
MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Board of Directors of Magnus Energy Group Ltd. (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 29 August 2019 relating to its unaudited quarterly financial statement and dividend announcement for the year ended 30 June 2019 (the “**Unaudited Financial Statements**”).

Further reference is made to the audited financial statements of the Company for the year ended 30 June 2019 (the “**Audited Financial Statements**”) and the report therein by the Company’s independent auditor, which is included in the Company’s annual report for the year ended 30 June 2019, issued to the shareholders of the Company and released on SGXNET today.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that subsequent to the release of the Unaudited Financial Statements, the Company’s independent auditor has proposed certain reclassifications to the consolidated statement of cash flows which the management of the Company has adopted accordingly in the Audited Financial Statements. Details and explanation of the material variances between the Unaudited Financial statements and the Audited Financial Statements are as follows:

CONSOLIDATED STATEMENT OF CASH FLOWS	Audited Financial Statements	Unaudited Financial Statements	Variance due to:-	
			Disposal of Business	Capital Reduction
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities	(2,885)	(839)	(1,364) ¹	(682) ²
Investing activities	2,247	(1,596)	1,364 ¹	2,479 ^{2,3}
Financing activities	(2,352)	(555)	0	(1,797) ³
Net effect			0	0

Note:

- On 7 August 2018, the Group disposed its South-East Asian business in a subsidiary, Mid-Continent Equipment Group Pte Ltd. The consideration received in cash was S\$1,364,300 (US\$1,000,000). In the Unaudited Financial Statements, the consideration was deemed to be part of the Company’s operating activities. Upon further review by the Company’s independent auditor, this consideration has been reclassified as part of the Company’s investing activities in the Audited Financial Statements.
- In the Unaudited Financial Statements, an excess of S\$682,000 was classified as cash outflow from the capital reduction of Mid-Continent Equipment Group Pte Ltd. that were paid to non-controlling interests and shown as part of investing activities. Upon further review by the Company’s independent auditor, this has been reclassified as part of the Company’s operating activities in the Audited Financial Statements.
- The cash outflow from the capital reduction of Mid-Continent Equipment Group Pte Ltd. that were paid to non-controlling interests was S\$1,797,498. In the Unaudited Financial Statements, it was classified as investing activities. Upon further review by the Company’s independent auditor, this has been reclassified as part of the Company’s financing activities in the Audited Financial Statements.

For the avoidance of doubt, the above reclassifications do not affect the Statement of Comprehensive Income and Statement of Financial Position.

Shareholders are advised to read the Audited Financial Statements in the Company’s annual report for the financial year ended 30 June 2019 which has been made available to the shareholders on the SGXNET.

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong

Chief Executive Officer

15 October 2019

About Magnus Energy Group Ltd. (www.magnusenergy.com.sg)

Listed since 04 August 1999

Incorporated in 1983, SGX Catalist Board-listed Magnus Energy Group Ltd. ("Magnus") is an investment holding company with a diversified portfolio comprising oil and gas equipment distribution, renewable energy and property and infrastructure development.

Magnus aims to maximise shareholder value through strategic investments in profitable projects and acquisitions globally with the goal of broadening the Group's earnings base and shareholder value.

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST 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.

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