



IEV HOLDINGS LIMITED
(Company Registration 201117734-D)

ANNOUNCEMENT

For Immediate Release

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the board of directors (the "**Board**" or "**Directors**") of IEV Holdings Limited (the "**Company**", and together with its subsidiaries, "**IEV**" or the "**Group**") wishes to announce that the Company's Independent Auditor, Deloitte & Touche LLP (the "**Auditor**") has included a Material Uncertainty Related to Going Concern section in their report (the "**Independent Auditor's Report**") on the audited financial statements of the Group and Company for the financial year ended 31 December 2017 ("**FY2017**") (the "**Audited Financial Statements**"). The opinion of the Auditor is not modified in respect of this matter.

The Independent Auditor's Report is annexed to this announcement for information purposes. The Independent Auditor's Report and the Audited Financial Statements will form part of the Company's Annual Report for FY2017 (the "**2017 Annual Report**") which will be despatched to the shareholders of the Company (the "**Shareholders**") in due course. Shareholders are advised to read the Independent Auditor's Report and the 2017 Annual Report in their entirety.

Material Uncertainty Related to Going Concern

The following is an extract of Note 1 to the Audited Financial Statements pertaining to the subject of this announcement:

"As at 31 December 2017, the Group's and the Company's current liabilities exceeded their current assets by RM6.3 million and RM24.8 million respectively and the Group incurred a net loss of RM79.9 million for the year ended 31 December 2017. The Group also had a net operating cash outflow of RM11.1 million (2016 : cash inflow of RM13.2 million) for the financial year ended 31 December 2017.

The Group has made strategic decisions to discontinue its activities in the exploration and production and renewable energy sectors. Going forward, the Group will focus on its core Offshore Engineering sector (re-named as "Asset Integrity Management" in 2018) and Mobile Natural Gas sector. The Group has projected a net cash inflow for the year ending 31 December 2018 based on (i) current on-going projects; (ii) the number of awarded new projects; and (iii) current on-going tender projects. In the event that the Group is unable to secure the on-going tender projects, the Group may have insufficient cash to fulfil its obligations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

If the going concern assumption is no longer applicable, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements."

Notwithstanding the above, the Directors are of the view that it is appropriate for the Audited Financial Statements of the Group and Company to be prepared and presented on a going concern basis, having regard to the following:

- (i) Management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources, including from estimated earnings for FY2018, to satisfy its working capital requirements and to meet its obligations as and when they fall due;
- (ii) The Group is exploring potential corporate fund-raising exercises which will be announced in due course when there are any significant developments;
- (iii) The net current liabilities for the Group of RM6.3 million as at 31 December 2017 include a provision for termination liabilities of RM7.6 million arising from the termination of the Operations Cooperation Agreement with Pertamina EP, for which such termination liabilities may be determined through negotiated settlements involving possible deferred settlement payments; and
- (iv) As at 31 December 2017, the Company's current liabilities include amounts owing to wholly-owned subsidiaries of RM26.3 million (2016: RM23.9 million). The Directors have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if ever the need arises.

Further, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner and the Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

Shareholders and other investors are reminded to exercise caution while dealing in the shares of the Company. In the event that shareholders and other investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By order of the Board
Christopher Do
President & CEO
28 March 2018

MEDIA CONTACT

For media queries, please contact;

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor 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.

The contact person for the Sponsor is Mr. Ong Hwee Li, at 1 Robinson Road, #21-02 Singapore 048542, telephone (65) 6532 3829.

Independent Auditor's Report

to the Members of IEV Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IEV Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 125.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the accompanying financial statements, which indicates that as at 31 December 2017, the Group's and the Company's current liabilities exceeded their current assets by RM6.3 million and RM24.8 million respectively and the Group incurred a net loss of RM79.9 million for the year ended 31 December 2017. The Group also had a net operating cash outflow of RM11.1 million (2016 : cash inflow of RM13.2 million) for the financial year ended 31 December 2017.

As disclosed in Note 1 to the financial statements, going forward, the Group will only have two operating sectors, Offshore Engineering (re-named as "Asset Integrity Management" in 2018) and Mobile Natural Gas. The ability of the Group to generate sufficient cash to fulfil its obligations is dependent on the Offshore Engineering sector securing sufficient projects and when such projects are secured. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

to the Members of IEV Holdings Limited

Key audit matters

Exit of exploration and production sector and assessment of impairment in oil and gas properties

In accordance with the Operations Cooperation Agreement ("KSO Agreement") and the extension granted by PT Pertamina EP ("Pertamina") in prior years, PT IEV Pabuaran KSO ("IEV KSO") did not fulfil its commitment in the Pabuaran Operation Area (the "Pabuaran KSO") by 11 December 2017.

Pertamina issued a termination letter dated 28 December 2017 to IEV KSO (the "Termination Letter") to terminate the KSO Agreement on the basis that IEV KSO has not fulfilled certain conditions and obligations under the KSO Agreement. The Group does not intend to contest the Termination Letter and has commenced discussions with Pertamina on an amicable handover of the Pabuaran KSO.

Pertamina has also made a claim for the disbursement of a bank guarantee amounting to USD2,340,000, comprising a pledged fixed deposit of USD468,000 and a banker guarantee of USD1,872,000. However, no payment has been made as the Group seeks to resolve this through further negotiation with Pertamina.

As at 31 December 2017, the Group recognised termination liabilities of USD1,872,000 (approximately RM7,607,000) following the termination of the KSO Agreement and management believes that there are no other material contingencies or liabilities that are required to be recorded.

In addition, the Group made full impairment on the oil and gas properties and the intangible asset (signature bonus) totalling USD11,572,717 (approximately RM47,027,000), and also full impairment on the pledged fixed deposit of USD468,000 (RM1,902,000) as management has assessed that these assets are no longer recoverable.

The Group has made disclosures on the above judgement in Note 3, and further disclosures in Notes 13 and 14 to the financial statements.

Our audit performed and responses thereon

We have obtained and read appropriate letters and/or supporting documents from Pertamina with regards to the termination. We have evaluated management's impairment assessment in accordance with FRS 106 *Exploration for and Evaluation of Mineral Resources* following the termination of the KSO Agreement. We have also independently obtained legal confirmation from and had a discussion on the matter with the external lawyer. We have also performed procedures to determine if there are any unrecorded liabilities or material contingencies as at 31 December 2017, including having discussions with management.

We have also reviewed the disclosures in Notes 3, 13 and 14 to the financial statements.

Independent Auditor's Report

to the Members of IEV Holdings Limited

Key audit matters

Tax dispute

The Group's subsidiary, PT IEV Gas ("IEV Gas") had in October 2015 received a tax correction letter in relation to a value-added tax ("VAT") matter for 2013 transactions where the Tax Authority in Indonesia is seeking VAT payments plus penalty totalling IDR11.9 billion (RM3.9 million). In 2017, the amount increased to IDR12.9 billion (RM3.9 million). As at 31 December 2017, IDR1.6 billion (RM0.5 million) which was collected by the Tax Authority in prior year remained recorded as a tax recoverable by IEV Gas and IDR11.3 billion (RM3.4 million) VAT payment has not been paid.

IEV Gas has engaged and involved external tax consultant to advise them, and has made an objection to the Tax Authority in January 2016 which was rejected by the Tax Authority in January 2017.

In April 2017, IEV Gas submitted an appeal to the Tax Court of Appeal as, based on the tax advice it has received from the external tax consultant, management remains confident that they will succeed in their appeal. Evaluation of the outcome of the tax appeal, and whether the risk of loss is remote, possible or probable, requires significant judgement given the interpretation of the tax rules involved.

The Group has made disclosures on the above judgement in Note 3, and further disclosures on the contingency of this tax dispute in Note 38 to the financial statements.

Our audit performed and responses thereon

We have discussed the matter with IEV Gas' tax consultant and also our tax specialists to assist us in assessing the judgements taken by management that the tax dispute represents a contingent liability of the Group. We have also examined the advice obtained by management from IEV Gas' tax consultant to support the judgement taken, and have discussed the merits of the dispute with the tax consultant.

We have also reviewed the disclosures in Notes 3 and 38 to the financial statements.

Independent Auditor's Report

to the Members of IEV Holdings Limited

Key audit matters

Accounting for the leasehold property in Vietnam

The Group's subsidiary IEV Vietnam LLC ("IEV VN") entered into a Heads of Agreement (the "HOA") in October 2017 with a third party (the "Lessee") to set out the key terms to lease out its leasehold properties and related assets (the "Property") to the Lessee for a 2-year period, and for the same party to purchase the Property at the end of the 2-year period at an agreed price set out in the HOA. Under the HOA, failure by IEV VN to sell the Property to the Lessee at the end of the 2-year period may lead to financial compensation.

The Property was handed over to the Lessee on 1 November 2017 in accordance with the provisions in the HOA and a formal lease agreement was signed on 8 January 2018 reflecting the same lease terms as set out in the HOA.

Management has assessed the accounting of the above arrangement and based on their judgement, has determined that the Property should be derecognised at 31 December 2017 and be accounted for as a finance lease receivable.

The Group has made disclosures on the above judgement in Note 3, and further disclosures in Note 9 to the financial statements.

Our audit performed and responses thereon

We have obtained and read the HOA and lease agreement to assess the appropriateness of management's accounting adopted for this transaction.

We have evaluated management's assessment on the appropriateness and reasonableness of key assumptions used in calculating the finance lease receivables and the recoverability of such amount.

We have also reviewed the disclosures in Notes 3 and 9 to the financial statements.

Independent Auditor's Report

to the Members of IEV Holdings Limited

Key audit matters

Recoverability of trade receivables

The Group transacts with customers in the oil and gas industry. Given the challenging environment that these companies are currently operating in, the use of judgement and estimates by management is required in identifying doubtful debts, and also in evaluating on allowance of doubtful receivables and the quantum required at the end of each reporting period.

The Group performs an on-going evaluation of recoverability, including assessment of allowance on those receivables where they have issued legal demand letters, and ageing analysis of individual receivables by reference to their past default experience.

The Group has made disclosures on the above judgement in Note 3, and further disclosures on recoverability of trade receivables in Note 7 to the financial statements.

Our audit performed and responses thereon

Our audit approach included both controls testing and substantive procedures as follows:

- We obtained an understanding, evaluated the design and assessed the implementation of the Group's relevant control over the credit granting and collection process;
- For third party accounts receivables which are overdue for more than 90 days, we evaluated management's assessment to support the recoverability of the receivables which amongst other factors included an examination of subsequent settlement by customers, an evaluation of the customer's financial condition and repayment pattern; and
- For overdue debts which the Group has taken legal actions against the customers, we have read the legal opinion/letters and assessed allowance for doubtful debt, if any, set up by management is adequate.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information, included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report

to the Members of IEV Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

to the Members of IEV Holdings Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Yang Chi Chih.



Public Accountants and
Chartered Accountants
Singapore

26 March 2018