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")

THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 ("9M2013")

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					
	3 months ended 30 September ("3Q")			9 months ended 30 September ("9M")		
	Unaudited 3Q2013 (RM'000)	Unaudited 3Q2012 (RM'000)	% change increase/ (decrease)	Unaudited 9M2013 (RM'000)	Unaudited 9M2012 (RM'000)	% change increase/ (decrease)
Revenue	39,488	72,263	(45.4)	118,734	219,835	(46.0)
Cost of sales	(28,262)	(61,375)	(54.0)	(104,161)	(186,004)	(44.0)
Gross profit	11,226	10,888	3.1	14,573	33,831	(56.9)
Other operating income	206	78	164.1	1,065	225	373.3
Exchange gain/(loss)	525	(1,439)	n.m.	1,118	(2,567)	n.m.
Administrative expenses	(4,495)	(4,272)	5.2	(15,098)	(13,156)	14.8
Selling and distribution costs	(1,660)	(906)	83.2	(2,377)	(1,317)	80.5
Other operating expenses	(709)	(962)	(26.3)	(690)	(1,021)	(32.4)
Share of associated companies' results, net of tax	814	1,199	(32.1)	3,208	3,515	(8.7)
Finance costs	(179)	(227)	(21.1)	(871)	(500)	74.2
Profit before taxation	5,728	4,359	31.4	928	19,010	(95.1)
Taxation	(326)	(1,359)	(76.0)	(326)	(4,735)	(93.1)
Profit for the period	5,402	3,000	80.1	602	14,275	(95.8)
Other comprehensive income after tax						
- currency translation differences arising from consolidation	(2,094)	(1,288)	62.6	(1,369)	(565)	142.3
Total comprehensive income for the year, net of tax	3,308	1,712	93.2	(767)	13,710	n.m.
Total profit attributable to:						
Owners of the parent	5,311	3,037	74.9	431	14,388	(97.0)
Non-controlling interests	91	(37)	n.m.	171	(113)	n.m.
	5,402	3,000	80.1	602	14,275	(95.8)
Total comprehensive income attributable to:						
Owners of the parent	3,326	1,739	91.3	(821)	13,812	n.m.
Non-controlling interests	(18)	(27)	(33.3)	54	(102)	n.m.
	3,308	1,712	93.2	(767)	13,710	n.m.

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

	Group					
	3 months ended 30 September			9 months ended 30 September		
	Unaudited 3Q2013 (RM'000)	Unaudited 3Q2012 (RM'000)	% change increase/ (decrease)	Unaudited 9M2013 (RM'000)	Unaudited 9M2012 (RM'000)	% change increase/ (decrease)
Rental Income	28	35	(20.0)	73	68	7.4
Interest Income	50	43	16.3	171	173	(1.2)
Interest expense	(179)	(227)	(21.1)	(871)	(500)	74.2
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(867)	(711)	21.9	(2,630)	(2,045)	28.6
Amortisation of intangible assets (include depreciation	(106)	(27)	292.6	(314)	(81)	287.7

accounted for in cost of sales)						
Gain / (Loss) on disposal of property, plant & equipment	3	-	n.m.	3	-	n.m.

n.m. denotes not meaningful

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

	Company		Group	
	Unaudited As at 30 September 2013 (RM'000)	**Audited As at 31 Dec 2012 (RM'000)**	**Unaudited As at 30 September 2013 (RM'000)**	**Audited As at 31 Dec 2012 (RM'000)**
ASSETS				
Non-Current				
Intangible assets	-	-	5,251	5,272
Property, plant and equipment	-	-	31,120	23,070
Exploration & evaluation	-	-	4,061	-
Subsidiaries	54,648	40,253	-	-
Associated companies	-	-	20,392	18,301
Fixed deposits	-	-	1,495	-
Prepayments	-	-	941	908
Deferred tax assets	-	-	199	220
	54,648	40,253	63,459	47,771
Current				
Inventories	-	-	2,127	1,278
Work-in-progress	-	-	813	98
Trade and other receivables	108	-	122,082	87,745
Prepayments	-	53	-	3,834
Fixed deposits	-	-	493	47
Cash and bank balances	3,480	2,437	38,420	31,731
	3,588	2,490	163,935	124,733
Total assets	**58,236**	**42,743**	**227,394**	**172,504**
EQUITY				
Capital and Reserves				
Share capital	80,420	63,247	80,420	63,247
Currency translation reserve	-	-	(3,478)	(2,225)
(Accumulated losses)/retained profits	(22,456)	(21,077)	7,392	6,960
	57,964	42,170	84,334	67,982
Non-controlling interests	-	-	1,028	(46)
	57,964	42,170	85,362	67,936
LIABILITIES				
Non-Current				
Bank borrowings	-	-	9,104	3,058
Finance lease obligations	-	-	81	135
Deferred tax liabilities	-	-	5	5
Other payables	-	-	953	844

	Company		Group	
	Unaudited As at 30 September 2013 (RM'000)	Audited As at 31 Dec 2012 (RM'000)	Unaudited As at 30 September 2013 (RM'000)	Audited As at 31 Dec 2012 (RM'000)
	-	-	10,143	4,042
Current				
Trade and other payables	272	573	126,077	86,052
Progress billings	-	-	-	59
Bank borrowings	-	-	5,509	13,746
Finance lease obligations	-	-	110	168
Current tax payable	-	-	193	501
	272	573	131,889	100,526
Total equity and liabilities	**58,236**	**42,743**	**227,394**	**172,504**

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year

Group	Unaudited As at 30 September 2013		Audited As at 31 Dec 2012	
	Secured (RM'000)	Unsecured (RM'000)	Secured (RM'000)	Unsecured (RM'000)
Bank loans:				
- Bank loan # 1	3,800		5,097	-
- Bank loan # 2	-		4,500	-
- Bank loan # 3	7,834		-	
	11,634		9,597	-
Bank overdraft	2,979		2,707	-
Revolving credit	-		4,500	
	14,613		16,804	-
Finance leases		191	-	303
	14,613		16,804	303

Amount repayable in one year or less, or on demand	5,509	110	13,746	168
Amount repayable after one year	9,104	81	3,058	135

Details of collaterals

The above bank borrowings are secured by:

Bank loan #1

- A debenture comprising fixed and floating charge over all present and future assets of IEV Energy Sdn Bhd;
- A first charge over the escrow account to be opened with a financial institution acceptable to the bank and which is to be operated solely by the bank;
- A charge over the assets of PT IEV Gas financed via bank loan #1 and an earlier loan of USD4.6 million which had been fully repaid;
- A corporate guarantee provided by IEV Group Sdn Bhd; and
- A personal guarantee provided by a Director of the Company, Christopher Nghia Do.

Bank loan #2

- The loan was secured by way of assignment to the bank the contract proceeds of a project. The loan was fully repaid during the financial period under review.

Bank loan #3

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

The bank overdraft is secured by a debenture by way of a fixed and floating charge over all present and future assets of IEV Group Sdn Bhd.

The revolving credit was 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
payment / prepayment of principal / interest in relation to bank loan #3.

The above banking facility was fully repaid during the financial period under review.

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 9M2013 (RM'000)	**Unaudited 9M2012 (RM'000)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	928	19,010
Share of profits in associated companies	(3,208)	(3,515)
Adjustments for:		
Provision for employees' benefits	159	-
Loss on disposal of shares in associated company	28	-
Loss on disposal of property, plant & equipment	3	-
Amortisation of intangible assets	314	81
Depreciation of property, plant and equipment	2,630	2,045
Interest expense	871	500
Interest income	(171)	(173)
Operating profit before working capital changes	1,554	17,948
Increase in inventories	(871)	(232)
Increase in work-in-progress	(715)	(81)
Increase in exploration & evaluation works	(4,060)	-
Increase in operating receivables	(31,443)	(73,938)
Increase in operating payables	41,007	54,090
Decrease in progress billings	(59)	-
Cash generated from operating activities	5,413	(2,213)
Interest received	171	173
Interest paid	(871)	(500)
Tax paid	(401)	(689)
Net cash generated from operating activities	4,312	(3,229)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal/(Subscription) of shares in an associated company	163	(781)
Payment for expenditure carried forward	(588)	-
Acquisition of property, plant and equipment	(13,026)	(3,941)
Acquisition of intangible assets	-	(4,554)
Proceeds from disposal of property, plant and equipment	3	-
Proceeds from decrease in shareholding of associated company	-	

Dividends income from associated company	926	3,331
Net cash generated from / (used in) investing activities	(12,522)	(5,945)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease obligations	(128)	(232)
Bank borrowings obtained	8,272	13,878
Bank borrowings repaid	(10,390)	(4,885)
Proceeds from issuance of shares	18,181	200
Dividends paid	-	(1,204)
Increase in fixed deposits pledged	3,375	(5,923)
Net cash generated from / (used in) financing activities	19,310	1,834
Net increase in cash and cash equivalents	11,100	(7,340)
Cash and cash equivalents at beginning of period	26,613	28,157
Currency translation difference of cash and cash equivalents at beginning of year	(589)	1,730
Cash and cash equivalents at end of period	37,124	22,547
Cash and cash equivalents comprise:		
Cash and bank balances	38,420	15,440
Fixed deposits	493	7,568
Less: Pledged fixed deposits	(1,789)	(461)
Cash and cash equivalents at end of period	37,124	22,547

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

Company

Current Period

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

Previous Period

	Share capital (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
Balance as at 1 January 2012	63,247	(17,588)	45,659
Dividends paid [1]	-	(1,204)	(1,204)
Total comprehensive expense for the period	-	(1,709)	(1,709)
Balance as at 30 September 2012	63,247	(20,501)	42,746

Group

Current Period

	Share capital (RM'000)	Retained profits (RM'000)	Currency translation reserve (RM'000)	Total attributable to equity	Non-controlling interests	Total equity (RM'000)

				holders of the parent (RM'000)	(RM'000)	
Balance as at 1 January 2013	**63,247**	**6,960**	**(2,225)**	**67,982**	**(46)**	**67,936**
Issue of share capital	**17,173**	**-**	**-**	**17,173**	**-**	**17,173**
Total comprehensive (expense)/income for the period	-	432	(1,253)	(821)	1,074	253
Balance as at 30 September 2013	**80,420**	**7,392**	**(3,478)**	**84,334**	**1,028**	**85,362**

Previous Period	**Share capital (RM'000)**	**Retained profits (RM'000)**	**Currency translation reserve (RM'000)**	**Total attribu-table to equity holders of the parent (RM'000)**	**Non-control ling interests (RM'000)**	**Total equity (RM'000)**
Balance as at 1 January 2012	**63,247**	**12,394**	**(1,362)**	**74,279**	**(99)**	**74,180**
Dividends paid [1]	-	(1,204)	-	(1,204)	-	(1,204)
Total comprehensive (expense)/income for the period	-	14,389	(576)	13,813	98	13,911
Balance as at 30 September 2012	**63,247**	**25,579**	**(1,938)**	**86,888**	**(1)**	**86,887**

Dividends paid [1]
The amount comprised The first and final dividend of RM1,204,000 in respect of FY 2011 paid on 31 July 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

Issued and paid-up shares **Current Period**	**Number of shares**	**Resultant issued and paid-up share capital (S$)**
Issued and paid-up share capital of the Company as at 30 June 2013 and 30 September 2013	189,200,000	33,615,530

There were no outstanding share options and/or other convertibles as at 30 September 2013 and 30 September 2012.

There was no treasury shares held or issued as at 30 September 2013 and 30 September 2012.

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

	As at 30 September 2013	As at 31 December 2012
Number of issued shares excluding treasury shares	189,200,000	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 30 September 2013.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

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

Except as disclosed in Note 5 below, the Group had applied the same accounting policies and methods of computation in the financial statements for the current financial period ended 30 September 2013 as those applied in the Group's most recently audited financial statements for the financial year ended 31 December 2012.

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 2013, 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 9M2013.

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	**9M2013 (Malaysian sen)**	**9M2012 (Malaysian sen)**
Earnings per ordinary share ("EPS") for the year based on the unaudited net (loss)/ profit attributable to shareholders of the Company:		
(i) Basic earnings per share	0.23	8.4
(ii) Earnings per share on a fully diluted basis	0.23	8.4

Basic and fully diluted loss per ordinary share for 9M2013 have been computed based on the Group's profit attributable to owners of the parent and the weighted average number of ordinary shares in issue of 179,056,410 shares subsequent to the placement of 17,200,000 new ordinary shares in the capital of the Company on 10 June 2013.

Basic and fully diluted EPS for 9M2012 have been computed based on the Group's profit attributable to owners of the parent and the aggregate number of ordinary shares of 172,000,000.

The basic and fully diluted earnings per ordinary share for 9M2012 and 9M2013 were the same as there were no potentially dilutive ordinary shares existing during 9M2012 and 9M2013 respectively.

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

	Net asset value per ordinary share (Malaysian sen)	
	As at 30 September 2013	**As at 31 December 2012**
Group	44.6	39.5
Company	30.6	24.5

Net asset value per ordinary share as at 30 September 2013 and 30 September 2012 is calculated based on the aggregate number of ordinary shares of 189,200,000 and 172,000,000 respectively.

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**

<u>Review of Statement of Comprehensive Income</u>

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

<u>Three Months ended 30 September 2013</u>

	3Q2013			3Q2012		
Business sector	**Revenue (RM'000)**	**Gross Profit (RM'000)**	**GP Margin %**	**Revenue (RM'000)**	**Gross Profit (RM'000)**	**GP Margin %**
<u>Petroleum Sector</u>						
Mobile Natural Gas	8,426	2,425	28.8%	5,319	1,067	20.1%
<u>Offshore Engineering Sector</u>						
Integrated Engineering Solutions	16,568	7,709	46.5%	5,706	4,081	71.5%
Turnkey projects	14,494	1,092	7.5%	61,238	5,740	9.4%
Total Offshore Engineering Sector	31,062	8,801	28.3%	66,944	9,821	14.7%
Total	**39,488**	**11,226**	**28.4%**	**72,263**	**10,888**	**15.1%**

<u>Nine Months Ended 30 September 2013</u>

	9M2013			9M2012		
Business sector	**Revenue (RM'000)**	**Gross Profit (RM'000)**	**GP Margin %**	**Revenue (RM'000)**	**Gross Profit (RM'000)**	**GP Margin %**
<u>Petroleum Sector</u>						
Mobile Natural Gas	23,153	6,904	29.8%	17,564	3,305	18.8%
<u>Offshore Engineering Sector</u>						
Integrated Engineering Solutions	32,855	15,285	46.5%	24,299	9,223	38.0%

Turnkey projects	62,726	(7,616)	(12.1%)	177,972	21,303	12.0%
Total Offshore Engineering Sector	95,581	7,669	8.0%	202,271	30,526	15.1%
Total	**118,734**	**14,573**	**12.3%**	**219,835**	**33,831**	**15.4%**

Revenue

Group's revenue for 3Q2013 decreased by RM32.8 million or 45.4% due mainly to a decrease in revenue contribution from turnkey projects of RM46.7 million. This is partially offset by the increase in revenue contribution from Integrated Engineering Solutions ("**IES**") and from the Mobile Natural Gas Divisions of RM 10.8 million and RM3.1 million respectively.

For 9M2013, the Group's revenue decreased by RM101.1 million or 46.0% mainly due to a decrease in revenue contribution of RM106.7 million from the Offshore Engineering Sector ("**OES**") partly offset by an increase in revenue contribution of RM5.6 million from the Mobile Natural Gas Division. The decrease in revenue contribution from OES was mainly due to a decrease in revenue of RM115.2 million being recognised from turnkey projects in 9M2013, as compared to 9M2012. For 9M2012, D21 project contributed revenue of RM159.0 million. For 9M2013, our current turnkey project, Malikai (for the installation of an Integrated Tension Leg Platform with a contract value of approximately RM313.0 million) contributed revenue of RM53.8 million as this three year project is still at its initial stage.

Gross Profit

In 3Q2013 gross profit of the Group increased by RM0.3 million to RM11.2 million from RM10.9 million in 3Q2012. This arose from an increase in gross profit of RM3.6 million and RM1.3 million from IES and Mobile Natural Gas Divisions respectively and was partially offset by a reduction in gross profit of RM4.6 million from turnkey projects. Gross profit margin of Mobile Natural Gas Division increased from 20.1% in 3Q2012 to 28.8% in 3Q2013. Gross profit margin of IES and turnkey projects decreased from 71.5% and 9.4% in 3Q2012 respectively to 46.5% and 7.5% in 3Q2013 respectively.

For 9M2013, the Group achieved a gross profit of RM14.6 million compared to a gross profit of RM33.8 million for 9M2012. This was due to the loss incurred by the D21 turnkey project as well as lower margins from an ongoing turnkey project, which is partially offset by the increase in gross profit of RM6.1 million and RM3.6 million from IES and Mobile Natural Gas Division respectively. Gross profit margin of Mobile Natural Gas Division increased from 18.8% in 9M2012 to 29.8% in 9M2013. Gross profit margin of IES increased from 38.0% in 9M2012 to 46.5% in 9M2013. The increase in gross profit margin from the Mobile Natural Gas Division was mainly due to the increase in the supply of CNG on a Take & Pay basis (which commanded a higher gross profit margin). The increase in gross profit margin from the IES Division was due mainly to the increase in demand for Jacket and Pipeline Engineering Solutions in the Asian region.

The overall decrease in the Group's gross profit margins from 15.4% in 9M2013 to 12.3% in 9M2013 was due mainly to the gross loss in the turnkey projects division in 9M2013.

Other Operating Income

Other operating income for 3Q2013 was RM0.2 million compared with RM0.08 million in 3Q2012 due to higher administrative fees charged on the purchases of goods and services on behalf of principals and alliance partners during the execution of projects.

Other operating income increased by approximately RM0.8 million or 373.3% in 9M2013, from RM0.2 million in 9M2012 to RM1.0 million in 9M2013 due mainly to forfeiture of deposits from an external party and administrative fees charged.

Exchange (Loss)/Gain

An exchange gain of RM0.5 million was recorded for 3Q2013 compared to an exchange loss of RM1.4 million for 3Q2012. The exchange gain in 3Q2013 mainly arose from trade transactions as compared to the exchange loss incurred in 3Q2012, which was mainly attributable to the appreciation of the US dollar against the Indonesian Rupiah at the time of conversion of inter-company loans. For the same reasons given above, an exchange gain of RM1.1 million was recorded in 9M2013 compared to an exchange loss of RM2.6 million in 9M2012.

Administrative Expenses

Administrative expenses for 3Q2013 increased marginally to RM4.5 million compared with RM4.3 million for 3Q2012.

Administrative expenses increased by RM1.9 million or 14.8%, from RM13.2 million in 9M2012 to RM15.1 million in 9M2013 due mainly to (i) administrative expenses of RM0.7 million incurred by the Group's newly incorporated subsidiary, PT IEV Pabuaran KSO; (ii) an increase in employee costs of RM0.6 million; (ii) an increase in corporate expenses of RM0.3 million; and (iii) other miscellaneous expenses of RM0.3 million. The increase in employee costs was due to the redeployment of staff from projects to general staff.

Selling and Distribution Costs

Selling and distribution costs are commissions payable to agents for sales of Marine Growth Preventers secured on behalf of the Group.

Selling and distribution costs for 3Q2013 was RM1.7 million compared to RM0.9 million for 3Q2012. Selling and distribution costs of RM2.4 million and RM1.3 million was recorded for 9M2013 and 9M2012 respectively. The increase in selling and distribution costs was mainly due to the increase in commission-based sales during the quarter.

Other Operating Expenses

Other operating expenses for 3Q2013 were RM0.7 million compared with RM1.0 million for 3Q2012. Other operating expenses for 3Q2013 mainly comprised payment of withholding tax.
Other operating expenses for 3Q2012 comprised of taxes; i.e. late payment of RM0.4 million and withholding taxes of RM0.6 million.

For the same reasons given above, the other operating expenses for 9M2013 had decreased by RM0.3 million.

Share of Associated Companies' Results, Net of Tax

Share of associated companies' profits, net of tax for 3Q2013 decreased by RM0.4 million from RM1.2 million in 3Q2012 to RM0.8 million in 3Q2013 mainly due to lower profit contribution from IEV (Malaysia) Sdn Bhd. Profit contribution from CNGVN Joint Stock Company remained substantially the same for both 3Q2013 and 3Q2012.

For the same reasons above, share of associated companies' profits, net of tax for 9M2013 decreased by RM0.3 million from RM3.5 million in 9M2012 to RM3.2 million in 9M2013.

Finance Costs

Finance costs for 3Q2013 and 3Q2012 were RM0.2 million. Finance costs increased from RM0.5 million in 9M2012 to RM0.9 million in 9M2013. Finance costs for 9M2013 were mainly due to bank borrowings for the financing of the D21 Project and the Group's newly acquired office property for use as its headquarters.

Profit Before Taxation

Profit before taxation increased by RM1.3 million or 31.4% from RM4.4 million in 3Q2012 to RM5.7 million in 3Q2013 due mainly to (i) higher gross profit margin; (ii) higher other operating income and exchange gains; and (iii) lower other operating expenses, which were partially offset by (i) higher selling and distribution costs; (ii) higher administrative expenses; (iii) lower share of associated companies' profits net of tax; and (iv) higher finance costs.

Profit before taxation decreased by RM18.1 million or 95.19% from RM19.0 million in 9M2012 to RM0.9 million in 9M2013 due mainly to (i) lower gross profit margin arising from the loss sustained by D21 turnkey project; (ii) higher administrative expenses; (iii) higher selling and distribution costs; (iv) higher finance costs; and (v) lower share of associated companies' profits net of tax, partially offset by, (i) higher other operating income and exchange gains; and (ii) lower other operating expenses.

Review of Statement of Financial Position

Non-Current Assets

Net book value of intangible assets remained substantially the same at RM 5.3 million as at 30 September 2013 and 31 December 2012.

Net book value of property, plant and equipment increased by RM8.0 million to RM31.1 million as at 30 September 2013 from RM23.0 million as at 31 December 2012. The increase was mainly due to the Group's acquisition of (i) an office property for use as its new headquarters in HY2013 which amounted to approximately RM11.8 million; (ii) moulds for the production of concrete sleepers amounting to RM1.0 million; and (iii) operation equipment for RM0.3 million for the mobile natural gas division, partially offset by lower depreciation charges and currency translation differences.

Exploration and evaluation was related to fixed assets purchased for the drilling of twin well and workover at the existing oil and gas discoveries of Pabuaran Block, Indonesia, as part of the Pabuaran KSO project. Fixtures and fittings acquired for the Pabuaran KSO project of RM0.2 million which were previously recorded under property, plant and equipment were now reclassified to evaluation and exploration during the period under review. Exploration and evaluation also includes operating costs of RM3.7 million.

Net book value of associated companies increased by RM2.1 million to RM20.4 million as at 30 September 2013 from RM18.3 million as at 31 December 2012, due to the Company's share of associated companies' results net of dividend received during the period under review.

As at 30 September 2013, placement of fixed deposits of RM1.5 million was earmarked for the issuance of a guarantee bond for the above gas project in Indonesia.

Prepayments remained substantially unchanged at RM0.9 million as at 30 September 2013.

Deferred tax assets remained substantially unchanged at RM0.2 million as at 30 September 2013.

Current Assets

Inventories increased by RM0.8 million to RM2.1 million as at 30 September 2013 from RM1.3 million as at 31 December 2012. The increase was due to (i) an increase in stocks for the assembly of marine growth control products in anticipation of higher sales and; (ii) purchase of grout bags for the group's Integrated Engineering Services division.

Work-in-progress, which mainly relates to feasibility studies in connection with the exploration and production activities of stranded gas as at 30 September 2013 was RM0.8 million, as compared to RM0.1 million as at 31 December 2012 due to unbilled services rendered and amounts yet to be collected from customers for work performed during the financial period under review.

Trade and other receivables increased by RM34.3 million to RM122.0 million as at 30 September 2013 from RM87.7 million as at 31 December 2012, due mainly to the turnkey services rendered in respect of the Malikai Project.

Fixed deposits of RM0.5 million as at 30 September 2013 comprised deposits pledged for a term loan.

Cash and bank balances increased by RM6.7 million to RM38.4 million as at 30 September 2013 from RM31.7 million as at 31 December 2012., due mainly to the proceeds from the placement of shares.

Capital and Reserves

Share capital increased by RM17.2 million to RM80.4 million as at 30 September 2013 from RM63.2 million as at 31 December 2012 as a result of the share placement undertaken in June 2013.

Retained profits (including non-controlling interests) increased by RM1.4 million to RM8.4 million as at 30 September 2013 from RM7.0 million as at 31 December 2012 due to profits generated from operating activities for 9M2013.

Liabilities

Bank borrowings (including non-current portion) decreased by RM2.2 million to RM14.6 million as at 30 September 2013 from RM16.8 million as at 31 December 2012 due to repayments made during 9M2013 of RM10.4 million, partially offset by new bank loans of RM8.2million to finance the Group's purchase of office property for use as its headquarters.

Trade and other payables (both current and non-current) increased by RM40.1 million to RM127.0 million as at 30 September 2013 from RM86.9 million as at 31 December 2012, due mainly to billings from contractors and suppliers in relation to the 2nd milestone completion of the Malikai Project, which were not due for payment as at 30 September 2013.

As at 30 September 2013, the Group had a net working capital of RM32.0 million.

Review of Statement of Cash Flows

The net cash generated from operating activities for 9M2013 was RM4.3 million. This was mainly due to the operating profit before working capital changes of RM1.6 million, the increase in operating payables of RM41.0 million, partially offset by (i) an increase in operating receivables of RM31.5 million, (ii) an increase in exploration and evaluation works of RM4.1 million and (iii) net interest payments and tax payments of RM0.7 million and RM0.4 million respectively.

Net cash used in investing activities amounting to RM12.5 million was mainly due to the acquisition of the office property for use as the Group's new headquarters (including furniture and fittings) which amounted to RM13.0 million, partially offset by the dividend income from associated company of RM0.9 million.

The net cash generated from financing activities of RM19.3 million was mainly due to the RM18.2 million proceeds from the issuance of new shares pursuant to the share placement on 10 June 2013, RM8.2 million bank borrowings obtained by the Group for the acquisition of an office property and the placement of fixed deposits of RM3.3 million, partially offset by the repayment of bank borrowings amounting to RM10.4 million.

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 recovery of the global economy, especially USA, Europe and China;
- The movement of the global oil and Asian LNG prices; and
- The fluctuations of the US dollar.

Barring any unforeseen circumstances, the Group remains cautiously optimistic on outlook of the oil and gas industry, particularly in Asia.

The Group's main strategy is to build sustainable growth in all its three business sectors, and its current and future investments will be developed to implement this strategy. Therefore, strong efforts have been made in penetrating (i) the rejuvenation market in offshore engineering, (ii) gas production and distribution in the petroleum sector; and (iii) biomass production and export from Vietnam in the renewable energy sector.

Offshore Engineering Sector

In the Offshore Engineering Sector, the IES or specialist business segment of the Group continues to deliver positive results from the implementation of large numbers of pile grouting and free span correction projects. The Group is implementing a number of initiatives to grow its proprietary marine growth control product line, including launching a new generation of products with superior quality and durability, expand its distribution network and entering the existing platform and jetty market. Barring any unforeseen circumstances, these efforts are expected to deliver sustainable growth in both revenue and profit in the coming years.

In the turnkey segment, the Group continues to review opportunities in Malaysian waters with Heerema Marine Contractors, its partner for transportation and installation, for opportunities in large floatover and/or deep water projects. The Group is executing the planned final campaign for the D21 turnkey project in 4Q2013. Discussions with both its US-based sub-contractor and the client on settlement of all change orders and disputes are ongoing. The Group is vigorously pursuing all available avenues to recover these additional costs, as announced previously.

The Group is targeting the rejuvenation and revamp market throughout the region, as part of its 3-Re value proposition (Rejuvenate–Remove-Reuse), particularly the offshore oil and gas sector in India, where opportunities for jacket repairs have emerged.

Petroleum Sector

In the Mobile Natural Gas Division, the Throughput Contract with PT Odira Energy Persada ended in September 2013 and the Group has since changed its business model from throughput to direct sales. The Group has agreements with gas traders for the supply of feed gas and is currently still supplying CNG to direct customers in West Java. Although the gas sales volume is expected to reduce in 4Q2013 due to the expiry of the Throughput Contract, the Group should be well positioned to sign new gas sales agreements ("GSA") with both existing and new CNG customers in 2014 as it is expected to obtain additional feed gas from multiple sources.

While the negotiations of the joint venture agreement with Gas Malaysia Berhad is being finalised, both companies are working towards fulfilling the conditions precedent before the start-up of the CNG business in Peninsular Malaysia.

In the Petroleum Sector, specifically the Pabuaran KSO project, the Group has finalised all tenders and procurement of various services and materials are ongoing. Well site preparation was completed in September 2013 and is ready for rig mobilization to commence the work program approved by Pertamina, which is scheduled to start in 4Q2013. The Geological Geophysical and Reservoir ("GGR") study by consultants is progressing and the final report is expected to be completed by year end. The Group is currently negotiating for the funding of the Pabuaran KSO work program with various parties and financial institutions.

Renewable Energy Sector

The business license for the biomass plant in Vietnam was granted in August 2013, paving the way for the Group to complete the remaining conditions precedent in 4Q2013 (barring any unforeseen circumstances), prior to the commencement of the construction of the biomass plant.

11. If a decision regarding dividend has been made:

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

There is no interim dividend recommended and declared by the Directors in respect of the current financial period ended 30 September 2013.

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

Not applicable

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

No dividend was declared in the previous corresponding period.

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

Not applicable

(d) The date the dividend is payable

Not applicable

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

Not applicable

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

There is no interim dividend declared and recommended in respect of the current financial period ended 30 September 2013.

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 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").

14. Use of Proceeds from the Private Placement

Pursuant to Rule 1204(5)(f) of the Catalist Rules, the Board of Directors wishes to provide an update on the use of the proceeds arising from the allotment and issue of 17.2 million new ordinary shares at the issue price of S$0.413 each in the capital of the Company via private placement ("Placement"). The net proceeds of approximately S$6.9 million (after deducting expenses of approximately S$0.18 million incurred by the Company in connection with the Placement) have been utilised as follows:

Use of Proceeds	Amount allocated (as stated in the announcement of 10 June 2013) (S$'000)	Amount utilised as at the date of this announcement (S$'000)	Balance of net proceeds as at the date of this announcement (S$'000)
(i) To fund the Pabuaran KSO Project	2,040	1,272	768
(ii) To fund the expansion of Mobile Natural Gas supply chains in West Java, Indonesia and the development and operation of new Mobile Natural Gas supply chains in collaboration with Gas Malaysia Berhad in Peninsular	3,710	3,273	437

Malaysia			
(iii) To fund the proposed construction of the biomass rice-husk pellet plant in the Mekong Delta, Socialist Republic of Vietnam	1,170	-	1,170
Net proceeds from the Placement	6,920	4,545	2,375

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

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

We, Christopher Nghia Do and Joanne Rose Bruce, being two of the Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the nine months financial period ended 30 September 2013 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

CHRISTOPHER NGHIA DO PRESIDENT & CEO	JOANNE ROSE BRUCE EXECUTIVE DIRECTOR

Date: 9 November 2013