



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 SECOND QUARTER ("2Q2017") AND HALF YEAR ("1H2017") ENDED 30 JUNE 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Advisors Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr. Sebastian Jones, Director, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6221 5590. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

1(a)(i) Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended 30 June ("2Q")			6 months ended 30 June ("HY")		
	Unaudited 2Q2017 (RM'000)	Unaudited 2Q2016 (RM'000)	% change Increase/ (decrease)	Unaudited HY2017 (RM'000)	Unaudited HY2016 (RM'000)	% change Increase/ (decrease)
Revenue	7,782	135,701	(94.3)	19,005	148,350	(87.2)
Cost of sales	(7,397)	(129,340)	(94.3)	(17,790)	(140,435)	(87.3)
Gross profit	385	6,361	(93.9)	1,215	7,915	(84.6)
Other operating income	739	298	148.0	880	492	78.9
Administration expenses	(4,442)	(5,367)	(17.2)	(9,260)	(10,798)	(14.2)
Exchange gain	277	9	n.m.	1,075	340	216.2
Selling and distribution costs	(197)	(503)	(60.8)	(214)	(503)	(57.5)
Other operating expenses	(39)	(26)	50.0	(40)	(60)	(33.3)
Share of results of associates	(348)	(115)	202.6	(748)	(353)	111.9
Finance costs	(151)	(228)	(33.8)	(328)	(456)	(28.1)
(Loss)/Profit before tax	(3,776)	429	n.m.	(7,420)	(3,423)	116.8
Taxation	(1)	(36)	(97.2)	(3)	(43)	(93.0)
(Loss)/Profit for the period	(3,777)	393	n.m.	(7,423)	(3,466)	114.2
Other comprehensive (loss)/ income after tax - currency translation differences arising from consolidation	(2,319)	2,336	n.m.	(4,241)	(7,278)	(41.7)
Total comprehensive (loss)/income for the period, net of tax	(6,096)	2,729	n.m.	(11,664)	(10,744)	8.6
Total (loss)/profit attributable to:						
Owners of the Company	(3,742)	425	n.m.	(7,359)	(3,397)	116.6
Non-controlling interests	(35)	(32)	9.4	(64)	(69)	(7.2)
	(3,777)	393	n.m.	(7,423)	(3,466)	114.2
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(6,054)	2,754	n.m.	(11,586)	(10,630)	9.0
Non-controlling interests	(42)	(25)	68.0	(78)	(114)	(31.6)
	(6,096)	2,729	n.m.	(11,664)	(10,744)	8.6

n.m. denotes not meaningful.

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

	Group					
	3 months ended 30 June ("2Q")			6 months ended 30 June ("HY")		
	Unaudited 2Q2017 (RM'000)	Unaudited 2Q2016 (RM'000)	% change increase/ (decrease)	Unaudited HY2017 (RM'000)	Unaudited HY2016 (RM'000)	% change Increase/ (decrease)
Rental income	57	91	(37.4)	152	184	(17.4)
Interest income	10	20	(50.0)	26	38	(31.6)
Interest expense	(151)	(228)	(33.8)	(328)	(456)	(28.1)
Depreciation of property, plant and equipment (include	(1,153)	(1,206)	(4.4)	(2,338)	(2,443)	(4.3)

	Group					
	3 months ended 30 June ("2Q")			6 months ended 30 June ("HY")		
	Unaudited 2Q2017 (RM'000)	Unaudited 2Q2016 (RM'000)	% change increase/ (decrease)	Unaudited HY2017 (RM'000)	Unaudited HY2016 (RM'000)	% change Increase/ (decrease)
depreciation accounted for in cost of sales)						
Depreciation, depletion and amortisation of oil and gas properties	(20)	-	n.m.	(44)	0	n.m.
Amortisation of intangible assets (include amortisation accounted for in cost of sales)	(132)	(156)	(15.4)	(269)	(320)	(15.9)
Write back of allowance for doubtful receivables	205	-	n.m.	205	-	n.m.
Gain on disposal of property, plant and equipment	-	141	n.m.	-	141	n.m.
Inventory written off	(2)	-	n.m.	(2)	-	n.m.
Under provision for tax in respect to prior years	-	(46)	n.m.	(2)	(46)	(95.7)

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 June 2017 (RM'000)	Audited As at 31 December 2016 (RM'000)	Unaudited As at 30 June 2017 (RM'000)	Audited As at 31 December 2016 (RM'000)
ASSETS				
Current				
Cash and bank balances	123	318	7,545	22,112
Trade receivables	-	-	18,258	57,717
Other receivables and prepayments	2,314	2,296	5,810	7,865
Inventories	-	-	4,825	4,903
Work-in-progress	-	-	48	10
	2,437	2,614	36,486	92,607
Non-Current				
Property, plant and equipment	-	-	31,268	33,237
Intangible assets	-	-	3,950	4,375
Oil and gas properties	-	-	46,558	47,740
Subsidiaries	118,771	115,847	-	-
Associates	-	-	197	945
Other receivables and prepayments	-	-	8,002	8,793
Deferred tax assets	-	-	1,567	1,614
	118,771	115,847	91,542	96,704
Total assets	121,208	118,461	128,028	189,311

	Company		Group	
	Unaudited As at 30 June 2017 (RM'000)	Audited As at 31 December 2016 (RM'000)	Unaudited As at 30 June 2017 (RM'000)	Audited As at 31 December 2016 (RM'000)
LIABILITIES AND EQUITY				
Current				
Bank borrowings	-	-	3,273	2,812
Trade payables	-	-	19,502	64,292
Other payables	26,422	24,296	10,553	12,651
Finance leases	-	-	135	141
Income tax payable	-	-	224	365
	26,422	24,296	33,687	80,261
Non-Current				
Bank borrowings	-	-	6,520	6,680
Finance leases	-	-	127	31
Deferred tax liabilities	-	-	281	288
Provision for post-employment benefits obligations	-	-	2,297	2,655
Advances from a third party	-	-	-	2,500
Provision for decommissioning	-	-	2,586	2,702
	-	-	11,811	14,856
Total liabilities	26,422	24,296	45,498	95,117
Capital and reserves				
Share capital	97,691	97,691	97,691	97,691
Treasury shares	(38)	(38)	(38)	(38)
Currency translation reserve	2,275	1,767	4,890	9,117
Capital reserve	-	-	(101)	(101)
Accumulated losses	(5,142)	(5,255)	(20,214)	(12,855)
Equity attributable to owners of the Company	94,786	94,165	82,228	93,814
Non-controlling interests	-	-	302	380
Total equity	94,786	94,165	82,530	94,194
Total liabilities and equity	121,208	118,461	128,028	189,311

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

Group	Unaudited As at 30 June 2017 Secured (RM'000)	Audited As at 31 December 2016 Secured (RM'000)
Bank loans	6,817	6,970
Bank overdraft	2,976	2,522
Total Bank Borrowings	9,793	9,492
Finance leases	262	172
Total Borrowings & Debt Securities	10,055	9,664
Amount repayable in one year or less, or on demand	3,408	2,953
Amount repayable after one year	6,647	6,711

Details of collaterals

Details of collaterals of the above borrowings are as follows:

The bank loans are secured by:

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

The bank overdraft is secured by:

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

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

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

	Group 3 Months ended 30 June ("2Q")		Group 6 Months ended 30 June ("HY")	
	Unaudited 2Q2017 (RM'000)	Unaudited 2Q2016 (RM'000)	Unaudited HY2017 (RM'000)	Unaudited HY2016 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(3,776)	429	(7,420)	(3,423)
Adjustments for:				
Share of results of associates	348	115	748	353
Amortisation of intangible assets	132	156	269	320
Depreciation of property, plant and equipment	1,153	1,206	2,338	2,443
Depreciation, depletion and amortisation of oil and gas properties	20	-	44	-
Provision for post-employment benefits	106	192	209	391
Gain on disposal of property, plant and equipment	-	(141)	-	(141)
Property, plant and equipment written off	-	7	-	7
Inventories written off	2	-	2	-
Write back of allowance for doubtful receivables	(205)	-	(205)	-
Interest expense	151	228	328	456
Interest income	(10)	(20)	(26)	(38)
Operating (loss)/profit before working capital changes	(2,079)	2,172	(3,713)	368
Decrease/(increase) in long term other receivables and prepayment	(495)	(53)	(54)	177
Decrease/(increase) in inventories	36	555	(25)	(877)
(Increase)/decrease in work-in-progress	(37)	18	(39)	30
Decrease /(increase) in operating receivables	6,720	(60,086)	7,041	(43,559)
(Decrease)/ increase in operating payables	(6,868)	112,458	(45,895)	109,130
Decrease/(increase) in amount due from an associate	216	(54,440)	33,437	(68,799)
Cash (used in)/generated from operating activities	(2,507)	624	(9,248)	(3,530)

	Group 3 Months ended 30 June ("2Q")		Group 6 Months ended 30 June ("HY")	
	Unaudited 2Q2017 (RM'000)	Unaudited 2Q2016 (RM'000)	Unaudited HY2017 (RM'000)	Unaudited HY2016 (RM'000)
Interest received	10	20	26	38
Interest paid	(151)	(228)	(328)	(456)
Post-employment benefit paid	(496)	(228)	(540)	(256)
Tax paid	(50)	(62)	(62)	(253)
Net cash (used in) /generated from operating activities	(3,194)	126	(10,152)	(4,457)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(113)	(424)	(1,040)	(1,292)
Increase in oil and gas properties	(282)	(2,470)	(868)	(3,159)
Proceeds from disposal of property, plant and equipment	-	141	-	141
Net cash used in investing activities	(395)	(2,753)	(1,908)	(4,310)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance leases	(226)	(78)	(294)	(172)
Drawdown of finance leases	-	-	395	-
Repayment of bank borrowings	(76)	(69)	(152)	(138)
(Repayment)/drawdown of bank overdrafts	(10)	-	453	-
Repayment of advances from a third party	-	-	(2,500)	-
Decrease/(increase) in fixed deposits pledged	1,687	(85)	1,687	258
Purchase of treasury shares	-	(38)	-	(38)
Net cash generated from / (used in) financing activities	1,375	(270)	(411)	(90)
Net decrease in cash and cash equivalents	(2,214)	(2,897)	(12,471)	(8,857)
Cash and cash equivalents at beginning of period/year	7,874	9,577	18,217	16,958
Currency translation difference of cash and cash equivalents at beginning of period/year	(193)	(150)	(279)	(1,571)
Cash and cash equivalents at end of period	5,467	6,530	5,467	6,530
<i>Cash and cash equivalents comprise:</i>				
Cash and bank balances	5,448	6,530	5,448	6,530
Fixed deposits	2,097	3,500	2,097	3,500
	7,545	10,030	7,545	10,030
Less: Pledged fixed deposits	(2,078)	(3,500)	(2,078)	(3,500)
Cash and cash equivalents at end of period	5,467	6,530	5,467	6,530

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

<u>Company</u>					
Current Period	Share capital (RM'000)	Treasury Shares (RM'000)	Accumulated losses (RM'000)	Currency translation reserve (RM'000)	Total (RM'000)
Balance as at 1 April 2017	97,691	(38)	(4,942)	3,776	96,487
Repurchase of shares	-	-	-	-	-
Total comprehensive loss for the period	-	-	(200)	(1,501)	(1,701)
Balance as at 30 June 2017	97,691	(38)	(5,142)	2,275	94,786

Company Previous Period	Share capital (RM'000)	Treasury Shares (RM'000)	Accumulated losses (RM'000)	Currency translation reserve (RM'000)	Total (RM'000)
Balance as at 1 April 2016	97,691	-	(2,529)	(2,712)	92,450
Repurchase of shares	-	(38)	-	-	(38)
Total comprehensive (loss) / income for the period	-	-	(646)	1,249	603
Balance as at 30 June 2016	97,691	(38)	(3,175)	(1,463)	93,015

Group Current Period	Share capital (RM'000)	Treasury shares (RM'000)	Retained profits (RM'000)	Capital reserves (RM'000)	Currency translation reserve (RM'000)	Equity attributable to owners of the Company (RM'000)	Non-controlling interests (RM'000)	Total equity (RM'000)
Balance as at 1 April 2017	97,691	(38)	(16,472)	(101)	7,202	88,282	344	88,626
Loss for the period	-	-	(3,742)	-	-	(3,742)	(35)	(3,777)
Other comprehensive loss - Currency translation difference arising from consolidation	-	-	-	-	(2,312)	(2,312)	(7)	(2,319)
Balance as at 30 June 2017	97,691	(38)	(20,214)	(101)	4,890	82,228	302	82,530

Group Previous Period	Share capital (RM'000)	Treasury shares (RM'000)	Retained profits (RM'000)	Capital Reserve (RM'000)	Currency translation reserve (RM'000)	Equity attributable to owners of the Company (RM'000)	Non-controlling interests (RM'000)	Total equity (RM'000)
Balance as at 1 April 2016	97,691	-	16,635	(101)	(3,659)	110,566	446	111,012
Total comprehensive (loss)/income for the period	-	-	425	-	2,329	2,754	(25)	2,729
Transaction with owner: - Repurchase of treasury shares	-	(38)	-	-	-	(38)	-	(38)
Balance as at 30 June 2016	97,691	(38)	17,060	(101)	(1,330)	113,282	421	113,703

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

There were no changes in the Company's share capital since 31 March 2017 and up to 30 June 2017.

There were no outstanding convertibles or share options granted as at 30 June 2017 and 30 June 2016.

During the second quarter ended 30 June 2016 ("2Q2016"), the Company purchased 200,000 shares at a price of \$0.063 per share from the open market and the shares are held as treasury shares. Consequently, the Company had 200,000 shares held as treasury shares as at 30 June 2017 and 30 June 2016.

As at 30 June 2017 and 30 June 2016, the Company did not have any subsidiary holdings.

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 2017	As at 31 December 2016
Number of issued shares of the Company	283,800,000	283,800,000
Share buy-backs held as treasury shares	(200,000)	(200,000)
Number of issued shares excluding treasury shares	283,600,000	283,600,000

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 2017.

1(d)(v) A statement showing all sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and / or use of subsidiary holdings as at 30 June 2017.

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, as those applied in the Group's most recently audited financial statements for the financial year ended 31 December 2016.

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

The Group has adopted all the new and revised Financial Reporting Standards in Singapore ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017, 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 1Q2017.

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	2Q2017 (Malaysian sen)	2Q2016 (Malaysian sen)	HY2017 (Malaysian sen)	HY2016 (Malaysian sen)
(Loss)/Earnings per ordinary share for the period based on the unaudited net profit attributable to owners of the Company:				
(i) Basic earnings per share	(1.32)	0.15	(2.60)	(1.20)
(ii) On a fully diluted basis	(1.32)	0.15	(2.60)	(1.20)
Weighted average number of ordinary shares	283,600,000	283,769,231	283,600,000	283,784,615

Basic and diluted (loss)/earnings per ordinary share have been computed based on the Group's (loss)/income attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The basic and diluted earnings per ordinary share for each of 2Q2017, 2Q2016, HY2017 and HY2016 were the same as there were no potentially dilutive ordinary shares existing during 2Q2017, 2Q2016, HY2017 and HY2016 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 2017	As at 31 December 2016
Group	29.0	33.1
Company	33.4	33.2

Net asset value per ordinary share as at 30 June 2017 and 31 December 2016 have been calculated based on the aggregate number of ordinary shares (excluding treasury shares) of 283,600,000 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

Three Months ended 30 June 2017

Business sector	2Q2017			2Q2016		
	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Gross Profit Margin %
<u>Renewable Energy Sector</u> Vietnam Biomass	70	(68)	(97.1%)	223	(26)	(11.7%)
<u>Mobile Natural Gas Sector</u> Mobile Natural Gas	7,219	(287)	(4.0%)	7,759	783	10.1%
<u>Offshore Engineering Sector</u>						

Business sector	2Q2017			2Q2016		
	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Gross Profit Margin %
Integrated Engineering Solutions	493	740	150.1%	7,648	5,502	71.9%
Turnkey projects	-	-	-	120,071	102	0.1%
<u>Total Offshore Engineering Sector</u>	493	740	150.1%	127,719	5,604	4.4%
Total	7,782	385	4.9%	135,701	6,361	4.7%

Six Months ended 30 June 2017

Business sector	HY2017			HY2016		
	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %	Revenue (RM'000)	Gross Profit (RM'000)	Gross Profit Margin %
<u>Renewable Energy Sector</u>						
Vietnam Biomass	368	(86)	(23.4%)	353	(50)	(14.2%)
<u>Mobile Natural Gas Sector</u>						
Mobile Natural Gas	16,371	(765)	(4.7%)	18,461	1,628	8.8%
<u>Offshore Engineering Sector</u>						
Integrated Engineering Solutions	2,266	2,066	91.2%	8,587	6,057	70.5%
Turnkey projects	-	-	-	120,949	280	0.2%
<u>Total Offshore Engineering Sector</u>	2,266	2,066	91.2%	129,536	6,337	4.9%
Total	19,005	1,215	6.4%	148,350	7,915	5.3%

Revenue

Total revenue for the Group decreased by 94.3% from RM135.7 million in 2Q2016 to RM7.8 million in 2Q2017. This decrease was mainly due to (i) the Malikai Tension Leg Platform Installation turnkey project which recorded revenue of RM120.1 million for 2Q2016 to which there was no comparable turnkey project undertaken by the Group for 2Q2017 and (ii) a 93.6% decline in revenue contribution from Integrated Engineering Services (“IES”) from RM7.6 million in 2Q2016 to RM0.5 million in 2Q2017. The reduction in IES revenue was in line with a downturn in the upstream oil and gas industry and a decrease in world energy prices.

For HY2017, total revenue for the Group decreased by 87.2% to RM19.0 million from RM148.4 million in HY2016. As mentioned above, the Malikai turnkey project contributed revenue of RM120.9 million in HY2016 for which there was no comparable turnkey project revenue in HY2017. For reasons given above IES recorded a 73.6% decline in revenue to RM2.3 million in HY2017 from RM8.6 million in HY2016. In addition, Mobile Natural Gas Sector (“MNGS”) revenue declined by 11.3% to RM16.4 million in HY2017 from RM18.5 million in HY2016 due mainly to expiry of several Gas Sales Agreement during FY2016, including one customer that switched to pipeline natural gas and another customer relocating its manufacturing operations to a different location. The Renewable Energy Sector (“RES”) recorded revenue of RM0.37 million for HY2017 which was marginally higher than RM0.35 million for HY2016 when the MK-1 Biomass Plant was first

commissioned and revenue in HY2017 was generated mainly from the sale of briquettes which were brought forward from FY2016. The price of rice husk, the material required to produce briquettes, has remained high during the two harvest seasons in HY2017, making it uneconomical to produce briquettes.

Gross Profit

The Group's gross profit for 2Q2017 declined by 93.9% to RM0.4 million from RM6.4 million in 2Q2016 whilst the Group's gross profit for HY2017 decreased by 84.6% to RM1.2 million from RM7.9 million in HY2016. Both RES and MNGS reported gross losses during 2Q2017 and HY2017. MNGS experienced a gross loss of RM0.3 million in 2Q2017 compared to a gross profit of RM0.8 million in 2Q2016, whilst for HY2017 MNGS had a gross loss of RM0.8 million compared to a gross profit of RM1.6 million in HY2016. The reason for the gross loss was because of the continued closure of a major toll bridge for structural repairs which the Group uses for the delivery of its compressed natural gas ("CNG"). The closure has caused the Group's delivery vehicles having to make a long detour, resulting in higher operating costs. In order to maintain contracted services levels, the Group had to hire additional prime movers and outsource other services to ensure timely delivery of its CNG. RES gross losses of RM68,000 for 2Q2017 and RM86,000 for HY2017 were due to prevailing high rice husk prices and the capping of briquette sales price due to competition from alternate fuels. For OES, the substantial decline in gross profit for 2Q2017 and HY2017 was also due to reduced OES business activities, in particular, the absence of a similar Malikai turnkey project as mentioned above. HY2017 gross profit from OES reduced by 67.4% to RM2.1 million from RM6.3 million in HY2016 whilst the gross profit for 2Q2017 decreased by 86.8% to RM740,000 from RM5.6 million in 2Q2016.

The Group's gross profit margin for 2Q2017 remained stable at 4.9% compared to 4.7% in 2Q2016 despite gross losses from MNGS and RES. OES gross profit margin had increased to 150% in 2Q2017 from 4.4% in 2Q2016 due to (i) a higher proportion of contribution from the Group's proprietary marine growth control products and (ii) the reversal of over-accrued cost of sales for past IES projects. Similarly for HY2017, the higher gross profit margin of 6.4% compared to 5.3% in HY2016 is due to the aforementioned marine growth control products.

Other Operating Income

The Group has other operating income of RM0.7 million for 2Q2017 and RM0.9 million for HY2017 compared to RM0.3 million for 2Q2016 and RM0.5 million for HY2016. In addition to rental income, interest income and administrative fees recorded for the periods under review, the increase in other operating income in 2Q2017 and HY2017 was mainly contributed by a write back of allowance for doubtful receivables of RM0.2 million which was no longer required and a reversal of vendor accruals of RM0.5 million offset by a one-off RM0.1 million gain on disposal of property plant and equipment recorded in 2Q2016 and HY2016.

Exchange Loss/Gain

The Group recorded an exchange gain of RM0.3 million in 2Q2017 compared to an immaterial exchange gain of RM9,000 in 2Q2016. For HY2017, the Group recorded an exchange gain of RM1.1 million compared to an exchange gain of RM0.3 million in HY2016. The exchange gain for both 2Q2017 and HY2017 was mainly due from trade and other payables denominated in US Dollar which depreciated against the Malaysian Ringgit.

Administrative Expenses

Administrative expenses in 2Q2017 reduced by 17.2% to RM4.4 million from RM5.4 million in 2Q2016, whilst administrative expenses in HY2017 reduced by 14.2% to RM9.3 million from RM10.8 million in HY2016. The lower administrative expenses were mainly due to (i) cost reduction initiatives including reduced manpower headcount and reduction of leased properties such as EJ-1 CNG station and OES Batam supply base; (ii) disposal of non-essential fixed assets to reduce depreciation expenses; (iii) reduced amortisation of intangible assets arising from impairment provisioning in FY2016 of KSO's signature bonus; and (iv) non-occurrence of cost of business feasibility studies in HY2017.

Selling and Distribution Costs

Selling and distribution costs represent commissions payable to agents for OES sales made for the Group. Selling and distribution costs for 2Q2017 and HY2017 was RM0.2 million compared to RM0.5 million in 2Q2016 and HY2016. This decrease was mainly due to lower commission on agent-based sales, which was in line with reduced business activities of the Group.

Share of Results of Associates

Share of results of associates was a loss of RM0.3 million for 2Q2017 and a loss of RM0.7 million for HY2017. In comparison, share of results of associates was a loss of RM0.1 for 2Q2016 and a loss of RM0.4 million for HY2016. The losses were recorded by (i) an OES associate in line with a slowdown in the upstream oil and gas business and (ii) Gas Malaysia IEV Sdn Bhd which only commenced commercial operations during HY2017 and was in its gestation period during which it incurred initial losses.

Finance Costs

Finance costs for 2Q2017 declined to RM151,000 from RM228,000 in 2Q2016 mainly due to the full settlement of advances from a third party. For the same reason, finance costs in HY2017 declined to RM0.3 million from RM0.5 million in HY2016.

Loss Before Tax

For reasons set out above, the Group recorded a loss before tax of RM3.8 million for 2Q2017 compared to a profit before tax of RM0.4 million for 2Q2016. For HY2017 the Group recorded a loss before tax of RM7.4 million, which is a 116.8% increase from HY2016's loss before tax of RM3.4 million.

Review of Statement of Financial Position

Non-Current Assets

Net carrying value of property, plant and equipment decreased by RM2.0 million to RM31.3 million as at 30 June 2017 from RM33.2 million as at 31 December 2016. This was due to depreciation charges and currency translation differences; and partially offset by capital expenditure for operational equipment for various subsidiaries.

Net book value of intangible assets decreased to RM4.0 million as at 30 June 2017, from RM4.4 million as at 31 December 2016, due to amortisation and currency translation differences for US Dollar denominated intangible assets.

Oil and gas properties decreased by RM1.2 million to RM46.6 million as at 30 June 2017, from RM47.7 million as at 31 December 2016. This was mainly due to currency translation differences on the exploration and production concession at the Pabuaran KSO Block, West Java Indonesia, which is denominated in US Dollars. This currency translation was partially offset by continuing work over of the twin wells at the KSO Project.

The non-current portion of other receivables and prepayments decreased by RM0.8 million to RM8.0 million as at 30 June 2017, from RM8.8 million as at 31 December 2016, due to a reclassification to current portion of other receivables that the Company expects to receive in the near term and amortisation of land use rights.

Associates decreased from RM0.9 million as at 31 December 2016 to as at 30 June 2017 reflecting the share of results of associates with losses of RM0.7 million for HY2017.

Current Assets

Trade receivables decreased by RM39.4 million to RM18.3 million as at 30 June 2017, from RM57.7 million as at 31 December 2016, due mainly to the settlement of OES project invoices and in particular the Malikai turnkey project. The current portion of other receivables and prepayments, which comprised project related advances, third-party recoverable expenses and prepaid operating expenses decreased by RM2.1 million to RM5.8 million as at 30 June 2017, from RM7.9 million as at 31 December 2016, due mainly to settlement of third-party recoverable expenses and depletion of prepaid operating expenses. Inventories marginally decreased by RM0.1 million to RM4.8 million as at 30 June 2017, from RM4.9 million as at 31 December 2016.

Capital and Reserves

Currency translation reserve reduced to RM4.9 million as at 30 June 2017 from RM9.1 million as at 31 December 2016, mainly due to the appreciation of the Malaysian Ringgit against the US Dollar during the period in review.

Accumulated losses for the Group increased by RM7.3 million to RM20.2 million as at 30 June 2017 from RM12.9 million accumulated losses as at 31 December 2016.

Non-Current Liabilities and Current Liabilities

Bank borrowings (current and non-current portions) increased by RM0.3 million to RM9.8 million as at 30 June 2017 from RM9.5 million as at 31 December 2016, mainly due to a drawdown on bank overdraft facility. Finance leases increased to RM0.3 million as at 30 June 2017 from RM0.2 million as at 31 December 2016 due mainly to the financing of a replacement prime mover truck for MNGS.

Trade and other payables decreased by RM46.8 million to RM30.1 million as at 30 June 2017 from RM76.9 million as at 31 December 2016, mainly due to the settlement of OES project invoices particularly for the Malikai turnkey project. Provision for post-employment benefits obligations reduced to RM2.3 million as at 30 June 2017 from RM2.7 million as at 31 December 2016 due to the reduction of manpower headcount that arose from cost reduction initiatives implemented during HY2017.

The Group has a positive working capital of RM2.8 million as at 30 June 2017 as compared to RM11.8 million as at 31 December 2016.

Review of Statement of Cash Flows

For 2Q2017, the Group recorded cash used in operating activities of RM2.5 million. This was mainly due to: (i) operating loss before working capital changes of RM2.1 million; (ii) decrease in operating payables of RM6.9 million; and (iii) increase in other receivables and prepayment of RM0.5 million; which were partially offset by (i) decrease in operating receivables of RM6.7 million; and (ii) decrease in amount due from an associate of RM0.2 million. Net cash used in investing activities of RM0.4 million during 2Q2017 was due to: (i) an increase in oil and gas properties of RM0.3 million and (ii) purchase of property, plant and equipment of RM0.1 million. Net cash generated from financing activities of RM1.4 million during 2Q2017 was mainly due to the release of a pledged fixed deposit of RM1.7 million, which was partially offset by the servicing of bank borrowing and finance leases of the Group.

The Group recorded net cash used in operating activities of RM9.2 million for HY2017. This was mainly due to: (i) operating loss before working capital changes of RM3.7 million; and (ii) decrease in operating payables of RM45.9 million as a result of the completion of the Malikai turnkey project in FY2016; which were partially offset by (i) a decrease in operating receivables of RM7.0 million; and (ii) decrease in amount due from an associate of RM33.4 million.

The Group's negative cash flow from operations of RM9.2 million for HY2017 and RM3.5 million for HY2016 was mainly due to the continued downturn in the oil and gas industry which in turn has reduced OES business activities.

Net cash used in investing activities which amounted to RM1.9 million during HY2017 was mainly due to: (i) the purchase of property, plant and equipment of RM1.0 million; and (ii) an increase in oil and gas properties of RM0.9 million. Net cash used in financing activities of RM0.4 million during HY2017 was mainly for (i) the repayment of advances from a third party of RM2.5 million; and (ii) servicing bank borrowing and finance leases of the Group of RM0.5 million; which were partially offset by (i) release of a pledged fixed deposit of RM1.7 million; and (ii) the drawdown of bank facilities and finance leases of RM0.8 million.

As a result of the above and after taking into account the currency translation deficit, the cash and cash equivalents balance was RM5.5 million as at 30 June 2017, as compared to RM6.5 million as at 30 June 2016.

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 prices remain low and volatile as the downturn of the oil and gas industry is entering its fourth year since its start in mid-2014. Despite the effort of OPEC to trim oil production, there is no sign of any sustainable price recovery from the current level. It is expected that oil prices will remain at around USD 50 per barrel for the foreseeable future.

The Group is executing its plan to divest all non-profitable oil and gas assets and intensify its focus on the globalization of disruptive technologies, where risks and returns are favourable during this challenging period. The Group is in advanced discussions with various parties regarding the divestment plans and would make further announcements as and when they materialise.

The diversification away from oil and gas is expected to progress slowly as the Group saves sufficient funds to focus on its disruptive technologies.

Offshore Engineering Sector (“OES”)

The globalisation of the Group’s suite of disruptive technologies is gaining momentum and opportunities have been identified in new territories such as Europe, Africa and Australia, in addition to the traditional markets of the Far East and India. The Group has now established distribution network in 14 countries, which is a major step towards the globalization effort. The network is expected to grow further to include a number of European countries in FY2017.

After the USA and China, the Group has received its third patent from the United Kingdom for its new generation of Marine Growth Preventers, the MGP-*i*. The same patent is also expected from a number of other countries in FY2017. The Group has incorporated a wholly owned subsidiary under the name of IEV Technologies Pte. Ltd, which will hold all patents related to the MGP-*i* and possibly future IPs developed or acquired by the Group.

The Group has successfully secured a long-term contract for its Oxifree thermoplastic corrosion control solution in Malaysia with Sarawak Shell Berhad and Sabah Shell Company Limited. Additional opportunities are also envisaged in Malaysia in FY2017.

The Group has received a number of enquiries related to decommissioning of ageing assets throughout the region. These decommissioning projects are currently at the stage of Expression of Interest (EOI) and scheduled for execution from 2019 onwards.

Mobile Natural Gas Sector (“MNGS”)

The Group is currently in discussion with several parties to divest the MNGS business in both Indonesia and Malaysia. Further updates on the divestment will be announced as and when material information becomes available.

Exploration and Production Sector (“EPS”)

The Group continues to explore various options to farm-out the Pabuaran KSO. Further updates on the potential farm-out will be announced as and when material information becomes available.

Renewable Energy Sector (“RES”)

Equipment for the silica pilot project is due to arrive at MK-1 plant from Russia in early August 2017 from Russia. Plant construction and commissioning will ensue and production of high purity silica should commence within 4Q2017.

The Group continues to maintain a low production level of briquettes at MK-1 due to the high price of rice husk, which is caused by the poor harvest seasons and low rice production in the Mekong Delta since the start of FY2017.

11. If a decision regarding dividend has been made:

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

No.

(b) Previous corresponding period/rate %

None

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

There is no interim dividend recommended and declared by the Directors in respect of the current financial period ended 30 June 2017.

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 Rights Issue

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 94.6 million new ordinary shares at an issue price of S\$0.07 per share in the capital of the Company through a Rights Issue Exercise (the “Rights Issue”), which was completed in June 2015. The net proceeds of approximately S\$6.47 million (after deducting expenses of approximately S\$0.15 million incurred by the Company in connection with the Rights Issue) have been utilised as follows:

Use of Proceeds	Amount allocated (as announced on 8 May 2015) (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	4,400	4,400	-
(ii) Construction of Vietnam biomass plant	1,500	1,500	-
(iii) CNG Supply Chain in Malaysia	500	438	62
(iv) General Working Capital	70	70	-
Net proceeds from the Rights Issue	6,470	6,408	62

The Company will make periodic announcements on the use of net proceeds from the Rights Issue 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 Harry Ng, being Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the second quarter ended 30 June 2017 false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that all the required undertakings under the Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalist Rules.

ON BEHALF OF THE BOARD OF DIRECTORS

CHRISTOPHER NGHIA DO PRESIDENT & CEO	HARRY NG LEAD INDEPENDENT DIRECTOR
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Date: 11 August 2017