



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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the board of directors (the "**Board**" or "**Directors**") of IEV Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's Independent Auditor, Deloitte & Touche LLP (the "**Auditor**") has included a Material Uncertainty Related to Going Concern section in their report (the "**Independent Auditor's Report**") on the audited financial statements of the Group and Company for the financial year ended 31 December 2018 ("**FY2018**") (the "**Audited Financial Statements**"). The opinion of the Auditor is not modified in respect of this matter.

The Independent Auditor's Report is annexed to this announcement for information purposes. The Independent Auditor's Report and the Audited Financial Statements will form part of the Company's Annual Report for FY2018 (the "**2018 Annual Report**") which will be despatched to the shareholders of the Company (the "**Shareholders**") in due course. Shareholders are advised to read the Independent Auditor's Report and the 2018 Annual Report in their entirety.

Material Uncertainty Related to Going Concern

The following is an extract of Note 1 and Note 3(a)(i) to the Audited Financial Statements pertaining to the subject of this announcement:

Note 1

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

In 2017, the Group made the strategic decision to discontinue its activities in the exploration and production and renewable energy sectors. In 2018, the Group discontinued its Mobile Natural Gas Sector. Going forward, the Group will focus on its Asset Integrity Management sector. The Group has projected a net cash inflow for the year ending 31 December 2019 based on (i) current on-going projects; (ii) new projects that have already been awarded; and (iii) on-going tender projects. In the event that the Group is unable to secure the on-going tender projects, the Group may have insufficient cash to fulfil its obligations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

If the going concern assumption is no longer 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."

Note 3(a)(i)

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

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

Board's Comments

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

- (i) Management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources, including from estimated earnings for the financial year ending 31 December 2019, to satisfy its working capital requirements and to meet its obligations as and when they fall due;
- (ii) The Group is actively exploring potential corporate fund-raising exercises which will be announced in due course when there are any significant developments;
- (iii) The net current liabilities for the Group of RM11.9 million as at 31 December 2018 include a provision for termination liabilities of RM7.6 million arising from the termination of the Operations Cooperation Agreement with PT Pertamina EP, for which such termination liabilities may be determined through negotiated settlements involving possible deferred settlement payments; and
- (iv) As at 31 December 2018, the Company's current liabilities include amounts owing to wholly-owned subsidiaries of RM0.9 million (2017: RM26.3 million). The Directors have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if ever the need arises.
- (v) The Group has a contract liability of RM2.7 million and contract cost of RM1.0 million as at 31 December 2018 related to an on-going AIMS Advanced Inspection Solutions project in which progress billings have been made. The respective revenue and cost of sales will be recognised when the project is completed within the financial year ending 31 December 2019.

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

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

By order of the Board
Christopher Do
President & CEO
29 March 2019

MEDIA CONTACT

For media queries, please contact;

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

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

The contact person for the Sponsor is Mr. Ong Hwee Li, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

INDEPENDENT AUDITOR'S REPORT

to the members of IEV Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IEV Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 158.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the accompanying financial statements, which indicates that as at 31 December 2018, the Group's and the Company's current liabilities exceeded their current assets by RM11.9 million and RM1.7 million respectively and the Group incurred a net loss of RM17.1 million for the year ended 31 December 2018. The Group also had a net operating cash outflow of RM6.4 million for the financial year ended 31 December 2018. In addition, the Group and the Company is in a net capital deficiency position of RM10.2 million and RM1.7 million respectively.

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

INDEPENDENT AUDITOR'S REPORT

to the members of IEV Holdings Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter

Recoverability of trade receivables

The Group transacts with customers in the oil and gas industry. Given the challenging environment that these companies are currently operating in, the use of judgement and estimates by management is required in assessing and determining the recoverability of trade receivables and adequacy of allowance made using the expected credit losses ("ECL") model under SFRS(I) 9 *Financial Instruments*.

These judgements include making debtor-specific assessment of expected impairment loss for overdue trade receivables and assessing the remaining trade receivables based on its historical credit loss experience, debtors' ability to pay and forward-looking information specific to the debtors and economic environment, including past collection history and knowledge of the business.

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

Our audit performed and responses thereon

Our audit approach included procedures as follows:

- We obtained an understanding of the Group's processes and, evaluated the design and assessed the implementation of the Group's relevant control processes and key controls relating to the monitoring of trade receivables and considered their aging to identify collection risks;
- We discussed with management and evaluated the ECL model used in determining the allowance for expected credit losses. We challenged and evaluated management's assessment on both the quantitative and qualitative information considered by them that is reasonable and supportable, including historical experience and forward-looking information based on specific economic data;
- We reviewed the debtors ageing analysis and checked to collections from major debtors subsequent to the end of the reporting period; and
- We obtained an understanding and relevant documents from management to assess the recoverability of long outstanding debts.

We have also considered the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of IEV Holdings Limited

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of IEV Holdings Limited

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of IEV Holdings Limited

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2019