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 9 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 ("9M2014")

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.

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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.

	Group					
	3 months ended 30 September ("3Q")			9 months ended 30 September ("9M")		
	Unaudited 3Q2014 (RM'000)	Unaudited 3Q2013 (RM'000)	% change increase/ (decrease)	Unaudited 9M2014 (RM'000)	Unaudited 9M2013 (RM'000)	% change increase/ (decrease)
Revenue	27,770	39,488	(29.7)	146,636	118,734	23.5
Cost of sales	(26,508)	(28,262)	(6.2)	(133,820)	(104,161)	28.5
Gross profit/(loss)	1,262	11,226	(88.8)	12,816	14,573	(12.1)
Other operating income	423	206	105.3	9,826	1,065	822.6
Exchange (loss)/gain	1,346	525	156.4	(128)	1,118	n.m.
Administrative expenses	(5,699)	(4,495)	26.8	(16,685)	(15,098)	10.5
Selling and distribution costs	(307)	(1,660)	(81.5)	(938)	(2,377)	(60.5)
Other operating expenses	(457)	(709)	(35.5)	(659)	(690)	(4.5)
Share of associated companies' results, net of tax	(284)	814	n.m.	546	3,208	(83.0)
Finance costs	(303)	(179)	69.3	(1,179)	(871)	35.4
Profit/(Loss) before taxation	(4,019)	5,728	n.m.	3,599	928	287.8
Taxation	(60)	(326)	(81.6)	(62)	(326)	(81.0)
Profit/(Loss) for the period	(4,079)	5,402	n.m.	3,537	602	487.4
Other comprehensive income after tax						
- currency translation differences arising from consolidation	453	(2,094)	n.m.	(457)	(1,369)	(66.6)
Total comprehensive income for the year, net of tax	(3,626)	3,308	n.m.	3,080	(767)	n.m.
Total profit attributable to:						
Owners of the parent	(4,012)	5,311	n.m.	3,644	431	745.2
Non-controlling interests	(67)	91	n.m.	(107)	171	n.m.
	(4,079)	5,402	n.m.	3,537	602	487.5
Total comprehensive income attributable to:						
Owners of the parent	(3,559)	3,326	n.m.	3,190	(821)	n.m.
Non-controlling interests	(67)	(18)	272.2	(110)	54	n.m.
	(3,626)	3,308	n.m.	3,080	(767)	n.m.

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

	Group					
	3 months ended 30 September			9 months ended 30 September		
	Unaudited 3Q2014 (RM'000)	Unaudited 3Q2013 (RM'000)	% change increase/ (decrease)	Unaudited 9M2014 (RM'000)	Unaudited 9M2013 (RM'000)	% change increase/ (decrease)
Rental Income	31	28	10.7	87	73	19.2
Interest Income	9	50	(82.0)	50	171	(70.8)
Interest expense	(308)	(179)	72.1	(926)	(871)	6.3
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(862)	(867)	(0.6)	(2,594)	(2,630)	(1.4)
Amortisation of intangible assets	(125)	(106)	(17.9)	(353)	(314)	12.4
Gain on disposal of property, plant and equipment	20	3	n.m.	81	3	n.m.

Gain on disposal of intangible assets	-	-	n.m.	4	-	n.m.
Gain/(loss) on disposal of shares in associated company	-	-	n.m.	8,905	(28)	n.m.

n.m. denotes "not meaningful"

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

	Company		Group	
	Unaudited As at 30 September 2014 (RM'000)	**Audited As at 31 Dec 2013 (RM'000)**	**Unaudited As at 30 September 2014 (RM'000)**	**Audited As at 31 Dec 2013 (RM'000)**
ASSETS				
Non-Current				
Intangible assets	-	-	5,139	5,277
Property, plant and equipment	-	-	31,829	31,413
Subsidiaries	57,517	59,972	-	-
Associated companies	-	-	782	18,867
Oil and gas properties	-	-	15,760	6,596
Prepayments	-	-	1,832	1,093
Deferred tax assets	-	-	355	192
	57,517	59,972	55,697	63,438
Current				
Inventories	-	-	5,900	4,814
Work-in-progress	-	-	786	94
Trade and other receivables	130		113,969	87,872
Prepayments	-	74	-	1,211
Fixed deposits	-	-	498	497
Cash and bank balances	8,301	1,921	24,546	18,955
	8,431	1,995	145,699	113,443
Total assets	**65,948**	**61,967**	**201,396**	**176,881**
EQUITY				
Capital and Reserves				
Share capital	80,048	80,048	80,048	80,048
Currency translation reserve	-	-	(3,950)	(3,495)
(Accumulated losses)/retained profits	(14,501)	(18,548)	6,999	3,355
	65,547	61,500	83,097	79,908
Non-controlling interests	-	-	1,475	1,585
	65,547	61,500	84,572	81,493
LIABILITIES				
Non-Current				
Bank borrowings	-	-	7,182	8,607
Finance lease obligations	-	-	564	34
Deferred tax liabilities	-	-	46	46
Other payables	-	-	1,694	6,203
	-	-	9,486	14,890
Current				
Trade and other payables	401	467	102,085	73,237

	Company		Group	
	Unaudited As at 30 September 2014 (RM'000)	Audited As at 31 Dec 2013 (RM'000)	Unaudited As at 30 September 2014 (RM'000)	Audited As at 31 Dec 2013 (RM'000)
Progress billings	-	-	-	345
Bank borrowings	-	-	4,928	5,345
Finance lease obligations	-	-	325	114
Current tax payable	-	-	-	1,457
	401	467	107,338	80,498
Total equity and liabilities	**65,948**	**61,967**	**201,396**	**176,881**

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 September 2014**		**Audited As at 31 Dec 2013**	
	Secured (RM'000)	**Unsecured (RM'000)**	**Secured (RM'000)**	**Unsecured (RM'000)**
Bank loans:				
- Bank loan # 1	1,636		3,281	-
- Bank loan # 2	7,582		7,772	-
	9,218		11,053	-
Bank overdraft	2,892		2,899	-
	12,110		13,952	-
Finance leases	-	889	-	148
	12,110	889	13,952	148

Amount repayable in one year or less, or on demand	4,928	325	5,345	114
Amount repayable after one year	7,182	564	8,607	34

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;
- A corporate guarantee provided by 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)
- 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.

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

	Group	
	Unaudited 9M2014 (RM'000)	**Unaudited 9M2013 (RM'000)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	3,599	928
Share of profits in associated companies	(546)	(3,208)
Adjustments for:		
Provision for employees' benefits	572	159
(Gain) / Loss on disposal of property, plant and equipment	(81)	3
(Gain) / Loss on disposal of intangible assets	(4)	-
(Gain) / Loss on disposal of shares in associated company	(8,905)	28
Amortisation of intangible assets	353	314
Depreciation of property, plant and equipment	2,594	2,630
Interest expense	926	871
Interest income	(50)	(171)
Operating (loss) / profit before working capital changes	(1,542)	1,554
Increase in inventories	(857)	(871)
Increase in work-in-progress	(692)	(715)
(Increase) / Decrease in operating receivables	(24,707)	(31,443)
Increase / (Decrease) in operating payables	23,650	41,007
Increase in progress billings	(345)	(59)
Cash (used in) / generated from operating activities	(4,493)	9,473
Interest received	50	171
Interest paid	(926)	(871)
Tax paid	(1,735)	(401)
Net cash (used in) / generated from operating activities	(7,104)	8,372
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment in associated company	27,536	163
Payment for expenditure carried forward	(738)	(588)
Increase in oil and gas properties	(9,165)	(4,060)
Acquisition of property, plant and equipment	(2,975)	(13,026)
Proceeds from disposal of property, plant and equipment	168	3
Acquisition of intangible assets	(193)	-
Dividends income from associated company	-	926
Net cash generated from / (used in) investing activities	14,633	(16,582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease obligations	(139)	(128)
Bank borrowings obtained	-	8,272
Bank borrowings repaid	(1,841)	(10,390)
Proceeds from issuance of ordinary shares	-	18,181
Decrease/(Increase) in fixed deposits pledged	150	3,375
Net cash generated from / (used in) financing activities	(1,830)	19,310
Net increase /(decrease) in cash and cash equivalents	5,699	11,100
Cash and cash equivalents at beginning of period	17,474	26,613
Currency translation difference of cash and cash equivalents at beginning of year	44	(589)
Cash and cash equivalents at end of period	23,217	37,124

Cash and cash equivalents comprise:		
Cash and bank balances	24,546	38,420
Fixed deposits	498	493
Less: Pledged fixed deposits	(1,827)	(1,789)
Cash and cash equivalents at end of period	23,217	37,124

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

Company **Current Period**	**Share capital (RM'000)**	**Accumulated losses (RM'000)**	**Total (RM'000)**
Balance as at 1 January 2014	80,048	(18,548)	61,500
Total comprehensive income for the period	-	4,047	4,047
Balance as at 30 September 2014	80,048	(14,501)	65,547

Company **Previous Period**	**Share capital (RM'000)**	**Accumulated losses (RM'000)**	**Total (RM'000)**
Balance as at 1 January 2013	63,247	(21,077)	42,170
Issue of share capital	17,173	-	17,173
Total comprehensive expense for the period	-	(1,379)	(1,379)
Balance as at 30 September 2013	80,420	(22,456)	57,964

Group **Current Period**	**Share capital (RM'000)**	**Retained profits (RM'000)**	**Currency translation reserve (RM'000)**	**Total attributa-ble to equity holders of the parent (RM'000)**	**Non-controlling interests (RM'000)**	**Total equity (RM'000)**
Balance as at 1 January 2014	**80,048**	**3,355**	**(3,495)**	**79,908**	**1,585**	**81,493**
Total comprehensive (expense)/income for the year	-	3,644	(455)	3,189	(110)	3,079
Balance as at 30 September 2014	**80,048**	**6,999**	**(3,950)**	**83,097**	**1,475**	**84,572**

Group Previous Period	Share capital (RM'000)	Retained profits (RM'000)	Currency translation reserve (RM'000)	Total attributa-ble to equity holders of the parent (RM'000)	Non-controlling interests (RM'000)	Total equity (RM'000)
Balance as at 1 January 2013	**63,247**	**6,960**	**(2,225)**	**67,982**	**(46)**	**67,936**
Issue of share capital	17,173	-	-	17,173	-	17,173
Total comprehensive (expense)/income for the year	-	432	(1,253)	(821)	1,074	253
Balance as at 30 September 2013	**80,420**	**7,392**	**(3,478)**	**84,334**	**1,028**	**85,362**

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 2013	189,200,000	33,615,530
Issued and paid-up share capital of the Company as at 30 September 2014	189,200,000	33,615,530

There were no outstanding share options granted as at 30 September 2014 and 30 September 2013.

There was no treasury shares held or issued as at 30 September 2014 and 30 September 2013.

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

	As at 30 September 2014	As at 31 December 2013
Number of issued shares excluding treasury shares	189,200,000	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 September 2014.

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 2013.

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 2014, where applicable. The adoption of these standards from the effective date is not expected to result in material adjustments to the financial position, results of operations or cash flows of the Group for 9M2014.

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	9M2014 (Malaysian sen)	9M2013 (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	1.9	0.23
(ii) On a fully diluted basis	1.9	0.23

Basic and diluted earnings per ordinary share for 9M2014 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 of 189,200,000 shares.

Basic and fully diluted loss per ordinary share for 9M2013 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 of 173,900,552 shares subsequent to the placement of 17,200,000 new ordinary shares in the capital of the Company on 10 June 2013.

The basic and diluted earnings per ordinary share for 9M2014 and 9M2013 were the same as there were no potentially dilutive ordinary shares existing during 9M2014 and 9M2013 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 September 2014	As at 31 December 2013
Group	43.9	42.2
Company	34.6	32.5

Net asset value per ordinary share as at 30 September 2014 and 31 December 2013 is calculated based on the aggregate number of ordinary shares of 189,200,000 shares.

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

Review of Statement of Comprehensive Income

Breakdown of Revenue, Gross Profit and Gross Profit Margin by business segments

Three Months ended 30 September 2014

Business sector	3Q2014			3Q2013		
	Revenue (RM'000)	**Gross Profit (RM'000)**	**GP Margin %**	**Revenue (RM'000)**	**Gross Profit (RM'000)**	**GP Margin %**
Mobile Natural Gas Sector						
Mobile Natural Gas	8,830	777	8.8%	8,426	2,425	28.8%
Offshore Engineering Sector						
Integrated Engineering Solutions	3,925	1,977	50.4%	16,568	7,709	46.5%
Turnkey projects	15,015	(1,492)	(9.9%)	14,494	1,092	7.5%
Total Offshore Engineering Sector	18,940	485	2.6%	31,062	8,801	28.3%
Total	**27,770**	**1,262**	**4.5%**	**39,488**	**11,226**	**28.4%**

Nine Months ended 30 September 2014

Business sector	9M2014			9M2013		
	Revenue (RM'000)	**Gross Profit (RM'000)**	**GP Margin %**	**Revenue (RM'000)**	**Gross Profit (RM'000)**	**GP Margin %**
Mobile Natural Gas Sector ("MNGS")						
Mobile Natural Gas	30,303	3,748	12.4%	23,153	6,904	29.8%
Offshore Engineering Sector ("OES")						
Integrated Engineering Solutions	22,815	8,783	38.5%	32,855	15,285	46.5%
Turnkey projects	93,518	285	0.3%	62,726	(7,616)	(12.1%)
Total Offshore Engineering Sector	116,333	9,068	7.8%	95,581	7,669	8.0%
Total	**146,636**	**12,816**	**8.7%**	**118,734**	**14,573**	**12.3%**

Revenue

The Group's revenue for 3Q2014 declined by RM11.7 million or 29.7%, compared to the previous corresponding period, due mainly to a decrease in revenue contribution from Integrated Engineering Solutions by RM12.6 million. The Mobile Natural Gas Sector ("MNGS") experienced moderate revenue growth of 4.8% to RM 8.8 million in 3Q2014 from RM 8.4 million in 3Q2013.

For 9M2014, all sectors contributed to the overall increase in the Group's revenue by RM27.9 million or 23.5% from RM118.7 million in 9M2013 to RM146.6 million in 9M2014. For 9M2014, the Group's revenue was predominantly contributed by two major turnkey contracts, specifically, the Malikai Project (for the installation of an Integrated Tension Leg Platform with a three-year contract value of approximately RM360.0 million) and the FPSO Perintis decommissioning contract (for the decommissioning of a Floating Production Storage and Offloading vessel offshore Malaysia with a total contract value of RM52.0 million). The two projects, in aggregate, contributed revenue of RM90.4 million in 9M2014.

Revenue from the Offshore Engineering Sector ("OES") increased by 21.7% to RM116.3 million in 9M2014 from RM95.6 million in 9M2013. This was contributed by an increase in revenue from turnkey projects of 49.1% to RM93.5 million from RM62.7 million in 9M2013, which was partially offset by a decrease in revenue contribution from Integrated Engineering Solutions of 30.6% to RM22.8 million in 9M2014, from RM32.9 million in 9M2013.

Revenue from MNGS increased by 30.9% to RM30.3 million in 9M2014, from RM23.2 million in 9M2013. The increase in MNGS' revenue contribution was due to the conversion of business model from the combination of throughput and direct sales to solely direct sales of compressed natural gas ("CNG"). The "per unit" sales price of CNG for direct sales is higher as compared to the throughput model. The increase in revenue in MNGS was also due to the Group securing two Gas Sales Agreements with PT Indofood to supply CNG to its manufacturing plants over a 12 and 24 month period from March 2014 onwards.

Gross Profit

In 3Q2014, the gross profit of the Group decreased by RM9.9 million to RM1.3 million compared to a gross profit of RM11.2 million for the corresponding period in 3Q2013. This was mainly due to a decrease in gross profit contribution from OES of RM8.3 million and RM1.6 million from the MNGS. OES recorded a lower gross profit margin of 2.6% in 3Q2014, as compared to a gross profit margin of 28.3% in 3Q2013 due to increased cost commitments incurred to complete the final physical work of the D21 project, a general slowdown in the oil and gas industry and reduced sales of marine growth control products arising from lack of green field opportunities. Gross profit margin from MNGS decreased to 8.8% in 3Q2014 from 28.8% in 3Q2013 due to a conversion of MNGS' business model in 3Q2014.

In 9M2014, gross profit of the Group decreased by RM1.8 million to RM12.8 million from RM14.6 million in 9M2013. The decrease was due to a reduction of RM3.2 million in gross profit contribution from the MNGS but partly offset by an increase in gross profit contribution of RM1.4 million from OES.

The Group's gross profit margin decreased to 8.7% in 9M2014 from 12.3% in 9M2013, mainly due to the decline in gross profit margin of the MNGS from 29.8% in 9M2013 to 12.4% in 9M2014. The gross profit margin of OES marginally decreased to 7.8% in 9M2014 from 8.0% in 9M2013 and was weighed down by turnkey projects, in particular the D21 project.

Other Operating Income

Other operating income for 3Q2014 was RM0.4 million compared with RM0.2 million for 3Q2013, mainly due to the increase in administrative fees charged to strategic partners. Other operating income of the Group comprised mainly rental income, interest income and administrative fees charged on the purchase of goods and services on behalf of principals and strategic partners during the execution of projects.

Other operating income for 9M2014 increased by approximately RM8.8 million or 822.6%, to RM9.8 million from RM1.1 million in 9M2013. This was attributable to a one-time gain of RM8.9 million arising from the divestment of the Group's equity interest in its associate company.

Exchange (Loss)/Gain

An exchange gain of RM1.3 million was recorded for 3Q2014 compared to an exchange gain of RM0.5 million for 3Q2013. The exchange gain was mainly attributed to the strengthening of the US dollar against both the Ringgit Malaysia and Indonesia Rupiah which had positively impacted on the Group's US dollar denominated payments and receivables.

An exchange loss of RM0.1 million was recorded in 9M2014 compared to an exchange gain of RM1.1 million in 9M2013. This was mainly due to the cumulative settlement of US dollar denominated trade payables and receivables, coupled with significant fluctuations of the US dollar exchange rate against both the Ringgit Malaysia and Indonesia Rupiah during 9M2014.

Administrative Expenses

Administrative expenses for 3Q2014 were RM5.7 million compared with RM4.5 million for 3Q2013. The increase in administrative expenses in 3Q2014 was mainly due to: (i) an increase in employee benefit costs of RM0.7 million; and (ii) an increase in corporate consultancy fee of RM0.2 million. The increase in employee benefit costs stemmed from the additional headcount from the Group's biomass business in Vietnam, the transfer of D21 project staff to OES general staff and the provisioning for employee pensions in Indonesia not previously provided for in 3Q2013.

Administrative expenses for 9M2014 increased by RM1.6 million or 10.5% to RM16.7 million from RM15.1 million in 9M2013. This was mainly attributable to: (i) an increase in employee benefit costs of RM1.0 million; (ii) an increase in corporate legal fees of RM0.2 million; and (iii) an increase in statutory audit fees of RM0.2 million. Similar to the above analysis for administrative expenses in 3Q2014, the increase in employee benefit costs stemmed from the additional headcount from the Group's biomass business in Vietnam, the transfer of D21 project staff to OES general staff and the provisioning for employee pensions in Indonesia not previously provided for in 9M2013.

Selling and distribution costs

Selling and distribution costs represent commissions payable to agents for sales made for the Group. Selling and distribution costs of RM0.3 million and RM1.7 million were recorded for 3Q2014 and 3Q2013 respectively. The RM1.4 million decrease in selling and distribution costs in 3Q2014 was mainly due to the decrease in commission-based sales in 3Q2014.

Selling and distribution costs of RM0.9 million and RM2.4 million were recorded for 9M2014 and 9M2013 respectively. This decrease in selling and distribution costs is in line with the lower revenue contribution from Integrated Engineering Solutions, where such international contracts are mainly commission-based.

Share of Associated Companies' Results, Net of Tax

Share of associated companies' profits, net of tax for 3Q2014 was a loss of RM0.3 million in 3Q2014, compared with a gain of RM0.8 million in 3Q2013, due to (i) the cessation of profit contribution from CNGVN Joint Stock Company subsequent to the Group's divestment of its equity interest in the company and (ii) losses recorded in IEV Malaysia due to costs incurred in the completion of the D21 project.

For 9M2014, the share of associated companies' profits, net of tax decreased by RM2.7 million to RM0.5 million from RM3.2 million in 9M2013 for the same reason stated above.

Finance Costs

Finance costs for 3Q2014 was RM0.3 million compared to RM0.2 million in 3Q2013, mainly due to the increase in working capital advances from a related party for the financing of the D21 Project.

For the same reason given above, finance costs increased to RM1.2 million in 9M2014 from RM0.9 million in 9M2013.

Loss/Profit before Taxation

The Group reported a loss of RM4.0 million for 3Q2014, compared with a profit before tax of RM5.7 million for 3Q2013. This was due mainly to: (i) lower gross profit and gross profit margin; (ii) higher administrative expense; (iii) lower share of associated companies' profit; and (iv) higher finance costs. This was partially offset by (i) lower selling and distribution costs, (ii) lower other operating expenses; and (iii) foreign exchange gain in 3Q2014.

Profit before taxation for 9M2014 was RM3.6 million compared with RM0.9 million in 9M2013. This was mainly due to: (i) higher other operating income from the divestment of the Group's equity interest in its associated company; and (ii) lower selling and distribution costs. This was partially offset by (i) higher exchange loss, administration expenses and finance cost; and (ii) lower share of associated companies' profit in 9M2014.

Review of Statement of Financial Position

Non-Current Assets

Net book value of intangible assets reduced marginally to RM5.1 million as at 30 September 2014 from RM5.3 million as at 31 December 2013. The decrease was due to aggregated amortization charges and exchange loss in 9M2014 of RM0.4 million, which was partially offset by the acquisition of intangible assets of RM0.2 million in 9M2014.

Net carrying value of property, plant and equipment increased by RM0.4 million to RM31.8 million as at 30 September 2014. The marginal increase was due to (i) the acquisition of plant and machinery amounting to RM1.2 million and RM1.4 million by the Group's OES and MNGS respectively; and (ii) the construction works in progress in relation to the Group's biomass plant in Vietnam which amounted to RM1.3 million; partially offset by depreciation charges and exchange loss of RM2.6 million and RM0.8 million respectively in 9M2014.

Oil and Gas properties increased by RM9.2 million to RM15.8 million as at 30 September 2014 from RM6.6 million as at 31 December 2013 as the Group continued to incur capital expenditure on the PBN-01 well at the Pabuaran KSO Block, which included the re-conditioning of the well, repair of the mud-wall, inserting additional casings to targeted zones, cementing, perforations and well testing.

Net book value of associated companies decreased by RM18.1 million to RM0.8 million as at 30 September 2014 from RM18.9 million as at 31 December 2013. The decrease was mainly due to the Group's divestment of its equity interest in CNG Vietnam JSC in 9M2014.

Non-current prepayments increased by RM0.7 million to RM1.8 million as at 30 September 2014 due to additional value added tax paid for the purchases of supplies for the Pabuaran KSO's exploration and production activities.

Deferred tax assets increased by RM0.2 million to RM0.4 million as at 30 September 2014 due to differences between the financial statement's carrying amounts of assets and liabilities and their respective tax bases on the (i) allowance for impairment receivables; (ii) post-employment benefit obligations; and (iii) fixed assets of the Group's subsidiaries in Indonesia.

Current Assets

Inventories increased by RM1.1 million to RM5.9 million as at 30 September 2014 from RM4.8 million as at 31 December 2013. The increase was due to (i) increase in stocks for the assembly of marine growth control products in anticipation of higher sales, despite the decrease in the sales of marine growth control products in 3Q2014; and (ii) increase in spares and consumables relating to the Group's MNGS business.

Work-in-progress mainly relates to feasibility studies in connection with the exploration and production activities for the Pabuaran KSO project. As at 30 September 2014, work-in-progress amounted to RM0.8 million as compared to RM0.1 million as at 31 December 2013. Such expenditure is cost recoverable when the project commences commercial production.

Trade and other receivables increased by RM26.1 million to RM114.0 million as at 30 September 2014 from RM87.9 million as at 31 December 2013, due mainly to the increase in turnkey services rendered by OES and related prepayments to subcontractors in 9M2014.

Prepayments which comprised prepaid operating expenses of RM1.2 million as at 31 December 2013 was fully expensed during 9M2014.

Fixed deposits remained unchanged at RM0.5 million as at 30 September 2014.

Cash and bank balances increased from RM19.0 million as at 31 December 2013 to RM24.5 million as at 30 September 2014 arising mainly from the net proceeds of a one-time disposal of the Group's investment in an associated company, being CNG Vietnam JSC.

Capital and Reserves

Currency translation reserve increased by RM0.5 million to a deficit of RM4.0 million as at 30 September 2014 from a deficit of RM3.5 million as at 31 December 2013 due to a net appreciation of the Malaysian Ringgit against a basket of currencies comprising the US dollar, Indonesia Rupiah and Vietnam Dong.

Retained profits increased by RM3.6 million to RM7.0 million as at 30 September 2014 from RM3.4 million as at 31 December 2013, due to profits generated from the Group's divestment of its equity interest in CNG Vietnam JSC during the current financial period reported on.

Non- Current Liabilities and Current Liabilities

Bank borrowings (including non-current portion) decreased by RM1.9 million to RM12.1 million as at 30 September 2014 from RM14.0 million as at 31 December 2013 due to repayment of bank borrowings during 9M2014.

Trade and other payables (including non-current portion) increased by RM24.4 million to RM103.8 million as at 30 September 2014 from RM79.4 million as at 31 December 2013, which was in line with the increase in the volume of turnkey activities undertaken by the Group in 9M2014. Trade and other payables mainly comprised payments due to sub-contractors in respect of turnkey projects which remain outstanding as at 30 September 2014.

Current tax payable decreased by approximately RM1.5 million to zero as at 30 September 2014 from RM1.5 million as at 31 December 2013, due to lower provision for taxation for 9M2014 and tax payments made during the financial period reported on.

The Group has positive working capital of approximately RM38.4 million as at 30 September 2014 as compared with approximately RM33.0 million as at 31 December 2013.

<u>Review of Statement of Cash Flows</u>

The Group recorded net cash used in operating activities of RM7.1 million for 9M2014. This was mainly due to (i) operating loss before working capital changes of RM1.5 million, (ii) an increase in operating receivables of RM24.7 million, (iii) an increase in work-in-progress of RM0.7 million, (iv) taxes paid amounting to RM1.7 million, and (v) interest paid amounting to RM0.9 million, which were partially offset by a decrease in operating payables of RM23.7 million.

The net cash generated from investing activities which amounted to RM14.6 million in 9M2014 was mainly due to the proceeds from the Group's divestment of its equity interest in CNG Vietnam JSC of RM27.5 million, which were partially offset by (i) the acquisition of property, plant and equipment arising from the construction in progress in relation to the Group's biomass plant in Vietnam amounting to RM1.3 million; (ii) acquisition of a unit of grout batch mixer amounting to RM0.6 million, (iii) payment for expenditure carried forward of RM0.7 million; and (iv) an increase in oil and gas properties (which relate to the Group's capital investment in Pabuaran KSO) of RM9.2 million.

The net cash used in financing activities of RM1.8 million was mainly due repayment of bank borrowings amounting to RM1.8 million by the Group and the repayment of RM0.14 million in finance lease obligations.

As a result of the above and after taking into account currency translation differences, the cash and cash equivalents balance was RM23.2 million as at 30 September 2014, as compared to cash and cash equivalents balance of RM37.1 million as at 30 September 2013.

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 had 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

We believe that the factors that may significantly affect the industry in the next 12 months are as follows:

- The supply and demand for oil and gas and its effects on oil and gas prices;
- The geopolitical risks in Eastern Europe and the Middle East; and
- The fluctuations of the US dollar versus local currencies.

Barring any unforeseen circumstances, the Group remains cautiously optimistic on the outlook of the regional oil and gas industry. The Group's bidding activity for both green field and brown field projects in OES has been strong and until now, the effect of the recent oil price movement has not been fully felt. However, the Group recognises that the current lower oil prices may cause uncertainties and may result in the oil and gas operators reassessing their development plans in fields where production costs are high. As the majority of the Group's engineering products and services are focused on cost saving solutions to customers, the low oil prices may have a positive impact on the OES.

The gradual move by governments to reduce oil subsidies will likely increase domestic consumption of natural gas, especially in the gas-to-transport segment. In Indonesia, the government has recently launched major tenders for gas-fired power plants, using CNG or LNG. This gas-to-power application is likely to create opportunities for the Group to build large CNG/LNG supply chains to cater to the power market in Indonesia.

Offshore Engineering Sector ("OES")

The Group has recently reorganised its OES into 3 Business Units, namely Marine Growth Control Business Unit ("MGCBU"), Subsea Services Business Unit ("SSBU") and Turnkey Contract & Engineering Business Unit ("TKEBU"). This enabled each business unit to build competencies and focus on its respective market segment. The MGCBU provides both base earnings and growth potential through its offering of the Group's proprietary marine growth control products and a number of corrosion control solutions to oil & gas operators. The SSBU provides specialist services such as pile grouting, free span correction, pipeline and cable trenching to EPCIC contractors and repair, maintenance and life extension solutions to underwater contractors. The TKEBU focuses on the Group's *Rejuvenate, Remove and Reuse* (3-Re) solutions. The Group has been invited to participate in a number of market surveys in recent months for low-cost-development and marginal field development projects in Malaysia, where its 'Reuse' experience in providing refurbished facilities could prove to be invaluable in the new era of lower oil prices. The Group has been awarded a number of MGCBU and SSBU projects in 3Q2014 and the implementation of these awarded contracts is in progress.

The Group has successfully completed the last physical scope, which is the intelligent pigging ("IP") of the D21 pipeline in September 2014. Project documentation has also reached its final stage. Barring unforeseen circumstances, the D21 project should be closed by the end of the financial year ending 31 December 2014.

The Commencement of Installation ("COI") of Malikai's TLP has been shifted to FY2016 from FY2015 and the Group and its contractor Heerema Marine Contractors were compensated USD 10 million for the loss of opportunity as per contract.

Mobile Natural Gas Sector ("MNGS")

As the West Java CNG market becomes more competitive, the Group is exploring the development of its mobile natural gas ("MNG") business in other parts of Indonesia, including North and Central Sumatera, Riau Islands and Central Java.

As part of this plan, the Group's subsidiary, PT IEV Gas, has recently signed a MOU with PT Pertagagas Niaga, a subsidiary of PT Pertamina Gas, to purchase LNG from Arun Receiving Terminal in Lhokseumawe for distribution to both industrial and mining market segments in North Sumatra. In parallel, a MOU was also signed with PT Maxpower to carry out a feasibility study on LNG supply to gas-fired power plants in North Sumatra.

Concurrently, PT IEV Gas has signed an MOU with the Government of Aceh to jointly conduct a feasibility study to identify and secure natural gas sources from existing gas producing fields, and develop commercialization plans for natural gas utilization within Aceh province.

In Malaysia, **Gas Malaysia IEV Sdn. Bhd.** has been incorporated to develop and operate CNG supply chains in Peninsular Malaysia on a joint venture with Gas Malaysia Berhad. The initial authorized share capital of the company will be RM 6 million comprising 6,000,000 ordinary shares of RM1.00 each. IEV shall hold 25% equity in this company. The company shall commence the tendering process for various packages to construct the Gebeng supply chain, which is expected to commence operations in 2H2015.

Exploration and Production Sector ("EPS")

Following the signing of the Oil Lifting Procedure with Pertamina in 1H2014, the Group is mobilising a 1000 horse power (HP) rig to the project site in November 2014 to commence the Phase 1 spud from the CLS-1 Twin Well ("**CLS-1 TW**"). Barring any unforeseen circumstances, the Group expects the drilling and production test plan at CLS-1 TW to be completed within six (6) weeks from commencement. The CLS-1 TW was originally slated for spud in October but was delayed by a month due to the Group's decision to mobilise a 1000 HP rig as opposed to the 750 HP rig. The Group will focus its work program in the Cilamaya South structure where multiple formations have been identified and potential recoverable hydrocarbons may be greater than those in the Pabuaran structure, as shown in a recent asset valuation study.

In line with the above works, IEV has appointed Senergy Oil & Gas (Singapore) Pte. Ltd. ("**LR Senergy**"), a member of Lloyds Register, to prepare the Independent Qualified Person Report ("**IQPR**") for the Pabuaran KSO in accordance with the relevant SGX-ST Catalist Rules Mineral Oil and Gas ("**MOG**") guidelines. LR Senergy will prepare the IQPR based on existing data, geosciences, engineering and economic interpretations and actual well site data from the production tests of CLS-1 TW. The IQPR is scheduled for completion by 1Q2015 and the Group will publish the findings of the report in a separate announcement.

The Group plans to continue to negotiate land acquisition terms for the additional two (2) wells in Phase 2 of the KSO Project and tendering works for the site work program are in progress.

Renewable Energy Sector ("RES")

The Group has completed the Land Filling and Compacting activities in October 2014 for the biomass pellet manufacturing plant in Thot Not, Vietnam. The Project Management Team ("PMT") had also completed all required geo-testing and the relocation of Residential Electrical Wiring away from the Property. PMT is now implementing two additional work-scopes to complete the land preparation, including:

- Re-routing the Residential Service Road; and
- Reinforcement of the Quay-Site.

Barring any unforeseen circumstances, all above scope of work is expected to be completed by the end of November 2014. The Group will make the necessary announcements on SGXNET, as and when any material development arises.

11. If a decision regarding dividend has been made:

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

There is no interim dividend recommended and declared by the Directors in respect of the current financial period ended 30 September 2014.

(b)(i) Amount per share/rate %

Not applicable

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

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not applicable.

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

There is no interim dividend declared and recommended in respect of the current financial period ended 30 September 2014.

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"). 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	3,273	437
(iii) To fund the proposed construction of the biomass rice-husk pellet plant in the Mekong Delta, Socialist Republic of Vietnam	1,170	804	366
Total	6,920	6,117	803

The Company will make periodic announcements on the use of net proceeds from the Placement 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 Joanne Rose Bruce, 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 nine months financial period ended 30 September 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

CHRISTOPHER NGHIA DO PRESIDENT & CEO	JOANNE ROSE BRUCE EXECUTIVE DIRECTOR

Date: 13 November 2014