

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

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 first quarter ended 30 September 2015.

	Note	Group		
		First Quarter		
		Jul 2015 - Sep 2015 S\$'000	Jul 2014 - Sep 2014 S\$'000	Inc/ (Dec) %
Revenue		5,633	11,574	(51.3)
Cost of sales		(4,690)	(9,154)	(48.8)
Gross profit		943	2,420	(61.0)
Other operating income		85	43	97.7
Other operating expenses		(2,543)	(511)	>100
Distribution and selling expenses		(30)	(39)	(23.1)
Administrative expenses		(1,892)	(2,192)	(13.7)
Finance income		130	61	>100
Finance costs		(18)	(45)	(60.0)
Share of results of joint ventures		(8)	85	N.M
Loss before income tax	1	(3,333)	(178)	>100
Income tax		(3)	3	N.M
Net loss for the period		(3,336)	(175)	>100
Other comprehensive income/(loss)		1,250	(1,716)	N.M
Total comprehensive loss		(2,086)	(1,891)	10.3
Net (loss)/profit attributable to:				
Equity holders of the Company		(2,619)	(297)	>100
Non-controlling interests		(717)	122	N.M
		(3,336)	(175)	>100
Total comprehensive loss attributable to:				
Equity holders of the Company		(1,952)	(1,650)	18.3
Non-controlling interests		(134)	(241)	(44.4)
		(2,086)	(1,891)	10.3

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

Notes:

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

	Group		
	First Quarter		
	Jul 2015 - Sep 2015 S\$'000	Jul 2014 - Sep 2014 S\$'000	Inc/ (Dec) %
Reversal for provision of doubtful debts	58	-	N.M
Depreciation of property, plant and equipment	(76)	(102)	(25.5)
Realised exchange (loss)/gain (net)	(311)	7	N.M
Unrealised exchange loss (net)	(1,164)	(493)	>100
Interest expense	(18)	(22)	(18.2)
Interest income	130	61	>100
Gain on disposal of plant and equipment	-	8	(100.0)
Loss on disposal of other financial assets	-	(6)	(100.0)
Fair valuation of financial asset held for trading	-	(3)	(100.0)
Impairment of available-for-sale financial assets	(1,061)	-	N.M
Adjustment for (under)/over provision of tax in respect of prior years	(38)	21	N.M

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

	Group		
	First Quarter		
	Jul 2015 - Sep 2015 S\$'000	Jul 2014 - Sep 2014 S\$'000	Inc/ (Dec) %
<i>Other comprehensive income/(loss):</i>			
Exchange difference on translation of foreign operations	1,239	(820)	N.M
Fair value gain/(loss) recognised in equity on revaluation of available-for-sale financial assets during the period	13	(893)	N.M
Deferred tax on fair value changes to available-for-sale financial assets	(2)	(3)	(33.3)
Other comprehensive income/(loss)	1,250	(1,716)	N.M

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

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-Sep-15 S\$'000	30-Jun-15 S\$'000	30-Sep-15 S\$'000	30-Jun-15 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	1	5,901	5,415	333	37
Investment in subsidiaries		-	-	14,642	14,856
Investment in associated companies	2	2	2	-	-
Investment in joint venture entities		774	776	-	-
Goodwill	2	1,570	1,570	-	-
Other intangible assets	3	25,675	26,475	-	-
Other financial assets	4	1,727	2,787	1	1
Other receivables	6	5,000	1,500	-	-
Deferred tax assets	13	102	166	-	-
Total Non-Current Assets		40,751	38,691	14,976	14,894
Current Assets					
Inventories	5	6,793	6,534	-	-
Trade and other receivables	6	5,912	6,897	1,815	330
Related parties balances	7	210	275	8,469	5,915
Cash and bank deposits		7,499	10,094	320	2,220
Fixed deposits		14,318	14,592	300	300
Total Current Assets		34,732	38,392	10,904	8,765
Total Assets		75,483	77,083	25,880	23,659
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	8	3,708	5,831	163	275
Bank overdrafts	9	-	677	-	-
Related parties balances	7	-	1	1,910	2,020
Finance lease obligations	10	9	9	-	-
Income tax liabilities	11	356	466	-	-
Convertible loans	12	1,200	300	1,200	300
Total Current Liabilities		5,273	7,284	3,273	2,595
Non-Current Liabilities					
Finance lease obligations	10	21	23	-	-
Deferred tax liabilities	13	6,100	6,379	-	-
Total Non-Current Liabilities		6,121	6,402	-	-
Total Liabilities		11,394	13,686	3,273	2,595
EQUITY					
Share capital		131,772	128,278	131,772	128,278
Reserves		(92,549)	(90,597)	(109,165)	(107,214)
		39,223	37,681	22,607	21,064
Non-controlling interests		24,866	25,716	-	-
Total Equity		64,089	63,397	22,607	21,064
Total Liabilities and Equity		75,483	77,083	25,880	23,659

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

Notes to the consolidated statement of financial position

1) Property, plant and equipment

Property, plant and equipment increased marginally from net book value of S\$5.4 million as at 30 June 2015 to S\$5.9 million as at 30 September 2015. Net additions during the period were S\$0.3 million. Depreciation was S\$0.1 million and translation gain was S\$0.3 million.

2) Goodwill

Goodwill remains unchanged over the financial period.

	Sep-15	Jun-15
	S\$'000	S\$'000
Mid-Continent Equipment Group Pte Ltd	1,570	1,570

3) Other Intangible assets

	Sep-15	Jun-15
	S\$'000	S\$'000
Balance as at 1 July	60,164	62,713
Impairment	(33,690)	(33,690)
Addition	69	999
Currency alignment	(868)	(3,547)
	<u>25,675</u>	<u>26,475</u>

Other intangible assets consist of:

	Sep-15	Jun-15
	S\$'000	S\$'000
20% (2015: 20%) participating interest for the exploration of an area covered by the Petroleum Retention Licence 173 and 174 granted under the Petroleum Act 2000 of South Australia	4,561	4,671
Coal concession rights granted by the Government of Indonesia for a period of 30 years, commencing from the date that mining operations commences, to explore, mine and extract coal from the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia*	20,260	20,950
Exploration and evaluation expenditure incurred for the exploration and evaluation of coal of the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia	854	854
	<u>25,675</u>	<u>26,475</u>

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

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 ("1Q2016")

4) Other financial assets

Other financial assets decreased from S\$2.8 million as at 30 June 2015 to S\$1.9 million as at 30 September 2015. The change was mainly due to impairment in available-for-sale financial assets.

	Sep-15	Jun-15
	S\$'000	S\$'000
<u>Available-for-sale financial assets</u>		
Quoted equity shares, at fair value	1,726	2,786
<u>Held to maturity</u>		
Fixed income investment	200	-
<u>Financial assets held for trading</u>		
Quoted warrants, at fair value	1	1
Total other financial assets	<u>1,927</u>	<u>2,787</u>

5) Inventories

	Sep-15	Jun-15
	S\$'000	S\$'000
Finished goods	5,994	5,339
Work-in-progress	8	8
Goods-in-transit	791	1,187
	<u>6,793</u>	<u>6,534</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 decreased from S\$6.2 million as at 30 June 2015 to S\$3.0 million as at 30 September 2015, this is in line with decrease in revenue. The increase in other receivables, deposits and prepayments is mainly due to deposit paid for investment in quoted equities and increase in advance payment to suppliers and other deposits.

Other receivables (non-current) of S\$5 million related to Redeemable Convertible Loan that was disbursed as announced on 22 May 2015.

	Sep-15	Jun-15
	S\$'000	S\$'000
Trade receivables	3,007	6,206
Other receivables, deposits and prepayments	2,705	691
	<u>5,712</u>	<u>6,897</u>
Other receivables - non current	5,000	1,500
Total trade and other receivables	<u>10,712</u>	<u>8,397</u>

7) Related parties balances (net)

The related party balances relate to non-trade balances between joint venture companies.

	Sep-15	Jun-15
	S\$'000	S\$'000
Amount due from	210	275
Amount due to	-	(1)
Net amount due from	<u>210</u>	<u>274</u>

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

8) Trade and other payables

Trade and other payables have decreased from S\$5.8 million as at 30 June 2015 to S\$3.7 million as at 30 September 2015. The decreased was in line with lower business volume.

	Sep-15	Jun-15
	S\$'000	S\$'000
Trade payables	2,109	2,719
Other creditors, payables and accruals	1,599	3,112
	<u>3,708</u>	<u>5,831</u>

9) Bank overdrafts

The outstanding bank overdrafts have been repaid.

	Sep-15	Jun-15
	S\$'000	S\$'000
Bank overdrafts	-	677

10) Finance lease obligations

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

	Sep-15	Jun-15
	S\$'000	S\$'000
Current	9	9
Non-current	21	23
	<u>30</u>	<u>32</u>

11) Income tax liabilities

Income tax liabilities which mainly arise from our oilfield equipment supplies and services segment has changed marginally from S\$0.5 million as at 30 June 2015 to S\$0.4 million as at 30 September 2015 as a result of payment of tax and/or provision of current period's income tax expense.

12) Unsecured convertible loans

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

The issue price of the convertible notes is 100% of the principal amount and may be converted into fully paid ordinary shares in the share capital of the Company at the option of the Subscriber on the terms and subject to the conditions of the subscription agreement. Any convertible notes not converted will be redeemed by the Company at 100% of their principal amount at 36 months after the closing date for the first issue of the convertible notes.

Subsequent to 1Q2016, the remaining balance of S\$1.2 million outstanding convertible notes have been converted into 191,393,801 ordinary shares.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

13) Deferred tax liabilities

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

	Sep-15	Jun-15
	S\$'000	S\$'000
Property, plant and equipment	34	41
Intangible assets	7,761	8,195
Available-for-sale financial assets	(188)	(179)
Unutilised benefits	(1,609)	(1,844)
	<u>5,998</u>	<u>6,213</u>
Represented by:		
Deferred tax assets	(102)	(166)
Deferred tax liabilities	6,100	6,379
	<u>5,998</u>	<u>6,213</u>

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

Amount repayable in one year or less, or on demand

As at 30-Sep-2015	
Secured	Unsecured
S\$'000	S\$'000
9	-

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

Amount repayable after one year

As at 30-Sep-2015	
Secured	Unsecured
S\$'000	S\$'000
21	-

As at 30-Jun-2015	
Secured	Unsecured
S\$'000	S\$'000
23	-

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

The secured borrowings as at 30 September 2015 relates to finance lease and 30 June 2015 relates to bank overdraft and finance lease. Bank overdraft arose mainly due to short term working capital requirement.

The Group’s bank overdraft were secured by the pledging of subsidiaries’ fixed deposits.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

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	
	Three Months Ended	
	Sep-15 S\$'000	Sep-14 S\$'000
Cash flows from operating activities		
Loss before income tax	(3,333)	(178)
Adjustments of non-cash items	2,139	480
Operating cash flows before working capital changes	(1,194)	302
- Working capital changes	433	2,658
Cash flows from operations	(761)	2,960
Interest income received	32	61
Interest paid	(18)	(22)
Income taxes paid	(141)	(74)
Net cash (used in)/generated from operating activities	(888)	2,925
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	8
Purchase of plant and equipment	(305)	(101)
Net proceeds from sale of other financial assets	-	53
Deposit paid for other financial assets	(1,408)	-
Acquisition of other financial assets	(200)	-
Payment of petroleum exploration expenditure	(69)	(82)
Investment in redeemable convertible loan	(3,500)	-
Fixed deposits pledged to banks	(53)	-
Net cash flows used in investing activities	(5,535)	(122)
Cash flows from financing activities		
Repayment of finance lease obligations	(2)	(3)
Share issue expense	(106)	-
Payment of dividends by a subsidiary company to non-controlling interests	(716)	-
Proceeds from issue of shares	4,500	-
Net cash flows generated from/(used in) financing activities	3,676	(3)
Net (decrease)/increase in cash and cash equivalents	(2,747)	2,800
Cash and cash equivalents at beginning of the period	18,638	10,925
Effects of exchange rate changes on cash and cash equivalents	592	(728)
Cash and cash equivalents at the end of the period	16,483	12,997
Represented by:		
Cash and bank balances	7,499	5,639
Fixed deposits	8,984	7,358
	16,483	12,997
<u>Cash and cash equivalents</u>		
Cash and bank balances	7,499	5,639
Fixed deposits	14,318	12,507
Cash and cash equivalents	21,817	18,146
Less: Fixed deposits (restricted)	(5,334)	(5,149)
Cash and cash equivalents at the end of the period	16,483	12,997

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 ("1Q2016")

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

Group	Attributable to shareholders					Non-Controlling	
	Share Capital	Fair Value Reserve	Translation Reserve	Accumulated Losses	Total	Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2015	128,278	-	(8,005)	(82,592)	37,681	25,716	63,397
Total comprehensive profit/(loss) for the period	-	-	667	(2,619)	(1,952)	(134)	(2,086)
Issue of new shares	3,600	-	-	-	3,600	-	3,600
Share issue expenses	(106)	-	-	-	(106)	-	(106)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(716)	(716)
Balance at 30 September 2015	131,772	-	(7,338)	(85,211)	39,223	24,866	64,089

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 ("1Q2016")

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	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 2014	120,127	961	(7,669)	(80,110)	33,309	26,712	60,021
Total comprehensive (loss)/profit for the period	-	(961)	(336)	(2,662)	(3,959)	162	(3,797)
Issuance of shares	8,500	-	-	-	8,500	-	8,500
Share issuance cost	(349)	-	-	-	(349)	-	(349)
Acquisition of subsidiary	-	-	-	180	180	(574)	(394)
Dividends paid by a subsidiary to non-controlling shareholders	-	-	-	-	-	(584)	(584)
Balance at 30 September 2014	128,278	-	(8,005)	(82,592)	37,681	25,716	63,397

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 ("1Q2016")

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	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 July 2015	128,278	(107,214)	21,064
Issuance of new shares	3,600	-	3,600
Share issue expense	(106)	-	(106)
Total comprehensive loss for 1Q2016	-	(1,951)	(1,951)
Balance at 30 September 2015	131,772	(109,165)	22,607
Balance at 1 July 2014	120,127	(105,345)	14,782
Issuance of new shares	8,500	-	8,500
Share issue expense	(349)	-	(349)
Total comprehensive income for 1Q2015	-	(1,869)	(1,869)
Balance at 30 September 2014	128,278	(107,214)	21,064

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-Sep-15	Issued and paid-up capital	376,039,861	131,772
30-Jun-15	Issued and paid-up capital	170,433,223	128,278

There is no outstanding share option or award granted under the Magnus Energy Employee Share Option Plan. There is an outstanding share award of 1,358,520 unissued shares granted under the Magnus Performance Share Plan. The increase in the Company's share capital during the current financial period was due to the issue of 205,606,638 shares converted pursuant to the Notes Issue.

As at 30 September 2015, the Company has outstanding convertible notes of S\$1.2 million. These convertible notes have been converted to 191,393,801 shares as at 27 October 2015.

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-Sep-15	30-Jun-15
No. of ordinary shares issued and fully paid	376,039,861	170,433,223

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

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.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).

Not applicable.

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

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

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

a) FRS 109 Financial Instruments

FRS 109 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with companies’ risk management strategies.

The Group plans to adopt FRS 109 in the financial year beginning on 1 July 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, particularly the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

b) Revenue from Contracts with Customers

FRS 115 Revenue from Contracts with Customers sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue Standards: FRS 18 Revenue and FRS 11 Construction Contracts, and the related interpretations on revenue recognition; INT FRS 115 Agreements for the Construction of Real Estate; INT FRS 118 Transfers of Assets from Customers; and INT FRS 31 Revenue - Barter Transactions Involving Advertising Services.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 July 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 ("1Q2016")

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.

	Group	
	Three Months	
	Jul 2015 - Sep 2015	Jul 2014 - Sep 2014
Loss for the period (S\$'000)	(2,619)	(297)
- Based on weighted average number of ordinary shares in issue (cents) - basic and diluted ⁽¹⁾	(0.782)	(0.710)
- Weighted average number of ordinary shares ('000) ⁽¹⁾	334,924	41,824

⁽¹⁾ On 21 April 2015, the Company consolidated 50 ordinary shares into 1 ordinary share in the capital of the Company and the weighted average number of ordinary shares used for the calculation of earnings per share for Jul-Sep 2014 had been adjusted for the effect of the share consolidation.

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-Sep-15	As at 30-Jun-15	As at 30-Sep-15	As at 30-Jun-15
Net asset value per ordinary share (cents)	11.71	69.72	6.75	38.97
On a fully diluted basis (cents)	7.45	58.52	4.30	32.71

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

- (a) any significant factors that affected the 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 the quarter ended 30 September 2015 ("1Q2016") and 30 September 2014 ("1Q2015")

The Group's revenue decreased by 51.3% from S\$11.6 million for 1Q2015 to S\$5.6 million for 1Q2016 as a result of the plunge in global oil prices which led to a weaker demand in the oil and gas equipment segment. Cost of sales decreased by 48.8% from S\$9.2 million for 1Q2015 to S\$4.7 million for 1Q2016. Gross profit has decreased by 61.0% from S\$2.4 million for 1Q2015 to S\$0.9 million for 1Q2016. Gross profit margin decreased from 20.9% to 16.7% mainly due to decrease in rental of equipment from S\$0.2 million for 1Q2015 to S\$0.03 million for 1Q2016. Refer to item 10 on page 15 for more information on the Group's sales performance.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 ("1Q2016")

Other operating income

	Jul 2015 - Sep 2015	Jul 2014 - Sep 2014
	S\$'000	S\$'000
Services income from environmental projects	-	10
Exchange gain	-	7
Gain on disposal of property, plant and equipment	-	8
Recoverable of doubtful debts	58	-
Other income	27	18
	<u>85</u>	<u>43</u>

Expenses

	Jul 2015 - Sep 2015	Jul 2014 - Sep 2014
	S\$'000	S\$'000
Distribution & selling expenses	30	39
Administrative expenses	1,892	2,192
Other operating expenses	2,543	511
	<u>4,465</u>	<u>2,742</u>

Expenses have increased by S\$1.8 million from S\$2.7 million for 1Q2015 to S\$4.5 million for 1Q2016 resulting from unrealised exchange loss of S\$1.2 million and impairment of available-for-sale financial assets of S\$1.1 million. Administrative expenses which includes remuneration related expenses were lower by S\$0.2 million. Please refer to Note 1 on Page 2 for further details.

Finance income/costs

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

	Jul 2015 - Sep 2015	Jul 2014 - Sep 2014
	S\$'000	S\$'000
Finance income	130	61
Finance costs	(18)	(45)
	<u>112</u>	<u>16</u>

Net loss after tax

Net loss after tax was S\$3.3 million for 1Q2016 and S\$0.2 million for 1Q2015. The net loss for the period was mainly contributed by decrease in revenue and gross profit, increase in unrealised exchange losses and impairment of available-for-sale financial assets as mentioned above.

- (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\$0.9 million for 1Q2016 and net cash generated from operating activities of S\$2.9 million for 1Q2015. Cash inflow from working capital was S\$0.4 million for 1Q2016 as compared to S\$2.7 million for 1Q2015.

Net cash flow used in investing activities was S\$5.5 million for 1Q2016 which was significantly higher as compared to an outflow of S\$0.1 million for 1Q2015, mainly due to the acquisition of other financial assets and investment in the RCL (as defined in Section 10).

Movements in net cash flows in financing activities were insignificant for 1Q2015 as compared to an inflow of S\$3.7 million in 1Q2016, mainly due to the proceeds from the convertible notes commencing from 2Q2015.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

Comparatively, the Group’s cash and cash equivalent increased by S\$3.5 million, after adjusting for effects of foreign currencies exchanges, from S\$13.0 million as at 30 September 2014 to S\$16.5 million as at 30 September 2015. The details of the cash flow statement are on Page 8.

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

Not Applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group’s oilfield equipment supplies and services segment, Mid-Continent Equipment Group Pte Ltd and its subsidiaries (“**Mid-Con Group**”) currently forms the Group’s main core business. The recent plunge in global oil prices has negatively affected the overall performance of the Mid-Con Group and hence, the Group. Nevertheless, the weakness in global oil prices has enabled Mid-Con Group to search for investment opportunities, such as to strategically invest in Royal Energy Pty Ltd to participate in the oil and gas investment opportunities in the Asia Pacific region and other international locations. Together with the anticipated discoveries from the drilling campaign in the PRL 173 and PRL 174, Mid-Con Group remains cautiously optimistic about its growth prospects and shall continue to focus on its multi-pronged strategy to expand geographically, diversify its business model, widen its product range, and enhance its productivity.

MEG Global Resources Limited (“**MGR**”) has taken a cautious approach to its investment in PT Hanjungin by extending a Redeemable Convertible Loan (“**RCL**”), while taking a view on the possibility of converting the RCL into equity in PT Hanjungin. With a positive view on the property prices in the city of Kupang in mind, the immediate property development project under PT Hanjungin has started and is expected to be completed approximately in the next twelve months. MGR is also actively sourcing for trading partners and will keep the shareholders updated of any material events.

Our subsidiary APAC Coal Limited (“**APAC**”) has appointed A. Setiadi Attorneys-at-Law to continue to engage the Government of the Republic of Indonesia on the Notice of Intent to resolve the dispute in a mutual agreement under the relevant Bilateral Investment Treaty. Further, APAC is also actively looking for opportunities for new investments and acquisitions.

During the current financial period, the Group entered into a joint investment agreement with Yangtze Investment Partners Limited to invest in a potential initial public offering of a renewable energy company. The Group expects to see the successful listing of this renewable energy company within the next six months.

With the shareholders’ mandate obtained in the Extraordinary General Meeting held on 29 October 2015, the Group shall diversify its investment portfolio into the environmental business and target to complete the acquisition of Flagship Ecosystems Pte. Ltd. within the second quarter in this financial period. The Group believes that the aforementioned diversification will provide the Group with a new engine for growth that is complementary to its existing energy business and strategy.

Having divested certain unprofitable segments and rigorously rationalizing its cost structure, the Group shall continue to enhance the effectiveness and efficiencies of its operations. With the existing funding arrangements from the Notes Issue, the Group is actively pursuing new acquisitions and investments opportunities across the Asia Pacific region in the near future. The Group is exposed to movements in US Dollar and Australian Dollar. Such movements in the currencies may have a significant impact on the Group’s future results.

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

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/recommendeded for the period ended 30 September 2015.

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

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

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

We, Kushairi Bin Zaidel and Ong Chin Chuan, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 30 September 2015 to be false or misleading in any material aspect. A signed confirmation copy is kept in record.

On behalf of the Board of Directors

Kushairi Bin Zaidel
Non-executive Independent Director

Ong Chin Chuan
Non-executive Independent Director

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

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

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015 (“1Q2016”)

16 Use of proceeds from notes issue as at 11 November 2015

Notes Issue	S\$'000	Utilisation of Proceeds as at 11 November 2015	S\$'000
Convertible Notes	35,000	Investments and general corporate purposes	
Notes Issued	(13,500)	- Increase in stake in Midcon ⁽¹⁾	393
Notes Unissued	<u>21,500</u>	- Amount disbursed in relation to the RCL ⁽²⁾	5,000
		- Physical trading of renewable energy and natural resources	2,007
		- Deposit paid for investment in quoted equities ⁽³⁾	1,408
		- Fixed income investment	200
		General working capital	
		- Repayment of convertible loan	798
		- General working capital	2,911
			<u>12,717</u>

(1) Please refer to the announcement “Completion of Acquisition in Mid-Continent Equipment Group Pte. Ltd.” dated 26 January 2015 for further information.

(2) Please refer to the announcement “Redeemable Convertible Loan of up to S\$5,000,000” dated 22 May 2015 for further information.

(3) Please refer to the announcement “Joint Investment with Yangtze Investment Partners Limited” dated 20 August 2015 and 9 November 2015 for further information.

BY ORDER OF THE BOARD

Luke Ho Khee Yong
Chief Executive Officer
11 November 2015

About Magnus Energy Group Ltd. (www.magnusenergy.com.sg)
Listed since 04 August 1999

Magnus Energy Group Ltd. is listed on the Catalist Board of the SGX-ST. While started its businesses as the integrated mechanical and engineering specialist, the Group swiftly added the property development, construction and related businesses into its diversified portfolio. The acquisition of a controlling stake in Mid-Continent Equipment Group Pte Ltd in April 2004 has enabled the Group to establish new business opportunities in the oil and gas as well as alternative energies industries.

The Group seeks to achieve a diversified portfolio and will selectively invest in profitable projects. This will be an ongoing process for the Group as it looks to broaden its earnings base and at the same time re-engineer itself to explore new acquisition and investment opportunities across the Asia Pacific region.

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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