

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Financial statements on consolidated results for the second quarter ended 31 December 2014. Certain items reported for the six months ended 31 December 2013 have been reclassified to conform to this report for the six months ended 31 December 2014.

	Note	Group			Group		
		Second Quarter			Six Months		
		Oct 2014 - Dec 2014 S\$'000	Oct 2013 - Dec 2013 S\$'000 (restated)	Inc/ (Dec) %	Jul 2014 - Dec 2014 S\$'000	Jul 2013 - Dec 2013 S\$'000 (restated)	Inc/ (Dec) %
Revenue		9,059	11,432	(20.8)	20,633	19,881	3.8
Cost of sales		(7,078)	(8,712)	(18.8)	(16,232)	(15,208)	6.7
Gross profit		1,981	2,720	(27.2)	4,401	4,673	(5.8)
Other operating income		485	5,565	(91.3)	528	9,045	(94.2)
Other operating expenses		(977)	(11,024)	(91.1)	(1,488)	(11,881)	(87.5)
Distribution and selling expenses		(17)	(39)	(56.4)	(56)	(82)	(31.7)
Administrative expenses		(2,441)	(2,399)	1.8	(4,633)	(4,628)	0.1
Finance income		53	620	(91.5)	114	1,133	(89.9)
Finance costs		(27)	(28)	(3.6)	(72)	(59)	22.0
Share of results of joint ventures		36	(120)	N.M	121	(139)	N.M
Loss before income tax	1	(907)	(4,705)	(80.7)	(1,085)	(1,938)	(44.0)
Income tax		59	(144)	(141.0)	62	(291)	N.M
Net loss for the period		(848)	(4,849)	(82.5)	(1,023)	(2,229)	(54.1)
Other comprehensive loss		(133)	(74,501)	(99.8)	(1,849)	(44,393)	(95.8)
Total comprehensive loss		(981)	(79,350)	(98.8)	(2,872)	(46,622)	(93.8)
Net (loss)/profit attributable to:							
Equity holders of the Company		(831)	(4,941)	(83.2)	(1,128)	(2,008)	(43.8)
Non-controlling interests		(17)	93	N.M	105	(220)	N.M
		(848)	(4,848)	(82.5)	(1,023)	(2,228)	(54.1)
Total comprehensive (loss)/income attributable to:							
Equity holders of the Company		(1,184)	(79,174)	(98.5)	(2,834)	(46,067)	(93.8)
Non-controlling interests		203	(175)	N.M	(38)	(554)	(93.1)
		(981)	(79,349)	(98.8)	(2,872)	(46,621)	(93.8)

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Notes:

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

	Group			Group		
	Second Quarter			Six Months		
	Oct 2014 - Dec 2014 S\$'000	Oct 2013 - Dec 2013 S\$'000 (restated)	Inc/ (Dec) %	Jul 2014 - Dec 2014 S\$'000	Jul 2013 - Dec 2013 S\$'000 (restated)	Inc/ (Dec) %
Depreciation of property, plant and equipment	(101)	(125)	(19.2)	(203)	(243)	(16.5)
Realised exchange gain (net)	14	4	250.0	21	-	N.M
Unrealised exchange loss (net)	(531)	(344)	54.4	(1,024)	(1,193)	(14.2)
Interest expense on borrowings	(8)	(2)	300.0	(30)	(4)	650.0
Interest income	53	620	(91.5)	114	1,133	(89.9)
Gain on disposal of property, plant and equipment	-	46	(100.0)	8	57	(86.0)
Loss on disposal of other financial assets	-	(11,810)	(100.0)	(6)	(10,695)	(99.9)
Gain on disposal of a subsidiary	-	3,623	(100.0)	-	3,623	(100.0)
Transfer of fair value from reserves	-	3,590	(100.0)	-	5,073	(100.0)
Adjustment for underprovision of tax in respect of prior years	(85)	-	N.M	(64)	(56)	14.3

1(a)(ii) Other comprehensive loss (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Second Quarter			Six Months		
	Oct 2014 - Dec 2014 S\$'000	Oct 2013 - Dec 2013 S\$'000 (restated)	Inc/ (Dec) %	Jul 2014 - Dec 2014 S\$'000	Jul 2013 - Dec 2013 S\$'000 (restated)	Inc/ (Dec) %
<i>Other comprehensive loss</i>						
Exchange difference on translation of foreign operations	438	(586)	N.M	(382)	(544)	(29.8)
Fair value loss recognised in equity on revaluation of available-for-sale financial assets during the period	(569)	(70,322)	(99.2)	(1,462)	(38,773)	(96.2)
Reversal of fair value gain from equity on disposal of available-for-sale financial assets during the period	-	(3,590)	(100.0)	-	(5,073)	(100.0)
Deferred tax on fair value changes to available-for-sale financial assets	(2)	(3)	(33.3)	(5)	(3)	66.7
Other comprehensive loss	(133)	(74,501)	(99.8)	(1,849)	(44,393)	(95.8)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

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-Dec-14 S\$'000	30-Jun-14 S\$'000 (restated)	31-Dec-14 S\$'000	30-Jun-14 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	5,760	5,673	42	53
Investment in subsidiaries		-	-	14,449	14,449
Investment in associated companies	2	2	2	-	-
Investment in joint venture entities		1,703	4,127	-	-
Goodwill	2	1,570	1,570	-	-
Other intangible assets	3	26,835	29,023	-	-
Other financial assets	4	3,242	4,799	2	26
Total Non-Current Assets		39,112	45,194	14,493	14,528
Current Assets					
Inventories	5	7,811	7,416	-	-
Trade and other receivables	6	5,418	7,957	812	622
Related parties balances	8	348	421	3,811	4,431
Cash and bank deposits		4,254	4,078	63	25
Fixed deposits		15,502	12,831	-	-
Total Current Assets		33,333	32,703	4,686	5,078
Total Assets		72,445	77,897	19,179	19,606
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	7	6,091	8,548	1,084	2,356
Bank overdrafts	9	1	755	-	-
Related parties balances	8	-	566	1,394	2,468
Finance lease obligations	10	9	10	-	-
Income tax liabilities	11	182	582	-	-
Convertible loans		300	-	300	-
Total Current Liabilities		6,583	10,461	2,778	4,824
Non-Current Liabilities					
Finance lease obligations	10	27	32	-	-
Deferred tax liabilities	12	6,640	7,253	-	-
Total Non-Current Liabilities		6,667	7,285	-	-
Total Liabilities		13,250	17,746	2,778	4,824
EQUITY					
Share capital		122,627	120,127	122,627	120,127
Reserves		(89,582)	(86,748)	(106,226)	(105,345)
		33,045	33,379	16,401	14,782
Non-controlling interests		26,150	26,772	-	-
Total Equity		59,195	60,151	16,401	14,782
Total Liabilities and Equity		72,445	77,897	19,179	19,606

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

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\$5.67 million as at 30 June 2014 to S\$5.76 million as at 31 December 2014. Net additions during the period were S\$0.11 million. Depreciation charged was S\$0.20 million. Translation difference was approximately S\$0.20 million.

2) Goodwill

Goodwill remains unchanged over the financial period.

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

3) Other Intangible assets

	Dec-14	Jun-14
	S\$'000	S\$'000
20% (2014: 20%) participating interest for the exploration of an area covered by the Petroleum Exploration Licence 101 granted under the Petroleum Act 2000 of South Australia	4,649	4,495
Coal concession rights granted by the Government of Indonesia for a period of 30 years, commencing from the date that mining operations commences, to explore, mine and extract coal from the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia*	26,420	26,420
Exploration and evaluation expenditure incurred for the exploration and evaluation of coal of the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia	1,138	1,138
	<u>27,558</u>	<u>27,558</u>
	<u>32,207</u>	<u>32,053</u>
Translation Differences	(5,372)	(3,030)
	<u>26,835</u>	<u>29,023</u>

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

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

4) Other financial assets - non current

Other financial assets decreased from S\$4.8 million as at 30 June 2014 to S\$3.2 million as at 31 December 2014. The change was mainly due to movement in fair value of available-for-sale financial assets during the period.

	Dec-14	Jun-14
	S\$'000	S\$'000
<u>Available-for-sale financial assets</u>		
Quoted equity shares, at fair value	3,241	4,791
<u>Financial assets held for trading</u>		
Quoted warrants, at fair value	1	8
Total other financial assets	<u>3,242</u>	<u>4,799</u>

5) Inventories

	Dec-14	Jun-14
	S\$'000	S\$'000
		(restated)
Finished goods	6,217	5,817
Work-in-progress	13	31
Goods-in-transit	1,581	1,568
	<u>7,811</u>	<u>7,416</u>

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

6) Trade and other receivables

The amount of trade and other receivables have decreased from S\$8.0 million as at 30 June 2014 to S\$5.4 million as at 31 December 2014, mainly resulting from payments made by major customers.

	Dec-14	Jun-14
	S\$'000	S\$'000
		(restated)
Trade receivables	4,018	6,561
Other debtors, deposits and prepayments	1,400	1,396
	<u>5,418</u>	<u>7,957</u>

7) Trade and other payables

The amount of trade and other payables have decreased from S\$8.5 million as at 30 June 2014 to S\$6.1 million as at 31 December 2014, mainly resulting from payments made to major suppliers.

	Dec-14	Jun-14
	S\$'000	S\$'000
		(restated)
Trade payables	4,765	5,931
Other creditors, payables and accruals	1,326	2,617
	<u>6,091</u>	<u>8,548</u>

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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 partner and, associated and affiliated companies.

	Dec-14 S\$'000	Jun-14 S\$'000 (restated)
Amount due from	348	421
Amount due to	-	(566)
Net amount due from/(to)	<u>348</u>	<u>(145)</u>

9) Bank overdrafts

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

	Dec-14 S\$'000	Jun-14 S\$'000 (restated)
Bank overdrafts	<u>1</u>	<u>755</u>

10) Finance lease obligations

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

	Dec-14 S\$'000	Jun-14 S\$'000 (restated)
Current	9	10
Non-current	27	32
	<u>36</u>	<u>42</u>

11) Income tax liabilities

Income tax liabilities which mainly arise from our oilfield equipment supplies and services segment has changed marginally from S\$0.6 million as at 30 June 2014 to S\$0.2 million as at 31 December 2014 as a result of payment of tax and/or provision of current period's income tax expense.

12) Deferred tax liabilities

Deferred tax liabilities have been recognised on the coal concession valuation for PT Batubara Selaras Sapta in Indonesia and investments in quoted equities in Australia. The deferred tax for unutilised benefits mainly comprises the deductible temporary differences arising from the provision for unutilised leave, long service leave and other employee benefits.

	Dec-14 S\$'000	Jun-14 S\$'000 (restated)
Property, plant and equipment	42	67
Intangible assets	8,145	8,607
Available-for-sale financial assets	(178)	(173)
Unutilised benefits	(1,369)	(1,248)
	<u>6,640</u>	<u>7,253</u>

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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-Dec-2014	
Secured	Unsecured
S\$'000	S\$'000
9	1

As at 30-Jun-2014	
Secured	Unsecured
S\$'000	S\$'000
10	755

Amount repayable after one year

As at 31-Dec-2014	
Secured	Unsecured
S\$'000	S\$'000
27	-

As at 30-Jun-2014	
Secured	Unsecured
S\$'000	S\$'000
32	-

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

The unsecured borrowings as at 30 June 2014 relates to bank overdraft which arises mainly due to short term working capital requirement. The overdrafts are secured by the Group's fixed deposit including the interest received.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

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

	Group	
	Six Months Ended	
	Dec-14 S\$'000	Dec-13 S\$'000 (restated)
Cash flows from operating activities		
Loss before income tax	(1,085)	(1,938)
Adjustments of non-cash items	1,386	2,370
Operating cash flows before working capital changes	301	432
- Working capital changes	718	378
Cash flows from operations	1,019	810
Interest income received	114	1,831
Interest paid	(30)	(13)
Income taxes paid	(338)	(284)
Net cash generated from operating activities	765	2,344
Cash flows from investing activities		
Disposal of subsidiary	-	(210)
Proceeds from sale of property, plant and equipment	8	77
Purchase of property, plant and equipment	(114)	(352)
Net proceeds from sale of other financial assets	53	158
Acquisition of other financial assets	-	(3,969)
Payment of petroleum exploration expenditure	(154)	-
Dividends received from joint venture companies	2,677	-
Net cash flows generated from/(used in) investing activities	2,470	(4,296)
Cash flows from financing activities		
Repayment of finance lease obligations	(5)	(13)
Payment of dividends by a subsidiary company to non-controlling interests	(584)	(750)
Proceeds from convertible notes	1,500	-
Net cash flows generated from/(used in) financing activities	911	(763)
Net increase/(decrease) in cash and cash equivalents	4,146	(2,715)
Cash and cash equivalents at beginning of the period	10,901	12,013
Effects of exchange rate changes on cash and cash equivalents	(400)	1,250
Cash and cash equivalents at the end of the period	14,647	10,548
Represented by:		
Cash and bank balances	4,254	4,746
Fixed deposits	10,394	6,659
Bank overdrafts, unsecured	(1)	(857)
	14,647	10,548
Cash and cash equivalents		
Cash and bank balances	4,254	4,746
Fixed deposits	15,502	11,781
Cash and cash equivalents	19,756	16,527
Less: Fixed deposits (restricted)	(5,108)	(5,122)
Less: Bank overdrafts	(1)	(857)
Cash and cash equivalents at the end of the period	14,647	10,548

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

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

Group	Attributable to shareholders					Non-Controlling	
	Share Capital	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total	Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2014 (restated)	120,127	961	(7,599)	(80,110)	33,379	26,772	60,151
Total comprehensive loss for the period	-	(1,492)	(214)	(1,128)	(2,834)	(38)	(2,872)
Issuance of shares	2,500	-	-	-	2,500	-	2,500
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(584)	(584)
Balance at 31 December 2014	122,627	(531)	(7,813)	(81,238)	33,045	26,150	59,195

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

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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						
	Share Capital	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2013 (restated)	120,127	40,839	(7,748)	(71,963)	81,255	27,323	108,578
Total comprehensive loss for the period	-	(43,864)	(195)	(2,008)	(46,067)	(554)	(46,621)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(750)	(750)
Balance at 31 December 2013 (restated)	120,127	(3,025)	(7,943)	(73,971)	35,188	26,019	61,207

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

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

Company	Share Capital	Fair Value Reserve	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2014	120,127	-	(105,345)	14,782
Issuance of shares	2,500	-	-	2,500
Total comprehensive loss for 2Q2015	-	-	(881)	(881)
Balance at 31 December 2014	122,627	-	(106,226)	16,401
Balance at 1 July 2013	120,127	27,415	(105,339)	42,203
Total comprehensive (loss)/income for 2Q2014	-	(27,638)	1,206	(26,432)
Balance at 31 December 2013	120,127	(223)	(104,133)	15,771

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-Dec-14	Issued and paid-up capital	2,357,223,877	122,627
31-Dec-13	Issued and paid-up capital	2,048,678,060	120,127

There is no outstanding convertible and no share option or award granted under the Magnus Energy Employee Share Option Plan. There is an outstanding share award of 70,122,000 unissued shares granted under the Magnus Performance Share Plan. The increase in the Company's share capital during the current financial period was due to the issue of;

- (a) 64,986,000 shares for the repayment of a term loan;
- (b) 35,061,000 employees' share awards granted under the Magnus Performance Share Plan; and
- (c) 208,498,817 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-Dec-14	30-Jun-14
No. of ordinary shares issued and fully paid	2,357,223,877	2,048,678,060

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

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

Not applicable

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- 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.**

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

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new or revised FRS and INT FRS that are effective in this financial period. Except for FRS 111 *Joint Arrangements*, the adoption of these FRS do not have any significant impact on the financial statements. The adoption of FRS 111 will take effect from the financial year beginning on 1 July 2014 with full retrospective application.

- 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 December 2014:

	Group		Group	
	Second Quarter		Six Months	
	Oct 2014 - Dec 2014	Oct 2013 - Dec 2013 (restated)	Jul 2014 - Dec 2014	Jul 2013 - Dec 2013 (restated)
Loss for the period (S\$'000)	(831)	(4,941)	(1,128)	(2,008)
- Based on weighted average number of ordinary shares in issue (cents)	(0.038)	(0.241)	(0.052)	(0.098)
- Weighted average number of ordinary shares ('000)	2,167,372	2,048,678	2,167,372	2,048,678
- On a fully diluted basis (detailing any adjustments made to the earnings (cents))	(0.038)	(0.241)	(0.052)	(0.098)
- Weighted average number of ordinary shares on fully diluted basis ('000)	2,167,372	2,048,678	2,167,372	2,048,678

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

	Group		Company	
	As at 31-Dec-14	As at 30-Jun-14 (restated)	As at 31-Dec-14	As at 30-Jun-14
Net asset value per ordinary share (cents)	1.40	1.63	0.70	0.72
On a fully diluted basis (cents)	1.40	1.63	0.70	0.72

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Turnover, costs, and earnings of the Group for six months ended 31 December 2014 ("6 months FY2015") and 31 December 2013 ("6 months FY2014")

The Group's revenue increased by 3.8% from S\$19.9 million for 6 months FY2014 to S\$20.6 million for 6 months FY2015. In addition to a stable sales performance in the equipment and spares sales, the increase in revenue for 6 months FY2015 resulted from additional project and tubular products sales as compared to 6 months FY2014. Consequently, cost of sales increased by 6.7% from S\$15.2 million for 6 months FY2014 to S\$16.2 million for 6 months FY2015. Gross profit has decreased by 5.8% from S\$4.7 million for 6 months FY2014 to S\$4.4 million for 6 months FY2015. Due to the sale of some long-standing tubular products at below cost, gross margin has decreased from 23.5% for 6 months FY2014 to 21.3% for 6 months FY2015.

Refer to item 10 on page 14 for more information on the Group's sales performance.

Other operating income

	Jul 2014 - Dec 2014	Jul 2013 - Dec 2013
	S\$'000	S\$'000
		(restated)
Gain on disposal of a subsidiary	-	3,623
Transfer of fair value gain from equity to profit and loss	-	5,073
Services income from environmental projects	20	199
Realised exchange gain	464	-
Gain on disposal of property, plant and equipment	8	57
Other income	36	93
	<u>528</u>	<u>9,045</u>

Expenses

	Jul 2014 - Dec 2014	Jul 2013 - Dec 2013
	S\$'000	S\$'000
		(restated)
Distribution & selling expenses	56	82
Administrative expenses	4,633	4,628
Other operating expenses	1,488	11,881
	<u>6,177</u>	<u>16,591</u>

Expenses have decreased by S\$10.4 million from S\$16.6 million for 6 months FY2014 to S\$6.2 million for 6 months FY2015 resulting from lower other operating expenses. Expenses for 6 months FY2015 was mainly contributed by unrealised exchange loss of S\$1.0 million and remuneration related expenses of approximately S\$3.1 million. Please refer to Note 1 on Page 2 for further details.

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Finance income/(costs)

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

	Jul 2014 - Dec 2014	Jul 2013 - Dec 2013
	S\$'000	S\$'000 (restated)
Finance income	114	1,133
Finance costs	(72)	(59)
	<u>42</u>	<u>1,074</u>

Net loss after tax

Net loss after tax was S\$2.2 million and S\$1.0 million for 6 months FY2014 and 6 months FY2015, respectively. The net loss for the year was mainly contributed by unrealised exchange losses as mentioned above, otherwise our oilfield equipment supply and services segment remains profitable.

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

The Group recorded a net cash generated from operating activities of S\$2.3 million for 6 months FY2014 and S\$0.8 million for 6 months FY2015. Cash inflow from working capital was S\$0.4 million for 6 months FY2014 as compared to cash inflow of S\$0.7 million for 6 months FY2015, refer to details of working capital on Page 5.

Net cash flow used in investing activities was S\$4.3 million for 6 months FY2014, mainly due to the acquisition of 15% stake in GCM Resources plc. for S\$3.7 million in 1Q2014, which was significantly higher as compared to an inflow of S\$2.5 million for 6 months FY2015. The net cash generated was due to the dividend received from a joint venture operation.

Net cash flow used in in financing activities was S\$0.8 million for 6 months FY2014 million as compared to an inflow of S\$0.9 million for 6 months FY2015, mainly due to the proceeds from convertible notes in 2Q2015.

Comparatively, the Group's cash and cash equivalents increased by approximately S\$4.1 million, after adjusting for effects of foreign currencies exchanges, from S\$10.5 million as at 31 December 2013 to S\$14.6 million as at 31 December 2014. The details of the cash flow statement are on Page 8.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not Applicable.

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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 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 weakness in oil prices may negatively affect the overall performance of the Group.

Together with the anticipated discoveries from the drilling campaign in the PEL101, Mid-Con Group remains cautiously optimistic about its growth prospects and shall continue to focus on its multi-pronged strategy to expand geographically, diversify its business model, widen its product range, and enhance its productivity, and expects to remain profitable in the next twelve months.

The Group is exposed to movements in US Dollar and Australian Dollar. Such movements in the currencies may have a significant impact on the Group's future results.

Having divested from certain unprofitable segments and rigorously rationalizing its cost structure, the Group shall continue to enhance the effectiveness and efficiencies of its operations. With new funding at hand, the Group looks forward to pursue new acquisitions and investments opportunities across the Asia Pacific region in the near future.

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 December 2014.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT general mandate has been obtained by the Group from the shareholders. There was no interested person transaction for the year under review, save for interest-free loans provided by directors to the Company.

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

We, Kushairi Bin Zaidel and Goh Boon Kok, 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 December 2014 to be false or misleading in any material aspect. A signed confirmation copy is kept in record.

On behalf of the Board of Directors

Kushairi Bin Zaidel
Non-executive Independent Director

Goh Boon Kok
Non-executive Independent Director

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2014

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 Use of Proceeds from Notes Issue as at 31 December 2014

Notes Issue	S\$'000	Utilisation of Proceeds as at 31 December 2014	S\$'000
Convertible Notes	35,000	Investments and general corporate purposes	210
Notes Issued	1,500	General working capital	1,193
Notes Unissued	33,500		1,403

BY ORDER OF THE BOARD

Luke Ho Khee Yong
Company Secretary
10 February 2015

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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