

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

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 first quarter ended 30 September 2017.

	Note	Group		
		First Quarter		
		Jul 2017 - Sep 2017 S\$'000	Jul 2016 - Sep 2016 S\$'000	Inc/ (Dec) %
Revenue		3,814	3,316	15.0
Cost of sales		(3,022)	(2,674)	13.0
Gross profit		792	642	23.4
Other operating income		801	145	>100
Other operating expenses		(1)	(40)	(97.5)
Distribution and selling expenses		(43)	(60)	(28.3)
Administrative expenses		(1,279)	(1,733)	(26.2)
Finance income		168	196	(14.3)
Finance costs		(26)	(82)	(68.3)
Share of results of joint ventures		161	140	15.0
Profit/(Loss) before income tax	1	573	(792)	N.M
Income tax		32	25	28.0
Profit/(Loss) from continuing operation		605	(767)	N.M
Discontinued operations				
Loss from discontinued operations		(245)	(544)	(55.0)
Profit/(Loss) for the period		360	(1,311)	N.M
Other comprehensive (loss)/income		(1,009)	1,510	N.M
Total comprehensive (loss)/income		(649)	199	N.M
Net income/(loss) attributable to:				
Equity holders of the Company		331	(893)	N.M
Non-controlling interests		29	(418)	N.M
		360	(1,311)	N.M
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(523)	291	N.M
Non-controlling interests		(126)	(92)	37.0
		(649)	199	N.M

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

Notes:

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

	Group		
	First Quarter		
	Jul 2017 - Sep 2017 S\$'000	Jul 2016 - Sep 2016 S\$'000	Inc/ (Dec) %
Provision of doubtful debts	-	(27)	(100.0)
Stocks written off	(1)	-	N.M
Depreciation of property, plant and equipment	(72)	(77)	(6.5)
Realised exchange gain/(loss)	2	(13)	N.M
Unrealised exchange gain	703	130	>100
Interest expense	(16)	(70)	(77.1)
Interest income	168	196	(14.3)
Gain on disposal of plant and equipment	15	5	>100
Adjustment for under provision of tax in respect of prior years	-	(37)	(100.0)

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

	Group		
	First Quarter		
	Jul 2017 - Sep 2017 S\$'000	Jul 2016 - Sep 2016 S\$'000	Inc/ (Dec) %
<i>Other comprehensive (loss)/income:</i>			
Exchange difference on translation of foreign operations	(1,006)	746	N.M
Fair value (loss)/gain recognised in equity on revaluation of available-for-sale financial assets during the period	(4)	763	N.M
Deferred tax on fair value changes to available-for-sale financial assets	1	1	0.0
Other comprehensive (loss)/income	(1,009)	1,510	N.M

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

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-Sep-17 S\$'000	30-Jun-17 S\$'000	30-Sep-17 S\$'000	30-Jun-17 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	17,434	17,184	297	312
Investment in subsidiaries		-	-	13,441	13,441
Investment in joint venture entities		780	628	-	-
Other intangible assets	2	51	-	-	-
Other financial assets	3	38	38	-	-
Other receivables	4	7,410	-	7,410	-
Deferred tax assets	11	240	241	-	-
Total Non-Current Assets		25,953	18,091	21,148	13,753
Current Assets					
Inventories	5	2,656	3,124	-	-
Trade and other receivables	4	4,435	13,059	125	5,391
Related parties balances	6	310	282	12,541	14,415
Cash and bank deposits		5,416	5,410	172	214
Fixed deposits and other investments		4,549	4,529	304	304
Total Current Assets		17,366	26,404	13,142	20,324
Assets classified as held for sale	10	-	-	996	730
Total Current Assets		17,366	26,404	14,138	21,054
Total Assets		43,319	44,495	35,286	34,807
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	7	2,939	3,749	1,867	589
Finance lease obligations	8	9	9	-	-
Income tax liabilities		(1)	90	-	-
Borrowings	9	1,050	1,450	-	1,450
Total Current Liabilities		3,997	5,298	1,867	2,039
Liabilities directly associated with assets classified as held for sale	10	-	-	218	218
Total Current Liabilities		3,997	5,298	2,085	2,257
Non-Current Liabilities					
Other payables	7	354	351	-	-
Finance lease obligations	8	2	5	-	-
Total Non-Current Liabilities		356	356	-	-
Total Liabilities		4,353	5,654	2,085	2,257
EQUITY					
Share capital		145,543	144,769	145,543	144,769
Reserves		(114,537)	(114,014)	(112,342)	(112,219)
		31,006	30,755	33,201	32,550
Non-controlling interests		7,960	8,086	-	-
Total Equity		38,966	38,841	33,201	32,550
Total Liabilities and Equity		43,319	44,495	35,286	34,807

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment increased from net book value of S\$ S\$17.2 million as at 30 June 2017 to S\$17.4 million as at 30 September 2017. Net additions during the period were S\$0.7 million. Depreciation and translation loss were both approximately S\$0.1 million and S\$0.4 million respectively. The addition mainly pertain to the construction of microalgae oil cultivation facility.

2) Other intangible assets

Other intangible assets consist of:

	Sep-17	Jun-17
	S\$'000	S\$'000
20% (2017: 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	5,166	5,166
Impairment of intangible assets	(5,166)	(5,166)
Addition during the period	51	-
	<u>51</u>	<u>-</u>

3) Other financial assets

	Sep-17	Jun-17
	S\$'000	S\$'000
Quoted investment	<u>38</u>	<u>38</u>

4) Trade and other receivables

The amount of trade receivables have decreased from S\$1.6 million as at 30 June 2017 to S\$0.6 million as at 30 September 2017 as a result of prompt payment by customers. Other receivables, deposits and prepayment decreased S\$7.6 million from S\$11.4 million to S\$3.8 million. The decrease in other receivables, deposits and prepayments is mainly due to reclassification of S\$7.4 million loan to non-current receivables.

	Sep-17	Jun-17
	S\$'000	S\$'000
Trade receivables	639	1,637
Other receivables, deposits and prepayments	<u>3,796</u>	<u>11,422</u>
	4,435	13,059
Other receivables - non current	7,410	-
Total trade and other receivables	<u>11,845</u>	<u>13,059</u>

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

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

5) Inventories

	Sep-17	Jun-17
	S\$’000	S\$’000
Finished goods	2,366	2,154
Work-in-progress	84	87
Goods-in-transit	206	883
	<u>2,656</u>	<u>3,124</u>

Refer to Item 8 on Page 13 for more details on sales performance.

6) Related parties balances (net)

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

	Sep-17	Jun-17
	S\$’000	S\$’000
Amount due from	<u>310</u>	<u>282</u>

7) Trade and other payables

Trade and other payables have decreased from S\$4.1 million as at 30 June 2017 to S\$3.3 million as at 30 September 2017. The decrease was mainly due to payment to supplier and other payables.

	Sep-17	Jun-17
	S\$’000	S\$’000
Trade payables	1,296	1,630
Other payables and accruals (current)	1,643	2,119
	<u>2,939</u>	<u>3,749</u>
Other payables (non-current)	354	351
	<u>3,293</u>	<u>4,100</u>

8) Finance lease obligations

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

	Sep-17	Jun-17
	S\$’000	S\$’000
Current	9	9
Non-current	2	5
	<u>11</u>	<u>14</u>

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

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

9) Borrowings

	<u>Sep-17</u>	<u>Jun-17</u>
	S\$’000	S\$’000
<u>Current liabilities</u>		
Unsecured convertible notes ⁽¹⁾	500	800
Loan from director and CEO ⁽²⁾	550	650
	<u>1,050</u>	<u>1,450</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 September 2017, S\$500,000 of the outstanding unsecured convertible notes have been converted into 555,555,555 ordinary shares.

- 2) The Company obtained unsecured loan from a director and the chief executive officer (“CEO”) on April 2017 to fund for the microalgae oil cultivation facility project. The loan is repayable within 1 year and the effective interest of the loan is 10%.

10) Assets held for sale

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 since the financial year ended 30 June 2016.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

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

11) Deferred tax assets

The deferred tax for unutilised benefits mainly comprises the deductible temporary differences arising from the provision for unutilised leave, long service leave and other employee benefits.

	Sep-17	Jun-17
	S\$’000	S\$’000
Property, plant and equipment	38	37
Available-for-sale financial assets	187	189
Provisions	15	15
	240	241

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-Sep-2017	
Secured	Unsecured
S\$’000	S\$’000
9	1,050

As at 30-Jun-2017	
Secured	Unsecured
S\$’000	S\$’000
9	1,450

Amount repayable after one year

As at 30-Sep-2017	
Secured	Unsecured
S\$’000	S\$’000
2	-

As at 30-Jun-2017	
Secured	Unsecured
S\$’000	S\$’000
5	-

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

The secured borrowings as at 30 September 2017 and 30 June 2016 relates to finance lease.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

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	
	Three Months Ended	
	Sep-17 S\$'000	Sep-16 S\$'000
Cash flows from operating activities		
Loss before income tax	328	(1,336)
Adjustments of non-cash items	(959)	26
Operating cash flows before working capital changes	(631)	(1,310)
- Working capital changes	1,292	3,457
Cash flows from operations	661	2,147
Interest income received	305	130
Interest paid	(16)	(70)
Net cash generated from operating activities	950	2,207
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	15	8
Purchase of plant and equipment	(687)	(3,847)
Net proceeds from redemption of other financial assets	-	1,000
Redemption of fixed income investment	-	50
Payment of petroleum exploration expenditure	(51)	(152)
Fixed deposits pledged to banks	(18)	87
Net cash flows used in investing activities	(741)	(2,854)
Cash flows from financing activities		
Repayment of finance lease obligations	(2)	(2)
Share issue expense	(26)	(34)
Repayment of borrowings	(100)	-
Proceeds from issuance of convertible notes	500	500
Net cash flows generated from financing activities	372	464
Net increase/(decrease) in cash and cash equivalents	581	(183)
Cash and cash equivalents at beginning of the period	7,400	11,321
Effects of exchange rate changes on cash and cash equivalents	(573)	389
Cash and cash equivalents at the end of the period	7,408	11,527
Represented by:		
Cash and bank balances	5,416	5,877
Fixed deposits and other investments	1,992	5,650
	7,408	11,527
<u>Cash and cash equivalents</u>		
Cash and bank balances	5,416	5,877
Fixed deposits	4,549	11,129
Cash and cash equivalents	9,965	17,006
Less: Fixed deposits (restricted)	(2,557)	(5,479)
Cash and cash equivalents at the end of the period	7,408	11,527

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

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	
	Share Capital	Translation Reserve	Accumulated Losses	Total	Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	144,769	(7,186)	(106,828)	30,755	8,086	38,841
Total comprehensive (loss)/profit for the period	-	(854)	331	(523)	(126)	(649)
Issue of new shares	800	-	-	800	-	800
Share issue expenses	(26)	-	-	(26)	-	(26)
Balance at 30 September 2017	145,543	(8,040)	(106,497)	31,006	7,960	38,966

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 ("1Q2018")

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 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 2016	140,957	-	(8,254)	(99,121)	33,582	14,406	47,988
Total comprehensive (loss)/profit for the period	-	763	421	(893)	291	(92)	199
Issue of new shares	1,350	-	-	-	1,350	-	1,350
Share issue expenses	(34)	-	-	-	(34)	-	(34)
Balance at 30 September 2016	142,273	763	(7,833)	(100,014)	35,189	14,314	49,503

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 ("1Q2018")

- 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 2017	144,769	(112,219)	32,550
Issuance of new shares	800	-	800
Share issue expense	(26)	-	(26)
Total comprehensive income for 1Q2018	-	(123)	(123)
Balance at 30 September 2017	145,543	(112,342)	33,201
Balance at 1 July 2016	140,957	(111,551)	29,406
Issuance of new shares	1,350	-	1,350
Share issue expense	(34)	-	(34)
Total comprehensive income for 1Q2017	-	144	144
Balance at 30 September 2016	142,273	(111,407)	30,866

- 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-Sep-17	Issued and paid-up capital	8,994,508,787	145,543
30-Jun-17	Issued and paid-up capital	8,105,619,899	144,769

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 888,888,888 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-Sep-17	30-Jun-17
No. of ordinary shares issued and fully paid	8,994,508,787	8,105,619,899

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 FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 ("1Q2018")

- 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 2017.

- 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.**

	Group	
	Three Months	
	Jul 2017 - Sep 2017	Jul 2016 - Sep 2016
Profit/(loss) for the period (\$S'000)	331	(893)
- Based on weighted average number of ordinary shares in issue (cents) - basic and diluted	0.004	(0.041)
- Weighted average number of ordinary shares ('000)	8,993,863	2,193,035
- On a fully diluted basis (detailing any adjustments made to the earnings (cents)	0.003	(0.041)
- Weighted average number of ordinary shares on fully diluted basis ('000)	9,549,418	2,193,035

- 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-Sep-17	As at 30-Jun-17	As at 30-Sep-17	As at 30-Jun-17
Net asset value per ordinary share (cents)	0.34	0.38	0.37	0.40
On a fully diluted basis (cents)	0.33	0.35	0.35	0.37

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 ("1Q2018")

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 revenue, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Revenue, costs, and earnings of the Group for the quarter ended 30 September 2017 ("1Q2018") and 30 September 2016 ("1Q2017")

The Group's revenue increased by 15% from S\$3.3 million for 1Q2017 to S\$3.8 million for 1Q2018 as a result of stronger demand in the oil and gas equipment segment. Cost of sales increased by 13.0% from S\$2.7 million for 1Q2017 to S\$3.0 million for 1Q2018. Gross profit has increased by 23.4% from S\$0.6 million for 1Q2017 to S\$0.8 million for 1Q2018. Gross profit margin increased 1.4% to 20.8% mainly due to higher revenue from tubular product in 1Q2017 as compared to 1Q2018. Refer to item 10 on page 14 for more information on the Group's sales performance.

Other operating income

	Jul 2017 - Sep 2017	Jul 2016 - Sep 2016
	S\$'000	S\$'000
Exchange gain	703	130
Gain on disposal of property, plant and equipment	15	5
Other income	83	10
	<u>801</u>	<u>145</u>

Expenses

	Jul 2017 - Sep 2017	Jul 2016 - Sep 2016
	S\$'000	S\$'000
Distribution & selling expenses	43	60
Administrative expenses	1,279	1,733
Other operating expenses	1	40
	<u>1,323</u>	<u>1,833</u>

Expenses have decreased by S\$0.5 million from S\$1.8 million for 1Q2017 to S\$1.3 million for 1Q2018 due to decrease in administrative expenses. Administrative expenses which includes remuneration-related expenses, rental expenses and professional fees were lower by S\$0.3 million, S\$0.06 million and S\$0.04 million respectively. Please refer to Note 1 on Page 2 for further details.

Finance income/costs

Finance income is mainly due from fixed deposit and interest income from loan with PT Hanjungin. Finance expenses are mainly due to hire purchase interests and bank charges.

	Jul 2017 - Sep 2017	Jul 2016 - Sep 2016
	S\$'000	S\$'000
Finance income	168	196
Finance costs	(26)	(82)
	<u>142</u>	<u>114</u>

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

Net profit/(loss) after tax

Net profit after tax was S\$0.4 million for 1Q2018 and net loss after tax was S\$1.3 million for 1Q2017. The net profit for the period was mainly contributed by increase in revenue resulting higher gross profit and increase in unrealised exchange gain of S\$0.6 million as compared to 1Q2017.

- (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 net cash generated from operating activities of S\$1.0 million for 1Q2018 and S\$2.2 million for 1Q2017. Cash inflow from working capital was S\$1.3 million as compared to S\$3.5 million for 1Q2017.

Net cash flow used in investing activities was S\$0.7 million for 1Q2018 as compared to S\$2.9 million for 1Q2017.

Net cash flows generated from financing activities was S\$0.4 million for 1Q2018 as compared to S\$0.5 million for 1Q2017, the decrease mainly due to repayment of borrowings.

Comparatively, the Group’s cash and cash equivalent decreased by S\$4.1 million, after adjusting for effects of foreign currencies exchanges, from S\$11.5 million as at 30 September 2016 to S\$7.4 million as at 30 September 2017. The details of the cash flow statement are on Page 8.

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 (the “Mid-Con Group”) currently forms the Group’s main core business. The overall performance of the Mid-Con Group remains weak for 1Q2018 and the Group has invested in the microalgae cultivation project.

The Group has taken a cautious approach to its investment in PT Hanjungin and has taken continuous efforts to review the economy of Kupang to assess the ongoing viability of the property project and is of the view that the long term prospects of Kupang remains positive. To further mitigate our risks and enhance the recoverability of the RCL, we have negotiated with PT Hanjungin to increase the collateral provided against the RCL and have restructured the debt owing by PT Hanjungin to manage the recoverability of the RCL. This was announced on 31 August 2017. On 25 October 2017, PT Hanjungin has won a tender to supply 40 units of the properties to the Ministry of Education, Kupang. The tender is targeted to be fulfilled by December 2017 and currently, this is the only outstanding project the Group has with PT Hanjungin.

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 Group has thus far provided approximately 66% of the project budget. The assembly of the harvesting machine has been completed. The filling of water for 500 tanks is currently in progress and the completion of the microalgae facility is targeted to be by the end of November 2017. Production is expected to commence in December 2017, subject to weather conditions. The project is expected to have a positive effect on the net tangible assets per share and earnings per share of the Group once full production has started. The Group will continue to keep our shareholders informed on the development of the said project.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

The Group is actively pursuing collaborative and funding opportunities globally as part of its diversification efforts to minimise its reliance on its core business in the oil and gas segment. The Group is exposed to movements in US Dollar and Australian Dollar as a result of operations in USA and Australia. 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

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

No dividend has been declared/recommended for the period ended 30 September 2017.

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 period 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 period ended 30 September 2017 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 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 FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

16 Use of Proceeds from Notes Issue

Notes Issue	S\$'000	Utilisation of Proceeds as at 29 October 2017	S\$'000
Convertible Notes	35,000	<i>Investments and general corporate purposes</i>	
Notes Unissued	(9,000)	Increase in stake in Midcon ⁽¹⁾	393
Arranger fees	(520)	Amount disbursed in relation to the Redeemable Convertible Loan of up to S\$5,000,000 ⁽²⁾	5,000
Proceed from Notes	<u>25,480</u>	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⁾	5,175
		Fixed income investment	200
		<i>General working capital</i>	
		Repayment of convertible loan	798
		General working capital	4,207
			<u>24,497</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 and 21 September 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.

BY ORDER OF THE BOARD

Luke Ho Khee Yong
Chief Executive Officer
31 October 2017

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

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017 (“1Q2018”)

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.
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