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 ENDED 30 JUNE 2016 ("2Q2016")

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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 (formerly known as Canaccord Genuity Singapore Pte. Ltd.) (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 June ("2Q")			6 months ended 30 June ("HY")		
	Unaudited 2Q2016 (RM'000)	Unaudited 2Q2015 (restated) (RM'000)	% change Increase/ (decrease)	Unaudited HY2016 (RM'000)	Unaudited HY2015 (restated) (RM'000)	% change Increase/ (decrease)
Revenue	135,701	32,479	317.8	148,350	55,745	166.1
Cost of sales	(129,340)	(23,681)	446.2	(140,435)	(43,716)	221.2
Gross profit	6,361	8,798	(27.7)	7,915	12,029	(34.2)
Other operating income	298	4,705	(93.7)	492	4,901	(90.0)
Administration expenses	(5,367)	(5,256)	2.1	(10,798)	(10,445)	3.4
Exchange gain	9	1,614	(99.4)	340	3,524	(90.4)
Selling and distribution costs	(503)	(1,159)	(56.6)	(503)	(1,294)	(61.1)
Other operating expenses	(26)	76	n.m.	(60)	(5)	n.m.
Share of results of associates	(115)	9	n.m.	(353)	331	n.m.
Finance costs	(228)	(347)	(34.3)	(456)	(647)	(29.5)
Profit/(loss) before tax	429	8,440	(94.9)	(3,423)	8,394	n.m.
Tax	(36)	(33)	9.1.	(43)	(45)	(4.4)
Profit/(loss) for the period	393	8,407	(95.3)	(3,466)	8,349	n.m.
Other comprehensive income /(loss) after tax - currency translation differences arising from consolidation	2,336	758	208.2	(7,278)	1,997	n.m.
Total comprehensive income /(loss) for the period, net of tax	2,729	9,165	(70.2)	(10,744)	10,346	n.m.
Total profit /(loss) attributable to:						
Owners of the Company	425	8,384	(94.9)	(3,397)	8,390	n.m.
Non-controlling interests	(32)	23	n.m.	(69)	(41)	68.3
	393	8,407	(95.3)	(3,466)	8,349	n.m.
Total comprehensive income/(loss) attributable to:						
Owners of the Company	2,754	9,123	(69.8)	(10,630)	10,174	n.m.
Non-controlling interests	(25)	42	n.m.	(114)	172	n.m.
	2,729	9,165	(70.2)	(10,744)	10,346	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 June ("2Q")			6 months ended 30 June ("HY")		
	Unaudited 2Q2016 (RM'000)	Unaudited 2Q2015 (restated) (RM'000)	% change increase/ (decrease)	Unaudited HY2016 (RM'000)	Unaudited HY2015 (restated) (RM'000)	% change Increase/ (decrease)
Rental income	91	115	(20.9)	184	166	10.8
Interest income	20	8	150.0	38	16	137.5
Interest expense	(228)	(347)	(34.3)	(456)	(647)	(29.5)
Depreciation of property, plant and equipment (include	(1,206)	(1,018)	18.5	(2,443)	(2,041)	19.7

	Group					
	3 months ended 30 June ("2Q")			6 months ended 30 June ("HY")		
	Unaudited 2Q2016 (RM'000)	Unaudited 2Q2015 (restated) (RM'000)	% change increase/ (decrease)	Unaudited HY2016 (RM'000)	Unaudited HY2015 (restated) (RM'000)	% change Increase/ (decrease)
depreciation accounted for in cost of sales)						
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(156)	(152)	2.6	(320)	(291)	10.0
Gain on disposal of property, plant and equipment	141	28	403.6	141	62	127.4
Under provision for tax in respect to prior years	(46)	-	n.m.	(46)	-	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 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)	Unaudited As at 30 June 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)
ASSETS				
Non-Current				
Intangible assets	-	-	5,605	6,300
Property, plant and equipment	-	-	35,019	37,077
Oil and gas properties		-	56,043	56,898
Subsidiaries	107,484	32,357	-	-
Associates	-	-	2,418	2,770
Other receivables and prepayments	-	-	7,616	8,304
Deferred tax assets	-	-	1,484	1,517
	107,484	32,357	108,185	112,866
Current				
Inventories	-	-	5,236	4,514
Work-in-progress	-	-	23	56
Trade and other receivables	2,051	73,947	173,929	63,845
Prepayments	55	66	2,436	2,820
Cash and bank balances	648	605	10,030	20,716
	2,754	74,618	191,654	91,951
Total assets	**110,238**	**106,975**	**299,839**	**204,817**

	Company		Group	
	Unaudited As at 30 June 2016 (RM'000)	**Audited As at 31 December 2015 (RM'000)**	**Unaudited As at 30 June 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	(1,463)	-	(1,330)	5,903
Capital reserve	-	-	(101)	(101)
(Accumulated losses)/Retained earnings	(3,175)	(2,550)	17,060	20,457
Equity attributable to owners of the Company	93,015	95,141	113,282	123,950
Non-controlling interests	-	-	421	535
	93,015	95,141	113,703	124,485
LIABILITIES				
Non-Current				
Bank borrowings	-	-	6,830	6,853
Finance leases	-	-	86	244
Deferred tax liabilities	-	-	135	142
Provision for post-employment benefits obligations	-	-	2,238	2,198
Advances from a third party	-	-	5,000	5,000
Provision for decommissioning	-	-	2,289	2,461
	-	-	16,578	16,898
Current				
Trade and other payables	17,223	11,834	168,865	62,601
Bank borrowings	-	-	285	400
Finance leases	-	-	318	343
Current tax payable	-	-	90	90
	17,223	11,834	169,558	63,434
Total equity and liabilities	**110,238**	**106,975**	**299,839**	**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 June 2016 Secured (RM'000)**	**Audited As at 31 December 2015 Secured (RM'000)**
Bank loans	7,115	7,253
Total Bank Borrowings	**7,115**	**7,253**
Finance leases	404	587
Total Borrowings & Debt Securities	**7,519**	**7,840**

Amount repayable in one year or less, or on demand	603	743
Amount repayable after one year	6,916	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 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 June ("2Q")		Group 6 Months ended 30 June ("HY")	
	Unaudited 2Q2016 (RM'000)	**Unaudited 2Q2015 (RM'000)**	**Unaudited HY2016 (RM'000)**	**Unaudited HY2015 (RM'000)**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit /(Loss) before tax	429	8,440	(3,423)	8,394
Adjustments for:				
Share results of associates	115	(9)	353	(331)
Amortisation of intangible assets (including amortization accounted for in cost of sales)	156	152	320	291
Depreciation of property, plant and equipment (including depreciation accounted for in cost of sales)	1,206	1,018	2,443	2,041
Provision for post-employment benefits	192	124	391	268
Gain on disposal of property, plant and equipment	(141)	(28)	(141)	(62)
Property, plant and equipment written off	7	-	7	-
Interest expense	228	347	456	647
Interest income	(20)	(8)	(38)	(16)
Operating profit before working capital changes	2,172	10,036	368	11,232
Decrease/(Increase) in inventories	555	234	(877)	1,680
Decrease/(Increase) in work-in-progress	18	(367)	30	(272)
Increase in operating receivables	(60,139)	(18,919)	(43,382)	(2,586)
Increase/(decrease) in operating payables	112,458	4,790	109,130	(7,438)
(Increase)/decrease in amount due from an associate	(54,440)	(2,342)	(68,799)	1,910
Cash generated from/(used in) from operating activities	624	(6,568)	(3,530)	4,526
Interest received	20	8	38	16
Interest paid	(228)	(347)	(456)	(647)
Post-employment benefit paid	(228)	(8)	(256)	(8)
Tax paid	(62)	(137)	(253)	(485)
Net cash generated from /(used in) operating activities	126	(7,052)	(4,457)	3,402
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(424)	(1,137)	(1,292)	(2,044)
Purchase of intangible assets	-	(1)	-	(219)
Increase in oil and gas properties	(2,470)	(5,095)	(3,159)	(18,377)
Proceeds from disposal of property, plant and equipment	141	15	141	505
Net cash used in investing activities	(2,753)	(6,218)	(4,310)	(20,135)

	Group 3 Months ended 30 June ("2Q")		Group 6 Months ended 30 June ("HY")	
	Unaudited 2Q2016 (RM'000)	Unaudited 2Q201 (RM'000)	Unaudited HY2016 (RM'000)	Unaudited HY2015 (RM'000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance leases	(78)	(74)	(172)	(161)
Repayment of bank borrowings	(69)	(745)	(138)	(1,298)
Repayment of bank overdrafts	-	(2,655)	-	(2,655)
Fixed deposits pledged	(85)	739	258	521
Purchase of treasury shares	(38)	-	(38)	-
Proceeds on issue of shares	-	18,061	-	18,061
Transaction costs on issue on shares	-	(376)	-	(376)
Net cash (used in)/generated from financing activities	(270)	14,950	(90)	14,092
Net (decrease)/increase in cash and cash equivalents	(2,897)	1,680	(8,857)	(2,641)
Cash and cash equivalents at beginning of period/year	9,577	13,629	16,958	17,541
Currency translation difference of cash and cash equivalents at beginning of period/year	(150)	207	(1,571)	616
Cash and cash equivalents at end of period	6,530	15,516	6,530	15,516
Cash and cash equivalents comprise:				
Cash and bank balances	6,530	15,516	6,530	15,516
Fixed deposits	3,500	3,415	3,500	3,415
	10,030	18,931	10,030	18,931
Less: Pledged fixed deposits	(3,500)	(3,415)	(3,500)	(3,415)
Cash and cash equivalents at end of period	6,530	15,516	6,530	15,516

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

<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 April 2016	97,691	-	(2,529)	(2,712)	92,450
Repurchase of shares	-	(38)	-	-	(38)
Total comprehensive loss for the period	-	-	(646)	1,249	603
Balance as at 30 June 2016	97,691	(38)	(3,175)	(1,463)	93,015

<u>**Company**</u> **Previous 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 shares from Rights Issue	18,061	-	18,061
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

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 April 2016	97,691	-	16,635	(101)	(3,659)	110,566	446	111,012
Total comprehensive (loss)/income for the period	-	-	425	-	2,329	2,754	(25)	2,729
Transaction with owner: - Repurchase of treasury shares	-	(38)	-	-	-	(38)	-	(38)
Balance as at 30 June 2016	97,691	(38)	17,060	(101)	(1,330)	113,282	421	113,703

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 April 2015 (restated as per 1Q2016 announcement)	80,048	8,452	-	(789)	87,711	371	88,082
Total comprehensive income for the period	-	8,384	-	739	9,123	42	9,165
Transactions with owner: - Issuance of shares from Rights Issue	18,061	-	-	-	18,061	-	18,061
- Capitalised Rights Issue expenses	(376)	-	-	-	(376)	-	(376)
- Effects of changes in ownership interests in subsidiary	-	-	(77)	-	(77)	77	-
Balance as at 30 June 2015 (restated)	97,733	16,836	(77)	(50)	114,442	490	114,932

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 31 March 2016 and up to 30 June 2016.
There were no outstanding convertibles or share options granted as at 30 June 2016 and 30 June 2015.

During 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. There were no treasury shares held or issued as at 30 June 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 June 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 June 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

The 2Q2015 results and the statements of financial positions of the Group and of the Company as at 30 June 2015 have been restated to reflect the following:

(i) During the quarter ended 30 September 2015, the Group has reassessed and reclassified as an associate a 49%-owned entity previously classified as a subsidiary. The reclassified 2Q2015 results have reflected the accounting of this 49%-owned entity as an associate; and

(ii) Certain amounts owing by a director which were previously classified under "Trade and Other Receivables" are now presented net of the Group's non-controlling interests.

Except as disclosed above and 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 HY2016.

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	**2Q2016 (Malaysian sen)**	**2Q2015 (Malaysian sen)**	**HY2016 (Malaysian sen)**	**HY2015 (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	0.15	3.7	(1.2)	4.0
(ii) On a fully diluted basis	0.15	3.7	(1.2)	4.0
Weighted average number of ordinary shares	283,769,231	229,723,783	283,784,615	211,300,025

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 for each of 2Q2016, 2Q2015, HY2016 and HY2015 were the same as there were no potentially dilutive ordinary shares existing during 2Q2016, 2Q2015, HY2016 and HY2015 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 2016	**As at 31 December 2015**
Group	39.9	43.7
Company	32.8	33.5

Net asset value per ordinary share as at 30 June 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.

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

Breakdown by business segments

<u>**Three Months ended 30 June 2016**</u>

	2Q2016			**2Q2015**		
Business sector	**Revenue (RM'000)**	**Gross Profit (RM'000)**	**Gross Profit Margin %**	**Revenue (RM'000)**	**Gross Profit/(Loss) (RM'000)**	**Gross Profit Margin %**
<u>Renewable Energy Sector</u>						
Vietnam Biomass	223	(26)	(11.7%)	-	-	-
<u>Mobile Natural Gas Sector</u>						
Mobile Natural Gas	7,759	783	10.1%	9,874	968	9.8%
<u>Offshore Engineering Sector</u>						
Integrated Engineering Solutions	7,648	5,502	71.9%	15,919	6,002	37.7%
Turnkey projects	120,071	102	0.1%	6,686	1,828	27.3%
<u>Total Offshore Engineering Sector</u>	127,719	5,604	4.4%	22,605	7,830	34.6%
Total	**135,701**	**6,361**	**4.7%**	**32,479**	**8,798**	**27.1%**

Six Months ended 30 June 2016

Business sector	HY2016			HY2015		
	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %
Renewable Energy Sector						
Vietnam Biomass	353	(50)	(14.2%)	-	-	-
Mobile Natural Gas Sector						
Mobile Natural Gas	18,461	1,628	8.8%	20,153	2,093	10.4%
Offshore Engineering Sector						
Integrated Engineering Solutions	8,587	6,057	70.5%	20,845	7,925	38.0%
Turnkey projects	120,949	280	0.2%	14,747	2,011	13.6%
Total Offshore Engineering Sector	129,536	6,337	4.9%	35,592	9,936	27.9%
Total	**148,350**	**7,915**	**5.3%**	**55,745**	**12,029**	**21.6%**

Revenue

Total revenue for the Group increased by 317.8% from RM32.5 million in 2Q2015 to RM135.7 million in 2Q2016. This increase was mainly due to mobilisation activities for the Malikai Tension Leg Platform Installation turnkey project, contributing revenue of RM120 million, which was partially offset by (i) a 21.4% decline in Mobile Natural Gas Sector ("MNGS") revenue from RM9.9 million in 2Q2015 to RM7.8 million in 2Q2016; and (ii) a 52.0% decline in Integrated Engineering Services ("IES") revenue from RM15.9 million in 2Q2015 to RM7.6 million in 2Q2016. 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 2Q2016 as IEV's first biomass manufacturing plant, MK-1 Biomass Plant ("MK-1"), in Vietnam continues its gradual operational ramp-up.

For HY2016, total revenue for the Group increased by 166.1% to RM148.4 million from RM55.7 million in HY2015. As mentioned above, the increase in revenue was due to the Malikai turnkey project and was offset by reduced revenue contributions from MNGS and IES, for the reasons described above. RES recorded revenue of RM0.4 million for HY2016.

Gross Profit

The Group's gross profit for 2Q2016 declined by 27.7% to RM6.4 million from RM8.8 million in 2Q2015 whilst the Group's gross profit for HY2016 decreased by 34.2% to RM7.9 million from RM12.0 million in HY2015. The decline in gross profit was primarily attributable to a reduction of IES business activities from the upstream oil and gas industry, which contributes the highest gross profit margins to the Group, and low profit margins received from the Malikai turnkey project.

The Group's gross profit margin for 2Q2016 declined to 4.7% from 27.1% in 2Q2015 whilst the Group's gross profit margin in HY2016 declined to 5.3% from 21.6% in HY2015. 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 IES of 70.5% in HY2016 from 38.0% in HY2015 and an increased to 71.9% in 2Q2016 from 37.7% in 2Q2015.

Other Operating Income

Other operating income of RM0.3 million for 2Q2016 and RM0.5 million for HY2016 comprised of rental income; interest income; administrative fees on the purchase of goods and services on behalf of principals and alliance partners during the execution of various project; and gain on the disposal of property, plant and equipment. In comparison, other operating income of RM4.7 million for 2Q2015 and RM4.9 million for HY2015 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 2Q2016 and HY2016.

Exchange Gain

The Group recorded an immaterial exchange gain of RM9k in 2Q2016 compared to an exchange gain of RM1.6 million in 2Q2015. The exchange gain for 2Q2015 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 being denominated in US dollars. For FY2016, such Company advances are reclassified as deemed investments in subsidiaries and no longer subject to foreign exchange revaluation.

The Group recorded an exchange gain of RM0.3 million in HY2016 arising from trade payables denominated in US Dollar. In comparison, the Group recorded an exchange gain of RM3.5 million in HY2015 mainly for the reason given above.

Administrative Expenses

Administrative expenses in 2Q2016 were RM5.4 million as compared to RM5.3 million in 2Q2015. Administrative expenses in HY2016 were RM10.8 million as compared to RM10.4 million in HY2015. The slight increase for both the quarter and half year was mainly due to (i) the commencement of commercial operations of the MK-1 Biomass plant in Vietnam; and (ii) business feasibility studies conducted for new markets under MNGS. This increase in administrative expenses was partially offset by the Group's cost reduction initiatives in HY2016.

Depreciation expenses for 2Q2016 increased by 18.5% to RM1.2 million from RM1.0 million in 2Q2015. For HY2016, depreciation expenses increased by 19.7% to RM2.4 million from RM2.0 million in HY2015. This was mainly due to the commencement of commercial operations of the MK-1 Biomass plant.

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 2Q2016 and HY2016 was RM0.5 million, compared to RM1.2 million in 2Q2015 and RM1.3 million in HY2015. The decrease was mainly due to lower commission on agent-based sales in HY2016 compared to HY2015.

Share of Results of Associates

Share of results of associates was a loss of RM0.1 million for 2Q2016 and a loss of RM0.4 million for HY2016. In comparison, share of results of associates was a profit of RM9k for 2Q2015 and a profit of RM0.3 million for HY2015. The losses recorded by the OES associate for 2Q2016 and HY2016 was in line with a slowdown in the upstream oil and gas business in HY2016.

Finance Costs

Finance costs for 2Q2016 declined to RM0.2 million from RM0.3 million in 2Q2015 mainly due to the settlement of a bank overdraft facility. For the same reason, finance costs in HY2016 declined to RM0.5 million from RM0.6 million in HY2015.

Profit/(Loss) Before Tax

The Group recorded a profit before tax of RM0.4 million for 2Q2016, which is a 95.3% decrease over 2Q2015's profit before tax of RM8.4 million. The Group recorded a loss before tax in HY2016 of RM3.4 million compared to a profit before tax of RM8.4 million in HY2015. This was mainly due to: (i) decreased gross profit in HY2016; (ii) a reduced exchange gain of RM0.3 million in HY2016 compared to a gain of RM3.5 million in HY2015; (iii) a one-off gain in HY2015 for a contractual settlement in relation to the D21 turnkey project; and offset by a reduction in selling and distribution costs as well as finance costs.

Review of Statement of Financial Position

Non-Current Assets

Net book value of intangible assets decreased to RM5.6 million as at 30 June 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 June 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.

Oil and gas properties decreased by RM0.9 million to RM56.0 million as at 30 June 2016, from RM56.9 million as at 31 December 2015. This was due to currency translation differences on the exploration and production concession at the Pabuaran KSO Block, West Java Indonesia, which is denominated in US Dollars. This currency translation was partially offset by continuing work over of twin wells at the KSO Project.

The non-current portion of other receivables and prepayments decreased by RM0.7 million to RM7.6 million as at 30 June 2016, from RM8.3 million as at 31 December 2015, due to return of operational deposits and amortisation of land use rights.

Current Assets

Inventories increased by RM0.7 million to RM5.2 million as at 30 June 2016, from RM4.5 million as at 31 December 2015. This increase is primarily due to the build-up of rice husk and briquette inventories for the operational ramp-up of MK-1 Biomass plant in Vietnam.

Trade and other receivables increased by RM110.1 million to RM173.9 million as at 30 June 2016, from RM63.8 million as at 31 December 2015, due mainly to the commencement of the installation phase for the Malikai turnkey project.

The current portion of prepayments which comprised project related advances and prepaid operating expenses decreased by RM0.4 million to RM2.4 million as at 30 June 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 reserve came to a deficit of RM1.3 million as at 30 June 2016, from a gain of 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 RM3.4 million to RM17.0 million as at 30 June 2016, from RM20.4 million as at 31 December 2015, due to the loss recorded for HY2016.

Non-Current Liabilities and Current Liabilities

Bank borrowings (current and non-current portions) and finance leases decreased by RM0.3 million to RM7.5 million as at 30 June 2016, from RM7.8 million as at 31 December 2015, in line with scheduled repayment of lending facilities.

Trade and other payables increased by RM106.3 million to RM168.9 million as at 30 June 2016, from RM62.6 million as at 31 December 2015, mainly due to the commencement of the installation phase for the Malikai turnkey project.

The Group has a positive working capital of RM22.1million as at 30 June 2016 as compared to RM28.5 million as at 31 December 2015.

Review of Statement of Cash Flows

For 2Q2016, the Group generated cash from operating activities of RM0.1 million. This was mainly due to: (i) operating profit before working capital changes of RM2.2 million; (ii) decrease in inventories of RM0.6 million; (iii) increase in operating payables of RM112.5 million; which was offset by (iv) increase in operating receivables of RM60.1 million and (v) increase in amount due from an associate of RM54.4 million. The increase in items (iii), (iv) and (v) is due to the Malikai turnkey project that has entered into the installation phase. Net cash used in investing activities of RM2.8 million during 2Q2016 was mainly due to: (i) an increase in oil and gas properties of RM2.5 million and (ii) purchase of property, plant and equipment of RM0.4 million. Net cash used in financing activities of RM0.3 million during 2Q2016 was mainly for servicing bank borrowing and finance leases of the Group and the pledging of deposits for bank guarantees.

The Group recorded net cash used in operating activities of RM4.5 million for HY2016. This was mainly due to: (i) an increase in operating receivables of RM43.4 million; (ii) an increase in amount due from an associate of RM68.8 million, (both of which is mainly due to the Malikai turnkey project); (iii) increase in inventories of RM0.9 million; which was partially offset by (iv) an increase in operating payable of RM109.1 million (mainly due to the Malikai turnkey project). Net cash used in investing activities which amounted to RM4.3 million during HY2016 was mainly due to: (i) an increase in oil and gas properties of RM3.2 million; and (ii) the purchase of property, plant and equipment of RM1.3 million. Net cash used in financing activities of RM0.1 million during HY2016 was mainly for servicing bank borrowing and finance leases of the Group which was partially offset by a decrease in pledged fixed deposits.

As a result of the above and after taking into account the currency translation deficit difference of RM0.2 million in 2Q2016 and RM1.6 million in HY2016, the cash and cash equivalents balance was RM6.5 million as at 30 June 2016, as compared to RM15.5 million as at 30 June 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

Oil price trend continues to be volatile despite a rally in 2Q2016, which saw both Brent and WTI breach the US$50 per barrel mark in May. Current oil prices have since declined by over 8.7%[1] as US government data indicated growing inventories of gasoline and other oil products pushed total petroleum supplies to record highs.

The rise in drilling rigs for tight oil due to capital flow and a strong dollar adds further downward pressure to any short term oil price recovery. Major oil companies have reported large declines in profits and this will translate to further cuts in new capital expenditures in developing new fields. Any sustainable oil price recovery would have to be based on fundamentals and the decline of global oil inventories due to lower oil production or rising oil demand. The World Bank increased its 2016 forecast[2] for crude oil prices to US$43 per barrel from US$41 per barrel, but cautioned that oversupply would take some time to diminish.

[1] www.oilprice.com; Berman, Arthur 27 July 2016.
[2] www.worldbank.org; World Bank press release dated 26 July 2016.

The Group is reviewing its terms of trade given the recent filing of judicial management by Swiber Holdings Limited and Swiber Offshore Construction Private Limited ("SOC") in Singapore. A notification of claim has been submitted to the judicial managers of SOC for all unsecured payments and a local law firm has been appointed to undertake this activity. Net exposure of the Group to SOC and its associates is approximately RM6.6 million, of which RM5.0 million is secured by irrevocable letters of credit. Whilst the exposure to SOC is limited and manageable, the Group will make the necessary provision for such doubtful debts in its 3Q2016 financial results, after full evaluation of the situation and consultation with its external auditors. The Group is expecting that secured payments via irrevocable letters of credit issued by a bank would not be affected.

The Group continues its search to dispose of certain assets that are impacted by the prolonged low oil price environment, whilst continuing to improve the Group's cost efficiency and implementing lean management practices. Concurrently, the Group continues to explore its diversification options to reduce its exposure to the energy business and oil and gas industry. Further announcements shall be made as and when there is any material development.

Offshore Engineering Sector ("OES")

In July 2016, The Group started its global launch of a proprietary engineering solution called MGP-*i* to add life and strength to and reduce structural risk of failure of offshore structures. The patent pending product generation used in the MGP-*i* can be deployed without the need for divers to both remove and prevent marine growth in a single deployment, making it a highly cost-effective solution to enhance structural integrity and reduce probability of failure. Since its first inception in 2012, more than 500 MGP-*i* systems have been applied. The marine growth prevention sensitivity study ("MGPSS") has also confirmed significant structural benefits gained by MGP-*i* application including an improvement of Reserved Strength Ratio up to 11% and fatigue life of 2-3 folds. The Group will target the market of offshore oil and gas platforms, jetties and wind farms and establish a distribution network as part of its global commercialization plan of the MGP-*i.*

The Group has recently secured a number of subsea cutting and trenching projects in Malaysia and Indonesia, and continue to bid for subsea repair works around the region.

The offshore transportation and installation work for the Malikai Tension Leg Platform, which contributes significant revenue to OES in 2Q2016 and 3Q2016, is ongoing and scheduled to be completed in August 2016.

Mobile Natural Gas Sector ("MNGS")

On the land dispute case related to EJ-1 operation, the presiding judge has dismissed the case and the Group has filed an appeal with the District Court of Bekasi.

The low oil price environment continues to limit the consumption of compressed natural gas ("CNG") in West Java as medium fuel oil (MFO) and diesel are now trading below the price of CNG. The management of PT. IEV Gas ("PTIG") is implementing a number of cost-reduction-initiatives in 2H2016 to overcome the challenges of low CNG sales volume and margin pressure.

The construction of the CNG Mother Station in the East Coast of Peninsular Malaysia is 85% completed and barring any unforeseen circumstances, the new CNG plant will start delivering CNG from September 2016. The delay was caused by additional infrastructure requirements imposed by the local municipal council authority. Meanwhile, Gas Malaysia IEV Sdn Bhd has started the feasibility study of using Liquefied Natural Gas ("LNG") for its West Coast mobile natural gas supply plain.

For the Tamil Nadu LNG project, the Group is currently in discussion on technical matters with Timah Langat-Emrail Consortium ("Consortium") to enable financial closure based on a feasibility study to be prepared by the Consortium with the Group. The Group will be involved in the technical feasibility for the appropriate technology, asset procurement and logistics evaluation.

Exploration and Production Sector ("EPS")

The workover campaign at CLS-1TW and CLS-1 wells was completed in July 2016. PT IEV Pabuaran KSO successfully perforated the lost zone for water disposal in preparation of oil production but did not complete the Parigi gas testing program due to the workover budget approved by Pertamina. Gas bearing intervals in Parigi are in matrix structure and would require additional appraisals for testing and production.

The management of PT IEV Pabuaran KSO is now preparing the plan to put CLS-1TW on production. Details of this plan will be announced as and when information becomes available.

Renewable Energy Sector ("RES")

The Group has accelerated the purchase of rice husk after the drought and its warehouse has reached full storage capacity. Production of briquettes is ongoing. However, the sale of briquettes from the factory would only begin generating substantial revenue in 4Q2016, when briquette prices are expected to increase by up to 40% from the current pricing level due to the low harvest season.

The Group continues to evaluate the manufacturing of high value-added and non-energy related products using rice husk as raw materials in the future. Preliminary results of the study on production of nanosilica and its derivatives from rice husk demonstrated that the purity of amorphous silica produced from rice husk, at laboratory level, is much higher than those from sand silica. The due diligence for the commercialization of nanosilica is currently being carried out together with NanoMalaysia Berhad and will be announced as and when there are any 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 had been 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 June 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, 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 ended 30 June 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: 12 August 2016