



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

**Unaudited Condensed Interim Financial Statements
For The 3 Months Ended 31 March 2022**

This announcement has been prepared by Magnus Energy Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) 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 Catalist (the “**Catalist Rules**”). This announcement on the quarterly financial statements is mandatory, made pursuant to the requirements of the SGX-ST, as required under Rule 705(2)(d) of the Catalist Rules.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents in this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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Background:

Following the Company’s announcement dated 14 May 2021 on the change of its financial year end from 30 June to 31 December, the most recently completed financial year of the Company ended on 31 December 2021 (“**FY2021**”), and covered a period of 18 months from 1 July 2020 to 31 December 2021. In relation to the foregoing, the Company hereby presents its unaudited condensed interim consolidated financial results for the three months ended 31 March 2022 (“**1Q2022**”), as compared to the corresponding three months ended 31 March 2021 (“**1Q2021**”), which is also the third quarter of FY2021.

Please note that figures presented below under the respective financial statements may not add up due to rounding differences.

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(A) Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group		
		3 months ended 31 March ("1Q")		
		1Q2022	1Q2021	Change
		S\$'000	S\$'000	+/(-)%
Note	Unaudited	Unaudited		
Revenue	4	3,101	2,464	26
Cost of Sales		(2,738)	(2,225)	23
Gross profit		363	238	52
Other operating income		2,439	153	1,496
Other operating expenses		23	191	(88)
Distribution and marketing expenses		(17)	(7)	161
Administrative expenses		(723)	(824)	(12)
Interest income		1	(3)	NM
Finance costs		(21)	(20)	6
Share of loss from joint venture entity		-	(27)	NM
Gain/(loss) before tax		2,065	(298)	(793)
Tax expense		(43)	(24)	NM
Gain/(loss) for the financial period		2,022	(322)	(728)
Other comprehensive gain/(loss)		3	(215)	NM
Total comprehensive gain/(loss) for the financial period		2,025	(537)	(477)
Gain/(loss) attributable to:				
Equity holders of the Company		974	(248)	(493)
Non-controlling interests		1,048	(74)	(1,516)
Total comprehensive gain/(loss) attributable to:		2,022	(322)	(728)
Equity holders of the Company		976	(515)	(290)
Non-controlling interests		1,049	(22)	(4,868)
Total comprehensive gain/(loss) attributable to:		2,025	(537)	(477)

NM: Not meaningful

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(B) Condensed interim statements of financial position

	Note	Group		Company	
		31-Mar-22 S\$'000 Unaudited	31-Dec-21 S\$'000 Audited	31-Mar-22 S\$'000 Unaudited	31-Dec-21 S\$'000 Audited
Assets					
Non-current assets					
Property, plant and equipment		321	333	1	7
Investments in subsidiaries		-	-	5,528	5,528
Other financial assets		0	0	0	0
Total non-current assets		321	333	5,529	5,535
Current assets					
Inventories	5	1,078	901	-	-
Trade and other receivables	6	607	1,645	150	420
Related parties balances		58	-	157	940
Cash and bank balances		6,367	503	352	19
		8,110	3,049	658	1,379
Assets classified as held for sale	7	-	3,816	-	-
Right-of-use assets	8	-	1,626	-	-
Total current assets		8,110	8,491	658	1,379
Total assets		8,431	8,824	6,187	6,914
Equity and Liabilities					
Current liabilities					
Trade and other payables	9	3,045	3,338	841	1,206
Contract liabilities	10	-	433	-	-
Related parties balances		-	-	1,360	1,360
Income tax liabilities		-	0	-	-
		3,045	3,771	2,201	2,566
Lease liabilities	8	-	1,692	-	-
Total current liabilities		3,045	5,463	2,201	2,566
Total liabilities		3,045	5,463	2,201	2,566
Equity					
Share capital		148,782	148,782	148,782	148,782
Reserves		(145,752)	(146,727)	(144,795)	(144,434)
		3,030	2,055	3,987	4,348
Non-controlling interests		2,356	1,306	-	-
Total equity		5,386	3,361	3,987	4,348
Total equity and liabilities		8,431	8,824	6,187	6,914

Note: 0 denotes value less than S\$500

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(C) Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company				Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000		
Balance at 1 January 2022	148,782	(2,083)	(144,643)	2,055	1,306	3,361
Gain for the financial period	-	-	973	973	1,048	2,021
Other comprehensive gain the financial period	-	2	-	2	1	3
Total comprehensive gain for the financial period	-	2	973	975	1,049	2,024
Balance at 31 March 2022	148,782	(2,081)	(143,669)	3,030	2,355	5,385
Balance at 1 January 2021	148,782	(2,136)	(143,031)	3,615	2,269	5,884
Loss for the financial period	-	-	(248)	(248)	(74)	(322)
Other comprehensive loss the financial period	-	(267)	-	(267)	52	(215)
Total comprehensive loss for the financial period	-	(267)	(248)	(515)	(22)	(537)
Return of share capital to non-controlling interest	-	-	-	-	(880)	(880)
Balance at 31 March 2021	148,782	(2,403)	(143,279)	3,100	1,367	4,467

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(C) Condensed interim statements of changes in equity (Cont'd)

Company	Share capital	Accumulated	Total
	S\$'000	losses	S\$'000
	S\$'000	S\$'000	S\$'000
Balance at 1 January 2022	148,782	(144,434)	4,348
Total comprehensive loss for the financial period	-	(361)	(361)
Balance at 31 March 2022	148,782	(144,795)	3,987
Balance at 1 January 2021	148,782	(142,566)	6,216
Total comprehensive loss for the financial period	-	(407)	(407)
Balance at 31 March 2021	148,782	(142,973)	5,809

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(D) Condensed interim consolidated statement of cash flows

	Group	
	3 months ended 31 March ("1Q")	
	1Q2022 S\$'000 Unaudited	1Q2021 S\$'000 Unaudited
Cash flows from operating activities		
Gain/(loss) before tax	2,065	(298)
Adjustment for:		
Adjustments of non-cash items	(2,416)	(162)
Operating cash flows before working capital changes	(351)	(460)
Working capital changes	3	87
Cash used in operations	(348)	(373)
Interest income received	1	-
Interest paid	-	(17)
Income taxes paid	-	(16)
Net cash used in operating activities	(347)	(406)
Cash flows from investing activities		
Purchase of property, plant and equipment	5	-
Proceeds from disposal of asset classified as held for sale	6,266	547
Investment in joint venture	(1)	-
Net cash generated from investing activities	6,270	547
Cash flows from financing activities		
Repayment of lease liabilities	(75)	(8)
Capital reduction of a subsidiary	-	(203)
Net cash used in financing activities	(75)	(211)
Net increase/(decrease) in cash and cash equivalents	5,848	(70)
Cash and cash equivalents at beginning of the financial period	503	1,269
Effects of exchange rate changes on cash and cash equivalents	16	32
Cash and cash equivalents at end of the financial period	6,367	1,231

(E) Notes to the condensed interim financial statements

1. Corporate information

Magnus Energy Group Ltd. (Co. Reg. No. 198301375M) is incorporated and domiciled in Singapore and listed on the Catalist Board of the SGX-ST. The address of its registered office and principal place of business is at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are investment holding, supply of equipment, tools and accessories used in the oil drilling business as well as the supply of oilfield equipment, engineering, procurement, construction, and commissioning (“**EPCC**”) services and drilling services.

2. Basis of Preparation

(a) Basis of preparation:

The condensed interim consolidated financial statements for 1Q2022 of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited financial statements for FY2021 (“**FY2021 Audited Financial Statements**”). The FY2021 Audited Financial Statements were prepared under Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

The figures have not been audited or reviewed by auditors.

(b) Significant accounting policies:

The accounting policies and presentation adopted for these condensed interim consolidated financial statements are consistent with those of the FY2021 Audited Financial Statements.

(c) New and amended standards adopted by the Group:

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) and Interpretations of SFRS(I) (INT SFRS(I)) that are mandatory for the accounting periods beginning on or after 1 January 2022. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

(d) Use of estimates and judgements:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the FY2021 Audited Financial Statements.

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3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segmental and revenue information

The Group is organised into the following main business segments:

- Oilfield equipment supply and services;
- Renewable energy;
- EPCC services;
- Drilling services; and
- Investment holding.

1Q2022	Oilfield supply and services S\$'000	Renewable Energy S\$'000	EPCC services S\$'000	Drilling services S\$'000	Investment holding S\$'000	Group S\$'000
Segment revenue	3,101	-	-	-	-	3,101
Segment (loss)/profit	2,423	-	(2)	(4)	(395)	(2,022)
Depreciation of property, plant and equipment	6	-	-	-	1	7
Depreciation of right-of-use asset	9	-	-	-	-	9
Property, plant and equipment written off	-	-	-	-	5	5
Lease liabilities interest	11	-	-	-	-	11
Loss on disposal of assets held for sale	135	-	-	-	-	135
Unallocated finance income	2,428	-	-	-	-	(1)
Unallocated finance costs						10
Unallocated income tax						43
Assets and liabilities						
Total segment assets	7,817	-	83	2	529	8,431
Unallocated deferred tax assets						-
						<u>8,431</u>
Segment assets included addition to non-current assets	3	-			5	8
Total segment liabilities	(2,161)	-	(401)	(15)	(468)	<u>(3,045)</u>

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1Q2021	Oilfield supply and services S\$'000	Renewable Energy S\$'000	EPCC services S\$'000	Drilling services S\$'000	Investment holding S\$'000	Group S\$'000
Segment revenue	2,464	-	-	-	-	2,464
Segment (loss)/profit	11	(88)	(53)	(2)	(116)	(248)
Depreciation of property, plant and equipment	6	-	-	-	1	7
Depreciation of right-of-use asset	14	-	-	-	-	14
Allowance for impairment loss - Amount due from Joint Venture	-	-	-	-	-	-
Lease liabilities interest	-	-	-	-	-	-
Currency translation difference reclassified to profit or loss upon Capital reduction of a subsidiary	36	-	-	-	-	36
Share of results of joint venture	-	-	-	-	-	-
Loss on de-registration of subsidiary	23	-	-	-	-	23
Loss on disposal of property, plant and equipment	16	-	-	-	-	16
Unallocated finance income	-	-	-	-	-	-
Unallocated finance costs	-	-	-	-	-	21
Unallocated income tax	-	-	-	-	-	4
Assets and liabilities						
Total segment assets	1,417	1	-	-	19	1,437
Segment assets included addition to non-current assets	-	-	-	-	1	1
Total segment liabilities	(840)	(12)	(1)	(1)	(57)	(911)

Geographical segment

The Group's businesses are mainly in USA, United Arab Emirates, Saudi Arabia, Japan, Singapore. Revenue is based on the country in which the customer is located.

Non-current assets, excluding unallocated deferred tax assets, are shown by the geographical areas in which these assets are located.

	Sales to external customers		Non-current asset	
	1Q2022	1Q2021	1Q2022	1Q2021
Singapore	-	211	1	1
Malaysia	-	-	-	54
United States of America	3,101	863	320	534
United Arab Emirates	-	464	-	-
Thailand	-	36	-	-
Saudi Arabia	-	163	-	-
Japan	-	297	-	-
China/Hong Kong	-	172	-	-
Others	-	257	-	-
	3,101	2,464	321	589

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The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

5. Inventories

An increase in inventories of S\$0.2 million from S\$0.9 million as at 31 December 2021 to S\$1.1 million as at 31 March 2022 comprises of mainly finished goods from the Company's subsidiary, Mid-Continent Equipment, Inc. ("MEI") in the USA.

6. Trade and other receivables

These include:

	31-Mar-22	31-Dec-21
	S\$'000	S\$'000
	Unaudited	Audited
Advances to supplier	45	-
Deposit	33	15
Other taxes recoverable	(427)	3
Other receivables	197	549
Prepayments	48	68
Trade receivables	711	1,010
	<u>607</u>	<u>1,645</u>

Trade receivables are due within normal trade credit terms of 30 – 90 days. The movement in trade receivables is primarily due to the increased business activities in MEI in the USA. The decrease in trade and other receivables mainly pertains to other tax recoverable amounting to S\$0.4 million and the decrease in trade receivables of S\$0.3 million as at 31 March 2022.

7. Assets classified as held for sale

The assets classified as held for sale amounting to S\$3.8 million as at 31 December 2021 pertains to the property located at 32 Loyang Crescent, which was fully disposed during 1Q2022.

8. Right-of-use assets

The right-of-use assets amounting to S\$1.6 million as at 31 December 2021 pertains to the leasehold land from JTC Corporation with a remaining lease period of 32 years. The right-of-use asset has been fully disposed at cost in 1Q2022 and its respective lease liabilities has been fully reversed out upon disposal.

9. Trade and other payables

These include:

	31-Mar-22	31-Dec-21
	S\$'000	S\$'000
	Unaudited	Audited
Accrued operating expenses	626	1,314
Amount due to directors	83	101
Grant payable	-	8
GST payables	(10)	(2)
Other payables	737	903
Trade payables	1,609	1,013
	<u>3,045</u>	<u>3,337</u>

Trade payable increased by S\$0.6 million from S\$1.0 million as at 31 December 2021 as compared to S\$1.6 million as at 31 March 2022. An increase in trade payables can be seen as more purchases are required to support the increased business activities in MEI due to the increase in global demand for oil and gas equipment distribution through its USA operations.

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However, accrued operating expenses has decreased by S\$0.7 million from S\$1.3 million as at 31 December 2021 as compared to S\$0.6 million as at 31 March 2022. The main contribution to the decrease in accrued operating expenses is due to the recognition of balance payment made for the share capital reduction in accordance with the special resolution dated on 24 November 2020.

The decrease in accrued operating expenses was offset by the increase in trade payables resulting in a slight decrease in trade and other payables in 1Q2022.

10. Contract Liabilities

As at 31 March 2022, there are no contract liabilities recognised. There were no advance payments received from customers based on a billing schedule as established in contracts and will be recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

11. Contingent liabilities

The Company was served with the letter of demand dated 29 February 2020 from solicitors acting on behalf of Mr. Thong notifying the Company of his claim for repayment of loans which Mr. Luke Ho, the former chief executive officer, allegedly borrowed from Mr. Thong in 2016 purportedly on behalf of the Company. However, the Company has no records of the alleged loan.

Mr. Thong had demanded payment from the Company of \$5,118,572.49 representing the amount of loan principal and contractual interest owed as of 18 January 2018 of \$4,600,000 and further interest of 5.33% per annum on the same, pursuant to Section 12 of the Civil Law Act 1909, of \$518,572.49.

On 10 November 2020, the Company was served with the Writ of Summons and Statement of Claim in respect of Mr. Thong's claim against the Company for the alleged loans purportedly provided to the Company.

The Company in turn commenced third-party proceedings against Luke Ho in Suit 1075 on 6 December 2020, seeking that Luke Ho fully indemnifies the Company for Mr. Thong's claims in the event the Company is found liable to Mr. Thong.

The Company and Mr. Thong have been directed by the Court to file and exchange the Affidavits of Evidence in-Chiefs of their respective witnesses of fact by 4 January 2022.

On 17 January 2022, the Company had reached a settlement with Luke Ho where the Company will file a Notice of Discontinuance of the third-party proceedings in Suit 1075 against Luke Ho.

As announced by the Company on 28 April 2022, the trial date in respect of Suit 1075 was discussed and a period of the last 2 weeks of September 2022 will be set aside for the trial. On 29 April 2022, the Company was informed that the trial will be set from 20-23 September 2022.

Save as disclosed above, there are no material updates in respect of the Suit 1075 as at the date of this financial statements. Notwithstanding the lodgement of Suit 1075, management holds the view that no material losses detrimental to the Group's and the Company's financial position as a going concern will arise from this Suit for the financial year ending 31 December 2022. As to date, there is no provision made.

12. Borrowings and debt securities

The Group did not have bank borrowings and debt securities as at 31 March 2022 and 31 December 2021.

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(F) Other information required under Appendix 7C of the Catalyst Rules

- 1a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

<u>Date</u>	<u>Description</u>	<u>No of shares</u>	<u>Paid-up Capital (S\$'000)</u>
31-Mar-22	Issued and paid-up capital	12,632,507,107	148,782
31-Dec-21	Issued and paid-up capital	12,632,507,107	148,782

There was no change in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

As at 31 March 2022 and 31 March 2021, there were (i) no outstanding shares that may be issued on conversion of all the outstanding convertibles; (ii) no treasury shares; and (iii) no subsidiary holdings of the Company.

- 1b) 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.

	<u>31-Mar-22</u>	<u>31-Dec-21</u>
No. of ordinary shares issued and fully paid	12,632,507,107	12,632,507,107

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

- 1c) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period.

- 1d) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period.

- 2a) 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.

- 2b) Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

- 3) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

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(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable, as the disclaimer of opinion set out in the FY2021 Independent Auditor's report relates to material uncertainty relating to the going concern of the Group and the Company, the details of which are disclosed in Section E10 above.

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 condensed interim financial statements for the three-month period ended 31 March 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The condensed interim financial statements for the current reporting period have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements for the financial year ended 31 December 2021, except that the Group has adopted all new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") which are effective for annual financial periods beginning after 1 January 2022.

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the financial year ended 31 December 2021. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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.

The adoption of the new and revised SFRS(I)s as highlighted in item 4 has no significant impact on the financial statements.

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- 6) Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Quarter ended	
	1Q2022 S\$'000	1Q2021 S\$'000
Gain/(loss) attributable to equity holders of the Company (S\$'000)	974	(248)
Earnings per ordinary share of the Group based on weighted average number of ordinary shares in issue (cents) - basic and diluted		
	0.01	(0.00)
Weighted average number of ordinary shares ('000)	12,632,507	12,632,507
Earnings per ordinary share of the Group on a fully diluted basis (detailing any adjustments made to the earnings (cents) - (see Note below)		
	0.01	(0.00)
Weighted average number of ordinary shares on fully diluted basis ('000)	12,632,507	12,632,507

Notes:

- (1): Rounded to the nearest two (2) decimal places.
(2): The diluted loss per share is the same as the basis gain/(loss) per share because there were no potentially dilutive ordinary shares in issue.

- 7) Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
Net asset value (S\$'000)	3,030	2,055	3,987	4,348
Number of shares ('000)	12,632,507	12,632,507	12,632,507	12,632,507
Net asset value per ordinary share (cents)	0.02	0.02	0.03	0.03

Net asset value is based on equity attributable to owners of the Company.

- 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

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Consolidated statement of Comprehensive Income

	Quarter		
	Jan 22 - Mar 22 S\$'000	Jan 21 - Mar 21 S\$'000	Inc/(Dec) %age
Allowance for impairment loss on trade receivables	-	(2)	NM
Depreciation of property, plant and equipment	(7)	(8)	(11)
Depreciation of right-of-use assets	(9)	(13)	(30)
Write back of allowance for inventory obsolescence	-	-	-
Realised exchange gain/(loss)	7	2	NM
Unrealised exchange gain/(loss)	(36)	342	(110)
Loss on de-registration of subsidiaries	-	-	NM
Finance expense	(21)	(20)	NM
Interest income	1	(3)	NM
Gain/(Loss) on disposal of property, plant and equipment	-	-	NM
(Loss)/Gain on disposal of assets classified as held for sale	2,428	(95)	(2,655)

NM: Not meaningful

Revenue, costs, and earnings of the Group for 1Q2022 and 1Q2021

The Group's operations during the periods under review are primarily carried out by MEI. Revenue increased by 26% from S\$2.5 million in 1Q2021 to S\$3.1 million in 1Q2022. This is due mainly to the economy recovering from the Covid-19 pandemic, which had resulted in an increase in global demand for the oil and gas equipment as well as the Group's focus on building the oil and gas equipment distribution business through its USA operations. In tandem with the increase in revenue, the cost of sales saw a corresponding increase of 23% from S\$2.2 million for 1Q2021 to S\$2.7 million for 1Q2022.

The Group gross profit has improved significantly from approximately S\$0.2 million in 1Q2021 to S\$0.4 million in 1Q2022.

Other operating income of the Group for 1Q2022 and 1Q2021

A significant increase in other operating income can be seen in 1Q2022. The main contribution due to the increase in other operating income arising from the gain on disposal of assets classified as held for sales amounting to S\$2.4 million. The asset that has been disposed of pertains to the property located at 32 Loyang Crescent during 1Q2022. The sale was completed on 22 March 2022 and its fair value measurement is categorised in Level 3 of the fair value hierarchy.

Expenses

Other operating expenses have decreased by S\$0.2 million mainly due to the unrealised exchange loss. A slightly favourable exchange rate movement can be seen for 1Q2022 as compared to 1Q2021.

Administrative expenses comprise of staff and director costs, professional fees, depreciation expenses, SGX listing compliance costs and other general office expenses. Administrative expenses have decreased by S\$0.1 million or 12% from S\$0.8 million in 1Q2021 to S\$0.7 million in 1Q2022.

Finance costs are primarily related to interest on lease liabilities.

Overall, the Group recorded net profit after tax of S\$2.0 million for the period ended 31 March 2022, an increase of S\$2.3 million, as compared to the period ended 31 March 2021 which recorded net loss of S\$0.3 million.

- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Consolidated Statement of Financial Position

Assets:

The Group's total assets, which mainly comprised of current assets, declined by about S\$0.4 million in 1Q2022. As at 31 March 2022, current assets accounted for 96.2% of the Group's total assets and the movements in total assets. The slight reduction in current assets from S\$8.5 million as at 31 December 2021 to S\$8.1 million as at 31 March 2022 was mainly due to:

- the decrease in trade and other receivables of approximately S\$1.0 million, details of which are set out in Section E6 above,

which was partially offset by:

- the increase in inventories held by our USA's subsidiary of approximately S\$0.2 million primarily to support the increased business activities in MEI over the past 3 months;

In addition, a decrease in assets classified as held for sale and right-of-use assets from a total of S\$5.4 million to nil can be seen in 1Q2022. The decrease is due to the disposal that took place in March 2022.

However, the Group has received cash from the disposal of held for sales asset and this transaction has contributed to the increase in cash and bank balances amounting to S\$5.9 million.

There is no significant movement in the Group's non-current assets except for some small purchases of property, plant and equipment which was offset by the depreciation charges and foreign exchange fluctuation during 1Q2022.

Liabilities:

The Group's liabilities, which comprised solely of current liabilities as at 31 March 2022, decreased by about \$2.4 million from S\$5.5 million as at 31 December 2021 to S\$3.1 million as at 31 March 2022. The decrease is due to the following reasons:

- decrease in trade and other payables in 1Q2022 as explained in Section E9 of this announcement;
- decrease in contract liabilities in 1Q2022 as explained in Section E10 of this announcement; and
- the reversal of lease liabilities in 1Q2022 as explained in Section E8 of this announcement.

Consolidated Statement of Cash Flows

Cash flow used in operating activities has decreased by S\$0.1 million from S\$0.4 million in 1Q2021 to S\$0.3 million in 1Q2022. This was mainly due to the adjustment of non-cash item pertaining to the gain on sale of assets held for sale has contributed in the decrease in cash flow used in operating activities in 1Q2022. In addition, a decrease in working capital changes from day-to-day operations has resulted in the decrease in cash flow used in operating activities as well.

Net cash generated from investing activities has increased significantly from S\$0.5 million in 1Q2021 to S\$6.3 million in 1Q2022 due to the proceeds received from the disposal of assets held for sale in 1Q2022.

Net cash used in financing activities has decreased from S\$0.2 million in 1Q2021 to S\$0.1 million in 1Q2022 due to the capital reduction of a subsidiary in FY2021 which is not present in the current review period.

In view of the aforementioned, the Group saw a net increase in cash and cash equivalents by S\$5.8 million in 1Q2022, and the Group's cash and cash equivalents amount to S\$6.4 million as at 31 March 2022.

Taking into account the cash resources available to the Group as well as the cash used in operating activities for the Group, the Board is of the view that the Group is able to continue operating as a going concern and the working capital available to the Group is sufficient to meet its present requirements and for the next 12 months.

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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.

MEI's contribution to the Group's revenue over the past quarters reflects a steady recovery of MEI's business during the aforementioned periods under review.

At this juncture, the Group is also in the midst of negotiating several contracts for the extraction of oil and gas and minerals in several locations in Indonesia which the management team is confident of securing within this financial year. These contracts, when executed, are expected to improve the overall financial performance of the Group.

The above improvements are predicated on several factors including the economic recovery from the global pandemic Covid-19 and the significant rise in commodity prices as a consequence of the Russia-Ukraine conflict.

Based on the above developments, Management remains cautiously positive on the outlook for the Group.

11. If a decision regarding dividend has been made:

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for 1Q2022.

- (b) (i) Amount per share (cents)

Not applicable.

- (b) (ii) Previous corresponding period (cents)

Not applicable.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated)

Not applicable.

- (d) The date the dividend is payable

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1Q2022 as the Group would like to retain its earnings as working capital.

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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.

The Group has not obtained a general mandate from shareholders for IPTs. There were no IPTs of S\$100,000 and above during 1Q2022.

14. 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).

The Company hereby confirms that it has procured signed undertakings from all of its Directors and the relevant executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

15. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

On behalf of the board of directors of the Company, we, Charles Madhavan and Michael Grant Pixley, being two directors of the Company, do hereby confirm to the best of our knowledge that nothing has come to the attention of the board of directors of the Company which may render the financial statements for the three-month period ended 31 March 2022 to be false or misleading in any material aspect. A signed confirmation copy is kept in record.

On behalf of the Board of Directors

Charles Madhavan
Executive Director and CEO

Michael Grant Pixley
Independent Non-Executive Director

By Order of the Board

Charles Madhavan
Executive Director and CEO
15 May 2022