RA International Group plc

CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2018

RA International Group PLC (AIM: RAI), a leading provider of services to remote locations in Africa and the Middle East, is pleased to announce its interim results in respect of the six months ended 30 June 2018.

INTERIM HIGHLIGHTS

- Admission to trading on AIM on 29 June 2018 raising gross proceeds of £18.8m (approximately US$24.7m)
- Half yearly revenue of US$ 23.9 m and EBITDA[(1)] of US$ 7.4m
- During the period, total contracts awarded of approximately US$ 33m including a 5-year contract with UNICEF providing, accommodation, catering, cleaning services and offices for their staff
- Net cash of US$ 28.0m at 30 June 2018
- Acquired RA SB Ltd., a provider of remote site services in Sudan, in line with strategy of further geographical expansion in Africa
- Commenced a US$ 5.2m construction and services project in Oman for the UK MOD. Besides supporting the Company's geographical diversification efforts, the successful mobilisation of this contract demonstrates RA International's ability to support UK Government agencies worldwide

[(1)] EBITDA is earnings before interest, tax, depreciation and the deduction of exceptional items detailed within the Condensed Consolidated Income Statement.

POST PERIOD HIGHLIGHTS

- Company now debt free with US$ 0.6m of term loans settled in H1 18 and remaining US$ 1.3m settled by 31 August 2018
- Contracted revenue backlog of US$ 114m at 31 August 2018 with US$ 63m of contracts awarded since 1 January 2018
- The average term of ongoing contracts is 2.2 years or 4.2 years when weighted by contract value
- Five-year contract of US$ 30m awarded by the United Nations Support Office in Somalia, in line with the Company's focus on securing larger and longer-term contracts supporting key customers
- Regional project Management Office established and opened in Nairobi, Kenya, to provide technical project support leading to future project efficiencies around Africa

Soraya Narfeldt, CEO of RA International, commented:

"The Company is delivering on its strategy of geographical expansion and securing larger and longer term contracts. We have seen a significant increase in the bid pipeline since admission to trading on AIM in June, and we expect this to translate into contracts in the second half of this year and beyond.

"We are now focussing on larger contracts, and being a publicly quoted company will enhance our status and competitive position. We are grateful to the support shown by shareholders since June and look forward to the next phase of RA International's development."

Enquiries:

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Background to the Company

RA International is a leading provider of services to remote locations in Africa and the Middle East. It specialises in five service verticals: construction; integrated facilities management; operation and maintenance; accommodation; and supply chain logistics. It has a strong customer base, largely comprising UN agencies, western governments and global corporations.

The Group provides comprehensive, flexible, mission critical support to its clients enabling them to focus on the delivery of their respective businesses and services. RA International's focus on integrity and values alongside on-going investment in people, locations and operations has over time created a reliable and trusted brand within its sector.

Admission to AIM

Admission to AIM was an important step in the Group's development, enabling us to raise additional capital to support our strategic objectives of broadening our geographical presence and undertaking larger, multi-year contracts with both existing and new customers, and in new sectors such as mining and oil and gas. By becoming a public company we are able to build on our existing strong reputation within our market place and provide additional confidence to customers when we bid for larger contracts.

The funds we raised at the time of Admission in addition to our existing cash resources, will be utilised to fund the following:

- strengthen the Group's balance sheet enabling us to meet customer demand to bid on larger scale contracts within our core competencies;
- promote a client multiplier effect, adding to the Group's ability to upsell additional services to existing clients. Opportunities for upselling have been identified across all five verticals; and
- enter new territories and sectors through leveraging existing relationships and reputation.

Contracts

The Company reported backlog revenue at 31 August of US$ 114m compared with US$ 112m at 31 December 2017, with US$ 63m worth of new contracts awarded this financial year to date. The average term of ongoing contracts is 2.2 years or 4.2 years when weighted by contract value.

During the period, we have delivered on our long-term strategy of providing high quality and reliable service to generate trust with our customers. We have built on our existing relationship with the United Nations, resulting in a 5-year contract with UNICEF for accommodation, offices, catering and cleaning services. Following this award, the UN High Commissioner for Refugees (UNHCR) renewed their contract with RA International for similar services in Mogadishu for a long-term period.

We announced on 16 August 2018, post period end, that the Company successfully bid and was selected by the United Nations Support Office and the African Mission in Somalia to deliver a power infrastructure project worth US$ 30m over 5 years.

The Company continues to actively bid on future contracts with larger contract values and longer terms. Additionally, we expect to continue to win follow on work from our key clients based on the quality and execution of our projects. A prime example of this, was the contract win for the UK MOD in Oman. This was a customer led contract win which expanded our geographical footprint. Further contract awards from the UK MOD and FCO demonstrate a continued confidence in RA International as a service provider to UK Government agencies.

The Company's strategy for US Government business development is to partner with companies for each of the Africa-centric Government programs and support them in winning work across the continent. In addition, the Company has partnered with a firm who specialise in Overseas Building Operations for the US Department of State and is bidding on multiple projects at present.

Since the Company's Admission to AIM in June it has also bid or is in the process of bidding for large construction and service contracts in the mining, oil and gas sector.

While there are a number of factors that influence the timing of contract awards and the recognition of revenue, we are confident that a proportion of our significant pipeline will contribute to our full year results for 2019. We maintain close relationships with our customers and look forward to providing updates on a number of contracts during the remainder of the year.

Operations

We have completed a number of key operational projects so far in 2018, including the acquisition of RA SB Ltd. in Sudan which adds an additional geographic territory to our already strong African coverage. Through this acquisition we have been able to enter into a support contract within the mining, oil and gas industry.

During the period, we appointed a Legal Officer and Group Compliance Manager to work at Group level, and further enhanced our operating capacity through the hiring of a new Group Supply Chain Manager and Head of Engineering. We also opened a Project Management Office in Nairobi, Kenya, on 10 September 2018 to support ongoing project work in the region. It is anticipated that the consolidation of technical project support in Kenya will lead to future efficiencies when executing projects across Africa.

Overall, the Company has reduced its East Africa concentration, increasing projects in Central African Republic, Oman and Sudan. We have increased local hires from 62% in 2016 to 67% in 2017 and in 2018 we are very pleased to have 70% of total employees of RA International being local staff.

The UN is a significant customer for us and to ensure we continue to meet the agency's high Sustainable Development Goals (SDG), we have initiated work on developing a new Corporate Social Responsibility (CSR) strategy. This will be done by formalizing our sustainability work and pursuing a new structure that will revolve around the SDG, with the intention of creating lasting long-term impact for our stakeholders and the environment.

Strategy for growth

There are four core elements to our strategy to enhance our growth plans:

1. Diversify our customer base;
2. Diversify our geographic reach;
3. Bid for larger, longer-term contracts which we have started to submit since our Admission in June; and
4. Cross sell our services to new and existing customers.

Market Developments

Overseas Development Aid (ODA) expenditure by international governments is driven by a number of aims including providing stability in conflicted regions, promoting democracy, contributing to counter terrorism and law enforcement efforts, as well as humanitarian aid to alleviate short term humanitarian crises. ODA can be delivered bilaterally, directly by individual governments, or multilaterally, through a multitude of organisations such as UN agencies, and charitable organisations. RA International typically undertakes contracts for western governments and international agencies to help deliver ODA in remote locations, as well as acting for international companies.

In 2016, UN agencies and USAID spent approximately US$ 4.4 billion and US$ 3.1 billion respectively in the Central African Republic, the Democratic Republic of Congo, Eritrea, Ethiopia, Libya, Mali, Somalia, South Sudan and Sudan. These are countries in which the Group is presently working or can provide its services at short notice. In the same year the UK, which is the second largest contributor by monetary value in overseas aid to Africa, spent approximately £2.9 billion in ODA to Africa. In aggregate, over US$100 billion in planned expenditure has been announced by the US, UK, United Nations and the mining sector for investment in Africa in the next three years. RA International believes that a proportion of this planned expenditure will be directly related to the services the Company is able to deliver.

The US is the largest contributor by monetary value in overseas aid to Africa and the majority of the US Government funds spent is through Indefinite Delivery/Indefinite Quantity (IDIQ) contracts. IDIQ contracts are awarded, after a pre-qualification round, to a group of 3 to 5 companies who compete for Task Orders over a 5 to 10 year period. For the most part, only US companies can qualify for these IDIQ contracts because of security clearance requirements. Most of these companies that qualify to bid on Task Orders do not have a large presence in Africa and require a partner to execute the primary contract scope or provide support services. This presents a significant opportunity for RA International given the scope of our service offering, geographical reach, and experience successfully completing US Government projects.

Current Trading and Outlook

At RA International, we are committed to delivering our projects to a high standard and on time. Our contract delivery in the first half of the year has remained excellent. Looking to the future, both the size and contract length of the bids we are working on has increased. We are continuing to diversify our customer base and deliver geographical expansion. The management undertook a huge challenge in the first half of the year with the Admission to AIM and we have been delighted with the support we have seen from the London market. We look forward to the second half of 2018 with confidence.

Soraya Narfeldt
Chief Executive Officer
19 September 2018

Overview

Financial performance for the first-half of 2018 is consistent with our expectations. While the Company does not experience seasonality, it does frequently execute short term contracts ("STCs") which often have a significant effect on revenue and profitability in a given quarter or half-year period. As a result, interim figures are often not directly comparable to those of the previous year. To provide readers with a more complete understanding of our financial performance we have chosen to present the financial results of the interim period (H1 18) and the two preceding half-year periods (H2 17 and H1 17). It is anticipated that the Company will have a strong second-half of 2018 and that going forward, as the Company secures higher value, longer-term contracts, the effect of STCs will diminish.

	Notes	*6 months ended 30 June 2018 US$'000 Unaudited*	*6 months ended 31 December 2017 US$'000 Unaudited*	*6 months ended 30 June 2017 US$'000 Unaudited*
Revenue		23,855	25,919	27,342
Gross profit		9,906	9,426	11,503
Gross margin		41.5%	36.4%	42.1%
EBITDA	(1)	7,377	6,335	9,451
EBITDA margin	(1)	30.9%	24.4%	34.6%
Normalised EPS (cents)	(2)	4.7	3.5	6.3
Net cash (end of period)	(3)	27,978	5,602	2,202

(1) EBITDA is earnings before interest, tax, depreciation and the deduction of exceptional items detailed within the Condensed Consolidated Income Statement. EBITDA margin is a key performance measurement monitored by management of the Group.
(2) Normalised earnings per share represents basic earnings per share excluding exceptional items.
(3) Net cash represents the end of period cash balance less term loans and notes outstanding.

Revenue

Reported revenue for H1 18 was US$ 23.9m (H2 17: 25.9m, H1 17: 27.3m). This represents a 12.8% decrease when compared with H1 17 and is due to a US$ 5.7m reduction in revenue being reported from short-term construction and supply contracts. The Company completed US$ 7.0m of STCs in 2017 with US$ 6.8m of revenue recorded in H1 17 and US$ 0.2m recorded in H2 17. The Company is currently executing 5 STCs with an aggregate value of US$ 8.0m. US$ 1.1m of revenue is included in the H1 18 results with US$ 6.9m anticipated to be recognized in H2 18. Of the US$ 63.2m of contracts awarded to the Company this year, US$ 50.2m relate to contracts with five-year terms.

Profit Margin

Gross margin in H1 18 was 41.5% (H2 17: 36.4%, H1 17: 42.1%) which is consistent with the Company's expectations. The variance in H2 17 was due to the Company executing a construction project for the UK MOD in Somalia which was substantially completed in the second half of 2017. Excluding the effect of this contract, H2 17 gross margin would have been 39.0%. The Company feels the successful completion of this contract was instrumental to the UK MOD awarding RA International a contract in Oman earlier this year.

EBITDA margin, excluding costs of the IPO and related charges, was 30.9% in the period (H2 17: 24.4%, H1 17: 34.6%) which was consistent with the Company's expectations. The decrease in margin of 3.7% from H1 17 is primarily due to an additional US$ 0.7m of other income recognized in H1 17. Excluding other income, EBITDA margin is 29.1% (H2 17: 24.2%, H1 17: 30.6%). The majority of other income relates to customer reimbursements of project costs incurred which have been expensed in prior accounting periods.

Exceptional Items

Exceptional items of US$ 2.9m have been recorded as costs in the period. These items represent expenses incurred in relation to the Company's Admission to AIM which, in accordance with international accounting standards, are to be presented as expenses in the income statement. Within the interim accounts exceptional items are split into two categories; advisory fees and other costs associated with the AIM Admission totalled US$ 1.3m and stock-based compensation totalled US$ 1.6m. The stock-based compensation charge relates to the transfer of shares by the majority shareholder of the Company to certain employees at the AIM Admission date. While the Company was not a party to this transfer, IFRS mandates that the transaction be accounted for as a cost on the date of share grant. The transfer of shares was conditional on the Company's successful Admission to AIM.

Earnings Per Share

Normalised earnings per share, being earnings before exceptional items divided by the weighted number of shares outstanding in the period, was 4.7 cents per share in the period (H2 17: 3.5 cents, H1 17: 6.3 cents).

Basic earnings per share was 2.6 cents (H2 17: 3.5 cents, H1 17: 6.3 cents) and is equal to diluted earnings per share.

Cashflow

Net cash flow from operations was US$ 3.5m in the period (H2 17: 6.2m, H1 17: 6.3m) which represented 51.9% cash conversion, well below previously reported results (H2 17: 106.2%, H1 17: 70.2%). The primary factors contributing to the differential were:

1) A build-up in receivable balances from one UN agency. As at 30 June 2018 this specific account receivable balance was US$ 3.9m (31 December 17: US$ 0.4m). The Company collected US$ 3.0m of this balance in July 2018.

2) A build-up of inventory relating to the mobilisation of the UK MOD Oman contract, and the construction of hotel and office facilities in Somalia to accommodate UNICEF who have signed a five-year contract with the Company. Additionally, goods-in-transit balances on route to project sites in the Central African Republic increased compared with prior periods. Increasing the value of goods in the supply chain has led to increased operational efficiency in the current trading period where we have seen a 15% increase in monthly revenue being generated from the country's operations when compared with the first six-months of the year.

The Company targets a 100% cash conversion ratio but significant increases in operational activity, such as mobilising for material contracts, can lead to short-term divergences.

Balance Sheet

Net of share issuance and AIM Admission costs, the Company raised US$ 21.4m in IPO proceeds. As a result, net cash increased to US$ 28.0m at 30 June 2018 (31 December 2017: US$ 5.6m, 30 June 2017: US$ 2.2m). The Company repaid US$ 0.6m of debt in the period and cleared the remaining balance by 31 August 2018. While the Company does not anticipate raising debt in the near future, it does plan to explore the availability and pricing of working capital facilities in case such a facility is required in 2019 to finance the working capital needs of certain large pipeline opportunities.

Liquidity and cash on hand is often assessed by potential customers during the contract adjudication process. The completion of the IPO and related fundraising was a milestone for the Company in that it will now qualify to bid for larger projects and has the financial capacity to mobilize for multiple large projects simultaneously. Net assets were US$ 54.1m at 30 June 2018 with the majority of the total balance sheet being cash and other current assets.

The Company continues to invest in revenue generating fixed assets, with the majority of the US$ 1.6m increase in fixed assets relating to the accommodation facility being built for UNICEF.

Dividend

The Company anticipates declaring an annual dividend when it reports its earnings for the fiscal year ended 31 December 2018.

Andrew Bolter
Chief Financial Officer
19 September 2018

RA International Group plc

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2018

	Notes	***6 months ended 30 June 2018 USD'000 Unaudited***	*6 months ended 31 December 2017 USD'000 Unaudited*	*6 months ended 30 June 2017 USD'000 Unaudited*
Revenue		**23,855**	25,919	27,342
Direct costs		**(13,949)**	(16,493)	(15,839)
GROSS PROFIT		**9,906**	9,426	11,503
Other income		**424**	54	1,098
Administrative expenses		**(2,953)**	(3,145)	(3,150)
Profit before depreciation, amortisation, finance costs, and exceptional items		**7,377**	6,335	9,451
Depreciation		**(547)**	(531)	(404)
Amortisation		**-**	-	(17)
Finance costs		**(294)**	(908)	(252)
Profit for the period before exceptional items		**6,536**	4,896	8,778
Exceptional items	3	**(2,908)**	-	-
PROFIT FOR THE PERIOD		**3,628**	4,896	8,778
Other comprehensive income for the period		**-**	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,628**	4,896	8,778
BASIC AND DILUTED EARNINGS PER SHARE (cents)	4	**2.6**	3.5	6.3
NORMALISED BASIC AND DILUTED EARNINGS PER SHARE (cents)	4	**4.7**	3.5	6.3

The Group has no recognised gains or losses other than those disclosed in the Consolidated Income Statement.

RA International Group plc

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	***As at 30 June 2018 USD'000 Unaudited***	*As at 31 December 2017 USD'000 Audited*	*As at 30 June 2017 USD'000 Unaudited*
ASSETS				
Non-current assets				
Property, plant, and equipment		**10,769**	9,170	8,726
Current assets				
Inventories		**4,013**	2,660	3,915
Accounts receivable, deposits, and other receivables		**17,308**	13,138	13,380
Bank balances and cash	8	**29,271**	7,469	5,224
		50,592	23,267	22,519
TOTAL ASSETS		**61,361**	32,437	31,245
EQUITY AND LIABILITIES				
Equity				
Share capital		**24,300**	272	272
Additional contributed capital		**-**	1,809	1,809
Share premium		**18,256**	-	-
Merger reserve		**(17,803)**	-	-
Retained earnings		**29,350**	24,269	20,023
Total equity		**54,103**	26,350	22,104
Non-current liabilities				
Term loans and notes – long-term portion		**-**	6	1,866
Employees' end of service benefits		**308**	251	404
		308	257	2,270
Current liabilities				
Term loans and notes – short-term portion		**1,293**	1,861	1,156
Accounts payable and accruals		**5,657**	3,969	5,715
		6,950	5,830	6,871
Total liabilities		**7,258**	6,087	9,141
TOTAL EQUITY AND LIABILITIES		**61,361**	32,437	31,245

The attached notes 1 to 9 form part of the Condensed Interim Financial Statements.

RA International Group plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Notes	*Share Capital USD'000*	*Additional Contributed Capital USD'000*	*Share Premium USD'000*	*Merger Reserve USD'000*	*Retained Earnings USD'000*	*Total USD'000*
As at 1 January 2017		272	1,809	-	-	11,370	13,451
Profit for the period		-	-	-	-	8,778	8,778
Dividends declared and paid	5	-	-	-	-	(125)	(125)
As at 30 June 2017		272	1,809	-	-	20,023	22,104
Profit for the period		-	-	-	-	4,896	4,896
Dividends declared and paid	5	-	-	-	-	(650)	(650)
As at 31 December 2017		272	1,809	-	-	24,269	26,350
Share exchange	2	19,612	(1,809)	-	(17,803)	-	-
Profit for the period		-	-	-	-	3,628	3,628
Non-cash employee compensation	3	-	-	-	-	1,578	1,578
Issue of share capital (net of issue costs)	2	4,416	-	18,256	-	-	22,672
Dividends declared and paid	5	-	-	-	-	(125)	(125)
As at 30 June 2018		**24,300**	**-**	**18,256**	**(17,803)**	**29,350**	**54,103**

The attached notes 1 to 9 form part of the Condensed Interim Financial Statements.

RA International Group plc

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	***6 months ended 30 June 2018 USD'000 Unaudited***	*6 months ended 31 December 2017 USD'000 Unaudited*	*6 months ended 30 June 2017 USD'000 Unaudited*
OPERATING ACTIVITIES				
Profit for the period		**3,628**	4,896	8,778
Non-cash adjustments to reconcile profit to net cash flows:				
Depreciation on property, plant, and equipment		**547**	531	404
Loss on disposal of property, plant, and equipment		**7**	28	135
Amortisation of intangible assets		**-**	-	17
Finance costs		**294**	908	252
Provision for employees' end of service benefits		**57**	49	234
Exceptional items	3	**2,908**	-	-
		7,441	6,412	9,820
Working capital adjustments:				
Inventories		**(1,337)**	1,255	(570)
Accounts receivable, deposits, and other receivables		**(3,497)**	242	(3,300)
Accounts payable and accruals		**941**	(1,746)	386
Cash flows generated from operations		**3,548**	6,163	6,336
Employees' end of service benefits paid		**-**	(202)	(19)
Stock-based compensation and related costs	3	**(24)**	-	-
Net cash flows from operating activities		**3,524**	5,961	6,317
INVESTING ACTIVITIES				
Deposits under lien released/(made) during the period		**-**	-	201
Deposit of cash margin against guarantees issued during the period		**-**	(2,000)	-
Purchase of property, plant, and equipment		**(2,159)**	(1,008)	(2,398)
Proceeds from disposal of property, plant, and equipment		**74**	3	20
Acquisition of subsidiary	6	**(565)**	-	-
Net cash flows used in investing activities		**(2,650)**	(3,005)	(2,177)
FINANCING ACTIVITIES				
Repayment of term loans and notes		**(573)**	(1,155)	(2,005)
Proceeds from term loans and notes		**-**	-	2,432
Finance costs paid		**(371)**	(803)	(310)
Dividends paid	5	**(125)**	(650)	(125)
Share listing costs	3	**(935)**	-	-
Issue of share capital (net of issue costs paid)	2	**22,859**	-	-
Net cash flows from / (used in) financing activities		**20,855**	(2,608)	(8)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**21,729**	348	4,132
Cash and cash equivalents at start of period		**5,469**	5,224	1,035
Effect of foreign exchange on cash and cash equivalents		**73**	(103)	57
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**27,271**	5,469	5,224

The attached notes 1 to 9 form part of the Condensed Interim Financial Statements.

1 BASIS OF PREPARATION

The principal activity of RA International Group plc ("RAI" or the "Company") and its subsidiaries (together the "Group") is providing services in demanding and remote areas. These services include engineering and construction, life support services, operation and maintenance, and procurement and logistics.

RAI was incorporated on 13 March 2018 as a public company in England and Wales under registration number 11252957. The address of its registered office is One Fleet Place, London, EC4M 7WS. The Company acquired, by way of share for share exchange (the 'Exchange") the entire issued share capital of RA International FZCO and its subsidiaries ("RA") on 12 April 2018. The Group reorganisation is treated as a common control transaction, for which there is no specific accounting guidance under IFRS. Consequently, the integration of the Company has been accounted for using merger accounting principles. The policy, which does not conflict with IFRS, reflects the economic substance of the transaction.

The adoption of merger accounting presents the Company as if it had always been the parent of the Group. As the Company was not incorporated until 13 March 2018, the condensed interim consolidated financial statements of the Group represent a continuation of consolidated financial statements of RA International FZCO, the former parent of the Group. Comparative information presented in these interim consolidated financial statements, relate to that of RA, not the Group. The financial information set out in these interim condensed consolidated financial statements does not constitute the Group's statutory financial statements within the meaning of section 434 of the Companies Act 2006.

The unaudited condensed interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of RA for the year ended 31 December 2017 which are presented in the RAI Admission Document. The unaudited condensed financial information has been prepared using the same accounting policies and methods of computation which will be used to prepare the Annual Report for the year ended 31 December 2018. The financial statements of the Group are prepared in accordance with IFRS.

There are no new standards or interpretations mandatory for the first time for the financial year ending 31 December 2017 that have a material effect on the half year results.

2 GROUP REORGANISATION

2.1 Share for Share Exchange

On 12 April 2018, RAI acquired 100% ownership of RA through a share for share exchange transaction (the "Exchange"). The cost of RA was established and accounted for with reference to IAS 27 which states that when a parent reorganizes the structure of its group by establishing a new entity as its parent, and meets specific criteria, the new parent measures cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. In the case of the Exchange, RA was the former parent of the Group and all relevant criteria were met, as a result the cost of RA was determined to be USD 29,278,000, being the carrying amount of the equity of RA at the date of the Exchange.

	USD'000
Equity balances of RA at date of Exchange	
Share capital	**272**
Additional contributed capital	**1,809**
Retained Earnings	**27,700**
Total equity balances of RA at date of Exchange	**29,781**

The consideration paid to the shareholders of RA was 139,999,998 ordinary shares of GBP 0.10 each.

The difference between the total equity balances of RA and the nominal value of shares issued by RAI at the date of the Exchange is recorded as a merger reserve. Upon consolidation, all intra-group transactions, balances, income and expense are eliminated, and the merger reserve is equal to the difference between the nominal value of the shares issued by RAI and the total share capital and additional contributed capital of RA at the date of the Exchange.

2 GROUP REORGANISATION (continued)

2.2 Initial Public Offering

On 29 June 2018, RAI undertook an initial public offering ("IPO") and was admitted to trade on the Alternative Investment Market ("AIM"), a sub-market of the London Stock Exchange. New ordinary shares of 33,575,741 were issued on the date of the IPO bringing the total number of shares outstanding to 173,575,741. These shares have a par value of GBP 0.10 and were sold by RAI at GBP 0.56 per share.

During the IPO process, the Group incurred USD 2,059,000 of expenses which were incremental and directly attributed to the equity raise. As per IAS 32, these costs are to be accounted for as a deduction from equity raised and as a result the net proceeds of the IPO were USD 22,672,000.

	USD'000
Reconciliation of IPO proceeds	
Proceeds from issue of share capital	**24,731**
Costs incurred and attributable to issue of share capital	**(2,059)**
Net proceeds from issue of share capital	**22,672**

At 30 June 2018, USD 187,000 of IPO related expenses were included in Accounts Payable and Accruals, and subsequently settled in July 2018.

3 EXCEPTIONAL ITEMS

	USD'000
Share listing costs [1]	**1,306**
Stock-based compensation and related costs [2]	**1,602**
	2,908

[1] Share listing costs represent advisory, legal, and other costs incurred in connection with the IPO which have not been accounted for as a deduction from equity raised. At 30 June 2018, USD 371,000 of share listing costs were included in Accounts Payable and Accruals, and subsequently settled in July 2018.

[2] On 29 June 2018, the majority shareholder of RAI gifted 2,142,855 personally owned shares of the Company to certain employees of RA International FZCO as a reward for past employment service. The fair value of the shares on the grant date was GBP 0.56 per share.

4 EARNINGS PER SHARE

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is identical to basic earnings per share.

Normalised earnings per share is calculated by dividing the profit before exceptional items attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

As per IFRS 3, where a new parent entity is established by means of a share for share exchange and its consolidated financial statements have been presented as a continuation of the existing group, the number of shares taken as being in issue for both the current and preceding periods should be the number of shares issued by the new parent entity. As a result, the historical weighted average number of shares presented in the comparative EPS calculation is 139,999,998, being the number of ordinary shares exchanged for the entire share capital of RA.

4 EARNINGS PER SHARE (continued)

	6 months ended 30 June 2018 Unaudited	*6 months ended 31 December 2017 Unaudited*	*6 months ended 30 June 2017 Unaudited*
Profit for the period (USD'000)	**3,628**	4,896	8,778
Weighted average number of ordinary shares	**140,371,001**	139,999,998	139,999,998
Basic and diluted earnings per share (cents)	**2.6**	3.5	6.3
Profit for the period before exceptional item (USD'000)	**6,536**	4,896	8,778
Normalised basic and diluted earnings per share (cents)	**4.7**	3.5	6.3

5 DIVIDENDS

During the interim period, a dividend of USD 12,500 per share (10 shares) totalling USD 125,000 was declared and paid (6 months ending 30 June 2017: USD 12,500 per share (10 shares) totalling USD 125,000 and 6 months ending 31 December 2017: USD 65,000 per share (10 shares) totalling USD 650.000).

6 ACQUISITION OF SUBSIDIARY

On 1 January 2018, the Group acquired 100% ownership of RA SB Ltd. and its subsidiary (together "RASB"), from one of its shareholders, who is also a member of key management. The purchase consideration of USD 594,000 represents the net book value of RASB as at 1 January 2018. RA SB Ltd. is registered in Ras Al Khaimah, UAE and operates in the Republic of Sudan through its subsidiary which provides remote site services to the mining industry. The acquisition is consistent with the Group's strategy of operating across Africa.

The fair values of the identifiable assets and liabilities of RASB as at the date of acquisition were:

	USD'000
ASSETS	
Property, plant, and equipment	69
Inventories	16
Accounts receivable, deposits, and other receivables	688
Bank balances and cash	29
LIABILITIES	
Accounts payable and accruals	(208)
NET ASSETS	**594**

Net cash outflow on acquisition

	USD'000
Consideration paid	594
Less:	
Bank balances and cash acquired	(29)
	565

6 ACQUISITION OF SUBSIDIARY (continued)

Acquisition costs of USD 6,000 relating to the acquisition of RASB are included in Administrative Expenses within the current accounting period.

For the 6 months ended 30 June 2018, RASB contributed USD 913,000 revenue and USD 239,000 profit before finance costs to the Group results.

7 SEGMENT INFORMATION

For management purposes, the Group is organised into one segment based on its products and services, which is the provision of services in demanding and remote areas. Accordingly, the Group only has one reportable segment. The Chief Operating Decision Maker monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

Operating segments
Revenue, operating results, assets and liabilities presented in the Condensed Financial Statements relate to the provision of services in demanding and remote areas business of the Group.

Geographic segment
The Group is currently predominantly operating in Africa.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of cash flows consist of the following condensed consolidated statement of financial position amounts:

	As at 30 June 2018 Unaudited	*As at 31 December 2017 Audited*	*As at 30 June 2017 Unaudited*
Bank balances and cash in hand	**29,271**	**7,469**	5,224
Less: restricted cash	**(2,000)**	**(2,000)**	-
	27,271	**5,469**	5,224

Restricted cash represents cash margin provided to a commercial bank against issuance of a guarantee to a subsidiary. The value of cash margin is equal to that of the value of the guarantee.

9 APPROVAL OF INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the board of directors on 17 September 2018.

INDEPENDENT REVIEW REPORT TO RA INTERNATIONAL GROUP PLC (the "Company")

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2018, which comprises the Interim Condensed Consolidated Statement of Financial Position, the Interim Condensed Consolidated Income Statement, the Interim Condensed Consolidated Statement of Comprehensive Income, the Interim Condensed Consolidated Statement of Changes in Equity, the Interim Condensed Consolidated Statement of Cash Flows and related notes 1 to 9. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP

Ernst & Young LLP
Edinburgh
19 September 2018

Notes:

1. The maintenance and integrity of the RA International Group PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.