RA International Group plc

CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2019

CONTENTS

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 2019.

INTERIM HIGHLIGHTS

- Contracted revenue backlog of USD 166m at 30 June 2019, up 39.5% from USD 119m at 31 December 2018
- USD 65.8m of contracts awarded during the period including:
  - Master service agreement with IAP for global supply chain services. The first task order issued is for up to USD 8.5m over five years;
  - Significant contract with Facilities Development Corporation to provide construction services in connection with the refurbishment and upgrade of the U.S. Embassy in Denmark;
  - USD 9.8m contract to provide vehicle and equipment fleet operation and first line maintenance services in up to 10 locations in East Africa for a large humanitarian organisation;
  - USD 9.0m contract with a western government to provide construction and facilities management services over the next three years in East Africa;
  - USD 10.7m construction contract with a large humanitarian client to provide accommodation facilities for peacekeeping troops in a Central African country; and a
  - USD 7.8m contract with a large humanitarian organisation to supply and install modified shipping containers as accommodation and offices in an East African country.
- H1 19 revenue of USD 23.0m (H2 18: USD 28.7m, H1 18: USD 26.1m), Underlying Operating Profit of USD 3.3m (H2 18: USD 6.3m, H1 18: USD 8.3m) and Operating Profit of USD 2.7m (H2 18: USD 5.7m, H1 18: USD 8.2m)
- Operating cash flow of USD 3.9m (H2 18: USD 7.6m, H1 18: USD 3.8m) driven by a period of strong receivable collections
- In support of its Mozambique entrance strategy, acquired a shareholding in Royal Food Solutions S.A and a large plot of land in the North of the country
- Cash of USD 25.8m as at 30 June 2019 (H2 18: USD 27.8m, H1 18: USD 29.3m) and no debt (H2 18: nil, H1 18: USD 1.3m)

POST PERIOD HIGHLIGHTS

- Encouraging start to H2 19 with monthly activity levels increasing in line with expectations and profit margins returning to historical levels
- Revenue anticipated to be recognised in H2 19 from the Group's USD 166m revenue backlog should lead to the Group meeting turnover expectations in 2019 while profitability is projected to be broadly in line with expectations

Soraya Narfeldt, CEO of RA International, commented:

We are pleased and encouraged by the value of contracts awarded to the Group in H1 19 and whilst the delay in being awarded a particular contract has impacted on first half financials, the Company is set for a strong second half of the year. All contracts expected to significantly contribute to H2 19 revenue have now commenced and we continue to bid for large, long-term contracts in line with our strategic plan.

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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. The Company offers its services through three channels: construction, integrated facilities management and supply chain, and services three main client groups: humanitarian and aid agencies, governments and commercial customers, predominantly in the oil and gas and mining sectors. It has a strong customer base, largely comprising UN agencies, western governments and global corporations.

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

Overview

I am pleased to update the Company's shareholders on our performance for the six months ending 30 June 2019 (the "Period" or "First Half"). In line with our strategic objectives, we have continued to grow our customer base, diversify geographically, target longer-term contracts and cross-sell to new and existing customers. Our strategy is beginning to bear fruit as evidenced by our growing contracted revenue backlog which was USD 166m at 30 June 2019, increasing 39.5% since 31 December 2018.

Group revenue during the First Half was USD 23.0m (H2 18: USD 28.7m, H1 18: USD 26.1m) and underlying profit was USD 2.5m (H2 18: USD 5.5m, H1 18: USD 7.7m).

The level of revenue and underlying profit partly reflects certain delays the Group experienced in converting large bids into contract awards. These delays were however resolved by the end of the Period and the Group was awarded contracts with an aggregate value of USD 65.8m during H1 19. Revenue recognition for most contracts awarded in H1 19 will only begin in the second half of the year and consequently the Company is confident of a significantly stronger H2 19 and delivering on 2019 market expectations.

During the First Half we placed significant focus on diversifying our customer base and bidding on larger, longer-term contracts. We achieved notable success in both being invited to tender for larger contracts and being awarded several projects from new customers with whom we are already bidding on other contracts. We see growing our customer base and winning longer-term contracts as the primary drivers of sustainable long-term business growth.

Contracts

As stated in our 2018 Annual Report, our strengthened balance sheet has enabled us to bid for larger contracts which if awarded to the Group would be transformational in nature. Being a quoted company has also enhanced our profile and brought us a number of new opportunities, particularly with western governments. One example is a new contract whereby we will be undertaking construction works at the US embassy in Denmark. We primarily bid on this contract to provide us with the track record and experience required to undertake similar contracts in Africa; and less than 2 months following this contract win we were awarded a similar contract in South Sudan where we have now materially increased our footprint. We are optimistic that we will win additional work in South Sudan allowing us to maintain a significant footprint in the country for years to come.

During the First Half, the Group was awarded a large number of significant contracts. These include a USD 9.8m long-term contract with the United Nations to provide vehicle and equipment fleet operation and first line maintenance services in East Africa and a government contract with a value of up to USD 9.0m for construction and facilities management services. This government contract was originally expected to be signed in H2 18.

We have continued to see an increase in the number of hybrid projects whereby two or more of the Group's services have been delivered on behalf of our clients. Hybrid projects typically involve the construction and operation of infrastructure, however one recent contract awarded to the Group is for the supply and installation of modified shipping containers. This contract, for USD 7.8m, is primarily a supply chain contract and would not have been awarded to the Group had we not had the relevant construction experience and capability to install these facilities.

Besides significant new contract wins, as a result of our excellent service and the trust our clients have in our delivery capability, we have increased the value of a number of our existing contracts. In some instances, we are extending our geographical reach and scope of work to accommodate our clients' needs.

Operations

Our geographical presence continues to expand; the Company currently has operations in 9 countries, primarily in remote locations in Africa. During the Period we significantly expanded our operations in Mozambique. In addition to acquiring a parcel of land in Northern Mozambique to build a large camp facility, we also acquired a shareholding in Royal Food Solutions S.A, a family-owned provider of integrated facilities management services.

In H1 19 the Group continued to add resources to its Nairobi based Project Management Office ("PMO"), both through new hires and relocating staff from our Dubai head office and various operating areas to the PMO. We believe that by centralising our project execution function we can enhance our clients' experience through simplifying communication channels and clarifying project management responsibility. Additionally, as we continue to expand our geographic footprint, we anticipate incremental efficiencies to be realised given that the PMO will control resource allocation across all project locations.

Current Trading and Outlook

The start of the second half of the year has been encouraging with monthly activity levels increasing in line with expectations and profit margins returning to historical levels. Revenue anticipated to be recognised in H2 19 from the Group's USD 166m revenue backlog should lead to the Group meeting turnover expectations in 2019 while profitability is projected to be broadly in line with expectations. All contracts which are expected to contribute to H2 19 revenue have now commenced and the Board does not anticipate any changes or delays to these projects.

We are very pleased by the Group's current level of trading activity and expect this momentum to carry on into next year. Our team continues to do an exceptional job and it is validating that recent investments made in enhancing our operational capacity have proved warranted given the increasing number, size, and complexity of projects we are undertaking.

Soraya Narfeldt
Chief Executive Officer
10 September 2019

Overview

During the first few months of 2019 the Group experienced delays in converting certain large bids into contract awards; however, by the end of the Period the Group had been awarded contracts with an aggregate value of USD 65.8m. As the majority of these contracts were awarded in the last two months of H1 19 and, in most cases, the recognition of revenue will begin in the third quarter of the year, the profit contribution from these contracts in the Period was insignificant.

Some recently awarded contracts, including a USD 7.8m supply contract awarded to the Group on 30 June 2019, are short term contracts ("STCs") which are expected to be fully or substantially completed in H2 19. Revenue from STCs totalled USD 0.8m in H1 19 and it is anticipated this figure will be USD 12.4m in H2 19. While we had previously anticipated that the impact of STCs would decrease as the Group's contract portfolio transitioned to larger, longer-term contracts, this is unlikely to occur in the short-term as the Group is seeing increased demand for supply chain services for which project revenue is often recognised over a period of 1 to 3 months.

	Notes	***6 months ended 30 June 2019 USD'000 Unaudited***	*6 months Ended 31 December 2018 USD'000 Unaudited Restated (1)*	*6 months ended 30 June 2018 USD'000 Unaudited Restated (1)*
Revenue		**23,044**	28,693	26,112
Gross profit		**7,140**	9,731	11,217
Gross margin		**31.0%**	33.9%	43.0%
Underlying profit	(2)	**2,546**	5,471	7,654
Underlying profit margin		**11.0%**	19.1%	29.3%
Profit		**2,623**	5,008	4,819
Profit margin		**11.4%**	17.5%	18.5%
Basic EPS (cents)		**1.5**	2.9	3.4
Normalised EPS (cents)	(3)	**1.5**	3.2	5.5
Net cash (end of period)	(4)	**25,830**	27,804	27,978

(1) Balances have been restated to reflect the impact of IFRS 16. See note 5 for details.
(2) Underlying profit is calculated by deducting exceptional items and unrealised differences on translation of foreign balances from profit.
(3) Normalised earnings per share is calculated by dividing underlying profit by the weighted average number of ordinary shares outstanding during the period.
(4) Net cash represents the end of period cash balance less loans and notes outstanding.

Revenue

Reported revenue for H1 19 was USD 23.0m (H2 18: USD 28.7m, H1 18: USD 26.1m). This represents an 11.9% decrease when compared with H1 18 and is primarily due to a short-term decrease in revenue from one operating location which resulted from an extended period of negotiation on a significant contract. This contract has now been awarded to the Company and it is anticipated that it will contribute over USD 6.0m in revenue during H2 19.

The Company's revenue backlog at 30 June 2019 stood at USD 166 million. Taking into account the forecast revenue contribution from STCs in H2 19, the turnover expected to be delivered from this backlog in the current year is already sufficient to meet the Company's revenue expectations for 2019. As noted previously, all contracts which are expected to contribute to H2 19 revenues have now commenced and the Board does not anticipate any changes or delays to these projects.

Profit Margin

Gross margin in H1 19 was 31.0% (H2 18: 33.9%, H1 18: 43.0%). Excluding the impact of the operating location experiencing decreased turnover as a result of an extended period of negotiation on a significant contract, gross margin was 38.1% which is in line with the Group's expectations.

Due to the dynamic nature of the contract award process and the Group's commitment to ensure it could execute the project works to the timeframe required by its customer, the Group maintained a fairly stable labour presence in country during H1 19 despite monthly revenue from operations decreasing by approximately 50% when compared with 2018. These staff were allocated to internal projects which were significantly accelerated during the Period.

Maintaining staff levels was a strategic decision which is believed by the Group to have directly led to a significant project award. It is anticipated that gross margin generated in H2 19 from this operation will be consistent with historical levels.

Underlying operating profit margin in H1 19 was 14.4% (H2 18: 21.9%, H1 18: 31.6%). The decrease in gross margin was the primary driver for this variance although administrative expenses increased by USD 0.8m from H1 18. The increase in administrative expenses is largely a result of the Group adding a number of senior management around the time of Admission to AIM on 29 June 2018 and also a result of significant investment being made in connection with staff training and process restructuring so as to ensure the structure is in place to bid, win and manage the larger and more complex projects for which the Group is bidding and undertaking.

Finance costs of USD 0.3m were reported in the Period (H2 18: USD 0.3m, H1 18: USD 0.6m). USD 0.2m relates to interest charges on lease liabilities which have been recorded in accordance with IFRS 16.

Earnings Per Share

Normalised earnings per share, being underlying profit divided by the weighted number of shares outstanding in the period, was 1.5 cents per share in the period (H2 18: 3.2 cents, H1 18: 5.5 cents). Basic earnings per share was 1.5 cents (H2 18: 2.9 cents, H1 18: 3.4 cents) and is equal to diluted earnings per share.

Cashflow

Net cash flow from operations was USD 3.9m in the Period (H2 18: USD 7.6m, H1 18: USD 3.8m) which represented 143.6% cash conversion[1]; slightly higher than recent results (H2 18: 139.4%, H1 18: 45.7%). The strong cash conversion ratio was driven by a period of strong collections of accounts receivable balances. Accounts receivable balances at 30 June 2019 totalled USD 5.8m (H2 18: USD 10.0m, H1 18: USD 9.7m), of which 69.8% is not yet due (H2 18: 59.2%, H1 18: 39.6%). This was partially offset by the build-up of inventory relating to a number of significant construction and supply projects ongoing over the Period end or due to commence in H2 19, including a project with AECOM for the construction of an asphalt runway and several contracts with the United Nations.

Balance Sheet

Property, plant and equipment increased by USD 4.2m during H1 19. The Group continued to construct and lease accommodation and office facilities in East Africa to humanitarian organisations and purchased land in Northern Mozambique. Additionally, the Group expanded its heavy equipment fleet to service ongoing or soon to commence construction projects.

Goodwill of USD 0.1m was recognised in the Period and relates to the purchase of Royal Food Solutions S.A.

Dividend

A dividend of 1p per share totalling USD 2.2m was declared and authorised during H1 19 (H2 18: nil, H1 18: USD 0.1m) and was subsequently paid on 3 July 2019. The Company anticipates declaring an annual dividend when it reports its earnings for the fiscal year ended 31 December 2019.

Andrew Bolter
Chief Financial Officer
10 September 2019

[1] Cash conversion is calculated as cashflow generated from operations divided by operating profit.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	***6 months ended 30 June 2019 USD'000 Unaudited***	*6 months ended 31 December 2018 USD'000 Unaudited Restated**	*6 months ended 30 June 2018 USD'000 Unaudited Restated**
Revenue		**23,044**	28,693	26,112
Direct costs		**(15,904)**	(18,962)	(14,895)
Gross profit		**7,140**	9,731	11,217
Administrative expenses		**(3,812)**	(3,438)	(2,978)
Underlying operating profit		**3,328**	6,293	8,239
Acquisition costs		**(36)**	(76)	(6)
Holding company expenses		**(569)**	(505)	-
Operating profit		**2,723**	5,712	8,233
Investment revenue		**169**	33	1
Finance costs		**(346)**	(274)	(580)
Underlying profit		**2,546**	5,471	7,654
Unrealised differences on translation of foreign balances		**77**	(437)	73
Exceptional items		**-**	(26)	(2,908)
Profit and total comprehensive income for the period		**2,623**	5,008	4,819
Basic and diluted earnings per share (cents)	2	**1.5**	2.9	3.4
Normalised basic and diluted earnings per share (cents)	2	**1.5**	3.2	5.5

*Balances have been restated to reflect the impact of IFRS 16. See note 5 for details.

	Notes	***As at 30 June 2019 USD'000 Unaudited***	*As at 31 December 2018 USD'000 Audited Restated**	*As at 30 June 2018 USD'000 Unaudited Restated**
Assets				
Non-current assets				
Property, plant, and equipment	6	**22,855**	18,624	12,774
Goodwill		**138**	-	-
		22,993	18,624	12,774
Current assets				
Inventories		**5,837**	4,263	4,013
Trade and other receivables		**13,458**	15,962	17,308
Cash and cash equivalents	7	**25,830**	27,804	29,271
		45,125	48,029	50,592
Total assets		**68,118**	66,653	63,366
Equity and liabilities				
Equity				
Share capital		**24,300**	24,300	24,300
Share premium		**18,254**	18,254	18,256
Merger reserve		**(17,803)**	(17,803)	(17,803)
Share based payment reserve		**32**	16	-
Retained earnings		**34,434**	34,013	29,005
Total equity		**59,217**	58,780	53,758
Non-current liabilities				
Lease liabilities		**2,469**	2,532	2,284
Employees' end of service benefits		**328**	350	308
		2,797	2,882	2,592
Current liabilities				
Term loans and notes – short-term portion		**-**	-	1,293
Lease liabilities		**122**	111	66
Trade and other payables		**5,982**	4,880	5,657
		6,104	4,991	7,016
Total liabilities		**8,901**	7,873	9,608
Total equity and liabilities		**68,118**	66,653	63,366

*Balances have been restated to reflect the impact of IFRS 16. See note 5 for details.

RA International Group plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Notes	*Share Capital USD'000*	*Additional Contributed Capital USD'000*	*Share Premium USD'000*	*Merger Reserve USD'000*	*Share Based Payment Reserve USD'000*	*Retained Earnings USD'000*	*Total USD'000*
As at 1 January 2018 restated*		272	1,809	-	-	-	22,733	24,814
Total comprehensive income for the period restated*		-	-	-	-	-	4,819	4,819
Share exchange		19,612	(1,809)	-	(17,803)	-	-	-
Issue of share capital		4,416	-	18,256	-	-	-	22,672
Non-cash employee compensation		-	-	-	-	-	1,578	1,578
Dividends declared and paid	3	-	-	-	-	-	(125)	(125)
As at 30 June 2018 restated*		24,300	-	18,256	(17,803)	-	29,005	53,758
Total comprehensive income for the period		-	-	-	-	-	5,008	5,008
Issue of share capital		-	-	(2)	-	-	-	(2)
Share based payments		-	-	-	-	16	-	16
As at 31 December 2018 restated*		24,300	-	18,254	(17,803)	16	34,013	58,780
Total comprehensive income for the period		-	-	-	-	-	2,623	2,623
Share based payments		-	-	-	-	16	-	16
Dividends declared and authorised	3	-	-	-	-	-	(2,202)	(2,202)
As at 30 June 2019		**24,300**	**-**	**18,254**	**(17,803)**	**32**	**34,434**	**59,217**

*Balances have been restated to reflect the impact of IFRS 16. See note 5 for details.

The attached notes 1 to 8 form part of the Condensed Interim Financial Statements.

RA International Group plc

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	***6 months ended 30 June 2019 USD'000 Unaudited***	*6 months ended 31 December 2018 USD'000 Unaudited Restated*	*6 months ended 30 June 2018 USD'000 Unaudited Restated*
Operating activities				
Profit for the period		**2,623**	5,008	4,819
Adjustments for non-cash and other items:				
Depreciation on property, plant, and equipment		**1,124**	876	634
Loss on disposal of property, plant, and equipment		**38**	113	7
Investment revenue		**(169)**	(33)	(1)
Finance costs		**346**	274	580
Unrealised differences on translation of foreign balances		**(77)**	437	(73)
Provision for employees' end of service benefits		**68**	59	57
Share based payments		**16**	16	-
Exceptional items		**-**	26	2,908
		3,969	6,776	8,931
Working capital adjustments:				
Inventories		**(1,266)**	(250)	(1,337)
Accounts receivable, deposits, and other receivables		**2,757**	1,339	(3,966)
Accounts payable and accruals		**(1,459)**	(219)	161
Cash flows generated from operations		**4,001**	7,646	3,789
Employees' end of service benefits paid		**(90)**	(17)	-
Stock-based compensation and related costs		**-**	-	(24)
Net cash flows from operating activities		**3,911**	7,629	3,765
Investing activities				
Release of cash margin against guarantees issued		**-**	2,000	-
Purchase of property, plant, and equipment		**(5,700)**	(6,524)	(2,159)
Proceeds from disposal of property, plant, and equipment		**73**	23	74
Acquisition of subsidiary (net of cash acquired)		**(106)**	-	(565)
Net cash flows used in investing activities		**(5,733)**	(4,501)	(2,650)
Financing activities				
Repayment of term loans and notes		**-**	(1,263)	(573)
Payment of lease liabilities		**(52)**	(75)	(29)
Investment revenue received		**169**	33	1
Finance costs paid		**(346)**	(269)	(584)
Dividends paid	3	**-**	-	(125)
Share listing costs		**-**	(397)	(935)
Issue of share capital (net of issue costs paid)		**-**	(187)	22,859
Net cash flows (used in) / from financing activities		**(229)**	(2,158)	20,614
Net (decrease) / increase in cash and cash equivalents		**(2,051)**	970	21,729
Cash and cash equivalents as at start of the period		**27,804**	27,271	5,469
Effect of foreign exchange on cash and cash equivalents		**77**	(437)	73
Cash and cash equivalents as at end of the period		**25,830**	27,804	27,271

The attached notes 1 to 8 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 construction, integrated facilities management, and supply chain services.

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 International Financial Reporting Standards ("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. 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 2019 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 RAI for the year ended 31 December 2018. The unaudited condensed financial information has been prepared using the same accounting policies and methods of computation as the Annual Report for the year ended 31 December 2018, except for the adoption of IFRS 16 (see note 5). The same accounting policies and methods of computation will be used to prepare the Annual Report for the year ended 31 December 2019. The financial statements of the Group are prepared in accordance with IFRS.

2 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 calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Normalised earnings per share is calculated by dividing underlying profit by the weighted average number of ordinary shares outstanding during the period.

	6 months ended 30 June 2019 Unaudited	*6 months ended 31 December 2018 Unaudited Restated*	*6 months ended 30 June 2018 Unaudited Restated*
Profit for the period (USD'000)	**2,623**	5,008	4,819
Basic weighted average number of ordinary shares	**173,575,741**	173,575,741	140,371,001
Effect of warrants	**-**	-	-
Effect of employee share options	**-**	-	-
Diluted weighted average number of shares	**173,575,741**	173,575,741	140,371,001
Basic earnings per share (cents)	**1.5**	2.9	3.4
Diluted earnings per share (cents)	**1.5**	2.9	3.4

Underlying Profit (USD'000)	**2,546**	5,471	7,654
Normalised basic earnings per share (cents)	**1.5**	3.2	5.5
Normalised diluted earnings per share (cents)	**1.5**	3.2	5.5

3 DIVIDENDS

During the interim period, a dividend of 1 pence (USD 0.01) per share (173,575,741 shares) totalling GBP 1,736,000 (USD 2,202,000) was declared and authorised (H2 18: USD nil, H1 18: USD 12,500 per share (10 shares) totalling USD 125.000). The dividend declared and authorised during the interim period was paid to ordinary shareholders on 3 July 2019.

4 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 Group's Chief Operating Decision Maker ("CODM") monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and assessing performance. The CODM is considered to be the Board of Directors.

Operating segments
Revenue, operating results, assets and liabilities presented in the financial statements relate to the provision of services in demanding and remote areas.

Revenue by service channel:

	6 months ended 30 June 2019 USD'000 Unaudited	*6 months ended 31 December 2018 USD'000 Unaudited Restated*	*6 months ended 30 June 2018 USD'000 Unaudited Restated*
Construction	**8,041**	16,942	12,537
Integrated facilities management	**13,292**	10,674	12,471
Supply chain services	**1,711**	1,077	1,104
	23,044	28,693	26,112

The Group allocates a contract to a specific service channel based on the nature of the primary deliverable to the customer. The Group does not allocate revenue to multiple service channels from a contract. If the Group were to allocate revenue to multiple service channels from its contracts, a significant value of construction revenue would be reclassified to the other service channels; additionally, a significant value of integrated facilities management revenue would be reclassified to supply chain services.

Geographic segment
The Group primarily operates in Africa and the CODM considers Africa and Other to be the only geographic segments of the Group. The below geography split is based on the location of project implementation.

Revenue by geographic area of project implementation:

	6 months ended 30 June 2019 USD'000 Unaudited	*6 months ended 31 December 2018 USD'000 Unaudited Restated*	*6 months ended 30 June 2018 USD'000 Unaudited Restated*
Africa	**22,998**	22,982	25,021
Other	**46**	5,711	1,091
	23,044	28,693	26,112

Non-current assets by geographic area:

	6 months ended 30 June 2019 USD'000 Unaudited	*6 months ended 31 December 2018 USD'000 Unaudited Restated*	*6 months ended 30 June 2018 USD'000 Unaudited Restated*
Africa	**21,985**	16,607	11,934
Other	**1,008**	2,017	840
	22,993	18,624	12,774

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied IFRS 15 Revenue from Contracts with Customers for the first time in 2018 and IFRS 16 Leases for the first time in 2019, using a fully retrospective approach. The effect of the changes resulting from the adoption of these new accounting standards has been reflected in the figures for H1 18 and H2 18 in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflows.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, lessees recognise a liability relating to future lease payments (i.e., the lease liability) and an asset representing the right to use the underlying leased asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events such as a change in lease term or in future lease payments resulting from a change in an index or reference rate used to determine those payments. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

(a) Recognition of leases
Before the adoption of IFRS 16, lease costs were recognised as expenses in the period of asset use. The Group has chosen to adopt the fully retrospective approach and as such has restated prior period results as if IFRS 16 had always been in place.

As a result, 2018 opening retained earnings decreased by USD 287,000 to reflect the impact of IFRS 16 in periods previous to 1 January 2018. A right-of-use asset of USD 2,092,000 was also recognised together with associated aggregate lease liabilities of USD 2,379,000 as at 1 January 2018.

H1 18 reported direct costs have decreased by USD 155,000, with finance costs increasing by USD 213,000. H2 18 direct costs decreased by USD 156,000, administrative expenses increased by USD 9,000 and finance costs increased by USD 234,000.

Property, plant and equipment has increased by USD 2,005,000 in H1 18 and USD 2,229,000 in H2 18, with lease liabilities increasing by USD 2,350,000 and USD 2,643,000 respectively.

On the Statement of Cashflows, net cash flows from operating activities increased by USD 242,000 in H1 18 and USD 278,000 in H2 18, with net cash flows from financing activities decreasing by USD 242,000 and USD 278,000 respectively.

The Group has chosen to take advantage of the exemptions for leases of 'low-value' assets and short-term leases. Rental expense relating to these leases will continue to be fully recognised in direct costs and administrative expenses.

6 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings USD'000	*Machinery, motor vehicles, furniture and equipment USD'000*	*Leasehold improvements USD'000*	*Total USD'000*
Cost:				
At 1 January 2019 restated*	12,419	10,515	451	23,385
Additions	1,981	3,700	19	5,700
Acquired on business combination	-	31	-	31
Disposals	(241)	(594)	-	(835)
At 30 June 2019	**14,159**	**13,652**	**470**	**28,281**
Depreciation:				
At 1 January 2019 restated*	1,473	3,233	55	4,761
Charge for the period	383	708	33	1,124
Relating to disposals	(19)	(440)	-	(459)
At 30 June 2019	**1,837**	**3,501**	**88**	**5,426**
Net carrying amount:				
At 30 June 2019	**12,322**	**10,151**	**382**	**22,855**

	Land and buildings USD'000	*Machinery, motor vehicles, furniture and equipment USD'000*	*Leasehold improvements USD'000*	*Total USD'000*
Cost:				
At 1 July 2018 restated*	9,628	6,902	148	16,678
Additions restated*	2,904	3,655	303	6,862
Disposals	(113)	(42)	-	(155)
At 31 December 2018 restated*	**12,419**	**10,515**	**451**	**23,385**
Depreciation:				
At 1 July 2018 restated*	1,177	2,695	32	3,904
Charge for the period restated*	298	555	23	876
Relating to disposals	(2)	(17)	-	(19)
At 31 December 2018 restated*	**1,473**	**3,233**	**55**	**4,761**
Net carrying amount:				
At 31 December 2018 restated*	**10,946**	**7,282**	**396**	**18,624**

	Land and buildings USD'000	*Machinery, motor vehicles, furniture and equipment USD'000*	*Leasehold improvements USD'000*	*Total USD'000*
Cost:				
At 1 January 2018 restated*	8,488	6,010	126	14,624
Additions	1,123	1,013	22	2,158
Acquired on business combination	17	52	-	69
Disposals	-	(173)	-	(173)
At 30 June 2018 restated*	**9,628**	**6,902**	**148**	**16,678**
Depreciation:				
At 1 January 2018 restated*	945	2,391	26	3,362
Charge for the period restated*	232	396	6	634
Relating to disposals	-	(92)	-	(92)
At 30 June 2018 restated*	**1,177**	**2,695**	**32**	**3,904**
Net carrying amount:				
At 30 June 2018 restated*	**8,451**	**4,207**	**116**	**12,774**

*Balances have been restated to reflect the impact of IFRS 16. See note 5 for details.

Included in the carrying amount of land and buildings at 30 June 2019 are right-of-use assets of USD 2,110,000 (H2 18: USD 2,229,000, H1 18: USD 2,005,000) on which depreciation was charged of USD 119,000 (H2 18: USD 113,000, H1 18: USD 87,000).

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprised of cash at bank of USD 25,830,000 (H2 18: USD 27,804,000, H1 18: USD 29,271,000). Of the total balance of cash and cash equivalents, USD 3,193,000 (H2 18: USD 1,719,000, H1 18: USD 2,000,000) represents restricted cash.

The balance of restricted cash held by the Group at 30 June 2019 and 31 December 2018 relates to cash held in Group bank accounts which cannot be withdrawn on demand. The balance of restricted cash held by the Group at 30 June 2018 relates to cash margin provided to a commercial bank against the issuance of a guarantee to a subsidiary. Due to the respective terms, restricted cash is considered to be liquid.

8 APPROVAL OF INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the board of directors on 09 September 2019.

INDEPENDENT REVIEW REPORT TO RA INTERNATIONAL GROUP PLC

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 2019 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 8. 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 the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.
As disclosed in note 1, the annual financial statements of the group are prepared in accordance with 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 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

Ernst & Young LLP
Edinburgh
10 September 2019

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.