

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

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 2017.

	Note	Group			Group		
		Third Quarter			Nine Months		
		Jan 2017 - Mar 2017 S\$'000	Jan 2016 - Mar 2016 S\$'000	Inc/ (Dec) %	Jul 2016 - Mar 2017 S\$'000	Jul 2015 - Mar 2016 S\$'000	Inc/ (Dec) %
Revenue	1	3,301	5,382	(38.7)	10,985	17,470	(37.1)
Cost of sales		(2,821)	(4,270)	(33.9)	(8,922)	(14,203)	(37.2)
Gross profit		480	1,112	(56.8)	2,063	3,267	(36.9)
Other operating income		334	500	(33.2)	384	760	(49.5)
Other operating expenses		882	(188)	N.M	(313)	(2,365)	(86.8)
Distribution and selling expenses		(66)	(46)	43.5	(250)	(133)	88.0
Administrative expenses		(2,159)	(2,120)	1.8	(6,282)	(5,959)	5.4
Finance income		134	187	(28.3)	472	552	(14.5)
Finance costs		(8)	(18)	(55.6)	(239)	(47)	>100
Share of results of joint ventures		(228)	174	N.M	424	420	1.0
Loss before income tax		(631)	(399)	58.1	(3,741)	(3,505)	6.7
Income tax		(57)	46	N.M	(43)	(55)	(21.8)
Net loss for the period		(688)	(353)	94.9	(3,784)	(3,560)	6.3
Other comprehensive income/ (loss)		1,223	(1,665)	N.M	2,721	(167)	N.M
Total comprehensive income/(loss)		535	(2,018)	N.M	(1,063)	(3,727)	(71.5)
Net loss attributable to:							
Equity holders of the Company		(1,014)	(544)	86.4	(3,257)	(3,219)	1.2
Non-controlling interests		326	191	70.7	(527)	(341)	54.5
		(688)	(353)	94.9	(3,784)	(3,560)	6.3
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		1,031	(1,467)	N.M	(921)	(3,172)	(71.0)
Non-controlling interests		(496)	(551)	(10.0)	(142)	(555)	(74.4)
		535	(2,018)	N.M	(1,063)	(3,727)	(71.5)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

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

	Group			Group		
	Third Quarter			Nine Months		
	Jan 2017 - Mar 2017 S\$'000	Jan 2016 - Mar 2016 S\$'000	Inc/ (Dec) %	Jul 2016 - Mar 2017 S\$'000	Jul 2015 - Mar 2016 S\$'000	Inc/ (Dec) %
Reversal/(provision)of doubtful debts	30	-	N.M	(87)	58	N.M
Depreciation of property, plant and equipment	(74)	(91)	(18.7)	(231)	(236)	(2.1)
Realised exchange loss (net)	(4)	(3)	33.3	(42)	(303)	(86.1)
Unrealised exchange gain (net)	961	628	53.0	70	285	(75.4)
Interest expense on borrowings	20	(18)	>100	(211)	(47)	>100
Interest income	134	187	(28.3)	472	552	(14.5)
(Loss)/gain on disposal of plant and equipment	(6)	(70)	(91.4)	(6)	14	N.M
Loss on disposal of a subsidiary	-	-	N.M	(148)	-	N.M
Gain from disposal of other financial assets	175	-	N.M	175	-	N.M
Impairment of available-for-sale financial assets	-	(527)	(100.0)	-	(2,057)	(100.0)
Adjustment for under provision of tax in respect of prior years	75	23	>100	38	55	(30.9)

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			Group		
	Third Quarter			Nine Months		
	Jan 2017 - Mar 2017 S\$'000	Jan 2016 - Mar 2016 S\$'000	Inc/ (Dec) %	Jul 2016 - Mar 2017 S\$'000	Jul 2015 - Mar 2016 S\$'000	Inc/ (Dec) %
<i>Other comprehensive income/(loss)</i>						
Exchange difference on translation of foreign operations	(244)	(1,675)	(85.4)	1,265	(166)	N.M
Fair value gain recognised in equity on revaluation of available-for-sale financial assets during the period	1,466	10	>100	1,456	-	N.M
Deferred tax on fair value changes to available-for-sale financial assets	1	-	N.M	-	(1)	(100.0)
Other comprehensive income/(loss)	1,223	(1,665)	>100	2,721	(167)	N.M

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

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-17 S\$'000	30-Jun-16 S\$'000 (restated)	31-Mar-17 S\$'000	30-Jun-16 S\$'000 (restated)
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	16,341	5,690	320	346
Investment in subsidiaries		-	-	14,856	14,364
Investment in joint venture entities		1,251	859	-	-
Goodwill	2	1,570	1,570	-	-
Other intangible assets	3	4,932	4,381	-	-
Other financial assets	4	2,041	5,940	-	-
Other receivables	6	5,000	5,000	5,000	5,000
Deferred tax assets	12	216	208	-	-
Total Non-Current Assets		31,351	23,648	20,176	19,710
Current Assets					
Other financial assets	4	1,900	1,900	-	-
Inventories	5	3,926	4,101	-	-
Trade and other receivables	6	3,912	9,336	3,746	390
Related parties balances	7	226	294	14,308	13,317
Cash and bank deposits		11,066	5,723	180	632
Fixed deposits		4,573	10,990	303	504
Total Current Assets		25,603	32,344	18,537	14,843
Total Assets		56,954	55,992	38,713	34,553
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	8	5,225	3,208	359	397
Finance lease obligations	9	9	9	-	-
Income tax liabilities	10	1	21	-	-
Convertible loans	11	3,850	4,750	3,850	4,750
Total Current Liabilities		9,085	7,988	4,209	5,147
Non-Current Liabilities					
Finance lease obligations	9	7	14	-	-
Deferred tax liabilities	12	-	2	-	-
Total Non-Current Liabilities		7	16	-	-
Total Liabilities		9,092	8,004	4,209	5,147
EQUITY					
Share capital		144,537	140,957	144,537	140,957
Reserves		(108,296)	(107,375)	(110,033)	(111,551)
		36,241	33,582	34,504	29,406
Non-controlling interests		11,621	14,406	-	-
Total Equity		47,862	47,988	34,504	29,406
Total Liabilities and Equity		56,954	55,992	38,713	34,553

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment increased from net book value of S\$5.7 million as at 30 June 2016 to S\$16.3 million as at 31 March 2017. Net additions during the period were S\$11.1 million, mainly pertain to the construction of microalgae oil cultivation facility. Depreciation was S\$0.2 million and translation gain was approximately S\$0.2 million.

2) Goodwill

Goodwill remains unchanged over the financial period.

	Mar-17	Jun-16
	S\$'000	S\$'000
Mid-Continent Equipment Group Pte Ltd	1,570	1,570

3) Other Intangible assets

	Mar-17	Jun-16
	S\$'000	S\$'000
Other Intangible assets	4,932	4,381

Other intangible assets consist of:

	Mar-17	Jun-16
	S\$'000	S\$'000
20% (2016: 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	4,932	4,381
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*	-	-
Exploration and evaluation expenditure incurred for the exploration and evaluation of coal of the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia*	-	-
	4,932	4,381

**As announced on 30 June 2016 and 2 August 2016 by APAC Coal Limited ("APAC"), a 55.79% direct holding subsidiary of Magnus Energy Group Ltd, APAC has entered into a sales and purchase agreement to acquire 100% of the shares in Sharp Year Ventures Limited, which shall be fully funded by the issuance of APAC's shares (the "Proposed Acquisition"). On completion of the Proposed Acquisition, APAC will cease to be a subsidiary. The coal concession rights and exploration assets are owned by one of the subsidiaries of APAC which will be sold in accordance with the terms of the Proposed Acquisition. As announced on 23 February 2017, APAC will not proceed with the Proposed Acquisition and the coal concession right was stated at a fair value of S\$1 as at 31 March 2017.*

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

4) Other financial assets

Other financial assets decreased from S\$7.8 million as at 30 June 2016 to S\$3.9 million as at 31 March 2017. The change was mainly due to redemption of S\$4.0 million from non-current other financial assets during the period.

	Mar-17	Jun-16
	S\$'000	S\$'000
Other financial assets (current) – Indonesia projects	1,900	1,900
Other financial assets (non-current) – Quoted investment	2,041	5,940
Total other financial assets	3,941	7,840

5) Inventories

	Mar-17	Jun-16
	S\$'000	S\$'000
Finished goods	3,485	3,617
Work-in-progress	141	184
Goods-in-transit	300	300
	3,926	4,101

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

6) Trade and other receivables

The amount of trade receivables have decreased from S\$3.0 million as at 30 June 2016 to S\$1.0 million as at 31 March 2017 as a result of decrease in revenue. The decrease in other receivables, deposits and prepayments is mainly due to reclassification of S\$3.0 million deposit paid for microalgae oil cultivation facility to construction in progress.

Other receivables (non-current) of S\$5 million related to Redeemable Convertible Loan (the “RCL”) with PT Hanjungin as announced on 22 May 2015.

	Mar-17	Jun-16
	S\$'000	S\$'000
Trade receivables	1,026	2,964
Other receivables, deposits and prepayments	2,886	6,372
	3,912	9,336
Other receivables - non current	5,000	5,000
Total trade and other receivables	8,912	14,336

7) Related parties balances (net)

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

	Mar-17	Jun-16
	S\$'000	S\$'000
Amount due from related parties	226	294

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

8) Trade and other payables

Trade and other payables have increased from S\$3.2 million as at 30 June 2016 to S\$5.2 million as at 31 March 2017. The increase was mainly due to dividend payable to minority shareholder of a subsidiary.

	Mar-17	Jun-16
	S\$'000	S\$'000
Trade payables	1,154	1,206
Other creditors, payables and accruals	4,071	2,002
	<u>5,225</u>	<u>3,208</u>

9) Finance lease obligations

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

	Mar-17	Jun-16
	S\$'000	S\$'000
Current	9	9
Non-current	7	14
	<u>16</u>	<u>23</u>

10) Income tax liabilities

Income tax liabilities mainly arise from our oilfield equipment supplies and services segment decreased as a result of losses suffered by the Group.

11) Borrowings

	Mar-17	Jun-16
	S\$'000	S\$'000
<u>Current liabilities</u>		
Unsecured convertible notes ⁽¹⁾	550	1,250
Secured convertible notes ⁽²⁾	3,300	3,500
	<u>3,850</u>	<u>4,750</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.

The remaining outstanding secured and unsecured convertible notes can be converted into 611,111,111 ordinary shares based on the latest conversion price of S\$0.0009 per share as at 3 May 2017.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

- 2) The Company entered into a secured convertible note ("CN") agreement with Financial Frontiers Pte Ltd, a Singapore-based private equity firm to issue S\$3.5 million 8% redeemable convertible notes due 180 days from the date of issue. The maturity date of the CN is on 31 March 2017 and it was fully repaid in April 2017.

The CN is ranked as a senior secured obligation of the Company under the CN agreement and has a first fixed charge over the Company's interest in shares of a subsidiary and a first floating charge over all of the Company's undertakings and all its assets, both present and future, limited to the principal amount of the CN. Please refer to the announcements dated 6 April 2016 and 7 October 2016 for further information.

12) Deferred tax liabilities (net)

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-17	Jun-16
	S\$'000	S\$'000
Property, plant and equipment	(18)	(16)
Intangible assets	1,554	1,503
Available-for-sale financial assets	(190)	(185)
Unutilised benefits	(1,562)	(1,508)
	<u>(216)</u>	<u>(206)</u>

Represented by:

Deferred tax assets	(216)	(208)
Deferred tax liabilities	-	2
	<u>(216)</u>	<u>(206)</u>

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-2017	
Secured	Unsecured
S\$'000	S\$'000
3,309	550

As at 30-Jun-2016	
Secured	Unsecured
S\$'000	S\$'000
3,509	1,250

Amount repayable after one year

As at 31-Mar-2017	
Secured	Unsecured
S\$'000	S\$'000
7	-

As at 30-Jun-2016	
Secured	Unsecured
S\$'000	S\$'000
14	-

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

The secured borrowings as at 31 March 2017 and 30 June 2016 relates to finance lease and secured convertible notes. The secured convertible notes was secured by a fixed and floating charge over the Company's assets.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

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-17 S\$'000	Mar-16 S\$'000
Cash flows from operating activities		
Loss before income tax	(3,741)	(3,505)
Adjustments of non-cash items	548	1,025
Operating cash flows before working capital changes	(3,193)	(2,480)
- Working capital changes	3,162	(3,969)
Cash flows used in operations	(31)	(6,449)
Interest income received	392	518
Interest paid	(211)	(47)
Income taxes paid	-	(142)
Net cash generated from/(used in) operating activities	150	(6,120)
Cash flows from investing activities		
Net cash outflow on acquisition of a subsidiary net of cash acquired	-	(482)
Proceeds from sale of plant and equipment	9	93
Purchase of plant and equipment	(8,028)	(374)
Net proceeds from redemption of other financial assets	4,543	-
Investment in joint investment	-	(1,408)
Redemption of/(investment in) fixed income investment	200	(200)
Payment of petroleum exploration expenditure	(212)	(3,051)
Investment in redeemable convertible loan	-	(3,500)
Fixed deposits pledged to banks	2,773	104
Net cash inflow on disposal of subsidiary	81	-
Net cash flows used in investing activities	(634)	(8,818)
Cash flows from financing activities		
Repayment of finance lease obligations	(8)	(7)
Share issue expense	(96)	(214)
Payment of dividends by a subsidiary company to non-controlling interests	-	(437)
Redemption of convertible notes	(200)	-
Proceeds from issue of shares	2,000	7,510
Net cash flows generated from financing activities	1,696	6,852
Net increase/(decrease) in cash and cash equivalents	1,212	(8,086)
Cash and cash equivalents at beginning of the period	11,321	18,638
Effects of exchange rate changes on cash and cash equivalents	487	475
Cash and cash equivalents at the end of the period	13,020	11,027
Represented by:		
Cash and bank balances	11,066	5,613
Fixed deposits	1,954	5,414
	13,020	11,027
<u>Cash and cash equivalents</u>		
Cash and bank balances	11,066	5,613
Fixed deposits	4,573	10,866
Cash and cash equivalents	15,639	16,479
Less: Fixed deposits (restricted)	(2,619)	(5,452)
Cash and cash equivalents at the end of the period	13,020	11,027

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

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 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

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

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	Translation Reserve	Accumulated Losses	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2015	128,278	(8,005)	(82,592)	37,681	25,716	63,397
Total comprehensive income/(loss) for the period	-	47	(3,219)	(3,172)	(555)	(3,727)
Issuance of shares	7,510	-	-	7,510	-	7,510
Share issue expenses	(214)	-	-	(214)	-	(214)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	(437)	(437)
Balance at 31 March 2016	135,574	(7,958)	(85,811)	41,805	24,724	66,529

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

- 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 2016	140,957	(111,551)	29,406
Issuance of new shares	3,676	-	3,676
Share issue expense	(96)	-	(96)
Total comprehensive income for the period	-	1,518	1,518
Balance at 31 March 2017	144,537	(110,033)	34,504
Balance at 1 July 2015	128,278	(107,214)	21,064
Issuance of new shares	7,510	-	7,510
Share issue expenses	(214)	-	(214)
Total comprehensive loss for the period	-	(1,540)	(1,540)
Balance at 31 March 2016	135,574	(108,754)	26,820

- 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-17	Issued and paid-up capital	7,827,842,122	144,537
30-Jun-16	Issued and paid-up capital	3,911,612,739	140,957

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:

- (a) 975,753,200 employees' share awards granted under the Magnus Performance Share Plan; and
(b) 2,940,476,183 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.**

	31-Mar-17	30-Jun-16
No. of ordinary shares issued and fully paid	7,827,842,122	3,911,612,739

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 THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

- 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 2016.

- 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 2017:

	Group		Group	
	Third Quarter		Nine Months	
	Jan 2017 - Mar 2017	Jan 2016 - Mar 2016	Jul 2016 - Mar 2017	Jul 2015 - Mar 2016
Loss for the period (S\$'000)	(1,014)	(544)	(3,257)	(3,219)
- Based on weighted average number of ordinary shares in issue (cents) - basic and diluted ⁽¹⁾	(0.02)	(0.08)	(0.06)	(0.46)
- Weighted average number of ordinary shares ('000)	5,425,810	696,123	5,425,810	696,123

(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-17	As at 30-Jun-16	As at 31-Mar-17	As at 30-Jun-16
Net asset value per ordinary share (cents)	0.46	0.86	0.44	0.75
On a fully diluted basis (cents)	0.33	0.42	0.32	0.37

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

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 2017 ("9 months FY2017") and 31 March 2016 ("9 months FY2016")

The Group's revenue decreased by 37.1% from S\$17.5 million for 9 months FY2016 to S\$11.0 million for 9 months FY2017. Despite the recent improvement in the global oil prices, the Group's tubular products, oil and gas equipment and spare parts do not experience a quick recovery. Gross profit has decreased by 36.9% from S\$3.3 million for 9 months FY2016 to S\$2.1 million for 9 months FY2017. Gross profit margin remained at 18.7%. Refer to item 10 on page 15 for more information on the Group's sales performance.

Quarter-to-quarter, three months ended 31 March 2017 ("3Q2017") and 31 March 2016 ("3Q2016")

The Group's revenue decreased by 38.7% from S\$5.4 million in 3Q2016 to S\$3.3 million in 3Q2017. Gross profit margin decrease from 20% for 3Q2016 to 14.5% for 3Q2017. The decrease was due to lower profit margin recorded from waste water segment.

Other operating income

	Jul 2016 - Mar 2017	Jul 2015 - Mar 2016
	S\$'000	S\$'000
Services income from environmental projects	-	101
Foreign exchange gain	70	285
Gain on disposal of property, plant and equipment	-	196
Gain on disposal of quoted investment	175	-
Write back of provision for doubtful debts	30	-
Other income	109	178
	<u>384</u>	<u>760</u>

Expenses

	Jul 2016 - Mar 2017	Jul 2015 - Mar 2016
	S\$'000	S\$'000
Distribution & selling expenses	250	133
Administrative expenses	6,282	5,959
Other operating expenses	313	2,365
	<u>6,845</u>	<u>8,457</u>

Overall expenses have decreased by S\$1.6 million from S\$8.4 million for 9 months FY2016 to S\$6.8 million for 9 months FY2017 resulting from lower other operating expenses but higher administrative expenses. Other operating expenses for 9 months FY2016 was mainly contributed by impairment of available-for-sale financial assets of S\$2.1 million. Increase in administrative expenses was mainly due to increase of remuneration related expenses of approximately S\$0.3 million from S\$3.7 million in 9 months FY2016 to S\$4.0 million in 9 months FY2017. Please refer to Note 1 on Page 2 for further details.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

Finance income/(costs)

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

	Jul 2016 - Mar 2017	Jul 2015 - Mar 2016
	S\$'000	S\$'000
Finance income	472	552
Finance costs	(239)	(47)
	<u>233</u>	<u>505</u>

Net loss after tax

Net loss after tax was S\$3.8 million for 9 months FY2017 and S\$3.6 million for 9 months FY2016. The net loss after tax for the period was mainly contributed by decrease in revenue and gross profit and increase 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\$6.1 million for 9 months FY2016 and net cash generated from operating activities of S\$0.2 million for 9 months FY2017. Cash outflow from working capital was S\$4.0 million for 9 months FY2016 as compared to cash inflow of S\$3.2 million for 9 months FY2017.

Net cash flow used in investing activities was S\$8.8 million for 9 months FY2016. Net cash flow used in investing activities was S\$0.6 million for 9 months FY2017 which was significantly lower as compared to an outflow of S\$8.8 million for 9 months FY2016, mainly due to the acquisition of other financial assets, payment of petroleum exploration expenditure, deposit for investment of other financial assets and investment in the RCL (as defined in Section 10) in the prior period.

Net cash inflow from financing activities was S\$6.9 million for 9 months FY2016 million as compared to an inflow of S\$1.7 million for 9 months FY2017, mainly due to the proceeds from convertible notes.

Comparatively, the Group's cash and cash equivalents increased by approximately S\$2.0 million, after adjusting for effects of foreign currencies exchanges, from S\$11.0 million as at 31 March 2016 to S\$13.0 million as at 31 March 2017. Refer to item 1(c) on page 8 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 2017

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 ("Mid-Con Group") currently forms the Group's main core business. Though Midcon has recorded an improvement in sales over the last quarter, the overall performance of the Mid-Con Group remains weak and hence, the Group.

The Group has taken a cautious approach to its investment in PT Hanjungin by extending a Redeemable Convertible Loan ("RCL"), while taking a view on the possibility of converting the RCL into equity in PT Hanjungin. The Group 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 are currently negotiating with our partner to increase the collateral provided against the RCL.

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 70% of the project budget and expects delays in the completion of the project due to the delays in fund raising. Nevertheless, the Group is seeking to raise sufficient and timely funds via the existing Notes Issue program, realise some liquid assets and plausible loans to complete the said project. The completion timeline remains to be sometime during the fourth quarter of the Group's current financial year. The project is expected to have a positive effect on the net tangible assets per share and earnings per share of the Group once the full production has started. The Group will continue to keep our shareholders informed on the development of the said project.

As announced on 23 February 2017 by APAC Coal Limited ("APAC"), APAC has been advised by the Australian Stock Exchange ("ASX") that it is unlikely that the said acquisition of Goyes will meet the listing requirements for admissions to the official list of ASX. As a result, APAC shall not proceed with the said acquisition. Meanwhile, APAC has now engaged legal representation in Indonesia and shall resume efforts to seek recovery of our investments from the government of Republic of Indonesia via arbitration at the International Centre for Settlement of Investment Disputes.

With the existing funding arrangements from the Notes Issue, the Group is actively pursuing new acquisitions and investment 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 fixed deposits which are denominated in US Dollar and Australian Dollar. 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 31 March 2017.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 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. 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 and 3 May 2017 for further information.

- 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 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 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 Notes Issue**

Notes Issue	S\$'000	Utilisation of Proceeds as at 5 May 2017	S\$'000
Convertible Notes	35,000	<i>Investments and general corporate purposes</i>	
Notes Unissued	(11,500)	Increase in stake in Midcon ⁽¹⁾	393
Arranger fees	(470)	Amount disbursed in relation to the Redeemable	5,000
Proceed from Notes	23,030	Convertible Loan of up to S\$5,000,000 ⁽²⁾	
		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⁾	4,308
		Fixed income investment	200
		<i>General working capital</i>	
		Repayment of convertible loan	798
		General working capital	3,607
			23,030

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

- (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
8 May 2017

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.

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