RA International Group plc

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2020

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RA International Group plc

KEY POINTS

Condensed consolidated interim financial statements for the six months ended 30 June 2020

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 2020.

	6 months ended 30 June 2020 USD'000	*6 months Ended 31 December 2019 USD'000*	*6 months Ended 30 June 2019 USD'000 Restated[1]*
Revenue	**35,365**	46,020	23,044
Gross profit	**10,295**	14,673	7,217
Gross profit margin	**29.1%**	31.9%	31.3%
Underlying operating profit[2]	**6,204**	10,850	2,836
Underlying operating profit margin	**17.5%**	23.6%	12.3%
Profit before tax	**5,067**	10,636	2,623
Profit before tax margin	**14.3%**	23.1%	11.4%
Basic EPS (cents)	**2.9**	5.9	1.5
Net cash (end of period)	**20,266**	21,393	25,830

OPERATIONAL HIGHLIGHTS

- Order book of USD 132m at 30 June 2020 with new contracts, uplifts and extensions to existing contracts of USD 26m in the period, including a USD 15.6m task order with IAP Worldwide Services for the provision of supply chain services; and a long-term contract for the provision of integrated facilities management ("IFM") services in East Africa for a humanitarian organisation.

- Order book increased to USD 185m at 31 August 2020, highlighting continued contract momentum.

- Landmark USD 60m commercial contract awarded in August 2020. This two-year contract is our largest contract award since Admission to AIM, providing IFM services to a new global client in Southern Africa.

- Appointed by Danakali as the preferred supplier to construct a 1150-person camp facility and other infrastructure and provide full IFM services for two years during the construction phase of the Colluli mine in the Danakal depression in Eritrea.

- Managed the impact of COVID-19 effectively across our business, remaining operational throughout the period and maintaining contract momentum whilst protecting colleagues and customers. We reported a good level of underlying profitability in the first half, with higher margin and resilient IFM revenue offsetting lower construction revenue.

FINANCIAL HIGHLIGHTS

- H1 20 revenue of USD 35.4m (H2 19: USD 46.0m, H1 19: USD 23.0m), a 53.5% increase from H1 19, reflects the strength of RA's customer-focused strategy.

- Underlying Operating Profit ("UOP") of USD 6.2m (H2 19: USD 10.9m, H1 19 restated: USD 2.8m), highlights the continued attractive profitability of the RA business model. Reported Operating Profit for the period was USD 5.4m (H2 19: USD 10.8m, H1 19 restated: USD 2.8m).

- Operating cash flow of USD 9.1m (H2 19: USD 4.8m, H1 19: USD 3.9m) and cash on balance sheet of USD 20.3m as at 30 June 2020 (H2 19: USD 21.4m, H1 19: USD 25.8m), highlights strong cash generation in the period and a continued robust liquidity position.

Soraya Narfeldt, CEO of RA International, commented:

"We have executed well to maintain momentum whilst managing the disruption caused by COVID-19. I am pleased with our performance and I am proud of the way our team has responded to the challenges of 2020, has focused on delivering for our customers, and has secured significant contract wins which meaningfully strengthen our business going forward. We continue to build RA's reputation for managing and delivering large and complex projects and, importantly, have announced major contract wins in the commercial sector.

As highlighted by the Board previously, COVID-19 will have a material impact on our 2020 financial performance. Whilst we are encouraged by the return of more normal working practices and commercial activity across our business, we remain cautious on quantifying the impact of this disruption on our 2020 financial performance. Despite this, the resilience and capability of our business has been demonstrated through this period and with our balance sheet and growing order book we remain well-placed to withstand any near-term headwinds. We are also greatly encouraged by the quality of the business we are building at RA. The composition of our order-book continues to improve; we are winning larger contracts and we are broadening the mix of customer activity by sector and geography. This is all in-line with our customer-led growth strategy and we remain excited about the opportunity for sustainable growth as we deliver on our plans."

Notes to summary table of financial results:

[1] *Further details can be found in note 1 of the Condensed Consolidated Interim Financial Statements.*

[2] *Underlying operating profit is calculated by adding acquisition costs and COVID-19 costs to operating profit.*

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. 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 2020 (the "Period" or "First Half"). We entered 2020 with momentum after a year of strong progress in 2019, which saw the business undertake the highest level of activity in the Company's history during the second half of the year. That momentum has been maintained during a period where financial performance was impacted by the disruption caused by the COVID-19 pandemic. Whilst we have responded to the challenges COVID-19 has brought, we have not been distracted from building on our strong foundations and executing on our customer-led growth strategy.

As a company specialising in working in demanding environments, we are prepared for crisis situations and have confidence in the sustainability of our business model. Over the past few years, we have relentlessly and successfully focused on the diversification of our business, in terms of geography, customer concentration, and service channel. We believe this strategy will continue to set us apart, allow us to mitigate the impacts of adverse events taking place on a local and global scale and drive sustainable growth through further expansion into our very significant addressable markets.

It is clear through this period of disruption that our customers continue to rely on us because they trust us to deliver under the most challenging of circumstances. Our track record of delivering large and complex projects, often through our "one-supplier" model, is leading to broader recognition of the value of our approach and a step-change in the type of commercial discussions we are having, particularly with governments and global blue-chip companies. We recently made two significant announcements relating to our preferred contractor status with Danakali and our USD 60m project in Southern Africa, which highlight the momentum we have generated and are good examples of the type of discussions we are having.

Group revenue during the First Half was USD 35.4m (H2 19: USD 46.0m, H1 19: USD 23.0m) and underlying operating profit was USD 6.2m (H2 19: USD 10.9m, H1 19 restated: USD 2.8m). This performance is a good marker of the financial resilience of our business and means over the last 12 months we have reported revenue of USD 81.4m and USD 17.1m of underlying operating profit at a blended underlying operating margin of 21.0%.

COVID-19 Impact and Response

We provided a comprehensive review of our initial response to the impact of COVID-19 in our market communication on 1 April 2020 and again with our 2019 Full Year results announcement on 17 April 2020. As a Board, we continue to monitor the situation closely and COVID-19 remains a challenge for our customers and a threat in the areas in which we operate.

We believe we have a responsibility to all stakeholders during this time of crisis and have prioritised mitigating the human impact of the emergency, including advocating with customers to allow us to execute our projects in planned timelines while taking all necessary and recommended precautions to protect the livelihoods of our workers.

We have remained operational throughout the period since COVID-19 disruptions started and have been able to fulfil our client commitments and respond to their changing requirements.

The operational impact of COVID-19 has evolved since our last update to the market and will continue to evolve. We took early action to respond to the emergency including retraining staff to offer sanitisation services and other in-demand activities, and pursuing new opportunities such as medical infrastructure construction, the management of isolation facilities and the disinfection of larger spaces including offices and public facilities. We were also supplying much needed PPE, including to government customers. More recently as we prepare this report, we are seeing signs of some return to more normal operational practices. Important indicators for our business include lockdowns starting to be lifted, air travel resuming and contracts which had previously been suspended now restarting. We remain cautious about the near-term outlook but are also encouraged that while the adjudication process of bids outstanding has slowed, we are still receiving contract awards. The recent contracts we have announced highlight the efficacy of our operating model as we bid for new project work, where our ability to respond quickly and demonstrate a "business as usual" approach has been a key differentiator for us.

The financial impact to date has been consistent with our commentary earlier in the year. We have seen many of our service contracts continue unabated or with minor scope reductions however some construction contracts were suspended for periods of up to 6 months. While suspensions have now been repealed for all material construction contracts, a significant value of revenue originally forecast to be generated in 2020 will shift to 2021. IFM revenue has been relatively resilient through the Period and supply chain revenue has been supported by PPE orders from new Government customers. Whilst we have looked to offset pressure on gross margin through cost savings in the First

Half, we maintained staff remuneration for all employees irrespective of lockdowns prohibiting their attendance on site and made certain additional payments to staff in recognition of their continued efforts under challenging circumstances.

Progress in Executing on our Customer-Led Growth Strategy

We see growing our customer base and winning larger, long-term contracts as the primary drivers of sustainable long-term business growth. During the First Half, our business development activity was focused on these objectives, particularly with respect to the commercial sector. We achieved notable success in being awarded our largest ever contract in the commercial sector and also being named a preferred supplier to support Danakali in developing the Colluli Mine in Eritrea. We are in the process of final value engineering and expect the contract value to be in excess of USD 20m. The current order book of USD 185m does not include any potential revenue from this announcement.

2020 has also seen continued success in diversifying our customer base, specifically increasing the percentage of revenue generated from Government and Commercial customers. In the First Half, for the first time in the Company’s history, revenue from the Humanitarian sector represented less than half of total turnover.

We continue to advocate the benefits of a “one-supplier” model as a way for clients to improve efficiencies and are providing hybrid services, where we execute across two or more service channels, to the majority of our clients.

The contract we announced in August 2020 with a new, global client in the oil and gas sector is an example of how our track record of delivering projects on time and to a high standard in exacting circumstances is helping to attract new clients and extend our one supplier model to the commercial sector.

Our established market presence with global, blue chip customers remains a key pillar in expanding our geographical presence. We have made good progress in recent years in broadening and deepening our geographical footprint such that in 2020, we are delivering contracts across 12 countries. We expect our strategy to diversify into new geographies will continue to bear fruit reflecting both the quality of our research-led approach, which enables us to anticipate the location of future contracts, and through the deepening relationships we have with existing customers which leads to opportunities to support them in new geographies.

Contracts

We were awarded new contracts, uplifts, and extensions to existing contracts of USD 26m in the First Half, a creditable performance in the context of COVID-19. Subsequent contract awards since the end of June 2020, have seen us deliver cumulative contract wins of USD 86m so far in 2020, excluding a conditional award to undertake works at the Colluli Mine in Eritrea, with an expected value in excess of USD 20m. This builds on our annual track record for contract wins of USD 62m in 2018 and USD 91m in 2019.

Current Trading and Outlook

We have executed well to maintain momentum whilst managing the disruption caused by COVID-19. I am pleased with our performance and I am proud of the way our team has responded to the challenges of 2020, has focused on delivering for our customers, and has secured significant contract wins which meaningfully strengthen our business going forward. We continue to build RA’s reputation for managing and delivering large and complex projects and, importantly, have announced major contract wins in the commercial sector.

As highlighted by the Board previously, COVID-19 will have a material impact on our 2020 financial performance. Whilst we are encouraged by the return of more normal working practices and commercial activity across our business, we remain cautious on quantifying the impact of this disruption on our 2020 financial performance. Despite this, the resilience and capability of our business has been demonstrated through this period and with our balance sheet and growing order book we remain well-placed to withstand any near-term headwinds. We are also greatly encouraged by the quality of the business we are building at RA. The composition of our order-book continues to improve; we are winning larger contracts and we are broadening the mix of customer activity by sector and geography. This is all in-line with our customer-led growth strategy and we remain excited about the opportunity for sustainable growth as we deliver on our plans.

Soraya Narfeldt
Chief Executive Officer
08 September 2020

Overview

The impact of COVID-19 on our business has been consistent with our previous communications. IFM revenue and margins have proven resilient while a significant value of revenue from construction projects, as a result of project suspensions, is expected to be recognised in 2021. Despite the challenges inherent in managing these project suspensions, the Group generated USD 35.4m of revenue during H1 20 (H2 19: USD 46.0m, H1 19: USD 23.0m).

Given current circumstances, we are pleased with the Company's performance in the First Half. From a profitability perspective, while gross margin decreased to 29.1% in H1 20 (H2 19: 31.9%, H1 19 restated: 31.3%), primarily as a result of many construction projects operating at or around break-even in the second quarter, it highlights resilience in profitability through a period when the business model has been tested. Similarly, we generated USD 9.1m in operating cashflow during the Period (H2 19: USD 4.8m, H1 19: USD 3.9m), driven by strong receivable collections. We continue to invest in growth, spending USD 9.2m on capital expenditure, developing our owned remote camp facilities in Mozambique and East Africa, while maintaining significant liquidity to both execute and bid for large projects. Both owned camp facilities are now fully leased.

	6 months ended 30 June 2020 USD'000	*6 months Ended 31 December 2019 USD'000*	*6 months Ended 30 June 2019 USD'000 Restated[1]*
Revenue	**35,365**	46,020	23,044
Gross profit	**10,295**	14,673	7,217
Gross profit margin	**29.1%**	31.9%	31.3%
Underlying operating profit[2]	**6,204**	10,850	2,836
Underlying operating profit margin	**17.5%**	23.6%	12.3%
Profit before tax	**5,067**	10,636	2,623
Profit before tax margin	**14.3%**	23.1%	11.4%
Basic EPS (cents)	**2.9**	5.9	1.5
Net cash (end of period)	**20,266**	21,393	25,830

Revenue

Reported revenue for H1 20 was USD 35.4m (H2 19: USD 46.0m, H1 19: USD 23.0m). This represents a 53.5% increase when compared with H1 19. Albeit we are encouraged that all material construction contacts had restarted as at the end of August 2020, we anticipate a significant value of revenue originally expected to be recognised in 2020 will shift to 2021 resulting from the respective suspension periods.

During the First Half, despite undertaking a reduced scope of service on many IFM contracts, revenue from this service channel proved resilient, continuing to increase over the last four half-year periods. Revenue from supply chain activities exceeded our expectations, resulting from USD 2.7m in contracts awarded which relate to the COVID-19 response in Europe.

[1] Further details can be found in note 1 of the Condensed Consolidated Interim Financial Statements.
[2] Underlying operating profit is calculated by adding acquisition costs and COVID-19 costs to operating profit.

Revenue by service channel:

	6 months ended 30 June 2020 USD'000	*6 months ended 31 December 2019 USD'000*	*6 months Ended 30 June 2019 USD'000*
Integrated facilities management	**15,916**	15,308	13,292
Construction	**10,665**	19,593	8,041
Supply chain services	**8,784**	11,119	1,711
	35,365	46,020	23,044

The Company's order book at 30 June 2020 stood at USD 132 million, with more than half this balance comprising high value IFM work. This ratio has continued to increase since the end of the First Half as a result of new contract awards. The magnitude of our order book and proven resilience of IFM revenue provides confidence to continue to make long-term investment decisions, even in these dynamic times.

Profit Margin

Gross margin in H1 20 was 29.1% (H2 19: 31.9%, H1 19 restated: 31.3%) resulting from many construction projects operating at or around breakeven while under suspension. During this period of disruption, we have found our long-term relationships with our clients to be of paramount importance. In many instances, even where projects have been suspended, we have still been able to undertake off-site works or minimal on-site works. Whilst there are inefficiencies in working under these conditions, our view is that these are outweighed by the benefits of maintaining project momentum and commercial activity to help offset labour costs. Overall, we believe that by supporting our clients' interests in this way it will lead to long-term benefits.

The percentage of revenue generated from supply chain activities also contributed to the decrease in H1 20 profit margin. While we had indicated at the time of our 2019 Full Year results announcement that we did not anticipate supply chain revenue increasing from 18.6% of total revenue, the contribution was 24.8% in H1 20. This is as a direct result of the USD 2.7m in non-recurring contracts awarded to supply COVID-19 related PPE. We still foresee margins from supply chain work increasing in the future as the complexity of contracts increases, however these margins are likely to remain below those earned when undertaking construction or IFM services.

Underlying operating profit margin in H1 20 was 17.5% (H2 19: 23.6%, H1 19 restated: 12.3%). Administrative expenses have been fairly consistent over the past three half-years and as a result, the variance in UOP has been driven by variances in revenue and gross margin.

COVID-19 costs almost entirely comprise of incremental staff costs relating to the ongoing pandemic. These include both staff salaries paid to employees unable to work due to local lockdowns or travel restrictions and special payments made to employees working throughout the pandemic. Incremental project costs associated with PPE consumption and COVID-19 testing are also included in this balance. We have not included any figure relating to general inefficiencies experienced as a result of COVID-19 given the high level of judgement this exercise would entail.

Finance costs of USD 0.5m were reported in the Period (H2 19: USD 0.3m, H1 19: USD 0.3m). The increase compared with prior periods is primarily due to adverse foreign exchange movements relating to GBP cash holdings.

Given no exceptional costs were incurred in the First Half or in 2019, Underlying Profit is equal to profit before tax.

Earnings Per Share

Basic earnings per share was 2.9 cents in the current period (H2 19: 5.9 cents, H1 19: 1.5 cents) and is equal to diluted earnings per share.

Cashflow

Net cash flow from operations was USD 9.1m in the Period (H2 19: USD 4.8m, H1 19: USD 3.9m) which represented

169% cash conversion[3]; an improvement on prior period comparators (H2 19: 44%, H1 19: 140%). The strong cash conversion ratio was driven by a period of strong collections of accounts receivable balances. This was partially offset by the build-up of inventory related to the Company's purchase of a 2500-person prefabricated camp facility in January which is expected to be utilised servicing Danakali's requirements in Eritrea along with developments being undertaken or planned by the Group.

During the First Half we invested USD 9.2m in capital expenditure with almost all spend relating to developing our property in Mozambique and expanding a facility in East Africa in connection with an ongoing contract. We plan to continue to develop these properties to meet current demand for accommodation and commercial space, as well as identify new locations to build similar facilities and service the needs of new and existing clients.

Balance Sheet and Liquidity

Net assets at 30 June 2020 were USD 71.8m (31 December 2019: USD 69.5m, 30 June 2019: USD 59.2m), with the majority of the total balance sheet comprising cash of USD 20.3m and other current assets of USD 28.0m.

Net cash on the balance sheet at 30 June 2020 of USD 20.3m reflects a modest decrease from the year-end of USD 21.4m and provides the business with significant liquidity after a period during which the business has invested significantly in its Mozambique development project.

Liquidity and available cash are often assessed by potential customers during the contract adjudication process. We are satisfied that both metrics are sufficient so that we can continue to bid for larger projects and have the financial capacity to mobilise multiple large projects simultaneously.

Medium Term Note Programme

Anticipating both a need to accelerate the development of our Mozambique facility and an increase in client inquiries relating to undertaking large projects, on 1 July 2020 we launched a debt fundraising programme whereby a subsidiary of the Company will issue unsecured notes to investors repayable in the second half of 2022. To date we have received funds or commitments totalling USD 6.3m.

We are pleased with the initial response and the terms of the funding and plan to keep the debt programme open so as to enable the Company to retain a flexible approach to its potential capital requirements. Further details can be found in note 6 of the condensed consolidated interim financial statements.

Dividend

A dividend of 1.25p per share totalling USD 2.7m was declared and authorised during H1 20 (H2 19: nil, H1 19: USD 2.2m) and was subsequently paid on 9 July 2020.

The Board's intention continues to be to adopt a progressive dividend policy and to increase the dividend in future years while retaining sufficient working capital to meet the needs of the business and to fund continued growth. The Board believes the continued growth in our customer base and the pursuit of a one-supplier model will provide a basis for continued earnings growth in the future.

Share Buyback Programme

In the First Half, the Company commenced its Share Buyback Programme, and to date a total of 3.125m shares have been repurchased under the programme announced on 8 June 2020. This represents 1.8% of the issued share capital of the Company prior to the programme commencing.

The Company intends to re-issue the shares acquired through the Share Buyback Programme in order to incentivise and retain key Directors, officers and staff and to service future exercise of existing options and warrants.

Andrew Bolter
Chief Financial Officer
08 September 2020

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

RA International Group plc

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	***6 months ended 30 June 2020 USD'000***	*6 months ended 31 December 2019 USD'000*	*6 months ended 30 June 2019 USD'000 Restated*[4]
Revenue		**35,365**	46,020	23,044
Direct costs		**(25,070)**	(31,347)	(15,827)
Gross profit		**10,295**	14,673	7,217
Administrative expenses		**(4,091)**	(3,823)	(4,381)
Underlying operating profit		**6,204**	10,850	2,836
Acquisition costs		**-**	(10)	(36)
COVID-19 costs		**(797)**	-	-
Operating profit		**5,407**	10,840	2,800
Investment revenue		**139**	125	169
Finance costs		**(479)**	(329)	(346)
Profit before tax		**5,067**	10,636	2,623
Tax expense		**(41)**	(384)	-
Profit and total comprehensive income for the period		**5,026**	10,252	2,623
Basic and diluted earnings per share (cents)	2	**2.9**	5.9	1.5

[4] Further details can be found in note 1 of the Condensed Consolidated Interim Financial Statements.

The attached notes 1 to 7 form part of the Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	***As at 30 June 2020 USD'000***	*As at 31 December 2019 USD'000*	*As at 30 June 2019 USD'000*
Assets				
Non-current assets				
Property, plant, and equipment	5	**36,114**	28,516	22,855
Goodwill		**138**	138	138
		36,252	28,654	22,993
Current assets				
Inventories		**8,971**	6,178	5,837
Trade and other receivables		**19,078**	24,520	13,458
Cash and cash equivalents		**20,266**	21,393	25,830
		48,315	52,091	45,125
Total assets		**84,567**	80,745	68,118
Equity and liabilities				
Equity				
Share capital		**24,300**	24,300	24,300
Share premium		**18,254**	18,254	18,254
Merger reserve		**(17,803)**	(17,803)	(17,803)
Treasury shares		**(51)**	-	-
Share based payment reserve		**62**	47	32
Retained earnings		**47,037**	44,685	34,434
Total equity		**71,799**	69,483	59,217
Non-current liabilities				
Lease liabilities		**2,579**	2,397	2,469
Employees' end of service benefits		**477**	391	328
		3,056	2,788	2,797
Current liabilities				
Lease liabilities		**163**	437	122
Trade and other payables		**9,549**	8,037	5,982
		9,712	8,474	6,104
Total liabilities		**12,768**	11,262	8,901
Total equity and liabilities		**84,567**	80,745	68,118

The attached notes 1 to 7 form part of the Condensed Consolidated Interim Financial Statements.

RA International Group plc

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Notes	*Share Capital USD'000*	*Share Premium USD'000*	*Merger Reserve USD'000*	*Treasury Shares USD'000*[5]	*Share Based Payment Reserve USD'000*	*Retained Earnings USD'000*	*Total USD'000*
As at 1 January 2019		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
Total comprehensive income for the period		-	-	-	-	-	10,252	10,252
Share based payments		-	-	-	-	15	-	15
Dividends declared and authorised	3	-	-	-	-	-	(1)	(1)
As at 31 December 2019		24,300	18,254	(17,803)	-	47	44,685	69,483
Total comprehensive income for the period		-	-	-	-	-	5,026	5,026
Share based payments		-	-	-	-	15	-	15
Dividends declared and authorised	3	-	-	-	-	-	(2,674)	(2,674)
Purchase of treasury shares		-	-	-	(51)	-	-	(51)
As at 30 June 2020		**24,300**	**18,254**	**(17,803)**	**(51)**	**62**	**47,037**	**71,799**

[5] Treasury Shares acquired in period relate to the Share Buyback Programme launched 8 June 2020. Refer to the Financial Review for further details.

The attached notes 1 to 7 form part of the Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	***6 months ended 30 June 2020 USD'000***	*6 months ended 31 December 2019 USD'000*	*6 months ended 30 June 2019 USD'000*
Operating activities				
Operating profit		**5,407**	10,840	2,800
Adjustments for non-cash and other items:				
Depreciation on property, plant, and equipment	5	**1,846**	1,453	1,124
Loss on disposal of property, plant, and equipment		**10**	8	38
Unrealised differences on translation of foreign balances		**335**	(88)	(77)
Provision for employees' end of service benefits		**99**	106	68
Share based payments		**15**	15	16
		7,712	12,334	3,969
Working capital adjustments:				
Inventories		**(2,793)**	(341)	(1,266)
Accounts receivable, deposits, and other receivables		**5,442**	(11,063)	2,757
Accounts payable and accruals		**(1,124)**	4,018	(1,459)
Cash flows generated from operations		**9,237**	4,948	4,001
Tax paid		**(79)**	(144)	-
Employees' end of service benefits paid		**(13)**	(43)	(90)
Net cash flows from operating activities		**9,145**	4,761	3,911
Investing activities				
Investment revenue received		**139**	125	169
Purchase of property, plant, and equipment		**(9,180)**	(6,658)	(5,700)
Proceeds from disposal of property, plant, and equipment		**4**	97	73
Acquisition of subsidiary (net of cash acquired)		**-**	-	(106)
Net cash flows used in investing activities		**(9,037)**	(6,436)	(5,564)
Financing activities				
Payment of lease liabilities		**(370)**	(318)	(52)
Finance costs paid		**(479)**	(329)	(346)
Dividends paid	3	**-**	(2,203)	-
Purchase of treasury shares		**(51)**	-	-
Net cash flows used in financing activities		**(900)**	(2,850)	(398)
Net decrease in cash and cash equivalents		**(792)**	(4,525)	(2,051)
Cash and cash equivalents as at start of the period		**21,393**	25,830	27,804
Effect of foreign exchange on cash and cash equivalents		**(335)**	88	77
Cash and cash equivalents as at end of the period		**20,266**	21,393	25,830

The attached notes 1 to 7 form part of the Condensed Consolidated 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 financial information set out in these interim condensed consolidated interim financial statements does not constitute the Group's statutory accounts within the meaning of section 434 of the Companies Act 2006.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2020 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 2019. The unaudited financial information has been prepared using the same accounting policies and methods of computation as the Annual Report for the year ended 31 December 2019. The same accounting policies and methods of computation will be used to prepare the Annual Report for the year ended 31 December 2020. The financial statements of the Group are prepared in accordance with IFRS.

Presentation of Statement of Consolidated Income
The Company has modified the presentation of the Consolidated Statement of Comprehensive Income to reclassify holding company expenses as administrative expenses, so as to increase the similarity of presentation to sector comparators. The Company believes this provides a more meaningful basis for users of the financial statements. Prior period results have been restated accordingly.

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 2020	*6 months ended 31 December 2019*	*6 months ended 30 June 2019*
Profit for the period (USD'000)	**5,026**	10,252	2,623
Basic weighted average number of ordinary shares	**173,566,950**	173,575,741	173,575,741
Effect of warrants	**-**	-	-
Effect of employee share options	**-**	-	-
Diluted weighted average number of shares	**173,566,950**	173,575,741	173,575,741
Basic earnings per share (cents)	**2.9**	5.9	1.5
Diluted earnings per share (cents)	**2.9**	5.9	1.5

3 DIVIDENDS

During the interim period, a dividend of 1.25 pence (USD 0.02) per share (173,575,741 shares) totalling GBP 2,170,000 (USD 2,674,000) was declared and authorised (H2 19: nil, H1 19: 1 pence (USD 0.01) per share (173,575,741 shares) totalling GBP 1,736,000 (USD 2,203,000). The dividend declared and authorised during the interim period was paid to ordinary shareholders on 9 July 2020.

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 2020 USD'000	*6 months ended 31 December 2019 USD'000*	*6 months ended 30 June 2019 USD'000*
Integrated facilities management	**15,916**	15,308	13,292
Construction	**10,665**	19,593	8,041
Supply chain services	**8,784**	11,119	1,711
	35,365	46,020	23,044

The Group allocates a contract to a specific service channel based on the nature of the primary deliverable to the customer.

Revenue by recognition timing:

	6 months Ended 30 June 2020 USD'000	*6 months ended 31 December 2019 USD'000*	*6 months ended 30 June 2019 USD'000*
Revenue recognised over time	**20,178**	22,618	15,832
Revenue recognised at a point in time	**15,187**	23,402	7,212
	35,365	46,020	23,044

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 2020 USD'000	*6 months ended 31 December 2019 USD'000*	*6 months ended 30 June 2019 USD'000*
Africa	**32,420**	45,737	22,998
Other	**2,945**	283	46
	35,365	46,020	23,044

Non-current assets by geographic area:

	6 months ended 30 June 2020 USD'000	*6 months ended 31 December 2019 USD'000*	*6 months ended 30 June 2019 USD'000*
Africa	**35,003**	27,527	21,985
Other	**1,249**	1,127	1,008
	36,252	28,654	22,993

Revenue split by customer:

	6 months ended 30 June 2020 %	*6 months ended 31 December 2019 %*	*6 months ended 30 June 2019 %*
Customer A	**24**	28	33
Customer B	**9**	14	11
Customer C	**9**	7	12
Customer D	**7**	9	-
Other	**51**	42	44
	100	100	100

5 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use Assets - Land and Buildings USD'000	*Land and buildings USD'000*	*Machinery, motor vehicles, furniture and Equipment USD'000*	*Leasehold improvements USD'000*	*Total USD'000*
Cost:					
At 1 January 2020	3,375	16,605	14,892	471	35,343
Additions	278	5,855	3,325	-	9,458
Disposals	-	-	(275)	-	(275)
At 30 June 2020	**3,653**	**22,460**	**17,942**	**471**	**44,526**
Depreciation:					
At 1 January 2020	940	1,475	4,290	122	6,827
Charge for the period	273	469	1,071	33	1,846
Relating to disposals	-	-	(261)	-	(261)
At 30 June 2020	**1,213**	**1,944**	**5,100**	**155**	**8,412**
Net carrying amount:					
At 30 June 2020	**2,440**	**20,516**	**12,842**	**316**	**36,114**

	Right-of-use Assets - Land and Buildings USD'000	*Land and buildings USD'000*	*Machinery, motor vehicles, furniture and equipment USD'000*	*Leasehold improvements USD'000*	*Total USD'000*
Cost:					
At 1 July 2019	2,814	11,345	13,652	470	28,281
Additions	561	5,307	1,359	1	7,228
Disposals	-	(47)	(119)	-	(166)
At 31 December 2019	**3,375**	**16,605**	**14,892**	**471**	**35,343**
Depreciation:					
At 1 July 2019	704	1,133	3,501	88	5,426
Charge for the period	236	342	841	34	1,453
Relating to disposals	-	-	(52)	-	(52)
At 31 December 2019	**940**	**1,475**	**4,290**	**122**	**6,827**
Net carrying amount:					
At 31 December 2019	**2,435**	**15,130**	**10,602**	**349**	**28,516**

	Right-of-use Assets - Land and buildings USD'000	*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	2,814	9,605	10,515	451	23,385
Additions	-	1,981	3,731	19	5,731
Disposals	-	(241)	(594)	-	(835)
At 30 June 2019	**2,814**	**11,345**	**13,652**	**470**	**28,281**
Depreciation:					
At 1 January 2019	585	888	3,233	55	4,761
Charge for the period	119	264	708	33	1,124
Relating to disposals	-	(19)	(440)	-	(459)
At 30 June 2019	**704**	**1,133**	**3,501**	**88**	**5,426**
Net carrying amount:					
At 30 June 2019	**2,110**	**10,212**	**10,151**	**382**	**22,855**

6 SUBSEQUENT EVENTS

On 1 July 2020 the Company commenced a debt fundraising programme whereby a subsidiary, RA International FZCO, will issue unsecured medium-term notes to investors (the “Medium Term Note Programme” or “MTN programme”). Under the terms of the MTN programme principal will be repaid in full, two years from the date of subscription. The MTN programme is multi-currency with notes being issued in both US Dollars and Pound Sterling. Coupon rates are fixed at 7.5% and 7.0% per annum respectively and interest is payable quarterly, semi-annually, annually, or upon maturity at the option of the investor.

To date USD 6.3m of funds or commitments have been received.

7 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors on 07 September 2020.