

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

LATE AUDIT ADJUSTMENTS AND RECLASSIFICATIONS OF UNAUDITED FIGURES IN THE FULL YEAR RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

The Board of Directors of Magnus Energy Group Ltd. ("the Company") refers to the audited financial statements for the financial year ended 30 June 2011 in the Company's Annual Report 2011 (the "Audited Financial Statements") and the announcement dated 26 August 2011 on the unaudited financial statements for the financial year ended 30 June 2011 (the "Full Year Results Announcements") and wishes to announce the following in relation to the reclassification and late audit adjustments to unaudited figures in the Full Year Results Announcements:

Section A - Late Audit Adjustments

The late audit adjustments have an impact of S\$135,878 increase in the profit and loss before tax and S\$352,527 increase in profit and loss after tax of the Group for the financial year ended 30 June 2011.

Late audit adjustments made:

- Reversal/Reinstatement of tax deducted at source for dividend S\$135,878. This is a tax credit refundable from IRAS which was previously taken as expense.
- Income tax adjustments S\$216,649 that has been recalculated due to final adjustment of profit before tax.

	Note	Per Results Announcement S\$	Late audit adjustments S\$	After adjustments S\$
Administrative expenses	3,5	(11,059,046)	135,878	(10,923,168)
Income tax expense		(959,540)	216,649	(742,891)
Total impact			352,527	

Section B - Reclassifications

The reclassifications do not have any impact on the profit and loss of the Group for the financial year ended 30 June 2011.

<u>B(i) - Profit and Loss Reclassifications</u>	Note	Per Annual Report S\$	Per Results Announcement (After late audit adjustments) S\$	Variance S\$
Other operating income	1	5,274,636	5,121,836	152,800
Other operating expenses	1,2,3	(555,556)	(326)	(555,230)
Distribution and selling expenses	2	(209,351)	(471,270)	261,919
Administrative expenses	3	(10,782,656)	(10,923,168)	140,512
Profit attributable to shareholders	4	1,509,826	1,256,458	253,368

- S\$152,800 has been reclassified from Other operating expenses to Other operating income
- S\$261,919 has been reclassified from Distribution and selling expenses to Other operating expenses.
- S\$140,512 has been reclassified from Administrative expenses to Other operating expenses.
- The increase of S\$253,368 is due to increase in profit after taking into account the equity holders' share of the two late audit adjustments that affect the profit and loss.

<u>B(ii) - Statement of Financial Position</u> <u>Reclassification</u>	Note	Per Annual Report S\$	Per Results Announcement (After late audit adjustments) S\$	Variance S\$
Trade and other receivables	5,6	8,743,045	7,794,888	948,157
Bank Overdrafts	7	79,850	26,354	(53,496)
Income tax liabilities	8	474,922	548,360	73,438

5. S\$812,279 has been reclassified from Trade and other payables (Deferred Revenue) to Trade and other receivables
6. Being other receivable reinstated for tax deducted at source S\$135,878.
7. A reclassification to cash and cash equivalent.
8. Changes affected by late audit adjustments.

Section C - Reclassification and adjustments in

<u>Statement of Cash flow</u>	Note	Per Annual Report	Per Results Announcement	Variance
Adjustment for non-cash items	9	(2,486,464)	(3,618,100)	(1,131,636)
Working capital changes	10	3,292,734	3,570,544	277,810
Proceeds from sale of PPE	11	269,544	310,073	40,529
Purchase of PPE	12	(730,330)	(1,191,576)	(461,247)
Net proceeds from sale of AFS	13	3,001,013	3,815,197	814,185

9. Due to excluding unrealised exchange loss of \$319,448 and reclassification of fair value gain relating to AFS of \$814,185
10. Due to trade and other receivables and trade and other payables reclassification in cash flow
11. Due to reclassification of foreign exchange difference included in proceeds of property, plant and equipment.
12. Due to reclassification of foreign exchange difference included in purchase of property, plant and equipment.
13. Due to reclassification of fair value gain relating to AFS excluded here \$814,185 (note 9).

BY ORDER OF THE BOARD
Magnus Energy Group Ltd.

Koh Teng Kiat
Company Secretary
13 October 2011

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Ms Foo Quee Yin
Telephone number: 6221 0271*