the above, profit before tax decreased by S\$2.3 million from S\$4.1 million in FY2018 to S\$1.8 million in FY2019. Had listing expenses of S\$0.7 million and S\$0.4 million in FY2019 and FY2018, respectively, been excluded, profit before tax would have been S\$2.5 million and S\$4.5 million in FY2019 and FY2018, respectively.

(G) Tax expense

Tax expense increased by S\$0.2 million or 36.7%, from S\$0.6 million in FY2018 to S\$0.8 million in FY2019. In Indonesia, our Coal Shipping Services is being taxed by the Indonesian tax authorities based on revenue generated, whereas our Coal Trading Business is being taxed based on profit before tax. As the Group recorded an increase in revenue for Coal Shipping Services and profit before tax for Coal Trading Business in FY2019, the Group recorded an increase in tax expense.

(H) Profit for the financial year

As a result of the above, profit for the financial year decreased from S\$3.5 million in FY2018 to S\$1.0 million in FY2019.

REVIEW OF STATEMENTS OF FINANCIAL POSITION OF THE GROUP

(A) Non-current assets

Non-current assets increased by S\$20.6 million, from S\$14.5 million as at 31 December 2018 to S\$35.1 million as at 31 December 2019. The increase was mainly attributed to the S\$22.9 million increase in property, plant and equipment, in connection with the purchases of new vessels and barges, and capitalized dry-docking expenses associated with the refurbishment and refitting costs of the newly acquired bulk carrier and a tugboat during FY2019, partially offset by depreciation charges of S\$2.9 million in FY2019.

(B) Current assets

Current assets decreased by S\$2.6 million, from S\$18.6 million as at 31 December 2018 to S\$16.0 million as at 31 December 2019, mainly due to decrease in cash and cash equivalents, partially offset by the increase in trade and other receivables and contract assets.

Trade and other receivables increased by S\$0.5 million or 7.6% from S\$7.3 million as at 31 December 2018 to S\$7.8 million as at 31 December 2019, mainly attributable to an increase in trade receivables balance, in line with the increased business turnover during FY2019.

Contract assets of S\$0.2 million recognized as at 31 December 2019 was attributed to services rendered but not yet billed at year end in respect of our Coal Shipping Services.

Cash and cash equivalents decreased by S\$3.3 million or 29.6%, from S\$11.3 million as at 31 December 2018 to S\$8.0 million as at 31 December 2019. Please refer to the section entitled "Review of Cash Flow of the Group" below for information on the decrease in cash and cash equivalents.

(C) Non-current liabilities

Non-current liabilities increased by S\$7.9 million, from S\$0.3 million as at 31 December 2018 to S\$8.2 million as at 31 December 2019, mainly due to increase in borrowings.

Borrowings increased by S\$7.9 million, from S\$0.1 million as at 31 December 2018 to S\$8.0 million as at 31 December 2019. The increase was mainly attributable to a IDR80.0 billion (equivalent to S\$7.8 million) unsecured and non-guaranteed loan obtained from a bank with annual interest rate of 8.0% and repayable on 2 October 2022.

Liabilities for post-employment benefits relate to the retirement funds payable to the Indonesian employees of the Group. Such liabilities increased marginally by S\$48,000, from S\$183,000 as at 31 December 2018 to S\$231,000 as at 31 December 2019. The increase was mainly attributable to increased accrual on such liabilities, in line with the increase of total number of staff during FY2019.

(D) Current liabilities

Current liabilities increased by S\$8.1 million, from S\$4.9 million as at 31 December 2018 to S\$13.0 million as at 31 December 2019, mainly due to increase in trade and other payables and contract liabilities, partially offset by decrease in borrowings.

Trade and other payables increased by S\$6.7 million, from S\$3.8 million as at 31 December 2018 to S\$10.5 million as at 31 December 2019. The increase was mainly due to increased business activities in the Coal Trading Business and Coal Shipping Services and a refundable deposit received from a customer for chartering of our vessels.

Contract liabilities increased by S\$1.8 million, from S\$40,000 as at 31 December 2018 to S\$1.8 million as at 31 December 2019. The increase was attributed to advance billing for future deliveries of services in respect of our Coal Shipping Services.

Borrowings, which comprised bank loans and lease liabilities, decreased by S\$0.4 million or 62.6%, from S\$0.6 million as at 31 December 2018 to S\$0.2 million as at 31 December 2019. The decrease was mainly attributable to repayment of bank loan of S\$0.6 million FY2019, partially offset by recognition of lease liabilities of S\$0.2 million as at 31 December 2019, mainly in connection with the adoption of SFRS(I) 16 Leases which became effective from 1 January 2019.

(E) Working capital position

As a result of the above, the working capital of the Group decreased from S\$13.7 million as at 31 December 2018, to S\$3.1 million as at 31 December 2019.

REVIEW OF CASH FLOW OF THE GROUP

Net cash generated from operating activities in FY2019 was S\$9.9 million, mainly due to operating cash flows before working capital changes of S\$5.1 million, changes in working capital of S\$5.5 million, interest received of S\$0.2 million, and taxes paid of S\$0.9 million. Changes in working capital were due to (i) increase in payables of S\$5.8 million, (iii) currency translation difference of S\$0.5 million, partially offset by (ii) increase in receivables of S\$0.7 million.

Net cash used in investing activities of S\$20.5 million in FY2019 relates to purchase of property, plant and equipment.

Net cash generated from financing activities of S\$7.2 million in FY2019 was mainly due to (i) proceed from bank loan of S\$7.7 million, (ii) advances received from a related party of S\$0.5 million, partially offset by (iii) interest paid of S\$0.2 million, and (iv) repayment of bank loan of S\$0.6 million.

As a result of the above, cash and cash equivalents decreased by S\$3.3 million in FY2019, from S\$11.3 million as at 31 December 2018 to S\$8.0 million as at 31 December 2019.

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

In FY2019, the Group reported profit before tax of S\$1.8 million and net profit for the year of S\$1.0 million ("**Actual Results**").

In the trend information disclosed in the section entitled "General Information on our Group – Trend Information" of the Offer Document, the Company indicated that it expects the Group to record a loss for FY2019 largely as a result of one-off professional and related expenses in connection with the IPO ("**Prospect Statement**").

The variance between the Actual Results and the Prospect Statement was mainly attributable to a much higher coal trading volume during the fourth quarter of FY2019 as the Group was able to capitalize on the higher coal demand from its customers.

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

The Company believes that the prospects for the Group's businesses in both Coal Shipping Services and Coal Trading Business remain positive, taking into consideration the trends or factors set out in the section entitled "General Information on our Group – Prospects" of the Offer Document on the prospects of the industry which the Group is currently operating in. In particular, the Company wishes to highlight the following:

Coal Shipping Services

The outlook for our Coal Shipping Services remains competitive and the Group continues to explore measures to maximise utilization on all of our vessels.

The Indonesian cabotage laws which *inter alia*, provides that sea transportation activities within Indonesian waters can only be done by Indonesian-flagged vessels manned by Indonesian crew, will continue to provide favourable support to our Coal Shipping Services that operate within Indonesian waters. The Group will continue to step up its marketing efforts to expand shipping routes and diversify our client base while maintaining our reputation as a reliable coal shipping service provider. The Group will seek and leverage on opportunities to expand our fleet size with careful consideration of our current working capital as well as the market demands and the utilization rate of our current fleet.

Coal Trading Business

The Group will continue to support the expansion of our customers' smelting and manufacturing operations, and at the same time step up efforts to expand our client base domestically and seek new opportunities.

11. Dividend

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

Nil.

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

Nil.

(c) Date payable

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for FY2019, as the Group is conserving its cash for future growth and expansion.

13. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in respect of the purchase of coal from PT Angsana Jaya Energi (“PT AJE”) and PT Akbar Mitra Jaya (“PT AMJ”). The aggregate values of the respective IPTs (above S\$100,000) entered into during FY2019 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during FY2019 (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) (S\$’000)	Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$’000)
PT AJE	A coal mining company incorporated in Indonesia, and a 83.25% subsidiary of PT Deli Coal ⁽¹⁾	-	15,895
PT AMJ	A coal mining company incorporated in Indonesia which is a 37.5% associated company of PT Deli Coal ⁽¹⁾	-	8,207
Ever Grace International Trading Limited	An investment holding company incorporated in Hong Kong, which is indirectly wholly-owned by Ms Lenny Limanto ⁽²⁾	500	-

Notes:

- (1) PT Deli Coal is indirectly 80%-owned by certain Founding Shareholders ⁽³⁾ (namely Mr Djunaidi Hardi, Mr Arifin Ang, Mr Juhadi and Mr Arifin Tan) and their associates (namely Mdm Ratih Anggaraini and Mdm Lai Hong).
- (2) Ms Lenny Limanto is the daughter of Mr Djunaidi Hardi and niece of Mr Arifin Ang, Mr Juhadi and Mr Limas Ananto. Each of Mr Djunaidi Hardi, Mr Arifin Ang, Mr Juhadi and Mr Limas Ananto is a Founding Shareholder ⁽³⁾.
- (3) Founding Shareholders refer to Mr Juhadi, Mr Arifin Tan, Mr Djunaidi Hardi, Mr Arifin Ang and Mr Limas Ananto. The Founding Shareholders are deemed to be interested in the shares of the Company held by Deli International Resources Pte. Ltd. (the controlling shareholder of the Company).

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

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

15. Use of IPO proceeds

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

	Allocation of Gross Proceeds (as disclosed in the Offer Document) (S\$'000)	Gross Proceeds utilised as at the date of this announcement (S\$'000)	Balance of Gross Proceeds as at the date of this announcement (S\$'000)
General working capital	1,600	-	1,600
Listing expenses:			
Professional fees ⁽¹⁾	1,100	900	200
Placement commission ⁽²⁾	200	200	-
Listing and application fees	100	20	80
Gross Proceeds	3,000	1,120	1,880

Notes:

- (1) This reflects the unpaid balance of the professional fees (including the Sponsor and Issue Manager's fees, audit fees, legal fees and other professional fees) as at the date of the Offer Document.
- (2) Please refer to the section entitled “Management, Sponsorship and Placement Arrangements” of the Offer Document for more details.

PART 2 – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

(A) Business segments

FY2019	Coal Trading	Coal Shipping	Total
	S\$	S\$	S\$
Revenue:			
External customers	74,361,462	10,063,901	84,425,363
Total revenue	74,361,462	10,063,901	84,425,363
Segment profit/(loss):			
Interest income	2,795,452	796,277	3,591,729
Finance costs	95,102	135,442	230,544
Unallocated corporate expenses	(13,155)	(377,383)	(390,538)
	-	-	(1,605,115)
Profit before tax			1,826,620
Income tax expense			(819,582)
Profit for the year			<u>1,007,038</u>
FY2018	Coal Trading	Coal Shipping	Total
	S\$	S\$	S\$
Revenue:			
External customers	36,437,377	8,319,802	44,757,179
Total revenue	36,437,377	8,319,802	44,757,179
Segment profit/(loss):			
Interest income	1,998,120	2,456,590	4,454,710
Finance costs	33,565	116,498	150,063
Unallocated corporate expenses	-	(128,194)	(128,194)
	-	-	(424,212)
Profit before tax			4,052,367
Income tax expense			(599,368)
Profit for the year			<u>3,452,999</u>

(B) Geographical segments

The Group operates only in Indonesia with revenue generated from customers in Indonesia. Accordingly, an analysis of assets and profits of the Group by geographical distribution has not been included.

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.**

Please refer to section 8 on analysis of the factors leading to material changes in the contributions to turnover and earnings by the operating segments.

18. A breakdown of sales

	GROUP		
	FY2019	FY2018	%
	S\$	S\$	Change
(i) Sales from continued operations reported for:			
First half year	40,923,478	18,091,672	126.2
Second half year	43,501,885	26,665,507	63.1
	84,425,363	44,757,179	88.6

	GROUP		
	FY2019	FY2018	%
	S\$	S\$	Change
(ii) Operating profit after tax deducting non-controlling interests reported for:			
First half year	367,014	1,528,540	(76.0)
Second half year	397,121	713,156	(44.3)
	764,135	2,241,696	(65.9)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2019	FY2018
	S\$	S\$
Ordinary Share:		
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

20. If any person is occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Salim Limanto	36	<p>Son of Mr Djunaidi Hardi and the nephew of each of Mr Juhadi, Mr Arifin Ang and Mr Limas Ananto ("Founding Shareholders").</p> <p>The Founding Shareholders are deemed to be interested in the shares held by Deli International Resources Pte. Ltd. (the controlling shareholder of the Company).</p>	<ul style="list-style-type: none"> • Executive Director of the Company's subsidiaries, namely PT Deli Pratama Angkutan Laut (since 1 May 2013), and PT Deli Niaga Sejahtera (since 2 January 2018) • Executive Director of the Company (since 12 December 2019) • Chief Operating Officer of the Company (since 1 January 2019) <p>Mr Salim Limanto is responsible for the overall operations and business development activities of the Group.</p>	-

BY ORDER OF THE BOARD

Francis Lee
Executive Director and CEO

Salim Limanto
Executive Director and COO

28 February 2020