



IEV HOLDINGS LIMITED

(Company Registration No: 201117734D)

(Incorporated in the Republic of Singapore on 26 July 2011)

(the "Company", and together with its subsidiaries, the "Group")

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2016 ("1Q2016")

*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**"). The Sponsor 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.*

The contact person for the Sponsor is Mr. Sebastian Jones, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road, #21-02 Singapore 068896, telephone (65) 6854-6160.

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

	Group		
	3 months ended 31 March ("1Q")		
	Unaudited 1Q2016 (RM'000)	Unaudited 1Q2015 (restated) (RM'000)	% change increase/ (decrease)
Revenue	12,649	23,266	(45.6)
Cost of sales	(11,095)	(20,035)	(44.6)
Gross profit	1,554	3,231	(51.9)
Other operating income	194	196	(1.0)
Administration expenses	(5,431)	(5,189)	4.7
Exchange gain	331	1,910	(82.7)
Selling and distribution costs	-	(135)	n.m.
Other operating expenses	(34)	(81)	(58.0)
Share of results of associates	(238)	322	n.m.
Finance costs	(228)	(300)	(24.0)
Loss before tax	(3,852)	(46)	n.m.
Tax	(7)	(12)	(41.7)
Loss for the period	(3,859)	(58)	n.m.
Other comprehensive (loss)/income after tax - currency translation differences arising from consolidation	(9,614)	1,239	n.m.
Total comprehensive (loss)/income for the period, net of tax	(13,473)	1,181	n.m.
Total (loss)/profit attributable to:			
Owners of the Company	(3,822)	6	n.m.
Non-controlling interests	(37)	(64)	(42.2)
	(3,859)	(58)	n.m.
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(13,384)	1,051	n.m.
Non-controlling interests	(89)	130	n.m.
	(13,473)	1,181	n.m.

n.m. denotes not meaningful.

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

	3 months ended 31 March		
	1Q2016 (RM'000) Unaudited	1Q2015 (restated) (RM'000) Unaudited	% change increase/ (decrease)
Rental income	93	51	82.4
Interest income	18	8	125.0
Interest expense	(228)	(300)	(24.0)
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(1,237)	(1,023)	20.9
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(164)	(139)	18.0

n.m. denotes not meaningful

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

	Company		Group	
	Unaudited As at 31 March 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)	Unaudited As at 31 March 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)
ASSETS				
Non-Current				
Intangible assets	-	-	5,640	6,300
Property, plant and equipment	-	-	35,140	37,077
Oil and gas properties	-	-	52,353	56,898
Subsidiaries	103,949	32,357	-	-
Associates	-	-	2,532	2,770
Other receivables and prepayments	-	-	7,392	8,304
Deferred tax assets	-	-	1,440	1,517
	103,949	32,357	104,497	112,866
Current				
Inventories	-	-	5,658	4,514
Work-in-progress	-	-	40	56
Trade and other receivables	2,005	73,947	58,951	63,845
Prepayments	100	66	2,384	2,820
Cash and bank balances	432	605	12,992	20,716
	2,537	74,618	80,025	91,951
Total assets	106,486	106,975	184,522	204,817
EQUITY				
Capital and Reserves				
Share capital	97,691	97,691	97,691	97,691
Currency translation reserve	(2,712)	-	(3,659)	5,903
Capital reserve	-	-	(101)	(101)
(Accumulated losses)/Retained earnings	(2,529)	(2,550)	16,635	20,457
Equity attributable to owners of the Company	92,450	95,141	110,566	123,950
Non-controlling interests	-	-	446	535
	92,450	95,141	111,012	124,485
LIABILITIES				
Non-Current				
Bank borrowings	-	-	6,908	6,853
Finance leases	-	-	154	244
Deferred tax liabilities	-	-	133	142
Provision for post-employment benefits obligations	-	-	2,211	2,198
Advances from a third party	-	-	5,000	5,000
Provision for decommissioning	-	-	2,236	2,461
	-	-	16,642	16,898

	Company		Group	
	Unaudited As at 31 March 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)	Unaudited As at 31 March 2016 (RM'000)	Audited As at 31 December 2015 (RM'000)
Current				
Trade and other payables	14,036	11,834	56,185	62,601
Bank borrowings	-	-	277	400
Finance leases	-	-	316	343
Income tax payable	-	-	90	90
	14,036	11,834	56,868	63,434
Total equity and liabilities	106,486	106,975	184,522	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	As at 31 March 2016 Secured (RM'000)	As at 31 December 2015 Secured (RM'000)
Bank loans	7,185	7,253
Total Bank Borrowings	7,185	7,253
Finance leases	470	587
Total Borrowings & Debt Securities	7,655	7,840
Amount repayable in one year or less, or on demand	593	743
Amount repayable after one year	7,062	7,097

Details of collaterals

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

Bank loan

- 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 finance leases 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 1Q2016 (RM'000)	Unaudited 1Q2015 (restated) (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(3,852)	(46)
Adjustments for:		
Share of results of associates	238	(322)
Amortisation of intangible assets	164	139
Depreciation of property, plant and equipment	1,237	1,023
Provision for post-employment benefits	199	144
Gain on disposal of property, plant and equipment	-	(34)
Interest expense	228	300
Interest income	(18)	(8)
Operating (loss)/ profit before working capital changes	(1,804)	1,196
(Increase)/Decrease in inventories	(1,432)	1,446
Increase in work-in-progress	12	95
Decrease in operating receivables	16,757	16,333
Decrease in operating payables	(3,328)	(12,228)
(Increase)/Decrease in amount due from an associate	(14,359)	4,252
	(4,154)	11,094
Interest received	18	8
Interest paid	(228)	(300)
Post-employment benefit paid	(28)	-
Tax paid	(191)	(348)
Net cash (used in) generated from operating activities	(4,583)	10,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(868)	(907)
Purchase of intangible assets	-	(218)
Increase in oil and gas properties	(689)	(13,282)
Proceeds from disposal of property, plant and equipment	-	490
Net cash used in investing activities	(1,557)	(13,917)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance leases	(94)	(87)
Repayment of bank borrowings	(69)	(553)
Fixed deposits pledged	343	(218)
Net cash generated from (used in) financing activities	180	(858)
Net decrease in cash and cash equivalents	(5,960)	(4,321)
Cash and cash equivalents at beginning of period	16,958	17,541
Currency translation difference of cash and cash equivalents at beginning of year	(1,421)	409
Cash and cash equivalents at end of period	9,577	13,629

	Group	
	Unaudited 1Q2016 (RM'000)	Unaudited 1Q2015 (RM'000)
<i>Cash and cash equivalents comprise:</i>		
Cash and bank balances	9,577	13,629
Fixed deposits	3,415	3,907
	12,992	17,536
Less: Pledged fixed deposits	(3,415)	(3,907)
Cash and cash equivalents at end of period	9,577	13,629

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

<u>Company</u> Previous Period	Share capital (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
Balance as at 1 January 2015	80,048	(12,884)	67,164
Total comprehensive income for the period	-	1,752	1,752
Balance as at 31 March 2015	80,048	(11,132)	68,916

<u>Group</u> Current Period	Share capital (RM'000)	Retained earnings (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 January 2016	97,691	20,457	(101)	5,903	123,950	535	124,485
Loss for the period	-	(3,822)	-	-	(3,822)	(37)	(3,859)
Other comprehensive income							
- Currency translation difference arising from consolidation	-	-	-	(9,562)	(9,562)	(52)	(9,614)
Balance as at 31 March 2016	97,691	16,635	(101)	(3,659)	110,566	446	111,012

Group Previous Period	Share capital (RM'000)	Retained earnings (RM'000)	Currency translation reserve (RM'000)	Equity attributable to owners of the Company (RM'000)	Non- controlling interests (RM'000)	Total Equity (RM'000)
Balance as at 1 January 2015 (previously reported)	80,048	8,446	(1,834)	86,660	2,963	89,623
Restatement of a 49%-owned entity previously classified a subsidiary to an associate	-	-	-	-	(1,570)	(1,570)
Reclassification of an amount previously reported as due from a director	-	-	-	-	(1,152)	(1,152)
Balance as at 1 January 2015 (restated)	80,048	8,446	(1,834)	86,660	241	86,901
Profit/(Loss) for the period	-	6	-	6	(64)	(58)
Other comprehensive income Currency translation difference arising from consolidation	-	-	1,045	1,045	194	1,239
Balance as at 31 March 2015 (restated)	80,048	8,452	(789)	87,711	371	88,082

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 December 2015	283,800,000	39,935,753
Issued and paid-up share capital of the Company as at 31 March 2016	283,800,000	39,935,753

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

There were no treasury shares held or issued as at 31 March 2016 and 31 March 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 31 March 2016	As at 31 December 2015
Number of issued shares excluding treasury shares	283,800,000	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 31 March 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 1Q2015 results and the statements of financial positions of the Group and of the Company as at 31 March 2015 have been restated to reflect the following:

- (i) During the quarter ended 30 September 2015, the Group has reassessed and reclassified a 49%-owned entity previously classified as a subsidiary to an associate. The 1Q2015 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 1Q2016.

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

<u>Group</u>	1Q2016 (Malaysian sen)	1Q2015 (Malaysian sen)
Loss per ordinary share for the period based on the net profit/(loss) attributable to shareholders of the Company:		
(i) Basic	(1.35)	n.m.
(ii) On a fully diluted basis	(1.35)	n.m.
Weighted average number of ordinary shares	283,800,000	189,200,000

n.m. denotes not meaningful.

Basic and diluted earnings/(loss) per ordinary share have been computed based on the Group's profit/(loss) 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/(loss) per ordinary share for 1Q2016 and 1Q2015 were the same as there were no potentially dilutive ordinary shares existing during 1Q2016 and 1Q2015 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Net asset value per ordinary share (Malaysian sen)	
	As at 31 March 2016	As at 31 December 2015
Group	39.0	43.7
Company	32.6	33.5

Net asset value per ordinary share as at 31 March 2016 and 31 December 2015 have been calculated based on the aggregate number of ordinary shares of 283,800,000 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 31 March 2016 and 31 March 2015

Business sector	1Q2016			1Q2015 (restated)		
	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Gross Profit/(Loss) Margin (%)	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin (%)
<u>Renewable Energy Sector</u>						
Vietnam Biomass	130	(24)	(18.5%)	-	-	-
<u>Mobile Natural Gas Sector</u>						
Mobile Natural Gas	10,702	845	7.9%	10,279	1,125	10.9%
<u>Offshore Engineering Sector</u>						
Integrated Engineering Solutions	939	555	59.1%	4,926	1,923	39.0%
Turnkey projects	878	178	20.3%	8,061	183	2.3%
<u>Total Offshore Engineering Sector</u>	1,817	733	40.3%	12,987	2,106	16.2%
Total	12,649	1,554	12.3%	23,266	3,231	13.9%

Revenue

Total revenue for the Group declined by 45.6% from RM23.3 million in 1Q2015 to RM12.6 million in 1Q2016. This decline reflected the nature and timing of project-based activities of the Offshore Engineering Sector ("OES") for 1Q2016. The Mobile Natural Gas Sector ("MNGS") recorded a 4.1% increase in revenue from RM10.3 million in 1Q2015

to RM10.7 million in 1Q2016. The Renewable Energy Sector (“RES”) recorded revenue of RM0.1 million in 1Q2016 after the inauguration of IEV’s first biomass manufacturing plant, MK-1 Biomass Plant (“MK-1”), in Vietnam during 1Q2016.

Gross Profit

The Group’s gross profit for 1Q2016 decreased by 51.9% to RM1.6 million from RM3.2 million in 1Q2015, with both OES and MNGS recording a decline in gross profit. MNGS experienced a 24.9% decline in gross profit from RM1.1 million in 1Q2015 to RM0.8 million in 1Q2016. The compressed natural gas (“CNG”) business in West Java, Indonesia, is experiencing gas metering issues resulting in higher gas supply costs. The management of MNGS is in discussions with its gas supplier to resolve this metering issue. OES’ gross profit decreased by 65.2% from RM2.1 million in 1Q2015 to RM0.7 million in 1Q2016, due to the nature and timing of project-based activities of OES.

The Group’s gross profit margin for 1Q2016 decreased to 12.3% from 13.9% in 1Q2015. This was mainly due to gas metering issues experienced by MNGS’ CNG business in West Java, Indonesia.

Other Operating Income

Other operating income has remained unchanged at RM0.2 million for both 1Q2016 and 1Q2015. Other operating income of the Group comprised of 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.

Exchange Gain

The Group recorded an exchange gain of RM0.3 million in 1Q2016 as compared to an exchange gain of RM1.9 million in 1Q2015. This exchange gain arose mainly from trade payables denominated in US Dollars.

Administrative Expenses

Administrative expenses in 1Q2016 were RM5.4 million which has marginally increased by 4.7% as compared to RM5.2 million in 1Q2015. The increase in administrative expenses was mainly due to (i) commencement of commercial operations of IEV Vietnam’s biomass plant MK1 and (ii) increase in depreciation and amortisation charges relating to the acquisition of licensing rights for the Oxifree corrosion control technology and land use rights for the 2nd East Java CNG mother station EJ-2.

Selling and Distribution Costs

Selling and distribution costs represent commission payable to agents for sales made for the Group. The Group did not incur any selling and distribution costs for 1Q2016 as there was no revenue generated from the sale of the Group’s proprietary marine growth prevention products.

Other Operating Expenses

Other operating expenses for 1Q2016 was RM30 thousand compared to RM81 thousand for 1Q2015. This was mainly due to inventory written off in relation to the commissioning phase of the MK-1 biomass plant in 1Q2016.

Share of Results of Associates

Share of results of associates for 1Q2016 recorded an after-tax loss of RM0.2 million compared to an after-tax profit of RM0.3 million for 1Q2015. The loss recorded by the OES associate was in line with a slowdown in the upstream oil and gas business in 1Q2016.

Finance Costs

Finance costs for 1Q2016 marginally reduced to RM0.2 million from RM0.3 million for 1Q2015, which was in tandem with a gradual reduction in bank borrowings and finance leases.

Loss Before Tax

For reasons set out above, the Group recorded a loss before tax of RM3.9 million for 1Q2016 as compared to a loss before tax of RM0.06 million for 1Q2015.

Review of Statement of Financial Position

Non-Current Assets

Net book value of intangible assets decreased by RM0.7 million to RM5.6 million as at 31 March 2016 from RM6.3 million as at 31 December 2015. In addition to periodic amortisation charges, this decrease in net book value was mainly due to the strengthening of the Malaysian Ringgit and a substantial portion of the intangible assets are denominated in US Dollars.

Net carrying value of property, plant and equipment decreased by RM2.0 million to RM35.1 million as at 31 March 2016 from RM37.1 million as at 31 December 2015. This was mainly due to (i) RM0.8 million depreciation expenses for the quarter; and (ii) the strengthening of the Malaysian Ringgit and a substantial portion of assets are denominated in foreign currencies.

Oil and gas properties decreased by RM4.5 million to RM52.4 million as at 31 March 2016, from RM56.9 million as at 31 December 2015 due mainly to the strengthening of the Malaysian Ringgit and that these assets are denominated in US Dollars.

In 1Q2016, certain inter-company loans have been reclassified as quasi-equity loans. As such, the amounts stated in Subsidiaries have been increased significantly with a corresponding decrease in Trade and Other Receivables.

Current Assets

Inventories increased by RM1.2 million to RM5.7 million as at 31 March 2016, from RM4.5 million as at 31 December 2015. The increase was mainly due to inventory build-up of (i) marine growth control products for product delivery during the financial year; (ii) spares and consumables for workover activities at Pabuaran KSO Block; and (iii) rice husk and briquettes at the newly inaugurated biomass plant MK-1 in Vietnam.

Trade and other receivables decreased by RM4.8 million to RM59.0 million as at 31 March 2016, from RM63.8 million as at 31 December 2015, due mainly to the settlement of OES project invoices.

The current portion of prepayments, which comprised project related advances and prepaid operating expenses decreased to RM2.4 million as at 31 March 2016, from RM2.8 million as at 31 December 2015. This was attributable to projects reaching billing milestones which allowed project prepayments be billed to clients.

Capital and Reserves

Currency translation reserve reversed to a loss of RM3.7 million as at 31 March 2016, from a gain of RM5.9 million as at 31 December 2015, mainly due to the appreciation of the Malaysian Ringgit against US dollar and Indonesian Rupiah.

Retained earnings for the Group decreased by RM3.9 million to RM16.6 million as at 31 March 2016, from RM20.5 million as at 31 December 2015, due to the loss recorded for 1Q2016.

Non-Current Liabilities and Current Liabilities

Bank borrowings (current and non-current portions) decreased by RM0.1 million to RM7.2 million as at 31 March 2016, from RM7.3 million as at 31 December 2015, mainly due to scheduled repayments of a bank loan.

Trade and other payables decreased by RM6.4 million to RM56.2 million as at 31 March 2016, from RM62.6 million as at 31 December 2015, due to the settlement of OES project invoices in 1Q2016.

The Group has a positive working capital of RM23.2 million as at 31 March 2016 as compared to RM28.5 million as at 31 December 2015.

Review of Statement of Cash Flows

The Group recorded net cash used in operating activities of RM4.6 million for 1Q2016. This was mainly due to (i) an operating loss before working capital changes of RM1.8 million; (ii) increase in amount due from an associate of RM14.4 million; (iii) decrease in operating payables of RM3.3 million; and (iv) increase in inventories of RM1.4 million; which was partially offset by a decrease in operating receivables of RM16.8 million.

Net cash used in investing activities which amounted to RM1.6 million was mainly due to (i) an increase in oil and gas properties of RM0.7 million; and (ii) the net acquisition of property, plant and equipment of RM0.9 million. Net cash generated from financing activities of RM0.2 million was mainly due to a decrease in pledged fixed deposits.

As a result, after taking into account the currency translation difference of RM1.4 million, the cash and cash equivalents balance was RM9.6 million as at 31 March 2016, as compared to RM13.6 million as at 31 March 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

A weaker dollar and optimism that a global oil glut will ease have combined to help lift crude oil prices by approximately US\$20 a barrel since they dropped to 12-year lows below US\$30 earlier this year. Although there are still many uncertainties associated with the discussion on freezing oil production from OPEC nations, the drop in production from non-OPEC producers is certain as oil production in the USA is declining and oil and gas companies are taking deep cuts in their exploration and production expenditures. In the short term, price volatility will continue but analysts are confident that the stockpile of crude oil will fall later this year, and this could set the stage for a fundamental recovery.

The Group continues to implement a number of initiatives ranging from cost reduction measures to increase productivity of its workforce and diversification plans. The Group also plans to disinvest assets that produce low returns and focus on its core businesses. The launch of the new generation of patent-pending marine growth prevention products as a low cost solution to add strength and life to the market of over 10,000 offshore platforms will start in the second quarter of 2016 ("**2Q2016**"). The site execution of Malikai Tensioned Leg Platform, which is scheduled to commence in May 2016, will contribute significant revenue to the OES in FY2016.

The Group faces a challenging CNG market in Indonesia where prices of liquid fuels have dropped below CNG prices due to the current oil oversupply. A number of cost reduction initiatives have been implemented to stabilise the operation after the relocation to EJ-2 mother station. Meanwhile, the Group continues to work towards the completion of the first CNG supply chain in the east coast of Peninsular Malaysia under Gas Malaysia IEV Sdn. Bhd.

Workover activities and subsequent gas production tests in Pabuaran KSO will be the focus for the EPS in 2Q2016.

Barring any unforeseen circumstances, the string of recent Marine Growth Preventers (“MGP”) contract awards and the offshore installation of Malikai TLP should contribute to the Group’s revenue in the subsequent quarters of FY2016.

Offshore Engineering Sector (“OES”)

The Group has been awarded a number of contracts for its proprietary “ocean-powered” Marine Growth Control products, which will contribute significant gross profit to OES from 2Q2016, as the Group begins to supply MGP for these contracts. The Group will also commence a global launch of its new generation of patent pending products from 2Q2016. The Group has commissioned design consultants to conduct an extended marine growth prevention sensitivity study for a number of structures in Asia and the Middle East to determine how the differing scope of marine growth prevention can impact the strength and life of offshore installations. Barring any unforeseen circumstances, results of this study will be announced together with the launch of new products in 2Q2016.

The Group has responded to an increased number of decommissioning enquiries and tenders from operators who are leveraging the low oil price environment to minimize their decommissioning costs. Additionally, the grouting team has completed a number of pile grouting and free span correction projects in India and currently pursuing similar projects for the next offshore campaign that will start in October 2016.

The offshore transportation and installation work for the Malikai Tension Leg Platform installation is scheduled to start in mid-May 2016 and, barring any unforeseen circumstances, the program is scheduled for completion by July 2016.

Mobile Natural Gas Sector (“MNGS”)

The demand for CNG in West Java has reduced significantly due to the drastic drop of crude oil price (*there is a lag time between crude price and local fuel price*). Medium fuel oil and diesel are now traded below the price of CNG and this has affected the consumption of CNG by the industrial sector in Indonesia as well as increased the level of competition among CNG suppliers.

The management of PT. IEV Gas is implementing a number of cost-reduction-initiatives in 2Q2016 to prepare for the challenges of low CNG sales volume and margin pressure. The business performance is expected to improve once crude oil prices starts to recover and/or the Group can implement its vertical integration plan and tap into the natural gas produced from Pabuaran KSO. Meanwhile, the land dispute case related to EJ-1 operation is currently being heard by the Courts of Bekasi and is expected to conclude during 2Q2016.

The construction of the CNG Mother Station in the East Coast of Peninsular Malaysia is ongoing. All major equipment factory acceptance tests have been completed and site installation is expected to commence in May 2016. Barring any unforeseen circumstances, the new supply chain is expected to be operational in 2Q2016. Meanwhile, Gas Malaysia IEV Sdn Bhd has identified a number of customers in the West Coast and is working towards completing the feasibility study for its second mobile natural gas supply chain in Malaysia.

On the LNG front, the Singapore LNG feasibility study is ongoing. For the Tamil Nadu LNG project, the Group has approved the 2nd Module (*detailed*) of the market study, as results from the 1st Module (*overview*) were very encouraging. The 2nd Module will take approximately 120 days to complete. Details on these projects will be disclosed as they materialize.

Exploration and Production Sector (“EPS”)

The workover campaign at CLS-1TW and CLS-1 wells officially started on 18 April 2016 after all equipment was mobilized, inspected and tested. Barring any unforeseen circumstances, the workover campaign is expected to be completed within 60 days of the spud date followed by a gas reserve valuation. This is a mandatory step for the plan of development for gas from Pabuaran Block. The workover also focuses on preparing the CLS-1TW for oil production from multiple zones and water reinjection.

The Group is also exploring a strategy for the vertical integration of its West Java gas operation to enhance its competitive advantage and diversify its customer base from industrial to power generation and transport sectors, taking advantage of the gas source from the KSO.

Renewable Energy Sector (“RES”)

The biomass plant MK-1 has entered into production and commenced sales of briquettes to factories in South Vietnam following the inauguration on 2 March 2016.

The current drought and the resultant flooding of coastal lands in South Vietnam by seawater has forced a number of rice mills to suspend operation and reduced the capacity of others. As rice production declines, the price of husk has risen significantly and much earlier this year (from March 2016), although the supply volume to the MK-1 plant has not been affected. Under current husk supply conditions, IEV Vietnam JSC will need to adjust its production, warehousing and sales plans. The price of husk should continue to rise for the remainder of the year and peak in 4Q2016 and so will the price of briquettes.

It is expected that the severe drought will have an impact on all agricultural businesses, including rice production, and the subsequent effect on the operation of RES in FY2016.

A feasibility study on the production of nanosilica from rice husk by the Group is ongoing. If successful, this could alleviate the risks associated with elevated husk price due to declining rice production as husk price represents a relatively small cost component in the production of nanosilica. This strategy will also enable the Group to diversify from the energy market as nanosilica has applications in a wide range of industries.

11. If a decision regarding dividend has been made:

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

No

(b) Previous corresponding period/rate %

None.

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

There is no interim dividend recommended and declared by the Directors in respect of the current financial period ended 31 March 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 S\$100,000 in value.

14. Use of Proceeds from the Rights Issue

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

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

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

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

We, Christopher Nghia Do and Harry Ng, being Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the first quarter financial period ended 31 March 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: 9 May 2016