



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 2018 ("1Q2018")

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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

	Group		
	3 months ended 31 March ("1Q")		
	Unaudited 1Q2018 (RM'000)	Unaudited 1Q2017 (re-presented) ^(a) (RM'000)	% change increase/ (decrease)
Revenue	7,577	10,925	(30.6)
Cost of sales	(6,886)	(10,077)	(31.7)
Gross profit	691	848	(18.5)
Other operating income	179	110	62.7
Administrative expenses	(3,183)	(4,079)	(22.0)
Exchange gain	154	841	(81.7)
Other operating expenses	(78)	(1)	n.m.
Share of results of associates	(25)	(400)	(93.8)
Finance costs	(148)	(177)	(16.4)
Loss before tax	(2,410)	(2,858)	(15.7)
Income tax	-	(2)	n.m.
Loss for the period from continuing operations	(2,410)	(2,860)	(15.7)
Discontinued operations^(b)			
Loss for the period from discontinued operations	(167)	(786)	(78.7)
Loss for the period	(2,577)	(3,646)	(29.3)
Other comprehensive loss after tax			
- currency translation differences arising from consolidation	(251)	(1,922)	(86.9)
Total comprehensive loss for the period, net of tax	(2,828)	(5,568)	(49.2)
Total loss attributable to:			
Owners of the parent			
- Continuing operations	(2,410)	(2,860)	(15.7)
- Discontinued operations	(167)	(757)	(77.9)
Non-controlling interests	-	(29)	n.m.
	(2,577)	(3,646)	(29.3)
Total comprehensive loss attributable to:			
Owners of the parent	(2,829)	(5,532)	(48.9)
Non-controlling interests	-	(36)	n.m.
	(2,829)	(5,568)	(49.2)

n.m. denotes not meaningful.

Notes:

- a) Financial statements for 1Q2017 have been re-presented to show results from continuing and discontinued operations.
- b) Discontinued operations is in relation to: (i) the exit from the rice-husk biomass business in Vietnam as announced on 7 November 2017 and 11 January 2018; and (ii) exit from the exploration and production sector as announced on 10 January 2018.

1(a)(ii) Loss for the financial period from continuing operations is arrived after crediting/(charging) the following:

	Group		
	3 months ended 31 March ("1Q")		
	1Q2018 (RM'000) Unaudited	1Q2017 (RM'000) Unaudited	% change increase/ (decrease)
Rental income	60	95	(36.8)
Interest income	8	14	(42.9)
Interest expense	(148)	(177)	(16.4)

	Group		
	3 months ended 31 March ("1Q")		
	1Q2018 (RM'000) Unaudited	1Q2017 (RM'000) Unaudited	% change increase/ (decrease)
Gain on disposal of property, plant and equipment	18	-	n.m.
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(784)	(1,077)	(27.2)
Write back of impairment on property plant and equipment	63	-	n.m.
Inventories written off	(78)	-	n.m.
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(37)	(60)	(38.3)
Deferred tax – under provision in prior year	-	(2)	n.m.

n.m. denotes not meaningful

1(a)(iii) Results of the discontinued operations are as follow:

	Group		
	3 months ended 31 March ("1Q")		
	Unaudited 1Q2018 (RM'000)	Unaudited 1Q2017 (RM'000)	% change increase/ (decrease)
Revenue	-	298	n.m.
Cost of sales	-	(316)	n.m.
Gross profit	-	(18)	n.m.
Other operating income	113	31	264.5
Administrative expenses	(274)	(739)	(62.9)
Exchange gain	(2)	(43)	(95.3)
Selling and distribution costs	-	(17)	n.m.
Other operating expenses	(4)	-	n.m.
Loss before tax	(167)	(786)	(78.8)
Income tax	-	-	n.m.
Loss for the period from discontinued operations	(167)	(786)	(78.8)

n.m. denotes not meaningful

1(a)(iv) Loss for the financial period from discontinued operations is arrived after crediting/(charging) the following:

	Group		
	3 months ended 31 March ("1Q")		
	1Q2018 (RM'000) Unaudited	1Q2017 (RM'000) Unaudited	% change increase/ (decrease)
Rental income	3	-	n.m.
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(31)	(108)	(71.3)
Depreciation, depletion and amortisation of oil and gas properties	-	(24)	n.m.
Amortisation of intangible assets (includes amortisation accounted for in cost of sales)	-	(77)	n.m.
Income from finance lease	110	-	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 31 March 2018 (RM'000)	Audited As at 31 December 2017 (RM'000)	Unaudited As at 31 March 2018 (RM'000)	Audited As at 31 December 2017 (RM'000)
ASSETS				
Current				
Cash and bank balances	58	87	2,452	3,894
Trade receivables	-	-	14,991	17,823
Other receivables and prepayments	1,827	1,889	4,009	3,642
Finance lease receivable	-	-	63	65
Inventories	-	-	2,899	3,123
Work-in-progress	-	-	-	29
	1,885	1,976	24,414	28,576
Assets classified as held for sale	-	-	9,079	9,130
	1,885	1,976	33,493	37,706
Non-current				
Property, plant and equipment	-	-	6,359	7,213
Intangible assets	-	-	235	287
Subsidiaries	25,880	25,880	-	-
Associates	-	-	-	25
Other receivables and prepayments	-	-	796	814
Finance lease receivable	-	-	4,801	5,087
Deferred tax assets	-	-	477	504
	25,880	25,880	12,668	13,930
Total assets	27,765	27,856	46,161	51,636
LIABILITIES AND EQUITY				
Current				
Bank borrowings	-	-	9,562	9,640
Trade payables	-	-	16,129	19,521
Other payables	26,174	26,809	15,600	14,734
Finance leases	-	-	90	94
Income tax payable	-	-	-	-
	26,174	26,809	41,381	43,989
Non-current				
Finance lease	-	-	59	86
Deferred tax liabilities	-	-	124	124
Provision for post-employment benefit obligations	-	-	2,002	2,015
	-	-	2,185	2,225
Total liabilities	26,174	26,809	43,566	46,214
Capital and reserves				
Share capital	98,338	98,338	98,338	98,338

	Company		Group	
	Unaudited As at 31 March 2018 (RM'000)	Audited As at 31 December 2017 (RM'000)	Unaudited As at 31 March 2018 (RM'000)	Audited As at 31 December 2017 (RM'000)
Treasury shares	(38)	(38)	(38)	(38)
Currency translation reserve	466	(78)	126	377
Capital reserve	-	-	(380)	(380)
Accumulated losses	(97,175)	(97,175)	(95,277)	(92,700)
Equity attributable to owners of the Company	1,591	1,047	2,769	5,597
Non-controlling interests	-	-	(174)	(175)
Total equity	1,591	1,047	2,595	5,422
Total liabilities and equity	27,765	27,856	46,161	51,636

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 31 March 2018 Secured (RM'000)	Audited as at 31 December 2017 Secured (RM'000)
Bank loans	6,587	6,665
Bank overdraft	2,975	2,975
Total Bank Borrowings	9,562	9,640
Finance leases	149	180
Total Borrowings & Debt Securities	9,711	9,820
Amount repayable in one year or less, or on demand	9,652	9,734
Amount repayable after one year	59	86

Details of collaterals

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

The bank loans are secured by:

- way of assignment to the bank, all rights, title and interest of the demised premises (which include the Group's property at Level 22, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia pending the issuance of a separate document of title / strata title to the property and a legal charge under the National Land Code 1965); and
- a corporate guarantee provided by IEV Holdings Limited.

The bank overdraft is secured by:

- a debenture by way of a fixed and floating charge over all present and future assets of IEV Group Sdn Bhd;
- a corporate guarantee provided by IEV Holdings Limited and IEV Group Sdn Bhd; and
- a personal guarantee provided by a director, Christopher Nghia Do.

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

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 1Q2018 (RM'000)	Unaudited 1Q2017 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation		
- from continuing operations	(2,410)	(2,858)
- from discontinued operations	(167)	(786)
	(2,577)	(3,644)
Adjustments for:		
Share of results of associates	25	400
Amortisation of intangible assets	37	137
Depreciation of property, plant and equipment	815	1,185
Depreciation, depletion and amortisation of oil and gas properties	-	24
Provision for post-employment benefits	109	103
Gain on disposal of property, plant and equipment	(18)	-
Write back impairment of property, plant and equipment	(63)	-
Inventories written off	78	-
Gain on finance lease receivables	(110)	-
Interest expense	148	177
Interest income	(8)	(16)
Operating loss before working capital changes	(1,564)	(1,634)
(Increase)/Decrease in long term other receivables and prepayment	(34)	441
Decrease/(Increase) in inventories	72	(61)
Increase/(Decrease) in work-in-progress	29	(2)
Decrease in operating receivables	2,246	321
Decrease in operating payables	(1,008)	(39,027)
(Increase)/Decrease in amount due from an associate	(569)	33,221
	(828)	(6,741)
Interest received	8	16
Interest paid	(148)	(177)
Post-employment benefit paid	-	(44)
Tax paid	(12)	(12)
Net cash used in operating activities	(980)	(6,958)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(278)	(927)
Increase in oil and gas properties	-	(586)
Proceeds from disposal of property, plant and equipment	67	-
Net cash used in investing activities	(211)	(1,513)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance leases	(22)	(68)
Drawdown of finance lease	-	395
Drawdown of bank overdraft	-	463
Repayment of bank borrowings	(77)	(76)
Repayment of advances from a third party	-	(2,500)
Net cash used in financing activities	(99)	(1,786)
Net decrease in cash and cash equivalents	(1,290)	(10,257)
Cash and cash equivalents at beginning of period	3,828	18,217
Currency translation difference of cash and cash equivalents at beginning of year	(148)	(86)
Cash and cash equivalents at end of period	2,390	7,874

	Group	
	Unaudited 1Q2018 (RM'000)	Unaudited 1Q2017 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash and cash equivalents comprise:</i>		
Cash and bank balances	2,390	7,855
Fixed deposits	62	3,862
	2452	11,717
Less: Pledged fixed deposits	(62)	(3,843)
Cash and cash equivalents at end of period	2,390	7,874

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 January 2018	98,338	(38)	(97,175)	(78)	1,047
Total comprehensive income for the period	-	-	-	544	544
Balance as at 31 March 2018	98,338	(38)	(97,175)	466	1,591

<u>Company</u> Previous 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 January 2017	97,691	(38)	(5,255)	1,767	94,165
Total comprehensive income for the period	-	-	313	2,009	2,322
Balance as at 31 March 2017	97,691	(38)	(4,942)	3,776	96,487

<u>Group</u> Current Period	Share capital (RM'000)	Treasury shares (RM'000)	Accumulated Losses (RM'000)	Capital reserves (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 2018	98,338	(38)	(92,700)	(380)	377	5,597	(174)	5,423
Loss for the period	-	-	(2,577)	-	-	(2,577)	-	(2,577)
Other comprehensive income								
- Currency translation difference arising from consolidation	-	-	-	-	(251)	(251)	-	(251)
Balance as at 31 March 2018	98,338	(38)	(95,277)	(380)	126	2,769	(174)	2,595

Group Previous Period	Share capital (RM'000)	Treasury shares (RM'000)	Accumu- lated Losses (RM'000)	Capital reserves (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 2017	97,691	(38)	(12,855)	(101)	9,117	93,814	380	94,194
Loss for the period	-	-	(3,617)	-	-	(3,617)	(29)	(3,646)
Other comprehensive income - Currency translation difference arising from consolidation	-	-	-	-	(1,915)	(1,915)	(7)	(1,922)
Balance as at 31 March 2017	97,691	(38)	(16,472)	(101)	7,202	88,282	344	88,626

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 December 2017 and up to 31 March 2018.

The total number of issued shares (excluding treasury shares) was 285,512,632 as at 31 March 2018 as compared to 283,600,000 as at 31 March 2017. There were no outstanding convertibles, share options and subsidiary holdings as at 31 March 2018 and 31 March 2017.

	As at 31 March 2018	As at 31 March 2017
Total number of treasury shares	200,000	200,000
Total number of ordinary shares	285,512,632	283,600,000
% of treasury shares over total number of ordinary shares	0.07%	0.07%

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 2018	As at 31 December 2017
Number of issued shares of the Company	285,712,632	285,712,632
Shares held as treasury shares	(200,000)	(200,000)
Number of issued shares excluding treasury shares	285,512,632	285,512,632

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

There were no sales, transfers, cancellation and / or use of treasury shares as at 31 March 2018.

1(d)(v) A statement showing all sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and / or use of subsidiary holdings as at 31 March 2018.

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 auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the financial year ended 31 December 2017.

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 Financial Reporting Standards in Singapore ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018, 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 1Q2018.

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>	1Q2018 (Malaysian sen)	1Q2017 (Malaysian sen)
Loss per ordinary share for the period based on the net loss attributable to shareholders of the Company:		
(i) Basic		
- from continuing operations	(0.84)	(1.01)
- from discontinued operations	(0.06)	(0.27)
	(0.90)	(1.28)
(ii) On a fully diluted basis	(0.90)	(1.28)
Weighted average number of ordinary shares	285,512,632	283,600,000

Basic and diluted loss per ordinary share have been computed based on the Group's loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The basic and diluted loss per ordinary share for 1Q2018 and 1Q2017 were the same as there were no potentially dilutive ordinary shares existing during 1Q2018 and 1Q2017 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 2018	As at 31 December 2017
Group	1.0	1.9
Company	0.6	0.4

Net asset value per ordinary share as at 31 March 2018 and 31 December 2017 have been calculated based on the aggregate number of ordinary shares (excluding treasury shares) of 285,512,632 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 2018 and 31 March 2017

Business sector	1Q2018			1Q2017		
	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Gross Profit/(Loss) Margin (%)	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Gross Profit/(Loss) Margin (%)
<u>Mobile Natural Gas Sector ("MNGS")</u>						
Mobile Natural Gas	6,505	20	0.3%	9,152	(478)	(5.2%)
<u>Asset Integrity Management Sector ("AIMS")</u>						
Integrity Management Solutions	1,072	671	62.6%	1,773	1,326	74.8%
Total from continuing operations	7,577	691	9.1%	10,925	848	7.8%
<i>Discontinued Operations</i>						
<u>Renewable Energy Sector</u>						
Vietnam Biomass	-	-	-	298	(18)	(6.0%)
Total	7,577	691	9.1%	11,223	830	7.4%

Continuing Operations

Revenue

Total revenue for the Group declined by 30.6% or RM3.3 million from RM10.9 million in 1Q2017 to RM7.6 million in 1Q2018. The Mobile Natural Gas Sector ("MNGS") recorded a 28.9% decrease in revenue from RM9.2 million in 1Q2017 to RM6.5 million in 1Q2018, due mainly to the expiry of a few Gas Sales Agreements during FY2017. The Asset Integrity Management Sector ("AIMS", previously known as Offshore Engineering Sector) recorded a 39.5% decline in revenue from RM1.8 million in 1Q2017 to RM1.1 million in 1Q2018 due mainly to the prolonged downturn in the upstream oil and gas industry.

Gross Profit

The Group's gross profit for 1Q2018 decreased by 18.5% to RM0.7 million from RM0.8 million in 1Q2017. MNGS returned to a gross profit position of RM20,000 in 1Q2018 from a gross loss of RM0.5 million in 1Q2017, as the Group no longer incurred higher operating and delivery cost due to the closure of a major toll bridge for structural repairs in 1Q2017. Gross profit from AIMS decreased by 49.4% from RM1.3 million in 1Q2017 to RM0.7 million in 1Q2018, due mainly to the continued downturn in the upstream oil and gas industry.

The Group's gross profit margin for 1Q2018 marginally improved to 9.1% from 7.8% in 1Q2017, mainly due to the turnaround from a gross loss position for MNGS in 1Q2017 and offset by a decline in AIMS gross profit margin to 62.6%

in 1Q2018 from 74.8% in 1Q2017. The lower AIMS gross profit margin is due to proportionately lower gross profit contribution from the Group's proprietary marine growth control products.

Other Operating Income

Other operating income was RM179 thousand in 1Q2018 compared to RM110 thousand in 1Q2017. Other operating income of the Group for 1Q2018 comprised mainly of rental and interest income, and writeback of impairment on property plant and equipment amounting to RM63 thousand.

Administrative Expenses

Administrative expenses in 1Q2018 were RM3.2 million which had decreased by 22.0% as compared to RM4.1 million in 1Q2017. The decrease in administrative expenses was a result of cost reduction initiatives that were undertaken by the Group including: (i) reducing manpower headcount and salary cuts; (ii) rental reduction such as the AIMS Batam supply base; and (iii) disposal of non-essential fixed assets to reduce depreciation expenses. Amortisation of intangible assets decreased by 38.3% to RM37 thousand in 1Q2018 from RM60 thousand in 1Q2017 mainly due to the full impairment of a licensed corrosion control technology no longer in use.

Exchange Gain

The Group recorded an exchange gain of RM0.2 million in 1Q2018 as compared to an exchange gain of RM0.8 million in 1Q2017. This exchange gain arose mainly from trade payables denominated in US Dollars which depreciated against the Malaysian Ringgit.

Other Operating Expenses

Other operating expenses of RM78 thousand for 1Q2018 was due to the write-off of inventory no longer in use. In comparison, there were no significant other operating expenses recorded for 1Q2017.

Share of Results of Associates

Share of results of associates for 1Q2018 recorded a loss of RM25 thousand compared to a loss of RM0.4 million for 1Q2017. These reduced losses reflect an increase in business activities of an AIMS associate for the period under review.

Finance Costs

Finance costs for 1Q2018 reduced by 16.4% to RM148 thousand from RM177 thousand for 1Q2017, which was mainly due to the full settlement of a third-party advance during 1Q2017 and the scheduled repayment of bank loans.

Loss Before Tax

For reasons set out above, the Group recorded a loss before tax of RM2.4 million for 1Q2018 as compared to a loss before tax of RM2.9 million for 1Q2017.

Discontinued Operations

Renewable Energy Sector ("RES")

The Vietnam Biomass Plant ("**MK-1 Plant**") had been maintaining a low level of briquette production due to the high price of rice husks arising from poor rice production in the Mekong delta throughout FY2017. Furthermore, a feasibility study on the commercialisation of rice husk silica and nano-silica in Vietnam has shown to be not commercially viable. As such the Group has decided to exit from the rice-husk biomass business in Vietnam. The MK-1 Plant is leased to a third party for a two-year period with an option to purchase at the end of the lease period. With the entering into a lease arrangement, the related building and equipment previously listed in property plant and equipment and long-term land use rights have been reclassified as finance lease receivable. The Group is currently in discussions with the BSB Investment and Development Co. Ltd. ("**BSB**") to effect the purchase and complete the transfer of the MK-1 Plant during FY2018.

During 1Q2018, the Group generated rental income of RM110 thousand from the lease of the MK-1 Plant, which was classified as other operating income.

Exploration and Production Sector (“EPS”)

The prolonged low oil price has rendered the Pabuaran KSO commercially unviable. The Group had on 8 January 2018 received a letter from PT Pertamina EP (“PEP”) terminating the Operations Cooperation Agreement (“Agreement”) in the Pabuaran Operation Area effective 2 January 2018 and has made a claim on the disbursement of a bank guarantee amounting to US\$2.34 million. The said letter was served on the basis of PT IEV Pabuaran KSO, a subsidiary of the Group not fulfilling certain conditions and obligations of the Agreement including to spend on a US\$18.6 million work program by 11 December 2017. The Group has completed the process of handing over to PEP the Pabuaran Operation Area and its associated materials and documents. With the termination of the Agreement, the Group will exit from EPS. To date, EPS has not generated any revenue.

In aggregate RES and EPS has recorded a loss for 1Q2018 of RM0.2 million, compared to a loss of RM0.8 million for 1Q2017.

Review of Statement of Financial Position

Current Assets

Trade receivables decreased by RM2.8 million to RM15.0 million as at 31 March 2018, from RM17.8 million as at 31 December 2017, due mainly to the settlement of AIMS project invoices. The current portion of other receivables and prepayments increased to RM4.0 million as at 31 March 2018 from RM3.6 million as at 31 December 2017 due mainly to deposits and prepayments for the relocation of the Group’s corporate office. Inventories as at 31 March 2018 reduced to RM2.9 million from RM3.1 million as at 31 December 2017 due mainly to a RM78 thousand write-off of marine growth control inventory no longer in use and a reduction of spare parts across various business operations.

Non-Current Assets

Net carrying value of property, plant and equipment decreased by RM0.9 million to RM6.4 million as at 31 March 2018 from RM7.2 million as at 31 December 2017. This was mainly due to depreciation charges of RM0.8 million for the period under review. Finance lease receivable reduced to RM4.8 million as at 31 March 2018 from RM5.1 million as at 31 December 2017 due mainly to currency translation differences as the Vietnam Dong source currency for the finance lease had depreciated against the Malaysia Ringgit during the period under review.

Capital and Reserves

Currency translation reserve reduced to RM0.1 million as at 31 March 2018 from RM0.4 million as at 31 December 2017, mainly due to the appreciation of the Malaysian Ringgit against the Vietnam Dong and Indonesia Rupiah during the period under review.

Accumulated losses for the Group increased by RM2.6 million to RM95.3 million as at 31 March 2018, from RM92.7 million as at 31 December 2017, due to the loss recorded for 1Q2018.

Non-Current Liabilities and Current Liabilities

Bank borrowings decreased by RM80 thousand to RM9.56 million as at 31 March 2018, from RM9.64 million as at 31 December 2017, due to scheduled repayments of bank loans. Finance leases (current and non-current portions) decreased to RM0.15 million as at 31 March 2018 from RM0.18 million as at December 2017 due to scheduled lease payments.

Trade payables decreased by RM3.4 million to RM16.1 million as at 31 March 2018, from RM19.5 million as at 31 December 2017, due mainly to the settlement of AIMS project invoices during 1Q2018.

The Group has a negative working capital of RM7.9 million as at 31 March 2018, compared to a negative working capital of RM6.3 million as at 31 December 2017. This negative working capital position was due to the provision for termination liabilities of RM7.6 million arising from the discontinuation of the Pabuaran KSO recognized at the end of FY2017. Barring any unforeseen circumstances, the Group should be able to meet its working capital commitments for the next 12 months in view of the Group’s estimated earnings for FY2018, proceeds from the sale of the corporate office unit in Malaysia and biomass plant in Vietnam, settlement negotiations of termination liabilities and potential corporate exercises.

Review of Statement of Cash Flows

The Group recorded net cash used in operating activities of RM1.0 million for 1Q2018. This was mainly due to: (i) an operating loss before working capital changes of RM1.6 million; (ii) a decrease in operating payables of RM1.0 million; and (iii) an increase in RM0.6 million amount due from an associate; which were partially offset by a decrease in operating receivables of RM2.2 million.

Net cash used in investing activities which amounted to RM0.2 million was mainly due to the net purchase of property, plant and equipment of RM0.2 million. Net cash used in financing activities of RM0.1 million was mainly for repayment of finance leases and bank borrowings.

As a result, after taking into account a currency translation difference of RM0.1 million, the cash and cash equivalents balance was RM2.4 million as at 31 March 2018, as compared to RM7.9 million as at 31 March 2017.

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

Recently, oil price continues to rally due to a combination of continued oil production curbs by OPEC and its non-OPEC allies, growth in global oil demand, reduction in oil inventory, reinstatement of Iran sanctions and fall in oil production from Venezuela. Analysts have raised the forecast to above USD 70/bbl and oil price is currently at its highest level since November 2014.

The Group continues to actively divest all non-profitable assets and implement its new vision to create value through disruptive technologies and transformed the company into a technology-centric organisation that offers advanced technologies and integrated engineering solutions that offers time and cost savings to its customers worldwide. The core technologies developed by the Group for asset integrity management are being introduced to a number of downstream facilities around the region including petrochemical and refineries, which has started to generate major interests from potential customers.

BSB has recently offered to purchase MK-1 Biomass Plant in 2Q2018 as opposed to at the end of the 2-year lease. Negotiation for an earlier divestment is being finalised and will be announced when it materialises.

Asset Integrity Management Sector (“AIMS”)

The Group is currently growing both its suite of disruptive technologies and global distribution network, the two most important elements of its new business vision. A number of strategic partnerships is being negotiated and will be announced as soon as they are materialised.

The Group has received a large number of enquiries related to asset integrity management from upstream, midstream and downstream customers as well as decommissioning of ageing assets. The target assets include crude oil storage tanks, offshore jackets, floating production and storage facilities and risers, pipelines and insulated piping and vessels.

The Group will also launch a suite of advanced concrete corrosion solutions and self-healing crack repairs which target the markets of marine and transport infrastructures in 2H2018 under its Infrastructure Integrity Management.

The commercialisation of disruptive technologies will first focus in the Asia Pacific and Middle East regions and will gradually be expanded to other countries in the Western hemisphere.

Mobile Natural Gas Sector (“MNGS”)

With the recent change in Indonesian O&G regulations (*Minister of Energy and Mineral Resources Regulation No. 4 of 2018 concerning Exploitation of Natural Gas in Downstream Oil and Gas Business Activities*) and feed gas supply

restrictions, the Group is considering all options to exit this business, given the uncertainties of feed gas supply source and risks associated with the new mobile natural gas landscape. Further news on this divestment will be announced as and when there is any material development.

On the value-added tax (VAT) dispute by PT IEV Gas with the tax authorities, the tax court hearings have been concluded. The parties are awaiting the decision from the panel of judges. Further information will be provided as and when there is any material development.

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 2018.

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. 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 2018 false or misleading in any material aspect.

15. 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
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Date: 14 May 2018