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MAGNUS ENERGY GROUP LTD.

(Registration No. 198301375M)

Unaudited Condensed Interim Financial Statements For The 3 Months Ended 31 March 2023

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

This announcement has been prepared by Magnus Energy Group Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") 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.

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Background:

Following the Company's announcement dated 14 May 2021 on the change of its financial year end from 30 June to 31 December, the most recently completed financial year of the Company ended on 31 December 2021 ("**FY2021**"), and covered a period of 18 months from 1 July 2020 to 31 December 2021.

In relation to the foregoing, the Company hereby presents its unaudited condensed interim consolidated financial results for the three months ended 31 March 2023 ("**1Q2023**"), as compared to the corresponding three months ended 31 March 2022 ("**1Q2022**"), which is also the first quarter of FY2023.

Following the release of the Company's unaudited condensed interim consolidated financial results for 1Q2023, as per the Company's announcement dated 3 May 2023, the Company has on 28 April 2023 received a letter from the SGX-ST stating, among others, that the Company's shares will be delisted from the SGX-ST on 26 May 2023, at 9.00am (the "**Delisting Date**").

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

(A) Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group		
		3 months ended 31 March ("1Q")		
		1Q2023	1Q2022	Change
		S$'000	S$'000	+/(-)%
		Unaudited	Unaudited	
	Note	S$'000	S$'000	
Revenue	4	4,613	3,101	49%
Cost of Sales		(4,205)	(2,738)	54%
Gross profit		408	363	12%
Other operating income		341	2,439	(86%)
Other operating expenses		(246)	23	NM
Distribution and marketing expenses		(14)	(17)	(18%)
Administrative expenses		(759)	(723)	5%
Interest income		(1)	1	NM
Finance costs		(9)	(21)	(57%)
Loss before tax		(280)	2,065	NM
Tax expense		(25)	(43)	(40.8%)
Loss for the financial period		(305)	2,022	NM
Other comprehensive loss		(174)	3	NM
Total comprehensive loss for the financial period		(479)	2,025	NM
Loss attributable to:				
Equity holders of the Company		(299)	976	NM
Non-controlling interests		(5)	1,049	NM
		(304)	2,025	NM
Total comprehensive loss attributable to:				
Equity holders of the Company		(452)	976	NM
Non-controlling interests		(26)	1,049	NM
		(478)	2,025	NM

Note: As a result of rounding differences, numbers or percentages may not add up to the total.

NM: Not meaningful.

(B) Condensed interim statements of financial position

	Note	Group		Company	
		31-Mar-23	31-Dec-22	31-Mar-23	31-Dec-22
		S$'000	S$'000	S$'000	S$'000
Assets		Unaudited	Unaudited	Unaudited	Unaudited
Non-current assets					
Property, plant and equipment		389	355	2	65
Investments in subsidiaries		-	-	3,127	3,780
Deferred tax assets		5	-	-	-
Other financial assets		-	101	-	-
Total non-current assets		**394**	**456**	**3,129**	**3,845**
Current assets					
Inventories	5	1,616	1,163	-	-
Trade and other receivables	6	1,808	2,216	44	143
Related parties balances		-	-	107	399
Cash and bank balances		692	1,159	55	35
		4,116	4,538	205	576
Right-of-use assets	7	63	152	9	152
Total current assets		**4,178**	**4,690**	**215**	**728**
Total assets		**4,572**	**5,147**	**3,345**	**4,574**
Equity and Liabilities					
Current liabilities					
Trade and other payables	8	3,303	3,856	1,068	987
Contract liabilities	9	-	-	-	-
Related parties balances		-	-	604	-
Lease liabilities	7	44	162	152	162
Income tax liabilities		24	-	-	-
Total current liabilities		**3,371**	**4,018**	**1,824**	**1,148**
Non-current liabilities					
Lease liabilities		152	-	-	-
Total liabilities		**3,523**	**4,018**	**1,824**	**1,148**
Equity					
Share capital		148,782	148,782	148,782	148,782
Reserves		(148,480)	(149,139)	(147,260)	(145,356)
		302	(357)	1,522	3,426
Non-controlling interests		747	1,486	-	-
Total equity		**1,049**	**1,129**	**1,522**	**3,426**
Total equity and liabilities		**4,572**	**5,147**	**3,345**	**4,574**

Note: As a result of rounding differences, numbers or percentages may not add up to the total.

(C) Condensed interim statements of changes in equity

Group	Share capital S$'000	Currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
	Attributable to equity holders of the Company					
Balance at 1 January 2023 (Unaudited)	148,782	1,959	(151,098)	(357)	1,486	1,129
Add: Audit adjustment posted subsequent to Q4'2022 Announcement released	0	(1,169)	2,197	1,028	(744)	284
Balance at 1 January 2023 (Unaudited)	**148,782**	**790**	**(148,901)**	**671**	**742**	**1,413**
Loss for the financial period	-	-	(299)	(299)	5	(294)
Other comprehensive loss for the financial period	-	(70)	-	(70)	-	(70)
Total comprehensive loss for the financial period	-	(70)	(299)	(369)	5	(364)
Balance at 31 March 2023	**148,782**	**720**	**(149,200)**	**302**	**747**	**1,049**
Balance at 1 January 2022	148,782	(2,083)	(144,643)	2,055	1,306	3,361
Gain for the financial period	-	-	975	975	1,049	2,024
Other comprehensive gain the financial period	-	2	-	2	1	3
Total comprehensive gain for the financial period	-	2	975	977	1,050	2,027
Balance at 31 March 2022	**148,782**	**(2,081)**	**(143,668)**	**3,032**	**2,356**	**5,388**

Based on the ongoing audit of the Group for the financial year ended 31 December 2022 ("**FY2022**"), the preliminary audit adjustments posted subsequent to Q4'2022 relates to the following:

1) Decrease in cost of sales recorded for one of the subsidiary (PT MHI) by $451K after the finalisation of Q4'2022 announcement.
2) Impairment of renovation costs for Magnus Energy Group amounting of $62K after the finalisation of Q4'2022 announcement.
3) Increase in travelling expense classified under distribution and selling expenses by $669K arising from PH MHI after the finalisation of Q4'2022 announcement.
4) Increase in trade and other receivables mainly contributed by MEI amounting to $0.6million which was not reflected in the earlier management account.
5) Increase in professional fees arising from Magnus Energy Group amounting to $187K after the finalisation of Q4'2022 announcement.
6) Increase in impairment of financial assets amounting to $88K arising from MESEA after the finalisation of Q4'2022 announcement.
7) Increase in impairment loss of trade receivables amounting to $325K arising from Magnus after the finalisation of Q4'2022 announcement.
8) Increase in impairment loss of investment in subsidiaries amounting to $625K arising from Magnus after the finalisation of Q4'2022 announcement.

9) Reversal of currency translation differences arising from disposal of subsidiary after the finalisation of Q4'2022 announcement.
10) Increase in unrealised loss arising from provision of impairment loss on amount due from subsidiaries.
11) Being reclassification of dividend income as return on investment of disposed subsidiary.
12) Reduction in non-controlling interests arising from disposal of subsidiary.

The Company understands that the Auditors are in the midst of finalizing the audited consolidated financial statements for FY2022, which is scheduled to be received by the Company before the Delisting Date. In this regard the Company will provide shareholders with further updates in accordance with the relevant Catalist Rules, including but not limited to any material adjustments to the preliminary financial results for FY2022 made subsequently by the Auditors based on the audited consolidated financial statements for FY2022.

(C) Condensed interim statements of changes in equity

Company	Share capital S$'000	Accumulated losses S$'000	Total S$'000
Balance at 1 January 2023 (Unaudited)	148,782	(145,356)	3,426
Add: Audit adjustment posted subsequent to Q4'2022 Announcement released	-	(1,546)	(1,546)
Balance at 1 January 2023 (Unaudited)	148,782	(146,902)	1,880
Total comprehensive gain for the financial period	-	(358)	(358)
Balance at 31 March 2023	**148,782**	**(147,260)**	**1,522**
Balance at 1 January 2022	148,782	(144,434)	4,348
Total comprehensive loss for the financial period	-	(361)	(361)
Balance at 31 March 2022	**148,782**	**(144,795)**	**3,987**

Based on the ongoing audit of the Group for FY2022, the preliminary audit adjustments posted subsequent to Q4'2022 relate to the following:

1) Impairment of renovation costs for Magnus Energy Group amounting of $62K after the finalisation of Q4'2022 announcement.
2) Increase in professional fees arising from Magnus Energy Group amounting to $187K after the finalisation of Q4'2022 announcement.
3) Increase in impairment loss of trade receivables amounting to $325K on amount due from PT MHI after the finalisation of Q4'2022 announcement.
4) Increase in impairment loss of investment in subsidiaries amounting to $625K after the finalisation of Q4'2022 announcement.
5) Increase in impairment of right-of-use assets amounting to $151K after the finalisation of Q4'2022 announcement.
6) Increase in unrealised loss arising from provision of impairment loss on amount due from subsidiaries
7) Being reclassification of dividend income as return on investment of disposed subsidiary.

The Company understands that the Auditors are in the midst of finalizing the audited consolidated financial statements for FY2022, which is scheduled to be received by the Company before the Delisting Date. In this regard the Company will provide shareholders with further updates in accordance with the relevant Catalist Rules, including but not limited to any material adjustments to the preliminary financial results for FY2022 made subsequently by the Auditors based on the audited consolidated financial statements for FY2022.

(D) Condensed interim consolidated statement of cash flows

	Group	
	3 months ended 31 March ("1Q")	
	1Q2023 S$'000 Unaudited	1Q2022 S$'000 Unaudited
Cash flows from operating activities		
(Loss)/ profit before tax	(280)	2,065
Adjustment for:		
Depreciation on property, plant and equipment	13	7
Depreciation on ROU asset	4	9
Gain on disposal of PPE	-	(2,428)
Interest expenses	9	4
Interest income	(1)	(1)
Unrealised gain on foreign exchange	-	(8)
Adjustments of non-cash items	**25**	**(2,416)**
Operating cash flows before working capital changes	(256)	(351)
Working capital changes	(168)	3
Cash used in operations	(424)	(348)
Income taxes paid	15	-
Net cash used in operating activities	**(408)**	**(348)**
Cash flows from investing activities		
Purchase of property, plant and equipment	-	5
Proceeds from disposal of property, plant and equipment	-	6,266
Investment in joint venture	-	(1)
Net cash generated from investing activities	**-**	**6,270**
Cash flows from financing activities		
Repayment of lease liabilities	(28)	(75)
Interest income received	1	1
Interest paid	(9)	-
Net cash generated used in financing activities	**(36)**	**(74)**
Net (decrease)/ increase in cash and cash equivalents	(443)	5,848
Cash and cash equivalents at beginning of the financial period	1,139	503
Effects of exchange rate changes on cash and cash equivalents	(3)	16
Cash and cash equivalents at end of the financial period	**692**	**6,367**

(E) Notes to the condensed interim financial statements

1. Corporate information

Magnus Energy Group Ltd. (Co. Reg. No. 198301375M) is incorporated and domiciled in Singapore and listed on the Catalist Board of the SGX-ST. The address of its registered office and principal place of business is at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

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, drilling services and trading of mineral ore.

2. Basis of Preparation

(a) Basis of preparation:

The condensed interim consolidated financial statements for 1Q2023 of the Group and the statement of financial position and statement of changes in equity of the Company 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 significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements for FY2021 ("**FY2021 Audited Financial Statements**"). The FY2021 Audited Financial Statements were prepared under Singapore Financial Reporting Standards (International) (SFRS(I)).

Notwithstanding the disclaimer of opinion set out in the FY2021 Independent Auditor's report which relates to material uncertainty relating to the going concern of the Group and the Company, the condensed interim financial statements have prepared on a going concern basis.

The Board has considered the following:

(i) the Group had recorded a net loss after tax of S$0.5 million for 1Q2023 as compared to a net gain of S$2.0 million in 1Q2022. The increase was mainly due to a one-time gain on disposal of assets classified as held for sale of S$2.5 million which was recognized as other operating income in 1Q2022.

(ii) the Group reported net assets of S$1.0 million as at 31 March 2023 as compared to net assets of S$1.1 million as at 31 December 2022.The slight decrease in net assets is mainly due to a decrease in cash and bank balances of S$0.4 million;

(iii) Since early 2022, the Group had started and is still in the midst of negotiating several contracts for the extraction of oil and gas, and purchase for sale of mineral ore in several locations in Indonesia which are under finalisation stage and which the management team is confident of securing within the year ending 2023. The Board expects that these contracts, when executed, will improve the overall financial performance of the Group. In respect of the Company's wholly-owned subsidiary, PT Meg Harta Indonesia ("PT MHI"), the Board understands that Management was optimistic and had expected that the renewed sale and purchase contracts in relation to the nickel ore mining sites in Kolaka, Indonesia (the "Kolaka Nickel Project") would be finalised and signed by end of March 2023, however owing to a delay in ESDM (Ministry of Energy & Mineral Resources) announcing the RKAB (production quota), Management expects this date to be moved to end June 2023 and the 4 shipments are targeted to be completed during June 2023 and September 2023.

(iv) management has prepared and approved a set of cash flows projections for the 15-month period from 31 December 2022 (the reporting date) (the "**Forecast**") which confirms that the Group and the Company are able to meet all of their debts and obligations during the said 15-month forecast period. The key assumptions for the Forecast are as follows:

i. Mid-Continent Equipment, Inc ("**MEI**") will continue to be the main subsidiary generating revenue and cash inflows for the Group with inflation rate of 2% in the USA considered in the cashflows projections;

ii. On a conservative basis, no revenue is assumed to be generated from the Kolaka Nickel Project and/or the potential projects / contracts which are still in negotiation for PT MHI.

iii. On a conservative basis, management expects the operating and administrative expenses of the Group to decrease across the 15-month forecast period;

iv. No further disposal of assets and/or divestments during the 15-month forecast period; and

v. No potential cash outflows from the legal case, HC/S 1075/2020 ("**Suit 1075**") arising from any potential action by Mr. Thong Soon Seng ("**Mr Thong**") against the Company. More details are disclosed in Note 11 below.

The Forecast has not been reviewed by the Auditors or the Sponsor.

Based on the above factors, the Board is of the view that the going concern assumptions that were considered and set out in the FY2021 Independent Auditor's report are still appropriate and adequately reflect the Group's and Company's ability to continue as a going concern for the next 12 months.

The condensed interim financial statements have been prepared on a going concern basis and the working capital available to the Group is sufficient to meet its present requirements and for the next 12 months.

The financial statements are presented in Singapore Dollars (SGD or S$) and all values in the tables are rounded to the nearest thousand (S$'000), except when otherwise indicated.

The figures have not been audited or reviewed by the Auditors.

(b) Significant accounting policies:

The accounting policies and presentation adopted for these condensed interim consolidated financial statements are consistent with those of the FY2021 Audited Financial Statements.

(c) New and amended standards adopted by the Group:

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) and Interpretations of SFRS(I) (INT SFRS(I)) that are mandatory for the accounting periods beginning on or after 1 January 2023. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

(d) Use of estimates and judgements:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 FY2021 Audited Financial Statements.

3. Seasonal operations

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

4. Segmental and revenue information

The Group is organised into the following main business segments:

- Oilfield equipment supply and services;
- Mineral ore trading;
- Renewable energy
- EPCC services;
- Drilling services; and
- Investment holding.

1Q2023	Oilfield equipment supply and services S$'000	Mineral Ore Trading S$'000	Renewable energy S$'000	EPCC services S$'000	Drilling services S$'000	Investment holding S$'000	Group S$'000
Segment revenue							
Sales to external customers	4,613	-	-	-	-	-	4,613
Total revenue	4,613	-	-	-	-	-	4,613
Segment profit/(loss)	78	(104)	-	-	-	(279)	(305)
Depreciation - PPE	12	1	-	-	-	-	13
Depreciation - ROU asset	-	3	-	-	-	-	4
Lease liabilities interest	-	-	-	-	-	-	2
Unallocated finance income	-	-	-	-	-	-	1
Unallocated finance cost	-	-	-	-	-	-	9
Unallocated income tax	-	-	-	-	-	-	25
Assets and liabilities:							
Total segment assets	3,863	1,326	-	29	2	(649)	4,572
Unallocated deferred tax assets							5
Total segment liabilities	2,244	799	-	519	22	(62)	3,523

1Q2022	Oilfield supply and services S$'000	Renewable Energy S$'000	EPCC services S$'000	Drilling services S$'000	Investment holding S$'000	Group S$'000
Segment revenue	3,101	-	-	-	-	3,101
Segment profit/(loss)	2,423	-	(2)	(4)	(395)	(2,022)
Depreciation of property, plant and equipment	6	-	-	-	1	7
Depreciation of right-of-use asset	9	-	-	-	-	9
Property, plant and equipment written off	-	-	-	-	5	5
Lease liabilities interest	11	-	-	-	-	11
subsidiaries	135	-	-	-	-	135
Loss on disposal of assets held for sale	2,428	-	-	-	-	2,428
Unallocated finance income						(1)
Unallocated finance costs						10
Unallocated income tax						43
Assets and liabilities						
Total segment assets	7,817	-	83	2	529	8,431
Unallocated deferred tax assets						-
						8,431
Segment assets included addition to non-current assets	3	-			5	8
Total segment liabilities	(2,161)	-	(401)	(15)	(468)	(3,045)

Geographical segment

The Group's businesses are mainly in USA, United Arab Emirates, Saudi Arabia, Japan, Singapore and Indonesia. 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.

	Sales to external customers		Non-current asset	
	1Q2023 S$'000	1Q2022 S$'000	1Q2023 S$'000	1Q2022 S$'000
Singapore	55	-	-	1
Australia	-	-	1	-
United States of America	1,342	3,101	320	320
United Arab Emirates	1,257	-	-	-
Thailand	-	-	-	-
Saudi Arabia	475	-	-	-
Japan	293	-	-	-
China	72	-	-	-
India	93	-	-	-
Indonesia	-	-	17	-
Others	1,027	-	51	-
	4,613	3,101	389	321

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

5. Inventories

Inventories amounting to S$1.6 million as at 31 March 2023 comprises mainly finished goods from MEI in the USA.

6. Trade and other receivables

Trade and other receivables include:

	31-Mar-23 S$'000 Unaudited	31-Dec-22 S$'000 Unaudited
Advances to supplier	28	51
Deposit	30	34
Other taxes recoverable	7	4
Other receivables	584	475
Prepayments	157	38
Trade receivables	1,003	1,614
	1,808	2,216

Trade receivables are due within normal trade credit terms of 30 – 90 days. The trade receivables and advances to supplier are primarily due to the increased business activities in MEI in the USA.

The decrease in trade receivables was primarily due to no contract of sale of nickel ore entered into by PT MHI in 1Q2023.

7. Right-of-use assets

The right of use assets increased by S$0.06 million in 1Q2023 compared to S$Nil in 1Q2022. During 1Q2022, the right-of-use assets had been fully disposed at cost and the respective lease liabilities has been fully reversed out upon disposal. The right-of-use assets recorded in 1Q2023 pertains to the rental of new office premises.

8. Trade and other payables

Trade and other payables include:

	31-Mar-23 S$'000 Unaudited	31-Dec-22 S$'000 Unaudited
Accrued operating expenses	139	464
Amount due to directors	133	-
Other payables	1,382	1,170
Trade payables	1,649	2,222
	3,303	3,856

Trade payables decreased by S$0.6 million from S$2.2 million as at 31 December 2022 as compared to S$1.6 million as at 31 March 2023. The decrease in trade payables was because there have been no further purchases of nickel ore in respect of the Kolaka Nickel Project as there has not been any formal news with regards to approval for the new RKAB quota.

Other payables increased by S$0.2 million from S$1.1 million as at 31 December 2022 to S$1.3 million as at 31 March 2023 mainly due to the short-term loan of $0.1 million payable to executive director.

9. Contract liabilities

As at 31 March 2023, there were no contract liabilities recognised. There were no advance payments received from customers based on a billing schedule as established in contracts and will be recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

10. Contingent liabilities

The Company was served with a letter of demand dated 29 February 2020 from solicitors acting on behalf of Mr. Thong. The letter of demand notified the Company of his claim for repayment of loans which Mr. Luke Ho, the former chief executive officer, allegedly borrowed from Mr. Thong in 2016, purportedly on behalf of the Company. However, the Company has no records of the alleged loan.

Mr. Thong had demanded payment from the Company of S$5,118,572.49 representing the amount of loan principal and contractual interest owed as of 18 January 2018 of S$4,600,000 and further interest of 5.33% per annum on the same, pursuant to Section 12 of the Civil Law Act 1909, of S$518,572.49.

On 10 November 2020, the Company was served with the Writ of Summons and Statement of Claim in respect of Mr. Thong's claim against the Company for the alleged loans purportedly provided to the Company.

The Company, in turn, commenced third-party proceedings against Luke Ho in Suit 1075 on 6 December 2020, seeking that Mr. Luke Ho fully indemnifies the Company for Mr. Thong's claims in the event the Company is found liable.

The Company and Mr. Thong were directed by the Court to file and exchange the Affidavits of Evidence in-Chiefs of their respective witnesses of fact by 4 January 2022.

On 17 January 2022, the Company had reached a settlement with Mr. Luke Ho where the Company will file a Notice of Discontinuance of the third-party proceedings in Suit 1075 against Mr. Luke Ho.

As announced by the Company on 28 April 2022, the trial date in respect of Suit 1075 was discussed and a period of the last 2 weeks of September 2022 was set aside for the trial. On 29 April 2022, the Company was informed that the trial would be set for 20 to 23 September 2022.

As announced by the Company on 30 September, the trial of Suit 1075 was held on 20 to 22 September 2022. The Singapore High Court gave directions to parties to file written closing submissions, and a hearing was fixed on 21 November 2022 for oral closing submissions.

On 30 November 2022, the Company received the oral judgment from the Singapore High Court for Suit 1075. The High Court adjudged that Mr. Thong's action against the Company in Suit 1075 is dismissed and Mr Thong shall pay the Company the costs of and incidental to Suit 1075, such costs fixed at $132,300 (including disbursements).

The Board had, on 8 December 2022, been made aware that Mr. Thong had filed a notice of appeal to the Appellate Division of the Singapore High Court to appeal against the whole of the Judgment.

On 17 April 2023, the Company received an update from its lawyers, Eldan Law LLP ("Eldan") that Mr. Thong must file and serve the Record of Appeal, his Appellant's Case, Appellant's core bundle of documents (if any), bundle of authorities by 5 June 2023, and that the Company must file and serve its Respondent's Case, Respondent's core bundle of documents, and bundle of authorities within 28 days of the Appellant's service of the aforementioned documents (ie, by 3 July 2023).

Having regard to the nature of the dispute and the parties' past unsuccessful attempts at reaching a settlement, the Company had, on 24 April 2023 via Eldan, written to the Court to indicate that, among others, it does not intend to proceed with mediation and wishes to proceed with CA 105.

The Company will keep Shareholders updated on any further material developments in respect of the above matters. Notwithstanding the lodgement of Suit 1075 and the continuance with CA 105, the board and management hold the view that no material losses detrimental to the Group's and the Company's financial position as a going concern will arise from Suit 1075 for the financial year ending 31 December 2022. As to date, no provision has made in respect of Suit 1075 and/or CA 105.

11. Borrowings and debt securities

The Group did not have bank borrowings and debt securities as at 31 March 2023 and 31 December 2022.

(F) Other information required under Appendix 7C of the Catalist Rules

1a) 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 current financial period reported on and 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.

Date	Description	No of shares	Paid-up Capital (S$'000)
31-Mar-23	Issued and paid-up capital	12,632,507,107	148,782
31-Mar-22	Issued and paid-up capital	12,632,507,107	148,782

There was no change 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.

As at 31 March 2023 and 31 March 2022, 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.

1b) 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-Mar-23	31-Dec-22
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.

1c) 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.

1d) 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.

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

1Q2023 figures have neither been audited nor reviewed by the Auditors. If there are material audit adjustments to be made to, among others, the statements of changes in equity subsequent to the fourth quarter ended 31 December 2022 as set out in the audited consolidated financial statements for FY2022, the Company will re-clarify this statement.

2b) Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable and to also refer to paragraph 2(a) above.

3) 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 disclaimer of opinion set out in the FY2021 Independent Auditor's report relates to material uncertainty relating to the going concern of the Group and the Company, the details of which are disclosed in Section E2 above.

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 condensed interim financial statements for the three-month period ended 31 March 2023 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 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 31 December 2021.

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 31 December 2021, 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 2022.

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 31 December 2021. 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.

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	
	1Q2023	**1Q2022**
	$'000	**$'000**
(Loss)/ profit attributable to equity holders of the Company	(299)	974
Earnings per ordinary share of the Group based on weighted average number of ordinary shares in issue (cents) - basic and diluted	(0.00)	0.01
Weighted average number of ordinary shares ('000)	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) - (see Note below)	(0.00)	0.01
Weighted average number of ordinary shares on fully diluted basis ('000)	12,632,507	12,632,507

Notes:

(1): Rounded to the nearest two (2) decimal places.

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

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**	
	31-Mar-23	**31-Dec-22**	**31-Mar-23**	**31-Dec-22**
Net asset value (S$'000)	1,049	1,129	1,522	3,426
Number of shares ('000)	12,632,507	12,632,507	12,632,507	12,632,507
Net asset value per ordinary share (cents)	0.01	0.01	0.01	0.03

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

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

Revenue, costs, and earnings of the Group for 1Q2023 and 1Q2022

The Group's operations during the periods under review are primarily carried out by MEI. Revenue increased by 48% from S$3.1 million in 1Q2022 to S$4.6 million in 1Q2023. The increase was due to the strong recovery of the economy and post COVID-19 pandemic global demands for oil and gas equipment, as well as the Group's focus on building the oil and gas equipment distribution business through its USA operations.

In tandem with the increase in revenue, the cost of sales saw a corresponding increase from S$2.7 million for 1Q2022 to S$4.2 million for 1Q2023.

Overall, the Group gross profit remained relatively consistent while gross profit margin decreased slightly from 11.7% in 1Q2022 to 8.8% in 1Q2023.

Other operating income of the Group for 1Q2023 and 1Q2022

The Group's other operating income decreased by S$2.1 million from S$2.4 million in 1Q2023 to S$0.3 million in 1Q2023, mainly due to the one-time gain on disposal of assets classified as held for sales pertaining to the Loyang Property amounting to S$2.4 million which was recognized as other operating income in 1Q2022.

Expenses of the Group for 1Q2023 and 1Q2022

Other operating expenses increased by S$0.2 million in FY2022, this increase is mainly due to both realised and unrealised exchange loss. The Group had recorded a less favourable exchange rate movement for 1Q2023 as compared to 1Q2022.

Administrative expenses comprised staff and director costs, professional fees, depreciation expenses, SGX listing compliance costs and other general office expenses. Administrative expenses remain relatively constant at S$0.7 million in 1Q2023 and 1Q2022.

Finance costs primarily related to interest on lease liabilities and remained relatively constant at S$9,000 and S$21,000 for 1Q2023 and 1Q2022 respectively.

Tax expense primarily relates to withholding tax expense and income tax expense recorded. Tax expense remained relatively constant at $0.02 million in 1Q2023 and $0.04 million in 1Q2022, mainly arising from income tax recorded by MEI based on profit before tax recorded for 1Q2023 and 1Q2022 respectively.

Overall as a result of the abovementioned, the Group recorded a net loss after tax of S$0.3 million for 1Q2023 as compared to a net profit after tax of S$2.0 million for 1Q2022.

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

Consolidated Statement of Financial Position

Assets:

The Group's total assets, which mainly comprised current assets, decreased by S$0.6 million as at 31 March 2023 vis-à-vis 31 December 2022, mainly due to the decrease in current assets. As at 31 March 2023, current assets accounted for 91.4% of the Group's total assets. The decrease in current assets from S$4.7 million as at 31 December 2022 to S$4.1 million as at 31 March 2023 was mainly due to:

- the decrease in trade and other receivables of S$0.4 million, details of which are set out in Section E6 above; and
- the decrease in cash and bank balances of S$0.5 million;

  which was partially offset by:

- the increase in inventories by $0.4 million.

There were no significant movements in the Group's non-current assets except for some small purchases of property, plant and equipment which was offset by the depreciation charges during 1Q2023.

Liabilities:

The Group's liabilities, which mainly comprised current liabilities representing 95.7% of the Group's total liabilities as at 31 March 2023, decreased by S$0.5 million from S$4.0 million as at 31 December 2022 to S$3.5 million as at 31 March 2023. The decrease was mainly due to:

- the decrease in trade and other payables in 1Q2023 as explained in Section E9 of this announcement; and
- the decrease in contract liabilities in 1Q2023 as explained in Section E10 of this announcement;

Consequent to the decrease in current assets and the decrease in current liabilities as set out above, the Group recorded a positive working capital of S$0.8 million as at 31 March 2023 as compared to a working capital of S$0.7 million as at 31 December 2022.

Consolidated Statement of Cash Flows

Net cash used in operating activities increased by S$0.1 million in 1Q2023, which is mainly due to an increase in working capital changes from day-to-day operations of S$0.2 million in 1Q2023 vis-à-vis 1Q2022 as a result of an increase business activities by MEI, and which was partially offset by a decrease in operating cash outflow before working capital changes of S$0.1 million in 1Q2023 vis-à-vis 1Q2022.

Net cash generated from investing activities decreased from S$6.2 million in 1Q2022 to nil in 1Q2023 mainly due to the one-off proceeds received from the disposal of assets classified as held for sale in 1Q2022.

Net cash used in financing activities mainly relate to the repayment of lease liabilities.

In view of the aforementioned, the Group saw a net decrease in cash and cash equivalents by S$0.4 million in 1Q2023, and the Group's cash and cash equivalents amounted to S$0.7 million as at 31 March 2023.

Taking into account the cash resources available to the Group and the Company as at 31 March 2023, the net cash used in operating activities for the Group for 1Q2023, as well as the assessment of the Group's and Company's going concern assumptions set out in Sections E2 and E10 above, the Board is of the view that the Group is able to continue operating as a going concern and the working capital available to the Group is sufficient to meet its present requirements and for the next 12 months

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

Not applicable as no forecast or prospect statement has been previously disclosed.

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 past quarters reflects a steady recovery of MEI's business during the aforementioned periods under review.

At this juncture, the Group is still in the midst of negotiating several contracts for the extraction of oil and gas and minerals in several locations in Indonesia which are under finalisation stage and which management is confident of securing within the year ending 2023. These contracts, when executed, are expected to improve the overall financial performance of the Group.

The above improvements are predicated on several factors including the economic recovery from the global pandemic COVID-19.

However, due to unfavourable weather patterns and interruptions by local authorities, PT MHI was only able to complete four (4) shipments by the end of 2022 and is henceforth unable to complete any more shipments of nickel ore until such time that the requisite permits for the new RKAB quotas in respect of the Kolaka Nickel Project have been obtained. Further to the update on the Kolaka Nickel Project announced by the Company on 20 January 2023, the Company has received the remaining 30% payment for the fourth shipment of nickel ore on 30 January 2023. As at the date of this announcement, management has not received any formal confirmation from the relevant party of the Seller with regards to approval for the new RKAB quota.

Based on the above developments, the Board and management remains cautiously positive on the outlook for the Group. The Group will continue to manage its financial resources prudently and monitor the evolving situation. The Board will endeavour to provide regular and timely updates to shareholders in due course.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for 1Q2023.

(b) (i) Amount per share (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 (recommended), a statement to that effect and the reason(s) for the decision.

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

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 1Q2023.

14. Negative confirmation by the Board pursuant to Rule 705(5).

On behalf of the board of directors of the Company, we, Budi Rahardjo and Charles Madhavan, being two directors of the Company, do hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the Board which may render the financial statements for the first quarter and three-month period ended 31 March 2023 to be false or misleading in any material aspect. A signed confirmation copy is kept in record.

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).

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
15 May 2023