# 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")

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## UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER ("2Q2018") AND HALF YEAR ("1H2018") ENDED 30 JUNE 2018

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*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 | | | Group | | |
|---|---|---|---|---|---|---|
| | 3 months ended 30 June ("2Q") | | | 6 months ended 30 June ("HY") | | |
| | **Unaudited 2Q2018 (RM'000)** | **Unaudited 2Q2017[(a)] (RM'000)** | **% change Increase/ (decrease)** | **Unaudited HY2018 (RM'000)** | **Unaudited HY2017[(a)] (RM'000)** | **% change Increase/ (decrease)** |
| Revenue | 6,345 | 7,712 | (17.7) | 13,922 | 18,637 | (25.3) |
| Cost of sales | (5,950) | (7,259) | (18.0) | (12,836) | (17,336) | (26.0) |
| Gross profit | 395 | 453 | (12.8) | 1,086 | 1,301 | (16.5) |
| Other operating income | 151 | 737 | (79.5) | 330 | 847 | (61.0) |
| Administration expenses | (3,092) | (3,806) | (18.8) | (6,275) | (7,885) | (20.4) |
| Exchange gain/(loss) | (654) | 281 | n.m. | (500) | 1,122 | n.m. |
| Selling and distribution costs | (16) | (194) | (91.8) | (16) | (194) | (91.8) |
| Other operating expenses | (5) | (39) | (87.2) | (83) | (40) | 107.5 |
| Share of results of associates | 3 | (348) | n.m. | (22) | (748) | (97.1) |
| Finance costs | (151) | (151) | - | (299) | (328) | (8.8) |
| Loss before tax | (3,369) | (3,067) | 9.8 | (5,779) | (5,925) | (2.5) |
| Taxation | (30) | (1) | n.m. | (30) | (3) | 900.0 |
| Loss for the period from continuing operations | (3,399) | (3,068) | 10.8 | (5,809) | (5,928) | (2.0) |
| **Discontinued operations [(b)]** | | | | | | |
| Loss for the period from discontinued operations | (409) | (709) | (42.3) | (576) | (1,495) | (61.5) |
| Loss for the period | (3,808) | (3,777) | (0.8) | (6,385) | (7,423) | (14.0) |
| Other comprehensive (loss)/ income after tax - currency translation differences arising from consolidation | 382 | (2,319) | n.m. | 131 | (4,241) | n.m. |
| Total comprehensive loss for the period, net of tax | (3,426) | (6,096) | (43.8) | (6,254) | (11,664) | (46.4) |
| **Total loss attributable to:** | | | | | | |
| Owners of the parent | | | | | | |
| Continuing operations | (3,399) | (3,068) | 10.8 | (5,809) | (5,928) | (2.0) |
| Discontinued operations | (409) | (674) | (39.3) | (576) | (1,431) | (59.7) |
| Non-controlling interests | - | (35) | n.m. | - | (64) | n.m. |
| | (3,808) | (3,777) | 0.8 | (6,385) | (7,423) | (14.0) |
| **Total comprehensive loss attributable to:** | | | | | | |
| Owners of the parent | (3,426) | (6,054) | (43.4) | (6,254) | (11,586) | (46.0) |
| Non-controlling interests | - | (42) | n.m. | - | (78) | n.m. |
| | (3,426) | (6,096) | (43.8) | (6,254) | (11,664) | (46.4) |

n.m. denotes not meaningful.

***Notes:***

***a) Financial statements for 2Q2017 and HY2017 have been re-presented to show results from continuing and discontinued operations.***

***b) Discontinued operations is in relation to: (i) the exit from renewable energy business following the transfer of the MK-1 biomass plant in Vietnam as announced on 7 November 2017, 11 January 2018 and 4 June 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 30 June ("2Q") | | | 6 months ended 30 June ("HY") | | |
| | Unaudited 2Q2018 (RM'000) | Unaudited 2Q2017 (RM'000) | % change increase/ (decrease) | Unaudited HY2018 (RM'000) | Unaudited HY2017 (RM'000) | % change Increase/ (decrease) |
| Rental income | 86 | 57 | 50.9 | 146 | 152 | (3.9) |
| Interest income | 12 | 10 | 20.0 | 20 | 24 | (16.7) |
| Interest expense | (151) | (151) | - | (299) | (328) | (8.8) |
| Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales) | (704) | (1,043) | (32.5) | (1,488) | (2,120) | (29.8) |
| Amortisation of intangible assets (include amortisation accounted for in cost of sales) | (37) | (57) | (35.1) | (74) | (117) | (36.8) |
| Write back of impairment of property, plant and equipment | - | - | - | 63 | - | n.m. |
| Write back of impairment of intangible assets | 1 | - | n.m. | 1 | - | n.m. |
| Write back of allowance for doubtful receivables | - | 205 | - | - | 205 | n.m. |
| Gain on disposal of property, plant and equipment | 53 | - | n.m. | 71 | - | n.m. |
| Inventory written off | - | (2) | n.m. | (78) | (2) | n.m. |
| Deferred tax in respect to prior years | (30) | - | n.m. | (30) | (2) | n.m. |

n.m. denotes not meaningful

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

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | 3 months ended 30 June ("2Q") | | | 6 months ended 30 June ("HY") | | |
| | Unaudited 2Q2018 (RM'000) | Unaudited 2Q2017 (RM'000) | % change Increase/ (decrease) | Unaudited HY2018 (RM'000) | Unaudited HY2017 (RM'000) | % change Increase/ (decrease) |
| Revenue | - | 70 | n.m. | - | 368 | n.m. |
| Cost of sales | - | (138) | n.m. | - | (454) | n.m. |
| Gross profit | - | (68) | n.m. | - | (86) | n.m. |
| Other operating income | 113 | 2 | n.m. | 226 | 33 | 584.8 |
| Administration expenses | (35) | (636) | (94.5) | (309) | (1,375) | (77.5) |
| Exchange gain/(loss) | 2 | (4) | n.m. | - | (47) | n.m. |
| Selling and distribution costs | 5 | (3) | n.m. | 5 | (20) | n.m. |
| Other operating expenses | (494) | - | n.m. | (498) | - | n.m. |
| Loss before tax | (409) | (709) | (42.3) | (576) | (1,495) | (61.5) |
| Taxation | - | - | -. | - | - | - |
| Loss for the period from discontinued operations | (409) | (709) | (42.3) | (576) | (1,495) | (61.5) |

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

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 3 months ended 30 June ("2Q") | | | 6 months ended 30 June ("HY") | | |
| | Unaudited 2Q2018 (RM'000) | Unaudited 2Q2017 (RM'000) | % change increase/ (decrease) | Unaudited HY2018 (RM'000) | Unaudited HY2017 (RM'000) | % change Increase/ (decrease) |
| Rental income | - | - | - | 3 | - | n.m. |
| Interest income | 1 | - | n.m. | 1 | 2 | (50.0) |
| Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales) | (21) | (110) | (80.9) | (52) | (218) | (76.1) |
| Depreciation, depletion and amortisation of oil and gas properties | - | (20) | n.m. | - | (44) | n.m. |
| Amortisation of intangible assets (include amortisation accounted for in cost of sales) | - | (75) | n.m. | - | (152) | n.m. |
| Loss on disposal of property, plant and equipment | (365) | - | n.m. | (365) | - | n.m. |
| Loss on disposal of finance lease assets | (125) | - | n.m. | (125) | - | n.m. |
| Income from finance lease receivable | 112 | - | n.m. | 222 | - | n.m. |

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

| | Company | | Group | |
|---|---|---|---|---|
| | Unaudited As at 30 June 2018 (RM'000) | Audited As at 31 December 2017 (RM'000) | Unaudited As at 30 June 2018 (RM'000) | Audited As at 31 December 2017 (RM'000) |
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash and bank balances | 87 | 87 | 4,645 | 3,894 |
| Trade receivables | - | - | 14,719 | 17,823 |
| Other receivables and prepayments | 1,812 | 1,889 | 4,345 | 3,642 |
| Finance lease receivable | - | - | 4,887 | 65 |
| Inventories | - | - | 2,942 | 3,123 |
| Work-in-progress | - | - | - | 29 |
| | 1,899 | 1,976 | 31,538 | 28,576 |
| Assets classified as held for sale | - | - | 9,028 | 9,130 |
| | 1,899 | 1,976 | 40,566 | 37,706 |
| **Non-current** | | | | |
| Property, plant and equipment | - | - | 5,496 | 7,213 |
| Intangible assets | - | - | 206 | 287 |
| Subsidiaries | 25,880 | 25,880 | - | - |

| | Company | | Group | |
|---|---|---|---|---|
| | Unaudited As at 30 June 2018 (RM'000) | Audited As at 31 December 2017 (RM'000) | Unaudited As at 30 June 2018 (RM'000) | Audited As at 31 December 2017 (RM'000) |
| Associates | - | - | 4 | 25 |
| Other receivables and prepayments | - | - | 756 | 814 |
| Finance lease receivable | - | - | - | 5,087 |
| Deferred tax assets | - | - | 415 | 504 |
| | 25,880 | 25,880 | 6,877 | 13,930 |
| **Total assets** | **27,779** | **27,856** | **47,443** | **51,636** |

| LIABILITIES AND EQUITY | | | | |
|---|---|---|---|---|
| **Current** | | | | |
| Bank borrowings | - | - | 9,486 | 9,640 |
| Trade payables | - | - | 18,099 | 19,521 |
| Other payables | 27,766 | 26,809 | 18,450 | 14,734 |
| Finance leases | - | - | 84 | 94 |
| Income tax payable | - | - | - | - |
| | 27,766 | 26,809 | 46,119 | 43,989 |
| **Non-current** | | | | |
| Finance lease | - | - | 43 | 86 |
| Deferred tax liabilities | - | - | 89 | 124 |
| Provision for post-employment benefit obligations | - | - | 2,023 | 2,015 |
| | | - | 2,155 | 2,225 |
| **Total liabilities** | 27,766 | 26,809 | 48,274 | 46,214 |
| **Capital and reserves** | | | | |
| Share capital | 98,338 | 98,338 | 98,338 | 98,338 |
| Treasury shares | (38) | (38) | (38) | (38) |
| Currency translation reserve | 215 | (78) | 508 | 377 |
| Capital reserve | - | - | (380) | (380) |
| Accumulated losses | (98,502) | (97,175) | (99,085) | (92,700) |
| Equity attributable to owners of the Company | 13 | 1,047 | (657) | 5,597 |
| Non-controlling interests | | - | (174) | (175) |
| **Total equity** | 13 | 1,047 | (831) | 5,422 |
| **Total liabilities and equity** | **27,779** | **27,856** | **47,443** | **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 30 June 2018 Secured (RM'000) | Audited As at 31 December 2017 Secured (RM'000) |
|---|---|---|
| Bank loans | 6,511 | 6,665 |
| Bank overdraft | 2,975 | 2,975 |
| **Total Bank Borrowings** | **9,486** | **9,640** |
| Finance leases | 127 | 180 |
| **Total Borrowings & Debt Securities** | **9,613** | **9,820** |

| | | |
|---|---|---|
| Amount repayable in one year or less, or on demand | 9,570 | 9,734 |
| Amount repayable after one year | 43 | 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 leases from non-related parties are for the leasing of motor vehicles, computers and machinery and are secured by the underlying assets.

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

| | Group 3 Months ended 30 June ("2Q") | | Group 6 Months ended 30 June ("HY") | |
|---|---|---|---|---|
| | Unaudited 2Q2018 (RM'000) | Unaudited 2Q2017 (RM'000) | Unaudited HY2018 (RM'000) | Unaudited HY2017 (RM'000) |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Loss before tax | | | | |
| - From continuing operations | (3,369) | (3,067) | (5,779) | (5,925) |
| - From discontinued operations | (409) | (709) | (576) | (1,495) |
| | (3,778) | (3,776) | (6,355) | (7,420) |
| Adjustments for: | | | | |
| Share of results of associates | (3) | 348 | 22 | 748 |
| Amortisation of intangible assets | 37 | 132 | 74 | 269 |
| Depreciation of property, plant and equipment | 725 | 1,153 | 1,540 | 2,338 |
| Depreciation, depletion and amortisation of oil and gas properties | - | 20 | - | 44 |
| Provision for post-employment benefits | 78 | 106 | 187 | 209 |
| Loss on disposal of property, plant and equipment | 312 | - | 294 | - |
| Loss on disposal of finance lease asset | 125 | - | 125 | - |

| | Group 3 Months ended 30 June ("2Q") | | Group 6 Months ended 30 June ("HY") | |
|---|---|---|---|---|
| | Unaudited 2Q2018 (RM'000) | Unaudited 2Q2017 (RM'000) | Unaudited HY2018 (RM'000) | Unaudited HY2017 (RM'000) |
| Inventories written off | - | 2 | 78 | 2 |
| Write back impairment of property, plant and equipment | - | - | (63) | -- |
| Write back impairment of intangible assets | (1) | - | (1) | - |
| Write back of allowance for doubtful receivables | - | (205) | - | (205) |
| Income from finance lease receivables | (112) | - | (222) | - |
| Interest expense | 151 | 151 | 299 | 328 |
| Interest income | (13) | (10) | (21) | (26) |
| Operating loss before working capital changes | (2,479) | (2,079) | (4,043) | (3,713) |
| Decrease/(increase) in long term other receivables and prepayment | 47 | (495) | 13 | (54) |
| (Increase)/decrease in inventories | (7) | 36 | 65 | (25) |
| (Increase)/decrease in work-in-progress | - | (37) | 29 | (39) |
| (Increase)/decrease in operating receivables | (75) | 6,720 | 2,172 | 7,041 |
| Increase/(decrease) in operating payables | 4,324 | (6,868) | 3,314 | (45,895) |
| Decrease in amount due from an associate | 658 | 216 | 89 | 33,437 |
| Cash generated from / (used in) operating activities | 2,468 | (2,507) | 1,639 | (9,248) |
| Interest received | 13 | 10 | 21 | 26 |
| Interest paid | (152) | (151) | (299) | (328) |
| Post-employment benefit paid | (82) | (496) | (82) | (540) |
| Tax paid | (18) | (50) | (31) | (62) |
| Net cash generated from / (used in) operating activities | 2,229 | (3,194) | 1,248 | (10,152) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of property, plant and equipment | (133) | (113) | (411) | (1,040) |
| Increase in oil and gas properties | - | (282) | - | (868) |
| Proceeds from disposal of finance lease | 74 | - | 74 | - |
| Proceeds from disposal of property, plant and equipment | 91 | - | 158 | - |
| Net cash generated from / (used in) investing activities | 32 | (395) | (179) | (1,908) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Repayment of finance leases | (22) | (226) | (45) | (294) |
| Drawdown of finance leases | - | - | - | 395 |
| Repayment of bank borrowings | (76) | (76) | (152) | (152) |
| (Repayment)/drawdown of bank overdrafts | (1) | (10) | (1) | 453 |
| Repayment of advances from a third party | - | - | - | (2,500) |
| Decrease/(increase) in fixed deposits pledged | - | 1,687 | - | 1,687 |
| Net cash generated from / (used in) financing activities | (99) | 1,375 | (198) | (411) |
| Net decrease in cash and cash equivalents | 2,162 | (2,214) | 871 | (12,471) |
| Cash and cash equivalents at beginning of period/year | 2,390 | 7,874 | 3,828 | 18,217 |
| Currency translation difference of cash and cash equivalents at beginning of period/year | 28 | (193) | (119) | (279) |
| **Cash and cash equivalents at end of period** | 4,580 | 5,467 | 4,580 | 5,467 |
| *Cash and cash equivalents comprise:* | | | | |
| Cash and bank balances | 4,580 | 5,448 | 4,580 | 5,448 |
| Fixed deposits | 65 | 2,097 | 65 | 2,097 |
| | 4,645 | 7,545 | 4,645 | 7,545 |
| Less: Pledged fixed deposits | (65) | (2,078) | (65) | (2,078) |
| Cash and cash equivalents at end of period | 4,580 | 5,467 | 4,580 | 5,467 |

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

| **Company**<br>**Current Period** | **Share capital (RM'000)** | **Treasury Shares (RM'000)** | **Accumulated losses (RM'000)** | **Currency translation reserve (RM'000)** | **Total (RM'000)** |
|---|---|---|---|---|---|
| Balance as at 1 April 2018 | 98,338 | (38) | (97,175) | 466 | 1,591 |
| Repurchase of shares | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | (1,327) | (251) | (1,578) |
| Balance as at 30 June 2018 | 98,338 | (38) | (98,502) | 215 | 13 |

| **Company**<br>**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 April 2017 | 97,691 | (38) | (4,942) | 3,776 | 96,487 |
| Repurchase of shares | - | - | - | - | - |
| Total comprehensive (loss) / income for the period | - | - | (200) | (1,501) | (1,701) |
| Balance as at 30 June 2017 | 97,691 | (38) | (5,142) | 2,275 | 94,786 |

| **Group**<br>**Current 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 April 2018 | 98,338 | (38) | (95,277) | (380) | 126 | 2,769 | (174) | 2,595 |
| Loss for the period | - | - | (3,808) | - | - | (3,808) | - | (3,808) |
| Other comprehensive loss<br>- Currency translation difference arising from consolidation | - | - | - | - | 382 | 382 | - | 382 |
| Balance as at 30 June 2018 | 98,338 | (38) | (99,085) | (380) | 508 | (657) | (174) | (831) |

| **Group**<br>**Previous Period** | **Share capital (RM'000)** | **Treasury shares (RM'000)** | **Accumu-lated Losses (RM'000)** | **Capital Reserve (RM'000)** | **Currency translation reserve (RM'000)** | **Equity attributable to owners of the Company (RM'000)** | **Non-controlling interests (RM'000)** | **Total equity (RM'000)** |
|---|---|---|---|---|---|---|---|---|
| Balance as at 1 April 2017 | 97,691 | (38) | (16,472) | (101) | 7,202 | 88,282 | 344 | 88,626 |
| Loss for the period | - | - | (3,742) | - | - | (3,742) | (35) | (3,777) |
| Transaction with owner:<br>- Repurchase of treasury shares | - | - | - | - | (2,312) | (2,312) | (7) | (2,319) |
| Balance as at 30 June 2017 | 97,691 | (38) | (20,214) | (101) | 4,890 | 82,228 | 302 | 82,530 |

**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 March 2018 and up to 30 June 2018.

The total number of issued shares (excluding treasury shares) was 285,512,632 as at 30 June 2018 as compared to 283,600,000 as at 30 June 2017. This was due to the allotment and issuance of 1,912,632 consideration shares in respect of the acquisition of a total 9.73% equity interest in IEV Vietnam Joint Stock Company via a share swap agreement.

There were no outstanding convertibles, share options or subsidiary holdings as at 30 June 2018 and 30 June 2017.

| | **As at 30 June 2018** | **As at 30 June 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 30 June 2018** | **As at 31 December 2017** |
|---|---|---|
| Number of issued shares of the Company | 285,712,632 | 285,712,632 |
| Share buy-backs 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, disposal, cancellation and / or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 30 June 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 30 June 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 reported on, 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**

| Group | 2Q2018 (Malaysian sen) | 2Q2017 (Malaysian sen) | HY2018 (Malaysian sen) | HY2017 (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 | (1.19) | (1.08) | (2.04) | (2.09) |
| - from discontinued operations | (0.14) | (0.24) | (0.20) | (0.50) |
| | (1.33) | (1.32) | (2.24) | (2.59) |
| (ii) On a fully diluted basis | (1.33) | (1.32) | (2.24) | (2.59) |
| Weighted average number of ordinary shares | 285,512,632 | 283,600,000 | 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 earnings per ordinary share for each of 2Q2018, 2Q2017, HY2018 and HY2017 were the same as there were no potentially dilutive instruments existing during 2Q2018, 2Q2017, HY2018 and HY2017 respectively.

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

| | Net asset value per ordinary share (Malaysian sen) | |
|---|---|---|
| | As at 30 June 2018 | As at 31 December 2017 |
| Group | (0.23) | 1.9 |
| Company | 0.004 | 0.4 |

Net asset value per ordinary share as at 30 June 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 30 June 2018**

| Business sector | 2Q2018 | | | 2Q2017 | | |
|---|---|---|---|---|---|---|
| | **Revenue (RM'000)** | **Gross Profit (RM'000)** | **Gross Profit Margin %** | **Revenue (RM'000)** | **Gross Profit/(Loss) (RM'000)** | **Gross Profit Margin %** |
| Mobile Natural Gas Sector<br>Mobile Natural Gas | 5,810 | 98 | 1.7% | 7,219 | (287) | (4.0%) |
| Asset Integrity Management Sector ("AIMS")<br>Integrated Management Solutions | 535 | 297 | 55.5% | 493 | 740 | 150.1% |
| **Total from continuing operations**<br>*Discontinued operations* | 6,345 | 395 | 6.2% | 7,712 | 453 | 5.9% |
| Renewable Energy Sector<br>Vietnam Biomass | - | - | - | 70 | (68) | (97.1%) |
| Total | 6,345 | 395 | 6.2% | 7,782 | 385 | 4.9% |

**Six Months ended 30 June 2018**

| Business sector | HY2018 | | | HY2017 | | |
|---|---|---|---|---|---|---|
| | **Revenue (RM'000)** | **Gross Profit (RM'000)** | **Gross Profit Margin %** | **Revenue (RM'000)** | **Gross Profit/(Loss) (RM'000)** | **Gross Profit Margin %** |
| Mobile Natural Gas Sector<br>Mobile Natural Gas | 12,315 | 118 | 1.0% | 16,371 | (765) | (4.7%) |
| Asset Integrity Management Sector ("AIMS")<br>Integrated Management Solutions | 1,607 | 968 | 60.2% | 2,266 | 2,066 | 91.2% |
| **Total from continuing operations**<br>*Discontinued operations* | 13,922 | 1,086 | 7.8% | 18,637 | 1,301 | 7.0% |
| Renewable Energy Sector<br>Vietnam Biomass | - | - | - | 368 | (86) | (23.4%) |
| Total | 13,922 | 1,086 | 7.8% | 19,005 | 1,215 | 6.4% |

**Continuing Operations**

*Revenue*

Total revenue for the Group declined by 17.7% or RM1.4 million from RM7.7 million in 2Q2017 to RM6.3 million in 2Q2018. This decrease was mainly due to the Mobile Natural Gas Sector ("**MNGS**") experiencing the expiry of a major gas sales agreements during 2Q2018, resulting in a RM1.4 million decline in revenue to RM5.8 million in 2Q2018 from RM7.2 million in 2Q2017. In comparison the Asset Integrity Management Sector ("**AIMS**", previously known as Offshore Engineering Sector) recorded an unchanged revenue of approximately RM0.5 million for both 2Q2018 and 2Q2017.

For HY2018, total revenue for the Group declined by 25.3% or RM4.7 million to RM13.9 million from RM18.6 million in HY2017. For the same reason described before, MNGS revenue declined by 24.8% to RM12.3 million in HY2018 from RM16.4 million in HY2017. Revenue from AIMS declined by 29.1% to RM1.6 million in HY2018 from RM2.3 million in HY2017 due mainly to the prolonged downturn in the upstream oil and gas industry.

*Gross Profit*

The Group's gross profit for 2Q2018 declined by 12.8% to RM0.4 million from RM0.5 million in 2Q2017. MNGS returned to a gross profit position of RM0.1 million in 2Q2018 from a gross loss of RM0.3 million in 2Q2017, as the Group no longer incurred higher operating and delivery cost due to the closure of a major toll bridge for structural repairs in 2Q2017. AIMS gross profit deteriorated by 60.0% from RM0.7 million in 2Q2017 to RM0.3 million in 2Q2018 due to the prolonged slowdown in the upstream oil and gas industry.

The Group's gross profit for HY2018 decreased by 16.5% to RM1.1 million from RM1.3 million in HY2017. MNGS returned to a gross profit position of RM0.1 million in HY2018 from a gross loss position of RM0.8 million in HY2017, due to the same reason give above. AIMS experienced a 53.1% decline in gross profit to RM1.0 million in HY2017 from RM2.1 million HY2017 due to reduced business activities, in particular, the sale of the Group's proprietary marine growth control products.

The Group's gross profit margin has remained stable at approximately 6.0% for both 2Q2018 and 2Q2017. MNGS return to a gross profit position in 2Q2018 has been counterbalanced by a substantial drop in AIMS gross profit margin to 55.5% in 2Q2018 from 150.1% in 2Q2017. Group gross profit margin for HY2018 increased marginally to 7.8% from 7.0% for HY2017. Again, the return to a profit margin position for MNGS has been counterbalance by a decline in AIM gross profit margin to 60.2% in HY2018 from 91.2% in HY2017. AIMS's lower gross profit margin for 2Q2018 and HY2018 stemmed from (i) a lower proportion of sales contribution from the Group's proprietary margin growth control product compared to 2Q2017 and HY2017; and (ii) the reversal of over-accrued cost of sales for past AIMS projects, which was recorded in 2Q2017 and HY2017.

*Other Operating Income*

The Group has other operating income of RM0.2 million for 2Q2018 and RM0.3 million for HY2018 compared to RM0.7 million for 2Q2017 and RM0.8 million for HY2017. This was because operating income for 2QFY2017 and HY2017 included a write-back of allowance for doubtful receivables of RM0.2 million which was no longer required and RM0.4 million reversal of vendor accruals.

*Exchange Loss/Gain*

The Group recorded an exchange loss of RM0.7 million in 2Q2018 compared to an exchange gain of RM0.3 million in 2Q2017. For HY2018, the Group recorded an exchange loss of RM0.5 million compared to an exchange gain of RM1.1 million in HY2017. The exchange loss for both 2Q2017 and HY2017 was mainly due to the depreciation of the Indonesia Rupiah against the US Dollar and the Malaysia Ringgit as the Group's Indonesian subsidiaries had liabilities denominated in US Dollar and Malaysia Ringgit.

*Administrative Expenses*

Administrative expenses in 2Q2018 reduced by 18.8% to RM3.1 million from RM3.8 million in 2Q2017, whilst administrative expenses in HY2018 reduced by 20.4% to RM6.3 million from RM7.9 million in HY2017. The reduced administrative expenses were the result of cost reduction initiatives that were undertaken by the Group including: (i) reducing manpower headcount and salary cuts; and (iii) disposal of non-essential fixed assets to reduce depreciation expenses. Amortisation of intangible assets decreased by 36.8% to RM74 thousand in HY2018 from RM117 thousand in HY2017 mainly due to the full impairment of a licensed corrosion control technology no longer in use.

*Selling and Distribution Costs*

Selling and distribution costs represent commissions payable to agents for AIMS sales made for the Group. Selling and distribution costs for 2Q2018 and HY2018 was RM16 thousand compared to RM200 thousand in 2Q2017 and HY2017. This decrease was in line with the reduced business activities of the Group in the upstream oil and gas industry.

*Other Operating Expenses*

Other operating expenses of RM83 thousand for HY2018 was mainly due to the write-off of AIMS inventory no longer in use which was absent in HY2017.

*Share of Results of Associates*

Share of results of associates was a marginal gain of RM3 thousand for 2Q2018 and a loss of RM22 thousand for HY2018. In comparison, share of results of associates was a loss of RM0.3 million for 2Q2017 and a loss of RM0.7 million for HY2017. The reduced losses for HY2018 reflect an increase in business activities of an AIMS associate, IEV (Malaysia) Sdn. Bhd. for the period under review.

*Finance Costs*

Finance costs for 2Q2018 and 2Q2017 remained at the same level at RM151 thousand whilst finance cost for HY2018 declined by 8.8% to RM299 thousand from RM328 thousand in HY2017 in line with the lower borrowings.

*Loss Before Tax*

For reasons set out above, the Group recorded a loss before tax of RM3.4 million for 2Q2018 compared to a loss before tax of RM3.1 million for 2Q2017. For HY2018 the Group recorded a loss before tax of RM5.8 million, which is a 2.5% increase from HY2017's loss before tax of RM5.9 million.

**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. On 1 June 2018 the Group entered into a Sales and Purchase Agreement with BSB Investment and Development Co. Ltd. ("**BSB"**) to effect the purchase and complete the transfer of the MK-1 Plant and its related assets during FY2018.

The other operating income of RM0.1 million for 2Q2018 and RM0.2 million for HY2018 is for income from finance lease receivable arising from the MK-1 Plant. Other operating expenses of RM0.5 million for 2Q2018 and HY2018 is for (i) RM0.4 million loss on disposal of property plant and equipment related MK-1 Plant's briquetting system; and (ii) RM0.1 million loss on disposal of finance lease asset in relation to the disposal of MK-1 Plant.

*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 for RES and EPS, administrative expenses for 2Q2018 reduced to RM35 thousand from RM0.6 million for 2Q2017, whilst for HY2018, administrative expenses reduced to RM0.3 million from RM1.4 million for HY2017. The significant reduction in administrative expenses stem from the winding down on operations in RES and EPS including the retrenchment of employees.

In aggregate RES and EPS has recorded a loss of RM0.4 million for 2Q2018 and a loss of RM0.6 million for HY2018, compared to a loss of RM0.7 million for 2Q2017 and a loss of RM1.5 million for HY2017.

**Review of Statement of Financial Position**

*Current Assets*

Trade receivables decreased by RM3.1 million to RM14.7 million as at 30 June 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 by RM0.7 million to RM4.3 million as at 30 June 2018, from RM3.6 million as at 31 December 2017, due mainly increase in deposits and prepayments in relation to the shifting of office following the sale of the office unit located at, Level 22 of PJX-HM Shah Tower. Current portion of finance lease receivable as at 30 June 2018 increased to RM4.9 million from RM65 thousand as at 31 December 2017. The non-current portion of finance lease receivable had been reclassified as being current after the Group's subsidiary, IEV Vietnam LLC entered into a transfer agreement with BSB of Vietnam to dispose of the MK-1 Plant during HY2018 instead of at the end of the 2-year lease. Inventories decreased by RM0.2 million to RM2.9 million as at 30 June 2018, from RM3.1 million as at 31 December 2017, due mainly to the depletion of raw materials and spare parts.

*Non-Current Assets*

Net carrying value of property, plant and equipment decreased by RM1.7 million to RM5.5 million as at 30 June 2018 from RM7.2 million as at 31 December 2017. This was due to depreciation charges, disposal of unprofitable assets and currency translation differences; and partially offset by capital expenditure of operational equipment for various subsidiaries.

Net book value of intangible assets decreased by RM81 thousand to RM206 thousand as at 30 June 2018, from RM287 thousand as at 31 December 2016, due to amortisation charges.

The non-current portion of other receivables and prepayments decreased by RM58 thousand to RM756 thousand as at 30 June 2018, from RM814 thousand as at 31 December 2017, due to a reclassification to current portion of other receivables that the Company expects to receive in the near term.

The non-current portion of finance lease receivable, which was RM5.1 million as at 31 December 2017 has been reclassified as current as the Group had entered into a transfer agreement with BSB of Vietnam for the disposal of the MK-1 Biomass Plant during FY2018.

*Capital and Reserves*

Currency translation reserve marginally increased to RM0.5 million as at 30 June 2018 from RM0.4 million as at 31 December 2017, mainly due to the appreciation of the US Dollar against the Malaysian Ringgit and other regional currencies during the period in review.

Accumulated losses for the Group increased by RM6.4 million to RM99.1 million as at 30 June 2018 from RM92.7 million accumulated losses as at 31 December 2017.

*Non-Current Liabilities and Current Liabilities*

Bank borrowings decreased by RM0.2 million to RM9.5 million as at 30 June 2018 from RM9.6 million as at 31 December 2017, mainly due scheduled repayments of bank loans. Finance leases (current and non-current) decreased to RM127 thousand as at 30 June 2018 from RM180 thousand as at 31 December 2017 due to scheduled lease payments.

Trade and other payables decreased by RM1.4 million to RM18.1 million as at 30 June 2018 from RM19.5 million as at 31 December 2017, mainly due to the settlement of AIMS project invoices during HY2018. Other payables as at 30 June 2018 increased by RM3.7 million to RM18.5 million as compared to other payables as at 31 December 2017 of RM14.7 million. This increase was mainly due to deposits received for the sale and disposal of an office premise and the MK-1 Plant.

The Group has a negative working capital of RM5.6 million as at 30 June 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 recorded under other payables 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 within FY2018, settlement negotiations of termination liabilities and potential corporate exercises in FY2018.

The Group is in a net liability of RM0.8 million as at 30 June 2018 due mainly to comprehensive loss of RM6.3 million for HY2018 and provision for termination liabilities of RM7.6 million in relation to the discontinuation of the Pabuaran KSO. Barring any unforeseen circumstances, the Group should be able to operate as a going concern for the next 12 months in view of the Group's estimated earnings for FY2018, planned disposal of the loss-making mobile natural gas business in Indonesia, settlement negotiations of termination liabilities and potential corporate exercises.

**Review of Statement of Cash Flows**

For 2Q2018 the Group generated net cash from operating activities of RM2.2 million. This was mainly due to: (i) an increase in operating payables of RM4.3 million; and (ii) a decrease in amount due from an associate of RM0.7 million; which were partially offset by (i) an operating loss before working capital changes of RM2.5 million; (ii) an increase in operating receivables of RM0.1 million; (iii) payment for post-employment benefits of RM0.1 million; and (iv) interest payments of RM0.2 million. Investing activities for 2Q2018 generated net cash of RM32 thousand was from the disposal of finance lease assets of RM74 thousand, which was partially offset by the net acquisition of property, plant and equipment of RM42 thousand. Net cash used in financing activities of RM0.1 million for 2Q2018 was for the scheduled repayment of bank borrowings and finance lease obligations.

For HY2018, the Group generated net cash of RM1.2 million from operating activities. This was mainly due to: (i) an increase in operating payables of RM3.3 million; and (ii) decrease in operating receivables of RM2.2 million; which were partially offset by (i) operating loss before working capital changes of RM4.0 million; (ii) interest payments of RM0.3 million; (iii) payment for post-employment benefits of RM0.1 million. Net cash used in investing activities of RM0.2 million for HY2018 was for the net acquisition of property, plant and equipment of RM0.3 million which was partially offset by the disposal of finance lease assets of RM0.1 million. Net cash used in financing activities of RM0.2 million for HY2018 was for the scheduled repayment of bank borrowings and finance lease obligations.

As a result of the above and after considering currency translation differences, the cash and cash equivalents balance was RM4.6 million as at 30 June 2018, as compared to RM5.5 million as at 30 June 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**

There is a consensus among oil analysts that oil price will continue to rise from the current level due to rising global oil demand, reduction in oil production and export from Venezuela and the US sanction on Iran. The agreement reached by OPEC and its non-member allies to curtail some production cuts in June 2018[1] did not negatively affect the oil price. However, it is expected that oil price volatility remains for the foreseeable future[2].

The Group continues to implement its vision to create value through disruptive technologies and transformed the company into a technology-centric organisation that offers advanced technologies and integrated engineering solutions

[1] https://www.cnbc.com/2018/06/22/opec-ministers-strike-deal-on-oil-production-levels.html
[2] https://www.usnews.com/news/national-news/articles/2018-08-09/up-or-down-a-look-at-where-oil-prices-could-go

that offers time and cost savings to its customers worldwide. In addition to offering asset integrity management services for a wide range of industries, the Group is also conducting a feasibility study on new foundation engineering solutions to support the construction industry through collaboration with EXT Co., Ltd. of Korea.

Documentation for the sale of both the MK-1 Biomass Plant and the office at PJX are in progress and the Group has received partial payment of these assets as per the terms and conditions of the respective sales and purchase contract.

**Asset Integrity Management Sector ("AIMS")**

The Group has positioned itself as a Centre for Disruptive Technologies and is aggressively marketing its advanced and innovative engineering solutions globally as well as evaluating new technologies for the asset integrity management of concrete infrastructures. The commercialisation process of new technologies takes an average of 2 years and the Group is accelerating its marketing efforts in collaboration with its strategic partners and distributors. So far, the global distribution network has grown to 19 countries. Barring any unforeseen circumstances, the Group is cautiously optimistic of the implementation of its new vision and looks forward to the successful commercialisation of its suite of disruptive technologies, despite the long gestation period.

A suite of corrosion control technologies is being secured from strategic alliance partners and marketed by the Group's new subsidiary, IEV Technologies Pte Ltd. The Group has commenced the launch of concrete corrosion and self-healing crack repairs services in Malaysia. A 9-month feasibility study on disruptive geotechnical solutions for construction on weak soil is also underway in several Asian countries. R&D activities on Trizashield, the Group's Corrosion Under Insulation (CUI) technology, are ongoing as new applications are targeted.

The Group is quoting 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. Material contracts will be announced as and when they arise.

**Mobile Natural Gas Sector ("MNGS")**

The Group has decided to exit from its mobile natural gas business in Indonesia and the Group is currently evaluating offers for its assets and/or current business. An announcement will be made when there is 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 30 June 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 SGD 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 second quarter ended 30 June 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<br>PRESIDENT & CEO | HARRY NG<br>LEAD INDEPENDENT DIRECTOR |

Date: 14 August 2018