

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

**MATERIAL VARIANCES BETWEEN THE UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021**

The Board of Directors (“**Board**”) of Magnus Energy Group Ltd (the “**Company**” and its subsidiaries, collectively the “**Group**”) refers to the Company’s announcement dated 28 February 2022, in relation to the unaudited financial statements for the financial period from 1 July 2020 to 31 December 2021 (“**FY2021**”) (“**Unaudited Results**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board wishes to highlight that there are material differences between the Unaudited Results and the audited financial statements for FY2021 (“**Audited Results**”). The complete set of Audited Results can be found in the Company’s annual report for FY2021, which was released on the same day as this announcement.

A comparison of the Audited Results and the Unaudited Results with the relevant explanatory notes are shown below:

Consolidated Statement of Comprehensive Income

	<b>Group</b>			
	<b>1.7.2020 to 31.12.2021 Audited S\$’000</b>	<b>1.7.2020 to 31.12.2021 Unaudited S\$’000</b>	<b>Variance S\$’000</b>	<b>Note</b>
<b>Revenue</b>	16,594	16,594		
<b>Cost of Sales</b>	(14,781)	(14,781)		
<b>Gross profit</b>	1,813	1,813		
Other operating income	567	217	350	<b>1</b>
Other operating expenses	(558)	(866)	(308)	<b>2</b>
Distribution and marketing expenses	(38)	(38)		
Net impairment losses on financial asset	(308)	-	308	<b>2</b>
Administrative expenses	(4,584)	(4,428)	156	<b>3</b>
Finance costs	(129)	(129)		
Share of loss from joint venture entity	(1)	(1)		
<b>Loss before tax</b>	(3,238)	(3,432)		
Tax expense	(24)	(24)		
<b>Loss for the financial period</b>	(3,262)	(3,455)		
Other comprehensive income	257	38	219	<b>4</b>
<b>Total comprehensive loss for the financial period</b>	(3,005)	(3,417)		
<b>Loss attributable to:</b>				
Equity holders of the Company	(3,234)	(3,429)		
Non-controlling interests	(28)	(26)		
	(3,262)	(3,455)		
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the Company	(2,743)	(3,157)		
Non-controlling interests	(262)	(260)		
	(3,005)	(3,417)		

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	Group		Variance S\$'000	Note
	31.12.2021 Audited S\$'000	31.12.2021 Unaudited S\$'000		
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	333	489	(156)	3
Investments in subsidiaries	-	-		
Other financial assets	0	0		
Deferred tax assets	-	-		
<b>Total non-current assets</b>	<b>333</b>	<b>489</b>		
<b>Current assets</b>				
Inventories	901	901		
Trade and other receivables	1,645	1,295	350	1
Related parties balances	-	-		
Cash and bank balances	503	503		
	<b>3,049</b>	<b>2,699</b>		
Assets classified as held for sale	3,816	3,816		
Right-of-use assets	1,626	1,626		
<b>Total current assets</b>	<b>8,491</b>	<b>8,141</b>		
<b>Total assets</b>	<b>8,824</b>	<b>8,630</b>		
<b>Equity and Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	3,337	3,337		
Contract liabilities	433	433		
Related parties balances	-	-		
Income tax liabilities	0	0		
	<b>3,770</b>	<b>3,770</b>		
Lease liabilities	1,692	1,692		
<b>Total current liabilities</b>	<b>5,462</b>	<b>5,462</b>		
<b>Non-current liabilities</b>				
Borrowings	-	-		
<b>Total Non-current liabilities</b>	<b>-</b>	<b>-</b>		
<b>Total liabilities</b>	<b>5,462</b>	<b>5,462</b>		
<b>Equity</b>				
Share capital	148,782	148,782		
Reserves	(146,727)	(146,922)	(195)	
	2,055	1,860		
Non-controlling interests	1,308	1,308		
<b>Total equity</b>	<b>3,363</b>	<b>3,168</b>		
<b>Total equity and liabilities</b>	<b>8,825</b>	<b>8,630</b>		

Note: 0 denotes value less than S\$500

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**MATERIAL VARIANCES BETWEEN THE UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021**Company Statements of Financial Position

	Company		Variance S\$'000	Note
	31.12.2021 Audited S\$'000	31.12.2021 Unaudited S\$'000		
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	7		
Investments in subsidiaries	5,528	5,528		
Other financial assets	0	0		
Deferred tax assets	-	-		
<b>Total non-current assets</b>	<b>5,535</b>	<b>5,535</b>		
<b>Current assets</b>				
Inventories	-	-		
Trade and other receivables	420	141	279	5
Related parties balances	940	1,189	(249)	6
Cash and bank balances	19	19		
	<b>1,379</b>	<b>1,349</b>		
Assets classified as held for sale	-	-		
Right-of-use assets	-	-		
<b>Total current assets</b>	<b>1,379</b>	<b>1,349</b>		
<b>Total assets</b>	<b>6,914</b>	<b>6,884</b>		
<b>Equity and Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	1,206	1,206		
Contract liabilities	-	-		
Related parties balances	1,360	1,360		
Income tax liabilities	-	-		
	<b>2,566</b>	<b>2,566</b>		
Lease liabilities	-	-		
<b>Total current liabilities</b>	<b>2,566</b>	<b>2,566</b>		
<b>Non-current liabilities</b>				
Borrowings	-	-		
<b>Total Non-current liabilities</b>	<b>-</b>	<b>-</b>		
<b>Total liabilities</b>	<b>2,566</b>	<b>2,566</b>		
<b>Equity</b>				
Share capital	148,782	148,782		
Reserves	(144,434)	(144,464)	(30)	
	<b>4,348</b>	<b>4,318</b>		
Non-controlling interests	-	-		
<b>Total equity</b>	<b>4,348</b>	<b>4,318</b>		
<b>Total equity and liabilities</b>	<b>6,914</b>	<b>6,884</b>		

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**MATERIAL VARIANCES BETWEEN THE UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021**Consolidated Statement of Cash Flows

	1.7.2020 to 31.12.2021 Audited S\$'000	Group 1.7.2020 to 31.12.2021 Unaudited S\$'000	Variance S\$'000	Note
<b>Cash flows from operating activities</b>				
Loss before tax	(3,238)	(3,432)	(194)	
Adjustment for:				
Adjustments of non-cash items	1,122	966	156	3
<b>Operating cash flows before working capital changes</b>	(2,116)	(2,466)	(350)	
Inventories	(377)	(377)		
Trade and other receivables	(568)	(403)	165	7
Trade and other payables and contract liabilities	722	735	(13)	8
Related parties balances (net)	13	-	13	8
Currency transaction adjustments	37	37		
<b>Cash used in operations</b>	(2,289)	(2,475)		
Interest income received	0	0		
Interest paid	(101)	(101)		
Income taxes paid	(16)	(16)		
<b>Net cash used in operating activities</b>	<b>(2,406)</b>	<b>(2,592)</b>		
<b>Cash flows from investing activities</b>				
Advances to joint venture	(308)	-	308	9
Purchase of property, plant and equipment	(8)	(8)		
Proceeds from disposal of property, plant and equipment	71	71		
Proceeds from disposal of asset classified as held for sale	550	550		
Investment in joint venture	(1)	(1)		
Loan to non-controlling interests	(186)	-	186	7
<b>Net cash generated from investing activities</b>	<b>118</b>	<b>612</b>		
<b>Cash flows from financing activities</b>				
Repayment of borrowings	-	(308)	(308)	9
Repayment of lease liabilities	(44)	(44)		
Capital reduction of a subsidiary	(203)	(203)		
Non-controlling interest for newly incorporated subsidiary	0	0		
Loan from non-controlling interests	75	75		
Loan from directors	50	50		
<b>Net cash used in financing activities</b>	<b>(122)</b>	<b>(430)</b>		
Net (decrease)/increase in cash and cash equivalents	(2,410)	(2,410)		
Cash and cash equivalents at beginning of the financial period	2,964	2,964		
Effects of exchange rate changes on cash and cash equivalents	(51)	(51)		
<b>Cash and cash equivalents at end of the financial period</b>	<b>503</b>	<b>503</b>		

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Notes:

1. The variance was due to a settlement amount of \$350,000 recognised during the financial period pursuant to the settlement agreement of 17 January 2022 reached in connection with Suit HC/S 202/2020 (“**Suit 202**”).
2. The variance was attributable to the reclassification of allowance for impairment on related parties’ balance for joint venture (non-trade) previously presented in other operating expenses.
3. The increase of S\$156,000 was attributable to depreciation expenses incurred for the Group’s freehold building not recognised previously.
4. The increase of S\$219,000 in other comprehensive income pertains to currency translation differences reclassified to profit or loss upon capital reduction of a subsidiary
5. Increase in trade and other receivables includes settlement amount from Suit 202 as well as a reclassification of amount due from subsidiary to related parties balances.
6. Decrease in amount due from related parties due to impairment loss allowance measured using lifetime estimated credit losses.
7. Due to an increase in other receivable amounting to S\$350,000 pertaining to the settlement amount from Suit 202 as well as a reclassification of loan to non-controlling interest amounting to S\$186,000 from operating to investing activities.
8. Due to reclassification of trade and other payables and contract liabilities to related parties balances (net).
9. Due to reclassification of repayment of borrowings to advances to joint venture.

**BY ORDER OF THE BOARD**

Charles Madhavan  
Executive Director and Chief Executive Officer  
14 April 2022

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*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 Catalyst.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.*

*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.*