

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

The Board of Directors (the “**Directors**”) of the Company refers to its full year financial results announcement for the financial year ended 30 June 2016 made on 29 August 2016 via the SGXNET (“**Preliminary Unaudited Results 2016**”).

Pursuant to Rule 704(5) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Company wishes to announce that subsequent to the release of the Preliminary Unaudited Results 2016, the external auditor has proposed certain reclassifications and adjustment which the management of the Company has adopted accordingly.

The details and explanation of the material variances between the audited financial statements and the Preliminary Unaudited Results 2016 are shown below:

	Audited financial statements 2016	Preliminary unaudited result 2016	Variance	Note
Statement of financial position	S\$'000	S\$'000		
<u>Non-current assets</u>				
Other financial assets	5,940	2,140	3,800	A
Other receivables	5,000	9,000	(4,000)	A
<u>Current assets</u>				
Trade and other receivable	9,336	12,644	(3,308)	B,C
Other financial assets	1,900	-	1,900	B
Fixed deposits and other investments	10,990	10,790	200	A
Reserves	(107,375)	(105,967)	(1,408)	C
Statement of comprehensive income				
Other operating expenses	(8,635)	(7,227)	(1,408)	C
Loss before income tax	(11,157)	(9,749)	(1,408)	C
Loss from continuing operations	(11,157)	(9,749)	(1,408)	C
Loss for the year	(26,439)	(25,031)	(1,408)	C
Total comprehensive loss	(27,653)	(26,245)	(1,408)	C
Net loss attributable to equity holders of the company	(16,529)	(15,121)	(1,408)	C
Total comprehensive loss attributable to equity holders of the company	(16,778)	(15,370)	(1,408)	C
Statement of cash flow				
Loss before tax from continuing operations	(11,157)	(9,749)	(1,408)	C
Adjustment of non-cash items	22,620	21,212	(1,408)	C

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Explanation of material variances:

Notes:

- (A) S\$4.0 million has been reclassified from other receivables to other financial assets (non-current).
- (B) S\$1.9 million has been reclassified from trade and other receivables to other financial assets (current).
- (C) The joint investment with Yangtze has been extended from 20 November 2015 to 30 November 2016. Notwithstanding the guarantee and extension periods given, an impairment of the investment amounted to S\$1.4 million has been provided on prudence basis.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
10 October 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. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.*

The announcement has not been examined or approved by 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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