

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

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 2014. Certain items reported for nine months ended 31 March 2013 have been reclassified to conform to this report for the nine months ended 31 March 2014.

	Note	Group			Group		
		Third Quarter			Nine Months		
		Jan 2014 - Mar 2014 S\$'000	Jan 2013 - Mar 2013 S\$'000	Inc/ (Dec) %	Jul 2013 - Mar 2014 S\$'000	Jul 2012 - Mar 2013 S\$'000	Inc/ (Dec) %
Revenue		12,842	11,517	11.5	34,943	37,048	(5.7)
Cost of sales		(10,377)	(8,829)	17.5	(27,672)	(28,973)	(4.5)
Gross profit		2,465	2,688	(8.3)	7,271	8,075	(10.0)
Other operating income		31	183	(83.1)	9,092	5,340	70.3
Other operating gain/(expenses)		363	17	2,035.3	(11,533)	(124)	9,200.8
Distribution and selling expenses		(25)	(60)	(58.3)	(115)	(164)	(29.9)
Administrative expenses		(2,577)	(2,643)	(2.5)	(7,457)	(7,749)	(3.8)
Finance income		617	261	136.4	1,752	606	189.1
Finance costs		(92)	(65)	41.5	(166)	(189)	(12.2)
Profit/(loss) before income tax	1	782	381	105.2	(1,156)	5,795	N.M
Income tax		(183)	(134)	36.6	(474)	(885)	(46.4)
Net profit/(loss) for the period		599	247	142.5	(1,630)	4,910	N.M
Other comprehensive income		(774)	7,369	N.M	(45,214)	1,942	N.M
Total comprehensive income		(175)	7,616	N.M	(46,844)	6,852	N.M
Net profit attributable to:							
Equity holders of the Company		396	45	780.0	(1,612)	2,241	N.M
Non-controlling interests		203	202	0.5	(18)	2,669	N.M
		599	247	142.5	(1,630)	4,910	N.M
Total comprehensive income attributable to:							
Equity holders of the Company		(561)	7,373	N.M	(46,654)	4,088	N.M
Non-controlling interests		386	243	58.8	(190)	2,764	N.M
		(175)	7,616	N.M	(46,844)	6,852	N.M

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Notes:

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

	Group			Group		
	Third Quarter			Nine Months		
	Jan 2014 - Mar 2014 S\$'000	Jan 2013 - Mar 2013 S\$'000	Inc/ (Dec) %	Jul 2013 - Mar 2014 S\$'000	Jul 2012 - Mar 2013 S\$'000	Inc/ (Dec) %
Trade receivables written off	-	(1)	(100.0)	-	(1)	(100.0)
Depreciation of property, plant and equipment	(243)	(138)	76.1	(536)	(516)	3.9
Realised exchange gain/(loss) (net)	12	58	(79.3)	(9)	243	N.M
Unrealised exchange gain/(loss) (net)	363	(232)	N.M	(824)	200	N.M
Interest expense on borrowings	(36)	(11)	227.3	(49)	(60)	(18.3)
Interest income	617	261	136.4	1,752	606	189.1
Gain on disposal of property, plant and equipment	1	25	(96.0)	58	883	(93.4)
Gain/(loss) on disposal of other financial assets	-	3	(100.0)	(10,596)	1,417	N.M
Gain on disposal of a subsidiary	-	-	N.M	3,623	-	N.M
Transfer of fair value from reserves	-	76	(100.0)	5,073	2,071	145.0
Fair valuation of financial asset held for trading	(7)	37	N.M	(81)	21	N.M
Adjustment for under provision of tax in respect of prior years	-	-	N.M	(56)	(53)	5.7

1(a)(ii) Other comprehensive 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 2014 - Mar 2014 S\$'000	Jan 2013 - Mar 2013 S\$'000	Inc/ (Dec) %	Jul 2013 - Mar 2014 S\$'000	Jul 2012 - Mar 2013 S\$'000	Inc/ (Dec) %
<i>Other comprehensive income:</i>						
Exchange difference on translation of foreign operations	401	920	(56.4)	(190)	(462)	(58.9)
Fair value (loss)/gain recognised in equity on revaluation of available-for-sale financial assets during the period	(1,178)	6,526	N.M	(39,951)	5,071	N.M
Reversal of fair value gain from equity on disposal of available-for-sale financial assets during the period	-	(76)	(100.0)	(5,140)	(2,071)	148.2
Fair value reclassification adjustment relating to subsidiary disposed of	-	-	N.M	67	-	N.M
Deferred tax on fair value changes to available-for-sale financial assets	3	(1)	N.M	-	(596)	(100.0)
Other comprehensive income	(774)	7,369	N.M	(45,214)	1,942	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-14 S\$'000	30-Jun-13 S\$'000	31-Mar-14 S\$'000	30-Jun-13 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	6,367	6,690	42	39
Investment in subsidiaries		-	-	14,602	14,602
Investment in associated companies	2	2	2	-	-
Investment in joint venture entities		-	-	-	-
Goodwill	2	1,570	1,570	-	-
Other intangible assets	3	28,734	28,949	-	-
Other financial assets	4	8,107	50,581	3,057	31,924
Total Non-Current Assets		44,780	87,792	17,701	46,565
Current Assets					
Other financial assets	4	-	540	-	540
Inventories	5	11,060	7,123	-	-
Trade and other receivables	6	9,931	9,227	654	842
Related parties balances	8	301	2,026	5,159	1,497
Cash and bank deposits		3,621	6,391	92	320
Fixed deposits		14,565	16,098	-	-
Total Current Assets		39,478	41,405	5,905	3,199
Total Assets		84,258	129,197	23,606	49,764
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	7	12,134	8,973	5,254	2,979
Bank overdrafts	9	1,993	700	-	-
Related parties balances	8	1,216	2,879	2,760	4,570
Borrowings	9	71	32	-	-
Finance lease obligations	10	9	12	-	12
Income tax liabilities	11	415	644	-	-
Total Current Liabilities		15,838	13,240	8,014	7,561
Non-Current Liabilities					
Borrowings	9	58	103	-	-
Finance lease obligations	10	34	-	-	-
Deferred tax liabilities	12	7,449	7,383	-	-
Total Non-Current Liabilities		7,541	7,486	-	-
Total Liabilities		23,379	20,726	8,014	7,561
EQUITY					
Share capital		120,127	120,127	120,127	120,127
Reserves		(85,584)	(38,930)	(104,535)	(77,924)
		34,543	81,197	15,592	42,203
Non-controlling interests		26,336	27,274	-	-
Total Equity		60,879	108,471	15,592	42,203
Total Liabilities and Equity		84,258	129,197	23,606	49,764

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Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment decreased from net book value of S\$6.7 million as at 30 June 2013 to S\$6.4 million as at 31 March 2014. Total additions during the period were S\$0.4 million. Depreciation charged was S\$0.5 million. Translation differences was approximately S\$0.1 million.

2) Goodwill

Goodwill remains unchanged over the financial period.

	Mar-14	Jun-13
	S\$'000	S\$'000
Mid-Continent Equipment Group Pte Ltd	1,570	1,570

3) Other Intangible assets

	Mar-14	Jun-13
	S\$'000	S\$'000
20% (2013: 20%) participating interest for the exploration of an area covered by the Petroleum Exploration Licence 101 granted under the Petroleum Act 2000 of South Australia	4,493	4,493

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*	26,420	26,420
Exploration and evaluation expenditure incurred for the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia	1,138	1,138
	27,558	27,558

	32,051	32,051
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Translation Differences	(3,317)	(3,102)
	28,734	28,949

**Due to the impending legal proceedings in relation to the Group's ownership interest in PT Batubara Selaras Sapta, the directors have been unable to determine the recoverable amount of the Group's investment in the Coal Concession Rights. Any adjustment to the figures will largely be dependent on the outcome of the legal proceedings and may significantly affect the Group's results.*

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

4) Other financial assets

Other financial assets decreased from S\$51.1 million as at 30 June 2013 to S\$8.1 million as at 31 March 2014. The change was mainly due to movement in financial assets held for trading and fair value of available-for-sale financial assets during the current period.

Other financial assets include financial assets held for trading which are intended to be disposed in the near term.

	Mar-14	Jun-13
	S\$'000	S\$'000
<u>Available-for-sale financial assets</u>		
Quoted equity shares, at fair value	8,092	50,373
Quoted warrants, at fair value	15	208
	<u>8,107</u>	<u>50,581</u>
 <u>Financial asset held for trading</u>		
Quoted equity shares, at fair value	-	540
 Total other financial assets	<u>8,107</u>	<u>51,121</u>
 <u>Classified as:</u>		
- Non current	8,107	50,581
- Current	-	540
	<u>8,107</u>	<u>51,121</u>

5) Inventories

	Mar-14	Jun-13
	S\$'000	S\$'000
<u>At cost</u>		
Finished goods	1,416	2,430
Goods-in-transit	1,513	1,226
Work-in-progress	82	215
	<u>3,011</u>	<u>3,871</u>
 <u>At net realisable value</u>		
Finished goods	8,049	3,252
	<u>11,060</u>	<u>7,123</u>

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

6) Trade and other receivables

The amount of trade and other receivables have increased from S\$9.2 million as at 30 June 2013 to S\$9.9 million as at 31 March 2014, mainly resulting from an increase of Other debtor arising from the disposal of a subsidiary.

	Mar-14	Jun-13
	S\$'000	S\$'000
Trade receivables	5,768	6,988
Other debtors, deposits and prepayments	4,163	2,239
	<u>9,931</u>	<u>9,227</u>

7) Trade and other payables

Other payables have increased from S\$2.7 million as at 30 June 2013 to S\$7.5 million as at 31 March 2014. The increase was mainly due to interest-free loan from director and trading losses.

	Mar-14	Jun-13
	S\$'000	S\$'000
Trade payables	4,623	6,291
Other creditors, payables and accruals	7,511	2,682
	<u>12,134</u>	<u>8,973</u>

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

8) Related parties balances (net)

The related party balances relate to trade balances between our equipment supply subsidiary and its joint venture partner and, associated and affiliated companies.

	Mar-14	Jun-13
	S\$'000	S\$'000
Amount due from	301	2,026
Amount due to	(1,216)	(2,879)
Net amount due to	(915)	(853)

9) Bank overdrafts & borrowings

The outstanding bank overdrafts and borrowings relate mainly to a working capital facility provided by a bank to our associate. The increase in bank overdrafts was mainly due to short-term financing for inventory purchases.

	Mar-14	Jun-13
	S\$'000	S\$'000
Bank overdrafts	1,993	700
Current borrowings	71	32
Non-current borrowings	58	103
Total bank overdrafts and borrowings	2,122	835

10) Finance lease obligations

The increase in finance lease was due to new finance lease taken up during the period.

	Mar-14	Jun-13
	S\$'000	S\$'000
Current	9	12
Non-current	34	-
	43	12

11) Income tax liabilities

Income tax liabilities changed marginally from S\$0.64 million as at 30 June 2013 to S\$0.42 million as at 31 March 2014 as a result of payment of tax and provision of current period's income tax expense.

12) Deferred tax liabilities

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. 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-14	Jun-13
	S\$'000	S\$'000
Property, plant and equipment	69	7
Intangible assets	8,534	8,502
Available-for-sale financial assets	(173)	(175)
Unutilised benefits	(981)	(951)
	7,449	7,383

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

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-2014	
Secured	Unsecured
S\$'000	S\$'000
80	1,993

As at 30-Jun-2013	
Secured	Unsecured
S\$'000	S\$'000
44	700

Amount repayable after one year

As at 31-Mar-2014	
Secured	Unsecured
S\$'000	S\$'000
92	-

As at 30-Jun-2013	
Secured	Unsecured
S\$'000	S\$'000
103	-

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

The unsecured borrowing relates to bank overdraft which arises mainly due to short term working capital requirement.

The Group's bank borrowings and credit facilities are secured by:

- a Standby Letter of Credit from a bank in Singapore;
- a personal guarantee from the directors, guarantee from a corporate shareholder and a hypothecation of machinery of a joint venture company in India;
- a first floating charge on all its undertaking, other property, assets and rights of a joint venture entity in Singapore; and
- the pledging of subsidiaries' fixed deposits of S\$5,207,556 to certain banks.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

- 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-14 S\$'000	Mar-13 S\$'000
Cash flows from operating activities		
(Loss)/profit before income tax	(1,156)	5,795
Adjustments of non-cash items	1,550	(4,539)
Operating cash flows before working capital changes	394	1,256
- Working capital changes	(1,700)	1,361
Cash flows from operations	(1,306)	2,617
Interest income received	1,908	170
Interest paid	(49)	(60)
Income taxes paid	(491)	(572)
Net cash generated from operating activities	62	2,155
Cash flows from investing activities		
Disposal of subsidiary	(210)	-
Proceeds from sale of property, plant and equipment	78	950
Purchase of property, plant and equipment	(287)	(548)
Net (payment)/proceeds from sale of other financial assets	(244)	6,249
Acquisition of other financial assets	(3,969)	(543)
Payment of dividends by a subsidiary company to minority shareholders	(748)	(707)
Net cash flows (used in)/generated from investing activities	(5,380)	5,401
Cash flows from financing activities		
Repayment of finance lease obligations	(15)	(17)
Repayment of borrowings	(52)	(540)
Fixed deposits pledged to banks	(29)	(335)
Net cash flows used in financing activities	(96)	(892)
Net (decrease)/increase in cash and cash equivalents	(5,414)	6,664
Cash and cash equivalents at beginning of the period	16,506	11,252
Effects of exchange rate changes on cash and cash equivalents	(107)	(151)
Cash and cash equivalents at the end of the period	10,985	17,765
Represented by:		
Cash and bank balances	3,621	6,258
Fixed deposits	9,357	11,543
Bank overdrafts, unsecured	(1,993)	(36)
	10,985	17,765
<u>Cash and cash equivalents</u>		
Cash and bank balances	3,621	6,258
Fixed deposits	14,565	16,921
Cash and cash equivalents	18,186	23,179
Less: Pledged fixed deposits	(5,208)	(5,378)
Less: Bank overdrafts	(1,993)	(36)
Cash and cash equivalents at the end of the period	10,985	17,765

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

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 2013	120,127	40,839	(7,806)	(71,963)	81,197	27,274	108,471
Total comprehensive loss for the period	-	(45,030)	(12)	(1,612)	(46,654)	(190)	(46,844)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(748)	(748)
Balance at 31 March 2014	120,127	(4,191)	(7,818)	(73,575)	34,543	26,336	60,879

MAGNUS ENERGY GROUP LTD.

(Registration No. 198301375M)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

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	S\$'000
Balance at 1 July 2012	120,127	37,298	(6,265)	(73,563)	77,597	27,233	104,830	
Total comprehensive income/(loss) for the period	-	1,982	(135)	2,241	4,088	2,764	6,852	
Dividends paid by a subsidiary to minority shareholders	-	-	-	-	-	(707)	(707)	
Balance at 31 March 2013	120,127	39,280	(6,400)	(71,322)	81,685	29,290	110,975	

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

- 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	Fair Value Reserve	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2013	120,127	27,415	(105,339)	42,203
Total comprehensive income/(loss) for 3Q2014	-	(28,282)	1,671	(26,611)
Balance at 31 March 2014	120,127	(867)	(103,668)	15,592
Balance at 1 July 2012	120,127	25,329	(105,082)	40,374
Total comprehensive income/(loss) for 3Q2013	-	182	(883)	(701)
Balance at 31 March 2013	120,127	25,511	(105,965)	39,673

- 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-14	Issued and paid-up capital	2,048,678,060	120,127
31-Mar-13	Issued and paid-up capital	2,048,678,060	120,127

There is no outstanding convertible and no share option or award provided under the Magnus Energy Employee Share Option Plan or Performance Share Plan. There is no change in the Company's share capital during the current financial period.

- 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-14	30-Jun-13
No. of ordinary shares issued and fully paid	2,048,678,060	2,048,678,060

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

- 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.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

- 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.**

Except as disclosed in Part 5 below, the same accounting policies and methods of computation as in the most recently audited annual financial statements have been applied.

- 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.**

On 1 July 2013, the Group adopted the following FRS which are effective and relevant to the Group, and mandatory for application:

FRS 113 Fair Value Measurement

The adoption of the above amended standard has not had any impact on the financial performance or position of the Group.

- 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 2014:

	Group		Group	
	Third Quarter		Nine Months	
	Jan 2014 - Mar 2014	Jan 2013 - Mar 2013	Jul 2013 - Mar 2014	Jul 2012 - Mar 2013
Earnings for the period (\$'000)	396	45	(1,612)	2,241
- Based on weighted average number of ordinary shares in issue (cents)	0.019	0.002	(0.079)	0.109
- Weighted average number of ordinary shares ('000)	2,048,678	2,048,678	2,048,678	2,048,678
- On a fully diluted basis (detailing any adjustments made to the earnings (cents)	0.019	0.002	(0.079)	0.109
- Weighted average number of ordinary shares on fully diluted basis ('000)	2,048,678	2,048,678	2,048,678	2,048,678

- 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-14	As at 30-Jun-13	As at 31-Mar-14	As at 30-Jun-13
Net asset value per ordinary share (cents)	1.69	3.96	0.76	2.06
On a fully diluted basis (cents)	1.69	3.96	0.76	2.06

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

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 2014 ("9 months FY2014") and 31 March 2013 ("9 months FY2013")

The Group's revenue decreased by 5.7% from S\$37.0 million for 9 months FY2013 to S\$34.9 million for 9 months FY2014. The decrease in revenue resulted from lower activities in tubular sales, while the Group continued to focus its efforts on sales of equipment and spares, leasing revenues and project sales. In line with the decrease in revenue, cost of sales decreased by 4.5% from S\$29.0 million for 9 months FY2013 to S\$27.7 million for 9 months FY2014. Gross profit has decreased by 10.0% from S\$8.1 million for 9 months FY2013 to S\$7.3 million for 9 months FY2014. With the main contributor of sales from equipment and spares, gross margin was 20.8% for 9 months FY2014 and 21.8% for 9 months FY2013.

Quarter-to-quarter

3Q2014 posted higher revenue of S\$12.8 million as compared to 3Q2013 of S\$11.5 million. Consequently, costs of sales of S\$10.4 million for 3Q2014 was higher than S\$8.8 million for 3Q2013. Higher profit margin of 23.3% was recorded for 3Q2013 as compared to 19.2% for 3Q2014.

Other operating income

	Jul 2013 - Mar 2014	Jul 2012 - Mar 2013
	S\$'000	S\$'000
Gain on disposal of available-for-sale financial assets	-	1,417
Gain on disposal of a subsidiary	3,623	-
Transfer of fair value gain from equity to profit and loss	5,073	2,071
Services income	211	504
Exchange gain	-	443
Gain on disposal of property, plant and equipment	57	883
Fair value gain on financial asset held for trading	-	22
Bad debts recovered	31	-
Other income	97	-
	<u>9,092</u>	<u>5,340</u>

- disposal of subsidiary refers to the disposal of Wallmans Limited
- transfer of fair value gain from equity to profit and loss S\$5.1 million relates to the disposal of quoted equities
- services income generated from environmental projects was S\$0.2 million

Expenses

	Jul 2013 - Mar 2014	Jul 2012 - Mar 2013
	S\$'000	S\$'000
Distribution & selling expenses	115	164
Administrative expenses	7,457	7,749
Other operating expenses	11,533	124
	<u>19,105</u>	<u>8,037</u>

Expenses have increased by S\$11.1 million from S\$8.0 million for 9 months FY2013 to S\$19.1 million for 9 months FY2014 which was mainly contributed by unrealised exchange loss of S\$0.8 million due to weakening of Australian dollars against US dollars, fair value loss of S\$3.8 million transferred to profit and loss resulting from disposal of subsidiary, and losses in trading of quoted equities of S\$6.8 million. As compared to the trading gain recorded in Other operating income, the realised net trading loss was S\$1.7 million. Otherwise, administrative expenses have decreased marginally.

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Finance income/costs

Finance income is mainly due to interest income. Finance expenses are mainly due to hire purchase interests and bank charges.

	Jul 2013 - Mar 2014	Jul 2012 - Mar 2013
	S\$'000	S\$'000
Finance income	1,752	606
Finance costs	(166)	(189)
	<u>1,586</u>	<u>417</u>

Net profit after tax

Net profit after tax was S\$4.9 million for 9 months FY2013 and net loss after tax was S\$1.6 million for 9 months FY2014. The net loss for the period was mainly contributed by other operating expenses as mentioned above, otherwise our oilfield equipment supply and services segment remains profitable.

- (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 generated for operating activities of S\$0.1 million for 9 months FY2014 and S\$2.2 million for 9 months FY2013, mainly due to working capital changes, refer to details in Page 5 and interest income. Cash outflow from working capital was S\$1.7 million for 9 months FY2014 as compared to cash inflow of S\$1.4 million for 9 months FY2013.

Net cash flow used in investing activities was S\$5.4 million for 9 months FY2014 which was significantly higher as compared to an inflow of S\$5.4 million for 9 months FY2013, mainly due to the acquisition of 15% stake in GCM Resources plc. for S\$3.7 million in 1Q2014. Net payment for sale of other financial assets was S\$0.2 million for 9 months FY2014 as compared to proceeds of S\$6.2 million for 9 months FY2013.

Movements in net cash flows in financing activities were insignificant for the relevant comparative periods. Comparatively, the Group's cash and cash equivalents decreased by approximately S\$6.8 million, after adjusting for effects of foreign currencies exchanges, from S\$17.8 million as at 31 March 2013 to S\$11.0 million as at 31 March 2014. 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 main core business, the Oil and Gas Equipment distribution division, Mid-Continent Equipment Group Pte Ltd and its subsidiaries ("Mid-Con Group"), remains cautiously optimistic about its growth prospects. The Mid-Con Group will continue to focus on its multi-pronged strategy to expand geographically, diversify its business model, widen its product range and enhance its processing capabilities to remain profitable in the next twelve months.

The Group is exposed to movements in US Dollar and Australian Dollar and price fluctuation of quoted equities in our investment portfolio. Such movements in the currencies and equities market may have a significant impact on the Group's future results.

Going forward, the Group will continue to pursue acquisition and investment opportunities across the Asia Pacific region.

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11 Dividend

- (a) Current Financial Period Reported On - Not applicable
- (b) Corresponding Period of the Immediately Preceding Financial Year - Not applicable
- (c) Date payable - Not applicable
- (d) 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 31 March 2014.

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, save for interest-free loans provided by directors to the Company.

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

We, Lim Kuan Yew and Koh Teng Kiat, 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 2014 to be false or misleading in any material aspect. A signed confirmation copy is kept in record.

On behalf of the Board of Directors

Lim Kuan Yew
Managing Director

Koh Teng Kiat
Executive 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.

BY ORDER OF THE BOARD

Luke Ho Khee Yong
Company Secretary
12 May 2014

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 Catalyst. 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.

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