

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Board of Directors of Magnus Energy Group Ltd (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the announcement released by the Company on 11 September 2020 in relation to its unaudited full year financial results ("**Unaudited Results**") for the financial year ended 30 June 2020 ("**FY2020**").

Further reference is made to the audited financial statements of the Group for FY2020 ("**Audited Financial Statements**") which will be made available to shareholders of the Company ("**Shareholders**") in due course.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce and clarify that subsequent to the release of the Unaudited Results, the Audited Financial Statements contain certain material differences. Detailed information is set out below:

Consolidated Statement of Comprehensive Income for FY2020				
	Unaudited	Audited	Variance	Refer to Explanatory Note
	S\$'000	S\$'000	S\$'000	
Other operating income	1,135	1,143	(8)	(1)
Other operating expenses	(233)	(299)	66	(1)
Administrative expenses	(4,560)	(4,502)	(58)	(1)
Statements of Financial Position as at 30 June 2020				
	Unaudited	Audited	Variance	Refer to Explanatory Note
	S\$'000	S\$'000	S\$'000	
Current Liabilities				
Trade and other payables	2,315	1,815	500	(2)
Contract liabilities	-	500	(500)	(2)
Lease liabilities	29	1,736	(1,707)	(3)
Non-current liabilities				
Lease liabilities	1,707	-	1,707	(3)
Consolidated Statement of Cash Flows				
	Unaudited	Audited	Variance	Refer to Explanatory Note
	S\$'000	S\$'000	S\$'000	
Cash flows from operating activities				
Adjustments of non-cash items	(721)	(656)	(65)	(4)
Changes in operating assets and liabilities				
Inventories	827	756	71	(4)

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Currency translation adjustments	(64)	(58)	(6)	(4)
Cash flows from investing activities				
Purchase of property, plant and equipment	-	(2)	2	(5)
Proceeds from disposal of property, plant and equipment	-	156	(156)	(5)
Proceed from disposal/(Purchase of plant and equipment) net	154	-	154	(5)

Explanatory Notes:

- (1) Reclassification of aggregate amount of approximately \$66,000 being bad debts, inventories written off, loss on disposal of property, plant and equipment (“PPE”) and PPE written off from administrative expenses to other operating expenses. The Unaudited Results had shown the write back of inventory obsolescence under other operating income which had later been reclassified under cost of sales.
- (2) Reclassification of advances collected from customers from trade and other payables to contract liabilities as per the relevant requirements under the Singapore Financial Reporting Standards (International).
- (3) In relation to the Unaudited Results, as the lease period for the Group's leasehold land, 32 Loyang Crescent, Singapore 508992, (“**Loyang Property**”) will expire in year 2051, management had decided to classify the lease payments, being lease liabilities, which is due within one (1) year as current liabilities and the remaining lease payments as non-current liabilities. Notwithstanding this, as the right-of-use asset of the Loyang Property is associated with the assets classified as held-for-sale and given that the sale is expected to be completed within 12 months, the associated obligations for lease payments amounting to approximately S\$1.7 million had been reclassified from non-current liabilities to current liabilities in the Audited Financial Statements accordingly.
- (4) Due to the reclassification pertaining to inventories as set out in explanatory note (1) above, the corresponding items in the consolidated statement of cash flows were updated accordingly.
- (5) The Audited Financial Statements segregated the proceeds from disposal of PPE from the purchase of PPE whereas the Unaudited Results showed the net amount of the two aforesaid transactions.

Shareholders are advised to read the Audited Financial Statements set out in the Company's annual report for FY2020 in its entirety, which will be made available on SGXNet in due course.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Charles Madhavan
Executive Director and
Chief Executive Officer
7 October 2020

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This 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.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.
