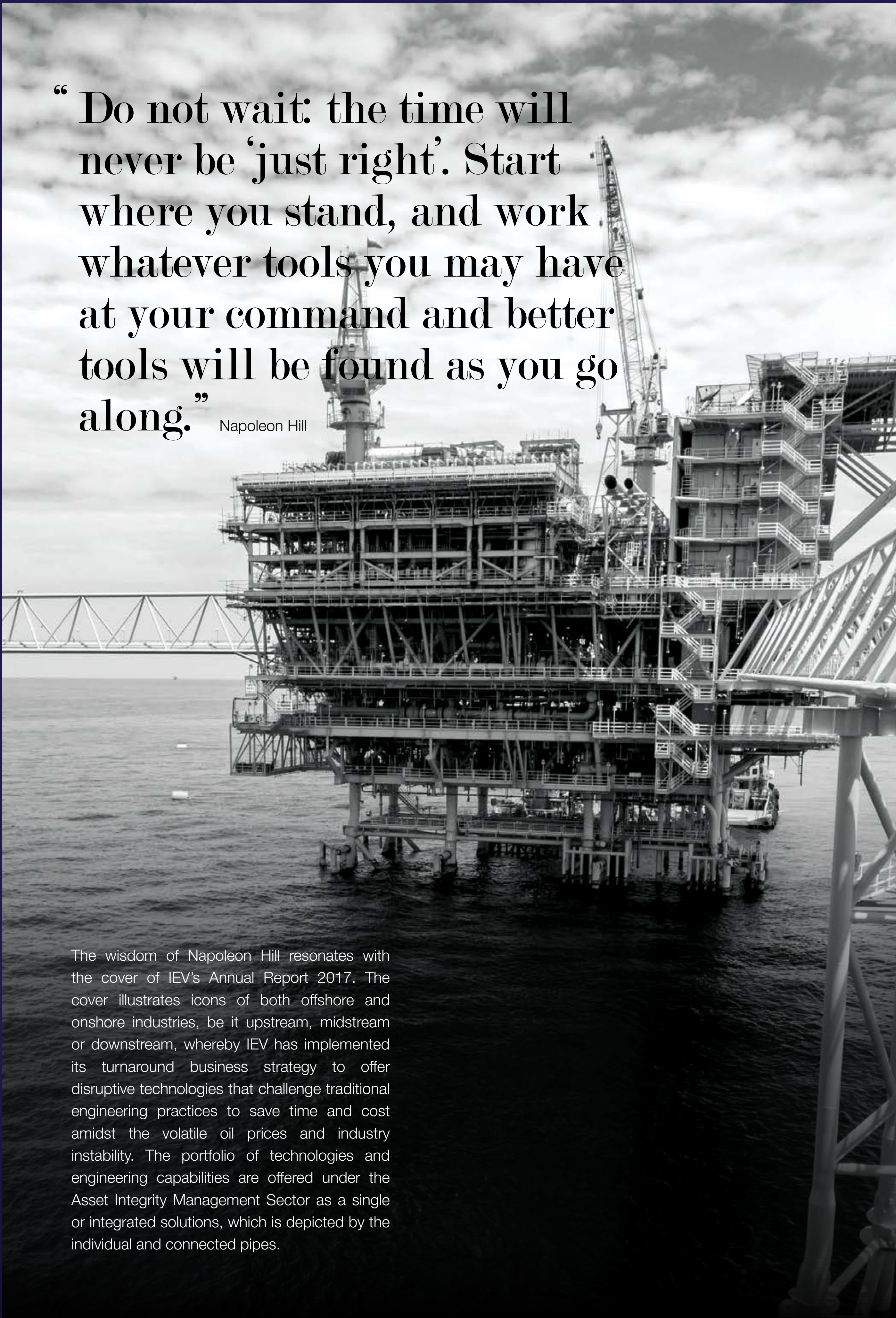
CHALLENGING THE NORM

ANNUAL REPORT 2017



“ Do not wait: the time will never be ‘just right’. Start where you stand, and work whatever tools you may have at your command and better tools will be found as you go along.” Napoleon Hill

The wisdom of Napoleon Hill resonates with the cover of IEV’s Annual Report 2017. The cover illustrates icons of both offshore and onshore industries, be it upstream, midstream or downstream, whereby IEV has implemented its turnaround business strategy to offer disruptive technologies that challenge traditional engineering practices to save time and cost amidst the volatile oil prices and industry instability. The portfolio of technologies and engineering capabilities are offered under the Asset Integrity Management Sector as a single or integrated solutions, which is depicted by the individual and connected pipes.

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Corporate Profile

Introduction : RECAPTURING OUR INNOVATIVE SPIRIT BY CHALLENGING THE NORM

The oil and gas industry is evolving through the way energy is produced. New non-conventional production technologies have emerged, playing a major role in re-balancing the world's supply and demand for oil. This paradigm shift can be seen in the rapid progression of disruptive innovation such as hydraulic fracturing technologies for shale oil and gas production, that has changed the way the industry operates, uprooting conventional practices in the market.

At the cusp of this economic evolution, IEV Holdings Limited ("**IEV**") has adjusted its sails and braved the tide to challenge the norm; bringing a wave of transformation through disruptive technologies in the industry. Priding ourselves as one of the early adopters, we keep ourselves relevant in the era of new oil prices, offering innovative and advanced engineering solutions that will shape the future.

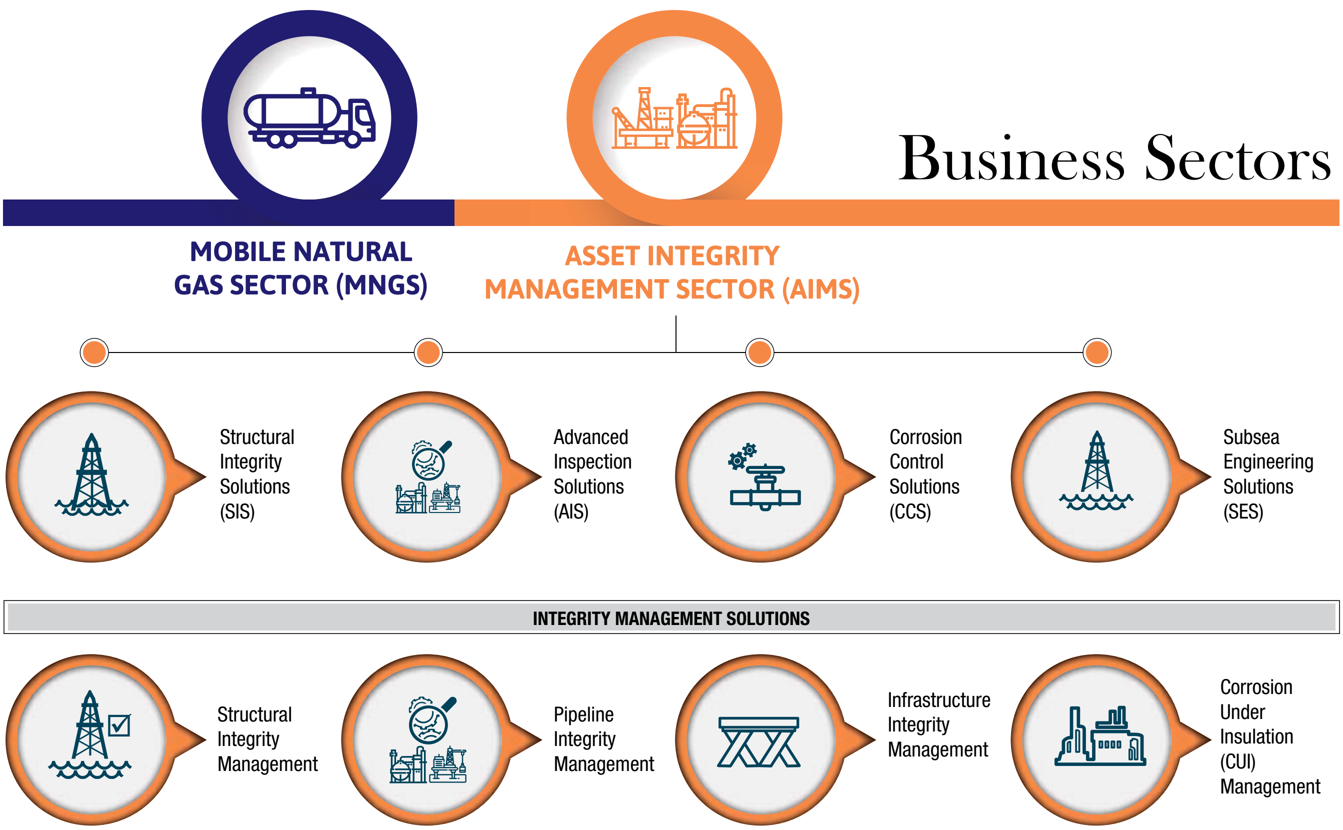
As innovation becomes a permanent fixture in the industry, we cross the chasm through the development and global commercialisation of disruptive technologies and methodologies that challenge conventional engineering practices in the pursuit of cost reduction and provision of optimum solutions to complex engineering challenges, enabling our customers to better manage the integrity and life extension of their valuable assets.

History : THE ROAD NOT TAKEN. ACHIEVING THE IMPOSSIBLE

Since its inception, IEV has been pioneering disruptive technologies in the development of the energy industry particularly in the Asia region for the past 30 years. IEV (Integrated Engineering Ventures) was formed from the vision of its founder, Christopher Nghia Do, who invented and developed the "ocean-powered" Marine Growth Control ("**MGC**") technology.

At a time where alternative technologies were costly, the MGC broke traditional barriers through green technology aimed at enhancing integrity of offshore structures. It is through the commercialisation of MGC that IEV's first and oldest business sector, the Offshore Engineering Sector ("**OES**") was formed. From there, IEV started to defy conventional methods, optioning to provide cutting-edge technologies to deliver operational efficiency, a mandate that is important for oil and gas industry players.

With innovation as a cornerstone to build our business strategies, we present opportunities for tomorrow's demand while contributing to the economics of developing countries. In 2005, our vision to maximise gas utilisation has



Corporate Profile

led us to develop turnkey infrastructures to deliver mobile natural gas through "virtual pipelines" to industries without access to the conventional gas supply via fixed pipeline networks. This marked the beginning of yet another sector, the Mobile Natural Gas Sector ("**MNGS**") of the Group.

The development of MNGS was achieved by employing the most advanced and reliable technologies, earning some footprints in several countries in Asia including Indonesia, Vietnam and Malaysia. In implementing our strategy to further realise our vision to develop an integrated energy business, IEV also ventured into the Exploration and Production of hydrocarbons in West Java, Indonesia and in 2013, we forayed into the realms of Renewable Energy through manufacturing of rice-husk based briquettes.

The global oil price crisis that started in mid-2014 has adversely impacted many businesses and companies within the industry. IEV was no exception to the sudden change of tides and three sectors, namely the Exploration and Production, Renewable Energy and Mobile Natural Gas were affected. As the saying goes, "when the going gets tough, the tough gets going", we embarked on a turnaround strategy that focuses on strengthening and growing our core business to stay relevant and create value to not only the oil and gas industry, but also a number of other industries with our engineering services. During the year, the Group had exited the Exploration and Production and Renewable Energy Sectors.

Introducing IEV's Asset Integrity Management Solution: THE DEMOCRATISATION OF ENABLING TECHNOLOGY

In every phase of innovation from creation of a single product to a complete provision of asset integrity management service to our customers, we challenge ourselves to develop better engineering

solutions to solve traditional and emerging problems. We constantly search for disruptive technologies to lessen management time and cost, whilst improving operating efficiency and safety. This is how we solidify our presence in the future.

From the pivotal role of the commercialisation of the MGC technology, OES has grown to provide four (4) categories of technologies, namely: 1) Structural Integrity Solutions, 2) Corrosion Control Solutions, 3) Advanced Inspection Solutions and 4) Subsea Engineering Solutions.

Additionally, we have also integrated individual technologies with engineering assessment capabilities to provide the following asset integrity management solutions: 1) Structural Integrity Management, 2) Pipeline Integrity Management 3) Corrosion Under Insulation (CUI) Management and 4) Infrastructure Integrity Management. With this combination, we are now able to offer the client an integrity framework to assess, inspect, evaluate and recommend solutions to add life and strength to offshore platforms, pipelines, storage tanks, jetties, just to name a few. As a result, IEV has renamed its OES sector to Asset Integrity Management Sector ("**AIMS**") to better reflect the current standing and business of the Group.

The Group is also working on marketing its range of services to industries beyond oil and gas such as power, petrochemical, chemical and fertilisers.

We are investing in our technology-focused engineering business and continue to undertake research and developmental activities as well as evaluate new technologies for integration into our suite of asset integrity management solutions. This focus is central to our vision in creating value through disruptive technologies.

Summary

The prolonged oil price scenario has shifted the business fundamentals in the oil and gas industry. To sustain in this new business environment, we have decided to refocus on our core engineering business and serve our clients with disruptive technologies that fulfill two important needs; value and quality. With this new strategy, we believe that IEV will sail through this challenging time and build a sustainable and viable company through the offering of disruptive technology-based asset integrity management solutions to the global market.

Corporate Information

BOARD OF DIRECTORS

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

CHRISTOPHER NGHIA DO
President & Chief Executive Officer

JOANNE BRUCE
Non-Independent Non-Executive Director

NG WENG SUI, HARRY
Lead Independent Director

KESAVAN NAIR
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
Level 22, PJX-HM Shah Tower
No. 16A Persiaran Barat
46050 Petaling Jaya
Selangor Darul Ehsan, Malaysia

CONTINUING SPONSOR
SAC Capital Private Limited
1 Robinson Road, #21-02 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 April 2015)

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

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

Corporate Structure

IEV HOLDINGS LIMITED
(SINGAPORE)

- 100% **IEV ENERGY INVESTMENT PTE. LIMITED** (SINGAPORE)
  - 95% **PT IEV PABUARAN KSO** (INDONESIA)
- 100% **IEV TECHNOLOGIES PTE. LTD.** (SINGAPORE)
- 100% **IEV GROUP SDN. BHD.** (MALAYSIA)
  - 100% **IEV MANUFACTURING SDN. BHD.** (MALAYSIA)
  - 100% **IEV ENGINEERING SDN. BHD.** (MALAYSIA)
  - 49% **IEV (MALAYSIA) SDN. BHD.*** (MALAYSIA)
  - 100% **IEV INTERNATIONAL LIMITED** (HONG KONG)
  - 95% **PT IEV INDONESIA** (INDONESIA)
  - 100% **IEV ENERGY SDN. BHD.** (MALAYSIA)
    - 95% **PT IEV GAS** (INDONESIA)
    - 100% **IEV VIETNAM LLC** (VIETNAM)

* ASSOCIATE

Directors' Profiles

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' Profiles

JOANNE BRUCE

Non-Independent Non-Executive Director

Joanne Bruce was appointed to the Board on 29 September 2011 and has been with the Group as a senior executive member since 1988. In June 2015, Joanne Bruce relinquished her position as the Company's Executive Director – Corporate Affairs and Compliance and has been re-designated as a Non-Independent Non-Executive Director of the Company.

Prior to relinquishing her position, Joanne Bruce was responsible for corporate finance, compliance and legal matters, including corporate negotiations and overseeing the Group's company secretarial matters. She also assisted in the establishment of branch offices and subsidiaries and provided support in administrative and corporate matters of the Group.

As a Non-Independent Non-Executive Director, Joanne Bruce had provided corporate advisory services to IEV International Limited (a wholly-owned subsidiary of the Group) as specified by the CEO and the board of directors of IEV International.

Prior to joining the Group, Joanne Bruce was the Dean of the New South Wales College of Natural Therapies. Joanne 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.

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, finance and audit.

He is the Non-Executive Chairman, Independent Director and Chairman of the Audit Committee of Artivision Technologies Ltd., as well as an Independent Director and Chairman of the Audit Committee of Q&M Dental Group (Singapore) Limited, Oxley Holdings Limited and HG Metal Manufacturing Limited, all of which are currently listed on the SGX-ST. Harry Ng was the Chief Financial Officer and Executive Director of Achieva Limited from 2008 to 2010.

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 Nair 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. Kesavan Nair is also an Independent Director of Kitchen Culture Holdings Ltd., Arion Entertainment Singapore Limited, HG Metal Manufacturing Ltd. and Artivision Technologies Limited.

Kesavan Nair 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.

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
27 April 2015

Length of Service as a Director
(as at 31 December 2017)
6 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 2015 to 31 December 2017)
- **SP Setia Berhad**
  Resigned on 12 March 2015
  (Independent Non-Executive Director)
- **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 2017)
6 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)
Nil

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies
(from 1 January 2015 to 31 December 2017)
Nil

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

JOANNE BRUCE Non-Independent Non-Executive 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 2017)
6 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 2015 to 31 December 2017)
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
27 April 2016

Length of Service as a Director
(as at 31 December 2017)
6 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 2015 to 31 December 2017)
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 2017)
6 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 Committee)**
- **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 2015 to 31 December 2017)
Nil

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

Key Management

EDWARD CHEN
Chief Financial Officer

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

Juzer Nomanbhoy is the Managing Director (IEV Malaysia) and Vice President, Business Development, Asset Integrity Management Solutions for IEV Group. He 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, India 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

JUSTIN YONG
Vice President –
Operations and Commercial

Justin Yong is the Vice President of the Group's operational and commercial activities. He is in charge of all operational, procurement, commercial and manufacturing activities in the Group.

He has been with the Group since 2002 and has been integral to the establishment of the MNGS and managing special projects. Justin spearheaded the development of the MNGS since its inception in 2005. Prior to his current position with the Group, Justin served as the Vice President of Mobile Natural Gas Sector ("**MNGS**") for a period of seven (7) years. Additionally, in 2015, Justin was assigned to evaluate and undertake new projects and opportunities as part of the Company's long-term development plans under the Special Projects category which has now been consolidated into his current position.

Prior to joining the Group, he was the finance and administration manager at Stock Niaga Dotcom Sdn. Bhd. in 2000 and regional accountant at Cape East (M) Sdn. Bhd. from 1994 to 1998.

Justin Yong obtained both a diploma in Business Administration and a certificate from the Association of Chartered Certified Accountants (United Kingdom) in 2001.

NG SIEW HAN
Senior Manager - Finance

Ng Siew Han joined the Group as Senior Manager - Finance on 27 May 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 is the Deputy Vice President of Sales and Proposal Engineering in the Asset Integrity Management Sector ("**AIMS**"). She 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 Marine Growth Control 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	FY2017 RM'000	FY2016 (re-presented) RM'000
Revenue	39,097	368,896
Gross profit	4,720	19,502
Loss from continuing operations before interest, tax, depreciation and amortisation	(13,678)	(1,971)
Loss from discontinued operations	(60,390)	(25,325)
Loss attributable to owners of the parent	(79,859)	(33,566)
Loss per share (Malaysian sen)[1]		
- basic	(28.09)	(11.83)
- diluted	(28.09)	(11.83)

BALANCE SHEET	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Property, plant and equipment	7,213	33,237
Associates	26	945
Other non-current assets	6,692	62,522
Current assets excluding cash and bank balances	33,812	70,494
Cash and bank balances	3,894	22,113
Total assets	51,637	189,311
Non-current liabilities	(2,225)	(14,855)
Current liabilities	(43,990)	(80,262)
Net Asset Value	5,422	94,194
Shareholders' equity	5,597	93,814
Non-controlling interests	(175)	380
	5,422	94,194
Gearing ratio (times)	0.88	0.45
Net asset value per share (Malaysian sen)[2]	2.0	33.1

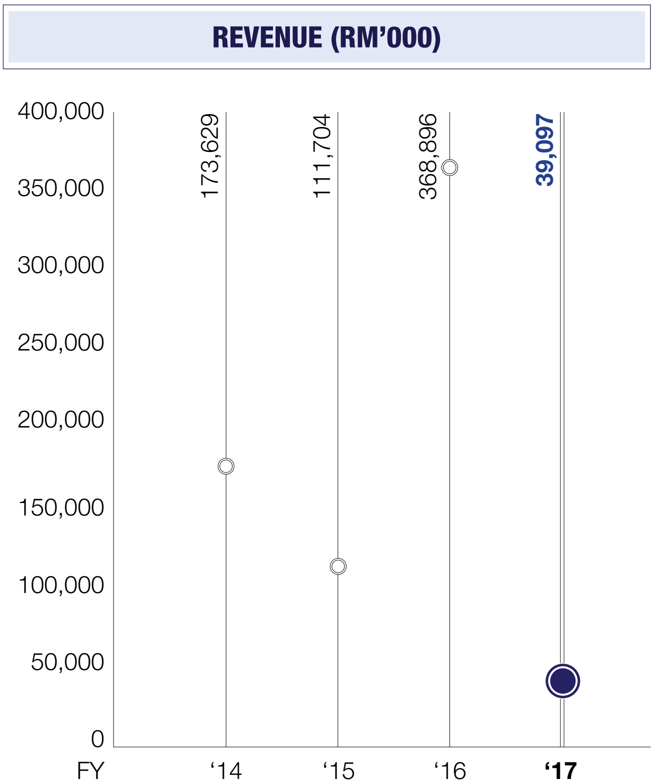
CASH FLOW STATEMENT	FY2017 RM'000	FY2016 RM'000
Cash and cash equivalents as at 31 December	3,828	18,217

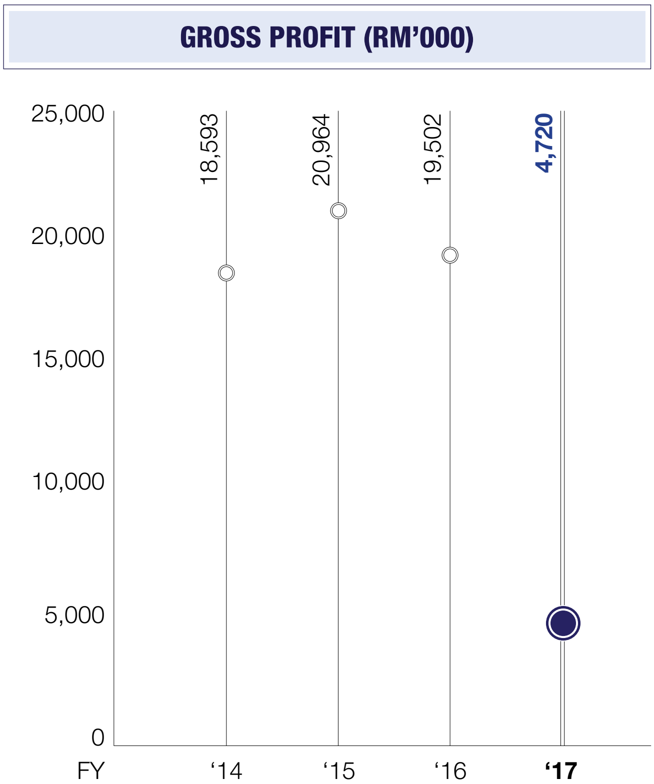
Notes:

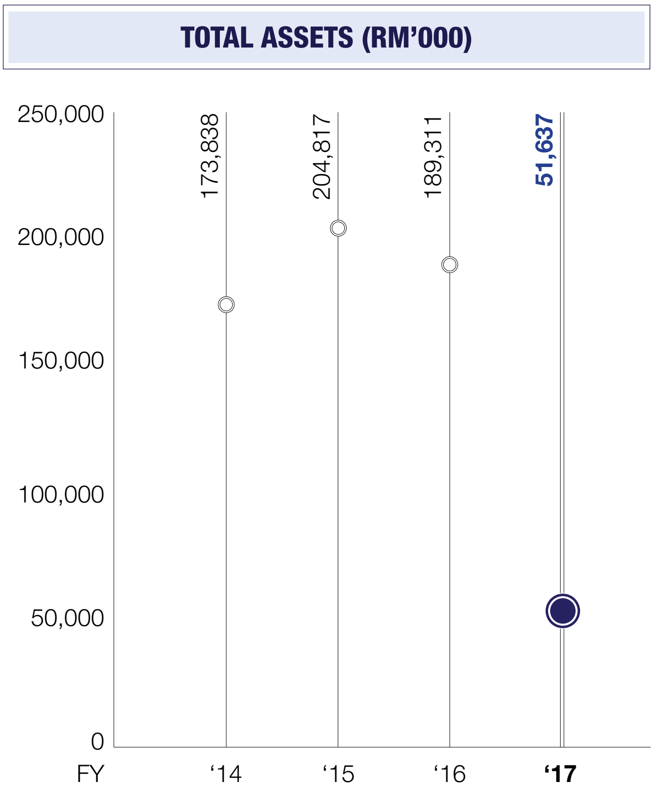
(1) For FY2017 the loss per share (basic and on a fully diluted basis) has been computed based on the Group's loss attributable to owners of the parent and the weighted average number of ordinary shares in issue of 284,312,652 shares, subsequent to the issuance of 1,912,632 shares at SGD0.1074 per share as consideration for the acquisition of 460,000 shares in IEV Vietnam Joint Stock Company from minority shareholders. For comparative purposes, the loss per share (basic and on a fully diluted basis) for FY2016 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 283,691,803 shares, subsequent to the purchase of 200,000 shares from the open market and held as treasury shares.

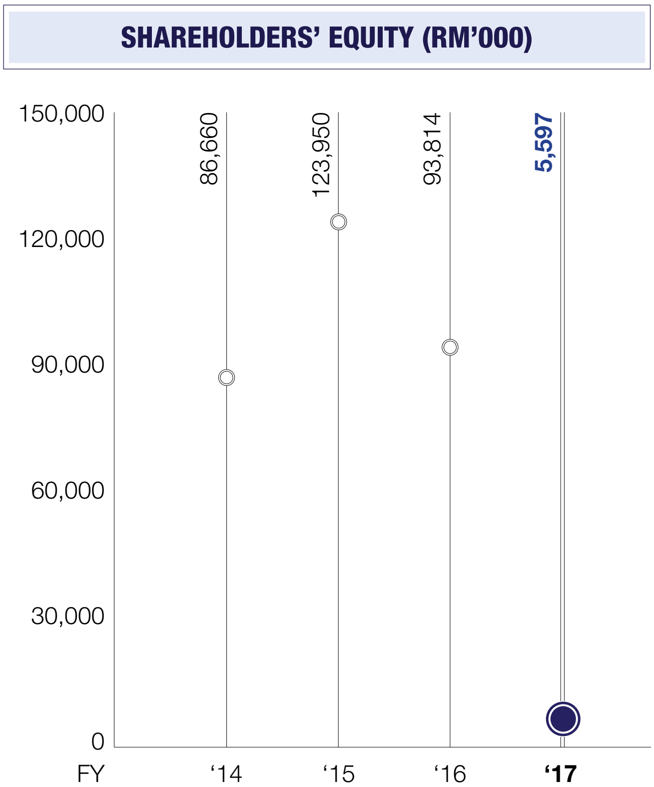
(2) Net asset values per share as at 31 December 2017 and 31 December 2016 have been calculated based on the aggregate number of ordinary shares excluding treasury shares of 285,512,632 and 283,600,000 shares as at the respective dates.

Financial Highlights









Message to Shareholders

Dear Shareholders,

The Group implemented its long-term business strategy and took concrete steps to discontinue, divest and impair the businesses that were adversely affected by the low oil price in FY2017, specifically in the Exploration and Production and Renewable Energy sectors.

The Group also decided not to pursue the investment in rice husk silica and nano-silica and instead, accelerate investment in its core engineering business. The decision to discontinue the development of the value chain from rice husk was based on the Group's enterprise risk management during this challenging period. The transformation of Offshore Engineering Sector ("**OES**") into Asset Integrity Management Sector ("**AIMS**"), which offers four (4) new business divisions and asset integrity management solutions, is central to the Group's turnaround plan and allows the Company to seek global business opportunities beyond offshore activities, and the oil and gas industry.

The impact of discontinued businesses and impairment of assets is significant in the FY2017 financial results but such steps are necessary for the turnaround of the Group, which requires decisive steps to remove loss-making sectors and strengthen the cash flow.

ORDER BOOK

IEV's order book was RM17.2 million as at 26 March 2018, which included RM7.9 million for AIMS and RM9.3 million for MNGS.

The Group expects to record a larger order book and gross margin in FY2018 and future years from AIMS as its disruptive technologies are commercialised and reach the global market.

LOOKING FORWARD – 2018 AND BEYOND

Fuelled by the growth of world economies and the arrangement to maintain oil production cut between OPEC and its non-OPEC allies, oil prices

Message to Shareholders

have stabilised at around USD 60/barrel in the first quarter ended 31 March 2018. Analysts are optimistic that this price level will remain stable despite the booming US shale oil production and increase in oil inventories. At the current price, the development of many marginal and deep-water oil and gas fields are still unattractive and drilling programs are limited.

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.

FROM OFFSHORE ENGINEERING SECTOR (“OES”) TO ASSET INTEGRITY MANAGEMENT SECTOR (“AIMS”)

The Group has launched a comprehensive suite of disruptive technologies under a new sector named AIMS, which replaces the OES, as the technologies and engineering solutions offered can be employed in both offshore and onshore markets. Four (4) business divisions are formed under AIMS include: 1) Structural Integrity Solutions, 2) Corrosion Control Solutions, 3) Advanced Inspection Solutions and 4) Subsea Engineering Solutions. The technologies can be provided individually or combined under four (4) distinct Integrity Management Solutions (“**IMS**”) namely Structural Integrity Management, Pipeline Integrity Management, Corrosion Under Insulation Management (“**CUIM**”) and Infrastructure Integrity Management.

The market positioning and differentiation between the Group and other AIM competitors lies in the employment of disruptive technologies and their integration to solve complex engineering challenges. The implementation of the Group’s ocean-powered marine growth control technology allows optimisation of marine growth management and structural strengthening of offshore structures. The launch of the proprietary Trizashield and CorrAlarm technologies combined with advanced inspection techniques enables the Group to launch a new service known as CUIM to manage Corrosion Under Insulation (CUI) problems at all plants that operate under insulation. The integration of non-intrusive inspection techniques with integrity assessment capabilities led to the development of the Group’s pipeline integrity management services, which are now offered to operators of onshore and offshore pipelines, especially in the market of non-piggable pipelines. A suite of concrete corrosion technologies will also be launched by the Group in FY2018 to solve the engineering challenges in rebar and acidic corrosion of concrete structures.

The technologies commercialised by the Group are at different phases in their technology life adoption cycle. A pipeline of new technologies is being built and it is expected that new technologies will be commercialised in the coming years, making the Group a centre for disruptive technologies in the field of asset integrity management.

Looking ahead, and barring any unforeseen circumstances, the Group is cautiously optimistic of its performance in FY2018, and looks forward to the successful implementation of its turnaround plans.

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, bankers 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 FY2018 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.

Operations and Financial Review

REVENUE AND SALES ANALYSIS FROM CONTINUING OPERATIONS

For FY2017, the Group's revenue declined by RM329.8 million or 89.4% due mainly to the completion of the Malikai Tension Leg Platform Installation turnkey project which contributed revenue of RM316.4 million in FY2016 for which there was no comparable turnkey project revenue for FY2017. Revenue contribution from Integrated Engineering Solutions ("**IES**") business declined by 62.0% or RM10.8 million which was in line with a downturn in the upstream oil and gas industry. Revenue contribution from the Mobile Natural Gas Sector ("**MNGS**") also decreased by RM2.7 million or 7.5% due to the expiry of several gas sales agreements during FY2017.

REVENUE BY GEOGRAPHICAL LOCATIONS OF OUR CUSTOMERS

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

From continuing operations	FY2017 RM'000	FY2017 %	FY2016 RM'000	FY2016 %
Indonesia	33,506	85.7	36,709	10.0
India	1,606	4.1	4,298	1.2
Denmark	1,386	3.5	422	0.1
Malaysia	1,241	3.2	320,565	86.9
Thailand	700	1.8	12	-
Brunei	388	1.0	-	-
Vietnam	196	0.5	-	-
Singapore	-	-	5,401	1.5
Portugal	-	-	1,161	0.3
Others	74	0.2	328	0.0
Total from continuing operations	39,097	100.0	368,896	100.0
From discontinued operations				
- Vietnam	399		1,358	
Total from continuing and discontinued operations	39,496		370,254	

OPERATING MARGIN FROM CONTINUING OPERATIONS ACROSS SEGMENTS

For FY2017, the Group recorded a decline in gross profit to RM4.7 million from RM19.5 million in FY2016. At the sector level, the Offshore Engineering Sector ("**OES**") experienced a decline in gross profit contribution to RM4.9 million in FY2017 from RM16.7 million in FY2016, due mainly to a decline in its IES business and the absence of turnkey projects during FY2017. MNGS declined into a gross loss of RM0.2 million in FY2017 from a gross profit position of RM2.8 million in FY2016, due mainly to the closure of a major toll bridge for structural repairs which forced the Group's CNG delivery vehicles to make a long detour resulting in higher operating costs. In order to maintain contracted service levels, the Group had to hire additional prime movers and outsource other services to ensure timely delivery of CNG. Other factors contributing to the MNGS gross loss for FY2017 included the non-renewal of several CNG supply contracts and overall reduced CNG pricing for retained supply contracts.

OTHER OPERATING INCOME FROM CONTINUING OPERATIONS

Other operating income for FY2017 of RM3.5 million was mainly contributed by (i) a reversal of vendor payables and accruals of RM1.2 million due to renegotiations of contract terms and close-out of projects with over-accruals; (ii) write back on allowance for doubtful receivables of RM0.7 million due to the settlement of long outstanding invoices; (iii) rental income of RM0.6 million; (iv) foreign exchange gain of RM0.8 million; and (v) RM0.1 million gain from disposal of property, plant and equipment. In comparison, other operating income for FY2016 of RM1.1 million was contributed by an insurance settlement, interest and rental income, service fees and gain on disposal of property, plant and equipment.

Operations and Financial Review

ADMINISTRATIVE EXPENSES FROM CONTINUING OPERATIONS

Administrative expenses for FY2017 decreased by 17.2% to RM15.4 million in FY2017 from RM18.6 million in FY2016. The lower administrative expenses were mainly due to: (i) cost reduction initiatives including reduced manpower headcount, salary cuts and reduction of leased properties such as EJ-1 CNG station and OES Batam supply base; (ii) disposal of non-essential fixed assets to reduce depreciation expenses; and (iii) non-reoccurrence of cost of feasibility studies which resulted in lower consultancy fees in FY2017.

SELLING AND DISTRIBUTION COSTS FROM CONTINUING OPERATIONS

Selling and distribution costs represents commissions payable to agents for OES sales on behalf of the Group. For FY2017, selling and distribution costs decreased by 88.9% to RM0.2 million from RM1.9 million for FY2016, which were in line with reduced OES business activities of the Group in FY2017.

OTHER OPERATING EXPENSES FROM CONTINUING OPERATIONS

Other operating expenses for FY2017 of RM9.8 million were mainly comprised of: (i) RM7.7 million impairment of property, plant and equipment related to MNGS and office renovation; (ii) RM0.8 million allowance for inventories in relation to MNGS, subsea services and manufacturing inventory; (iii) RM0.6 million allowance for doubtful receivables; and (iv) RM0.5 million impairment on a licensed technology no longer in use. In comparison, other operating expenses for FY2016 of RM4.9 million mainly comprised of: (i) RM2.6 million allowance for doubtful receivables, mainly from OES operating receivables; and (ii) RM2.3 million write-off of property, plant and equipment due to the closure of MNGS EJ-1 CNG station and cancellation of mobile gas projects in Indonesia.

LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

For reasons set out above, the Group reported a 145.3% increase in loss before taxation to RM18.6 million for FY2017 from a loss before taxation of RM7.6 million for FY2016.

RESULTS FROM DISCONTINUED OPERATIONS

The Vietnam Biomass Plant ("**MK-1 Plant**") ceased commercial operations during FY2017 due to the high price of rice husks arising from poor rice production in the Mekong delta; and the results of a feasibility study showing the commercialisation of rice husk silica and nano-silica in Vietnam to be not viable. The Group has thus decided to exit from the Renewable Energy Sector which comprised the rice-husk biomass business ("**RES**"). The MK-1 Plant has since been leased to a third party for a two-year period with an option to purchase the MK-1 Plant at the end of the lease period. The Group has thus reclassified the MK-1 Plant as a finance lease asset with a value of RM5.2 million as at 31 December 2017 compared to the previous classification as property, plant and equipment and land-use rights totalling RM5.8 million. This reclassification has thus contributed a RM0.6 million loss to the total RM1.8 million loss from the discontinued MK-1 Plant operations for FY2017.

The Pabuaran KSO has been made commercially unviable by the prolonged low oil prices. The Group has 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. 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. With the termination of this Agreement, the Group is exiting from the Exploration and Production Sector ("**EPS**"). The termination of the Agreement necessitated the impairment of assets and liability provisioning totalling RM57.3 million, which is made up of: (i) RM44.3 million impairment of oil and gas properties; (ii) RM2.7 million impairment of intangible assets related to a KSO contractual signing bonus; (iii) RM5.1 million impairment of long term receivables related to VAT receivables; (iv) RM1.9 million write-off of pledged funds to support a US$2.34 million bank guarantee that has been claimed by PEP; (v) RM7.6 million provision for termination liabilities; (vi) RM0.4 million allowance for inventories; and these were partially offset by (i) a RM2.3 million reversal of accrued payables; and (ii) a RM2.4 million write-back of a provision for decommissioning of Pabuaran KSO wells.

Operations and Financial Review

The exit from the RES and EPS has resulted in a loss from discontinued operations totalling RM60.4 million for FY2017 compared to a loss RM25.3 million for FY2016.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Current Assets

Trade receivables decreased by RM39.9 million to RM17.8 million as at 31 December 2017, from RM57.7 million as at 31 December 2016, due mainly to the settlement of a OES project. The current portion of other receivables and prepayments, which comprised project related advances, third-party recoverable expenses and prepaid operating expenses decreased by RM4.3 million to RM3.6 million as at 31 December 2017, from RM7.9 million as at 31 December 2016, due mainly to settlement of third-party recoverable expenses and depletion of prepaid operating expenses. Inventories decreased by RM1.8 million to RM3.1 million as at 31 December 2017 from RM4.9 million as at 31 December 2016, due mainly to (i) a RM1.3 million allowance for inventories; and (ii) the depletion of rice husk briquettes inventories and CNG stock. The Group had entered into a Sales and Purchase Agreement to dispose of a RM9.1 million leasehold building and has reclassified it as an asset held for sale. The Group's cash and bank balances decreased by RM18.2 million from RM22.1 million to RM3.9 million for reasons explained below.

Non-Current Assets

Net book value of property, plant and equipment decreased by RM26.0 million to RM7.2 million as at 31 December 2017 from RM33.2 million as at 31 December 2016. The decrease was mainly due to (i) depreciation charges of RM4.5 million for FY2017; (ii) RM7.7 million impairment of property plant and equipment related to MNGS and office renovation; (iii) RM9.1 million leasehold building reclassified as asset held for sale; (iv) reclassification of the RM3.9 million Vietnam biomass factory to finance lease receivable; and (v) currency translation differences of RM1.9 million. This decrease was partially offset by the acquisition of property, plant and equipment of RM1.3 million.

Net book value of intangible assets decreased to RM0.3 million as at 31 December 2017 from RM4.4 million as at 31 December 2016 due mainly to: (i) amortisation of intangible assets of RM0.5 million; (ii) RM2.7 million impairment on Pabuaran KSO related intangible assets due to termination of the KSO; (iii) RM0.5 million impairment of technology licencing fee that is no longer in use and (iv) currency translation differences of RM0.3 million for US Dollar denominated intangible assets.

In view of the termination of Pabuaran KSO and the Group's exit from EPS, oil and gas properties of RM44.3 million as at 31 December 2017 is completely written off.

Associates decreased by RM0.9 million to RM26,000 as at 31 December 2017 from RM0.9 million as at 31 December 2016. This decrease reflects: (i) operational losses experienced by an OES associate in line with a slowdown in the upstream oil and gas industry and (ii) operational losses from a slow commercial ramp-up of Gas Malaysia IEV Sdn. Bhd. during FY2017 and the eventual disposal of this associate to Gas Malaysia Bhd for RM141,864.

Other long-term receivables and prepayments declined to RM0.8 million as at 31 December 2017 from RM8.8 million as at 31 December 2016 due mainly to: (i) a write-off of RM5.1 million VAT receivables arising from the termination of Pabuaran KSO and the Group's exit from EPS; (ii) reclassification of RM1.7 million of land use rights for the Vietnam biomass factory to finance lease receivable; (iii) RM0.5 million amortisation of prepaid lease rental and land use rights; (iv) currency translations difference of RM0.3 million in relation to the aforementioned VAT receivables, which are denominated in US Dollars; and (v) impairment of RM0.2 million for other receivables.

Current and non-current finance lease receivable totalling RM5.2 million represent the reclassification of the Vietnam biomass factory comprising property, plant and equipment and long-term land use rights into the present value of a future stream of finance lease receipts and a final transfer receipt at the end of the 2-year lease period.

Deferred tax assets as at 31 December 2017 has reduced by RM1.1 million to RM0.5 million from RM1.6 million as at 31 December 2016 mainly due to the reversal of a deferred tax asset for PT IEV Gas. It was assessed that this subsidiary would not be able to utilise a portion of its deferred tax asset due to its lower business activities.

Operations and Financial Review

Capital and Reserves

Share Capital increased to RM98.3 million as at 31 December 2017 from RM97.7 million as at 31 December 2017 due to the issuance of 1,912,632 ordinary shares at S$0.1074 per share in consideration for the acquisition of 460,000 ordinary shares representing 9.73% equity interest in IEV Vietnam Joint Stock Company that were previously held by 2 minority shareholders. Currency translation reserves decreased to RM0.4 million as at 31 December 2017 from RM9.1 million as at 31 December 2016 mainly due to the strengthening of the Malaysian Ringgit against the US Dollar during FY2017. Accumulated losses had increased to RM92.7 million as at 31 December 2017 from RM12.9 million as at 31 December 2016 due to the Group's loss from continuing operations of RM19.5 million and loss from discontinued operations of RM60.4 million for FY2017.

Liabilities

Bank borrowings (current and non-current portions) increased to RM9.6 million as at 31 December 2017 from RM9.5 million as at 31 December 2016 mainly due to an overdraft drawdown of RM0.5 million and partially offset by scheduled repayment of loan facilities. Advances from a third party of RM2.5 million as at 31 December 2016 had been fully settled during FY2017.

Trade payables decreased by RM44.8 million to RM19.5 million as at 31 December 2017 from RM64.3 million as at 31 December 2016, mainly due to the settlement of OES project invoices.

Other payables increased by RM2.0 million to RM14.7 million as at 31 December 2017 from RM12.7 million as at 31 December 2016, mainly due to: (i) a RM7.6 million provision for Pabuaran KSO termination liabilities; and (ii) a RM0.2 million increase in amounts due to an associate; which are offset by: (i) RM3.0 million settlement of accruals and amounts owing to sub-contractors; and (ii) RM2.5 million reversal of accrued payables in relation to well workover activities at the Pabuaran KSO in Jawa, Indonesia; and (iii) RM0.3 million reduction in sales and GST tax payable.

The provision for decommissioning of RM2.7 million as at 31 December 2016 has been reversed out as at 31 December 2017 as a result of the termination of the Pabuaran KSO.

The Group has a negative working capital of RM6.3 million as at 31 December 2017 as compared to a positive working capital of RM12.3 million as at 31 December 2016, mainly due to termination liabilities. 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 earnings for FY2018, settlement negotiations of termination liabilities and potential corporate exercises.

Cash Flow

For FY2017, the Group recorded net cash used in operating activities of RM11.0 million. This was mainly due to: (i) operating cash outflow before movements in working capital of RM6.9 million; (ii) decrease in trade and other payables of RM44.8 million as a result of the completion of the Malikai turnkey project in FY2016; (iii) post-employment benefit paid of RM0.6 million; and (iv) interest paid of RM0.6 million; which were partially offset by (i) decrease in trade and other receivables and prepayments of RM7.5 million; (ii) decrease in amount due from associate of RM34.0 million; and (iii) decrease in inventories of RM0.2 million. Net cash used in investing activities of RM1.8 million during FY2017 was mainly for: (i) net purchase of property plant and equipment of RM0.8 million; and (ii) an increase in oil and gas properties of RM1.1 million; which were partially offset by proceeds from divestment of an associate of RM0.1 million. Net cash used in financing activities of RM0.9 million was mainly for: (i) repayment of advances from a third party of RM2.5 million; and (ii) servicing bank borrowings and finance leases of the Group of RM0.5 million; which were partially offset by (i) release of pledged deposits of RM1.7 million; and (ii) drawdown of bank facilities and finance leases of RM0.5 million.

As a result of the above and after taking into account currency translation deficit, the cash and cash equivalent balance was RM3.8 million as at 31 December 2017, as compared to RM18.2 million as at 31 December 2016.

Developments subsequent to the release of the Company's full year unaudited financial statements for FY2017 on 28 February 2018, 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 2017 ("**FY2017**"), 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**").

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

Report on Corporate Governance

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 FY2017 are as follows:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	5	4	1	2
	Number of meetings attended			
Tan Sri Dato' Hari N. Govindasamy	3	2	1	2
Christopher Nghia Do	5	NA	NA	NA
Joanne Bruce	5	NA	NA	NA
Ng Weng Sui, Harry	5	4	1	2
Kesavan Nair	4	4	1	2

NA: Not Applicable

TRAINING FOR DIRECTORS

During FY2017, site visits to the Group's offices in Malaysia were 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

Report on Corporate Governance

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 FY2017 received briefings and updates on (i) developments in accounting and governance standards and information on new audit quality indicators framework by the external auditors, Deloitte & Touche LLP; (ii) major amendments to Singapore Companies Act (Chapter 50) as well as Malaysia Companies Act 2016; and (iii) 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 and they are encouraged to attend relevant training organised by the SID or any other organisation which provides relevant training courses for directors. The Company would arrange orientation programs (including onsite visits, if necessary) to enable the new Directors to familiarise themselves with the Group's business and governance practices and, where required, training on relevant regulations in relation to the business of the Group as well as on the roles and responsibilities of directors of a listed company. The Company would also arrange and fund such training and professional development programs for new Directors.

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)
- Joanne Rose Bruce (Non-Independent, Non-Executive Director)
- Ng Weng Sui, Harry (Lead Independent Director)
- Kesavan Nair (Independent Director)

The Board comprises five (5) Directors, two (2) of whom are independent directors. 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. 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 one-third of the Board.

The Board is aware of the recommendation of Guideline 2.2 of the 2012 CG Code that the independent directors should make up at least half of the Board in the event the Chairman of the Board is not an independent director. Nonetheless, the Board is of the view that its current size, consisting of five (5) directors is appropriate, taking into account the nature and scope of the operations and current financial positions of the Group. Further, the Chairman of the Board and the CEO are separate persons and not related and the Chairman of all Board Committees are independent, non-executive Directors. Ms Joanne Bruce was employed by the Group until 24 June 2015, a period which falls within the past three financial years which renders a director to be considered non-independent. Assuming she remains as a director at the end of financial year ending 2018, she would be considered independent as the criteria for past employment will no longer be applicable to her. The Board will then comprise 3 independent directors and 2 non-independent directors. Hence, the NC and the Board are of the opinion that no additional independent director will be appointed during the interim period.

In accordance with Guideline 2.3 of the 2012 CG Code, Mr Ng Weng Sui, Harry and Mr Kesavan Nair have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers 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.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to submit a confirmation of independence based on the guidelines provided in the 2012 CG Code. Based on the confirmation of independence received

Report on Corporate Governance

from the said 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 in Guideline 2.3 of the 2012 CG Code 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 FY2017.

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.

Report on Corporate Governance

Principle 4 - Board membership

The Board has established a 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 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 FY2017, 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. 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.

The NC has recommended to the Board that Tan Sri Dato' Hari N. Govindasamy and Mr Ng Weng Sui, Harry be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered the said Directors' overall contributions and performance. The Board recommends the shareholders to approve the re-election of the said Directors. The details of the proposed resolutions are stipulated in the Notice of AGM set out in this annual report.

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The Board recognises the contributions of its Directors who over time have developed deep insights 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, 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

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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 Commitees 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 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 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 on a timely basis, 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 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 Secretaries; and has separate and have independent access to such persons.

The Company Secretary or his or her 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.

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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.

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 FY2017.

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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 are paid a fixed base 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 FY2017 are as follows:

Name	Salary (%)	Benefits (%)	Bonus (%)	Directors' Fee (%)	Total (%)
SGD250,000 to below SGD500,000					
Christopher Nghia Do	80	20	-	-	100
Below SGD250,000					
Joanne Bruce	-	-	-	100	100
Tan Sri Dato' Hari N. Govindasamy	-	-	-	100	100
Ng Weng Sui, Harry	-	-	-	100	100
Kesavan Nair	-	-	-	100	100

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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 FY2017 are as follows:

Name	Salary (%)	Benefits (%)	Bonus (%)	Total (%)
Below SGD250,000				
Justin Yong	89	11	-	100
Juzer Nomanbhoy	89	11	-	100
Edward Chen Boon Pok	85	15	-	100
Ng Siew Han	89	11	-	100
Loh Koon Yau	89	11	-	100

The annual aggregate remuneration paid to the top five (5) key Management (excluding the CEO) of the Group for FY2017 is SGD478,283.

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 FY2017, none of the Directors' 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.

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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 Financial Reporting Standards in Singapore prescribed by the Accounting and 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.

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 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.

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The Board had received assurance from the CEO and the Chief Financial Officer that the Group's financial records as at 31 December 2017 have been properly maintained and the financial statements for FY2017 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 Chief Financial Officer, 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, compliance and information technology risks, 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' value as at 31 December 2017.

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;

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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 FY2017 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 FY2017 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.

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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 FY2017 to, inter alia, answer or clarify any matter on accounting and auditing matters.

In the review of the financial statements for FY2017, 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 the Key Audit 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 FY2017 amounted to approximately SGD198,700. In addition, approximately SGD21,900 non-audit fees were paid to the external auditors for FY2017 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 2018 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 FY2017, 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 Horwath. 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.

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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 FY2017, the AC has reviewed the effectiveness of the internal audit function and is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group to fulfil its mandate. The AC will review annually, the 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 FY2017 as the Group has sustained losses in FY2017 and to conserve 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 scrutineers. 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.

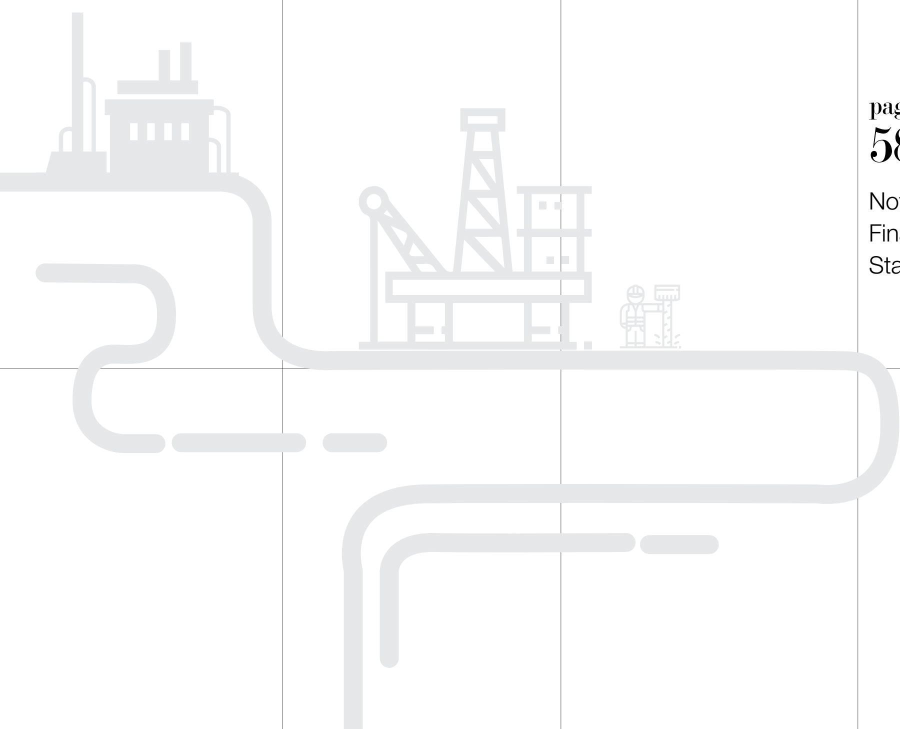
MATERIAL CONTRACTS

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 FY2017 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 FY2017.

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 2017.

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 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 2017, 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 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:

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	10,673,392	1,736,000
Joanne Bruce	-	-	1,925,000	1,725,000
Ng Weng Sui, Harry	300,000	300,000	-	-

Directors' Statement

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

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 2018 were the same as at 31 December 2017.

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.

Directors' Statement

5 SHARE SCHEME (cont'd)

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.

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 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;

(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.

Directors' Statement

6 AUDIT COMMITTEE (cont'd)

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.

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

26 March 2018

Independent Auditor's Report

to the Members of IEV Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

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

Key Audit Matters

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

Independent Auditor's Report

to the Members of IEV Holdings Limited

Key audit matters	Our audit performed and responses thereon
Exit of exploration and production sector and assessment of impairment in oil and gas properties	
In accordance with the Operations Cooperation Agreement ("KSO Agreement") and the extension granted by PT Pertamina EP ("Pertamina") in prior years, PT IEV Pabuaran KSO ("IEV KSO") did not fulfil its commitment in the Pabuaran Operation Area (the "Pabuaran KSO") by 11 December 2017. Pertamina issued a termination letter dated 28 December 2017 to IEV KSO (the "Termination Letter") to terminate the KSO Agreement on the basis that IEV KSO has not fulfilled certain conditions and obligations under the KSO Agreement. The Group does not intend to contest the Termination Letter and has commenced discussions with Pertamina on an amicable handover of the Pabuaran KSO. Pertamina has also made a claim for the disbursement of a bank guarantee amounting to USD2,340,000, comprising a pledged fixed deposit of USD468,000 and a banker guarantee of USD1,872,000. However, no payment has been made as the Group seeks to resolve this through further negotiation with Pertamina. As at 31 December 2017, the Group recognised termination liabilities of USD1,872,000 (approximately RM7,607,000) following the termination of the KSO Agreement and management believes that there are no other material contingencies or liabilities that are required to be recorded. In addition, the Group made full impairment on the oil and gas properties and the intangible asset (signature bonus) totalling USD11,572,717 (approximately RM47,027,000), and also full impairment on the pledged fixed deposit of USD468,000 (RM1,902,000) as management has assessed that these assets are no longer recoverable. The Group has made disclosures on the above judgement in Note 3, and further disclosures in Notes 13 and 14 to the financial statements.	We have obtained and read appropriate letters and/or supporting documents from Pertamina with regards to the termination. We have evaluated management's impairment assessment in accordance with FRS 106 *Exploration for and Evaluation of Mineral Resources* following the termination of the KSO Agreement. We have also independently obtained legal confirmation from and had a discussion on the matter with the external lawyer. We have also performed procedures to determine if there are any unrecorded liabilities or material contingencies as at 31 December 2017, including having discussions with management. We have also reviewed the disclosures in Notes 3, 13 and 14 to the financial statements.

Independent Auditor's Report
to the Members of IEV Holdings Limited

Key audit matters

Tax dispute

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

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

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

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

Our audit performed and responses thereon

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

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

Independent Auditor's Report
to the Members of IEV Holdings Limited

Key audit matters	Our audit performed and responses thereon
Accounting for the leasehold property in Vietnam	
The Group's subsidiary IEV Vietnam LLC ("IEV VN") entered into a Heads of Agreement (the "HOA") in October 2017 with a third party (the "Lessee") to set out the key terms to lease out its leasehold properties and related assets (the "Property") to the Lessee for a 2-year period, and for the same party to purchase the Property at the end of the 2-year period at an agreed price set out in the HOA. Under the HOA, failure by IEV VN to sell the Property to the Lessee at the end of the 2-year period may lead to financial compensation. The Property was handed over to the Lessee on 1 November 2017 in accordance with the provisions in the HOA and a formal lease agreement was signed on 8 January 2018 reflecting the same lease terms as set out in the HOA. Management has assessed the accounting of the above arrangement and based on their judgement, has determined that the Property should be derecognised at 31 December 2017 and be accounted for as a finance lease receivable. The Group has made disclosures on the above judgement in Note 3, and further disclosures in Note 9 to the financial statements.	We have obtained and read the HOA and lease agreement to assess the appropriateness of management's accounting adopted for this transaction. We have evaluated management's assessment on the appropriateness and reasonableness of key assumptions used in calculating the finance lease receivables and the recoverability of such amount. We have also reviewed the disclosures in Notes 3 and 9 to the financial statements.

Independent Auditor's Report
to the Members of IEV Holdings Limited

Key audit matters	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 identifying doubtful debts, and also in evaluating on allowance of doubtful receivables and the quantum required at the end of each reporting period. The Group performs an on-going evaluation of recoverability, including assessment of allowance on those receivables where they have issued legal demand letters, and ageing analysis of individual receivables by reference to their past default experience. The Group has made disclosures on the above judgement in Note 3, and further disclosures on recoverability of trade receivables in Note 7 to the financial statements.	Our audit approach included both controls testing and substantive procedures as follows: • We obtained an understanding, evaluated the design and assessed the implementation of the Group's relevant control over the credit granting and collection process; • For third party accounts receivables which are overdue for more than 90 days, we evaluated management's assessment to support the recoverability of the receivables which amongst other factors included an examination of subsequent settlement by customers, an evaluation of the customer's financial condition and repayment pattern; and • For overdue debts which the Group has taken legal actions against the customers, we have read the legal opinion/letters and assessed allowance for doubtful debt, if any, set up by management is adequate.

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Independent Auditor's Report

to the Members of IEV Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditor's Report

to the Members of IEV Holdings Limited

Report on Other Legal and Regulatory Requirements

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

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

Public Accountants and
Chartered Accountants
Singapore

26 March 2018

Statements of Financial Position

31 December 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
ASSETS					
Current assets					
Cash and bank balances	6	3,893,511	22,112,801	87,011	317,759
Trade receivables	7	17,822,621	57,716,911	-	-
Other receivables and prepayments	8	3,642,556	7,865,070	1,888,847	2,296,223
Finance lease receivables	9	65,408	-	-	-
Inventories	10	3,123,267	4,902,525	-	-
Work-in-progress		28,941	9,883	-	-
		28,576,304	92,607,190	1,975,858	2,613,982
Assets classified as held for sale	11	9,129,764	-	-	-
Total current assets		37,706,068	92,607,190	1,975,858	2,613,982
Non-current assets					
Property, plant and equipment	12	7,212,650	33,236,718	-	-
Intangible assets	13	287,048	4,374,450	-	-
Oil and gas properties	14	-	47,740,389	-	-
Subsidiaries	15	-	-	25,880,417	115,846,622
Associates	16	25,595	945,129	-	-
Other receivables and prepayments	8	814,355	8,793,232	-	-
Finance lease receivables	9	5,087,263	-	-	-
Deferred tax assets	17	503,865	1,613,793	-	-
Total non-current assets		13,930,776	96,703,711	25,880,417	115,846,622
Total assets		51,636,844	189,310,901	27,856,275	118,460,604
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings and overdrafts	18	9,639,782	2,812,484	-	-
Trade payables	19	19,520,900	64,291,577	-	-
Other payables and other provisions	20	14,735,150	12,651,226	26,809,221	24,296,012
Finance leases	21	93,917	141,008	-	-
Income tax payable		-	365,285	-	-
Total current liabilities		43,989,749	80,261,580	26,809,221	24,296,012

Statements of Financial Position

31 December 2017
(cont'd)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-current liabilities					
Bank borrowings and overdrafts	18	-	6,679,984	-	-
Finance leases	21	86,112	30,912	-	-
Deferred tax liabilities	17	124,528	288,164	-	-
Provision for post-employment benefit obligations	22	2,014,869	2,654,663	-	-
Advances from a third party	23	-	2,500,000	-	-
Provision for decommissioning	24	-	2,701,739	-	-
Total non-current liabilities		2,225,509	14,855,462	-	-
Capital and reserves					
Share capital	25	98,338,106	97,691,412	98,338,106	97,691,412
Treasury shares	26	(38,268)	(38,268)	(38,268)	(38,268)
Currency translation reserve	27	376,840	9,117,281	(78,142)	1,766,553
Capital reserve	15	(379,690)	(100,832)	-	-
Accumulated losses		(92,700,432)	(12,855,630)	(97,174,642)	(5,255,105)
Equity attributable to owners of the Company		5,596,556	93,813,963	1,047,054	94,164,592
Non-controlling interests		(174,970)	379,896	-	-
Total equity		5,421,586	94,193,859	1,047,054	94,164,592
Total liabilities and equity		51,636,844	189,310,901	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 2017

	Note	Group 2017 RM	Group 2016 RM
Revenue	28	39,097,205	368,895,872
Cost of sales		(34,377,705)	(349,393,385)
Gross profit		4,719,500	19,502,487
Other operating income	29	3,514,049	1,056,454
Selling and distribution costs		(206,688)	(1,865,318)
Administrative expenses		(15,410,871)	(18,610,918)
Other operating expenses		(9,799,624)	(4,948,782)
Share of results of associates	16	(777,670)	(1,825,173)
Finance costs	30	(625,652)	(885,294)
Loss before tax		(18,586,956)	(7,576,544)
Income tax	31	(954,243)	(814,458)
Loss for the year from continuing operations	32	(19,541,199)	(8,391,002)
Discontinued operations			
Loss for the year from discontinued operations	33	(60,389,945)	(25,324,845)
		(79,931,144)	(33,715,847)
Other comprehensive (loss) income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(8,743,067)	3,209,478
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains in respect of defined benefit pension plan		13,790	253,505
Other comprehensive (loss) income for the year, net of tax		(8,729,277)	3,462,983
Total comprehensive loss for the year		(88,660,421)	(30,252,864)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2017

(cont'd)

	Note	Group 2017 RM	Group 2016 RM
Loss attributable to:			
Owners of the Company			
- continuing operations		(19,541,199)	(8,391,002)
- discontinued operations		(60,317,393)	(25,174,835)
Non-controlling interests			
- continuing operations		-	-
- discontinued operations		(72,552)	(150,010)
		(79,931,144)	(33,715,847)
Total comprehensive loss attributable to:			
Owners of the Company		(88,585,243)	(30,097,599)
Non-controlling interests		(75,178)	(155,265)
		(88,660,421)	(30,252,864)
Loss per share			
From continuing and discontinued operations:			
Basic and Diluted (Malaysian sen)		(28.09)	(11.83)
From continuing operations			
Basic and Diluted (Malaysian sen)	35	(6.87)	(2.96)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 December 2017

	Note	Share capital	Treasury shares	Capital reserve	Currency translation reserve	Retained earning (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 January 2016		97,691,412	-	(100,832)	5,902,548	20,456,702	123,949,830	535,161	124,484,991
Total comprehensive income for the year									
Loss for the year		-	-	-	-	(33,565,837)	(33,565,837)	(150,010)	(33,715,847)
Other comprehensive income for the year		-	-	-	3,214,733	253,505	3,468,238	(5,255)	3,462,983
Total		-	-	-	3,214,733	(33,312,332)	(30,097,599)	(155,265)	(30,252,864)
Purchase of treasury shares, representing transactions with owners recognised directly in equity	26	-	(38,268)	-	-	-	(38,268)	-	(38,268)
Balance at 31 December 2016		97,691,412	(38,268)	(100,832)	9,117,281	(12,855,630)	93,813,963	379,896	94,193,859

Statements of Changes in Equity

Year ended 31 December 2017

(cont'd)

	Note	Share capital	Treasury shares	Capital reserve	Currency translation reserve	Retained earning (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 January 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 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	(479,689)	(111,852)
Balance at 31 December 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 2017

(cont'd)

	Note	Share capital RM	Treasury shares RM	Currency translation reserve RM	Accumulated losses RM	Total RM
Company						
Balance at 1 January 2016		97,691,412	-	-	(2,550,209)	95,141,203
Loss for the year, representing total comprehensive loss for the year		-	-	1,766,553	(2,704,896)	(938,343)
Purchase of treasury shares, representing transactions with owners recognised directly in equity	26	-	(38,268)	-	-	(38,268)
Balance at 31 December 2016		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	25	646,694	-	-	-	646,694
Balance at 31 December 2017		98,338,106	(38,268)	(78,142)	(97,174,642)	1,047,054

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Group 2017 RM	Group 2016 RM
Operating activities		
Loss before tax		
Continuing operations	(18,586,956)	(7,576,544)
Discontinued operations	(60,389,945)	(25,324,845)
	(78,976,901)	(32,901,389)
Adjustments for:		
Share of results of associates	777,670	1,825,173
Amortisation of intangible assets	522,528	645,917
Depreciation of property, plant and equipment	4,475,378	4,908,963
Depreciation, depletion and amortisation of oil and gas properties	-	117,517
(Write back)/interest accretion for abandonment obligation of production facilities	(2,447,356)	125,985
Provision for post-employment benefits	63,262	602,829
Provision for termination liabilities	7,607,097	-
Gain on disposal of property, plant and equipment	(99,597)	(151,083)
Property, plant and equipment written off	57,203	2,307,317
Allowance for inventories	1,306,875	34,901
Inventories wrtten off	-	52,645
Receivables written off	11,493	-
Payables written back	(1,226,227)	-
Impairment of property, plant and equipment	7,707,018	-
Impairment of intangible assets	3,232,665	1,367,824
Impairment of oil and gas properties	44,314,235	19,356,776
Allowance for doubtful receivables	5,668,791	2,570,766
Write back of allowance for doubtful receivables	(671,527)	-
Write back of accrued liabilities	(2,332,546)	-
Pledged deposit written off	1,901,774	-
Loss from finance lease receivables	644,037	-
Interest income	(43,222)	(74,512)
Interest expense	625,652	885,294
Operating cash flows before movements in working capital	(6,881,698)	1,674,923
Long term other receivables and prepayments	147,773	(135,546)
Inventories	201,931	(342,344)
Work-in-progress	(19,480)	-
Trade and other receivables and prepayments	7,340,335	29,448,957
Trade and other payables	44,761,013	14,463,937
Amount due from an associate	34,020,341	(30,229,509)
Cash (used in) generated from operations	(9,951,811)	14,880,418

Consolidated Statement of Cash Flows

Year ended 31 December 2017

(cont'd)

	Group	
	2017	2016
	RM	RM
Interest received	43,222	74,512
Interest paid	(625,652)	(885,294)
Post-employment benefit paid	(576,814)	(262,997)
Income tax refunded (paid)	58,623	(629,614)
Net cash (used in) generated from operating activities	(11,052,432)	13,177,025
Investing activities		
Purchase of property, plant and equipment (Note A)	(1,099,408)	(2,277,696)
Increase in oil and gas properties	(1,130,883)	(8,771,670)
Proceeds from disposal of property, plant and equipment	269,285	151,083
Proceeds from disposal of an associate	141,864	-
Net cash used in investing activities	(1,819,142)	(10,898,283)
Financing activities		
Repayment of finance leases	(198,849)	(422,359)
Repayment of bank borrowings	(305,488)	(283,379)
Drawdown of bank overdrafts	452,802	2,522,367
Repayment of advances from a third party	(2,500,000)	(2,500,000)
Fixed deposits pledged	1,652,489	21,648
Purchase of treasury shares	-	(38,268)
Net cash used in financing activities	(899,046)	(699,991)
Net (decrease) increase in cash and cash equivalents	(13,770,620)	1,578,751
Cash and cash equivalents at beginning of the year	18,217,374	16,958,429
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(618,277)	(319,806)
Cash and cash equivalents at end of the year (Note 6)	3,828,477	18,217,374

Significant non-cash transactions:

Note A

During the year, 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 2017

1 GENERAL

The Company (Registration No. 201117734D) is incorporated in Singapore with its principal place of business at Level 22 PJX-HM Shah Tower, No. 16A Persiaran Barat, 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 15 and 16 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 2017 were authorised for issue by the Board of Directors on 26 March 2018.

Material Uncertainty Related to Going Concern

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

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

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

Notes to Financial Statements

31 December 2017

(cont'd)

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 Financial Reporting Standards in Singapore ("FRSs").

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 FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 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.

ADOPTION OF NEW AND REVISED STANDARDS

On 1 January 2017, the Group adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years, except for certain presentation improvements arising from Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

The Group's liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 18. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 18, the application of these amendments has no impact on the Group's consolidated financial statements.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF ACCOUNTING (cont'd)

Convergence to the International Financial Reporting Standards ("IFRS") in 2018

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework, the Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting SFRS(I) for the first time for the financial year ending 31 December 2018.

Management has completed their assessment of the potential impact arising from SFRS(I) 1 *First-time adoptions of SRFS(I)*, and has concluded that there are no changes to the Group's current accounting policies or material adjustments required on transition to the new framework.

New SFRS(I) and SFRS(I) INT yet to be adopted

At the date of authorisation of these financial statements, the following SFRS(I), SFRS(I) INT and amendments to SFRS(I) that are relevant to the Group and the Company were issued but not effective:

- SFRS(I) 9 *Financial Instruments*[1]
- SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*[1]
- SFRS(I) 16 *Leases*[2]

[1] *Applies to annual periods beginning on or after 1 January 2018, with early application permitted.*
[2] *Applies to annual periods beginning on or after 1 January 2019, with early application permitted if SFRS(I) 15 is adopted.*

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above SFRS(I), SFRS(I) INT 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. Their assessments have been set out below:

<u>SFRS(I) 9 *Financial Instruments*</u>

SFRS(I) 9 was issued in December 2017, and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of FRS 39 Financial Instruments: Recognition and Measurement ("FRS 39") are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF ACCOUNTING (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Key requirements of SFRS(I) 9: (cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented 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 to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management has performed a detailed analysis of the requirements of the initial application of the new SFRS(I) 9 which will result in changes to the accounting policies relating to the impairment provisions of financial assets. Management anticipates that the adoption of SFRS(I) 9 will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption. Management does not plan to early adopt SFRS(I) 9.

SFRS(I) 15 *Revenue from Contracts with Customers*

In December 2017, SFRS(I) 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management has performed a detailed analysis of the requirements of the initial application of SFRS(I) 15. Management anticipates that the adoption of SFRS(I) 15 will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption. Management does not plan to early adopt SFRS(I) 15.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF ACCOUNTING (cont'd)

SFRS(I) 16 *Leases*

SFRS(I) 16 was issued in December 2017.

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 recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17 Leases ("FRS 17").

FRS 17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases the Group enters into. Under SFRS(I) 16, the Group may be required to 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. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists. Management is currently still assessing the possible impact of implementing SFRS(I) 16. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt SFRS(I) 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RM543,135 (31 December 2016 : RM249,947). FRS 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 36 to the financial statements. A preliminary assessment indicates that these arrangements may meet the definition of a lease under FRS 116, 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 FRS 116. 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. Management does not plan to early adopt the new FRS 116.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

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.

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 FRSs). 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 FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate.

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

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS 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 FRS 12 *Income Taxes* and FRS 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 FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *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 FRS.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on 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 instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

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.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

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.

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.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into 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 the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Purchase 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.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Other financial liabilities (cont'd)

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

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

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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

NON-CURRENT ASSETS HELD FOR SALE

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.

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.

WORK-IN-PROGRESS

Work-in-progress represents uncompleted projects which include materials, direct labour, sub-contractors' cost and an appropriate proportion of overheads, if any.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced.

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

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

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.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

At the end of each reporting period, 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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 FRS 105. 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 FRS 39 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 FRS 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 FRS 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 FRS 39. 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 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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods and natural gas

Revenue from the sale of goods and natural gas is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Rendering of services

Revenue from rendering of services for offshore engineering and petroleum projects undertaken is recognised using the percentage of completion method measured by reference to the extent of work performed in accordance to the milestone agreed and acceptance by customers.

The stage of completion of the contract is determined as follows:

- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Processing fee which includes transportation fee is recognised when services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

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

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

RETIREMENT BENEFIT OBLIGATIONS (cont'd)

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.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

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.

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 SGD but presented in RM.

Prior to 1 January 2016, management had considered the Malaysia Ringgit ("RM") to be the Company's functional currency. However, as there is an increase in the level of the Company's transactions that are associated to the Singapore Dollar ("SGD"), management has re-assessed and determined that the functional currency of the Company should be SGD. Consequently, all the Company's balances as of 1 January 2016 have been translated to SGD at the exchange rate on that date.

The management has maintained the presentation currency of the Company to be in RM for consistent presentation as with the Group's financial statements.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

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.

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.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(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) <u>Use of going concern assumption</u>

The Directors and the management have assessed and believe that the validity of the going concern assumption is dependent on the outcome of the on-going 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 on-going tender projects that the Group is participating in and as such, the Group and the Company would be able to operate as going concerns.

(ii) <u>Accounting for the leasehold property in Vietnam</u>

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

The Property was handed over to Lessee on 1 November 2017 in accordance with the provisions in the HOA and a formal lease agreement was signed on 8 January 2018 reflecting the same lease terms as set out in the HOA. Management has assessed and determined that the Property should be derecognised at 31 December 2017 and be accounted for as a finance lease receivable.

The carrying amount of the Group's finance lease receivables is disclosed in Note 9 to the financial statements.

(iii) <u>Exit of exploration and production sector</u>

The Group has made the strategic decision to discontinue its activities in the exploration and production sector. With the exit, management has assessed its probable contingencies relating to the exit, and based on their assessment, the Group has set up termination liabilities of USD1,872,000 (RM7,607,097) as at 31 December 2017. Management believes that their assessment is complete and the termination liabilities set up at the end of the reporting period is adequate.

As at 31 December 2017, the Group has 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 in current year on the oil and gas properties and the signature bonus amounted to USD10,905,113 (RM44,314,235) and USD667,604 (RM2,712,889) respectively.

(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:

Notes to Financial Statements

31 December 2017

(cont'd)

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(i) Useful lives of property, plant and equipment and intangible assets

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 and intangible assets over their estimated useful lives, using the straight-line method.

The carrying amounts of property, plant and equipment and intangible assets are disclosed in Notes 12 and 13 to the financial statements respectively.

(ii) Impairment review of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets 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.

The carrying amounts of property, plant and equipment and intangible assets are disclosed in Notes 12 and 13 to the financial statements respectively.

(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 15 and 16 to the financial statements respectively.

(iv) Allowances for doubtful trade and other receivables

The Group makes allowances for bad and doubtful debts based on on-going evaluation of collectability and aging analysis of individual receivables by reference to their past default experience. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

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 2017

(cont'd)

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(v) Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes and recoverability of certain tax from the tax authorities. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due or where relevant, assesses whether tax receivables are recoverable. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial assets				
Loan and receivables (including cash and bank balances)	28,302,038	84,429,287	1,933,668	2,570,956
Financial liabilities				
Amortised cost	43,855,269	88,528,629	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, trade and other payables, finance leases and advances from a third party excluding value-added tax payables and withholding tax.

(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.

Notes to Financial Statements

31 December 2017

(cont'd)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

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**	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Group				
RM	2,697,244	3,315,056	930,296	1,179,891
USD	1,835,181	43,899,050	1,722,561	41,090,906
IDR	38,100	2,853,329	1,175,016	1,364,337
SGD	16,733	33,488	49,861	230,376
VND	-	313,319	-	-
Company				
USD	124,998	461,093	25,017,776	22,948,272
RM	109,176	109,153	756,139	683,702

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.

Notes to Financial Statements

31 December 2017

(cont'd)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity (cont'd)

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:

	2017 RM	2016 RM
Group		
RM	67,144	81,136
USD	4,280	106,709
IDR	(43,203)	56,582
SGD	(1,259)	(7,482)
VND	-	11,906
Company		
USD	(949,346)	(854,513)
RM	(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.

(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 18 and 21 to the financial statements.

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 2017 would increase/decrease by RM74,631 (2016 : RM92,449). 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.

Notes to Financial Statements

31 December 2017

(cont'd)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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.

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.

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.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

At the end of the reporting period, approximately RM6,632,621 (2016 : RM41,523,022) of the Group's receivables are due from an associate in the offshore engineering sector which is trade in nature. The Group's single customer contributed to 25% (2016 : 86.17%) of the Group's revenue.

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) 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, the Group has made the strategic decisions to discontinue its activities in the exploration and production and renewable energy sectors, which are capital intensive. Going forward, the Group will focus on its core Offshore Engineering sector (re-named as "Asset Integrity Management" in 2018) and Mobile Natural Gas sector. The Group has projected a net cash inflow for the year ending 31 December 2018 based on (i) current on-going projects; (ii) the number of awarded new projects; and (iii) current on-going tender projects.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

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
2017						
Trade and other payables	-	34,035,458	-	-	-	34,035,458
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
2016						
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

The Company's financial liabilities in 2016 and 2017 are repayable on demand or due within 1 year from the end of the reporting period.

Notes to Financial Statements

31 December 2017

(cont'd)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (cont'd)

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 % p.a.	Less than 1 year RM	Between 1 and 5 years RM	Above 5 years RM	Adjustment RM	Total RM
2017						
Non-interest bearing	-	23,084,333	-	-	-	23,084,333
Finance lease receivables (fixed rate)	9%	526,495	5,558,689	-	(932,513)	5,152,671
Fixed interest rate instruments	0.1%	65,009	-	-	(65)	65,034
		22,675,927	5,558,689	-	(932,578)	28,302,038
2016						
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 in 2016 and 2017 are repayable on demand or due within 1 year from the end of the reporting period.

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 recored at amortised cost in the financial statements approximate their fair values.

Notes to Financial Statements

31 December 2017

(cont'd)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(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.

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 2017.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as bank borrowings plus trade and other payables (including provision for post-employment benefits obligations, provision for decommissioning, advances from a third party) plus finance leases less cash and cash equivalents. Although the Group's policy is to keep the gearing ratio between 0.3 and 0.5, the gearing ratio in 2017 is reported at 0.88 mainly due to a substantial decrease in equity resulting from the impairment loss from exploration and production business segment and mobile natural gas business.

Total capital is calculated as equity plus net debt.

The Group monitors capital using debt ratio as follows:

	Group	
	2017	**2016**
	RM	**RM**
Net debt	42,262,253	76,246,219
Equity attributable to owners of the Company	5,596,556	93,813,963
Equity and net debt	47,858,809	170,060,182
Gearing ratio	0.88	0.45

The Group's overall strategy with regards to capital management remains unchanged from 2016.

Notes to Financial Statements

31 December 2017

(cont'd)

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	
	2017	2016
	RM	RM
(a) Transactions with IEV (Malaysia) Sdn. Bhd.		
Charged to an associate		
Project income	1,087,292	319,477,029
Management fee income	62,400	336,000
Rental income	153,360	230,700
Charged by an associate		
Purchases	(49,686)	(593,768)
Selling and distribution expenses	(19,889)	(49,853)
Rental expenses	(98,108)	(74,974)
(b) Transactions with Gas Malaysia IEV Sdn. Bhd.		
Charged to an associate		
Project income	4,000	79,000

(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	
	2017	2016
	RM	RM
Directors' remuneration		
- salaries and related costs	1,960,012	1,887,166
- defined contributions	14,728	14,724
- Directors' fees	485,718	558,050
	2,460,458	2,459,940
Key management personnel		
- salaries and related costs	1,334,101	1,480,232
- defined contributions	159,216	177,228
	1,493,317	1,657,460
	3,953,775	4,117,400

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

Notes to Financial Statements

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6 CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash at banks	3,795,221	18,076,424	87,011	317,759
Cash on hand	33,256	122,050	-	-
Fixed deposits	65,034	3,914,327	-	-
	3,893,511	22,112,801	87,011	317,759

The cash at bank balances include a sum of RM45,655 (2016 : RM50,521) designated for project account. As required by PT Pertamina EP ("Pertamina"), the project account is maintained with a financial institution for an exploration and evaluation project undertaken by a subsidiary. The operation of the project account is restricted to a specific project.

As at 31 December 2017, the Group has recognised a full impairment on the pledged fixed deposit of USD468,000 (RM1,901,774) given that the Operations Cooperation Agreement ("KSO Agreement") with Pertamina has been terminated (Note 14).

Fixed deposits bear interest ranging from 0.01% to 0.5% per annum (2016 : 0.01% to 0.5% per annum) and a tenure of 30 days (2016 : 30 days).

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	
	2017	2016
	RM	RM
Cash and cash equivalents per consolidated statement of cash flows		
Cash and bank balances	3,893,511	22,112,801
Less: Restricted cash	(65,034)	(3,895,427)
	3,828,477	18,217,374

Notes to Financial Statements

31 December 2017

(cont'd)

7 TRADE RECEIVABLES

	Group	
	2017	2016
	RM	RM
Outside parties	12,978,711	17,412,563
Amount due from an associate	6,632,621	41,553,762
Allowance for doubtful receivables	(2,463,199)	(2,979,510)
	17,148,133	55,986,815
Accrued revenue	674,488	1,730,096
Total trade receivables, net	17,822,621	57,716,911

The average credit period given to customers is 14 to 90 days (2016 : 14 to 90 days). No interest is charged on the outstanding trade receivables.

Included in accrued revenue in prior year was an amount of RM302,491 due from an associate.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The Group closely monitors the credit quality of its trade receivables and considers trade receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivables balances are debtors with a carrying amount of RM13,735,962 (2016 : RM52,497,242) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers 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 is limited due to the customer base being large and unrelated. Accordingly, the management believes that there are no further credit allowances required in excess of the allowance for doubtful receivables.

Included in the allowance for doubtful receivables are specific trade receivables with a balance of RM2,463,199 (2016 : RM2,979,510) which has been assessed to be irrecoverable as either the receivables are long overdue or these trade debtors have not indicated any intention to settle the outstanding amounts, or there has been a deterioration noted in the creditworthiness of the trade debtors.

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

	Group	
	2017	2016
	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

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7 TRADE RECEIVABLES (cont'd)

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

	Group 2017 RM	Group 2016 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 are stated before any deduction for impairment losses.

Movement in the allowance for doubtful receivables:

	Group 2017 RM	Group 2016 RM
Balance at beginning of the year	(2,979,510)	(537,547)
Allowance recognised during the year	(387,800)	(2,543,854)
Receivables written off	-	283,015
Write back of allowance	671,527	-
Currency translation difference	232,584	(181,124)
Balance at end of the year	(2,463,199)	(2,979,510)

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8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Deposits	402,847	569,023	-	-
Prepayments	500,984	1,088,731	42,190	43,026
Prepaid leases	215,003	2,760,111	-	-
Amount owing by an associate	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)	179,754	511,757	-	-
Advances to third parties	302,151	470,594	-	-
Tax recoverable	967,496	1,188,796	-	-
Value-added tax receivables	6,437,428	7,021,089	-	-
Others	576,577	2,797,637	-	-
	9,764,541	16,686,361	1,888,847	2,296,223
Less: Allowance for doubtful receivables	(5,307,630)	(28,059)	-	-
	4,456,911	16,658,302	1,888,847	2,296,223
Less: Amount receivable within 12 months (shown under current assets)	(3,642,556)	(7,865,070)	(1,888,847)	(2,296,223)
Amount receivable after 12 months	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. In 2017, the amount of RM179,754 has been fully provided for as management has determined this amount to be non-recoverable.

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

Included in tax recoverable is an amount of RM530,000 which was collected by the Tax Authority in relation to a value-added tax dispute with PT IEV Gas (Note 38).

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).

Movement in the allowance for doubtful receivables:

	Group	
	2017	2016
	RM	RM
Balance at beginning of the year	(28,059)	-
Allowance recognised during the year	(5,280,991)	(26,912)
Currency translation difference	1,420	(1,147)
Balance at end of the year	(5,307,630)	(28,059)

During the year, the amount owing by subsidiaries of RM383,969 are assessed to be the Company's net investment in the subsidiaries (Note 15).

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8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

As at 31 December 2017, the Company's amount owing by subsidiaries includes loans of RM1,844,541 (2016 : RM1,690,245) provided to subsidiaries for working capital purposes. These loans are 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.

In determining the recoverability of other receivables, the Group and the Company consider 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 has assessed the creditworthiness of the other receivables. Based on their assessment, other receivables are not past due nor impaired except for balances of RM5,307,630 (2016 : RM28,059) which mainly pertains to value-added tax receivables as a result of the termination of the KSO Agreement (Note 14). Allowances of the said amount has been set up at the end of the reporting period.

9 FINANCE LEASE RECEIVABLES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	RM	RM	RM	RM
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:

	Group	
	2017	2016
	RM	RM
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	-

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

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10 INVENTORIES

	Group 2017 RM	Group 2016 RM
Raw materials	2,620,707	2,791,182
Compressed Natural Gas ("**CNG**")	44,276	67,931
Spare parts	1,672,362	1,797,901
Finished Goods	-	104,976
Consumables	352,203	401,978
	4,689,548	5,163,968
Less: Allowance for inventories	(1,566,281)	(261,443)
	3,123,267	4,902,525
Comprising:		
At net realisable value	2,125,837	2,497,327
At cost	997,430	2,405,198
Balance at end of the year	3,123,267	4,902,525

The cost of inventories recognised as an expense in "Cost of Sales" includes RM1,527,027 (2016 : RM1,093,147) in respect of write-downs of inventory to net realisable value.

	Group 2017 RM	Group 2016 RM
Movement in the allowance for inventories		
Balance at the beginning of the year	261,443	225,630
Allowance provided for during the year	1,306,875	34,901
Currency translation difference	(2,037)	912
Balance at end of the year	1,566,281	261,443

11 ASSET 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 12) 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 18). 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 has been signed in January 2018.

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12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings	Production equipment	Plant and machinery	Factory equipment, tools and light machinery	Computer and office equipment	Motor vehicles	Furniture, fittings and office renovation	Construction-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
Cost:									
At 1 January 2016	13,054,915	964,580	20,329,753	11,828,426	3,048,218	1,010,217	3,865,949	7,026,277	61,128,335
Additions	262,325	143,200	638,034	164,123	33,188	101,879	-	934,947	2,277,696
Disposals	-	-	-	-	(1,600)	(248,951)	(35,369)	-	(285,920)
Write off	(1,546,546)	-	(164,604)	(517,518)	(804,549)	-	(365,287)	(957,952)	(4,356,456)
Reclassification/transfer	4,248,523	-	1,383,256	839,269	-	158,097	(65,750)	(6,563,395)	-
Currency translation difference	367,682	-	1,266,688	802,596	92,441	59,131	45,002	(161,242)	2,472,298
At 31 December 2016	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 11)	(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 December 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

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12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold buildings	Production equipment	Plant and machinery	Factory equipment, tools and light machinery	Computer and office equipment	Motor vehicles	Furniture, fittings and office renovation	Construction-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
Accumulated depreciation:									
At 1 January 2016	1,694,567	649,904	10,492,932	5,991,593	2,431,208	606,613	2,184,695	-	24,051,512
Depreciation for the year	686,301	126,211	2,140,671	970,894	300,289	173,107	511,490	-	4,908,963
Disposals	-	-	-	-	(1,600)	(248,951)	(35,369)	-	(285,920)
Write off	(692,628)	-	(49,656)	(167,727)	(791,936)	-	(347,192)	-	(2,049,139)
Currency translation difference	56,972	-	710,374	424,969	83,341	60,677	37,486	-	1,373,819
At 31 December 2016	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 11)	(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 December 2017	954,381	911,557	13,098,123	6,969,535	1,925,258	371,651	2,678,789	-	26,909,294

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12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold buildings	Production equipment	Plant and machinery	Factory equipment, tools and light machinery	Computer and office equipment	Motor vehicles	Furniture, fittings and office renovation	Construction-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Impairment:									
At 1 January 2016 and 31 December 2016	-	-	-	-	-	-	-	-	-
Impairment loss recognised during the year and at 31 December 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
Carrying amount:									
At 31 December 2017	660,947	279,323	4,178,984	1,743,087	168,759	88,906	58,801	33,843	7,212,650
At 31 December 2016	14,641,687	331,665	10,158,806	5,897,167	346,396	488,927	1,093,435	278,635	33,236,718

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 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 11). The total impairment of RM7,707,018 has been included in the line item "other operating expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) Depreciation expense is charged to:

	2017 RM	2016 RM
Group		
Cost of sales	2,130,170	2,310,908
Selling and distribution	4,323	9,963
Administrative expenses	2,340,885	2,588,092
	4,475,378	4,908,963

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

	2017 RM	2016 RM
Group		
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 2016, the Group has pledged leasehold office building amounting to RM9,332,647 to secure banking facilities granted to the Group (Note 18). As at 31 December 2017, the pledged leasehold office building has been classified as asset held for sale (Note 11).

The details of the leasehold buildings are as follows:

Location	Land area (sqm)	Tenure
Office building at:		
Level 22 PJX-HM Shah Tower No. 16A Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan Malaysia	1,241	99 years commencing 28 July 2006
Factory buildings at:		
i) Kampung Tegal Gede Desa Pasir Sari Kecamatan Cikarang Selatan Kabupaten Bekasi 17550 Indonesia	6,000	10 years lease commencing October 2007
ii) Kampung Bangkongreang Desa Wangunharja Kecamatan Cikarang Utara Bekasi, Jawa Barat 17550 Indonesia	10,000	4 years lease commencing August 2016

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13 INTANGIBLE ASSETS

	Licenses RM	Computer software RM	Total RM
Group			
Cost:			
At 1 January 2016	8,336,125	74,602	8,410,727
Currency translation difference	316,093	4,889	320,982
At 31 December 2016	8,652,218	79,491	8,731,709
Currency translation difference	(714,315)	(7,741)	(722,056)
At 31 December 2017	7,937,903	71,750	8,009,653
Amortisation:			
At 1 January 2016	2,059,920	50,455	2,110,375
Amortisation for the year	628,108	17,809	645,917
Currency translation difference	116,125	4,461	120,586
At 31 December 2016	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 December 2017	3,077,194	71,750	3,148,944
Impairment			
At 1 January 2016	-	-	-
Impairment loss recognised in the year	1,367,824	-	1,367,824
Currency translation difference	112,557	-	112,557
At 31 December 2016	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 December 2017	4,573,661	-	4,573,661
Carrying amount:			
At 31 December 2017	287,048	-	287,048
At 31 December 2016	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 has been terminated by Pertamina (Note 14).

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13 INTANGIBLE ASSETS (cont'd)

In 2016, an impairment review (Note 14) was conducted on the signature bonus together with the oil and gas properties for the KSO by preparing a value in use ("VIU") assessment ("Financial Model"). Based on the Financial Model, an impairment on the signature bonus of USD330,000 equivalent to RM1,367,824 was recognised. The impairment loss has been included in the line item "other operating expenses" in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

	2017 RM	2016 RM
Group		
Amortisation expense is charged to:		
Cost of sales	15,443	10,321
Administrative expenses	507,085	635,596
	522,528	645,917

14 OIL AND GAS PROPERTIES

	Development and Production assets RM	Exploration and Evaluation assets RM	Total RM
Group			
Cost			
1 January 2016	-	56,898,400	56,898,400
Additions	-	8,771,670	8,771,670
Reclassification	49,425,601	(49,425,601)	-
Currency translation difference	4,067,168	(920,042)	3,147,126
At 31 December 2016	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 December 2017	49,524,999	13,881,553	63,406,552
Accumulated depreciation, depletion and amortisation			
At 1 January 2016	-	-	-
Charge for the year	117,517	-	117,517
Currency translation difference	9,670	-	9,670
At 31 December 2016	127,187	-	127,187
Charge for the year	-	-	-
Currency translation difference	(11,975)	-	(11,975)
At 31 December 2017	115,212	-	115,212

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14 OIL AND GAS PROPERTIES (cont'd)

	Development and Production assets RM	Exploration and Evaluation assets RM	Total RM
Group			
Impairment			
At 1 January 2016	-	-	-
Impairment loss recognised in the year	19,356,776	-	19,356,776
Currency translation difference	1,592,844	-	1,592,844
At 31 December 2016	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 December 2017	49,409,787	13,881,553	63,291,340
Net carrying amount			
At 31 December 2017	-	-	-
At 31 December 2016	32,415,962	15,324,427	47,740,389

The Group, through a subsidiary, PT IEV Pabuaran KSO ("IEV KSO") is 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.

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14 OIL AND GAS PROPERTIES (cont'd)

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.

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. The Group does not intend to contest the Termination Letter and has commenced discussions with Pertamina on an amicable handover of the Pabuaran Block.

Pertamina has made a claim on the banker guarantee and the pledged fixed deposit. As there is dispute on the contractual default of the KSO Agreement and the Group seeks to resolve this through further negotiation with Pertamina, the bank guarantee of USD1,872,000 and pledged fixed deposit of USD468,000 has not been paid. As at 31 December 2017 the Group has recognised termination liabilities of USD1,872,097 (approximately RM7,607,000).

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 has made full impairment on the oil and gas properties and the intangible asset (signature bonus) (Note 14), including full impairment on the pledged fixed deposit of USD468,000 (RM1,901,774). Total impairment loss recognised in the current year on the oil and gas properties amounted to USD10,905,113 (approximately RM44,314,235) and this has been included in the line item "other operating expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

In 2016, the Group performed a review of the recoverable amount of its development and production assets and the signature bonus (intangible asset in Note 13). Based on the impairment assessment performed, an impairment loss of USD4,670,000 (approximately RM19,356,776) was recognised and this has been included in the line item "other operating expenses" in the Consolidated Statement of Profit or Loss and other Comprehensive Income. The recoverable amount of USD7,226,028 (approximately RM32,415,962) as at 31 December 2016 was determined based on a value in use calculation ("Financial Model") using a pre-tax discount rate of 10.1% and forecasted Jatibarang oil prices ranging from USD50 to USD58 over the periods from 2017 to 2027. A 2% increase in the discount rate used would result in a further impairment of about RM2,238,257 (approximately USD540,000) and 5% decrease in the forecasted Jatibarang oil prices used would result in a further impairment of about RM3,216,458 (approximately USD776,000) as at 31 December 2016.

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15 SUBSIDIARIES

	Company	
	2017	2016
	RM	RM
Unquoted equity shares, at cost	32,357,703	32,357,388
Deemed investment on amounts owing by subsidiaries		
- Quasi loans	93,307,978	89,133,624
Allowance for impairment	(97,948,209)	(6,276,176)
Currency translation difference	(1,837,055)	631,786
	25,880,417	115,846,622

Movement in the allowance for impairment:

	Group	
	2017	2016
	RM	RM
Balance at beginning of the year	(6,276,176)	-
Allowance for impairment	(91,794,298)	(6,155,979)
Currency translation difference	122,265	(120,197)
Balance at end of the year	(97,948,209)	(6,276,176)

On 27 April 2016, management has 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 RM91,794,298 (2016: RM6,155,979) on these loans as management has determined that this amount is irrecoverable from two of the subsidiaries, which are in the Exploration and Production and Renewable Energy sectors as the Group has ceased operations in these entities and plans to exit from the two sectors (Note 33). Management has performed an impairment review as at 31 December 2017 and assessed no further impairment loss is required.

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15 SUBSIDIARIES (cont'd)

Details of the Company's subsidiaries at 31 December 2017 are as follows:

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2017 %	2016 %
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
IEV Energy Investment Pte. Limited (1) Singapore	Investment in oil and gas projects	100	100
IEV Technologies Pte. Limited (5) Singapore	Dormant	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
PT IEV Indonesia (2) Indonesia	Provision of marine growth control, corrosion control, subsea engineering and oilfield equipment to oil and gas and marine industries in Indonesia	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
IEV Oil & Gas Technologies Co., Ltd (4) 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 maintenance of industrial works (including subsea works), exploration boring and exploitation of petrol, decommissioning (oil and gas)	-	100

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15 SUBSIDIARIES (cont'd)

Details of the Company's subsidiaries at 31 December 2017 are as follows: (cont'd)

Name of subsidiary/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2017 %	2016 %
Held by IEV Group Sdn. Bhd. (cont'd)			
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
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
Held by IEV Energy Sdn. Bhd.			
PT IEV Gas [(2)] 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	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

(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 deregistered on 31 August 2017.
(5) The subsidiary is newly incorporated during the year and is dormant as at the end of the financial year.

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(cont'd)

15 SUBSIDIARIES (cont'd)

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 is recognised in a separate component in equity under the header of capital reserve.

16 ASSOCIATES

	Group	
	2017	2016
	RM	RM
Unquoted equity shares, at cost	1,669,062	1,669,062
Share of post-acquisition reserves	(1,501,603)	(723,933)
Disposable of an associate	(141,864)	-
	25,595	945,129

Details of the Group's associates at 31 December 2017 are as follows:

Name of associate/ Place of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held	
		2017	2016
		%	%
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
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.

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.

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16 ASSOCIATES (cont'd)

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

	Group	
	2017 RM	2016 RM
Current assets	9,783,812	46,570,760
Non-current assets	150,926	377,393
Current liabilities	(9,816,687)	(45,640,709)
Non-current liabilities	(65,817)	(123,893)
Revenue	3,032,847	323,756,123
Loss for the year, representing total comprehensive loss for the year	(1,131,317)	(2,033,573)

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

	Group	
	2017 RM	2016 RM
Net assets of the associate	52,234	1,183,551
Proportion of the Group's ownership interest in IEV Malaysia	49%	49%
Carrying amount of the Group's interest in IEV Malaysia	25,595	579,940

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

	Group	
	2017 RM	2016 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)
Revenue	1,393,569	-
Loss up to date of disposal, representing total comprehensive loss for the year	(893,300)	(3,314,888)

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	
	2017 RM	2016 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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17 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:

	Provision for post-employment obligations	Accelerated accounting depreciation	Unutilised tax losses	Others	Total
	RM	RM	RM	RM	RM
Group					
At 1 January 2016	237,767	130,011	980,827	25,849	1,374,454
Credit (Charge) to profit or loss for the year (Note 31)	59,397	(33,573)	2,913	(78,804)	(50,067)
Charge to other comprehensive income	(84,506)	-	-	-	(84,506)
Currency translation difference	14,443	7,974	64,464	(1,133)	85,748
At 31 December 2016	227,101	104,412	1,048,204	(54,088)	1,325,629
Credit (Charge) to profit or loss for the year (Note 31)	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 December 2017	395,024	(77,458)	-	61,771	379,337

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: (cont'd)

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

	Group	
	2017	2016
	RM	RM
Deferred tax liabilities	(124,528)	(288,164)
Deferred tax assets	503,865	1,613,793

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of RM79,524,721 (2016 : RM29,880,520), unabsorbed capital allowance of RM856,417 (2016 : RM82,387). No deferred tax asset of RM21,695,796 (2016 : RM29,555,941) has been recognised due to the unpredictability of future profit streams. In 2016, cost 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.

Notes to Financial Statements

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(cont'd)

18 BANK BORROWINGS AND OVERDRAFTS

	Group	
	2017	2016
	RM	RM
Secured – at amortised cost		
Bank overdrafts	2,975,169	2,522,367
Bank loans	6,664,613	6,970,101
	9,639,782	9,492,468
Less: Amount due for settlement within 12 months (shown under current liabilities)	(9,639,782)	(2,812,484)
Amount due for settlement after 12 months	-	6,679,984

Bank Overdrafts

The bank overdrafts are repayable on demand and bear interest rates ranging from 8.15% to 8.25% (2016 : 8.15% to 8.35%) 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 is secured by a mortgage of the leasehold office building of a subsidiary and a corporate guarantee provided by the Company. The loan bears interest rates at 5.05% (2016 : 5.05%) per annum. As disclosed in Note 11, the leasehold building will be sold subsequent to year end. Accordingly, the bank loan has been classified as a current liability as at 31 December 2017.

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

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.

	1 January 2017	Financing cash flows (i)	New finance leases	Foreign exchange movement	Total
	RM	RM	RM	RM	RM
Bank borrowings (Note 18)	6,970,101	(305,488)	-	-	6,664,613
Bank overdraft (Note 18)	2,522,367	452,802	-	-	2,975,169
Finance leases (Note 21)	171,920	(198,849)	221,472	(14,514)	180,029
Advances from a third party (Note 23)	2,500,000	(2,500,000)	-	-	-
	12,164,388	(2,551,535)	221,472	(14,514)	9,819,811

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

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19 TRADE PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade payables – third parties	7,603,083	49,613,342	-	-
Amount due to an associate	5,733,004	6,759,844	-	-
Accruals for projects costs	5,812,531	7,651,163	-	-
Accruals for operating expenses	372,282	267,228	-	-
	19,520,900	64,291,577	-	-

The credit period granted by suppliers is 30 to 90 days (2016: 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.

20 OTHER PAYABLES AND OTHER PROVISIONS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Accruals for exploration and evaluation costs	-	4,192,503	-	-
Amount owing to an associate	1,144,365	911,889	-	-
Amount owing to Directors (Note 5)	-	17,229	-	-
Amount owing to subsidiaries	-	-	26,311,751	23,898,077
Amount owing to subcontractors	3,624,241	4,391,594	-	-
Withholding tax	86,065	244,753	-	-
Value-added tax payables	134,527	333,809	-	-
Provision for termination liabilities	7,607,097	-	-	-
Accruals	1,435,585	1,854,633	280,413	299,708
Others	703,270	704,816	217,057	98,227
	14,735,150	12,651,226	26,809,221	24,296,012

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 14).

Notes to Financial Statements

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21 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	RM	RM	RM	RM
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
Present value of lease obligations	180,029	171,920	180,029	171,920
Less: Amount 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

The average lease term is 5 years. The average effective borrowing rate is 6.33% (2016 : 6.03%) 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's title to the leased asset (Note 12).

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

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22 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 no payment will be made in financial year 2018. At 31 December 2017, the weighted-average duration of the post-employment benefits is 17.5 years (2016 : 17.7 years).

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

	Group	
	2017	2016
	RM	RM
Present value of unfunded obligation	2,264,611	2,883,687
Benefit paid	(264,236)	-
Unrecognised actuarial gains	-	(231,312)
Currency translation difference	14,494	2,288
Net liability recognised in the statement of financial position	2,014,869	2,654,663

Movements in the defined benefit obligations are as follows:

	Group	
	2017	2016
	RM	RM
Balance at beginning of the year	2,654,663	2,197,959
Expenses for the year	63,262	602,829
Amount capitalised to oil and gas properties	-	286,385
Charge (Credit) to other comprehensive income	173,376	(338,011)
Benefits paid	(576,814)	(262,997)
Currency translation difference	(299,618)	168,498
Balance at end of the year	2,014,869	2,654,663

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22 PROVISION FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS (cont'd)

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

	Group	
	2017	**2016**
	RM	**RM**
Current service cost	280,377	561,860
Pension cost on curtailment	184	-
Interest cost	82,546	167,924
Net actuarial losses (gains) recognised in the financial year	(299,845)	159,430
	63,262	889,214

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

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

	Valuation at	
	2017	**2016**
Reference to mortality rate (1)	TMI 2011	TMI 2011/ TMI 111
Discount rate	5% - 7%	8% - 8.5%
Future salary increases	9%	9% - 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.

23 ADVANCES FROM A THIRD PARTY

In 2017 and 2016, the advances from a third party is unsecured and bears an interest rate of 10% per annum. The advances were fully repaid in February 2017.

Notes to Financial Statements

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24 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 expects to incur the liability at the time the facilities are permanently shut down and dismantled.

	Group RM
Cost:	
At 1 January 2016	2,460,506
Interest accretion charged to profit or loss (Note 32)	125,985
Currency translation difference	115,248
At 31 December 2016	2,701,739
Write back of abandonment obligation of production facilities upon termination of KSO Agreement (Notes 14 and 29)	(2,447,356)
Currency translation difference	(254,383)
At 31 December 2017	-

25 SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		RM	RM
Issued and paid up:				
At beginning of the year	283,800,000	283,800,000	97,691,412	97,691,412
Issued for consideration (Note 15)	1,912,632	-	646,694	-
At end of the year	285,712,632	283,800,000	98,338,106	97,691,412

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.

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26 TREASURY SHARES

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		RM	RM
At beginning of the year	200,000	-	38,268	-
Purchased during the year	-	200,000	-	38,268
At end of the year	200,000	200,000	38,268	38,268

In 2016, the Company acquired 200,000 of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was RM38,268 and it has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

27 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.

28 REVENUE

	Group	
	2017	2016
	RM	RM
Continuing operations		
Offshore Engineering sector - rendering of services and sale of products	6,616,074	333,752,105
Mobile Natural Gas sector - sale of natural gas and related services	32,481,131	35,143,767
	39,097,205	368,895,872
Discontinued operations (Note 33)		
Renewable Energy - sale of rice husk briquettes	398,902	1,358,318
	39,496,107	370,254,190

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29 OTHER OPERATING INCOME

	Continuing Operations		Discontinued Operations		Total	
	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM
Exchange gains	797,693	-	-	-	797,693	-
Interest income	40,798	68,184	2,424	6,328	43,222	74,512
Gain on disposal of property, plant and equipment	63,202	151,083	36,395	-	99,597	151,083
Rental income from sub-lease of factory and office space	613,723	382,213	28,911	-	642,634	382,213
Write back of allowance for doubtful receivables	671,527	-	-	-	671,527	-
Write back of abandonment obligation of production facilities	-	-	2,447,356	-	2,447,356	-
Insurance claim	-	309,538	-	-	-	309,538
Write back of payables	1,226,227	-	-	-	1,226,227	-
Sundry income	100,879	145,436	30,895	12,358	131,774	157,794
	3,514,049	1,056,454	2,545,981	18,686	6,060,030	1,075,140

30 FINANCE COSTS

	Group	
	2017	2016
	RM	RM
<u>Continuing Operations</u>		
Interest on bank borrowings	328,967	348,041
Interest on finance leases	28,069	56,269
Interest on bank overdrafts	239,127	96,738
Interest on advances received	29,489	384,246
	625,652	885,294

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31 INCOME TAX

	Group 2017 RM	Group 2016 RM
Continuing Operations		
Current tax expenses		
- Current year tax expenses	-	511,289
- Adjustments recognised in the current year in relation to the current tax of prior years	(106,992)	253,102
Deferred tax benefits (Note 17)		
- Credit during the year	1,061,235	88,774
- Adjustments recognised in the current year in relation to the deferred tax of prior years	-	(38,707)
	954,243	814,458

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.

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

	Group 2017 RM	Group 2016 RM
Loss before tax		
- continuing operations	(18,586,956)	(7,576,544)
- discontinuing operations	(60,389,945)	(25,324,845)
	(78,976,901)	(32,901,389)
Tax at the domestic income tax rate of 24% in Malaysia (2016 : 24%)	(18,954,456)	(7,896,333)
Effect of expenses that are not deductible in determining taxable profit	30,613,642	9,581,685
Effect of income that is exempt from taxation	(464,648)	(1,376,244)
Tax effect of share of result of associates	186,641	438,042
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	3,387,051	2,781,694
Effect on offshore exemption for Hong Kong entity (Note A)	219,798	(711,896)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(13,926,793)	(2,216,885)
Adjustments recognised in the current year in relation to the tax of prior years, net	(106,992)	214,395
	954,243	814,458

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 21 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.

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32 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	
	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM
Directors' remuneration						
- of the Company	1,555,155	1,597,746	-	-	1,555,155	1,597,746
- of the subsidiaries	176,360	167,283	243,225	136,861	419,585	304,144
Directors' fees						
- of the Company	485,718	558,050	-	-	485,718	558,050
Employee benefits expense (including Directors' remuneration and Directors' fees)	7,310,315	7,789,132	1,399,764	3,035,096	8,710,079	10,824,228
Defined contribution plans	505,147	931,868	147,585	124,824	652,732	1,056,692
Employee benefit expense recognised as cost of sales	2,526,056	4,383,698	-	-	2,526,056	4,383,698
Amortisation of intangible assets	225,594	231,425	296,934	414,492	522,528	645,917
Depreciation of property, plant and equipment	4,057,096	4,488,975	418,282	419,988	4,475,378	4,908,963
Depreciation, depletion and amortisation of oil and gas properties	-	-	-	117,517	-	117,517
Rental expenses	662,191	1,039,359	96,984	337,465	759,175	1,376,824
Allowance for inventories	868,997	34,901	437,878	-	1,306,875	34,901
Inventories written off	-	-	-	52,645	-	52,645
Property, plant and equipment written off	57,203	2,290,617	-	16,700	57,203	2,307,317
Impairment of property, plant and equipment	7,707,018	-	-	-	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	519,776	-	2,712,889	1,367,824	3,232,665	1,367,824

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32 LOSS FOR THE YEAR (cont'd)

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

	Continuing Operations		Discontinued Operations		Total	
	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM
Interest accretion for abandonment obligation of production facilities	-	-	-	125,985	-	125,985
Allowance for doubtful receivables	569,943	2,570,766	5,098,848	-	5,668,791	2,570,766
Loss on finance lease receivables	-	-	644,037	-	644,037	-
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	-	469,640	18,458	1,313	18,458	470,953
Audit fees:						
Auditors of the Company	208,610	212,196	12,546	-	221,156	212,196
Other auditors	302,081	317,039	95,443	141,088	397,524	458,127
Non-audit fees:						
Auditors of the Company	13,233	18,197	6,110	-	19,343	18,197
Other auditors	48,958	33,776	-	14,980	48,958	48,756

33 DISCONTINUED OPERATIONS

The loss attributable to owners of the Company from discontinued operations is analysed as follows:

	Group	
	2017	2016
	RM	RM
Loss from Exploration and Production segment	(58,616,763)	(24,002,593)
Loss from Renewable Energy segment	(1,700,630)	(1,172,242)
	(60,317,393)	(25,174,835)

Notes to Financial Statements

31 December 2017

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33 DISCONTINUED OPERATIONS (cont'd)

The results of the discontinued operations for the year are as follows:

	Group	
	2017	2016
	RM	RM
Revenue	398,902	1,358,318
Cost of sales	(497,248)	(1,477,723)
Gross loss	(98,346)	(119,405)
Other operating income	2,545,981	18,686
Selling and distribution costs	(23,554)	(90,052)
Administrative expenses	(2,349,184)	(3,709,021)
Other operating expenses	(60,464,842)	(21,425,053)
Loss before tax	(60,389,945)	(25,324,845)
Income tax	-	-
Loss for the year	(60,389,945)	(25,324,845)
Non-controlling interests	72,552	150,010
Loss attributable to owners of the Company	(60,317,393)	(25,174,835)
Other comprehensive income	105,947	164,736
Total comprehensive loss	(60,211,446)	(25,010,099)

During the year, the discontinued operations contributed RM207,198 (2016: RM9,248,080) to the Group's net operating cash flows and paid RM1,144,754 (2016: RM9,651,635) in respect of investing activities. There is no cash flow generated from or used in financing activities in 2016 and 2017.

34 DIVIDENDS

No dividends were declared and paid to shareholders in 2016 and 2017.

Notes to Financial Statements

31 December 2017

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35 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	
	2017	**2016**
	RM	**RM**
From continuing and discontinued operations		
Loss attributable to owners of the Company (RM)	(79,858,592)	(33,565,837)
Weighted average number of ordinary shares, after adjusting for notional bonus element in Rights Issue [(1)&(2)]	284,312,652	283,691,803
Basic loss per share (Malaysian sen)	(28.09)	(11.83)
From continuing operations		
Loss attributable to owners of the Company (RM)	(79,858,592)	(33,565,837)
Less:		
Loss for the year from discontinued operation (RM)	(60,317,393)	(25,174,835)
Loss for the year from continuing operations (RM)	(19,541,199)	(8,391,002)
Weighted average number of ordinary shares, after adjusting for notional bonus element in Rights Issue [(1)&(2)]	284,312,652	283,691,803
Basic loss per share (Malaysian sen)	(6.87)	(2.96)

(1) The weighted average number of ordinary shares has been adjusted for the financial year ended 2016 to take into effect the notional bonus element in the 94,600,000 Rights issued on 3 June 2016 (Note 25).

(2) 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 25).

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.

Notes to Financial Statements

31 December 2017

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36 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2017	2016
	RM	RM
Minimum lease payments under operating leases recognised as expense during the year	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	
	2017	2016
	RM	RM
Within one year	354,113	249,947
In the second to fifth years inclusive	191,022	-
	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.

37 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, and has 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. Subsequent to year end, Offshore Engineering segment has been re-named to Asset Integrity Management segment.

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.

Notes to Financial Statements

31 December 2017

(cont'd)

37 SEGMENT INFORMATION (cont'd)

Continuing Operations

Group	Offshore Engineering 2017 RM	Offshore Engineering 2016 RM	Mobile Natural Gas 2017 RM	Mobile Natural Gas 2016 RM	Consolidated 2017 RM	Consolidated 2016 RM
Revenue						
Total sales	11,903,236	341,887,317	32,612,839	35,387,221	44,516,075	377,274,538
Inter-segment sales	(5,287,162)	(8,135,212)	(131,708)	(243,454)	(5,418,870)	(8,378,666)
External sales	6,616,074	333,752,105	32,481,131	35,143,767	39,097,205	368,895,872
Results						
Segment results	(7,683,266)	(1,409,034)	(9,500,368)	(3,457,044)	(17,183,634)	(4,866,078)
Finance costs	(602,872)	(835,666)	(22,780)	(49,627)	(625,652)	(885,293)
Share of results of associates	(554,345)	(996,451)	(223,325)	(828,722)	(777,670)	(1,825,173)
Loss before tax	(8,840,483)	(3,241,151)	(9,746,473)	(4,335,393)	(18,586,956)	(7,576,544)
Income tax expense					(954,243)	(814,458)
Loss for the year					(19,541,199)	(8,391,002)
Loss for the year attributable to:						
owners of the Company					(19,541,199)	(8,391,002)

Notes to Financial Statements

31 December 2017

(cont'd)

37 SEGMENT INFORMATION (cont'd)

Discontinued Operations

	Exploration and Production		Renewable Energy		Consolidated	
	2017	2016	2017	2016	2017	2016
Group	RM	RM	RM	RM	RM	RM
Revenue						
External sales, representing total sales	-	-	398,902	1,358,318	398,902	1,358,318
Results						
Segment results, representing loss before tax	(58,616,763)	(24,002,593)	(1,773,182)	(1,322,252)	(60,389,945)	(25,324,845)
Income tax expense					-	-
Loss for the year					(60,389,945)	(25,324,845)
Loss attributable to:						
Owners of the Company					(60,317,393)	(25,174,835)
Non-controlling interests					(72,552)	(150,010)
Loss for the year					(60,389,945)	(25,324,845)

Notes to Financial Statements

31 December 2017

(cont'd)

37 SEGMENT INFORMATION (cont'd)

	Offshore Engineering		Mobile Natural Gas		Exploration and Production		Renewable Energy		Consolidated	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Assets										
Segment assets	31,402,466	91,308,797	11,435,038	23,289,370	229,274	55,583,071	551,305	8,360,856	43,618,083	178,542,094
Associates	25,595	579,940	-	365,189	-	-	-	-	25,595	945,129
Unallocated assets (a)									7,993,166	9,823,678
Consolidated total assets									51,636,844	189,310,901
Liabilities										
Segment liabilities	27,086,909	75,935,401	6,655,784	5,104,990	11,911,389	12,671,905	216,056	172,735	45,870,138	93,885,031
Unallocated liabilities (b)									345,120	1,232,011
Consolidated total liabilities									46,215,258	95,117,042
Other information										
Capital expenditure	566,782	786,532	649,018	611,200	-	7,332	105,080	872,632	1,320,880	2,277,696
Amortisation of intangible assets	209,458	204,206	16,136	27,219	296,934	414,492	-	-	522,528	645,917
Depreciation of property, plant and equipment	1,873,446	1,990,411	2,183,650	2,368,342	34,542	78,542	383,740	471,668	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	576,794	-	7,130,224	-	-	-	-	-	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	569,943	2,570,766	-	-	5,097,234	-	1,614	-	5,668,791	2,570,766
Allowance for inventories	307,375	34,901	561,622	-	437,878	-	-	-	1,306,875	34,901
Inventories written off	-	-	-	-	-	-	-	52,645	-	52,645
Pledged deposit written off	-	-	-	-	1,901,774	-	-	-	1,901,774	-
Write back of abandonment obligation of production facilities	-	-	-	-	(2,447,356)	-	-	-	(2,447,356)	-
Loss on finance lease receivables	-	-	-	-	-	-	664,037	-	664,037	-

(a) Unallocated assets comprise tax recoverable, value-added tax recoverables and deferred tax assets.

(b) Unallocated liabilities comprise withholding tax, value-added tax payables, deferred tax liabilities and income tax payable.

Notes to Financial Statements

31 December 2017

(cont'd)

37 SEGMENT INFORMATION (cont'd)

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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Group				
Continuing operations				
Indonesia	33,506,011	36,708,998	5,229,404	15,672,359
India	1,605,646	4,297,627	-	-
Denmark	1,386,416	421,988	-	-
Malaysia	1,241,293	320,565,403	630,228	12,657,773
Thailand	699,720	12,435	-	-
Brunei	387,999	-	-	-
Vietnam	195,653	-	88,431	201,175
Hong Kong	-	-	1,050,616	1,501,285
Singapore	-	5,401,020	-	-
Portugal	-	1,160,623	-	-
Others	74,467	327,778	-	-
	39,097,205	368,895,872	6,998,679	30,032,592
Discontinued operations				
Vietnam	398,902	1,358,318	497,442	5,150,771
Indonesia	-	-	29,172	51,113,323
	398,902	1,358,318	526,614	56,264,094
	39,496,107	370,254,190	7,525,293	86,296,686

Information about major customers:

Included in revenue arising from offshore engineering, mobile natural gas and renewable energy sectors are revenue of approximately RM1,473,992, RM17,254,992 and RM87,211 (2016 : RM319,066,124, RM20,006,219 and RM232,756) which arose from sales to the Group's largest customer in the respective sectors.

Notes to Financial Statements

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38 CONTINGENCIES AND LITIGATION

Tax dispute

PT IEV Gas ("IEV Gas") received a tax correction letter dated 9 October 2015 in relation to a value-added tax ("VAT") matter in 2013 totalling IDR11.9 billion (approximately RM3.9 million) (comprising both penalty and underpayment claimed by the Tax Authority). In 2017, the amount increased to IDR12.9 billion (comprising both penalty and underpayment). IEV Gas received advice from its independent tax consultant in December 2015 and based on the advice that there is a good basis to object to the tax correction, IEV Gas made an objection to the Tax Authority in January 2016. In January 2017, IEV Gas received a letter from the Tax Authority rejecting the tax objection. Based on further advice from the tax consultant, in April 2017, IEV Gas submitted an appeal letter to the Tax Court of Indonesia for the disputed case. Currently, IEV Gas is waiting for the decision on the appeal. As at 31 December 2017, the Tax Authority has collected IDR1.6 billion (approximately RM0.5 million) which has been recorded by IEV Gas as a tax recoverable (2016: IDR 1.6 billion, approximately RM0.5 million), and no payment has been made by IEV Gas on VAT amount of IDR11.3 billion (approximately RM3.4 million) (2016: IDR10.3 billion, approximately RM3.4 million). No provision has been set up as at 31 December 2017.

Based on the advice provided by its independent tax consultant, IEV Gas is confident that it will be able to avoid payment for the tax correction and recover the amount that has been collected by the Tax Authority.

Statistics of Shareholdings

As at 15 March 2018

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

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	5	0.47	223	0.00
100 - 1,000	41	3.81	22,227	0.01
1,001 - 10,000	233	21.68	1,901,900	0.67
10,001 - 1,000,000	772	71.81	90,781,366	31.79
1,000,001 AND ABOVE	24	2.23	192,806,916	67.53
TOTAL	1,075	100.00	285,512,632	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE. LTD.	56,906,500	19.93
2	CHRISTOPHER NGHIA DO	36,428,158	12.76
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	10,477,658	3.67
4	PHILLIP SECURITIES PTE. LTD.	9,408,900	3.30
5	OCBC SECURITIES PRIVATE LIMITED	7,880,200	2.76
6	PERMBROOK PTY LIMITED	7,524,000	2.64
7	CROGAR PTY LIMITED	7,230,000	2.53
8	MUVUSI PTY LIMITED	7,230,000	2.53
9	MUWORI PTY LIMITED	7,230,000	2.53
10	KHIEM TRONG DO	4,691,000	1.64
11	NG CHING THIAM	4,604,100	1.61
12	DBS NOMINEES (PRIVATE) LIMITED	4,016,950	1.41
13	POH CHENG SENG OR POH SENG KUI	4,000,000	1.40
14	HL BANK NOMINEES (SINGAPORE) PTE. LTD.	3,510,000	1.23
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,254,300	1.14
16	ROZIA HANIS BINTI TUN HUSSEIN	3,133,000	1.10
17	UOB KAY HIAN PRIVATE LIMITED	2,959,000	1.04
18	TEO KYE HWEE TONY	2,480,700	0.87
19	RAFFLES NOMINEES (PTE) LIMITED	2,416,450	0.85
20	JIB SPECIALIST CONSULTANTS PTE. LTD.	2,000,000	0.70
	TOTAL	187,380,916	65.64

Substantial Shareholders

As recorded in the Register of Substantial Shareholders as at 15 March 2018

		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 Citibank Nominees Singapore 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 15 March 2018, 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 of IEV Holdings Limited (the "**Company**") will be held at Pelican Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663, on Monday, 30 April 2018 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 2017 and the Directors' Statement together with the Auditors' Report. **(Resolution 1)**

2. To re-elect Tan Sri Dato' Hari Narayanan Govindasamy 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 Mr Ng Weng Sui, Harry who is retiring by rotation pursuant to Article 98 of the Constitution of the Company.
[See explanatory Note 2] **(Resolution 3)**

4. To approve the payment of Directors' fees amounting to SGD144,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears (2017: SGD162,000). **(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 does 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 one hundred per cent (100%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as

Notice of Annual General Meeting

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 fifty per cent (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 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 3] **(Resolution 6)**

7. **Authority to 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 fifteen per cent (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 4] **(Resolution 7)**

8. To transact any other business that may be transacted at an annual general meeting of the Company.

By Order of the Board

Kong Wei Fung
Company Secretary
Singapore
13 April 2018

Notice of Annual General Meeting

Explanatory Notes:

(1) **Resolution 2**

Tan Sri Dato' Hari Narayanan Govindasamy will, upon re-election as a Director of the Company, remain as the Chairman of the Board, member of the Audit, Nominating and Remuneration Committees. Tan Sri Dato' Hari is the substantial shareholder of the Company and he is spouse to Vimala J. Govindasamy, a substantial shareholder of the Company. Detailed information of Tan Sri Dato' Hari can be found under the sections entitled "Directors' Profiles", "Further Information on Board of Directors", "Report on Corporate Governance" and "Directors' Statement" of the Company's Annual Report 2017.

(2) **Resolution 3**

Mr Ng Weng Sui, Harry will, upon re-election as a Director of the Company, remains as the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. Mr Harry Ng has no relationship including immediate family relationship with each of the other Directors of the Company, the Company or its 10% shareholders. The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information of Mr Harry Ng can be found under the sections entitled "Directors' Profiles", "Further Information on Board of Directors", "Report on Corporate Governance" and "Directors' Statement" of the Company's Annual Report 2017.

(3) **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 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 one hundred per cent (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 fifty per cent (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.

(4) **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 fifteen per cent (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 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 and each proxy must exercise the rights attached to a different class of shares held by such member. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

Notice of Annual General Meeting

(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 and each proxy must exercise the rights attached to a different class of shares held by such member.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Act.

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 under seal or 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 seventy two (72) hours before the time appointed for holding the meeting 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 forty eight (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 Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

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 notice, 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, #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829.

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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 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 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 Pelican Room, Level 4, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663, on Monday, 30 April 2018 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.

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 2017 and the Directors' Statement together with the Auditors' Report		
Resolution 2	To re-elect Tan Sri Dato' Hari Narayanan Govindasamy as a Director of the Company		
Resolution 3	To re-elect Mr Ng Weng Sui, Harry as a Director of the Company		
Resolution 4	To approve the payment of Directors' fees for the financial year ending 31 December 2018, 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 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 ________________ 2018

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 one hundred per cent (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 forty eight (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 seventy two (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 13 April 2018.

IEV HOLDINGS LIMITED
(Company Registration No.: 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)

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