

**Condensed Interim Financial Statement and Dividend Announcement for
the Fifth Quarter and 15 Months ended 30 September 2021**

This announcement on the quarterly financial statements is mandatory, made pursuant to the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), as required under Rule 705(2C) of the SGX-ST Listing Manual Section B: Rules of Catalyst (the "Catalist Rules").

Magnus Energy Group Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") is incorporated and domiciled in Singapore and listed on the Catalyst Board of the SGX-ST. The address of its registered office is at 30 Cecil Street, #19-08 Prudential Tower, Singapore 149712.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are investment holding, supply of equipment, tools and accessories used in the oil drilling business as well as the supply of oilfield equipment, engineering, procurement, construction, and commissioning ("**EPCC**") services and drilling services.

Following the Company's announcement dated 14 May 2021 on the change of its financial year end from 30 June to 31 December, the current financial year of the Company will end on 31 December 2021, and the next set of audited financial statements for the financial period ending 31 December 2021 will cover a period of 18 months from 1 July 2020 to 31 December 2021. In relation to the foregoing, the Company hereby presents its condensed interim consolidated financial results as follows:

- a) the extended fifth quarter covering the period from 1 June 2021 to 30 September 2021 ("**5QFY21**"), as compared to the corresponding quarter in 2020 from 1 June 2020 to 30 September 2020 ("**1QFY20**"); and
- b) 15 months from 1 July 2020 to 30 September 2021 ("**15MFY21**"), as compared to 15 months ended 30 September 2020 ("**15MFY20**"), which is presented solely for comparative purposes by adding the results of the 3-month period ended 30 September 2020 to that of the 12-month period ended 30 June 2020.

Please note that figures presented below under the respective financial statements may not add up due to rounding differences.

Part I – Information required for Quarterly (Q1, Q2, Q3), Half-Year and Full-Year announcements

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

	Quarter ended			15 Months ended		
	Jul 21 - Sep 21	Jul 20 - Sep 20	Inc/(Dec)	Jul 20 - Sep 21	Jul 19 - Sep 20	Inc/(Dec)
	S\$'000	S\$'000	%age	S\$'000	S\$'000	%age
Revenue	3,247	2,419	34	13,073	17,596	(26)
Cost of Sales	(2,847)	(2,178)	31	(11,687)	(15,730)	(26)
Gross Profit	401	241	66	1,386	1,866	(26)
Other operating income	322	54	496	647	1,197	(46)
Other operating expenses	(56)	(145)	(61)	(765)	(444)	72
Distribution and marketing expenses	(3)	(4)	(25)	(27)	(104)	(74)
Administrative expenses	(652)	(589)	11	(3,675)	(5,091)	(28)
Interest income	-	0 ⁽¹⁾	NM	0 ⁽¹⁾	28	NM
Finance costs	(23)	(22)	5	(106)	(111)	5
Share of loss from joint venture entity	(21)	-	NM	(107)	-	NM
Loss before tax (Note)	(32)	(465)	(93)	(2,648)	(2,659)	0
Tax expense	-	-	NM	(16)	(324)	(95)
Loss for the financial period	(32)	(465)	(93)	(2,664)	(2,983)	(11)
Other comprehensive (loss)/gain	(177)	9	NM	143	(301)	NM
Total comprehensive loss for the financial period	(209)	(456)	(54)	(2,521)	(3,284)	(23)

Note (1): 0 denotes value less than S\$500.

NM: Not meaningful

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	Quarter ended			15 Months ended		
	Jul 21 - Sep 21	Jul 20 - Sep 20	Inc/(Dec) %	Jul 20 - Sep 21	Jul 19 - Sep 20 ⁽¹⁾	Inc/(Dec) %
	S\$'000	S\$'000	%age	S\$'000	S\$'000	%age
Loss attributable to:						
Equity holders of the Company	(35)	(558)	(94)	(2,493)	(2,725)	(9)
Non-controlling interests	4	93	(96)	(171)	(258)	(34)
	<u>(31)</u>	<u>(465)</u>	(93)	<u>(2,664)</u>	<u>(2,983)</u>	(11)
Total comprehensive loss attributable to:						
Equity holders of the Company	(234)	(413)	(43)	(2,454)	(3,046)	(19)
Non-controlling interests	25	(43)	NM	(67)	(238)	(72)
	<u>(209)</u>	<u>(456)</u>	(54)	<u>(2,521)</u>	<u>(3,284)</u>	(23)

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

	Quarter ended			15 Months ended		
	Jul 21 - Sep 21	Jul 20 - Sep 20	Inc/(Dec) %	Jul 20 - Sep 21	Jul 19 - Sep 20 ⁽¹⁾	Inc/(Dec) %
	S\$'000	S\$'000	%age	S\$'000	S\$'000	%age
Allowance for impairment loss on trade receivables	-	-	NM	(41)	(2)	NM
Depreciation of property, plant and equipment	(8)	(7)	14	(39)	(60)	(35)
Depreciation of right-of-use assets	(14)	(14)	-	(68)	(69)	(1)
Write back of allowance for inventory obsolescence	-	-	-	-	(58)	NM
Realised exchange gain/(loss)	-	1	NM	12	(57)	(122)
Unrealised exchange gain/(loss)	295	(146)	NM	281	299	(6)
Loss on de-registration of subsidiaries	(1)	-	NM	(576)	(174)	231
Finance expense	(29)	(17)	71	(106)	(86)	23
Interest income	-	-	-	0 ⁽²⁾	28	NM
Loss on disposal of property, plant and equipment	-	-	-	-	(43)	NM
(Loss)/Gain on disposal of assets classified as held for sale	-	-	-	(95)	659	NM
Loss on disposal of other financial assets	-	-	-	-	(2)	NM

Note (1): The 15 months results ended 30 September 2020, which is computed by adding the results of the 3-month period ended 30 September 2020 to that of the 12-month period ended 30 June 2020, is presented for comparative purposes only.

(2): 0 denotes value less than S\$500.

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- The allowance for impairment on trade receivables relates mainly to provision for bad debt due from a customer in the USA that went into liquidation.
- Depreciation on property, plant and equipment decreased in 15MFY21 as compared to 15MFY20 due to the disposal of a substantial number of assets during 15MFY20. Depreciation of right-of-use assets remained constant as the Group has not entered any lease arrangement during 15MFY21.
- Inventories amounting to approximately S\$58,000 which were written off during 15MFY20.
- The unrealised exchange gain for 15MFY21 and 15MFY20 were results of favourable exchange rate movements in the USD.
- In 15MFY20, the Company had de-registered its subsidiary Mid-Continent Project Pte Ltd and recorded a one-time loss on disposal of S\$174,000.
- The Company had completed the de-registration of its Australia subsidiary, Mid-Continent Equipment (Australia) Pty Ltd ("**MEA**") on 30 September 2021. The Company had, in the last quarter ended 30 June 2021, provided a one-time loss of S\$575,000.
- Finance expense is primarily related to interest on lease liabilities.
- The loss and gain on disposal of assets classified as held for sale in 15MFY21 and 15MFY20 respectively were related to the sale of properties in Australia in the respective periods.

	Quarter ended			15 Months ended		
	Jul 21 - Sep 21 S\$'000	Jul 20 - Sep 20 S\$'000	Inc/(Dec) %age	Jul 20 - Sep 21 S\$'000	Jul 19 - Sep 20 ⁽¹⁾ S\$'000	Inc/(Dec) %age
Other Comprehensive (loss)/gain						
Fair value loss recognised in equity on revaluation of financial assets at fair value through other comprehensive income	-	-	NM	-	(98)	NM
Currency translation difference arising on consolidation	(177)	9	NM	143	(203)	NM
Other comprehensive (loss)/gain for the financial period	(177)	9	NM	143	(301)	NM

Note (1): The 15 months results ended 30 September 2020, which is computed by adding the results of the 3-month period ended 30 September 2020 to that of the 12-month period ended 30 June 2020, is presented for comparative purposes only.

NM: Not meaningful

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1(b)(i): A condensed interim 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.

	Group		Company	
	30-Sep-21	30-Jun-20	30-Sep-21	30-Jun-20
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current assets				
Property, plant and equipment	551	598	6	10
Investments in subsidiaries	-	-	5,962	7,077
Other financial assets	0	0	0	0
Deferred tax assets	-	7	-	-
Total non-current assets	551	605	5,968	7,087
Current assets				
Inventories	704	540	-	-
Trade and other receivables	1,800	969	963	63
Related parties balances	-	-	271	-
Cash and bank balances	928	2,963	18	1,005
	3,432	4,472	1,252	1,068
Assets classified as held for sale	3,842	4,556	-	-
Right-of-use assets	1,651	1,763	-	-
Total current assets	8,925	10,791	1,252	1,068
Total assets	9,476	11,396	7,221	8,155
Equity and Liabilities				
Current liabilities				
Trade and other payables	3,074	1,815	920	878
Contract liabilities	857	500	-	-
Related parties balances	-	-	1,144	135
Borrowings	-	38	-	-
Income tax liabilities	0	-	-	-
	3,931	2,353	2,064	1,013
Lease liabilities	1,700	1,736	-	-
Total current liabilities	5,630	4,089	2,064	1,013
Non-current liabilities				
Borrowings	-	61	-	-
Total Non-current liabilities	-	61	-	-
Total liabilities	5,630	4,150	2,064	1,013
Equity				
Share capital	148,782	148,782	148,782	148,782
Reserves	(146,438)	(143,984)	(143,625)	(141,640)
	2,344	4,798	5,157	7,142
Non-controlling interests	1,501	2,448	-	-
Total equity	3,845	7,246	5,157	7,142
Total equity and liabilities	9,475	11,396	7,221	8,155

Note: 0 denotes value less than S\$500

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

	30-Sep-21		30-Jun-20	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	-	-	-	38
Amount repayable after one year	-	-	-	61
Total	-	-	-	99

The unsecured borrowings as at 30 June 2020 are in relation to a loan from the US Small Business Administration to a US subsidiary under the Paycheck Protection Program ("PPP"). PPP is a business loan program established under the 2020 US Federal government Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to help certain businesses to continue paying their workers. The loan was fully forgiven in 15MFY21 as our US subsidiary kept its employee headcounts and employee wages stable.

The Group had no secured borrowings as at 30 June 2020 and 30 September 2021.

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

	15MFY21 1-Jul-20 30-Sep-21 S\$'000	15MFY20 1-Jul-19 30-Sep-20⁽¹⁾ S\$'000
Cash flows from operating activities		
Loss before tax	(2,648)	(2,659)
Adjustment for:		
Adjustments of non-cash items	640	(472)
Operating cash flows before working capital changes	(2,008)	(3,131)
Working capital changes	(158)	78
Cash used in operations	(2,166)	(3,053)
Interest income received	0 ⁽²⁾	28
Interest paid	(106)	(86)
Income taxes paid	(16)	(360)
Net cash used in operating activities	(2,289)	(3,471)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6)	-
Proceeds from disposal of property, plant and equipment	-	154
Proceeds from disposal of asset classified as held for sale	547	947
Proceeds from disposal of other financial asset	-	377
Investment in joint venture	(1)	-
Decrease in restricted fixed deposits	-	3,325
Net cash generated from investing activities	540	4,803
Cash flows from financing activities		
Proceeds from bank loan	-	99
Repayment of lease liabilities	(36)	(35)
Capital reduction of a subsidiary	(203)	(2,614)
Share capital injection by non-controlling interests in subsidiaries	0 ⁽²⁾	-
Dividend paid by a subsidiary to non-controlling interests	-	(193)
Net cash used in financing activities	(239)	(2,743)
Net decrease in cash and cash equivalents	(1,988)	(1,411)
Cash and cash equivalents at beginning of the financial period	2,964	3,494
Effects of exchange rate changes on cash and cash equivalents	(48)	70
Cash and cash equivalents at end of the financial period	929	2,153

Note (1): The 15 months results ended 30 September 2020, which is computed by adding the results of the 3-month period ended 30 September 2020 to that of the 12-month period ended 30 June 2020, is presented for comparative purposes only.

(2): 0 denotes value less than S\$500.

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1(d)(i) A condensed interim 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 equity holders of the Company					Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Fair value reserve S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000		
Balance at 1 July 2020	148,782	-	(2,574)	(141,409)	4,798	2,448	7,246
Loss for the financial period	-	-	-	(2,493)	(2,493)	(171)	(2,664)
Other comprehensive loss the financial period	-	-	39	-	39	104	143
Total comprehensive loss for the financial period	-	-	39	(2,493)	(2,454)	(67)	(2,521)
Return of share capital to non-controlling interests	-	-	-	-	-	(880)	(880)
Non-controlling interests from new subsidiary						0 ⁽¹⁾	0 ⁽¹⁾
Balance at 30 Sep 2021	148,782	-	(2,536)	(143,902)	2,344	1,501	3,845
Balance at 1 July 2019	148,782	(99)	(2,207)	(139,045)	7,431	2,837	10,268
Loss for the financial period	-	-	-	(2,725)	(2,725)	(258)	(2,983)
Other comprehensive loss the financial period	-	(98)	(222)	-	(320)	19	(301)
Total comprehensive loss for the financial period	-	(98)	(222)	(2,725)	(3,045)	(239)	(3,284)
Transfer upon disposal of financial assets at fair value through other comprehensive income	-	197	-	(197)	-	-	-
Return of share capital to non-controlling interests	-	-	-	-	-	(193)	(193)
Balance at 30 Sep 2020	148,782	-	(2,429)	(141,967)	4,386	2,405	6,791

Company	Share capital S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 July 2020	148,782	-	(141,640)	7,142
Total comprehensive loss for the financial period	-	-	(1,985)	(1,985)
Balance at 30 Sep 2021	148,782	-	(143,625)	5,157
Balance at 1 July 2019	148,782	(99)	(137,299)	11,384
Total comprehensive loss for the financial period	-	(97)	(4,506)	(4,603)
Transfer upon disposal of financial assets at fair value through other comprehensive income	-	196	(196)	-
Balance at 30 Sep 2020	148,782	-	(142,001)	6,781

Changes in fair value of equity instruments at fair value through other comprehensive income are recognised in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to accumulated losses as per the Group's accounting policy.

Note (1): 0 denotes value less than S\$500.

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

<u>Date</u>	<u>Description</u>	<u>No of shares</u>	<u>Paid-up Capital (S\$'000)</u>
30-Sep-21	Issued and paid-up capital	12,632,507,107	148,782
30-Jun-21	Issued and paid-up capital	12,632,507,107	148,782

As at 30 September 2021 and 30 June 2020, there were (i) no outstanding shares that may be issued on conversion of all the outstanding convertibles; (ii) no treasury shares; and (iii) no subsidiary holdings of the Company.

- 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.**

	<u>30-Sep-21</u>	<u>30-Jun-20</u>
No. of ordinary shares issued and fully paid	12,632,507,107	12,632,507,107

There are no treasury shares 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, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period.

- 1(e) Segment and revenue information.**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

The Group is organised into the following main business segments:

- Oilfield equipment supply and services;
- Renewable energy;
- EPCC services;
- Drilling services; and
- Corporate and others.

Following the striking off of our subsidiary in the waste-water treatment segment, the Group is no longer operating in this segment and therefore, the business results previously reported under this segment have been consolidated to the 'Corporate and others segment.

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Information regarding the Group's business segments is presented in the table below.

15MFY21	Oilfield supply and services S\$'000	Renewable energy S\$'000	EPCC services S\$'000	Drilling services S\$'000	Corporate and others S\$'000	Group S\$'000
Segment revenue	13,073	-	-	-	-	13,073
Segment loss	(65)	(439)	(107)	(13)	(2,040)	(2,664)
Depreciation of property, plant and equipment	32	-	-	-	7	39
Depreciation of right-of-use asset	68	-	-	-	-	68
Property, plant and equipment written off	-	-	-	-	-	-
Loss on de-registration of subsidiaries	576	-	-	-	-	576
Loss on disposal of property, plant and equipment	95	-	-	-	-	95
Unallocated finance costs						106
Unallocated income tax						16
Assets and liabilities						
Total segment assets	8,974	55	2	-	445	9,476
Unallocated deferred tax assets						-
						9,476
Total segment liabilities	(3,234)	(12,788)	(13)	-	10,405	(5,630)

15MFY20⁽¹⁾						
Segment revenue	17,595	-	-	-	-	17,595
Segment loss	(308)	(29)	-	-	(2,646)	(2,983)
Depreciation of property, plant and equipment	37	1	-	-	21	59
Depreciation of right-of-use asset	70	-	-	-	-	70
Property, plant and equipment written off	21	-	-	-	-	21
Loss on de-registration of subsidiaries	174	-	-	-	-	174
Inventories written off	58	-	-	-	-	58
Loss on disposal of property, plant and equipment	(18)	-	-	-	61	43
Unallocated finance income	-	-	-	-	-	(28)
Unallocated finance costs	-	-	-	-	-	111
Unallocated income tax						324
Assets and liabilities⁽²⁾						
Total segment assets	10,353	76	-	-	960	11,389
Unallocated deferred tax assets						8
						11,397
Total segment liabilities	(3,132)	(12,668)	-	-	11,650	(4,150)

Note (1): 15MFY20 represents 15 months results ended 30 September 2020, which is computed by adding the results of the 3-month period ended 30 September 2020 to that of the 12-month period ended 30 June 2020, and is presented for comparative purposes only.

(2): Assets and liabilities are as at 30 June 2020, as at the end of the immediately preceding financial year.

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Geographical segments

The Group's businesses are mainly in USA, United Arab Emirates, Saudi Arabia, Japan, Singapore. Revenue is based on the country in which the customer is located.

Non-current assets, excluding unallocated deferred tax assets, are shown by the geographical areas in which these assets are located.

	Revenue to external customers		Non-current assets	
	15MFY21	15MFY20⁽¹⁾	30-Sep-21	30-Jun-20⁽²⁾
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	1,066	1,610	6	10
Australia	-	112	-	-
Malaysia	-	218	53	54
United States of America	5,419	4,726	492	534
United Arab Emirates	2,078	3,402	-	-
Thailand	193	205	-	-
Saudi Arabia	813	2,077	-	-
Japan	1,401	1,662	-	-
China/Hong Kong	871	572	-	-
Others	1,232	3,011	-	-
	13,073	17,595	551	598

Note (1): 15MFY20 represents 15 months results ended 30 September 2020, which is computed by adding the results of the 3-month period ended 30 September 2020 to that of the 12-month period ended 30 June 2020, and is presented for comparative purposes only.

(2): Non-current assets is as at 30 June 2020, being the end of the immediately preceding financial year.

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

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable, as the latest audited financial statements for the financial year ended 30 June 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Basis of preparation:

The condensed interim financial statements for the quarter ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are

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significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2020.

The condensed interim financial statements for the current reporting period have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements for the financial year ended 30 June 2020, except that the Group has adopted all new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") which are effective for annual financial periods beginning after 1 January 2020.

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the financial year ended 30 June 2020. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the view that there are no critical judgements involved which the management has made in the process of applying the Group's accounting policies, that may have a significant effect on the amounts recognised in the condensed interim financial statements.

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 adoption of the new and revised SFRS(I)s as highlighted in item 4 has no significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Quarter ended		15MFY21	15MFY20 ⁽¹⁾
	Jul 21 - Sep 21	Jul 20 - Sep 20	Jul 20 - Sep 21	Jul 19 - Sep 20
Loss attributable to equity holders of the Company (S\$'000)	(35)	(558)	(2,493)	(2,725)
Earnings per ordinary share of the Group based on weighted average number of ordinary shares in issue (cents) - basic and diluted ⁽²⁾				
	(0.00)	(0.00)	(0.02)	(0.02)
Weighted average number of ordinary shares ('000)	12,632,507	12,632,507	12,632,507	12,632,507
Earnings per ordinary share of the Group on a fully diluted basis (detailing any adjustments made to the earnings (cents) ^{(2) (3)}				
	(0.00)	(0.00)	(0.02)	(0.02)
Weighted average number of ordinary shares on fully diluted basis ('000)	12,632,507	12,632,507	12,632,507	12,632,507

Note (1): 15MFY20 represents 15 months results ended 30 September 2020, which is computed by adding the results of the 3-month period ended 30 September 2020 to that of the 12-month period ended 30 June 2020, and is presented for comparative purposes only.

(2): Rounded to two (2) decimal places.

(3): The diluted loss per share is the same as the basis loss per share because there were no potentially dilutive ordinary shares in issue.

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

	Group		Company	
	30-Sep-21	30-Jun-20	30-Sep-21	30-Jun-20
Net asset value (S\$'000)	2,344	4,798	5,157	7,142
Number of shares ('000)	12,632,507	12,632,507	12,632,507	12,632,507
Net asset value per ordinary share (cents) ⁽¹⁾	0.02	0.04	0.04	0.06

Net asset value is based on equity attributable to owners of the Company.

Note (1): Rounded to two (2) decimal places.

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 revenue, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Revenue, costs, and earnings of the Group for 15MFY21 and 15MFY20

The Group's operations during the periods under review are primarily carried out by its subsidiary Mid-Continent Equipment, Inc. ("MEI") in the USA. Revenue for 15MFY21 (from 1 July 2020 to 30 September 2021) decreased by 26% from S\$17.6 million in 15MFY20 (from 1 July 2019 to 30 September 2020) to \$13.1 million in 15MFY21. The Group's revenue, in general had been impacted by the outbreak of Covid-19. The pandemic has led to a drop in global demand for the Group's oil and gas equipment distribution business.

The Group's gross profits declined from S\$1.9 million in 15MFY20 to \$1.4 million in 15MFY21, with an average gross profit margin of 10.6% in both periods. The lower gross profits are primarily due to the lower sales volume.

5QFY21 as compared 1QFY20

The Group achieved higher revenue of S\$3.2 million in 5QFY21 (1 July 2021 to 30 September 2021) as compared to S\$2.4 million in 1QFY20 (1 July 2020 to 30 September 2020) and gross profit margin for 5QFY21 is at 12.3% as compared to 10.0% in 1QFY20. The pandemic had affected the oil and gas industry which significantly reduced the Group's sales and margins in 1QFY20.

5QFY21 as compared to fourth quarter ended 30 June 2021 ("4QFY21")

The Group saw a third consecutive quarterly growth in revenue and recorded revenue of S\$3.2 million in 5QFY21 as compared to \$3.0 million in 4QFY21, representing a 9.2% growth from 4QFY21 to 5QFY21. The gross profit margin has also increased by from 9.9% in 4QFY21 to 12.3% in 5QFY21. The Group saw a progressive recovery in the Group's sales volume and product prices.

Other operating income of the Group for 15MFY21 and 15MFY20

The operating income reported in 15MFY21 of S\$0.65 million consists of (i) foreign exchange gains of S\$321,000, (ii) loan forgiven amounting to S\$99,000 (in 4QFY21) under the PPP scheme as described in section 1(b)(ii), (iii) rebates of property rents of S\$33,000, (iv) write-back of provision of doubtful debt of S\$54,000 and (v) miscellaneous income of S\$139,000.

In 15MFY20, the Group recorded total operating income of S\$1.2 million which consists of (i) foreign exchange gains of S\$387,000, (ii) gain on disposal of property of S\$660,000 and (iii) miscellaneous income of S\$150,000.

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Expenses

- (a) Other operating expenses comprise of the following:

	15MFY21	15MFY20⁽¹⁾
	Jul 20 -	Jul 19 -
	Sep 21	Sep 20
	S\$'000	S\$'000
Bad debt written off	(41)	(2)
Inventory written off	-	(58)
Loss on de-registration of subsidiaries	(576)	(174)
Loss on disposal of property, plant and equipment	(95)	(43)
Property, plant and equipment written off	-	(21)
Exchange gain/(loss)	-	(145)
Others	(53)	(1)
	(765)	(444)

Note (1): 15MFY20 represents 15 months results ended 30 September 2020, which is computed by adding the results of the 3-month period ended 30 September 2020 to that of the 12-month period ended 30 June 2020, and is presented for comparative purposes only.

The increase in other operating expenses of S\$765,000 in 15MFY21 as compared to S\$444,000 in 15MFY20 is primarily due to a loss recognised on the de-registration of subsidiaries. In 15MFY21, the Company de-registered its Australia subsidiary, MEA and recorded a one-time loss of S\$576,000. In 15MFY20, the Company de-registered its subsidiary Mid-Continent Project Pte Ltd and recorded a one-time loss of S\$174,000.

The bad debt written off in 15MFY21 relates mainly to a debt from a customer in the USA that went into liquidation.

The loss on disposal of property, plant and equipment relates to the disposal of the Australia property.

In 15MFY20, the Group recognised an exchange loss of S\$145,000.

- (b) Distribution and marketing expense decreased by S\$77,000 mainly due to the reduced activities during the pandemic period.
- (c) Administrative expenses reduced by about S\$1.4 million, from \$5.1 million in 15MFY20 to \$3.7 million in 15MFY21. These are the results of the Group's efforts to (i) cut down on human resources which accounted for more than S\$660,000 in savings, (ii) reduction in engagement of professional, consulting, and legal services which are for specific corporate actions that led to a further savings of \$630,000, (iii) closure of subsidiaries and (iv) concerted efforts by all subsidiaries to reduce unnecessary administrative expenses.
- (d) Finance costs are primarily related to interest on lease liabilities.
- (e) Share of joint venture losses represents the Company's 50% share of losses from the operations of Oriental Magnus EPC (S) Pte Ltd in 15MFY21, which is a joint venture with Oriental Enterprise Pte Ltd through its subsidiary Magnus Energy (SEA) Pte Ltd.

Interest Income

Interest income reported in 15MFY20 is derived from a fixed deposit placed with a financial institution which was S\$nil in 15MFY21.

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

Assets:

The Group's total assets declined by about S\$1.9 million, primarily due mainly to the reduction in current assets from S\$10.8 million as at 30 June 2020 to S\$8.9 million as at 30 September 2021. As at 30 September 2021, current assets accounted for 94% of the total Group's assets and the movements are made up of:

- the completion of the disposal of the Australia property during 15MFY21 resulting in a decrease in assets classified as held for sale by S\$0.7 million; the remaining S\$3.8 million reported as at 30 September 2021 refers to the value of the premises at Loyang attributable to the Group, a property held by the Group's subsidiary Mid-Continent Equipment Group Pte Ltd (**MEGPL**);
- the negative cash movement of S\$2 million due mainly to the net cash used in operating activities of S\$2.3 million as set out in the condensed interim consolidated statement of cash flow above;
- a decrease in right-of-use assets of S\$112,000 is mainly due to the routine amortisation of these assets and foreign exchange fluctuation; and
- an increase in inventories held solely by our USA's subsidiary by about S\$0.2 million, trade receivables of S\$0.4 million and other receivables of S\$0.4 million.

There is no significant movement in the Group's non-current assets except for some small purchases of property, plant and equipment of about S\$6,000 and depreciation charges during 15MFY21. Accordingly, the Group's property, plant and equipment stood at about S\$0.6 million as at 30 September 2021.

Liabilities:

The Group's liabilities, which comprised solely of current liabilities as at 30 September 2021, increased by about \$1.5 million from S\$4.1 million as at 30 June 2020 to S\$5.6 million as at 30 September 2021. The increase is due mainly to an increase in trade and other payables of S\$1.2 million as well as an increase in contract liabilities by about S\$0.4 million (these are advance payments made by customers).

Total borrowings of about S\$99,000 owned under the PPP as at 30 June 2020 were fully forgiven during 15MFY21. Please refer to details in section 1(b)(ii).

Net working capital:

Accordingly, the reduction in current assets of S\$1.9 million coupled with an increase in current liabilities of S\$1.5 million resulted in a decrease in the Group's net working capital position by S\$3.4 million, from S\$6.7 million as at 30 June 2020 to S\$3.3 million as at 30 September 2021.

Bank and cash position:

The Group's cash and cash equivalent declined further by S\$2 million in 15MFY21 as compared to S\$1.4 million in 15MFY20, mainly due the following:

- the deficit in cash from operations, primarily due to the net loss position of the Group, reduced from S\$3.5 million in 15MFY20 to S\$2.3 million in 15MFY21;
- total proceeds received from disposal of the Group's Australia property was S\$0.5 million in 15MFY21 as compared to the proceeds received from the disposals of the Group's business, investment in joint venture and other financial assets of S\$1.5 million in 15MFY20; and
- in 15MFY20, the Group utilised its restricted fixed deposits of S\$3.3 million for payment of S\$2.6 million to non-controlling interests, which resulted in net cash inflow of S\$0.7 million in 15MFY20. In 15MFY21, the Group utilised S\$0.2 million for payment to non-controlling interests arising from capital reduction of MEGPL.

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

Not applicable

- 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.**

MEI's contribution to the Group's revenue over the last three quarters reflects a steady recovery of MEI's business during the aforementioned periods. The Company remains cautiously positive on the outlook for MEI considering the sharp rebound in global oil demand since April 2021. Looking ahead, oil demand is expected to recover strongly but will remain at a lower level than it was immediately prior to the global outbreak of Covid-19⁽¹⁾.

In light of the foregoing, the Group is of the view that there could be a corresponding positive impact on the demand for oil and gas equipment, drilling services and EPCC services, from both national and private oil and gas companies, which could translate to a ramp-up of oil and gas equipment supplies as well as EPCC project and drilling program opportunities for the Company to participate in.

⁽¹⁾ Source: <https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/oil-and-gas-industry-outlook.html>

- 11. If a decision regarding dividend has been made:**

- (a) Whether an interim (Final) ordinary dividend has been declared (recommended); and**
No.

- (b) (i) Amount per share (cents)**

Not applicable

- (b) (ii) Previous corresponding period (cents)**

Not applicable

- (b) (ii) Previous corresponding period (cents)**

Not applicable

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated)**

Not applicable

- (d) The date the dividend is payable**

Not applicable

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable

- 12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.**

The directors did not recommend any interim dividend as the Company does not have profits.

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- 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.**

The Group has not obtained a general mandate from shareholders for IPTs. There were no IPTs of S\$100,000 and above during 5QFY21 and 15MFY21.

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

We, Charles Madhavan and Dato’ Kunalbir Singh Chahl, being two (2) 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 30 September 2021 to be false or misleading in any material aspect. A signed confirmation copy is kept in record.

On behalf of the Board of Directors

Charles Madhavan
Executive Director and CEO

Dato’ Kunalbir Singh Chahl
Independent Non-Executive Director

- 15. 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 of its Directors and the relevant executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

By Order of the Board

Charles Madhavan
Executive Director and CEO
9 November 2021

This announcement has been prepared by the Company and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “Sponsor”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents in this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.