

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Financial statements on consolidated results for the year ended 30 June 2016.

	Note	Group			Group		
		Fourth Quarter			Twelve Months		
		Apr 2016 - Jun 2016 S\$'000	Apr 2015 - Jun 2015 S\$'000 (restated)	Inc/ (Dec) %	Jul 2015 - Jun 2016 S\$'000	Jul 2014 - Jun 2015 S\$'000 (restated)	Inc/ (Dec) %
Continuing operations							
Revenue		4,086	14,191	(71.2)	21,556	44,502	(51.6)
Cost of sales		(3,132)	(11,710)	(73.3)	(17,335)	(35,650)	(51.4)
Gross profit		954	2,481	(61.5)	4,221	8,852	(52.3)
Other operating income		31	(275)	N.M	791	873	(9.4)
Other operating expenses		(4,862)	(1,009)	>100	(7,227)	(2,884)	>100
Distribution and selling expenses		(54)	(31)	74.2	(187)	(112)	67.0
Administrative expenses		(2,107)	(2,342)	(10.0)	(8,066)	(8,798)	(8.3)
Finance income		176	73	>100	728	264	>100
Finance costs		(84)	(31)	>100	(131)	(133)	(1.5)
Share of results of joint ventures		(298)	48	N.M	122	227	(46.3)
Loss before income tax	1	(6,244)	(1,086)	>100	(9,749)	(1,711)	>100
Income tax		55	(385)	N.M	-	(394)	(100.0)
Loss from continuing operation		(6,189)	(1,471)	>100	(9,749)	(2,105)	>100
Discontinued operations							
Loss from discontinued operations		(15,282)	(161)	>100	(15,282)	(161)	>100
Loss for the year		(21,471)	(1,632)	>100	(25,031)	(2,266)	>100
Other comprehensive loss		(1,047)	642	>100	(1,214)	(1,531)	(20.7)
Total comprehensive loss		(22,518)	(990)	>100	(26,245)	(3,797)	>100
Net (loss)/profit attributable to:							
Equity holders of the Company		(11,902)	(1,529)	>100	(15,121)	(2,662)	>100
Non-controlling interests		(9,569)	(103)	>100	(9,910)	396	N.M
		(21,471)	(1,632)	>100	(25,031)	(2,266)	>100
Total comprehensive (loss)/income attributable to:							
Equity holders of the Company		(12,198)	(452)	>100	(15,370)	(3,959)	>100
Non-controlling interests		(10,320)	(538)	>100	(10,875)	162	N.M
		(22,518)	(990)	>100	(26,245)	(3,797)	>100

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

Notes:

1) Loss before tax is arrived at after (charging)/crediting the following:-

	Group			Group		
	Fourth Quarter			Twelve Months		
	Apr 2016 - Jun 2016 S\$'000	Apr 2015 - Jun 2015 S\$'000 (restated)	Inc/ (Dec) %	Jul 2015 - Jun 2016 S\$'000	Jul 2014 - Jun 2015 S\$'000 (restated)	Inc/ (Dec) %
Provision of obsolete stocks	(2,004)	(1)	>100	(2,004)	(1)	>100
Provision of doubtful debts, net	(176)	(81)	>100	(118)	(81)	45.7
Impairment of goodwill	(297)	-	N.M	(297)	-	N.M
Impairment of plant and equipment	(462)	-	N.M	(462)	-	N.M
Exploration expenditure	(3,134)	-	N.M	(3,134)	-	N.M
Depreciation of property, plant and equipment	(77)	(95)	(18.9)	(313)	(402)	(22.1)
Realised exchange gain/(loss) (net)	36	(428)	N.M	(267)	(310)	(13.9)
Unrealised exchange (loss)/gain (net)	(255)	377	N.M	30	(1,464)	N.M
Fixed assets written off	(2)	(7)	(71.4)	(2)	(7)	(71.4)
Interest expense on borrowings	(26)	(12)	>100	(73)	(53)	37.7
Interest income	176	73	>100	728	264	>100
Gain/(loss) on disposal of plant and equipment	132	(214)	N.M	146	210	(30.5)
Loss on disposal of other financial assets	(1)	(2)	(50.0)	(1)	(8)	(87.5)
Bargain purchase from investment in subsidiary	-	-	N.M	-	509	>100
Fair valuation of financial asset held for trading	-	(5)	>100	-	(5)	>100
Impairment of available-for-sale financial assets	1,196	(985)	N.M	(861)	(985)	(12.6)
Adjustment for underprovision of tax in respect of prior years	111	-	N.M	166	65	>100

1(a)(ii) Other comprehensive (loss)/income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Fourth Quarter			Twelve Months		
	Apr 2016 - Jun 2016 S\$'000	Apr 2015 - Jun 2015 S\$'000	Inc/ (Dec) %	Jul 2015 - Jun 2016 S\$'000	Jul 2014 - Jun 2015 S\$'000	Inc/ (Dec) %
<i>Other comprehensive (loss)/income</i>						
Exchange difference on translation of foreign operations	(1,061)	(950)	11.7	(1,227)	(606)	>100
Fair value gain/(loss) recognised in equity on revaluation of available-for-sale financial assets during the period	16	1,592	(99.0)	16	(918)	N.M
Deferred tax on fair value changes to available-for-sale financial assets	(2)	-	N.M	(3)	(7)	(57.1)
Other comprehensive (loss)/income	(1,047)	642	>100	(1,214)	(1,531)	(20.7)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

1(b)(i) A consolidated statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group		Company	
		30-Jun-16 S\$'000	30-Jun-15 S\$'000	30-Jun-16 S\$'000	30-Jun-15 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	5,690	5,415	346	37
Investment in subsidiaries		-	-	14,364	14,856
Investment in associated companies		-	2	-	-
Investment in joint venture entities		859	776	-	-
Goodwill	2	1,570	1,570	-	-
Other intangible assets	3	4,381	26,475	-	-
Other financial assets	4	2,140	2,787	200	1
Other receivables	5	9,000	1,500	5,000	-
Deferred tax assets	14	208	166	-	-
Total Non-Current Assets		23,848	38,691	19,910	14,894
Current Assets					
Inventories	6	4,101	6,534	-	-
Trade and other receivables	5	12,644	6,897	1,797	330
Related parties balances	7	294	275	13,280	5,915
Cash and bank deposits		5,723	10,094	632	2,220
Fixed deposits		10,790	14,592	304	300
Assets held for sale	13	-	-	1,796	-
Total Current Assets		33,552	38,392	17,809	8,765
Total Assets		57,400	77,083	37,719	23,659
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	8	3,208	5,831	397	275
Bank overdrafts	9	-	677	-	-
Related parties balances	7	-	1	-	2,020
Finance lease obligations	10	9	9	-	-
Income tax liabilities	11	21	466	-	-
Borrowings	12	4,750	300	4,750	300
Liabilities directly associated with assets classified as held for sale	13	-	-	1,759	-
Total Current Liabilities		7,988	7,284	6,906	2,595
Non-Current Liabilities					
Finance lease obligations	10	14	23	-	-
Deferred tax liabilities	14	2	6,379	-	-
Total Non-Current Liabilities		16	6,402	-	-
Total Liabilities		8,004	13,686	6,906	2,595
EQUITY					
Share capital		140,957	128,278	140,957	128,278
Reserves		(105,967)	(90,597)	(110,144)	(107,214)
		34,990	37,681	30,813	21,064
Non-controlling interests		14,406	25,716	-	-
Total Equity		49,396	63,397	30,813	21,064
Total Liabilities and Equity		57,400	77,083	37,719	23,659

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment increased marginally from net book value of S\$5.4 million as at 30 June 2015 to S\$5.7 million as at 30 June 2016. The increase was mainly due to acquisition of plant and equipment and the consolidation of plant and equipment from the newly acquired subsidiary, Flagship Ecosystems Pte Ltd. Depreciation expenses decreased due to disposal of plant and equipment during the year.

2) Goodwill

Impairment loss of goodwill of S\$0.3 million was recognised for the financial year 30 June 2016 in relation to the acquisition of Flagship Ecosystems Pte Ltd as a result of poor performance.

	Jun-16	Jun-15
	S\$'000	S\$'000
Mid-Continent Equipment Group Pte Ltd	1,570	1,570
Flagship Ecosystems Pte Ltd	297	-
Less: Impairment of goodwill	(297)	-
Mid-Continent Equipment Group Pte Ltd	<u>1,570</u>	<u>1,570</u>

3) Other intangible assets

	Jun-16	Jun-15
	S\$'000	S\$'000
Other intangible assets	<u>4,381</u>	<u>26,475</u>

Other intangible assets consist of:

	Jun-16	Jun-15
	S\$'000	S\$'000
20% (2015: 20%) participating interest for the exploration of an area covered by the Petroleum Retention Licence 173 and 174 granted under the Petroleum Act 2000 of South Australia [#]	4,381	4,671
Coal concession rights granted by the Government of Indonesia for a period of 30 years, commencing from the date that mining operations commences, to explore, mine and extract coal from the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia*	-	20,950
Exploration and evaluation expenditure incurred for the exploration and evaluation of coal of the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia*	-	854
	<u>4,381</u>	<u>26,475</u>

[#] The additional cost incurred for the drilling in Australia in FY2016 has been expensed off in profit or loss as the drilling did not result in any measurable commercial value.

*As announced on 30 June 2016 and 2 August 2016 by APAC Coal Limited ("APAC"), a 55.79% direct holding subsidiary of Magnus Energy Group Ltd, APAC has entered into a sales and purchase agreement to acquire 100% of the shares in Sharp Year Ventures Limited, which shall be fully funded by the issuance of APAC's shares (the "Proposed Acquisition"). On completion of the Proposed Acquisition, APAC will cease to be a subsidiary. The coal concession rights and exploration assets are owned by one of the subsidiaries of APAC which will be sold in accordance with the terms of the Proposed Acquisition. Accordingly, the coal concession rights and exploration asset has been reclassified to assets held for sale and impaired to a fair value of S\$1 as at 30 June 2016.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

Notes to the consolidated statement of financial position (cont'd)

4) Other financial assets - non current

Other financial assets decreased from S\$2.8 million as at 30 June 2015 to S\$2.1 million as at 30 June 2016. The change was mainly due to movement in fair value of available-for-sale financial assets during the year.

	Jun-16	Jun-15
	S\$'000	S\$'000
<u>Available-for-sale financial assets</u>		
Quoted equity shares, at fair value	1,940	2,786
<u>Held to maturity</u>		
Fixed income investment	200	-
<u>Financial assets held for trading</u>		
Quoted warrants, at fair value	-	1
Total other financial assets	<u>2,140</u>	<u>2,787</u>

5) Trade and other receivables

The amount of trade receivables have decreased from S\$6.2 million as at 30 June 2015 to S\$3.0 million as at 30 June 2016 as a result of decrease in revenue. The increase in other receivables, deposits and prepayments is mainly due to deposit paid for investment in the potential initial public offering and/or reverse takeover, the deposit paid for physical trading of renewable energy and natural resources, investment in the infrastructure development project in Indonesia, the deed of assignment in relation to the assignment of the benefit of a loan to the assignor, the deposit paid for microalgae oil cultivation facility and the consolidation of the newly acquired subsidiary's receivables.

Other receivables (non-current) of S\$9 million is related to the S\$5 million Redeemable Convertible Loan (the "RCL") with PT Hanjungin that was disbursed as announced on 22 May 2015 and the advance of S\$4 million for the dam project in Indonesia. Please refer to the announcement dated 22 May 2015 for more information on the RCL.

	Jun-16	Jun-15
	S\$'000	S\$'000
Trade receivables	2,964	6,206
Other receivables, deposits and prepayments	9,680	691
	<u>12,644</u>	<u>6,897</u>
Other receivables - non current	9,000	1,500
Total trade and other receivables	<u>21,644</u>	<u>8,397</u>

6) Inventories

	Jun-16	Jun-15
	S\$'000	S\$'000
Finished goods	3,617	5,864
Work-in-progress	184	8
Goods-in-transit	300	662
	<u>4,101</u>	<u>6,534</u>

Refer to Item 8 on Page 14 for more details on sales performance.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

Notes to the consolidated statement of financial position (cont'd)

7) Related parties balances (net)

The related party balances mainly relate to trade balances between subsidiary and its joint venture entities.

	Jun-16	Jun-15
	S\$'000	S\$'000
Amount due from	294	275
Amount due to	-	(1)
Net amount due from	<u>294</u>	<u>274</u>

8) Trade and other payables

Trade and other payables have decreased from S\$5.8 million as at 30 June 2015 to S\$3.2 million as at 30 June 2016. The decrease was mainly due to reduction in advances from customers and decrease in purchases resulting from decrease in revenue.

	Jun-16	Jun-15
	S\$'000	S\$'000
Trade payables	1,206	2,719
Other payables and accruals	2,002	3,112
	<u>3,208</u>	<u>5,831</u>

9) Bank overdrafts

The outstanding bank overdrafts in prior year related to working capital facilities provided by banks to our subsidiaries for the trading of equipment and spares.

	Jun-16	Jun-15
	S\$'000	S\$'000
Bank overdrafts	-	677

10) Finance lease obligations

The decrease in finance lease was due to repayment during the year.

	Jun-16	Jun-15
	S\$'000	S\$'000
Current	9	9
Non-current	14	23
	<u>23</u>	<u>32</u>

11) Income tax liabilities

Income tax liabilities which mainly arise from our oilfield equipment supplies and services segment has decreased from S\$0.5 million as at 30 June 2015 to S\$0.02 million as at 30 June 2016 as a result of payment of tax and decrease in provision of the current period's income tax expense.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

Notes to the consolidated statement of financial position (cont'd)

12) Borrowings

	<u>Jun-16</u>	<u>Jun-15</u>
	S\$'000	S\$'000
<u>Current liabilities</u>		
Unsecured convertible notes ⁽¹⁾	1,250	300
Secured convertible notes ⁽²⁾	3,500	-
	<u>4,750</u>	<u>300</u>

- 1) On 3 September 2014, the Company entered into a subscription agreement with Premier Equity Fund (the "Subscriber"), a company incorporated in the Cayman Islands and Value Capital Asset Management Private Limited (the investment manager for the Subscriber) pursuant to which the Company shall issue up to S\$35 million in aggregate principal amount of unsecured redeemable convertible notes due 2017 (the "Notes Issue").

The issue price of the convertible notes is 100% of the principal amount and may be converted into fully paid ordinary shares in the share capital of the Company at the option of the Subscriber on the terms and subject to the conditions of the subscription agreement. Any convertible notes not converted will be redeemed by the Company at 100% of their principal amount on 36 months after the closing date for the first sub-tranche of the tranche 1 notes.

Subsequent to 30 June 2016, S\$550,000 of the outstanding unsecured convertible notes have been converted into 551,587,299 ordinary shares. The remaining outstanding secured and unsecured convertible notes can be converted into 777,777,778 ordinary shares based on the latest conversion price of S\$0.009 per share as determined on 23 August 2016.

- 2) On 6 April 2016, the Company entered into a secured convertible note agreement with Financial Frontiers Pte Ltd, a Singapore-based private equity firm to issue S\$3.5 million 8% redeemable convertible notes due 180 days from the date of issue.

13) Assets held for sale

As a result of the Proposed Acquisition, the coal concession rights and exploration asset has been reclassified to assets held for sale and the coal mining segment had been classified as discontinued operations for the financial year 2016. A loss of S\$15.3 million was recognised by the Group's discontinued operation mainly resulted from fair value adjustment on the intangible assets to a fair value of S\$1 as at 30 June 2016.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

14) Deferred tax liabilities/(assets)

Deferred tax liabilities have been recognised on the coal concession valuation for PT Batubara Selaras Sapta in Indonesia and investments in quoted equities in Australia. Deferred tax liabilities in relation to the coal concession valuation has been derecognised as a result of the Proposed Acquisition mentioned in Note 3 on Page 4 of the announcement. The deferred tax for unutilised benefits mainly comprise the deductible temporary differences arising from the provision for unutilised leave, long service leave and other employee benefits.

	Jun-16 S\$'000	Jun-15 S\$'000
Property, plant and equipment	(16)	28
Intangible assets	1,503	7,875
Available-for-sale financial assets	(185)	(179)
Unutilised benefits	(1,508)	(1,511)
	<u>(206)</u>	<u>6,213</u>
Represented by:		
Deferred tax assets	(208)	(166)
Deferred tax liabilities	2	6,379
	<u>(206)</u>	<u>6,213</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30-Jun-2016	
Secured	Unsecured
S\$'000	S\$'000
3,509	1,250

As at 30-Jun-2015	
Secured	Unsecured
S\$'000	S\$'000
686	300

Amount repayable after one year

As at 30-Jun-2016	
Secured	Unsecured
S\$'000	S\$'000
14	-

As at 30-Jun-2015	
Secured	Unsecured
S\$'000	S\$'000
23	-

Details of group's borrowings, debt securities and any collateral

The secured borrowings as at 30 June 2016 and 30 June 2015 relates to bank overdraft, finance lease and convertible notes. Bank overdraft arose mainly due to short term working capital requirement and details of the convertible notes was disclosed in Note 12 of page 7.

The Group's bank overdraft were secured by the pledging of subsidiaries' fixed deposits. The secured convertible notes was secured by a fixed and floating charge over the Company's assets.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

1(c) A consolidated statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Twelve Months Ended	
	Jun-16	Jun-15
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before income tax - discontinued operation	(15,282)	(161)
Loss before income tax - continuing operation	(9,749)	(1,711)
Adjustments of non-cash items	21,212	1,961
Operating cash flows before working capital changes	(3,819)	89
- Working capital changes	383	224
Cash flows (used in)/from operations	(3,436)	313
Interest income received	579	179
Interest paid	(75)	(46)
Income taxes paid	(491)	(710)
Net cash used in operating activities	(3,423)	(264)
Cash flows from investing activities		
Net cash (outflow)/inflow on acquisition of a subsidiary net of cash acquired	(982)	1,601
Acquisition of additional interest in a subsidiary, net of cash acquired	-	(393)
Proceeds from sale of plant and equipment	388	408
Purchase of plant and equipment	(431)	(128)
Net proceeds from sale of other financial assets	-	52
Deposit for investment in potential initial public offering	(1,408)	-
Purchase of other financial assets	(200)	-
Payment of petroleum exploration expenditure	(2,967)	(999)
Investment in redeemable convertible loan	(3,500)	(1,500)
Dividends received from joint venture companies	-	2,677
Fixed deposits pledged to banks	17	(476)
Investment in infrastructure development	(5,900)	-
Payment for assignment for the benefit of a loan	(1,009)	-
Deposit for microalgae cultivation facility	(3,025)	-
Net cash flows (used in)/generated from investing activities	(19,017)	1,242
Cash flows from financing activities		
Repayment of finance lease obligations	(9)	(13)
Share issue expense	(381)	(349)
Payment of dividends by a subsidiary company to non-controlling interests	(435)	(584)
Proceeds from issue of shares	17,500	7,500
Net cash flows generated from financing activities	16,675	6,554
Net (decrease)/increase in cash and cash equivalents	(5,765)	7,532
Cash and cash equivalents at beginning of the period	18,638	10,901
Effects of exchange rate changes on cash and cash equivalents	(1,752)	205
Cash and cash equivalents at the end of the year	11,121	18,638
Represented by:		
Cash and bank balances	5,723	10,094
Fixed deposits	5,398	9,221
Bank overdrafts, unsecured	-	(677)
	11,121	18,638
<u>Cash and cash equivalents</u>		
Cash and bank balances	5,723	10,094
Fixed deposits	10,790	14,592
Cash and cash equivalents	16,513	24,686
Less: Fixed deposits (restricted)	(5,392)	(5,371)
Less: Bank overdrafts	-	(677)
Cash and cash equivalents at the end of the year	11,121	18,638

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Attributable to shareholders					Non-Controlling Interests	Total Equity
	Share Capital	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2015	128,278	-	(8,005)	(82,592)	37,681	25,716	63,397
Total comprehensive income/(loss) for the period	-	-	(249)	(15,121)	(15,370)	(10,875)	(26,245)
Issuance of shares	13,060	-	-	-	13,060	-	13,060
Share issue expenses	(381)	-	-	-	(381)	-	(381)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(435)	(435)
Balance at 30 June 2016	140,957	-	(8,254)	(97,713)	34,990	14,406	49,396

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Group	Attributable to shareholders					Non-Controlling	
	Share Capital	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total	Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2014	120,127	961	(7,669)	(80,110)	33,309	26,712	60,021
Total comprehensive (loss)/profit for the year	-	(961)	(336)	(2,662)	(3,959)	162	(3,797)
Issuance of shares	8,500	-	-	-	8,500	-	8,500
Share issuance cost	(349)	-	-	-	(349)	-	(349)
Acquisition of subsidiary	-	-	-	180	180	(574)	(394)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(584)	(584)
Balance at 30 June 2015	128,278	-	(8,005)	(82,592)	37,681	25,716	63,397

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Company	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 July 2015	128,278	(107,214)	21,064
Issuance of shares	13,060	-	13,060
Share issuance expense	(381)	-	(381)
Total comprehensive loss for the year	-	(2,930)	(2,930)
Balance at 30 June 2016	140,957	(110,144)	30,813
Balance at 1 July 2014	120,127	(105,345)	14,782
Issuance of shares	8,500	-	8,500
Share issuance expense	(349)	-	(349)
Total comprehensive loss for the year	-	(1,869)	(1,869)
Balance at 30 June 2015	128,278	(107,214)	21,064

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Date	Description	No of shares	Paid-up Capital (S\$'000)
30-Jun-16	Issued and paid-up capital	3,911,612,739	140,957
30-Jun-15	Issued and paid-up capital	170,433,223	128,278

There is no outstanding convertible and no share option or award granted under the Magnus Energy Employee Share Option Plan. The increase in the Company's share capital during the current financial period was due to the issue of:

- (a) 1,358,520 employees' share awards granted under the Magnus Performance Share Plan; and
- (b) 3,739,820,996 shares converted pursuant to the Notes Issue.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30-Jun-16	30-Jun-15
No. of ordinary shares issued and fully paid	3,911,612,739	170,433,223

There is no treasury share as at the end of the current financial period and as at the end of the immediately preceding year.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has consistently applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited annual financial statements as at 30 June 2015.

In the current financial year, the Group has adopted all applicable new/amended/revised Singapore Financial Reporting Standards ("FRS") and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year beginning on 1 July 2015. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable. Refer to Note 4 above.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share of the Group after deducting any provision for preference dividends for the year ended 30 June 2016:

	Group		Group	
	Fourth Quarter		Twelve Months	
	Apr 2016 - Jun 2016	Apr 2015 - Jun 2015	Jul 2015 - Jun 2016	Jul 2014 - Jun 2015
Loss for the period (S\$'000)	(11,902)	(1,529)	(15,121)	(2,662)
- Based on weighted average number of ordinary shares in issue (cents)	(1.05)	(2.83)	(1.34)	(4.93)
- Weighted average number of ordinary shares ('000)	1,128,786	54,050	1,128,786	54,050

Diluted loss per share is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the share conversion would be to decrease the loss per share.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

- 7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 30-Jun-16	As at 30-Jun-15	As at 30-Jun-16	As at 30-Jun-15
Net asset value per ordinary share (cents)	0.89	69.72	0.79	38.97
On a fully diluted basis (cents)	0.43	58.52	0.39	32.71

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Turnover, costs, and earnings of the Group for twelve months ended 30 June 2016 ("FY2016") and 30 June 2015 ("FY2015")

The Group's revenue decreased by 51.6% from S\$44.5 million for FY2015 to S\$21.6 million for FY2016. The Group's tubular products, oil and gas equipment and spare parts recorded lower sales as a result of the prolonged weakness in global oil prices which led to a weaker demand in the oil and gas equipment segment. Consequently, cost of sales decreased by 51.4% from S\$35.7 million for FY2015 to S\$17.3 million for FY2016. Gross profit has decreased by 52.3% from S\$8.9 million for FY2015 to S\$4.2 million for FY2016. Gross profit margin remained at about 20% for FY2015 and FY2016 as the overall decrease in profit margin from oil and gas equipment segment was offset by higher margin from waste water treatment segment. Refer to item 10 on page 16 for more information on the Group's sales performance.

Quarter-to-quarter

The Group's revenue decreased by 71.2% from S\$14.2 million in 4Q2015 to S\$4.1 million in 4Q2016. Gross profit margin increased from 17.5% to 23.3% from 4Q2015 to 4Q2016 due to contribution of higher margin revenue from waste water treatment segment.

Other operating income

	Jul 2015 - Jun 2016	Jul 2014 - Jun 2015
	S\$'000	S\$'000
Bad debts recovered	57	-
Bargain purchase from investment in a subsidiary	-	509
Unrealised exchange gain	30	-
Services income	266	39
Gain on disposal of property, plant and equipment	146	210
Other income	292	115
	791	873

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

Expenses

Expenses have increased by S\$3.2 million from S\$11.8 million for FY2015 to S\$15.5 million for FY2016 resulting from increase in other operating expenses offset by lower administrative expenses. Other operating expenses for FY2016 was mainly contributed by impairment of available-for-sale financial assets of S\$0.9 million, provision for obsolete stocks of S\$2.0 million, impairment of goodwill of S\$0.3 million, impairment of plant and equipment of S\$0.5 million and exploration expenditures of S\$3.1 million. The Group recorded lower exchange loss in FY2016 as compared to FY2015. Decrease in administrative expenses was mainly due to reduction of remuneration related expenses of approximately S\$1.0 million from S\$5.8 million in FY2015 to S\$4.8 million in FY2016. Please refer to Note 1 on Page 2 for further details.

	Jul 2015 - Jun 2016	Jul 2014 - Jun 2015
	S\$'000	S\$'000
		(restated)
Distribution and selling expenses	187	112
Administrative expenses	8,066	8,798
Other operating expenses	7,227	2,884
	<u>15,480</u>	<u>11,794</u>

Finance income/(costs)

Finance income in FY2015 was mainly derived from fixed deposit. Finance income in FY2016 was mainly derived from fixed deposits and redeemable convertible loan as disclosed in Note 5 of page 5. Finance expenses are mainly due to hire purchase interests, other short term borrowings and bank charges.

	Jul 2015 - Jun 2016	Jul 2014 - Jun 2015
	S\$'000	S\$'000
		(restated)
Finance income	728	264
Finance costs	(131)	(133)
	<u>597</u>	<u>131</u>

Net loss after tax

Net loss after tax was S\$25.0 million for FY2016 and S\$2.3 million for FY2015. The net loss after tax for the year was mainly contributed by loss from discontinued operation of S\$15.3 million, decrease in revenue and increase of expenses as mentioned above.

- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group recorded a net cash used in operating activities of S\$0.3 million for FY2015 and net cash used in operating activities of S\$3.4 million for FY2016. Cash inflow from working capital was S\$0.2 million for FY2015 as compared to cash inflow of S\$0.4 million for FY2016.

Net cash flow generated from investing activities was S\$1.2 million for FY2015, mainly due to S\$2.7 million dividends received from joint venture companies in FY2015. Net cash flow used in investing activities was S\$19.0 million for FY2016 which was significantly higher as compared to an inflow of S\$1.2 million for FY2015, mainly due to the acquisition of a subsidiary, acquisition of other financial assets, payment of petroleum exploration expenditure, deposit for investment of other financial assets, investment in the redeemable convertible loan, investment in infrastructure development and payment of a deposit for microalgae cultivation facility.

Net cash inflow from financing activities was S\$6.6 million for FY2015 million as compared to an inflow of S\$16.7 million for FY2016, mainly due to the proceeds from convertible notes.

Comparatively, the Group's cash and cash equivalents decreased by approximately S\$7.5 million, after adjusting for effects of foreign currencies exchanges, from S\$18.6 million as at 30 June 2015 to S\$11.1 million as at 30 June 2016. Refer to item 1(c) on page 9 for the details of the cash flow statement.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's oilfield equipment supplies and services segment, Mid-Continent Equipment Group Pte Ltd and its subsidiaries ("Mid-Con Group") currently forms the Group's main core business. The prolonged weakness in global oil prices has negatively affected the overall performance of the Mid-Con Group and hence, the Group. Jute-1 and Willow-1 have been drilled as part of the ongoing drilling campaign in PRL 173 and PRL 174. The drilling costs have been expensed off in profit or loss as the drilling did not result in any measurable commercial value.

The Group has taken a cautious approach to its investment in PT Hanjungin by extending a Redeemable Convertible Loan ("RCL"), while taking a view on the possibility of converting the RCL into equity in PT Hanjungin. With a positive view on the property prices in the city of Kupang in East Nusa Tenggara, Indonesia in mind, the property development project plan under PT Hanjungin has been re-planned to building in phases of 100 units and a larger land area per unit has been allocated. Due to these changes in the development plan, we expect the full completion of the development project to be around the end of 2017, which also coincide with the due date of the RCL. Several other collaborations have since been entered into with PT Hanjungin and the Company will provide further updates when there are material developments.

On 22 June 2016, the Company's wholly-owned subsidiary, MEG Management Sdn Bhd has entered into an engineering, procurement and construction contract and operation and maintenance agreement with Algae Farm Engineering Sdn Bhd to build and manage a microalgae oil cultivation facility in Selangor, Malaysia. The project is expected to have a positive effect on the net tangible assets per share and earnings per share of the Group for the financial year ending 30 June 2017.

As announced on 30 June 2016 and 2 August 2016 by APAC Coal Limited ("APAC"), APAC has entered into a sales and purchase agreement to acquire 100% of the shares in Sharp Year Ventures Limited, which shall be fully funded by the issuance of APAC's shares (the "Proposed Acquisition"). The Proposed Acquisition presents an excellent opportunity for the Company to enhance the value of its shareholdings in APAC and also to rationalize its loss making coal division that currently has a protracted legal dispute.

During the financial year, the Group entered into a joint investment agreement with Yangtze Investment Partners Limited to invest in a renewable energy company that will be undergoing either a potential initial public offering or a reverse takeover. Due to the poor performance of the relevant stock market, the potential initial public offering or reverse takeover has been delayed. Nevertheless, the Group remains hopeful in relation to the above when the general market sentiment recovers.

With the existing funding arrangements from the Notes Issue, the Group is actively pursuing new acquisitions and investment opportunities globally in the near future. The Group is exposed to movements in US Dollar and Australian Dollar as a result of the fixed deposits which are denominated in US Dollar and Australian Dollar. The strengthening or weakening of these currencies may have a significant impact on the Group's future results.

11 Dividend

- (a) Current Financial Period Reported On - Not applicable
- (b) Corresponding Period of the Immediately Preceding Financial Year - Not applicable
- (c) Tax exempt dividend - Not applicable
- (d) Date payable - Not applicable
- (e) Book closure date - Not applicable

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the year ended 30 June 2016.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT general mandate has been obtained by the Group from the shareholders. There was no interested person transaction for the year under review.

14 Confirmation by the Board pursuant to Rule 705(5)

We, Kushairi Bin Zaidel and Ong Chin Chuan, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the year ended 30 June 2016 to be false or misleading in any material aspect. A signed confirmation copy is kept in record.

On behalf of the Board of Directors

Kushairi Bin Zaidel
Non-executive Independent Director

Ong Chin Chuan
Non-executive Independent Director

15 Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative or a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there is no such person, the issuer must make an appropriate negative statement.

There is no person occupying managerial positions in the Company or its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company hereby confirms that it has procured signed undertakings from all its Directors and the relevant executive officers in the format as set out in Appendix 7H of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“Catalist Listing Manual”) in accordance with Rule 720(1) of the Catalist Listing Manual.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

17 Use of Proceeds from Notes Issue

Notes Issue	S\$'000	Utilisation of Proceeds as at 23 June 2016	S\$'000
Convertible Notes	35,000	<i>Investments and general corporate purposes</i>	
Notes Issued	(21,500)	Increase in stake in Midcon ⁽¹⁾	393
Notes Unissued	<u>13,500</u>	Amount disbursed in relation to the Redeemable Convertible Loan of up to S\$5,000,000 ⁽²⁾	5,000
		Physical trading of renewable energy and natural resource ⁽³⁾	2,407
		Deposit paid for investment in quoted equities ⁽⁴⁾	1,408
		Investment in infrastructure development ⁽⁵⁾	1,900
		Acquisition of subsidiary ⁽⁶⁾	1,000
		Investment in dam project in West Java Indonesia ⁽⁷⁾	1,000
		Deed of assignment ⁽⁸⁾	1,009
		Microalgae oil cultivation facility in Malaysia ⁽⁹⁾	2,500
		Fixed income investment	200
		<i>General working capital</i>	
		Repayment of convertible loan	798
		General working capital	2,992
			<u>20,607</u>

(1) Please refer to the announcement "Completion of Acquisition in Mid-Continent Equipment Group Pte. Ltd." dated 26 January 2015 for further information.

(2) Please refer to the announcement "Redeemable Convertible Loan of up to S\$5,000,000" dated 22 May 2015 for further information.

(3) This include trading of crude palm oil, coal and raw materials for construction of infrastructure.

(4) Please refer to the announcement "Joint Investment with Yangtze Investment Partners Limited" dated 20 August 2015, 9 November 2015, 19 February 2016 and 14 June 2016 for further information.

(5) Please refer to the announcement "Road Project in Central Java Indonesia" dated 16 November 2015 and "Road Project in West and Central Java Indonesia" dated 1 February 2016 for further information.

(6) Please refer to the announcement "Completion of subscription of 2,700,000 shares in Flagship Ecosystems Pte. Ltd." dated 1 December 2015 for further information.

(7) Please refer to the announcement "Dam Project in West Java Indonesia" dated 23 March 2016 for further information.

(8) Please refer to the announcement "MEG Global Ventures Pte Ltd entering into a Deed of Assignment with Revenue Anchor Sdn Bhd" dated 28 April 2016.

(9) Please refer to the announcement "Microalgae oil cultivation facility in Malaysia" dated 22 June 2016.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

18 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

FY 2016

	Oilfield equipment supply and services	Waste water treatment	Investment holding	Coal mining – discontinued operations	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	21,100	456	-	-	21,556
Loss from operations before interest, income tax and depreciation	(6,208)	(941)	(3,006)	(15,282)	(25,437)
Depreciation	(235)	(28)	(50)	-	(313)
Loss from operations before interest and income tax	(6,443)	(969)	(3,056)	(15,282)	(25,750)
Share of profit from joint ventures					122
Unallocated finance income					728
Unallocated finance costs					(131)
Loss before income tax					(25,031)
Unallocated income tax					-
Loss after income tax					(25,031)
<u>Segment assets and liabilities</u>					
Current assets	22,526	582	10,444	-	33,552
Fixed assets	5,118	226	346	-	5,690
Intangible assets and goodwill	4,381	-	1,570	-	5,951
Unallocated non-current assets					11,999
Unallocated deferred tax assets					208
Consolidated assets					57,400
Current liabilities	2,197	570	5,191	-	7,958
Unallocated current and non-current liabilities:					
Finance lease obligations					23
Income tax liabilities					21
Deferred income tax liabilities					2
Consolidated liabilities					8,004

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

18 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (cont'd)

FY 2015

	Oilfield equipment supply and services	Trading of renewable energy and natural resources	Investment holding	Coal mining	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	43,997	505	-	-	44,502
Profit/(Loss) from operations before interest, income tax and depreciation	487	21	(2,174)	(161)	(1,827)
Depreciation	(383)	-	(19)	-	(402)
Profit/(Loss) from operations before interest and income tax	104	21	(2,193)	(161)	(2,229)
Share of loss from joint ventures					227
Unallocated finance income					264
Unallocated finance costs					(134)
Loss before income tax					(1,872)
Unallocated income tax					(394)
Loss after income tax					(2,266)
<u>Segment assets and liabilities</u>					
Current assets	34,850	581	2,890	71	38,392
Fixed assets	5,377	-	37	1	5,415
Intangible assets and goodwill	4,671	-	1,570	21,804	28,045
Unallocated non-current assets					5,065
Unallocated deferred tax assets					166
Consolidated assets					77,803
Current liabilities	6,080	-	586	143	6,809
Unallocated current and non-current liabilities:					
Finance lease obligations					32
Income tax liabilities					466
Deferred income tax liabilities					6,379
Consolidated liabilities					13,686

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

19 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

There is no material change in contributions to turnover and earnings by the business or geographical segments.

20 A breakdown of sales.

	Group		
	1-Jul-2015 to 30-Jun-2016	1-Jul-2014 to 30-Jun-2015	Inc/ (Dec)
	S\$'000	S\$'000	%
Sales reported for the first half year	12,088	20,633	(41.4)
Operating loss after tax before deducting minority interests reported for the first half year	(3,207)	(1,023)	>100
Sales reported for the second half year	9,468	23,869	(60.3)
Operating loss after tax before deducting minority interests reported for the second half year	(21,824)	(1,243)	>100

21 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend

	Latest Full Year (30-Jun-2016)	Previous Full Year (30-Jun-2015)
Ordinary	-	-
Preference	-	-
Total	-	-

BY ORDER OF THE BOARD

Luke Ho Khee Yong
Chief Executive Officer
29 August 2016

MAGNUS ENERGY GROUP LTD.
(Registration No. 198301375M)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

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, coal and gas assets, oil and gas equipment distribution, renewable energy and natural resources trading, property and infrastructure development, and industrial waste water treatment.

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 prepared by the Company and its contents have been reviewed by the Company’s sponsor, Stamford Corporate Services Pte Ltd (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The **Sponsor** has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Mr Bernard Lui.
Tel: 6389 3000 Email: bernard.lui@morganlewis.com*