



# REX INTERNATIONAL HOLDING LIMITED

(Company Registration Number: 201301242M)

## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

FOR THE FIRST HALF YEAR  
ENDED 30 JUNE 2020

For the purpose of this announcement, the financial results of Rex International Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) comprise the consolidated unaudited accounts of the Group for the six-month period ended 30 June 2020 (“**1H FY2020**”), and the corresponding six-month period ended 30 June 2019 (“**1H FY2019**”).

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

	Group		Change %
	30-Jun-20 US\$'000	30-Jun-19 US\$'000	
<b>Revenue:</b>			
Sale of crude oil	14,574	–	NM
Service revenue	–	–	NM
<b>Cost of sales:</b>			
Production and operating expenses	(15,855)	–	NM
Depletion of oil and gas properties	(10,015)	–	NM
Exploration and evaluation expenditure	(837)	(57)	1,368
Cost of services	(265)	(268)	(1)
<b>Gross loss</b>	(12,398)	(325)	3,715
Administration expenses	(7,279)	(5,908)	23
Other expense	(6,045)	(72)	8,296
Other income	94	30,260	(100)
<b>Results from operating activities</b>	(25,628)	23,955	NM
Finance income	164	528	(69)
Foreign exchange gain/ (loss)	47	(1,117)	NM
Finance costs	(502)	(1,024)	(51)
<b>Net finance costs</b>	(291)	(1,613)	(82)
<b>(Loss)/ profit before tax</b>	(25,919)	22,342	NM
Tax credit	2,887	2,891	NM
<b>(Loss)/ profit for the period, net of tax</b>	(23,032)	25,233	NM
<b>(Loss)/ profit attributable to:</b>			
Owners of the Company	(20,980)	22,612	NM
Non-controlling interests	(2,052)	2,621	NM
<b>(Loss)/ profit for the period, net of tax</b>	(23,032)	25,233	NM

NM: Not meaningful

	Group		
	Six Months Ended		
	30-Jun-20 US\$'000	30-Jun-19 US\$'000	Change %
<b>Other comprehensive (loss)/ income</b>			
<i>– Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences from foreign operations, representing total other comprehensive (loss)/ income for the period	(1,584)	614	NM
<b>Total comprehensive (loss)/ income for the period, net of tax</b>	<u>(24,616)</u>	<u>25,847</u>	NM
<b>Total comprehensive (loss)/ income attributable to:</b>			
Owners of the Company	(22,406)	23,188	NM
Non-controlling interests	(2,210)	2,659	NM
<b>Total comprehensive (loss)/ income for the period</b>	<u>(24,616)</u>	<u>25,847</u>	NM

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

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

	Group		
	Six Months Ended		
	30-Jun-20 US\$'000	30-Jun-19 US\$'000	Change %
Depreciation of plant and equipment	(510)	(261)	95
Depletion of oil and gas properties	(10,015)	–	NM
Amortisation of other intangible assets	(425)	(425)	–
Impairment losses on exploration and evaluation assets	(6)	–	NM
Write-down of inventories	(175)	–	NM
Change in fair value of quoted investments	(1,850)	1,076	NM
Loss on disposal of quoted investments	(761)	(42)	1,712
Loss from crude oil futures contract hedging	(3,256)	–	NM
Gain on disposal of exploration and evaluation assets	–	29,184	NM

NM: Not meaningful

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

	Group		Company	
	30-Jun-20 US\$'000	31-Dec-19 US\$'000	30-Jun-20 US\$'000	31-Dec-19 US\$'000
<b>Assets</b>				
Oil and gas properties	74,653	–	–	–
Exploration and evaluation assets	14,203	89,967	–	–
Other intangible assets	3,790	4,215	–	–
Plant and equipment	4,105	1,388	451	530
Subsidiaries	–	–	105,035	102,231
Other receivables	5,348	–	–	–
<b>Non-current assets</b>	<b>102,099</b>	<b>95,570</b>	<b>105,486</b>	<b>102,761</b>
Inventories	1,717	–	–	–
Trade and other receivables	29,722	23,302	4,755	4,591
Quoted investments	25,033	40,001	24,658	38,838
Cash and cash equivalents	14,209	21,930	3,357	8,572
<b>Current assets</b>	<b>70,681</b>	<b>85,233</b>	<b>32,770</b>	<b>52,001</b>
<b>Total assets</b>	<b>172,780</b>	<b>180,803</b>	<b>138,256</b>	<b>154,762</b>
<b>Equity</b>				
Share capital	257,677	257,590	257,677	257,590
Reserves	4,605	6,002	546	521
Accumulated losses	(143,854)	(122,874)	(154,702)	(147,868)
<b>Total equity attributable to owners of the Company</b>	<b>118,428</b>	<b>140,718</b>	<b>103,521</b>	<b>110,243</b>
<b>Non-controlling interests</b>	<b>11,469</b>	<b>13,678</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>	<b>129,897</b>	<b>154,396</b>	<b>103,521</b>	<b>110,243</b>
<b>Liabilities</b>				
Deferred tax liabilities	2,902	489	–	–
Provisions	1,177	1,628	–	–
Lease liabilities	2,399	893	254	351
<b>Non-current liabilities</b>	<b>6,478</b>	<b>3,010</b>	<b>254</b>	<b>351</b>
Loan and borrowings	18,426	15,790	–	–
Trade and other payables	17,165	7,216	34,315	43,998
Lease liabilities	814	391	166	170
<b>Current liabilities</b>	<b>36,405</b>	<b>23,397</b>	<b>34,481</b>	<b>44,168</b>
<b>Total liabilities</b>	<b>42,883</b>	<b>26,407</b>	<b>34,735</b>	<b>44,519</b>
<b>Total equity and liabilities</b>	<b>172,780</b>	<b>180,803</b>	<b>138,256</b>	<b>154,762</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**
**Amount repayable in one year or less, or on demand**

As at 30-Jun-20		As at 31-Dec-19	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
18,426	–	15,790	–

**Amount repayable after one year**

As at 30-Jun-20		As at 31-Dec-19	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
–	–	–	–

**Details of any collateral**

The credit facilities of the Group as at 30 June 2020 and 31 December 2019 were secured by:

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

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

	Group	
	Six Months Ended	
	30-Jun-20 US\$'000	30-Jun-19 US\$'000
<b>Cash flows from operating activities</b>		
(Loss)/ Profit before tax for the period	(25,919)	22,342
Adjustments for:		
Depreciation	510	261
Depletion of oil and gas properties	10,015	–
Amortisation of other intangible assets	425	425
Net finance costs	338	496
Gain from sale of licences	–	(29,184)
Impairment of exploration and evaluation assets	6	–
Write-down of inventories	175	–
Change in fair value of quoted investments	1,850	(1,076)
Loss on disposal of quoted investments	761	42
Equity settled share-based payment transactions	117	105
	(11,722)	(6,589)
Changes in:		
Inventories	(1,893)	–
Trade and other receivables	(8,367)	1,225
Trade and other payables	9,948	90
<b>Net cash used in operating activities</b>	(12,034)	(5,274)
<b>Cash flows from investing activities</b>		
Interest received	164	528
Purchase of quoted investments	(10,341)	(21)
Proceeds from disposal of quoted investments	22,589	6,170
Proceeds from sale of licences	–	50,159
Exploration and evaluation expenditure	(10,797)	(9,649)
Purchase of plant and equipment	(887)	–
<b>Net cash from investing activities</b>	728	47,187
<b>Cash flows from financing activities</b>		
Interest paid	(426)	(697)
Proceeds from bank loans	3,956	3,414
Dividends paid to non-controlling interests	–	(3,065)
Repayment of lease liabilities	(123)	(257)
<b>Net cash from/ (used in) financing activities</b>	3,407	(605)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(7,899)	41,308
Cash and cash equivalents at beginning of the period	21,930	5,305
Effect of exchange rate fluctuations on cash held	178	430
<b>Cash and cash equivalents at end of the period</b>	14,209	47,043

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

	Attributable to owners of the Company							Non-controlling interests US\$'000	Total equity US\$'000	
	Share capital US\$'000	Treasury shares US\$'000	Merger reserve US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000			Total US\$'000
<b>Group</b>										
At 1 January 2020	257,590	(716)	4,129	1,080	894	615	(122,874)	140,718	13,678	154,396
<b>Total comprehensive loss for the period</b>										
Loss for the period	-	-	-	-	-	-	(20,980)	(20,980)	(2,052)	(23,032)
<b>Other comprehensive loss</b>										
Foreign currency translation differences, representing total other comprehensive loss	-	-	-	-	-	(1,426)	-	(1,426)	(158)	(1,584)
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	(1,426)	(20,980)	(22,406)	(2,210)	(24,616)
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Issuance of shares	87	-	-	-	(87)	-	-	-	-	-
Share-based payment transactions – employee share option scheme and performance share plan	-	-	-	-	116	-	-	116	1	117
<b>Total transactions with owners</b>	87	-	-	-	29	-	-	116	1	117
At 30 June 2020	257,677	(716)	4,129	1,080	923	(811)	(143,854)	118,428	11,469	129,897

	Attributable to owners of the Company								Total equity US\$'000
	Share capital US\$'000	Merger reserve US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	
<b>Group</b>									
At 1 January 2019	256,324	4,129	1,080	771	(429)	(142,884)	118,991	6,839	125,830
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	22,612	22,612	2,621	25,233
<b>Other comprehensive income</b>									
Foreign currency translation differences, representing total other comprehensive income	-	-	-	-	576	-	576	38	614
<b>Total comprehensive loss for the period</b>	-	-	-	-	576	22,612	23,188	2,659	25,847
<b>Transactions with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Share-based payment transactions – employee share option scheme and performance share plan	-	-	-	102	-	-	102	3	105
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(3,065)	(3,065)
<b>Total transactions with owners</b>	-	-	-	102	-	-	102	(3,062)	(2,960)
At 30 June 2019	256,324	4,129	1,080	873	147	(120,272)	142,281	6,436	148,717



	Share capital US\$'000	Treasury shares USD\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<b>Company</b>						
At 1 January 2020	257,590	(716)	505	732	(147,868)	110,243
<b>Total comprehensive loss for the period</b>						
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(6,834)	(6,834)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Issuance of shares	87	-	-	(87)	-	-
Share-based payment transactions – performance share plan	-	-	-	112	-	112
Total transactions with shareholders	87	-	-	25	-	112
At 30 June 2020	257,677	(716)	505	757	(154,702)	103,521

	Share capital US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<b>Company</b>					
At 1 January 2019	256,324	505	647	(140,144)	117,332
<b>Total comprehensive loss for the period</b>					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(532)	(532)
<b>Transactions with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Share-based payment transactions – performance share plan representing total transactions with shareholders	-	-	79	-	79
<b>Total transactions with shareholders</b>					
At 30 June 2019	256,324	505	726	(140,676)	116,879

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

Share Capital and Treasury Shares

	Company	
	Number of Shares	Share Capital US\$'000
<u>Issued and fully paid:</u>		
At 1 January 2020	1,313,889,831	257,590
Issuance of shares in connection with the share awards granted under the Rex International Performance Share Plan (the "PSP")	1,618,160	87
At 30 June 2020	<u>1,315,507,991</u>	<u>257,677</u>

The Company's issued and fully paid-up capital as at 30 June 2020 comprised 1,315,507,991 (31 December 2019: 1,313,889,831) ordinary shares, of which 13,187,000 (31 December 2019: 13,187,000) were held by the Company as treasury shares. The number of issued shares, excluding treasury shares, was 1,302,320,991.

The treasury shares held represent 1.01% (1H FY2019:-Nil%) of the total number of issued shares (excluding treasury shares) as at 30 June 2020.

On 26 May 2020, the Company issued and allotted 1,618,160 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to certain employees of the Group based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the PSP. Please refer to the Company's announcement dated 26 May 2020 for further details.

There were no subsidiary holdings as at 30 June 2020 and 31 December 2019.

### Performance Shares Plan (the “PSP”)

Details of the awards of ordinary shares granted under the PSP (“Awards”), including those granted but not yet vested as at 30 June 2020, are as follows:

Date of Grant of Awards	Number of Awards					Number of holders
	At 1-Jan-20	Granted in 1H FY2020	Lapsed/ Cancelled in 1H FY2020	Vested in 1H FY2020	At 30-Jun-20	
29-Apr-19	66,570,280 <sup>(1)</sup>	5,082,400 <sup>(2)</sup>	(3,236,320) <sup>(3)</sup>	(1,618,160) <sup>(4)</sup>	66,798,200 <sup>(1)</sup>	14

- (1) If the Average Performance Market Price is S\$0.15 and above, 50% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.30 and above, an additional 50% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S\$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company’s announcement dated 29 April 2019 for further details.
- (2) On 22 May 2020, the Company granted 5,082,400 Awards to Hans Lidgren, an associate of a controlling shareholder of the Company. The number of Shares to be issued pursuant to each proposed award will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s). Please refer to the Company’s announcement dated 22 May 2020 for further details.
- (3) 3,236,320 shares in the Awards had not been vested and therefore, lapsed in 1H FY2020.
- (4) On 26 May 2020, the Company issued and allotted 1,618,160 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to certain employees of the Group based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the PSP. Please refer to the Company’s announcement dated 26 May 2020 for further details.

The total number of shares which are the subject of Awards granted but not yet vested as at 31 December 2019 is 66,798,200 shares (31 December 2019: 66,570,280 shares).

Save for the aforementioned Awards, the Company did not have any other outstanding convertibles as at 30 June 2020 and 31 December 2019.

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

Company	
30-Jun-20	31-Dec-19

Total number of issued shares excluding treasury shares	1,302,320,991	1,300,702,831
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The Company held 13,187,000 treasury shares as at 30 June 2020 (31 December 2019: 13,187,000).

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

The Company did not purchase, transfer, cancel and/or use any of the treasury shares in 1H FY2020. The Company held 13,187,000 treasury shares as at 30 June 2020.

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

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

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

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

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

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (other than a material uncertainty related to going concern): –**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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.**

The Group has applied the same accounting policies and methods of computation as those in the audited financial statements for the financial year ended 31 December 2019 except for the adoption of accounting standards and interpretations applicable for the financial period beginning 1 January 2020.

**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 adoption of the new/revised accounting standards and interpretations applicable for the financial period beginning 1 January 2020 did not result in a significant change to the Group's accounting policies and did not have a material impact on the Group's results for the current financial period reported on.

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

- (a) based on the weighted average number of ordinary shares in issue; and  
 (b) on a fully diluted basis (detailing any adjustments made to the earnings).

Earnings/(Loss) per ordinary share ("EPS"/ "LPS")	Group	
	Six months ended	
	30-Jun-20	30-Jun-19
Net (loss)/ profit attributable to owners of the Company (US\$)	(20,980,000)	22,612,000
Weighted average number of ordinary shares	1,301,024,675	1,291,220,451
Basic and fully diluted (LPS)/ EPS (US cents)	(1.61)	1.75

As at 30 June 2020, 61,715,800 share awards (30 June 2019: 127,456,080 share awards) were excluded from the diluted weighted average number of ordinary shares calculation as they either had no impact or their effect would have been anti-dilutive. As such, the basic and fully diluted EPS/ (LPS) were the same for the respective financial periods.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value# (US\$)	129,897,000	154,396,000	103,521,000	110,243,000
Total number of issued shares excluding treasury shares	1,302,320,991	1,300,702,831	1,302,320,991	1,300,702,831
Net asset value per ordinary share based on number of shares in issue as at the end of the financial period/ year (US cents)	9.97	11.87	7.95	8.48

# Net asset value as disclosed above includes non-controlling interests.

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

#### Consolidated Statement of Comprehensive Income

Following the first oil production achieved from the Yumna Field on 12 February 2020, the Group recorded revenue from the sale of crude oil of US\$14.57 million in 1H FY2020, which was attributed to Masirah Oil Ltd's share of the produced oil after the Oman government's take. The Group recorded a corresponding production and operating expenses of US\$15.86 million, and depletion of oil and gas ("O&G") properties of US\$10.02 million in 1H FY2020. The production costs were higher at the start-up phase as initial production was from the Foresight Driller IX drilling rig, which had since been released from the Yumna Field at the end of April 2020. In early May 2020, production was resumed from a more cost-effective Mobile Offshore Production Unit ("MOPU"), which was installed in the Yumna Field during a planned three-week shut-down. The MOPU, together with an Aframax storage tanker, now constitute the permanent offshore production facilities.

Exploration and evaluation expenditure increased to US\$0.84 million in 1H FY2020, from US\$0.01 million in 1H FY2019, due to an increase in exploration activities in Norway.

Administrative expenses increased to US\$7.28 million in 1H FY2020, from US\$5.91 million in 1H FY2019, as a result of an increase in the Group's operational and staff costs from the active production and explorative activities in Oman and Norway respectively.

Other expenses increased to US\$6.05 million in 1H FY2020, from US\$0.01 million in 1H FY2019, mainly due to 1) the loss from Brent Crude Oil futures contract hedging of US\$3.26 million following the increase in oil prices since April 2020; 2) unrealised loss in fair value of quoted investments of US\$1.85 million as a result of poor performance in the bond and equity markets; and 3) realised loss on disposal of quoted investments of US\$0.76 million.

Other income of US\$0.10 million recorded in 1H FY2020 was negligible as compared to US\$30.26 million recorded in 1H FY2019, which arose from the sale of interests in licences to a third party.

Finance income decreased to US\$0.16 million in 1H FY2020, from US\$0.53 million in 1H FY2019, due to poorer performance in the bond and equity markets.

Finance costs of US\$0.50 million and US\$1.02 million were recorded in 1H FY2020 and 1H FY2019 respectively, from short-term bank borrowings and unwinding of long-term decommissioning provision and lease liabilities.

The Group recorded a net foreign exchange gain of US\$0.05 million in 1H FY2020, as compared to a net foreign exchange loss of US\$1.12 million in 1H FY2019. The slight foreign exchange gain in 1H FY2020 was due to the strengthening of the Norwegian Kroner against the United States dollar in 1H FY2020.

The Group recorded a tax credit of US\$2.89 million in both 1H FY2020 and 1H FY2019, in relation to exploration costs incurred in Norway.

As a result of the aforementioned, the Group registered total loss after tax of US\$23.03 million in 1H FY2020, as compared to total profit after tax of US\$25.23 million in 1H FY2019.

#### Statement of Financial Position

Non-current assets of the Group increased to US\$102.10 million as at 30 June 2020, from US\$95.57 million as at 31 December 2019. This was mainly due to 1) recognition of long-term income tax receivables of US\$5.35 million from the Norwegian tax authorities, and 2) increase in plant and equipment subsequent to the commencement of production activities in Oman. A portion of the exploration and evaluation assets which was transferred to oil and gas properties as at 30 June 2020 following the first oil production in Oman.

The Group recorded inventories of US\$1.72 million in relation to crude oil produced as at 30 June 2020.

Trade and other receivables of the Group increased to US\$29.72 million as at 30 June 2020, from US\$23.30 million as at 31 December 2019, largely due to increased receivables from the sale of crude oil in Oman.

Quoted investments decreased to US\$25.03 million as at 30 June 2020, from US\$40.00 million as at 31 December 2019, due to the disposal of quoted investments in 1H FY2020 to fund the earlier stage of production activities in Oman, which was capital intensive.

Subsequent to the continuous assessment of the abandonment costs in Oman, decommissioning provisions decreased to US\$1.18 million as at 30 June 2020, from US\$1.63 million as at 31 December 2019.

Deferred tax liabilities increased to US\$2.90 million as at 30 June 2020, from US\$0.49 million as at 31 December 2019, due to certain losses before tax recorded in 1H FY2020 as a result of active exploration work in Norway.

Total current and non-current lease liabilities increased to US\$3.21 million as at 30 June 2020, as compared to US\$1.28 million as at 31 December 2019, due to the recognition of additional underlying right-of-use assets arising from production activities in Oman.

The Group recorded short-term borrowings of US\$18.43 million and US\$15.79 million as at 30 June 2020 and 31 December 2019 respectively, from drawn-down credit facilities to fund its exploration activities in Norway.

Trade and other payables increased to US\$17.17 million as at 30 June 2020, from US\$7.22 million as at 31 December 2019, mainly as a result of ongoing production activities and amounts due to the government in Oman for the produced oil in 1H FY2020.

Working capital decreased to US\$34.28 million as at 30 June 2020, from US\$61.84 million as at 31 December 2019, mainly due to a decrease in cash and cash equivalents and quoted investments to fund the earlier stage of production activities in Oman, which was capital intensive.

#### Statement of Cash Flows

As at 30 June 2020, the Group's cash and cash equivalents and quoted investments totalled US\$39.24 million (31 December 2019: US\$61.93 million); with cash and cash equivalents at



US\$14.21 million (31 December 2019: US\$21.93 million); and quoted investments at US\$25.03 million (31 December 2019: US\$40.00 million).

The Group reported net cash used in operating activities of US\$12.03 million in 1H FY2020, after accounting for movements in working capital. This was primarily due to production and operating expenses used in the production activities in Oman, and administrative and other operational expenses incurred in relation to the Group's business.

Net cash generated from investing activities of US\$0.73 million in 1H FY2020 was mostly attributable to proceeds from the disposal of quoted investments of US\$22.59 million, which was partially offset by the purchase of quoted investments of US\$10.34 million and exploration and evaluation expenditure of US\$10.80 million.

Net cash generated from financing activities of US\$3.41 million in 1H FY2020 was mainly due to proceeds from bank loans of US\$3.95 million.

As a result of the aforementioned, the Group recorded an overall net decrease in cash and cash equivalents of US\$7.90 million in 1H FY2020, as compared to an overall net increase in cash and cash equivalents of US\$41.64 million in 1H FY2019.

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

Not applicable.

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

Oil prices have been on a roller coaster ride from end-2019 entering into the first half of 2020, with Brent crude oil closing on 31 December 2019 at US\$66 per barrel<sup>1</sup>, but plunging by more than 20% into the US\$18 range in early morning trade on 21 April 2020<sup>2</sup>. The latter event followed the 20 April 2020 crash of the West Texas Intermediate crude into negative price territory of minus \$37.63/bbl for the first time in history, as a result of a perfect storm of weak demand, unbridled production by warring producers, and an exhaustion of storage capacity<sup>3</sup>. Thankfully, oil prices recovered and registered their best quarterly performance in 30 years during the three months through to the end of June 2020. Brent oil prices surged 80% in the second quarter of 2020<sup>4</sup> to US\$44.29<sup>5</sup> per barrel as at 21 July 2020, on the back of countries exiting lockdowns due to the Covid-19 pandemic, and a corresponding restoration of oil demand for road transportation.

The International Energy Agency (IEA) has raised its 2020 oil demand forecast by 400,000 barrels of oil per day ("bopd") to 92.1 million bopd from its previous outlook in June 2020<sup>6</sup>. Meanwhile, The Organization of Petroleum Exporting Countries (OPEC) forecasts the need for its crude will surge by 25% in 2021 to average 29.8 mmbpd, higher than the level required in 2019, according to a monthly report published in July 2020<sup>7</sup>.

In Oman, the focus will be on optimising production at the Yumna 1 well. The cost of oil production has been significantly lowered since early May 2020, after the drilling rig was released and the Mobile Offshore Production Unit (MOPU) was installed as part of permanent production facilities with the Aframax tanker. Monthly sale prices of the Masirah crude are expected to

improve from the unprecedented lows in April 2020 when oil sales first started, with Brent oil price now at a stable range of around US\$45 per barrel as global oil demand recovers.

In Norway, Rex's 90% subsidiary Lime Petroleum AS ("LPA") will participate (with 20% interest\*) in the drilling of the Appolonia prospect in the PL263 D/E licence, now expected in late August / early September 2020. The Equinor Energy AS-operated licence is located at the prolific Halten Terrace area, near existing infrastructure. A successful well will pave the way for an expedient field development. Besides doing active exploration work in licences in which LPA has interests, including in the Shrek discovery in PL838, LPA is also joining strong application groups for the bid submission for the 2020 Awards in Pre-defined Areas (APA) round and is actively looking for opportunities to farm into wells scheduled for near-term drilling.

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

\*Pending governmental approval

Footnotes:

<sup>1</sup> Bloomberg Data

<sup>2</sup> Oil Price, Brent crude oil prices fall 20% as panic sweeps the market, 21 April 2020

<https://oilprice.com/Energy/Oil-Prices/Brent-Crude-Oil-Prices-Fall-20-In-Early-Trading-As-Panic-Sweeps-The-Market.html>

<sup>3</sup> World Oil, WTI crude price goes negative for the first time in history, 20 April 2020

<https://www.worldoil.com/news/2020/4/20/wti-crude-price-goes-negative-for-the-first-time-in-history>

<sup>4</sup> CNBC, Oil prices just had their best quarter in 30 years - what's next?, 1 July 2020

<https://www.cnbc.com/2020/07/01/oil-prices-brent-wti-crude-just-had-their-best-quarter-in-30-years.html>

<sup>5</sup> Bloomberg Data

<sup>6</sup> Channel NewsAsia, IEA raises 2020 oil demand forecast but warns COVID-19 clouds outlook, 11 July 2020

<https://www.channelnewsasia.com/news/business/iea-raises-2020-oil-demand-forecast-but-warns-covid-19-clouds-12921202>

<sup>7</sup> World Oil, OPEC projects oil demand exceeding pre-virus levels in 2021, 14 July 2020

<https://www.worldoil.com/news/2020/7/14/opec-projects-oil-demand-exceeding-pre-virus-levels-in-2021?id=83351732>

**11. If a decision regarding dividend has been made:**

**a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend has been declared or recommended for 1H FY2020.

**b) (i) Amount per share (cents)**

Not applicable.

**(ii) Previous corresponding period (cents)**

Not applicable.

**c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**d) The date the dividend is payable.**

Not applicable.

**e) 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 that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for 1H FY2020 for the Company as the Group has recently commenced its production activities in Oman in 1H FY2020.

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

The Group has not obtained a general mandate from shareholders for IPT. There were no IPT transactions of more than S\$100,000 in 1H FY2020.

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

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

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

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

The Company had utilised S\$0.99 million in relation to the share buyback exercise as at the date of this report, and the ending balance of the amount allocated to the share buyback mandate as at 30 June 2020 and the date of this report, was S\$4.97 million.

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

Actual use of funds/ cash

	Three Months Ended 30-Jun-20 US\$'000
Exploration and drilling activities in Oman	8,038
Exploration and drilling activities in Norway*	829
General working capital	1,280
<b>Total</b>	<b>10,147</b>

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

In the three-month period ended 30 June 2020 (“**2Q FY2020**”), US\$8.04 million and US\$0.83 million were used for production and exploration related activities in Oman and Norway respectively. US\$1.28 million was used for the Singapore and Rex Technology Management Ltd offices’ staff costs, operational expenses, and consultancy and professional fees.

The actual amount of funds used for exploration activities in Oman in 2Q FY2020 was US\$2.96 million lower than the projected amount in the previous quarter ended 31 March 2020 (“**1Q FY2020**”). The lower actual amount was due to the postponement of certain drilling activities in Oman in 2Q FY2020.

The actual amount of funds used for exploration activities in Norway in 2Q FY2020 was US\$0.13 million higher than the projected amount, mainly due to an increase in exploration work in 2Q FY2020.

The actual amount of funds used for general working capital was US\$0.12 million lower than the projected amount, due to a slight decrease in operational and staff costs in 2Q FY2020.

The total actual use of funds for 2Q FY2020 amounted to US\$10.15 million, which was US\$2.95 million lower than the projected amount in 1Q FY2020.

**Projection on the use of funds/ cash**

	<b>Three Months Ending 30-Sep-20 US\$'000</b>
Exploration and drilling activities in Oman	7,466
Exploration and drilling activities in Norway*	1,376
General working capital	1,373
<b>Total</b>	<b>10,215</b>

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

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

In 2Q FY2020, the Group incurred US\$8.04 million and US\$2.79 million for production and exploration activities in Oman and Norway, respectively.

Production from the Yumna Field in Oman is ongoing, and the Group's exploration work in Norway is a continuous process. The exploration activities fulfilled in 2Q FY2020 include Rex Virtual Drilling, and actual exploration activities in Norway.

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

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for 1H FY2020 and the above information provided to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD OF**  
Rex International Holding Limited

Dan Broström  
Executive Director and Chairman

13 August 2020

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.*

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

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