

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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 year ended 30 June 2018.

	Note	Group			Group		
		Fourth Quarter			Twelve Months		
		Apr 2018 - Jun 2018 S\$'000	Apr 2017 - Jun 2017 S\$'000	Inc/ (Dec) %	Jul 2017 - Jun 2018 S\$'000	Jul 2016 - Jun 2017 S\$'000	Inc/ (Dec) %
Revenue		5,885	3,700	59.1	18,941	14,685	29.0
Cost of sales		(5,063)	(2,855)	77.3	(15,970)	(11,777)	35.6
Gross profit		822	845	(2.7)	2,971	2,908	2.2
Other operating income		(51)	1,380	N.M	155	1,764	(91.2)
Other operating expenses		(8,168)	(8,204)	(0.4)	(8,177)	(8,517)	(4.0)
Distribution and selling expenses		(44)	32	N.M	(159)	(218)	(27.1)
Administrative expenses		(1,496)	(1,282)	16.7	(5,368)	(7,564)	(29.0)
Finance income		(499)	131	N.M	143	603	(76.3)
Finance costs		(23)	(21)	9.5	(92)	(260)	(64.6)
Share of results of joint ventures		-	(501)	(100.0)	-	(77)	(100.0)
Loss before income tax	1	(9,459)	(7,620)	24.1	(10,527)	(11,361)	(7.3)
Income tax		(159)	(67)	>100	(204)	(110)	85.5
Loss from continuing operation		(9,618)	(7,687)	25.1	(10,731)	(11,471)	(6.5)
Discontinued operations							
Loss from discontinued operations		(4,231)	(244)	>100	(4,598)	(300)	>100
Loss for the year		(13,849)	(7,931)	74.6	(15,329)	(11,771)	30.2
Other comprehensive income/(loss)		6,165	(1,171)	N.M	4,726	1,549	>100
Total comprehensive loss		(7,684)	(9,102)	(15.6)	(10,603)	(10,222)	3.7
Net loss attributable to:							
Equity holders of the Company		(13,474)	(4,395)	>100	(14,751)	(7,708)	91.4
Non-controlling interests		(375)	(3,536)	(89.4)	(578)	(4,063)	(85.8)
		(13,849)	(7,931)	74.6	(15,329)	(11,771)	30.2
Total comprehensive loss attributable to:							
Equity holders of the Company		(7,571)	(5,661)	33.8	(9,906)	(6,639)	49.2
Non-controlling interests		(113)	(3,441)	(96.7)	(697)	(3,583)	(80.5)
		(7,684)	(9,102)	(15.6)	(10,603)	(10,222)	3.7

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

Notes:

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

	Group			Group		
	Fourth Quarter			Twelve Months		
	Apr 2018 - Jun 2018 S\$'000	Apr 2017 - Jun 2017 S\$'000	Inc/ (Dec) %	Jul 2017 - Jun 2018 S\$'000	Jul 2016 - Jun 2017 S\$'000	Inc/ (Dec) %
Provision of obsolete stocks	(187)	(993)	(81.2)	(187)	(993)	(81.2)
Provision of doubtful debts, net	(7,283)	(17)	>100	(7,292)	(104)	>100
Impairment of goodwill	-	(1,570)	(100.0)	-	(1,570)	(100.0)
Stocks written off	(1)	-	N.M	(1)	-	N.M
Depreciation of property, plant and equipment	(66)	(75)	(12.0)	(275)	(306)	(10.1)
Realised exchange loss	(38)	(108)	(64.8)	(28)	(150)	(81.3)
Unrealised exchange loss	(383)	(254)	50.8	(345)	(184)	87.5
Interest expense on borrowings	(48)	(15)	>100	(92)	(226)	(59.3)
Interest income	(499)	131	N.M	143	603	(76.3)
Gain/(loss) on disposal of plant and equipment	(26)	-	N.M	6	(6)	N.M
Gain on disposal of other financial assets	-	1,308	(100.0)	-	1,483	(100.0)
Loss on disposal and deregistration of subsidiaries	(4,488)	(149)	>100	(4,488)	(297)	>100
Fair value gain from asset held for sale	7	-	N.M	7	-	N.M
Impairment of intangible assets	-	(5,166)	(100.0)	-	(5,166)	(100.0)
Adjustment for under provision of tax in respect of prior years	-	(18)	(100.0)	-	20	(100.0)

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		
	Fourth Quarter			Twelve Months		
	Apr 2018 - Jun 2018 S\$'000	Apr 2017 - Jun 2017 S\$'000	Inc/ (Dec) %	Jul 2017 - Jun 2018 S\$'000	Jul 2016 - Jun 2017 S\$'000	Inc/ (Dec) %
<i>Other comprehensive income/(loss)</i>						
Exchange difference on translation of foreign operations	6,126	290	>100	4,687	1,554	>100
Fair value loss recognised in equity on revaluation of available-for-sale financial assets during the period	(39)	(1,462)	(97.3)	(39)	(6)	>100
Reversal of fair value gain from equity on disposal of available-for-sale financial assets during the period	77	-	N.M	77	-	N.M
Deferred tax on fair value changes to available-for-sale financial assets	-	1	(100.0)	-	1	(100.0)
Other comprehensive income/(loss)	6,165	(1,171)	N.M	4,726	1,549	>100

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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	
		30-Jun-18 S\$'000	30-Jun-17 S\$'000	30-Jun-18 S\$'000	30-Jun-17 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	18,709	17,184	252	312
Investment in subsidiaries		-	-	13,475	13,441
Investment in joint venture entities		-	628	-	-
Goodwill	2	-	-	-	-
Other intangible assets	3	-	-	-	-
Other financial assets	4	673	38	638	-
Deferred tax assets	12	50	241	-	-
Total Non-Current Assets		19,432	18,091	14,365	13,753
Current Assets					
Inventories	5	2,019	3,124	-	-
Trade and other receivables	6	6,424	13,059	575	5,391
Related parties balances	7	226	282	13,714	14,415
Cash and bank deposits		6,064	5,410	131	214
Fixed deposits		2,612	4,529	304	304
Total Current Assets		17,345	26,404	14,724	20,324
Assets classified as held for sale		607	-	-	730
Total Current Assets		17,952	26,404	14,724	21,054
Total Assets		37,384	44,495	29,089	34,807
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	8	5,003	3,749	828	589
Related parties balances	7	18	-	-	-
Finance lease obligations	9	5	9	-	-
Income tax liabilities	10	-	90	-	-
Borrowings	11	550	1,450	550	1,450
Total Current Liabilities		5,576	5,298	1,378	2,039
Liabilities directly associated with assets classified as held for sale		-	-	-	218
Total Current Liabilities		5,576	5,298	1,378	2,257
Non-Current Liabilities					
Other payables	8	-	351	-	-
Finance lease obligations	9	-	5	-	-
Total Non-Current Liabilities		-	356	-	-
Total Liabilities		5,576	5,654	1,378	2,257
EQUITY					
Share capital		148,782	144,769	148,782	144,769
Reserves		(123,920)	(114,014)	(121,071)	(112,219)
		24,862	30,755	27,711	32,550
Non-controlling interests		6,946	8,086	-	-
Total Equity		31,808	38,841	27,711	32,550
Total Liabilities and Equity		37,384	44,495	29,089	34,807

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment increased from net book value of S\$17.2 million as at 30 June 2017 to S\$18.7 million as at 30 June 2018. The increase of S\$1.9 million was mainly due to the construction of microalgae oil cultivation facility.

Depreciation was S\$0.3 million for both 30 June 2017 and 30 June 2018 and translation loss was approximately S\$0.1 million for 30 June 2018.

2) Goodwill

Goodwill has been fully impaired in the financial year ended 2017.

	Jun-18 S\$'000	Jun-17 S\$'000
Mid-Continent Equipment Group Pte Ltd	-	1,570
Impairment of goodwill	-	(1,570)
	-	-

3) Other intangible assets

	Jun-18 S\$'000	Jun-17 S\$'000
Other Intangible assets	-	-
Other intangible assets consist of:	Jun-18 S\$'000	Jun-17 S\$'000
20% (2017: 20%) participating interest for the exploration of an area covered by the Petroleum Retention Licence 173 and 174 (PRL173 & 174) granted under the Petroleum Act 2000 of South Australia	-	5,116
Impairment of intangible assets	-	(5,116)
	-	-

PRL173 & 174 have been transferred to Acer Energy Pty Limited on 31 July 2018. Please refer to announcement dated 1 August 2018 for further information.

4) Other financial assets

Other financial assets increased from S\$38,000 as at 30 June 2017 to S\$0.7 million as at 30 June 2018. The change was mainly due to reclassification of investment in subsidiary, APAC Coal to available-for-sale investment upon successful reverse takeover during the year.

	Jun-18 S\$'000	Jun-17 S\$'000
Quoted investment	673	38

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

Notes to the consolidated statement of financial position (cont'd)

5) Inventories

	Jun-18	Jun-17
	S\$'000	S\$'000
Finished goods	1,028	2,154
Work-in-progress	61	87
Goods-in-transit	930	883
	<u>2,019</u>	<u>3,124</u>

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

6) Trade and other receivables

The amount of trade receivables have increased from S\$1.6 million as at 30 June 2017 to S\$2.7 million as at 30 June 2018 as a result of increase in revenue. The decrease in other receivables, deposits and prepayments is mainly due to the provision of doubtful receivable of S\$7.3 million during the year.

	Jun-18	Jun-17
	S\$'000	S\$'000
Trade receivables	2,690	1,637
Other receivables, deposits and prepayments	3,734	11,422
	<u>6,424</u>	<u>13,059</u>

7) Related parties balances (net)

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

	Jun-18	Jun-17
	S\$'000	S\$'000
Amount due from related parties	226	282
Amount due to related parties	(18)	-
	<u>208</u>	<u>282</u>

8) Trade and other payables

Trade and other payables have increased from S\$4.1 million as at 30 June 2017 to S\$5.0 million as at 30 June 2018. The increase was mainly due to provision for restoration costs for PRL173 & 174.

	Jun-18	Jun-17
	S\$'000	S\$'000
Trade payables	1,176	1,630
Other payables and accruals (current)	3,827	2,119
Other payables (non-current)	-	351
	<u>5,003</u>	<u>4,100</u>

9) Finance lease obligations

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

	Jun-18	Jun-17
	S\$'000	S\$'000
Current	5	9
Non-current	-	5
	<u>5</u>	<u>14</u>

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

Notes to the consolidated statement of financial position (cont'd)

10) Income tax liabilities

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

11) Borrowings

	Jun-18	Jun-17
	S\$'000	S\$'000
<u>Current liabilities</u>		
Unsecured convertible notes ⁽¹⁾	-	800
Loan from director and CEO ⁽²⁾	550	650
	<u>550</u>	<u>1,450</u>

1) On 3 September 2014, the Company entered into a subscription agreement with Premier Equity Fund (the "Subscriber"), a company incorporated in the Cayman Islands and Value Capital Asset Management Private Limited (the investment manager for the Subscriber) pursuant to which the Company shall issue up to S\$35 million in aggregate principal amount of unsecured redeemable convertible notes due 2017 (the "Notes Issue") and the Notes Issue has matured on 6 November 2017.

2) The Company obtained unsecured loan from a director and the chief executive officer ("CEO") on April 2017 to fund for the microalgae oil cultivation facility project. The loan is repayable within 1 year and the effective interest of the loan is 10%. The loan has been extended to April 2019.

12) Deferred tax assets

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.

	Jun-18	Jun-17
	S\$'000	S\$'000
Property, plant and equipment	62	65
Intangible assets	-	18
Available-for-sale financial assets	-	189
Unutilised benefits	(12)	(31)
	<u>50</u>	<u>241</u>

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

Notes to the consolidated statement of financial position (cont'd)

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30-Jun-2018	
Secured	Unsecured
S\$'000	S\$'000
5	550

As at 30-Jun-2017	
Secured	Unsecured
S\$'000	S\$'000
9	1,450

Amount repayable after one year

As at 30-Jun-2018	
Secured	Unsecured
S\$'000	S\$'000
-	-

As at 30-Jun-2017	
Secured	Unsecured
S\$'000	S\$'000
5	-

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

The secured borrowings as at 30 June 2018 and 30 June 2017 relates to finance lease.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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	
	Twelve Months Ended	
	Jun-18 S\$'000	Jun-17 S\$'000
Cash flows from operating activities		
Loss for the year from continuing operations	(10,527)	(11,361)
Loss for the year from discontinued operations	(4,598)	(300)
Adjustments of non-cash items	12,614	7,819
Operating cash flows before working capital changes	(2,511)	(3,842)
- Working capital changes	831	3,857
Cash flows (used in) / generated from operations	(1,680)	15
Interest income received	65	462
Interest paid	(57)	(226)
Income taxes paid	(124)	(31)
Net cash (used in) / generated from operating activities	(1,796)	220
Cash flows from investing activities		
Proceeds from sale of plant and equipment	22	9
Purchase of plant and equipment	(1,992)	(8,747)
Proceeds from redemption of other financial assets	-	4,556
Redemption of fixed income investment	-	200
Payment of petroleum exploration expenditure	(62)	(225)
Fixed deposits pledged to banks	66	2,853
Dividend received from joint venture	22	-
Net cash inflow on disposal of subsidiary	-	81
Net cash flows used in investing activities	(1,944)	(1,273)
Cash flows from financing activities		
Repayment of finance lease obligations	(9)	(9)
Share issue expense	(72)	(114)
Payment of dividends by a subsidiary company to non-controlling interests	(443)	(2,633)
Proceed from / (redemption of) convertible notes	2,000	(3,500)
(Repayment) / proceeds from borrowings	(100)	650
Proceeds from issue of shares	1,179	2,500
Net cash flows generated from / (used in) financing activities	2,555	(3,106)
Net decrease in cash and cash equivalents	(1,185)	(4,159)
Cash and cash equivalents at beginning of the period	7,400	11,121
Effects of exchange rate changes on cash and cash equivalents	(12)	438
Cash and cash equivalents at the end of the period	6,203	7,400
Represented by:		
Cash and bank balances	6,064	5,410
Fixed deposits	139	1,990
	6,203	7,400
<u>Cash and cash equivalents</u>		
Cash and bank balances	6,064	5,410
Fixed deposits	2,612	4,529
Cash and cash equivalents	8,676	9,939
Less: Fixed deposits (restricted)	(2,473)	(2,539)
Cash and cash equivalents at the end of the period	6,203	7,400

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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

Group	Attributable to shareholders					Non-Controlling Interests	Total Equity
	Share Capital	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	144,769	-	(7,185)	(106,829)	30,755	8,086	38,841
Total comprehensive income/(loss) for the period	-	(44)	4,889	(14,751)	(9,906)	(697)	(10,603)
Issuance of shares	4,085	-	-	-	4,085	-	4,085
Share issue expenses	(72)	-	-	-	(72)	-	(72)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(443)	(443)
Balance at 30 June 2018	148,782	(44)	(2,296)	(121,580)	24,862	6,946	31,808

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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	
	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 2016	140,957	-	(8,254)	(99,121)	33,582	14,406	47,988
Total comprehensive income/(loss) for the period	-	-	1,069	(7,708)	(6,639)	(3,583)	(10,222)
Issuance of shares	3,926	-	-	-	3,926	-	3,926
Share issue expenses	(114)	-	-	-	(114)	-	(114)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(104)	(104)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(2,633)	(2,633)
Balance at 30 June 2017	144,769	-	(7,185)	(106,829)	30,755	8,086	38,841

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	144,769	-	(112,219)	32,550
Issuance of shares	4,085	-	-	4,085
Fair value loss	-	(44)	-	(44)
Share issuance expense	(72)	-	-	(72)
Total comprehensive loss for the year	-	-	(8,808)	(8,808)
Balance at 30 June 2018	148,782	(44)	(121,027)	27,711
Balance at 1 July 2016	140,957	-	(111,551)	29,406
Issuance of new shares	3,926	-	-	3,926
Share issue expenses	(114)	-	-	(114)
Total comprehensive loss for the period	-	-	(668)	(668)
Balance at 30 June 2017	144,769	-	(112,219)	32,550

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)
30-Jun-18	Issued and paid-up capital	12,632,507,107	148,782
30-Jun-17	Issued and paid-up capital	8,105,619,899	144,769

As at 30 June 2018, there was no outstanding convertible and no share option 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) 3,216,887,208 shares converted pursuant to the Notes Issue as announced on 3 September 2014 and 11 October 2014.
- (b) 1,310,000,000 placement shares pursuant to the placement as announced on 8 and 29 March 2018.

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.

	30-Jun-18	30-Jun-17
No. of ordinary shares issued and fully paid	12,632,507,107	8,105,619,899

There are 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 THE YEAR ENDED 30 JUNE 2018

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 the audited annual financial statements as at 30 June 2017.

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 year ended 30 June 2018:

	Group		Group	
	Fourth Quarter		Twelve Months	
	Apr 2018 - Jun 2018	Apr 2017 - Jun 2017	Jul 2017 - Jun 2018	Jul 2016 - Jun 2017
Loss for the period (S\$'000)	(13,474)	(4,395)	(14,751)	(7,708)
- Based on weighted average number of ordinary shares in issue (cents) - basic and diluted ⁽¹⁾	(0.12)	(0.06)	(0.13)	(0.10)
- Weighted average number of ordinary shares ('000)	11,467,722	7,626,164	11,467,722	7,626,164

(1) Diluted loss per share is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the share conversion would be to decrease the loss per share.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

- 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 30-Jun-18	As at 30-Jun-17	As at 30-Jun-18	As at 30-Jun-17
Net asset value per ordinary share (cents)	0.20	0.38	0.22	0.40
On a fully diluted basis (cents)	0.20	0.35	0.22	0.37

- 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 twelve months ended 30 June 2018 ("FY2018") and 30 June 2017 ("FY2017")

The Group's revenue increased by 29.0% from S\$14.7 million for FY2017 to S\$18.9 million for FY2018. Both tubular product and the oil and gas equipment and spare parts products recorded increase of revenue by S\$2.7 million and S\$2.0 million respectively as compared to FY2017. Gross profit has increased by 2.2% from S\$2.9 million for FY2017 to S\$3.0 million for FY2018. Gross profit margin decreased from 19.8% in FY2017 to 15.7% in FY2018 as our tubular product recorded only 5.5% gross profit margin in FY2018. Refer to item 10 on page 15 for more information on the Group's sales performance.

Quarter-to-quarter

The Group's revenue increased by 59.1% from S\$3.7 million in 4Q2017 to S\$5.9 million in 4Q2018. Gross profit margin decreased from 22.8% from 4Q2017 to 14.0% for 4Q2018. The decrease was due to lower profit margin recorded from the tubular product.

Other operating income

	Jul 2017 - Jun 2018	Jul 2016 - Jun 2017
	S\$'000	S\$'000
Bad debts recovered	-	47
Gain on disposal of property, plant and equipment	6	-
Gain on disposal of quoted investment	-	1,483
Other income	149	234
	<u>155</u>	<u>1,764</u>

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

<u>Expenses</u>	Jul 2017 - Jun 2018	Jul 2016 - Jun 2017
	S\$'000	S\$'000
Distribution & selling expenses	159	218
Administrative expenses	5,368	7,564
Other operating expenses	8,177	8,517
	<u>13,704</u>	<u>16,299</u>

Overall expenses have decreased by S\$2.6 million from S\$16.3 million for FY2017 to S\$13.7 million for FY2018 resulting from lower administrative expenses. Decrease in administrative expenses was mainly due to a decrease in remuneration related expenses of S\$1.8 million. The operating expenses include provision of doubtful debts of S\$7.3 million in FY2018. Other operating expenses in FY2017 mainly due to impairment of goodwill and intangible asset expenses. Please refer to Note 1 on Page 2 for further details.

Finance income/(costs)

Finance income is mainly due to interest income from RCL as announced on 31 August 2017. Finance expenses are mainly due to interest on convertible notes.

	Jul 2017 - Jun 2018	Jul 2016 - Jun 2017
	S\$'000	S\$'000
Finance income	143	603
Finance costs	(92)	(260)
	<u>51</u>	<u>343</u>

Net loss after tax

Net loss after tax was S\$15.3 million for FY2018 and S\$11.8 million for FY2017. The increase of net loss after tax was mainly due to provision of doubtful debt of S\$7.3 million and loss of S\$4.5 million on the disposal of APAC Coal in FY2018.

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

The Group recorded a net cash used in operating activities of S\$1.8 million for FY2018 as compared to net cash generated from operating activities of S\$0.2 million for FY2017. Cash inflow from working capital was S\$0.8 million for FY2018 as compared to cash inflow of S\$3.9 million for FY2017.

Net cash flow used in investing activities was S\$1.9 million for FY2018 and S\$1.3 million for FY2017. S\$2.0 million was invested into the microalgae cultivation facility for FY2018.

Net cash inflow from financing activities was S\$2.6 million for FY2018 as compared to an outflow of S\$3.1 million for FY2017, mainly due to proceed from issue of shares and convertible notes in FY2018.

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\$7.4 million as at 30 June 2017 to S\$6.2 million as at 30 June 2018. Refer to item 1(c) on page 8 for the details of the cash flow statement.

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

Not applicable.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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 focus remain in the energy sector and its oilfield equipment supplies and services segment, Mid-Continent Equipment Group Pte Ltd and its subsidiaries (the "Mid-Con Group") currently forms the Group's main core business. The recent disposal of business in the Southeast Asia market enabled Mid-Con Group to rationalise its business and costs structure so as to focus its resources and efforts in the other territories such as United States.

The clean energy demand growth across the world provides a sustainable business environment for the development of alternative sources of energy. The Group has embarked on the pilot commercialisation of microalgae crude oil production with the ultimate objective of providing a renewable source of energy. The plant is in the process of conditioning the harvesting machine and stabilising the growth rate of the microalgae. The Group will provide further updates to our shareholders in due course.

The Group is actively pursuing collaborative and funding opportunities globally as part of its diversification efforts to minimise its reliance on its core business in the oil and gas segment. The Group is exposed to movements in US Dollar and Australian Dollar as a result of operations in USA and Australia. 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 year ended 30 June 2018.

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

No IPT general mandate has been obtained by the Group from the shareholders. As announced on 27 April 2017 and 27 April 2018, the Group has IPT loans from a director and the CEO. However, approval of the shareholders of the Company is not required as the interest payable on the Loans is less than 5% of the Group's latest audited net tangible assets. Please refer to the announcement on 27 April 2017, 3 May 2017 and 27 April 2018 for further information.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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 year ended 30 June 2018 to be false or misleading in any material aspect. A signed confirmation copy is kept in record.

On behalf of the Board of Directors

Kushairi Bin Zaidel
Non-executive Independent Director

Ong Chin Chuan
Non-executive Independent Director

15 Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative or a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there is no such person, the issuer must make an appropriate negative statement.

There is no person occupying managerial positions in the Company or its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

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

17	Utilisation of share placement as at 27 August 2018	S\$'000
	Microalgae oil cultivation facility in Malaysia ⁽¹⁾	640
	General working capital	539
		<u>1,179</u>

The share placement as announced on 29 Mar 2018 has been fully utilised.

(1) Please refer to the announcement “Microalgae oil cultivation facility in Malaysia” dated 22 June 2016.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

18 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

FY 2018

	Oilfield equipment supply and services	Trading of renewable energy & natural resources	Waste water treatment	Investment holding	Coal mining	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	18,941	-	-	-	-	18,941
Loss from operations before interest, income tax and depreciation	(1,238)	(117)	(33)	(8,915)	(4,598)	(14,901)
Depreciation	(215)	-	(1)	(59)	-	(275)
Loss from operations before interest and income tax	(1,453)	(117)	(34)	(8,974)	(4,598)	(15,176)
Share of profit from joint ventures						-
Unallocated finance income						143
Unallocated finance costs						(92)
Loss before income tax						(15,125)
Unallocated income tax						(204)
Loss after income tax						(15,329)
<u>Segment assets and liabilities</u>						
Current assets	13,213	25	16	4,698	-	17,952
Fixed assets	5,506	12,951	-	252	-	18,709
Unallocated non-current assets						673
Unallocated deferred tax assets						50
Consolidated assets						37,384
Current liabilities	3,974	80	118	1,399	-	5,571
Unallocated current and non- current liabilities:						
Finance lease obligations						5
Consolidated liabilities						5,576

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

18 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (cont'd)

FY 2017

	Oilfield equipment supply and services	Trading of renewable energy & natural resources	Waste water treatment	Investment holding	Coal mining	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	14,122	-	563	-	-	14,685
Loss from operations before interest, income tax and depreciation	(8,194)	(531)	(477)	(2,119)	(300)	(11,621)
Depreciation	(223)	-	(14)	(69)	-	(306)
Loss from operations before interest and income tax	(8,417)	(531)	(491)	(2,188)	(300)	(11,927)
Share of profit from joint ventures						(77)
Unallocated finance income						603
Unallocated finance costs						(260)
Loss before income tax						(11,661)
Unallocated income tax						(110)
Loss after income tax						(11,771)
<u>Segment assets and liabilities</u>						
Current assets	14,653	8	52	11,691	-	26,404
Fixed assets	5,776	11,096	1	311	-	17,184
Unallocated non-current assets						666
Unallocated deferred tax assets						241
Consolidated assets						44,495
Current liabilities	3,019	22	120	2,038	-	5,199
Non-current liabilities	351	-	-	-	-	351
Unallocated current and non- current liabilities:						
Finance lease obligations						14
Income tax liabilities						90
Consolidated liabilities						5,654

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

19 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

There is no material change in contributions to turnover and earnings by the business or geographical segments.

20 A breakdown of sales.

	Group		
	1-Jul-2017 to 30-Jun-2018	1-Jul-2016 to 30-Jun-2017	Inc/ (Dec)
	S\$'000	S\$'000	%
Sales reported for the first half year	7,886	7,684	2.6
Operating loss after tax before deducting minority interests reported for the first half year	(627)	(3,096)	(79.7)
Sales reported for the second half year	11,055	7,001	57.9
Operating loss after tax before deducting minority interests reported for the second half year	(14,702)	(8,675)	69.5

21 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend

	Latest Full Year (30-Jun-2018)	Previous Full Year (30-Jun-2017)
Ordinary	-	-
Preference	-	-
Total	-	-

BY ORDER OF THE BOARD

Luke Ho Khee Yong
Chief Executive Officer
29 August 2018

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

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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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