**THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2017 AND 2016 (UNAUDITED BUT** **REVIEWED)**

1. NATURE OF OPERATIONS

The International Engineering Public Company Limited ("the Company") was incorporated in Thailand. Its office is located at 408/37 Phaholyothin Place Building, 9th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok.

The Group is principally engaged in trading of engineering products, installing and implementing information technology systems, production and distribution of electricity from solar energy, waste and biomass, and waste disposal services.

1. GENERAL INFORMATION

The Company has not been able to submit the reviewed and audited consolidated and separate financial statements to the Stock Exchange of Thailand and regulatory agencies since the second quarter of 2016 because the former management team and directors had resigned from their position from the accusation of committing fraud, and the resignation of the former accounting manager. Besides, the Securities and Exchange Commission (SET) and the Department of Special Investigation (DSI) had formed teams to investigate the fraud committed by the former executive team and directors. In addition, the Company also had filed court cases against the former management team of the Company. The outcome of the investigation and the court claims have not been concluded.

However, the current Board of Directors of the Company has tried to prepare the up-to-date financial statements and appointed independent appraiser to re-appraise the major assets with impairment indication to reflect the adjustment for their fair values in the financial statements.

Whereas the Group and the Company have continuously incurred operating losses with the loss for the nine-month period ended 30 September 2017 of Baht 1,062.09 million and Baht 582.89 million, after including adjustments for impairment of assets in consolidated and separate financial statements, respectively. These may affect their ability to repay its debts and obligation to the third parties. However, the Board of Directors has set up plans trying to remedy such problem to enable the Group to continue as a going concern.

1. BASIS OF INTERIM FINANCIAL STATEMENTS PREPARATION

The condensed interim financial statements for the three-month and nine-month periods ended of 30 September 2017 are presented in Thai Baht. They have been prepared in accordance with Thai Accounting Standard No. 34 (Revised 2016) “Interim Financial Reporting” and do not include all information required in the annual financial statements in accordance with Thai Financial Reporting Standards. These therefore, should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016.

The interim financial statements are prepared in Thai language. The translation of these financial statements into another language should conform to Thai language report.

*Basis for preparation of consolidate financial statements*

These consolidated interim financial statements included the financial statements of The International Engineering Public Company Limited and both direct and indirect subsidiaries which the Company have control influence or hold more than 50% of shares with voting right, as listed below:

|  |  | Percentage of shareholding | |  |
| --- | --- | --- | --- | --- |
| Subsidiaries | Country of Incorporation | 30 Sep  2017 | 31 Dec  2016 | Nature of business |
|  |  |  |  |  |
| **Direct subsidiaries** |  |  |  |  |
| IEC Green Energy Co., Ltd. | Thailand | 100 | 100 | Providing consulting services for research and development, distributing technology products for environmental management, and development of all energy and alternative energy |
| IEC Business Partners Co., Ltd. | Thailand | 100 | 100 | Investment in other businesses |
| NFS (2010) Co., Ltd. | Thailand | 100 | 100 | Sale of mobile phones (inactive operations) |
| E – Contech Management Pte. Ltd. | Singapore | 100 | 100 | Providing consulting service and engineering technology research |
| IEC Sakaeo 1 Co., Ltd. | Thailand | 100 | 100 | Production and distribution of electricity from biomass |
|  |  |  |  |  |
| **Indirect subsidiaries** |  |  |  |  |
| Gidec Co., Ltd. | Thailand | 50 | 50 | Waste disposal and production and distribution of electricity from waste |
| IEC Mae Tha Mae Taeng Co., Ltd. | Thailand | 100 | 100 | Production and distribution of electricity from solar energy |

These interim financial statements were approved by the Company's Board of Directors on 5 July 2019.

1. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared by using the same accounting policies and computation as used for the preparation of financial statements of the Company and subsidiaries for the year ended 31 December 2016, including the adoption of the new and revised TFRS that were issued by the Federation of Accounting Professions which became effective in the preparation of financial statements with fiscal year beginning on or after 1 January 2017. The adoption of these new and revised TFRS does not have any material effect on the financial position and results of the Company and subsidiaries for the period.

1. ESTIMATES AND JUDGMENT

When preparing the interim financial statements, management undertake judgments, estimates and assumption on recognition and measurement of assets, liabilities, revenues and expenses. The actual results may differ from the judgments, estimates and assumption made by management.

The judgment, estimates and assumption applied in the preparation of interim financial statements, including the key sources of estimation, are the same as those used in the preparation of financial statements for the year ended 31 December 2016.

1. RELATED PARTY TRANSACTIONS

The Company have transactions with related parties that are related to it through common shareholding and/or directorship. The consolidated and separate financial statements reflect the effects of those transactions on the basis agreed upon between the Group and its related parties, which basis might be different from the basis used for transactions with unrelated parties.

Relationship with related parties are as follows:

| Individual or related entities | Country of  Incorporation | Relationship |
| --- | --- | --- |
|  |  |  |
| The M Group Plc. | Thailand | Related by shareholding |
| Electricity Generating Plc. | Thailand | 50% shareholding in Gidec Co., Ltd. |

Pricing policies for each transaction are described as follows:

|  |  |  |
| --- | --- | --- |
| Transactions |  | Pricing policies |
|  |  |  |
| Management fee income |  | Contract price |
| Other income |  | Contract price |
| Interest income |  | 8.5% per annum |
| Dividend income |  | Approved at shareholders meeting |
| Rental and other service expenses |  | Contract price |
| Directors’ and managements’ remunerations (director bonus, meeting allowance, salary and others) |  | Remuneration is approved by the Company’s directors and shareholders |

Significant transactions with related parties for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

|  |  |  | | (Unit: Thousand Baht) | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | | |
| Significant transactions | For the three-month periods ended 30 September | | | | |
| with related parties | 2017 | 2016 | | 2017 | 2016 | |
|  |  |  | |  |  | |
| Management fee income |  |  | |  |  | |
| Subsidiary companies | - | - | | 653 | 3,276 | |
| Indirect subsidiary companies | - | - | | 694 | 2,034 | |
| Total | - | - | | 1,347 | 5,310 | |
|  |  |  | |  |  | |
| Interest income |  |  | |  |  | |
| Subsidiary companies | - | - | | 26,322 | 25,992 | |
| Related companies | - | 107 | | - | 107 | |
| Total | - | 107 | | 26,322 | 26,099 | |
|  |  |  | |  |  | |
| Dividend income |  |  | |  |  | |
| Related company | 19 | 18 | | 19 | 18 | |
|  |  |  | |  |  | |
| Rental and other service expenses |  |  | |  |  | |
| Indirect subsidiary company | - | - | | 12 | 7 | |
|  |  |  | |  |  | |
|  |  |  | |  |  | |
|  |  |  | |  |  | |
|  |  |  | |  |  | |
|  |  |  | |  |  | |
|  |  |  | |  |  | |
|  |  |  | |  |  | |
| Key management personnel  compensation |  |  | |  |  | |
| Short-term employee benefits | 7,812 | 17,520 | | 6,801 | 17,255 | |
| Post-employment benefits | 372 | 688 | | 368 | 651 | |
| Total | 8,184 | 18,208 | | 7,169 | 17,906 | |

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
| Significant transactions | For the nine-month periods ended 30 September | | | |
| with related parties | 2017 | 2016 | 2017 | 2016 |
|  |  |  |  |  |
| Management fee income |  |  |  |  |
| Subsidiary companies | - | - | 1,958 | 9,829 |
| Indirect subsidiary companies | - | - | 2,082 | 6,102 |
| Total | - | - | 4,040 | 15,931 |
|  |  |  |  |  |
| Other income |  |  |  |  |
| Related company | - | 21,406 | - | 21,406 |
|  |  |  |  |  |
| Interest income |  |  |  |  |
| Subsidiary companies | - | - | 77,711 | 80,155 |
| Related companies | - | 136 | - | 136 |
| Total | - | 136 | 77,711 | 80,291 |
|  |  |  |  |  |
| Dividend income |  |  |  |  |
| Subsidiary company | - | - | - | 45,145 |
| Related company | 37 | 36 | 37 | 36 |
| Total | 37 | 36 | 37 | 45,181 |
|  |  |  |  |  |
| Rental and other service expenses |  |  |  |  |
| Indirect subsidiary company | - | - | 33 | 30 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Key management personnel  Compensation |  |  |  |  |
| Short-term employee benefits | 42,291 | 54,368 | 39,816 | 52,400 |
| Post-employment benefits | 1,115 | 2,065 | 1,105 | 3,115 |
| Total | 43,306 | 56,433 | 40,921 | 55,515 |

Significant balances with related parties as at 30 September 2017 and 31 December 2016 are as follows:

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Other receivables |  |  |  |  |
| Subsidiary companies | - | - | 8,988 | 7,066 |
| Indirect subsidiary companies | - | - | 7,397 | 5,315 |
| Related company | 450,000 | 450,000 | 450,000 | 450,000 |
| Total | 450,000 | 450,000 | 466,385 | 462,381 |
| Less Allowance for doubtful accounts | (450,000) | (450,000) | (459,419) | (452,318) |
| Net | - | - | 6,966 | 10,063 |
|  |  |  |  |  |
| Short-term loans and accrued interest receivable |  |  |  |  |
| Subsidiary companies | - | - | 1,754,015 | 1,640,986 |
| Related company | 69,308 | 5,000 | 69,308 | 5,000 |
| Total | 69,308 | 5,000 | 1,823,323 | 1,645,986 |
| Less Allowance for doubtful accounts | (45,000) | (5,000) | (1,158,520) | (939,153) |
| Net | 24,308 | - | 664,803 | 706,833 |

During the period, the Company recognized an addition allowance for doubtful accounts against short-term loans to certain subsidiaries and accrued interest amounting to Baht 219 million because management considered that such subsidiaries do not have ability to repay such outstanding amounts.

Significant movements in short-term loans and accrued interest receivable for the nine-month period ended 30 September 2017 are as follows:

|  |  |  |  |  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 1 January |  | During the period | | |  | | 30 September |
|  | 2017 |  | Increase |  | Decrease |  | 2017 | |
|  |  |  |  |  |  |  |  | |
| Related companies | 1,645,986 |  | 192,427 |  | (15,090) |  | 1,823,323 | |

Significant movements in allowance for doubtful accounts of short-term loans and accrued interest for the nine-month period ended 30 September 2017 are as follows:

|  |  |  |  |  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 1 January |  | During the period | | |  | | 30 September |
|  | 2017 |  | Increase |  | Decrease |  | 2017 | |
|  |  |  |  |  |  |  |  | |
| Related companies | 939,153 |  | 219,367 |  | - |  | 1,158,520 | |

|  |  |  |  |  | (Unit: Thousand Baht) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | |  | Separate F/S | | |
|  | 30 September  2017 |  | 31 December 2016 |  | 30 September  2017 |  | 31 December 2016 |
|  |  |  |  |  |  |  |  |
| Trade and other accounts payable |  |  |  |  |  |  |  |
| Subsidiary companies | - |  | - |  | 47 |  | 14 |
|  |  |  |  |  |  |  |  |
| Accrued interest expense |  |  |  |  |  |  |  |
| Related person | - |  | 7 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| Employee benefits obligation |  |  |  |  |  |  |  |
| Executive directors |  |  |  |  |  |  |  |
| - Post-employment benefits | 1,115 |  | 12,045 |  | 1,105 |  | 11,675 |
|  |  |  |  |  |  |  |  |
| Advance received on sale of land |  |  |  |  |  |  |  |
| Related person | - |  | 7,220 |  | - |  | - |

**Significant agreements with related parties**

On 1 January 2017, the Company entered into management agreements with seven direct and indirect subsidiaries to provide various management services (engineering, accounting, financing, human resource, administration, controlling, audit, legal, information and others). The agreements are for 12 months starting 1 January 2017 to 31 December 2017 with annual fees of Baht 278,200 to Baht 1,768,710 per subsidiary.

On 29 July 2016, the Company entered into a land rental agreement with an indirect subsidiary, located at Tha Chang, Hat Yai, Songkhla, for the construction of an office building. The lease is for 2 years starting 29 July 2016 to 28 July 2018 with annual rent of Baht 40,000. Both which both parties have an option to renew the agreement upon expiration.

1. TRADE AND OTHER ACCOUNTS RECEIVABLE

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit: Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Trade accounts receivable - general customers | 64,084 | 68,607 | 10,962 | 22,720 |
| Accrued income | 28,100 | 24,546 | 9,344 | 7,586 |
| Total | 92,184 | 93,153 | 20,306 | 30,306 |
| Less Allowance for doubtful accounts | (8,449) | (6,877) | (8,449) | (6,877) |
| Trade accounts receivable and  accrued income - net | 83,735 | 86,276 | 11,857 | 23,429 |
|  |  |  |  |  |
| Other accounts receivable - general customers | 72,727 | 73,525 | 49,959 | 50,499 |
| Other accounts receivable - related companies | 450,000 | 450,000 | 466,385 | 462,381 |
| Total | 522,727 | 523,525 | 516,344 | 512,880 |
| Less Allowance for doubtful accounts | (517,483) | (517,682) | (504,146) | (497,046) |
| Other accounts receivable - net | 5,244 | 5,843 | 12,198 | 15,834 |
|  |  |  |  |  |
| Total trade and other accounts receivable - net | 88,979 | 92,119 | 24,055 | 39,263 |

The aged of trade accounts receivable and accrued income as at 30 September 2017 and 31 December 2016 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Trade accounts receivable and  accrued income |  |  |  |  |
| Not yet due | 73,216 | 77,104 | 2,211 | 16,112 |
| Overdue: |  |  |  |  |
| Less than 3 months | 834 | 12,317 | - | 10,463 |
| 3 - 6 months | 3,659 | - | 3,633 | - |
| 6 - 12 months | 7,598 | - | 7,585 | - |
| More than 12 months | 6,877 | 3,731 | 6,877 | 3,731 |
| Total | 92,184 | 93,152 | 20,306 | 30,306 |
| Less Allowance for doubtful accounts | (8,449) | (6,876) | (8,449) | (6,877) |
| Net | 83,735 | 86,276 | 11,857 | 23,429 |

The aged balances of other receivables with related parties as at 30 September 2017 and 31 December 2016 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Other receivables - Related companies |  |  |  |  |
| Not yet due | - | - | 795 | 1,205 |
| Overdue: |  |  |  |  |
| Less than 3 months | - | - | 957 | 2,342 |
| 3 - 6 months | - | - | 1,053 | 4,197 |
| 6 - 12 months | - | - | 5,476 | 4,637 |
| More than 12 months | 450,000 | 450,000 | 458,104 | 450,000 |
| Total | 450,000 | 450,000 | 466,385 | 462,381 |
| Less Allowance for doubtful accounts | (450,000) | (450,000) | (459,419) | (452,318) |
| Net | - | - | 6,966 | 10,063 |

1. INVENTORIES

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit: Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Fuel supplies | 15,223 | 8,688 | - | - |
| Work in process | 1,706 | 1,706 | - | - |
| Finished goods | 4,402 | 4,402 | 2,073 | 2,073 |
| Cost of installation work | 4,953 | 3,572 | 4,953 | 3,572 |
| Total | 26,284 | 18,368 | 7,026 | 5,645 |
| Less Allowance for devaluation of  Inventories | (12,610) | (12,610) | (2,073) | (2,073) |
| Net | 13,674 | 5,758 | 4,953 | 3,572 |

1. OTHER CURRENT ASSETS

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Refundable value added tax | 137,481 | 140,432 | 49,555 | 49,714 |
| Withholding tax deducted at sources | 16,008 | 16,847 | 14,938 | 16,099 |
| Other advance payments | 562 | 349 | 515 | - |
| Undue input vat | 3,704 | 2,708 | 2,231 | 2,231 |
| Prepaid expenses | 7,309 | 5,088 | 2,784 | 2,897 |
| Advance payments for development project | 6,000 | 6,000 | 6,000 | 6,000 |
| Accrued interest income | 192 | 796 | 192 | 796 |
| Others | 2,615 | 3,545 | 1,921 | 2,344 |
| Total | 173,871 | 175,765 | 78,136 | 80,081 |
| Less Allowance for doubtful accounts | (16,974) | (16,873) | (6,000) | (6,000) |
| Total other current assets | 156,897 | 158,892 | 72,136 | 74,081 |

1. ASSETS HELD FOR SALES AND DISCONTINUED OPERATIONS

On 19 December 2016, the Board of Directors passed a resolution to approve of the disposition of a 99.99% owned subsidiary (IEC Mae Ramad Co., Ltd.), to non-related party, at the price of Baht 289.08 per share, totaling Baht 303.31 million to generate working capital and to finance other investments.

The financial position and operating results of IEC Mae Ramad Co., Ltd. which have been classified as discontinued operations are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated F/S | |
|  | For the three-month periods ended  30 September | |
|  | 2017 | 2016 |
| **Operating results of discontinued operations** |  |  |
| Total revenue | - | 14,948 |
| Total costs | - | (4,760) |
| Total other revenues | - | - |
| Total expenses | - | (4,943) |
| **Profit from discontinued operations** | - | 5,245 |
|  |  |  |
|  | (Unit: Thousand Baht) | |
|  | Consolidated F/S | |
|  | For the nine-month periods ended  30 September | |
|  | 2017 | 2016 |
| **Operating results of discontinued operations** |  |  |
| Total revenue | - | 55,344 |
| Total costs | - | (13,825) |
| Total other revenues | - | 86 |
| Total expenses | - | (11,194) |
| **Profit from discontinued operations** | - | 30,411 |

At the meeting held on 27 April 2016, the Board of Directors passed a resolution to approve the acquisition of common shares of Nong Ree Power Plant Co., Ltd. from existing shareholders for 500,000 shares or 100% at Baht 100 each, for Baht 50 million. The Company entered into share purchase agreement on 29 April 2016 and paid for Baht 50 million on agreement date. Nong Ree Power Plant Co., Ltd. had an electricity sale agreement with Provincial Electricity Authority for 3 megawatts while the construction of a biogas power plant was still in process with the budget cost of construction of approximately Baht 286 million.

The Company assessed and recorded the value of power sale agreement based on the acquisition amount as it is still uncertain for Nong Ree Power Plant Co., Ltd. to finish the construction of power plant before producing electricity for sale. The current management does not appraise the fair value of such assets since the Company cannot obtain project financing to support the power plant construction. The Company, therefore, intended to dispose of this investment to third party. The Company, therefore, classified such investment as investment available-for-sale. The Company sold such investment in the year 2018 (as explain in note 32.1).

As at 30 September 2017, the Company has short-term loan and accrued interest receivable from Nong Ree Power Plant Co., Ltd. of Baht 69.31 million which the Company has recognized allowance for doubtful account of Baht 45 million during the period.

1. RESTRICTED DEPOSITS WITH BANKS

As at 30 September 2017 and 31 December 2016, restricted deposits with banks are as follow:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| To guarantee the contracts for construction  Contract of plant and waste management | 50,000 | 50,000 | 50,000 | 50,000 |
| To guarantee loans from bank | 24,385 | 20,605 | - | - |
| To guarantee compliance with contract for television business | 12,500 | 12,500 | 12,500 | 12,500 |
| To guarantee electricity usage | 4,640 | 5,440 | 3,840 | 3,840 |
| To guarantee contract for network purchasing | 1,178 | 1,178 | 1,178 | 1,178 |
| Total | 92,703 | 89,723 | 67,518 | 67,518 |

1. ADVANCE PAYMENT FOR PURCHASE OF INVESTMENT

As at 30 September 2017 and 31 December 2016, advance payment for purchase of investment is presented with allowance as follow:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Advance payment | 40,000 | 40,000 | 40,000 | 40,000 |
| Less Allowance for impairment | (40,000) | (40,000) | (40,000) | (40,000) |
| Net | - | - | - | - |

At a meeting on 23 March 2015, the Board of Directors approved to purchase 100% of 1,250,000 common shares of Tawon Energy (2013) Co., Ltd. ("TE") at a par value of Baht 100 for total amount of Baht 125 million which is payable by 2 installments. The Company paid for the first instalment of Baht 40 million on 2 April 2015 as advance payment for purchase of investment. However, the acquisition was not completed under the terms of the contract. The Company therefore took legal proceeding to refund of the advance payment and set up fully allowance of impairment of advance payment. Currently, Civil Court has adjudicated to win the case. However, the defendant appealed the case to Court of Appeal.

1. INVESTMENTS IN SUBSIDIARIES

As at 30 September 2017 and 31 December 2016 investment in subsidiaries are as follow:

|  |  |  |  |  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Separate F/S | | | | | |
|  | Paid–up capital | | Percent of shareholding | | Cost | | Dividend income | |
|  | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
|  |  |  |  |  |  |  |  |  |
| Direct subsidiaries |  |  |  |  |  |  |  |  |
| IEC Green Energy Co., Ltd. | 534,000 | 534,000 | 100 | 100 | 525,135 | 525,135 | - | - |
| Less Allowance for impairment |  |  |  |  | (525,135) | (525,135) |  |  |
| Net |  |  |  |  | - | - |  |  |
|  |  |  |  |  |  |  |  |  |
| IEC Business Partners Co., Ltd. | 560,600 | 560,600 | 100 | 100 | 560,600 | 560,600 | - | - |
| Less Allowance for impairment |  |  |  |  | (560,600) | (560,600) |  |  |
| Net |  |  |  |  | - | - |  |  |
|  |  |  |  |  |  |  |  |  |
| NFS (2010) Co., Ltd. | 16,000 | 16,000 | 100 | 100 | 16,000 | 16,000 | - | - |
| Less Allowance for impairment |  |  |  |  | (16,000) | (16,000) |  |  |
| Net |  |  |  |  | - | - |  |  |
|  |  |  |  |  |  |  |  |  |
| E-Contech Management Pte. Ltd. | 3,275 | 3,275 | 100 | 100 | 3,275 | 3,275 | - | - |
| Less Allowance for impairment |  |  |  |  | (3,275) | (3,275) |  |  |
| Net |  |  |  |  | - | - |  |  |
| Direct subsidiaries |  |  |  |  |  |  |  |  |
| IEC Sakaeo 1 Co., Ltd. | 400,000 | 400,000 | 100 | 100 | 445,000 | 445,000 | - | - |
| Less Allowance for impairment |  |  |  |  | (445,000) | (353,068) |  |  |
| Net |  |  |  |  | - | 91,932 |  |  |
|  |  |  |  |  |  |  |  |  |
| Total |  |  |  |  | - | 91,932 | - | - |
|  |  |  |  |  |  |  |  |  |
| *Classified as discontinued operations* | |  |  |  |  | |  | |
| IEC Mae Ramad Co., Ltd. | - | - | - | - | - | - | - | 45,146 |

During the nine-month period ended 30 September 2017, the Company recorded an addition allowance for the impairment of an investment in subsidiary of Baht 91.93 million because management considered that it is unlikely to receive any return on such investments and the recoverable amount is lower than the carrying amount. The recoverable amount is based on a cash flow projection referring to an approved financial and business plan prepared by management.

Movements of investment in subsidiaries as at 30 September 2017 and 31 December 2016 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 |
|  |  |  |
| Net book value - beginning balance | 91,932 | 1,450,010 |
| Acquisitions | - | 100,000 |
| Total | 91,932 | 1,550,010 |
| Less Allowance for devaluation of investments | (91,932) | (1,458,078) |
| Net book value - ending balance | - | 91,932 |

At meeting on 30 May 2016, the Board of Directors passed a resolution to approve an increase in the Company's investment in IEC Sakaeo 1 Co., Ltd. by acquiring common shares from the existing shareholders of 1,000,000 shares or 25% of registered share capital, for Baht 100 million to increase the shareholding to 100%. The Company entered into a purchase agreement on 10 June 2016 and paid for share capital on the agreement date and recognized discount from change in proportion of subsidiary of Baht 46.93 million in shareholders' equity. However, such transaction has been under the allegations of fraud against the former executive team by the Securities and Exchange Commission (SET) and by the Department of Special Investigation (DSI) which is still on going.

1. INVESTMENT PROPERTIES

During the nine-month period ended 30 September 2017, condensed movements in investment properties are as follow:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| Net book value as at 1 January 2017 | 176,838 |  | 114,016 |
| Reversal of allowance for impairment | 45,720 |  | 45,720 |
| Less Depreciation for the period | (1,481) |  | (30) |
| Net book value as at 30 September 2017 | 221,077 |  | 159,706 |

The Company and subsidiaries hired an independent appraiser to appraise the investment properties, by market approach and determined the net recoverable amount. The Company’s and subsidiaries’ investment properties has net recoverable amount exceeding the net book value of Baht 57.80 million. The Company and subsidiaries therefore, reversed the allowance for impairment at full amount in statement of profit or loss for the nine-month period ended 30 September 2017.

1. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2017, condensed movements in property, plant and equipment are as follow:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| Net book value as at 1 January 2017 | 1,636,717 |  | 46,804 |
| Acquisitions | 26,774 |  | 460 |
| Reversal of allowance for impairment | 83,519 |  | - |
| Less Disposals | (92) |  | (61) |
| Less Written – off | (1,226) |  | (348) |
| Less Depreciation for the period | (65,975) |  | (7,707) |
| Less Loss from impairment | (676,957) |  | (11,450) |
| Net book value as at 30 September 2017 | 1,002,760 |  | 27,698 |

During the nine-month period ended 30 September 2017, the Group have machinery and equipment that management considered to be unusable or not generate economic benefit to the Company with the cost of Baht 0.6 million in consolidated financial statements. The current management, therefore, set up loss for impairment of assets for the nine-month period ended 30 September 2017.

The Company and subsidiaries hired an independent appraiser to appraise the fair values of property, plant and equipment, by market approach, and determined the net recoverable amount. As a result, the fair values of the Company’s and subsidiaries’ property, plant and equipment are less than their net book values of Baht 11.45 million and Baht 593.44 million, respectively. The Company and subsidiaries, therefore, recorded additional impairment loss in the statement of profit and loss for the nine-month period ended 30 September 2017.

As at 30 September 2017 and 31 December 2016, land and buildings, with future construction thereon of two subsidiaries, and the related transfer of right of claims, have been mortgaged as collaterals for bank loans of Baht 662 million.

As at 30 September 2017 and 31 December 2016, plant and equipment of the Company and subsidiaries had been constructed on the leased land of a subsidiary under the 5 lease agreements for a period of 2 years and 10 years, total value of Baht 345 million and Baht 879 million, respectively. All of the rights in construction, building and machinery of the Company and subsidiaries shall become the properties of the landlord once constructed.

Property, plant and equipment under construction

The Company and subsidiaries have details of project under construction as follows:

* *Project of Digital Mobile TV*

The Company has concession for a portable digital television project via a UHF frequency, Channel 58, with a total budgeted cost of Baht 250 million. Up to 30 September 2017 and 31 December 2016, a total cost of Baht 155 million has already been spent, (recorded in construction in progress of Baht 114 million, intangible assets of Baht 35 million and other expense of Baht 6 million). At present, the Company is still waiting for MCOT Public Company Limited (“MCOT”) to obtain permission for the importation of radio communication equipment from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”). This causes the delay of the project and the non - compliance with the law for allocation of frequency of MCOT. Under the conservative approach, during the years 2012 and 2013, the Company set up an allowance for impairment of the related project costs for the full amount. At the meeting held on 12 November 2014, the Board of Directors passed a resolution to approve the Company to terminate the agreement and sue MCOT. On 7 September 2015, the Company notified the termination to MCOT and claim for MCOT to pay for damage within 30 days from the date of the notification. Subsequently, on 22 April 2016, the Company filed a suitcase against MCOT to the Civil Court (Black Case No. 1830/2559) claiming for compensation, with interest, totaling Baht 244.77 million. The Court has scheduled the hearing of the plaintiff's witness on 4 July 2016. Subsequently, on 3 February 2017, MCOT filed a petition to the Civil Court to dismiss the case and to transfer the case to the Central Administrative Court. The Company filed an objection to the Central Administrative Court on 21 June 2016. Currently, the Company is still waiting for the Court to set the date for the hearing.

* *Ethanol Producing plant at Rayong*

A subsidiary company (IEC Business Partners Co., Ltd.) has property, plant and equipment as at 30 September 2017 with a total cost of Baht 469 million (land of Baht 20 million, construction in progress of Baht 449 million) with full allowance for impairment recorded during the years 2008 - 2010. Such assets are related to dispute under the purchase from International Gasohol Corporation Limited. However, the Supreme Court has issued a verdict in October 2018 in favor of the Company that the purchase of such assets was undertaken legally. However, the subsidiary company hired an independent appraiser to re-appraise the value of remaining assets by market approach and determined the net recoverable amount and derived at the fair value of Baht 79.11 million higher than the net book value. The subsidiary, therefore, reversed the allowance for impairment in statement of profit or loss for the nine-month period ended 30 September 2017.

1. NON–OPERATING ASSETS

The Company has machinery and equipment of Baht 168.52 million acquired for plastic beads producing project which plant was under construction at Rayong. Currently, these machinery and equipment have not been installed in the production line because the plant is on a leased land with limited space. The current management have relocated such machine to other site and has not decided whether to pursue the project or not. The cost of such machine and equipment and provision for impairment are as follow:

During the nine-month period ended 30 September 2017, condensed movements in non-operating assets are as follow:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| Net book value as at 1 January 2017 | 371,914 |  | 371,914 |
| Acquisitions | 33,402 |  | 26,381 |
| Reversal of allowance for impairment | 9,371 |  | - |
| Less Written-off | (10,062) |  | (10,062) |
| Less Loss from impairment | (236,109) |  | (229,088) |
| Net book value as at 30 September 2017 | 168,516 |  | 159,145 |

1. GOODWILL

During the period, the Company recorded allowance for impairment of goodwill of Baht 2.90 million since the projected recoverable amount of production and distribution of electricity business based on cash flows projection for the group of business set by management is much lesser than the investment amounts. The Company, therefore, set up full provision for the impairment of goodwill in the accounts.

1. DEFFERED COST OF RIGHTS TO USE ELECTRICITY TRANSMISSION SYSTEM

During the nine-month period ended 30 September 2017, condensed movements in deferred costs of electricity transmission system are as follow:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  |  |  | Consolidated F/S |
|  |  |  |  |
| Net book value as at 1 January 2017 |  |  | 40,964 |
| Less Amortization for the period |  |  | (1,339) |
| Net book value as at 30 September 2017 |  |  | 39,625 |

1. INTANGIBLE ASSETS

During the nine-month period ended 30 September 2017, condensed movements in intangible assets are as follow:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| Net book value as at 1 January 2017 |  |  |  |
| Right of use of Ash Melting Gasitification technology | 73,416 |  | - |
| Computer programs | 6,650 |  | 4,033 |
| Purchase in the period | 8 |  | - |
| Less Amortization for the period | (3,638) |  | (653) |
| Less Loss from impairment for the period | (74,994) |  | (1,255) |
| Net book value as at 30 September 2017 | 1,442 |  | 2,125 |

The Company and subsidiary received the appraised values of machinery and right to use of technology from the independent appraiser, and realized that the value of this asset has been included as part of the machine costs which fair values are less than total costs. The Company and subsidiary, therefore, recorded impairment loss for machinery (as explained in Note 15) and right to use of technology of Baht 70 million.

1. OTHER NON-CURRENT ASSETS

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Deposit for construction and service management of waste disposal system in Hat Yai City Municipality | 32,500 | 32,500 | - | - |
| Other deposits | 9,368 | 7,286 | 6,318 | 4,280 |
| Deposit for purchase of waste segregation from organic fertilizer | 5,000 | 5,000 | 5,000 | 5,000 |
| Refundable import duty tax | 4,817 | 4,813 | - | - |
| Retention for land rental under lease agreement from Hat Yai City Municipality | 1,527 | 1,527 | - | - |
| Total | 53,212 | 51,126 | 11,318 | 9,280 |
| Less Allowance for impairment of assets | (1,783) | (1,783) | (589) | (589) |
| Net | 51,429 | 49,343 | 10,729 | 8,691 |

1. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 |
|  |  |  |  |  |
| Bank overdrafts | 20,363 | 14,505 | 765 | 9,568 |
| Promissory notes | 37,698 | 20,000 | - | - |
| Short – term loan | 16,911 | 26,580 | - | - |
| Total | 74,972 | 61,085 | 765 | 9,568 |

As at 30 September 2017 and 31 December 2016, the Company and subsidiaries had unutilized credit facilities with financial institutions totalling Baht 20.4 million.

The Company and subsidiaries have bank overdraft facilities with a local bank with interest at MOR and MOR + 0.75 per annum. Subsidiary company has issued promissory notes to a local bank with interest rate of 15 per annum for three months. These are collateralized by the mortgages of land and electric power plant of the subsidiary company (See Note 15).

During the nine-month period ended 30 September 2017, the subsidiary has short term loan facility with a local bank which bear interest at MLR-1 per annum. This is collateralized by the mortgages of land and building of the subsidiary company and the Company.

1. TRADE AND OTHER ACCOUNTS PAYABLE

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 | |
|  |  |  |  |  | |
| Trade accounts payable | 22,517 | 29,731 | 1,555 | 3,214 | |
| Other accounts payable |  |  |  |  | |
| Payables for purchase assets | 3,240 | 21,584 | 3,240 | 3,951 | |
| Other | 32,600 | 27,538 | 19,655 | 27,794 | |
| Total | 58,357 | 78,853 | 24,450 | 34,959 | |

1. SHORT-TERM LOANS FROM OTHERS

As at 30 September 2017 and 31 December 2016, the movements in short-term loans from individual persons are as follow:

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 | |
|  |  |  |  |  | |
| Beginning balance | 80,000 | 2,000 | 80,000 | - | |
| Add Additional borrowing | 255,000 | 175,000 | 190,000 | 175,000 | |
| Less Repayment | (180,000) | (97,000) | (130,000) | (95,000) | |
| Ending balance | 155,000 | 80,000 | 140,000 | 80,000 | |

As at 30 September 2017, the Company has short-term loans from individual persons which are covered by promissory notes repayable in October 2017 to December 2017. These bear interest rates of 5.00% - 6.50% per annum.

1. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS AND ACCRUED INTEREST

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | Consolidated F/S | |
|  | 30 September 2017 | 31 December 2016 |
|  |  |  |
| Long-term loans | 571,002 | 617,713 |
| Less Current portion | (459,558) | (475,849) |
| Net | 111,444 | 141,864 |

Significant movements in long-term loans from financial institutions and accrued interest as at 30 September 2017 and 31 December 2016 are as follow:

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | Consolidated F/S | |
|  | 30 September 2017 | 31 December 2016 |
|  |  |  |
| Beginning balance | 617,713 | 714,464 |
| Add Additional borrowing |  | 708 |
| Less Repayment | (46,711) | (97,459) |
| Ending balance | 571,002 | 617,713 |

**IEC Mae Tha Mae Taeng Co., Ltd.**

The subsidiary entered into an agreement with financial institution. Under the term of the agreement, the subsidiary is required to repay the principal amount within 8 years. Interest is payable on a monthly basis at MLR per annum and MLR – 0.50 to 1.50 per year.

Such loans are guaranteed by:

- Title deeds, ownership of subsidiary company

- Solar cell and equipment used in electricity generation under the ownership of subsidiary company

- Right to receive bank deposits

- IEC Green Energy Co., Ltd. (Major shareholder) and the Company

- Share certificates of subsidiary company

- Right of Claim the receipt of payment under electricity sale agreement

- Personal guarantee of 3 directors of subsidiary

**IEC Sakaeo 1 Co., Ltd.**

The subsidiary company entered into agreements to obtain loans from a financial institution for construct of biomass power plant. Interest is payable on a monthly basis at MLR, MLR – 0.50 to 1.50 per year.

Such loans are guaranteed by:

- All of subsidiary’s lands and buildings, with future construction thereon

- Subsidiary’s machinery

- Kaeolumduan Group Co., Ltd (related party)

- Directors of subsidiary

- Common share of 2 shareholders

- 2,250,500 common shares of the subsidiary company held by the Company

- 400,000 common shares of the subsidiary company held by the Company

A subsidiary company (IEC Sakaeo 1 Co., Ltd.) has not been able to maintain some financial ratios as stipulated in the loan agreements with a bank. As a result, the subsidiary company presented the balance of such loan as current liabilities in the statement of financial position as at 30 September 2017 and   
31 December 2016.

As at 30 September 2017, the Company has commitment from guarantee of loan from a local bank of a subsidiary company (IEC Mae Tha Mae Taeng Co., Ltd.) totaling Baht 282 million.

1. RESERVE FOR LIABILITIES

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 30 September  2017 | 31 December 2016 | 30 September  2017 | 31 December 2016 | |
| **Current:** |  |  |  |  | |
| Reserve for loss from lawsuit | 31 | 24,568 | 31 | 24,568 | |
| Reserve for delay penalty under  the contract | 7,709 | 25,518 | 7,709 | 7,709 | |
|  | 7,740 | 50,086 | 7,740 | 32,277 | |
| **Non - current:** |  |  |  |  | |
| Reserve for loss from lawsuit | 10,222 | - | 4,023 | - | |
| Reserve for liabilities under lawsuit  of subsidiary | 77,941 | 77,941 | 77,941 | 77,941 | |
|  | 88,163 | 77,941 | 81,964 | 77,941 | |
| **Total** | 95,903 | 128,027 | 89,704 | 110,218 | |

Reserve for delay penalty under the contracts

Reserve represents an accepted penalty under the contracts from installation and implementation of information technology system for the state enterprise.

Reserve for loss from lawsuit of the Company and subsidiaries

**The International Engineering Public Company Limited**

* On 4 August 2017, the Company was sued by Bangkok Advance Product Limited Partnership for breaching the sale and purchase agreement of Baht 1.80 million. As of 5 April 2017, the plaintiff prefers compromise agreement to the Court. The Court sentence to agree with the compromise agreement by payment of Baht 1.66 million within 2 years started from 5 May 2017. At present, the Company is in the process for repayment.
* On 18 August 2017, the Company was sued by former employee claiming for unfair termination of Baht 1.32 million. On 26 March 2019, issued a judgment in favour of the plaintiffs ordering the Company to pay of Baht 1.32 million with interest at 7.5% per annum started from the suing date. The debt was deducted by bank account for such payment.
* On 23 August 2017, the Company was sued by former employee claiming for unfair termination of Baht 2.64 million. On 25 December 2017, the Court sentenced the Company to pay for such claim. On 25 December 2018 the Court issued a judgment to pay the plaintiff of Baht 2.49 million. The debt was paid accordingly.

**IEC Business Partners Company Limited**

* On 22 January 2009, a subsidiary was sued by International Gasohol Corporation Limited for the breach of sale and purchase agreement claiming for the payment of outstanding debt of Baht 77.21 million with the lawyer fee of Baht 1 million and with interest at 7.5% per annum or totaling Baht 82.54 million. However, the subsidiary has accounted for payable for purchase of assets of Baht 69 million and provision for liabilities of Baht 8 million. At present, this case is still in the process of consideration of the Court.

1. BUYER’S DEPOSIT FOR PURCHASE OF SUBSIDIARY

On 11 September 2015, the Board of Directors passed a resolution to allow another company to perform a due diligence review of a subsidiary company (IEC Mae Ramad Co., Ltd.) that the Company intended to sell. On 18 September 2015, the Company received a deposit of Baht 50 million which would be considered as part of the share purchase payment if the purchased was finalized within 90 days from the date of the memorandum. On 28 December 2015, the Company extended the period of the due diligence review to 16 May 2016. However, the deal was not successfully executed. The Company, therefore, refunded the deposit to such company of Baht 40 million in December 2016. The remaining amount of Baht 10 million will be repaid in the future.

1. SHARE CAPITAL

Movements in registered share capital and issued and fully paid-up share capital for the nine-month period ended 30 September 2017 are as follow:

|  |  | Consolidated and Separate F/S | | | |
| --- | --- | --- | --- | --- | --- |
|  |  | (Thousand share / Thousand Baht) | | | |
|  | (Unit: Baht) | 30 September 2017 | | 31 December 2016 | |
|  | Price based Stock value | Number of shares | Amount | Number of shares | Amount |
| Registered share capital |  |  |  |  |  |
| At the beginning of period |  |  |  |  |  |
| - Common share | 0.01 | 244,074,505 | 2,440,745 | 204,824,585 | 2,048,246 |
| At the end of period |  |  |  |  |  |
| Decrease share capital | 0.01 | - | - | (1,429,164) | (14,292) |
| Increase share capital | 0.01 | - | - | 40,679,084 | 406,791 |
| Total common share | 0.01 | 244,074,505 | 2,440,745 | 244,074,505 | 2,440,745 |
|  |  |  |  |  |  |
| Issued and fully paid-up share capital |  |  |  |  |  |
| At the beginning of period |  |  |  |  |  |
| - Common share | 0.01 | 203,446,599 | 2,034,466 | 180,795,930 | 1,807,959 |
| At the end of period |  |  |  |  |  |
| Increase share capital | 0.01 | 144,904 | 1,449 | 22,650,669 | 226,507 |
| Total common share | 0.01 | 203,591,503 | 2,035,915 | 203,446,599 | 2,034,466 |

On 11 January 2017, warrant holders exercised the rights to convert warrant (IEC-W2), to common shares at the price of Baht 0.025 per share for 4,640,884 shares, totaling of Baht 116,022.

On 10 April 2017, warrant holders exercised the rights to convert warrant (IEC-W2), to common shares at the price of Baht 0.025 per share for 140,262,699 shares, totaling of Baht 3,506,568.

In February 2016, the Company received cash from allocation and the increase of 22,599,491,250 shares to the existing shareholders at the price of Baht 0.022 per share, totaling of Baht 497,188,808 and 51,177,517 shares at the price of Baht 0.025 per share, totaling of Baht 1,279,437 and by registered the share capital increment with Ministry of Commerce on 15 February 2016. This made the issued and fully paid-up share capital to be Baht 226,506,688 with shares premium of Baht 271,961,557.

The Annual General Meeting of Shareholders for the year 2016 on 25 April 2016 passed a resolution as follows:

- To decrease the registered share capital from Baht 2,048,245,580 to Baht 2,033,954,212 divided into 203,395,421,250 shares at the par value of Baht 0.01 by cancelling common share which were not issue of 1,429,163,750 shares.

- To increase the registered share capital by Baht 406,790,843 by issuing new common shares by 40,679,084,250 shares at the par value of Baht 0.01 to reserve for the converting of warrant (IEC-W2) exercising.

On 14 June 2016, the Company registered the issuance of new 40,670,703,826 warrants (IEC-W2) for converting to common shares of the Company, for the existing shareholders at the book closing of Share Register on 10 May 2016. The converting of warrant is at the ratio of 5 common shares to 1 warrant which will be valid for 3 years from 23 May 2016 at conversion ratio of 1 : 1 at the price of Bath 0.025.

During the nine-month period ended 30 September 2017, movement in number of warrants are as follow:

|  |  | Number of warrants (Units) |
| --- | --- | --- |
|  |  |  |
| Balance as at 1 January 2017 |  | 40,619,526,309 |
| Less Exercised warrants |  | (144,903,583) |
| Balance as at 30 September 2017 |  | 40,474,622,726 |

1. SEGMENT REPORTING

The Company and subsidiaries’ business operations are classified into 2 principal segments: (1) Telecommunication and installation and development of information technology and (2) Generating and Distributing of Electricity from renewable energy. These businesses are operated in Thailand and are measured based on the segment revenues and gross margin. The following are revenues and gross profit (loss) of the Company and subsidiaries in the consolidated financial statements for the three-month and nine-month periods ended 30 September 2017 and 2016 as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | |  |  | | |  |  | | |  | (Unit: Thousand Baht) | | |
|  | Consolidated F/S | | | | | | | | | | | | | | |
|  | For the three-month periods ended 30 September | | | | | | | | | | | | | | |
|  | Telecommunication and installation and development of  information technology | | |  | Generating and Distributing of Electricity from renewable energy | | |  | Elimination | | |  | Consolidated F/S | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
| **Revenues from sales and services:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue from external customers - net | 12,213 |  | 18,389 |  | 96,451 |  | 91,050 |  | - |  | (4,205) |  | 108,664 |  | 105,234 |
| Segment operating gross profit (loss) | 56 |  | 7,049 |  | 34,072 |  | (4,575) |  | (7,142) |  | (4,010) |  | 26,986 |  | (1,536) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other revenue |  |  |  |  |  |  |  |  |  |  |  |  | 1,407 |  | 2,333 |
| Loss from impairment of assets |  |  |  |  |  |  |  |  |  |  |  |  | (4,354) |  | (26,229) |
| Depreciation and amortization |  |  |  |  |  |  |  |  |  |  |  |  | (24,761) |  | (34,028) |
| Finance costs |  |  |  |  |  |  |  |  |  |  |  |  | (10,975) |  | (11,950) |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | |  |  | | |  |  | | |  | (Unit: Thousand Baht) | | |
|  | Consolidated F/S | | | | | | | | | | | | | | |
|  | For the nine-month periods ended 30 September | | | | | | | | | | | | | | |
|  | Telecommunication and installation and development of  information technology | | |  | Generating and Distributing of Electricity from renewable energy | | |  | Elimination | | |  | Consolidated F/S | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
| **Revenues from sales and services:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue from external customers - net | 47,649 |  | 30,093 |  | 204,468 |  | 274,909 |  | - |  | (8,411) |  | 252,117 |  | 296,591 |
| Segment operating gross profit (loss) | 7,093 |  | 6,715 |  | 33,738 |  | 39,350 |  | 10,600 |  | (7,690) |  | 51,431 |  | 38,375 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other revenue |  |  |  |  |  |  |  |  |  |  |  |  | 21,621 |  | 41,226 |
| Reversal of impairment asset |  |  |  |  |  |  |  |  |  |  |  |  | 138,608 |  | 13,268 |
| Loss from impairment of assets |  |  |  |  |  |  |  |  |  |  |  |  | (991,003) |  | (313,389) |
| Depreciation and amortization |  |  |  |  |  |  |  |  |  |  |  |  | (73,106) |  | (100,084) |
| Finance costs |  |  |  |  |  |  |  |  |  |  |  |  | (32,400) |  | (38,600) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Property, plant and equipment |  |  |  |  |  |  |  |  |  |  |  |  | 1,002,760 |  | 2,530,954 |
| Other assets |  |  |  |  |  |  |  |  |  |  |  |  | 1,006,927 |  | 2,039,375 |
| **Total assets** |  |  |  |  |  |  |  |  |  |  |  |  | 2,009,687 |  | 4,570,329 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Liabilities** |  |  |  |  |  |  |  |  |  |  |  |  | 1,085,470 |  | 1,400,255 |

1. OTHER REVENUES

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | For the three-month periods ended 30 September | | | |
|  | 2017 | 2016 | 2017 | 2016 |
|  |  |  |  |  |
| Consulting income | 3 | - | 1,349 | 5,310 |
| Rental income and utilities | 861 | 1,083 | 861 | 1,084 |
| Gain on disposal of equipment | 24 | 587 | 23 | - |
| Gain on exchange rate | 201 | 495 | 201 | 495 |
| Others income | 318 | 168 | 216 | 13 |
| Total | 1,407 | 2,333 | 2,650 | 6,902 |

|  |  |  | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | For the nine-month periods ended 30 September | | | |
|  | 2017 | 2016 | 2017 | 2016 |
|  |  |  |  |  |
| Consulting income | 1,161 | 20,000 | 5,200 | 15,931 |
| Rental income and utilities | 2,879 | 3,484 | 2,879 | 3,484 |
| Gain on disposal of equipment and  leasehold rights | 53 | 14,435 | 23 | 11,238 |
| Gain on exchange rate | 201 | 871 | 201 | 632 |
| Others income | 17,327 | 2,436 | 286 | 1,809 |
| Total | 21,621 | 41,226 | 8,589 | 33,094 |

1. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share for the three-month and nine-month periods ended 30 September 2017 and 2016 are calculated by dividing the profit (loss) attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Million Baht / Million shares) | | | |
|  | Consolidated F/S | | Separate F/S | |
|  | For the three-month periods ended 30 September | | | |
|  | 2017 | 2016 | 2017 | 2016 |
|  |  |  |  |  |
| **Loss for the period attributable to shareholders of the Company** | (47) | (115) | (85) | (83) |
| Number of common shares issued on 1 January | 203,447 | 180,796 | 203,447 | 180,796 |
| Impact of shares issued | 94 | 22,599 | 94 | 22,599 |
| Weighted average number of common shares (basic) | 203,541 | 203,395 | 203,541 | 203,395 |
| **Loss per share (Basic) (Baht)** | (0.0002) | (0.0006) | (0.0004) | (0.0004) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Million Baht / Million shares) | | | |
|  | Consolidated F/S | | Separate F/S | |
|  | For the nine-month periods ended 30 September | | | |
|  | 2017 | 2016 | 2017 | 2016 |
|  |  |  |  |  |
| **Loss for the period attributable to shareholders of the Company** | (746) | (545) | (583) | (1,526) |
| Number of common shares issued on 1 January | 203,447 | 180,796 | 203,447 | 180,796 |
| Impact of shares issued | 94 | 18,888 | 94 | 18,888 |
| Weighted average number of common shares (basic) | 203,541 | 199,684 | 203,541 | 199,684 |
| **Loss per share (Basic) (Baht)** | (0.0037) | (0.0027) | (0.0029) | (0.0076) |

1. COMMITMENTS
   1. The Company and subsidiaries have commitments as at 30 September 2017 as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | (Unit: Million Baht) |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| **Long - term lease and service commitments** |  |  |  |
| Within one year | 2 |  | 1 |
| Over 1 year not more than 5 years | 12 |  | 8 |
| More than 5 years | 20 |  | 4 |
| Total | 34 |  | 13 |

As at 30 September 2017, the Company and subsidiaries have commitments as follows:

* Indirect subsidiary (Gidec Co., Ltd.) has commitment for construction of a waste treatment plant and the power plant on land under land lease agreement with the government of Songkhla province. The total budget cost of Baht 979 million (including technology license) has been incurred up to 30 September 2017 of Baht 955 million (including technology license of Baht 80 million).This construction contract contains certain penalty clause for the construction delays where the subsidiary incurred penalty charge for the delay construction totaling Baht 32.19 million. As at 30 September 2017, the remaining balance of Baht 11.26 million is shown under “reserve for delay penalty under the construct” on consolidated statement of financial position”.
* On 8 April 2015, the Company (the "Buyer") entered into an agreement to purchase the waste from the segregation of organic fertilizer with another company ("Seller") to be used as a raw material in the production of recycled plastic. The purchasing price is fixed at Baht 225 per metric ton for 10 years from the contract date.
  1. The Company has commitment under letter of guarantee issued by a bank of Baht 14.8 million to guarantee contract for maintenance and repair customer data base, contract for system design and electricity usage.

1. EVENT AFTER REPORTING PERIOD

* 1. On 26 February 2018, the Board of Directors passes resolutions as follows:
* To approve IEC Green Energy Co., Ltd. to acquire 2,000,000 shares, another 50 % of share capital of GIDEC Co., Ltd. ("GIDEC"), a subsidiary of IEC Green Energy Co., Ltd. from Electricity Generating Public Company Limited (“EGCO”), a joint venture partner of IEC Green Energy Co., Ltd. for Baht 24,583,971.18 or of Baht 12.29 per share by monthly installment payments for 9 months. Such payments have been completed on 15 March 2018.
* To approve the Company to sell of 500,000 common shares or 100% of share capital of Nong Ree Power Plant Co., Ltd. ("NR") to STRR Engineering Co., Ltd. ("STRR") at the selling price of Baht 100 per share totaling Baht 50 million.
  1. On 8 March 2018, the Board of Directors approved to liquidate NFS (2010) Co., Ltd. as it does not have any operations.
  2. On 13 February 2019, the Board of Directors approved to sell other investment, common shares of The Auto-Info Company Limited for 20,000 shares at the price of Baht 58.07 per shares, totaling Baht 1.18 million to directors of The Auto-Info Company Limited.
  3. Capital increase of subsidiaries

IEC Business Partners Company Limited

* On 21 November 2018, the Extraordinary General Meeting of Shareholders No.2/2018 approved the increase of the subsidiary company's registered capital by issuance of 20,000,000 new common shares with a par value of Baht 10 totaling Baht 200,000,000. The subsidiary company registered the capital increase with the Department of Business Development on 22 November 2018.

IEC Green Energy Company Limited

* On 10 April 2018, the Extraordinary General Meeting of Shareholders No.1/2018 approved the increase of the subsidiary company's registered capital by issuance of 600,000 new common shares with a par value of Baht 10, totaling Baht 6,000,000. The subsidiary company registered the capital increase with the Department of Business Development on 11 April 2018.
* On 12 November 2018, the Extraordinary General Meeting of Shareholders No.3/2018 to approved the increase of the subsidiary company's registered capital by issuance of 50,000,000 new common shares with a par value of Baht 10, totaling Baht 500,000,000. The subsidiary company registered the capital increase with the Department of Business Development on 14 November 2018.

Gidec Company Limited

* On 28 February 2018, the Meeting of Board of Directors No.2/2018 approved the purchasing common stock by IEC Green Energy Company Limited for common stock of Gidec Company Limited from Electricity Generating Public Company Limited for 2 million shares at the price of Baht 12.29 per shares, totaling amount of Baht 24.58 million. Therefore, percentage of shareholding by IEC Green Energy Company Limited changed from 50% to 100% and have registered the transferring with Ministry of Commerce on 15 March 2018.
* On 12 November 2018, the Extraordinary General Meeting of Shareholders No.4/2018 approved the increase of the indirect subsidiary company's registered capital by issuance of 5,000,000 new common shares with a par value of Baht 100, totaling Baht 500,000,000. The indirect subsidiary company registered the capital increase with the Department of Business Development on 15 November 2018.

IEC Sakaeo 1 Company Limited

* On 19 November 2018, the Extraordinary General Meeting of Shareholders No.2/2018 approved the increase of the subsidiary company's registered capital by issuance of 1,000,000 new common shares with a par value of Baht 100 totaling Baht 100,000,000. The subsidiary company registered the capital increase with the Department of Business Development on 29 November 2018.
* On 21 December 2018, the Extraordinary General Meeting of Shareholders No.4/2018 approved the increase of the subsidiary company's registered capital by issuance of 1,300,000 new common shares with a par value of Baht 100 totaling Baht 130,000,000. The subsidiary company registered the capital increase with the Department of Business Development on 26 December 2018.
  1. Litigation

The International Engineering Public Company Limited

* On 28 May 2018, the Company was sued by BP Autotech Engineering Company Limited for the breach of the hire of work agreement of Baht 3.69 million. At present, this is still in the process of fixing the day to take evidence.
* On 31 October 2018, the Company was sued by Rouamdee Engineering & Transport Company Limited for the breach of the lease agreement of Baht 2.38 million. At present, this is still in the process of fixing the day to take evidence.

IEC Sakaeo 1 Company Limited

* On 23 August 2018, the subsidiary was sued by Asko Equipment Company Limited for the breach of the sale and purchase agreement of Baht 1.50 million. On 26 December 2018, the subsidiary agreed to pay the plaintiff of Baht 1.37 million. The plaintiff withdrawn the case on 16 January 2019.
* On 16 February 2019, the subsidiary was sued by Eastern Pearl Company Limited for the breach of the sale and purchase agreement of Baht 2.40 million. On 13 May 2019, the subsidiary agreed to pay for the claim following compromise agreement of Baht 0.38 million starting on 31 May 2019 for 6 months, totalling Baht 2.31 million.

IEC Mae Tha Mae Taeng Company Limited

* On 26 July 2018, the subsidiary was sued by Mr. Somchai for the breach of damage. The plaintiff was sued from case of giving false evidence and conceal the purchase the line conditioner system to install at Mae Tha 1, Mae Tha 2 power plants of Baht 50 million.   
  At present, this is still in the process of fixing the day to take evidence.
  1. Delisted of securities
* On 20 June 2019, SET has announced the delisting of the Company’s shares from listed securities as the Company was unable to eliminate the grounds for delisting or to repossess the qualification in order to resume trading within specified deadline which cause its shares to be delisted under SET’s regulation. SET allowed trading of the Company’s securities for 7 business days before the effective date of delisting, during 1 – 9 July 2019. At the end of trading period, SET will delist the shares of the Company from listed securities, effective from 10 July 2019 onwards. However, the management is processing to eliminate the grounds for delisting.