



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")

FULL YEAR UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER ("FY") 2012

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"). Canaccord Genuity Singapore Pte. Ltd. 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		% change increase/ (decrease)
	Unaudited FY2012 (RM'000)	Audited FY2011 (RM'000)	
Revenue	316,393	80,816	291.5
Cost of sales	(298,350)	(56,308)	429.9
Gross profit	18,043	24,508	(26.4)
Other operating income	805	1,098	(26.7)
Exchange (loss)	(3,700)	(326)	1,035.0
Administrative expenses	(17,854)	(15,533)	14.9
Selling and distribution costs	(1,820)	(1,361)	33.7
Other operating expenses	(2,630)	(2,720)	(3.3)
Share of associated companies' results, net of tax	4,307	7,047	(38.9)
Finance costs	(1,231)	(614)	100.5
(Loss)/Profit before taxation	(4,080)	12,099	(133.7)
Taxation	(248)	(1,053)	(76.4)
Total (loss)/profit for the year	(4,328)	11,046	(139.2)
Other comprehensive income after tax:			
- currency translation differences arising from consolidation	(838)	2,774	(130.2)
Other comprehensive income for the year, net of tax	(838)	2,774	(130.2)
Total comprehensive income for the year	(5,166)	13,820	(137.4)
Total (loss)/profit attributable to:			
Owners of the parent	(4,166)	11,151	(137.4)
Non-controlling interests	(162)	(105)	54.3
	(4,328)	11,046	(139.2)
Total comprehensive income attributable to:			
Owners of the parent	(5,022)	13,928	(136.1)
Non-controlling interests	(144)	(108)	33.3
	(5,166)	13,820	(137.4)

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

	Group		% change increase/ (decrease)
	Unaudited FY2012 (RM'000)	Audited FY2011 (RM'000)	
Rental Income	93	86	8.1
Interest Income	223	639	(65.1)
Gain/(loss) on disposal of property, plant and equipment	95	(10)	n.m.
Interest expense	(1,231)	(614)	100.5
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(2,805)	(2,517)	11.4
Amortisation of intangible assets (include depreciation accounted for in cost of sales)	(267)	(159)	67.9
Interest on liability owing to holders of preference shares of a subsidiary written back	-	444	n.m.
Bad debts recovered	-	(779)	n.m.
Inventories written off	-	(5)	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 year

	Company		Group	
	Unaudited As at 31 December 2012 (RM'000)	Audited As at 31 December 2011 (RM'000)	Unaudited As at 31 December 2012 (RM'000)	Audited As at 31 December 2011 (RM'000)
ASSETS				
Non-Current				
Intangible assets	-	-	5,272	1,009
Property, plant and equipment	-	-	23,070	23,285
Subsidiaries	32,357	26,716	-	-
Associated companies	-	-	16,298	16,873
Other assets	-	-	908	-
Deferred tax assets	-	-	65	74
	32,357	26,716	45,613	41,241
Current				
Inventories	-	-	1,278	912
Work-in-progress	-	-	98	605
Trade and other receivables	54	17	92,751	37,090
Amount owing by subsidiaries	7,895	-	-	-
Fixed deposits	-	-	6,031	60
Cash and bank balances	2,437	19,884	25,747	29,742
	10,386	19,901	125,905	68,409
Total assets	42,743	46,617	171,518	109,650
EQUITY				
Capital and Reserves				
Share capital	63,247	63,247	63,247	63,247
Currency translation reserve	-	-	(2,218)	(1,362)
(Accumulated losses)/retained profits	(21,077)	(17,588)	5,888	12,393
	42,170	45,659	66,917	74,278
Non-controlling interests	-	-	(46)	(99)
	42,170	45,659	66,871	74,179
LIABILITIES				
Non-Current				
Bank borrowings	-	-	3,103	-
Finance lease obligations	-	-	135	162
Deferred tax liabilities	-	-	5	5
Provision for post-employment benefit obligations	-	-	-	593
Other payables	-	-	844	872
	-	-	4,087	1,632
Current				
Trade and other payables	573	958	86,165	27,439
Progress billings	-	-	59	127
Bank borrowings	-	-	13,701	5,178
Finance lease obligations	-	-	168	305
Current tax payable	-	-	467	790
	573	958	100,560	33,839
Total equity and liabilities	42,743	46,617	171,518	109,650

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		Audited	
	As at 31 December 2012		As at 31 December 2011	
	Secured	Unsecured	Secured	Unsecured
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Bank loans:				
- Bank loan #1	5,097	-	-	-
- Bank loan #2	-	-	4,379	-
- Bank loan #3	4,500	-	-	-
	9,597	-	4,379	-
Bank overdraft	2,707	-	799	-
Revolving credit	4,500	-	-	-
	16,804	-	5,178	-
Advances from a third party	-	-	-	872
Finance leases	-	303	-	467
	16,804	303	5,178	1,339
Amount repayable in one year or less, or on demand	13,701	168	5,178	305
Amount repayable after one year	3,103	135	-	1,034

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 are to be operated solely by the bank;
- A charge over the assets of PT IEV Gas financed via bank loan #1 and bank loan #2;
- 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 which was secured by way of collaterals of bank loan #1 was fully repaid in FY2012.

Bank loan #3

- The loan is secured by way of assignment to the bank the contract proceeds of a project.

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.

The revolving credit is secured over a bank account to be opened for the purpose of depositing all proceeds from payments received in relation to a project. Disbursements shall be in relation to:-

- (i) cost / expenses in relation to the project;
- (ii) payment of principal / interest in relation to the revolving credit facility; and/or
- (iii) payment / prepayment of principal / interest in relation to bank loan #3.

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

	Group	
	Unaudited FY2012 (RM'000)	Audited FY2011 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(4,080)	12,099
Share of profits in associated companies	(4,307)	(7,047)
Adjustments for:		
Provision for post-employment benefits	251	313
Property, plant and equipment written off	353	133
Loss on disposal of property, plant and equipment	-	9
Inventories written off	-	5
Amortisation of intangible assets	267	159
Depreciation of property, plant and equipment	853	2,517
Interest expense	1,231	614
Interest income	(223)	(639)
Operating (loss)/profit before working capital changes	(5,655)	8,163
Increase in inventories	(385)	(304)
Decrease/(increase) in work-in-progress	508	(605)
Increase in operating receivables	(52,209)	(13,965)
Increase in operating payables	57,727	13,065
Increase in progress billings	59	127
Cash generated from operating activities	45	6,481
Interest received	223	194
Interest paid	(1,231)	(372)
Tax paid	(4,023)	(731)
Net cash (used in)/generated from operating activities	(4,986)	5,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in an associated company	(792)	(336)
Payment for expenditure carried forward	(908)	-
Acquisition of property, plant and equipment	(3,356)	(5,398)
Proceeds from disposal of property, plant and equipment	-	274
Acquisition of intangible assets	(4,541)	-
Dividend income from associated company	5,674	-
Net cash used in investing activities	(3,923)	(5,460)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease obligations	(324)	(304)
Repayment of advances to a third party	-	(1,149)
Bank borrowings obtained	18,389	-
Bank borrowings repaid	(6,876)	(2,830)
Proceeds from issuance of shares	198	26,487
Decrease in fixed deposits pledged	(3,456)	(1,304)
Dividend paid	(2,339)	-
Capitalisation of listing expenses	-	(2,114)
Net cash generated from financing activities	5,592	18,786
Net (decrease)/increase in cash and cash equivalents	(3,317)	18,898
Cash and cash equivalents at beginning of year	28,157	9,001
Currency translation difference of cash and cash equivalents at beginning of year	1,837	258
Cash and cash equivalents at end of year	26,677	28,157

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

	Group	
	Unaudited FY2012 (RM'000)	Audited FY2011 (RM'000)
<i>Cash and cash equivalents comprise:</i>		
Cash and bank balances	25,747	29,742
Fixed deposits	6,031	60
	31,778	29,802
Pledged fixed deposits	(5,101)	(1,645)
Cash and cash equivalents at end of year	26,677	28,157

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	Share capital (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
Balance as at 1 January 2011	-	-	-
Issue of share capital	63,247	-	63,247
Total comprehensive expense for the year	-	(17,588)	(17,588)
Balance as at 31 December 2011	63,247	(17,588)	45,659
Dividends paid ^[1]	-	(2,339)	(2,339)
Total comprehensive expense for the year	-	(1,150)	(1,150)
Balance as at 31 December 2012	63,247	(21,077)	42,170

Group	Share capital (RM'000)	Retained profits (RM'000)	Currency translation reserve (RM'000)	Total attributable to equity holders of the parent (RM'000)	Non-controlling interests (RM'000)	Total equity (RM'000)
Balance as at 1 January 2011	25,880	1,242	(4,140)	22,982	2	22,984
Increase in share capital	37,367	-	-	37,367	-	37,367
Acquisition of a subsidiary company	-	-	-	-	7	7
Total comprehensive (expense)/income for the year	-	11,151	2,778	13,929	(108)	13,821
Balance as at 31 December 2011	63,247	12,393	(1,362)	74,278	(99)	74,179
Transfer to retained earnings	-	-	-	-	-	-
Acquisition of a subsidiary company	-	-	-	-	197	197
Dividends paid ^[1]	-	(2,339)	-	(2,339)	-	(2,339)
Total comprehensive (expense)/income for the year	-	(4,166)	(856)	(5,022)	(144)	(5,166)
Balance as at 31 December 2012	63,247	5,888	(2,218)	66,917	(46)	66,871

Dividends paid ^[1]

The amount comprised:-

- i. The first and final dividend of RM1,204,000 in respect of FY 2011 paid on 31 July 2012; and
- ii. Interim dividend of RM1,135,200 in respect of FY2012 paid on 26 November 2012.

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

	Number of shares	Resultant issued and paid-up share capital (S\$)
Issued and paid-up share capital of the Company as at 30 June 2012	172,000,000	26,511,930
Issued and paid-up share capital of the Company as at 31 December 2012	172,000,000	26,511,930

There were no outstanding share options granted as at 31 December 2012 and 31 December 2011.

There was no treasury shares held or issued as at 31 December 2012 and 31 December 2011.

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 December 2012	As at 31 December 2011
Number of issued shares excluding treasury shares	172,000,000	172,000,000

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

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 31 December 2012.

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 year reported on as those applied in the Group's most recently audited financial statements for the financial year ended 31 December 2011.

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 2012, 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 FY2012.

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	FY2012 (Malaysian sen)	FY2011 (Malaysian sen)
Earnings per ordinary share (“EPS”) for the year based on the unaudited net profit attributable to shareholders of the Company:		
(i) Basic (loss)/earnings per share	(2.4)	7.7
(ii) On a fully diluted basis	(2.4)	7.7

Basic (loss)/earnings per ordinary share for FY2012 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 172,000,000.

The basic and diluted (loss)/earnings per ordinary share for FY2012 were the same as there were no potentially dilutive ordinary shares existing during FY2012.

Diluted earnings per ordinary share for FY2011 has 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 144,250,000, after taking into account the sub-division of shares pursuant to the Restructuring Exercise (as defined in the Company’s offer document dated 12 October 2011).

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 December 2012	As at 31 December 2011
Group	38.9	43.2
Company	24.5	26.5

Net asset value per ordinary share as at 31 December 2012 and 31 December 2011 is calculated based on the aggregate number of ordinary shares of 172,000,000.

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

Revenue

Revenue increased by RM235.6 million or 291.5%, from RM80.8 million in FY2011 to RM316.4 million in FY2012 due to an increase in revenue contribution of RM231.6 million and RM4.0 million from the Offshore Engineering Sector and Mobile Natural Gas Sector respectively.

Revenue from the Offshore Engineering Sector increased by 378.0% due mainly to the execution of two turnkey contracts in decommissioning and a RM249.7 million turnkey contract for the Supply, Delivery, Installation and Commissioning of the Refurbished Wellhead Platform, Pipeline and Host Tie-In for D21 Project (the "D21 Project").

Revenue from the Mobile Natural Gas Sector increased by 20.5% due mainly to the increase in the volume of Compressed Natural Gas ("CNG") supplied by 6.9% in FY2012.

Gross Profit

Gross profit decreased by RM6.5 million or 26.4%, from RM24.5 million in FY2011 to RM18.0 million in FY2012. The decrease was due mainly to a 29.8 percentage point reduction in the gross profit margin from 34.2% in FY2011 to 4.4% in FY2012 contributed by the Offshore Engineering Sector; partially offset by a 3.0 percentage point increase in the gross profit margin from 18.3% in FY2011 to 21.3% in FY2012 from the Mobile Natural Gas Sector.

The decrease in the gross profit margin from the Offshore Engineering Sector was mainly due to the gross loss sustained by the D21 Project. In the course of executing the D21 Project, the Group carried out certain additional works which resulted in higher than anticipated costs. Due to the larger contract value which made up 82.8% of the sector's revenue relative to other projects, overall gross profit margin for the Offshore Engineering Sector decreased significantly.

The Group is currently seeking cost recovery from the relevant parties for up to RM33 million. The aforesaid cost recovery exercise is subject to negotiations between the parties and there is no assurance that there will be material recovery of the costs. The Group will provide timely updates as and when there are further material developments and/or financial impact pursuant to the aforesaid cost recovery exercise. Please also refer to Paragraph 10 of this announcement.

Gross profit margin from the Mobile Natural Gas Sector increased due to the increase in the supply of CNG on a Take & Pay basis as opposed to a Throughput basis. As between the two, Take & Pay contributes a higher gross profit margin.

Other Operating Income

Other operating income decreased by RM0.3 million or 26.7%, from RM1.1 million in FY2011 to RM0.8 million in FY2012 due mainly to a decrease in the write back of a non-recurring interest expense, which was partially offset by an increase in sundry income.

Exchange Loss

An exchange loss of RM3.7 million was recorded in FY2012 compared to an exchange loss of RM0.3 million recorded in FY2011. The exchange loss was predominantly due to the weakening of United States Dollar ("USD") against the Ringgit Malaysia ("RM") which adversely affected the balance of payment of D21 Project undertaken; and the strengthening of the USD against the Indonesian Rupiah ("IDR") which resulted in an exchange conversion loss of a USD denominated loan between two subsidiaries.

Administrative Expenses

Administrative expenses increased by RM2.3 million or 14.9%, from RM15.5 million in FY2011 to RM17.8 million in FY2012 due mainly to the increase in employee benefit costs by RM1.9 million arising from an increase in headcount and staff remuneration, consultancy fees by RM0.5 million, rental expenses by RM0.4 million, travelling expenses by RM0.4 million, depreciation charges by RM0.1 million and legal fees by RM0.2 million. These increases were partially offset by a decrease in other administrative expenses by RM1.1 million.

Selling and distribution costs

Selling and distribution costs increased marginally by RM0.4 million or 33.7%, from RM1.4 million in FY2011 to RM1.8 million in FY2012. Selling and distribution costs represent commission paid to agents for sales made for the Group.

Other Operating Expenses

Other operating expenses remained substantially unchanged at RM2.6 million in FY2012 compared to RM2.7 million in FY2011.

Share of Associated Companies' Results, Net of Tax

Share of associated companies' profits, net of tax (the "Profit") which was predominantly contributed by CNG Vietnam Joint Stock Company ("CNG Vietnam") decreased by RM2.7 million or 38.9%, from RM7.0 million in FY2011 to RM4.3 million in FY2012. The lower Profit was due to dividends received of RM5.7 million from CNG Vietnam in FY2012, which had been netted off against the Profit from CNG Vietnam.

Finance Costs

Finance costs doubled from RM0.6 million in FY2011 to RM1.2 million in FY2012 mainly due to the increase in bank borrowings for the financing of the D21 Project and the acquisition of capital assets for the Group's Mobile Natural Gas Sector.

(Loss)/Profit Before Taxation

Loss before taxation in respect of FY2012 was RM4.1 million, a reduction in profit of RM16.2 million or 133.7%, from RM12.1 million profit in FY2011 due mainly to a (i) lower gross profit, (ii) lower other operating income and share of associated companies' profits net of tax, (iii) higher administrative expenses, (iv) higher finance costs (v) higher selling and distribution costs and (vi) higher exchange losses.

Review of Statement of Financial Position

Non-Current Assets

Net book value of intangible assets increased by RM4.3 million from RM1.0 million as at 31 December 2011 to RM5.3 million as at 31 December 2012 due to the acquisition of rights in relation to oil production activities from the Pabuaran Block, partially offset by amortisation charges for FY2012.

Net carrying value of property, plant and equipment decreased by RM0.2 million to RM23.1 million as at 31 December 2012 from RM23.3 million as at 31 December 2011. Acquisitions during FY2012 amounted to RM3.6 million. Loss in exchange translation difference, depreciation charges for FY2012 and assets written-off amounted to RM2.4 million, RM0.9 million and RM0.3 million respectively.

Net book value of associated companies decreased by RM0.6 million to RM16.3 million as at 31 December 2012 from RM16.9 million as at 31 December 2011. The decrease was mainly due to an increase in investment in the equity interest of CNG Vietnam and IEV (Malaysia) Sdn. Bhd. by RM0.6 million and RM0.2 million respectively, and current year's share of associated companies' results of RM4.3 million offset against dividends received of RM5.7 million.

Deferred tax assets was approximately RM0.1 million as at 31 December 2012.

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 (Cont'd)**

Review of Statement of Financial Position (cont'd)

Current Assets

Inventories increased by RM0.4 million to RM1.3 million as at 31 December 2012 from RM0.9 million as at 31 December 2011. The increase was mainly due to an increase in stocks for the assembly of marine growth control products in anticipation of higher sales.

Work-in-progress, which mainly related to the semi-assembly of marine growth control products, as at 31 December 2012 was RM0.1 million.

Trade and other receivables increased by RM55.7 million to RM92.8 million as at 31 December 2012 from RM37.1 million as at 31 December 2011 due mainly to higher volume of activities in the Offshore Engineering Sector.

Fixed deposits increased by RM6.0 million to RM6.0 million as at 31 December 2012 from approximately RM60,000 as at 31 December 2011. The increase was mainly due to cash deposited into fixed deposits for the pledging of banking facilities for the issuance of project performance bonds.

Cash and bank balances decreased by RM4.0 million to RM25.7 million as at 31 December 2012 from RM29.7 million as at 31 December 2011. The decrease was mainly due to the increase in cash used in operating activities in tandem with the increase in the volume of Offshore Engineering Sector activities.

Capital and Reserves

There were no changes in the share capital of the Group during the financial year.

Currency translation reserve of RM2.2 million as at 31 December 2012 mainly arose from the depreciation of both the USD and IDR against RM.

Retained profits decreased by RM6.5 million to RM5.9 million as at 31 December 2012 from RM12.4 million as at 31 December 2011 due gross profit generated which fell short of total operating expenses.

Non- Current Liabilities and Current Liabilities

Bank borrowings increased by RM11.6 million to RM16.8 million as at 31 December 2012 from RM5.2 million as at 31 December 2011. The increase was due to additional bank borrowings obtained of RM18.4 million, partially offset by the repayment of bank borrowings amounting to RM6.9 million and exchange loss arising from the conversion of bank borrowings denominated in USD into RM of RM0.1 million.

Finance lease obligations decreased by RM0.2 million to RM0.3 million as at 31 December 2012 from RM0.5 million as at 31 December 2011. The decrease was mainly due to the repayment of finance lease obligations amounting to RM0.3 million and exchange loss arising from the conversion of finance lease obligations denominated in IDR into RM of approximately RM0.1 million.

Current trade and other payables increased by RM58.8 million to RM86.2 million as at 31 December 2012 from RM27.4 million as at 31 December 2011, which corresponded to the increase in the volume of activities in the Offshore Engineering Sector.

Progress billings decreased marginally from approximately RM127,000 as at 31 December 2011 to approximately RM59,000 as at 31 December 2012.

Current tax payable decreased by RM0.3 million to RM0.5 million as at 31 December 2012 from RM0.8 million as at 31 December 2011.

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 (Cont'd)**

Review of Statement of Financial Position (cont'd)

The Group had a positive working capital of approximately RM25.3 million as at 31 December 2012 as compared with approximately RM34.6 million as at 31 December 2011.

Review of Statement of Cash Flows

The Group generated a negative cashflow from operating activities of RM5.0 million. This was mainly due to operating loss incurred during the financial year.

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**

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

- The state of the global economy, especially Europe, USA and China;
- The movement of the oil prices;
- The movement of LNG prices in the international market, which affects piped gas prices throughout the region; and
- The fluctuation of the USD against the RM and IDR.

Barring any unforeseen circumstances, the Directors are optimistic that the outlook of the oil and gas industry is positive in the next 12 months, particularly in the Asian region.

In the **Offshore Engineering Sector**, the Directors are of the view that the oil and gas industry will likely continue to be vibrant with a significant number of new projects currently under development throughout the Asian region, as local governments are pushing for oil exploration & production to slow down the production decline from mature oil fields. Similarly, investment in gas fields is also being accelerated as LNG demand and resultant LNG prices are expected to continue to climb. Domestic piped gas prices have reached new heights as natural gas prices from domestic sources have to be gradually brought up to international LNG price level. In Malaysia, Petronas is accelerating the development of marginal fields and embarked upon Enhanced Oil Recovery programs to increase the extraction rate of hydrocarbons from existing fields.

The achievement of the two milestones related to turnkey projects in 2012, completion of SM4/SMV decommissioning and 1st oil for D21 platform reuse for Petronas Carigali Sdn. Bhd. ("PCSB"), has demonstrated the Group's capability to perform lump sum oil and gas contracts. The Group's on schedule delivery of 1st oil flow to PCSB within approximately 12 months from the Letter of Award was a historical record. The Group is currently pursuing a cost recovery exercise, in order to recover costs of up to RM 33 million, which relate to additional claims associated with additional works, standby time and material replacement costs. The aforesaid cost recovery exercise is subject to negotiations between the parties and there is no assurance that there will be material recovery of the costs. The Group will provide timely updates as and when there are further material developments and/or financial impact pursuant to the aforesaid cost recovery exercise.

Based on the experience from the above turnkey projects, the Group is current pursuing several turnkey oil and gas contracts. On December 16, 2012, IEV Malaysia Sdn. Bhd., a 49% associate company of the Group received a letter of award to install the first Integrated Tension Leg Platform ("TLP") for Sabah Shell Petroleum Company Limited. This deep water facility will be transported and installed in the Malikai fields at a water depth of approximately 500 metres and is

expected to be completed within 3 years from award. The value of the project was subsequently estimated at approximately USD 100 million.

The Group will be merging its Mobile Natural Gas business and Exploration and Production businesses under the **Petroleum Sector**. The Group is submitting a work program for the Pabuaran KSO based on an early production scheme from the previous discoveries and expecting to achieve first hydrocarbon production in 1Q, 2014. The Group also continues to work towards securing its stranded gas sources to increase the sales volume of CNG and the profitability of its Mobile Natural Gas business in West Java. Sales of CNG are expected to further increase due to higher demand from both existing and new customers.

The Group intends to enter into the **Renewable Energy Sector, through a biomass project in Vietnam**. Further details will be provided to shareholders as and when there are material developments on this project.

The order book of the Group amounted to approximately RM374 million (or approximately USD121 million) as at the date of this announcement.

11. If a decision regarding dividend has been made:

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

An interim tax exempt (one-tier) dividend of 0.66 Malaysian sen per ordinary share was paid on 26 November 2012. The interim dividend amounting to RM1,135,200 represents a total payout of 10.0% of the Group's profit attributable to owners of the parent for the financial period from 1 January 2012 to 30 June 2012.

The Directors do not recommend any final dividend in respect of the current financial year ended 31 December 2012.

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

Name of Dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share (Malaysian sen)	0.66

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

Name of Dividend	First and Final
Dividend type	Cash
Dividend amount per ordinary share (Malaysian sen)	0.7

A first and final tax exempt (one-tier) dividend of 0.7 Malaysian sen per ordinary share in respect of FY2011 was paid on 31 July 2012. The first and final dividend amounted to RM1,204,000 represents a total payout of 10.8% of the Group's profit attributable to owners of the parent in FY2011.

(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

The Directors do not recommend any final dividend in respect of the current financial year ended 31 December 2012.

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

(a) **Business Segment**

	Offshore Engineering		Mobile Natural Gas		Combined	
	FY2012 RM'000	FY2011 RM'000	FY2012 RM'000	FY2011 RM'000	FY2012 RM'000	FY2011 RM'000
REVENUE						
Total sales	304,057	73,083	23,566	19,552	327,623	92,635
Inter-segment sales	(11,230)	(11,819)	-	-	(11,230)	(11,819)
External sales	292,827	61,264	23,566	19,552	316,393	80,816
RESULTS						
Segment results	(5,471)	5,281	(1,685)	384	(7,156)	5,666
Finance costs	(179)	(264)	(1,052)	(350)	(1,231)	(614)
Share of associated companies' results, net of tax	(5,650)	5,017	(2,737)	34	(8,387)	5,051
Taxation	2,315	(210)	1,992	7,258	4,307	7,048
Non-controlling interests					(4,080)	12,099
					(248)	(1,053)
Net profit					162	105
					(4,166)	11,151
OTHER INFORMATION						
Segment assets	109,485	67,012	40,994	25,692	150,479	92,704
Investment in associated companies	1,722	16,873	14,576	-	16,298	16,873
Combined total assets (excluding taxation)	111,207	83,885	55,570	25,692	166,777	109,577
Segment liabilities (excluding taxation)	95,599	30,066	8,576	4,484	104,175	34,550
Capital expenditure						
- intangible assets	-	-	4,541	-	4,541	-
- property, plant and equipment	1,521	1,617	2,052	4,084	3,573	5,701
Amortisation of intangible assets	56	56	211	103	267	159
Depreciation of property, plant and	773	610	2,032	1,907	2,805	2,517

(b) Geographical Segment

The following table shows the distribution of the Group's combined sales based on geographical location of customers.

	FY2012 RM'000	FY2011 RM'000
Malaysia	263,149	20,144
Indonesia	27,648	25,745
Vietnam	3,927	9,139
Thailand	1,082	4,121
India	2,656	12,567
Singapore	3,872	-
China	4,470	5,599
South Korea	6,943	-
Middle East	2,059	-
Australia	-	1,013
Myanmar	-	1,902
Others	587	586
Total	316,393	80,816

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Please refer to Note 8 above.

15. A breakdown of sales

	Group		% change increase/ (decrease)
	FY2012 RM'000	FY2011 RM'000	
(a) Sales reported for first half year	147,572	43,679	237.9
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	11,275	8,279	36.2
(c) Sales reported for second half year	168,821	37,137	354.6
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	(15,603)	2,767	(663.9)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Company	FY2012 SGD	FY2011 SGD
(a) Ordinary	453,392	477,388
(b) Preference	-	-
(c) Total	453,392	477,388

17. 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 recurring interested person transactions pursuant to Rule 920(1)(a)(ii) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Catalist Rules").

In FY2012, the Group incurred and paid rental and related charges to PT Elang Sakti which amounted to approximately RM41,351 (FY2011: RM57,870) for the lease of the premises located at Menara Era Building, Jalan Senen Raya No. 12A-05, Jakarta, Indonesia. This property is used as the Group's office in Indonesia. PT Elang Sakti is owned by the President and CEO, Christopher Nghia Do (50.0%), his wife, Tran Thi Mai Thao (45.0%) and an unrelated third party (5.0%).

18. Use of Proceeds from the Invitation

The Board of Directors of the Company refers to the Offer Document in relation to the initial public offering of the Company's shares on the Catalist.

The Board of Directors wishes to provide an update on the use of the proceeds raised by the Company from the issue of the 37 million new shares at the issue price of S\$0.30 each in the capital of the Company (the "Invitation"). In accordance with the "Use of Proceeds from the Invitation and Expenses Incurred" section of the Offer Document, the Company wishes to announce that after deducting listing expenses of approximately S\$2.3 million, the net proceeds of approximately S\$8.7 million has been utilised as follows:

Use of Proceeds	Amount allocated (as stated in the Offer Document) 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 expansion plans of the Offshore Engineering Sector	1,500	(1,500)	-
(ii) To fund the additional investments in the Mobile Natural Gas Sector	5,000	(4,661)	339
(iii) To fund the continued investments in product design and development	350	(100)	250
(iv) For general corporate and working capital requirements	1,800	(1,800)	-
Net proceeds from the Invitation	8,650	(8,061)	589

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

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

The Company confirms that there is no person occupying a managerial position in the Company and its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10) of the Catalist Rules.

BY ORDER OF THE BOARD

CHRISTOPHER NGHIA DO

PRESIDENT & CEO

Date: 1 March 2013