

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

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 2015.

	Note	Group			Group		
		Second Quarter			Six Months		
		Oct 2015 - Dec 2015 S\$'000	Oct 2014 - Dec 2014 S\$'000	Inc/ (Dec) %	Jul 2015 - Dec 2015 S\$'000	Jul 2014 - Dec 2014 S\$'000	Inc/ (Dec) %
Revenue	1	6,455	9,059	(28.7)	12,088	20,633	(41.4)
Cost of sales		(5,243)	(7,078)	(25.9)	(9,933)	(16,232)	(38.8)
Gross profit		1,212	1,981	(38.8)	2,155	4,401	(51.0)
Other operating income		175	485	(63.9)	260	528	(50.8)
Other operating expenses		366	(977)	N.M	(2,177)	(1,488)	46.3
Distribution and selling expenses		(57)	(17)	>100	(87)	(56)	55.4
Administrative expenses		(1,947)	(2,441)	(20.2)	(3,839)	(4,633)	(17.1)
Finance income		235	53	>100	365	114	>100
Finance costs		(11)	(27)	(59.3)	(29)	(72)	(59.7)
Share of results of joint ventures		254	36	>100	246	121	>100
Profit/(loss) before income tax		227	(907)	N.M	(3,106)	(1,085)	>100
Income tax		(98)	59	>100	(101)	62	N.M
<b>Net profit/(loss) for the period</b>		129	(848)	N.M	(3,207)	(1,023)	>100
Other comprehensive income/(loss)		248	(133)	N.M	1,498	(1,849)	N.M
Total comprehensive income/(loss)		377	(981)	N.M	(1,709)	(2,872)	(40.5)
<b>Net profit/(loss) attributable to:</b>							
Equity holders of the Company		(56)	(831)	(93.3)	(2,675)	(1,128)	>100
Non-controlling interests		185	(17)	N.M	(532)	105	N.M
		129	(848)	N.M	(3,207)	(1,023)	>100
<b>Total comprehensive income/(loss) attributable to:</b>							
Equity holders of the Company		247	(1,184)	N.M	(1,705)	(2,834)	(39.8)
Non-controlling interests		130	203	(36.0)	(4)	(38)	(89.5)
		377	(981)	N.M	(1,709)	(2,872)	(40.5)

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**Notes:**

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

	Group			Group		
	Second Quarter			Six Months		
	Oct 2015 - Dec 2015 S\$'000	Oct 2014 - Dec 2014 S\$'000	Inc/ (Dec) %	Jul 2015 - Dec 2015 S\$'000	Jul 2014 - Dec 2014 S\$'000	Inc/ (Dec) %
Reversal for provision of doubtful debts	-	-	N.M	58	-	N.M
Depreciation of property, plant and equipment	(69)	(101)	(31.7)	(145)	(203)	(28.6)
Realised exchange gain/(loss) (net)	11	14	(21.4)	(300)	21	N.M
Unrealised exchange gain/(loss) (net)	821	(531)	N.M	(343)	(1,024)	(66.5)
Interest expense on borrowings	(11)	(8)	37.5	(29)	(30)	(3.3)
Interest income	235	53	>100	365	114	>100
Gain on disposal of plant and equipment	84	-	N.M	84	8	>100
Loss on disposal of other financial assets	-	-	N.M	-	(6)	(100.0)
Impairment of available-for-sale financial assets	(469)	-	>100	(1,530)	-	>100
Adjustment for underprovision of tax in respect of prior years	70	(85)	N.M	32	(64)	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		
	Second Quarter			Six Months		
	Oct 2015 - Dec 2015 S\$'000	Oct 2014 - Dec 2014 S\$'000	Inc/ (Dec) %	Jul 2015 - Dec 2015 S\$'000	Jul 2014 - Dec 2014 S\$'000	Inc/ (Dec) %
<i>Other comprehensive income/(loss)</i>						
Exchange difference on translation of foreign operations	270	438	(38.5)	1,509	(382)	N.M
Fair value loss recognised in equity on revaluation of available-for-sale financial assets during the period	(23)	(569)	(96.0)	(10)	(1,462)	(99.3)
Deferred tax on fair value changes to available-for-sale financial assets	1	(2)	N.M	(1)	(5)	(80.0)
<b>Other comprehensive income/(loss)</b>	<b>248</b>	<b>(133)</b>	<b>N.M</b>	<b>1,498</b>	<b>(1,849)</b>	<b>N.M</b>

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**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-15 S\$'000	30-Jun-15 S\$'000	31-Dec-15 S\$'000	30-Jun-15 S\$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	1	6,508	5,415	320	37
Investment in subsidiaries		-	-	15,642	14,856
Investment in associated companies		-	2	-	-
Investment in joint venture entities		1,026	776	-	-
Goodwill	2	1,877	1,570	-	-
Other intangible assets	3	27,586	26,475	-	-
Other financial assets	4	1,457	2,787	200	1
Other receivables	6	5,000	1,500	5,000	-
Deferred tax assets	13	173	166	-	-
<b>Total Non-Current Assets</b>		<b>43,627</b>	<b>38,691</b>	<b>21,162</b>	<b>14,894</b>
<b>Current Assets</b>					
Inventories	5	6,759	6,534	-	-
Trade and other receivables	6	9,120	6,897	1,723	330
Related parties balances	8	239	275	5,064	5,915
Cash and bank deposits		7,391	10,094	191	2,220
Fixed deposits		11,638	14,592	300	300
<b>Total Current Assets</b>		<b>35,147</b>	<b>38,392</b>	<b>7,278</b>	<b>8,765</b>
<b>Total Assets</b>		<b>78,774</b>	<b>77,083</b>	<b>28,440</b>	<b>23,659</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
Trade and other payables	7	3,602	5,831	468	275
Bank overdrafts	9	140	677	-	-
Related parties balances	8	-	1	967	2,020
Finance lease obligations	10	9	9	-	-
Income tax liabilities	11	250	466	-	-
Convertible loans	12	1,650	300	1,650	300
<b>Total Current Liabilities</b>		<b>5,651</b>	<b>7,284</b>	<b>3,085</b>	<b>2,595</b>
<b>Non-Current Liabilities</b>					
Finance lease obligations	10	18	23	-	-
Deferred tax liabilities	13	6,384	6,379	-	-
<b>Total Non-Current Liabilities</b>		<b>6,402</b>	<b>6,402</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>12,053</b>	<b>13,686</b>	<b>3,085</b>	<b>2,595</b>
<b>EQUITY</b>					
Share capital		133,748	128,278	133,748	128,278
Reserves		(92,302)	(90,597)	(108,393)	(107,214)
		41,446	37,681	25,355	21,064
Non-controlling interests		25,275	25,716	-	-
<b>Total Equity</b>		<b>66,721</b>	<b>63,397</b>	<b>25,355</b>	<b>21,064</b>
<b>Total Liabilities and Equity</b>		<b>78,774</b>	<b>77,083</b>	<b>28,440</b>	<b>23,659</b>

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**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\$6.5 million as at 31 December 2015. The increase was mainly due to the consolidation of S\$0.6 million plant and equipment from the newly acquired subsidiary, Flagship Ecosystems Pte Ltd. Net additions during the period were S\$0.4 million. Depreciation was S\$0.1 million. Translation gain was approximately S\$0.2 million.

**2) Goodwill**

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

	Dec-15 S\$'000	Jun-15 S\$'000
Mid-Continent Equipment Group Pte Ltd	1,570	1,570
Flagship Ecosystems Pte Ltd	307	-
<b>Total Goodwill</b>	<b>1,877</b>	<b>1,570</b>

**3) Other Intangible assets**

	Dec-15 S\$'000	Jun-15 S\$'000
Balance as at 1 July	60,165	62,713
Impairment	(33,690)	(33,690)
Addition	1,087	999
Currency alignment	24	(3,547)
	<b>27,586</b>	<b>26,475</b>

Other intangible assets consist of:

	Dec-15 S\$'000	Jun-15 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	5,762	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*	20,970	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
	<b>27,586</b>	<b>26,475</b>

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

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**4) Other financial assets - non current**

Other financial assets decreased from S\$2.8 million as at 30 June 2015 to S\$1.5 million as at 31 December 2015. The change was mainly due to movement in fair value of available-for-sale financial assets during the period.

	Dec-15	Jun-15
	S\$'000	S\$'000
<u>Available-for-sale financial assets</u>		
Quoted equity shares, at fair value	1,257	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	<u>1,457</u>	<u>2,787</u>

**5) Inventories**

	Dec-15	Jun-15
	S\$'000	S\$'000
Finished goods	6,190	5,339
Work-in-progress	12	8
Goods-in-transit	557	1,187
	<u>6,759</u>	<u>6,534</u>

Refer to Item 8 on Page 14 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 December 2015 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 quoted equities, 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.

	Dec-15	Jun-15
	S\$'000	S\$'000
Trade receivables	3,644	6,206
Other receivables, deposits and prepayments	5,476	691
	<u>9,120</u>	<u>6,897</u>
Other receivables - non current	5,000	1,500
Total trade and other receivables	<u>14,120</u>	<u>8,397</u>

**7) Trade and other payables**

Trade and other payables have decreased from S\$5.8 million as at 30 June 2015 to S\$3.6 million as at 31 December 2015. The decrease was due to a reduction in advances from a customer.

	Dec-15	Jun-15
	S\$'000	S\$'000
Trade payables	2,490	2,719
Other creditors, payables and accruals	1,112	3,112
	<u>3,602</u>	<u>5,831</u>

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**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

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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-15	Jun-15
	S\$'000	S\$'000
Amount due from	239	275
Amount due to	-	(1)
Net amount due from	239	274

**9) Bank overdrafts**

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

	Dec-15	Jun-15
	S\$'000	S\$'000
Bank overdrafts	140	677

**10) Finance lease obligations**

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

	Dec-15	Jun-15
	S\$'000	S\$'000
Current	9	9
Non-current	18	23
	27	32

**11) Income tax liabilities**

Income tax liabilities which mainly arise from our oilfield equipment supplies and services segment has changed marginally from S\$0.5 million as at 30 June 2015 to S\$0.3 million as at 31 December 2015 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 December 2015, S\$100,000 of the outstanding convertible notes have been converted into 30,303,030 ordinary shares. The remaining of the outstanding convertible notes can be converted into 469,696,970 based on the latest conversion price of S\$0.0033 per share as determined on 19 January 2016.

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**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.

	Dec-15 S\$'000	Jun-15 S\$'000
Property, plant and equipment	31	41
Intangible assets	7,962	8,195
Available-for-sale financial assets	(188)	(179)
Unutilised benefits	(1,594)	(1,844)
	<u>6,211</u>	<u>6,213</u>
Represented by:		
Deferred tax assets	(173)	(166)
Deferred tax liabilities	6,384	6,379
	<u>6,211</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-Dec-2015	
Secured	Unsecured
S\$'000	S\$'000
149	-

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

**Amount repayable after one year**

As at 31-Dec-2015	
Secured	Unsecured
S\$'000	S\$'000
18	-

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 December 2015 and 30 June 2015 relates to bank overdraft and finance lease. Bank overdraft arose mainly due to short term working capital requirement.

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

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

- 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-15 S\$'000	Dec-14 S\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(3,106)	(1,085)
Adjustments of non-cash items	1,436	1,386
<b>Operating cash flows before working capital changes</b>	<b>(1,670)</b>	<b>301</b>
- Working capital changes	(4,541)	718
<b>Cash flows (used in)/from operations</b>	<b>(6,211)</b>	<b>1,019</b>
Interest income received	169	114
Interest paid	(29)	(30)
Income taxes paid	(142)	(338)
<b>Net cash (used in)/generated from operating activities</b>	<b>(6,213)</b>	<b>765</b>
<b>Cash flows from investing activities</b>		
Net cash outflow on acquisition of a subsidiary net of cash acquired	(482)	-
Proceeds from sale of plant and equipment	-	8
Purchase of plant and equipment	(364)	(114)
Net proceeds from sale of other financial assets	-	53
Deposit for investment of other financial assets	(1,408)	-
Purchase of other financial assets	(200)	-
Payment of petroleum exploration expenditure	(1,087)	(154)
Investment in redeemable convertible loan	(3,500)	-
Dividends received from joint venture companies	-	2,677
Fixed deposits pledged to banks	79	-
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(6,962)</b>	<b>2,470</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(5)	(5)
Share issue expense	(190)	-
Payment of dividends by a subsidiary company to non-controlling interests	(437)	(584)
Proceeds from issue of shares	7,010	1,500
<b>Net cash flows generated from financing activities</b>	<b>6,378</b>	<b>911</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,797)</b>	<b>4,146</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>18,638</b>	<b>10,901</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>1,621</b>	<b>(400)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>13,462</b>	<b>14,647</b>
<b>Represented by:</b>		
Cash and bank balances	7,391	4,254
Fixed deposits	6,211	10,394
Bank overdrafts, unsecured	(140)	(1)
	13,462	14,647
<u><b>Cash and cash equivalents</b></u>		
Cash and bank balances	7,391	4,254
Fixed deposits	11,638	15,502
<b>Cash and cash equivalents</b>	<b>19,029</b>	<b>19,756</b>
Less: Fixed deposits (restricted)	(5,427)	(5,108)
Less: Bank overdrafts	(140)	(1)
<b>Cash and cash equivalents at the end of the period</b>	<b>13,462</b>	<b>14,647</b>



**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**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	-	970	(2,675)	(1,705)	(4)	(1,709)
Issuance of shares	5,660	-	-	5,660	-	5,660
Share issue expenses	(190)	-	-	(190)	-	(190)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	(437)	(437)
Balance at 31 December 2015	133,748	(7,035)	(85,267)	41,446	25,275	66,721

**MAGNUS ENERGY GROUP LTD.**

(Registration No. 198301375M)

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**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 2014	120,127	961	(7,669)	(80,110)	33,309	26,712	60,021
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)	(7,883)	(81,238)	32,975	26,090	59,065

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

- 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)**

<b>Company</b>	<b>Share Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 July 2015	128,278	(107,214)	21,064
Issuance of new shares	5,660	-	5,660
Share issue expense	(190)	-	(190)
Total comprehensive loss for the period	-	(1,179)	(1,179)
Balance at 31 December 2015	133,748	(108,393)	25,355
Balance at 1 July 2014	120,127	(105,345)	14,782
Issuance of new shares	2,500	-	2,500
Total comprehensive loss for the period	-	(881)	(881)
Balance at 31 December 2014	122,627	(106,226)	16,401

- 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.**

<b>Date</b>	<b>Description</b>	<b>No of shares <sup>(1)</sup></b>	<b>Paid-up Capital (S\$'000)</b>
31-Dec-15	Issued and paid-up capital	775,058,669	133,748
31-Dec-14	Issued and paid-up capital	47,144,477	122,627

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) 603,266,926 shares converted pursuant to the Notes Issue.

<sup>(1)</sup> 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.**

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
No. of ordinary shares issued and fully paid	775,058,669	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.

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

- 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 December 2015:

	Group		Group	
	Second Quarter		Six Months	
	Oct 2015 - Dec 2015	Oct 2014 - Dec 2014	Jul 2015 - Dec 2015	Jul 2014 - Dec 2014
Loss for the period (\$S'000)	(56)	(831)	(2,675)	(1,128)
- Based on weighted average number of ordinary shares in issue (cents)	(0.01)	(1.92)	(0.55)	(2.60)
- Weighted average number of ordinary shares ('000) <sup>(1)</sup>	487,036	43,347	487,036	43,347

<sup>(1)</sup> 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 SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

- 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-15	As at 30-Jun-15	As at 31-Dec-15	As at 30-Jun-15
Net asset value per ordinary share (cents)	5.35	69.72	3.27	38.97
On a fully diluted basis (cents)	3.25	58.52	1.99	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 six months ended 31 December 2015 ("6 months FY2016") and 31 December 2014 ("6 months FY2015")

The Group's revenue decreased by 41.4% from S\$20.6 million for 6 months FY2015 to S\$12.1 million for 6 months FY2016. The Group's tubular products, oil and gas equipment and spare parts recorded lower sales as a result of the plunge in global oil prices which led to a weaker demand in the oil and gas equipment segment. Consequently, cost of sales decreased by 38.8% from S\$16.2 million for 6 months FY2015 to S\$9.9 million for 6 months FY2016. Gross profit has decreased by 51.0% from S\$4.4 million for 6 months FY2015 to S\$2.2 million for 6 months FY2016. Gross profit margin decreased from 21.3% to 17.8% mainly due to decrease in rental of equipment from S\$0.6 million for 6 months FY2015 to S\$0.1 million for 6 months FY2016. Refer to item 10 on page 16 for more information on the Group's sales performance.

Quarter-to-quarter, three months ended 31 December 2015 ("2Q2016") and 31 December 2014 ("2Q2015")

The Group's revenue decreased by 28.7% from S\$9.1 million in 2Q2015 to S\$6.5 million in 2Q2016. Gross profit margin decreased from 21.9% in 2Q15 to 18.8% in 2Q2016. The lower margin recorded in the 2Q2016 was mainly due to decrease in rental of equipment from S\$0.3 million for 2Q2015 to S\$0.04 million for 2Q2016.

Other operating income

	Jul 2015 - Dec 2015 S\$'000	Jul 2014 - Dec 2014 S\$'000
Services income from environmental projects	67	20
Realised exchange gain	-	464
Gain on disposal of property, plant and equipment	83	8
Other income	110	36
	<u>260</u>	<u>528</u>

Expenses

	Jul 2015 - Dec 2015 S\$'000	Jul 2014 - Dec 2014 S\$'000
Distribution & selling expenses	87	56
Administrative expenses	3,839	4,633
Other operating expenses	2,177	1,488
	<u>6,103</u>	<u>6,177</u>

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**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

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Expenses have decreased by S\$0.1 million from S\$6.2 million for 6 months FY2015 to S\$6.1 million for 6 months FY2016 resulting from lower administrative expenses. Other operating expenses for 6 months FY2016 was mainly contributed by impairment of available-for-sale financial assets of S\$1.5 million, realised and unrealised exchange loss of S\$0.6 million. Decrease in administrative expenses was mainly due to reduction of remuneration related expenses of approximately S\$0.7 million from S\$3.6 million in 6 months FY2015 to S\$2.4 million in 6 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 - Dec 2015	Jul 2014 - Dec 2014
	S\$'000	S\$'000
Finance income	365	114
Finance costs	(29)	(72)
	<u>336</u>	<u>42</u>

Net profit/(loss) after tax

Net loss after tax was S\$3.2 million for 6 months FY2016 and S\$1.0 million for 6 months FY2015. The net loss after tax for the period was mainly contributed by decrease in revenue and gross profit, unrealised exchange losses and impairment of available-for-sale financial assets as mentioned above. Nevertheless, Q2FY2016 turned in a profit of S\$0.1 million as compared to a loss of S\$0.8 million in Q2FY2015.

- (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\$0.8 million for 6 months FY2015 and net cash used in operating activities of S\$6.2 million for 6 months FY2016. Cash inflow from working capital was S\$0.7 million for 6 months FY2015 as compared to cash outflow of S\$4.5 million for 6 months FY2016.

Net cash flow generated from investing activities was S\$2.5 million for 6 months FY2015, mainly due to dividends received from joint venture companies of S\$2.7 million in 6 months FY2015. Net cash flow used in investing activities was S\$7.0 million for 6 months FY2016 which was significantly higher as compared to an inflow of S\$2.5 million for 6 months FY2015, mainly due to the acquisition of other financial assets, payment of petroleum exploration expenditure and investment in the RCL (as defined in Section 10).

Net cash inflow from financing activities was S\$0.9 million for 6 months FY2015 million as compared to an inflow of S\$6.4 million for 6 months FY2016, mainly due to the proceeds from convertible notes in 6 months FY2016.

Comparatively, the Group's cash and cash equivalents decreased by approximately S\$1.2 million, after adjusting for effects of foreign currencies exchanges, from S\$14.6 million as at 31 December 2014 to S\$13.4 million as at 31 December 2015. 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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**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

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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 plunge in global oil prices has negatively affected the overall performance of the Mid-Con Group and hence, the Group. Nevertheless, the weakness in global oil prices has enabled Mid-Con Group to search for investment opportunities, such as to strategically invest in Royal Energy Pty Ltd to participate in the oil and gas investment opportunities in the Asia Pacific region and other international locations. Together with the anticipated discoveries from the drilling campaign in the PRL 173 and PRL 174, 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.

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 replanned 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. In November 2015, the Group has embarked on its second collaboration with PT Hanjungin to jointly manage an infrastructure construction project in Central Java, Indonesia which is expected to be completed by May 2016. In February, the Group has also embarked on its third collaboration with PT Hanjungin to jointly manage two infrastructure construction projects in both West and Central Java, Indonesia which is expected to be completed before August 2016. The Group is also actively sourcing for trading partners and will keep the shareholders updated of any material events or investments.

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. Further, APAC is also actively looking for opportunities for new investments and acquisitions.

During the current financial period, the Group entered into a joint investment agreement with Yangtze Investment Partners Limited to invest in a potential initial public offering of a renewable energy company. Due to the poor performance of the relevant stock market, the proposed listing has been delayed. Nevertheless, the Group expects the successful listing of this renewable energy company when the general market sentiment recovers.

With the shareholders' mandate obtained at the Extraordinary General Meeting held on 29 October 2015, the Group is able to diversify its investment portfolio into the environmental business. The acquisition of Flagship Ecosystems Pte Ltd was completed on 1 December 2015. The Group believes that the aforementioned diversification will provide the Group with a new engine for growth that is complementary to its existing energy business and strategy.

Having divested certain unprofitable segments and rigorously rationalizing its cost structure, the Group shall continue to enhance the effectiveness and efficiencies of its operations. 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

**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**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 2015.

**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 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 December 2015 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 Use of proceeds from notes issue as at 3 February 2016**

Notes Issue	S\$'000	Utilisation of Proceeds as at 3 February 2016	S\$'000
Convertible Notes	35,000	Investments and general corporate purposes	
Notes Issued	(14,500)	- Increase in stake in Midcon <sup>(1)</sup>	393
Notes Unissued	<u>20,500</u>	- Amount disbursed in relation to the RCL <sup>(2)</sup>	5,000
		- Physical trading of renewable energy and natural resources	2,407
		- Deposit paid for investment in quoted equities <sup>(3)</sup>	1,408
		- Investment in infrastructure development <sup>(4)</sup>	1,000
		- Acquisition of subsidiary <sup>(5)</sup>	550
		- Fixed income investment	200
		General working capital	
		- Repayment of convertible loan	798
		- General working capital	<u>2,541</u>
			<u>14,297</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) Please refer to the announcement "Joint Investment with Yangtze Investment Partners Limited" dated 20 August 2015 and 9 November 2015 for further information.

(4) Please refer to the announcement "Road Project in Central Java Indonesia" dated 16 November 2015 for further information.

(5) 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.



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**QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

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**BY ORDER OF THE BOARD**

**Luke Ho Khee Yong**  
**Chief Executive Officer**  
**4 February 2016**

**About Magnus Energy Group Ltd. ([www.magnusenergy.com.sg](http://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.

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*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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