



IEV HOLDINGS LIMITED

(Company Registration No: 201117734D)

(Incorporated in the Republic of Singapore on 26 July 2011)

(the "Company", and together with its subsidiaries, the "Group")

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE ("HY") 2014

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 June			6 months ended 30 June		
	Unaudited 2Q2014 (RM'000)	Unaudited 2Q2013 (RM'000)	% change increase/ (decrease)	Unaudited HY2014 (RM'000)	Unaudited HY2013 (RM'000)	% change increase/ (decrease)
Revenue	53,103	66,290	(19.9)	118,866	79,246	50.0
Cost of sales	(49,679)	(67,257)	(26.1)	(107,312)	(75,899)	41.4
Gross profit/(loss)	3,424	(967)	n.m.	11,554	3,347	245.2
Other operating income	9,297	325	2,760.6	9,403	859	994.6
Exchange (loss)/gain	(522)	230	n.m.	(1,474)	593	n.m.
Administrative expenses	(5,655)	(5,167)	9.4	(10,986)	(10,603)	3.6
Selling and distribution costs	(352)	(512)	(31.3)	(631)	(717)	(12.0)
Other operating expenses	(200)	29	n.m.	(202)	19	n.m.
Share of associated companies' results, net of tax	(4)	1,503	n.m.	830	2,394	(65.3)
Finance costs	(567)	(429)	32.2	(876)	(692)	26.6
Profit/(Loss) before taxation	5,421	(4,988)	n.m.	7,618	(4,800)	n.m.
Taxation	-	(35)	n.m.	(2)	-	n.m.
Profit/(Loss) for the period	5,421	(5,023)	n.m.	7,616	(4,800)	n.m.
Other comprehensive income after tax						
- currency translation differences arising from consolidation	(1,802)	486	n.m.	(910)	725	n.m.
Total comprehensive income for the year, net of tax	3,619	(4,537)	n.m.	6,706	(4,075)	n.m.
Total profit attributable to:						
Owners of the parent	5,459	(5,040)	n.m.	7,655	(4,880)	n.m.
Non-controlling interests	(38)	17	n.m.	(39)	80	n.m.
	5,421	(5,023)	n.m.	7,616	(4,800)	n.m.
Total comprehensive income attributable to:						
Owners of the parent	3,715	(4,553)	n.m.	6,748	(4,147)	n.m.
Non-controlling interests	(96)	16	n.m.	(42)	72	n.m.
	3,619	(4,537)	n.m.	6,706	(4,075)	n.m.

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

	Group					
	3 months ended 30 June			6 months ended 30 June		
	Unaudited 2Q2014 (RM'000)	Unaudited 2Q2013 (RM'000)	% change increase/ (decrease)	Unaudited HY2014 (RM'000)	Unaudited HY2013 (RM'000)	% change increase/ (decrease)
Rental Income	31	20	55.0	56	45	24.4
Interest Income	17	68	(75.0)	41	121	(66.1)
Interest expense	(309)	(429)	(28.0)	(618)	(692)	(10.7)
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(857)	(974)	(12.0)	(1,731)	(1,763)	(1.8)
Amortisation of intangible assets	(102)	(104)	(1.9)	(228)	(208)	9.6
Gain on disposal of property, plant and equipment	63	-	n.m.	61	-	n.m.

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

n.m. denotes not meaningful

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

	Company		Group	
	Unaudited As at 30Jun2014 (RM'000)	Audited As at 31Dec2013 (RM'000)	Unaudited As at 30Jun2014 (RM'000)	Audited As at 31Dec2013 (RM'000)
ASSETS				
Non-Current				
Intangible assets	-	-	5,177	5,277
Property, plant and equipment	-	-	30,919	31,413
Subsidiaries	56,534	59,972	-	-
Associated companies	-	-	1,066	18,867
Oil and gas properties	-	-	13,923	6,596
Prepayments	-	-	1,835	1,093
Deferred tax assets	-	-	354	192
	56,534	59,972	53,274	63,438
Current				
Inventories	-	-	5,536	4,814
Work-in-progress	-	-	869	94
Trade and other receivables	136	-	128,502	87,872
Prepayments	-	74	-	1,211
Fixed deposits	-	-	507	497
Cash and bank balances	9,771	1,921	29,401	18,955
	9,907	1,995	164,815	113,443
Total assets	66,441	61,967	218,089	176,881
EQUITY				
Capital and Reserves				
Share capital	80,048	80,048	80,048	80,048
Currency translation reserve	-	-	(4,401)	(3,495)
(Accumulated losses)/retained profits	(14,216)	(18,548)	11,010	3,355
	65,832	61,500	86,657	79,908
Non-controlling interests	-	-	1,540	1,585
	65,832	61,500	88,197	81,493
LIABILITIES				
Non-Current				
Bank borrowings	-	-	7,242	8,607
Finance lease obligations	-	-	210	34
Deferred tax liabilities	-	-	45	46
Other payables	-	-	1,526	6,203
	-	-	9,023	14,890

	Company		Group	
	Unaudited As at 30Jun2014 (RM'000)	Audited As at 31Dec2013 (RM'000)	Unaudited As at 30Jun2014 (RM'000)	Audited As at 31Dec2013 (RM'000)
Current				
Trade and other payables	609	467	115,342	73,237
Progress billings	-	-	-	345
Bank borrowings	-	-	5,371	5,345
Finance lease obligations	-	-	155	114
Current tax payable	-	-	1	1,457
	609	467	120,869	80,498
Total equity and liabilities	66,441	61,967	218,089	176,881

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

Group	Unaudited As at 30Jun2014		Audited As at 31 Dec 2013	
	Secured	Unsecured	Secured	Unsecured
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Bank loans:				
- Bank loan # 1	2,140		3,281	-
- Bank loan # 2	7,642		7,772	-
	9,782		11,053	-
Bank overdraft	2,831		2,899	-
	12,613		13,952	-
Finance leases	-	365	-	148
	12,613	365	13,952	148
Amount repayable in one year or less, or on demand	5,371	155	5,345	114
Amount repayable after one year	7,242	210	8,607	34

Details of collaterals

The above bank borrowings are secured by:

Bank loan #1

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

Bank loan #2

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

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

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

	Group	
	Unaudited HY2014 (RM'000)	Unaudited HY2013 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	7,618	(4,800)
Share of profits in associated companies	(830)	(2,394)
Adjustments for:		
Amortisation of intangible assets	228	208
Depreciation of property, plant and equipment	1,731	1,763
Provision for employees' benefits	404	109
(Gain) / Loss on disposal of shares in associated company	(8,905)	28
Gain on disposal of property, plant and equipment	(61)	-
Gain on disposal of intangible assets	(4)	-
Interest expense	618	692
Interest income	(41)	(121)
Operating profit before working capital changes	758	(4,515)
Increase in inventories	(541)	(112)
Increase in work-in-progress	(775)	(760)
Increase in oil and gas properties	(7,327)	-
(Increase) / Decrease in operating receivables	(39,419)	(36,971)
Increase / (Decrease) in operating payables	36,410	49,858
Increase in progress billings	(345)	(59)
Cash (used in) / generated from operating activities	(11,239)	7,441
Interest received	41	121
Interest paid	(618)	(692)
Tax paid	(1,496)	(207)
Net cash (used in) / generated from operating activities	(13,312)	6,663
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for expenditure carried forward	(742)	(608)
Acquisition of property, plant and equipment	(1,776)	(12,959)
Acquisition of intangible assets	(193)	-
Proceeds from disposal of property, plant and equipment	144	2
Proceeds from disposal of investment in associated company	27,536	163
Dividends income from associated company	-	1,045
Net cash generated from / (used in) investing activities	24,969	(12,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease obligations	(95)	(99)
Bank borrowings obtained	-	8,018
Bank borrowings repaid	(1,339)	(8,359)
Proceeds from issuance of ordinary shares	-	18,181
Decrease/(Increase) in fixed deposits pledged	186	(5,779)
Net cash generated from / (used in) financing activities	(1,248)	11,962
Net increase / (decrease) in cash and cash equivalents	10,409	6,268
Cash and cash equivalents at beginning of period	17,474	26,613

Currency translation difference of cash and cash equivalents at beginning of year	233	376
Cash and cash equivalents at end of period	28,116	33,257
<i>Cash and cash equivalents comprise:</i>		
Cash and bank balances	29,401	43,866
Fixed deposits	507	335
Less: Pledged fixed deposits	(1,792)	(10,944)
Cash and cash equivalents at end of period	28,116	33,257

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

Company

Current Period	Share capital (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
Balance as at 1 January 2014	80,048	(18,548)	61,500
Total comprehensive expense for the period	-	4,332	4,332
Balance as at 30 June 2014	80,048	(14,216)	65,832

Company

Previous Period	Share capital (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
Balance as at 1 January 2013	63,247	(21,077)	42,170
Issue of share capital	17,173	-	17,173
Total comprehensive expense for the period	-	(679)	(679)
Balance as at 30 June 2013	80,420	(21,756)	58,664

Group Current Period	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 2014	80,048	3,355	(3,495)	79,908	1,585	81,493
Total comprehensive (expense)/income for the year	-	7,655	(906)	6,749	(45)	6,704
Balance as at 30 June 2014	80,048	11,010	(4,401)	86,657	1,540	88,197

Group Previous Period	Share capital	Retained profits	Currency translation reserve	Total attributa- ble to equity holders of the parent	Non- controlling interests	Total equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(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 year	-	(4,880)	732	(4,148)	1,088	(3,060)
Balance as at 30 June 2013	80,420	2,080	(1,493)	81,077	1,042	82,049

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issued and paid-up shares	Number of shares	Resultant issued and paid-up share capital (S\$)
Issued and paid-up share capital of the Company as at 31 December 2013	189,200,000	33,615,530
Issued and paid-up share capital of the Company as at 30 June 2014	189,200,000	33,615,530

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

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

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

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

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

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 30 June 2014.

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

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

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

Not applicable.

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

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014, where applicable. The adoption of these standards from the effective date is not expected to result in material adjustments to the financial position, results of operations or cash flows of the Group for HY2014.

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	HY2014 (Malaysian sen)	HY2013 (Malaysian sen)
Earnings per ordinary share for the period based on the unaudited net profit attributable to shareholders of the Company:		
(i) Basic earnings per share	4.1	(2.8)
(ii) On a fully diluted basis	4.1	(2.8)

Basic and diluted earnings per ordinary share for HY2014 have been computed based on the Group's profit attributable to owners of the parent and the weighted average number of ordinary shares in issue of 189,200,000 shares.

Basic and fully diluted loss per ordinary share for HY2013 have been computed based on the Group's profit attributable to owners of the parent and the weighted average number of ordinary shares in issue of 173,900,552 shares subsequent to the placement of 17,200,000 new ordinary shares in the capital of the Company on 10 June 2013.

The basic and diluted earnings per ordinary share for HY2014 and HY2013 were the same as there were no potentially dilutive ordinary shares existing during HY2014 and HY2013 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 2014	As at 31 December 2013
Group	45.8	42.2
Company	34.8	32.5

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

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

Review of Statement of Comprehensive Income

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

Three Months ended 30 June 2014

Business sector	2Q2014			2Q2013		
	Revenue (RM'000)	Gross Profit (RM'000)	GP Margin %	Revenue (RM'000)	Gross Profit (RM'000)	GP Margin %
<u>Mobile Natural Gas Sector</u>						
Mobile Natural Gas	11,869	1,593	13.4%	7,402	2,068	27.9%
<u>Offshore Engineering Sector</u>						
Integrated Engineering Solutions	9,088	2,991	32.9%	10,656	5,673	53.2%
Turnkey projects	32,146	(1,160)	(3.6%)	48,232	(8,708)	(18.1%)
Total Offshore Engineering Sector	41,234	1,831	4.4%	58,888	(3,035)	(5.2%)
Total	53,103	3,424	6.5%	66,290	(967)	(1.5%)

Six Months ended 30 June 2014

Business sector	HY2014			HY2013		
	Revenue (RM'000)	Gross Profit (RM'000)	GP Margin %	Revenue (RM'000)	Gross Profit (RM'000)	GP Margin %
<u>Mobile Natural Gas Sector ("MNGS")</u>						
Mobile Natural Gas	21,473	2,971	13.8%	14,727	4,479	30.4%
<u>Offshore Engineering Sector ("OES")</u>						
Integrated Engineering Solutions	18,890	6,806	36.0%	16,287	7,576	46.5%
Turnkey projects	78,503	1,777	2.3%	48,232	(8,708)	(18.1%)
Total Offshore Engineering Sector	97,393	8,583	8.8%	64,519	(1,132)	(1.8%)
Total	118,866	11,554	9.7%	79,246	3,347	4.2%

Revenue

The Group's revenue for 2Q2014 decreased by RM13.2 million or 19.9% due mainly to decreases in revenue contribution from Integrated Engineering Solutions and turnkey projects of RM1.6 million and RM16.1 million respectively. This was partially compensated by the increase in revenue contribution from the Mobile Natural Gas Sector of RM4.5 million.

For HY2014, all sectors recorded increases in revenue which contributed to the overall increase in the Group's revenue by RM39.6 million or 50.0% to RM118.9 million compared to RM79.2 million in HY2013. For HY2014, the Group's revenue from turnkey projects were predominantly contributed by two major turnkey contracts, specifically the Malikai Project (for the installation of an Integrated Tension Leg Platform with a three-year contract value of approximately RM313.0 million) and the FPSO Perintis decommissioning contract (for the decommissioning of a Floating Production Storage and Offloading vessel offshore Malaysia with a total contract value of RM52.0 million). The two projects, in aggregate, contributed revenue of RM76.8 million in HY2014.

Revenue from the Offshore Engineering Sector ("OES") increased by 51.0% to RM97.4 million in HY2014 from RM64.5 million in HY2013. This was contributed by: (i) an increase in revenue from integrated engineering services or "IES" of 16.0% to RM18.9 million from RM16.3 million; and (ii) an increase in revenue from turnkey projects of 62.8% to RM78.5 million from RM48.2 million.

Revenue from the Mobile Natural Gas Sector increased by 45.8% to RM21.5 million in HY2014 from RM14.7 million in HY2013. The increase in revenue contribution from the Mobile Natural Gas Division was due mainly to the conversion of business model from the combination of throughput and direct sales to direct sales of compressed natural gas ("CNG") only. The "per unit" sales price of CNG for direct sales is higher as compared to the throughput model.

Gross Profit

In 2Q2014, gross profit of the Group increased by RM4.4 million, from a gross loss of RM1.0 million in 2Q2013 to RM3.4 million in 2Q2014. The increase was mainly due to an increase in gross profit contribution from OES of RM4.8 million, partly offset by a decrease in contribution of RM0.4 million from the Mobile Natural Gas Sector. Gross profit margin of OES increased from a loss of 5.2% in 2Q2013 to 4.4% in 2Q2014. Gross profit margin of the Mobile Natural Gas Sector decreased from 27.9% in 2Q2013 to 13.4% in 2Q2014. The decrease in gross profit margin from the Mobile Natural Gas Sector was due mainly to the conversion of business model from the combination of throughput and direct sales to direct sales of CNG only, which commands a lower gross profit margin.

For HY2014, gross profit of the Group increased by RM8.2 million to RM11.5 million from RM3.3 million in HY2013. The increase was mainly due to an increase in gross profit contribution from OES of RM9.7 million, partly offset by a decrease in contribution of RM1.5 million from the Mobile Natural Gas Sector.

The Group's gross profit margin increased from 4.2% in HY2013 to 9.7% in HY2014. Gross profit margin of OES increased from a loss of 1.8% in HY2013 to 8.8% in HY2014 due mainly to the turnaround of turnkey projects which recorded a gross profit margin of 2.3% from a loss of 18.1% in the corresponding period in HY2013. Gross profit margin of Mobile Natural Gas Sector decreased from 30.4% in HY2013 to 13.8% in HY2014 for the same reason given above.

Other Operating Income

Other operating income for 2Q2014 was RM9.3 million compared with RM0.3 million for 2Q2013 mainly due to a one-time gain of RM 8.9 million arising from the divestment the Group's equity interest in its associated company. Other operating income of the Group is typically made up of rental income, interest income and administrative fees charged on the purchase of goods and services on behalf of principals and alliance partners during the execution of projects.

For the same reason given above, other operating income increased by approximately RM8.5 million or 994.6%, from RM0.9 million in HY2013 to RM9.4 million in HY2014.

Exchange (Loss)/Gain

An exchange loss of RM0.5 million was recorded for 2Q2014 compared to an exchange gain of RM0.2 million for 2Q2013. The exchange loss was mainly attributed to the strengthening of the US dollar against both the Ringgit Malaysia and Indonesia Rupiah which had a negative impact on the Group's US dollar denominated payments.

For the same reasons given above, an exchange loss of RM1.5 million was recorded in HY2014 compared to an exchange gain of RM0.6 million in HY2013.

Administrative Expenses

Administrative expenses for 2Q2014 was RM5.7 million compared with RM5.2 million for 2Q2013. The increase in administrative expenses in 2Q2014 was mainly due to: (i) an increase in employee benefit costs of RM0.3 million; (ii) an increase in insurance premiums and legal fees of RM0.1 million each.

Administrative expenses for HY2014 increased by RM0.4 million or 3.6%, from RM10.6 million in HY2013 to RM11.0 million in HY2014 for the same reasons given above.

Selling and distribution costs

Selling and distribution costs represent commissions payable to agents for sales made for the Group. Selling and distribution costs of RM0.4 million and RM0.5 million were recorded for 2Q2014 and 2Q2013 respectively. The decrease was mainly due to the decrease in commission-based sales in 2Q2014.

Selling and distribution costs of RM0.6 million and RM0.7 million were recorded for HY2014 and HY2013 respectively. The decrease in selling and distribution costs in HY2014 was mainly due the decrease in commission-based sales during the financial period.

Share of Associated Companies' Results, Net of Tax

Share of associated companies' profits, net of tax for 2Q2014 decreased RM1.5 million in 2Q2013 to a loss of RM4k in 2Q2014 due to the cessation of profit contribution from CNGVN Joint Stock Company subsequent to the Group's divestment of its equity interest in the company.

For HY2014, the share of associated companies' profits, net of tax decreased by RM1.6 million from RM2.4 million in HY2013 to RM0.8 million for the same reason given above.

Finance Costs

Finance costs for 2Q2014 was RM0.6 million compared to RM0.4 million 2Q2013 mainly due to the increase in borrowings from a third party for the financing of the D21 Project.

For the same reasons given above, finance costs increased from RM0.7 million in HY2013 to RM0.9 million in HY2014.

Profit Before Taxation

Profit before taxation for 2Q2014 was RM5.4 million, a reversal from a loss of RM5.0 million in 2Q2013. This was due mainly to: (i) higher gross profit and other operating income; and (ii) lower selling and distribution costs, partially offset by (iii) higher administrative expenses, other operating expenses and finance costs; (iv) lower share of associated companies' profits; and (v) exchange losses.

Profit before taxation for HY2014 was RM7.6 million, a reversal from a loss of RM4.8 million in HY2013, and was due to the same reasons given above.

Review of Statement of Financial Position

Non-Current Assets

Net book value of intangible assets remained substantially the same at RM5.3 million and RM5.2 million as at 31 December 2013 and 30 June 2014 respectively. The aggregated amortisation charges and exchange loss in HY2014 of RM0.3 million was partially offset by the acquisition of intangible assets of RM0.2 million.

Net carrying value of property, plant and equipment decreased by RM0.5 million to RM31.0 million as at 30 June 2014. The decrease was mainly due to depreciation charges and exchange loss for the period of RM1.7 million and RM0.9 million respectively, partly offset by (i) the acquisition of plant and machinery of RM0.8 million and RM0.5 million by the Group's OES and MNGS; and (ii) the construction works in progress in relation to the Group's biomass plant in the Socialist Republic of Vietnam of RM0.8 million.

Oil and Gas properties increased by RM7.3 million to RM13.9 million as at 30 June 2014 from RM6.6 million as at 31 December 2013 as the Group sped up the work-over of PBN-01 well at the Pabuaran KSO Block which included re-conditioning of the well, repair of the mud-wall, inserting additional casings to targeted zones, cementing, perforations and well testing.

Net book value of associated companies decreased by RM17.8 million to RM1.1 million as at 30 June 2014 from RM18.9 million as at 31 December 2013. The decrease was due to the Group's divestment of its equity interest in CNG Vietnam JSC during the financial period under review.

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

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

Current Assets

Inventories increased by RM0.7 million to RM5.5 million as at 30 June 2014 from RM4.8 million as at 31 December 2013. 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) increase in spares and consumables of the Group's MNGS.

Work-in-progress mainly relates to feasibility studies in connection with the exploration and production activities of stranded gas for the Pabuaran KSO project. As at 30 June 2014, this amounted to RM0.9 million compared to RM0.1 million as at 31 December 2013. Such amounts are recoverable from customers..

Trade and other receivables increased by RM40.6 million to RM128.5 million as at 30 June 2014 from RM87.9 million as at 31 December 2013, due mainly to the increase in turnkey services rendered by OES in HY2014.

Prepayments which comprised prepaid operating expenses of RM1.2 million as at 31 December 2013 was fully expensed during HY2014.

Fixed deposits remained substantially unchanged at RM0.5 million as at 30 June 2014 and 31 December 2013.

Cash and bank balances increased from RM19.0 million as at 31 December 2013 to RM29.4 million as at 30 June 2014 due mainly to proceeds from a one-time disposal of investment in associated company.

Capital and Reserves

Currency translation reserve increased by RM0.9 million to a deficit of RM4.4 million as at 30 June 2014 from a deficit of RM3.5 million as at 31 December 2013 mainly due to appreciation of the US dollar against the Ringgit Malaysia and Indonesia Rupiah which had a negative impact on the Group's US dollar denominated payments.

Retained profits increased by RM7.6 million to RM11.0 million as at 30 June 2014 from RM3.4 million as at 31 December 2013 due to profits generated from the Group's divestment of its equity interest in CNG Vietnam JSC during the current financial period.

Non- Current Liabilities and Current Liabilities

Bank borrowings (including non-current portion) decreased by RM1.4 million to RM12.6 million as at 30 June 2014 from RM14.0 million as at 31 December 2013 due to repayment of bank borrowings during the current financial period.

Trade and other payables (including non-current portion) increased by RM37.5 million to RM116.9 million as at 30 June 2014 from RM79.4 million as at 31 December 2013, which was in line with the increase in the volume of turnkey activities undertaken by the Group in HY2014. Trade and other payables mainly comprised payments due to sub-contractors in respect of turnkey projects which remain outstanding as at 30 June 2014.

Current tax payable decreased by approximately RM1.5 million to approximately RM1k as at 30 June 2014 from RM1.5 million as at 31 December 2013, due to lower provision for taxation for HY2014 and tax payment relating to previous financial year.

The Group had positive working capital of approximately RM44.0 million as at 30 June 2014 as compared with approximately RM33.0 million as at 31 December 2013.

Review of Statement of Cash Flows

The Group recorded net cash used in operating activities of RM13.3 million for HY2014. This was mainly due to (i) operating profit before working capital changes of RM0.8 million, (ii) an increase in oil and gas properties of RM7.3 million, (iii) an increase in operating receivables of RM39.4 million, (iv) an increase in work-in-progress of RM0.7 million, and (v) taxes paid amounting to RM1.5 million, which were partially offset by a decrease in operating payables of RM36.4 million.

The net cash generated from investing activities which amounted to RM25.0 million in HY2014 was mainly due to the proceeds from the Group's divestment of its equity interest in CNG Vietnam JSC of RM27.5 million, partially offset by (i) acquisition of property, plant and equipment arising from the construction in progress in relation to the Group's biomass plant in the Socialist Republic of Vietnam amounting to RM1.0 million and acquisition of a unit of grout batch mixer amounting to RM0.6 million, and (ii) payment for expenditure carried forward of RM0.7 million.

The net cash used in financing activities of RM1.2 million was mainly due to the RM1.3 million bank borrowings repaid by the Group during HY2014, partially offset by the decrease in fixed deposits pledged of RM0.1 million.

As a result of the above and after taking into account the currency translation difference of RM0.2 million, the cash and cash equivalents balance was RM28.1 million as at 30 June 2014 compared to cash and cash equivalents balance of RM33.3 million as at 30 June 2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trend competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

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

- The recovery of the global economy and the world demand for oil and gas;
- The potential geopolitical risks arising from the Ukraine crisis, the USA government policy of LNG export quota and their effects on world oil and gas prices; and
- The fluctuations of the US dollar versus local currencies.

Barring any unforeseen circumstances, the Group remains cautiously optimistic on the outlook of the oil and gas industry. The Group's bidding activity for both green field and brown field activities in the OES sector has accelerated, in line with the award of major engineering, procurement, installation and commissioning ("EPIC") work seen throughout the region. The development of LNG domestic infrastructure in Indonesia has started with the operation of the first two Floating Storage and Regasification Units ("FSRUs") and conversion of the Arun LNG plant into an LNG receiving terminal to import additional natural gas into Java and Sumatra islands. Peninsular Malaysia has also imported natural gas via Malaysia's first LNG Re-gasification Terminal ("RGT") in Sungai Udang, Melaka, which may provide IEV with further opportunities to develop CNG supply chains in the joint venture with Gas Malaysia Berhad in Peninsular Malaysia. These developments reflect the overall strategic plan from most Asian countries to increase domestic natural gas consumption to replace oil, a vision that the Group has championed since 2006, when it developed the first CNG supply chain in West Java, Indonesia.

Offshore Engineering Sector

The Group is launching a number of growth strategies to grow both its IES and turnkey divisions. In the IES Division, which focuses on advanced and integrated technologies, the Group has procured exclusive licences and strategic alliance agreements to grow its portfolio of engineering solutions in the areas of structural integrity assessment, subsea trenching and corrosion control. Concurrently, the Group has also embarked upon the globalization plan of its proprietary marine growth control technology and is proceeding with the appointment of agents and distributors in North America, Europe, Africa, the Caribbean and Australia. The Group will continue to expand its global distribution network to the Middle East and South America in the future. The new generation of marine growth control products, for which patents have been filed and commercialised, is applicable to three business segments including offshore oil & gas platforms, offshore wind farms and jetties.

The Group is also exploring some other growth initiatives to strengthen its turnkey contracting capabilities in the areas of marginal field development and platform rejuvenation or life extension. Further announcements on any material developments will be made as and when they arise.

The Group is completing the Final Documentation for the D21 platform and the intelligent pigging ("IP") of the D21 pipeline. Barring unforeseen circumstances, the D21 project should be closed by the end of financial year 2014. Meanwhile, the Group continues to negotiate with its USA-based subcontractor to recover warranties and backcharges for work completed on their behalf.

Petroleum Sector

Going forward, the Board of IEV has decided to split the Petroleum Sector into Exploration and Production Sector and Mobile Natural Gas Sector due to its differing business focus (upstream and downstream), skill sets, and risk and reward profile. With this development, the Group now operates four separate sectors, namely Offshore Engineering Sector, Exploration and Production Sector ("EPS"), Mobile Natural Gas Sector and Renewable Energy Sector ("RES"). Each sector will have its own holding company to facilitate participation from strategic investors in the near future.

Mobile Natural Gas Sector

Besides expanding the capacity of the CNG supply chain in Cikarang, the Group is exploring the development of its mobile natural gas business in other parts of Indonesia, including North Sumatra and Central Java. As part of this plan, the Group's subsidiary, PT IEV Gas, has recently signed a MOU with PT Pertaga Niaga, a subsidiary of PT Pertamina Gas, for the purchase of LNG from Arun Receiving Terminal and distribution to industrial end users who are not connected

to piped gas in North Sumatra. A feasibility study is currently being conducted by the CNG team in Indonesia and the results will be announced in due course.

Exploration and Production Sector

As announced in July 2014, the Group has signed an Oil Lifting Procedure, Cost Recovery and Accounting Manual with Pertamina for the Pabuaran KSO project, which completes the necessary process to commercialise oil production from Pabuaran KSO. The Group has also received approval for expenses (“AFEs”) for Phase 2, which consists of 2 additional wells from the Cilamaya structure, one additional well from the Pabuaran structure and 3D seismic surveys. This allows the Group to perform an extended campaign at the Pabuaran Block for both Phase 1 and 2 work programs, from October 2014 until end of 2015.

The Group is considering a number of exploration and production opportunities to increase its portfolio of exploration and production assets. Further announcements on any material developments will be made as and when they arise.

Renewable Energy Sector

Following receipt of the revised 30-year Certificate of Investment from the provincial government, the Group has started foundation work to construct its first rice-husk pellet plant in the Mekong Delta. Both equity and debt financing for Phase 1 of the project are now in place. Barring any unforeseen circumstances, the plant is scheduled to start production in 3Q2015 at a maximum capacity of 180 tons of biomass per day.

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 June 2014.

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

Not applicable

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

None.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

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

Not applicable.

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

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

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group does not have a general mandate from shareholders for interested person transactions (“IPTs”) pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “Catalist Rules”). There were no IPTs entered into during the financial period reported on which exceeds SGD 100,000 in value.

14. Use of Proceeds from the Private Placement

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

Use of Proceeds	Amount allocated (as announced on 10 June 2013) (S\$'000)	Amount utilised as at the date of this announcement (S\$'000)	Balance of net proceeds as at the date of this announcement (S\$'000)
(i) To fund the Pabuaran KSO Project	2,040	1,744	296
(ii) To fund the expansion of Mobile Natural Gas supply chains in West Java, Indonesia and the development and operation of new Mobile Natural Gas supply chains in collaboration with Gas Malaysia Berhad in Peninsular Malaysia	3,710	3,273	437
(iii) To fund the proposed construction of the biomass rice-husk pellet plant in the Mekong Delta, Socialist Republic of Vietnam	1,170	677	493
Total	6,920	5,694	1,226

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

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

We, Christopher Nghia Do and Joanne Rose Bruce, being Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the six months financial period ended 30 June 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

CHRISTOPHER NGHIA DO PRESIDENT & CEO	JOANNE ROSE BRUCE EXECUTIVE DIRECTOR
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Date: 13 Aug 2014