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 SECOND QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2015 ("2Q2015")

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Canaccord Genuity Singapore Pte. Ltd. ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Canaccord Genuity Singapore Pte. Ltd. has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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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 June			6 months ended 30 June		
	2015 (2Q2015) (RM'000)	2014 (2Q2014) (RM'000)	% change Increase/ (decrease)	2015 (HY2015) (RM'000)	2014 (HY2014) (RM'000)	% change Increase/ (decrease)
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	31,919	53,103	(39.9)	54,803	118,866	(53.9)
Cost of sales	(22,105)	(49,679)	(55.5)	(41,568)	(107,312)	(61.3)
Gross profit	9,814	3,424	186.6	13,235	11,554	14.5
Other operating income	4,676	9,297	(49.7)	4,937	9,403	(47.5)
Administration expenses	(5,842)	(5,655)	3.3	(11,660)	(10,986)	6.1
Exchange gain/(loss)	1,765	(522)	n.m.	3,734	(1,474)	n.m.
Selling and distribution costs	(998)	(352)	183.5	(1,133)	(631)	79.6
Other operating expenses	(402)	(200)	101.0	(483)	(202)	139.1
Share of associated companies' results, net of tax	-	(4)	n.m.	-	830	n.m.
Finance costs	(303)	(567)	(46.6)	(600)	(876)	(31.5)
Profit before taxation	8,710	5,421	60.7	8,030	7,618	5.4
Taxation	(114)	-	n.m.	(122)	(2)	6,000.0
Profit for the period	8,596	5,421	58.6	7,908	7,616	3.8
Other comprehensive income after tax						
- currency translation differences arising from consolidation	686	(1,802)	n.m.	1,999	(910)	n.m.
Total comprehensive income for the period, net of tax	9,282	3,619	156.5	9,907	6,706	47.7
Total profit attributable to:						
Owners of the parent	8,957	5,459	n.m.	8,088	7,655	5.7
Non-controlling interests	(361)	(38)	850	(180)	(39)	361.5
	8,596	5,421	58.6	7,908	7,616	3.8
Total comprehensive income attributable to:						
Owners of the parent	9,615	3,715	158.8	10,023	6,748	48.5
Non-controlling interests	(333)	(96)	246.9	(116)	(42)	176.2
	9,282	3,619	156.5	9,907	6,706	47.7

n.m. denotes not meaningful.

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

	Group					
	3 months ended 30 June			6 months ended 30 June		
	2Q2015 (RM'000) Unaudited	2Q2014 (RM'000) Unaudited	% change increase/ (decrease)	HY2015 (RM'000) Unaudited	HY2014 (RM'000) Unaudited	% change Increase/ (decrease)
Rental income	129	31	316.1	212	56	278.6
Interest income	-	17	n.m.	16	41	(61.0)
Interest expense	(55)	(309)	(82.2)	(352)	(618)	(43.0)
Depreciation of property, plant and equipment (include depreciation accounted for in	(1,081)	(857)	26.1	(2,175)	(1,731)	25.6

	Group					
	3 months ended 30 June			6 months ended 30 June		
	2Q2015 (RM'000) Unaudited	2Q2014 (RM'000) Unaudited	% change increase/ (decrease)	HY2015 (RM'000) Unaudited	HY2014 (RM'000) Unaudited	% change Increase/ (decrease)
cost of sales)						
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(152)	(102)	49.0	(291)	(228)	27.6
Allowance for doubtful debts	(478)	-	n.m.	(478)	-	n.m.
Gain on disposal of property, plant and equipment	5	63	(92.1)	62	61	1.6
Gain on disposal of intangible assets	-	4	n.m.	-	4	n.m.
Gain on disposal of shares in associated company	-	8,905	n.m.	-	8,905	n.m.
Other income arising from claims settled by a sub-contractor	4,632	-	n.m.	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 June 2015 (RM'000)	Audited As at 31 Dec 2014 (RM'000)	Unaudited As at 30 June 2015 (RM'000)	Audited As at 31 Dec 2014 (RM'000)
ASSETS				
Non-Current				
Intangible assets	-	-	5,685	5,393
Property, plant and equipment	-	-	34,648	34,222
Subsidiaries	82,151	67,453	-	-
Oil and gas properties	-	-	46,038	24,943
Prepayments	-	-	3,902	2,003
Deferred tax assets	-	-	500	321
	82,151	67,453	90,773	66,882
Current				
Inventories	-	-	3,729	5,274
Work-in-progress	-	-	679	100
Trade and other receivables	-	-	85,400	93,907
Prepayments	52	59	3,005	1,717
Fixed deposits	-	-	3,074	6,747
Cash and bank balances	5,865	131	19,799	21,920
	5,917	190	115,686	129,665
Total assets	**88,068**	**67,643**	**206,459**	**196,547**

	Company		Group	
	Unaudited As at 30 June 2015 (RM'000)	Audited As at 31 Dec 2014 (RM'000)	Unaudited As at 30 June 2015 (RM'000)	Audited As at 31 Dec 2014 (RM'000)
EQUITY				
Capital and Reserves				
Share capital	97,733	80,048	97,733	80,048
Currency translation reserve	-	-	101	(1,834)
(Accumulated losses)/retained profits	(10,304)	(12,884)	16,457	8,446
	87,429	67,164	114,291	86,660
Non-controlling interests	-	-	2,924	2,963
	87,429	67,164	117,215	89,623
LIABILITIES				
Non-Current				
Bank borrowings	-	-	6,985	7,254
Finance lease obligations	-	-	533	617
Deferred tax liabilities	-	-	58	59
Provision for post-employment benefits	-	-	2,081	1,758
Advances from third party	-	-	5,000	5,000
Provision for decommissioning	-	-	2,112	1,955
	-	-	16,769	16,643
Current				
Trade and other payables	639	479	71,509	85,422
Advance billings	-	-	104	27
Bank borrowings	-	-	415	4,099
Finance lease obligations	-	-	370	374
Current tax payable	-	-	77	359
	639	479	72,475	90,281
Total equity and liabilities	**88,068**	**67,643**	**206,459**	**196,547**

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 June 2015 Secured (RM'000)**	**Audited As at 31 Dec 2014 Secured (RM'000)**
Bank loans:		
- Bank loan # 1	-	1,165
- Bank loan # 2	7,385	7,518
	7,385	8,683
Bank overdraft	15	2,670
Total Bank Borrowings	**7,400**	**11,353**
Finance lease obligations	903	991
Total Borrowings & Debt Securities	**8,303**	**12,344**

Group	Unaudited As at 30 June 2015 Secured (RM'000)	Audited As at 31 Dec 2014 Secured (RM'000)
Amount repayable in one year or less, or on demand	785	4,473
Amount repayable after one year	7,518	7,871

Details of collaterals

The above bank borrowings are secured by:

Bank loan #1
- A debenture comprising fixed and floating charge over all present and future assets of IEV Energy Sdn Bhd;
- A first charge over the escrow account to be opened with a financial institution acceptable to the bank and which is to be operated solely by the bank;
- A charge over the assets of PT IEV Gas financed via bank loan #1 and an earlier loan of USD4.6 million which had been fully repaid;
- Corporate guarantees provided by IEV Holdings Limited and IEV Group Sdn Bhd; and
- A personal guarantee provided by a Director of the Company, Christopher Nghia Do.

Bank loan #2
- The loan is 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 lease obligations from non-related parties are for the leasing of motor vehicles, computers and machinery and are secured by the underlying assets.

(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 HY2015 (RM'000)	**Unaudited HY2014 (RM'000)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,030	7,618
Share of profits in associated companies	-	(830)
Adjustments for:		
Amortisation of intangible assets	291	228
Depreciation of property, plant and equipment	2,175	1,731
Provision for employees' benefits	268	404
Gain on disposal of shares in associated company	-	(8,905)
Gain on disposal of property, plant and equipment	(62)	(61)
Gain on disposal of intangible assets	-	(4)
Allowance for doubtful debts	478	-
Interest expense	352	618
Interest income	(16)	(41)
Operating profit before working capital changes	11,516	758

	Group	
	Unaudited HY2015 (RM'000)	**Unaudited HY2014 (RM'000)**
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)		
Decrease /(Increase) in inventories	1,680	(541)
Increase in work-in-progress	(570)	(775)
Decrease / (Increase) in operating receivables	7,128	(39,419)
(Decrease) / Increase in operating payables	(15,873)	36,410
Decrease/(Increase) in progress billings	72	(345)
Cash generated from/(used in) operating activities	3,953	(3,912)
Interest received	16	41
Interest paid	(352)	(618)
Tax paid	(394)	(1,496)
Net cash generated from/(used in) operating activities	3,223	(5,985)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for expenditure carried forward	-	(742)
Acquisition of property, plant and equipment	(2,592)	(1,776)
Acquisition of intangible assets	(219)	(193)
Increase in oil and gas properties	(18,377)	(7,327)
Proceeds from disposal of property, plant and equipment	506	144
Proceeds from disposal of investment in associated company	-	27,536
Net cash (used in)/generated from investing activities	(20,682)	17,642
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance lease obligations, net	(92)	(95)
Repayment of bank borrowings	(1,298)	(1,339)
Repayment of bank overdraft	(2,655)	-
Decrease in fixed deposits pledged	4,460	186
Proceeds from Rights Issue of Ordinary Shares	18,061	-
Transaction cost arising from Rights Issue	(376)	-
Net cash generated from / (used in) financing activities	18,100	(1,248)
Net increase in cash and cash equivalents	641	10,409
Cash and cash equivalents at beginning of period	19,970	17,474
Currency translation difference of cash and cash equivalents at beginning of year	616	233
Cash and cash equivalents at end of period	21,227	28,116
Cash and cash equivalents comprise:		
Cash and bank balances	19,799	29,401
Fixed deposits	3,074	507
Less: Pledged fixed deposits	(1,646)	(1,792)
Cash and cash equivalents at end of period	21,227	28,116

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)**	**Accumulated losses** **(RM'000)**	**Total** **(RM'000)**
Balance as at 1 April 2015	80,048	(11,132)	68,916
Issuance of ordinary shares from Rights Issue	18,061	-	18,061
Less: Capitalised Rights Issue expenses	(376)	-	(376)
Total comprehensive income for the period	-	828	828
Balance as at 30 June 2015	97,733	(10,304)	87,429

Company **Previous Period**	**Share capital** **(RM'000)**	**Accumulated losses** **(RM'000)**	**Total** **(RM'000)**
Balance as at 1 April 2014	80,048	(18,851)	61,197
Total comprehensive loss for the period	-	4,635	4,635
Balance as at 30 June 2014	80,048	(14,216)	65,832

Group **Current Period**	**Share capital (RM'000)**	**Retained profits (RM'000)**	**Currency translation reserve (RM'000)**	**Total attributable to equity holders of the parent (RM'000)**	**Non-controlling interests (RM'000)**	**Total equity (RM'000)**
Balance as at 1 April 2015	80,048	7,577	(557)	87,068	3,180	90,248
Total comprehensive (loss)/income for the period	-	8,957	658	9,615	(333)	9,282
Transaction with owner:						
- Issuance of ordinary shares from Rights Issue	18,061	-	-	18,061	-	18,061
- Capitalised Rights Issue expenses	(376)	-	-	(376)	-	(376)
Dilution in parent's share of subsidiary's net assets	-	(77)	-	(77)	77	-
Balance as at 30 June 2015	97,733	16,457	101	114,291	2,924	117,215

Group **Previous Period**	**Share capital (RM'000)**	**Retained profits (RM'000)**	**Currency translation reserve (RM'000)**	**Total attributable to equity holders of the parent (RM'000)**	**Non-controlling interests (RM'000)**	**Total equity (RM'000)**
Balance as at 1 April 2014	80,048	5,551	(2,658)	82,941	1,638	84,579
Total comprehensive income for the period	-	5,459	(1,743)	3,716	(98)	3,618
Balance as at 30 June 2014	80,048	11,010	(4,401)	86,657	1,540	88,197

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

Issued and paid-up shares	Number of shares	Resultant issued and paid-up share capital (S$)
Issued and paid-up share capital of the Company as at 31 March 2015	189,200,000	33,461,741
Issue of shares pursuant to a Rights Issue	94,600,000	6,484,437
Issued and paid-up share capital of the Company as at 30 June 2015	283,800,000	39,946,178

There were no outstanding convertibles or share options granted as at 30 June 2015 and 31 December 2014.

There were no treasury shares held or issued as at 30 June 2015 and 31 December 2014.

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 June 2015	As at 31 December 2014
Number of issued shares excluding treasury shares	283,800,000	189,200,000

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 June 2015.

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 had 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 2014.

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 2015, 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 HY2015.

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	2Q2015 (Malaysian sen)	2Q2014 (Malaysian sen)	HY2015 (Malaysian sen)	HY2014 (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	4.1	2.9	4.0	4.1
(ii) On a fully diluted basis	4.1	2.9	4.0	4.1
Weighted average number of ordinary shares	218,307,692	189,200,000	203,834,254	189,200,000

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 during the respective periods.

The basic and diluted earnings per ordinary share for each of 2Q2015, 2Q2014, HY2015 and HY2014 were the same as there were no potentially dilutive ordinary shares existing during 2Q2015, 2Q2014, HY2015 and HY2014 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 30 June 2015	As at 31 December 2014
Group	40.3	45.8
Company	30.8	35.5

Net asset value per ordinary share as at 30 June 2015 and 31 December 2014 have been calculated based on the aggregate number of ordinary shares of 283,800,000 and 189,200,000 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

Review of Statement of Comprehensive Income

Breakdown by business segments

Three Months ended 30 June 2015

Business sector	2Q2015			2Q2014		
	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Gross Profit Margin %
Mobile Natural Gas Sector						
Mobile Natural Gas	9,874	968	9.8%	11,869	1,593	13.4%
Offshore Engineering Sector						
Integrated Engineering Solutions	14,823	7,378	49.8%	9,088	2,991	32.9%
Turnkey projects	7,222	1,468	20.3%	32,146	(1,160)	(3.6%)
Total Offshore Engineering Sector	22,045	8,846	40.1%	41,234	1,831	4.4%
Total	**31,919**	**9,814**	**30.7%**	**53,103**	**3,424**	**6.4%**

Six Months ended 30 June 2015

Business sector	HY2015			HY2014		
	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %
Mobile Natural Gas Sector						
Mobile Natural Gas	20,153	2,093	10.4%	21,473	2,971	13.8%
Offshore Engineering Sector						
Integrated Engineering Solutions	18,691	8,770	46.9%	18,890	6,806	36.0%
Turnkey projects	15,959	2,372	14.9%	78,503	1,777	2.3%
Total Offshore Engineering Sector	34,650	11,142	32.2%	97,393	8,583	8.8%
Total	**54,803**	**13,235**	**24.2%**	**118,866**	**11,554**	**9.7%**

Revenue

Total revenue for the Group declined by 39.9% from RM53.1 million in 2Q2014 to RM31.9 million in 2Q2015. This was mainly due to (i) there being no similar turnkey project in 2Q2015 as the award of the FPSO Perintis decommissioning contract in 2Q2014; and (ii) a decline in revenue from the Mobile Natural Gas Sector ("MNGS") from RM11.9 million in 2Q2014 to RM9.9 million in 2Q2015. The decline in revenue from MNGS for 2Q2015 was mainly due to the early termination of Gas Sales Agreements ("GSA") with PT Indofood, which was partially offset by the subsequent addition of a two-year Gas Sales Agreement with PT Kaldu Sari Nabati. The aforementioned decline in revenue from turnkey projects and MNGS were partially offset by revenue growth from Integrated Engineering Solutions ("IES") from RM9.1 million in 2Q2014 to RM14.8 million in 2Q2015.

Total revenue for the Group declined by 53.9% from RM118.9 million in HY2014 to RM54.8 million in HY2015. Revenue contribution from Offshore Engineering Services ("OES") in HY2015 declined by 64.4% from RM97.4 million in HY2014 to RM34.7 million, mainly due to the lower turnkey project revenue as explained above. MNGS recorded a 6.5% decline in revenue to RM20.1 million in HY2015 from RM21.5 million in HY2014 due to the reasons described above.

Gross Profit

The Group's gross profit for 2Q2015 increased by 188.2% to RM9.8 million from RM3.4 million in 2Q2014 whilst the Group's gross profit for HY2015 increased by 13.8% to RM13.2 million in HY2015 from RM11.6 million in HY2014. The increase in gross profit were primarily attributable to IES which contributed gross profit of RM7.4 million for 2Q2015 and RM8.8 million for HY2015. This was due to the high gross profit margin of the Group's proprietary products.

The Group's gross profit margin for 2Q2015 increased to 30.7% from 6.4% in 2Q2014 whilst the Group's gross profit margin in HY2015 increased to 24.2% from 9.7% in HY2014. These were mainly due to (i) an improvement in IES' gross profit margin in 2Q2015 at 49.8% (from 32.9% in 2Q2014) and 46.9% in HY2015 (from 36.0% in HY2014); (ii) a decrease in turnkey project business activities in 2Q2015 and HY2015, which typically has lower gross profit margins as compared to IES; and (iii) partially offset by a decline in the gross profit margin of MNGS, as a result of increased competition in the CNG market in West Java.

Other Operating Income

Other operating income for 2Q2015 of RM4.7 million was mainly due to the global settlement agreement reached with Allison Marine Contractors II LLC ("AMC") in full and final settlement of all claims in relation to the D21 turnkey project. The settlement amount included the sum of RM6.9 million deposited by AMC as performance guarantee for the project, less project works the Group had incurred on behalf of AMC. In comparison, the other operating income for 2Q2014 of RM9.3 million was mainly due to a one-time gain of RM8.9 million on the divestment of the Group's equity interest in its associated company, CNG Vietnam. Other operating income of the Group comprised rental income, interest income and administrative fees charged on the purchases of goods and services on behalf of principals and alliance partners during the execution of various projects.

For the same reasons given above, other operating income for HY2015 and HY2014 were RM4.9 million and RM9.4 million, respectively.

Exchange Gain/(Loss)

The Group recorded an exchange gain of RM1.8 million in 2Q2015 compared to an exchange loss of RM0.5 million in 2Q2014. The said exchange gain was mainly due to the significant strengthening of the US dollar against the Malaysian Ringgit during 2Q2015, as a significant portion of Company's advances to subsidiaries being denominated in US dollars.

For the same reason given above, the Group recorded an exchange gain of RM3.7 million in HY2015. In comparison, the Group recorded an exchange loss of RM1.5 million for HY2014 due to the weakening of the US dollar against the Malaysian Ringgit during HY2014.

Administrative Expenses

Administrative expenses in 2Q2015 were RM5.8 million as compared to RM5.7 million in 2Q2014. Administrative expenses in HY2015 were RM11.7 million as compared to RM11.0 million in HY2014. The increase was mainly due to (i) the reclassification of an associated company to a subsidiary that added RM1.2 million for HY2015 and (ii) the KSO general and administrative expenses for HY2015 was RM0.7 million and for HY2014 such expenses were capitalised; which was partially offset by the Group's cost reduction initiatives in HY2015.

Selling and Distribution Costs

Selling and distribution costs represent commissions payable to agents for sales made for the Group. Selling and distribution costs for 2Q2015 increased to RM1.0 million from RM0.4 million in 2Q2014. For HY2015, selling and distribution costs rose to RM1.1 million from RM0.6 million in HY2014. The increase was mainly due to higher agent-based sales in HY2015 compared to HY2014.

Share of Associated Companies' Results, Net of Tax

Share of associated companies' results for HY2015 was recorded as nil compared to RM0.8 million in HY2014 due to the cessation of profit contribution from CNG Vietnam JSC subsequent to the Group's divestment of its equity interest in the company in FY2014.

Finance Costs

Finance costs for 2Q2015 declined to RM0.3 million from RM0.6 million in 2Q2014 mainly due to the full settlement of a US$2.0 million bank term loan. For the same reason, finance costs in HY2015 declined to RM0.6 million from RM0.9 million in HY2014.

Profit Before Taxation

The Group recorded a profit before taxation of RM8.7 million for 2Q2015, which is a 61.1% increase over 2Q2014's profit before taxation of RM5.4 million. The Group recorded a 5.3% increase in profit before taxation of RM8.0 million in HY2015 as compared to profit before taxation of RM7.6 million in HY2014. This was mainly due to: (i) increased operating gross profit; and (ii) an exchange gain in HY2015; which were partially offset by (iii) higher administrative expenses arising from the reclassification of an associated company to a subsidiary; and (iv) higher selling and distribution costs.

<u>Review of Statement of Financial Position</u>

Non-Current Assets

Net book value of intangible assets increased marginally to RM5.7 million as at 30 June 2015, from RM5.4 million, due to the acquisition of licensing rights for the Oxifree corrosion control technology during the financial year.

Net carrying value of property, plant and equipment increased moderately by RM0.4 million to RM34.6 million as at 30 June 2015 from RM34.2 million as at 31 December 2014. This was due to capital expenditure for the biomass plant in Vietnam and operational equipment for various subsidiaries, which were partially offset by periodic depreciation charges.

Oil and gas properties increased by RM21.1 million to RM46.0 million as at 30 June 2015, from RM24.9 million as at 31 December 2014, as the Group continues on the drilling and work over of twin wells of existing oil and gas discoveries in the Pabuaran KSO Block, West Java, Indonesia as part of the KSO Project.

The non-current portion of prepayments increased by RM1.9 million to RM3.9 million as at 30 June 2015, from RM2.0 million as at 31 December 2014, due to further recoverable Value Added Tax paid for the purchase of supplies and services in relation to the drilling and work over the twin wells at the Pabuaran KSO Block, West Java, Indonesia.

Current Assets

Inventories decreased by RM1.6 million to RM3.7 million as at 30 June 2015, from RM5.3 million as at 31 December 2014. The decrease was due to usage of spares and consumables for drilling works at the Pabuaran KSO Block.

Trade and other receivables decreased by RM8.5 million to RM85.4 million as at 30 June 2015, from RM93.9 million as at 31 December 2014, due mainly to the settlement of OES project invoices including the final settlement of a turnkey project and offset by increased business activities in Integrated Engineering Solutions.

The current portion of prepayments which comprised project related advances and prepaid operating expenses increased to RM3.0 million as at 30 June 2015, from RM1.7 million as at 31 December 2014. This increase was substantially due to the mobilisation costs and advance payments for IES projects undertaken during HY2015, which have yet reached the projects' billing milestones.

Capital and Reserves

Currency translation reserve reversed to a surplus of RM0.1 million as at 30 June 2015, from a deficit of RM1.8 million as at 31 December 2014, mainly due to the significant appreciation of the US dollar against the Malaysian Ringgit.

Retained profits for the Group increased by RM8.1 million to RM16.5 million as at 30 June 2015, from RM8.4 million as at 31 December 2014, due to the profit recorded for HY2015.

Non-Current Liabilities and Current Liabilities

Bank borrowings (current and non-current portions) decreased by RM4.0 million to RM7.4 million as at 30 June 2015, from RM11.4 million as at 31 December 2014. This was mainly due to repayments made in HY2015 including the repayment of an overdraft and the full settlement of a US$2.0 million bank term loan.

Trade and other payables decreased by RM13.9 million to RM71.5 million as at 30 June 2015, from RM85.4 million as at 31 December 2014, which was in line with the settlement of OES project invoices including the final settlement of a turnkey project in 1Q2015.

The Group has a positive working capital of RM43.2 million as at 30 June 2015 as compared to RM39.4 million as at 31 December 2014.

Review of Statement of Cash Flows

The Group recorded net cash generated from operating activities of RM3.2 million for HY2015. This was mainly due to (i) a decrease operating payables of RM15.9 million; which was partially offset by (ii) a decrease in operating receivables of RM7.1 million; and (iii) a decrease in inventories of RM1.7 million. Net cash used in investing activities which amounted to RM20.7 million was mainly due to (i) an increase in oil and gas properties of RM18.4 million; (ii) the net acquisition of property, plant and equipment of RM2.1 million; and (iii) the progress payments of exclusive licenses for the distribution of Oxifree corrosion control technology. Net cash generated from financing activities of RM18.1 million was mainly due to the rights issue exercise for the subscription and issuance of new ordinary shares. For HY2015, RM4.0 million of bank borrowings and overdrafts were repaid whilst RM4.5 million of pledged fixed deposits were released back to the Group.

As a result, after taking into account the currency translation difference of RM0.6 million, the cash and cash equivalents balance was RM21.2 million as at 30 June 2015, as compared to RM28.1 million as at 30 June 2014.

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

Oil prices have lost most of its gain made earlier this year due to the low global demand for oil and excess oil production, which is further threatened by the prospect of lifting of sanctions in Iran, a major oil exporter, in the near future. Many oil and gas companies have reduced their CAPEX for new developments, which has resulted in large cutbacks in drilling and construction activities. Service contractors have also taken steps to reduce their workforce, stack their rigs and vessels, and reduce operating budgets to combat the low oil price environment. At this time, there is no clear indication as to when oil prices will stabilise and at what level. Until the global economy recovers and energy consumption reaches the level where oil inventory can be controlled, it is difficult to predict the new sustainable oil price. The significant rise of the US dollar against most currencies also puts pressure on oil prices, which is traded in US dollar.

The Group has taken a number of steps to trim its operating costs by 10% in HY2015 and is working towards achieving 20% reduction by year-end. The funds raised through the recent Rights Issue and the global settlement with AMC has helped to strengthen the Group's balance sheet and cash flow position considerably. Funds are channeled to existing projects in which the Group has already invested in, including exploration and production activities in Pabuaran KSO, the biomass plant in Vietnam and CNG supply chain with Gas Malaysia Berhad in Peninsular Malaysia. Barring any unforeseen circumstances, these projects are expected to start generating income within the next 3 to 9 months.

Offshore Engineering Sector ("OES")

The Group has received a large number of awards from its IES Sector, particularly from its Marine Growth Control Business Unit, which continues to contribute significant gross profit to OES from 2Q2015. The Group is also intensifying its globalisation efforts for its proprietary product through the recent appointment of agents and distributors in America, the Middle East and Africa. The business development of the newly acquired Oxifree corrosion control solution is also gaining traction and an E-marketing campaign is being launched in all licensed territories.

The Group has also received a number of new awards and is actively bidding for new tenders in the Subsea Business Unit throughout the region. New opportunities for engineering, procurement, installation and commissioning contracts have emerged from a number of Asian countries, particularly in India, Myanmar and Malaysia. However, the sign of slowdown in new field activities is evident and as a result, it is foreseen that services offered to new field developments could be contracted further from FY2016. The Group continues to look for niche opportunities to offer its refurbished platform and decommissioning solutions throughout the region. The Group has submitted bids for decommissioning projects in India and Indonesia and for a refurbished platform in Malaysia.

Engineering work for the Malikai Tension Leg Platform installation is ongoing and barring any unforeseen circumstances, the offshore installation phase will take place in the second half of 2016.

Mobile Natural Gas Sector ("MNGS")

The evaluation and award of tenders for the construction of the CNG supply chain in East Coast of Peninsular Malaysia with Gas Malaysia Berhad is expected to be completed in the third quarter of 2015. Barring any unforeseen circumstances, the new supply chain is expected to be operational in the first quarter in 2016.

CNG prices in West Java, Indonesia remain low as the supply of CNG is abundant in the region. The Group has secured a new source of feed gas, as recently announced on 23 July 2015, to lower its CNG cost and improve its competitiveness in the tight CNG market. The low feed gas cost will help to increase the business margin of its subsidiary, PT IEV Gas, when the Group starts receiving the new feed gas supply in its new compression station in Cikarang, EJ-2, in late FY2015. Meanwhile, the existing compression station EJ-1 has stopped operations due to a road access dispute, and the Group has been purchasing CNG from alternative suppliers to meet daily CNG demand from its customers. A new route is being proposed to the local authorities whilst the said land dispute is being resolved by the Court of Bekasi.

The Group has also intensified its efforts to commercialise natural gas to be produced from the Pabuaran KSO Block to implement its integrated energy plan in West Java. We expect the integration to start in the second half of 2016, after Pertamina approves the plan of development for gas from Pabuaran KSO.

Meanwhile, the feasibility study of the North Sumatra liquefied natural gas (“LNG”) project is progressing and the Group is in the process of confirming LNG consumers in Aceh and North Sumatra. Further details on these projects will be disclosed as they materialize.

Exploration and Production Sector (“EPS”)

On 13 August 2015, the Company announced an Independent Qualified Person’s Report on the Cilamaya Selatan structure at Pabuaran KSO block, located in West Java, Indonesia.

PT IEV Pabuaran KSO has launched a number of tenders for workover rig, materials and services to execute the workover campaign, following the receipt of Pertamina’s approval for the USD1.4 million workover plan for pay zones in CLS-1 and CLS-1TW. The workover will target the production of oil from multiple intervals in the Z16 and Upper Cibulakan formations at CLS-1TW well. The workover will also focus on the perforation and production test of gas from Parigi formation at CLS-1 well which results shall be used to finalise the plan of development of gas in Cilamaya Selatan structure.

Although the Group’s onshore oil production and delivery cost is competitive, the decision on when to commence oil production will be assessed according to the prevailing oil price and require concurrence from Pertamina. Gas production, however, would not be subjected to oil price and can commence as soon as the plan of development is approved by Pertamina.

Renewable Energy Sector (“RES”)

The rice husk briquetting plant MK-1 is under construction and is expected to be operational in the fourth quarter of 2015. Priority is given to the completion of the rice husk warehouse within the third quarter of 2015 so that the Group can stock up on rice husk from the Summer to Autumn harvest, which is in abundance in the Mekong Delta.

Under challenging economic conditions, it is expected that more factories will choose rice-husk briquettes as their main source of fuel as it is currently the most affordable energy source in Vietnam. Recently, residents living in the rural areas also started using rice-husk briquette for cooking stoves. This trend is apparent when the authorities in Vietnam decided to increase electricity prices effective from April 2015.

Barring any unforeseen circumstances, the Group is cautiously optimistic on the business outlook for the next twelve months.

11. **If a decision regarding dividend has been made:**

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

Yes.

Name of dividend	First Interim
Dividend type	Cash
Dividend amount per ordinary share	0.36 Malaysian sen
Tax rate	To be announced at a later date
Date payable	To be announced at a later date
Book closure date	To be announced at a later date

(b) **Previous corresponding period/rate %**

None.

12. **If no dividend has been declared (recommended), a statement to that effect**

Not applicable.

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 Private Placement**

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 17.2 million new ordinary shares at an issue price of S$0.413 per share in the capital of the Company through a private placement (the "Placement"), which was completed in June 2013. The net proceeds of approximately S$6.9 million (after deducting expenses of approximately S$0.18 million incurred by the Company in connection with the Placement) have been utilised as follows:

Use of Proceeds	Amount allocated (as announced on 10 June 2013) (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	2,040	2,040	-
(ii) To fund the expansion of Mobile Natural Gas supply chains in West Java, Indonesia and the development and operation of new Mobile Natural Gas supply chains in collaboration with Gas Malaysia Berhad in Peninsular Malaysia	3,710	3,710	-
(iii) To fund the proposed construction of the biomass rice-husk pellet plant in the Mekong Delta, Socialist Republic of Vietnam	1,170	1,170	-
Net proceeds from the Placement	6,920	6,920	-

15. 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$6.48 million (after deducting expenses of approximately S$0.14 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	1,320	180
(iii) CNG Supply Chain in Malaysia	500	82	418
(iv) General Working Capital	80	-	80
Net proceeds from the Placement	6,480	5,802	678

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

16. 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 second quarter and six months financial period ended 30 June 2015 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

CHRISTOPHER NGHIA DO PRESIDENT & CEO	HARRY NG LEAD INDEPENDENT DIRECTOR

Date: 14 August 2015