



REX INTERNATIONAL HOLDING LIMITED

(Company Registration Number: 201301242M)

Unaudited Financial Statements and Dividend Announcement

**For the Second Quarter
Ended 30 June 2019**

For the purpose of this announcement, the financial results of Rex International Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) comprise the consolidated unaudited accounts of the Group for the three-month period ended 30 June 2019 (“**2Q FY2019**”).

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

	Group Three Months Ended			Group Six Months Ended		
	30-Jun-19 US\$'000	30-Jun-18 US\$'000	Change %	30-Jun-19 US\$'000	30-Jun-18 US\$'000	Change %
Revenue:						
Service revenue	–	94	NM	–	223	NM
Cost of sales:						
Cost of services	(142)	(152)	-7%	(268)	(299)	-10%
Exploration and evaluation expenditure	(38)	(450)	-92%	(57)	(740)	-92%
Gross loss	(180)	(508)	-65%	(325)	(816)	-60%
Administration expenses	(2,985)	(3,026)	-1%	(5,908)	(5,889)	NM
Other expense	(14)	(12)	17%	(72)	(4)	NM
Other income	29,409	90	NM	30,260	128	NM
Results from operating activities	26,230	(3,456)	NM	23,955	(6,581)	NM
Finance income	274	223	23%	528	455	16%
Foreign exchange loss	(1,097)	(340)	223%	(1,117)	(275)	306%
Finance costs	(531)	(331)	60%	(1,024)	(636)	61%
Net finance costs	(1,354)	(448)	202%	(1,613)	(456)	254%
Profit/(loss) before tax	24,876	(3,904)	NM	22,342	(7,037)	NM
Tax credit	1,413	1,135	24%	2,891	2,121	36%
Profit/(loss) for the period, net of tax	26,289	(2,769)	NM	25,233	(4,916)	NM
Profit/(loss) attributable to:						
Owners of the Company	23,566	(2,701)	NM	22,612	(4,792)	NM
Non-controlling interests	2,723	(68)	NM	2,621	(124)	NM
Profit/(loss) for the period, net of tax	26,289	(2,769)	NM	25,233	(4,916)	NM

NM – Not meaningful

	Group Three Months Ended			Group Six Months Ended		
	30-Jun-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Other comprehensive income/(loss)						
- <i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences from foreign operations	236	(1,128)	NM	614	146	340%
Other comprehensive income/(loss) for the period, net of tax	236	(1,128)	NM	614	146	340%
Total comprehensive income/(loss) for the period, net of tax	26,525	(3,897)	NM	25,847	(4,770)	NM
Total comprehensive income/(loss) attributable to:						
Owners of the Company	23,789	(3,717)	NM	23,188	(4,601)	NM
Non-controlling interests	2,736	(180)	NM	2,659	(169)	NM
Total comprehensive income/(loss) for the period	26,525	(3,897)	NM	25,847	(4,770)	NM

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

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

	Group Three Months Ended			Group Six Months Ended		
	30-Jun-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation	(145)	(8)	NM	(261)	(32)	716%
Amortisation of other intangible assets	(212)	(213)	NM	(425)	(425)	NM
Impairment of exploration and evaluation assets	–	(21)	NM	–	(61)	NM
Change in fair value of quoted investments	225	(479)	NM	1,076	(794)	NM
Loss on disposal of quoted investments	(15)	(12)	25%	(42)	(4)	950%
Gain from sales of licences	29,184	–	NM	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-19	31-Dec-18	30-Jun-19	31-Dec-18
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Exploration and evaluation assets	79,400	136,060	–	–
Other intangible assets	4,640	5,065	–	–
Plant and equipment	1,281	70	132	9
Subsidiaries	–	–	99,608	102,426
Other receivables	3,253	–	–	–
Deferred tax assets	3,480	–	–	–
Non-current assets	92,054	141,195	99,740	102,435
Inventories	2,304	2,304	–	–
Trade and other receivables	30,096	31,273	1,471	1,078
Quoted investments	23,704	28,819	22,813	27,775
Cash and cash equivalents	47,043	5,305	37,772	1,968
Current assets	103,147	67,701	62,056	30,821
Total assets	195,201	208,896	161,796	133,256
Equity				
Share capital	256,324	256,324	256,324	256,324
Reserves	6,229	5,551	1,231	1,152
Accumulated losses	(120,272)	(142,884)	(114,450)	(140,144)
Total equity attributable to owners of the Company	142,281	118,991	143,105	117,332
Non-controlling interests	6,436	6,839	–	–
Total equity	148,717	125,830	143,105	117,332
Liabilities				
Deferred tax liabilities	–	40,946	–	–
Provisions	11,643	11,331	–	–
Lease liabilities	876	–	–	–
Non-current liabilities	12,519	52,277	–	–
Loan and borrowings	30,452	26,413	–	–
Trade and other payables	3,161	4,376	18,564	15,924
Lease liabilities	352	–	127	–
Current liabilities	33,965	30,789	18,691	15,924
Total liabilities	46,484	83,066	18,691	15,924
Total equity and liabilities	195,201	208,896	161,796	133,256

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

Amount repayable in one year or less, or on demand

As at 30-Jun-19		As at 31-Dec-18	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
30,452	–	26,413	–

Amount repayable after one year

As at 30-Jun-19		As at 31-Dec-18	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
–	–	–	–

Details of any collateral

The credit facilities of the Group as at 30 June 2019 and 31 December 2018 were secured by:

- First priority assignment of tax refunds in Norway;
- First priority charge over certain bank accounts in Norway;
- First priority pledge of 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		Group	
	Three Months Ended		Six Months Ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit/(loss) before tax for the period before tax	24,876	(3,904)	22,342	(7,037)
Adjustments for:				
Depreciation	145	8	261	32
Amortisation of other intangible assets	212	213	425	425
Net finance costs	257	108	496	181
Impairment of exploration and evaluation assets	–	21	–	61
Equity settled share-based payment transactions	64	89	105	188
Change in fair value of quoted investments	(225)	479	(1,076)	794
Loss on disposal of quoted investments	15	12	42	4
Gain from sales of licences	(29,184)	–	(29,184)	–
	(3,840)	(2,974)	(6,589)	(5,352)
Changes in:				
Trade and other receivables	4,101	(8,425)	1,225	(10,235)
Trade and other payables	(7,673)	13,768	90	20,129
Net cash (used in)/from operating activities	(7,412)	2,369	(5,274)	4,542
Cash flows from investing activities				
Interest received	274	223	528	455
Purchase of quoted investments	–	–	(21)	–
Proceeds from disposal of quoted investments	4,116	1,491	6,170	2,307
Proceeds from sales of licences	50,159	263	50,159	263
Exploration and evaluation expenditure	(856)	(19,445)	(9,649)	(28,081)
Purchase of plant and equipment	–	(11)	–	(13)
Net cash from/(used in) investing activities	53,693	(17,479)	47,187	(25,069)

	Group		Group	
	Three Months Ended		Six Months Ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from financing activities				
Interest paid	(366)	(146)	(697)	(267)
Acquisition of non-controlling interests in subsidiaries	—	—	—	(100)
Proceeds from bank loans	604	14,095	3,414	19,238
Dividends paid to non-controlling interest	(3,065)	—	(3,065)	—
Repayment of lease liabilities	(143)	—	(257)	—
Net cash (used in)/from financing activities	(2,970)	13,949	(605)	18,871
Net increase/(decrease) in cash and cash equivalents	43,311	(1,161)	41,308	(1,656)
Cash and cash equivalents at beginning of the period	3,331	11,558	5,305	11,700
Effect of exchange rate fluctuations on cash held	401	302	430	655
Cash and cash equivalents at end of the period	47,043	10,699	47,043	10,699

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

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

	Attributable to owners of the Company								
	Share capital US\$'000	Merger reserve US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Group									
At 1 April 2019	256,324	4,129	1,080	810	(76)	(143,838)	118,429	6,764	125,193
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	23,566	23,566	2,723	26,289
Other comprehensive income									
Foreign currency translation differences, representing total other comprehensive income	–	–	–	–	223	–	223	13	236
Total comprehensive income for the period	–	–	–	–	223	23,566	23,789	2,736	26,525
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Share-based payment transactions –performance share plan	–	–	–	63	–	–	63	1	64
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	(3,065)	(3,065)
Total transactions with owners	–	–	–	63	–	–	63	(3,064)	(3,001)
At 30 June 2019	256,324	4,129	1,080	873	147	(120,272)	142,281	6,436	148,717

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

	Attributable to owners of the Company								
	Share capital US\$'000	Merger reserve US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Group									
At 1 April 2018	255,758	4,129	1,080	1,168	2,123	(146,118)	118,140	6,140	124,280
Total comprehensive loss for the period									
Loss for the period	–	–	–	–	–	(2,701)	(2,701)	(68)	(2,769)
Other comprehensive income									
Foreign currency translation differences, representing total other comprehensive loss	–	–	–	–	(1,016)	–	(1,016)	(112)	(1,128)
Total comprehensive loss for the period	–	–	–	–	(1,016)	(2,701)	(3,717)	(180)	(3,897)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issuance of shares	566	–	–	(566)	–	–	–	–	–
Share-based payment transactions – employee share option scheme and performance share plan	–	–	–	89	–	–	89	–	89
Total transactions with owners	566	–	–	(477)	–	–	89	–	89
At 30 June 2018	256,324	4,129	1,080	691	1,107	(148,819)	114,512	5,960	120,472

	Share capital US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<u>Company</u>					
At 1 January 2019	256,324	505	647	(140,144)	117,332
Total comprehensive income for the period					
Profit for the period, representing total comprehensive profit for the period	–	–	–	124	124
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Share-based payment transactions					
– performance share plan, representing total transactions with shareholders	–	–	27	–	27
At 31 March 2019 and 1 April 2019	256,324	505	674	(140,020)	117,483
Total comprehensive income for the period					
Profit for the period, representing total comprehensive income for the period	–	–	–	25,570	25,570
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Share-based payment transactions					
– performance share plan	–	–	52	–	52
Total transactions with shareholders	–	–	52	–	52
At 30 June 2019	256,324	505	726	(114,450)	143,105

	Share capital US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company					
At 1 January 2018	255,758	505	988	(135,248)	122,003
Total comprehensive loss for the period					
Loss for the period, representing total comprehensive loss for the period	–	–	–	(1,160)	(1,160)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Share-based payment transactions					
– performance share plan, representing total transactions with shareholders	–	–	89	–	89
At 31 March 2018 and 1 April 2018	255,758	505	1,077	(136,408)	120,932
Total comprehensive loss for the period					
Loss for the period, representing total comprehensive loss for the period	–	–	–	(1,814)	(1,814)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issuance of shares	566	–	(566)	–	–
Share-based payment transactions					
– performance share plan	–	–	84	–	84
Total transactions with shareholders	566	–	(482)	–	84
At 30 June 2018	256,324	505	595	(138,222)	119,202

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

Share Capital

The Company's issued and fully paid-up capital as at 30 June 2019 comprised 1,291,220,451 (31 December 2018: 1,291,220,451) ordinary shares. The Company did not issue any new shares during 2Q FY2019.

Employee Share Option Scheme (the "ESOS")

The total number of Options outstanding as at 30 June 2019 was Nil (30 June 2018: 2,287,500).

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 2019, are as follows:

Date of grant of Award	Number of shares which are the subject of Awards granted as at 1-Jan-19	Number of shares which are the subject of Awards adjusted in 2Q FY2019	Number of shares which are the subject of Awards granted in 2Q FY2019	Number of shares which are the subject of Awards which had lapsed/ cancelled in 2Q FY2019	Number of shares which are the subject of Awards vested in 2Q FY2019	Number of shares which are the subject of Awards granted as at 30-Jun-19	Number of holders
28.04.17	156,288,800 ⁽¹⁾	–	–	(156,288,800)	–	–	18
29.04.19	–	–	127,456,080 ⁽²⁾	–	–	127,456,080	15
	156,288,800	–	127,456,080	(156,288,800)	–	127,456,080	

⁽¹⁾ The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five (5) market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("Average Performance Market Price"). If the Average Performance Market Price is S\$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S\$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP. The Awards of 156,288,800 Shares pursuant to the Rex PSP on 28 April 2017 have lapsed on 28 April 2019 without being vested.

⁽²⁾ 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.

The total number of shares which are the subject of Awards granted but not yet vested as at 30 June 2019 was 127,456,080 shares (30 June 2018: 156,288,800 shares).

Save for the aforementioned Awards, the Company did not have any other outstanding convertibles as at 30 June 2019 and 30 June 2018.

There were also no treasury shares or subsidiary holdings as at 30 June 2019 and 30 June 2018.

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

Company	
30-Jun-19	31-Dec-18

Total number of issued shares excluding treasury shares	1,291,220,451	1,291,220,451
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The Company did not have any treasury shares as at 30 June 2019 and 31 December 2018.

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

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

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

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

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

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

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

Not applicable.

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

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

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

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

SFRS(I) 16: Leases

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

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

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

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

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

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

Earnings/(Loss) per ordinary share ("EPS"/"LPS")	Group		Group	
	Three months ended		Six months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
Net profit/(loss) attributable to owners of the Company (US\$)	23,566,000	(2,701,000)	22,612,000	(4,792,000)
Weighted average number of ordinary shares	1,291,220,451	1,287,917,541	1,291,220,451	1,285,626,922
Basic and fully diluted EPS/(LPS) (US cents)	1.83	(0.21)	1.75	(0.37)

As at 30 June 2019, nil Options (30 June 2018: 2,287,500 Options) and 127,456,080 share awards (30 June 2018: 156,288,800 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-19	31-Dec-18	30-Jun-19	31-Dec-18
Net asset value [#] (US\$)	148,717,000	125,830,000	143,105,000	117,332,000
Total number of issued shares excluding treasury shares	1,291,220,451	1,291,220,451	1,291,220,451	1,291,220,451
Net asset value per ordinary share based on number of shares in issue as at the end of the financial period/ year (US cents)	11.52	9.75	11.08	9.09

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

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

Consolidated Statement of Comprehensive Income

The Group recorded service revenue of US\$Nil in 2Q FY2019 and US\$0.09 million in the comparative three-month period ended 30 June 2018 ("**2Q FY2018**") from technical services rendered to external clients by Rex Technology Management ("**RTM**"). Corresponding cost of service of US\$0.14 million and US\$0.15 million were approximately the same as recorded in 2Q FY2019 and 2Q FY2018 respectively as they relate to fixed costs of services incurred in the ordinary business activities.

The Group recorded exploration and evaluation ("**E&E**") expenditure of US\$0.04 million and US\$0.45 million in 2Q FY2019 and 2Q FY2018 respectively. The lower E&E expenditure recorded in 2Q FY2019 was due to decreased exploration activities in Norway for the period, as a result of sales of interests in licences to a third party.

As a result of the above, the Group recorded a lower gross loss of US\$0.18 million in 2Q FY2019, as compared to a gross loss of US\$0.51 million in 2Q FY2018.

Administrative expenses decreased slightly to US\$2.99 million in 2Q FY2019, from US\$3.03 million in 2Q FY2018, as a result of a decrease in the Group's operational costs in 2Q FY2019 such as professional fees.

The Group recorded other expense of US\$0.01 million in both 2Q FY2019 and 2Q FY2018 mainly due to a loss in fair value of derivative financial instruments recorded in 2Q FY2019.

Other income increased greatly to US\$29.41 million in 2Q FY2019, from US\$0.09 million in 2Q FY2018, mainly due to a gain from sales of interests in licences to a third party.

Finance income of US\$0.27 million and US\$0.22 million were recorded in 2Q FY2019 and 2Q FY2018 respectively, mainly from interest income generated from quoted investments. Finance costs of US\$0.53 million and US\$0.33 million were recorded in 2Q FY2019 and 2Q FY2018 respectively, mainly due to short-term bank borrowings, recognition of lease liabilities according to SFRS(I) 16 and unwinding of long-term provision.

The change in fair value of quoted investments from a loss of US\$0.48 million in 2Q FY2018 to a gain of US\$0.23 million in 2Q FY2019 was mainly due to better performance in the bond market in 2Q FY2019.

The Group recorded tax credit of US\$1.41 million and US\$1.14 million in 2Q FY2019 and 2Q FY2018 respectively, from the Norwegian authorities in relation to the exploration costs incurred in Norway.

Overall, the Group registered a total comprehensive gain of US\$26.53 million in 2Q FY2019 as compared to a total comprehensive loss of US\$3.90 million in 2Q FY2018.

Statement of Financial Position

Non-current assets of the Group decreased to US\$92.05 million as at 30 June 2019, from US\$141.20 million as at 31 December 2018. The decrease was due mainly to the sales of interests in licences to a third party with a cash consideration of US\$45.00 million. The sales transaction was approved by the authorities in early May and completed on 29 May 2019 (with an effective date of 1 January 2019 as is practised in Norway), involving a cash payment on completion of US\$43.00 million together with any expenditures and payments of cash calls relating to the sales of licences during the interim period from the effective date of 1 January 2019 to the completion on 29 May 2019. A contingent payment of a further US\$2.00 million is payable by the third party upon no adverse event materialising within a 12-month period from the completion. The decrease of non-current assets for the Group was partially offset by the addition in deferred tax assets arising from exploration activities in Norway of US\$3.48 million, the addition in plant and equipment of US\$1.21 million and the recognition of long-term income tax receivables of US\$3.25 million from the Norwegian authorities for exploration costs incurred as of 30 June 2019.

Trade and other receivables of the Group decreased to US\$30.10 million as at 30 June 2019, from US\$31.27 million as at 31 December 2018, largely due to the reduction of prepayments to the operator in relation to the Group's exploration activities in Norway in the six-month period in 2019 ("**6M FY2019**").

Quoted investments decreased to US\$23.70 million as at 30 June 2019, from US\$28.82 million as at 31 December 2018, due to the disposal of debt securities in 6M FY2019.

The Group recorded provisions of US\$11.64 million and US\$11.33 million as at 30 June 2019 and 31 December 2018 respectively, in relation to decommissioning provisions of exploration activities undertaken in Oman.

No deferred tax liability was recorded as at 30 June 2019, compared to deferred tax liabilities of US\$40.95 million as at 31 December 2018, due to the sale of corresponding interests in licences in Norway in 2Q FY2019.

Due to the adoption of SFRS(I) 16, the Group recorded lease liabilities (current and non-current liabilities) of US\$1.23 million as at 30 June 2019 as compared to no lease liabilities recorded as at 31 December 2018.

The Group recorded short-term borrowings of US\$30.45 million and US\$26.41 million as at 30 June 2019 and 31 December 2018 respectively, as a result of drawn-down credit facilities to fund exploration activities in Norway.

Trade and other payables decreased to US\$3.16 million as at 30 June 2019, from US\$4.38 million as at 31 December 2018, due mainly to payment for exploration activities in Norway in 6M FY2019.

Working capital increased to US\$69.18 million as at 30 June 2019, from US\$36.91 million as at 31 December 2018. This was largely due to an increase in cash and cash equivalents as a result of mainly due to the sales of interest in licences to a third party with a cash consideration (effective date of 1 January 2019) of US\$43 million in 6M FY2019.

Statement of Cash Flows

The Group reported net cash of US\$7.41 million used in operating activities in 2Q FY2019, after accounting for movements in working capital. This was primarily due to changes in working capital, offset by administrative and operational expenses incurred in relation to the Group's business.

Net cash from investing activities of US\$53.69 million in 2Q FY2019 was largely attributable to the sales of interest in licences to a third party with a cash consideration at completion of US\$50.16 million (US\$43.00 million plus payments for interim period between the effective date of 1 January 2019 and completion date of 29 May 2019), together with the proceeds from the disposal of quoted investments of US\$4.12 million, and interest received from quoted investments of US\$0.27 million.

Net cash used in financing activities of US\$2.97 million in 2Q FY2019 was attributable to dividends paid of US\$3.07 million, interest paid of US\$0.37 million, repayment of lease liabilities of US\$0.14 million, offset by proceeds from bank borrowings of US\$0.60 million.

The Group recorded an overall net increase in cash and cash equivalents of US\$43.31 million (before taking into account of the effect of exchange rate fluctuations of US\$0.40 million) in 2Q FY2019 as compared to cash and cash equivalent of US\$3.33 million as at 31 March 2019.

As at 30 June 2019, the Group's cash and cash equivalents and quoted investments totalled US\$70.75 million (31 December 2018: US\$34.12 million); with cash and cash equivalents at US\$47.04 million (31 December 2018: US\$5.30 million) and quoted investments at US\$23.70 million (31 December 2018: US\$28.82 million).

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.

Brent prices fell by 1.5% to close at US\$67 per barrel as at 28 June 2019, from US\$68 per barrel as at 29 March 2019¹. Downward pressure on oil prices exerted by concerns over lower demand, stoked by the trade war dimming global growth², were balanced by escalating tensions between Washington and Tehran which threatened to disrupt crude flows³. In the last week of June 2019, oil rose to the highest level in more than three weeks as political tensions between the US and Iran continued to simmer, after falling to the lowest level in almost five months in mid-June.³ The International Energy Agency (IEA) forecasts that while supplies in the oil market are set to tighten for the second half of 2019, the supply glut will likely continue into 2020.⁴

The Group is actively monitoring the continued volatility of oil prices as it forges ahead with its aim to achieve first oil in Oman in end-2019. With regard to the recent tanker incidents in the Gulf of Oman / Strait of Hormuz area⁵, it should be noted that the Group's asset, Block 50, is located approximately 750 km away on the other side of Oman, nearer Duqm port, where there is a British military installation⁶.

In Norway, drilling on the Shrek prospect in the new farm-in Norwegian Sea licences is expected to start in second half of FY2019, while marketing efforts for Rex Virtual Drilling are being stepped up.

The Group will update the market as and when there are material developments to its operational plan.

Footnotes:

- 1 Bloomberg data
- 2 Forbes, Oil markets finally succumb to US-China trade fears, 24 May 2019
<https://www.forbes.com/sites/daneberhart/2019/05/24/oil-markets-finally-succumb-to-us-china-trade-fears/#1810bb56184e3>
- 3 Bloomberg, Oil climbs to a three-week high as U.S.-Iran tensions simmer, 24 June 2019
<https://www.worldoil.com/news/2019/6/24/oil-climbs-to-a-three-week-high-as-us-iran-tensions-simmer>
- 4 Oilprice.com, IEA: Huge oil glut coming in 2020, 14 July 2020
<https://oilprice.com/Energy/Energy-General/IEA-Huge-Oil-Glut-Coming-In-2020.html#>
- 5 Al Jazeera, Explosions reported on two tankers in Gulf of Oman, 13 June 2019
<https://www.aljazeera.com/news/2019/06/uk-maritime-group-warns-incident-gulf-oman-190613054602630.html>
Business Times, British warship goes to aid of tanker amid Iranian threats, 12 July 2019
<https://www.businesstimes.com.sg/transport/british-warship-goes-to-aid-of-tanker-amid-iranian-threats>
Sunday Times, Sunday Times - Britain calls seizure of ship a 'hostile act'; Iran releases video online, 21 July 2019
https://www.straitstimes.com/world/middle-east/britain-warns-of-serious-consequences-if-iran-does-not-release-british-tanker?utm_source=emarsys&utm_medium=email&utm_campaign=ST_Newsletter_AM&utm_term=Britain+calls+seizure+of+ship+a+%27hostile+act%27%3B+Iran+releases+video+online&utm_content=21%2F07%2F2019
- 6 UK defence Journal, The UK in Oman – A new support facility for the British Armed Forces, 20 February 2018
<https://ukdefencejournal.org.uk/the-uk-in-oman-a-new-support-facility-for-the-british-armed-forces/>

11. Dividend

a) Current financial period reported on

No dividend has been declared or recommended for 2Q FY2019.

b) Corresponding period to immediately preceding financial year

No dividend has been declared or recommended for 2Q FY2018.

c) Date payable

Not applicable.

d) Book closure date

Not applicable.

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

No dividend has been declared or recommended for 2Q FY2019 for the Company as the Group has only just recently turned profitable as a result of the completion of the sales of interests in licences to a third party.

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 IPTs. There were no IPT transactions of S\$100,000 and above during 2Q FY2019.

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

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

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

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

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

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

Actual use of funds/ cash for 2Q FY2019

Purpose	Amount
	US\$'000
Exploration and drilling activities in Oman	1,736
Exploration and drilling activities in Norway*	1,161
General working capital	1,017
Total	3,914

* 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 2Q FY2019, US\$1.74 million and US\$1.16 million were used for exploration related activities in Oman and Norway respectively. US\$1.02 million was used for the Singapore and RTM offices' staff costs, operational expenses, and consultancy and professional fees.

The actual amounts of funds used for drilling activities in Oman and Norway were US\$3.76 million lower and US\$1.64 million lower than the projected amounts in 1Q FY2019 respectively. The lower projected amount in Oman was due to less investments in drilling activities than expected in 2Q FY2019. The lower projected amount in Norway was due to less investments in drilling activities than expected following the completion of the disposal of interest in several Norway licences to a third party in 2Q FY2019. The actual amount of funds used for general working capital was US\$0.48 million lower than the projected amount in 1Q FY2019, due to a decrease in the Company's operational costs.

The total actual use of funds for 2Q FY2018 amounted to US\$3.91 million, which was US\$5.89 million lower than the projected amount in 1Q FY2018.

Projection on the use of funds/ cash in 3Q FY2019

Purpose	Amount
	US\$'000
Exploration and drilling activities in Oman	3,700
Exploration and drilling activities in Norway*	2,300
General working capital	1,300
Total	7,300

* 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 FY2019, the Group incurred US\$1.50 million and US\$1.74 million for seismic studies and exploration activities in Norway and Oman respectively.

The Group's exploration work is an ongoing process. The exploration activities fulfilled in 2Q FY2019 included Rex Virtual Drilling and preparatory work in Oman and Norway.

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

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for 2Q FY2019 and the above information provided to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF
Rex International Holding Limited

Dan Broström
Executive Director and Chairman

13 August 2019

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

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.