IEV HOLDINGS LIMITED

(Company Registration No: 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)
(the "Company", and together with its subsidiaries, the "Group")

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2017 ("1Q2017")

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Advisors Private Limited. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the **"Exchange**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the Exchange and the Exchange 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. Sebastian Jones, Director, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6221 5590. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

1(a)(i) Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended 31 March ("1Q")		
	Unaudited 1Q2017 (RM'000)	**Unaudited 1Q2016 (RM'000)**	**% change increase/ (decrease)**
Revenue	11,223	12,649	(11.3)
Cost of sales	(10,393)	(11,095)	(6.3)
Gross profit	830	1,554	(46.6)
Other operating income	141	194	(27.3)
Administration expenses	(4,818)	(5,431)	(11.3)
Exchange gain	798	331	141.1
Selling and distribution costs	(17)	-	n.m.
Other operating expenses	(1)	(34)	(97.1)
Share of results of associates	(400)	(238)	68.1
Finance costs	(177)	(228)	(22.4)
Loss before taxation	(3,644)	(3,852)	(5.4)
Taxation	(2)	(7)	(71.4)
Loss for the period	(3,646)	(3,859)	(5.5)
Other comprehensive loss after tax			
- currency translation differences arising from consolidation	(1,922)	(9,614)	(80.0)
Total comprehensive loss for the period, net of tax	(5,568)	(13,473)	(61.2)
Total loss attributable to:			
Owners of the Company	(3,617)	(3,822)	(5.4)
Non-controlling interests	(29)	(37)	(21.6)
	(3,646)	(3,859)	(5.5)
Total comprehensive loss attributable to:			
Owners of the Company	(5,532)	(13,384)	(58.7)
Non-controlling interests	(36)	(89)	(59.6)
	(5,568)	(13,473)	(58.7)

n.m. denotes not meaningful.

1(a)(ii) Loss before income tax is arrived after crediting / (charging) the following:

	Group 3 months ended 31 March		
	1Q2017 (RM'000) Unaudited	**1Q2016 (RM'000) Unaudited**	**% change increase/ (decrease)**
Rental income	95	93	2.2
Interest income	16	18	(11.1)
Interest expense	(177)	(228)	(22.4)
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(1,185)	(1,237)	(4.2)
Depreciation, depletion and amortisation of oil and gas properties	(24)	-	n.m.
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(137)	(164)	(16.5)
Deferred tax – under provision in prior year	(2)	-	n.m.

n.m. denotes not meaningful

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

	Company		Group	
	Unaudited As at 31 March 2017 (RM'000)	Audited As at 31 December 2016 (RM'000)	Unaudited As at 31 March 2017 (RM'000)	Audited As at 31 December 2016 (RM'000)
ASSETS				
Current				
Cash and bank balances	65	318	11,717	22,112
Trade receivables	-	-	23,837	57,717
Other receivables and prepayments	2,387	2,296	7,059	7,865
Inventories	-	-	4,946	4,903
Work-in-progress	-	-	11	10
	2,452	2,614	47,570	92,607
Non-current				
Property, plant and equipment	-	-	32,915	33,237
Intangible assets	-	-	4,190	4,375
Oil and gas properties	-	-	47,747	47,740
Subsidiaries	119,331	115,847	-	-
Associates	-	-	545	945
Other receivables and prepayments	-	-	8,254	8,793
Deferred tax assets	-	-	1,614	1,614
	119,331	115,847	95,265	96,704
Total assets	**121,783**	**118,461**	**142,835**	**189,311**

LIABILITIES AND EQUITY				
Current				
Bank borrowings	-	-	3,279	2,812
Trade payables	-	-	25,952	64,292
Other payables	25,296	24,296	11,778	12,651
Finance leases	-	-	161	141
Income tax payable	-	-	359	365
	25,296	24,296	41,529	80,261
Non-current				
Bank borrowings	-	-	6,600	6,680
Finance lease	-	-	337	31
Deferred tax liabilities	-	-	286	288
Provision for post-employment benefit obligations	-	-	2,792	2,655
Advances from a third party	-	-	-	2,500
Provision for decommissioning	-	-	2,665	2,702
		-	12,680	14,856
Total liabilities	25,296	24,296	54,209	95,117
Capital and reserves				
Share capital	97,691	97,691	97,691	97,691

	Company		Group	
	Unaudited As at 31 March 2017 (RM'000)	Audited As at 31 December 2016 (RM'000)	Unaudited As at 31 March 2017 (RM'000)	Audited As at 31 December 2016 (RM'000)
Treasury shares	(38)	(38)	(38)	(38)
Currency translation reserve	3,776	1,767	7,202	9,117
Capital reserve	-	-	(101)	(101)
Accumulated losses	(4,942)	(5,255)	(16,472)	(12,855)
Equity attributable to owners of the Company	96,487	94,165	88,282	93,814
Non-controlling interests	-	-	344	380
Total equity	96,487	94,165	88,626	94,194
Total liabilities and equity	**121,783**	**118,461**	**142,835**	**189,311**

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year

Group	Unaudited as at 31 March 2017 Secured (RM'000)	Audited as at 31 December 2016 Secured (RM'000)
Bank loans	6,894	6,970
Bank overdraft	2,985	2,522
Total Bank Borrowings	**9,879**	**9,492**
Finance leases	498	172
Total Borrowings & Debt Securities	**10,377**	**9,664**

Amount repayable in one year or less, or on demand	3,440	2,953
Amount repayable after one year	6,937	6,711

Details of collaterals

Details of collaterals of the above borrowings are as follows:-

The bank loans are secured by:

- way of assignment to the bank, all rights, title and interest of the demised premises (which include the Group's property at Level 22, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia pending the issuance of a separate document of title / strata title to the property and a legal charge under the National Land Code 1965); and
- a corporate guarantee provided by IEV Holdings Limited.

The bank overdraft is secured by:

- a debenture by way of a fixed and floating charge over all present and future assets of IEV Group Sdn Bhd;
- a corporate guarantee provided by IEV Holdings Limited and IEV Group Sdn Bhd; and
- a personal guarantee provided by a director, Christopher Nghia Do.

The finance lease obligations from non-related parties are for the leasing of motor vehicles, computers and machinery and are secured by the underlying assets.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period

	Group	
	Unaudited 1Q2017 (RM'000)	**Unaudited 1Q2016 (RM'000)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,644)	(3,852)
Adjustments for:		
Share of results of associates	400	238
Amortisation of intangible assets	137	164
Depreciation of property, plant and equipment	1,185	1,237
Depreciation, depletion and amortisation of oil and gas properties	24	-
Provision for post-employment benefits	103	199
Interest expense	177	228
Interest income	(16)	(18)
Operating loss before working capital changes	(1,634)	(1,804)
Decrease in long term other receivables and prepayment	441	230
Increase in inventories	(61)	(1,432)
(Decrease)/Increase in work-in-progress	(2)	12
Decrease in operating receivables	321	16,527
Decrease in operating payables	(39,027)	(3,328)
Decrease/(Increase) in amount due from an associate	33,221	(14,359)
	(6,741)	(4,154)
Interest received	16	18
Interest paid	(177)	(228)
Post-employment benefit paid	(44)	(28)
Tax paid	(12)	(191)
Net cash used in operating activities	(6,958)	(4,583)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(927)	(868)
Increase in oil and gas properties	(586)	(689)
Net cash used in investing activities	(1,513)	(1,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance leases	(68)	(94)
Drawdown of finance lease	395	-
Drawdown of bank overdraft	463	-
Repayment of bank borrowings	(76)	(69)
Repayment of advances from a third party	(2,500)	-
Fixed deposits pledged	-	343
Net cash (used in)/ generated from financing activities	(1,786)	180
Net decrease in cash and cash equivalents	(10,257)	(5,960)
Cash and cash equivalents at beginning of period	18,217	16,958
Currency translation difference of cash and cash equivalents at beginning of year	(86)	(1,421)
Cash and cash equivalents at end of period	**7,874**	**9,577**
Cash and cash equivalents comprise:		
Cash and bank balances	7,855	9,577
Fixed deposits	3,862	3,415
	11,717	12,992
Less: Pledged fixed deposits	(3,843)	(3,415)
Cash and cash equivalents at end of period	**7,874**	**9,577**

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year

Company **Current Period**	**Share capital (RM'000)**	**Treasury shares (RM'000)**	**Accumulated losses (RM'000)**	**Currency translation reserve (RM'000)**	**Total (RM'000)**
Balance as at 1 January 2017	97,691	(38)	(5,255)	1,767	94,165
Total comprehensive income for the period	-	-	313	2,009	2,322
Balance as at 31 March 2017	97,691	(38)	(4,942)	3,776	96,487

Company **Previous Period**	**Share capital (RM'000)**	**Accumulated losses (RM'000)**	**Currency translation reserve (RM'000)**	**Total (RM'000)**
Balance as at 1 January 2016	97,691	(2,550)	-	95,141
Total comprehensive income/(loss) for the period	-	21	(2,712)	(2,691)
Balance as at 31 March 2016	97,691	(2,529)	(2,712)	92,450

Group **Current Period**	**Share capital (RM'000)**	**Treasury shares (RM'000)**	**Retained profits (RM'000)**	**Capital reserves (RM'000)**	**Currency translation reserve (RM'000)**	**Equity attributable to owners of the Company (RM'000)**	**Non-controlling interests (RM'000)**	**Total equity (RM'000)**
Balance as at 1 January 2017	97,691	(38)	(12,855)	(101)	9,117	93,814	380	94,194
Loss for the period	-	-	(3,617)	-	-	(3,617)	(29)	(3,646)
Other comprehensive income - Currency translation difference arising from consolidation	-	-	-	-	(1,915)	(1,915)	(7)	(1,922)
Balance as at 31 March 2017	97,691	(38)	(16,472)	(101)	7,202	88,282	344	88,626

Group **Previous Period**	**Share capital (RM'000)**	**Retained profits (RM'000)**	**Capital reserves (RM'000)**	**Currency translation reserve (RM'000)**	**Equity attributable to owners of the Company (RM'000)**	**Non-controlling interests (RM'000)**	**Total equity (RM'000)**
Balance as at 1 January 2016	97,691	20,457	(101)	5,903	123,950	535	124,485
Loss for the period	-	(3,822)	-	-	(3,822)	(37)	(3,859)
Other comprehensive income - Currency translation difference arising from consolidation	-	-	-	(9,562)	(9,562)	(52)	(9,614)
Balance as at 31 March 2016	97,691	16,635	(101)	(3,659)	110,566	446	111,012

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 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.

There were no changes in the Company's share capital since 31 December 2016 and up to 31 March 2017.
There were no outstanding convertibles or share options granted as at 31 March 2017 and 31 March 2016.

During the second quarter ended 30 June 2016 ("**2Q2016**"), the Company purchased 200,000 shares at a price of $0.063 per share from the open market and the shares are held as treasury shares. Consequently, the Company had 200,000 shares held as treasury shares as at 31 March 2017. There were no treasury shares held or issued as at 31 March 2016.

As at 31 March 2017 and 31 March 2016, the Company did not have any subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares at the end of the current financial period and as at the end of the immediately preceding financial year

	As at 31 March 2017	**As at 31 December 2016**
Number of issued shares of the Company	283,800,000	283,800,000
Share buy-backs held as treasury shares	(200,000)	(200,000)
Number of issued shares excluding treasury shares	283,600,000	283,600,000

1(d)(iv) A statement showing all sales, transfers, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and / or use of treasury shares as at 31 March 2017.

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

There were no sales, transfers, cancellation and / or use of subsidiary holdings as at 31 March 2017.

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

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of 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 Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the financial year ended 31 December 2016.

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

The Group has adopted all the new and revised Financial Reporting Standards in Singapore ("**FRSs**") and Interpretations of FRS ("**INT FRS**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017, where applicable. The adoption of these standards from the effective date has not resulted in material adjustments to the financial position, results of operations or cash flows of the Group for 1Q2017.

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

<u>**Group**</u>	**1Q2017 (Malaysian sen)**	**1Q2016 (Malaysian sen)**
Loss per ordinary share for the period based on the net loss attributable to shareholders of the Company: (i) Basic	(1.28)	(1.35)
(ii) On a fully diluted basis	(1.28)	(1.35)
Weighted average number of ordinary shares	283,600,000	283,800,000

Basic and diluted loss per ordinary share have been computed based on the Group's loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The basic and diluted loss per ordinary share for 1Q2017 and 1Q2016 were the same as there were no potentially dilutive ordinary shares existing during 1Q2017 and 1Q2016 respectively.

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

	Net asset value per ordinary share (Malaysian sen)	
	As at 31 March 2017	**As at 31 December 2016**
Group	31.1	33.1
Company	34.0	33.2

Net asset value per ordinary share as at 31 March 2017 and 31 December 2016 have been calculated based on the aggregate number of ordinary shares (excluding treasury shares) of 283,600,000 as at the respective dates.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

<u>**Review of Statement of Comprehensive Income**</u>

Breakdown by business segments

Three Months ended 31 March 2017 and 31 March 2016

Business sector	1Q2017			1Q2016		
	Revenue (RM'000)	**Gross Profit/(Loss) (RM'000)**	**Gross Profit/(Loss) Margin (%)**	**Revenue (RM'000)**	**Gross Profit/(Loss) (RM'000)**	**Gross Profit/(Loss) Margin (%)**
Renewable Energy Sector Vietnam Biomass	298	(18)	(6.0%)	130	(24)	(18.5%)
Mobile Natural Gas Sector Mobile Natural Gas	9,152	(478)	(5.2%)	10,702	845	7.9%
Offshore Engineering Sector Integrated Engineering Solutions	1,773	1,326	74.8%	939	555	59.1%
Turnkey projects	-	-	-	878	178	20.3%
Total Offshore Engineering Sector	1,773	1,326	74.8%	1,817	733	40.3%
Total	**11,223**	**830**	**7.4%**	**12,649**	**1,554**	**12.3%**

Revenue

Total revenue for the Group declined by 11.3% or RM1.4 million from RM12.6 million in 1Q2016 to RM11.2 million in 1Q2017. With the completion of the Malikai Tension Leg Platform Installation turnkey project in 3Q2016, there was no comparable turnkey project in 1Q2017 undertaken by the Group which led to a decrease in revenue of RM0.9 million. Integrated Engineering Solutions ("**IES**"), which include the Group's proprietary marine growth prevention ("**MGP**") products, recorded an 88.8% revenue increase to RM1.8 million in 1Q2017 from RM0.9 million in 1Q2016. The Mobile Natural Gas Sector ("**MNGS**") recorded a 14.5% decrease in revenue from RM10.7 million in 1Q2016 to RM9.2 million in 1Q2017. This was due to the expiry of several Gas Sales Agreements during FY2016, including one customer that switched to pipeline natural gas and another customer relocating its manufacturing operations to a different location. The Renewable Energy Sector ("**RES**") recorded revenue of RM0.3 million in 1Q2017 compared to RM0.1 million in 1Q2016. Rice husk prices has remained high during the harvest season in 1Q2017, making it uneconomical to produce briquettes during this period.

Gross Profit

The Group's gross profit for 1Q2017 decreased by 46.6% to RM0.8 million from RM1.6 million in 1Q2016, with both MNGS and RES recording gross losses during 1Q2017. MNGS experienced gross loss of RM0.5 million in 1Q2017 compared to a gross profit of RM0.8 million in 1Q2016. The closure of a major toll bridge for structural repairs which the Group uses for the delivery of the compressed natural gas had caused our delivery vehicles having to make a long detour, resulting in higher operating costs. In addition, maintaining service levels to customers necessitated the hiring of additional prime movers and outsource of other services to ensure timely delivery of CNG. RES gross loss of RM18 thousand was due to prevailing high rice husk prices and the capping of briquette sales price due to competition from alternate fuels. Gross profit from the Offshore Engineering Sector ("**OES**") increased by 80.9% from RM0.7 million in 1Q2016 to RM1.3 million in 1Q2017, due to the sale of products from disruptive technologies.

The Group's gross profit margin for 1Q2017 declined to 7.4% from 12.3% in 1Q2016, mainly due to the gross losses from MNGS and RES. OES reported an improved gross profit margin of 74.8% in 1Q2017 compared to 40.3% for 1Q2016. This was due to: (i) the increase in business activities of IES, which include the Group's proprietary MGP products; and (ii) the absence of turnkey business activity which typically has lower gross profit margins.

Other Operating Income

Other operating income was RM141 thousand in 1Q2017 compared to RM194 thousand in 1Q2016. Other operating income of the Group for 1Q2017 comprised mainly rental and interest income.

Exchange Gain

The Group recorded an exchange gain of RM0.8 million in 1Q2017 as compared to an exchange gain of RM0.3 million in 1Q2016. This exchange gain arose mainly from trade payables denominated in US Dollars which depreciated against the Malaysian Ringgit.

Administrative Expenses

Administrative expenses in 1Q2017 were RM4.8 million which had decreased by 11.3% as compared to RM5.4 million in 1Q2016. The decrease in administrative expenses reflected the cost reduction initiatives that were undertaken by the Group including staff retrenchment, reduction of headcount by natural attrition, disposal of non-essential assets to reduce depreciation expenses, and rental reduction such as the closure of EJ-1 CNG mother station. Amortisation of intangible assets decreased by 16.5% to RM137 thousand in 1Q2017 from RM164 thousand in 1Q2016 mainly due to an impairment provisioning for Pabuaran KSO's signing bonus that was recorded in 4Q2017, resulting in a reduction in periodic amortisation charging.

Other Operating Expenses

No significant other operating expenses was recorded for 1Q2017 compared to RM34 thousand for 1Q2016, which was due to inventory written off in relation to the commissioning phase of the MK-1 biomass plant in Vietnam.

Share of Results of Associates

Share of results of associates for 1Q2017 recorded a loss of RM0.4 million compared to a loss of RM0.2 million for 1Q2016. The loss recorded by the OES associate was in line with a continued slowdown in the upstream oil and gas business in 1Q2017.

Finance Costs

Finance costs for 1Q2017 reduced by 22.4% to RM177 thousand from RM228 thousand for 1Q2016, which was mainly due to the full settlement of advances from a third party.

Loss Before Tax

For reasons set out above, the Group recorded a loss before tax of RM3.6 million for 1Q2017 as compared to a loss before tax of RM3.9 million for 1Q2016.

Review of Statement of Financial Position

Non-Current Assets

Net book value of intangible assets decreased by RM0.2 million to RM4.2 million as at 31 March 2017 from RM4.4 million as at 31 December 2016, which was in line with periodic amortisation charges. Net carrying value of property, plant and equipment decreased by RM0.3 million to RM32.9 million as at 31 March 2017 from RM33.2 million as at 31 December 2016. This was mainly due to depreciation charges of RM1.2 million and partially offset by the acquisition of property plant and equipment of RM0.9 million, mainly a prime mover for MNGS. Oil and gas properties remained largely unchanged at RM47.7 million as at 31 March 2017 and 31 December 2016.

Current Assets

Trade receivables decreased by RM33.9 million to RM23.8 million as at 31 March 2017, from RM57.7 million as at 31 December 2016, due mainly to the settlement of OES project invoices and in particular the Malikai turnkey project. The current portion of other receivables and prepayments, which comprised project related advances and prepaid operating expenses decreased to RM7.0 million as at 31 March 2107, from RM7.9 million as at 31 December 2016. This was attributable to projects reaching billing milestones which allowed project prepayments be billed to clients.

Capital and Reserves

Currency translation reserve reduced to RM7.2 million as at 31 March 2017 from RM9.1 million as at 31 December 2016, mainly due to the appreciation of the Malaysian Ringgit against US dollar during the period in review.

Accumulated losses for the Group increased by RM3.6 million to RM16.5 million as at 31 March 2017, from RM12.9 million as at 31 December 2016, due to the loss recorded for 1Q2017.

Non-Current Liabilities and Current Liabilities

Bank borrowings (current and non-current portions) increased by RM0.4 million to RM9.9 million as at 31 March 2017, from RM9.5 million as at 31 December 2016, mainly due to a drawdown on a bank overdraft facility. Finance leases increased to RM0.5 million as at 31 March 2017 from RM0.2 million as at 31 March 2017 mainly due to the financing of a replacement Prime Mover truck for MNGS.

Trade and other payables decreased by RM39.2 million to RM37.7million as at 31 March 2017, from RM76.9million as at 31 December 2016, due to the settlement of OES project invoices in 1Q2017 particularly for the Malikai turnkey project.

The Group has a positive working capital of RM6.0 million as at 31 March 2017, compared to RM12.3 million as at 31 December 2016.

Review of Statement of Cash Flows

The Group recorded net cash used in operating activities of RM7.0 million for 1Q2017. This was mainly due to: (i) an operating loss before working capital changes of RM1.6 million; and (ii) a decrease in operating payables of RM39.0 million; which were partially offset by: (i) a decrease in operating and other receivables of RM0.8 million; and (ii) a decrease in amount due from an associate of RM33.2 million;

Net cash used in investing activities which amounted to RM1.5 million was mainly due to: (i) the purchase of property, plant and equipment of RM0.9 million; and (ii) an increase in oil and gas properties of RM0.6 million. Net cash used in financing activities of RM1.8 million was mainly for repayment of advances from a third party of RM2.5 million and partially offset by net drawdown of finance leases of RM0.3 million and bank facilities of RM0.4 million.

As a result, after taking into account a currency translation difference of RM0.1 million, the cash and cash equivalents balance was RM7.9 million as at 31 March 2017, as compared to RM9.6 million as at 31 March 2016.

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

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trend 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 cut in oil production led by OPEC members, announced in November 2016, has resulted in a moderate recovery in oil prices, which have traded about USD 50 per barrel since December 2016. This has led to the recent surge in profits reported by oil majors following several years of negative earnings. However, oil prices remain volatile due to many geopolitical factors, including the looming question over extension of production cuts by OPEC members and the surge in shale oil production in the USA.

The Group remains cautious in making any major capital investment into the oil and gas industry and continues to focus on its strategy to offer disruptive technologies to challenge conventional engineering practices and drive down costs for its clients.

The divestment of certain oil and gas assets remains a high priority in the new era of low oil price normality and this will help to fund the globalisation effort of the Group's disruptive technologies as well as its diversification plans outside of the oil and gas sector.

Offshore Engineering Sector ("OES")

The Group continues its efforts in the globalisation of its suite of disruptive technologies and a number of new agents/distributors are being appointed throughout Asia Pacific, the Middle East and Africa in this regard. After the USA, the Group has received its second patent from China for its new generation of Marine Growth Preventers, the MGP-*i*. The same patent is also expected from a number of other countries in FY2017, which represents a valuable and important IP protection for the Group's current globalisation plan.

Besides offering the MGP-*i* structural integrity management solution to the global market, the Group has been successful in securing a long-term contract for its Oxifree thermoplastic corrosion control solution in Malaysia and making inroads into Indonesia, India and Vietnam.

The Group's strategy to transform its OES from a contractor to a technology provider is producing positive results but will require a gestation period of about a year or more before concrete results can be delivered, as new technologies are introduced to customers in new territories.

Mobile Natural Gas Sector ("MNGS")

The demand for compressed natural gas ("**CNG**") in Indonesia has increased in 1Q2017, but the closure of the Cisomang Bridge to heavy vehicles due to structural damage since January 2017 has significantly increased CNG transportation and other outsourcing costs. Although the bridge was re-opened on 1 April 2017, heavy vehicles above 45 tons are still required to use an alternative route until September 2017 when the bridge repairs are totally complete.

Meanwhile, in the land dispute case related to EJ-1, the appeal case is still ongoing in the District Court of Bekasi.

The CNG Mother Station for the virtual pipeline on the East Coast of Malaysia was officially opened on 18 April 2017 and commenced delivery of CNG to customers. As customers need to modify their equipment to accept natural gas, the commencement delivery date for each customer is expected to be staggered over the coming months.

On the Tamil Nadu LNG project, to date, the government of Tamil Nadu has not been successful in securing suitable land needed for the receiving terminal. The Group and Timah Langat-Emrail Consortium should reach the conclusion on the project feasibility study in FY2017.

Exploration and Production Sector ("EPS")

The Group is considering various options to finance the continued work program at CLS-1TW to unlock the reserves and resources from Pabuaran KSO, including a possible farm-out of the block.

A limited 3D seismic project is being planned to accurately determine the updip location of the hydrocarbon-bearing interval in Upper Cibulakan formation as well as to evaluate the resource level at the Talang Akang formation. This will be followed by the side tracking and possibly deepening of CLS-1TW to achieve a sustainable production volume.

Renewable Energy Sector ("RES")

The Winter–Spring rice harvest season did not produce the usual amount of husk as in previous years due to heavy rains in January and February 2017 that damaged a significant amount of crops in the Mekong Delta. Meanwhile, the selling price of briquettes is constrained by the low price of competing fuels. This resulted in low production of briquettes during 1Q2017 and low production levels are expected to continue until the Summer-Autumn rice harvest.

After the signing of the Heads of Agreement in March 2017, the Group is finalising the Cooperation Agreement with BSB Investment and Development Co. Ltd to construct and operate the pilot plant for rice husk silica and nanosilica. Meanwhile, research into global demand and prices for high purity amorphous silica is in progress as part of the preparation for the future testing program with prospective customers.

Concurrently, the feasibility study for the production of zeolites in Malaysia in collaboration with NanoMalaysia Berhad is progressing and further announcements will be made when there are material developments.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended)
No

(b) Previous corresponding period/rate %
None.

12. If no dividend has been declared (recommended), a statement to that effect
There is no interim dividend recommended and declared by the Directors in respect of the current financial period ended 31 March 2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, 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 does not have a general mandate from shareholders for interested person transactions ("**IPTs**") pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). There were no IPTs entered into during the financial period reported on which exceeds S$100,000 in value.

14. Use of Proceeds from the Rights Issue

Pursuant to Rule 1204(5)(f) of the Catalist Rules, the Board of Directors wishes to provide an update on the use of the proceeds arising from the allotment and issue of 94.6 million new ordinary shares at an issue price of S$0.07 per share in the capital of the Company through a Rights Issue Exercise (the "**Rights Issue**"), which was completed in June 2015. The net proceeds of approximately S$6.47 million (after deducting expenses of approximately S$0.15 million incurred by the Company in connection with the Rights Issue) have been utilised as follows:

Use of Proceeds	**Amount allocated (as announced on 8 May 2015) (S$'000)**	**Amount utilised as at the date of this announcement (S$'000)**	**Balance of net proceeds as at the date of this announcement (S$'000)**
(i) To fund the Pabuaran KSO Project	4,400	4,400	-
(ii) Construction of Vietnam biomass plant	1,500	1,500	-
(iii) CNG Supply Chain in Malaysia	500	438	62
(iv) General Working Capital	70	70	-
Net proceeds from the Placement	6,470	6,408	62

The Company will make periodic announcements on the use of net proceeds from the Rights Issue as and when such funds are materially disbursed.

15. Confirmation by the Board of Directors pursuant to Rule 705(5) of the Catalist Rules

We, Christopher Nghia Do and Harry Ng, being Directors of the Company, do hereby confirm on behalf of the Board of 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 unaudited financial statements for the first quarter financial period ended 31 March 2017 false or misleading in any material aspect.

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

The Company confirms that all the required undertakings under the Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalist Rules.

ON BEHALF OF THE BOARD OF DIRECTORS

CHRISTOPHER NGHIA DO PRESIDENT & CEO	HARRY NG LEAD INDEPENDENT DIRECTOR

Date: 12 May 2017