

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 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 second quarter ended 31 December 2018.

	Note	Group			Group		
		Second Quarter			Six Months		
		Oct 2018 - Dec 2018 S\$'000	Oct 2017 - Dec 2017 S\$'000	Inc/ (Dec) %	Jul 2018 - Dec 2018 S\$'000	Jul 2017 - Dec 2017 S\$'000	Inc/ (Dec) %
Revenue	1	4,470	4,072	9.8	9,483	7,886	20.3
Cost of sales		(3,892)	(3,462)	12.4	(8,254)	(6,484)	27.3
Gross profit		578	610	(5.2)	1,229	1,402	(12.3)
Other operating income		67	(213)	N.M	905	588	53.9
Other operating expenses		(441)	(7)	>100	(616)	(8)	>100
Distribution and selling expenses		(34)	(52)	(34.6)	(57)	(95)	(40.0)
Administrative expenses		(1,080)	(1,285)	(16.0)	(2,273)	(2,564)	(11.3)
Finance income		17	241	(92.9)	30	409	(92.7)
Finance costs		(22)	(21)	4.8	(49)	(47)	4.3
Share of results of joint ventures		-	(161)	(100.0)	-	-	N.M
Loss before income tax		(915)	(888)	3.0	(831)	(315)	>100
Income tax		-	(22)	(100.0)	-	10	(100.0)
Net loss for the period		(915)	(910)	0.5	(831)	(305)	>100
Discontinued operations							
Loss from discontinued operations		-	(77)	(100.0)	-	(322)	(100.0)
Loss for the period		(915)	(987)	(7.3)	(831)	(627)	32.5
Other comprehensive (loss)/income		(1,110)	(2,463)	(54.9)	140	(1,213)	N.M
Total comprehensive (loss)/income		(2,025)	(3,450)	(41.3)	(691)	(1,840)	(62.4)
Net loss attributable to:							
Equity holders of the Company		(775)	(907)	(14.6)	(875)	(576)	51.9
Non-controlling interests		(140)	(80)	75.0	44	(51)	N.M
		(915)	(987)	(7.3)	(831)	(627)	32.5
Total comprehensive (loss)/income attributable to:							
Equity holders of the Company		(1,877)	(3,269)	(42.6)	(780)	(1,533)	(49.1)
Non-controlling interests		(148)	(181)	(18.2)	89	(307)	N.M
		(2,025)	(3,450)	(41.3)	(691)	(1,840)	(62.4)

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Notes:

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

	Group			Group		
	Second Quarter			Six Months		
	Oct 2018 - Dec 2018 S\$'000	Oct 2017 - Dec 2017 S\$'000	Inc/ (Dec) %	Jul 2018 - Dec 2018 S\$'000	Jul 2017 - Dec 2017 S\$'000	Inc/ (Dec) %
Provision of doubtful debts	-	(7)	(100.0)	-	(7)	(100.0)
Depreciation of property, plant and equipment	(59)	(70)	(15.7)	(124)	(142)	(12.7)
Realised exchange (loss)/gain (net)	(6)	3	N.M	(3)	5	N.M
Unrealised exchange (loss)/gain (net)	(306)	(250)	22.4	(455)	453	N.M
Loss on disposal of a subsidiary	(101)	-	N.M	(101)	-	N.M
Interest expense on borrowings	(14)	(14)	0.0	(28)	(30)	(6.7)
Interest income	17	241	(92.9)	30	409	(92.7)
(Loss)/gain on disposal of plant and equipment	(25)	-	N.M	(25)	15	N.M
Loss on disposal of financial assets	(5)	-	N.M	(18)	-	N.M
Gain on disposal of business	55	-	N.M	889	-	N.M
Adjustment for over provision of tax in respect of prior years	-	-	N.M	-	-	N.M

1(a)(ii) Other comprehensive (loss)/income (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 2018 - Dec 2018 S\$'000	Oct 2017 - Dec 2017 S\$'000	Inc/ (Dec) %	Jul 2018 - Dec 2018 S\$'000	Jul 2017 - Dec 2017 S\$'000	Inc/ (Dec) %
<i>Other comprehensive (loss)/income</i>						
Exchange difference on translation of foreign operations	(1,015)	(2,450)	(58.6)	224	(1,211)	N.M
Fair value (loss)/gain recognised in equity on revaluation of available-for-sale financial assets during the period	(97)	(16)	>100	(84)	(3)	>100
Deferred tax on fair value changes to available-for-sale financial assets	2	3	(33.3)	-	1	(100.0)
Other comprehensive (loss)/income	(1,110)	(2,463)	(54.9)	140	(1,213)	N.M

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1(b)(i) A consolidated statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group		Company	
		31-Dec-18 S\$'000	30-Jun-18 S\$'000	31-Dec-18 S\$'000	30-Jun-18 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	18,578	18,709	226	252
Investment in subsidiaries		-	-	13,475	13,475
Other financial assets	2	527	673	527	638
Deferred tax assets	9	48	50	-	-
Total Non-Current Assets		19,153	19,432	14,228	14,365
Current Assets					
Inventories	3	627	2,019	-	-
Trade and other receivables	4	4,150	6,424	67	575
Related parties balances	5	211	226	13,183	13,714
Cash and bank deposits		5,092	6,064	128	131
Fixed deposits		3,580	2,612	-	304
Total Current Assets		13,660	17,345	13,378	14,724
Assets classified as held for sale	10	-	607	-	-
Total Current Assets		13,660	17,952	13,378	14,724
Total Assets		32,813	37,384	27,606	29,089
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	6	1,620	5,003	660	828
Related parties balances	5	77	18	-	-
Finance lease obligations	7	-	5	-	-
Borrowings	8	-	550	-	550
Total Current Liabilities		1,697	5,576	660	1,378
EQUITY					
Share capital		148,782	148,782	148,782	148,782
Reserves		(124,701)	(123,920)	(121,836)	(121,071)
		24,081	24,862	26,946	27,711
Non-controlling interests		7,035	6,946	-	-
Total Equity		31,116	31,808	26,946	27,711
Total Liabilities and Equity		32,813	37,384	27,606	29,089

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2018

Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment decreased from net book value of S\$18.7 million as at 30 June 2018 to S\$18.6 million as at 31 December 2018. Additions during the period were S\$0.2 million. Depreciation was S\$0.1 million, disposal of plant and equipment of S\$0.1 million and translation loss was approximately S\$0.1 million. The additions mainly pertain to the construction of the microalgae oil cultivation facility.

2) Other financial assets

Other financial assets decreased from S\$0.7 million as at 30 June 2018 to S\$0.5 million as at 31 December 2018. The change was mainly due to partial disposal of quoted investment.

	Dec-18	Jun-18
	S\$'000	S\$'000
Quoted investment	527	673

3) Inventories

	Dec-18	Jun-18
	S\$'000	S\$'000
Finished goods	294	1,028
Work-in-progress	327	61
Goods-in-transit	6	930
	627	2,019

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

4) Trade and other receivables

The amount of trade receivables have decreased from S\$2.7 million as at 30 June 2018 to S\$1.6 million as at 31 December 2018 subsequent to the disposal of business. The decrease in other receivables, deposits and prepayments is mainly due to recovery from other receivables.

	Dec-18	Jun-18
	S\$'000	S\$'000
Trade receivables	1,597	2,688
Other receivables, deposits and prepayments	2,553	3,736
Total trade and other receivables	4,150	6,424

5) Related parties balances (net)

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

	Dec-18	Jun-18
	S\$'000	S\$'000
Amount due from related parties	211	226
Amount due to related parties	(77)	(18)
	134	208

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Notes to the consolidated statement of financial position

6) Trade and other payables

Trade and other payables decreased S\$3.4 million from S\$5.0 million as at 30 June 2018 to S\$1.6 million as at 31 December 2018. The decrease mainly resulted from disposal of equipment and spare related business.

	Dec-18	Jun-18
	S\$'000	S\$'000
Trade payables	372	1,176
Other creditors, payables and accruals	1,248	3,827
Total trade and other payables	1,620	5,003

7) Finance lease obligations

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

	Dec-18	Jun-18
	S\$'000	S\$'000
Current	-	5

8) Borrowings

	Dec-18	Jun-18
	S\$'000	S\$'000
<u>Current liabilities</u>		
Loan from director and CEO	-	550

The Company had obtained an 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 repaid in December 2018.

9) 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.

	Dec-18	Jun-18
	S\$'000	S\$'000
Property, plant and equipment	48	50

10) Assets held for sale

Assets classified as held for sale relate to the Group's interest in Plant Tech Mid-Continent (India) Pvt. Ltd. ("PTMC"). On 11 September 2018, the Group entered into a share transfer agreement with Plant-Tech Industrial Services Limited for the disposal of its 50% equity interest in PTMC for a sale consideration of approximately S\$0.6 million. The disposal has been completed on 3 October 2018 and announced with SGX on 4 October 2018.

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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-2018	
Secured	Unsecured
S\$'000	S\$'000
-	-

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

Amount repayable after one year

As at 31-Dec-2018	
Secured	Unsecured
S\$'000	S\$'000
-	-

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

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

The secured borrowings as at 30 June 2018 relates to finance lease. The unsecured borrowings were from a director and the CEO.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 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	
	Six Months Ended	
	Dec-18 S\$'000	Dec-17 S\$'000
Cash flows from operating activities		
Loss before income tax	(831)	(637)
Adjustments of non-cash items	(253)	(698)
Operating cash flows before working capital changes	(1,084)	(1,335)
- Working capital changes	(910)	776
Cash flows used in operations	(1,994)	(559)
Interest income received	6	338
Interest paid	(28)	(30)
Net cash used in operating activities	(2,016)	(251)
Cash flows from investing activities		
Proceed from disposal of quoted investment	970	-
Proceeds from sale of plant and equipment	73	15
Purchase of plant and equipment	(228)	(1,274)
Proceeds from disposal of business	889	-
Proceeds from disposal of asset held for sale	542	-
Payment of petroleum exploration expenditure	-	(53)
Fixed deposits pledged to banks	160	27
Net cash flows generated from/(used in) investing activities	2,406	(1,285)
Cash flows from financing activities		
Repayment of finance lease obligations	(5)	(4)
Share issue expense	-	(64)
Repayment of borrowings	(550)	(100)
Proceeds from issue of shares	-	2,000
Net cash flows (used in)/generated from financing activities	(555)	1,832
Net (decrease)/increase in cash and cash equivalents	(165)	296
Cash and cash equivalents at beginning of the period	6,203	7,400
Effects of exchange rate changes on cash and cash equivalents	559	(510)
Cash and cash equivalents at the end of the period	6,597	7,186
Represented by:		
Cash and bank balances	5,092	5,903
Fixed deposits	1,505	1,283
	6,597	7,186
<u>Cash and cash equivalents</u>		
Cash and bank balances	5,092	5,903
Fixed deposits	3,580	3,796
Cash and cash equivalents	8,672	9,699
Less: Fixed deposits (restricted)	(2,075)	(2,513)
Cash and cash equivalents at the end of the period	6,597	7,186

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 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 2018	148,782	(44)	(2,297)	(121,580)	24,861	6,946	31,807
Total comprehensive loss for the period	-	180	(85)	(875)	(780)	89	(691)
Balance at 31 December 2018	148,782	136	(2,382)	(122,455)	24,081	7,035	31,116

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 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		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	144,769	-	(7,186)	(106,828)	30,755	8,086	38,841
Total comprehensive loss for the period	-	-	(957)	(576)	(1,533)	(307)	(1,840)
Issuance of shares	2,906	-	-	-	2,906	-	2,906
Share issuance expenses	(64)	-	-	-	(64)	-	(64)
Balance at 31 December 2017	147,611	-	(8,143)	(107,404)	32,064	7,779	39,843

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

Company	Share Capital	Fair Value	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2018	148,782	(44)	(121,027)	27,711
Total comprehensive loss for 2Q2019	-	(85)	(680)	(765)
Balance at 31 December 2018	148,782	(129)	(121,707)	26,946
Balance at 1 July 2017	144,769	-	(112,219)	32,550
Issuance of new shares	2,906	-	-	2,906
Share issuance expense	(64)	-	-	(64)
Total comprehensive loss for 2Q2018	-	-	(663)	(663)
Balance at 31 December 2017	147,611	-	(112,882)	34,729

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-18	Issued and paid-up capital	12,632,507,107	148,782
30-Jun-18	Issued and paid-up capital	12,632,507,107	148,782

There is no outstanding convertible and no share option or award granted under the Magnus Energy Employee Share Option Plan.

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-18	30-Jun-18
No. of ordinary shares issued and fully paid	12,632,507,107	12,632,507,107

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.

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 2018, except for those as disclosed under paragraph 5.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s"), the new accounting framework to be mandatory applied in the preparation and presentation of the financial statements for annual reporting periods beginning on or after 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the reported period.

The adoption of the following new/revised standards and interpretations applicable for the financial year beginning 1 January 2018, did not result in significant change to the Group's accounting policies nor any material impact on the Group's result, are disclosed below:

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

There was no significant impact to the financial statements of the Group. Accordingly, comparative financial information presented in this set of announcement has not been restated.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

1) Classification and measurement

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

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2) Impairment of financial assets

Financial assets are subject to expected credit loss impairment model under SFRS(I) 9. As a result, the Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost.

There was no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all trade receivables using the expected credit loss model.

There was no significant impact to the financial statements of the Group and accordingly, no adjustments was recognised on 1 July 2018.

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 2018:

	Group		Group	
	Second Quarter		Six Months	
	Oct 2018 - Dec 2018	Oct 2017 - Dec 2017	Jul 2018 - Dec 2018	Jul 2017 - Dec 2017
Loss for the period (S\$'000)	(775)	(907)	(875)	(576)
- Based on weighted average number of ordinary shares in issue (cents)	(0.01)	(0.01)	(0.01)	(0.01)
- Weighted average number of ordinary shares ('000)	12,632,507	10,574,051	12,632,507	10,574,051

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-18	As at 30-Jun-18	As at 31-Dec-18	As at 30-Jun-18
Net asset value per ordinary share (cents)	0.19	0.20	0.21	0.20
On a fully diluted basis (cents)	0.19	0.20	0.21	0.20

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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 2018 ("6 months FY2019") and 31 December 2017 ("6 months FY2018")

The Group's revenue increased by 20.3% from S\$7.9 million for 6 months FY2018 to S\$9.5 million for 6 months FY2019 mainly from the oil and gas equipment and spare part products. Consequently, cost of sales increased by 27.3% from S\$6.5 million for 6 months FY2018 to S\$8.3 million for 6 months FY2019. Gross profit has decreased by 12.3% from S\$1.4 million for 6 months FY2018 to S\$1.2 million for 6 months FY2019. Gross profit margin decreased from 17.8% to 13.0% mainly due to disposal of inventories at cost together with the disposal of business. Refer to item 10 on page 15 for more information on the Group's sales performance.

Quarter-to-quarter, three months ended 31 December 2018 ("2Q2019") and 31 December 2017 ("2Q2018")

The Group's revenue increased by 9.8% from S\$4.1 million in 2Q2018 to S\$4.5 million in 2Q2019. Gross profit margin decreased from 15% in 2Q18 to 13% in 2Q2019. The lower margin recorded in the 2Q2019 was mainly due to disposal of remaining inventory at lower profit margin subsequent to disposal of business.

Other operating income

	Jul 2018 - Dec 2018	Jul 2017 - Dec 2017
	S\$'000	S\$'000
Gain on disposal of business	889	-
Gain on disposal of property, plant and equipment	-	15
Rental income	10	11
Unrealised foreign exchange gain	-	453
Realised foreign exchange gain	-	5
Other income	6	104
	<u>905</u>	<u>588</u>

Expenses

	Jul 2018 - Dec 2018	Jul 2017 - Dec 2017
	S\$'000	S\$'000
Distribution & selling expenses	57	95
Administrative expenses	2,273	2,564
Other operating expenses	616	8
	<u>2,946</u>	<u>2,667</u>

Expenses have increased by S\$0.3 million from S\$2.7 million for 6 months FY2018 to S\$2.9 million for 6 months FY2019 resulting from higher other operating expenses. Administrative expenses which includes remuneration-related expenses and rental were lower by S\$0.2 million and S\$0.1 million respectively. Other operating expenses for 6 months FY2019 mainly due to unrealised exchange loss of S\$0.5 million and loss on disposal of financial assets of S\$0.1 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 from fixed deposit. The decrease in finance income is mainly due to the absence of interest income from the redeemable convertible loan. Decrease in finance expenses mainly due to the maturation of the secured convertible notes.

	Jul 2018 - Dec 2018 S\$'000	Jul 2017 - Dec 2017 S\$'000
Finance income	30	409
Finance costs	(49)	(47)
	<u>(19)</u>	<u>362</u>

Net loss after tax

Net loss after tax was S\$0.6 million for 6 months FY2018 and S\$0.8 million for 6 months FY2019.

- (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 net cash used in operating activities of S\$0.3 million for 6 months FY2018 and S\$2.0 million for 6 months FY2019. Cash inflow from working capital was S\$0.8 million for 6 months FY2018 as compared to cash outflow of S\$0.9 million for 6 months FY2019.

Net cash flow used in investing activities was S\$1.3 million for 6 months FY2018 was mainly due to the Group's investment in the microalgae cultivation facility. Net cash flow generated from investing activities was S\$2.4 million for 6 months FY2019, mainly due to the proceed from disposal of quoted investment and disposal of business.

Net cash inflow from financing activities was S\$1.8 million for 6 months FY2018 million as compared to an outflow of S\$0.6 million for 6 months FY2019, mainly due to the proceeds from convertible notes in 6 months FY2018 and repayment of borrowing of S\$0.6 million in 6 months FY2019.

Comparatively, the Group's cash and cash equivalents decreased by approximately S\$0.6 million, after adjusting for effects of foreign currencies exchanges, from S\$7.2 million as at 31 December 2017 to S\$6.6 million as at 31 December 2018. Refer to item 1(c) on page 7 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 SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 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.

Mid-Continent Equipment Group Pte Ltd. and its subsidiaries (the “Mid-Con Group”) currently forms the Group’s main focus in the energy sector and its oilfield equipment supplies and services in the USA and tubular sales in the Asia Pacific region. With the recent capital reduction exercise conducted in Mid-Con Group, our USA operations shall become a direct and principal subsidiary of the Company.

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 current status of the plant remains at growth testing phase and oil extraction test phase. The professional certifications of the said tests have not been conducted as the test results have not been stable. The Group will provide further updates to our shareholders when there are material developments.

The Group is actively pursuing collaborative and funding opportunities globally as part of its diversification efforts to build a positive segment in addition to 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 period ended 31 December 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 announcements on 27 April 2017, 3 May 2017, 27 April 2018 and 31 December 2018 for further information.

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 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

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2018

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

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

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

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

BY ORDER OF THE BOARD

Luke Ho Khee Yong
Chief Executive Officer
11 February 2019

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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