



## **IEV HOLDINGS LIMITED**

(Company Registration No: 201117734D)

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

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

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### **FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE 3 MONTHS FINANCIAL PERIOD ENDED 31 MAR 2015 ("1Q2015")**

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*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 1Q2015 (RM'000)	Unaudited 1Q2014 (RM'000)	
Revenue	22,884	65,763	(65.2)
Cost of sales	(19,463)	(57,633)	(66.2)
Gross profit	3,421	8,130	(57.9)
Other operating income	261	106	146.2
Administrative expenses	(5,818)	(5,331)	9.1
Exchange gain/(loss)	1,969	(952)	n.m.
Selling and distribution costs	(135)	(279)	(51.6)
Other operating expenses	(81)	(2)	n.m.
Share of associated companies' results, net of tax	-	834	n.m.
Finance costs	(297)	(309)	(3.9)
(Loss)/Profit before taxation	(680)	2,197	n.m.
Taxation	(8)	(2)	300.0
(Loss)/Profit for the period	(688)	2,195	n.m.
Other comprehensive income after tax - currency translation differences arising from consolidation	1,313	892	47.2
Total comprehensive income for the period, net of tax	625	3,087	(79.7)
<b>Total (loss)/profit attributable to:</b>			
Owners of the parent	(869)	2,196	n.m.
Non-controlling interests	181	(1)	n.m.
	(688)	2,195	n.m.
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	408	3,033	(86.5)
Non-controlling interests	217	54	301.9
	625	3,087	(79.8)

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

	Group		% change increase/ (decrease)
	Unaudited 1Q2015 (RM'000)	Unaudited 1Q2014 (RM'000)	
Rental income	83	25	232.0
Interest income	40	24	66.7
Interest expense	(297)	(309)	(1.9)
Depreciation of property, plant and equipment (include depreciation accounted for in cost of sales)	(1,094)	(874)	25.2
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(139)	(126)	10.3

n.m. denotes not meaningful

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

	Company		Group	
	Unaudited As at 31 Mar 2015 (RM'000)	Audited As at 31 Dec 2014 (RM'000)	Unaudited As at 31 Mar 2015 (RM'000)	Audited As at 31 Dec 2014 (RM'000)
<b>ASSETS</b>				
<b>Non-Current</b>				
Intangible assets	-	-	5,689	5,393
Property, plant and equipment	-	-	33,545	34,222
Subsidiaries	68,941	67,453	-	-
Oil and gas properties	-	-	38,226	24,943
Prepayments	-	-	3,688	2,003
Deferred tax assets	-	-	321	321
	68,941	67,453	81,469	68,882
<b>Current</b>				
Inventories	-	-	3,944	5,274
Work-in-progress	-	-	-	100
Trade and other receivables	92	-	70,235	93,907
Prepayments	-	59	-	1,717
Fixed deposits	-	-	2,808	6,747
Cash and bank balances	181	131	23,163	21,920
	273	190	100,150	129,665
<b>Total assets</b>	<b>69,214</b>	<b>67,643</b>	<b>181,619</b>	<b>196,547</b>
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	80,048	80,048	80,048	80,048
Currency translation reserve	-	-	(557)	(1,834)
(Accumulated losses)/retained profits	(11,132)	(12,884)	7,577	8,446
	68,916	67,164	87,068	86,660
<b>Non-controlling interests</b>	-	-	3,180	2,964
	68,916	67,164	90,248	89,624
<b>LIABILITIES</b>				
<b>Non-Current</b>				
Bank borrowings	-	-	7,052	7,254
Finance lease obligations	-	-	616	617
Deferred tax liabilities	-	-	62	59
Provision for post-employment benefits	-	-	1,919	1,758
Advances from third party	-	-	5,000	5,000
Provision for decommissioning	-	-	2,073	1,954
	-	-	16,722	16,642
<b>Current</b>				
Trade and other payables	298	479	70,481	85,422
Advance billings	-	-	-	27
Bank borrowings	-	-	3,748	4,099
Finance lease obligations	-	-	380	374

	Company		Group	
	Unaudited As at 31 Mar 2015 (RM'000)	Audited As at 31 Dec 2014 (RM'000)	Unaudited As at 31 Mar 2015 (RM'000)	Audited As at 31 Dec 2014 (RM'000)
Current tax payable	-	-	40	359
	298	479	74,649	90,281
<b>Total equity and liabilities</b>	<b>69,214</b>	<b>67,643</b>	<b>181,619</b>	<b>196,547</b>

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

Group	Unaudited As at 31 Mar 2015 Secured (RM'000)	Audited As at 31 Dec 2014 Secured (RM'000)
Bank loans:		
- Bank loan # 1	619	1,165
- Bank loan # 2	7,452	7,518
	8,071	8,683
Bank overdraft	2,729	2,670
<b>Total Bank Borrowings</b>	<b>10,800</b>	<b>11,353</b>
Finance lease obligations	996	991
<b>Total Borrowings &amp; Debt Securities</b>	<b>11,796</b>	<b>12,344</b>
Amount repayable in one year or less, or on demand	4,128	4,473
Amount repayable after one year	7,668	7,871

#### 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;
- Corporate guarantees provided by IEV Holdings Limited and 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); and
- A corporate guarantee provided by IEV Holdings Limited.

The bank overdraft is secured by

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

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

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

	Group	
	Unaudited 1Q2015 (RM'000)	Unaudited 1Q2014 (RM'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(680)	2,197
Share of profits in associated companies	-	(834)
Adjustments for:		
Amortisation of intangible assets	139	126
Depreciation of property, plant and equipment	1,094	874
Provision for employees' benefits	145	230
Loss on disposal of property, plant and equipment	(34)	-
Interest expense	297	309
Interest income	(40)	(24)
Operating profit before working capital changes	921	2,878
Decrease /(Increase) in inventories	1,446	(818)
Decrease/ (Increase) in work-in-progress	100	(731)
Decrease / (Increase) in operating receivables	23,703	(49,523)
(Decrease) / Increase in operating payables	(14,561)	48,324
Decrease in progress billings	(9)	(345)
Cash used in operating activities	11,600	(215)
Interest received	40	24
Interest paid	(297)	(309)
Tax paid	(344)	(1,400)
Net cash generated from /(used in) operating activities	10,999	(1,900)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for expenditure carried forward	-	(309)
Acquisition of property, plant and equipment	(435)	(969)
Increase in oil and gas properties	(13,282)	(2,999)
Proceeds from disposal of property, plant and equipment	490	-
Acquisition of intangible assets	(218)	(192)
Net cash used in investing activities	(13,445)	(4,469)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of finance lease obligations	(106)	(45)
Bank borrowings obtained	-	59
Bank borrowings repaid	(553)	(617)
Decrease in fixed deposits pledged	3,620	144
Net cash generated from / (used in) financing activities	2,961	(459)
Net increase/(decrease) in cash and cash equivalents	515	(6,828)
Cash and cash equivalents at beginning of period	19,970	17,474
Currency translation difference of cash and cash equivalents at beginning of year	408	267
<b>Cash and cash equivalents at end of period</b>	<b>20,893</b>	<b>10,913</b>
<i>Cash and cash equivalents comprise:</i>		
Cash and bank balances	23,163	12,230
Fixed deposits	2,808	516
Less: Pledged fixed deposits	(2,370)	(1,833)
Non-pledged fixed deposit with maturities of more than 3 months	(2,708)	-
Cash and cash equivalents at end of period	20,893	10,913

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

<b>Company</b> <b>Current Period</b>	<b>Share capital</b> <b>(RM'000)</b>	<b>Accumulated losses</b> <b>(RM'000)</b>	<b>Total</b> <b>(RM'000)</b>
Balance as at 1 January 2015	80,048	(12,884)	67,164
Total comprehensive income for the period	-	1,752	1,752
Balance as at 31 March 2015	80,048	(11,132)	68,916

<b>Company</b> <b>Previous Period</b>	<b>Share capital</b> <b>(RM'000)</b>	<b>Accumulated losses</b> <b>(RM'000)</b>	<b>Total</b> <b>(RM'000)</b>
Balance as at 1 January 2014	80,048	(18,548)	61,500
Total comprehensive loss for the period	-	(303)	(303)
Balance as at 31 March 2014	80,048	(18,851)	61,197

<b>Group</b> <b>Current Period</b>	<b>Share capital</b> <b>(RM'000)</b>	<b>Retained profits</b> <b>(RM'000)</b>	<b>Currency translation reserve</b> <b>(RM'000)</b>	<b>Total attributable to equity holders of the parent</b> <b>(RM'000)</b>	<b>Non-controlling interests</b> <b>(RM'000)</b>	<b>Total equity</b> <b>(RM'000)</b>
Balance as at 1 January 2015	80,048	8,446	(1,834)	86,660	2,964	89,624
Total comprehensive (loss)/income for the period	-	(869)	1,277	408	216	624
Balance as at 31 March 2015	80,048	7,577	(557)	87,068	3,180	90,248

<b>Group</b> <b>Previous Period</b>	<b>Share capital</b> <b>(RM'000)</b>	<b>Retained profits</b> <b>(RM'000)</b>	<b>Currency translation reserve</b> <b>(RM'000)</b>	<b>Total attributable to equity holders of the parent</b> <b>(RM'000)</b>	<b>Non-controlling interests</b> <b>(RM'000)</b>	<b>Total equity</b> <b>(RM'000)</b>
Balance as at 1 January 2014	80,048	3,355	(3,495)	79,908	1,585	81,493
Total comprehensive income for the period	-	2,196	837	3,033	53	3,086
Balance as at 31 March 2014	80,048	5,551	(2,658)	82,941	1,638	84,579

- 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**

<b>Issued and paid-up shares</b>	<b>Number of shares</b>	<b>Resultant issued and paid-up share capital (S\$)</b>
Issued and paid-up share capital of the Company as at 31 March 2014	189,200,000	33,615,530
Issued and paid-up share capital of the Company as at 31 March 2015	189,200,000	33,615,530

There were no outstanding convertibles or share options granted as at 31 March 2015 and 31 March 2014.

There were no treasury shares held or issued as at 31 March 2015 and 31 March 2014.

- 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**

	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
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 31 March 2015.

- 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 2014.

- 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 2015, where applicable. The adoption of these standards from the effective date has not resulted in material adjustments to the financial position, results of operations or cash flows of the Group for 1Q2015.

**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	1Q2015 (Malaysian sen)	1Q2014 ( Malaysian sen)
(Loss)/earnings per ordinary share for the period based on the unaudited net profit attributable to shareholders of the Company:		
(i) Basic (loss)/earnings per share	(0.46)	1.16
(ii) On a fully diluted basis	(0.46)	1.16

Basic (loss)/earnings per ordinary share for 1Q2015 and 1Q2014 have been computed based on the Group's (loss)/profit attributable to owners of the parent and the weighted average number of ordinary shares in issue of 189,200,000 for 1Q2015 and 1Q2014 respectively.

The basic and diluted (loss)/earnings per ordinary share for 1Q2015 and 1Q2014 were the same as there were no potentially dilutive ordinary shares existing during 1Q2015 and 1Q2014 respectively.

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

	Net asset value per ordinary share (Malaysian sen)	
	As at 31 March 2015	As at 31 December 2014
Group	46.0	45.8
Company	36.4	35.5

Net asset value per ordinary share as at 31 March 2015 and 31 December 2014 are calculated based on the aggregate number of ordinary shares of 189,200,000 as at the respective dates.



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

#### Review of Statement of Comprehensive Income

##### *Breakdown by business segments*

Business sector	1Q2015			1Q2014		
	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %
<u>Mobile Natural Gas Sector</u>						
Mobile Natural Gas	10,279	1,125	10.9%	9,604	1,378	14.4%
<u>Offshore Engineering Sector</u>						
Integrated Engineering Solutions	4,544	2,113	46.5%	9,802	3,815	38.9%
Turnkey projects	8,061	183	2.3%	46,357	2,937	6.3%
<u>Total Offshore Engineering Sector</u>	12,605	2,296	18.2%	56,159	6,752	12.0%
<b>Total</b>	<b>22,884</b>	<b>3,421</b>	<b>14.9%</b>	<b>65,763</b>	<b>8,130</b>	<b>12.4%</b>

##### *Revenue*

Total revenue for the Group declined by 65.2% to RM22.9 million in 1Q2015 from RM65.8 million in 1Q2014. This was mainly due to the award of the FPSO Perintis decommissioning contract during 1Q2014 but with no similar turnkey project awarded during the corresponding period in 1Q2015.

The Mobile Natural Gas Sector ("MNGS") recorded a 7.0% increase in revenue from RM9.6 million in 1Q2014 to RM10.3 million in 1Q2015 mainly stemming from the sale and delivery of compressed natural gas ("CNG") to PT Indofood pursuant to the Gas Sales Agreements.

Revenue from the Offshore Engineering Sector ("OES") declined by 77.6% to RM12.6 million in 1Q2015 from RM56.2 million in 1Q2014 due to decline in revenue contribution from both Integrated Engineering Solutions ("IES") and Turnkey projects. Integrated Engineering Solutions saw a revenue decline of 53.6% to RM4.5 million in 1Q2015 from RM9.8 million in 1Q2014. This was mainly attributable to the delay in the award of contracts which were expected in 1Q2015 including the sale of the Group's proprietary marine growth control products. Turnkey projects saw a revenue decline of 82.6% to RM8.1 million in 1Q2015 from RM46.4 million in 1Q2014. This was mainly due to the award of the FPSO Perintis decommissioning contract during 1Q2014 but with no similar turnkey project awarded during the corresponding period in 1Q2015.

### *Gross Profit*

Gross profit for the Group declined by 57.9%, from RM8.1 million in 1Q2014 to RM3.4 million in 1Q2015. This decline was mainly attributable to lower revenue recorded by the Group in 1Q2015.

The Group's gross profit margin increased from 12.4% in 1Q2014 to 14.9% in 1Q2015, mainly due to (i) an improvement in gross profit margin from Integrated Engineering Solutions from 38.9% in 1Q2014 to 46.5% in 1Q2015; (ii) a decrease in turnkey project business activities in 1Q2015, which typically has lower gross profit margins as compared to IES; and (iii) partially offset by a decline in the gross profit margin of Mobile Natural Gas Sector, as a result of increased competition in the CNG market.

### *Other Operating Income*

Other operating income increased from RM0.1 million in 1Q2014 to RM0.3 million in 1Q2015. Other operating income of the Group comprised rental income, interest income and administrative fees charged on the purchases of goods and services on behalf of principals and alliance partners during the execution of various projects.

### *Exchange Gain/(Loss)*

The Group recorded an exchange gain of RM2.0 million in 1Q2015 as compared to an exchange loss of RM1.0 million in 1Q2014. This exchange gain was mainly due to the significant strengthening of the US dollar during 1Q2015 and a significant portion of Company's advances to subsidiaries being denominated in US dollars.

### *Administrative Expenses*

Administrative expenses for 1Q2015 were RM5.8 million as compared to RM5.3 million in 1Q2014. The increase was mainly due to the reclassification of an associated company to a subsidiary, partially offset by the Group's cost reduction initiatives in 1Q2015.

### *Selling and Distribution Costs*

Selling and distribution costs represent commissions payable to agents for sales made for the Group. Selling and distribution costs for 1Q2015 declined to RM0.1 million from RM0.3 million in 1Q2014, in line with the Group's lower revenue.

### *Share of Associated Companies' Results, Net of Tax*

Share of associated companies' profits for 1Q2015 was recorded as nil compared to RM0.8 million in 1Q2014 due to the cessation of profit contribution from CNG Vietnam JSC subsequent to the Group's divestment of its equity interest in the company in FY2014.

### *Finance Costs*

Finance costs have remained largely unchanged at RM0.3 million for both 1Q2015 and 1Q2014.

### *Profit Before Taxation*

The Group recorded a loss before taxation of RM0.7 million for 1Q2015 compared to a profit before taxation of RM2.2 million for 1Q2014, mainly attributable to lower revenue recorded by the Group in 1Q2015, as highlighted in the above sections.

## **Review of Statement of Financial Position**

### *Non-Current Assets*

Net book value of intangible assets increased marginally to RM5.7 million as at 31 March 2015 from RM5.4 million, due to the acquisition of licensing rights for the Oxifree corrosion control technology in 1Q2015.

Net carrying value of property, plant and equipment decreased by RM0.7 million to RM33.5 million as at 31 March 2015 from RM34.2 million as at 31 December 2014. This was in line with periodic depreciation charges and the lack of any material acquisition of property, plant and equipment in 1Q2015.

Oil and gas properties increased by RM13.3 million to RM38.2 million as at 31 March 2015 from RM24.9 million as at 31 December 2014 as the Group continues on the drilling and work over of twin wells of existing oil and gas discoveries in the Pabuaran KSO Block, West Java, Indonesia as part of the KSO Project.

Prepayments increased by RM1.7 million to RM3.7 million as at 31 March 2015 from RM2.0 million as at 31 December 2014, due to further recoverable Value Added Tax paid for the purchase of supplies and services in relation to the drilling and work over the twin wells at the Pabuaran KSO Block, West Java, Indonesia.

There was no material change in deferred tax assets.

### *Current Assets*

Inventories decreased by RM1.4 million to RM3.9 million as at 31 March 2015 from RM5.3 million as at 31 December 2014. The decrease was due to usage of spares and consumables for drilling works at the Pabuaran KSO Block.

Trade and other receivables decreased by RM23.7 million to RM70.2 million as at 31 March 2015 from RM93.9 million as at 31 December 2014, due mainly to the settlement of OES project invoices including the final settlement of a turnkey project in 1Q2015.

Prepayments which comprised prepaid operating expenses of RM1.7 million as at 31 December 2014 was fully expensed during 1Q2015.

### *Capital and Reserves*

Currency translation reserve decreased by RM1.2 million to a deficit of RM0.6 million as at 31 March 2015 from a deficit of RM1.8 million as at 31 December 2014 mainly due to the significant appreciation of the US dollar against the Malaysian Ringgit.

Retained profits decreased by RM0.8 million to RM7.6 million as at 31 March 2015 from RM8.4 million as at 31 December 2014 due to the losses incurred in 1Q2015.

### *Non-Current Liabilities and Current Liabilities*

Bank borrowings (including non-current portion) decreased by RM0.6 million to RM10.8 million as at 31 March 2015 from RM11.4 million as at 31 December 2014 due to repayments made in 1Q2015.

Trade and other payables decreased by RM14.9 million to RM70.5 million as at 31 March 2015 from RM85.4 million as at 31 December 2014, which was in line with the settlement of OES project invoices including the final settlement of a turnkey project in 1Q2015.

The Group has a positive working capital of RM25.5 million as at 31 March 2015 as compared to RM39.4 million as at 31 December 2014.

## **Review of Statement of Cash Flows**

The Group recorded net cash generated from operating activities of RM11.0 million for 1Q2015. This was mainly due to (i) a decrease in operating receivables of RM23.7 million and (ii) a decrease in inventories of RM1.4 million; which were partially offset by a decrease in operating payables of RM14.6 million. Net cash used in investing activities which amounted to RM13.4 million was mainly due an increase in oil and gas properties and the progress payment of exclusive licenses for Malaysia and Brunei for the distribution of Oxifree corrosion control technology. Net cash generated from financing activities of RM3.0 million was mainly due to the release of a fixed deposit that was pledged to support a performance bond for a turnkey project.

As a result, after taking into account the currency translation difference of RM0.4 million, the cash and cash equivalents balance was RM20.9 million as at 31 March 2015, as compared to RM10.9 million as at 31 March 2014.

### **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**

Oil price has recovered by more than 20% from its lowest level in early 2015 due to the significant reduction in drilling activities and capital expenditure in exploration and production (“E&P”) activities by oil and gas companies around the world. The current fluctuations in oil prices, however, reflect the geopolitical situation in the Middle Eastern countries and volatility of the US dollar. The global oil and gas industry is expected to continue to face a challenging and uncertain future in 2015. We are witnessing a wave of merger and acquisition activities in both E&P and oil and gas service sectors, as companies consolidate to reduce operating costs. Impairment of assets has also caused huge losses to major oil and gas companies as the commerciality of their reserves is challenged by the current low oil prices. Until the global economy recovers and energy consumption reaches the level where oil inventory can be controlled, it is challenging to predict when oil price will stabilise.

The Group is taking a number of cost reduction initiatives to reduce operating expenditure and scale back capital projects that are sensitive to oil and LNG prices. The Group will continue to monitor the level of business activities and availability of projects on a quarterly basis and consider further cutbacks if necessary. A “Back-To-Basics” operating approach and increase in productivity and innovation across all business segments will be critical for the performance of the Group during this uncertain period.

The Group is also undertaking a renounceable non-underwritten rights issue of shares to raise up to SGD6.6 million to finance its existing capital projects in the E&P, mobile natural gas and biomass sectors. Barring any unforeseen circumstances, investment of these capital projects will continue given their expected commercial viability and contribution to the future growth of the Group,.

## **Offshore Engineering Sector (“OES”)**

The Group enjoys a strong level of contract awards from its Integrated Engineering Solutions, particularly awards from its Marine Growth Control Business Unit, which will contribute to OES income in the subsequent financial periods when the products are delivered. A number of new awards have also been received in the Subsea Business Unit throughout the region. To lessen the impact from the reduction in new field development business opportunities, the Group is intensifying its marketing efforts to offer products and services to the brown field market of the oil and gas industry as well as mid-stream segment of the oil and gas industry.

Besides the Maliki TLP project, no other turnkey project has been awarded in 1Q2015 although the Group continues to look for niche opportunities to offer its refurbished platform and decommissioning solutions throughout the region.

As earlier announced, the Group has filed a Writ and Statement of Claim in the High Court of Kuala Lumpur, Malaysia against its USA-based subcontractor for loss and damages arising from a breach of contract relating to works carried

out for the D21 turnkey project. Details and further updates will be announced as and when there are material developments on the matter.

### **Mobile Natural Gas Sector (“MNGS”)**

The first CNG supply chain in East Coast of Peninsular Malaysia to be developed under the joint venture with Gas Malaysia Berhad will proceed in 2Q2015. Barring any unforeseen circumstances, the new supply chain is expected to be operational in 1Q2016.

CNG prices in West Java, Indonesia remain low as the supply of CNG is abundant in the region. The Group plans to secure lower cost feed gas in 1Q2016 from its own source in the Pabuaran KSO Block and/or alternative stranded gas sources as the existing feed gas purchase agreement expires on 31 December 2015. This is expected to increase the gross margin of the business, which is being challenged due to competitive CNG prices. The Group continues to focus its efforts to develop the gas to power market segment and is currently negotiating the supply of gas to several independent power producers (“IPPs”) in Indonesia.

The Group will also intensify its efforts to commercialize natural gas to be produced from the Pabuaran KSO Block to implement its integrated energy plan in West Java. Meanwhile, the feasibility study of the North Sumatra LNG project is progressing as Pertamina has commenced delivery of LNG to the Arun LNG plant in 1Q2015. The Group has entered into a Heads of Agreement to secure the LNG source from Arun plant for distribution to customers in Aceh and North Sumatra. Further details on these projects will be disclosed as they materialize.

### **Exploration and Production Sector (“EPS”)**

Upon the completion of the drilling and production testing of CLS-1 Twin Well (“**CLS-1 TW**”) in 1Q2015, a number of oil and gas discoveries have been confirmed at multiple intervals in Parigi, Upper Cibulakan and Z16 formations. An optimum production plan has been formulated and submitted to Pertamina for approval. This production plan involves the performance of a workover to produce oil from multiple zones in CLS-1TW and gas from CLS-1. The plan also involves the handling of high pour point oil and water management to ensure oil can be produced economically and profitably under the current low oil price environment.

Meanwhile, volumetric calculations are being performed on all net pay zones as part of the Independent Qualified Person Report (“IQPR”). Barring any unforeseen circumstances, the Group expects the IQPR to be completed by 2Q2015 and oil production from CLS-1TW is expected to commence in 2H2015. Gas production is not expected to start until 2016 due to the required processes for gas commercialisation, which involves the signing of long term gas sales agreement and the setup of relevant infrastructure to deliver natural gas to consumers.

### **Renewable Energy Sector (“RES”)**

The directors have approved the revised plan to manufacture rice-husk briquettes and focus on the domestic market in Vietnam in the first phase of development of the biomass plant in the Mekong Delta (“**MK-1**”). This change in biomass strategy reduces the capital investment of the project and allows the Group to offer a highly competitive alternative energy source to factories in Southern Vietnam.

Tenders and awards for the various EPC and equipment packages are ongoing. The construction of MK-1 plant is expected to be completed and operational within 4Q2015.

Barring any unforeseen circumstances, the Group is cautiously optimistic on the business outlook for the next twelve months.

**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 31 March 2015.

**(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 31 March 2015.

**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"), which was completed in June 2013. 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	2,040	-
(ii) To fund the expansion of Mobile Natural Gas supply chains in West Java, Indonesia and the development and operation of new Mobile Natural	3,710	3,273	437

Gas supply chains in collaboration with Gas Malaysia Berhad in Peninsular Malaysia

(iii) To fund the proposed construction of the biomass rice-husk pellet plant in the Mekong Delta, Socialist Republic of Vietnam

1,170

944

226

Net proceeds from the Placement

6,920

6,257

663

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 Catalyst 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 three months financial period ended 31 March 2015 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: 14 May 2015