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 FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

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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.

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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.

	3 months ended 30 September ("3Q")			9 months ended 30 September ("9M")		
	Unaudited 3Q2016 (RM'000)	**Unaudited 3Q2015 (RM'000)**	**% change Increase/ (decrease)**	**Unaudited 9M2016 (RM'000)**	**Unaudited 9M2015 (RM'000) (restated)**	**% change Increase/ (decrease)**
Revenue	221,845	31,321	608.3	370,195	87,066	325.2
Cost of sales	(215,045)	(27,618)	678.6	(355,480)	(71,334)	398.3
Gross profit	6,800	3,703	83.6	14,715	15,732	(6.5)
Other operating income	118	195	(39.5)	610	5,096	(88.0)
Administration expenses	(5,142)	(6,012)	(14.5)	(15,940)	(16,457)	(3.1)
Exchange gain	79	8,802	(99.1)	419	12,326	(96.6)
Selling and distribution costs	(832)	(689)	20.8	(1,335)	(1,983)	(32.7)
Other operating expenses	(687)	187	n.m.	(747)	182	n.m.
Share of results of associates	(250)	(109)	129.4	(603)	222	n.m.
Finance costs	(237)	(266)	(10.9)	(693)	(913)	(24.1)
(Loss)/Profit before tax	(151)	5,811	n.m.	(3,574)	14,205	n.m.
Tax	(221)	(720)	(69.3)	(264)	(765)	(65.5)
(Loss)/Profit for the period	(372)	5,091	n.m.	(3,838)	13,440	n.m.
Other comprehensive income /(loss) after tax						
- currency translation differences arising from consolidation	3,572	6,454	(44.7)	(3,706)	8,451	n.m.
Total comprehensive income /(loss) for the period, net of tax	3,200	11,545	(72.3)	(7,544)	21,891	n.m.
Total (loss)/profit attributable to:						
Owners of the Company	(338)	5,093	n.m.	(3,735)	13,483	n.m.
Non-controlling interests	(34)	(2)	n.m.	(103)	(43)	139.5
	(372)	5,091	n.m.	(3,838)	13,440	n.m.
Total comprehensive income/(loss) attributable to:						
Owners of the Company	3,221	11,528	(72.1)	(7,409)	21,702	n.m.
Non-controlling interests	(21)	17	n.m.	(135)	189	n.m.
	3,200	11,545	(72.3)	(7,544)	21,891	n.m.

n.m. denotes not meaningful.

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

	Group					
	3 months ended 30 September ("3Q")			9 months ended 30 September ("9M")		
	Unaudited 3Q2016 (RM'000)	**Unaudited 3Q2015 (RM'000)**	**% change increase/ (decrease)**	**Unaudited 9M2016 (RM'000)**	**Unaudited 9M2015 (RM'000) (restated)**	**% change Increase/ (decrease)**
Rental income	92	123	(25.2)	276	289	(4.5)
Interest income	17	20	(15.0)	55	36	52.8
Interest expense	(237)	(266)	(10.9)	(693)	(913)	(24.1)
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(1,211)	(1,153)	5.0	(3,654)	(3,194)	14.4

	Group					
	3 months ended 30 September ("3Q")			9 months ended 30 September ("9M")		
	Unaudited 3Q2016 (RM'000)	Unaudited 3Q2015 (RM'000)	% change increase/ (decrease)	Unaudited 9M2016 (RM'000)	Unaudited 9M2015 (RM'000) (restated)	% change Increase/ (decrease)
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(159)	(117)	35.9	(479)	(408)	17.4
(Allowance for)/Write back of doubtful debts	(675)	61	n.m.	(675)	61	n.m.
Gain on disposal of property, plant and equipment	-	9	n.m.	141	71	98.6
Intangible asset written off	-	56	n.m.	-	56	n.m.
Inventory written off	(3)	-	n.m.	(14)	-	n.m.
(Under)/over provision for tax in respect to prior years	(206)	72	n.m.	(252)	72	n.m.
Other income arising from claims settled by a sub-contractor	-	-	-	-	4,632	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 30 September 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)	Unaudited As at 30 September 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)
ASSETS				
Non-Current				
Intangible assets	-	-	5,610	6,300
Property, plant and equipment	-	-	35,018	37,077
Oil and gas properties		-	63,165	56,898
Subsidiaries	110,449	32,357	-	-
Associates	-	-	2,167	2,770
Other receivables and prepayments	-	-	8,122	8,304
Deferred tax assets	-	-	1,551	1,517
	110,449	32,357	115,633	112,866
Current				
Inventories	-	-	5,417	4,514
Work-in-progress	-	-	13	56
Trade and other receivables	2,149	73,947	297,148	63,845
Prepayments	51	66	1,449	2,820
Cash and bank balances	211	605	16,791	20,716
	2,411	74,618	320,818	91,951
Total assets	**112,860**	**106,975**	**436,451**	**204,817**

	Company		Group	
	Unaudited As at 30 September 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)	Unaudited As at 30 September 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)
EQUITY				
Capital and Reserves				
Share capital	97,691	97,691	97,691	97,691
Treasury shares	(38)	-	(38)	-
Currency translation reserve	(230)	-	2,229	5,903
Capital reserve	-	-	(101)	(101)
(Accumulated losses)/Retained earnings	(3,600)	(2,550)	16,722	20,457
Equity attributable to owners of the Company	93,823	95,141	116,503	123,950
Non-controlling interests	-	-	400	535
	93,823	95,141	116,903	124,485
LIABILITIES				
Non-Current				
Bank borrowings	-	-	6,781	6,853
Finance leases	-	-	38	244
Deferred tax liabilities	-	-	138	142
Provision for post-employment benefits obligations	-	-	2,438	2,198
Advances from a third party	-	-	2,500	5,000
Provision for decommissioning	-	-	2,364	2,461
	-	-	14,259	16,898
Current				
Trade and other payables	19,037	11,834	302,187	62,601
Bank borrowings	-	-	2,791	400
Finance leases	-	-	297	343
Current tax payable	-	-	14	90
	19,037	11,834	305,289	63,434
Total equity and liabilities	**112,860**	**106,975**	**436,451**	**204,817**

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 30 Sept 2016 Secured (RM'000)**	**Audited As at 31 December 2015 Secured (RM'000)**
Bank loans	7,044	7,253
Bank Overdraft	2,528	-
Total Bank Borrowings	**9,572**	**7,253**
Finance leases	335	587
Total Borrowings & Debt Securities	**9,907**	**7,840**

Amount repayable in one year or less, or on demand	3,088	743
Amount repayable after one year	6,819	7,097

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; and
- corporate guarantees provided by IEV Holdings Limited and IEV Group Sdn Bhd

The finance leases 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 3 Months ended 30 September ("3Q")		Group 9 Months ended 30 September ("9M")	
	Unaudited 3Q2016 (RM'000)	**Unaudited 3Q2015 (RM'000)**	**Unaudited 9M2016 (RM'000)**	**Unaudited 9M2015 (RM'000)**
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(151)	5,811	(3,574)	14,205
Adjustments for:				
Share results of associates	250	109	603	(222)
Amortisation of intangible assets (including amortisation accounted for in cost of sales)	159	117	479	408
Depreciation of property, plant and equipment (including depreciation accounted for in cost of sales)	1,211	1,153	3,654	3,194
Provision for post-employment benefits	195	145	586	413
Gain on disposal of property, plant and equipment	-	(9)	(141)	(71)
Property, plant and equipment written off	-	-	7	-
Intangible assets written off	-	56	-	56
Inventory written off	3	-	14	-
Allowance for/(write back of) doubtful debts	675	(61)	675	(61)
Interest expense	237	266	693	913
Interest income	(17)	(20)	(55)	(36)
Operating profit before working capital changes	2,562	7,567	2,941	18,799
(Increase)/Decrease in inventories	(58)	44	(946)	1,724
Decrease/(Increase) in work-in-progress	11	(1,153)	41	(1,425)
(Increase)/decrease in operating receivables	(13,038)	(5,345)	(56,420)	(7,931)
Increase/(decrease) in operating payables	129,588	1,269	238,718	(6,169)
(Increase)/decrease in amount due from an associate	(108,883)	1,478	(177,682)	3,388
Cash generated from operating activities	10,182	3,860	6,652	8,386
Interest received	17	20	55	36
Interest paid	(237)	(266)	(693)	(913)
Post-employment benefit paid	(88)	(7)	(344)	(15)
Tax (paid)/refund	(312)	2,362	(565)	1,877
Net cash generated from operating activities	9,562	5,969	5,105	9,371

	Group 3 Months ended 30 September ("3Q")		Group 9 Months ended 30 September ("9M")	
	Unaudited 3Q2016 (RM'000)	Unaudited 3Q2015 (RM'000)	Unaudited 9M2016 (RM'000)	Unaudited 9M2015 (RM'000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(239)	(2,761)	(1,531)	(4,805)
Purchase of intangible assets	-	(18)	-	(237)
Increase in oil and gas properties	(5,210)	(1,224)	(8,369)	(19,601)
Investment in associate	-	(220)	-	(220)
Proceeds from disposal of property, plant and equipment	-	37	141	542
Net cash used in investing activities	(5,449)	(4,186)	(9,759)	(24,321)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance leases	(82)	(80)	(254)	(241)
Repayment of bank borrowings	(72)	(65)	(210)	(1,363)
Drawdown/(Repayment) of bank overdrafts	2,528	(15)	2,528	(2,670)
Fixed deposits pledged	(114)	(12)	144	509
Dividend paid	-	(1,020)	-	(1,020)
Purchase of treasury shares	-	-	(38)	-
Proceeds on issue of shares	-	-	-	18,061
Transaction costs on issue on shares	-	(29)	-	(405)
Net cash generated from/(used in) financing activities	2,260	(1,221)	2,170	12,871
Net increase/(decrease) in cash and cash equivalents	6,373	562	(2,484)	(2,079)
Cash and cash equivalents at beginning of period/year	6,530	15,516	16,958	17,541
Currency translation difference of cash and cash equivalents at beginning of period/year	275	2,824	(1,296)	3,440
Cash and cash equivalents at end of period	13,178	18,902	13,178	18,902
Cash and cash equivalents comprise:				
Cash and bank balances	13,178	18,902	13,178	18,902
Fixed deposits	3,613	4,033	3,613	4,033
	16,791	22,935	16,791	22,935
Less: Pledged fixed deposits	(3,613)	(4,033)	(3,613)	(4,033)
Cash and cash equivalents at end of period	13,178	18,902	13,178	18,902

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

<u>**Company**</u> **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 July 2016	97,691	(38)	(3,175)	(1,463)	93,015
Total comprehensive loss for the period	-	-	(425)	1,233	808
Balance as at 30 September 2016	97,691	(38)	(3,600)	(230)	93,823

Company **Previous Period**	**Share capital (RM'000)**	**Accumulated losses (RM'000)**	**Total (RM'000)**
Balance as at 1 July 2015	97,733	(10,304)	87,429
Total comprehensive income for the period	-	11,026	11,026
Transactions with owners: - Capitalised Rights Issue expenses	(29)	-	(29)
- Dividend payment	-	(1,020)	(1,020)
Balance as at 30 September 2015	97,704	(298)	97,406

Group **Current Period**	**Share capital (RM'000)**	**Treasury shares (RM'000)**	**Retained profits (RM'000)**	**Capital reserve (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 July 2016	97,691	(38)	17,060	(101)	(1,330)	113,282	421	113,703
Total comprehensive (loss)/income for the period	-	-	(338)	-	3,559	3,221	(21)	3,200
Balance as at 30 September 2016	97,691	(38)	16,722	(101)	2,229	116,503	400	116,903

Group **Previous Period**	**Share capital (RM'000)**	**Retained profits (RM'000)**	**Capital reserve (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 July 2015 (restated)	97,733	16,836	(77)	(50)	114,442	490	114,932
Total comprehensive income for the period	-	5,094	-	6,434	11,528	17	11,545
Transactions with owners: - Dividend	-	(1,020)	-	-	(1,020)	-	(1,020)
- Capitalised Rights Issue expenses	(29)	-	-	-	(29)	-	(29)
- Effects of changes in ownership interests in subsidiary	-	-	(24)	-	(24)	24	-
Balance as at 30 September 2015 (restated)	97,704	20,910	(101)	6,384	124,897	531	125,428

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the Company's share capital since 30 June 2016 and up to 30 September 2016.
There were no outstanding convertibles or share options granted as at 30 September 2016 and 30 September 2015.

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. The Company had 200,000 shares held as treasury shares as at 30 September 2016. There were no treasury shares held or issued as at 30 September 2015.

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 30 September 2016	As at 31 December 2015
Number of issued shares of the Company	283,800,000	283,800,000
Share buy-backs held as treasury shares	(200,000)	-
Number of issued shares excluding treasury shares	283,600,000	283,800,000

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

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 30 September 2016.

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 auditors' 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 2015.

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 Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016, 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 9M2016.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Group	**3Q2016 (Malaysian sen)**	**3Q2015 (Malaysian sen)**	**9M2016 (Malaysian sen)**	**9M2015 (Malaysian sen)**
Earnings per ordinary share for the period based on the unaudited net profit attributable to shareholders of the Company: (i) Basic earnings per share	(0.12)	1.8	(1.3)	5.7
(ii) On a fully diluted basis	(0.12)	1.8	(1.3)	5.7
Weighted average number of ordinary shares	283,600,000	283,800,000	283,722,628	235,732,251

Earnings per ordinary share have been computed based on the Group's profit attributable to owners of the parent and the weighted average number of ordinary shares in issue, adjusted for the rights issue exercise, which was completed on 3 June 2015, during the respective periods.

The basic and diluted earnings per ordinary share were the same for each of 3Q2016, 3Q2015, 9M2016 and 9M2015 because there were no potentially dilutive ordinary shares existing during these periods.

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 30 September 2016	**As at 31 December 2015**
Group	41.1	43.7
Company	33.1	33.5

Net asset value per ordinary share as at 30 September 2016 and 31 December 2015 have been calculated based on the aggregate number of ordinary shares of 283,600,000 and 283,800,000 as at the respective dates, excluding treasury shares.

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.

Review of Statement of Comprehensive Income

Breakdown by business segments

Three Months ended 30 September 2016

	3Q2016			3Q2015		
Business sector	**Revenue (RM'000)**	**Gross Profit (RM'000)**	**Gross Profit Margin %**	**Revenue (RM'000)**	**Gross Profit/(Loss) (RM'000)**	**Gross Profit Margin %**
Renewable Energy Sector Vietnam Biomass	182	(15)	(8.2%)	-	-	-
Mobile Natural Gas Sector Mobile Natural Gas	8,104	1,096	13.5%	10,415	(1,427)	(13.7%)
Offshore Engineering Sector Integrated Engineering Solutions	7,616	4,693	61.6%	9,149	4,620	50.5%
Turnkey projects	205,943	1,026	0.5%	11,757	510	4.3%
Total Offshore Engineering Sector	213,559	5,719	2.7%	20,906	5,130	24.5%
Total	**221,845**	**6,800**	**3.1%**	**31,321**	**3,703**	**11.8%**

Nine Months ended 30 September 2016

Business sector	9M2016 Revenue (RM'000)	9M2016 Gross Profit (RM'000)	9M2016 Gross Profit Margin %	9M2015 Revenue (RM'000)	9M2015 Gross Profit (RM'000)	9M2015 Gross Profit Margin %
Renewable Energy Sector						
Vietnam Biomass	535	(65)	(12.1%)	-	-	-
Mobile Natural Gas Sector						
Mobile Natural Gas	26,565	2,724	10.3%	30,568	666	2.2%
Offshore Engineering Sector						
Integrated Engineering Solutions	16,203	10,750	66.4%	29,994	12,545	41.8%
Turnkey projects	326,892	1,306	0.4%	26,504	2,521	9.5%
Total Offshore Engineering Sector	343,095	12,056	3.5%	56,498	15,066	26.7%
Total	**370,195**	**14,715**	**4.0%**	**87,066**	**15,732**	**18.1%**

Revenue

Total revenue for the Group increased by 608.3% from RM31.3 million in 3Q2015 to RM221.8 million in 3Q2016. This increase was largely due to the completion of installation activities for the Malikai Tension Leg Platform Installation turnkey project, contributing revenue of about RM206 million, which was partially offset by (i) a 22.1% decline in Mobile Natural Gas Sector (“MNGS”) revenue from RM10.4 million in 3Q2015 to RM8.1 million in 3Q2016; and (ii) a 16.5% decline in Integrated Engineering Services (“IES”) revenue from RM9.1 million in 3Q2015 to RM7.6 million in 3Q2016. The reduction in MNGS revenue was due to the expiry of several Gas Sales Agreements as one customer switched to pipeline supplied natural gas and the second customer relocated its manufacturing operations to another location. The reduction in IES revenue was in line with a downturn in the upstream oil and gas industry and a decrease in world energy prices. The Renewable Energy Sector (“RES”) recorded revenue of RM0.2 million in 3Q2016 as IEV’s first biomass manufacturing plant, Biomass Plant (“MK-1”), in Vietnam continues its gradual operational ramp-up.

For 9M2016, total revenue for the Group increased by 325.2% to RM370.2 million from RM87.1 million in 9M2015. As mentioned above, the increase in revenue was due to the completion of Malikai turnkey project and was offset by reduced revenue contributions from MNGS and IES, for the reasons described above. RES recorded revenue of RM0.5 million for 9M2016.

Gross Profit

The Group’s gross profit for 3Q2016 increased by 83.6% to RM6.8 million from RM3.7 million in 3Q2015. This increase was mainly due to (i) a turnaround in MNGS from a gross loss of RM1.4 million in 3Q2015 to a gross profit of RM1.1 million in 3Q2016 and; (ii) increased contribution from turnkey projects from gross profit of RM0.5 million in 3Q2015 to RM1.0 million in 3Q2016.

The Group’s gross profit for 9M2016 decreased by 6.5% to RM14.7 million from RM15.7 million in 9M2015. The decline in gross profit was primarily attributable to (i) a reduction of IES business activities from the upstream oil and gas industry, which contributes the highest gross profit margins to the Group, and (ii) low profit margins from the Malikai turnkey project; which were partially offset by a 309.0% improvement in MNGS gross profit from RM0.7 million in 9M2015 to RM2.7 million in 9M2016.

The Group's gross profit margin for 3Q2016 declined to 3.1% from 11.8% in 3Q2015 whilst the Group's gross profit margin for 9M2016 declined to 4.0% from 18.1% in 9M2015. The decline in the Group's gross profit margin was primarily due to low margin of turnkey revenue for the Malikai turnkey project (as the project installation risk was undertaken by IEV's project partner, Heerema Marine Contractors). The low gross profit margin from the Malikai turnkey project largely offset the improvement in gross profit margin from (i) IES of 66.4% in 9M2016 from 41.8% in 9M2015 and (ii) MNGS of 10.3% in 9M2016 from 2.2% in 9M2015.

Other Operating Income

Other operating income for 3Q2016 was RM0.1 million, comprised mainly of rental income, interest income and service fees; which was close to that for 3Q2015 of RM0.2 million.

Other operating income for 9M2016 was RM0.6 million. In comparison, other operating income of RM5.1 million for 9M2015 was mainly due to a global settlement agreement reached with Allison Marine Contractors II LLC ("AMC") of RM4.6 million, in full and final settlement of all claims in relation to the D21 turnkey project, which was absent in 9M2016.

Exchange Gain

The Group recorded an immaterial exchange gain of RM80k in 3Q2016 compared to an exchange gain of RM8.8 million in 3Q2015. The exchange gain for 3Q2015 was mainly due to the strengthening of the US dollar against the Malaysian Ringgit during the quarter and a significant portion of Company's advances to subsidiaries were denominated in US dollars. For FY2016, such Company advances are reclassified as deemed investments in subsidiaries and are no longer subject to foreign exchange revaluation.

The Group recorded an exchange gain of RM0.4 million in 9M2016 arising from trade payables denominated in US Dollar. In comparison, the Group recorded an exchange gain of RM12.3 million in 9M2015 mainly for the reason given above.

Administrative Expenses

Administrative expenses in 3Q2016 were RM5.1 million, a 15% reduction as compared to RM6.0 million in 3Q2015. Administrative expenses in 9M2016 were RM15.9 million, a 3.6% reduction as compared to RM16.5 million in 9M2015. The reductions in administrative expenses in both periods were mainly due to cost reduction initiatives implemented in FY2016 and partially offset by (i) the commencement of commercial operations of the Biomass plant in Vietnam; and (ii) business feasibility studies conducted for new markets under MNGS.

Depreciation expenses for 3Q2016 increased by 5.0% to RM1.2 million from RM1.1 million in 3Q2015. For 9M2016, depreciation expenses increased by 14.4% to RM3.6 million from RM3.2 million in 9M2015. This was mainly due to the commencement of commercial operations of the Biomass plant. Amortisation of intangible assets for 3Q2016 increased by 33.3% to RM0.16 million from RM0.12 million in 3Q2015, whilst for 9M2016 increased by 17% to RM0.48 million from RM0.41 million in 9M2015. The increase in amortisation of intangible assets is mainly due to the acquisition of licensing rights to Oxifree corrosion control technology and that intangible assets are mainly denominated in US dollars, which has strengthened against the Malaysia Ringgit.

Selling and Distribution Costs

Selling and distribution costs represent commissions payable to agents for OES sales made for the Group. Selling and distribution costs for 3Q2016 was RM0.8 million, a 14.3% increase in commissionable sales compared to RM0.7 million in 3Q2015. For 9M2016 selling and distribution costs decreased to RM1.3 million compared to RM2.0 million in 9M2015. This decrease was mainly due to lower commission payout from agent-based sales, which is in line with a slowdown in the upstream oil and gas business.

Other Operating Expenses

Other operating expenses for 3Q2016 and 9M2016 were both approximately RM0.7 million, which was mainly due to allowance for doubtful debts substantially from one customer in relation to OES operating receivables. In comparison, other operating expenses for 3Q2015 and 9M2015 were both a positive gain of about RM0.2 million, due to a write back of doubtful debts which were no longer required.

Share of Results of Associates

Share of results of associates was a loss of RM0.2 million for 3Q2016 and a loss of RM0.6 million for 9M2016. In comparison, share of results of associates was a loss of RM0.1 million for 3Q2015 and a profit of RM0.2 million for 9M2015. The higher losses recorded by the OES associate for 3Q2016 and 9M2016 were in line with a slowdown in the upstream oil and gas business.

Finance Costs

Finance costs for 3Q2016 declined to RM0.2 million from RM0.3 million in 2Q2015, reflecting a gradual reduction of bank loan facilities. For the same reason, finance costs in 9M2016 declined to RM0.7 million from RM0.9 million in 9M2015.

Profit/(Loss) Before Tax

Based on the reasons given above, the Group recorded a small loss before tax of RM0.2 million for 3Q2016 and a loss before tax of RM3.6million for 9M2016.

Review of Statement of Financial Position

Non-Current Assets

Net book value of intangible assets decreased to RM5.6 million as at 30 September 2016, from RM6.3 million as at 31 December 2015, due to amortisation and currency translation differences for US Dollar denominated intangible assets.

Net carrying value of property, plant and equipment decreased by RM2.1 million to RM35.0 million as at 30 September 2016 from RM37.1 million as at 31 December 2015. This was due to depreciation charges and partially offset by capital expenditure for operational equipment for various subsidiaries which was capitalised.

Oil and gas properties increased by RM6.3 million to RM63.2 million as at 30 September 2016, from RM56.9 million as at 31 December 2015. This was due to continuing work over of twin wells at the KSO Project partially offset by currency translation differences on the US Dollar denominated oil and gas properties.

The non-current portion of other receivables and prepayments decreased by RM0.2 million to RM8.1 million as at 30 September 2016, from RM8.3 million as at 31 December 2015, due mainly to amortisation of land use rights and utilisation of prepayments.

Associates decreased by RM0.6 million to RM2.2 million as at 30 September 2016 from RM2.8 million as at 31 December 2015, reflecting an operational loss experienced by an associate during 9M2016 and which was in line with a slowdown in the upstream oil and gas industry.

Current Assets

Inventories increased by RM0.9 million to RM5.4 million as at 30 September 2016, from RM4.5 million as at 31 December 2015. This increase was primarily due to the build-up of rice husk and briquette inventories for the operational ramp-up of Biomass plant in Vietnam.

Trade and other receivables increased by RM233.3 million to RM297.1 million as at 30 September 2016, from RM63.8 million as at 31 December 2015, due mainly to installation works for the Malikai turnkey project that was completed in 3Q2016.

The current portion of prepayments which comprised project related advances and prepaid operating expenses decreased by RM1.4 million to RM1.4 million as at 30 September 2016, from RM2.8 million as at 31 December 2015. Project related advances have been gradually reduced as projects reach billing milestones.

Capital and Reserves

Currency translation reserves reduced to RM2.2 million as at 30 September 2016 from RM5.9 million as at 31 December 2015, mainly due to the depreciation of the US dollar against the Malaysian Ringgit during the period under review.

Retained profits for the Group decreased by RM3.8 million to RM16.7 million as at 30 September 2016, from RM20.5 million as at 31 December 2015, due to the loss recorded for 9M2016.

Non-Current Liabilities and Current Liabilities

Bank borrowings (current and non-current portions) and finance leases increased by RM2.1 million to RM9.9 million as at 30 September 2016, from RM7.8 million as at 31 December 2015, due to a drawdown on an overdraft facility, and partially offset by scheduled repayment of lending facilities. Advances from a third party reduced to RM2.5 million as at 30 September 2016 from RM5.0 million as at 31 December 2015 due to a partial repayment of the advances.

Trade and other payables increased by RM239.6 million to RM302.2 million as at 30 September 2016, from RM62.6 million as at 31 December 2015, mainly due mainly to installation works for the Malikai turnkey project.

The Group had a positive working capital of RM15.5 million as at 30 September 2016 as compared to RM28.5 million as at 31 December 2015.

Review of Statement of Cash Flows

For 3Q2016, the Group generated cash from operating activities of RM10.2 million. This was mainly due to: (i) operating profit before working capital changes of RM2.6 million; (ii) increase in operating payables of RM129.6 million; which was offset by (iii) increase in amount due from an associate of RM108.9 million; and (iv) increase in operating receivables of RM13.0 million. The increases in items (ii), (iii) and (iv) were due mainly to the Malikai turnkey project that entered into the installation phase. Net cash used in investing activities of RM5.4 million during 3Q2016 was mainly due to: (i) an increase in oil and gas properties of RM5.2 million and (ii) purchase of property, plant and equipment of RM0.2 million. Net cash generated from financing activities of RM2.3 million during 3Q2016 was from a RM2.5 million drawdown of a bank overdraft and partially offset by the repayment of bank borrowings and finance leases and the pledging of deposits for bank guarantees.

For 9M2016, the Group generated cash from operating activities of RM6.7 million. This was mainly due to: (i) operating profit before working capital changes of RM2.9 million; (ii) increase in operating payables of RM238.7 million; which were partially offset by (iii) increase in inventories of RM0.9 million; (iv) an increase in operating receivables of RM56.4 million; and (v) an increase in amount due from an associate of RM177.7 million. The increases in items (ii), (iv) and (v) were due mainly to the Malikai turnkey project. Net cash used in investing activities which amounted to RM9.8 million during 9M2016 was mainly due to: (i) an increase in oil and gas properties of RM8.4 million; and (ii) the purchase of property, plant and equipment of RM1.5 million. Net cash generated from financing activities of RM2.2 million during 9M2016 was from (i) RM2.5 million drawdown of a bank overdraft facility and (ii) decrease in pledged fixed deposits; which were partially offset by the repayment of bank borrowings and finance leases and the purchase of treasury shares.

As a result of the above and after taking into account the currency translation surplus of RM0.3 million in 3Q2016 and currency translation deficit RM1.3 million in 9M2016, the cash and cash equivalents balance was RM13.2 million as at 30 September 2016, as compared to RM18.9 million as at 30 September 2015.

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

There is no change in the volatility of oil price despite the effort of the Organization of the Petroleum Exporting Countries ("OPEC") and Russia to limit oil production in order to help re-balance the oil market. OPEC producers remain committed to an agreement reached in September 2016 in Algiers. After oil prices were pushed to a 15-month high above USD 50 per barrel in early October 2016, they have since fallen back due to OPEC's internal disagreements on the size of cuts by individual members of the group.

The Group has commenced implementation of its new business strategies in light of the prolonged oil price decline by focusing on the provision of technologies that generate cost savings to customers and targeting the large market of existing upstream and downstream oil and gas worldwide. Although the new strategies, which transform the offshore engineering business from contractor to technology provider, produce lower turnover due to smaller size projects, the Group is expecting higher gross margins and lower risks from such projects.

The Group is studying several diversification options to lower its exposure to the oil and gas industry and is evaluating offers from strategic investors for certain assets that are directly impacted by the lower oil price. Further announcements shall be made as and when such diversification plans are materialized.

The Group is also planning its third cost reduction initiative ("CRI") phase, which will further increase its cost efficiency in order to sustain the business in the low oil price environment.

Offshore Engineering Sector ("OES")

The Group has re-strategised its sales and marketing effort to focus on the brownfield and life extension business segment of the industry. A suite of advanced and cost-effective life extension solutions for both upstream and downstream facilities, which challenge conventional practices, have been launched in Asia Pacific. The initial feedback from customers has been encouraging and pilot projects are being executed for several customers throughout the region. In the coming months, sales and marketing activities will expand beyond Asia, especially as the launch of the Group's proprietary MGP-*i* solution gains momentum.

Cost reduction initiatives to achieve a leaner OES are currently in progress, as implementation of Phase 3 CRIs has commenced.

The offshore transportation and installation work for the Malikai Tension Leg Platform, which contributed significant revenue to OES in 2Q2016 and 3Q2016, has been successfully completed in 3Q2016. Final project closure and documentation is in progress.

Mobile Natural Gas Sector ("MNGS")

The consumption of compressed natural gas ("CNG") remained relatively weak as Indonesian manufacturers are also experiencing low demand for their finished products. The management of PT. IEV Gas ("PTIG") has implemented a number of cost-reduction-initiatives in 3Q2016 to overcome the challenges of low CNG sales volume and margin pressure. The outcome of these initiatives will result in further cost savings in 2017.

In the land dispute case related to EJ-1, the Group has filed an appeal with the District Court of Bekasi. The appeal process is expected to take between 90-120 days from October 2016.

The Gas Malaysia IEV Sdn Bhd project team has successfully completed construction and commissioning of the CNG Mother Station in the East Coast of Peninsular Malaysia. As part of the regulatory certification process, local authorities will be conducting final inspection in November 2016. Barring any unforeseen circumstances, the new CNG plant will start delivering CNG to its customers from December 2016 onwards. The feasibility study of using Liquefied Natural Gas ("LNG") for the West Coast mobile natural gas supply chain is currently ongoing and expected to be completed in 1Q2017.

For the Tamil Nadu LNG project, the Group and Timah Langat-Emrail Consortium are exploring various funding options with financial institutions and strategic partners.

Exploration and Production Sector ("EPS")

Following the completion of the workover campaign at CLS-1TW and CLS-1 in July 2016, the Group is moving towards crude oil production from the Cilamaya Selatan structure. Using the economic model for single well oil production, a short-term production installation contract is prepared to support the oil production of CLS-1 TW with natural flow. The production trial started from 30th October 2016 and a cumulative production of 625 barrels has been recorded until 7 November 2016. Crude oil has been trucked to Balongan Oil Refinery of Pertamina, which is located about 128 km from the field. To sustain the long-term production by natural flow, the Group is planning to install a new completion string to handle high pour point oil from the Cilamaya Selatan structure. Water disposal is through water injection into the loss zone of CLS-1 well.

Meanwhile, the Group is in discussion with Pertamina on the extension of both the contract and work commitment period to sustain its investment and operation during the low oil price period.

The Group is also looking for strategic investors to farm out the KSO block due to the capital-intensive investment nature of exploration and production.

Renewable Energy Sector ("RES")

The Group targets to release its entire inventory of rice husk and briquettes from MK-1 plant before the Winter-Spring harvest season commences in February 2017, when husk price is lowest in the year. Other activities in preparation for the large purchase during this harvest are ongoing. Meanwhile, as the year is coming to a close, prices of both rice husks and briquettes are rising, which would enable a relatively higher margin to be achieved from sales in 4Q2016.

The Group is working with international traders to explore the consumer market of briquettes sold in supermarkets for heating and campfire in Western countries. This market requires briquettes with higher caloric value and aesthetic features and is expected to generate a higher business margin.

As announced on 8 June 2016, the due diligence and business planning for the commercialisation of nano-silica and its derivatives is currently being carried out together with NanoMalaysia Berhad. Further announcements will be made as and 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 %

An interim dividend was declared during the quarter ended 30 June 2015.

Name of dividend	First Interim
Dividend type	Cash
Dividend amount per ordinary share	0.36 Malaysian sen
Tax rate	Tax Exempted (1-tier)
Date paid	30 September 2015
Book closure date	18 September 2015

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 30 September 2016.

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 SGD 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 Rights Issue	6,470	6,408	62

General Working Capital of S$70k was used to partially meet: (i) Director fees (S$50k); and (ii) Sponsor fees (S$20k) during FY2015.

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, the undersigned, 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 third quarter ended 30 September 2016 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: 14 November 2016