IEV

CREATING VALUE THROUGH DISRUPTIVE TECHNOLOGIES

ANNUAL REPORT 2018

" We champion disruptive technologies to challenge conventional engineering practices."

ANNUAL GENERAL MEETING

29 April 2019

10:30a.m.

ORIOLE ROOM
Level 4, Grand Copthorne Waterfront Hotel,
392 Havelock Road, Singapore 169663

CONTENTS

CORPORATE PROFILE

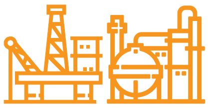
Established in 1986, IEV provides innovative and advanced engineering products and services for the offshore and onshore oil and gas industry. IEV was listed on the Catalist Board of SGX in 2011 and is headquartered in Kuala Lumpur, Malaysia.

IEV Holdings Limited (the "**Company**" or "**IEV**") and together with its subsidiaries (the "Group") run a global business with a large network of distributors and foreign subsidiaries in Singapore, Malaysia, Indonesia, Vietnam, Hong Kong and India. Prior to the oil price crisis in 2014, IEV had also been involved in exploration and production in Indonesia and mobile natural gas distribution in Indonesia, Vietnam and Malaysia.

In light of the oil price situation, IEV had in 2017 started taking concrete steps to discontinue, divest, and impair parts of its business that were adversely affected by low oil prices, specifically in its Exploration and Production and rice husk based Renewable Energy sectors. Following the extraordinary general meeting held on 14 November 2018 whereby shareholders approved the disposal of PT IEV Gas, the Group has also exited the Mobile Natural Gas Sector ("**MNGS**").

As part of the turnaround plan in the post oil price crisis era, IEV has taken the decision to re-focus on its core innovative engineering competencies, the root of the company, and commercialise a suite of disruptive technologies in the Asset Integrity Management Sector ("**AIM**") across upstream and downstream markets. IEV offers both individual and integrated technologies and solutions to assess, inspect, repair and maintain fixed assets both onshore and

• BUSINESS SECTOR •



ASSET INTEGRITY MANAGEMENT SECTOR (AIMS)

- Asset Integrity Management (AIM)
- Integrated Management (IM)

DECOMMISSIONING SOLUTIONS (DS)

- Engineering Procurement Removal Disposal (EPRD)
- Decommissioning Studies

CORPORATE PROFILE

offshore structures such as offshore oil and gas platforms, FPSO, pipelines, jetties, refineries and petrochemical plants. The technologies offered by IEV are either proprietary, co-developed or originated from technology providers who partner with IEV to launch their unique technologies through IEV's extensive global distribution network under long term strategic alliance agreements.

Currently, the AIMS covers the following divisions; Structural Integrity Solutions, Advanced Inspection Solutions, Corrosion Control Solutions and Subsea engineering Solutions technologies. IEV is currently exploring partnerships to expand AIMS suite of to cover not only steel assets but also concrete infrastructures in the coming years. Notwithstanding the AIMS lies the main focus of the Company for the upcoming years, IEV is also actively pursuing decommissioning related activities, from decommissioning studies to turnkey decommissioning contracts throughout Asia.

Over the years, IEV has launched many successful engineering solutions to support the entire life cycle of oil and gas facilities, from design and installation of new platforms to repair and maintenance and the eventual decommissioning of ageing assets.

Moving forward, IEV looks at targeting the Asset Integrity Management business in the global brownfield market. We continue to invest in our technology-focused engineering business and continue to undertake research and developmental activities as well as evaluate new disruptive technologies for integration into our AIMS. This focus is central to our vision in creating value through disruptive technologies.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' HARI N. GOVINDASAMY
Non-Independent Non-Executive Chairman

CHRISTOPHER NGHIA DO
President & Chief Executive Officer

NG WENG SUI, HARRY
Lead Independent Director

KESAVAN NAIR
Independent Director

JOANNE ROSE BRUCE
Independent Director

AUDIT COMMITTEE
Ng Weng Sui, Harry (Chairman)
Tan Sri Dato' Hari N. Govindasamy
Kesavan Nair

REMUNERATION COMMITTEE
Kesavan Nair (Chairman)
Tan Sri Dato' Hari N. Govindasamy
Ng Weng Sui, Harry

NOMINATING COMMITTEE
Kesavan Nair (Chairman)
Tan Sri Dato' Hari N. Govindasamy
Ng Weng Sui, Harry

COMPANY SECRETARY
Kong Wei Fung
Cheok Hui Yee

COMPANY REGISTRATION NUMBER
201117734D

REGISTERED OFFICE
80 Robinson Road, #02-00, Singapore 068898
T : +65 6236 3333 | F : +65 6236 4399

PRINCIPAL PLACE OF BUSINESS
Block A, Level 5, Menara PKNS, No. 17, Jalan Yong Shook Lin,
46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia

CONTINUING SPONSOR
SAC Capital Private Limited
1 Robinson Road, #21-00 AIA Tower Singapore 048542

SHARE REGISTRAR & SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

AUDITORS & REPORTING ACCOUNTANT
Deloitte & Touche LLP
Public Accountants and Chartered Accountants
Unique Entity No. T08LL0721A, 6 Shenton Way, OUE Downtown 2
#33-00, Singapore 068809
Partner-In-Charge: Yang Chi Chih (Appointed on 27 Apr 2015)

INTERNAL AUDITORS
Crowe Governance Sdn Bhd
Level 16, Tower C, Megan Avenue II,12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur, Malaysia
Director-In-Charge: Amos Law (Appointed on 21 Sept 2012)

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay #06-01, HSBC Building, Singapore 049320

AmBank (M) Berhad
Level 24, Bangunan AmBank Group, No. 55, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

CORPORATE STRUCTURE

IEV HOLDINGS LIMITED *(SINGAPORE)*

- 100% **IEV Energy Investment Pte. Limited** *(Singapore)*
  - 95% **PT IEV Pabuaran KSO** *(Indonesia)*
- 100% **IEV GROUP SDN. BHD. *(MALAYSIA)***
  - 100% **IEV Energy Sdn. Bhd.** *(Malaysia)*
    - 100% **IEV Vietnam LLC** *(Vietnam)*
    - 95% **PT IEV Gas[2]** *(Indonesia)*
  - 100% **IEV Manufacturing Sdn. Bhd.** *(Malaysia)*
  - 100% **IEV Engineering Sdn. Bhd.** *(Malaysia)*
  - 95% **PT IEV Indonesia** *(Indonesia)*
  - 100% **IEV International Limited** *(Hong Kong)*
  - 49% **IEV (Malaysia) Sdn. Bhd.[1]** *(Malaysia)*
  - 51% **IEV Engineering (India) Pvt Ltd** *(India)*
  - 100% **IEV Technologies Pte. Ltd.[3]** *(Singapore)*
  - 100% **IEV Technologies Vietnam LLC** *(Vietnam)*

[1] Associate

[2] Disposed off with effect from 22 November 2018.

[3] As announced on 25 June 2018 and pursuant to a join venture agreement, the Group's shareholding in IEV Technologies will potentially be reduced to 51.87% following subscription by the joint venture parties.

DIRECTORS' PROFILE

TAN SRI DATO' HARI N. GOVINDASAMY
Non-Independent Non-Executive Chairman

Tan Sri Dato' Hari was appointed Chairman of the Board on 29 September 2011. He has been a Non-Executive Director of IEV Group Sdn. Bhd. since 2004.

Tan Sri Dato' Hari is a businessman by profession and is currently the Director and Deputy Chairman of Emrail Sdn. Bhd., a construction company specialising in railway engineering and infrastructure. He also holds non-executive directorships on the Board of several other private limited companies in Malaysia and is a member of the Institute and Board of Engineers, Malaysia.

Tan Sri Dato' Hari has served on the Board of Lembaga Lebuhraya Malaysia (The Malaysian Highway Authority) and public listed companies that include Tenaga Nasional Berhad, SP Setia Berhad and Puncak Niaga Holdings Berhad.

Tan Sri Dato' Hari obtained a Bachelor Degree in Electrical & Electronic Engineering from the University of Northumbria, England in 1977.

CHRISTOPHER NGHIA DO
President and Chief Executive Officer

Christopher Nghia Do is the Group's founder, President and CEO and was appointed to the Board on 26 July 2011.

Christopher Nghia Do established the business in 1987 to commercialise his invention, the "ocean-powered" Marine Growth Control ("**MGC**") technology. With more than 30 years of experience in the oil and gas industry, he is responsible for the overall business performance, growth strategy and corporate planning of the Group.

Christopher Nghia Do spearheaded the management and transformation of the Group through its 30 years in the oil and gas industry into an integrated energy provider with upstream, midstream and downstream activities. During this era of low oil price norm, he is leading the transformation of the Group and building an Asset Integrity Management business, offering disruptive technologies that create value to customers, especially in the brownfield market segment globally.

Christopher Nghia Do is the founder and chairman of the Sunshine Scholarship Foundation in Vietnam, with a mission to help eradicate poverty through education by providing scholarships to students from challenging backgrounds until their tertiary graduation.

Christopher Nghia Do graduated from the University of New South Wales, Australia, in 1984 with a Bachelor Degree in Mechanical Engineering (First Class Honours).

DIRECTORS' PROFILE

NG WENG SUI, HARRY
Lead Independent Director

Harry Ng was appointed to the Board on 26 July 2011.

Harry Ng is the Lead Independent Director, the Chairman of the Audit Committee, the Risk Committee and a member of the Nominating Committee and the Remuneration Committee. Harry Ng is currently the Executive Director of HLM (International) Corporate Services Pte. Ltd., which provides corporate services and business consulting. He has more than 30 years of experience in accountancy, audit and finance.

He is also the independent director and chairman of the audit committee of a number of listed companies in SGX-ST.

Harry Ng is a Fellow member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Master of Business Administration (General Business Administration) from The University of Hull, UK.

KESAVAN NAIR
Independent Director

Kesavan Nair was appointed to the Board as an Independent Director on 29 September 2011.

Kesavan is the Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee and the Risk Committee.

Kesavan Nair is a practising Advocate & Solicitor with Bayfront Law LLC. He is also Independent Director of Kitchen Culture Holdings Ltd., Arion Entertainment Singapore Limited, HG Metal Manufacturing Ltd. and Artivision Technologies Limited. He is is a member of the Law Society of Singapore, the Singapore Academy of Law, the Honourable Society of The Middle Temple, the Singapore Institute of Arbitration, the Criminal Legal Aid Scheme and the Association of Criminal Lawyers in Singapore. He graduated from the University College Wales, Aberystwyth with a Bachelor of Laws (Honours) in 1988.

JOANNE ROSE BRUCE
Independent Director

Joanne Rose Bruce was formerly our Executive Director for Corporate Affairs and Compliance since 29 September 2011 responsible for the Group's corporate finance, compliance and legal matters, including corporate negotiations, overseeing the secretarial matters and assisted in establishment of branch offices and subsidiaries.

She held the executive position until 24 June 2015 and was re-designated as a Non-Independent Non-Executive Director on the same date. On 1 March 2019, Joanne Rose Bruce has been re-designated as our Independent Non-Executive Director.

Prior to joining the Group, Joanne Rose Bruce was the Dean of the New South Wales College of Natural Therapies. Joanne Rose Bruce graduated with a Diploma in Naturopathy and a Diploma of Botanic Medicine from the New South Wales College of Natural Therapies, Australia in 1985.

FURTHER INFORMATION ON BOARD OF DIRECTORS

TAN SRI DATO' HARI N. GOVINDASAMY Non-Independent Non-Executive Chairman

Date of first appointment as a Director
29 September 2011

Date of first appointment as a Chairman
29 September 2011

Date of last re-election as a Director
30 April 2018

Length of Service as a Director (as at 31 December 2018)
7 years 3 months

Board Committee(s) served on
Audit Committee (Member)
Risk Committee (Member)
Remuneration Committee (Member)
Nominating Committee (Member)

Present directorship/chairmanship in other listed companies
Nil

Present principal commitments (other than directorships in other listed companies)*
Emrail Sdn. Bhd. and its Group (Director & Deputy Chairman)

Past principle directorships chairmanship held over the preceding 3 years in other listed companies (from 1 January 2016 to 31 December 2018)
- Puncak Niaga Holdings Berhad Resigned on 19 December 2017 (Independent Non-Executive Director)

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders
Spouse to Vimala J. Govindasamy (Controlling Shareholder of the Company and has a total interest of 19.21% in the Company's issued and paid up shares)

CHRISTOPHER NGHIA DO President and CEO

Date of first appointment as a Director
26 July 2011

Date of last re-election as a Director
27 April 2016

Length of Service as a Director (as at 31 December 2018)
7 years 5 months

Board Committee(s) served on
Risk Committee (Member)

Present directorship/chairmanship in other listed companies
Nil

Present principal commitments (other than directorships in other listed companies)*
Chairman of Sunshine Scholarship Organisation

Past principle directorships chairmanship held over the preceding 3 years in other listed companies (from 1 January 2016 to 31 December 2018)
Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders
Christopher Nghia Do has a total interest of 13.37% in the Company's issued and paid up shares.

JOANNE ROSE BRUCE Independent Director

Date of first appointment as a Director
29 September 2011

Date of last re-election as a Director
28 April 2017

Length of Service as a Director (as at 31 December 2018)
7 years 3 months

Board Committee(s) served on
Risk Committee (Member)

Present directorship/chairmanship in other listed companies
Nil

Present principal commitments (other than directorships in other listed companies)*
- Biossentials Limited (Director & Shareholder)
- Biossentials Sdn. Bhd. (Director & Shareholder)
- PT Chantara Wellness Bali (Director)

Past principle directorships chairmanship held over the preceding 3 years in other listed companies (from 1 January 2016 to 31 December 2018)
Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders
None

FURTHER INFORMATION ON BOARD OF DIRECTORS

NG WENG SUI, HARRY Lead Independent Director

Date of first appointment as a Director
26 July 2011

Date of last re-election as a Director
30 April 2018

Length of Service as a Director (as at 31 December 2018)
7 years 5 months

Board Committee(s) served on
Audit Committee (Chairman)
Risk Committee (Chairman)
Remuneration Committee (Member)
Nominating Committee (Member)

Present directorship/chairmanship in other listed companies
- Artivision Technologies Ltd. (Non-Executive Chairman, Independent Director and Chairman of Audit Committee)
- Q&M Dental Group (Singapore) Limited (Independent Director and Chairman of Audit Committee)
- Oxley Holdings Limited (Lead Independent Director and Chairman of Audit Committee)
- HG Metal Manufacturing Limited (Independent Director and Chairman of Audit and Risk Committee)

Present principal commitments (other than directorships in other listed companies)*
HLM (International) Corporate Services Pte. Ltd. (Executive Director)

Past principle directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2016 to 31 December 2018)
Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders
None

KESAVAN NAIR Independent Director

Date of first appointment as a Director
29 September 2011

Date of last re-election as a Director
28 April 2017

Length of Service as a Director (as at 31 December 2018)
7 years 3 months

Board Committee(s) served on
Remuneration Committee (Chairman)
Nominating Committee (Chairman)
Audit Committee (Member)
Risk Committee (Member)

Present directorship/chairmanship in other listed companies
- Kitchen Culture Holdings Ltd. (Independent Director and Chairman of Nominating and Remuneration Committees)
- Arion Entertainment Singapore Limited (Independent Director and Chairman of Nominating Committee)
- HG Metal Manufacturing Limited (Independent Director and Chairman of Nominating and Remuneration Committees)
- Artivision Technologies Limited (Independent Director and Chairman of Nominating and Remuneration Committees)

Present principal commitments (other than directorships in other listed companies)*
Bayfront Law LLC
(Executive Director)
Genvest Pte. Ltd.
(Director & Shareholder)

Past principle directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2016 to 31 December 2018)
Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders
None

* *the term "**principal commitments**" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy works, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

KEY MANAGEMENT

EDWARD CHEN

Chief Financial Officer

JUZER NOMANBHOY

Managing Director - IEV Malaysia
Vice President – Business Development, Asset Integrity Management Solutions, IEV Group

Edward Chen joined the Group as Chief Financial Officer on 1 September 2014.

He is responsible for the formation and execution of the Group's financial strategies and planning, treasury and foreign exchange management, tax planning, risk management and internal controls. He is also responsible for the Group's financial reporting.

Prior to joining the Group, he served as the Head of Finance and Internal Audit with a Malaysian upstream oil and gas company in the Exploration and Production sector and the provision of FPSO/FSO solutions. Prior to that, he was the Vice President, Finance & Investment for a Singapore environmental engineering company offering niche environmental waste management technologies, engineering and management solutions. His career background includes the position of management consultant with a global accounting firm and director with a North American investment bank.

Edward Chen holds two degrees in Bachelor of Laws (LLB) and Bachelor of Commerce (BCom) in Finance from the University of New South Wales, Australia. He is a Fellow of CPA Australia (FCPA) and a Chartered Accountant of the Malaysian Institute of Accountants.

Juzer Nomanbhoy has been with the Group since 1992 and is responsible for the day-to-day operations of the Group's Malaysian operations. He also oversees the development and overall performance of the Group's business in the Middle East and Thailand.

In IEV, Juzer has been instrumental to the establishment of the Group's cutting and decommissioning capabilities. He has accumulated 18 years of cold cutting and decommissioning expertise by managing projects throughout South East Asia and Middle East. He has been involved in managing cutting projects using Abrasive Cutting, Diamond Wire Cutting and other types of Mechanical Cutting tools for both Pipelines and Offshore Platforms. The decommissioning projects include removal of 19 offshore jackets/platforms/FPSO and numerous pipeline cuts. Apart from cutting, his experience includes being the project manager for EPRD of two wellhead platforms and EPCIC of a refurbished wellhead platform including the pipeline installation for Petronas in Malaysian waters. He is also the Chairman for the Decommissioning Working Group under MOGSC (Malaysian Oil and Gas Services Council). Prior to joining the Group in 1992, he was attached to Dowell Schlumberger Asia Pte. Ltd.

Juzer graduated with a Bachelor Degree with Honours from the University of New South Wales, Australia in Mechanical Engineering in 1982.

KEY MANAGEMENT

NG SIEW HAN

Deputy Vice President
Finance

Ng Siew Han has been with the Group since 2015. She is responsible for all aspects of financial and treasury management activities of the Group. She is also responsible for the management of the accounting team to ensure efficiency in the day-to-day operations of the overall accounting activities of all companies.

Prior to joining the Group, she served as the Senior Manager of Finance with a Malaysian oil and gas company in the provision of FPSO/FSO solutions and Exploration and Production sector. Prior to that, she was the Accountant for public listed Malaysian companies offering financial services, property development, investment holding in leisure and hospitality.

Ng Siew Han is a Chartered Management Accountant from CIMA and a member of the Malaysia Institute of Accountant (MIA).

LOH KOON YAU

Deputy Vice President
Sales and Proposal Engineering

Loh Koon Yau has been with the Group since 2012. She is responsible for the management of sales activities and the proposal engineering team for the full suite of technologies offered under the AIMS sector.

Prior to her current appointment in the company, Loh Koon Yau was the Head of the Group's proprietary technology, the MGC business unit. Before joining the Group in 2012, she was attached to Tractors Petroleum Services Sdn. Bhd., under Sime Darby Group for a period of five (5) years, where she was responsible for sales and project management of rotating equipment and inline inspection services for oil and gas sector covering Southeast Asian countries. Prior to that, she was Regional Sales Representative for a China based valve manufacturer in Southeast Asia.

Loh Koon Yau graduated with a Bachelor Degree in Geography from the University Of Malaya, Malaysia in 2002.

FINANCIAL HIGHLIGHTS

INCOME STATEMENT	FY2018 RM'000	FY2017 (re-presented) RM'000
Revenue	2,961	6,616
Gross profit	1,660	4,928
Loss from continuing operations before interest, tax, depreciation and amortisation	(7,090)	(4,939)
Loss from discontinued operations	(8,246)	(72,576)
Loss attributable to owners of the parent	17,052	(79,859)
Loss per share (Malaysian sen)(1)		
From continuing and discontinued operations:		
- basic	(5.97)	(28.09)
- diluted	(5.97)	(28.09)

BALANCE SHEET	As at 31 Dec 2018 RM'000	As at 31 Dec 2017 RM'000
Property, plant and equipment	1,589	7,213
Associates	75	26
Other non-current assets	133	6,692
Current assets excluding cash and bank balances	21,317	33,812
Cash and bank balances	1,111	3,894
Total assets	24,225	51,637
Non-current liabilities	(90)	(2,225)
Current liabilities	(34,319)	(43,990)
Net Asset Value	(10,184)	5,422
Shareholders' equity	(10,176)	5,597
Non-controlling interests	(8)	(175)
	(10,184)	5,422
Net asset value per share (Malaysian sen)(2)	(3.6)	2.0

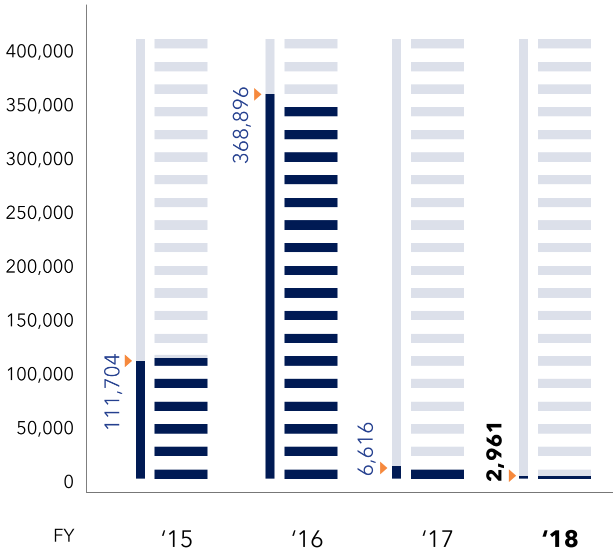
Notes:

(1) For FY2018 the loss per share (basic and on a fully diluted basis) have been computed based on the Group's loss attributable to owners of the parent and the weighted average number of ordinary shares in issue of 285,512,632. For comparative purposes, the loss per share (basic and on a fully diluted basis) for FY2017 have been computed based on the Group's loss attributable to owners of the parent and the weighted average number of ordinary shares in issue of 284,312,652 shares, subsequent to the issuance of 1,912,632 shares at SGD0.1074 per share in August 2017 as consideration for the acquisition of 9.73% interest in IEV Vietnam Joint Stock Company from minority shareholders.

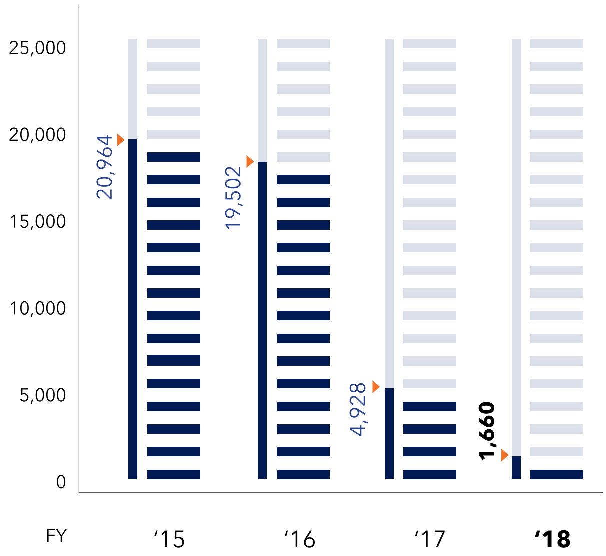
(2) Net asset values per share as at 31 December 2018 and 31 December 2017 have been calculated based on the aggregate number of ordinary shares of 285,512,632 as at the respective dates, excluding treasury shares.

FINANCIAL HIGHLIGHTS

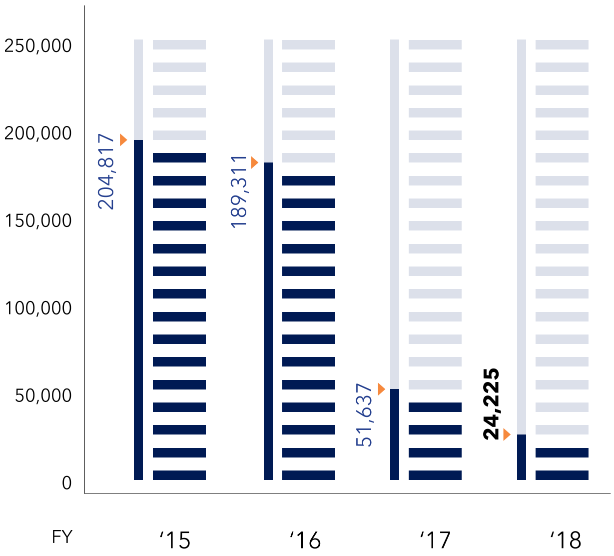
REVENUE (RM'000)



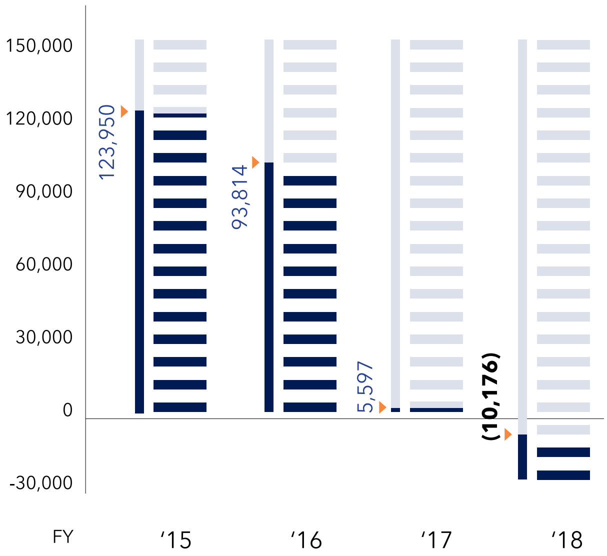
GROSS PROFIT (RM'000)



TOTAL ASSETS (RM'000)



EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

In FY2018, the Group has taken concrete steps and completed the discontinuation and divestment of all loss making businesses which were adversely affected by, amongst others, the low oil price environment including the Exploration and Production, rice husk based Renewable Energy and Mobile Natural Gas sectors.

The Group continues to implement its turnaround plan based on disruptive technologies from the Asset Integrity Management Sector ("**AIMS**"), targeting brownfield facilities as well as industries beyond oil and gas. Although the commercialisation of new technologies is time consuming as new products progress through the Technology Adoption Life Cycle, the Group is confident that it is on the right track to achieve its target to achieve this vision, based on its experience and proven track record in commercialising innovative engineering solutions.

During this transformation period, cash flow remains a challenge to the Group and a number of corporate actions from cost reduction to lean management practices have been undertaken. The Group is also pursuing the necessary steps to strengthen the cash flow, from external funding to vendor financing programs, to ensure its sustainability.

ORDER BOOK

IEV's order book was RM 6.5 million as at 15 March 2019.

The order book numbers are not fixed as the Group enters into a number of umbrella contracts with budgeted quantities indicated and their values in FY2019 are dependent on actual purchase orders issued by customers.

LOOKING FORWARD – 2019 AND BEYOND

Oil prices are forecasted to be above USD 60 per barrel in FY2019 and FY2020 but this is still significantly below the average price of USD 71 per barrel in FY2018[1]. The massive amount of output from the US shale oil is creating a crude glut and driving down U.S. crude prices to a level that international markets are struggling to compete with[2]. This is also forcing OPEC and its non-OPEC allies to renew their agreement to cut oil production output.

MESSAGE TO SHAREHOLDERS

The Group has decided to target the asset integrity management business in the global brownfield market of offshore production facilities, refineries, petrochemical plants, chemical plants, fertiliser plants and power plants.

ASSET INTEGRITY MANAGEMENT ("AIM")

The Group is intensifying the commercialisation of disruptive technologies in AIMS across the Asia Pacific region, through its subsidiaries in Malaysia, Vietnam, Indonesia and India. The technologies consist of both proprietary and carefully selected engineering solutions from global technology partners, all targeting at challenging conventional practices to reduce operating cost and improve efficiency and safety. For its proprietary "ocean-powered" marine growth control technology, the Group is focusing on offshore facilities and jetties for optimization of marine growth management, enhancement of structural integrity and life extension. A number of advanced inspection and corrosion control solutions were also launched for both offshore and onshore assets, and recent AIM contracts in Malaysia and Nigeria have demonstrated that demand for AIM solutions will grow in the coming years.

DECOMMISSIONING SOLUTIONS

Following the completion of the last decommissioning solutions project being the PFSO decomissioning turnkey contract that was completed in 2014, the Group is currently pursuing new decommissioning opportunities and will participate in future decommissioning tenders in Malaysia. Innovation and strong strategic alliances will be key to reducing decommissioning costs. Meanwhile, the Group continues to explore opportunities for platform reuse and decommissioning studies, where it has a proven track record especially in cold cutting solutions for removal of offshore jackets, pipelines and conductors. Looking ahead, the Group is cautiously optimistic of its performance in FY2019 and barring any unforeseen circumstances, we look forward to the successful implementation of its turnaround plan through commercialisation of disruptive technologies.

We would like to take this opportunity to convey our sincere appreciation to all our employees, Directors, Sponsor, existing and new strategic alliance partners, suppliers, customers and Shareholders for your understanding and continuous support throughout this challenging period. We are also grateful for the continued partnership and confidence in the Group and we look forward to sharing the turnaround performance of our Group with all of you in FY2019 and beyond.

Tan Sri Dato' Hari N. Govindasamy
Chairman and Non-Executive Director

Christopher Nghia Do
President and CEO

Pursuant to Rule 708 of the SGX-ST Listing Manual Section B: Rules of Catalist, the Message to Shareholders represents the collective view of the Board of Directors of IEV Holdings Limited

[1] *https://www.eia.gov/outlooks/steo/report/prices.php*
[2] *https://oilprice.com/Energy/Crude-Oil/How-Sanctions-Are-Helping The-US-Become-A-Net-Oil-Exporter.html*

OPERATIONS AND FINANCIAL REVIEW

REVENUE AND SALES ANALYSIS FROM CONTINUING OPERATIONS

For FY2018, the Group's revenue from continuing operations decreased by RM3.7 million or 55.3% due to the AIMS continuing to experience reduced business activities from the prolonged downturn in the upstream oil and gas industry. The Group continued its strategy to market its disruptive technologies beyond the oil and gas industry to other industries including power, petrochemical, chemical and fertilisers.

REVENUE BY GEOGRAPHICAL LOCATIONS OF OUR CUSTOMERS

The Group sells to customers in the following geographical locations:-

From continuing operations	FY2018 RM'000	FY2018 %	FY2017 RM'000	FY2017 %
Malaysia	1,227	41.4	1,241	18.7
Vietnam	625	21.1	196	3.0
India	587	19.8	1,606	24.3
Ghana	273	9.2	-	-
Indonesia	209	7.1	1,029	15.5
Thailand	40	1.4	700	10.6
Denmark	-	-	1,386	20.9
Brunei	-	-	388	5.9
Others	-	-	74	1.1
Total from continuing operations	2,961	100.0	6,620	100.0
From discontinued operations				
- Indonesia	18,438		32,477	
- Vietnam	-		399	
Total from continuing & discontinued operations	21,399		39,496	

OPERATING MARGIN FROM CONTINUING OPERATIONS ACROSS SEGMENTS

For FY2018, the Group gross profit from continuing operations declined by 66.3% to RM1.7 million from RM4.9 million in FY2017. In line with the decline in revenue, the reduced gross profit was due to AIMS continuing to experience reduced business activities from the prolonged downturn in the upstream oil and gas industry.

OTHER OPERATING INCOME FROM CONTINUING OPERATIONS

Other operating income for FY2018 increased by RM0.2 million to RM3.1 million from RM2.9 million for FY2017. Other operating income for FY2018 was mainly contributed by (i) reversal of accrued commission of RM2.5 million that was no longer required; (ii) rental income of RM0.3 million; (iii) RM0.1 million write back on impairment of property plant

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and equipment; and (iv) RM0.1 million gain on settlement of post-employment benefit. In comparison other operating income for FY2017 was mainly contributed by (i) a reversal of vendor payables and accruals of RM1.2 million due to renegotiation of contract terms and close-out of projects with over-accruals; (ii) foreign exchange gain of RM0.8 million; (iii) write-back of RM0.7 million of impairment of doubtful receivables; and (iv) rental income of RM0.2 million.

ADMINISTRATIVE EXPENSES FROM CONTINUING OPERATIONS

Administrative expenses for FY2018 decreased by 13.2% to RM10.5 million from RM12.1 million in FY2017. The lower administrative expenses were mainly due to cost reduction initiatives undertaken by the Group including: (i) reducing manpower headcount and salary cuts; and (ii) disposal of non-essential fixed assets to reduce depreciation expenses; which were partially offset by a foreign exchange loss of RM0.5 million during FY2018. The reduction in depreciation expenses of 51.5% to RM0.9 million in FY2018 was mainly due to the disposal of a corporate office at Level 22 of PJX-HM Shah Tower in Petaling Jaya, Selangor, Malaysia. Amortisation of intangible assets decreased by 34.4% to RM137 thousand in FY2018 mainly due to the full impairment of a license for corrosion control technology no longer in use.

SELLING AND DISTRIBUTION COSTS FROM CONTINUING OPERATIONS

Selling and distribution costs represents commissions payable to agents for AIMS sales made for the Group. Selling and distribution costs for FY2018 and FY2017 were about the same level at RM0.2 million.

OTHER OPERATING EXPENSES FROM CONTINUING OPERATIONS

Other operating expenses for FY2018 of RM2.3 million was a 13.2% increase from RM2.0 million in FY2017. The increase was mainly due to (i) increase in allowance for inventories of RM0.7 million as a provision for slow moving stock; (ii) write-off of receivables from an associate of RM0.5 million in relation to past projects that are deemed uncollectible; (iii) RM0.2 million for inventories written-off; and (iv) write-off of property plant and equipment of RM0.2 million. The increase was offset by (i) a decrease in impairment of intangible assets of approximately RM0.5 million which was previously provided for a licensed technology no longer in use; (ii) decrease in impairment for property plant and equipment of RM0.6 million; and (iii) a decrease in provision for doubtful receivables of RM0.4 million.

LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

For reasons set out above, the Group reported a 13.4% increase in loss before taxation to RM8.6 million for FY2018 from a loss before taxation of RM7.6 million for FY2017.

RESULTS FROM DISCONTINUED OPERATIONS

Due to lower world energy prices and a challenging mobile natural gas business landscape in Indonesia following changes to the Indonesian Oil & Gas regulations, the Group's MNGS has been reporting losses since the financial year ended 31 December 2015. The Group had, on 14 November 2018, received shareholders' approval in an extraordinary general meeting for the disposal of 630,910 ordinary shares, representing 95% of the total issued and paid-up share capital of PT. IEV Gas to PT. Digas Energi Semesta for a total consideration of Indonesia Rupiah 960 million. With the disposal of this loss-making subsidiary in the fourth quarter of 2018, PT. IEV Gas ceased to be a subsidiary of the Group and the Group has exited from the mobile natural gas business.

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MNGS revenue for FY2018 was RM18.4 million compared RM32.5 million in view of the disposal of the MNGS business in November 2018 and the expiry of gas sales agreements during FY2018. MNGS generated a gross profit of RM0.6 million for FY2018 compared to a gross loss of RM0.2 million for FY2017 due to significant impairment provisions for MNGS property plant and equipment during FY2017 thereby reducing cost of sales and cost cutting measures undertaken during FY2018. For FY2018, MNGS recorded a loss of RM7.5 million, which included a RM5.4 million loss on disposal of PT IEV Gas.

As stated previously, the Group has decided to exit from the rice-husk biomass business in Vietnam and the Renewable Energy Sector ("**RES**"). The Vietnam biomass plant ("**MK-1 Plant**") is leased to a third party for a two-year period with an option to purchase at the end of the lease period. With the entering into a lease arrangement, the related building and equipment previously listed in property plant and equipment and long-term land use rights have been reclassified as finance lease receivable. On 1 June 2018 the Group entered into a Sales and Purchase Agreement with BSB Investment and Development Co. Ltd. ("**BSB**") to effect the purchase. The title transfer of the MK-1 Plant and its related assets to BSB was completed in February 2019.

No revenue was generated during FY2018 from RES. The revenue generated for FY2017 of RM0.4 million was from the sale of briquettes which was produced in the previous financial year of FY2016. The price of rice husk, the material required to produce briquettes, has remained high during the harvest seasons in FY2017, making it uneconomical to produce briquettes. For FY2018, RES recorded a loss before tax of RM0.4 million compared to a loss before tax of RM1.8 million for FY2017.

With respect to the Exploration and Production Sector ("**EPS**"), the Group had on 8 January 2018 received a letter from PT Pertamina EP ("**PEP**") terminating the Operations Cooperation Agreement ("**Agreement**") in the Pabuaran Operation Area effective 2 January 2018 and has made a claim on the disbursement of a bank guarantee amounting to US$2.34 million. The said letter was served on the basis of PT IEV Pabuaran KSO, a subsidiary of the Group not fulfilling certain conditions and obligations of the Agreement including to spend on a US$18.6 million work program by 11 December 2017. The Group has completed the process of handing over to PEP the Pabuaran Operation Area and its associated materials and documents. With the termination of the Agreement, the Group has exited from EPS. To date, EPS has not generated any revenue.

In aggregate MNGS, RES and EPS recorded a loss of RM8.2 million for FY2018, compared to a loss of RM72.6 million for FY2017. The termination of the KSO necessitated the impairment of KSO assets and liability provisioning totalling RM57.3 million at the end of FY2017.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Current Assets

Trade receivables decreased by RM3.6 million to RM14.2 million as at 31 December 2018 from RM17.8 million as at 31 December 2017, due mainly to (i) the removal of RM2.9 million of trade receivables related to a subsidiary, PT. IEV Gas, that had been disposed of during FY2018 and (ii) the settlement of AIMS project invoices. The current portion of other receivables and prepayments increased by RM1.0 million to RM4.6 million as at 31 December 2018 from RM3.6 million as at 31 December 2017 mainly due to a receivable of RM2.4 million from the purchaser of the MK-1 Biomass Plant and was mainly offset by the removal of PT. IEV Gas' other receivables and prepayments upon the disposal of PT IEV Gas. The current portion of finance lease receivable was nil as at 31 December 2018 from RM65 thousand as at 31 December 2017 as a result of the transfer of the MK-1 Biomass Plant. The balance of the settlement sum amounting to RM2.4 million in relation to the transfer of the MK-1 Biomass Plant has been reclassified from finance lease receivables to other receivables and prepayments.

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Inventories decreased by RM1.6 million to RM1.5 million as at 31 December 2018 from RM3.1 million as at 31 December 2017, due mainly to (i) RM1.0 million allowance for slow-moving inventories; (ii) RM0.2 million write-off of inventories values; and (iii) RM0.4 million of inventory removed upon the disposal of a subsidiary, PT IEV Gas. Contract Cost as at 31 December 2018 of RM1.0 million is in relation to work done on an AIMS Advanced Inspection Solutions project that will be charged to cost of sale when the project is completed.

Non-Current Assets

Net book value of property, plant and equipment ("**PPE**") decreased by RM5.6 million to RM1.6 million as at 31 December 2018 from RM7.2 million as at 31 December 2017. The decrease was mainly due to (i) removal of RM3.9 million of PPE upon the disposal of a subsidiary, PT IEV Gas; (ii) RM1.6 million of depreciation charges; (iii) RM0.4 million for disposal of PPE, mainly briquetting and ancillary equipment from the discontinued MK-1 Biomass Plant; (iv) RM0.4 million of currency fluctuations; and (v) RM0.1 million write-off of PPE; which were partially offset by the acquisition of PPE of RM0.9 million.

Net book value of intangible assets decreased to RM0.1 million as at 31 December 2018 from RM0.3 million as at 31 December 2017 due mainly to: (i) amortisation of intangible assets of approximately RM140 thousand and (ii) RM55 thousand write-off of technology licencing fee that was no longer in use. Other long-term receivables and prepayments were reduced to RM33 thousand as at 31 December 2018 from RM0.8 million as at 31 December 2017 due to the disposal of a subsidiary, PT IEV Gas.

Non-current finance lease receivable totalling RM5.1 million as at 31 December 2017 was in relation to the MK-1 Biomass Plant. The Group had, in February 2019, completed the title transfer of MK-1 Biomass Plant to the purchaser, BSB, and has received progress payments for the said transfer. The balance of the settlement sum for the MK-1 Biomass Plant amounting to RM2.4 million was recorded in other receivables and prepayment.

Deferred tax assets as at 31 December 2018 has reduced to RM13 thousand from RM0.5 million as at 31 December 2017 mainly due to the disposal of a subsidiary, PT IEV Gas and the disposal of other fixed assets.

Capital and Reserves

Currency translation reserves increased to RM1.5 million as at 31 December 2018 from RM0.4 million as at 31 December 2017 mainly due to the weakening of the Malaysian Ringgit against the US Dollar during FY2018.

Accumulated losses had increased to RM109.6 million as at 31 December 2018 from RM92.7 million as at 31 December 2017 due to the Group's loss from continuing operations of RM8.8 million and loss from discontinued operations of RM8.2 million for FY2018.

Liabilities

Bank borrowings (current and non-current portions) decreased to RM3.0 million as at 31 December 2018 from RM9.6 million as at 31 December 2017 due mainly to settlement of a bank loan related to the disposal of a commercial office space. Trade payables decreased by RM6.1 million to RM13.4 million as at 31 December 2018 from RM19.5 million as at 31 December 2017, mainly due to (i) settlement of AIMS project invoices of RM1.6 million; and (ii) the removal of RM4.6 million of trade payables related to a subsidiary, PT. IEV Gas, that had been disposed of during FY2018.

Other payables increased by RM0.5 million to RM15.2 million as at 31 December 2018 from RM14.7 million as at 31 December 2017, mainly due to: (i) RM0.2 million increase in value-added tax payable of a discontinued subsidiary; and (ii) RM0.3 million severance payment commitment to employees as part of group cost reduction initiatives. Contract

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liabilities of RM2.7 million as at 31 December 2018 is related to an on-going AIMS Advanced Inspection Solutions project in which progress billings have been made and revenue will be recognised when the project is completed.

The Group has a negative working capital of RM11.9 million as at 31 December 2018 as compared to a negative working capital of RM6.3 million as at 31 December 2017, mainly due to (i) administrative expenses of RM3.6 million; (ii) inventory impairment and write-offs of RM1.2 million and (iii) removal of net current assets of RM0.8 million upon the disposal of a subsidiary, PT. IEV Gas. In addition, the Group has a net liability of RM10.2 million as at 31 December 2018 mainly due to loss from continuing and discontinued operations totalling RM17.1 million during FY2018. Barring any unforeseen circumstances, the Group should be able to meet its working capital commitments for the next 12 months in view of the Group's estimated revenue from incoming contracts for FY2019 and potential corporate fund raising exercises.

CASH FLOW

For FY2018, the Group's operating activities used a net cash of RM6.4 million. This was mainly due to: (i) operating loss before working capital changes of RM9.2 million; (ii) increase in contract costs of RM1.0 million; (iii) increase in long term other receivables and prepayments of RM0.5 million; (iv) payment of post-employment benefits of RM0.3 million; (v) interest payments of RM0.5 million; and (vi) increase in amount due from an associate of RM0.3 million; which were partially offset by (i) increase in contract liabilities of RM2.7 million; (ii) increase in operating payables of RM1.6 million; and (iii) increase in trade and other receivables of RM1.2 million. Net cash generated from investing activities of RM10.5 million during FY2018 was mainly from: (i) proceeds from the sale a corporate office and sale of property, plant and equipment totalling RM9.2 million; (ii) proceeds from the disposal of finance lease assets of RM2.6 million; which were partially offset by (i) the net acquisition of property plant and equipment of RM0.8 million and (ii) the net cash outflow of RM0.5 million from the disposal of a subsidiary, PT IEV Gas, as explained above. Net cash used in financing activities of RM6.7 million during FY2018 was mainly for: (i) repayment of a bank loan of RM6.6 million linked to the disposal of a corporate office; and (ii) repayment of financial lease of RM0.1 million.

As a result of the above, the cash and bank balance, less restricted cash was RM1.0 million as at 31 December 2018, as compared to RM3.8 million as at 31 December 2017.

Developments subsequent to the release of the Company's full year unaudited financial statements for FY2018 on 1 March 2019, which would materially affect the Group's operating and financial performance
Nil

REPORT ON CORPORATE GOVERNANCE

The board of directors (the "**Board**" or "**Directors**") of IEV Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board confirms that, for the financial year ended 31 December 2018 ("**FY2018**"), the Company has generally adhered to the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (the "**2012 CG Code**"). Where there are deviations from the recommendations of the 2012 CG Code, appropriate explanations are provided in this Report. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Monetary Authority of Singapore had on 6 August 2018 issued the revised Code of Corporate Governance 2018 (the "**2018 CG Code**") which supersedes the 2012 CG Code and will take effect for annual reports covering financial years commencing 1 January 2019. The Board will review and set out the appropriate corporate practices in place to comply with the 2018 CG Code in the next annual report covering the financial ending 31 December 2019.

BOARD MATTERS

Principle 1 – The Board's conduct of affairs

The Board is entrusted with the responsibility for the overall management of the Group with the primary function of protecting the interests of shareholders and to enhance long-term shareholders' value. Besides carrying out its statutory duties and responsibilities, the Board reviews and advises on overall strategic plans and key operational initiatives, reviews the performance of the management of the Company (the "**Management**") and assumes responsibility for overall corporate governance of the Group to ensure that the Group's strategies are in the interests of the Group and its shareholders.

The principal functions of the Board are:

a) reviewing the financial results of the Group, internal controls, external audit reports and resource allocation;
b) supervising and setting strategic directions of the Group;
c) reviewing the business practices and risk management of the Group;
d) approving the annual budgets and major funding proposals;
e) approving and monitoring major investments, divestments, mergers and acquisitions;
f) convening of shareholders' meetings;
g) appointing of Directors and key executives;
h) assuming responsibility for corporate governance; and
i) considering sustainability issues as part of the strategic formulation.

The Company has in place a limitation and authorisation policy. The policy contains materiality threshold(s) and a schedule of matters specifically reserved for the Board's approval. Below the Board's level, there are appropriate delegations of authority at the Executive Committee (which comprises the Group's key Management set out in pages 10 and 11 of this annual report) or the Management's level to facilitate operational efficiency.

The following matters have been reserved for the Board's decision:
a) the Group's long-term objectives and commercial strategy;
b) merger and amalgamation initiatives;
c) ventures into new businesses and markets;
d) acquisitions or divestments of any investment or asset by the Company or any of its subsidiaries;
e) changes in capital structure;

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f) recommendation or declaration of dividends;
g) remuneration packages for Executive Director and key Management and reviewing of their performance; and
h) any matter required to be considered or approved by the Board as a matter of law or regulation.

To facilitate effective management and to support the Board in carrying out its duties, certain functions of the Board have been delegated to the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively referred to as the "**Board Committees**"). The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis to ensure continued relevance. The effectiveness of each Board Committee is also regularly reviewed by the Board. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. The principal responsibilities of the Executive Committee are as follows:

a) review and recommend to the Board, proposed investments and acquisitions of the Group which are considered strategic for the long-term prospects of the Group;
b) recommend to the Board, the Group's annual operating and capital budgets; and
c) carry out such other functions as may be delegated to it by the Board.

The names of the members and principal responsibilities of the respective Board Committees are set out in this Report.

Board attendance

The Board has scheduled to meet at least four (4) times a year and to coincide such meetings with the review and approval of the Group's results announcements. Dates of Board, Board Committee meetings and annual general meetings are scheduled in advance in consultation with all of the Directors. The Board also meets as and when necessary to address any specific significant matters that may arise. To ensure meetings are held regularly with maximum Directors' participation, the Company's Constitution allows for telephone and video-conferencing meetings. The Board and Board Committees also approve transactions by way of written resolutions, which are circulated to the Board and Committee members together with all relevant information regarding the proposed resolutions/transactions.

The number of meetings of the Board and the respective Board Committees held and the attendance of each Director at these meetings in FY2018 are as follows:

Name	Board	Audit committee	Nominating committee	Remuneration committee
Number of meetings held	5	4	2	2
Directors	**Number of meetings attended**			
Tan Sri Dato' Hari N. Govindasamy	5	4	2	2
Christopher Nghia Do	5	NA	NA	NA
Joanne Rose Bruce	5	NA	NA	NA
Ng Weng Sui, Harry	5	4	2	2
Kesavan Nair	5	4	2	2

NA: Not Applicable

Training for Directors

During FY2018, site visits to the Group's office in Malaysia was held for the Directors, during which they received updates and information in relation to the Group's businesses, the Catalist Rules, industry developments, business initiatives and accounting standards. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts on a timely basis. Where necessary, the Company arranges for presentations by external professionals, consultants and advisers on topics that would have an impact on the relevant regulations, accounting standards and the implications on responsibilities of the Directors. The Directors are informed and encouraged to attend relevant seminars and courses conducted by the Singapore Institute of Directors ("**SID**") and the SGX-ST, which would be funded by the Company.

The AC and the Board had in the quarterly meeting held during FY2018 received briefings and updates on (i) developments in accounting and governance standards, in particular, the adoption of the Singapore Financial Reporting Standards (International) by the external auditors, Deloitte & Touche LLP; (ii) updates and amendments to the Catalist Rules; (iii) revisions on the Code of Corporate Governance; and (iv) strategic and business development of the Group from the Chief Executive Officer. The AC and Directors can also request for further explanations, briefings or information on any aspects of the Company's operations and business issues from the Management.

Newly appointed Directors would receive a formal letter from the Company, setting out the Director's duties and obligations as a Director of the Company. Notwithstanding that there is no new director appointed for FY2018, the NC will going forward and in accordance with the revised Catalist Rules, ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. The Company will arrange orientation programs (including onsite visits, if necessary) to enable the new Directors to familiarise themselves with the Group's business and governance practices. The Company would also arrange and fund such training and professional development programs for new Directors. In addition, the Director is also given access to the Board resources, including the Company's constitutional and governing documents, board and each Board committee's terms of reference, the Group's policy, annual reports, Board meeting papers and other pertinent information for his/her reference.

Principle 2 - Board composition and guidance

The Board currently comprises the following members:

- Tan Sri Dato' Hari N. Govindasamy (Non-Independent, Non-Executive Chairman)
- Christopher Nghia Do (President and CEO)
- Ng Weng Sui, Harry (Lead Independent Director)
- Kesavan Nair (Independent Director)
- Joanne Rose Bruce (Independent Director)

Mr Ng Weng Sui, Harry is the Lead Independent Director and is also the Chairman of the AC and a member of the NC and the RC. With the re-designation of Ms Joanne Rose Bruce as Independent Director with effect from 1 March 2019, the Board comprises three (3) independent directors. There is therefore a good balance between the Executive and Non-Executive Directors as well as a strong and independent element on the Board with independent directors making up at least half of the Board.

The NC is satisfied that the Company complies with Guideline 2.2 of the 2012 CG Code which provides that the independent directors should make up at least half of the Board as the Chairman of the Board is not an independent director.

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Mr Ng Weng Sui, Harry, Mr Kesavan Nair and Ms Joanne Rose Bruce have confirmed that they do not have any relationships (including immediate family relationships) with any existing Director, existing executive officer, the Company, its related corporations and/or substantial shareholders of the Company or any of its principal subsidiaries that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment with a view to the best interests of the Company. In addition, none of them is or has been employed by the Company or any of its related corporations for the current or any past three financial years or has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC of the Company.

The independence of each Director is reviewed annually by the NC. Based on the confirmation of independence received from each of the Independent Directors, the NC has reviewed and was of the view that they are independent. Taking into account the views of the NC, the Board determined that the said Directors are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the said Directors' judgement. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship that would otherwise deem him/her not to be independent.

None of the Independent Directors have served on the Board beyond nine (9) years from the date of his appointment as at the end of FY2018.

The NC and the Board have reviewed the size of the present Board and is satisfied that the current Board facilitates effective decision-making and that no individual or small group of individuals dominates the Board's decision- making process. The NC and the Board are of the view that the present Board has the necessary mix of gender, expertise, experience and competencies such as accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board and is appropriate for the current scope and nature of the operations of the Group. The biographies of the Directors are set out in this Annual Report.

The Board and the Management are given opportunities to engage in open and constructive debate for the furtherance of achieving strategic objectives. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Well equipped with their expertise, experience and knowledge, the Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committee levels, and had open discussions with the Management. Where necessary, the Non-Executive Directors meet and discuss the Group's affairs without the presence of the Management.

Principle 3 - Chairman and Chief Executive Officer

Tan Sri Dato' Hari N. Govindasamy is the Non-Independent Non-Executive Chairman of the Company ("**Chairman**") and Mr Christopher Nghia Do is the Chief Executive Officer of the Company ("**CEO**").

The Chairman is responsible for (i) leading the Board to ensure its effectiveness in all aspects of its role; (ii) establishing the agenda for the board meetings in consultation with the CEO and ensuring adequate time is available for discussion of all agenda items, in particular strategic issues; (iii) ensuring that the Board receives complete, adequate and timely information; (iv) encouraging constructive relations among the Directors and their interactions with the Management; and (v) facilitating the effective contribution of the Non-Executive Directors. He takes a lead role in promoting high standards of corporate governance, with the full support of the Directors, the Company Secretary and the Management.

As the Chairman of the Board, Tan Sri Dato' Hari N. Govindasamy, is non-independent, the Company has appointed Mr Ng Weng Sui, Harry as its Lead Independent Director, in accordance with Guideline 3.3 of the 2012 CG Code. Mr Ng Weng Sui, Harry is available to shareholders where they have concerns which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer has failed to resolve or is inappropriate.

At annual general meetings of the Company, the Chairman plays a pivotal role in fostering constructive dialogue between the shareholders, the Board and the Management.

The CEO is responsible for the Group's day-to-day operations and leads the Management in setting strategies, objectives and missions, as well as executing the Board's decisions and plans and driving the Group's growth and development.

The separation of the roles of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO.

The Independent Directors of the Company discuss issues via meetings, telephone and electronic devices without the presence of the other Directors, where required. The Lead Independent Director will provide feedback to the Chairman if it is deemed necessary.

Principle 4 - Board membership

The Board has established an NC which comprises three (3) members who are Non-Executive Directors, and a majority of whom, including the NC Chairman, are independent. The members of the NC are as follows:

• Kesavan Nair (Chairman)	Independent Director
• Ng Weng Sui, Harry (Member)	Lead Independent Director
• Tan Sri Dato' Hari N. Govindasamy (Member)	Non-Independent Non-Executive Chairman

The NC meets at least once a year. The principal functions of the NC include, but are not limited to, the following:

a) identifying, reviewing and recommending candidates to the Board for appointments to the Board (including alternate director, if applicable) and Board Committees (excluding the appointment of existing members of the Board to a Board committee) of the Company and entities within the Company and its subsidiaries;
b) reviewing and recommending re-nomination of the Directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance (including alternate directors, if applicable);
c) establishing a process for the selection, appointment and re-appointment of Directors;
d) determining on an annual basis whether or not a Director is independent;
e) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
f) reviewing and approving any new employment of related persons and proposed terms of their employment;
g) reviewing and recommending the training and professional development programmes for the Board;
h) recommending to the Board the review of board succession plans for Directors, in particular, the Chairman and the CEO; and
i) recommending the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group.

The NC reviews and determines annually whether Directors, who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his actual conduct on the Board, in making this determination.

All Directors declare their board memberships as and when practicable. For FY2018, the NC was satisfied that, where a Director had other listed company board representations and/or other principal commitments, the Director had devoted sufficient time and attention to the affairs of the Company and had adequately discharge his duties as a Director of the Company. The NC takes into account the Directors' actual conduct on the Board, in making this determination.

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As time requirements of each Director are subjective, the NC has decided not to fix a maximum limit on the number of directorship a Director can hold. The NC considers that the multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties to the Company. The NC is also of the view that its assessment of a Director's ability to devote sufficient time to the discharge of his or her duties should not entail a restriction on the number of other board commitments or their other principal commitments.

The NC recommends re-elections of Directors for approval by the Board, taking into account the directors' overall contributions and performance and an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities. At each annual general meeting of the Company ("**AGM**"), at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) are required to retire from office by rotation. All Directors are required to retire from office at least once in every three years and submit themselves for re-election by the shareholders at the AGM.

Pursuant to Rule 720(5) of the Catalist Rules, the additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election, is disclosed below and to be read in conjunction with their respective biographies under the sections entitled "Directors' Profiles" and "Further Information on Board of Directors" of this Annual Report:

	CHRISTOPHER NGHIA DO	JOANNE ROSE BRUCE
Age	59	67
Country of Principal Residence	Malaysia	Australia
The Board's comments on the re-appointment	The re-election of Mr Christopher Nghia Do as President and Chief Executive Officer of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his overall contribution and performance since he was appointed as a Director of the Company.	The re-election of Ms Joanne Rose Bruce as Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her independence, overall contribution and performance.
Whether appointment is executive, and if so, the area of responsibility	Executive. He in charge of the Group's day-to-day operations, overseeing the Group's strategic directions, corporate business expansion, and is responsible for business development and performance, growth charting and corporate planning of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	President and Chief Executive Officer Member of Risk Committee	Independent Director Member of Risk Committee
Professional Qualifications	Bachelor Degree in Mechanical Engineering (First Class Honours) from University of New South Wales, Australia	Diploma in Naturopathy and Diploma of Botanic Medicine from New South Wales College of Natural Therapies, Australia

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	CHRISTOPHER NGHIA DO	JOANNE ROSE BRUCE
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None, except that he is a substantial shareholder of the Company with a total interest of 13.37%	None
Conflict of interests (including any competing business)	No	No
Working experience and occupation(s) during the past 10 years	Mr Christopher Nghia Do is founder, President and Chief Executive Officer of our Group since 1987 and was appointed to the Board on 26 July 2011.	Ms Joanne Rose Bruce had been the Executive Director of Corporate Affairs and Compliance for IEV Group (Malaysia) since 1988. In June 2015, she relinquished her position as the Company's Executive Director. Presently, she is a director of Biossentials Sdn. Bhd. since 1998, Biossentials Limited since 2003, and PT Chantara Wellness Bali since 2016.
Undertaking has been submitted to the listed issuer in the form of Appendix 7H under Rule 720(1) of the Catalist Rules	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Yes	Yes
Shareholding Details	<u>IEV Holdings Limited</u> Direct Interest: 36,428,158 ordinary shares Deemed Interest: 1,736,000 ordinary shares Total interest held is 13.37% in IEV Holdings Limited. <u>Subsidiaries of IEV Holdings Limited</u> Nil	<u>IEV Holdings Limited</u> 1,725,000 ordinary shares (representing 0.6% shareholding interest) <u>Subsidiaries of IEV Holdings Limited</u> Nil

REPORT ON CORPORATE GOVERNANCE

	CHRISTOPHER NGHIA DO	JOANNE ROSE BRUCE
Other Principal Commitments, including Directorships		
Past (for the last 5 years)	Directorships Majestic Megamax Sdn. Bhd. CNG Vietnam Joint Stock Company Gas Malaysia IEV Sdn. Bhd. PT IEV Gas IEV Oil and Gas Technologies Co. Ltd IEV Biomass Corporation Limited Other Principal Commitment PT Elang Sakti	Directorships IEV Group Sdn. Bhd. IEV Energy Sdn. Bhd. IEV Engineering Sdn. Bhd. IEV Manufacturing Sdn. Bhd. PT IEV Gas IEV Energy Investment Pte. Limited IEV International Limited Other Principal Commitment Nil
Present	Directorships IEV (Malaysia) Sdn. Bhd. IEV Energy Sdn. Bhd. IEV Engineering Sdn. Bhd IEV Group Sdn. Bhd. IEV Manufacturing Sdn. Bhd. IEV International Limited IEV Energy Investment Pte. Limited IEV Technologies Pte. Ltd PT IEV Indonesia PT. IEV Pabuaran KSO IEV Vietnam Limited Liability Company (f.k.a. IEV Vietnam Stock Company) IEV Engineering (India) Private Limited IEV Technologies Vietnam LLC Other Principal Commitment Chairman of Sunshine Scholarship Foundation, Vietnam	Directorships Biossentials Limited Biossentials Sdn. Bhd. PT Chantara Wellness Bali Other Principal Commitment Nil
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

REPORT ON CORPORATE GOVERNANCE

	CHRISTOPHER NGHIA DO	JOANNE ROSE BRUCE
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

REPORT ON CORPORATE GOVERNANCE

	CHRISTOPHER NGHIA DO	JOANNE ROSE BRUCE
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

REPORT ON CORPORATE GOVERNANCE

	CHRISTOPHER NGHIA DO	JOANNE ROSE BRUCE
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	IEV Oil and Gas Technologies Co. Ltd ("**IEV Oil and Gas**") did not submit its tax declaration documents within the stipulated timeline of 30 to 40 working days and was fined a penalty of VND2,000,000. IEV Oil and Gas had, on 26 November 2010, paid the penalty amount to the Vietnam State's Treasury and the matter is closed. PT. IEV Gas had, in October 2015 received a tax correction letter in relation to a value-added tax matter for 2013 transactions where the Indonesia Tax Authority is seeking an amount totalling IDR12.9 billion (comprising both penalty and underpayment claimed). This matter is closed following the completion of the disposal of PT. IEV Gas to the purchaser, PT Digas Energi Semesta, that was completed on 22 November 2018.	

REPORT ON CORPORATE GOVERNANCE

	CHRISTOPHER NGHIA DO	JOANNE ROSE BRUCE
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

The Board recognises the contributions of its Directors who over time have developed deep insight into the Group's operations and industry and who are therefore able to provide valuable contributions to the Group. As such, the Board has not set a fixed term of office for any of its Directors.

There was no additional director appointed during the year. The NC reviews the need for appointment of additional director(s) from time to time and the composition of the Board, including the mix of expertise, skills and attributes of existing directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. The process for the search, selection and appointment of new Directors is as follows:

a) candidates are sourced though external search consultants or network of contacts and identified based on the needs of the relevant skills, experience, knowledge and expertise. Directors may also put forward names of potential candidates, together with their curriculum vitae, for consideration of the NC.
b) the NC, after completing its assessment, meets with the short-listed candidates to assess their suitability taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of independent directors as well as qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives and to ensure that the candidates are aware of the expectations and the level of commitment required of them.
c) the NC makes recommendations to the Board for approval.

Any newly appointed Director during the year will hold office only until the next AGM following his appointment and will be eligible for re-election but shall not be taken into account in determining the number of Directors who are retiring by rotation at each financial year. In evaluating each Director's contribution and performance for the purpose of re-nomination, factors such as attendance, preparedness, participation and candour are taken into consideration.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations in respect of matters in which he has an interest in.

No alternate director has been appointed.

Key information regarding the Directors such as academic, professional qualifications, shareholdings in the Company and its related corporations, Board Committees served on (as a member or Chairman), date of first appointment as a Director, date of last re-appointment as a Director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments is disclosed in the "Directors' Profiles", "Further Information on Board of Directors" and "Directors' Statement" sections of this annual report.

Principle 5 - Board performance

The NC will periodically review the Board's performance based on objective performance criteria proposed by the NC and approved by the Board. The performance criteria do not change from year to year and where circumstances deem it necessary to change the criteria, the onus is on the Board to justify this decision. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of each individual Director to the effective functioning of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Annually, a Board evaluation exercise is carried out by way of a board assessment checklist, which is circulated to the Board members for completion. The assessment covers areas such as Board Composition, Board Committee performance and effectiveness, Information to the Board, Board Procedures, Board Accountability, CEO/Top Management, Standards of Conduct, Risk Management and Internal Controls, Communication with Shareholders, and Director self-evaluation. Assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The performance criteria do not change from year to year. Directors can also provide input on issues which do not fall under these categories, for instance, addressing specific areas where improvements can be made. Feedback and comments received from the Directors are reviewed by the NC, in consultation with the Chairman of the Board, to determine the actions required to improve the corporate governance of the Company and effectiveness of the Board as a whole.

The NC, having reviewed the overall performance of the Board and Board Committees in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, is of the view that the performance of the Board and Board Committees as a whole has been satisfactory. The NC, in assessing the contribution of an individual Director, has considered each Director's level of participation and attendance at Board and Board Committee meetings, his or her qualifications, experience, expertise and the time and effort dedicated to the Group's business and affairs. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. The NC is also satisfied that the current size and composition of the Board and Board Committees provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Group. From time to time, the NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's businesses, the scope of operations, as well as changing regulatory requirements.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board, the Board Committees and each individual Director. Where relevant, the NC will consider such an engagement.

Principle 6 - Access to information

The Board has separate and independent access to the Management and the Group's records at all times to enable them in carrying out their duties. The Management provides the Board with periodic updates covering operational performance and financial results, market and business development updates and other important and relevant information.

Prior to each Board meeting, board papers and files are circulated for each meeting and the Board is provided with relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. This is to give the Directors sufficient time to review and consider the matters being tabled and/or discussed. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The business/projects updates with information on financial, operating and corporate issues, the explanations on the financial information, and the rationale for the key decisions taken by the Management may also be made in the form of presentations by the Management in attendance at the meetings. The Directors are entitled to request additional information as needed to make informed decisions. The Management is invited to attend Board meetings to provide additional insights into matters being discussed, and to respond to any queries that the Directors may have.

The Board is provided with the contact details of the Management and the Company Secretary; and has separate and have independent access to such persons.

The Company Secretary or his representative is always present at such meetings to record the proceedings, to ensure that all Board procedures are followed as well as to ensure that good information flows within the Board and its Board Committees and between the Management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

Together with the Management of the Company, the Company Secretary ensures that the Company complies with the requirements of the Catalist Rules, the Companies Act as well as other rules and regulations that are applicable to the Company and the Group.

The Board, either individually or as a group, is entitled to seek appropriate independent and professional advice, as and when necessary, at the expense of the Company, in furtherance of their duties.

REMUNERATION MATTERS

Principle 7 - Procedures for developing remuneration policies

The Board has established a RC which comprises three (3) members who are Non-Executive Directors, and a majority of whom, including the RC Chairman are independent. The members of the RC are as follows:

• Kesavan Nair (Chairman)	Independent Director
• Ng Weng Sui, Harry (Member)	Lead Independent Director
• Tan Sri Dato' Hari N. Govindasamy (Member)	Non-Independent Non-Executive Chairman

The RC meets at least once a year. The principal functions of the RC include, but are not limited to, the following:

a) review and approve the general remuneration framework of the Directors and key Management of the Company and its subsidiaries;
b) structure a significant and appropriate proportion of Executive Directors and key Management's remuneration so as to link rewards to corporate and individual performance to be aligned with the interests of shareholders and promote the long-term success of the Company;
c) review the on-going appropriateness, attractiveness and relevance of the executive remuneration policy and other benefit programs;
d) determine, review and approve the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement;
e) review the remuneration of employees who are related to the Directors, the CEO and the Company's 10% substantial shareholders; and
f) review and recommend to the Board the eligibility of the Executive Directors and key Management under long-term incentive schemes and to evaluate the costs and benefits of such long-term incentive schemes.

The Company's compensation framework comprises fixed, variable pay and other benefits-in-kind. The Company subscribes to linking remuneration of the Executive Directors and key Management to corporate and individual performance. This is based on an annual appraisal of employees using the Company's internal Key Performance Indicator ("**KPI**") system. The RC and the Board will review the KPI and reward systems of the Group on an annual basis to ensure that the remuneration packages and systems are put in place to motivate and reward employees and align their interests to maximise long-term shareholders' value.

The RC will review and recommend to the Board a framework of remuneration for the Directors and key Management, and determine specific remuneration packages for each Director. The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind shall be overseen by the RC. The RC will also review the remuneration received by key Management. As and when the need arises, the RC will review the Company's obligations arising in the event of termination of the Executive Directors and key Management's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Each member of the RC shall abstain from voting on any resolutions or making any recommendations and/or participating in the deliberations of the RC in respect of the remuneration package granted to him or someone related to him.

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The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for the Directors and the Management, so that the Group remains competitive in this regard. No external remuneration consultant has been engaged for FY2018.

Principle 8 - Level and mix of remuneration

In setting the remuneration packages of the Executive Directors, the Company takes into consideration the existing remuneration and employment conditions and makes a comparative study of the packages of Executive Directors in comparable companies/industries as well as the Group's relative performance. The RC ensures that the level and structure of remuneration of the Executive Directors and key Management are aligned with the long-term interest and risk policies of the Company, as well as the ability of such remuneration structures to attract, retain and motivate Executive Directors and key Management to provide good stewardship and management of the Company.

The Non-Executive Directors have no service contacts and they are paid fixed base Directors' fee and an additional fixed fee for serving on any of the Board Committees.

The Chairman of each Board Committee is compensated for his additional responsibilities. The RC recommends the payment of such fees in accordance with the contributions and responsibilities of the Non-Executive Directors, which will then be endorsed by the Board and subject to approval by the shareholders of the Company at the AGM. Such fees are payable quarterly in arrears. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised.

The Company had renewed the service agreement with Mr Christopher Nghia Do, the President and CEO of the Company on 6 October 2017 for a further period of three years. The service agreement is renewable in accordance with the specific terms as set out in the service agreement.

Having reviewed and considered the variable components of the Executive Directors and the key Management, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Principle 9 - Disclosure on remuneration

Directors' remuneration

The breakdown of the level and mix of remuneration of the Directors for FY2018 are as follows:

Name	Salary (%)	Benefits (%)	Bonus (%)	Directors' Fee (%)	Total (%)
SGD250,000 to below SGD500,000					
Christopher Nghia Do	80.5	19.5	-	-	100
below SGD250,000					
Tan Sri Dato' Hari N. Govindasamy	-	-	-	100	100
Ng Weng Sui, Harry	-	-	-	100	100
Kesavan Nair	-	-	-	100	100
Joanne Rose Bruce	-	-	-	100	100

The actual remuneration of each individual Director and key Management of the Group in dollar terms is, however, not disclosed as the Company believes that such disclosure may be prejudicial to the Group's business interests given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

Key Management's remuneration

The Company adopts a remuneration policy for staff that is responsive to market elements and performance of the Company and business segments respectively.

A breakdown of the level and mix of the Group's key Management's (who are not Directors or the CEO) remuneration for FY2018 are as follows:

Name	Salary (%)	Benefits (%)	Payment in Lieu of notice (%)	Bonus (%)	Total (%)
Below SGD250,000					
Justin Yong[1]	72	11	17	-	100
Juzer Nomanbhoy	89	11	-	-	100
Edward Chen Boon Pok	88	12	-	-	100
Ng Siew Han	89	11	-	-	100
Loh Koon Yau	89	11	-	-	100

[1] Mr Justin Yong was compensated in lieu of his 3-month notice period on 26 December 2018 subsequent to the Company serving him a Notice of Retrenchment following the sale of PT IEV Gas and the Group's exit from MNGS.

The annual aggregate remuneration paid to the top five (5) key Management (excluding the CEO) of the Group for FY2018 is SGD479,221/-.

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The Executive Director of the Group is entitled to a monthly salary for a period of six (6) months following the date the Executive Director ceases to be an employee of the Company. Save for the aforesaid, there are no other termination, retirement and post-employment benefits granted to the Directors, the CEO or any key Management.

For FY2018, none of the Directors' or CEO's immediate family members are employees of the Company or any of its principal subsidiaries.

The performance share plan of the Company, "IEV Holdings Performance Share Plan" (the "**Plan**"), was approved by the shareholders in an extraordinary general meeting held on 6 October 2011 as part of the Group's compensation plan to reward, retain and motivate Directors and employees of the Group to greater dedication, loyalty and higher standards of performance. The RC is responsible for the administration of the Plan. Further details of the Plan were set out in the Company's offer document dated 12 October 2011.

No share award has been granted under the Plan by the Company during the financial year reported on and since the date of commencement of the Plan. Further information on the Plan is set out in the "Directors' Statement" section of this annual report. The RC and the Board will constantly evaluate and assess the implementation of long-term incentive schemes through the Plan, or any other appropriate incentive plans, with the aim of enhancing the link between rewards and corporate and individual performance.

ACCOUNTABILITY AND AUDIT

Principle 10 - Accountability

In presenting the annual financial statements and quarterly results announcements to the shareholders of the Company, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's financial performance, financial position and business prospects. In respect of the annual budgets, any material variances between the projections and actual results are disclosed and explained to the Board by the Management during the Board meetings.

The Board is primarily responsible to present a fair and balanced report of the financial affairs of the Group, which is prepared in accordance with the Catalist Rules, the Companies Act (Chapter 50) of Singapore and the Singapore Financial Reporting Standards (International) prescribed by the Accounting Standards Council.

The financial performance and annual reports are announced or issued within the mandatory period under the Catalist Rules and are available on the Company's website. The Board also provides negative assurance confirmation to shareholders for the half-year and quarterly financial results announcements pursuant to Rule 705(5) of the Catalist Rules.

The Management also provides the Board with periodic updates covering operational performance, financial results, marketing and business development efforts as well as other important and relevant information as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Other ways in which information is disseminated to shareholders are further disclosed under Principles 14, 15 and 16 of this Report.

REPORT ON CORPORATE GOVERNANCE

Principle 11 - Risk management and internal controls

Since FY2014, the Group has had in place an Enterprise Risk Management framework, which governs the risk management processes of the Group. Risk management capacities and competencies are continuously enhanced through this framework. All significant matters identified during the risk management procedure will be highlighted to the Risk Committee, the AC and the Board. The Group will continue to review and improve its risk management procedures to identify and mitigate areas of significant risks in its business operations.

The Risk Committee comprises the following members:

- Ng Weng Sui, Harry (Chairman)
- Kesavan Nair
- Tan Sri Dato' Hari N. Govindasamy
- Christopher Nghia Do
- Joanne Rose Bruce
- Edward Chen Boon Pok

The Risk Committee assumes the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Group's risk management systems and procedures. The Management reviews the Group's business and operational activities regularly to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management will also be responsible for ensuring that the risk management framework is effectively implemented within all areas of the respective business units. All significant matters will be highlighted to the Risk Committee and the Board.

On an annual basis, the Company engages internal auditors to formulate an internal audit plan and conduct internal audit reviews of the Group's operations, taking into consideration the risk areas identified which is approved by the AC.

In FY2018, the AC reviewed the reports submitted by the internal auditors relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC.

A copy of the report is also issued to the Management and relevant departments for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

In addition, major control weaknesses on financial reporting identified in the course of the statutory audit, if any, are highlighted by the external auditors to the AC.

The Board had received assurance from the CEO and the Chief Financial Officer that the Group's financial records as at 31 December 2018 have been properly maintained and the financial statements for FY2018 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems are effective. In providing such assurance, the CEO and the Chief Financial Officer had evaluated the effectiveness of the Company's internal controls and had discussed with the Company's external and internal auditors of their reporting points and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.

Based on the assurance from the CEO and CFO, framework of risk management and internal controls established and maintained by the Group, work performed by the external and internal auditors, the report on the enterprise risk management of the Group, as well as regular reviews performed by the Management and various Board Committees, the Board, with the concurrence of the AC, is of the view that the Group's internal controls addressing financial, operational,

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compliance and information technology controls and risk management system, as well as the risk management policies adopted, were adequate to provide reasonable assurance of the integrity and effectiveness of the Company in safeguarding its assets and shareholders' investments as at 31 December 2018.

The Board recognises that no internal control system will preclude all errors and irregularities. The Board ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets and determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Principle 12 - Audit committee

The AC comprises three (3) members who are Non-Executive Directors, and a majority of whom, including the AC Chairman are independent. The members of the AC are as follows:

• Ng Weng Sui, Harry (Chairman)	Lead Independent Director
• Kesavan Nair (Member)	Independent Director
• Tan Sri Dato' Hari N. Govindasamy (Member)	Non-Independent Non-Executive Chairman

None of the AC members were previous partners or directors of the Company's existing auditing firm or hold any financial interest in the auditing firm. The Board is of the view that the members of the AC have sufficient accounting and/or financial management expertise and experience to discharge the AC's functions given their experience as directors and/or senior management in accounting and financial fields.
The AC meets periodically to perform the following functions:

a) review with the external auditors, the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;
b) review the internal controls and procedures and ensure coordination between the external auditors, internal auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
c) review the annual and quarterly financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, going concern basis of the Company, compliance with accounting standards as well as compliance with the Catalist Rules and other relevant statutory/regulatory requirements;
d) review and discuss with the external auditors and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
e) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
f) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;
g) review potential conflict of interest and to set out a framework to resolve or mitigate any potential conflict of interests;
h) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);;
i) review the key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;
j) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
k) review the performance of the Financial Controller/Chief Financial Officer on an annual basis to ensure satisfactory performance;

l) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
m) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time.
n) review the adequacy and effectiveness of the internal audit function at least annually; and
o) review with the internal Auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in annual report (where necessary).

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2018 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly and full year financial results of the Group, and announcements prior to submission to the Board for approval and release of the results via SGXNET;
- the internal (including the enterprise risk management framework) and external audit plans in terms of their scope prior to their commencement;
- the external auditors' report in relation to audit and accounting issues arising from the audit and meeting with the external auditors without presence of the executive board members and the Management;
- cooperation given by the Management to the external and internal auditors;
- the internal audit findings report including internal control processes and procedures;
- the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;
- the adequacy and effectiveness of the Group's internal audit function;
- the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval;
- the external audit and internal audit fees for FY2018 and recommended to the Board for approval;
- the quality of the external auditors across a number of evaluation criteria, including measures of relevance and quality of its work as well as its level of independence; and re-appointment of the external auditors and recommended to the Board for approval;
- interested person transactions falling within scope of Chapters 9 of the Catalist Rules and any potential conflict of interests;
- the performance of the Chief Financial Officer; and
- the whistle-blowing policy of the Group and procedures by which employees of the Group and any other persons could report the possible improprieties to the AC Chairman.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from voting in respect of matters in which he is interested.

The AC has full access to, and co-operation from, the Management and full discretion to invite any Director and/ or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The AC also meets with the internal and external auditors without the presence of the Management at least once a year to obtain feedback on the competency and adequacy of the finance function, to review the assistance given by the Management to internal and external auditors and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial and operational systems. The external auditors were also invited to be present at AC meetings held during FY2018 to, *inter alia,* answer or clarify any matter on accounting and auditing of internal control.

REPORT ON CORPORATE GOVERNANCE

In the review of the financial statements for FY2018, the AC has discussed with the Management and the external auditors on significant issues as well as the reasonableness of the key assumptions including significant judgements and key estimates used that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the Members under "Key Audit Matters". Taking into account all instances the views of the external auditors, the AC is assured and concurred with the Management's conclusions and is satisfied that those matters have been properly dealt with; and concluded that the Group's accounting treatment and the disclosures in the financial statements were appropriate. The AC has recommended the Board to approve the financial statements.

The aggregate amount of audit fees paid and/or payable to the external auditors for FY2018 amounted to approximately SGD189,350. In addition, approximately SGD18,800 non-audit fees were paid to the external auditors for FY2018 in relation to tax and other advisory services rendered. The AC has undertaken a review of the volume and nature of the non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Accordingly, the AC and the Board have recommended the re-appointment of Deloitte & Touche LLP as external auditors of the Company for financial year ending 31 December 2019 at the forthcoming AGM.

The external auditors have unrestricted access to the AC.

The AC is satisfied that the Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on the Group's financial statements, with training conducted by professionals or external consultants. In FY2018, the AC was briefed and updated by the external auditors on the changes or amendments to the accounting standards and its corresponding impact on the financial statements, if any.

Whistle-blowing policy

The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees and any other persons may raise concerns, in confidence, on improper conduct or other matters to the Management and/or the AC, where applicable. The details of the policy have been disseminated and made available to all parties concerned.

The AC oversees the administration of the policy and ensures that all concerns to be raised are independently investigated and appropriate follow-up actions are carried out.

Principle 13 - Internal Audit

The Company has outsourced the internal audit function to Crowe Governance Sdn. Bhd. The internal auditors are expected to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC approves the hiring, removal, evaluation and compensation of the internal auditors and the internal auditors have unrestricted access to all the Company's documents, records, properties and personnel, and reports directly to the AC on audit matters. The AC will also meet with the internal auditors at least once a year without the presence of the Management. To ensure the adequacy and effectiveness of the internal audit function, the AC will review and approve the internal audit plan on an annual basis.

During the financial year reported on, the internal auditors conducted its audit reviews based on the approved internal audit plan. The internal audit report detailing audit findings and recommendations are provided to the Management who would respond on the actions to be taken. The internal auditors would then submit a report on the status of audit plan, audit findings and actions taken by the Management on such findings to the AC. Any material non-compliance or lapses in the internal controls together with the corrective measures taken up by the Management are highlighted to the AC. The AC would monitor the timely and proper implementation of such corrective measures and will follow up on the required corrective, preventive or improvement measures undertaken or to be undertaken by the Management.

For FY2018, the AC has reviewed the independence and effectiveness of the internal audit function and is satisfied that the internal audit function is adequately resourced and has appropriate standing and independence within the Group to fulfil its mandate. The AC will review annually, the independence adequacy and effectiveness of the internal audit function.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 - Shareholder Rights

All shareholders of the Company are treated fairly and equitably to facilitate their ownership rights. In this regard, care is taken to ensure that no market sensitive information such as corporate proposals, financial results and other material information is disseminated to any party without first making an official announcement through SGXNET.

Any notice of general meeting consisting of only ordinary resolution is issued at least 14 calendar days before the scheduled date of such meeting. All shareholders can vote in person or to appoint up to two (2) proxies during his absence to attend, vote and speak in general meeting in compliance with Companies Act (Chapter 50). The Company allows corporations which provide nominee or custodial services to appoint more than two (2) proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

The Directors ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings and shareholders will be well informed of the meeting and voting procedures.

Principle 15 - Communication with Shareholders

The Company's dedicated internal Investor Relations ("**IR**") team is tasked with and focuses on facilitating effective and fair communication between the Company and its shareholders by regularly conveying pertinent information to shareholders, attend to their queries as well as to keep shareholders apprised of the Group's corporate developments and financial performance.

The Company does not practice selective disclosure, and price sensitive information is publicly released on an immediate basis pursuant to the Catalist Rules. Shareholders, investors and analysts are kept informed of the major developments of the Company on a timely basis through various means of communication as follows:

- announcements and press releases (with contact details for investors to channel their comments or queries) via SGXNET;
- annual reports and notice of AGM issued to all shareholders;
- price sensitive information, significant transactions or matters are communicated to shareholders via SGXNET; and
- the Company's website at www.iev-group.com.

The IR team, together with the Management, will conduct roadshows, participate in investor seminars and conferences, analyst meetings to keep the market, shareholders and investors apprised of relevant information, to enable them to have a better understanding of the business, latest developments and financial performance of the Group. The Company makes available its briefing materials to analysts and the media through press releases which are released on SGXNET and its corporate website, with contact details for investors to channel their comments and queries.

REPORT ON
CORPORATE GOVERNANCE

The Company does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on shares of the Company that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Directors:

- the level of cash and retained earnings;
- actual and projected financial performance;
- projected levels of capital expenditure and expansion plans;
- working capital requirements and general financing needs and conditions; and
- restrictions on payment of dividend imposed to the Company (if any).

The Board has not declared or recommended a dividend for FY2018 as the Group has sustained losses in FY2018 and will be conserving cash for future operations in view of a challenging outlook of the Group's business.

Principle 16 - Conduct of Shareholder meetings

The Board supports and encourages shareholders' participation at general meetings of the Company.

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of the shareholders through the web is not compromised.

At the Company's general meetings, all Directors are usually present and shareholders are given the opportunity to voice their views and ask Directors, in particular the chairman of the Board Committees or the Management questions regarding the Company's business or performance. In addition to the Board, the external auditors are also invited to attend the AGMs to assist the Directors in addressing shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and the Management, and makes these minutes, subsequently approved by the Board, available to shareholders during office hours upon their request.

At the AGMs, separate resolutions are set out on distinct issues for approval by shareholders. The Company will conduct its voting by poll at the forthcoming AGM in the presence of independent scrutineer. Explanation on polling procedures will be provided to shareholders before the poll voting is conducted. The total numbers and percentage of valid votes cast for or against each resolution will be announced at the AGM and also on SGXNET after the AGM.

INTERESTED PERSON TRANSACTION ("IPTs")

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. All IPTs are subject to review by the AC to ensure compliance with the established procedures. In the event that a member of the AC is involved in any IPT, he will abstain from reviewing that particular transaction.

In compliance with Chapter 9 of the Catalist Rules, the Group confirms that there were no IPTs entered into during the financial year reported on, which exceeded SGD100,000 in value. The Group does not have a general mandate from shareholders for recurring IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules.

REPORT ON CORPORATE GOVERNANCE

DEALINGS IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules on dealings in securities, the Company has in place a policy prohibiting share dealings by Directors, officers and employees of the Group during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one (1) month before the full financial year, as the case may be, and ending on the date of the announcement of the relevant results. This has been made known to Directors, officers and employees of the Group. They are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period. Directors, officers and employees of the Group are also prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information.

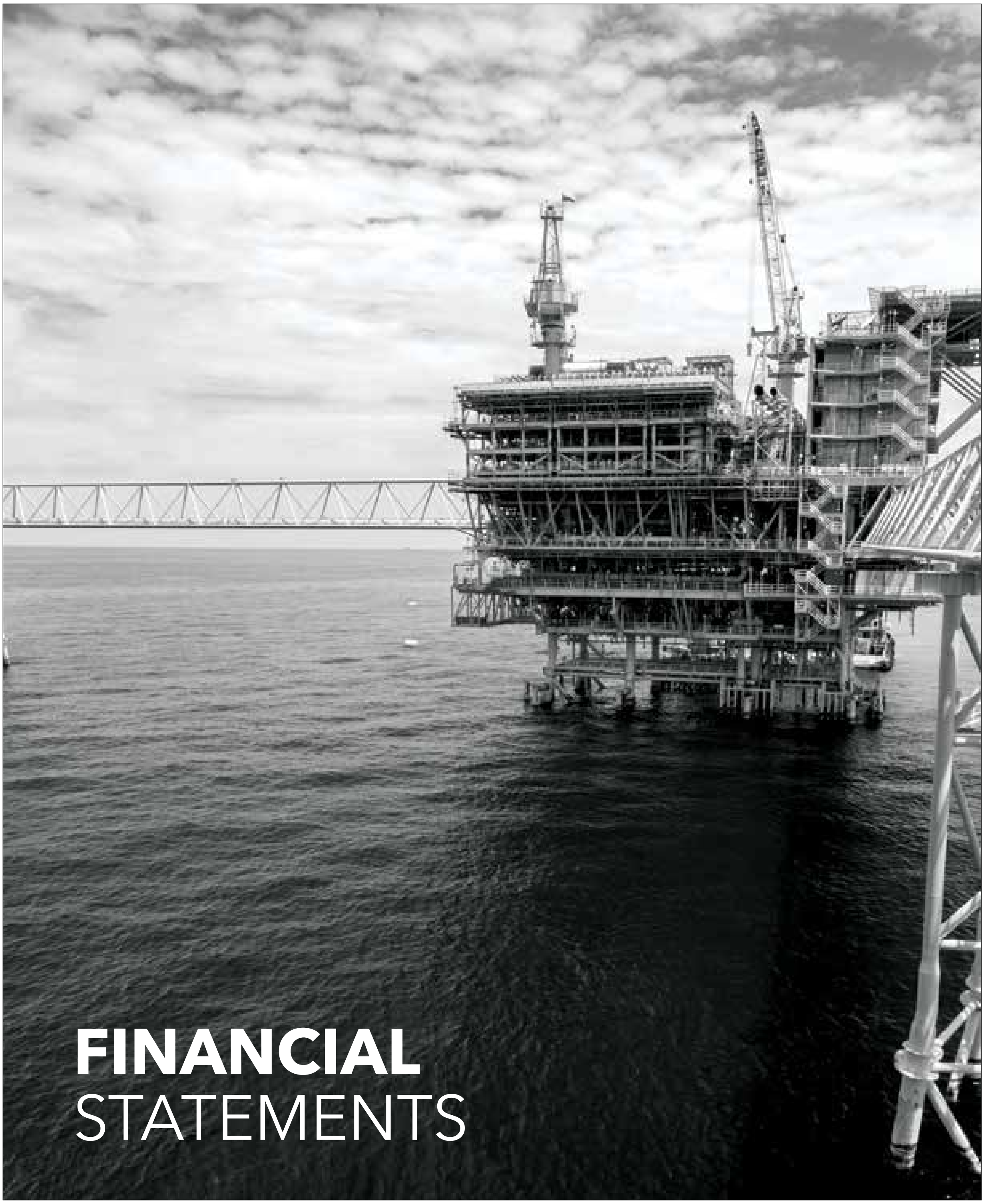
Directors are required to notify the Company of their securities dealings within two (2) business days of such dealings and the Company shall disseminate the notifications received to the market via SGXNet within one (1) business day of receiving such notifications.

MATERIAL CONTRACTS

Save for the service agreement entered into between Executive Director and the Company and the contracts which have been published via SGXNet, there are no other material contracts or loans entered into by or taken up by the Company or its subsidiaries involving the interest of any Director or controlling shareholder which are either still subsisting as at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fee were paid to the Sponsor, SAC Capital Private Limited, in FY2018.



FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of IEV Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 57 to 158 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 DIRECTORS

The Directors of the Company in office at the date of this statement are:

Tan Sri Dato' Hari N. Govindasamy
Christopher Nghia Do
Joanne Rose Bruce
Ng Weng Sui, Harry
Kesavan Nair

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the share scheme mentioned in paragraph 5 of this statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

Name of Directors	Shareholdings registered in name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
The Company (Ordinary shares)				
Tan Sri Dato' Hari N. Govindasamy	-	-	54,856,500	54,856,500
Christopher Nghia Do	36,428,158	36,428,158	1,736,000	1,736,000
Joanne Rose Bruce	-	-	1,725,000	1,725,000
Ng Weng Sui, Harry	300,000	300,000	-	-

By virtue of Section 7 of the Act, Tan Sri Dato' Hari N. Govindasamy and Christopher Nghia Do, are deemed to have an interest in all the related corporations of the Company.

The Directors' interests in the shares of the Company at 21 January 2019 were the same as at 31 December 2018.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 SHARE SCHEME

The IEV Holdings Performance Share Plan (the "Share Plan") was approved and adopted by the Shareholders of the Company at an Extraordinary General Meeting held on 6 October 2011.

The objectives of the Share Plan are as follows:

(a) to foster an ownership culture within the Group which aligns the interests of participants with the interests of shareholders;

(b) to motivate participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to the Group; and

(c) to make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group, and whose skills are commensurate with the Company's ambition to become a world class company.

The Share Plan is administered by the Remuneration Committee which has the absolute discretion to determine the persons who will be eligible to participate in the Share Plan in accordance with the rules of the Share Plan and Chapter 8 of the Catalist Rules. A participant who is a member of the Remuneration Committee shall not participate in any deliberation or decision in respect of awards granted or to be granted to that participant.

The Share Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan is adopted, provided always that the Share Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Share Plan may be terminated at any time by the Remuneration Committee or, at the discretion of the Remuneration Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Share Plan is so terminated, no further awards shall be granted by the Remuneration Committee hereunder. The expiry or termination of the Share Plan shall not affect awards which have been granted prior to such expiry or termination, whether such awards have been released (whether fully or partially) or not.

The aggregate number of new Shares which may be issued pursuant to awards granted under the Share Plan on any date, when added to (i) the number of new Shares issued and issuable in respect of all awards granted under the Share Plan; and (ii) all Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or plans adopted by the Company for the time being in force, shall not exceed 15.0% of the issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding that date.

Since the commencement of the Share Plan, the Company has not granted any awards under the Share Plan.

DIRECTORS' STATEMENT

6 AUDIT COMMITTEE

The Audit Committee of the Company ("AC") comprises three members who are Non-Executive Directors, and a majority of whom, including the AC Chairman is independent. The members of the AC at the date of this statement are as follows:

Ng Weng Sui, Harry	(Lead Independent Director)
Tan Sri Dato' Hari N. Govindasamy	(Non-Independent, Non-Executive Chairman)
Kesavan Nair	(Independent Director)

The AC performs the functions in accordance with Section 201B of the Act and the Singapore Code of Corporate Governance.

The AC has met four times during the financial year in discharge of its functions and duties including deliberation and review of the following, where relevant, with the executive directors, external and internal auditors of the Company:

(a) the unaudited quarterly and full year financial results of the Group, and announcements prior to submission to the Board for approval and release of the results via SGXNET;

(b) the internal (including the enterprise risk management framework) and external audit plans in terms of their scope prior to their commencement;

(c) the external auditor's report in relation to audit and accounting issues arising from the audit and meeting with the external auditors without presence of the executive board members and the Management;

(d) the internal audit findings report including internal control processes and procedures;

(e) the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;

(f) the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval; and

(g) the independence and re-appointment of the external auditors of the Group and level of audit and non-audit fees, and their recommendation to the Board for approval.

The AC has full access to and co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming annual general meeting of the Company.

Further details regarding the AC are disclosed in the Report of Corporate Governance included in the Annual Report of the Company.

DIRECTORS' STATEMENT

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Christopher Nghia Do

....
Ng Weng Sui, Harry

28 March 2019

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 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 57 to 158.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2018, 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 2018, the Group's and the Company's current liabilities exceeded their current assets by RM11.9 million and RM1.7 million respectively and the Group incurred a net loss of RM17.1 million for the year ended 31 December 2018. The Group also had a net operating cash outflow of RM6.4 million for the financial year ended 31 December 2018. In addition, the Group and the Company is in a net capital deficiency position of RM10.2 million and RM1.7 million respectively.

As disclosed in Note 1 to the financial statements, going forward, the Group will only have one operating sector, Asset Integrity Management. The ability of the Group to generate sufficient cash to fulfil its obligations is dependent on the Group 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.

INDEPENDENT AUDITOR'S REPORT

to the members of IEV Holdings Limited

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	Our audit performed and responses thereon
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 assessing and determining the recoverability of trade receivables and adequacy of allowance made using the expected credit losses ("ECL") model under SFRS(I) 9 *Financial Instruments*. These judgements include making debtor-specific assessment of expected impairment loss for overdue trade receivables and assessing the remaining trade receivables based on its historical credit loss experience, debtors' ability to pay and forward-looking information specific to the debtors and economic environment, including past collection history and knowledge of the business. 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 approach included procedures as follows: • We obtained an understanding of the Group's processes and, evaluated the design and assessed the implementation of the Group's relevant control processes and key controls relating to the monitoring of trade receivables and considered their aging to identify collection risks; • We discussed with management and evaluated the ECL model used in determining the allowance for expected credit losses. We challenged and evaluated management's assessment on both the quantitative and qualitative information considered by them that is reasonable and supportable, including historical experience and forward-looking information based on specific economic data; • We reviewed the debtors ageing analysis and checked to collections from major debtors subsequent to the end of the reporting period; and • We obtained an understanding and relevant documents from management to assess the recoverability of long outstanding debts. We have also considered the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of IEV Holdings Limited

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 SFRS(I)s, 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.

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.

INDEPENDENT AUDITOR'S REPORT

to the members of IEV Holdings Limited

(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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2019

STATEMENTS OF FINANCIAL POSITION

31 December 2018

		Group			Company		
	Note	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
		RM	RM	RM	RM	RM	RM
ASSETS							
Current assets							
Cash and bank balances	6	1,110,762	3,893,511	22,112,801	44,216	87,011	317,759
Trade receivables	7	14,157,067	17,822,621	57,716,911	-	-	-
Other receivables and prepayments	8	4,631,088	3,671,497	7,874,953	50,123	1,888,847	2,296,223
Finance lease receivables	9	-	65,408	-	-	-	-
Inventories	10	1,529,374	3,123,267	4,902,525	-	-	-
Contract costs	11	1,000,083	-	-	-	-	-
		22,428,374	28,576,304	92,607,190	94,339	1,975,858	2,613,982
Assets classified as held for sale	12	-	9,129,764	-	-	-	-
Total current assets		22,428,374	37,706,068	92,607,190	94,339	1,975,858	2,613,982
Non-current assets							
Property, plant and equipment	13	1,588,753	7,212,650	33,236,718	-	-	-
Intangible assets	14	86,856	287,048	4,374,450	-	-	-
Oil and gas properties	15	-	-	47,740,389	-	-	-
Subsidiaries	16	-	-	-	-	25,880,417	115,846,622
Associates	17	75,393	25,595	945,129	-	-	-
Other receivables and prepayments	8	32,757	814,355	8,793,232	-	-	-
Finance lease receivables	9	-	5,087,263	-	-	-	-
Deferred tax assets	18	12,939	503,865	1,613,793	-	-	-
Total non-current assets		1,796,698	13,930,776	96,703,711	-	25,880,417	115,846,622
Total assets		24,225,072	51,636,844	189,310,901	94,339	27,856,275	118,460,604

STATEMENTS OF FINANCIAL POSITION
31 December 2018

		Group			Company		
	Note	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
		RM	**RM**	**RM**	**RM**	**RM**	**RM**
LIABILITIES AND EQUITY							
Current liabilities							
Bank borrowings and overdrafts	19	2,969,141	9,639,782	2,812,484	-	-	-
Trade payables	20	13,449,609	19,520,900	64,291,577		-	-
Other payables and other provisions	21	15,244,644	14,735,150	12,651,226	1,825,204	26,809,221	24,296,012
Contract liabilities	22	2,655,946	-	-	-	-	-
Finance leases	23	-	93,917	141,008	-	-	-
Income tax payable		-	-	365,285	-	-	-
Total current liabilities		34,319,340	43,989,749	80,261,580	1,825,204	26,809,221	24,296,012
Non-current liabilities							
Bank borrowings and overdrafts	19	-	-	6,679,984	-	-	-
Finance leases	23	-	86,112	30,912	-	-	-
Deferred tax liabilities	18	89,963	124,528	288,164	-	-	-
Provision for post-employment benefit obligations	24	-	2,014,869	2,654,663	-	-	-
Advances from a third party	25	-	-	2,500,000	-	-	-
Provision for decommissioning	26	-	-	2,701,739	-	-	-
Total non-current liabilities		89,963	2,225,509	14,855,462	-	-	-

STATEMENTS OF FINANCIAL POSITION

31 December 2018

		Group			Company		
	Note	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
		RM	RM	RM	RM	RM	RM
Capital and reserves							
Share capital	27	98,338,106	98,338,106	97,691,412	98,338,106	98,338,106	97,691,412
Treasury shares	28	(38,268)	(38,268)	(38,268)	(38,268)	(38,268)	(38,268)
Currency translation reserve	29	1,486,204	376,840	9,117,281	(121,071)	(78,142)	1,766,553
Capital reserve	16	(379,690)	(379,690)	(100,832)	-	-	-
Accumulated losses		(109,582,544)	(92,700,432)	(12,855,630)	(99,909,632)	(97,174,642)	(5,255,105)
Equity attributable to owners of the Company		(10,176,192)	5,596,556	93,813,963	(1,730,865)	1,047,054	94,164,592
Non-controlling interests		(8,039)	(174,970)	379,896	-	-	-
Total equity		(10,184,231)	5,421,586	94,193,859	(1,730,865)	1,047,054	94,164,592
Total liabilities and equity		24,225,072	51,636,844	189,310,901	94,339	27,856,275	118,460,604

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

		Group	
	Note	**2018**	**2017**
		RM	**RM**
Revenue	30	2,961,463	6,616,074
Cost of sales		(1,301,738)	(1,688,255)
Gross profit		1,659,725	4,927,819
Other operating income	31	3,074,001	2,893,705
Selling and distribution costs		(161,028)	(206,688)
Administrative expenses		(10,501,654)	(12,086,494)
Other operating expenses		(2,257,307)	(1,994,726)
Share of results of associates	40	49,798	(554,345)
Finance costs	32	(505,705)	(602,872)
Loss before tax		(8,642,170)	(7,623,601)
Income tax	33	(163,682)	268,907
Loss for the year from continuing operations	34	(8,805,852)	(7,354,694)
Discontinued operations			
Loss for the year from discontinued operations	35	(8,246,492)	(72,576,450)
		(17,052,344)	(79,931,144)
Other comprehensive income (loss), net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1,109,364	(8,743,067)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains in respect of defined benefit pension plan		170,232	13,790
Other comprehensive income (loss) for the year, net of tax		1,279,596	(8,729,277)
Total comprehensive loss for the year		(15,772,748)	(88,660,421)
Loss attributable to:			
Owners of the Company			
- continuing operations		(8,805,852)	(7,354,694)
- discontinued operations		(8,246,492)	(72,503,898)
Non-controlling interests			
- continuing operations		-	-
- discontinued operations		-	(72,552)
		(17,052,344)	(79,931,144)

CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	Group 2018 RM	2017 RM
Total comprehensive loss attributable to:			
Owners of the Company		(15,772,748)	(88,585,243)
Non-controlling interests		-	(75,178)
		(15,772,748)	(88,660,421)
Loss per share			
From continuing and discontinued operations:			
Basic and Diluted (Malaysian sen)	37	(5.97)	(28.09)
From continuing operations			
Basic and Diluted (Malaysian sen)	37	(3.08)	(2.59)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2018

Group	Share capital RM	Treasury shares RM	Capital reserve RM	Currency translation reserve RM	Accumulated losses RM	Equity attributable to owners of the Company RM	Non-controlling interests RM	Total RM
Balance at 1 Jan 2017	97,691,412	(38,268)	(100,832)	9,117,281	(12,855,630)	93,813,963	379,896	94,193,859
Total comprehensive loss for the year:								
Loss for the year	-	-	-	-	(79,858,592)	(79,858,592)	(72,552)	(79,931,144)
Other comprehensive (loss) income for the year	-	-	-	(8,740,441)	13,790	(8,726,651)	(2,626)	(8,729,277)
Total	-	-	-	(8,740,441)	(79,844,802)	(88,585,243)	(75,178)	(88,660,421)
Transactions with owners:								
Increase in paid up capital	646,694	-	-	-	-	646,694	-	646,694
Effects of changes in ownership interests in subsidiary	-	-	(278,858)	-	-	(278,858)	(479,688)	(758,546)
	646,694	-	(278,858)	-	-	367,836	(479,688)	(111,852)
Balance at 31 Dec 2017	98,338,106	(38,268)	(379,690)	376,840	(92,700,432)	5,596,556	(174,970)	5,421,586

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2018

	Share capital	Treasury shares	Capital reserve	Currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
Balance at 1 Jan 2018	98,338,106	(38,268)	(379,690)	376,840	(92,700,432)	5,596,556	(174,970)	5,421,586
Total comprehensive loss for the year:								
Loss for the year	-	-	-	-	(17,052,344)	(17,052,344)	-	(17,052,344)
Other comprehensive income for the year	-	-	-	1,109,364	170,232	1,279,596	-	1,279,596
Total	-	-	-	1,109,364	(16,882,112)	(15,772,748)	-	(15,772,748)
Disposal of a subsidiary (Note 38)	-	-	-	-	-	-	166,931	166,931
Balance at 31 Dec 2018	98,338,106	(38,268)	(379,690)	1,486,204	(109,582,544)	(10,176,192)	(8,039)	(10,184,231)

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Share capital	Treasury shares	Currency translation reserve	Accumulated losses	Total
		RM	RM	RM	RM	RM
Company						
Balance at 1 Jan 2017		97,691,412	(38,268)	1,766,553	(5,255,105)	94,164,592
Loss for the year, representing total comprehensive loss for the year		-	-	(1,844,695)	(91,919,537)	(93,764,232)
Increase in paid-up capital, representing transaction with owners recognised directly in equity	26	646,694	-	-	-	646,694
Balance at 31 Dec 2017		98,338,106	(38,268)	(78,142)	(97,174,642)	1,047,054
Loss for the year, representing total comprehensive loss for the year		-	-	(42,929)	(2,734,990)	(2,777,919)
Balance at 31 Dec 2018		98,338,106	(38,268)	(121,071)	(99,909,632)	(1,730,865)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Group 2018 RM	2017 RM
Operating activities		
Loss before tax		
Continuing operations	(8,642,170)	(7,623,601)
Discontinued operations	(8,129,296)	(71,353,300)
	(16,771,466)	(78,976,901)
Adjustments for:		
Share of results of associates	(49,798)	777,670
Amortisation of intangible assets	140,273	522,528
Depreciation of property, plant and equipment	1,568,862	4,475,378
Write back of abandonment obligation of production facilities	-	(2,447,356)
Provision for post-employment benefits	333,941	63,262
Provision for termination liabilities	-	7,607,097
Loss (Gain) on disposal of property, plant and equipment	352,726	(99,597)
Loss on disposal of a subsidiary (Note 38)	5,411,362	-
Loss on disposal of finance lease assets	43,591	-
Property, plant and equipment written off	183,964	57,203
Allowance for inventories	1,022,362	1,306,875
Inventories written off	198,146	-
Receivables written off	599,341	11,493
Intangible assets written off	55,272	-
Payables written back	(4,535)	(1,226,227)
(Write back) Impairment of property, plant and equipment	(44,102)	7,707,018
Impairment of intangible assets	-	3,232,665
Impairment of oil and gas properties	-	44,314,235
Allowance for doubtful receivables	104,687	5,668,791
Write back of allowance for doubtful receivables	-	(671,527)
Write back of accrued liabilities/payables	(2,541,536)	(2,332,546)
Gains on settlement of post-employment benefit	(149,201)	-
Pledged deposit written off	-	1,901,774
Loss from finance lease receivables	-	644,037
Finance lease income	(164,688)	-
Interest income	(42,905)	(43,222)
Interest expense	515,537	625,652
Operating cash flows before movements in working capital	(9,238,167)	(6,881,698)
Long term other receivables and prepayments	(514,981)	147,773
Inventories	(10,800)	201,931
Contract costs	(1,000,083)	-
Trade and other receivables and prepayments	1,243,665	7,320,855
Trade and other payables	1,547,045	(44,761,013)

CONSOLIDATED
STATEMENT OF CASH FLOWS
Year ended 31 December 2018

	Group 2018 RM	2017 RM
Contract liabilities	2,655,946	-
Amount due from an associate	(308,243)	34,020,341
Cash used in operations	(5,625,618)	(9,951,811)
Interest received	42,905	43,222
Interest paid	(515,537)	(625,652)
Post-employment benefit paid	(268,971)	(576,814)
Income tax refunded (paid)	(30,600)	58,623
Net cash used in operating activities	(6,397,821)	(11,052,432)
Investing activities		
Purchase of property, plant and equipment (Note A)	(866,887)	(1,099,408)
Increase in oil and gas properties	-	(1,130,883)
Proceeds from disposal of property, plant and equipment	109,925	269,285
Proceeds from disposal of asset held for sale	9,200,000	-
Proceeds from disposal of finance lease assets	2,594,823	-
Disposal of a subsidiary (Note 38)	(528,957)	-
Proceeds from disposal of an associate	-	141,864
Net cash generated from (used in) investing activities	10,508,904	(1,819,142)
Financing activities		
Repayment of finance leases	(84,027)	(198,849)
Repayment of bank borrowings	(6,664,613)	(305,488)
Repayment of advances from a third party	-	(2,500,000)
Fixed deposits pledged	(145)	1,652,489
Net cash used in financing activities	(6,748,785)	(1,351,848)
Net decrease in cash and cash equivalents	(2,637,702)	(14,223,422)
Cash and cash equivalents at beginning of the year	853,308	15,695,007
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(140,326)	(618,277)
Cash and cash equivalents at end of the year (Note 6)	(1,924,720)	853,308

Significant non-cash transactions:

Note A

In 2017, the Group acquired property, plant and equipment with an aggregate cost of RM1,320,880 of which RM221,472 was acquired under a finance lease arrangement. Cash payment of RM1,099,408 was made to purchase property, plant and equipment.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1 GENERAL

The Company (Registration No. 201117734D) is incorporated in Singapore with its principal place of business at Block A, Level 5, Menara PKNS, No.17, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia and registered office at 80 Robinson Road #02-00, Singapore 068898.

The Company was admitted to the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 October 2011.

The principal activity of the Company is that of investment holding.

The principal activities of its subsidiaries and associates are disclosed in Notes 16 and 17 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors on 28 March 2019.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 41.

<u>Material Uncertainty Related to Going Concern</u>

As at 31 December 2018, the Group's and the Company's current liabilities exceeded their current assets by RM11.9 million and RM1.7 million respectively (31 December 2017 : RM6.3 million and RM24.8 million respectively) and the Group incurred a net loss of RM17.1 million for the year ended 31 December 2018 (2017 : RM79.9 million). The Group also had a net operating cash outflow of RM6.4 million for the financial year ended 31 December 2018 (2017 : RM11.1 million). In addition, the Group and the Company is in a net capital deficiency position of RM10.2 million and RM1.7 million respectively (31 December 2017 : net equity of RM5.4 million and RM1.0 million respectively).

In 2017, the Group made the strategic decision to discontinue its activities in the exploration and production and renewable energy sectors. In 2018, the Group discontinued its Mobile Natural Gas sector. Going forward, the Group will focus on its Asset Integrity Management sector. The Group has projected a net cash inflow for the year ending 31 December 2019 based on (i) current on-going projects; (ii) new projects that have already been awarded; and (iii) 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 appropriate, 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. Such adjustments have not been made to these financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transaction that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of that acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (From 1 January 2018)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (From 1 January 2018) (continued)

Amortised cost and effective interest method (continued)
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other operating income" line item.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income or other operating expenses" line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "other operating income or other operating expenses" line item;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income or other operating expenses" line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets
The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (From 1 January 2018) (continued)

Impairment of financial assets (continued)
For all other financial instruments, the Group and the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the oil and gas industry.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory or economic environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (From 1 January 2018) (continued)

Significant increase in credit risk (continued)
Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are past due for more than a year, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (From 1 January 2018) (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 1-17 *Leases*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (From 1 January 2018) (continued)

Measurement and recognition of expected credit losses (continued)
Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL (continued)
A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 4(b)(vi).

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

NOTES TO FINANCIAL STATEMENTS
31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial liabilities and equity instruments (continued)

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" and "other operating expenses" line item in profit or loss respectively for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Financial assets (Before 1 January 2018)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, finance lease receivables, cash and bank balances) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (Before 1 January 2018) (continued)

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in number of delayed payments past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (Before 1 January 2018) (continued)

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee
Assets held under finance lease are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

(a) represents a separate major line of business or geographical area of operations,
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
(c) is a subsidiary acquired exclusively with a view to resale.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold buildings	5 to 50 years
Production equipment	5 years
Plant and machinery	5 to 16 years
Factory equipment, tools and light machinery	3 to 16 years
Computer and office equipment	3 to 5 years
Motor vehicles	4 to 8 years
Furniture, fittings and office renovation	4 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OIL AND GAS PROPERTIES

The Group adopts the 'successful efforts' method of accounting for its oil and natural gas exploration and evaluation costs. Costs are accumulated on a field-by-field basis. Pre-license, geological and geophysical ("G&G") costs are expensed as incurred.

Costs to acquire rights to explore for and produce oil and gas are recorded as unproved property acquisition costs; in assets under construction - exploratory wells, for properties in which commercial reserves have not yet been discovered, or proved and proven property acquisition costs; in assets under construction - development wells or production wells, as applicable, if commercial reserves have been discovered. Proved property acquisition costs are amortised from the date of commercial production based on total estimated commercial (both developed and undeveloped) reserves.

The costs of drilling exploratory wells and exploratory-type stratigraphic test wells, if any, are capitalised as part of assets under construction - exploratory wells within oil and gas properties, pending determination of whether the well has found commercial reserves. If the wells have found commercial reserves, the capitalised costs of drilling the wells are tested for impairment and transferred to assets under construction - development wells (even though the well may not be completed as a producing well). If, however, the well has not found commercial reserves, the capitalised costs of drilling the well are written-off to the consolidated statement of profit or loss and other comprehensive income.

The costs of drilling development wells and development-type stratigraphic wells, if any, are capitalised as part of assets under construction - development wells until drilling is completed. When the development well is completed on a specific field, it is transferred to the production wells.

The costs of successful exploration wells and development wells (production wells) are depleted using a unit-of-production method on the basis of proved reserves, from the date of commercial production of the respective field. Unit-of-production is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the beginning of the period.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of other property and equipment, are recognised as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values are removed from the accounts and any resulting gain or loss is reflected in the consolidated statement of profit or loss and other comprehensive income.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Such assets are tested for impairment in accordance with the policy below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS (continued)

Licenses
Costs relating to licenses which are acquired are capitalised and amortised on a straight-line basis over their useful lives of 5 to 20 years.

Computer software
Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful lives of 3 to 4 years.

PREPAID LEASES

Prepaid leases represent land use rights that are stated at cost less accumulated amortisation. Land use rights are amortised on a straight-line basis over 30 years, being the entitled period to use the land.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSOCIATES (continued)

assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

PROVISION FOR DECOMMISSIONING

Provision for decommissioning arises principally in connection with removal and dismantling of the oil and test drilling equipment for the exploration and evaluation activities. Provisions for decommissioning are measured at the present value of the expected future cash flows that will be required to perform the decommissioning. The cost of the provision is recognised as part of the cost of the assets when it is put in place and depreciated over the asset's useful life. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION

The Group recognises revenue from the following sources:

Continuing operation – Asset Integrity Management sector

- Rendering services and sale of products

Discontinued operations

Mobile Natural Gas sector

- Sale of natural gas and related services

Renewable Energy sector

- Sale of rice husk briquettes

Revenue is measured based on the consideration specified in a contract with customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods and natural gas

Revenue from the sale of goods and natural gas is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has discretion over the manner of distribution and price to sell the goods/natural gas, has the primary responsibility when onselling the goods/natural gas and bears the risks of obsolescence and loss in relation to the goods/natural gas. A receivable is recognised by the Group when the goods/natural gas are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Rendering of services

The Group provides services for offshore and onshore engineering and petroleum projects. Revenue from offshore engineering and petroleum projects undertaken is therefore recognised based on the stage of completion of the contract, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

The Group becomes entitled to invoice customers for the work performed based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost–to–cost method then the Group recognises a contract liability for the difference. There is no significant financing component considered in engineering contracts with customers as the period between the recognition of revenue under the cost–to–cost method and the milestone payment is always less than one year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Malaysia incorporated companies in the Group contribute to the State Pension Scheme, the Employees Provident Fund ("EPF"), a defined contribution plan regulated and managed by the Government of Malaysia, which applies to the majority of the employees. The contributions to EPF or other defined contribution plans are charged to the profit or loss in the period to which contributions relate.

Post-employment pension and other long-term employee benefits
For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RETIREMENT BENEFIT OBLIGATIONS (continued)

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

EMPLOYEE LEAVE ENTITLEMENT

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

The carrying amount of deferred tax assets is reviewed at the end of each relevant period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency), other than the Company whose functional currency is Singapore Dollar (SGD) but presented in Malaysia Ringgit (RM).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (continued)

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in RM using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component in equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at banks and fixed deposits are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Use of going concern assumption

The Directors and the management have assessed and believe that the validity of the going concern assumption is dependent on the outcome of the tender projects, as discussed in Note 1 to the financial statements.

According to their judgement, the Directors and the management believe that the Group will be able to secure the targeted number of tender projects that the Group is participating in and as such, the Group and the Company would be able to operate as going concerns.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Useful lives of property, plant and equipment

Management exercises their judgement in estimating the useful lives of the depreciable assets which takes into consideration the physical conditions of the assets and their useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method.

The carrying amounts of property, plant and equipment are disclosed in Note 13 to the financial statements.

(ii) Impairment review of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Impairment review of property, plant and equipment (continued)

The estimation of recoverable amount involves projection of future cash flows and use of an appropriate discount rate to discount the projected cash flows to net present value. These projections and discount rate are significant accounting estimates which can cause significant change in the carrying amount in the future should the estimates change. The Group has experienced the effects of challenging economic conditions in the oil and gas industry. Management has made significant estimates on the probability of the economic conditions improving in their projected cash flows. Any unfavourable change in these estimates could result in potential impairment charges to be recognised on the assets held by the Group.

The carrying amount of property, plant and equipment is disclosed in Note 13 to the financial statements.

(iii) Impairment of investment in associates and subsidiaries

Management exercises their judgement in estimating recoverable amounts of its investment in associates of the Group and subsidiaries of the Company.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of the Company's investment in subsidiaries and the Group's investment in associates are disclosed in Notes 16 and 17 to the financial statements respectively.

(v) Calculation of loss allowance for trade and other receivables

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments (continued)*

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Financial assets						
Financial assets at amortised cost	18,775,378	NA	NA	44,466	NA	NA
Loan and receivables (including cash and bank balances)	NA	28,302,038	84,429,287	NA	1,933,668	2,570,956
Financial liabilities						
Financial liabilities at amortised cost	31,249,291	43,855,269	88,528,629	1,825,204	26,809,221	24,296,012

Financial assets consist of cash and bank balances, trade and other receivables, excluding prepayments, prepaid leases, tax recoverable and value-added tax receivables.

Financial liabilities consist of bank borrowings, overdrafts, trade and other payables, finance leases and advances from a third party excluding value-added tax payables, withholding tax and tax payable income.

(b) *Financial risk management policies and objectives*

The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance through a system of internal controls set by the management.

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(b) Financial risk management policies and objectives (continued)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including United States Dollar ("USD"), Indonesia Rupiah ("IDR"), Vietnam Dong ("VND"), Singapore Dollar ("SGD") and Malaysia Ringgit ("RM") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Assets			Liabilities		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	RM	RM	RM	RM	RM	RM
Group						
RM	2,297,247	2,697,244	3,315,056	991,397	930,296	1,179,891
USD	1,272,161	1,835,181	43,899,050	541,433	1,722,561	41,090,906
IDR	8,540	38,100	2,853,329	1,176,896	1,175,016	1,364,337
SGD	13,132	16,733	33,488	67,152	49,861	230,376
VND	-	-	313,319	379	-	-
Company						
USD	18,271	124,998	461,093	891,964	25,107,776	22,948,272
RM	-	109,176	109,153	62,857	756,139	683,702

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(b) Financial risk management policies and objectives (continued)

(i) Foreign exchange risk management (continued)

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity
The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when relevant foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loan to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, profit or loss after tax will decrease (increase) by:

	31 Dec 2018	31 Dec 2017	1 Jan 2017
	RM	RM	RM
Group			
RM	49,623	67,144	81,136
USD	27,767	4,280	106,709
IDR	(44,398)	(43,203)	56,582
SGD	(2,053)	(1,259)	(7,482)
VND	(14)	-	11,906
Company			
USD	(33,201)	(949,346)	(854,513)
RM	(2,389)	(24,585)	(21,833)

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, the effect on profit or loss after tax will be vice-versa.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(b) Financial risk management policies and objectives (continued)

(ii) Interest rate risk management

The Group's exposure to interest rate risk arises primarily from borrowings, finance leases and cash placed with financial institutions. The details of the Group's interest rate exposure are disclosed in Notes 19 and 23 to the financial statements respectively.

Interest rate sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 100 basis points higher or lower and all other variables were held constant, the Group's loss after tax for the year ended 31 December 2018 would increase/decrease by RM22,565 (2017 : RM74,631). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings, finance leases and advances from a third party.

The Company's profit or loss after tax was not affected by changes in interest rates as the Company does not have any borrowings or inter-company loans that are at variable rates.

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from (i) the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and (ii) the exposure to defaults from financial guarantees, if any.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(b) Financial risk management policies and objectives (continued)

(iii) Overview of the Group's exposure to credit risk (continued)

For trade receivables, contract assets and finance lease receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Notes 7, 8 and 9 include further details on the loss allowance for these assets respectively.

The Group has assessed the other receivables are in the performing category with low risk of default.

The Company's receivables comprised amounts due from certain subsidiaries and the credit quality of these subsidiaries have not changed.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

(iv) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the risk management committee annually.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable to monitor the creditworthiness and to take further steps which may include impairment on accounts receivable and restricting credit terms.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(b) Financial risk management policies and objectives (continued)

(iv) Credit risk management (continued)

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry. Cash and bank balances are placed with financial institutions.

At the end of the reporting period, approximately RM6,259,388 (31 December 2017 : RM6,632,621, 1 January 2017 : RM41,553,762) of the Group's receivables are due from an associate in the offshore engineering sector which is trade in nature. The associate is also a supplier to the Group and at the end of the reporting period, the Group has a total amount due to the associate of RM7,071,904 (31 December 2017: RM6,877,369, 1 January 2017 : RM7,671,733). The Group's single customer contributed to 31% (2017 : 25%) of the Group's revenue. Other than the amount due from an associate, the concentration of credit risk is limited due to the customer base being large and unrelated.

(v) Liquidity risk management

The Group and the Company seek to maintain sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

As disclosed in Note 1 to the financial statements, in prior year, the Group made the strategic decision to discontinue its activities in the Exploration and Production and Renewable Energy sectors, which were capital intensive. In 2018, the Group discontinued its Mobile Natural Gas sector. Going forward, the Group will focus on its Asset Integrity Management sector. The Group has projected a net cash inflow for the year ending 31 December 2019 based on (i) current on-going projects; (ii) new projects that have already been awarded; and (iii) on-going tender projects.

Liquidity and interest risk analysis

Non-derivative financial liabilities
The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

Liquidity and interest risk analysis (continued)

Group	Weighted average effective interest rate	Less than 1 year	Between 1 and 5 years	Above 5 years	Adjustment	Total
	% p.a.	RM	RM	RM	RM	RM
31 Dec 2018						
Trade and other payables	-	28,280,150	-	-	-	28,280,150
Overdrafts	8.25	2,969,141	-	-	-	2,969,141
		31,249,291	-	-	-	31,249,291

Group	Weighted average effective interest rate	Less than 1 year	Between 1 and 5 years	Above 5 years	Adjustment	Total
	% p.a.	RM	RM	RM	RM	RM
31 Dec 2017						
Trade and other payables	-	34,035,458	-	-	-	34,035,458
Overdrafts and bank borrowings	5.05	9,778,090	-	-	(138,308)	9,639,782
Finance leases	6.33	110,727	91,776	-	(22,474)	180,029
		43,924,275	91,776	-	(160,782)	43,855,269

Group	Weighted average effective interest rate	Less than 1 year	Between 1 and 5 years	Above 5 years	Adjustment	Total
	% p.a.	RM	RM	RM	RM	RM
1 Jan 2017						
Trade and other payables	-	76,364,241	-	-	-	76,364,241
Advances from a third party	10.00	-	3,025,000	-	(525,000)	2,500,000
Bank borrowings	5.00	3,157,275	2,539,632	7,072,486	(3,276,925)	9,492,468
Finance leases	6.03	152,006	36,631	-	(16,717)	171,920
		79,673,522	5,601,263	7,072,486	(3,818,642)	88,528,629

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

Liquidity and interest risk analysis (continued)

The Company's financial liabilities as at 31 December 2018, 31 December 2017 and 1 January 2017 are repayable on demand or due within 1 year from the end of the reporting period.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

Group	Weighted average effective interest rate	Less than 1 year	Between 1 and 5 years	Above 5 years	Adjustment	Total
	% p.a.	RM	RM	RM	RM	RM
31 Dec 2018						
Non-interest bearing	-	18,709,037	-	-	-	18,709,037
Fixed interest rate instruments	0.1	66,407	-	-	(66)	66,341
		18,775,444	-	-	(66)	18,775,378

Group	Weighted average effective interest rate	Less than 1 year	Between 1 and 5 years	Above 5 years	Adjustment	Total
	% p.a.	RM	RM	RM	RM	RM
31 Dec 2017						
Non-interest bearing	-	23,084,333	-	-	-	23,084,333
Fixed interest rate instruments	0.1	65,099	-	-	(65)	65,034
Finance lease receivables	9	526,495	5,558,689	-	(932,513)	5,152,671
		23,675,927	5,558,689	-	(932,578)	28,302,038

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

Liquidity and interest risk analysis (continued)

Group	Weighted average effective interest rate	Less than 1 year	Between 1 and 5 years	Above 5 years	Adjustment	Total
	% p.a.	RM	RM	RM	RM	RM
1 Jan 2017						
Non-interest bearing	-	80,514,960	-	-	-	80,514,960
Fixed interest rate instruments	0.3	3,926,069	-	-	(11,742)	3,914,327
		84,441,029	-	-	(11,742)	84,429,287

The Company's non-derivative financial assets as at 31 December 2018, 31 December 2017 and 1 January 2017 are repayable on demand or due within 1 year from the end of the reporting period.

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(c) Capital management policies and objectives

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(c) Capital management policies and objectives (continued)

The Group is not subject to externally imposed capital requirements.

The Group manages its capital structure considering its gearing exposure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2018.

The Group's overall strategy with regards to capital management remains unchanged from 2017.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions are as follows:

		Group	
		2018	**2017**
		RM	**RM**
(a)	Transactions with IEV (Malaysia) Sdn. Bhd.		
	Charged to an associate		
	Project income	1,153,973	1,087,292
	Management fee income	-	62,400
	Rental income	100,720	153,360
	Charged by an associate		
	Purchases	(34,319)	(49,686)
	Selling and distribution expenses	-	(19,889)
	Rental expenses	(91,360)	(98,108)
	Finance costs	(1,964)	-
(b)	Transactions with Gas Malaysia IEV Sdn. Bhd.		
	Charged to an associate		
	Project income	-	4,000

5 RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group	
	2018	**2017**
	RM	**RM**
Directors' remuneration		
- salaries and related costs	1,618,938	1,960,012
- defined contributions	11,828	14,728
- Directors' fees	430,698	485,718
	2,061,464	2,460,458
Key management personnel		
- salaries and related costs	1,276,463	1,334,101
- defined contributions	156,040	159,216
	1,432,503	1,493,317
	3,493,967	3,953,775

The remuneration of Directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group			Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**	**31 Dec 2018**	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Cash at banks	1,036,329	3,795,221	18,076,424	44,216	87,011	317,759
Cash on hand	8,092	33,256	122,050	-	-	-
Fixed deposits	66,341	65,034	3,914,327	-	-	-
	1,110,762	3,893,511	22,112,801	44,216	87,011	317,759

As at 31 December 2017, the cash at bank balances include a sum of RM45,655 (1 January 2017: RM 50,521) designated for project account. As required by PT Pertamina EP ("Pertamina"), the project account was maintained with a financial institution for an exploration and evaluation project undertaken by a subsidiary. The operation of the project account was restricted to a specific project.

As at 31 December 2017, the Group recognised a full impairment on the pledged fixed deposit of USD468,000 given that the Operations Cooperation Agreement ("KSO Agreement") with Pertamina was terminated (Note 15).

Fixed deposits bear interest ranging from 0.1% to 0.3% per annum (2017 : 0.01% to 0.5% per annum) and a tenure of 14 days (2017 : 30 days).

6 CASH AND BANK BALANCES (continued)

The fixed deposits have been pledged to certain financial institutions for providing a corporate credit card facility to a subsidiary.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Cash and cash equivalents per consolidated statement of cash flows			
Cash and bank balances	1,110,762	3,893,511	22,112,801
Less: Restricted cash	(66,341)	(65,034)	(3,895,427)
	1,044,421	3,828,477	18,217,374
Less: Bank overdrafts (Note 19)	(2,969,141)	(2,975,169)	(2,522,367)
	(1,924,720)	853,308	15,695,007

7 TRADE RECEIVABLES

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Outside parties	9,350,032	12,978,711	17,412,563
Amount due from an associate	6,259,388	6,632,621	41,553,762
Allowance for doubtful receivables	(1,633,931)	(2,463,199)	(2,979,510)
	13,975,489	17,148,133	55,986,815
Contract assets	181,578	674,488	1,730,096
Total trade receivables, net	14,157,067	17,822,621	57,716,911

Included in contract assets was an amount of RM181,578 (31 December 2017 : RM Nil, 1 January 2017 : RM302,491) due from an associate.

7 TRADE RECEIVABLES (continued)

The average credit period on sale of goods is 14 to 90 days (2017 : 14 to 90 days). No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions, if any, at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – not credit-impaired			
Group	**Collectively assessed**	**Individually assessed**	**Lifetime ECL – credit-impaired**	**Total**
	RM	**RM**	**RM**	**RM**
Balance as at 31 Dec 2017	-	-	2,463,199	2,463,199
Amounts written off	-	-	(829,268)	(829,268)
Balance as at 31 Dec 2018	-	-	1,633,931	1,633,931

The Group has assessed the amount due from an associate is of low credit risk as the Group has an overall net amount due to an associate.

Previous accounting policy for impairment of trade receivables
In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Other than an amount of RM6,632,621 due from an associate at 31 December 2017, the concentration of credit risk was limited due to the customer base being large and unrelated. Accordingly, the management believed that there were no further credit allowances required in excess of the allowance for doubtful receivables.

Included in the allowance for doubtful receivables were specific trade receivables with a balance of RM2,463,199 (1 January 2017 : RM2,979,510) which had been assessed to be irrecoverable as either the receivables were long overdue or these trade debtors had not indicated any intention to settle the outstanding amounts, or there had been a deterioration noted in the creditworthiness of the trade debtors.

7 TRADE RECEIVABLES (continued)

The table below is an analysis of trade receivables as at the end of the relevant period:

	Group	
	31 Dec 2017	**1 Jan 2017**
	RM	**RM**
Not past due and not impaired	3,412,171	3,489,573
Past due but not impaired [(i)]	13,735,962	52,497,242
	17,148,133	55,986,815
Impaired receivables - individually assessed [(ii)]	2,463,199	2,979,510
Less: Allowance for doubtful receivables	(2,463,199)	(2,979,510)
	-	-
Total trade receivables, net	17,148,133	55,986,815

(i) Aging of trade receivables that were past due but not impaired is as follows:

	Group	
	31 Dec 2017	**1 Jan 2017**
	RM	**RM**
<1 month	822,426	34,894,166
1 month to 2 months	30,855	300,882
>2 months	12,882,681	17,302,194
	13,735,962	52,497,242

(ii) These amounts were stated before any deduction for impairment losses.

Movement in the allowance for doubtful receivables:

	Group
	2017
	RM
Balance at beginning of the year	(2,979,510)
Allowance recognised during the year	(387,800)
Receivables written off	-
Write back of allowance	671,527
Currency translation difference	232,584
Balance at end of the year	(2,463,199)

NOTES TO FINANCIAL STATEMENTS

31 December 2018

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	RM	RM	RM	RM	RM	RM
Deposits	161,828	402,847	569,023	-	-	-
Prepayments	396,375	500,984	1,088,731	49,873	42,190	43,026
Prepaid leases	10,692	215,003	2,760,111	-	-	-
Amount owing by an associate	473,845	182,301	278,623	-	2,116	3,634
Amount owing by subsidiaries	-	-	-	-	1,844,541	2,249,563
Amount owing by a Director of certain subsidiaries and a Director of the Company (Note 5)	182,956	179,754	511,757	-	-	-
Advances to third parties	-	302,151	470,594	-	-	-
Tax recoverable	335,757	967,496	1,188,796	-	-	-
Value-added tax receivables	5,601,490	6,437,428	7,021,089	-	-	-
Others	2,928,894	605,518	2,807,520	250	-	-
	10,091,837	9,793,482	16,696,244	50,123	1,888,847	2,296,223
Less: Allowance for doubtful receivables	(5,427,992)	(5,307,630)	(28,059)	-	-	-
	4,663,845	4,485,852	16,668,185	50,123	1,888,847	2,296,223
Less: Amount receivable within 12 months (shown under current assets)	(4,631,088)	(3,671,497)	(7,874,953)	(50,123)	(1,888,847)	(2,296,223)
Amount receivable after 12 months	32,757	814,355	8,793,232	-	-	-

The amount owing by an associate is repayable on demand, unsecured and interest-free.

The amount owing by a Director of certain subsidiaries represents disbursements for business purpose and the amount owing by a Director of the Company represents dividend received on behalf of a subsidiary and to be remitted to the Group. The amount of RM182,956 (31 December 2017 : RM179,754) has been fully provided for in 2017 as management had determined this amount to be non-recoverable.

8 OTHER RECEIVABLES AND PREPAYMENTS (continued)

Advances to third parties relate to payments made on behalf and advance payment to a subcontractor for a specific project.

As at 31 December 2017, included in tax recoverable was an amount of RM530,000 which was collected by the Tax Authority in relation to a value-added tax dispute with PT IEV Gas which is disposed during the year.

As at 31 December 2017, an amount of RM1,926,322 pertaining to land use rights recorded under prepaid leases was reclassified to finance lease receivables (Note 9).

In 2017, the amount owing by subsidiaries of RM383,969 were assessed to be the Company's net investment in the subsidiaries (Note 16).

As at 31 December 2017, the Company's amount owing by subsidiaries includes loans of RM1,844,541 provided to subsidiaries for working capital purposes. These loans were interest-free and repayable on demand. The Company did not provide any allowances on these loans as management determined this amount is recoverable from the subsidiaries. As at 31 December 2018, the management provided for the receivables in full from the subsidiaries as those receivables are determined to be irrecoverable.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The following table shows the movement in expected credit losses (ECL) that has been recognised for other receivables.

	Group **12-month ECL** **Financial assets at amortised cost** **RM**
Balance as at 1 January 2018	210,396
Additional allowance recognised in the year	29,578
Balance as at 31 December 2018	239,974

NOTES TO FINANCIAL STATEMENTS

31 December 2018

8 OTHER RECEIVABLES AND PREPAYMENTS (continued)

The following table shows the breakdown of allowance for doubtful receivables:

	Group
	31 Dec 2018
	RM
Financial assets	239,974
Non-financial assets	5,188,018
Total	5,427,992

Allowance for non-financial assets pertained to value-added tax receivables to which movement during the year relates to currency translation difference of RM90,784.

Previous accounting policy for impairment of other receivables

In determining the recoverability of other receivables, the Group and the Company considered any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

Management had assessed the creditworthiness of the other receivables. Based on their assessment, other receivables were not past due nor impaired except for balances of RM5,307,630 (1 January 2017 : RM28,059) which mainly pertained to value-added tax receivables as a result of the termination of the KSO Agreement (Note 15). Allowances of the said amount had been set up at 31 December 2017.

Movement in the allowance for doubtful receivables:

	Group
	2017
	RM
Balance at beginning of the year	(28,059)
Allowance recognised during the year	(5,280,991)
Currency translation difference	1,420
Balance at end of the year	(5,307,630)

9 FINANCE LEASE RECEIVABLES

	Minimum lease payments			Present value of minimum lease payments		
	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM
Group						
Amounts receivable under finance leases:						
Within one year	-	526,495	-	-	65,408	-
In the second to fifth years inclusive	-	5,558,689	-	-	5,087,263	-
	-	6,085,184	-	-	5,152,671	-
Less: Unearned finance income	-	(932,513)	-	-	N/A	-
Present value of lease payments receivables	-	5,152,671	-	-	5,152,671	-
Analysed as:						
Current finance lease receivables (recoverable within 12 months)				-	65,408	-
Non-current finance lease receivables (recoverable after 12 months)				-	5,087,263	-
				-	5,152,671	-

In 2017, the Group entered into finance leasing arrangements for certain of its property, plant and equipment ("Plant and Assets"). The term of the finance leases entered into is 2 years and the effective interest rate is 9% per annum.

The Group commited to transfer the Plant and Assets to the lessee at the end of the rental period at a fixed price. If the Group revoked its commitment to transfer the Plant and Assets, the Group will have to compensate the lessee for all costs caused by the relocation of the plant.

During the year, the Group entered into a sale and purchase agreement with the lessee for the transfer of the Plant and Assets for RM4,976,767 and the sale was completed during the year. As at 31 December 2018, RM2,381,944 of the proceeds have yet to be received by the Group and is recorded as other receivables (Note 8).

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31 December 2018

10 INVENTORIES

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Raw materials	2,701,077	2,620,707	2,791,182
Compressed Natural Gas ("CNG")	-	44,276	67,931
Spare parts	624,490	1,672,362	1,797,901
Finished Goods	-	-	104,976
Consumables	236,078	352,203	401,978
	3,561,645	4,689,548	5,163,968
Less: Allowance for inventories	(2,032,271)	(1,566,281)	(261,443)
	1,529,374	3,123,267	4,902,525
Comprising:			
At net realisable value	386,290	2,125,837	2,497,327
At cost	1,143,084	997,430	2,405,198
Balance at end of the year	1,529,374	3,123,267	4,902,525

The cost of inventories recognised as an expense in "Cost of Sales" includes RM773,995 (2017 : RM1,527,027), in respect of write-downs of inventory to net realisable value.

10 INVENTORIES (continued)

	Group		
	31 Dec 2018	31 Dec 2017	1 Jan 2017
	RM	RM	RM
Movement in the allowance for inventories			
Balance at the beginning of the year	1,566,281	261,443	225,630
Allowance provided for during the year	1,044,539	1,306,875	34,901
Write back allowances during the year	(22,177)	-	-
Write off	(7,002)	-	-
Currency translation difference	(33,518)	(2,037)	912
	2,548,123	1,566,281	261,443
Classified as part of a disposal of subsidiary	(515,852)	-	-
Balance at end of the year	2,032,271	1,566,281	261,443

11 CONTRACT COSTS

At the end of the reporting period, the Group has incurred costs amounting to RM1,000,083 for a single contract to which the performance obligation has yet to be fulfilled.

12 ASSETS CLASSIFIED AS HELD FOR SALE

The Board on 14 November 2017 resolved to dispose of the office unit located at Level 22, of PJX-HM Shah Tower, No.16A Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia (Note 13, the “Property”).

On 9 December 2017, the Group received an offer from a third party to purchase the Property for a total cash consideration of RM9,200,000 excluding applicable Goods & Services tax. The proceeds will be used to repay the bank loan of RM6,664,613 (Note 19). Accordingly, the bank loan has been classified as a current liability as at 31 December 2017. A sale and purchase agreement with the third party was signed in January 2018 and the disposal of the office unit was completed during the year.

13 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings RM	Production equipment RM	Plant and machinery RM	Factory equipment, tools and light machinery RM	Computer and office equipment RM	Motor vehicles RM	Furniture, fittings and office renovation RM	Construction-in-progress RM	Total RM
Cost:									
At 1 Jan 2017	16,386,899	1,107,780	23,453,127	13,116,896	2,367,698	1,080,373	3,444,545	278,635	61,235,953
Additions	16,122	83,100	427,095	518,998	40,799	-	20,420	214,346	1,320,880
Disposals	(37,767)	-	-	(309,947)	(70,188)	(383,615)	(32,051)	(24,988)	(858,556)
Write off	(82,354)	-	(801,898)	-	(61,796)	-	(11,621)	-	(957,669)
Reclassification to asset held for sale (Note 12)	(10,144,182)	-	-	-	-	-	-	-	(10,144,182)
Reclassification to finance lease receivables (Note 9)	(3,023,724)	-	(420,845)	(759,500)	-	(153,879)	-	-	(4,357,948)
Reclassification/ transfer	78,780	-	310,274	33,029	-	-	-	(422,083)	-
Currency translation difference	(575,439)	-	(2,182,229)	(1,287,439)	(172,258)	(74,490)	(105,594)	(12,067)	(4,409,516)
At 31 Dec 2017	2,618,335	1,190,880	20,785,524	11,312,037	2,104,255	468,389	3,315,699	33,843	41,828,962
Additions	42,273	6,660	282,088	65,063	76,976	1,123	387,168	5,536	866,887
Disposals	-	-	(578,735)	(277,017)	(21,112)	(138,248)	(1,864)	-	(1,016,976)
Write off	-	(4,400)	(3,521,109)	(78,339)	(854,320)	(29,186)	(2,846,119)	(8,458)	(7,341,931)
Reclassification/ transfer	(49,381)	-	49,381	-	1,251	-	(1,251)	-	-
Disposal of a subsidiary (Note 38)	(2,398,046)	-	(11,890,492)	(10,110,781)	(526,792)	(195,997)	(121,187)	(28,527)	(25,271,822)
Currency translation difference	(213,181)	-	(1,071,861)	(910,963)	(50,141)	(27,787)	(16,436)	(2,394)	(2,292,763)
At 31 Dec 2018	-	1,193,140	4,054,796	-	730,117	78,294	716,010	-	6,772,357

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Leasehold buildings RM	Production equipment RM	Plant and machinery RM	Factory equipment, tools and light machinery RM	Computer and office equipment RM	Motor vehicles RM	Furniture, fittings and office renovation RM	Construction-in-progress RM	Total RM
Accumulated depreciation:									
At 1 Jan 2017	1,745,212	776,115	13,294,321	7,219,729	2,021,302	591,446	2,351,110	-	27,999,235
Depreciation for the year	632,835	135,442	1,974,087	951,194	194,674	115,935	471,211	-	4,475,378
Disposals	(19,166)	-	-	(309,947)	(68,619)	(260,959)	(30,177)	-	(688,868)
Write off	(26,230)	-	(800,819)	-	(61,796)	-	(11,621)	-	(900,466)
Reclassification to asset held for sale (Note 12)	(1,014,418)	-	-	-	-	-	-	-	(1,014,418)
Reclassification to finance lease receivables (Note 9)	(249,742)	-	(58,210)	(149,154)	-	(30,456)	-	-	(487,562)
Currency translation difference	(114,110)	-	(1,311,256)	(742,287)	(160,303)	(44,315)	(101,734)	-	(2,474,005)
At 31 Dec 2017	954,381	911,557	13,098,123	6,969,535	1,925,258	371,651	2,678,789	-	26,909,294
Depreciation for the year	97,333	105,195	902,136	250,562	104,506	17,864	91,266	-	1,568,862
Disposals	-	-	(168,798)	(275,126)	(21,112)	(87,427)	(1,863)	-	(554,326)
Write off	-	(4,400)	(3,377,148)	(65,141)	(848,803)	(19,803)	(2,328,695)	-	(6,643,990)
Reclassification/ transfer	(49,381)	-	49,381	-	26	-	(26)	-	-
Disposal of a subsidiary (Note 38)	(923,180)	-	(6,777,779)	(6,316,039)	(479,130)	(186,929)	(116,984)	-	(14,800,041)
Currency translation difference	(79,153)	-	(585,677)	(563,791)	(47,470)	(22,943)	(16,041)	-	(1,315,075)
At 31 Dec 2018	-	1,012,352	3,140,238	-	633,275	72,413	306,446	-	5,164,724

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Leasehold buildings RM	Production equipment RM	Plant and machinery RM	Factory equipment, tools and light machinery RM	Computer and office equipment RM	Motor vehicles RM	Furniture, fittings and office renovation RM	Construction-in-progress RM	Total RM
Impairment:									
At 1 Jan 2017	-	-	-	-	-	-	-	-	-
Impairment loss recognised during the year ended 31 Dec 2017 and balance at 31 Dec 2017	1,003,007	-	3,508,417	2,599,415	10,238	7,832	578,109	-	7,707,018
	1,003,007	-	3,508,417	2,599,415	10,238	7,832	578,109	-	7,707,018
Impairment loss recognised during the year	-	-	18,715	-	-	-	-	-	18,715
Write back of impairment during the year	-	-	-	-	-	-	(62,817)	-	(62,817)
Written off	-	-	-	-	-	-	(513,977)	-	(513,977)
Disposal of a subsidiary (Note 38)	(921,265)	-	(3,222,494)	(2,387,572)	(9,403)	(7,193)	(1,208)	-	(6,549,135)
Currency translation differences	(81,742)	-	(285,758)	(211,843)	(835)	(639)	(107)	-	(580,924)
31 Dec 2018	-	-	18,880	-	-	-	-	-	18,880
Carrying amount:									
At 31 Dec 2018	-	180,788	895,678	-	96,842	5,881	409,564	-	1,588,753
At 31 Dec 2017	660,947	279,323	4,178,984	1,743,087	168,759	88,906	58,801	33,843	7,212,650
At 1 Jan 2017	14,641,687	331,665	10,158,806	5,897,167	346,396	488,927	1,093,435	278,635	33,236,718

13 PROPERTY, PLANT AND EQUIPMENT (continued)

In 2017, the management carried out a review of the recoverable amount of its property, plant and equipment. The review led to the recognition of an impairment loss of RM7,130,224 on the property, plant and equipment of PT IEV Gas. An impairment of RM576,794 on renovation was also recognised based on the sales consideration received (Note 12). The total impairment of RM7,707,018 has been included in the line item "discontinued operations" in the Consolidated Statement of Profit or Loss and other Comprehensive Income. In 2018, impairment of RM62,817 was written back as the Group has decided to continue to use some of the fittings.

During the year, the management carried out a review of the recoverable amount of its property, plant and equipment. The review led to the recognition of an impairment loss of RM18,715 on specific equipment which is no longer in good condition. The total impairment of RM18,715 has been included in the line item "other operating expenses" in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

(i) Depreciation expense is charged to:

Group	2018 RM	2017 RM
Cost of sales	576,890	2,130,170
Selling and distribution	-	4,323
Administrative expenses	991,972	2,340,885
	1,568,862	4,475,378

(ii) Assets acquired under finance leases of the Group are as follows:

Group	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM
At carrying amount:			
Plant and machinery	-	38,640	71,760
Factory equipment, tools and light machinery	-	380,862	325,959
Motor vehicles	-	26,370	29,215
	-	445,872	426,934

In 2017, the Group has pledged leasehold office building amounting to RM9,129,764 to secure banking facilities granted to the Group (Note 19). As at 31 December 2017, the pledged leasehold office building was classified as asset held for sale. The asset held for sale was disposed in 2018 (Note 12) and proceeds were used to repay the outstanding bank borrowings accordingly (Note 19).

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14 INTANGIBLE ASSETS

Group	Licenses RM	Computer software RM	Total RM
Cost:			
At 1 Jan 2017	8,652,218	79,491	8,731,709
Currency translation difference	(714,315)	(7,741)	(722,056)
At 31 Dec 2017	7,937,903	71,750	8,009,653
Written off	(221,089)	-	(221,089)
Currency translation difference	101,245	(5,848)	95,397
	7,818,059	65,902	7,883,961
Disposal of a subsidiary (Note 38)	(41,539)	(65,902)	(107,441)
At 31 Dec 2018	7,776,520	-	7,776,520
Amortisation:			
At 1 Jan 2017	2,804,153	72,725	2,876,878
Amortisation for the year	515,292	7,236	522,528
Currency translation difference	(242,251)	(8,211)	(250,462)
At 31 Dec 2017	3,077,194	71,750	3,148,944
Amortisation for the year	140,259	14	140,273
Written off	(165,817)	-	(165,817)
Currency translation difference	34,082	(5,863)	28,219
	3,085,718	65,901	3,151,619
Disposal of a subsidiary (Note 38)	(37,299)	(65,901)	(103,200)
At 31 Dec 2018	3,048,419	-	3,048,419
Impairment			
At 1 Jan 2017	1,480,381	-	1,480,381
Impairment loss recognised in the year	3,232,665	-	3,232,665
Currency translation difference	(139,385)	-	(139,385)
At 31 Dec 2017	4,573,661	-	4,573,661
Currency translation difference	71,825	-	71,825
	4,645,486	-	4,645,486
Disposal of a subsidiary (Note 38)	(4,241)	-	(4,241)
At 31 Dec 2018	4,641,245	-	4,641,245

14 INTANGIBLE ASSETS (continued)

Group	Licenses RM	Computer software RM	Total RM
Carrying amount:			
At 31 Dec 2018	86,856	-	86,856
At 31 Dec 2017	287,048	-	287,048
At 1 Jan 2017	4,367,684	6,766	4,374,450

The intangible assets included above have finite useful lives over which the assets are amortised. The licenses, with useful lives ranging from 5 to 20 years, pertain to exclusive distribution rights relevant to Oxifree Metal Protection product range, oil and gas certification for CNG installation and signature bonus for the KSO Agreement. Computer software is amortised over their useful lives of 3 to 4 years.

As at 31 December 2017 management has recognised a full impairment on the carrying value of the signature bonus given that the KSO Agreement had been terminated by Pertamina (Note 15). The impairment loss had been included in the line item "discontinued operations" in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

Group	2018 RM	2017 RM
Amortisation expense is charged to:		
Cost of sales	7,838	15,443
Administrative expenses	132,435	507,085
	140,273	522,528

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15 OIL AND GAS PROPERTIES

Oil and gas properties represent costs for assets under construction related to exploration and evaluation activities at the area of interest in the Exploration and Production sector ("EPS").

Group	Development and Production assets RM	Exploration and Evaluation assets RM	Total RM
Cost			
At 1 Jan 2017	53,492,769	15,324,427	68,817,196
Additions	1,130,883	-	1,130,883
Currency translation difference	(5,098,653)	(1,442,874)	(6,541,527)
At 31 Dec 2017	49,524,999	13,881,553	63,406,552
Currency translation difference	882,064	247,238	1,129,302
At 31 Dec 2018	50,407,063	14,128,791	64,535,854
Accumulated depreciation, depletion and amortisation			
At 1 Jan 2017	127,187	-	127,187
Charge for the year	-	-	-
Currency translation difference	(11,975)	-	(11,975)
At 31 Dec 2017	115,212	-	115,212
Currency translation difference	2,052	-	2,052
At 31 Dec 2018	117,264	-	117,264

15 OIL AND GAS PROPERTIES (continued)

Group	Development and Production assets RM	Exploration and Evaluation assets RM	Total RM
Impairment			
At 1 Jan 2017	20,949,620	-	20,949,620
Impairment loss recognised in the year	30,432,682	13,881,553	44,314,235
Currency translation difference	(1,972,515)	-	(1,972,515)
At 31 Dec 2017	49,409,787	13,881,553	63,291,340
Currency translation difference	880,012	247,238	1,127,250
At 31 Dec 2018	50,289,799	14,128,791	64,418,590
Net carrying amount			
At 31 Dec 2018	-	-	-
At 31 Dec 2017	-	-	-
At 1 Jan 2017	32,415,962	15,324,427	47,740,389

The Group, through a subsidiary, PT IEV Pabuaran KSO ("IEV KSO") engaged in reactivation and optimisation of hydrocarbons production at Pabuaran, West Java, Indonesia, under an Operations Cooperation Agreement ("KSO Agreement") with PT Pertamina EP ("Pertamina"), to assist Pertamina in carrying out its obligations as the operator under Kontrak Minyak dan Gas Bumi Pertamina ("Pertamina EP KKS"), a contract entered with SKK Migas, the oil and gas regulatory agency of Indonesia, on 17 September 2005.

On 12 December 2015, the Group obtained approval of an extension of work program totalling USD18.6 million (RM80,028,360) to be completed by 11 December 2017; the work program was supposed to be completed by 12 December 2015. As required with the extension, the Group had in December 2015 placed a Bank Guarantee of USD2,340,000 with a validity up to 11 December 2017 with Pertamina. In accordance with the KSO Agreement, Pertamina has the right to claim and disburse the Bank Guarantee in the case if IEV KSO does not fulfil its obligations under the KSO Agreement.

IEV KSO received a letter dated 28 December 2017 from Pertamina terminating the KSO Agreement in the Pabuaran Block effective 2 January 2018 and has also made a claim for the disbursement of a bank guarantee amounting to USD2,340,000 ("Termination Letter"). The bank guarantee was previously provided to Pertamina in the form of a pledged fixed deposit of USD468,000 and a banker guarantee of USD1,872,000.

15 OIL AND GAS PROPERTIES (continued)

The Termination Letter was served on the basis of IEV KSO, not fulfilling certain conditions and obligations under the KSO Agreement. One of the key conditions, amongst others, include the completion of USD18,600,000 work program by 11 December 2017.

Pertamina has claimed the banker guarantee of USD1,872,000 and the pledged fixed deposit of USD468,000. As at 31 December 2017, the Group recognised termination liabilities of USD1,872,000 (approximately RM7,607,097). During the year, the Group had completed the handover of all operating equipment on the Pabuaran Block to Pertamina. The termination liabilities of USD1,872,000 (approximately RM7,742,583) remain unpaid as at 31 December 2018.

Management believes that there is no other material contingencies or liabilities that have not been recorded with the termination of the KSO Agreement.

Impairment review

As at 31 December 2017, the Group made full impairment on the oil and gas properties and the intangible asset (signature bonus), including full impairment on the pledged fixed deposit of USD468,000 (RM1,901,774). Total impairment loss recognised on the oil and gas properties amounted to USD10,905,113 (approximately RM44,314,235) and this was included in the line item "discontinued operations" in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

16 SUBSIDIARIES

	Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Unquoted equity shares, at cost	32,357,388	32,357,703	32,357,388
Deemed investment on amounts owing by subsidiaries			
- Quasi loans	94,952,304	93,307,978	89,133,624
Allowance for impairment	(125,217,701)	(97,948,209)	(6,276,176)
Currency translation difference	(2,091,991)	(1,837,055)	631,786
	-	25,880,417	115,846,622

16 SUBSIDIARIES (continued)

Movement in the allowance for impairment:

	Company		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Balance at beginning of the year	(97,948,209)	(6,276,176)	-
Allowance for impairment	(27,482,782)	(91,794,298)	(6,155,979)
Currency translation difference	213,290	122,265	(120,197)
Balance at end of the year	(125,217,701)	(97,948,209)	(6,276,176)

On 27 April 2016, management obtained approval for a series of loans made to its subsidiaries (Note 8) in prior years for purposes of business investments and working capital commitments to be treated as being quasi-equity in nature with effect from 1 January 2016 and to be classified as deemed investments in the subsidiaries. These loans to subsidiaries are unsecured, interest-free and repayment is at the discretion of the borrowers.

The Company has recognised an allowance of RM27,482,782 (31 December 2017: RM91,794,298, 1 January 2017: RM6,155,979) on these loans as management determined that this amount was irrecoverable from two of the subsidiaries, which were in the Exploration and Production and Renewable Energy sectors as the Group ceased operations in these entities and exited from the two sectors (Note 35). Accordingly, the cost of investment of the subsidiary in Exploration and Production sector was fully provided for in 2017.

As at 31 December 2018, management performed an impairment review and assessed that the cost of investment in IEV Group Sdn Bhd, the only subsidiary of the Group is impaired due to the declining performance of the subsidiary over the recent years.

Details of the Company's subsidiaries at 31 December 2018 are as follows:

Name of subsidiary/ Place of incorporation and operation	**Principal activity**	**Proportion of ownership interest and voting power held**		
		31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
		%	**%**	**%**
IEV Group Sdn. Bhd. [(2)] *Malaysia*	Investment holding, provision of technical and management services to its subsidiaries, conducting product development for the Group's product and services	100	100	100

16 SUBSIDIARIES (continued)

Details of the Company's subsidiaries at 31 December 2018 are as follows: (continued)

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
IEV Energy Investment Pte. Limited [(1)] *Singapore*	Investment in oil and gas Projects	100	100	100
Held by IEV Group Sdn. Bhd.				
IEV International Limited [(3)] *Hong Kong*	Provision of marine growth control, corrosion control, subsea engineering and oilfield equipment and services to the onshore, offshore and marine industries in global market	100	100	100
PT IEV Indonesia [(2)] *Indonesia*	Provision of marine growth control, corrosion control, subsea engineering and oilfield gas equipment to oil and marine industries in Indonesia	95	95	95
IEV Manufacturing Sdn. Bhd. [(2)] *Malaysia*	Manufacturing, exporting, importing, supplying and wholesaling of marine growth products, corrosion control products and other subsea engineering and oilfield equipment to the oil, gas and marine industries	100	100	100

16 SUBSIDIARIES (continued)

Details of the Company's subsidiaries at 31 December 2018 are as follows: (continued)

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
Held by IEV Group Sdn. Bhd. (continued)				
IEV Oil & Gas Technologies Co., Ltd (6) Socialist Republic of *Vietnam*	Providing services of maintenance and repair of subsea engineering (anti-corrosion, marine growth control), providing services on conversion of petrol into natural gas, providing services on natural gas use for technology, household and transportation, importing and retailing equipment relating to the survey, repair, installation and of maintenance industrial works (including subsea works), exploration boring and exploitation of petrol, decommissioning (oil and gas)	-	-	100
IEV Energy Sdn. Bhd. (2) *Malaysia*	Provision of engineering solutions relating to mobile gas infrastructure development throughout Asia, from design, construction and operation of small to medium scale Liquefied Natural Gas ("LNG") plants and Compressed Natural Gas ("CNG") fixed/mobile stations, to their distribution to end users by mobile means	100	100	100
IEV Engineering Sdn. Bhd. (2) *Malaysia*	Provision of marine growth control, corrosion control, subsea engineering and oilfield equipment and services to the oil and gas and marine industries in Malaysia	100	100	100

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16 SUBSIDIARIES (continued)

Details of the Company's subsidiaries at 31 December 2018 are as follows: (continued)

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		31 Dec 2018	31 Dec 2017	1 Jan 2017
		%	%	%
Held by IEV Group Sdn. Bhd. (continued)				
IEV Engineering (India) Pvt Ltd (5) *India*	Dormant	51	-	-
IEV Technologies Pte. Ltd. (1) (7) *Singapore*	Dormant	100	100	-
IEV Technologies Vietnam Limited Liability Company (5) Socialist Republic of Vietnam	Dormant	100	-	-
Held by IEV Energy Sdn. Bhd.				
PT IEV Gas (2) (4) *Indonesia*	Undertakes commercial business of CNG and LNG, and provision of bottling services, charging and transportation of CNG and LNG	-	95	95
IEV Vietnam Limited Liability Company (2) Socialist Republic of Vietnam	Undertakes business activities in relation to the production of renewable energy	100	100	90.3
Held by IEV Energy Investment Pte. Limited				
PT IEV Pabuaran KSO (2) *Indonesia*	Undertakes business activities in relation to onshore oil and natural gas services and operating and maintenance of oil and natural gas facility services	95	95	95

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.
(3) Audited by another firm of auditors, Cheng & Cheng Limited, Hong Kong.
(4) The subsidiary was sold on 22 November 2018.
(5) The subsidiary is newly incorporated during the year and is dormant as at the end of the financial year.
(6) The subsidiary was deregistered on 31 August 2017.
(7) The subsidiary was held by IEV Holdings Limited in prior year and transferred to IEV Group Sdn. Bhd. during the year.

16 SUBSIDIARIES (continued)

Changes in ownership interests in IEV Vietnam Joint Stock Company ("IEVVN")

In 2017, IEV Energy further increased its shareholdings in IEVVN by acquiring the remaining 9.73% equity interest of IEVVN by way of issuing aggregate 1,912,632 ordinary shares of IEV Holdings Limited to 2 minority shareholders of IEVVN (the "acquisition"). The value of the consideration of the said acquisition was SGD0.1074 per share issued amounting to SGD205,495.56. Subsequent to the acquisition, the Group's shareholdings in IEVVN is increased to 100% and IEVVN's legal status has been changed to a limited liability company. The effect of changes in ownership interests in IEVVN amounting to RM278,858 is recognised in a separate component in equity under the header of capital reserve (1 January 2017: RM100,832).

17 ASSOCIATES

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Unquoted equity shares, at cost	366,752	1,669,062	1,669,062
Share of post-acquisition reserves	(291,359)	(1,501,603)	(723,933)
Disposal of an associate	-	(141,864)	-
	75,393	25,595	945,129

Details of the Group's associates at 31 December 2018 are as follows:

Name of associate/ Place of incorporation and operation	**Principal activity**	**Proportion of ownership interest and voting power held**		
		31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
		%	**%**	**%**
IEV (Malaysia) Sdn. Bhd. [(1)] *Malaysia*	Provision of marine growth control, subsea engineering and oilfield equipment to the onshore, offshore and marine industries in Malaysia	49	49	49
Gas Malaysia IEV Sdn Bhd *Malaysia*	Provision of the sale, supply and transportation of CNG, and design, construction, installation, commissioning of CNG station	-	-	25

(1) Audited by a member firm of Deloitte Touche Tohmatsu Limited, Kuala Lumpur, Malaysia.

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17 ASSOCIATES (continued)

Disposal of Interest in Gas Malaysia IEV Sdn Bhd ("Gas Malaysia IEV")

In 2017, IEV Energy entered into a share sale agreement with Gas Malaysia Berhad for the disposal of 1,302,310 ordinary shares representing a 25% equity interest in the issued and paid up capital of Gas Malaysia IEV for a cash consideration of RM141,864. Subsequent to the disposal, the Group has fully disposed its shareholdings in Gas Malaysia IEV and there is no gain (loss) arising from the disposal.

Summarised financial information in respect of each of the associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS.

IEV (Malaysia) Sdn. Bhd. ("IEV Malaysia")

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Current assets	8,935,446	9,783,812	46,570,760
Non-current assets	92,184	150,926	377,393
Current liabilities	(8,853,811)	(9,816,687)	(45,640,709)
Non-current liabilities	(19,956)	(65,817)	(123,893)

	Group	
	2018	**2017**
	RM	**RM**
Revenue	3,432,838	3,032,847
Profit (Loss) for the year, representing total comprehensive loss for the year	101,629	(1,131,317)

Reconciliation of the above summarised financial information to the carrying amount of the interest in IEV Malaysia recognised in these consolidated financial statements:

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Net assets of the associate	153,863	52,234	1,183,551
Proportion of the Group's ownership interest in IEV Malaysia	49%	49%	49%
Carrying amount of the Group's interest in IEV Malaysia	75,393	25,595	579,940

17 ASSOCIATES (continued)

Gas Malaysia IEV Sdn. Bhd. ("Gas Malaysia IEV")

	Group	
	31 Dec 2017	**1 Jan 2017**
	RM	**RM**
Current assets	1,576,161	3,010,931
Non-current assets	14,875,498	12,257,031
Current liabilities	(5,964,203)	(5,817,206)
Non-current liabilities	(9,920,000)	(7,990,000)

	Group
	2017
	RM
Revenue	1,393,569
Loss up to date of disposal, representing total comprehensive loss for the year	(893,300)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Gas Malaysia IEV recognised as at 31 July 2017 (date of disposal) in these consolidated financial statements:

	Group	
	31 Jul 2017	**1 Jan 2017**
	RM	**RM**
Net assets of the associate	567,456	1,460,756
Proportion of the Group's ownership interest in Gas Malaysia IEV	25%	25%
Carrying amount of the Group's interest in Gas Malaysia IEV	141,864	365,189

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18 DEFERRED TAX ASSETS (LIABILITIES)

The following are the major deferred tax assets and deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting periods:

Group	Provision for post-employment obligations RM	Accelerated accounting depreciation RM	Unutilised tax losses RM	Others RM	Total RM
At 1 Jan 2017	227,101	104,412	1,048,204	(54,088)	1,325,629
Credit (Charge) to profit or loss for the year (Note 33)	8,101	(181,423)	(1,010,284)	122,371	(1,061,235)
Credit (Charge) to other comprehensive income	192,822	(285)	(5,371)	-	187,166
Currency translation difference	(33,000)	(162)	(32,549)	(6,512)	(72,223)
At 31 Dec 2017	395,024	(77,458)	-	61,771	379,337
Credit (Charge) to profit or loss for the year (Note 33)	41,453	(217,426)	-	(71,693)	(247,666)
Charge to other comprehensive income	(56,744)	-	-	-	(56,744)
Currency translation difference	(30,655)	11,289	-	(7,356)	(26,722)
	349,078	(283,595)	-	(17,278)	48,205
Disposal of a subsidiary (Note 38)	(336,139)	283,595	-	(72,685)	(125,229)
At 31 Dec 2018	12,939	-	-	(89,963)	(77,024)

The following is the analysis of deferred tax balances for statements of financial position purposes:

	Group		
	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM
Deferred tax liabilities	(89,963)	(124,528)	(288,164)
Deferred tax assets	12,939	503,865	1,613,793

18 DEFERRED TAX ASSETS (LIABILITIES) (continued)

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of RM46,394,777 (31 December 2017 : RM79,524,721, 1 January 2017 : RM29,880,520), unabsorbed capital allowance of RM555,000 (31 December 2017 : RM856,417, 1 January 2017: RM82,387). No deferred tax asset of RM13,438,526 (31 December 2017 : RM21,695,796, 1 January 2017 : RM 29,555,941) has been recognised due to the unpredictability of future profit streams. In 2017, costs pool of RM62,459,410 arising from oil and gas properties was available to offset against future profits.

Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

19 BANK BORROWINGS AND OVERDRAFTS

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Secured - at amortised cost			
Bank overdrafts	2,969,141	2,975,169	2,522,367
Bank loan	-	6,664,613	6,970,101
	2,969,141	9,639,782	9,492,468
Less: Amount due for settlement within 12 months (shown under current liabilities)			
Amount due for settlement after 12 months	(2,969,141)	(9,639,782)	(2,812,484)
	-	-	6,679,984

Bank overdrafts
The bank overdrafts are repayable on demand and bear interest rates ranging from 8.15% to 8.25% (2017 : 8.15% to 8.25%) per annum, which is repriced on a monthly basis. The bank overdrafts are secured by a debenture by way of a fixed and floating charge over all present and future assets of a subsidiary, a corporate guarantee provided by the Company and a subsidiary and a personal guarantee provided by a Director, Christopher Nghia Do.

Bank loan
Monthly repayments of the same amount for the bank loan commenced on 31 January 2013 with a final repayment due on 31 January 2033. The loan was secured by a mortgage of the leasehold office building of a subsidiary and a corporate guarantee provided by the Company. The loan bore interest rates at 5.05% (2017 : 5.05%) per annum. As disclosed in Note 12, the leasehold building was sold in 2018. Accordingly, the bank loan was fully repaid during the financial year under review.

The carrying amounts of the Group's borrowings approximated their fair values.

19 BANK BORROWINGS AND OVERDRAFTS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 Jan 2018	Financing cash flows (i)	Disposal of subsidiary (Note 38)	Foreign exchange movement	Total
	RM	RM	RM	RM	RM
Bank borrowings (Note 19)	6,664,613	(6,664,613)	-	-	-
Finance leases (Note 23)	180,029	(84,027)	(85,369)	(10,633)	-
	6,844,642	(6,748,640)	(85,369)	(10,633)	-

			Non-cash changes		
	1 Jan 2017	Financing cash flows (i)	New finance leases (Note 38)	Foreign exchange movement	Total
	RM	RM	RM	RM	RM
Bank borrowings (Note 19)	6,970,101	(305,488)	-	-	6,664,613
Finance leases (Note 23)	171,920	(198,849)	221,472	(14,514)	180,029
Advances from a third party (Note 25)	2,500,000	(2,500,000)	-	-	-
	9,642,021	(3,004,337)	221,472	(14,514)	6,844,642

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

20 TRADE PAYABLES

	Group			Company		
	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM
Trade payables - third parties	4,902,934	7,603,083	49,613,342	-	-	-
Amount due to an associate	5,814,584	5,733,004	6,759,844	-	-	-
Accruals for projects costs	2,732,091	5,812,531	7,651,163	-	-	-
Accruals for operating expenses	-	372,282	267,228	-	-	-
	13,449,609	19,520,900	64,291,577	-	-	-

The credit period granted by suppliers is 30 to 90 days (2017 : 30 to 90 days). No interest is charged on the outstanding balance.

Trade creditors, amount due to an associate and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

21 OTHER PAYABLES AND OTHER PROVISIONS

	Group			Company		
	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM
Accruals for exploration and evaluation costs	-	-	4,192,503	-	-	-
Amount owing to an associate	1,257,320	1,144,365	911,889	210	-	-
Amount owing to Directors (Note 5)	-	-	17,229	-	-	-
Amount owing to subsidiaries	-	-	-	891,502	26,311,751	23,898,077
Amount owing to subcontractors	429,230	600,923	4,391,594	-	-	-
Severance payment	260,249	-	-	-	-	-
Withholding tax	60,643	86,065	244,753	-	-	-
Value-added tax payables	353,460	134,527	333,809	-	-	-
Provision for termination liabilities	7,742,583	7,607,097	-	-	-	-
Provision for extension penalty	3,077,184	3,023,318	-	-	-	-
Accruals	1,127,239	1,435,585	1,854,633	299,084	280,413	299,708
Others	936,736	703,270	704,816	634,408	217,057	98,227
	15,244,644	14,735,150	12,651,226	1,825,204	26,809,221	24,296,012

21 OTHER PAYABLES AND OTHER PROVISIONS (continued)

The amount owing to an associate represents advances which are unsecured, interest-free and repayable on demand.

The amount owing to Directors of the Company related to reimbursable disbursements incurred for business use and are repayable on demand.

The amount owing to subcontractors related to exploration and evaluation services provided for contractual obligations.

The provision for termination liabilities arises from the termination of the KSO Agreement (Note 15). Movement during the year of RM135,846 pertains to currency translation difference.

The provision for extension penalty of USD744,000 arises from the extension of exploration period under the KSO Agreement. Movement during the year of RM53,866 pertains to currency translation difference.

Severance payment mainly relates to the payment to employees within the discontinued Exploration and Production sector.

22 CONTRACT LIABILITIES

As at the end of the reporting period, the contract labilities of RM2,655,946 relate to milestone payments billed to a customer and revenue was not recognised as the performance obligation has yet to be satisfied.

23 FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM
Group						
Amounts payable under finance leases:						
Within one year	-	110,727	152,006	-	93,917	141,008
In the second to fifth years inclusive	-	91,776	36,631	-	86,112	30,912
	-	202,503	188,637	-	180,029	171,920
Less: Future finance charges	-	(22,474)	(16,717)	N/A	N/A	N/A
Present value of lease obligations	-	180,029	171,920	-	180,029	171,920
Less: Amounts due for settlement within 12 months (shown under current liabilities)				-	(93,917)	(141,008)
Amount due for settlement after 12 months				-	86,112	30,912

23 FINANCE LEASES

The average lease term is 5 years. The average effective borrowing rate is 6.75% (2017 : 6.33%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group leases motor vehicles, computers equipment and machinery from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

The Group's obligations under finance lease are secured by the lessor' title to the leased asset (Note 13).

An amount of RM85,369 finance lease obligations was disposed upon the disposal of the subsidiary during the year (Note 38).

The fair value of the Group's lease obligations approximated their carrying amounts.

24 PROVISION FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group provides post-employment benefits for its eligible employees in accordance with Indonesia Labour Act No. 13/2003.

The Group has no non-current assets held by a long-term employee benefit fund (entity) nor has any qualifying insurance policies nor hold any reimbursable right associated to any plan asset.

The post-employment benefit is funded by the Group's subsidiaries. The Group expects payments of RM260,249 will be made in financial year 2019, which is separately recorded as severance payments in other payables (Note 21). As at 31 December 2018, there is no provision for post-employment benefit obligations. The weighted-average duration of the post-employment benefits was 17.5 years as at 31 December 2017.

The amounts recognised in the Group's statement of financial position is determined as follows:

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Present value of unfunded obligation	1,766,465	2,264,611	2,883,687
Benefit paid	(268,971)	(264,236)	-
Unrecognised actuarial gains	-	-	(231,312)
Gain on settlement	(149,201)	-	-
Currency translation difference	(3,738)	14,494	2,288
	1,344,555	2,014,869	2,654,663
Disposal of a subsidiary (Note 38)	(1,344,555)	-	-
Net liability recognised in the statement of financial position	-	2,014,869	2,654,663

24 PROVISION FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

Movements in the defined benefit obligations are as follows:

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Balance at beginning of the year	2,014,869	2,654,663	2,197,959
Expenses for the year	333,941	63,262	602,829
Amount capitalised to oil and gas properties	-	-	286,385
Charge (Credit) to other comprehensive income	(226,976)	173,376	(338,011)
Benefits paid	(268,971)	(576,814)	(262,997)
Benefit payable	(237,807)	-	-
Gain on settlement	(149,201)	-	-
Currency translation difference	(121,301)	(299,618)	168,498
	1,344,555	2,014,869	2,654,663
Disposal of subsidiary (Note 38)	(1,344,555)	-	-
Balance at end of the year	-	2,014,869	2,654,663

The amounts recognised in statement of profit or loss and other comprehensive income are as follows:

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Current service cost	333,941	280,377	561,860
Pension cost on curtailment	-	184	-
Interest cost	-	82,546	167,924
Net actuarial (gains) losses recognised in the financial year	-	(299,845)	159,430
Gain on settlement	(149,201)	-	-
	184,740	63,262	889,214

The valuation of the post-employment benefit obligations is performed annually by independent actuaries, PT. Jasa Aktuaria Praptasentosa Gunajasa.

24 PROVISION FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Reference to mortality rate [1]	-	TMI 2011	TMI 2011/TMI 111
Discount rate	-	5% to 7%	8% to 8.5%
Future salary increases	-	9%	9% to 10%
Normal pension years	-	55 years	55 years

(1) TMI 2011/TMI 111 refers to a mortality table consisting of separate rates of mortality for male and female lives.

25 ADVANCES FROM A THIRD PARTY

The advances from a third party were unsecured and bore an interest rate of 10% per annum. The advances were fully repaid in February 2017.

26 PROVISION FOR DECOMMISSIONING

Provision for decommissioning relates mainly to the Group's obligation to remove and dismantle the oil and gas test drilling equipment for the exploration and evaluation activities. The Group expected to incur the liability at the time the facilities are permanently shut down and dismantled.

	Group
	RM
Cost:	
At 1 Jan 2017	2,701,739
Write back of abandonment obligation of production facilities upon termination of KSO Agreement (Notes 15 and 31)	(2,447,356)
Currency translation difference	(254,383)
At 31 Dec 2017 and 31 Dec 2018	-

NOTES TO FINANCIAL STATEMENTS

31 December 2018

27 SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		RM	RM
Issued and paid up:				
At beginning of the year	285,712,632	283,800,000	98,338,106	97,691,412
Issued for consideration (Note 16)	-	1,912,632	-	646,694
At end of the year	285,712,632	285,712,632	98,338,106	98,338,106

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

In 2017, the Company allotted and issued an aggregate 1,912,632 new ordinary shares of SGD0.1074 each to two minority shareholders of IEV Vietnam Joint Stock Company ("IEV VN") as consideration for the acquisition of 9.73% equity interest in IEV VN. Arising from there, the Company increased its issued and fully paid-up ordinary capital from RM97,691,412 to RM98,338,106.

28 TREASURY SHARES

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		RM	RM
At beginning and at end of the year	200,000	200,000	38,268	38,268

29 CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign operations and the Company's operations into Malaysia Ringgit are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of currency translation reserve.

30 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable sector under SFRS(I) 8 (Note 40).

30 REVENUE (continued)

A disaggregation of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	Group	
	2018	**2017**
	RM	**RM**
Continuing operations		
Asset Integrity Management sector - rendering of services and sale of products	2,961,463	6,616,074
Discontinued operations (Note 35)		
Mobile Natural Gas sector - sale of natural gas and related services	18,437,713	32,481,131
Renewable Energy sector - sale of rice husk briquettes	-	398,902
	18,437,713	32,880,033
	21,399,176	39,496,107

31 OTHER OPERATING INCOME

	Continuing Operations		Discontinued Operations		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Exchange gains	-	789,709	-	-	-	789,709
Interest income	738	1,362	42,167	41,860	42,905	43,222
Gain on disposal of property plant and equipment	18,205	50	1,742	100,846	19,947	100,896
Rental income from sub-lease of factory and office space	287,720	189,475	25,038	453,159	312,758	642,634
Finance lease income	-	-	164,688	-	164,688	-
Write back impairment of property, plant and equipment	62,817	-	-	-	62,817	-
Write back allowance for doubtful receivables	-	671,527	-	-	-	671,527
Write back of abandonment obligation of production facilities	-	-	-	2,447,356	-	2,447,356
Gain on settlement of post-employment benefit	54,471	-	94,730	-	149,201	-
Write back of payables	2,546,071	1,226,227	-	-	2,546,071	1,226,227
Sundry income	103,979	15,355	32,558	116,418	136,537	131,773
	3,074,001	2,893,705	360,923	3,159,639	3,434,924	6,053,344

NOTES TO FINANCIAL STATEMENTS
31 December 2018

32 FINANCE COSTS

	Continuing Operations		Discontinued Operations		Total	
	2018	2017	2018	2017	2018	2017
	RM	RM	RM	RM	RM	RM
Interest on bank borrowings	241,723	328,967	-	-	241,723	328,967
Interest on finance leases	5,679	5,289	9,832	22,780	15,511	28,069
Interest on bank overdrafts	256,339	239,127	-	-	256,339	239,127
Interest on advances received	1,964	29,489	-	-	1,964	29,489
	505,705	602,872	9,832	22,780	515,537	625,652

33 INCOME TAX

	Continuing Operations		Discontinued Operations		Total	
	2018	2017	2018	2017	2018	2017
	RM	RM	RM	RM	RM	RM
Current tax expenses						
Adjustments recognised in the current year in relation to the current tax of prior years	33,212	(278,257)	-	171,265	33,212	(106,992)
Deferred tax (Note 18)						
Charge during the year	130,470	9,350	117,196	1,051,885	247,666	1,061,235
	163,682	(268,907)	117,196	1,223,150	208,878	954,243

The income tax on the results of the financial year varies from the amount of income tax determined by applying the Malaysia statutory rate of income tax on the results of the respective companies in the Group.

33 INCOME TAX (continued)

The total income tax (benefit) expense for the year can be reconciled to the accounting (loss) profit as follows:

	Group	
	2018	**2017**
	RM	**RM**
Loss before tax		
- Continuing operations	(8,642,170)	(7,623,601)
- Discontinued operations	(8,129,296)	(71,353,300)
	(16,771,466)	(78,976,901)
Tax at the domestic income tax rate of 24% in Malaysia (2017 : 24%)	(4,025,152)	(18,954,456)
Effect of expenses that are not deductible in determining taxable profit	12,746,454	30,613,642
Effect of income that is exempt from taxation	(13,047,065)	(464,648)
Tax effect of share of result of associates	11,952	186,641
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	4,098,062	3,387,051
Effect on offshore exemption for Hong Kong entity (Note A)	221,439	219,798
Effect of different tax rates of subsidiaries operating in other jurisdictions	241,976	(13,926,793)
Adjustments recognised in the current year in relation to the tax of prior years, net	33,212	(106,992)
	280,878	954,243

Note A

A subsidiary, IEV International Limited, a company incorporated in Hong Kong, enjoyed a full tax exemption since year 2005 under Section 14 of the Hong Kong Inland Revenue Ordinance ("the Ordinance") and the Departmental Interpretation Practice Note 22 on the basis that the mode of business operations are wholly and exclusively outside Hong Kong. This tax exemption status is applicable to onward years unless the mode of business operations changes to be in Hong Kong and that the provisions of the current Hong Kong Tax Practice and provisions of the Ordinance are complied with.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

34 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting) the following items, not disclosed elsewhere in the financial statements:

	Continuing Operations		Discontinued Operations		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Directors' remuneration						
- of the Company	1,267,678	1,555,155	-	-	1,267,678	1,555,155
- of the subsidiaries	47,946	58,082	315,142	361,503	363,088	419,585
Directors' fees						
- of the Company	430,698	485,718	-	-	430,698	485,718
Employee benefits expense (including Directors' remuneration and Directors' fees)	4,671,532	5,381,989	2,457,421	3,328,090	7,128,953	8,710,079
Defined contribution plans	404,123	392,832	137,697	259,900	541,820	652,732
Employee benefit expense recognised as cost of sales	259,867	519,698	1,780,435	2,006,358	2,040,302	2,526,056
Amortisation of intangible assets	137,397	209,458	2,876	313,070	140,273	522,528
Depreciation of property, plant and equipment	909,486	1,873,446	659,376	2,601,932	1,568,862	4,475,378
Rental expenses	656,675	469,560	214,753	289,615	871,428	759,175
Allowance for inventories	1,022,362	307,375	-	999,500	1,022,362	1,306,875
Inventories written off	197,139	-	1,007	-	198,146	-

34 LOSS FOR THE YEAR (continued)

	Continuing Operations		Discontinued Operations		Total	
	2018	2017	2018	2017	2018	2017
	RM	RM	RM	RM	RM	RM
Property, plant and equipment written off	157,190	1,079	26,774	56,124	183,964	57,203
Loss on disposal of PPE	-	1,299	372,673	-	372,673	1,299
Loss on disposal of subsidiary	-	-	5,411,362	-	5,411,362	-
Intangible assets written off	55,272	-	-	-	55,272	-
Impairment of property, plant and equipment	18,715	576,794	-	7,130,224	18,715	7,707,018
Impairment of oil and gas properties	-	-	-	44,314,235	-	44,314,235
Impairment of intangible assets	-	515,160	-	2,717,505	-	3,232,665
Allowance for doubtful receivables	103,106	569,943	1,581	5,098,848	104,687	5,668,791
Loss on finance lease receivables	-	-	-	644,037	-	644,037
Loss on disposal of finance lease assets	-	-	43,591	-	43,591	-
Receivables written off	495,941	-	103,400	-	599,341	-
Pledged deposit written off	-	-	-	1,901,774	-	1,901,774
Provision for termination liabilities	-	-	-	7,607,097	-	7,607,097
Write back of accrued liabilities	-	-	-	(2,332,546)	-	(2,332,546)
Exchange loss	479,700	-	421,852	10,474	901,552	10,474
Audit fees:						
Auditors of the Company	224,621	208,610	11,656	12,546	236,277	221,156
Other auditors	223,583	208,782	101,943	188,742	325,526	397,524
Non-audit fees:						
Auditors of the Company	12,712	13,233	5,679	6,110	18,391	19,343
Other auditors	29,739	39,030	8,218	9,928	37,957	48,958

NOTES TO FINANCIAL STATEMENTS

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35 DISCONTINUED OPERATIONS

On 1 June 2018, the Group entered into a sale agreement to dispose of PT IEV Gas, which carried out all the Group's mobile natural gas business. The disposal was effected in order to generate cash flow for the expansion of the Group's other businesses. The disposal was completed on 22 November 2018, on which date control of PT IEV Gas passed to the acquirer.

In 2017, the Group made the strategic decision to discontinue its activities in the exploration and production and renewable energy sectors.

The loss attributable to the owners of the Company from discontinued operations is analysed as follows:

	Group	
	2018	2017
	RM	RM
Loss from Mobile Natural Gas sector	(7,625,750)	(12,186,505)
Loss from Exploration and Production sector (discontinued in 2017)	(257,975)	(58,616,763)
Loss from Renewable Energy sector (discontinued in 2017)	(362,767)	(1,700,630)
	(8,246,492)	(72,503,898)

The results of the discontinued operations for the year are as follows:

		Group	
		2018	2017
	Note	RM	RM
Revenue	30	18,437,713	32,880,033
Cost of sales		(17,794,578)	(33,186,698)
Gross profit (loss)		643,135	(306,665)
Other operating income	31	360,923	3,159,639
Selling and distribution costs		-	(23,554)
Administrative expenses		(3,147,781)	(5,665,576)
Other operating expenses		(5,975,741)	(68,271,039)
Share of results of associate		-	(223,325)
Finance costs	32	(9,832)	(22,780)
Loss before tax		(8,129,296)	(71,353,300)
Income tax	33	(117,196)	(1,223,150)
Loss for the year	34	(8,246,492)	(72,576,450)
Non-controlling interests		-	72,552
Loss attributable to owners of the Company		(8,246,492)	(72,503,898)
Other comprehensive income		-	13,790
Total comprehensive loss		(8,246,492)	(72,490,108)

35 DISCONTINUED OPERATIONS (continued)

The discontinued operations cash flows for the year are as follows:

	Group	
	2018	**2017**
	RM	**RM**
Net cash (used in) from operating activities	(3,832,713)	207,198
Net cash from (used in) investing activities	1,901,917	(1,144,754)
Net cash used in financing activities	(62,947)	-

36 DIVIDENDS

No dividends were declared and paid to shareholders in 2017 and 2018.

37 LOSS PER SHARE

Loss per share is calculated by dividing the Group's net loss attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018	**2017**
	RM	**RM**
From continuing and discontinued operations		
Loss attributable to owners of the Company (RM)	(17,052,344)	(79,858,592)
Weighted average number of ordinary shares, after adjusting for notional bonus element in Rights Issue [(1)]	285,512,632	284,312,652
Basic loss per share (Malaysian sen)	(5.97)	(28.09)
From continuing operations		
Loss attributable to owners of the Company (RM)	(17,052,344)	(79,858,592)
Less:		
Loss for the year from discontinued operation (RM)	(8,246,492)	(72,503,898)
Loss for the year from continuing operations (RM)	(8,805,852)	(7,354,694)
Weighted average number of ordinary shares, after adjusting for notional bonus element in Rights Issue [(1)]	285,512,632	284,312,652
Basic loss per share (Malaysian sen)	(3.08)	(2.59)

(1) The weighted average number of ordinary shares has been adjusted for the financial year ended 2017 to take into effect the new issuance of share capital of 1,912,632 issued in August 2017 (Note 27).

As there are no outstanding dilutive potential ordinary shares, the diluted earnings per ordinary share is accordingly the same as the basic earnings per ordinary share for the respective financial years.

38 DISPOSAL OF SUBSIDIARY

As referred to in Note 35, on 22 November 2018, the Group discontinued its mobile natural gas operation at the time of the disposal of its subsidiary, PT IEV Gas:

Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost

	22 Nov 2018
	RM
Non-current assets	
Property, plant and equipment	3,922,646
Other receivables and prepayment	1,217,152
Deferred tax assets	125,229
Total non-current assets	5,265,027
Current assets	
Inventories	353,095
Trade receivables	1,648,335
Other receivables and prepayment	1,273,471
Tax recoverable	577,855
Cash and bank balances	805,967
Total current assets	4,658,723
Non-current liabilities	
Finance lease obligations	(18,089)
Provision for post-employment benefit obligations	(1,344,555)
Total non-current liabilities	(1,362,644)
Current liabilities	
Trade payables	(3,251,433)
Other payables	(651,529)
Finance lease obligations	(67,280)
Total current liabilities	(3,970,242)
Net assets derecognised	4,590,864
Consideration received	277,010

38 DISPOSAL OF SUBSIDIARY (continued)

	Group 2018 RM
Loss on disposal	
Consideration received	277,010
Net assets derecognised	(4,590,864)
Non-controlling interest derecognised	(166,931)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(930,577)
Loss on disposal	(5,411,362)

The loss on disposal of the subsidiary is recorded as part of loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

	Group 2018 RM
Net cash outflow arising on disposal	
Cash consideration	277,010
Cash and cash equivalents disposed of	(805,967)
	(528,957)

39 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Minimum lease payments under operating leases recognised as expense during the year	1,231,211	635,398	697,528

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		
	31 Dec 2018	**31 Dec 2017**	**1 Jan 2017**
	RM	**RM**	**RM**
Within one year	328,357	354,113	249,947
In the second to fifth years inclusive	371,070	191,022	-
	699,427	545,135	249,947

Operating lease payments represent rentals payable by the Group for certain of its office premises, apartment premises and motor vehicles. Leases are negotiated for a term ranging from more than one year and rental is fixed over the duration of the lease.

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31 December 2018

40 SEGMENT INFORMATION

The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

For management purposes, the Group is organised into business units based on their products and services. In prior years, the Group had four reportable operating segments – Offshore Engineering, Mobile Natural Gas, Exploration and Production and Renewable Energy. There are no other operating segments that have been aggregated to form the four reportable operating segments. In 2018, Offshore Engineering segment has been re-named to Asset Integrity Management segment, and this is the only segment the Group has going forward.

Segment revenue represents revenue generated from external customers and inter-segment sales. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment after allocation of central finance costs and share of results of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than tax assets.

Information regarding each of the Group's reportable segments is presented below.

Continuing Operations

	Asset Integrity Management		**Consolidated**	
Group	**2018**	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Revenue				
Total sales	14,142,338	11,903,236	14,142,338	11,903,236
Inter-segment sales	(11,180,875)	(5,287,162)	(11,180,875)	(5,287,162)
External sales	2,961,463	6,616,074	2,961,463	6,616,074
Results				
Segment results	(8,186,263)	(6,466,384)	(8,186,263)	(6,466,384)
Finance costs	(505,705)	(602,872)	(505,705)	(602,872)
Share of results of associate	49,798	(554,345)	49,798	(554,345)
Loss before tax	(8,642,170)	(7,623,601)	(8,642,170)	(7,623,601)
Income tax expense			(163,682)	268,907
Loss for the year			(8,805,852)	(7,354,694)
Loss for the year attributable to owners of the Company			(8,805,852)	(7,354,694)

40 SEGMENT INFORMATION (continued)

Discontinued Operations

Group	Exploration and Production		Mobile Natural Gas		Renewable Energy		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue								
External sales	-	-	18,437,713	32,612,839	-	398,902	18,437,713	33,011,741
Inter-segment sales	-	-	-	(131,708)	-	-	-	(131,708)
External sales	-	-	18,437,713	32,481,131	-	398,902	18,437,713	32,880,033
Results								
Segment results, representing loss before tax	(257,975)	(58,616,763)	(7,498,722)	(10,717,250)	(362,767)	(1,773,182)	(8,119,464)	(71,107,195)
Finance costs	-	-	(9,832)	(22,780)	-	-	(9,832)	(22,780)
Share of results of associate	-	-	-	(223,325)	-	-	-	(223,325)
Loss before tax	(257,975)	(58,616,763)	(7,508,554)	(10,963,355)	(362,767)	(1,773,182)	(8,129,296)	(71,353,300)
Income tax expense							(117,196)	(1,223,150)
Loss for the year							(8,246,492)	(72,576,450)
Loss attributable to:								
Owners of the Company							(8,246,492)	(72,503,898)
Non-controlling interests							-	(72,552)
Loss for the year							(8,246,492)	(72,576,450)

NOTES TO FINANCIAL STATEMENTS
31 December 2018

40 SEGMENT INFORMATION (continued)

Group	Asset Integrity Management			Mobile Natural Gas			Exploration and Production			Renewable Energy			Consolidated		
	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM
Assets															
Segment assets	19,515,626	31,402,466	91,308,797	110,397	11,435,038	23,289,370	17,148	229,274	55,583,071	2,744,258	551,305	8,360,856	22,387,429	43,618,083	178,542,094
Associates	75,393	25,595	579,940	-	-	365,189	-	-	-	-	-	-	75,393	25,595	945,129
Sub-total	19,591,019	31,428,061	91,888,737	110,397	11,435,038	23,654,559	17,148	229,274	55,583,071	2,744,258	551,305	8,360,856	22,462,822	43,643,678	179,487,223
Unallocated assets (a)													1,762,250	7,993,166	9,823,678
Consolidated total assets													24,225,072	51,636,844	189,310,901
Liabilities															
Segment liabilities	19,612,069	27,086,909	75,935,401	23,437	6,655,784	5,104,990	11,581,616	11,911,389	12,671,905	29,379	216,056	172,735	31,246,501	45,870,138	93,885,031
Unallocated liabilities (b)													3,162,802	345,120	1,232,011
Consolidated total liabilities													34,409,303	46,215,258	95,117,042

40 SEGMENT INFORMATION (continued)

Group	Asset Integrity Management			Mobile Natural Gas			Exploration and Production			Renewable Energy			Consolidated		
	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM	31 Dec 2018 RM	31 Dec 2017 RM	1 Jan 2017 RM
Other information															
Capital expenditure	702,163	566,782	786,532	164,724	649,018	611,200	-	-	7,332	-	105,080	872,632	886,887	1,320,880	2,277,696
Amortisation of intangible assets	137,397	209,458	204,206	2,876	16,136	27,219	-	296,934	414,492	-	-	-	140,273	522,528	645,917
Depreciation of property, plant and equipment	909,486	1,873,446	1,990,411	593,312	2,183,650	2,368,342	24,321	34,542	78,542	41,743	383,740	471,668	1,568,862	4,475,378	4,908,963
Depreciation, depletion and amortisation of oil and gas properties	-	-	-	-	-	-	-	-	117,517	-	-	-	-	-	117,517
Impairment of property, plant and equipment	18,715	576,794	-	-	7,130,224	-	-	-	-	-	-	-	18,715	7,707,018	-
Impairment of oil and gas properties	-	-	-	-	-	-	-	44,314,235	19,356,776	-	-	-	-	44,314,235	19,356,776
Impairment of intangible assets	-	515,160	-	-	4,616	-	-	2,712,889	1,367,824	-	-	-	-	3,232,665	1,367,824
Allowance for doubtful receivables	103,106	569,943	2,570,766	-	-	-	-	5,097,234	-	1,581	1,614	-	104,687	5,668,791	2,570,766
Allowance for inventories	1,022,362	307,375	34,901	-	561,622	-	-	437,878	-	-	-	-	1,022,362	1,306,875	34,901
Inventories written off	197,139	-	-		-	-	-	-	-	1,007	-	52,645	198,146	-	52,645
Pledged deposit written off	-	-	-	-	-	-	-	1,901,774	-	-	-	-	-	1,901,774	-
Receivables written off	495,941	-	-	-	-	-	103,400	-	-	-	-	-	599,341	-	-
Write back of abandonment obligation of production facilities	-	-	-	-	-	-	-	(2,447,356)	-	-	-	-	-	(2,447,356)	-
Gain on settlement of post-employment benefit	(54,471)	-	-	-	-	-	(94,730)	-	-	-	-	-	(149,201)	-	-
Loss on disposal of subsidiary	-	-	-	5,411,362	-	-	-	-	-	-	-	-	5,411,362	-	-
Loss on finance lease receivables	-	-	-	-	-	-	-	-	-	43,591	664,037	-	43,591	664,037	-

NOTES TO FINANCIAL STATEMENTS
31 December 2018

40 SEGMENT INFORMATION (continued)

(a) Unallocated assets comprise tax recoverable, value-added tax receivables and deferred tax assets.

(b) Unallocated liabilities comprise withholding tax, value-added tax payables, deferred tax liabilities and income tax payable.

Geographical information:

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment non-current assets: Segment non-current assets are analysed based on the location of those assets.

	Revenue		Non-current assets		
Group	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	RM	RM	RM	RM	RM
Continuing operations					
Indonesia	209,202	1,028,880	86,900	502,562	756,495
India	586,847	1,605,646	-	-	-
Denmark	-	1,386,416	-	-	-
Malaysia	1,227,051	1,241,293	720,769	604,022	11,711,671
Thailand	40,485	699,720	-	-	-
Brunei	-	387,999	-	-	-
Vietnam	624,962	195,653	13,824	88,431	201,175
Hong Kong	-	-	854,116	1,050,616	1,501,285
Ghana	272,916	-	-	-	-
Others	-	74,467	-	-	-
	2,961,463	6,620,074	1,675,609	2,245,631	14,170,626
Discontinued operations					
Vietnam	-	398,902	-	497,442	5,150,771
Indonesia	18,437,713	32,477,131	-	4,756,014	66,029,187
Malaysia	-	-	-	611	973
	18,437,713	32,876,033	-	5,254,067	71,180,931
	21,399,176	39,496,107	1,675,609	7,499,698	85,351,557

40 SEGMENT INFORMATION (continued)

Information about major customers:

Included in revenue arising from asset integrity management, mobile natural gas and renewable energy sectors are revenue of approximately RM1,096,247, RM6,649,090 and RM nil (2017 : RM1,473,992, RM17,254,992 and RM87,211) which arose from sales to the Group's largest customer in the respective sectors.

41 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018). In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. No reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented as there is no material adjustments on the initial transition to the new framework.

There is no change to the Group's and the Company's previous accounting policies, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time. There are no material adjustments arising from the application of SFRS(I) 9 and SFRS (I) 15.

The Group has elected to apply the short-term exemption under SFRS(I) 1.E1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of Financial Reporting Standards in Singapore ("FRS") 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

42 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements that are relevant to the Group and the Company were issued but not effective:

<u>Effective for annual periods beginning on or after 1 January 2019</u>
- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

<u>Effective date is deferred indefinitely</u>
- Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

<u>SFRS(I) 16 *Leases*</u>

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RM699,427 (31 December 2017 : RM545,135, 1 January 2017 : RM249,947). SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 39 to the financial statements. Management has preliminary assessed that these arrangements may meet the definition of a lease under SFRS(I) 16, and hence the Group may recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Whilst management does not expect the new requirement to recognise a right-of-use asset and a related lease liability to have a material impact on the amounts recognised in the Group's financial statements, they are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the management completes the review.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2019

Issued and paid-up capital	:	SGD40,443,025.56
Number of issued shares	:	285,712,632
Class of share	:	Ordinary shares fully paid
Number of issued shares excluding treasury shares and subsidiary holdings	:	285,512,632
Number of treasury shares	:	200,000
Percentage of treasury shares	:	0.07%
Number of subsidiary holdings	:	Nil
Voting rights	:	One vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	5	0.47	223	0.00
100 - 1,000	37	3.50	20,827	0.01
1,001 - 10,000	233	22.02	1,889,700	0.66
10,001 - 1,000,000	756	71.46	88,697,516	31.07
1,000,001 AND ABOVE	27	2.55	194,904,366	68.26
TOTAL	1,058	100.00	285,512,632	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	PHILLIP SECURITIES PTE LTD	64,058,300	22.44
2	CHRISTOPHER NGHIA DO	36,428,158	12.76
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	9,992,658	3.50
4	OCBC SECURITIES PRIVATE LIMITED	8,119,000	2.84
5	PERMBROOK PTY LIMITED	7,524,000	2.64
6	CROGAR PTY LIMITED	7,230,000	2.53
7	MUVUSI PTY LIMITED	7,230,000	2.53
8	MUWORI PTY LIMITED	7,230,000	2.53
9	RAFFLES NOMINEES (PTE.) LIMITED	5,625,850	1.97
10	KHIEM TRONG DO	4,691,000	1.64
11	POH CHENG SENG OR POH SENG KUI	4,000,000	1.40
12	DBS NOMINEES (PRIVATE) LIMITED	3,870,250	1.36
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,254,300	1.14
14	ROZIA HANIS BINTI TUN HUSSEIN	3,133,000	1.10
15	UOB KAY HIAN PRIVATE LIMITED	2,959,000	1.04
16	TEO KYE HWEE TONY	2,480,700	0.87
17	NG CHING THIAM	2,317,800	0.81
18	CITIBANK NOMINEES SINGAPORE PTE LTD	2,050,000	0.72
19	JIB SPECIALIST CONSULTANTS PTE LTD	2,000,000	0.70
20	TRAN THI MAI THAO	1,736,000	0.61
	TOTAL	185,930,016	65.13

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 14 March 2019

		Direct Interest		Deemed Interest	
No	Name	No. of Shares	%	No. of Shares	%
1	TAN SRI DATO' HARI N. GOVINDASAMY	-	-	54,856,500[(1)]	19.21
2.	VIMALA J. GOVINDASAMY	-	-	54,856,500[(1)]	19.21
3.	CHRISTOPHER NGHIA DO	36,428,158	12.76	1,736,000[(2)]	0.61
4.	JANICE CRAWFORD	-	-	21,984,000[(3)]	7.70
5.	CHRISTINE MUNRO	-	-	21,984,000[(4)]	7.70

Notes:

(1) The deemed interest in 54,856,500 shares are held by Tan Sri Dato' Hari N. Govindasamy and Vimala J. Govindasamy through a joint account in Phillip Securities Pte Ltd.

(2) Christopher Nghia Do is deemed to be interested in 1,736,000 shares held by his spouse, Tran Thi Mai Thao.

(3) Janice Crawford is one of the beneficial owners of each of the following corporations and is therefore deemed to be interested in:
i) 7,524,000 shares held by Permbrook Pty Limited;
ii) 7,230,000 shares held by Crogar Pty Limited; and
iii) 7,230,000 shares held by Muvusi Pty Limited.

(4) Christine Munro is one of the beneficial owners of each of the following corporations and is therefore deemed to be interested in:
i) 7,524,000 shares held by Permbrook Pty Limited;
ii) 7,230,000 shares held by Crogar Pty Limited; and
iii) 7,230,000 shares held by Muwori Pty Limited.

SHARES HELD BY PUBLIC

Based on the information provided to the Company as at 14 March 2019, approximately 54.84% of the issued and paid-up shares of the Company (excluding treasury shares and subsidiary holdings) were held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of IEV Holdings Limited (the "**Company**") will be held at Oriole Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663, on Monday, 29 April 2019 at 10.30 a.m. for the following business thereon:

Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Directors' Statement together with the Auditors' Report. **(Resolution 1)**

2. To re-elect Christopher Nghia Do who is retiring by rotation pursuant to Article 98 of the Constitution of the Company.
[See explanatory Note 1] **(Resolution 2)**

3. To re-elect Joanne Rose Bruce who is retiring by rotation pursuant to Article 98 of the Constitution of the Company.
[See explanatory Note 1] **(Resolution 3)**

4. To approve the payment of Directors' fees amounting to S$144,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears (2018 : S$144,000). **(Resolution 4)**

5. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

6. **Authority to Allot and Issue Shares**

THAT pursuant to Section 161 of the Companies Act (Chapter 50) (the "**Act**") and Rule 806(2) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

I (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that may or would require shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into shares; and/or

(iii) notwithstanding that such authority conferred by this Resolution may have ceased to be in force at the time the Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues, provided that the adjustments do not give the holder a benefit that a shareholder does not receive,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

II (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided always that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed 100% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the total issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;

(ii) (where applicable) new shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 2] **(Resolution 6)**

7. **Authority to grant awards, allot and issue shares pursuant to the IEV Holdings Performance Share Plan (the "Plan")**

THAT pursuant to Section 161 of the Act, authority be and is hereby given to the Directors to offer and grant awards ("**Awards**") in accordance with the provisions of the Plan and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of the Awards granted under the Plan, provided always that the aggregate number of shares to be allotted and issued pursuant to the Plan, shall not exceed 15% of the total issued shares of the Company (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant grant. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 3] **(Resolution 7)**

8. To transact any other business that may be transacted at an AGM of the Company.

By Order of the Board

Kong Wei Fung
Company Secretary
Singapore
12 April 2019

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

(1) **Resolutions 2 and 3**

Christopher Nghia Do will, upon re-election as Director, continue to serve as President and Chief Executive Officer of the Company.

Joanne Rose Bruce will, upon re-election as Director, continue to serve as Independent Non-Executive Director. The Board of Directors considers her to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Detailed information of Christopher Nghia Do and Joanne Rose Bruce can be found under sections entitled "Directors' Profiles", "Further Information on Board of Directors", "Report on Corporate Governance" and "Additional Information on Directors Seeking Re-election" of the Company's Annual Report 2018.

(2) **Resolution 6**

This is to empower the Directors of the Company, effective until conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, without seeking any further approval from shareholders in a general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing of this Resolution. For issue of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) other than on a *pro rata* basis to existing shareholders, the aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution.

(3) **Resolution 7**

This is to authorise the Directors of the Company, effective until conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant Awards in accordance with the provisions of the Plan and to allot and issue shares under the Plan up to an amount not exceeding 15% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the date preceding the date of the relevant grant.

Notes:

1. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Act.

NOTICE OF ANNUAL GENERAL MEETING

2. A proxy need not be a member of the Company.

3. If the member is a corporation, the instrument appointing the proxy must be executed under its seal or under the hand of its attorney duly authorised or in such a manner as appropriate under applicable laws.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

5. The instrument appointing a proxy(ies) must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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*This notice 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 notice.*

This notice 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 notice.

The contact person for the Sponsor is Mr. Ong Hwee Li, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

IEV HOLDINGS LIMITED

(Incorporated in the Republic of Singapore
– Company Registration No. 201117734D)

Important :
1. A relevant intermediary (as defined in Section 181 of the Companies Act (Chapter 50)) may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy IEV Holdings Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have queries regarding their appointment as proxies.

PROXY FORM

I/We, ________________________________(name and NRIC/Passport/Company Registration No.) of ________________________

________________________________(address) being a member/members of IEV Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/them, the Chairman of the Annual General Meeting of the Company ("**AGM**"), as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the AGM to be held at Oriole Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 on Monday, 29 April 2019 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for/against the resolutions proposed at the AGM as indicated hereunder. In the absence of specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM and at any adjournment thereof.

ORDINARY	ORDINARY BUSINESS	No. of Votes For*	No. of Votes Against*
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Directors' Statement together with the Auditors' Report		
Resolution 2	To re-elect Mr Christopher Nghia Do as a Director of the Company		
Resolution 3	To re-elect Ms Joanne Rose Bruce as a Director of the Company		
Resolution 4	To approve the payment of Directors' fees for the financial year ending 31 December 2019, to be paid quarterly in arrears		
Resolution 5	To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and authorise the Directors to fix their remuneration		
ORDINARY	**SPECIAL BUSINESS**	**No. of Votes For***	**No. of Votes Against***
Resolution 6	To approve the authority to allot and issue shares		
Resolution 7	To approve the authority to grant awards, allot and issue shares pursuant to the IEV Holdings Performance Share Plan		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "X" in the relevant box provided. Alternatively, if you wish to exercise your votes both "For" or "Against" the relevant resolution, please indicate the number of shares in in the boxes provided.

Dated this _________ day of _________________ 2019

Total Number of Shares held (Note 1)

____

Signature(s) / Common Seal of members(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM:

IMPORTANT

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50).

3. A proxy need not be a member of the Company.

4. An investor who buy shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the meeting.

6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised or in such a manner as appropriate under applicable laws.

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50).

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2019.

IEV HOLDINGS LIMITED
(Company Registration No.: 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)

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