

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2016

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 2016.

	Note	Group			Group		
		Third Quarter			Nine Months		
		Jan 2016 - Mar 2016 S\$'000	Jan 2015 - Mar 2015 S\$'000	Inc/ (Dec) %	Jul 2015 - Mar 2016 S\$'000	Jul 2014 - Mar 2015 S\$'000	Inc/ (Dec) %
Revenue	1	5,382	9,678	(44.4)	17,470	30,311	(42.4)
Cost of sales		(4,270)	(7,708)	(44.6)	(14,203)	(23,940)	(40.7)
Gross profit		1,112	1,970	(43.6)	3,267	6,371	(48.7)
Other operating income		500	1,063	(53.0)	760	1,148	(33.8)
Other operating expenses		(188)	(830)	(77.3)	(2,365)	(1,875)	26.1
Distribution and selling expenses		(46)	(25)	84.0	(133)	(81)	64.2
Administrative expenses		(2,120)	(1,823)	16.3	(5,959)	(6,456)	(7.7)
Finance income		187	77	>100	552	191	>100
Finance costs		(18)	(30)	(40.0)	(47)	(102)	(53.9)
Share of results of joint ventures		174	58	>100	420	179	>100
(Loss)/profit before income tax		(399)	460	N.M	(3,505)	(625)	>100
Income tax		46	(71)	N.M	(55)	(9)	>100
Net (loss)/profit for the period		(353)	389	N.M	(3,560)	(634)	>100
Other comprehensive loss		(1,665)	(324)	>100	(167)	(2,173)	(92.3)
Total comprehensive (loss)/income		(2,018)	65	N.M	(3,727)	(2,807)	32.8
Net (loss)/profit attributable to:							
Equity holders of the Company		(544)	(5)	>100	(3,219)	(1,133)	>100
Non-controlling interests		191	394	(51.5)	(341)	499	N.M
		(353)	389	N.M	(3,560)	(634)	>100
Total comprehensive (loss)/income attributable to:							
Equity holders of the Company		(1,467)	(673)	>100	(3,172)	(3,507)	(9.5)
Non-controlling interests		(551)	738	N.M	(555)	700	N.M
		(2,018)	65	N.M	(3,727)	(2,807)	32.8

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

	Group			Group		
	Third Quarter			Nine Months		
	Jan 2016 - Mar 2016 S\$'000	Jan 2015 - Mar 2015 S\$'000	Inc/ (Dec) %	Jul 2015 - Mar 2016 S\$'000	Jul 2014 - Mar 2015 S\$'000	Inc/ (Dec) %
Reversal for provision of doubtful debts	-	-	N.M	58	-	N.M
Depreciation of property, plant and equipment	(91)	(104)	(12.5)	(236)	(307)	(23.1)
Realised exchange gain/(loss) (net)	(3)	97	N.M	(303)	118	N.M
Unrealised exchange gain/(loss) (net)	628	(817)	N.M	285	(1,841)	N.M
Interest expense on borrowings	(18)	(11)	63.6	(47)	(41)	14.6
Interest income	187	77	>100	552	191	>100
(Loss)/gain on disposal of plant and equipment	(70)	416	N.M	14	424	(96.7)
Loss on disposal of other financial assets	-	-	N.M	-	(6)	(100.0)
Gain from additional investment in joint venture	-	509	(100.0)	-	509	(100.0)
Impairment of available-for-sale financial assets	(527)	-	N.M	(2,057)	-	N.M
Adjustment for underprovision of tax in respect of prior years	23	(1)	N.M	55	(65)	N.M

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 2016 - Mar 2016 S\$'000	Jan 2015 - Mar 2015 S\$'000	Inc/ (Dec) %	Jul 2015 - Mar 2016 S\$'000	Jul 2014 - Mar 2015 S\$'000	Inc/ (Dec) %
<i>Other comprehensive (loss)/income</i>						
Exchange difference on translation of foreign operations	(1,675)	726	N.M	(166)	344	N.M
Fair value gain/(loss) recognised in equity on revaluation of available-for-sale financial assets during the period	10	(1,048)	N.M	-	(2,510)	(100.0)
Deferred tax on fair value changes to available-for-sale financial assets	-	(2)	(100.0)	(1)	(7)	(85.7)
Other comprehensive (loss)/income	(1,665)	(324)	>100	(167)	(2,173)	(92.3)

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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-16 S\$'000	30-Jun-15 S\$'000	31-Mar-16 S\$'000	30-Jun-15 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	6,316	5,415	305	37
Investment in subsidiaries		-	-	15,642	14,856
Investment in associated companies		-	2	-	-
Investment in joint venture entities		1,145	776	-	-
Goodwill	2	1,877	1,570	-	-
Other intangible assets	3	29,493	26,475	-	-
Other financial assets	4	935	2,787	200	1
Other receivables	6	5,000	1,500	5,000	-
Deferred tax assets	13	166	166	-	-
Total Non-Current Assets		44,932	38,691	21,147	14,894
Current Assets					
Inventories	5	6,316	6,534	-	-
Trade and other receivables	6	9,154	6,897	1,577	330
Related parties balances	8	287	275	5,414	5,915
Cash and bank deposits		5,613	10,094	55	2,220
Fixed deposits		10,866	14,592	304	300
Total Current Assets		32,236	38,392	7,350	8,765
Total Assets		77,168	77,083	28,497	23,659
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	7	3,936	5,831	410	275
Bank overdrafts	9	-	677	-	-
Related parties balances	8	-	1	967	2,020
Finance lease obligations	10	9	9	-	-
Income tax liabilities	11	43	466	-	-
Convertible loans	12	300	300	300	300
Total Current Liabilities		4,288	7,284	1,677	2,595
Non-Current Liabilities					
Finance lease obligations	10	16	23	-	-
Deferred tax liabilities	13	6,335	6,379	-	-
Total Non-Current Liabilities		6,351	6,402	-	-
Total Liabilities		10,639	13,686	1,677	2,595
EQUITY					
Share capital		135,574	128,278	135,574	128,278
Reserves		(93,769)	(90,597)	(108,754)	(107,214)
		41,805	37,681	26,820	21,064
Non-controlling interests		24,724	25,716	-	-
Total Equity		66,529	63,397	26,820	21,064
Total Liabilities and Equity		77,168	77,083	28,497	23,659

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Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment increased marginally from net book value of S\$5.4 million as at 30 June 2015 to S\$6.3 million as at 31 March 2016. The increase was mainly due to the consolidation of plant and equipment from the newly acquired subsidiary, Flagship Ecosystems Pte Ltd.

2) Goodwill

Goodwill increased resulting from consolidation of newly acquired subsidiary, Flagship Ecosystems Pte Ltd.

	Mar-16	Jun-15
	S\$'000	S\$'000
Mid-Continent Equipment Group Pte Ltd	1,570	1,570
Flagship Ecosystems Pte Ltd	307	-
Total Goodwill	1,877	1,570

3) Other Intangible assets

	Mar-16	Jun-15
	S\$'000	S\$'000
Balance as at 1 July	60,165	62,713
Impairment	(33,690)	(33,690)
Addition	3,050	999
Currency alignment	(32)	(3,547)
	29,493	26,475

Other intangible assets consist of:

	Mar-16	Jun-15
	S\$'000	S\$'000
20% (2015: 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	7,709	4,671
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*	20,930	20,950
Exploration and evaluation expenditure incurred for the exploration and evaluation of coal of the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia*	854	854
	29,493	26,475

**Due to the impending legal proceedings in relation to the Group's ownership interest in PT Batubara Selaras Sapta, the directors of the Company 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.*

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4) Other financial assets - non current

Other financial assets decreased from S\$2.8 million as at 30 June 2015 to S\$0.9 million as at 31 March 2016. The change was mainly due to movement in fair value of available-for-sale financial assets during the period.

	Mar-16	Jun-15
	S\$'000	S\$'000
<u>Available-for-sale financial assets</u>		
Quoted equity shares, at fair value	735	2,786
<u>Held to maturity</u>		
Fixed income investment	200	-
<u>Financial assets held for trading</u>		
Quoted warrants, at fair value	-	1
Total other financial assets	935	2,787

5) Inventories

	Mar-16	Jun-15
	S\$'000	S\$'000
Finished goods	5,386	5,864
Work-in-progress	145	8
Goods-in-transit	785	662
	6,316	6,534

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\$6.2 million as at 30 June 2015 to S\$3.6 million as at 31 March 2016 due to collection of outstanding trade receivables from major customers. The increase in other receivables, deposits and prepayments is mainly due to deposit paid for investment in potential initial public offering, deposit paid for physical trading of renewable energy and natural resources, investment in infrastructure development project and consolidation of the newly acquired subsidiary's receivables.

Other receivables (non-current) of S\$5 million related to the Redeemable Convertible Loan with PT Hanjungin that was disbursed as announced on 22 May 2015 (the "RCL"). Please refer to the announcement dated 22 May 2015 for more information on the RCL.

	Mar-16	Jun-15
	S\$'000	S\$'000
Trade receivables	3,653	6,206
Other receivables, deposits and prepayments	5,501	691
	9,154	6,897
Other receivables - non current	5,000	1,500
Total trade and other receivables	14,154	8,397

7) Trade and other payables

Trade and other payables have decreased from S\$5.8 million as at 30 June 2015 to S\$3.9 million as at 31 March 2016. The decrease was due to a reduction in advances from a customer.

	Mar-16	Jun-15
	S\$'000	S\$'000
Trade payables	2,082	2,719
Other creditors, payables and accruals	1,854	3,112
	3,936	5,831

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8) Related parties balances (net)

The related party balances relate to trade balances between our equipment supply subsidiary and its joint venture entities.

	Mar-16	Jun-15
	S\$'000	S\$'000
Amount due from	287	275
Amount due to	-	(1)
Net amount due from	287	274

9) Bank overdrafts

The outstanding bank overdrafts relate mainly to working capital facilities provided by banks to our subsidiaries.

	Mar-16	Jun-15
	S\$'000	S\$'000
Bank overdrafts	-	677

10) Finance lease obligations

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

	Mar-16	Jun-15
	S\$'000	S\$'000
Current	9	9
Non-current	16	23
	25	32

11) Income tax liabilities

Income tax liabilities which mainly arise from our oilfield equipment supplies and services segment has decreased from S\$0.5 million as at 30 June 2015 to S\$0.04 million as at 31 March 2016 as a result of payment of tax and/or provision of current period's income tax expense.

12) Unsecured convertible loans

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 will issue up to S\$35 million in aggregate principal amount of 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.

Subsequent to 31 March 2016, the remaining S\$300,000 of the outstanding convertible notes have been converted into 120,000,000 ordinary shares.

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13) Deferred tax liabilities (net)

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-16 S\$'000	Jun-15 S\$'000
Property, plant and equipment	28	28
Intangible assets	7,873	7,875
Available-for-sale financial assets	(180)	(179)
Unutilised benefits	(1,552)	(1,511)
	<u>6,169</u>	<u>6,213</u>
Represented by:		
Deferred tax assets	(166)	(166)
Deferred tax liabilities	<u>6,335</u>	<u>6,379</u>
	<u>6,169</u>	<u>6,213</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-2016	
Secured	Unsecured
S\$'000	S\$'000
9	-

As at 30-Jun-2015	
Secured	Unsecured
S\$'000	S\$'000
686	-

Amount repayable after one year

As at 31-Mar-2016	
Secured	Unsecured
S\$'000	S\$'000
16	-

As at 30-Jun-2015	
Secured	Unsecured
S\$'000	S\$'000
23	-

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

The secured borrowings as at 31 March 2016 relates to finance lease obligation and 30 June 2015 relates to bank overdraft and finance lease obligation. Bank overdraft arose mainly due to short term working capital requirement.

The Group's bank overdraft were secured by the pledging of subsidiaries' fixed deposits.

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1(c) A consolidated statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Nine Months Ended	
	Mar-16 S\$'000	Mar-15 S\$'000
Cash flows from operating activities		
Loss before income tax	(3,505)	(625)
Adjustments of non-cash items	1,025	1,257
Operating cash flows before working capital changes	(2,480)	632
- Working capital changes	(3,969)	1,516
Cash flows (used in)/from operations	(6,449)	2,148
Interest income received	518	191
Interest paid	(47)	(41)
Income taxes paid	(142)	(600)
Net cash (used in)/generated from operating activities	(6,120)	1,698
Cash flows from investing activities		
Net cash (outflow)/inflow on acquisition of a subsidiary net of cash acquired	(482)	1,208
Proceeds from sale of plant and equipment	93	424
Purchase of plant and equipment	(374)	(120)
Net proceeds from sale of other financial assets	-	53
Deposit for investment in potential initial public offering	(1,408)	-
Purchase of other financial assets	(200)	-
Payment of petroleum exploration expenditure	(3,051)	(509)
Investment in redeemable convertible loan	(3,500)	-
Dividends received from joint venture companies	-	2,677
Fixed deposits pledged to banks	104	-
Net cash flows (used in)/generated from investing activities	(8,818)	3,733
Cash flows from financing activities		
Repayment of finance lease obligations	(7)	(8)
Share issue expense	(214)	(114)
Payment of dividends by a subsidiary company to non-controlling interests	(437)	(584)
Proceeds from issue of shares	7,510	2,650
Net cash flows generated from financing activities	6,852	1,944
Net (decrease)/increase in cash and cash equivalents	(8,086)	7,375
Cash and cash equivalents at beginning of the period	18,638	10,901
Effects of exchange rate changes on cash and cash equivalents	475	(34)
Cash and cash equivalents at the end of the period	11,027	18,242
Represented by:		
Cash and bank balances	5,613	9,030
Fixed deposits	5,414	10,203
Bank overdrafts, unsecured	-	(991)
	11,027	18,242
<u>Cash and cash equivalents</u>		
Cash and bank balances	5,613	9,030
Fixed deposits	10,866	15,309
Cash and cash equivalents	16,479	24,339
Less: Fixed deposits (restricted)	(5,452)	(5,106)
Less: Bank overdrafts	-	(991)
Cash and cash equivalents at the end of the period	11,027	18,242

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2016

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	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

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Group	Attributable to shareholders					Non-Controlling Interests Total Equity	
	Share Capital	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2014	120,127	961	(7,669)	(80,110)	33,309	26,712	60,021
Total comprehensive (loss) / profit for the period	-	(2,550)	176	(1,133)	(3,507)	700	(2,807)
Issuance of shares	3,500	-	-	-	3,500	-	3,500
Share issue expenses	(114)	-	-	-	(114)	-	(114)
Acquisition of subsidiary	-	-	-	181	181	(574)	(393)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(584)	(584)
Balance at 31 March 2015	123,513	(1,589)	(7,493)	(81,062)	33,369	26,254	59,623

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Company	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 July 2015	128,278	(107,214)	21,064
Issuance of new shares	7,510	-	7,510
Share issue expense	(214)	-	(214)
Total comprehensive loss for the period	-	(1,540)	(1,540)
Balance at 31 March 2016	135,574	(108,754)	26,820
Balance at 1 July 2014	120,127	(105,345)	14,782
Issuance of new shares	3,500	-	3,500
Share issue expenses	(114)	-	(114)
Total comprehensive loss for the period	-	(306)	(306)
Balance at 31 March 2015	123,513	(105,651)	17,862

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 ⁽¹⁾	Paid-up Capital (S\$'000)
31-Mar-16	Issued and paid-up capital	1,499,435,772	135,574
31-Mar-15	Issued and paid-up capital	54,280,442	123,513

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) 1,358,520 employees' share awards granted under the Magnus Performance Share Plan; and
- (b) 1,443,796,810 shares converted pursuant to the Notes Issue.

⁽¹⁾ On 21 April 2015, the Company completed a share consolidation of every 50 existing issued ordinary shares into 1 consolidated ordinary share in the capital of the Company. Issued and paid-up capital for the corresponding period of the immediately preceding financial period had been adjusted for the effect of the share consolidation.

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-16	30-Jun-15
No. of ordinary shares issued and fully paid	1,499,435,772	170,433,223

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

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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.

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 2015.

In the current financial year, the Group has adopted all applicable new/amended/revised Singapore Financial Reporting Standards ("FRS") and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year beginning on 1 July 2015. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

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 2016:

	Group		Group	
	Third Quarter		Nine Months	
	Jan 2016 - Mar 2016	Jan 2015 - Mar 2015	Jul 2015 - Mar 2016	Jul 2014 - Mar 2015
Loss for the period (S\$'000)	(544)	(5)	(3,219)	(1,133)
- Based on weighted average number of ordinary shares in issue (cents)	(0.08)	(0.01)	(0.46)	(2.49)
- Weighted average number of ordinary shares ('000) ⁽¹⁾	696,123	45,579	696,123	45,579

⁽¹⁾ On 21 April 2015, the Company consolidated 50 ordinary shares into 1 ordinary share in the capital of the Company and the weighted average number of ordinary shares used for the calculation of earnings per share for Jul-Dec 2014 had been adjusted for the effect of the share consolidation.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2016

- 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-16	As at 30-Jun-15	As at 31-Mar-16	As at 30-Jun-15
Net asset value per ordinary share (cents)	2.79	69.72	1.79	38.97
On a fully diluted basis (cents)	2.58	58.52	1.66	32.71

- 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 2016 ("9 months FY2016") and 31 March 2015 ("9 months FY2015")

The Group's revenue decreased by 42.4% from S\$30.3 million for 9 months FY2015 to S\$17.5 million for 9 months FY2016. The Group's tubular products, oil and gas equipment and spare parts recorded lower sales as a result of the prolonged weakness in global oil prices which led to a weaker demand in the oil and gas equipment segment. Consequently, cost of sales decreased by 40.7% from S\$23.9 million for 9 months FY2015 to S\$14.2 million for 9 months FY2016. Gross profit has decreased by 48.7% from S\$6.4 million for 9 months FY2015 to S\$3.3 million for 9 months FY2016. Gross profit margin decreased from 21.0% to 18.7% mainly due to decrease in rental of equipment from S\$0.6 million for 9 months FY2015 to S\$0.1 million for 9 months FY2016. Refer to item 10 on page 15 for more information on the Group's sales performance.

Quarter-to-quarter, three months ended 31 March 2016 ("3Q2016") and 31 March 2015 ("3Q2015")

The Group's revenue decreased by 44.4% from S\$9.7 million in 3Q2015 to S\$5.4 million in 3Q2016. Gross profit margin remained at about 20% for 3Q2015 and 3Q2016.

Other operating income

	Jul 2015 - Mar 2016	Jul 2014 - Mar 2015
	S\$'000	S\$'000
Gain from additional investment in joint venture	-	509
Services income from environmental projects	101	39
Foreign exchange gain	285	118
Gain on disposal of property, plant and equipment	196	424
Other income	178	58
	<u>760</u>	<u>1,148</u>

Expenses

	Jul 2015 - Mar 2016	Jul 2014 - Mar 2015
	S\$'000	S\$'000
Distribution & selling expenses	133	81
Administrative expenses	5,959	6,456
Other operating expenses	2,365	1,875
	<u>8,457</u>	<u>8,412</u>

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Expenses have marginally increased by S\$0.1 million from S\$8.4 million for 9 months FY2015 to S\$8.5 million for 9 months FY2016 resulting from higher other operating expenses offset by lower 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. Decrease in administrative expenses was mainly due to reduction of remuneration related expenses of approximately S\$0.6 million from S\$4.3 million in 9 months FY2015 to S\$3.7 million in 9 months FY2016. Please refer to Note 1 on Page 2 for further details.

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 2015 - Mar 2016	Jul 2014 - Mar 2015
	S\$'000	S\$'000
Finance income	552	191
Finance costs	(47)	(102)
	<u>505</u>	<u>89</u>

Net (loss)/profit after tax

Net loss after tax was S\$3.6 million for 9 months FY2016 and S\$0.6 million for 9 months FY2015. The net loss after tax for the period was mainly contributed by decrease in revenue and gross profit and impairment of available-for-sale financial assets 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 generated from operating activities of S\$1.7 million for 9 months FY2015 and net cash used in operating activities of S\$6.1 million for 9 months FY2016. Cash inflow from working capital was S\$1.5 million for 9 months FY2015 as compared to cash outflow of S\$4.0 million for 9 months FY2016.

Net cash flow generated from investing activities was S\$3.7 million for 9 months FY2015, mainly due to dividends received from joint venture companies of S\$2.7 million in 9 months FY2015. Net cash flow used in investing activities was S\$8.8 million for 9 months FY2016 which was significantly higher as compared to an inflow of S\$3.7 million for 9 months FY2015, 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).

Net cash inflow from financing activities was S\$1.9 million for 9 months FY2015 million as compared to an inflow of S\$6.9 million for 9 months FY2016, mainly due to the proceeds from convertible notes in 9 months FY2016.

Comparatively, the Group's cash and cash equivalents decreased by approximately S\$7.2 million, after adjusting for effects of foreign currencies exchanges, from S\$18.2 million as at 31 March 2015 to S\$11.0 million as at 31 March 2016. 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.

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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. The prolonged weakness in global oil prices has negatively affected the overall performance of the Mid-Con Group and hence, the Group. Jute-1 and Willow-1 have been drilled as part of the ongoing drilling campaign in PRL 173 and PRL 174, and currently undergoing testing and simulations.

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. With a positive view on the property prices in the city of Kupang in East Nusa Tenggara, Indonesia in mind, the property development project plan under PT Hanjungin has been re-planned to build by phases of 100 units and larger land area per unit has been allocated. Due to these changes in the development plan, we expect the full completion of the development project to be around the end of 2017, which also coincide with the due date of the RCL. Several other collaborations have since been entered into with PT Hanjungin and the Company will provide further updates when there are material developments.

Our subsidiary APAC Coal Limited ("**APAC**") has appointed A. Setiadi Attorneys-at-Law to continue to engage the Government of the Republic of Indonesia on the Notice of Intent to resolve the dispute in a mutual agreement under the relevant Bilateral Investment Treaty. APAC is also reviewing legal funding opportunities to assist in moving the process forward. Further, APAC is also actively negotiating with potential investors and feasible acquisition targets to bring the company business forward.

During the current financial period, the Group entered into a joint investment agreement with Yangtze Investment Partners Limited to invest in a renewable energy company that will be undergoing either a potential initial public offering or a reverse takeover. Due to the poor performance of the relevant stock market, the potential initial public offering or reverse takeover has been delayed. Nevertheless, the Group remains hopeful in relation to the above when the general market sentiment recovers.

With the existing funding arrangements from the Notes Issue, the Group is actively pursuing new acquisitions and investment opportunities globally in the near future. The Group is exposed to movements in US Dollar and Australian Dollar as a result of the 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 2016.

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

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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 2016 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 the Catalist Listing Manual in accordance with Rule 720(1) of the Catalist Listing Manual.

17 Use of Proceeds from Notes Issue

Notes Issue	S\$'000	Utilisation of Proceeds as at 4 May 2016	S\$'000
Convertible Notes	35,000	Investments and general corporate purposes	
Notes Issued	(19,000)	- Increase in stake in Midcon ⁽¹⁾	393
Notes Unissued	<u>16,000</u>	- Amount disbursed in relation to the RCL ⁽²⁾	5,000
		- Physical trading of renewable energy and natural resources ⁽³⁾	2,407
		- Deposit paid for investment in potential initial public offering ⁽⁴⁾	1,408
		- Investment in infrastructure development ⁽⁵⁾	1,900
		- Acquisition of subsidiary ⁽⁶⁾	900
		- Investment in Dam Project in West Java Indonesia ⁽⁷⁾	1,000
		- Deed of assignment ⁽⁸⁾	1,009
		- Fixed income investment	200
		General working capital	
		- Repayment of convertible loan	798
		- General working capital	<u>2,801</u>
			<u>17,816</u>

(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 and 19 February 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 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.

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BY ORDER OF THE BOARD

Luke Ho Khee Yong
Chief Executive Officer
11 May 2016

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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