

REX INTERNATIONAL HOLDING LIMITED

(Company Registration No.: 201301242M)

**Unaudited Financial Statement and Dividend Announcement
For the Third Quarter Ended 30 September 2018**

Corporate Profile

Rex International Holding Limited (the “**Company**”) was listed on Singapore Exchange Securities Trading Limited’s Catalist Board on 31 July 2013.

Rex International Holding Limited is a new generation technology-driven oil company that owns a set of proprietary and innovative exploration technologies, Rex Technologies, developed by the Company’s Swedish founders. These include the liquid hydrocarbon indicator Rex Virtual Drilling (“**RVD**”) technology, which can identify the location of oil reservoirs in the sub-surface using seismic data.

Wholly-owned subsidiary Rex Technology Management Ltd (“**RTM**”) provides RVD seismic data analysis services to partners and clients, while Rex International Holding Limited has been using the Rex Technologies to grow and de-risk its portfolio of exploration and development assets.

Rex International Holding Limited also has, amongst others, two indirect subsidiaries, Lime Petroleum AS (“**LPA**”) and Masirah Oil Ltd (“**MOL**”). These subsidiaries hold interests in assets in Norway and Oman respectively, in regions with previous oil and gas discoveries, as well as well-developed oil and gas infrastructures.

For the purpose of this announcement, the financial results of Rex International Holding Limited and its subsidiaries (the “**Group**”) comprise the consolidated unaudited accounts of the Group for the three-month period ended 30 September 2018 (“**3Q FY2018**”) and the nine-month period ended 30 September 2018 (“**9M FY2018**”).

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 Nine Months Ended		
	30-Sep-18 US\$'000	30-Sep-17 US\$'000	Change %	30-Sep-18 US\$'000	30-Sep-17 US\$'000	Change %
Revenue:						
- Service revenue	93	94	(1)	316	268	18
Cost of sales:						
- Cost of services	(143)	(33)	333	(442)	(121)	265
- Exploration and evaluation expenditure	(570)	(417)	37	(1,310)	(904)	45
Gross loss	(620)	(356)	74	(1,436)	(757)	90
Administration expenses	(2,445)	(2,866)	(15)	(8,338)	(8,338)	–
Other income	16	472	(97)	144	1,038	(86)
Results from operating activities	(3,049)	(2,750)	11	(9,630)	(8,057)	20
Finance income	211	221	(5)	666	678	(2)
Foreign exchange (loss)/ gain	(14)	68	NM	(289)	221	NM
Finance costs	(414)	(374)	11	(1,050)	(1,083)	(3)
Net finance costs	(217)	(85)	155	(673)	(184)	266
Net change in fair value of an available-for-sale investment, net of tax	–	–	NA	–	830	NM
Share of equity-accounted losses of a jointly controlled entity, net of tax	–	(264)	NM	–	(678)	NM
Loss before tax	(3,266)	(3,099)	5	(10,303)	(8,089)	27
Tax credit	1,548	1,015	53	3,669	3,328	10
Loss for the period, net of tax	(1,718)	(2,084)	(18)	(6,634)	(4,761)	39
Loss attributable to:						
Owners of the Company	(1,639)	(2,038)	(20)	(6,431)	(4,509)	43
Non-controlling interests	(79)	(46)	72	(203)	(252)	(19)
Loss for the period, net of tax	(1,718)	(2,084)	(18)	(6,634)	(4,761)	39

NM – Not meaningful
NA – Not applicable

	Group Three Months Ended			Group Nine Months Ended		
	30-Sep-18	30-Sep-17	Change	30-Sep-18	30-Sep-17	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Other comprehensive (loss)/ income						
- <i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences						
from foreign operations	(16)	1,285	NM	130	1,836	(93)
Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss on disposal)	–	–	NA	–	(830)	NM
Other comprehensive (loss)/ income for the period, net of tax	(16)	1,285	NM	130	1,006	(87)
Total comprehensive loss for the period, net of tax	(1,734)	(799)	117	(6,504)	(3,755)	73
Total comprehensive loss attributable to:						
Owners of the Company	(1,650)	(906)	82	(6,251)	(3,737)	67
Non-controlling interests	(84)	107	(179)	(253)	(18)	NM
Total comprehensive loss for the period	(1,734)	(799)	117	(6,504)	(3,755)	73

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

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

	Group Three Months Ended			Group Nine Months Ended		
	30-Sep-18	30-Sep-17	Change	30-Sep-18	30-Sep-17	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation	(9)	(31)	(71)	(41)	(109)	(62)
Amortisation of other intangible assets	(212)	(212)	–	(637)	(638)	–
Net change in fair value of available-for-sale investment, net of tax	–	–	NA	–	830	NM
Net gain on disposal of an available-for-sale investment, net of tax	–	–	NA	–	185	NM
Impairment of exploration and evaluation assets	(4)	(63)	(94)	(65)	(336)	(81)
Change in fair value of quoted investments	(88)	94	NM	(882)	649	NM
Gain on disposal of quoted investments	6	–	NM	2	–	NM

NM – Not meaningful
NA – Not applicable

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-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Exploration and evaluation assets	108,723	76,890	–	–
Other intangible assets	5,277	5,915	–	–
Plant and equipment	63	86	10	17
Subsidiaries	–	–	102,426	92,977
Available-for-sale investment	1,106	1,106	–	–
Other receivables	27,714	–	–	–
Non-current assets	142,883	83,997	102,436	92,994
Inventories	2,810	2,810	–	–
Trade and other receivables	17,042	9,529	1,138	2,397
Quoted investments	29,895	33,574	29,895	33,574
Cash and cash equivalents	4,664	11,700	1,068	8,631
Current assets	54,411	57,613	32,101	44,602
Total assets	197,294	141,610	134,537	137,596
Equity				
Share capital	256,324	255,758	256,324	255,758
Reserves ⁽¹⁾	7,027	7,256	1,126	1,493
Accumulated losses ⁽¹⁾	(150,458)	(144,470)	(139,094)	(135,248)
Total equity attributable to owners of the Company	112,893	118,544	118,356	122,003
Non-controlling interests	5,876	6,610	–	–
Total equity	118,769	125,154	118,356	122,003
Liabilities				
Deferred tax liabilities	25,883	2,358	–	–
Provisions	11,183	10,740	–	–
Non-current liabilities	37,066	13,098	–	–
Loan and borrowings	29,929	–	–	–
Trade and other payables	11,530	3,358	16,181	15,593
Current liabilities	41,459	3,358	16,181	15,593
Total liabilities	78,525	16,456	16,181	15,593
Total equity and liabilities	197,294	141,610	134,537	137,596

Footnote:

⁽¹⁾ The reserves and accumulated losses have been restated as at 1 January 2017 due to the adoption of the new accounting standards. Please refer to paragraph 5 of the results announcement for further details.

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-Sep-18		As at 31-Dec-17	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
29,929	–	–	–

Amount repayable after one year

As at 30-Sep-18		As at 31-Dec-17	
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 September 2018 and 31 December 2017 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 Three Months Ended		Group Nine Months Ended	
	30-Sep-18 US\$'000	30-Sep-17 US\$'000	30-Sep-18 US\$'000	30-Sep-17 US\$'000
Cash flows from operating activities				
Loss before tax for the period before tax	(3,266)	(3,099)	(10,303)	(8,089)
Adjustments for:				
Depreciation	9	31	41	109
Amortisation of other intangible assets	212	212	637	638
Net finance costs	203	153	384	405
Net change in fair value of an available-for-sale investment, net of tax	–	–	–	(830)
Net gain on disposal of an available-for-sale investment, net of tax	–	–	–	(185)
Impairment of exploration and evaluation assets	4	63	65	336
Share of equity-accounted losses of a jointly controlled entity, net of tax	–	264	–	678
Equity settled share-based payment transactions	31	91	219	248
Change in fair value of quoted investments	88	(94)	882	(649)
Gain on disposal of quoted investments	(6)	–	(2)	–
	(2,725)	(2,379)	(8,077)	(7,339)
Changes in:				
Inventories	–	–	–	378
Trade and other receivables	2,582	(913)	(7,653)	(1,327)
Trade and other payables	(12,034)	(8,041)	8,095	(56)
Net cash used in operating activities	(12,177)	(11,333)	(7,635)	(8,344)
Cash flows from investing activities				
Interest received	211	221	666	678
Proceeds from disposal of an available-for-sale investment	–	–	–	1,717
Investment in a jointly controlled entity	–	–	–	(580)
Purchase of quoted investments	(21)	(42)	(21)	(2,206)
Proceeds from disposal of quoted investments	512	–	2,819	361
Proceeds from disposal of exploration and evaluation assets	–	–	263	–
Exploration and evaluation expenditure	(5,538)	(720)	(33,620)	(17,625)
Purchase of plant and equipment	(4)	–	(16)	(9)
Net cash used in investing activities	(4,840)	(541)	(29,909)	(17,664)

	Group		Group	
	Three Months Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from financing activities				
Interest paid	(230)	(234)	(497)	(1,304)
Acquisition of non-controlling interests in subsidiaries	–	–	(100)	–
Proceeds from bank loans	11,006	1,254	30,244	4,865
Net cash from financing activities	10,776	1,020	29,647	3,561
Net decrease in cash and cash equivalents	(6,241)	(10,854)	(7,897)	(22,447)
Cash and cash equivalents at beginning of the period	10,699	21,463	11,700	33,240
Effect of exchange rate fluctuations on cash held	206	2,418	861	2,234
Cash and cash equivalents at end of the period	4,664	13,027	4,664	13,027

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	Merger reserve US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000		
Group								
At 1 January 2018, as restated #	255,758	4,129	1,080	1,070	977	(144,470)	118,544	6,610 125,154
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	–	(4,792)	(4,792)	(124) (4,916)
Other comprehensive income								
Foreign currency translation differences, representing total other comprehensive income	–	–	–	–	191	–	191	(45) 146
Total comprehensive loss for the period	–	–	–	–	191	(4,792)	(4,601)	(169) (4,770)
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	–	–	–	190	–	–	190	(2) 188
Total contributions by and distributions to owners	566	–	–	(376)	–	–	190	(2) 188
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	(479) (100)
Total transactions with owners	566	–	–	(379)	(61)	443	569	(481) 88
At 30 June 2018	256,324	4,129	1,080	691	1,107	(148,819)	114,512	5,960 120,472

Please refer to paragraph 5 of the results announcement on the impact of adoption of the new accounting standards.

	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 July 2018	256,324	4,129	1,080	691	1,107	(148,819)	114,512	5,960 120,472
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	–	(1,639)	(1,639)	(79) (1,718)
Other comprehensive income								
Foreign currency translation differences, representing total other comprehensive loss	–	–	–	–	(11)	–	(11)	(5) (16)
Total comprehensive loss for the period	–	–	–	–	(11)	(1,639)	(1,650)	(84) (1,734)
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 transactions with owners	–	–	–	31	–	–	31	– 31
At 30 September 2018	256,324	4,129	1,080	722	1,096	(150,458)	112,893	5,876 118,769

	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	Fair value reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	
Group									
At 1 January 2017, as previously stated	254,873	4,129	1,080	830	1,605	651	(139,892)	123,276	133,436
Impact of adoption of new accounting standard #	–	–	–	–	–	(651)	651	–	–
At 1 January 2017, as restated	254,873	4,129	1,080	830	1,605	–	(139,241)	123,276	133,436
Total comprehensive loss for the period									
Loss for the period	–	–	–	–	–	–	(2,471)	(2,471)	(2,677)
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	–	470	–	470	551
Net change in fair value of available-for-sale investment, net of tax	–	–	–	(830)	–	–	–	(830)	(830)
Total other comprehensive loss	–	–	–	(830)	–	470	–	(360)	(279)
Total comprehensive loss for the period	–	–	–	(830)	–	470	(2,471)	(2,831)	(2,956)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issuance of shares	885	–	–	–	(885)	–	–	–	–
Share-based payment transactions – employee share option scheme and performance share plan	–	–	–	–	157	–	–	157	157
Total contributions by and distributions to owners	885	–	–	–	(728)	–	–	157	157
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control, representing total changes in ownership interests in subsidiaries	–	–	–	–	–	–	1,541	1,541	(1,541)
Total transactions with owners	885	–	–	–	(728)	–	1,541	1,698	157
At 30 June 2017, as restated	255,758	4,129	1,080	–	877	470	(140,171)	122,143	130,637

Please refer to paragraph 5 of the results announcement on the impact of adoption of the new accounting standards.

	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	Fair value reserve US\$'000	Share-based payment reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000		
Group										
At 1 July 2017, as restated	255,758	4,129	1,080	–	877	470	(140,171)	122,143	8,494	130,637
Total comprehensive income for the period										
Loss for the period	–	–	–	–	–	–	(2,038)	(2,038)	(46)	(2,084)
Other comprehensive income										
Foreign currency translation differences, representing total other comprehensive income	–	–	–	–	–	1,132	–	1,132	153	1,285
Total comprehensive income/(loss) for the period	–	–	–	–	–	1,132	(2,038)	(906)	107	(799)
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	–	–	–	–	91	–	–	91	2	93
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control, representing total changes in ownership interests in subsidiaries	–	–	–	–	–	–	1,754	1,754	(1,754)	–
Total transactions with owners	–	–	–	–	91	–	1,754	1,845	(1,752)	93
At 30 September 2017, as restated	255,758	4,129	1,080	–	968	1,602	(140,455)	123,082	6,849	129,931

	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	–	–	–	(2,974)	(2,974)
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	–	–	173	–	173
Total transactions with shareholders	566	–	(393)	–	173
At 30 June 2018 and 1 July 2018	256,324	505	595	(138,222)	119,202
Total comprehensive loss for the period					
Loss for the period, representing total comprehensive loss for the period	–	–	–	(872)	(872)
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	–	–	26	–	26
At 30 September 2018	256,324	505	621	(139,094)	118,356

	Share capital US\$'000	Capital reserve US\$'000	Fair value reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company						
At 1 January 2017	254,873	505	830	1,553	(125,890)	131,871
Total comprehensive income for the period						
Profit for the period	–	–	–	–	56	56
Other comprehensive income						
Net change in fair value of an available-for-sale investment, net of tax, representing total other comprehensive loss	–	–	(830)	–	–	(830)
Total comprehensive (loss)/ income for the period	–	–	(830)	–	56	(774)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issuance of shares	885	–	–	(885)	–	–
Share-based payment transactions						
– performance share plan	–	–	–	146	–	146
Total transactions with shareholders	885	–	–	(739)	–	146
At 30 June 2017	255,758	505	–	814	(125,834)	131,243

	Share capital US\$'000	Capital reserve US\$'000	Fair value reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<u>Company</u>						
At 1 July 2017	255,758	505	–	814	(125,834)	131,243
Total comprehensive loss for the period						
Loss for the period, representing total comprehensive loss for the period	–	–	–	–	(677)	(677)
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	–	–	–	87	–	87
At 30 September 2017	255,758	505	–	900	(126,510)	130,653

- 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 September 2018 comprised 1,291,220,451 (30 June 2018: 1,291,220,451) ordinary shares. The Company did not issue any new shares during 3Q FY2018.

Employee Share Option Scheme (the "ESOS")

On 29 November 2013, the Company granted an aggregate of 3,187,500 options pursuant to its ESOS to eligible participants (the "Options"), of which 150,000 Options were cancelled in 2014, and 750,000 Options were cancelled in 2017. Details of the ESOS are as follows:

Date of grant of Options	Exercise price of Options	Number of Options outstanding at 1-Jul-18	Options granted in 3Q FY2018	Options exercised in 3Q FY2018	Options cancelled in 3Q FY2018	Number of Options outstanding at 30-Sep-18	Exercise period of Options
29-11-13	S\$0.65	1,525,000	–	–	–	1,525,000	29-11-14 to 28-11-18
29-11-13	S\$0.52	762,500	–	–	–	762,500	29-11-15 to 28-11-18
		<u>2,287,500</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,287,500</u>	

The total number of Options outstanding as at 30 September 2018 was 2,287,500, which would be exercisable into 2,287,500 shares (30 September 2017: 3,037,500 Options exercisable into 3,037,500 shares).

Performance Shares Plan (the "PSP")

Details of the awards of ordinary shares granted under the PSP ("Awards"), including those granted but not yet vested as at 30 September 2018, are as follows:

Date of grant of Awards	Number of shares which are the subject of Awards granted as at 1-Jul-18	Number of shares which are the subject of Awards adjusted in 3Q FY2018	Number of shares which are the subject of Awards granted in 3Q FY2018	Number of shares which are the subject of Awards which had lapsed/ cancelled in 3Q FY2018	Number of shares which are the subject of Awards vested in 3Q FY2018	Number of shares which are the subject of Awards granted as at 30-Sep-18	Number of holders
28-04-17	156,288,800 ⁽¹⁾	–	–	–	–	156,288,800	18
	156,288,800	–	–	–	–	156,288,800	

(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 \$S0.15 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 \$S0.30 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 \$S0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company's announcement dated 28 April 2017 for further details.

The total number of shares which are the subject of Awards granted but not yet vested as at 30 September 2018 is 156,288,800 shares (30 September 2017: 167,695,900 shares).

Save for the aforementioned Options and Awards, the Company did not have any other outstanding convertibles as at 30 September 2018 and 30 September 2017.

There were also no treasury shares or subsidiary holdings as at 30 September 2018 and 30 September 2017.

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-Sep-18	31-Dec-17

Total number of issued shares excluding treasury shares	1,291,220,451	1,283,310,851
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The Company did not have any treasury shares as at 30 September 2018 and 31 December 2017.

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 2017.

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 the new Singapore Financial Reporting Standards (International) ("**SFRS(I)**") framework and concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I) which are mandatorily effective from 1 January 2018:

- SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*;
- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance contracts – Applying IFRS 9 Financial Instruments* with IFRS 4 *Insurance Contracts* issued by the IASB in September 2016.

The requirements in following SFRS(I)s arising from amendments to corresponding International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standard Board in 2016 include:

- SFRS(I) 2 *Share-based Payment*
- SFRS(I) 40 *Investment Property*
- SFRS (I) 1 *Amendments to IFRS 1*
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the above standards do not have any significant impact on the financial statements except for SFRS(I) 1, for the current period reported on, as explained in the next paragraph.

Upon the adoption of SFRS(I) 1, the Group elected the optional exemption in SFRS(I) 1 to reset its cumulative foreign currency translation differences for all foreign operations to US\$NIL. The

cumulative foreign currency translation reserve of US\$651,000 was transferred to accumulated losses as at 1 January 2017.

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).

Loss per ordinary share ("LPS")	Group		Group	
	Three months ended		Nine months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Net loss attributable to owners of the Company (US\$)	(1,639,000)	(2,038,000)	(6,431,000)	(4,509,000)
Weighted average number of ordinary shares	1,291,220,451	1,283,310,851	1,287,511,921	1,279,777,157
Basic and fully diluted LPS (US cents)	(0.13)	(0.16)	(0.50)	(0.35)

As at 30 September 2018, 2,287,500 Options (30 September 2017: 3,037,500 Options) and 156,288,800 share awards (30 September 2017: 167,695,900 share awards) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. As such, the basic and fully diluted LPS were the same for the respective financial periods.

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Net asset value [#] (US\$)	118,769,000	125,154,000	118,356,000	122,003,000
Total number of issued shares excluding treasury shares	1,291,220,451	1,283,310,851	1,291,220,451	1,283,310,851
Net asset value per ordinary share based on number of shares in issue as at the end of the financial period/ year (US cents)	9.20	9.75	9.17	9.51

[#] 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\$0.09 million in 3Q FY2018, approximately the same amount as that in the comparative three-month period ended 30 September 2017 ("**3Q FY2017**"), from technical services rendered to external client by RTM. Corresponding cost of service of US\$0.14 million and US\$0.03 million were recorded in 3Q FY2018 and 3Q FY2017 respectively. The increase was due to additional costs associated with technical services being allocated to cost of services in 3Q FY2018.

The Group recorded exploration and evaluation ("**E&E**") expenditure of US\$0.57 million and US\$0.42 million in 3Q FY2018 and 3Q FY2017 respectively. The higher E&E expenditure recorded in 3Q FY2018 was due to increased exploration activities in Norway.

As a result of the above, the Group recorded a gross loss of US\$0.62 million in 3Q FY2018, as compared to a gross loss of US\$0.36 million in 3Q FY2017.

Administrative expenses decreased to US\$2.45 million in 3Q FY2018, from US\$2.87 million in 3Q FY2017, as a result of lower Group operational costs in 3Q FY2018.

The Group recorded other income of US\$0.02 million and US\$0.47 million in 3Q FY2018 and 3Q FY2017 respectively, mainly from certain ad-hoc consultancy work performed by one of the subsidiaries.

Finance income of US\$0.21 million and US\$0.22 million were recorded in 3Q FY2018 and 3Q FY2017 respectively, mainly from interest income generated from quoted investments. Finance costs of US\$0.41 million and US\$0.37 million were recorded in 3Q FY2018 and 3Q FY2017 respectively, mainly due to short-term bank borrowings.

The Group had fully impaired the carrying value of a jointly controlled entity, Rexonic, in the financial year ended 31 December 2017. The Group's share of equity-accounted losses of US\$0.26 million in 3Q FY2017 was related to Rexonic.

The change in fair value of quoted investments from a gain of US\$0.09 million in 3Q FY2017 to a loss of US\$0.09 million in 3Q FY2018 was mainly due to reduced prices in the bond market in 3Q FY2018.

The Group recorded tax credit of US\$1.55 million and US\$1.02 million in 3Q FY2018 and 3Q FY2017 respectively, from the Norwegian authorities in relation to exploration costs incurred in Norway.

Overall, the Group registered a total comprehensive loss of US\$1.73 million in 3Q FY2018 as compared to a total comprehensive loss of US\$0.80 million in 3Q FY2017.

Statement of Financial Position

Non-current assets of the Group increased to US\$142.88 million as at 30 September 2018, from US\$84.00 million as at 31 December 2017. The increase was mainly due to the increase in exploration and evaluation expenditure of US\$31.83 million, pursuant to exploration activities in Norway and Oman in 9M FY2018, and other receivables which arose from the recognition of long-term income tax receivables of US\$27.71 million from the Norwegian authorities for exploration costs incurred in 9M FY2018.

Trade and other receivables of the Group increased to US\$17.04 million as at 30 September 2018, from US\$9.53 million as at 31 December 2017, largely due to prepayments to the operator in relation to the Group's exploration activities in Norway in 9M FY2018.

Quoted investments decreased to US\$29.90 million as at 30 September 2018, from US\$33.57 million as at 31 December 2017, due to the maturity and disposal of debt securities in 9M FY2018.

The Group recorded decommissioning provisions of US\$11.18 million and US\$10.74 million as at 30 September 2018 and 31 December 2017 respectively, in relation to exploration activities undertaken in Oman.

Deferred tax liabilities increased to US\$25.88 million as at 30 September 2018, from US\$2.36 million as at 31 December 2017, due to an increase in capitalised exploration and evaluation costs from exploration activities in Norway in 9M FY2018.

The Group recorded short-term borrowings of US\$29.93 million as at 30 September 2018, as a result of drawn-down credit facilities to fund exploration activities in Norway. All short-term borrowings outstanding in FY2017 were fully repaid as at 31 December 2017.

Trade and other payables increased to US\$11.53 million as at 30 September 2018, from US\$3.36 million as at 31 December 2017, due to an increase in accrued expenses for exploration activities in Norway in 9M FY2018.

Working capital decreased to US\$12.95 million as at 30 September 2018, from US\$54.26 million as at 31 December 2017. This was largely due to an increase in short-term bank borrowings at the subsidiary level to fund exploration activities in Norway, and a decrease in cash and cash equivalents from US\$11.7 million to US\$4.66 million as a result of exploration and evaluation expenditures and operational expenses incurred in 9M FY2018.

Statement of Cash Flows

As at 30 September 2018, the Group's cash and cash equivalents and quoted investments totalled US\$34.56 million; with cash and cash equivalents at US\$4.66 million and quoted investments at US\$29.90 million. The Group recorded an overall net decrease in cash and cash equivalents of US\$6.24 million in 3Q FY2018. As at 31 December 2017, the total was US\$45.27 million (comprising cash and cash equivalents of US\$11.70 million and quoted investments of US\$33.57 million).

The Group reported net cash used in operating activities of US\$12.18 million in 3Q FY2018, after accounting for movements in working capital. This was primarily due to changes in working capital and administrative and operational expenses incurred in relation to the Group's business.

Net cash used in investing activities of US\$4.84 million in 3Q FY2018 was largely attributable to exploration and evaluation expenditure of US\$5.54 million in Norway and Oman, partially offset

by proceeds from the disposal of quoted investments of US\$0.51 million and interest received from quoted investments of US\$0.21 million.

Net cash generated from financing activities of US\$10.78 million in 3Q FY2018 was attributable to proceeds from bank borrowings of US\$11.01 million which was for exploration activities in Norway, offset by interest expense of US\$0.23 million.

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

The Company said in its 7 December 2017 press release titled “Rex International Holding targets substantially higher revenue going forward”, that it was targeting to “achieve higher revenue from 2018 and onwards” (“**Press Release**”). The revenue for 9M FY2018 is in line with the Press Release. The Group recorded service revenue of US\$0.32 million for 9M FY2018, compared to US\$0.27 million for the nine-month period ended 30 September 2017 from technical services rendered to external clients by RTM. Additional revenue has been recorded for sales of Rex Virtual Drilling services to a new customer, and the Group is working towards achieving first oil production in Oman and Norway in 2019 and 2021 respectively.

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 closed at US\$83 a barrel for the quarter ended 30 September 2018, compared to US\$58 a barrel in the previous corresponding period.¹ While the Organization of the Petroleum Exporting Countries (OPEC) reaffirmed its goal of achieving 100 percent compliance with the production cut deal and expressed satisfaction the current oil market outlook with an overall ‘healthy balance between supply and demand’, oil prices have continued to climb.² Adding to this, US sanctions on Iran set for November 2018 maintained concerns of supply tightening and a reiteration of the North American Free Trade Agreement (NAFTA) alleviated some worries on global trade tensions. Consequently, oil prices closed near a 4-year high for the quarter.³

In its October 2018 report, the US Energy Information Administration (EIA) again increased its forecast of Brent prices for both 2018 and 2019; starting from an average of US\$60 and US\$61 a barrel respectively to US\$73 and US\$74 a barrel respectively.⁴ Concurrently in Norway, the rise in oil prices has revived investment interest. Statistics Norway estimates that total investments in oil and gas activity expected in 2019 will be around 6% higher than the NOK156 billion estimated for 2018.⁵

The Group maintains its cautiously optimistic view that the recovery in oil prices will be sustained amid some continued volatility. Following the divestment of some of its non-core assets recently, the Group’s focus will be on progressing its plans to achieve production in its discovery assets in Oman and Norway in 2019 and 2021 respectively. The Group is targeting projects with an overall breakeven price of around US\$30 per barrel in an environment of oil price of above US\$60 per barrel.

Alongside the Group’s plans for production, marketing efforts for the Group’s proprietary direct hydrocarbon indicator Rex Virtual Drilling (“**RVD**”) in Europe and the Middle East will continue.

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

Footnotes:

- (1) Bloomberg data
- (2) Oil Price.com, Why OPEC Didn't Intervene In Oil Markets, 24 September 2018
<https://oilprice.com/Energy/Energy-General/Why-OPEC-Didnt-Intervene-In-Oil-Markets.html>
- (3) CNBC, Oil prices hit 2014 highs on Iran sanctions and NAFTA deal, 30 September 2018
<https://www.cnbc.com/2018/10/01/oil-markets-brent-crude-futures-us-sanctions-on-iran-trade-in-focus.html>
- (4) US Energy Information Administration (EIA), Short-term Energy Outlook, January - October 2018
https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf
- (5) Statistisk Sentralbyrå (Statistics Norway or SSB), Growth in oil investments for 2019, 23 August 2018
<https://www.ssb.no/en/energi-og-industri/artikler-og-publikasjoner/growth-in-oil-investments-for-2019>

11. Dividend

a) Current financial period reported on

No dividend has been declared or recommended for 3Q FY2018.

b) Corresponding period to immediately preceding financial year

No dividend has been declared or recommended for 3Q FY2017.

c) Date payable

Not applicable.

d) Book closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for 3Q FY2018.

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

The Group has not obtained a general mandate from shareholders for IPT. There were no IPT transactions of S\$100,000 and above during 3Q FY2018.

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).

The utilisation of proceeds from the Company’s 2013 Placement exercise as at the date of this announcement is as follows:

Use of proceeds	Amount allocated	Amount redeployed	Amount utilised	Balance
	S\$’000	S\$’000	S\$’000	S\$’000
Exploration and drilling activities in new opportunities in the Asia-Pacific region	17,856	(17,856) ⁽¹⁾⁽²⁾	-	-
Exploration and drilling activities in new opportunities in geographical regions including the Middle East, Norway and Western Europe	16,787	(6,268) ⁽³⁾	(10,519)	-
Invest in and expand the business in the oil services sector using well stimulation technology	16,228	(100) ⁽⁴⁾	(16,128)	-
Share buyback mandate	-	5,960 ⁽¹⁾	-	5,960
General working capital	-	13,264 ⁽²⁾⁽³⁾⁽⁴⁾	(13,264) ⁽⁵⁾	-
Total	50,871	(5,000)	(39,911)	5,960

Footnotes:

- ⁽¹⁾ The provisional amount of S\$5.96 million which was redeployed was equivalent to 50% of the illustrated maximum amount of funds required for market purchases as disclosed in Section 2.9(c) of the circular to shareholders in relation to the proposed adoption of the share buyback mandate dated 1 October 2015.
- ⁽²⁾ S\$6.90 million and S\$5.00 million were redeployed to general working capital and further field development in Oman respectively due to fewer opportunities in the Asia Pacific region.
- ⁽³⁾ S\$6.27 million was redeployed to general working capital due to fewer opportunities in the Western Europe region.
- ⁽⁴⁾ S\$0.10 million was redeployed to general working capital as no further funds will be used for the investment in the oil service sector.
- ⁽⁵⁾ S\$13.26 million was used for Singapore’s office staff cost and operational expenses, consultancy and professional fees.

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

Actual use of funds/ cash for 3Q FY2018

Purpose	Amount
	US\$’000
Exploration and drilling activities in Oman	575
Exploration and drilling activities in Norway *	1,987
General working capital	1,353
Total	3,915

- * 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 3Q FY2018, US\$0.58 million and US\$1.99 million were used for exploration related activities in Oman and Norway respectively. US\$1.35 million was used for the Singapore and RTM offices' staff costs, operational expenses, and consultancy and professional fees.

The actual amount of funds used for exploration related activities in Norway was US\$0.55 million higher than the projected amount in 2Q FY2018 due to higher operational costs incurred. The actual amount of funds used for exploration related activities in Oman and general working capital were fairly consistent with what was projected in 2Q FY2018.

The total actual use of funds for 3Q FY2018 amounted to US\$3.92 million, which was US\$0.48 million higher than the projected amount in 2Q FY2018.

Projection on the use of funds/ cash in 4Q FY2018

Purpose	Amount
	US\$'000
Exploration and drilling activities in Oman	590
Exploration and drilling activities in Norway *	1,284
General working capital	1,400
Total	3,274

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

In 3Q FY2018, the Group incurred US\$5.38 million and US\$0.57 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 3Q FY2018 included Rex Virtual Drilling, actual drillings 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 3Q FY2018 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

12 November 2018

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).