

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2018

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 third quarter ended 31 March 2018.

	Note	Group			Group		
		Third Quarter			Nine Months		
		Jan 2018 - Mar 2018 S\$'000	Jan 2017 - Mar 2017 S\$'000	Inc/ (Dec) %	Jul 2017 - Mar 2018 S\$'000	Jul 2016 - Mar 2017 S\$'000	Inc/ (Dec) %
Revenue		5,170	3,301	56.6	13,056	10,985	18.9
Cost of sales		(4,423)	(2,821)	56.8	(10,907)	(8,922)	22.2
Gross profit		747	480	55.6	2,149	2,063	4.2
Other operating income		(382)	263	N.M	206	313	(34.2)
Other operating expenses		(1)	740	N.M	(9)	(455)	(98.0)
Distribution and selling expenses		(20)	(55)	(63.6)	(115)	(167)	(31.1)
Administrative expenses		(1,308)	(2,383)	(45.1)	(3,872)	(5,967)	(35.1)
Finance income		233	134	73.9	642	472	36.0
Finance costs		(22)	(8)	>100	(69)	(239)	(71.1)
Share of results of joint ventures		-	(228)	(100.0)	-	424	(100.0)
Loss before income tax	1	(753)	(1,057)	(28.8)	(1,068)	(3,556)	(70.0)
Income tax		(55)	(57)	(3.5)	(45)	(43)	4.7
Loss for the period		(808)	(1,114)	(27.5)	(1,113)	(3,599)	(69.1)
Discontinued operations							
(Loss)/profit from discontinued operations		(45)	426	N.M	(367)	(185)	98.4
Net loss for the period		(853)	(688)	24.0	(1,480)	(3,784)	(60.9)
Other comprehensive (loss)/income		(2,937)	1,223	N.M	(1,439)	2,721	N.M
Total comprehensive (loss)/income		(3,790)	535	N.M	(2,919)	(1,063)	>100
Net (loss)/profit attributable to:							
Equity holders of the Company		(1,226)	(1,014)	20.9	(1,277)	(3,257)	(60.8)
Non-controlling interests		373	326	14.4	(203)	(527)	(61.5)
		(853)	(688)	24.0	(1,480)	(3,784)	(60.9)
Total comprehensive (loss)/income attributable to:							
Equity holders of the Company		(4,739)	1,031	N.M	(2,335)	(921)	>100
Non-controlling interests		949	(496)	N.M	(584)	(142)	>100
		(3,790)	535	N.M	(2,919)	(1,063)	>100

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

	Group			Group		
	Third Quarter			Nine Months		
	Jan 2018 - Mar 2018 S\$'000	Jan 2017 - Mar 2017 S\$'000	Inc/ (Dec) %	Jul 2017 - Mar 2018 S\$'000	Jul 2016 - Mar 2017 S\$'000	Inc/ (Dec) %
(Provision)/reversal of doubtful debts	(2)	30	N.M	(9)	(87)	(89.7)
Depreciation of property, plant and equipment	(67)	(74)	(9.5)	(209)	(231)	(9.5)
Realised exchange gain/(loss) (net)	5	(4)	N.M	10	(42)	N.M
Unrealised exchange (loss)/gain (net)	(415)	961	>100	38	70	(45.7)
Interest expense on borrowings	(14)	20	>100	(44)	(211)	(79.1)
Interest income	233	134	73.9	642	472	36.0
Gain/(loss) on disposal of plant and equipment	17	(6)	>100	32	(6)	N.M
Loss on disposal of a subsidiary	-	-	N.M	-	(148)	(100.0)
Gain from disposal of other financial assets	-	175	(100.0)	-	175	(100.0)
Adjustment for under provision of tax in respect of prior years	-	75	(100.0)	-	38	(100.0)

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		
	Third Quarter			Nine Months		
	Jan 2018 - Mar 2018 S\$'000	Jan 2017 - Mar 2017 S\$'000	Inc/ (Dec) %	Jul 2017 - Mar 2018 S\$'000	Jul 2016 - Mar 2017 S\$'000	Inc/ (Dec) %
<i>Other comprehensive (loss)/income</i>						
Exchange difference on translation of foreign operations	(2,948)	(244)	>100	(1,439)	1,265	N.M
Fair value gain recognised in equity on revaluation of available-for-sale financial assets during the period	10	1,466	>100	-	1,456	(100.0)
Deferred tax on fair value changes to available-for-sale financial assets	1	1	0.0	-	-	N.M
Other comprehensive (loss)/income	(2,937)	1,223	>100	(1,439)	2,721	N.M

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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	
		31-Mar-18 S\$'000	30-Jun-17 S\$'000	31-Mar-18 S\$'000	30-Jun-17 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	17,474	17,184	266	312
Investment in subsidiaries		-	-	13,475	13,441
Investment in joint venture entities		578	628	-	-
Other intangible assets	2	59	-	-	-
Other financial assets	3	36	38	-	-
Other receivables	4	7,800	-	7,800	-
Deferred tax assets	11	229	241	-	-
Total Non-Current Assets		26,176	18,091	21,541	13,753
Current Assets					
Inventories	5	2,623	3,124	-	-
Trade and other receivables	4	5,689	13,059	260	5,391
Related parties balances	6	228	282	13,062	14,415
Cash and bank deposits		4,971	5,410	896	214
Fixed deposits		3,716	4,529	304	304
Total Current Assets		17,227	26,404	14,522	20,324
Assets classified as held for sale	11	-	-	752	730
Total Current Assets		17,227	26,404	15,274	21,054
Total Assets		43,403	44,495	36,815	34,807
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	7	2,455	3,749	1,045	589
Bank overdrafts	8	101	-	-	-
Related parties balances	6	12	-	-	-
Finance lease obligations	9	7	9	-	-
Income tax liabilities		-	90	-	-
Convertible loans	10	550	1,450	-	1,450
Total Current Liabilities		3,125	5,298	1,045	2,039
Liabilities directly associated with assets classified as held for sale	11	-	-	218	218
Total Current Liabilities		3,125	5,298	1,263	2,257
Non-Current Liabilities					
Other payables	7	335	351	-	-
Finance lease obligations	9	-	5	-	-
Total Non-Current Liabilities		335	356	-	-
Total Liabilities		3,460	5,654	1,263	2,257
EQUITY					
Share capital		148,790	144,769	148,790	144,769
Reserves		(116,349)	(114,014)	(113,238)	(112,219)
		32,441	30,755	35,552	32,550
Non-controlling interests		7,502	8,086	-	-
Total Equity		39,943	38,841	35,552	32,550
Total Liabilities and Equity		43,403	44,495	36,815	34,807

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Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment increased from net book value of S\$17.2 million as at 30 June 2017 to S\$17.5 million as at 31 March 2018. Net additions during the period were S\$1.3 million. Depreciation was S\$0.2 million and translation loss was approximately S\$0.8 million. The additions mainly pertain to the construction of the microalgae oil cultivation facility.

2) Other Intangible assets

	Mar-18	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	59	-
	<u>59</u>	<u>-</u>

3) Other financial assets – non current

	Mar-18	Jun-17
	S\$'000	S\$'000
Quoted investment	36	38

4) Trade and other receivables

The amount of trade receivables have increased from S\$1.6 million as at 30 June 2017 to S\$2.1 million as at 31 March 2018 as a result of increase in revenue. The decrease in other receivables, deposits and prepayments is mainly due to reclassification of S\$7.8 million loan to non-current receivables.

	Mar-18	Jun-17
	S\$'000	S\$'000
Trade receivables	2,135	1,637
Other receivables, deposits and prepayments	3,554	11,422
	5,689	13,059
Other receivables - non current	7,800	-
Total trade and other receivables	<u>13,489</u>	<u>13,059</u>

5) Inventories

	Mar-18	Jun-17
	S\$'000	S\$'000
Finished goods	2,039	2,154
Work-in-progress	65	87
Goods-in-transit	519	883
	<u>2,623</u>	<u>3,124</u>

Refer to Item 8 on Page 12 for more details on sales performance.

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6) Related parties balances (net)

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

	Mar-18	Jun-17
	S\$'000	S\$'000
Amount due to joint venture entities	(12)	-
Amount due from related parties	228	282
	<u>216</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\$2.8 million as at 31 March 2018. The decrease was mainly due to payment to trade payables and other payables.

	Mar-18	Jun-17
	S\$'000	S\$'000
Trade payables	1,094	1,629
Other creditors, payables and accruals	1,361	2,120
	<u>2,455</u>	<u>3,749</u>
Other payables – non-current	335	351
	<u>2,790</u>	<u>4,100</u>

8) Bank overdrafts

The outstanding bank overdrafts relate mainly to working capital facilities provided by banks to our subsidiaries for the trading of equipment and spares.

	Mar-18	Jun-17
	S\$'000	S\$'000
Bank overdrafts	101	-

9) Finance lease obligations

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

	Mar-18	Jun-17
	S\$'000	S\$'000
Current	7	9
Non-current	-	5
	<u>7</u>	<u>14</u>

10) Borrowings

	Mar-18	Jun-17
	S\$'000	S\$'000
<u>Current liabilities</u>		
Unsecured convertible notes ⁽¹⁾	-	800
Loan from director and CEO ⁽²⁾	550	650
	<u>550</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") and the Notes Issue has matured on 6 November 2017.

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2) The Company obtained unsecured loan from a director and the chief executive officer (“CEO”) on April 2017 to fund the microalgae oil cultivation facility project. The loan is repayable within 1 year and the effective interest of the loan is 10%. The repayment date of the loan has been extended to 27 April 2019.

11) Assets held for sale

The coal concession rights and exploration asset have been reclassified to assets held for sale and the coal mining segment has been classified as discontinued operations since the financial year ended 30 June 2016.

12) 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.

	Mar-18	Jun-17
	S\$'000	S\$'000
Property, plant and equipment	35	37
Available-for-sale financial assets	180	189
Unutilised benefits	14	15
	229	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 31-Mar-2018	
Secured	Unsecured
S\$'000	S\$'000
108	550

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

Amount repayable after one year

As at 31-Mar-2018	
Secured	Unsecured
S\$'000	S\$'000
-	-

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 31 March 2018 and 30 June 2017 relates to finance lease. The unsecured borrowings are from a director and the CEO.

The Group’s bank overdraft are secured by the pledging of subsidiaries’ fixed deposits.

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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	
	Nine Months Ended	
	Mar-18	Mar-17
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before income tax	(1,435)	(3,741)
Adjustments of non-cash items	(450)	548
Operating cash flows before working capital changes	(1,885)	(3,193)
- Working capital changes	(926)	3,162
Cash flows used in operations	(2,811)	(31)
Interest income received	405	392
Interest paid	(44)	(211)
Net cash (used in)/generated from operating activities	(2,450)	150
Cash flows from investing activities		
Net cash outflow on acquisition of a subsidiary net of cash acquired	-	81
Proceeds from sale of plant and equipment	39	9
Purchase of plant and equipment	(1,331)	(8,028)
Net proceeds from redemption of other financial assets	-	4,543
Redemption of fixed income investment	-	200
Payment of petroleum exploration expenditure	(59)	(212)
Fixed deposits pledged to banks	67	2,773
Net cash flows used in investing activities	(1,284)	(634)
Cash flows from financing activities		
Repayment of finance lease obligations	(7)	(8)
Share issue expense	(64)	(96)
Repayment of borrowings	(100)	-
Redemption of convertible notes	-	(200)
Proceeds from issue of shares	3,179	2,000
Net cash flows generated from financing activities	3,008	1,696
Net (decrease)/increase in cash and cash equivalents	(726)	1,212
Cash and cash equivalents at beginning of the period	7,400	11,321
Effects of exchange rate changes on cash and cash equivalents	(561)	487
Cash and cash equivalents at the end of the period	6,113	13,020
Represented by:		
Cash and bank balances	4,971	11,066
Fixed deposits	1,243	1,954
Bank overdrafts, unsecured	(101)	-
	6,113	13,020
<u>Cash and cash equivalents</u>		
Cash and bank balances	4,971	11,066
Fixed deposits	3,716	4,573
Cash and cash equivalents	8,687	15,639
Less: Fixed deposits (restricted)	(2,473)	(2,619)
Less: Bank overdrafts	(101)	-
Cash and cash equivalents at the end of the period	6,113	13,020

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2018

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 2017	144,769	-	(7,186)	(106,828)	30,755	8,086	38,841
Total comprehensive loss for the period	-	-	(1,058)	(1,277)	(2,335)	(584)	(2,919)
Issuance of shares	4,085	-	-	-	4,085	-	4,085
Share issue expenses	(64)	-	-	-	(64)	-	(64)
Balance at 31 March 2018	148,790	-	(8,244)	(108,105)	32,441	7,502	39,943

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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 income/(loss) for the period	-	1,462	874	(3,257)	(921)	(142)	(1,063)
Issuance of shares	3,676	-	-	-	3,676	-	3,676
Share issue expenses	(96)	-	-	-	(96)	-	(96)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(2,643)	(2,643)
Balance at 31 March 2017	144,537	1,462	(7,380)	(102,378)	36,241	11,621	47,862

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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	Total
	S\$'000	Losses S\$'000	
Balance at 1 July 2017	144,769	(112,219)	32,550
Issuance of new shares	4,085	-	4,085
Share issue expense	(64)	-	(64)
Total comprehensive loss for the period	-	(1,019)	(1,019)
Balance at 31 March 2018	148,790	(113,238)	35,552
Balance at 1 July 2016	140,957	(111,551)	29,406
Issuance of new shares	3,676	-	3,676
Share issue expenses	(96)	-	(96)
Total comprehensive income for the period	-	1,518	1,518
Balance at 31 March 2017	144,537	(110,033)	34,504

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)
31-Mar-18	Issued and paid-up capital	12,632,507,107	148,790
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 4,526,887,208 shares converted pursuant to the shares placement.

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.

	31-Mar-18	30-Jun-17
No. of ordinary shares issued and fully paid	12,632,507,107	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

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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.

Earnings per share of the Group after deducting any provision for preference dividends for the period ended 31 March 2018:

	Group		Group	
	Third Quarter		Nine Months	
	Jan 2018 - Mar 2018	Jan 2017 - Mar 2017	Jul 2017 - Mar 2018	Jul 2016 - Mar 2017
Loss for the period (S\$'000)	(1,226)	(1,014)	(1,277)	(3,257)
- Based on weighted average number of ordinary shares in issue (cents) - basic and diluted ⁽¹⁾	(0.01)	(0.02)	(0.01)	(0.06)
- Weighted average number of ordinary shares ('000)	11,467,722	5,425,810	11,467,722	5,425,810

(1) 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.

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 31-Mar-18	As at 30-Jun-17	As at 31-Mar-18	As at 30-Jun-17
Net asset value per ordinary share (cents)	0.26	0.38	0.28	0.40
On a fully diluted basis (cents)	0.26	0.35	0.28	0.37

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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 nine months ended 31 March 2018 ("9 months FY2018") and 31 March 2017 ("9 months FY2017")

The Group's revenue increased by 18.9% from S\$11.0 million for 9 months FY2017 to S\$13.1 million for 9 months FY2018. Consequently, cost of sales increased by 22.2% from S\$8.9 million for 9 months FY2017 to S\$10.9 million for 9 months FY2018. The increase in revenue mainly due contributed by higher tubular sales but at lower profit margin. Gross profit has increased by 4.2% from S\$2.1 million for 9 months FY2017 to S\$2.2 million for 9 months FY2018. Gross profit margin decreased from 18.8% to 16.5% mainly due to tubular sales at a lower profit margin. Refer to item 10 on page 14 for more information on the Group's sales performance.

Quarter-to-quarter, three months ended 31 March 2018 ("3Q2018") and 31 March 2017 ("3Q2017")

The Group's revenue increased by 56.6% from S\$3.3 million in 3Q2017 to S\$5.2 million in 3Q2018. Gross profit margin remained at 14.5% for 3Q2018 and 3Q2017.

Other operating income

	Jul 2017 - Mar 2018	Jul 2016 - Mar 2017
	S\$'000	S\$'000
Rental income	17	-
Foreign exchange gain	48	-
Gain on disposal of property, plant and equipment	32	-
Gain on disposal of quoted investment	-	175
Write back of provision for doubtful debts	-	30
Other income	109	108
	<u>206</u>	<u>313</u>

Expenses

	Jul 2017 - Mar 2018	Jul 2016 - Mar 2017
	S\$'000	S\$'000
Distribution & selling expenses	115	167
Administrative expenses	3,872	5,967
Other operating expenses	9	455
	<u>3,996</u>	<u>6,589</u>

Overall expenses have decreased by S\$2.6 million from S\$6.6 million for 9 months FY2017 to S\$4.0 million for 9 months FY2018 resulting from lower other operating expenses and administrative expenses. Other operating expenses for 9 months FY2017 was mainly due to unrealized exchange loss of S\$0.2 million and impairment loss on intangible assets of S\$0.2 million. Administrative expenses which includes remuneration-related expenses, rental and professional fees were lower by S\$1.8 million, S\$0.1 million and S\$0.1 million respectively. Please refer to Note 1 on Page 2 for further details.

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Finance income/(costs)

Finance income is mainly due to interest income from redeemable convertible loan. Decrease in finance expenses mainly due to the maturation of the secured convertible notes.

	Jul 2017 - Mar 2018	Jul 2016 - Mar 2017
	S\$'000	S\$'000
Finance income	642	472
Finance costs	(69)	(239)
	<u>573</u>	<u>233</u>

Net loss after tax

Net loss after tax was S\$1.5 million for 9 months FY2018 and S\$3.8 million for 9 months FY2017. The decrease in net loss after tax for the period was mainly contributed by increase in revenue and gross profit and decrease in administrative 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\$2.5 million for 9 months FY2018 and net cash generated from operating activities of S\$0.2 million for 9 months FY2017. Cash outflow from working capital was S\$0.9 million for 9 months FY2018 as compared to cash inflow of S\$3.2 million for 9 months FY2017.

Net cash flow used in investing activities was S\$1.3 million for 9 months FY2018 mainly due to the Group's investment in the microalgae cultivation facility. Net cash flow used in investing activities was S\$0.6 million for 9 months FY2017, mainly due to the Group's investment in the microalgae project of S\$8.0 million off-set by redemption of other financial assets of S\$4.5 million.

Net cash inflow from financing activities was S\$3.0 million for 9 months FY2018 million as compared to an inflow of S\$1.7 million for 9 months FY2017, mainly from proceeds from issue of shares.

Comparatively, the Group's cash and cash equivalents decreased by approximately S\$6.9 million, after adjusting for effects of foreign currencies exchanges, from S\$13.0 million as at 31 March 2017 to S\$6.1 million as at 31 March 2018. Refer to item 1(c) on page 7 for the details of the cash flow statement.

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

Not Applicable.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2018

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 3Q2018.

The Company's wholly-owned subsidiary, MEG Management Sdn Bhd ("MMSB") is pushing ahead to complete the microalgae cultivation plant and also has plans to build our own oil crushing facility. As this is the very first commercialisation of microalgae cultivation production in Malaysia, MMSB has carried out weekly discussions and plant inspections to bring the said plant into production. The plant has entered into the testing and conditioning phase before moving into the production phase. The microalgae cultures that have been growing in the laboratory tanks during the past six months have been added into in the production tanks and we expect to fully fill up all the production tanks by the end of May 2018. There has been some delay in relation to the production and the production phase is now targeted to be in Jun or Jul 2018. 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.

The Group has taken an active approach to review and realise our investments. Our listed subsidiary APAC Coal Limited ("APAC") has received the necessary approvals from ASX to proceed with the reverse takeover exercise as announced on 21 December 2017. Barring unforeseen circumstances, the said APAC exercise is expected to be completed sometime in May/June 2018.

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/recommendeded for the period ended 31 March 2018.

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. As announced on 27 April 2017, the Group has IPT loans from a director and CEO. However, approval of the shareholders of the Company is not required as the interest payable on the Loans is less than 5% of the Group's latest audited net tangible assets. Please refer to the announcement on 27 April 2017, 3 May 2017 and 27 Apr 2018 for further information.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2018

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 31 March 2018 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 Section B: Rules of Catalist of the Listing Manual of the SGX ST ("Catalist Rules") in accordance with Rule 720(1) of the Catalist Rules.

17 Use of Proceeds from share placement

Utilisation of share placement as at 10 May 2018	S\$'000
Microalgae oil cultivation facility in Malaysia ⁽¹⁾	555
General working capital	316
	871

(1) 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
10 May 2018

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

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2018

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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