

**The International Engineering Public Company
Limited and its Subsidiaries**

Financial statements for the year ended
31 December 2018
and
Independent Auditor's Report

Independent Auditor's Report

To the shareholders of The International Engineering Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of The International Engineering Public Company Limited and its subsidiaries (the Group), and of The International Engineering Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of The International Engineering Public Company Limited and its subsidiaries and of The International Engineering Public Company Limited, respectively, as at 31 December 2018, and their financial performance and their cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* paragraph of my report. I am independent of the Group and the Company in accordance with the *Code of Ethics for Professional Accountants* issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to going concern

I draw attention to notes 2.7, 33, 54 and 58 to the financial statements, as shown in the financial statements for the year 2018, the Group and the Company had loss for the year 2018 in the amount of Baht 233 million and Baht 957 million in the consolidated and separate financial statements, respectively, and as at 31 December 2018, deficit amounted to Baht 2,871 million and Baht 3,868 million in consolidated and separate financial statements, respectively. The Group also had current liabilities exceeded current assets in the amount of Baht 93 million in consolidated financial statements. Six subsidiaries had deficit of shareholders and a subsidiary did not maintain a financial ratio according to the loan agreement that it may entitle the bank to accelerate the subsidiary makes the repayment immediately. In addition, the Group and the Company had a lot of litigation which have been still in the process of consideration by the Court. Furthermore, The Stock Exchange of Thailand delists common shares of the Company from being listed securities effective from 10 July 2019 onwards. Based on the above circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. However, the current Board of Directors and the management have planned to resolve the above problems to manage liquidity risk and have considered to revise the capital restructuring plan and to

resolve the above issued matter. In addition, the major shareholder of the Company and the Company have confirmed to provide continuous financial support for the Group and the Company to be able to continue business operations. In my opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in material uncertainty related to going concern paragraph, I have determined the matters described below to be the key audit matters to be communicated in my report.

| Key Audit Matters | Audit Responses |
|---|---|
| <p>Valuation of investments in subsidiaries, investment properties, property, plant and equipment, non-operating assets, goodwill and other intangible assets</p> <p>As at 31 December 2018, the Group’s and the Company’s net book value of investment properties amounted to Baht 201 million and Baht 143 million, respectively, property, plant and equipment amounted to Baht 755 million and Baht 8 million, respectively, non-operating assets amounted to Baht 161 million and Baht 152 million, respectively and other intangible assets amounted to Baht 0.97 million and Baht 0.14 million, respectively, in consolidated and separate financial statement, respectively. The Group and the Company gathered a lot of data of all assets stored in various location, which needed to gather carefully precisely. In addition, the Group and the Company revised impairment of such assets by calculating the recoverable value of assets by using fair value method less selling cost (by analyzing based on market approach and cost approach to calculate fair value) for the Company and four subsidiaries, and by using value in use method for a subsidiary (by estimate on the continuous future discounted cash flows). The various assumptions related to calculate cash flows projection, which involved the management’s judgement in determining basis such as appropriate discount rate, entity’s growth rate and significant assumptions that was the correct and existing ownership of the said properties according to the documentation based on relevant laws including possible expected economic fluctuations.</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Perform substantive testing as follows: <ul style="list-style-type: none"> - Understanding the process of assessment of valuation on investment properties, property, plant and equipment, non-operating assets, goodwill and other intangible assets; - Physical counting the existence of investments properties, property, plant and equipment and non-operating asset in order to compare with report of independent appraiser and detail of assets of the Group and the Company including considering the condition and ownership of those assets; - Assessing the independence and competence of the independent appraisers; - Assessing a reasonableness of fair value and assumptions to determine value-in-use in the past and in the future as the start point, over the remaining project period; |

| Key Audit Matters | Audit Responses |
|--|--|
| <p>Therefore, I pay particular attention to the process of gathering data of all assets and uncertainty about recoverable amount of said assets of the Group and the Company.</p> <p>Accounting policies and details of investments in subsidiaries, investment properties, property, plant and equipment, non-operating assets, goodwill and other intangible assets were disclosed in Notes 14, 17, 18, 19, 21 and 23 to the financial statements.</p> | <ul style="list-style-type: none"> - Inquiring the management about the significant assumptions in relation to calculate an estimated future discounted cash flows by comparing between actual and forecasted operating results, including reasonableness of entity's growth rate, expectation of industrial trend and discount rates including the ownership of appraised properties; - Testing the calculation of discounted cash flows and the reasonableness of estimated value-in-use based on the Company's assumptions; - Evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards. |
| <p>Lawsuits and litigation</p> <p>The Group and the Company had a lot of lawsuits which have been still in the process of consideration by the Court that may be incurred damage if the Group and the Company can not defend the lawsuits, and must use judgment to determine the adequacy of the provision.</p> <p>Therefore, I pay particular attention to determine the adequacy of provision whether it is recognized in accordance with Thai Financial Reporting Standards.</p> <p>Accounting policies and details of commitment, significant events and significant cases were disclosed in Notes 3, 36 and 54 to the financial statements.</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Understanding the process for assessing the lawsuits of the management; • Performing substantive test as follows: <ul style="list-style-type: none"> - Inquiring the legal advisors of the entities to acknowledge any significant lawsuits and litigation that may incur and whether the financial impact and expense is reasonable or not. - Considering the potential damages from lawsuits and litigation and evaluating the financial risks, including the adequacy and appropriateness of the recognition and disclosure. |

Emphasis of Matters

I draw attention to Note 57.1 to the financial statements, describing in the year 2018, the Group and the Company corrected the errors retrospectively in the prior year financial statements by restating the comparative information in accordance with the financial reporting standards. My opinion is not modified in respect of these matters.

Other matters

The consolidated and separate statements of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, for the year ended 31 December 2017 (before restated), which are included as a comparative information, were audited by another auditor who do not express an opinion on the accompanying consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows about the addition impairments from the prior year (of investments in subsidiaries, property, plant and equipment, non-operating assets, goodwill and intangible assets), which the management cannot identify whether or not the addition for impairment should be how much allocated to the financial performance and cash flows for the prior years and qualified opinion on the consolidated and separate statement of financial position about the effects from did not observe the physical count of fuel raw material and work in process at the end of year 2017 in his report dated 5 July 2019. Subsequently, in during the year 2018, the current Board of Directors and management of the Group and the Company adjusted the said issues including other matters as described in Note 57 to the financial statements in the consolidated and separate financial statements at the end of the year and for the year 2017 and I have audited the adjustment already.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement thereon, I am required to communicate the matter to those charged with governance and request further appropriate corrections.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 my 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.
- 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

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

(Chaikrit Warakitjaporn)
Certified Public Accountant
Registration Number 7326

NPS Siam Audit Limited
Bangkok
25 March 2020

The International Engineering Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2018

| | <i>Note</i> | Consolidated financial statements | | | Separate financial statements | | |
|--------------------------------------|-------------|--|-----------------------------------|---------------------------------|--------------------------------------|-----------------------------------|---------------------------------|
| | | 31 December 2018 | 31 December 2017 (Restated) | 1 January 2017 (Restated) | 31 December 2018 | 31 December 2017 (Restated) | 1 January 2017 (Restated) |
| <i>(in Baht)</i> | | | | | | | |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 6 | 363,173,306 | 1,778,631,783 | 299,667,104 | 315,224,246 | 1,736,659,813 | 262,841,369 |
| Current investments | 7 | 1,462,267 | - | - | 1,462,267 | - | - |
| Trade accounts receivable | 8 | 54,312,920 | 52,659,824 | 61,730,417 | 17,115,769 | 8,190,708 | 15,843,367 |
| Other current receivables | 5, 9 | 152,380,349 | 195,435,909 | 171,276,687 | 56,299,175 | 71,901,260 | 185,374,408 |
| Short-term loans | 5 | - | 20,000,000 | - | - | 599,592,605 | 601,714,391 |
| Inventories | 10 | 10,377,148 | 9,625,462 | 5,758,469 | 5,119,818 | 4,043,655 | 3,572,160 |
| Assets held for sale | 11 | 178,570 | 50,000,000 | 50,000,000 | 178,570 | 50,000,000 | 50,000,000 |
| Withholding tax | 12 | 2,018,678 | 4,505,099 | 16,842,942 | - | 3,178,974 | 16,098,726 |
| Other current assets | | 538,948 | 339,797 | 1,160,344 | 318,754 | 316,297 | 1,146,235 |
| Total current assets | | 584,442,186 | 2,111,197,874 | 606,435,963 | 395,718,599 | 2,473,883,312 | 1,136,590,656 |
| Non-current assets | | | | | | | |
| Available-for-sale investments | 13 | 1,336,500 | 1,182,500 | 1,091,750 | 1,336,500 | 1,182,500 | 1,091,750 |
| Investments in subsidiaries | 4, 14 | - | - | - | - | - | 91,931,823 |
| Other long-term investments | 16 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Investment properties | 17 | 201,457,471 | 220,578,050 | 176,838,159 | 142,514,858 | 159,695,847 | 114,016,366 |
| Property, plant and equipment | 18, 33, 55 | 755,464,801 | 905,160,724 | 1,643,412,197 | 8,368,770 | 23,004,390 | 46,803,612 |
| Non-operating assets | 19 | 161,319,905 | 161,319,905 | 371,913,680 | 151,949,000 | 151,949,000 | 371,913,680 |
| Leasehold rights | 20 | 7,251,456 | 8,141,553 | 9,041,513 | 7,251,456 | 8,141,553 | 9,041,513 |
| Goodwill | 21 | - | - | 2,904,534 | - | - | - |
| Deferred rights to use | | | | | | | |
| transmission line | 22 | 36,525,746 | 39,173,113 | 40,964,671 | - | - | - |
| Other intangible assets | 23 | 970,024 | 1,192,871 | 80,066,008 | 137,100 | 2,882,340 | 4,033,234 |
| Pledged deposits at banks | 24, 55 | 90,833,178 | 95,265,528 | 89,722,558 | 67,581,990 | 67,518,000 | 67,518,000 |
| Advance for purchasing of investment | 25 | - | - | - | - | - | - |
| Other non-current assets | 27 | 62,615,035 | 55,602,204 | 49,342,823 | 25,487,566 | 13,721,631 | 8,690,447 |
| Total non-current assets | | 1,317,974,116 | 1,487,816,448 | 2,465,497,893 | 404,827,240 | 428,295,261 | 715,240,425 |
| Total assets | | 1,902,416,302 | 3,599,014,322 | 3,071,933,856 | 800,545,839 | 2,902,178,573 | 1,851,831,081 |

The accompanying notes are an integral part of these financial statements.

The International Engineering Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2018

| | Note | Consolidated financial statements | | | Separate financial statements | | |
|--------------------------------------|--------|-----------------------------------|-----------------------------------|---------------------------------|--------------------------------------|-----------------------------------|---------------------------------|
| | | 31 December 2018 | 31 December 2017 (Restated) | 1 January 2017 (Restated) | 31 December 2018 (in Baht) | 31 December 2017 (Restated) | 1 January 2017 (Restated) |
| Liabilities and equity | | | | | | | |
| <i>Current liabilities</i> | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | |
| from financial institutions | 28, 55 | 22,188,051 | 98,296,353 | 61,085,301 | 1,568,695 | 50,552,165 | 9,567,995 |
| Trade account payables | 29 | 16,160,787 | 32,322,492 | 29,730,931 | 4,579,166 | 3,502,733 | 3,214,207 |
| Other current payables | 5, 30 | 134,817,021 | 132,065,689 | 133,918,248 | 36,341,275 | 28,718,379 | 36,560,335 |
| Accrued expense | | 57,042,072 | 56,581,554 | 57,676,763 | 20,166,161 | 15,014,260 | 14,533,607 |
| Long-term loans in default | 33, 55 | 255,712,080 | 418,976,951 | 435,288,694 | - | - | - |
| Current portion of long-term loans | 33, 55 | 25,874,000 | 40,560,000 | 40,560,000 | - | - | - |
| Current portion of finance | | | | | | | |
| lease liabilities | 34 | 2,166,037 | 1,035,644 | 944,861 | 1,019,625 | 1,035,644 | 944,861 |
| Short-term loans | 5, 31 | 130,000,000 | 120,000,000 | 80,000,000 | 100,000,000 | 90,000,000 | 80,000,000 |
| Short-term provisions | 36 | 23,411,849 | 12,206,909 | 50,086,317 | 23,411,849 | 12,206,909 | 32,277,222 |
| Advance received for purchase | | | | | | | |
| of shares | 32 | 10,000,000 | 1,712,967,375 | 10,000,000 | 10,000,000 | 1,712,967,375 | 10,000,000 |
| Total current liabilities | | 677,371,897 | 2,625,012,967 | 899,291,115 | 197,086,771 | 1,913,997,465 | 187,098,227 |
| <i>Non-current liabilities</i> | | | | | | | |
| Long-term loans | 33, 55 | 52,430,000 | 101,304,000 | 141,864,000 | - | - | - |
| Finance lease liabilities | 34 | 2,675,390 | 1,022,440 | 2,046,603 | - | 1,022,440 | 2,046,603 |
| Employee benefit obligations | 5, 35 | 8,432,432 | 7,186,582 | 20,552,781 | 7,902,296 | 6,572,405 | 18,726,207 |
| Long-term provisions | 36 | 8,647,187 | 9,131,476 | 8,325,325 | 77,941,443 | 77,941,443 | 77,941,443 |
| Other non-current liabilities | | 9,812,085 | 9,697,925 | 10,173,264 | 2,481,112 | 2,089,669 | 2,481,112 |
| Total non-current liabilities | | 81,997,094 | 128,342,423 | 182,961,973 | 88,324,851 | 87,625,957 | 101,195,365 |
| Total liabilities | | 759,368,991 | 2,753,355,390 | 1,082,253,088 | 285,411,622 | 2,001,623,422 | 288,293,592 |

The International Engineering Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2018

| | Note | Consolidated financial statements | | | Separate financial statements | | |
|---|------|-----------------------------------|-----------------------------------|---------------------------------|--------------------------------------|-----------------------------------|---------------------------------|
| | | 31 December 2018 | 31 December 2017 (Restated) | 1 January 2017 (Restated) | 31 December 2018 (in Baht) | 31 December 2017 (Restated) | 1 January 2017 (Restated) |
| Liabilities and equity | | | | | | | |
| Equity | | | | | | | |
| Share capital | 37 | | | | | | |
| Authorized share capital | | <u>4,476,576,274</u> | <u>2,440,745,055</u> | <u>2,440,745,055</u> | <u>4,476,576,274</u> | <u>2,440,745,055</u> | <u>2,440,745,055</u> |
| Issued and paid share capital | | 2,493,357,781 | 2,035,915,024 | 2,034,465,988 | 2,493,357,781 | 2,035,915,024 | 2,034,465,988 |
| share premium on ordinary shares | 38 | 1,421,842,977 | 1,307,482,276 | 1,305,308,722 | 1,421,842,977 | 1,307,482,276 | 1,305,308,722 |
| Additional paid-in capital from reduction in par value of ordinary shares | | 464,905,198 | 464,905,198 | 464,905,198 | 464,905,198 | 464,905,198 | 464,905,198 |
| Discount from changes in ownership interest in subsidiary | 4 | (369,648,222) | (46,925,635) | (46,925,635) | - | - | - |
| Retained earnings (deficit) | | | | | | | |
| Appropriated | | | | | | | |
| Legal reserve | 39 | 2,095,975 | 2,095,975 | 2,095,975 | 2,095,975 | 2,095,975 | 2,095,975 |
| Deficit | 57 | (2,870,717,898) | (2,638,066,692) | (1,816,717,100) | (3,868,279,214) | (2,910,900,822) | (2,244,205,144) |
| Other components of equity | 13 | <u>1,211,500</u> | <u>1,057,500</u> | <u>966,750</u> | <u>1,211,500</u> | <u>1,057,500</u> | <u>966,750</u> |
| Total equity attributable to owners of the parent | | <u>1,143,047,311</u> | <u>1,126,463,646</u> | <u>1,944,099,898</u> | <u>515,134,217</u> | <u>900,555,151</u> | <u>1,563,537,489</u> |
| Non-controlling interests | 15 | <u>-</u> | <u>(280,804,714)</u> | <u>45,580,870</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total equity | | <u>1,143,047,311</u> | <u>845,658,932</u> | <u>1,989,680,768</u> | <u>515,134,217</u> | <u>900,555,151</u> | <u>1,563,537,489</u> |
| Total liabilities and equity | | <u>1,902,416,302</u> | <u>3,599,014,322</u> | <u>3,071,933,856</u> | <u>800,545,839</u> | <u>2,902,178,573</u> | <u>1,851,831,081</u> |

The International Engineering Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2018

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------|--------------------------------------|------------------------|----------------------------------|----------------------|
| | | 2018 | 2017 (Restated) | 2018 | 2017 (Restated) |
| <i>(in Baht)</i> | | | | | |
| Revenues | | | | | |
| Revenues from sales of goods or rendering of services | 5 | 338,147,300 | 265,088,813 | 45,790,075 | 40,145,090 |
| Revenues from subsidy for adders | 41, 56 | 115,959,197 | 121,581,207 | - | - |
| Dividend income | | 52,250 | 37,125 | 52,250 | 37,125 |
| Interest income | 5 | 10,170,970 | 2,312,560 | 49,415,938 | 111,926,115 |
| Reversal of allowance for impairment of assets | | 223,152,569 | 59,340,733 | 179,858,690 | 45,719,423 |
| Reversal of allowance for doubtful accounts | | 1,572,696 | 855,137 | 101,078,265 | 855,137 |
| Other income | 42 | 20,928,095 | 32,965,264 | 16,040,894 | 20,902,805 |
| Total revenues | | 709,983,077 | 482,180,839 | 392,236,112 | 219,585,695 |
| Expenses | | | | | |
| Cost of sales of goods or rendering of services | 5, 18, 22 | 435,365,980 | 313,673,149 | 42,558,600 | 32,977,314 |
| Distribution costs | 43 | 5,676,630 | 9,656,629 | 1,536,619 | 4,512,292 |
| Administrative expenses | 5, 18, 19, 20, 23, 44 | 145,577,922 | 278,548,556 | 105,587,284 | 188,632,267 |
| Loss on impairment of investments in subsidiaries | 14 | - | - | 936,000,000 | 91,931,823 |
| Loss on impairment of assets | 17, 18, 19 | 97,155,920 | 990,936,084 | 23,140,214 | 241,792,839 |
| Doubtful debts expense | | 30,351,697 | - | 49,695,146 | 331,636,057 |
| Other expenses | 46 | 195,947,694 | 17,937,943 | 175,878,157 | 5,377,629 |
| Finance costs | 47 | 50,167,714 | 39,797,069 | 15,218,484 | 7,938,438 |
| Total expenses | | 960,243,557 | 1,650,549,430 | 1,349,614,504 | 904,798,659 |
| Loss before income tax expense | | (250,260,480) | (1,168,368,591) | (957,378,392) | (685,212,964) |
| Income tax expense (income) | 26, 49 | - | - | - | - |
| Loss for the year | | (250,260,480) | (1,168,368,591) | (957,378,392) | (685,212,964) |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to profit or loss:- | | | | | |
| Gains on remeasurements of defined benefit plans | 35 | 275,372 | 20,633,415 | - | 18,517,286 |
| Total items that will not be reclassified to profit or loss | | 275,372 | 20,633,415 | - | 18,517,286 |
| Items that will be reclassified subsequently to profit or loss :- | | | | | |
| Gain on remeasuring available - | | | | | |
| - for - sale investments | 13 | 154,000 | 90,750 | 154,000 | 90,750 |
| Total items that will be reclassified subsequently to profit or loss | | 154,000 | 90,750 | 154,000 | 90,750 |
| Other comprehensive income for the year | | 429,372 | 20,724,165 | 154,000 | 18,608,036 |
| Total comprehensive income for the Year | | (249,831,108) | (1,147,644,426) | (957,224,392) | (666,604,928) |

The International Engineering Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2018

| | <i>Note</i> | Consolidated | | Separate | |
|---|-------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 (Restated) | 2018 | 2017 (Restated) |
| <i>(in Baht)</i> | | | | | |
| Profit (loss) attributable to:- | | | | | |
| Owners of the parent | | (232,926,578) | (841,983,007) | (957,378,392) | (685,212,964) |
| Non-controlling interests | | (17,333,902) | (326,385,584) | - | - |
| Loss for the year | | <u>(250,260,480)</u> | <u>(1,168,368,591)</u> | <u>(957,378,392)</u> | <u>(685,212,964)</u> |
| Total comprehensive income (loss) attributable to :- | | | | | |
| Owners of the parent | | (232,497,206) | (821,258,842) | (957,224,392) | (666,604,928) |
| Non-controlling interests | | (17,333,902) | (326,385,584) | - | - |
| Total comprehensive income (loss) for the year | | <u>(249,831,108)</u> | <u>(1,147,644,426)</u> | <u>(957,224,392)</u> | <u>(666,604,928)</u> |
| Loss per share | | | | | |
| Basic | 50 | <u>(0.0011)</u> | <u>(0.0041)</u> | <u>(0.0045)</u> | <u>(0.0034)</u> |

The International Engineering Public Company Limited and its Subsidiaries
Statements of changes in equity
For the year ended 31 December 2018

| | | Consolidated financial statements | | | | | | | | |
|--|-------------------------------|---|---|---|------------------------------------|-------------------------------|--|---|---------------------------|---------------------------------------|
| Note | Issued and paid share capital | Share premium (discount) on ordinary shares | Additional paid in capital from reduction in par value of ordinary shares | Discount from changes in the ownership interest in subsidiary | <i>Retained earnings (Deficit)</i> | | Other components of shareholders' equity | Total equity attributable to owners of parent | Non-controlling interests | Total shareholders' equity (Restated) |
| | | | | | Legal reserve | Earnings (Deficit) (Restated) | Available-for-sale investments | | | |
| | | <i>(in Baht)</i> | | | | | | | | |
| | 2,034,465,988 | 1,305,308,722 | 464,905,198 | (46,925,635) | 2,095,975 | (1,823,906,464) | 966,750 | 1,936,910,534 | 45,580,870 | 1,982,491,404 |
| | - | - | - | - | - | 7,189,364 | - | 7,189,364 | - | 7,189,364 |
| | 2,034,465,988 | 1,305,308,722 | 464,905,198 | (46,925,635) | 2,095,975 | (1,816,717,100) | 966,750 | 1,944,099,898 | 45,580,870 | 1,989,680,768 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | | |
| | 1,449,036 | 2,173,554 | - | - | - | - | - | 3,622,590 | - | 3,622,590 |
| | 1,449,036 | 2,173,554 | - | - | - | - | - | 3,622,590 | - | 3,622,590 |
| | 1,449,036 | 2,173,554 | - | - | - | - | - | 3,622,590 | - | 3,622,590 |
| Total comprehensive income (loss) | | | | | | | | | | |
| | - | - | - | - | - | (841,983,007) | - | (841,983,007) | (326,385,584) | (1,168,368,591) |
| | - | - | - | - | - | 20,633,415 | 90,750 | 20,724,165 | - | 20,724,165 |
| | - | - | - | - | - | (821,349,592) | 90,750 | (821,258,842) | (326,385,584) | (1,147,644,426) |
| | 2,035,915,024 | 1,307,482,276 | 464,905,198 | (46,925,635) | 2,095,975 | (2,638,066,692) | 1,057,500 | 1,126,463,646 | (280,804,714) | 845,658,932 |

The International Engineering Public Company Limited and its Subsidiaries
Statements of changes in equity
For the year ended 31 December 2018

| | Note | Consolidated financial statements | | | | | | | | | |
|--|------|-----------------------------------|---|---|---|-----------------------------|---|---|---|---------------------------|---------------------------------------|
| | | Issued and paid share capital | Share premium (discount) on ordinary shares | Additional paid in capital from reduction in par value of ordinary shares | Discount from changes in the ownership interest in subsidiary | Retained earnings (Deficit) | | Other components of shareholders' equity Available-for-sale investments | Total equity attributable to owners of parent | Non-controlling interests | Total shareholders' equity (Restated) |
| | | | | | | Legal reserve | Earnings (Deficit) (Restated) (in Baht) | | | | |
| Balance as at 1 January 2018 - as reported | | 2,035,915,024 | 1,307,482,276 | 464,905,198 | (46,925,635) | 2,095,975 | (2,572,194,205) | 1,057,500 | 1,192,336,133 | (280,804,714) | 911,531,419 |
| Cumulative effect of accounting errors in previous year | 57 | - | - | - | - | - | (65,872,487) | - | (65,872,487) | - | (65,872,487) |
| Balance as at 1 January 2018 - restated | | 2,035,915,024 | 1,307,482,276 | 464,905,198 | (46,925,635) | 2,095,975 | (2,638,066,692) | 1,057,500 | 1,126,463,646 | (280,804,714) | 845,658,932 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | | | |
| Issue of ordinary shares | | 457,442,757 | 114,360,701 | - | - | - | - | - | 571,803,458 | - | 571,803,458 |
| Total contributions by and distributions to owners of the Company | | 457,442,757 | 114,360,701 | - | - | - | - | - | 571,803,458 | - | 571,803,458 |
| Changes in ownership interest in subsidiary | | | | | | | | | | | |
| Purchase of additional investment in subsidiary | | - | - | - | (322,722,587) | - | - | - | (322,722,587) | 298,138,616 | (24,583,971) |
| Total changes in ownership interest in subsidiary | | - | - | - | (322,722,587) | - | - | - | (322,722,587) | 298,138,616 | (24,583,971) |
| Total transactions with owners recorded directly in equity | | 457,442,757 | 114,360,701 | - | (322,722,587) | - | - | - | 249,080,871 | 298,138,616 | 547,219,487 |
| Total comprehensive income (loss) | | | | | | | | | | | |
| Loss for the year | | - | - | - | - | - | (232,926,578) | - | (232,926,578) | (17,333,902) | (250,260,480) |
| Other comprehensive income for the year | | - | - | - | - | - | 275,372 | 154,000 | 429,372 | - | 429,372 |
| Total comprehensive income (loss) for the year | | - | - | - | - | - | (232,651,206) | 154,000 | (232,497,206) | (17,333,902) | (249,831,108) |
| Balance as at 31 December 2018 | | 2,493,357,781 | 1,421,842,977 | 464,905,198 | (369,648,222) | 2,095,975 | (2,870,717,898) | 1,211,500 | 1,143,047,311 | - | 1,143,047,311 |

The International Engineering Public Company Limited and its Subsidiaries

Statements of changes in equity

For the year ended 31 December 2018

| | Note | Separate financial statements | | | | Other components of shareholders' equity Available-for-sale investments | Total shareholders' equity (Restated) | |
|--|------|-------------------------------------|---|--|---|--|---|----------------------|
| | | Issued and paid share capital | Share premium (discount) on ordinary shares | Additional paid-in capital from reduction in par value of ordinary shares | <u>Retained earnings (Deficit)</u> Legal reserve (in Baht) Deficit (Restated) | | | |
| Balance as at 1 January 2017 | | 2,034,465,988 | 1,305,308,722 | 464,905,198 | 2,095,975 | (2,244,205,144) | 966,750 | 1,563,537,489 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | |
| Issue of ordinary shares | | 1,449,036 | 2,173,554 | - | - | - | - | 3,622,590 |
| Total contributions by and distributions to owners of the Company | | 1,449,036 | 2,173,554 | - | - | - | - | 3,622,590 |
| Total transactions with owners, recorded directly in equity | | 1,449,036 | 2,173,554 | - | - | - | - | 3,622,590 |
| Total comprehensive income (loss) | | | | | | | | |
| Loss for the year (restated) | 57 | - | - | - | - | (685,212,964) | - | (685,212,964) |
| Other comprehensive income for the year | | - | - | - | - | 18,517,286 | 90,750 | 18,608,036 |
| Total comprehensive income (loss) for the year | | - | - | - | - | (666,695,678) | 90,750 | (666,604,928) |
| Balance as at 31 December 2017 | | 2,035,915,024 | 1,307,482,276 | 464,905,198 | 2,095,975 | (2,910,900,822) | 1,057,500 | 900,555,151 |

The International Engineering Public Company Limited and its Subsidiaries
 Statements of changes in equity
 For the year ended 31 December 2018

| | Note | Separate financial statements | | | | | Other components of shareholders' equity Available-for-sale investments | Total shareholders' equity (Restated) |
|--|------|-------------------------------------|---|--|-----------------------------------|------------------------|--|---|
| | | Issued and paid share capital | Share premium (discount) on ordinary shares | Additional paid-in capital from reduction in par value of ordinary shares | Retained earnings (Deficit) | | | |
| | | | | | Legal reserve <i>(in Baht)</i> | Deficit (Restated) | | |
| Balance as at 1 January 2018 - as reported | | 2,035,915,024 | 1,307,482,276 | 464,905,198 | 2,095,975 | (2,913,370,799) | 1,057,500 | 898,085,174 |
| Cumulative effect of accounting errors | 57 | - | - | - | - | 2,469,977 | - | 2,469,977 |
| Balance as at 1 January 2018 - restated | | 2,035,915,024 | 1,307,482,276 | 464,905,198 | 2,095,975 | (2,910,900,822) | 1,057,500 | 900,555,151 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | |
| Issue of ordinary shares | 37 | 457,442,757 | 114,360,701 | - | - | - | - | 571,803,458 |
| Total contributions by and distributions to owners of the Company | | 457,442,757 | 114,360,701 | - | - | - | - | 571,803,458 |
| Total transactions with owners, recorded directly in equity | | 457,442,757 | 114,360,701 | - | - | - | - | 571,803,458 |
| Total comprehensive income (loss) | | | | | | | | |
| Loss for the year | | - | - | - | - | (957,378,392) | - | (957,378,392) |
| Other comprehensive income (loss) for the year | | - | - | - | - | - | 154,000 | 154,000 |
| Total comprehensive income (loss) for the year | | - | - | - | - | (957,378,392) | 154,000 | (957,224,392) |
| Balance as at 31 December 2018 | | 2,493,357,781 | 1,421,842,977 | 464,905,198 | 2,095,975 | (3,868,279,214) | 1,211,500 | 515,134,217 |

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the year ended 31 December 2018

| | Note | Consolidated | | Separate | |
|---|------|----------------------|---------------------|----------------------|----------------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | (in Baht) | | | |
| Cash flows from operating activities | | | | | |
| Loss for the year | | (250,260,480) | (1,168,368,591) | (957,378,392) | (685,212,964) |
| <i>Adjustments to reconcile profit to cash receipts (payments)</i> | | | | | |
| Interest income | | (10,170,970) | (2,312,560) | (49,415,938) | (111,926,115) |
| Interest expenses | | 50,167,714 | 39,979,069 | 15,218,484 | 7,938,438 |
| Depreciation and amortization | | 117,678,487 | 99,259,360 | 11,719,087 | 12,181,904 |
| Bad debt and doubtful debts expense | | 30,351,697 | 41,572,696 | 49,695,146 | 331,636,057 |
| Reversal of allowance for doubtful account | | (1,572,696) | - | (101,078,265) | (855,137) |
| Reversal of allowance for diminution in value of inventories | | (1,798,773) | (10,811,217) | (1,073,852) | (999,282) |
| Loss on write off of deteriorated inventories | | 1,260,536 | - | 1,247,842 | - |
| Loss on write off of other current receivables | | 329,016 | - | 329,016 | - |
| Loss on impairment of asset held for sale | | 253,908 | - | 253,908 | - |
| Loss on impairment of withholding tax | | 5,808,345 | - | 5,087,829 | - |
| Loss on write off of advance payments for raw material | | 648,713 | - | - | - |
| Loss on impairment of other current assets | | - | 9,681 | - | - |
| Loss on impairment of investments in subsidiaries | | - | - | 936,000,000 | 91,931,823 |
| Loss on impairment of property, plant and equipment | | 70,904,406 | 675,543,905 | - | 11,449,615 |
| Reversal of allowance for impairment of property, plant and equipment | | (41,543,044) | - | (4,964,629) | - |
| Loss on impairment of intangible assets | | 1,560,395 | 74,993,620 | 441,895 | 1,255,247 |
| Reversal of allowance for impairment of intangible assets | | (7,600,000) | - | - | - |
| Loss on impairment of non-operating asset (reversal) | | (174,894,061) | 226,737,762 | (174,894,061) | 229,087,977 |
| Loss on impairment of goodwill | | - | 2,904,534 | - | - |
| Loss on write off of equipment | | 30,804,525 | 2,274,748 | 11,396,396 | 1,397,005 |
| Loss on write off of non-operating asset | | 162,433,314 | 10,062,100 | 162,433,314 | 10,062,100 |
| Loss on write off of intangible assets | | 42,066 | 14 | 42,066 | 14 |
| Loss on impairment of other non-current assets | | 1,516,220 | - | 215,209 | - |
| Loss on impairment of investment properties (reversal) | | 17,141,373 | (45,719,423) | 17,141,373 | (45,719,423) |
| Loss on impairment of deferred rights to use transmission line (reversal) | | 789,049 | (66,759) | - | - |
| Gain on disposal of equipment | | (179,486) | (461,011) | (174,534) | (449,142) |
| Unrealized gain on exchange rate | | (17,807) | - | (11,570) | - |
| Provision for penalty under the contract | | 10,775,415 | 517,613 | 10,775,415 | 517,613 |
| Provision on lawsuit (reversal) | | 429,525 | (37,590,870) | 429,525 | (20,587,927) |
| Employee benefit expenses | | 1,521,222 | 7,267,216 | 1,329,891 | 6,363,484 |
| Dividend income | | (52,250) | (37,125) | (52,250) | (37,125) |
| | | <u>16,326,359</u> | <u>(84,245,238)</u> | <u>(65,287,095)</u> | <u>(161,965,838)</u> |

The accompanying notes are an integral part of these financial statements.

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the year ended 31 December 2018

| | Note | Consolidated | | Separate | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | (in Baht) | | | |
| <i>Changes in operating assets and liabilities</i> | | | | | |
| Trade accounts receivable | | (807,700) | 7,497,897 | (7,352,366) | 6,079,963 |
| Other current receivables | | 30,458,807 | (24,657,880) | 1,330,776 | (2,550,615) |
| Inventories | | (213,448) | 6,403,627 | (1,250,153) | (12,811) |
| Other current assets | | (847,863) | 810,866 | (2,457) | 829,938 |
| Other non-current assets | | (8,529,051) | (6,259,381) | (11,981,144) | (5,031,183) |
| Trade accounts payable | | (16,161,706) | 2,591,561 | 1,076,432 | 288,526 |
| Other current payables | | (573,524) | (13,283,425) | 6,138,837 | (10,448,994) |
| Accrued expense | | 460,519 | (1,095,209) | 5,151,901 | 480,653 |
| Payment of provision on lawsuit | | (484,288) | - | - | - |
| Other non-current liabilities | | 114,159 | (475,339) | 391,443 | (391,443) |
| Net cash generated from (used in) operation | | 19,742,264 | (112,712,521) | (71,783,826) | (172,721,804) |
| Withholding tax received | | - | 14,554,989 | - | 14,554,989 |
| Withholding tax paid | | (3,321,924) | (2,218,669) | (1,908,855) | (1,635,237) |
| Net cash from (used in) operating activities | | 16,420,340 | (100,376,201) | (73,692,681) | (159,802,052) |
| <i>Cash flows from investing activities</i> | | | | | |
| Interest received | | 12,814,310 | 2,630,740 | 13,663,086 | 10,196,436 |
| Proceeds from dividend | | 52,250 | 37,125 | 52,250 | 37,125 |
| Current investments | | (1,462,267) | - | (1,462,267) | - |
| Payment of short-term loans to related parties | | - | (60,000,000) | (119,330,000) | (134,610,390) |
| Proceeds from short-term loans to related parties | | - | - | 818,428,175 | 25,277,395 |
| Sales of investment in NongRee Power Plant | | 50,000,000 | - | 50,000,000 | - |
| Purchase of investment in subsidiaries | | - | - | (936,000,000) | - |
| Purchase of non-controlling interests | | (24,583,971) | - | - | - |
| Purchase of property, plant and equipment | | (14,020,055) | (20,015,954) | (1,576,597) | (664,230) |
| Sales of equipment | | 1,006,467 | 1,302,727 | 994,411 | 1,260,203 |
| Refund from construction in progress | | 12,460,748 | - | 12,460,748 | - |
| Non-operating asset increased | | - | (26,206,087) | - | (19,185,397) |
| Purchase of intangible assets | | (51,998) | (8,000) | - | - |
| Pledged deposit at bank | | 4,432,349 | (5,542,970) | (63,990) | - |
| Net cash from (used in) investing activities | | 40,647,833 | (107,802,419) | (162,834,184) | (117,688,858) |

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the year ended 31 December 2018

| | <i>Note</i> | Consolidated | | Separate | |
|---|-------------|-----------------------------|----------------------|-----------------------------|----------------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in Baht)</i> | | | |
| <i>Cash flows from financing activities</i> | | | | | |
| Interest paid | | (46,825,052) | (38,852,595) | (13,722,856) | (5,331,401) |
| Bank overdrafts | | (9,208,579) | 26,891,329 | 1,016,530 | (9,015,830) |
| Proceeds from short-term loans from financial institutions | | 223,296,585 | 210,000,000 | 150,000,000 | 50,000,000 |
| Payment of short-term loans from financial institutions | | (290,196,308) | (169,680,277) | (200,000,000) | - |
| Proceeds from short-term loans from related parties | | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| Payment of short-term loans from other | | (20,000,000) | (20,000,000) | (20,000,000) | (20,000,000) |
| Proceeds from long-term loans from financial institutions | | - | 48,829,708 | - | - |
| Payment of long-term loans from financial institutions | | (226,824,871) | (105,701,451) | - | - |
| Finance lease payment | | (1,604,508) | (933,380) | (1,038,459) | (933,380) |
| Advance received for subscription (repayment) | | (1,702,967,375) | 1,702,967,375 | (1,702,967,375) | 1,702,967,375 |
| Proceeds from issue of ordinary shares | | 571,803,458 | 3,622,590 | 571,803,458 | 3,622,590 |
| Net cash from (used in) financing activities | | (1,472,526,650) | 1,687,143,299 | (1,184,908,702) | 1,751,309,354 |
| Net increase (decrease) in cash and cash equivalents | | (1,415,458,477) | 1,478,964,679 | (1,421,435,567) | 1,473,818,444 |
| Cash and cash equivalents at 1 January | 6 | 1,778,631,783 | 299,667,104 | 1,736,659,813 | 262,841,369 |
| Cash and cash equivalents at 31 December | 6 | 363,173,306 | 1,778,631,783 | 315,224,246 | 1,736,659,813 |
| <i>Non - cash transactions</i> | | | | | |
| Purchase of machinery under financial lease agreements | 18, 34 | 4,387,851 | - | - | - |
| Payables on purchase of asset | | - | 10,486,392 | - | - |
| Transfer inventory to property, plant and equipment | | - | 540,597 | - | 540,597 |
| Transfer construction in progress to intangible asset | | - | 1,275,000 | - | 1,275,000 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 25 March 2020.

1. General information

The International Engineering Public Company Limited “the Company” is incorporated in Thailand and has its registered office at 408/37, Phaholyothin Place, 9th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 13 May 1993.

The Company’s first five major shareholders at 4 March 2019 were as follows:

| | <i>(% of paid-up share capital)</i> |
|-----------------------------|-------------------------------------|
| Mr. Komol Jungrunruangkij | 10.54 |
| Mr. Tischuan Nanavaratorn | 2.81 |
| Mr. Surat Itsopolphan | 2.01 |
| Mr. Kornchanun Thanannapong | 1.58 |
| Thai NVDR Company Limited | 1.01 |

The principal activities of the Group are engineering products and providing services on installation and implementation of information technology system, waste plant, generating electricity from waste, solar energy and biomass.

The Company was unable to submit the reviewed and audited consolidated and separate financial statements to the Stock Exchange of Thailand and regulatory agencies as scheduled since the second quarter of 2016 due to the resignation of the former management and directors of the Company who were accused of fraud, and the resignation of the former accounting manager. Besides, the Securities and Exchange Commission (SEC) and the Department of Special Investigation (DSI) had appointed the committee to investigate the fault of the former executive committee. In addition, the Company also filed a lawsuit with the former management. The outcomes of the investigation and the prosecutions have not been finalized. Please also see notes 54 and 58 to the financial statements.

However, the current Board of Directors and management of the Company has attempted to prepare the financial statements of the Group and the Company to be updated by hiring an independent appraiser to assess the assets of the Company and three subsidiaries as of 31 December 2016 by calculating the recoverable amount of assets based on fair value less costs to sell as per the appraisers’ report dated on 8 June 2018 to 24 September 2018, and hiring another independent appraiser to assess the assets of the Company and five subsidiaries as of 31 December 2017 by calculating the recoverable amount of assets based on fair value less costs to sell and using value in use method (based on the present value of future cash flows projection from continuous use of assets (for a subsidiary) as per the appraiser’s report dated 2 July 2019.

The assessment of significant items of assets of the Company and its subsidiaries, which was indicated to impairment, the Company and its subsidiaries adjusted already to reflect the intrinsic value in the financial statements for the year 2016, 2017 and 2018.

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Details of the Company's subsidiaries were as follows:

| Name of entity | Type of business | Country of incorporation | Ownership interest (%) | |
|------------------------------------|---|--------------------------|------------------------|------|
| | | | 2018 | 2017 |
| <i>Direct subsidiaries</i> | | | | |
| 1. IEC Green Energy Co., Ltd. | Providing consulting in research and development, distributing the products regarding technology for environmental management, and development of all energy and alternative energy | Thailand | 100 | 100 |
| 2. IEC Business Partners Co., Ltd. | Investments (not commercial operations yet) | Thailand | 100 | 100 |
| 3. NFS (2010) Co., Ltd. | Sale of mobile phone (liquidation on 4 January 2019) | Thailand | 100 | 100 |
| 4. E-Contech Management Pte. Ltd. | Providing consulting service and engineering technology research (ceased operations) | Singapore | 100 | 100 |
| 5. IEC Sakaeo 1 Co., Ltd. | Operating in production and distribution of electricity from biomass | Thailand | 100 | 100 |
| <i>Indirect subsidiaries</i> | | | | |
| 6. GIDEC Co., Ltd. | Operating in waste disposal, and producing and distributing electricity from biomass. | Thailand | 100 | 50 |
| 7. IEC Mae Tha Mae Taeng Co., Ltd. | Operating in production and distribution of electricity from solar energy | Thailand | 100 | 100 |

The Board of Directors Meeting held on 26 February 2018, passed a resolution to approve IEC Green Energy Co., Ltd. (a direct subsidiary) to acquire ordinary shares of GIDEC Co., Ltd., a subsidiary of IEC Green Energy Co., Ltd., in the amount of 2,000,000 shares or 50% of authorized and paid-up capital from Electricity Generating Public Company Limited ("EGCO"), a joint venture partner of IEC Green Energy Co., Ltd. at the price of Baht 24,583,971 or Baht 12.29 per share by monthly installment payments for 9 months. Such payments were completed on 15 March 2018 and resulted to change in shareholding in subsidiary of IEC Green Energy Co., Ltd. from 50% to 100% and to transfer and register share certificate with the Ministry of Commerce on March 15, 2018. Please also see note 4 to the financial statements.

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2. Basis of preparation of financial statements

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standard (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”), and applicable rules and regulations of the Thai Securities and Exchange Commission.

2.2 New financial reporting standards

2.2.1 Financial reporting standards that became effective in the current year

The FAP has issued a number of new and revised TFRS which are effective for annual accounting periods beginning on or after 1 January 2018. The application of these new and revised TFRS does not have any material effect on the accounting policies, methods of computation financial performance or position of the Group/Company.

2.2.2 Financial reporting standards (TFRSs) have been issued but are not yet effective

The new and revised TFRSs have been issued but are not yet effective and the Group/Company have not been applied in preparing these consolidated and separate financial statements. The new and revised TFRSs that may be relevant to the Group’s/Company’s operations, which become effective for annual consolidated and separate financial periods beginning on or after 1 January 2019 and 2020. The Group/Company does not plan to early adopt these TFRSs.

Management is presently considering the potential impact of adopting and initially applying TFRSs on the consolidated and separate financial statements.

The new TFRSs are set out below;

| TFRS | Topic | Effective |
|-------------|---|------------------|
| TFRS 7* | Financial Instruments: Disclosures | 2020 |
| TFRS9* | Financial Instruments | 2020 |
| TFRS15 | Revenue from Contracts with Customers | 2019 |
| TAS32* | Financial Instruments: Presentation | 2020 |
| TFRIC16* | Hedges of a Net Investment in a Foreign Operation | 2020 |
| TFRIC19* | Extinguishing Financial Liabilities with Equity instruments | 2020 |

* *TFRS - Financial instruments standards*

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Revenue should be recognized when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

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(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| <u>Items</u> | <u>Measurement bases</u> |
|--------------------------------|---|
| Current investments | Fair Value |
| Available-for-sale investments | Fair Value |
| Defined benefit obligation | Present value of non-current provisions for defined benefit as disclosed in note 35 to the financial statements |

2.4 Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Group's /the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

2.5 Use of judgements and estimate

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

2.5.1 Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements is included in the following notes:

| | |
|---------|-----------------------|
| Note 17 | Investment properties |
| Note 34 | Lease classification |

2.5.2 Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

The International Engineering Public Company Limited and its Subsidiaries
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| | |
|-----------------|---|
| Notes 14 and 16 | Allowance for impairment of investment. |
| Note 17 | Valuation of investment properties. |
| Note 18 | Accounting for an arrangement containing a lease. |
| Note 21 | Assumptions of estimates of future cash flows. |
| Note 21 | The calculation of recoverable amount of goodwill. |
| Notes 26 and 49 | Current and deferred taxation and utilisation of tax losses. |
| Note 35 | The assumptions of discount rate, future salary increase rate, staff turnover rate, mortality rate and disability rate. |
| Notes 36 and 54 | Provision on litigation. |
| Note 52 | Valuation of financial instruments. |

Significant accounting judgments and estimates are summarized as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognize or to derecognized assets or liabilities, the management is required to make judgment on whether the Group's/Company's significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Allowance for doubtful accounts

Allowance for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of specific reviews, collection experience, and analysis of debtor aging, taking into account changes in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and adjustments to the allowances may therefore be required in the future.

Allowance for impairment of investments

The Company treats investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

Allowance for impairment of assets

The Group/Company determines assets as impaired when there is any indication of impairment and a significant decline in the fair value of those assets. The Group/Company estimates recoverable amount of assets basing on the management's judgment.

Building, equipment, investment properties and intangible assets and depreciation

In calculating depreciation and amortization on building and equipment and investment properties and intangible assets, the management estimates useful lives and residual values when unused of assets and reviews estimated useful lives and residual values if there are any changes.

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Impairment of goodwill

The Company and its subsidiaries test goodwill on investment in subsidiaries to determine to impairment in each of year. The recoverable amount from cash-generating assets is based on the value-in-use.

Lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Estimated loss on liabilities of the subsidiaries

The management makes subjective judgments and estimates regarding loss on liabilities to other person based on ownership interest in those subsidiaries.

Litigation

The Group/Company has contingent liabilities as a result of litigation. The management has used judgment to assess the outcome of the litigation and believes that no loss will be incurred exceed the provisions are recorded as at the end of reporting period.

Non-current provisions for employee benefit

The Group/ Company has obligations in respect of the severance to be paid to employees upon retirement under the labour law. The Company treats these severance payment obligations as the post-employment benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate and disability rate etc.

2.6 *Measurement of fair values*

A number of the Group/Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group/Company has an established framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group/Company Audit Committee.

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Measuring the fair value of an asset or a liability, the Group/Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group/Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

| | |
|---------|---|
| Note 13 | Measurement of available-for-sale investments |
| Note 17 | Investments properties |
| Note 21 | Goodwill |
| Note 52 | Financial instruments |

2.7 Going Concern

As shown in the financial statements, the Group and the Company had loss for the year 2018 in the amount of Baht 233 million and Baht 957 million in the consolidated and separate financial statements, respectively, and as at 31 December 2018, deficit amounted to Baht 2,871 million and Baht 3,868 million in consolidated and separate financial statements, respectively. The Group also had current liabilities exceeded current assets in the amount of Baht 93 million in consolidated financial statements. Six subsidiaries had deficit of shareholders and a subsidiary did not maintain a financial ratio according to the loan agreement that it may entitle the bank to accelerate the subsidiary makes the repayment immediately. In addition, the Group and the Company had a lot of litigation which have been still in the process of consideration by the Court. Furthermore, The Stock Exchange of Thailand delists common shares of the Company from being listed securities effective from 10 July 2019 onwards. Based on the above circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's/Company's ability to continue as a going concern. However, the current Board of Directors and the management have planned to resolve the above problems to manage liquidity risk and the management is revising the capital restructuring plan to reverse deficit. Including, the Company sued The Stock Exchange of Thailand to The Central Administrative Court (due to delist common shares of the Company from being listed securities) (as details described in note 58 to the financial statements). The case has been in the process of the Central Administrative Court consideration, the result has not been finalized. However, the current management believes that it is appropriate to use going concern basis for preparing the financial statements due to major shareholder of the Company and the Company confirmed to provide continuous financial support for the Company and subsidiaries able to continue business operations until September 2021. Therefore, the consolidated and separate

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financial statements have been prepared in accordance with the basis that the Group and the Company will continue as a going concern with the assumption that the Company has sufficient working capital for the business. The consolidated and separate financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amount and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Business combinations

The Group applies the acquisition method for business combinations.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group/Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

The Group/Company measured non-controlling interests, based on their proportionate interest in net assets from the acquiree.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group/Company incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liability of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht, as the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign exchange differences arising on translation are recognized in profit or loss.

Foreign operations

The financial statements of foreign operations are prepared in Thai Baht which is the functional currency as same as the Company.

3.3 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value, attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price at the reporting date.

3.4 Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments (which do not have restriction of usage). Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

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3.5 Trade and other current receivables

Trade and other current receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

3.6 Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost for finished goods, work in process, fuel raw materials (represented wood bark, woodchips, palm tendon/fiber and bagasse) and chemical. Cost comprises all costs of purchase, cost of conversions and other costs incurred in bringing the inventories to their present location and condition. In case of work in process, cost includes spare parts and supplies, labor cost including appropriate share of costs based on service to be provided.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

3.7 Assets held for sale

Non-current assets are classified as assets held for sale if it is highly probably that they will be primary recovered through sale rather than through continuing use.

Assets are measured at the lower of carrying amounts and fair value less costs to sell.

Impairment loss on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Plant and equipment are classified as assets held for sale is not charged depreciation.

3.8 Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are accounted for using the cost method less an allowance for devaluation of investments.

Investments in other equity securities

Marketable equity securities other than those securities held for trading are classified as available-for-sale. Available-for-sale investments, subsequent to initial recognition, are stated at fair value, and changes therein, other than impairment losses are recognized in equity. Impairment losses are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

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The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group/Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

3.9 Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-developed assets includes other costs directly attributable to bringing the investment property to a working condition or sell such as fee, provide and coordination expenses.

Depreciation is charged to profit or loss on straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

| | |
|-------------|----------|
| Condominium | 20 years |
|-------------|----------|

No depreciation is provided on freehold land.

3.10 Property, plant and equipment

Recognition and measurement

Owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items for major components of property, plant and equipment.

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Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

Leased assets

Leases in terms of which the Group/Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipments acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group/Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

| | | |
|---|-------------------|-------|
| Land improvement | 25 | years |
| Buildings and condominium | 20 | years |
| Leasehold building improvement | 5 | years |
| Electricity generating from solar energy plant with equipment | 25 | years |
| Waste disposal plant and electricity generating from waste plant with equipment | 10, 15, 20 and 25 | years |
| Electricity generating from biomass plant with equipment | 20 | years |
| Tools and equipment | 5 | years |
| Furniture, fixtures and office equipment | 5 | years |
| Vehicles | 5 | years |

No depreciation is provided on Land and construction in progress

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Three subsidiaries classified properties of waste disposal plant and production electricity from waste, solar energy and biomass in accordance with TAS 16 Property, Plant and Equipment. In addition, the subsidiaries considered 2 TFRIC as follows:

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TFRIC 4 : Determining whether an Arrangement contains a Lease

This TRRIC requires the company must asset whether an arrangement is, or contains, a lease should be made, based on the substance of the arrangement. If the arrangement is, or contains, a lease, the company should separate payments for the lease from other payments. The subsidiary assesses and concludes that the arrangement is not be applied under this TFRIC. Although the subsidiary's assets are specific assets, the arrangement does not convey the right to use such assets

TFRIC 12 : Service Concession Arrangement

This interpretation gives guidance on the accounting by operators who obtain the concession in relation to recognize and measure the obligations and related right in public-to-private service concession arrangements. The operators shall recognize consideration received or receivable at fair value as the right in a financial asset or an intangible asset. The subsidiary considers and concludes that the term of service agreement to manage waste disposal system in community with Hatyai Municipality is not agreed with the condition of this interpretation because the subsidiary's main business objective is producing electricity from waste which Hatyai Municipality has to procure and deliver waste to use as supplies for producing electricity under the agreement. The waste disposal plant is a process of preparation waste to be the appropriated supplies for producing electricity. If the waste disposal plant would be constructed alone, it's not worthy for investment.

3.11 Non-operating asset

Non-operating asset represented machinery and equipment are stated at carrying amount at the date when the assets are no longer actively used less allowance for impairment of asset

The difference between the net disposal proceeds and the carrying amount of asset is recognized in profit or loss in the period when the asset is derecognized.

3.12 Other intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination.

Other intangible assets

Other intangible assets that are acquired by the Group / the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

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Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

| | | |
|-------------------------------|----|--|
| Software licences | 5 | years |
| Right of using the technology | 25 | years when the Company commences in commercial operations (11 December 2014) |

Amortisation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

3.13 Leasehold rights

Leasehold rights that are acquired by the Group/the Company, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are 3-28 years.

Amortisation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

3.14 Deferred rights to use transmission line

Deferred rights to use transmission line of the subsidiaries, which represent cost of transmission line system under the agreement in order to link with the Electricity Authority's system for the distributing electricity purpose, are stated at cost less accumulated amortization. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of 25 years.

Amortization methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

3.15 Impairment

The carrying amounts of the Group's/Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

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Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. 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 an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

An impairment loss in respect of goodwill is not reversed.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.16 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

3.17 Trade and other current payables

Trade and other current payables are stated at cost.

3.18 Employee benefits

a) Short – term employee benefits

Short-term employee benefit obligations, which include salaries, wages, bonuses, and contributions to the social security fund, are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group/Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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b) Post – employment benefit plans

The Group/Company records post-employment benefits through a defined contribution plan (under the Provident Fund Act B.E. 2530 (1987)) and a defined benefit plan (obligations for retired employees under the Thai Labor Protection Act B.E. 2541 (1998)).

- *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Providend Fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

- *Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's/Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Such benefits are discounted to determine its present value using the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an independent actuary using the Projected Unit Credit Method.

The Group/Company recognised immediately all actuarial gains or losses arising from defined benefit plans in other comprehensive income.

c) Other long-term employee benefits

The Group/Company's net obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

d) Termination benefits

Termination benefits are expensed at the earlier of when the Group/Company can no longer withdraw the offer of those benefits and when the Group/Company recognized costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of reporting period, then they are discounted.

3.19 Provisions

A provision is recognized if, as a result of past event, the Group/Company has a present legal or constructive obligation that can be estimate reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, the risks specific to the liability. The unwinding of discount is recognized as finance cost.

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3.20 Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and special discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income on engineering is recognized by reference to the stage of completion.

Revenue and cost incurred from installation and implementation of information technology system are recognized in profit or loss by reference to the stage of completion of the contract activity or when the completed work has been delivered and the customer has accepted. The stage of completion is assessed by reference to surveys of work performed. When the outcome of service contract cannot be estimated reliably, installment service revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable. An expected loss on a service contract is recognized immediately in profit or loss.

Revenue from distributing electricity

Revenue from distributing electricity is recognized when electricity is delivered to and accepted by the customer.

Revenue from waste disposal

Revenue from waste disposal is recognized when the services are rendered under the service agreement.

Government grants

Government grants are recognized when there is reasonable assurance that the entity will comply with the conditions related to them and that the grants will be received. The Group/Company has selected to present government grants separately as income in the statement of comprehensive income.

Other income is recognized as services are provided.

Investments

Revenue from investments comprises dividend and interest income from investments and bank deposit.

Dividend income is recognised in profit or loss on the date the Group/the Company's right to receive payments is established.

Interest income is recognised in profit or loss on an accrual basis.

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Other income

Other income is recognized on an accrual basis.

3.21 Expenses

Expenses are recognized on the accrual basis.

3.22 Finance cost

Finance costs comprise interest expense on borrowings and unwinding of discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

3.23 Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group/Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group/Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group/Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group/Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's/Company's incremental borrowing rate.

3.24 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group/Company expected, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting date.

In determining the amount of current and deferred tax, the Group / Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/ Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group/Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.25 *Loss per share*

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.26 *Segment reporting*

Segment results that are reported to the Board of Directors (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.27 *Related parties*

A related party is person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

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4. Acquisition of non-controlling interests

The Board of Directors Meeting of the Company held on 26 Feb 2018 approved IEC Green Energy Co., Ltd. (direct subsidiaries) acquired of 2,000,000 ordinary shares of GIDEC Co., Ltd. which is the subsidiary of IEC Green Energy Co., Ltd. in the price of Baht 12.29 per share, totaling amount of Baht 24,580,000.

On 15 March 2018, IEC Green Energy Co., Ltd. acquired an additional 50% interest in GIDEC Co., Ltd. of Baht 24.58 million in cash, resulting in increasing its ownership from 50% to 100%. The carrying amount of GIDEC Co., Ltd.' s net assets in the Group's financial statements on the date of acquisition was Baht 298 million. The Group recognized a decrease in non-controlling interests of Baht 298 million due to change in the ownership interest in GIDEC Co., Ltd.

The effects of changes in the Group's ownership interest in GIDEC Co., Ltd. were as follows:

| | | <i>(in Baht)</i> |
|--|----------------------|----------------------|
| Group's ownership interest at 1 January 2018 | | (343,329,071) |
| Effect of increase in Group's ownership interest | | |
| Cash paid for acquiring non-controlling interest in the subsidiary | 24,583,971 | |
| Discount from changes in the ownership interests in subsidiary | <u>(322,722,587)</u> | (298,138,616) |
| Share of comprehensive income for the year | | |
| For the period from 1 January 2018 to 31 March 2018 (recognize in proportion of 50% of Baht 35 million) | (17,333,902) | |
| For the period from 1 April 2018 to 31 December 2018 (recognize in proportion of 100%) | <u>(40,304,639)</u> | (57,638,541) |
| Increase in Group's ownership interest from the increasing in share capital of the subsidiary (recognize in proportion of 100% of Baht 500 million) (please see note 14 to the financial statements) | | <u>500,000,000</u> |
| Group's ownership interest at 31 December 2018 (in proportion of 100%) | | <u>(199,106,228)</u> |

5. Related parties

Relationships with subsidiaries and other related parties that the Group / the Company had significant transactions with during the year were as follows:

| Name of related parties | Country of Incorporation/ nationality | Natures of relationship |
|------------------------------------|--|---|
| 1. IEC Green Energy Co., Ltd. | Thailand | Subsidiary, 100% shareholding and some common directors |
| 2. IEC Business Partners Co., Ltd. | Thailand | Subsidiary, 100% shareholding and some common directors |
| 3. NFS (2010) Co., Ltd. | Thailand | Subsidiary, 100% shareholding and some common directors |

The International Engineering Public Company Limited and its Subsidiaries
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| Name of related parties | Country of Incorporation/ nationality | Natures of relationship |
|------------------------------------|--|--|
| 4. GIDEC Co., Ltd. | Thailand | Indirect subsidiary held by IEC Green Energy Co., Ltd. 100% shareholding in 2018 and 50% shareholding in 2017 and some common directors |
| 5. IEC Mae Tha Mae Taeng Co., Ltd. | Thailand | Indirect subsidiary held by IEC Green Energy Co., Ltd., 100% shareholding and some common directors |
| 6. The M Group Plc. | Thailand | Related company by shareholding |
| 7. Electricity Generating PCL | Thailand | Related company, 50% shareholding in GIDEC Co., Ltd., until 15 March 2018. |
| 8. E-Contech Management Pte. Ltd. | Singapore | Subsidiary (ceased operations), 100% shareholding |
| 9. IEC Sakaeo 1 Co., Ltd. (“SK1”) | Thailand | Subsidiary, 100% shareholding and some common directors |
| 10. NongRee Power Plant Co., Ltd. | Thailand | Related company until 26 February 2018. |
| 11. Mr. Komol Junrungruangkij | Thai | Major Shareholder and director |
| 12. Key management personnel | Thailand | Persons having authority and responsibility for Planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Group/Company (whether executive of otherwise) |

The pricing policies for particular types of transactions are explained further below:

| Transactions | Pricing policies |
|--|--|
| Management fee income | Contract price |
| Interest income | 2 - 8.5% per annum in 2018 and 8.5% per annum in 2017 |
| Dividend income | At shareholder meeting resolution |
| Land rental | Contract price |
| Interest expense | 5% per annum |
| Directors’ and managements’ remunerations represent director bonus, meeting allowance, salary and others | Approval from the Company’s directors and shareholders |

The International Engineering Public Company Limited and its Subsidiaries
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Significant transactions for the years ended 31 December with related parties were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-------------------|--|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Revenue | | | | |
| Subsidiaries | | | | |
| Management fee income | - | - | 2,068,000 | 5,386,000 |
| Interest income | - | - | 39,569,558 | 104,300,839 |
| Related companies | | | | |
| Dividend income | 52,250 | 37,125 | 52,250 | 37,125 |
| Expenses | | | | |
| Subsidiaries | | | | |
| Land rental | - | - | 23,333 | 43,000 |
| Related person | | | | |
| Interest expenses | 2,258,904 | 263,014 | 1,508,904 | 263,014 |
| Key management personnel Compensation | | | | |
| Short - term employee benefits | 9,383,686 | 43,290,900 | 7,283,783 | 43,290,900 |
| Post - employment benefits | 364,247 | 4,930,548 | 351,792 | 4,930,548 |
| Total key management personnel compensation | <u>9,747,933</u> | <u>48,221,448</u> | <u>7,635,575</u> | <u>48,221,448</u> |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Balances as at 31 December with related parties were as follows:

Other current receivables - related parties

| | Debt balance | | Consolidated financial statements | | Net | |
|---------------------------------------|---------------------------|---------------------------|--|---------------------------|-----------------|-----------------|
| | 2018 | 2017 | Allowance for doubtful account 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | | | |
| <i>Other receivables</i> | | | | | | |
| Related companies | | | | | | |
| Nong Ree Power Plant Co., Ltd. | - | 735,090 | - | 735,090 | - | - |
| The M Group Plc. | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | - | - |
| <i>Accrued interest income</i> | | | | | | |
| Related company | | | | | | |
| NongRee Power Plant Co., Ltd. | - | 5,185,499 | - | 5,185,499 | - | - |
| Total | <u>450,000,000</u> | <u>455,920,589</u> | <u>450,000,000</u> | <u>455,920,589</u> | <u>-</u> | <u>-</u> |

The International Engineering Public Company Limited and its Subsidiaries
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| | Debt balance | | Separate financial statements | | 2018 | Net | 2017 |
|---------------------------------|--------------------|--------------------|--|--------------------|----------------|------------------|-----------|
| | 2018 | 2017 | Allowance for doubtful account 2018 | 2017 | | | |
| | | | <i>(in Baht)</i> | | | | |
| Other receivables | | | | | | | |
| Subsidiaries | | | | | | | |
| IEC Green Energy Co., Ltd. | 2,024,262 | 1,895,862 | 2,024,262 | 1,895,862 | - | - | - |
| IEC Business Partners Co., Ltd. | 490,060 | 490,060 | 490,060 | 490,060 | - | - | - |
| IEC Mae Tha Mae Taeng Co., Ltd | 103,701 | 1,123,000 | - | - | 103,701 | 1,123,000 | - |
| IEC Sakaeo 1 Co., Ltd. | 7,544,891 | 7,159,691 | 7,544,891 | 7,159,691 | - | - | - |
| NFS (2010) Co., Ltd. | 347,750 | 278,200 | 347,750 | - | - | - | 278,200 |
| GIDEC Co., Ltd. | 7,468,921 | 7,083,721 | 7,468,921 | 7,083,721 | - | - | - |
| Related companies | | | | | | | |
| NongRee Power Plant Co., Ltd. | - | 735,090 | - | 735,090 | - | - | - |
| The M Group Plc. | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | - | - | - |
| Accrued interest income | | | | | | | |
| Subsidiaries | | | | | | | |
| IEC Green Energy Co., Ltd. | 335,825,658 | 306,389,831 | 335,825,658 | 301,688,209 | - | - | 4,701,622 |
| IEC Business Partners Co., Ltd. | 21,018,598 | 21,018,598 | 21,018,598 | 21,018,598 | - | - | - |
| IEC Sakaeo 1 Co., Ltd. | 22,326,689 | 17,048,435 | 22,326,689 | 17,048,435 | - | - | - |
| E-Contech Management Pte. Ltd. | 466,943 | 323,335 | 466,943 | 323,335 | - | - | - |
| Related company | | | | | | | |
| NongRee Power Plant Co., Ltd. | - | 5,185,499 | - | 5,185,499 | - | - | - |
| Total | 847,617,473 | 818,731,322 | 847,513,772 | 812,628,500 | 103,701 | 6,102,822 | |

The International Engineering Public Company Limited and its Subsidiaries
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Short-term loans to related parties

| | Debt balance | | Consolidated financial statements | | Net | |
|----------------------------------|--------------------|----------------------|-----------------------------------|--------------------|----------|--------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | Allowance for doubtful account | | | |
| | | | (in Baht) | | | |
| Related company | | | | | | |
| NongRee Power Plant Co., Ltd.(*) | - | 65,000,000 | - | 45,000,000 | - | 20,000,000 |
| Total | - | 65,000,000 | - | 45,000,000 | - | 20,000,000 |
| | | | Separate financial statements | | | |
| | | | Allowance for doubtful account | | | |
| | | | (in Baht) | | | |
| Subsidiaries | | | | | | |
| IEC Green Energy Co., Ltd. | 627,994,136 | 1,108,014,136 | 627,994,136 | 526,644,136 | - | 581,370,000 |
| IEC Business Partners Co., Ltd. | 760,000 | 199,838,175 | 760,000 | 199,838,175 | - | - |
| IEC Sakaeo 1 Co., Ltd. | 110,269,215 | 130,269,215 | 110,269,215 | 125,769,215 | - | 4,500,000 |
| E-Contech Management Pte. Ltd. | 4,522,605 | 4,522,605 | 4,522,605 | 10,800,000 | - | (6,277,395) |
| Related companies | | | | | | |
| NongRee Power Plant Co., Ltd. | - | 65,000,000 | - | 45,000,000 | - | 20,000,000 |
| Total | 743,545,956 | 1,507,644,131 | 743,545,956 | 908,051,526 | - | 599,592,605 |

*In year 2018, to be classified as other current receivables in the amount of Baht 65 million and set the allowance for doubtful accounts in full amount.

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| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------------|--|--------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| <i>For the year ended 31 December</i> | | | | |
| Doubtful debts expense | - | 40,000,000 | - | 315,017,181 |
| Reversal of allowance for doubtful account | - | - | (99,505,570) | (855,137) |
| Net | - | 40,000,000 | (99,505,570) | 314,162,044 |

Movements of short – term loans to related parties during the years ended 31 December were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------|--|-------------------|--|----------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| At 1 January | 65,000,000 | 5,000,000 | 1,507,644,131 | 1,398,311,136 |
| Increase | - | 60,000,000 | 119,330,000 | 134,610,390 |
| Decrease | - | - | (818,428,175) | (25,277,395) |
| Transfer | (65,000,000) | - | (65,000,000) | - |
| At 31 December | - | 65,000,000 | 743,545,956 | 1,507,644,131 |

The Board of Directors Meeting of the Company held on 26 February 2018 passed a resolution to approve the Company to sell the right to claim of short-term loans to Nong Ree Power Plant Co., Ltd. in the amount of Baht 65 million to other company who purchased share of Nong Ree Power Plant Co., Ltd. from the Company at the price of Baht 20 million. The payment was required to be completed within 3 years by monthly payable in 36 installments of Baht 555,555.55 per month. The first installment will be paid within the end of month (when Nong Ree Power Plant Co., Ltd. was able to produce 3 megawatts of electricity and sold to PEA). On 26 February 2018, the Company entered into the sell and purchase the right to claim agreement. As at 31 December 2018, the outstanding balance amounted to Baht 65 million. The Company had not received the payment from sale the right to claim so set up an allowance for doubtful accounts in full amount of Baht 65 million and reclassified this transaction to other current receivables in full amount as described in note 9 to the financial statements.

Investments in subsidiaries were as details in note 14 to the financial statements.

Other current payables - related parties

| | Consolidated financial statements | | Separate financial statements | |
|--|--|----------------|--|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| <i>Other payables</i> | | | | |
| <i>Subsidiary</i> | | | | |
| IEC Green Energy Co., Ltd. | - | - | - | 56,989 |
| <i>Accrued interest expense</i> | | | | |
| <i>Related Person</i> | | | | |
| Mr. Komol Jungrungruangkij | 1,789,726 | 526,713 | 776,027 | 263,014 |
| Total | 1,789,726 | 526,713 | 776,027 | 320,003 |

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Short-term loans from related person

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Related person | | | | |
| Mr. Komol Jungrunruangkij | 65,000,000 | 35,000,000 | 50,000,000 | 20,000,000 |
| Total | 65,000,000 | 35,000,000 | 50,000,000 | 20,000,000 |

As of 31 December 2018, short-term loans from related person in the amount of Baht 65 million and Baht 50 million in the consolidated and separate financial statements, respectively, represented promissory notes with interest charged at 5% per annum, repayable on demand and within 19 September 2019, respectively.

Movements of short-term loans from related person during the years ended 31 December were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| At 1 January | 35,000,000 | - | 20,000,000 | - |
| Increase | 30,000,000 | 35,000,000 | 30,000,000 | 20,000,000 |
| Decrease | - | - | - | - |
| At 31 December | 65,000,000 | 35,000,000 | 50,000,000 | 20,000,000 |

Non-current provisions for employee benefit – related person

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Related person | | | | |
| Key management personnel | 1,868,238 | 1,523,613 | 1,825,503 | 1,473,711 |
| Total | 1,868,238 | 1,523,613 | 1,825,503 | 1,473,711 |

Provision for losses of subsidiaries was described in note 36 to the financial statements.

Directors' remunerations

The Ordinary General Meeting of Shareholders held on 30 April 2018 passed a resolution to approve the remunerations for directors and audit committee for the year 2018 in the amount not exceeding Baht 0.96 million.

The Ordinary General Meeting of Shareholders held on 22 May 2017 passed a resolution to approve the remunerations for directors, executive directors, audit committee, risk management committee, nomination and remuneration committee and corporate governance committee for the year 2017 in the amount not exceeding Baht 7.50 million.

Please also see note 58 to the financial statements.

The International Engineering Public Company Limited and its Subsidiaries
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Significant agreements with related parties

During 2018, the Company entered into the management agreements and an additional memorandum of agreement in 2019 with five subsidiaries to provide various management services for a period of 12 months from 1 January 2018 to 31 December 2018, requiring management fee of each subsidiary at the rate of Baht 120,000 to Baht 1,163,000 per year. Please also see note 58 to the financial statements.

On 1 January 2017, the Company entered into management agreements with seven subsidiaries to provide various management services (engineering, accounting, financing, human resource, administration, controlling, audit, legal, information and others) for a period of 12 months from 1 January 2017 to 31 December 2017, requiring a monthly management fee of Baht 278,200 to Baht 1,768,710 per subsidiary.

On 29 July 2016, the Company entered into a land rental agreement with a subsidiary (IEC Green Energy Co., Ltd.), agreed to lease land which is located at Tha Chang, Hat Yai, Songkhla for a period of 2 years from 29 July 2016 to 28 July 2018 with annual rental rate of Baht 40,000.

On 1 April 2016, a subsidiary (IEC Green Energy Co., Ltd.), entered into a front-end machinery rental agreement with a subsidiary (GIDEC Co., Ltd.) for a period of 5 years with monthly rental rate of Baht 1.50 million.

Contingently liable to its related parties

As at 31 December 2018, the Company was contingently liable as guarantor of loans from domestic financial institution of the subsidiary (IEC Mae Tha Mae Taeng Co., Ltd.).

6. Cash and cash equivalents

| | Consolidated | | Separate | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Cash on hand | 1,048,000 | 801,000 | 696,000 | 419,000 |
| Cash at banks – current accounts | 10,120,026 | 5,893,118 | 57,923 | 30,071 |
| Cash at banks – savings accounts | 343,197,272 | 59,472,506 | 305,687,021 | 23,770,288 |
| Cash at banks – fix accounts | 8,808,008 | 9,656,207 | 8,783,302 | 9,631,502 |
| Advance received for share subscription | - | 1,702,808,952 | - | 1,702,808,952 |
| Total | <u>363,173,306</u> | <u>1,778,631,783</u> | <u>315,224,246</u> | <u>1,736,659,813</u> |

The Extraordinary Shareholders Meeting No.1/2017 held on 20 October 2017, passed a resolution to approve the increase in share capital of 203,591,502,350 shares at par value of Baht 0.01 by allocating and offering to the existing shareholders at the price of Baht 0.0125 per share. Subsequently, on 6 December 2017, the Company received the payment for subscription from allocating and offering share capital to existing shareholders in the amount of Baht 1,702.81 million. However, on 21 May 2018, the Company received notice from the Registrar to unaccept the registration of increasing capital. Therefore, the Company returned the advance for share subscription with interest to the shareholders in the amount of Baht 1,710.83 million as described in note 32 to the financial statements.

The International Engineering Public Company Limited and its Subsidiaries
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7. Current investments

| | Consolidated and separate financial statements | | | |
|------------------------------|---|------------------|----------|------------|
| | 2018 | | 2017 | |
| | Cost | Fair value | Cost | Fair value |
| | <i>(in Baht)</i> | | | |
| Cash at banks – fix accounts | 1,462,267 | 1,462,267 | - | - |
| Total | 1,462,267 | 1,462,267 | - | - |

8. Trade accounts receivable

| | Consolidated | | Separate | |
|--|-----------------------------|--------------------|-----------------------------|------------------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Other parties | 61,916,738 | 61,109,038 | 23,992,287 | 16,639,922 |
| Less allowance for doubtful accounts | (7,603,818) | (8,449,214) | (6,876,518) | (8,449,214) |
| Net | 54,312,920 | 52,659,824 | 17,115,769 | 8,190,708 |
| For the year ended 31 December | | | | |
| Doubtful debts expenses | 727,300 | 1,772,905 | - | 1,572,696 |
| Reversal of allowance for doubtful account | (1,572,696) | - | (1,572,696) | - |
| | (845,396) | (1,772,905) | (1,572,696) | 1,572,696 |

Aging analyses for trade accounts receivable were as follows:

| | Consolidated | | Separate | |
|--------------------------------------|-----------------------------|-------------------|-----------------------------|------------------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Within credit terms | 47,030,672 | 49,218,205 | 11,680,853 | 4,749,088 |
| Overdue | | | | |
| Less than 3 months | 4,418,803 | 5,014,315 | 2,575,383 | 5,014,315 |
| Over 3-6 months | 7,655 | - | 7,655 | - |
| Over 6-12 months | 2,853,458 | - | 2,851,878 | - |
| Over 12 months | 7,606,150 | 6,876,518 | 6,876,518 | 6,876,519 |
| Total | 61,916,738 | 61,109,038 | 23,992,287 | 16,639,922 |
| Less allowance for doubtful accounts | (7,603,818) | (8,449,214) | (6,876,518) | (8,449,214) |
| Net | 54,312,920 | 52,659,824 | 17,115,769 | 8,190,708 |

The normal credit term granted by the Group/Company ranges from 7 -30 days.

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

9. Other current receivables

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------------------|--|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| | | <i>(in Baht)</i> | | |
| Related parties | 450,000,000 | 455,920,589 | 847,617,473 | 818,731,322 |
| Less allowance for doubtful accounts | <u>(450,000,000)</u> | <u>(455,920,589)</u> | <u>(847,513,772)</u> | <u>(812,628,500)</u> |
| Net | <u>-</u> | <u>-</u> | <u>103,701</u> | <u>6,102,822</u> |
| Other parties | 305,634,820 | 289,760,048 | 186,733,003 | 116,526,092 |
| Less allowance for doubtful accounts | <u>(153,254,471)</u> | <u>(94,324,139)</u> | <u>(130,537,529)</u> | <u>(50,727,654)</u> |
| Net | <u>152,380,349</u> | <u>195,435,909</u> | <u>56,195,474</u> | <u>65,798,438</u> |
| Net | <u>152,380,349</u> | <u>195,435,909</u> | <u>56,299,175</u> | <u>71,901,260</u> |
| For the year 31 December | | | | |
| Doubtful debts expenses | 9,624,397 | - | 49,695,147 | - |
| Reversal of allowance for doubtful account | <u>-</u> | <u>(200,209)</u> | <u>-</u> | <u>-</u> |
| | <u>9,624,397</u> | <u>(200,209)</u> | <u>49,695,147</u> | <u>-</u> |

Other current receivable - other parties

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------------------|--|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| | | <i>(in Baht)</i> | | |
| Accrued income | 31,559,271 | 58,152,231 | 12,064,313 | 10,416,242 |
| Prepaid expenses | 4,661,194 | 3,813,937 | 976,092 | 2,007,316 |
| Advance payment for development project | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| Other advance payment | 114,437 | 212,335 | 88,670 | - |
| Accrued interest income | 6,315,859 | 235,196 | 6,315,859 | 235,197 |
| Value added tax recoverable | 127,329,792 | 134,733,410 | 49,235,056 | 50,804,399 |
| Input tax invoices | 3,283,543 | 3,007,122 | 1,306,704 | 1,306,704 |
| Advance payment for materials | 3,204,226 | 3,080,060 | - | - |
| Other receivables – NongRee Power Plant Co., Ltd | 65,000,000 | - | 65,000,000 | - |
| Other receivables | <u>58,166,498</u> | <u>80,525,757</u> | <u>45,746,309</u> | <u>45,736,234</u> |
| Total | <u>305,634,820</u> | <u>289,760,048</u> | <u>186,733,003</u> | <u>116,526,092</u> |
| Less allowance for doubtful accounts | <u>(153,254,471)</u> | <u>(94,324,139)</u> | <u>(130,537,529)</u> | <u>(50,727,654)</u> |
| Net | <u>152,380,349</u> | <u>195,435,909</u> | <u>56,195,474</u> | <u>65,798,438</u> |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Allowance for doubtful accounts of other current receivable - other parties comprised :-

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-------------------|--|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| | | <i>(in Baht)</i> | | |
| Accrued income | 7,823,793 | - | 7,823,793 | - |
| Advance payment for development project | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| Accrued interest income | 6,078,582 | - | 6,078,582 | - |
| Value added tax recoverable | 10,876,920 | 10,876,920 | - | - |
| Other receivables – Nong Ree Power Plant Co., Ltd | 65,000,000 | - | 65,000,000 | - |
| Other receivables | 57,475,176 | 77,447,219 | 45,635,154 | 44,727,654 |
| Total | 153,254,471 | 94,324,139 | 130,537,529 | 50,727,654 |

10. Inventories

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-------------------|--|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| | | <i>(in Baht)</i> | | |
| Fuel - raw material | 4,826,650 | 5,581,807 | - | - |
| Spare parts and supplies | 430,680 | - | - | - |
| Finished goods | - | 1,798,773 | - | 1,073,852 |
| Cost of installation work | 5,119,818 | 4,043,655 | 5,119,818 | 4,043,655 |
| Total | 10,377,148 | 11,424,235 | 5,119,818 | 5,117,507 |
| Less allowance for devaluation of inventories | - | (1,798,773) | - | (1,073,852) |
| Net | 10,377,148 | 9,625,462 | 5,119,818 | 4,043,655 |

For the year 31 December

| | | | | |
|---|-----------|------------|-----------|---------|
| Reversal of allowance for devaluation of inventories | 1,798,773 | 10,811,217 | 1,073,852 | 999,282 |
|---|-----------|------------|-----------|---------|

The inventories recognized as an expense in cost of sales and services for the years ended 31 December 2018 and 2017 are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--|--------------------|--|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| | | <i>(in Baht)</i> | | |
| Cost of sales and services | 437,164,753 | 317,982,837 | 43,632,451 | 33,976,596 |
| Reversal of allowances for devaluation | (1,798,773) | (4,309,688) | (1,073,852) | (999,282) |
| Net | 435,365,980 | 313,673,149 | 42,558,599 | 32,977,314 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

11. Assets held for sales

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--|-------------------|--|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Investments in ordinary share | - | 50,000,000 | - | 50,000,000 |
| Equipment (vehicle) | 432,478 | - | 432,478 | - |
| Total | 432,478 | 50,000,000 | 432,478 | 50,000,000 |
| Less allowance for impairment | (253,908) | - | (253,908) | - |
| Net | 178,570 | 50,000,000 | 178,570 | 50,000,000 |

The Board of Director Meeting held on 27 April 2016, under the management of the former Board of Directors who passed a resolution to approve the acquisition of ordinary shares of NongRee Power Plant Co., Ltd. from former shareholders of 500,000 shares or 100% of authorized and paid-up capital at par value of Baht 100 totaling Baht 50 million. The Company entered into a sale and purchase of share agreement on 29 April 2016 and made the payment of Baht 50 million on agreement date. NongRee Power Plant Co., Ltd. entered into a power sale and purchase agreement with Provincial Electricity Authority for 3 megawatts and was in the process of starting the construction of biogas power plant with the budget cost of construction approximately Baht 286 million.

The Company valued the power sale and purchase agreements equaled to the acquisition cost due to uncertainty of constructing the power plant by NongRee Power Plant Co., Ltd. which would be finished before producing electricity for sale. The current management did not appraise the fair value of such assets because the Company could not provide financial support for the power plant construction and intended to disposal this investment to third party. Therefore, as at 31 December 2017, the Company classified such investment as investments held for sale.

The Board of Directors Meeting held on 7 February 2018, passed a resolution to approve, the Company to sell 500,000 ordinary shares at par value of Baht 100 of NongRee Power Plant Co., Ltd. to STRR Engineering Co., Ltd. at the selling price of Baht 100 per share equivalent to Baht 50 million. The Company entered into a sale and purchase agreement and received the payment in full amount on 26 February 2018.

12. Withholding Tax

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--|------------------|--|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Withholding Tax | 7,833,598 | 4,511,674 | 5,087,829 | 3,178,974 |
| Less allowance for impairment | (5,814,920) | (6,575) | (5,087,829) | - |
| Net | 2,018,678 | 4,505,099 | - | 3,178,974 |
| For the year 31 December | | | | |
| Impairment loss | 5,808,345 | - | 5,087,829 | - |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

13. Available-for-sale investments

| | Consolidated and separate financial statements | |
|-----------------------|---|-------------------------|
| | Fair Value | |
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| At 1 January | 1,182,500 | 1,091,750 |
| Valuation adjustment | 154,000 | 90,750 |
| At 31 December | <u>1,336,500</u> | <u>1,182,500</u> |

| | Consolidated and Separate financial statements | | | | | |
|--------------------------------------|---|----------------|--|------------------|------------------|------------------|
| | Cost | | Unrealized gain from change in value of investments | | Fair value | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | | | |
| Available-for-sale investment | | | | | | |
| Electricity Generating Plc. | <u>125,000</u> | <u>125,000</u> | <u>1,211,500</u> | <u>1,057,500</u> | <u>1,336,500</u> | <u>1,182,500</u> |

14. Investments in subsidiaries

Movements during the years ended 31 December were as follows:

| | Separate financial statements | |
|---|--|--------------------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| Cost:- | | |
| At 1 January | 1,550,010,330 | 1,550,010,330 |
| Acquisitions | 936,000,000 | - |
| | <u>2,486,010,330</u> | <u>1,550,010,330</u> |
| Less allowance for devaluation of investments | (2,486,010,330) | (1,550,010,330) |
| At 31 December | <u>-</u> | <u>-</u> |
| For the year ended 31 December | | |
| Loss on devaluation of investments | <u>936,000,000</u> | <u>91,931,823</u> |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Investments in subsidiaries as at 31 December 2018 and 2017 were as follows:

| | Ownership | | Paid-up capital | | Separate financial statements | | | | At cost – net | | Dividends | |
|---------------------------------|-----------|------|--------------------------|------|-------------------------------|----------------------|------------------------|------------------------|---------------|----------|-----------|----------|
| | Interest | | 2018 | 2017 | Cost method | | Allowance for | | 2018 | 2017 | 2018 | 2017 |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | <i>(in million Baht)</i> | | | | <i>(in Baht)</i> | | | | | |
| Direct subsidiaries | | | | | | | | | | | | |
| IEC Green Energy Co., Ltd. | 100 | 100 | 1,040 | 534 | 1,031,135,000 | 525,135,000 | (1,031,135,000) | (525,135,000) | - | - | - | - |
| IEC Business Partners Co., Ltd. | 100 | 100 | 760 | 560 | 760,600,000 | 560,600,000 | (760,600,000) | (560,600,000) | - | - | - | - |
| NFS (2010) Co., Ltd. | 100 | 100 | 16 | 16 | 16,000,000 | 16,000,000 | (16,000,000) | (16,000,000) | - | - | - | - |
| E-Contech Management Pte. Ltd. | 100 | 100 | 3 | 3 | 3,275,330 | 3,275,330 | (3,275,330) | (3,275,330) | - | - | - | - |
| IEC Sakaeo1 Co., Ltd. | 100 | 100 | 630 | 400 | 675,000,000 | 445,000,000 | (675,000,000) | (445,000,000) | - | - | - | - |
| Total | | | | | 2,486,010,330 | 1,550,010,330 | (2,486,010,330) | (1,550,010,330) | - | - | - | - |

The International Engineering Public Company Limited and its Subsidiaries
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IEC Green Energy Co., Ltd.

The Extraordinary Meeting of Shareholders of IEC Green Energy Co., Ltd. held on 10 April 2018 approved the increase of the Company's authorized share capital by Baht 6 million by the creation of 600,000 new ordinary shares of Baht 10 par value in order to support investment in waste power plants of GIDEC Co., Ltd. On 11 April 2018, the Company already registered the increased paid-up share capital with Ministry of Commerce.

The Extraordinary Meeting of Shareholders of IEC Green Energy Co., Ltd. held on 12 November 2018 approved the increase of the Company's authorized share capital by Baht 500 million by the creation of 50,000,000 new ordinary shares of Baht 10 par value in order to capital restructuring. On 14 November 2018, the Company already registered the increased paid-up share capital with Ministry of Commerce.

IEC Business Partners Co., Ltd.

The Extraordinary Meeting of Shareholders of IEC Business Partners Co., Ltd. held on 21 November 2018 approved the increase of the Company's authorized share capital by Baht 200 million by the creation of 20,000,000 new ordinary shares of Baht 10 par value in order to capital restructuring. On 22 November 2018, the Company already registered the increased paid-up share capital with Ministry of Commerce.

IEC Sakaeo1 Co., Ltd.

The Extraordinary Meeting of Shareholders of IEC Sakaeo1 Co., Ltd., held on 19 November 2018 approved the increase of the Company's authorized share capital by Baht 100 million by the creation of 1,000,000 new ordinary shares of Baht 100 par value in order to capital restructuring. On 29 November 2018, the Company already registered the increased paid-up share capital with Ministry of Commerce.

The Extraordinary Meeting of Shareholders of IEC Sakaeo1 Co., Ltd., held on 21 December 2018 approved the increase of the Company's authorized share capital by Baht 130 million by the creation of 1,300,000 new ordinary shares of Baht 100 par value in order to reduce the company's financial cost obligation. On 26 December 2018, the Company already registered the increased paid-up share capital with Ministry of Commerce.

On 30 May 2016, the Board of Directors Meeting of the Company approve to invest additionally in IEC Sakaeo 1 Co., Ltd. by acquiring ordinary shares from the former shareholders of 1,000,000 shares or 25% of paid-up share capital of Baht 100 per share of Baht 100 million to increase the shareholding from 75% to 100%. The Company entered into a sale and purchase agreement on 10 June 2016 and made the payment on the agreement date including recognized discount from change in ownership interest in subsidiary of Baht 46.93 million in shareholders' equity. However, such transaction has been under the allegations of fraud against the former management by the Securities and Exchange Commission (SEC). Presently, it has been in the process of investigation of Department of Special Investigation (DSI) which has not been finalized.

NFS (2010) Co., Ltd.

The Board of Directors Meeting held on 8 March 2018, passed a resolution to dissolve the NFS (2010) Co., Ltd. because it does not commercially operate in present. The Company registered the dissolution and liquidation on 15 March 2018 and 4 January 2019, respectively.

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Notes to the financial statements
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15. Non – controlling interests

The following table summarizes the information relating to the Group’s subsidiaries that has a material non-controlling interest.

| | Gidec Co.,Ltd 2017 <i>(in Baht)</i> |
|---|---|
| Non – controlling interests percentage | <u>50</u> |
| Current assets | 115,818,414 |
| Non-current assets | 405,340,076 |
| Current liabilities | (1,085,823,588) |
| Non-current liabilities | <u>(34,944,830)</u> |
| Net assets | <u>599,609,928</u> |
| Carrying amount of non- controlling interest | <u>(280,804,714)</u> |
| Revenue | 149,220,810 |
| Loss for the year | (652,771,168) |
| Other comprehensive income | - |
| Total comprehensive income (loss) | <u>(652,771,168)</u> |
| Loss allocated to non- controlling interest | <u>(326,385,584)</u> |
| Cash flows from operating activities | 21,870,767 |
| Cash flows from investing activities | (11,345,779) |
| Cash flows from financing activities | <u>(2,806,711)</u> |
| Net increase in cash and cash equivalents | <u>7,718,277</u> |

16. Other long-term investments

Movements during the years ended 31 December 2018 and 2017 were as follows:

| | Consolidated and separate financial statements | |
|--|---|-----------------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| General investments | | |
| At 1 January – Cost | 9,195,000 | 9,195,000 |
| Less allowance for devaluation of investments | <u>(8,995,000)</u> | <u>(8,995,000)</u> |
| At 31 December | <u>200,000</u> | <u>200,000</u> |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Consolidated and separate financial statements | | | | | |
|--|--|------------------|---|--------------------|----------------|----------------|
| | Cost | | Allowance for devaluation of investments | | Cost - net | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | | | |
| General investments | | | | | | |
| Energy System Engineering and Service Co., Ltd. | 8,995,000 | 8,995,000 | (8,995,000) | (8,995,000) | - | - |
| Auto Info Co., Ltd. | 200,000 | 200,000 | - | - | 200,000 | 200,000 |
| Total | 9,195,000 | 9,195,000 | (8,995,000) | (8,995,000) | 200,000 | 200,000 |

17. Investment properties

| | Consolidated financial statements | | |
|---|-----------------------------------|-------------------|--------------------|
| | Land | Condominium | Total |
| | <i>(in Baht)</i> | | |
| Cost | | | |
| At 1 January 2017 | 195,991,919 | 39,584,669 | 235,576,588 |
| No change during the year | - | - | - |
| At 31 December 2017 and 1 January 2018 | 195,991,919 | 39,584,669 | 235,576,588 |
| No change during the year | - | - | - |
| At 31 December 2018 | 195,991,919 | 39,584,669 | 235,576,588 |
| Accumulated depreciation | | | |
| At 1 January 2017 | - | 13,019,006 | 13,019,006 |
| Depreciation charge for the year | - | 1,979,532 | 1,979,532 |
| At 31 December 2017 and 1 January 2018 | - | 14,998,538 | 14,998,538 |
| Depreciation charge for the year | - | 1,979,206 | 1,979,206 |
| At 31 December 2018 | - | 16,977,744 | 16,977,744 |
| Allowance for impairment | | | |
| At 1 January 2017 | 45,719,423 | - | 45,719,423 |
| Reversal | (45,719,423) | - | (45,719,423) |
| At 31 December 2017 and 1 January 2018 | - | - | - |
| Additions | 17,141,373 | - | 17,141,373 |
| At 31 December 2018 | 17,141,373 | - | 17,141,373 |
| Net book value | | | |
| At 31 December 2017 | 195,991,919 | 24,586,131 | 220,578,050 |
| At 31 December 2018 | 178,850,546 | 22,606,925 | 201,457,471 |

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| | Separate financial statements | | |
|---|-------------------------------|--------------------------|--------------------|
| | Land | Condominium (in Baht) | Total |
| Cost | | | |
| At 1 January 2017 | 159,633,573 | 792,870 | 160,426,443 |
| No change during the year | - | - | - |
| At 31 December 2017 and 1 January 2018 | 159,633,573 | 792,870 | 160,426,443 |
| No change during the year | - | - | - |
| At 31 December 2018 | 159,633,573 | 792,870 | 160,426,443 |
| Accumulated depreciation | | | |
| At 1 January 2017 | - | 690,654 | 690,654 |
| Depreciation charge for the year | - | 39,942 | 39,942 |
| At 31 December 2017 and 1 January 2018 | - | 730,596 | 730,596 |
| Depreciation charge for the year | - | 39,616 | 39,616 |
| At 31 December 2018 | - | 770,212 | 770,212 |
| Allowance for impairment | | | |
| At 1 January 2017 | 45,719,423 | - | 45,719,423 |
| Reversal | (45,719,423) | - | (45,719,423) |
| At 31 December 2017 and 1 January 2018 | - | - | - |
| Additions | 17,141,373 | - | 17,141,373 |
| At 31 December 2018 | 17,141,373 | - | 17,141,373 |
| Net book value | | | |
| At 31 December 2017 | 159,633,573 | 62,274 | 159,695,847 |
| At 31 December 2018 | 142,492,200 | 22,658 | 142,514,858 |

Depreciation for the years were included in:-

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|--------------------------------------|------------------|----------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| Administrative expenses | 1,979,206 | 1,979,532 | 39,616 | 39,942 |
| Total | 1,979,206 | 1,979,532 | 39,616 | 39,942 |
| For the year 31 December | | | | |
| Impairment loss | 17,141,373 | - | 17,141,373 | - |

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Investment properties as at 31 December 2018 were as follows:

| Location | No.title deeds/Nor Sor 3 kor | Area | Cost | 31 December 2018 | | Appraised value |
|---|--------------------------------|------------------------------|---------------|--|----------------|-----------------|
| | | | | Accumulated depreciation/ allowance for impairment | Net book value | |
| The Company | | | | | | |
| • Land | | | | | | |
| 1. Ban Bueng District, Chonburi Province | 4 title deeds | 120 rai | 133.12 | 17.15 | 115.97 | 115.97 |
| 2. Sa Krai District and Muang District, NongKhai Province | 4 title deeds | 99 rai | 0.58 | - | 0.58 | 19.15 |
| 3. Hat Yai District, Songkhla Province | 1 title deed | 99 square wah | 0.03 | - | 0.03 | 1.55 |
| 4. NikomPhatthana District, Rayong Province | 1 title deed | 24 rai | 25.91 | - | 25.91 | 33.62 |
| | 10 title deeds | 243 rai 99 square wah | 159.64 | 17.15 | 142.49 | 170.29 |
| • Condominium | | | | | | |
| 1. P.S.T. Condo Ville Tower 1 Bangkok | - | - | 0.79 | 0.77 | 0.02 | 1.38 |
| Total of the Company | 10 title deeds | 243 rai 99 square wah | 160.43 | 17.92 | 142.51 | 171.67 |
| Subsidiaries | | | | | | |
| IEC Green Energy Co., Ltd | | | | | | |
| • Land | | | | | | |
| 1. Hat Yai District, Songkhla Province | 2 title deeds | 10 rai | 29.14 | - | 29.14 | 71.78 |
| IEC Sakaeo1 Co., Ltd. | | | | | | |
| • Land | | | | | | |
| 1. Muang Sakaeo District, Sakaeo Province | 2 title deeds 1 set | 64 rai | 7.22 | - | 7.22 | 11.64 |
| | 4 title deeds 1 set | 74 rai | 36.36 | - | 36.36 | 83.42 |
| IEC Green Energy Co., Ltd | | | | | | |
| • Condominium | | | | | | |
| 1. Commonwealth Pinklao Bangkok | | | 38.79 | 16.20 | 22.59 | 49.47 |
| Total of subsidiaries | | | 75.15 | 16.20 | 58.95 | 132.89 |
| Grand total | | | 235.58 | 34.12 | 201.46 | 304.56 |

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Measurement of fair values

- The Company and such subsidiaries had appraised the investment properties by an independent appraiser (15 Business Advisory Limited) based on market price less cost to sell as the appraisal report dated 2 July 2019.
- Land 64 rai of a subsidiary (IEC Sakaeo 1 Co., Ltd.) with cost value amounted to Baht 7.22 million, the subsidiary had entered into sales and purchase agreement with other person (former shareholders in subsidiary) in the price as same as cost and presented the amount of land as advance received from sale of land in other non-current liabilities. The subsidiary has not yet transferred the ownership to the buyer because the buyer has a lawsuit to be responsible and providing compensation to the Company and subsidiary as described in note 54 to the financial statements.

Pledge

As at 31 December 2018, investment properties totaling 4 title deeds with cost value amounted to Baht 133 million and condominium with book value amounted to Baht 22.58 million of subsidiary (IEC Green Energy Co., Ltd.) had been mortgaged as collateral for loans from a related person and please also see note 55 to the financial statements.

The International Engineering Public Company Limited and its Subsidiaries
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18. Property, plant and equipment

| Consolidated financial statements | | | | | | | | | | | | |
|---|-------------------|--------------------|--------------------------|--------------------------------|---|--|-------------------------|---------------------|---|-------------------|--------------------------|----------------------|
| | Land | Land improvement | Building and condominium | Leasehold building improvement | Solar energy power plant with equipment | Waste disposal plant from waste and biomass with equipment | Machinery and equipment | Tools and equipment | Furniture fixtures and office equipment | Vehicles | Construction in progress | Total |
| | <i>(in Baht)</i> | | | | | | | | | | | |
| <i>Cost</i> | | | | | | | | | | | | |
| At 1 January 2017 | 75,090,116 | 122,328,282 | 249,965,809 | 15,661,355 | 396,070,810 | 1,357,873,032 | 121,233,225 | 19,914,244 | 35,237,070 | 41,912,943 | 616,968,777 | 3,052,255,663 |
| Additions | - | - | - | 443,646 | - | 2,853,107 | - | 630,934 | 661,031 | 540,597 | 25,913,628 | 31,042,943 |
| Disposals | - | - | - | - | - | - | - | (76,828) | (4,563,733) | (6,349,626) | - | (10,990,187) |
| Write off | - | - | - | (5,257,137) | - | (1,003,092) | - | (11,600) | (106,303) | - | (5,140,800) | (11,518,932) |
| Transfers – net | - | 134,650 | 994,390 | 428,685 | - | 4,817,118 | - | 23,990 | - | - | (7,673,833) | (1,275,000) |
| At 31 December 2017 and 1 January 2018 | 75,090,116 | 122,462,932 | 250,960,199 | 11,276,549 | 396,070,810 | 1,364,540,165 | 121,233,225 | 20,480,740 | 31,228,065 | 36,103,914 | 630,067,772 | 3,059,514,487 |
| Additions | - | 166,616 | - | 1,821,586 | 92,800 | 5,750,661 | - | 1,828,881 | 256,926 | - | 8,490,433 | 18,407,903 |
| Disposals | - | - | - | - | - | - | - | (42,000) | (994,594) | (1,800,000) | - | (2,836,594) |
| Write off | - | - | - | (129,400) | (416,379) | - | (6,045,118) | (10,744,934) | (18,930,323) | (1,500,000) | (19,099,948) | (56,866,102) |
| Transfers – net | - | 1,103,923 | 5,715,392 | 2,898,373 | - | - | 890,740 | 342,677 | 14,480 | (540,597) | (11,115,585) | (690,597) |
| At 31 December 2018 | 75,090,116 | 123,733,471 | 256,675,591 | 15,867,108 | 395,747,231 | 1,370,290,826 | 116,078,847 | 11,865,364 | 11,574,554 | 32,263,317 | 608,342,672 | 3,017,529,097 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Consolidated financial statements | | | | | | | | | | | |
|---|--|---------------------|-----------------------------|--------------------------------------|--|--|-------------------------------|------------------------|--|-------------------|-----------------------------|--------------------|
| | | | | | | Waste disposal plant and power plant from waste and biomass with equipment | | | | | | |
| | Land | Land improvement | Building and condominium | Leasehold building improvement | Solar energy power plant with equipment | (in Baht) | Machinery and equipment | Tools and equipment | Furniture fixtures and office equipment | Vehicles | Construction in progress | Total |
| <i>Accumulated depreciation</i> | | | | | | | | | | | | |
| At 1 January 2017 | - | 2,750,080 | 31,404,076 | 5,481,578 | 49,384,544 | 172,234,656 | 2,645,744 | 6,068,465 | 25,648,290 | 19,673,424 | - | 315,290,857 |
| Depreciation charge for the year | - | 1,265,491 | 6,632,351 | 2,692,446 | 15,091,618 | 49,969,424 | 504,988 | 3,955,642 | 3,311,892 | 5,935,195 | - | 89,359,047 |
| Disposals | - | - | - | - | - | - | - | (45,737) | (4,475,333) | (5,627,401) | - | (10,148,471) |
| Write off | - | - | - | (3,894,054) | - | (125,348) | - | (2,274) | (81,708) | - | - | (4,103,384) |
| At 31 December 2017 and 1 January 2018 | - | 4,015,571 | 38,036,427 | 4,279,970 | 64,476,162 | 222,078,732 | 3,150,732 | 9,976,096 | 24,403,141 | 19,981,218 | - | 390,398,049 |
| Depreciation charge for the year | - | 1,326,183 | 10,515,451 | 2,358,744 | 10,780,230 | 63,914,955 | 5,157,164 | 3,849,775 | 3,095,735 | 5,692,047 | - | 106,690,284 |
| Disposals | - | - | - | - | - | - | - | (4,908,824) | (904,005) | (1,170,443) | - | (6,983,272) |
| Write off | - | - | - | (302,460) | (72,746) | - | (1,526,849) | (1,665,320) | (16,670,023) | (970,443) | - | (21,207,841) |
| At 31 December 2018 | - | 5,341,754 | 48,551,878 | 6,336,254 | 75,183,646 | 285,993,687 | 6,781,047 | 7,251,727 | 9,924,848 | 23,532,379 | - | 468,897,220 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Consolidated financial statements

| | Land | Land improvement | Building and condominium | Leasehold building improvement | Solar energy power plant with equipment | Waste disposal plant and power plant from biomass with equipment | Machinery and equipment | Tools and equipment | Furniture fixtures and office equipment | Vehicles | Construction in progress | Total |
|---|-------------------|--------------------|--------------------------|--------------------------------|---|--|-------------------------|---------------------|---|-------------------|--------------------------|----------------------|
| | <i>(in Baht)</i> | | | | | | | | | | | |
| <i>Allowance for impairment</i> | | | | | | | | | | | | |
| At 1 January 2017 | 40,736,741 | 91,050,631 | 55,144,453 | 21,589 | 130,616,536 | 159,363,260 | 14,120,000 | - | - | 263,507 | 602,235,892 | 1,093,552,609 |
| Additions | - | 16,464,351 | 114,683,502 | 5,652,433 | - | 501,378,048 | 13,004,114 | 419,893 | 1,041,968 | 4,653,141 | 22,490,860 | 679,794,310 |
| Reversal | (3,995,419) | - | - | - | - | - | - | - | - | (254,986) | - | (4,250,405) |
| Write off | - | - | - | - | - | - | - | - | - | - | (5,140,800) | (5,140,800) |
| At 31 December 2017 and 1 January 2018 | 36,741,322 | 107,514,982 | 169,827,955 | 5,674,022 | 130,616,536 | 660,741,308 | 27,124,114 | 419,893 | 1,041,968 | 4,661,662 | 619,591,952 | 1,763,955,714 |
| Additions | 3,977,801 | 1,893,777 | 2,466,331 | 30,170 | 52,092,028 | - | 9,455,948 | 42,284 | 939,167 | 16,900 | - | 70,904,406 |
| Reversal | - | (811,567) | (9,731,405) | (1,950,622) | - | (11,462,570) | (3,686,361) | (195,927) | (912,147) | (990,334) | (11,802,111) | (41,543,044) |
| Adjusts | - | 1,103,923 | 5,715,392 | 2,768,973 | - | - | - | 312,200 | - | - | (10,050,488) | (150,000) |
| At 31 December 2018 | 40,719,123 | 109,701,115 | 168,278,273 | 6,522,543 | 182,708,564 | 649,278,738 | 32,883,701 | 578,450 | 1,068,988 | 3,688,229 | 597,739,353 | 1,793,167,077 |
| <i>Net book value</i> | | | | | | | | | | | | |
| Under finance | | | | | | | | | | | | |
| lease agreements | - | - | - | - | - | - | - | - | - | 5,447,365 | - | 5,447,365 |
| Owned assets | 38,348,794 | 10,932,379 | 43,095,817 | 1,322,557 | 200,978,112 | 481,720,125 | 90,508,379 | 10,084,751 | 5,782,956 | 6,013,669 | 10,475,820 | 899,713,359 |
| At 31 December 2017 | 38,348,794 | 10,932,379 | 43,095,817 | 1,322,557 | 200,978,112 | 481,720,125 | 90,508,379 | 10,084,751 | 5,782,956 | 11,461,034 | 10,475,820 | 905,160,724 |
| Under finance | | | | | | | | | | | | |
| lease agreements | - | - | - | - | - | 4,250,805 | - | - | - | 2,980,000 | - | 7,230,805 |
| Owned assets | 34,370,993 | 8,690,602 | 39,845,440 | 3,008,311 | 137,855,021 | 430,767,596 | 76,414,099 | 4,035,187 | 580,718 | 2,062,710 | 10,603,319 | 748,233,996 |
| At 31 December 2018 | 34,370,993 | 8,690,602 | 39,845,440 | 3,008,311 | 137,855,021 | 435,018,401 | 76,414,099 | 4,035,187 | 580,718 | 5,042,710 | 10,603,319 | 755,464,801 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Separate financial statements | | | | | | | | | | | |
|---|-------------------------------|------------------|--------------------------|--------------------------------|---|--|-------------------------|---------------------|---|-------------------|--------------------------|--------------------|
| | Land | Land improvement | Building and condominium | Leasehold building improvement | Solar energy power plant with equipment | Waste disposal plant and power plant from waste and biomass with equipment | Machinery and equipment | Tools and equipment | Furniture fixtures and office equipment | Vehicles | Construction in progress | Total |
| | <i>(in Baht)</i> | | | | | | | | | | | |
| <i>Cost</i> | | | | | | | | | | | | |
| At 1 January 2017 | - | - | - | 9,478,791 | - | - | 5,154,378 | 10,018,710 | 26,242,045 | 31,669,593 | 136,407,803 | 218,971,320 |
| Additions | - | - | - | 35,500 | - | - | - | 177,642 | 421,088 | 540,597 | 30,000 | 1,204,827 |
| Disposals | - | - | - | - | - | - | - | (39,352) | (4,502,070) | (6,349,626) | - | (10,891,048) |
| Write off | - | - | - | (5,257,137) | - | - | - | (11,600) | (106,303) | - | - | (5,375,041) |
| Transfers in (out) | - | - | - | - | - | - | - | - | - | - | (1,275,000) | (1,275,000) |
| At 31 December 2017 and 1 January 2018 | - | - | - | 4,257,154 | - | - | 5,154,378 | 10,145,400 | 22,054,760 | 25,860,564 | 135,162,803 | 202,635,059 |
| Additions | - | - | - | - | - | - | - | - | - | - | 1,576,597 | 1,576,597 |
| Disposals | - | - | - | - | - | - | - | - | (836,485) | (1,800,000) | - | (2,636,485) |
| Write off | - | - | - | (129,400) | - | - | (6,045,118) | (10,048,556) | (16,198,199) | (1,500,000) | (384,000) | (34,305,273) |
| Adjust | - | - | - | 129,400 | - | - | 890,740 | 30,477 | 14,480 | (540,597) | (1,065,097) | (540,597) |
| At 31 December 2018 | - | - | - | 4,257,154 | - | - | - | 127,321 | 5,034,556 | 22,019,967 | 135,290,303 | 166,729,301 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Separate financial statements | | | | | | | | | | | Total |
|---|-------------------------------|------------------|--------------------------|--------------------------------|---|--|-------------------------|---------------------|---|-------------------|--------------------------|-------------------|
| | Land | Land improvement | Building and condominium | Leasehold building improvement | Solar energy power plant with equipment | Waste disposal plant and power plant from waste and biomass with equipment | Machinery and equipment | Tools and equipment | Furniture fixtures and office equipment | Vehicles | Construction in progress | |
| <i>Accumulated depreciation</i> | | | | | | | | | | | | |
| At 1 January 2017 | - | - | - | 4,265,638 | - | - | 526,103 | 2,591,377 | 18,821,825 | 11,470,411 | - | 37,675,354 |
| Depreciation charge for the year | - | - | - | 1,644,875 | - | - | 492,812 | 1,782,774 | 2,087,559 | 4,063,349 | - | 10,071,369 |
| Disposals | - | - | - | - | - | - | - | (30,522) | (4,422,064) | (5,627,401) | - | (10,079,987) |
| Write off | - | - | - | (3,894,054) | - | - | - | (2,274) | (81,708) | - | - | (3,978,036) |
| At 31 December 2017 and 1 January 2018 | - | - | - | 2,016,459 | - | - | 1,018,915 | 4,341,355 | 16,405,612 | 9,906,359 | - | 33,688,700 |
| Depreciation charge for the year | - | - | - | 602,202 | - | - | 507,934 | 1,787,891 | 1,865,977 | 3,760,809 | - | 8,524,813 |
| Disposals | - | - | - | - | - | - | - | (4,866,825) | (754,284) | (1,170,443) | - | (6,791,552) |
| Write off | - | - | - | (299,150) | - | - | (1,526,849) | (1,193,296) | (14,049,033) | (970,443) | - | (18,038,771) |
| At 31 December 2018 | - | - | - | 2,319,511 | - | - | - | 69,125 | 3,468,272 | 11,526,282 | - | 17,383,190 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Separate financial statements | | | | | | | | | | | |
|---|-------------------------------|------------------|--------------------------|--------------------------------|---|--|-------------------------|---------------------|---|-------------------|--------------------------|--------------------|
| | | | | | | Waste disposal plant and power plant from waste and biomass with equipment | Machinery and equipment | Tools and equipment | Furniture fixtures and office equipment | Vehicles | Construction in progress | Total |
| | Land | Land improvement | Building and condominium | Leasehold building improvement | Solar energy power plant with equipment | <i>(in Baht)</i> | | | | | | |
| <i>Allowance for impairment</i> | | | | | | | | | | | | |
| At 1 January 2017 | - | - | - | - | - | - | - | - | - | - | 134,492,354 | 134,492,354 |
| Additions | - | - | - | 2,240,695 | - | - | 3,686,361 | 143,004 | 880,089 | 4,499,466 | - | 11,449,615 |
| At 31 December 2017 and 1 January 2018 | - | - | - | 2,240,695 | - | - | 3,686,361 | 143,004 | 880,089 | 4,499,466 | 134,492,354 | 145,941,969 |
| Additions (reversal) | - | - | - | (303,052) | - | - | (3,686,361) | (143,004) | 4,448 | (836,659) | - | (4,964,628) |
| At 31 December 2018 | - | - | - | 1,937,643 | - | - | - | - | 884,537 | 3,662,807 | 134,492,354 | 140,977,341 |
| Net book value | | | | | | | | | | | | |
| Under finance | | | | | | | | | | | | |
| lease agreements | - | - | - | - | - | - | - | - | - | 5,447,365 | - | 5,447,365 |
| Owned assets | - | - | - | - | - | - | 449,102 | 5,661,041 | 4,769,059 | 6,007,374 | - | 17,557,025 |
| At 31 December 2017 | - | - | - | - | - | - | 449,102 | 5,661,041 | 4,769,059 | 11,454,739 | 670,449 | 23,004,390 |
| Under finance | | | | | | | | | | | | |
| lease agreements | - | - | - | - | - | - | - | - | - | 2,980,000 | - | 2,980,000 |
| Owned assets | - | - | - | - | - | - | - | 58,196 | 681,747 | 3,850,878 | 797,949 | 5,388,770 |
| At 31 December 2018 | - | - | - | - | - | - | - | 58,196 | 681,747 | 6,830,878 | 797,949 | 8,368,770 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Depreciation for the year ended 31 December was included in:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------|--|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Cost of sales of goods or rendering of services | 92,163,841 | 59,550,532 | - | - |
| Administrative expenses | 14,526,443 | 29,808,515 | 8,528,123 | 10,071,369 |
| Total | 106,690,284 | 89,359,047 | 8,528,123 | 10,071,369 |
| For the year 31 December | | | | |
| Impairment loss | 70,904,407 | 679,794,310 | - | 11,449,615 |
| Reversal of allowance for impairment | (41,543,044) | (4,250,405) | (4,964,628) | - |
| | 29,361,363 | 675,543,905 | (4,964,628) | 11,449,615 |

Measurement of fair values

Fair value hierarchy

The fair value of property, plant and equipment was determined by independent appraisers having recent experience in the location and category of the property valued.

This valuation has been categorized as Level 3 fair value.

- As at 31 December 2017, the Company and a subsidiaries revised the impairment of assets which were assessed in 2016 (by UK Valuations and Agency Co., Ltd.) by hiring an independent appraiser (15 Business Advisory Limited) to calculate the recoverable amount of property, plant and equipment as the report dated 2 July 2019 (basing on fair value less cost to sells (adjusted) and based on value in use method which calculated basing on the present value of future cash flow projection from continuous use of assets) (for a subsidiary). The recoverable amount of property, plant and equipment was lower than carrying value which resulted to the Company and its subsidiaries recognized impairment loss for 2017 in the amount of Baht 679.79 million and for 2018 in the amount of Baht 71 million in profit or loss in whole amount in the consolidated financial statements.
 - As at 31 December 2018 and 2017, the gross amount of the Group and the Company's fully depreciation building and equipment that was still in use amounted to Baht 26 million.
- **Property, plant and equipment under construction**

1. Digital Mobile TV project (Cost of construction in progress amounted to Baht 114 millions)

- The Company has operated a portable digital television via a UHF frequency under the 58 – bands. Total budget cost amounted to Baht 250 million and actual cost incurred as of 31 December 2018 and 2017 totaled Baht 155 million (recording in construction in progress of Baht 114 million, intangible assets of Baht 35 million and other expense of Baht 6 million) and the remaining amounted to Baht 95 million. At the present, the Company has been

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

waiting for MCOT to carry out the import permission for the radio communication equipment from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) which resulted to delay of the project and the allocation of frequency of MCOT did not agree to the legal. However, the Company set up an allowance for impairment of such asset in full amount basing on prudence.

- The Board of Directors Meeting held on 12 November 2014, resolve to approve the Company terminated the agreement and sue MCOT. On 7 September 2015, the Company notified the letter of the termination to MCOT and requested to claim the payment within 30 days from the date of receiving the notification. Subsequently, on 22 April 2016, the Company filed a lawsuit against MCOT to the Civil Court (Black Case No. Por1830/2559) for compensation with interest in the claim amount of Baht 245 million. The Court determined to appoint the settlement of issues and prosecutes method or take evidence from the plaintiff’s witness on 4 July 2016. Subsequently, MCOT filed a petition to the Civil Court to dismiss the case and transfer the case to the Central Administrative Court. On 3 February 2017, the Central Administrative Court ordered to receive the transfer of the case. The Company filed an objection to the Central Administrative Court on 21 June 2017. Presently, it has been in the process of issuing a warrant to the parties in order to inform the appointment date.

2. Project of Producing Ethanol plant at Rayong (cost of construction in progress incurred in the amount of Baht 449 million)

- The subsidiary (IEC Business Partners Co., Ltd.) had property, plant and equipments of which cost as at 31 December 2018 amounted to Baht 469 million (cost of land of Baht 20 million and cost of construction in progress of Baht 449 million) less allowance for impairment loss of asset of Baht 469 million. During the years 2008 – 2010, the said assets related to the contentions cases in purchasing asset from International Gasohol Corporation Limited (IGA). The proceedings of the Supreme Court had been finalized in October 2018 and the subsidiary succeeded in the case. The Court decided that the subsidiary had purchased said assets legally.
 - On March 31, 2019, the subsidiary received the appraisal report on assets from the independent appraiser by calculating the recoverable amount (based on fair value method less cost to sells) which exceeded than the carrying value as at 31 December 2017 in the amount of Baht 79.27 million. Subsequently, the current management provided their opinion that such recoverable amount has not brought the issue relating to entrance and exit ways of the factory which has not been finalized, therefore, they approved to adjust retrospectively by reversal of allowance for impairment of assets in the amount of Baht 79.11 million in 2017 until it will be finalized, please also see note 54 to the financial statements.
- ***Assets installed on the rental land***

As at 31 December 2018, plant and equipment of the two subsidiaries (GIDEC Co., Ltd. and IEC Green Energy Co., Ltd.) with carrying value in the amount of Baht 261 million, had been constructed on the rental land of a subsidiary under the 2 rental contracts for a period of 20 years and 25 years. All of the rights in construction, building and machinery of subsidiaries belong to landlord at the end of lease agreement.

As of 31 December 2017, buildings and equipment of the Group with carrying value in the amount of Baht 353 million, had been constructed on the rental land of a subsidiary under the 5 rental contracts for a period of 2 years and 10 years. All of the rights in construction, building and machinery of the Company and subsidiaries belong to landlord when construction is completed.

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

• **Pledge**

As at 31 December 2018 and 2017, net book value of land with exist structures and structures to be constructed in the future of two subsidiaries, and the related right to insurance claims on those assets have been mortgaged as collaterals for loan agreements in the credit line of Baht 662 million were as follows:

| | Consolidated financial statements <i>(in million Baht)</i> |
|---|--|
| Lands | 46 |
| Building | 12 |
| Solar energy power plant with equipment | 247 |
| Biomass power plant with equipment | 225 |
| Total | 530 |

Please also see note 55 to the financial statements.

19. Non-operating asset

| | Consolidated financial statements | Separate financial statements |
|---|--|--|
| | <i>(in Baht)</i> | |
| Cost | | |
| At 1 January 2017 | 1,041,203,111 | 881,883,756 |
| Addition | 26,206,087 | 19,185,397 |
| Write off | (10,062,100) | (10,062,100) |
| At 31 December 2017 and 1 January 2018 | 1,057,374,098 | 891,007,053 |
| Write off | (187,354,809) | (187,354,809) |
| At 31 December 2018 | 870,019,289 | 703,652,244 |
| Allowance for impairment of assets | | |
| At 1 January 2017 | 669,316,431 | 509,970,076 |
| Impairment loss for the year | 236,108,667 | 229,087,977 |
| Reversal | (9,370,905) | - |
| At 31 December 2017 and 1 January 2018 | 896,054,193 | 739,058,053 |
| Reversal | (187,354,809) | (187,354,809) |
| At 31 December 2018 | 708,699,384 | 551,703,244 |
| Net book value | | |
| At 31 December 2017 | 161,319,905 | 151,949,000 |
| At 31 December 2018 | 161,319,905 | 151,949,000 |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
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The Company

- **Property, plant and equipment under construction of the Company and subsidiaries, which had been approved by the former directors and management, were summarized as follows:**

1) Construction project of waste biomass power plant and Plastic Recycling at Amphoe Banbueng, Chonburi Province

- The above project incurred actual cost in the amount of Baht 156.22 million. Subsequently, the current management adjusted to write off as an expense in 2016 in the amount of Baht 23.10 million, remaining cost of land amounted to Baht 133 million (including tax and fee) of 4 title deeds with 119 rai 2 ngan 26 square wah, and presented as investment properties in full amount.

2) Project of Waste Plastic Recycling:-

2.1 The project located on land for 24 rai at Tambon Makhamkhu, Ampur Nikompattana, Rayong Province

- The project incurred actual cost in the amount of Baht 66 million (consisted of land of Baht 26 million (recorded in investment properties in full amount) and cost of construction in progress of Baht 40 million. (transferred to non-operating assets in full amount.)) The current management considered that the project could not reach to breakeven point, so they did not approve to continue the project and set up an allowance for impairment of said asset in full amount of Baht 40 million in 2016.

2.2 The project located on land and leasehold building under the lease agreement dated 12 July 2015 at Tambon Makhamkhu, Ampur Nikompattana, Rayong Province

- The project incurred actual cost in the amount of Baht 693 million. Subsequently, the current management considered that the project could not reach to breakeven point, so the above lease agreement was terminated on March 2019 and the machinery and equipment were moved to new location while the current management has not decided whether the project needed use the said machinery and equipment or not. This resulted to write off cost of building and building components which belonged to landlord as expense in the amount of Baht 163 million in profit or loss in 2018. The outstanding of machinery and equipment as at 31 December 2018 with cost amounted to Baht 530 million (transferred to non-operating asset in full amount).
- On 6 June 2018 and 31 March 2019, the Company hired two independent appraiser to appraise the values of said machinery and equipment of which the recoverable amount calculated by independent appraiser (UK Valuations and Agency Co., Ltd. and 15 Business Advisory Limited) in the amount of Baht 134 million as the report dated 24 July 2018 and 21 July 2019 (basing on market price method less cost to

The International Engineering Public Company Limited and its Subsidiaries
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sells). That resulted to set up the allowance for impairment of assets in the amount of 396 million in profit or loss in 2016 and 2017.

3) Waste plastic recycling project in Southern Region Industrial Estate, Tambon Chalung, Ampur Had Yai, Songkhla

- The project incurred actual cost in the amount of Baht 72 million (representing 3 sets of plastic machine in the amount of Baht 50 million (50% of machinery value), construction cost of factory in the amount of Baht 10.50 million, trommel machine in the amount of Baht 10 million, residence in the amount of Baht 0.60 million and consultant fee in the amount of Baht 0.87 million) were recorded in construction in progress, subsequently, they were transferred to non-operating assets. The current management also hired an independent appraiser (15 Business Advisory Limited) on 15 March 2019 to value assets by calculating the recoverable amount (based on fair value less cost to sells) in the amount of Baht 4 million. This resulted to set up an allowance for impairment of assets in the amount of Baht 68 million in profit or loss in 2016 and 2017.

The subsidiary (IEC Green Energy Co., Ltd.)

1. Prototype of Very Small Power Plant (VSPP) for Minicipal Solid Waste (MSW) Using Applied Technology Project at Hat Yai

- The project incurred actual cost in the amount of Baht 140 million (transferred to non-operating assets). Subsequently, the current management hired an independent appraiser (15 Business Advisory Limited) to appraise of asset by calculating the recoverable amount (based on fair value less cost to sells) in the amount of Baht 9 million. This resulted to the subsidiary set up an allowance for impairment of assets in the amount of Baht 131 million in profit or loss in 2016 and 2017.

2. Developing technology and creating a prototype of waste management by converts garbage into fuel waste at Hat Yai

- The project incurred actual cost in the amount of Baht 112 million (recorded in construction in progress). Subsequently, the said machine was rent to the subsidiary (GIDEC Co., Ltd.) under the lease agreement dated 1 April 2016 for a period of 5 years with monthly rental of Baht 1.50 million.

3. Fuel – Processing Front-end System Rental Project at Sakaeo

- The project incurred actual cost in the amount of Baht 27 million (recorded in construction in progress and transferred subsequently to non-operating assets). Subsequently, the current management considered that the project was unsuccessful so it was approved to set up the allowance for impairment of assets of Baht 27 million in the profit or loss in 2016.

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

20. Leasehold rights

| | Consolidated and separate financial statements (in Baht) |
|---|---|
| <i>Cost</i> | |
| At 1 January 2017 | 13,546,243 |
| No changed during the year | - |
| At 31 December 2017 and 1 January 2018 | 13,546,243 |
| No changed during the year | - |
| At 31 December 2018 | 13,546,243 |
| <i>Accumulated amortization</i> | |
| At 1 January 2018 | 4,504,730 |
| Amortization charge for the year | 899,960 |
| At 31 December 2017 and 1 January 2018 | 5,404,690 |
| Amortization charge for the year | 890,097 |
| At 31 December 2018 | 6,294,787 |
| <i>Net book value</i> | |
| At 31 December 2017 | 8,141,553 |
| At 31 December 2018 | 7,251,456 |

Amortizations for the years ended 31 December were included in:-

| | Consolidated and separate financial statements | |
|-------------------------|---|----------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| Administrative expenses | 890,097 | 899,960 |
| Total | 890,097 | 899,960 |

21. Goodwill

| | Consolidated and separate financial statements | |
|---|---|---------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| <i>Cost:</i> | | |
| At 1 January | 239,322,329 | 239,322,329 |
| No changed during the year | - | - |
| As at 31 December | 239,322,329 | 239,322,329 |
| Less allowance for impairment of assets | (239,322,329) | (239,322,329) |
| Net | - | - |

The International Engineering Public Company Limited and its Subsidiaries
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The allocation of goodwill to the significant cash generating unit was as follows:

| | Consolidated financial statements | | | Total |
|------------------------------------|--|--|---|----------------------|
| | Operating in production and distribution of electricity from biomass | Operating in production and distribution of electricity from waste | Operating in production and distribution of electricity from solar energy | |
| | | | (in Baht) | |
| Goodwill allocation | 102,588,145 | 110,701,348 | 26,032,836 | 239,322,329 |
| Allowance for impairment of assets | <u>(102,588,145)</u> | <u>(110,701,348)</u> | <u>(26,032,836)</u> | <u>(239,322,329)</u> |
| Net | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Impairment testing

For the purpose of annual impairment testing, the management calculated the recoverable amount of production and distribution of electricity business and noted that the recoverable amount based on cash flows projection for the group of business referring to an approved financial and business plan set by management based on a 13 - 23 years, were less than the investment amounts. Therefore, the Group set up the allowance for impairment of goodwill in full amount in 2016 and 2017.

22. Deferred right to use transmission line

| | Consolidated financial statements (in Baht) |
|---|---|
| <i>Cost</i> | |
| At 1 January 2017 | 46,441,230 |
| No changed during the year | - |
| At 31 December 2017 and 1 January 2018 | 46,441,230 |
| No changed during the year | - |
| At 31 December 2018 | 46,441,230 |
| <i>Accumulated amortization</i> | |
| At 1 January 2017 | 4,026,134 |
| Amortization charge for the year | 1,858,318 |
| At 31 December 2017 and 1 January 2018 | 5,884,452 |
| Amortization charge for the year | 1,858,318 |
| At 31 December 2018 | 7,742,770 |
| <i>Allowance for impairment of asset</i> | |
| At 1 January 2017 | 1,450,424 |
| Reversal | (66,759) |
| At 31 December 2017 and 1 January 2018 | 1,383,665 |
| Additions | 789,049 |
| At 31 December 2018 | 2,172,714 |
| <i>Net book value</i> | |
| At 31 December 2017 | 39,173,113 |
| At 31 December 2018 | 36,525,746 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Amortizations for the year were included in:-

| | Consolidated financial statements | |
|--|-----------------------------------|------------------|
| | 2018 | 2017 |
| | (in Baht) | |
| Cost of sales of goods or rendering of service | 1,858,318 | 1,858,318 |
| Total | 1,858,318 | 1,858,318 |

For the year ended 31 December

Loss on impairment (reversal)

780,049

(66,759)

23. Other intangible assets

| | Consolidated financial statements | | | |
|---|-----------------------------------|-------------------|---------------------------------|--------------------|
| | Right of use of technology | Computer software | Television broadcasting's right | Total |
| | (in Baht) | | | |
| Cost | | | | |
| At 1 January 2017 | 80,000,000 | 26,948,539 | 35,000,000 | 141,948,539 |
| Additions | - | 8,000 | - | 8,000 |
| Transfers in | - | 1,275,000 | - | 1,275,000 |
| Write off | - | (1,981,277) | - | (1,981,277) |
| At 31 December 2017 and 1 January 2018 | 80,000,000 | 26,250,262 | 35,000,000 | 141,250,262 |
| Additions | - | 52,000 | - | 52,000 |
| Transfers in | - | 150,000 | - | 150,000 |
| Write off | - | (500,077) | - | (500,077) |
| At 31 December 2018 | 80,000,000 | 25,952,185 | 35,000,000 | 140,952,185 |
| Accumulated amortization | | | | |
| At 1 January 2017 | 6,584,110 | 13,388,319 | - | 19,972,429 |
| Amortization for the year | 3,200,000 | 1,962,503 | - | 5,162,503 |
| Write off | - | (1,981,263) | - | (1,981,263) |
| At 31 December 2017 and 1 January 2018 | 9,784,110 | 13,369,559 | - | 23,153,669 |
| Amortization for the year | 3,200,000 | 3,060,591 | - | 6,260,591 |
| Write off | - | (446,216) | - | (446,216) |
| At 31 December 2018 | 12,984,110 | 15,983,934 | - | 28,968,044 |
| Allowance for impairment of assets | | | | |
| At 1 January 2017 | - | 6,910,102 | 35,000,000 | 41,910,102 |
| Additions | 70,215,890 | 4,777,730 | - | 74,993,620 |
| At 31 December 2017 and 1 January 2018 | 70,215,890 | 11,687,832 | 35,000,000 | 116,903,722 |
| Additions | - | 1,560,395 | - | 1,560,395 |
| Transfers in | - | 150,000 | - | 150,000 |
| Reversal | (3,200,000) | (4,400,000) | - | (7,600,000) |
| At 31 December 2018 | 67,015,890 | 8,998,227 | 35,000,000 | 110,014,117 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | |
|---|--|---------------------------------------|---------------------------------------|------------------|
| | Right of use of technology | Computer software | Television broadcasting's right | Total |
| | <i>(in Baht)</i> | | | |
| Net book value | | | | |
| At 31 December 2018 | - | 1,192,871 | - | 1,192,871 |
| At 31 December 2017 | - | 970,024 | - | 970,024 |
| Separate financial statements | | | | |
| | Computer software | Television broadcasting's right | Total | |
| | <i>(in Baht)</i> | | | |
| Cost | | | | |
| At 1 January 2017 | 22,816,070 | 35,000,000 | 57,816,070 | |
| Transfer in | 1,275,000 | - | 1,275,000 | |
| Write off | (1,981,277) | - | (1,981,277) | |
| At 31 December 2017 and 1 January 2018 | 22,109,793 | 35,000,000 | 57,109,793 | |
| Write off | (441,917) | - | (441,917) | |
| At 31 December 2018 | 21,667,876 | 35,000,000 | 56,667,876 | |
| Accumulated amortization | | | | |
| At 1 January 2017 | 11,872,734 | - | 11,872,734 | |
| Amortization for the year | 1,170,633 | - | 1,170,633 | |
| Write off | (1,981,263) | - | (1,981,263) | |
| At 31 December 2017 and 1 January 2018 | 11,062,104 | - | 11,062,104 | |
| Amortization for the year | 2,261,259 | - | 2,261,259 | |
| Write off | (399,831) | - | (399,831) | |
| At 31 December 2018 | 12,923,532 | - | 12,923,532 | |
| Allowance for impairment of assets | | | | |
| At 1 January 2017 | 6,910,102 | 35,000,000 | 41,910,102 | |
| Additions | 1,255,247 | - | 1,255,247 | |
| At 31 December 2017 and 1 January 2018 | 8,165,349 | 35,000,000 | 43,165,349 | |
| Additions | 441,895 | - | 441,895 | |
| At 31 December 2018 | 8,607,244 | 35,000,000 | 43,607,244 | |
| Net book value | | | | |
| At 31 December 2017 | 2,882,340 | - | 2,882,340 | |
| At 31 December 2018 | 137,100 | - | 137,100 | |

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Amortizations for the years ended 31 December were included in:-

| | Consolidated | | Separate | |
|---|-----------------------------|--------------------------|-----------------------------|-------------------------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Cost of sales of goods or rendering of services | 3,286,713 | 3,278,275 | - | - |
| Administrative expenses | 2,973,877 | 1,884,228 | 2,261,259 | 1,170,633 |
| Total | <u>6,260,591</u> | <u>5,162,503</u> | <u>2,261,259</u> | <u>1,170,633</u> |
| For the year ended 31 December | | | | |
| Impairment loss | 1,560,395 | 74,993,620 | 441,895 | 1,255,247 |
| Reversal of allowance for impairment | (7,450,000) | - | - | - |
| | <u>(5,889,605)</u> | <u>74,993,620</u> | <u>441,895</u> | <u>1,255,247</u> |

Right in use of technology

In 2010, subsidiary (GIDEC Co., Ltd.) acquired the right on Ash Melting Gasification technology and obtaining the consulting in waste disposal and power plant from waste with Solitech Co., Ltd. in order to operate waste disposal and power plant project size 6 MW with Hat yai Municipal, Song Kha province by using Ash Melting Gasification technology with Energy Recovery incinerator. Subsidiary agreed to pay compensation for the technology amounted to Baht 80 million with 4 installments. The subsidiary already paid in the amount of Baht 64 million and a remaining amounted to Baht 16 million which was recognized in other current payables. Under that agreement contains the restrictive conditions in relation to employment to perform a design of system and engineering, coordinate and control all construction and construction of waste incinerators with management system of waste, transfer the right in technology, breach of agreement which will be entitled to claim, etc.

On 31 March 2019, the Company received the report from an independent appraiser mentioned that the recoverable amount of said right in use of technology, as part of machinery for disposal and producing electricity, which was included in valuation of book value of machine in project, was lower than the recoverable amount. Therefore, the Company set up an allowance for impairment of machinery (as described in note 18 to the financial statements) and right in use of technology of Baht 70 million.

Television broadcasting's right

On 1 July 2011, the Company entered into a representative of the production and broadcast on television agreement with other company to produce and broadcast on television under the channel name "BIG 1", via the channel in Digital Mobile TV System. The television broadcast right is covered the period of 3 years of Baht 35 million from 1 July 2011 to 30 June 2014 and will be amortized as an expense when the Company commences in commercial operations and the company recognized impairment of asset in amount of Baht 35 million. Please also see Note 18 to the financial statements.

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

24. Pledged deposit at bank

Pledged deposit at bank as at 31 December 2018 and 2017 were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------------|--|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| For guarantee of construction contract and waste management plant | 50,000,000 | 50,000,000 | 50,000,000 | 50,000,000 |
| For guarantee of loans from banks | 22,451,188 | 26,947,528 | - | - |
| For guarantee the compliance with contract for television business | 12,500,000 | 12,500,000 | 12,500,000 | 12,500,000 |
| For guarantee of electricity usage | 4,703,990 | 4,640,000 | 3,903,990 | 3,840,000 |
| For guarantee of contract for network purchasing | 1,178,000 | 1,178,000 | 1,178,000 | 1,178,000 |
| Total | <u>90,833,178</u> | <u>95,265,528</u> | <u>67,581,990</u> | <u>67,518,000</u> |

25. Advance payment for purchase of investment

| | Consolidated and Separate financial statements | |
|--|---|---------------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| Advance payment for purchase of investment | 40,000,000 | 40,000,000 |
| Less Allowance for impairment of asset | <u>(40,000,000)</u> | <u>(40,000,000)</u> |
| Net | <u>-</u> | <u>-</u> |

The Board of Directors Meeting held on 23 March 2015 had approved to the Company acquired the ordinary shares of Thaworn Energy (2013) Co., Ltd. ("TE") for 100% of paid-up share capital totaling 1,250,000 shares at the price of Baht 100 per share totaling amount of Baht 125 million, requiring payable in 2 installments. The Company paid for the first installment of Baht 40 million on 2 April 2015, which was recorded as advance payment for purchase of investment due to share acquisition had not been achieved under the agreement. The Company filed the lawsuit with the concern parties to refund of the advance payment and set up fully allowance for impairment of advance payment. Subsequently, the Civil Court decided the Company succeed in the case and receive the payment of full refund. On 11 June 2019, the defendant appealed to the Appeal Court. Presently, the case has been in the process of consideration of the Appeal Court which has not been finalized. Please also see note 54 to the financial statements.

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

26. Deferred Tax

Deferred tax assets arising from temporary difference that have not been recognized in the financial statements were as follows:-

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|--------------------------------------|--------------|----------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Deductible temporary differences | 1,650 | 1,422 | 1,028 | 872 |
| Tax losses | 195 | 219 | 41 | 52 |
| Total | 1,845 | 1,641 | 1,069 | 924 |

The tax losses expire during 2018 – 2022. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit against which the Group/ Company can utilize the benefits therefrom.

27. Other non-current assets

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Deposit under a construction and services management of waste disposal system in community agreement | 32,500,000 | 32,500,000 | - | - |
| Deposit for payment on purchase of waste from segregating organic fertilizer | 5,000,000 | - | 5,000,000 | - |
| Refundable import tax | 1,471,790 | 4,817,716 | - | - |
| Others deposits | 26,942,327 | 15,067,350 | 21,292,251 | 9,311,107 |
| Total | 65,914,117 | 57,385,066 | 26,292,251 | 14,311,107 |
| Less allowance for impairment of asset | (3,299,082) | (1,782,862) | (804,685) | (589,476) |
| Net | 62,615,035 | 55,602,204 | 25,487,566 | 13,721,631 |
| For the year ended 31 December | | | | |
| Impairment loss | 1,156,220 | - | 215,209 | - |

Allowance for impairment of asset as at 31 December were as follows:-

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--------------------------------------|------------------|----------------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Refundable import tax | 1,189,011 | - | - | - |
| Others deposits-other parties | 2,110,071 | 1,782,862 | 804,685 | 589,476 |
| Total | 3,299,082 | 1,782,862 | 804,685 | 589,476 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

28. Bank overdrafts and short-term loans from financial institutions

| | Consolidated financial statements | | Separate financial statements | |
|------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Bank overdrafts | 2,188,051 | 11,396,630 | 1,568,695 | 552,165 |
| Promissory note | 20,000,000 | 70,000,000 | - | 50,000,000 |
| Short-term loans | - | 16,899,723 | - | - |
| Total | 22,188,051 | 98,296,353 | 1,568,695 | 50,552,165 |

Movements of short-term loans from financial institutions for the year ended 31 December were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Promissory note | | | | |
| At 1 January | 70,000,000 | 20,000,000 | 50,000,000 | - |
| Increase | 190,000,000 | 210,000,000 | 150,000,000 | 50,000,000 |
| Decrease | (240,000,000) | (160,000,000) | (200,000,000) | - |
| At 31 December | 20,000,000 | 70,000,000 | - | 50,000,000 |
| Short-term loans | | | | |
| At 1 January | 16,899,723 | 26,580,000 | - | - |
| Increase | 33,296,585 | - | - | - |
| Decrease | (50,196,308) | (9,680,277) | - | - |
| At 31 December | - | 16,899,723 | - | - |

As at 31 December 2018 and 2017, the Group and the Company had unutilized credit facilities obtained from the financial institutions in the amount of Baht 10 million and Baht 9 million, respectively which were secured by common collaterals as described in notes 55 to the financial statements.

As at 31 December 2018, the Group had promissory note in the amount of Baht 20 million due on 21 February 2019 with interest rate charged at 5.75% per annum.

29. Trade accounts payable

| | Consolidated financial statements | | Separate financial statements | |
|---------------|--------------------------------------|-------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Other parties | 16,160,787 | 32,322,492 | 4,579,166 | 3,502,733 |
| Total | 16,160,787 | 32,322,492 | 4,579,166 | 3,502,733 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

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30. Other current payables

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|--------------------------------------|--------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Related parties | 1,789,726 | 526,713 | 776,027 | 320,003 |
| Other parties | 133,027,295 | 131,538,976 | 35,565,248 | 28,398,376 |
| Total | 134,817,021 | 132,065,689 | 36,341,275 | 28,718,379 |

Other current payables – other parties

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--------------------------------------|--------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Payable to purchase of fixed asset | 72,882,230 | 84,749,803 | 4,000,094 | 3,947,793 |
| Other payables | 43,143,479 | 37,037,855 | 19,771,802 | 20,302,974 |
| Advance income | 7,252,500 | - | 7,252,500 | - |
| Undue output tax | 8,075,598 | 7,603,871 | 2,324,539 | 1,803,585 |
| Accrued interest expense | 1,673,488 | 2,147,447 | 2,216,313 | 2,344,024 |
| Total | 133,027,295 | 131,538,976 | 35,565,248 | 28,398,376 |

31. Short-term loans

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|--------------------------------------|--------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Related persons | 65,000,000 | 35,000,000 | 50,000,000 | 20,000,000 |
| Other persons | 65,000,000 | 85,000,000 | 50,000,000 | 70,000,000 |
| Total | 130,000,000 | 120,000,000 | 100,000,000 | 90,000,000 |

Movements of short-term loans from other persons for the year ended 31 December were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| At 1 January | 85,000,000 | 80,000,000 | 70,000,000 | - |
| Increase | - | 155,000,000 | - | 70,000,000 |
| Decrease | (20,000,000) | (150,000,000) | (20,000,000) | - |
| At 31 December | 65,000,000 | 85,000,000 | 50,000,000 | 70,000,000 |

As at 31 December 2018, other short-term loans from other in the amount of Baht 65 million and Baht 50 million in the consolidated and separate financial statements, respectively, represented the promissory note with interest rate at 5.00 - 6.25% per annum, due on demand and within 1 March 2019, respectively.

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32. Advance received for purchase of shares

| | Consolidated and Separate financial statements | |
|---|---|-----------------------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| Buyer's deposit received for purchase of subsidiary | 10,000,000 | 10,000,000 |
| Advances received for subscription from shareholders | - | 1,702,967,375 |
| Net | <u>10,000,000</u> | <u>1,712,967,375</u> |

Buyer's deposit received for purchase of subsidiary

The Executive Committee's Meeting of the Company held on 11 September 2015 agreed to the other company inspected the position of the former subsidiary (IEC Mae Ramat Co., Ltd.) for a purpose of selling the investment in former subsidiary. On 18 September 2015, the Company entered into memorandum with other company and received a deposit of Baht 50 million and agreed the deposit as a part of the settlement of sale of shares if the parties would agree to sell and purchase within 90 days from the date of memorandum. Subsequently, on 28 December 2015, the Company changed the term of period for due diligence to be completed on 16 May 2016. However, on 14 October 2016, the above other company had a letter to terminate the memorandum and request to refund the deposit of Baht 50 million. The Company returned the deposit to the other company in December 2016 of Baht 40 million and the remaining in the amount of Baht 10 million will be paid with interest at the rate of 7.5%. Presently, the Company has not paid said deposit and interest which was recorded as at 31 December 2018 in the amount of Baht 1.97 million, which was shown in other current liabilities.

Advances received for subscription from shareholders

The Extraordinary Shareholders Meeting No.1/2017 on 20 October 2016, resolve to allot and offer the increase share capital of 203,591,502,350 shares at the par value of Baht 0.01 by allotting and offering to the existing shareholders at the price of Baht 0.0125 per share. Subsequently, on 6 December 2017, the Company received the payment for subscription from allocating and offering share capital to existing shareholders in the amount of Baht 1,702.81 million.

However, on 21 May 2018, the Company received notice from the Registrar to order rejecting the registration of capital due to be disputed by certain shareholders. The Company returned the advances received from shareholders included interest at the rate of 1.40% per annum computing from 15 December 2017 to 20 May 2018 to the shareholders on 25 May 2018 and 8 June 2018 in the amount of Baht 1,365.48 million and Baht 345.35 million, respectively.

However, the Company appeal against the above order and on 3 August 2018, the Company obtained outcome the regarding the revocation of order that it was not registered. The Company allocated and offered the increased shares to existing shareholders during 8 - 12 October 2018. The Company received cash from allocating and offering the increased shares of 45,744,275,772 shares of Baht 571.80 million and registered the increased shares with the Ministry of Commerce on 22 October 2018. Please also see note 37 to the financial statements.

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

33. Long-term loans

| | Consolidated financial statements | |
|---|--|---------------------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| Long-term loans from financial institutions | 334,016,080 | 560,840,951 |
| Less long-term loans in default | (255,712,080) | (418,976,951) |
| current portion of long-term loans | <u>(25,874,000)</u> | <u>(40,560,000)</u> |
| Net | <u>52,430,000</u> | <u>101,304,000</u> |

Movements of long-term loans from financial institutions during the years ended 31 December 2018 and 2017 were as follows:

| | Consolidated financial statements | |
|-----------------------|--|---------------------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| At 1 January | 560,840,951 | 617,712,694 |
| Increase | - | 48,829,708 |
| Decrease | <u>(226,824,871)</u> | <u>(105,701,451)</u> |
| At 31 December | <u>334,016,080</u> | <u>560,840,951</u> |

IEC Mae Tha Mae Taeng Co., Ltd.

On 26 May 2015, IEC Mae Tha Mae Taeng Co., Ltd. (“subsidiary”) entered into loans from domestic financial institution (“CIMB”) in the amount of Baht 142 million (withdrawn in full), as at 31 December 2018 and 2017 balanced to Baht 72.71 million and Baht 92.99 million, respectively, requiring principal repayment in the amount not less than Baht 1.69 million per month within 7 years. The first payment will be paid within a next month from the principal drawn down. Interest is payable on a monthly basis at the rate of MLR-1.50% per annum.

On 2 May 2012, IEC Mae Tha Mae Taeng Co., Ltd. (“subsidiary”) entered into loans from domestic financial institution (“CIMB”) in the amount of Baht 140 million (withdrew in full), as at 31 December 2018 and 2017 balanced to Baht 5.59 million and Baht 48.87 million, respectively with the principal repayment within 8 years, is graced for 6 months. Interest is payable on a monthly basis at the rate of MLR-1% for the 1st -2nd year, MLR-0.50% for the 3rd-4th year and MLR per annum for the 5th year onward. The principal is repayable after the grace of repayment amount not less than Baht 0.78 million per month

Such loans are guaranteed by

- Title deeds, ownership of borrower
- Solar cell and equipment used in electricity current generation, ownership of borrower
- Right to received bank deposits
- IEC Green Energy Co., Ltd. and the Company
- Share certificates of IEC Mae Tha Mae Taeng Co., Ltd.
- Right of Claim on receipt the payment under electricity current agreement
- 3 directors of subsidiary

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IEC Sakaeo 1 Co., Ltd.

IEC Sakaeo 1 Co., Ltd entered into 9 of loans agreement from a domestic commercial bank (dated on 8 October 2010, 11 July 2013 and 6 December 2016) for the construction of biomass power plant. As at 31 December 2018 and 2017 the balance amounted to Baht 256 million and Baht 419 million, respectively, which was detailed as follows:

- Limit 1 : an amount of Baht 173 million (drawn down in full) to pay for the purchase of machine from oversea.
- Limit 2 : an amount of Baht 142 million (drawn down in full) to pay for the purchase of machine from domestic.
- Limit 3 : an amount of Baht 120 million (drawn down in full) to pay for the construction of producing electricity building.
- Limit 4 : an amount of Baht 60 million (drawn down in full) to pay for the construction of producing electricity building foundation
- Limit 5 : an amount of Baht 2 million (drawn down in full) to pay for the control construction cost
- Limit 6 : an amount of Baht 13 million (drawn down in full) to pay for the director guarantee
- Limit 7 : an amount of Baht 10 million (drawn down in full) to pay for the fire protection system
- Limit 8 : an amount of Baht 29 million (drawn down in full) to pay for fuel and payment to trade accounts payable.
- Limit 9 : an amount of Baht 0.71 million (drawn down in full) to pay for the director insurance

Subsequently, the company obtained the release repayment of principal and interest with such commercial bank as the debts restructuring agreement and five amendments (dated 29 March 2016, 11 November 2016, 7 July 2017, 20 February 2018 and 10 July 2018) by agreeing to change the terms of payment and interest rate which were summarized as follows:

- July 2017 to December 2017, payable only interest;
- January 2018 to April 2018, monthly payable principal of Baht 90,000 to Baht 1,000,000;
- May 2018 to July 2018, monthly payable principal of Baht 90,000 to Baht 1,600,000;
- August 2018 to October 2021, monthly payable principal of Baht 90,000 to Baht 1,700,000;
- November 2021 to May 2024, monthly payable principal of Baht 90,000 to Baht 2,200,000;
- June 2024, repayable all principal and interest.

Changes in interest rates were as follows:

- Interest rate of MLR-0.5% to MLR+1% per annum from January 2018 to June 2020;
- Interest rate of MLR+1% per annum from July 2020 onward.

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Such long-term loans are guarantee by

- All of lands including structures existing at the present and to be constructed in the future.
- 17 of machines
- Kaeolumduan Group Co., Ltd (related party)
- Directors of the Company
- Ordinary shares of 2 shareholders (ordinary person)
- Ordinary shares of the subsidiary held by The International Engineering Pcl. in the amount of 2,650,000 shares at the price of Baht 100 per share
- The Company

Under the above loan agreements contains certain restrictive conditions relating to maintain of debt coverage ratio as follows:

| | As per agreement | As per financial statements | |
|------------------------|-------------------|-----------------------------|---------------------------|
| | | As at 31 December 2018 | As at 31 December 2017 |
| Financial ratio (DSCR) | Not less than 1.1 | 0.51 | (3.46) |
| Debt to equity ratio | Not less than 0 | (2.09) | (1.58) |

Therefore, as at 31 December 2018 and 2017, the subsidiary did not maintain a financial ratio according to the agreement. The bank may accelerate the subsidiary makes the repayment immediately prior to maturity. Therefore, the subsidiary classified long-term loan to long-term loan in default in the amount of Baht 256 million and Baht 419 million, respectively, as shown in current liabilities.

34. Financial lease liabilities

| | Consolidated financial statements | | | | | |
|--|---|---------------|--|---|----------------|--|
| | 2018 | | | 2017 | | |
| | Future value of the minimum lease payment | Interest | Present value of the minimum lease payment | Future value of the minimum lease payment | Interest | Present value of the minimum lease payment |
| Within one year | 2,209,483 | 43,446 | 2,166,037 | 1,159,368 | 123,724 | 1,035,644 |
| After one year but within five year | 2,675,701 | 311 | 2,675,390 | 1,062,754 | 40,314 | 1,022,440 |
| Total | 4,885,184 | 43,757 | 4,841,427 | 2,222,122 | 164,038 | 2,058,084 |

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| | Separate financial statements | | | | | |
|--|---|---------------|--|---|----------------|--|
| | 2018 | | | 2017 | | |
| | Future value of the minimum lease payment | Interest | Present value of the minimum lease payment | Future value of the minimum lease payment | Interest | Present value of the minimum lease payment |
| Within one year | 1,062,754 | 43,129 | 1,019,625 | 1,159,368 | 123,724 | 1,035,644 |
| After one year but within five year | - | - | - | 1,062,754 | 40,314 | 1,022,440 |
| Total | 1,062,754 | 43,129 | 1,019,625 | 2,222,122 | 164,038 | 2,058,084 |

As at 31 December 2018 and 2017, financial lease liabilities of the Company in the amount of Baht 2 million and Baht 1 million, respectively, represented 4 hire purchase agreements to purchase vehicle with other company. The payment is made with 48 months installments of Baht 13,054 to Baht 35,253.

As at 31 December 2018, financial lease liabilities of subsidiary (IEC Sakaeo 1 Co., Ltd) in the amount of Baht 5 million represented 1 hire purchase agreements to purchase vehicle with other company. The payment is made with 48 months installments of Baht 102,000.

35. Non-current provision for employee benefits

The Company pays a post-employment benefit based on the Company's policy and the requirement of Thai Labor Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose to actuarial risk, such as longevity risk, interest rate risk and market (investment) risk.

Non-current provision for employee benefits in the statement of financial position as at 31 December

| | Consolidate financial statement | | Separate financial statements | |
|-------------------------------|------------------------------------|------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Post-employment benefits:- | | | | |
| Legal severance payments plan | 8,432,432 | 7,186,582 | 7,902,296 | 6,572,405 |
| Total | 8,432,432 | 7,186,582 | 7,902,296 | 6,572,405 |

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Movement in the present value of the defined benefit obligations

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------|--|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Defined benefit obligations at 1 January | 7,186,582 | 20,552,781 | 6,572,405 | 18,726,207 |
| Recognize in profit or loss | | | | |
| Current service costs | 1,352,206 | 6,778,808 | 1,170,835 | 5,942,220 |
| Interest on obligation | 169,016 | 488,408 | 159,056 | 421,264 |
| Recognize in other comprehensive income | | | | |
| Actuarial gains | (275,372) | (20,633,415) | - | (18,517,286) |
| Defined benefit obligations at 31 December | 8,432,432 | 7,186,582 | 7,902,296 | 6,572,405 |

The actuarial gains recognized in other comprehensive income at the reporting date arising from:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|--|-------------------|--|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Demographic assumptions | - | (947,849) | - | (1,102,406) |
| Financial assumptions | - | 148,892 | - | 10,961 |
| Experience adjustment | 275,372 | 21,432,372 | - | 19,608,731 |
| Total | 275,372 | 20,633,415 | - | 18,517,286 |

Principal actuarial assumptions

Principal actuarial assumptions at the reporting date

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------|--|--|--|--|
| | | | <i>(%)</i> | |
| Discount rate | 2.24 – 3.16 | | 2.42 | |
| Salary increase rate | 3.00 | | 3.00 | |
| Staff turnover rate | 0.00-29.00* | | 0.00-29.00* | |
| Mortality rate | 100 of TMO 2017** | | 100 of TMO 2017** | |
| Disability rate | 5 of TMO | | 5 of TMO | |
| Retirement age (Year) | 60 | | 60 | |

*Upon the length of service

**Based on TMO 2017 : Male and Female Thai Mortality Ordinary Tables of 2017

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

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Impact to defined benefit obligations as at 31 December 2018

| | Consolidate financial statements | Separate financial statements |
|----------------------|---|--|
| | <i>(in Baht)</i> | |
| Discount rate | | |
| Increase 1% | (747,579) | (667,142) |
| Decrease 1% | 861,587 | 761,967 |
| Salary increase rate | | |
| Increase 1% | 970,014 | 862,823 |
| Decrease 1% | (850,929) | (764,360) |
| Staff turnover rate | | |
| Increase 1% | (802,768) | (714,185) |
| Decrease 1% | 276,788 | 217,312 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, the National Legislative Assembly approved a bill the Labor Protection Act, that will become effective 30 days after its publication in the Government Gazette, to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. Therefore, the management of the Group/Company considered the amendment of the retirement benefit scheme when announced in the Government Gazette, and the Group/Company will recognize the increase in the non-current provisions for employee benefits approximately Baht 1.86 million and Baht 1.80 million, respectively in the consolidated and separate financial statements and resulting in the increase in loss for the year in the same amount. On 5 April 2019 the Labour Protection Act has been published in the Government Gazette.

36. Provisions

| | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------------|--|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Current: | | | | |
| Provision for penalty under the contract | 19,001,700 | 8,226,285 | 19,001,700 | 8,226,285 |
| Provision on lawsuit | 4,410,149 | 3,980,624 | 4,410,149 | 3,980,624 |
| | <u>23,411,849</u> | <u>12,206,909</u> | <u>23,411,849</u> | <u>12,206,909</u> |
| Non - current: | | | | |
| Provision on lawsuit | 8,647,187 | 9,131,476 | - | - |
| Provision for loss of subsidiary | - | - | 77,941,443 | 77,941,443 |
| | <u>8,647,187</u> | <u>9,131,476</u> | <u>77,941,443</u> | <u>77,941,443</u> |
| Total | <u>32,059,036</u> | <u>21,338,385</u> | <u>101,353,292</u> | <u>90,148,352</u> |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Movements for the years ended 31 December 2018 and 2017 were as follows:

| | Consolidated financial statements | | | | | | | |
|-----------------------|--|------------------|-----------------------|-------------------|-----------------------------------|-------------------|--------------------|-------------------|
| | Provision for penalty under the contract | | Provisions on lawsuit | | Provisions for loss of subsidiary | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | | | | | |
| At 1 January | 8,226,285 | 25,517,767 | 13,112,099 | 32,893,875 | - | - | 21,338,384 | 58,411,642 |
| Increase | 10,775,415 | 517,613 | 429,525 | 7,805,846 | - | - | 11,204,940 | 8,323,459 |
| Reversal | - | (17,809,095) | (484,288) | (27,587,621) | - | - | (484,288) | (45,396,716) |
| At 31 December | 19,001,700 | 8,226,285 | 13,057,336 | 13,112,100 | - | - | 32,059,036 | 21,338,385 |
| | Separate financial statements | | | | | | | |
| | Provision for penalty under the contract | | Provision on lawsuit | | Provision for loss of subsidiary | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | | | | | |
| At 1 January | 8,226,285 | 7,708,672 | 3,980,624 | 24,568,551 | 77,941,443 | 77,941,443 | 90,148,352 | 110,218,666 |
| Increase | 10,775,415 | 517,613 | 429,525 | 7,000,195 | - | - | 11,204,940 | 7,517,808 |
| Reversal | - | - | - | (27,588,122) | - | - | - | (27,588,122) |
| At 31 December | 19,001,700 | 8,226,285 | 4,410,149 | 3,980,624 | 77,941,443 | 77,941,443 | 101,353,292 | 90,148,352 |

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Provision for penalty under the contract

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

Provision on lawsuit

Please also see note 54 to the financial statements.

Provision for loss of subsidiaries

The Company recognized a provision due to guarantee for loss of subsidiary according to the agreement to share the burden of external debt which were summarized as follows:

| | Separate financial statements | |
|---------------------------------|--|--------------------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| IEC Business Partners Co., Ltd. | 77,941,443 | 77,941,443 |
| Total | <u>77,941,443</u> | <u>77,941,443</u> |

37. Share capital

| | <i>Par value (in Baht)</i> | Number | Consolidated and separate financial statements | | Number | Amount |
|--------------------------------------|------------------------------------|-------------------------------|---|--------|-------------------------------|-----------------------------|
| | | | 2018 | 2017 | | |
| | | | Amount | Amount | | Amount |
| | | | <i>(in shares / in Baht)</i> | | | |
| Authorized share capital | | | | | | |
| At 1 January | | | | | | |
| - Ordinary shares | 0.01 | 244,074,505,500 | 2,440,745,055 | | 244,074,505,500 | 2,440,745,055 |
| Reduction of share | 0.01 | (8,380,424) | (83,804) | | - | - |
| Increase of shares | 0.01 | 203,591,502,350 | 2,035,915,023 | | - | - |
| At 31 December | | | | | | |
| - Ordinary shares | 0.01 | <u>447,657,627,426</u> | <u>4,476,576,274</u> | | <u>244,074,505,500</u> | <u>2,440,745,055</u> |
| Issued and paid share capital | | | | | | |
| At 1 January | | | | | | |
| - Ordinary shares | 0.01 | 203,591,502,350 | 2,035,915,024 | | 203,446,598,767 | 2,034,465,988 |
| Increase of shares | 0.01 | 45,744,275,772 | 457,442,757 | | 144,903,583 | 1,449,036 |
| At 31 December | | | | | | |
| - Ordinary shares | 0.01 | <u>249,335,778,122</u> | <u>2,493,357,781</u> | | <u>203,591,502,350</u> | <u>2,035,915,024</u> |

For the year ended 31 December 2018

The Extraordinary Shareholders Meeting No.1/2017 held on 20 October 2017 resolved the significant matters as follows:

- To reduce the authorized share capital from Baht 2,440,745,055 to Baht 2,440,661,250.76 by cutting off 8,380,424 unsubscribed ordinary shares of Baht 0.01 par value. The Company

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registered the reduction of authorized share capital with the Ministry of Commerce on 18 October 2018.

- To increase the Company's authorized share capital by Baht 2,035,915,023.50 from the existing authorized share of Baht 2,440,661,250.76 to new authorized share of Baht 4,476,576,274.26 by the creation of 203,591,502,350 new ordinary shares at the par value of Baht 0.01. The Company registered the increase of authorized share capital with the Ministry of Commerce on 18 October 2018.
- To allot and offer the 203,591,502,350 new ordinary shares to the existing shareholders, at the ratio of 1 existing shares per 1 new ordinary share at the price of Baht 0.0125 per share. During October 2018, the Company received the payment from allotting and offering in the amount of Baht 571.80 million and registered the increase of paid-up capital with the Ministry of Commerce on 22 October 2018. (to be the issued and paid-up shares capital of Baht 457,442,757.72 and premium on ordinary shares of Baht 114,360,689.43).

For the year ended 31 December 2017

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

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

During the year ended 31 December 2018 and 2017, the number of warrants to purchase ordinary shares of the Company has changed as follows:

| | Number of warrants | |
|------------------------------------|------------------------------|------------------------------|
| | 2018 | 2017 |
| | (units) | |
| Balance at 1 January | 40,474,622,726 | 40,619,526,309 |
| Less exercise of warrants | - | (144,903,583) |
| Balance at 31 December 2018 | <u>40,474,622,726</u> | <u>40,474,622,726</u> |

Please also see note 58 to the financial statements.

38. Premium (discount) on ordinary shares

| | Consolidated and Separate financial statements | |
|----------------------------|---|-----------------------------|
| | 2018 | 2017 |
| | <i>(in Baht)</i> | |
| Premium on ordinary shares | | |
| Balance at 1 January | 1,307,482,276 | 1,305,308,722 |
| Increase of shares | 114,360,701 | 2,173,554 |
| Balance at 31 December | <u>1,421,842,977</u> | <u>1,307,482,276</u> |

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

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39. Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The reserve is not available for dividend distribution.

Movements in reserves

Movements in reserves are shown in the statements of change in equity

40. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as managing director and/or the Company’s Board of Directors.

Information of the performance of each segment reported a profit before tax of the segment. Which is presented in the management reports on a monthly basis, summarized as follows:

The Group comprises the 2 reportable segments as follows:

- Segment 1 is telecommunication segment and implementation of information technology system.
- Segment 2 is investments business in producing and distributing electricity from alternative energy (business in solar power plant, waste disposal plant and power plant from waste, and biomass power plant)

Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Information about reportable segments

| | Segment 1 | | Segment 2 | | Total | |
|---------------------------------------|------------|------------|------------|------------|--------------|------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| For the year ended 31 December | | | | | | |
| Revenue from operations | | | | | | |
| - External | 46 | 40 | 408 | 347 | 454 | 387 |
| Other revenue | | | | | | |
| - External | 205 | 70 | 51 | 25 | 256 | 95 |
| - Internal – segment | - | 1 | 526 | 65 | 526 | 66 |
| - Inter – segment | 161 | 109 | - | - | 161 | 109 |
| Total | 412 | 220 | 985 | 437 | 1,397 | 657 |
| Less elimination | (161) | (110) | (526) | (65) | (687) | (175) |
| Total segment revenue | 251 | 110 | 459 | 372 | 710 | 482 |

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| | Segment 1 | | Segment 2 | | Total | |
|------------------------------|--------------------------|--------------|--------------|--------------|--------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | | | |
| Interest income | 10 | 2 | - | - | 10 | 2 |
| Interest expense | 15 | 8 | 35 | 32 | 50 | 40 |
| Segment loss | | | | | | |
| before income tax | (143) | (420) | (107) | (748) | (250) | (1,168) |
| Segment assets | 802 | 2,319 | 1,100 | 1,280 | 1,902 | 3,599 |
| Investment | 2 | 1 | - | - | 2 | 1 |
| Segment liabilities | 208 | 1,927 | 551 | 839 | 759 | 2,766 |
| <i>Capital expenditure</i> | | | | | | |
| Depreciation | 9 | 11 | 100 | 81 | 109 | 91 |
| Amortization | 3 | 2 | 6 | 6 | 9 | 8 |
| Loss on impairment of assets | 23 | 241 | 74 | 749 | 97 | 990 |

Reconciliation of reportable segment revenues, profit or loss and asset for the year ended 31 December

| | 2018 | 2017 |
|--|--------------------------|-----------------------|
| | <i>(in million Baht)</i> | |
| Revenues | | |
| Total revenue from reportable segments | 454 | 387 |
| Other revenue | 943 | 270 |
| | <u>1,397</u> | <u>657</u> |
| Elimination of inter – segment revenue | (687) | (175) |
| Consolidated revenues | <u>710</u> | <u>482</u> |
| Profit or loss | | |
| Loss for reportable segments | (1,171) | (1,729) |
| Elimination of inter – segment profits | 921 | 561 |
| Consolidated loss before income tax | <u>(250)</u> | <u>(1,168)</u> |

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------------|----------------------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| <i>Assets</i> | | | | |
| Total assets for reportable segments | 1,900 | 3,598 | 799 | 2,901 |
| Investment in equity securities – accounting for investors | 2 | 1 | 2 | 1 |
| Consolidated total assets | <u>1,902</u> | <u>3,599</u> | <u>801</u> | <u>2,902</u> |

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Major customer

Revenues from three customers of the Group's/Company's derived revenues from 3 Government agencies in 2018 and 2017 amounted to Baht 454 million and Baht 386 million from the total revenue in year 2018 and 2017, respectively.

41. Revenue from subsidy for adders

Revenue from subsidy for adder is subsidy in respect of adder received from the Provincial Electricity Authority due to distribute electricity from solar energy at Baht 6.50 and Baht 8 per kilowatt-hours and from waste at Baht 3.5 per kilowatt-hours for a period of 5 years commencing from the first date of commercial sale of electricity with automatic renewal of 5 year in every period.

42. Other income

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | <i>(in Baht)</i> | |
| Consulting fee income | 114,500 | 1,567,000 | 2,182,500 | 6,953,000 |
| Rental and utility services income | 12,296,217 | 5,472,595 | 12,296,217 | 5,472,595 |
| Gain on sale of equipment and leasehold rights | 179,487 | 461,011 | 174,533 | 449,142 |
| Others | 8,337,891 | 25,464,658 | 1,387,644 | 8,028,068 |
| Total | 20,928,095 | 32,965,264 | 16,040,894 | 20,902,805 |

43. Distribution costs

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | <i>(in Baht)</i> | |
| Selling expenses | 4,285,776 | 4,809,965 | 382,823 | 63,029 |
| Advertising and public relations expenses | 1,390,854 | 4,846,664 | 1,153,796 | 4,449,263 |
| Total | 5,676,630 | 9,656,629 | 1,536,619 | 4,512,292 |

44. Administrative expenses

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|--------------------------------------|--------------------|----------------------------------|--------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | | <i>(in Baht)</i> | |
| Employee benefit expenses | 42,563,228 | 129,549,484 | 33,850,597 | 114,143,558 |
| Directors' remunerations | 318,000 | 2,152,500 | 318,000 | 2,152,500 |
| Place and equipment expenses | 36,303,405 | 38,019,999 | 29,366,766 | 27,437,308 |
| Bank charge | 3,187,427 | 9,813,287 | 2,842,988 | 8,840,214 |
| Consulting and professional fee | 11,849,711 | 11,433,454 | 7,329,946 | 8,340,195 |
| Depreciation and amortization | 20,956,694 | 34,572,235 | 11,719,087 | 12,181,903 |
| Others | 30,399,457 | 53,007,597 | 20,159,900 | 15,536,589 |
| Total | 145,577,922 | 278,548,556 | 105,587,284 | 188,632,267 |

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45. Employee benefit expenses

| | Consolidated financial statements 2018 | Separate financial statements 2018 |
|---|---|---|
| | <i>(in Baht)</i> | |
| Management:- | | |
| Directors' remunerations | 318,000 | 318,000 |
| Salaries and other benefits | 9,155,757 | 7,125,125 |
| Contribution to social security / compensation fund | 66,750 | 41,250 |
| Contribution to provident funds | 207,426 | 151,200 |
| Total | <u>9,747,933</u> | <u>7,635,575</u> |
| Employees:- | | |
| Salaries and other benefits | 79,802,193 | 39,930,469 |
| Contribution to social security / compensation fund | 2,826,335 | 621,351 |
| Contribution to provident funds | 1,859,175 | 812,094 |
| Total | <u>84,487,703</u> | <u>41,363,914</u> |
| Grand Total | <u>94,235,636</u> | <u>48,999,489</u> |

Partial employee expenses were included in cost of sale of goods or rendering of services.

The defined contribution plans

The defined contribution plans comprise provident funds established by the Group/Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 3% of their basic salaries and by the Group/Company at rate 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

46. Other expenses

| | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------------|--|-------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Loss on write off of deteriorated inventories | 1,260,536 | - | 1,247,842 | - |
| Loss on write off of assets | 193,279,905 | 2,274,748 | 173,871,774 | 1,397,004 |
| Loss on write off of other receivables | 329,016 | - | 329,016 | - |
| Loss on write off of advance payments for raw material | 648,712 | - | - | - |
| Loss on impairment of value added tax recoverable | - | 10,876,920 | - | - |
| Provision on lawsuit | 429,525 | 4,786,275 | 429,525 | 3,980,625 |
| Total | <u>195,947,694</u> | <u>17,937,943</u> | <u>175,878,157</u> | <u>5,377,629</u> |

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47. Finance costs

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|--------------------------------------|-------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Interest expense: | | | | |
| - Related parties | 2,258,904 | 1,443,245 | 1,508,904 | 263,013 |
| - Other parties | 14,613,096 | 6,516,127 | 12,400,679 | 6,516,128 |
| - Financial institutions | 33,295,714 | 31,837,697 | 1,308,901 | 1,159,297 |
| Total | 50,167,714 | 39,797,069 | 15,218,484 | 7,938,438 |

48. Expenses by nature

Certain accounts included in calculating profit (loss) from operations for the years ended 31 December have been classified by nature as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Purchase of finished goods and cost of rendering services | 312 | 203 | 51 | 25 |
| Management benefit expenses | 10 | 7 | 8 | 2 |
| Employee expenses | 84 | 158 | 41 | 121 |
| Depreciation and amortization expenses | 118 | 99 | 12 | 12 |
| Consulting and professional expenses | 12 | 5 | 7 | 4 |
| Loss on impairment of investments in subsidiaries | - | - | 936 | 92 |
| Loss on impairment of assets | 97 | 991 | 23 | 242 |
| Loss on write off of assets | 193 | 2 | 174 | 1 |
| Doubtful debts expense | 30 | - | 49 | 332 |
| Finance costs | 50 | 40 | 15 | 8 |
| Others | 54 | 146 | 34 | 66 |
| Total | 960 | 1,651 | 1,350 | 905 |

49. Income tax expense

Income tax reduction

Revenue Code Amendment act No. 42 B.E.2559 date 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting period which begins on or after 1 January 2016.

For the years ended 31 December 2018 and 2017, the Company and its subsidiaries had cumulative loss carry forward not exceeding 5 years before current accounting period and a subsidiary has net profit by promotional privileges. Therefore, there are no any income tax liabilities for the year.

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50. Loss per share

Basic Loss per share

Basic loss per share for the years ended 31 December 2018 and 2017 is calculated by dividing the net loss for the years attributable to ordinary shareholders of the Company by the weight average number of shares issuing during the year as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|------------------------|--------------------------------------|------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in Baht)</i> | | | |
| Loss for the year attributable to ordinary shareholders of the Company (basic) | <u>(232,926,578)</u> | <u>(841,983,007)</u> | <u>(957,378,392)</u> | <u>(685,212,964)</u> |
| Number of ordinary shares outstanding at 1 January | 203,591,502,350 | 203,446,598,767 | 203,591,502,350 | 203,446,598,767 |
| Effect of shares issued | <u>10,226,854,842</u> | <u>106,732,580</u> | <u>10,226,854,842</u> | <u>106,732,580</u> |
| Weighted average number of ordinary shares outstanding (basic) | <u>213,818,357,192</u> | <u>203,553,331,347</u> | <u>213,818,357,192</u> | <u>203,553,331,347</u> |
| Loss per share (basic) | <u>(0.0011)</u> | <u>(0.0041)</u> | <u>(0.0045)</u> | <u>(0.0034)</u> |

51. Promotional privileges

By virtue of the promotions of the Industrial Investment Promotion Act of B.E. 2520, the subsidiary has been privileged by the Board of Investment relating to operation for which the privileges have been granted which is summarized as follows:

• **GIDEC Co., Ltd.**

On 11 January 2011, the subsidiary has been granted privileges relating to the business of 7.1 Public utilities and basic services and 7.26 Waste water treatments, disposal services or transport of industrial waste or toxic chemicals, the privileges granted is summarized as follows:

- exemption from payment of import duty on machinery;
- exemption from payment of income tax from the promoted business totally not exceeding 100% of investments (excluding land and working capital) for a period of eight years from the date on which the income is first derived from disposal waste by burn;
- exemption from payment of income tax from the promoted business for a period of eight years from the date on which the income is first derived from production electricity from waste;
- exemption of dividends received from the promoted business in the computation of taxable income;

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- a 50% reduction in the normal income tax rate on the net profit derived from promoted business for production electricity from waste for a period of five years, commencing from the expiry date of exemption from income tax;
- double deduction from the costs of transportation, electricity and water supply a period of ten years from the date on which the income is first derived from production electricity from waste;
- Additional 25 % deduction of the cost of installation or construction of facilities beyond normally depreciation.

As the promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificate. The subsidiary has started income on 11 December 2014.

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

On 19 October 2010 and 25 March 2013 the subsidiary has been granted privileges relating to the business of 7.1 Public utilities and basic services is summarized as follows:

- exemption from payment of import duty on machinery;
- exemption from payment of income tax from the promoted business for a period of eight years from the date on which the income is first derived ;
- exemption of dividends received from the promoted business in the computation of taxable income;
- a 50% reduction in the normal income tax rate on the net profit derived from promoted business for a period of five years, commencing from the expiry date of exemption from income tax;
- double deduction from the costs of transportation, electricity and water supply for a period of ten years from the date on which the income is first derived from such operations;
- Additional 25 % deduction of the cost of installation or construction of facilities beyond normally depreciation.

As the promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificate. The subsidiary has started income on 23 September 2013 and 30 June 2014.

- **IEC Sakao 1 Co., Ltd.**

On 23 March 2012, the subsidiary has been granted privileges relating to the business of producing electricity from biomass, type of Public utilities and basic services is summarized as follows:

- exemption from payment of import duty on machinery;
- exemption from payment of income tax for the net profit from promoted business for a period of eight years including revenue from sale of by products such as scrap or waste from production ;

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- deduction of loss incurred during the period of income tax exemption from net profit for an additional period of five years from the expiry date of income tax exemption ;
- a 50% reduction in the normal income tax rate on the net profit derived from promoted business, commencing from the expiry date of income tax exemption ;
- double deduction from the cost of transportation, electricity and water supply for a period of ten years from the date on which the income is first derive from such operations ;
- Additional 25% deduction of the cost of installation or construction of facilities beyond normally depreciation.

As the promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificate. The subsidiary has started income in April 2013.

Summary of revenues from promoted and non-promoted businesses of 3 subsidiaries for the years ended 31 December were as follows:

| | Consolidated financial statements | | | | | |
|---|--|--|------------|------------------------|--|------------|
| | Promoted businesses | 2018 Non- promoted businesses | Total | Promoted businesses | 2017 Non- promoted businesses | Total |
| | <i>(in million Baht)</i> | | | | | |
| Revenue | | | | | | |
| Revenues from sales of goods or rendering of services | 292 | 46 | 338 | 225 | 40 | 265 |
| Revenues subsidy for adders | 116 | - | 116 | 121 | - | 121 |
| Other revenue | - | 256 | 256 | - | 96 | 96 |
| Total Revenues | 408 | 302 | 710 | 346 | 136 | 482 |

52. Financial instruments

Financial risk management policies

The Group/Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and monitors the level of dividends to ordinary shareholders.

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Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's/Company's operations and its cash flows.

The Group/Company's exposure to interest rate risk relates primarily to its cash at financial institution, loans to, bank overdrafts, short-term and long-term loans. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

The effective interest rates of deposit at banks, loans receivable and interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:-

| | Effective interest rate (% per annum) | Consolidated financial statements | | | Total |
|---|---------------------------------------|-----------------------------------|---------------------------------|---------------|-------------|
| | | Within 1 year | After 1 year but within 5 years | After 5 years | |
| <i>(in million Baht)</i> | | | | | |
| 2018 | | | | | |
| Current | | | | | |
| Cash and cash equivalents | 0.87 | 363 | - | - | 363 |
| Current investments | 0.87 | 1 | - | - | 1 |
| Bank overdrafts and short-term loans from financial institution | 5.76 | (22) | - | - | (22) |
| Short-term loans | 4.55 | (130) | - | - | (130) |
| Long-term in default | 6.68 | (256) | - | - | (256) |
| Current portion of long-term loans | 6.68 | (26) | - | - | (26) |
| Finance lease liabilities | 8.36 | (2) | - | - | (2) |
| Non current | | | | | |
| Pledged deposit at banks | 0.87 | - | 91 | - | 91 |
| Long-term loans | 6.68 | - | (52) | - | (52) |
| Finance lease liabilities | 8.36 | - | (3) | - | (3) |
| Total | | (72) | 36 | - | (36) |
| 2017 | | | | | |
| Current | | | | | |
| Cash and cash equivalents | 0.125-0.90 | 1,779 | - | - | 1,779 |
| Bank overdrafts and short-term loans from financial institution | MOR-MOR+0.75 | (98) | - | - | (98) |
| Short-term loans | MOR-MOR+0.75 | (120) | - | - | (120) |
| Long-term in default | MLR-MLR-0.05-1.50 | (419) | - | - | (419) |
| Current portion of long-term loans | MLR-MLR-0.05-1.50 | (41) | - | - | (41) |
| Finance lease liabilities | 4.50 | (1) | - | - | (1) |

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For the year ended 31 December 2018

| Consolidated financial statements | | | | | |
|--|---|------------------|---|------------------|--------------|
| | Effective interest rate (% per annum) | Within 1 year | After 1 year but within 5 years | After 5 years | Total |
| <i>(in million Baht)</i> | | | | | |
| Non current | | | | | |
| Pledged deposit at banks | 0.40-0.90 | - | 95 | - | 95 |
| Long-term loans | MLR-MLR- 0.05-1.50 | - | (81) | (20) | (101) |
| Finance lease liabilities | 4.50 | - | (1) | - | (1) |
| Total | | 1,100 | 13 | (20) | 1,093 |
| Separate financial statements | | | | | |
| | Effective interest rate (% per annum) | Within 1 year | After 1 year but within 5 years | After 5 years | Total |
| <i>(in million Baht)</i> | | | | | |
| 2018 | | | | | |
| Current | | | | | |
| Cash and cash equivalents | 0.82 | 315 | - | - | 315 |
| Current investments | 0.82 | 1 | - | - | 1 |
| Bank overdrafts and short-term loans from financial institution | 5.02 | (2) | - | - | (2) |
| Short-term loans | 3.48 | (100) | - | - | (100) |
| Finance lease liabilities | 8.36 | (1) | - | - | (1) |
| Non current | | | | | |
| Pledged deposit at banks | 0.82 | - | 68 | - | 68 |
| Total | | 213 | 68 | - | 281 |
| 2017 | | | | | |
| Current | | | | | |
| Cash and cash equivalents | 0.25-0.90 | 1,737 | - | - | 1,737 |
| Bank overdrafts and short-term loans from financial institution | MOR- MOR+0.75 | (51) | - | - | (51) |
| Short-term loans | 5.00-6.25 | (90) | - | - | (90) |
| Finance lease liabilities | 4.50 | (1) | - | - | (1) |
| Non current | | | | | |
| Pledged deposit at banks | 0.80-0.90 | - | 68 | - | 68 |
| Finance lease liabilities | 4.50 | (1) | - | - | (1) |
| Total | | 1,594 | 68 | - | 1,662 |

Foreign currency risk

The exposure of the Group/Company to foreign currency risk is limited since the majority of business transactions are denominated in Thai Baht.

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group/Company as and when they fall due.

The Group/Company focuses on cash sales. Management also has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date the Group / the Company has a credit risk as mentioned in Note 8 to the financial statements. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the reporting date. Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group/Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's/the Company's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | Carrying amount | Consolidate financial statement | | | Total |
|---|-----------------|---------------------------------|----------|----------|----------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | |
| | | <i>(in million Baht)</i> | | | |
| 31 December 2018 | | | | | |
| <i>Financial assets/Financial liabilities measured at fair value</i> | | | | | |
| Available-for-sale investments | 1 | 1 | - | - | 1 |
| | 1 | 1 | - | - | 1 |
| 31 December 2018 | | | | | |
| <i>Financial assets/Financial liabilities not measured at fair value</i> | | | | | |
| Cash and cash equivalents | 363 | 363 | - | - | 363 |
| Current investments | 1 | 1 | - | - | 1 |
| Trade accounts receivables | 54 | - | - | 54 | 54 |
| Other current receivables | 152 | - | - | 152 | 152 |
| Pledged deposit at banks | 91 | 91 | - | - | 91 |
| Bank overdrafts and short-term loans from financial institution | (22) | (22) | - | - | (22) |
| Trade accounts payables | (16) | - | - | (16) | (16) |
| Other current payables | (135) | - | - | (135) | (135) |
| Accrued expense | (57) | - | - | (57) | (57) |
| Long-term in default | (256) | (256) | - | - | (256) |
| Current portion of long-term loans | (26) | (26) | - | - | (26) |
| Current portion of finance lease liabilities | (2) | - | - | (2) | (2) |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Carrying amount | Consolidate financial statement | | | Total |
|--|-----------------|---------------------------------|----------|--------------|-------------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | |
| | | <i>(in million Baht)</i> | | | |
| Short-term loans | (130) | - | - | (130) | (130) |
| Other current provisions | (23) | - | - | (23) | (23) |
| Long-term loans | (52) | (52) | - | - | (52) |
| Finance lease liabilities | (3) | - | - | (3) | (3) |
| Non-current provisions for employee benefits | (8) | - | - | (8) | (8) |
| Other non-current provisions | (9) | - | - | (9) | (9) |
| Total | (78) | 99 | - | (177) | (78) |

31 December 2017

Financial assets/Financial liabilities measured at fair value

| | | | | | |
|--------------------------------|----------|----------|----------|----------|----------|
| Available-for-sale investments | 1 | 1 | - | - | 1 |
| | 1 | 1 | - | - | 1 |

Financial assets/Financial liabilities not measured at fair value

| | | | | | |
|---|--------------|--------------|----------|--------------|--------------|
| Cash and cash equivalents | 1,779 | 1,779 | - | - | 1,779 |
| Trade accounts receivables | 53 | - | - | 53 | 53 |
| Other current receivables | 195 | - | - | 195 | 195 |
| Short-term loans | 20 | - | - | 20 | 20 |
| Pledged deposit at banks | 95 | 95 | - | - | 95 |
| Bank overdrafts and short-term loans from financial Institution | (98) | (98) | - | - | (98) |
| Trade accounts payables | (32) | - | - | (32) | (32) |
| Other current payables | (132) | - | - | (132) | (132) |
| Accrued expense | (57) | - | - | (57) | (57) |
| Long-term in default | (419) | (419) | - | - | (419) |
| Current portion of long-term loans | (41) | (41) | - | - | (41) |
| Current portion of finance lease liabilities | (1) | - | - | (1) | (1) |
| Short-term loans | (120) | - | - | (120) | (120) |
| Other current provisions | (12) | - | - | (12) | (12) |
| Long-term loans | (101) | (101) | - | - | (101) |
| Finance lease liabilities | (3) | - | - | (3) | (3) |
| Non-current provisions for employee benefits | (7) | - | - | (7) | (7) |
| Other non-current provisions | (9) | - | - | (9) | (9) |
| Total | 1,110 | 1,215 | - | (105) | 1,110 |

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| | Carrying amount | Separate financial statements Fair value | | | Total |
|---|--------------------|---|----------|--------------|------------|
| | | Level 1 | Level 2 | Level 3 | |
| 31 December 2018 | | | | | |
| <i>Financial assets/Financial liabilities measured at fair value</i> | | | | | |
| Available-for-sale investments | 1 | 1 | - | - | 1 |
| | <u>1</u> | <u>1</u> | <u>-</u> | <u>-</u> | <u>1</u> |
| <i>Financial assets/Financial liabilities not measured at fair value</i> | | | | | |
| Cash and cash equivalents | 315 | 315 | - | - | 315 |
| Current investments | 1 | 1 | - | - | 1 |
| Trade accounts receivables | 17 | - | - | 17 | 17 |
| Other current receivables | 56 | - | - | 56 | 56 |
| Pledged deposit at banks | 68 | 68 | - | - | 68 |
| Bank overdrafts and short-term loans from financial Institution | (2) | (2) | - | - | (2) |
| Trade accounts payables | (5) | - | - | (5) | (5) |
| Other current payables | (36) | - | - | (36) | (36) |
| Accrued expense | (20) | - | - | (20) | (20) |
| Current portion of finance lease liabilities | (1) | - | - | (1) | (1) |
| Short-term loans | (100) | - | - | (100) | (100) |
| Other current provisions | (23) | - | - | (23) | (23) |
| Non-current provisions for employee benefits | (8) | - | - | (8) | (8) |
| Other non-current provisions | (78) | - | - | (78) | (78) |
| Total | <u>184</u> | <u>382</u> | <u>-</u> | <u>(198)</u> | <u>184</u> |
| 31 December 2017 | | | | | |
| <i>Financial assets/Financial liabilities measured at fair value</i> | | | | | |
| Available-for-sale investments | 1 | 1 | - | - | 1 |
| | <u>1</u> | <u>1</u> | <u>-</u> | <u>-</u> | <u>1</u> |
| 31 December 2017 | | | | | |
| <i>Financial assets/Financial liabilities not measured at fair value</i> | | | | | |
| Cash and cash equivalents | 1,737 | 1,737 | - | - | 1,737 |
| Trade accounts receivables | 8 | - | - | 8 | 8 |
| Other current receivables | 72 | - | - | 72 | 72 |
| Short-term loans | 600 | - | - | 600 | 600 |
| Pledged deposit at banks | 68 | 68 | - | - | 68 |
| Bank overdrafts and short-term loans from financial Institution | (51) | (51) | - | - | (51) |
| Trade accounts payables | (4) | - | - | (4) | (4) |
| Other current payables | (29) | - | - | (29) | (29) |
| Accrued expense | (15) | - | - | (15) | (15) |
| Current portion of finance lease liabilities | (1) | - | - | (1) | (1) |

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| | Carrying amount | Separate financial statements | | | Total |
|---|--------------------|-------------------------------|----------|------------|--------------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | |
| | | <i>(in million Baht)</i> | | | |
| Short-term loans | (90) | - | - | (90) | (90) |
| Other current provisions | (12) | - | - | (12) | (12) |
| Finance lease liabilities | (1) | - | - | (1) | (1) |
| Non-current provisions for employee benefits | (7) | - | - | (7) | (7) |
| Other non-current provisions | (78) | - | - | (78) | (78) |
| Total | 2,197 | 1,754 | - | 443 | 2,197 |

Financial instruments measured at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability

53. Commitments with non – related parties

As at 31 December 2018, the Group /Company had commitments as follows:

| | Consolidated financial statements | Separate financial statements |
|---|---|-------------------------------------|
| | <i>(in million Baht)</i> | |
| <i>Non-cancellable operating lease commitments</i> | | |
| Within one year | 3 | 1 |
| After one year but within five years | 10 | 3 |
| After five years | 20 | 4 |
| Total | 33 | 8 |
| <i>Other commitments</i> | | |
| Bank guarantee for performance bonds and bid bonds and compliance with the agreement | 68 | 54 |
| Total | 68 | 54 |

On 8 April 2015, the Company (“purchaser”) entered into an agreement to purchase the residue from the organic fertilizer process with the other company (“seller”) to produce the recycling plastic, by determining price at Baht 225 per metric ton for a period of 10 years from the agreement date.

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54. Lawsuits and litigation

- *Lawsuits that the Company and subsidiaries sued*

The International Engineering Public Company Limited (The Company)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|-------------------------------|---------------------------|---|---|
| Black case No.Aor 569/2560 | The Company | Petchpiya Group Company Limited and related person | On 24 February 2017, the Company filed a plaint to the Court for fraud in the purchasing trammel with a claim amount of Baht 10.70 million. The Civil Court and the Appeal Court dismissed the case. Subsequently, on 21 August 2019, the Company filed a dika to the Court and the Supreme Court dismissed the case on 26 February 2020. |
| Por.780/2561 Por.1281/2562 | The Company | Mrs. Waraporn Petcharawan Mr. Polpiphat Srisuwan Mr. Itthidej Srisuwan Mr Saran Yusuk Thaworn Energy (2013) Co., Ltd. | On 12 February 2018, the Company filed a plaint to the Civil Court for breach of the sale and purchase of share agreement with the claims amount of Baht 53.75 million, which the Court of First Instance ordered the defendant to pay back the deposit for the shares to the Company with interest rate at 7.5 % per annum from the sue date. Subsequently, on 11 June 2019, the defendant appealed to the Court. Presently, it has been in the process of consideration of the Appeal Court which has not been finalized. |

IEC Green Energy Co., Ltd. (IEC GREEN)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|---------------|-------------------------------|--|---|
| Aor.1656/2560 | The subsidiary (IEC GREEN) | Mr. Bhusana Premanode Mr. Narong Ongartmaneerut Mr. Chanchai Khemwichien Mr Suthep Boa San Thia LPS Company Limited | On 27 July 2017, the Company filed a plaint to the Court for fraud in the purchasing Bio Scrubber Emission with the claim amount of Baht 20.50 million. On 13 November 2018, the Court dismissed the case and the Company appealed to the Court and the Appeal Court reversed the decision and agreed to obtain all defendants' plaints except for the 2nd and 4th defendants. Subsequently, on 29 August 2019, the subsidiary filed a dika to the Court. Presently, it has been in the process of consideration of the Supreme Court which has not been finalized. |

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Gidec Co., Ltd. (GIDEC)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|---------------|---------------------------|---|--|
| Por.1775/2561 | The subsidiary (GIDEC) | Flora Technology Company Limited | On 4 September 2018, the subsidiary filed a plaint to the Court regarding the breach of the consulting agreement in the disposal of community waste for processing into electrical energy with the claim amount of Baht 13.71 million. On 19 November 2018, the Civil Court ordered the defendant to pay the amount of claim of Baht 11.84 million with interest from 21 July 2016 until the settlement was completed. |

IEC Mae Tha Mae Taeng Co., Ltd. (IECMT)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|--------------------------------|---------------------------|--|---|
| Aor.1671/2560 Aor.3006/2561 | The subsidiary (IECMT) | Mr. Bhusana Premanode Mr. Kittphat Sirathanaset Mr. Somchai Lertwisettheerakun Mr Maruphong Siriwat Ms. Aphirat Premanode REEC Company Ltd. | On 31 July 2017, the subsidiary filed a plaint to Civil Court charged with false statements and concealing facts in the procurement of Line Conditioner, Mae Malai Project without real purchasing with the claim amount of Baht 10.52 million and on 13 November 2018, the Court dismissed the case. However, the subsidiary set up an allowance for impairment in full amount. On 28 February 2019, the subsidiary filed an appeal to the Appeal Court and the Court reversed to accept the request of all the defendants except of Mr. Somchai Lertwisettheerakun. The subsidiary filed a petition to the Supreme Court for the defendant – Somchai. Presently, it has been in the process of consideration of the Court, which has not been finalized. |
| Aor.1673/2560 Aor.3007/2561 | The subsidiary (IECMT) | Mr. Bhusana Premanode Mr. Kittphat Sirathanaset Mr. Somchai Lertwisettheerakun Mr Maruphong Siriwat | On 31 July 2017, the subsidiary filed a plaint to Civil Court charged with false statements and concealing the facts in the procurement of Line Conditioner, Mae Tha Project without real purchasing with the claim amount of Baht 20.37 million and on 13 November 2018, the Court dismissed the case. However, the subsidiary set up an allowance for impairment in full amount. |

The International Engineering Public Company Limited and its Subsidiaries

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For the year ended 31 December 2018

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|----------|---------------------------|--|---|
| | | Ms. Aphirat Premanode REEC Company Ltd. | On 28 February 2019, the subsidiary filed an appeal to the Appeal Court and the Court reversed to accept the request of all the defendants except of Mr. Somchai Lertwisettheerakun. The subsidiary filed a petition to the Supreme Court for the defendant-Somchai. Presently, it has been in the process of consideration of the Court, which has not been finalized. |

IEC Sakaeo 1 Co., Ltd. (IEC SK1)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|--------------|----------------------------|---|--|
| 507/2560 | The subsidiary (IECSK1) | Mr. Bhusana Premanode Mr. Chanchai Khemwichien Mr. Narong Ongartmaneerut Mr. Nonthiphong Sritakhet | On 31 July 2017, the subsidiary filed a plaint to the Court for the procurement of Bio Scrubber with the claim amount of Baht 4.31 million and on 20 June 2018, the Court dismissed the case. On 19 September 2019, the subsidiary filed an appeal to the Appeal Court and the Court agreed with the Civil Court's sentence. Subsequently, on 14 August 2019, the subsidiary filed a dika to the Court and on 5 March 2020, the Supreme Court dismissed the petition and did not accept the petition of the subsidiary. |
| Por.386/2562 | The subsidiary (IECSK1) | Mr. Suthin Jaithum Ms. Charuwan Phusanaphibankhup | On 18 July 2019, the subsidiary filed a plaint to the Court for breach of the acknowledgement of debt agreement with the claim amount of Baht 2.93 million. Presently, it has been in the process of consideration of the Court, which has not been finalized. |
| Por.616/2561 | The subsidiary (IECSK1) | Mr. Wanchai Boonmee | On 9 August 2018, the subsidiary filed a plaint to the Court for breach of contract and did not deliver fuel with the claim amount of Baht 0.26 million. On 25 February 2019, the subsidiary and the defendants entered into a compromise agreement to the Court that the defendant agreed to pay the debt in the amount of Baht 0.26 million to the subsidiary in 12 installments. |

The International Engineering Public Company Limited and its Subsidiaries

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For the year ended 31 December 2018

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|---------------|----------------------------|---|---|
| Por.617/2561 | The subsidiary (IECSK1) | Miss Chulabhorn Phusrit | On 9 August 2018, the subsidiary filed a plaint to the Court for breach of contract and did not deliver fuel with the claim amount of Baht 0.31 million. On 25 February 2019, the subsidiary and the defendants entered into a compromise agreement to the Court that the defendant agreed to pay the debt in the amount of Baht 0.30 million to the subsidiary in 12 installments. |
| Aor.2648/2560 | The subsidiary (IECSK1) | Mr. Bhusana Premanode Mr. Narong Ongartmaneerut Mr. Chanchai Khemwichien Mr Thaweesan Premanode Mr Kittaphat Sirathanaset SST Company Property Co., Ltd. | On 27 July 2017, the subsidiary filed a plaint to the Court for fraud of land filling and pile driving with the claim amount of Baht 5.50 million. On 14 March 2019, the subsidiary received the settlement of Baht 5 million, therefore, the subsidiary withdraws the lawsuit against the defendant and the defendant did not object, then the Court allowed the withdrawal of the case and dispose of case. |

- *Litigation that the Company and subsidiaries were sued*

The International Engineering Public Company Limited (The Company)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|---------------|---|------------------------|--|
| Por.2933/2561 | BP Auto Tech Engineering Company Limited | The Company | On 28 May 2018, the Company was sued for breach of hire of work agreement with the claim amount of Baht 3.69 million. On 28 November 2019, the Court ordered the Company to make the payment of Baht 2.95 million with interest at the rate of 7.5% per annum of the principal in the amount of Baht 2.59 million from the next day of sue date until the completed settlement. On 19 December 2019, the Company requested to extend the period of filing the appeal by 26 February 2020. However, as at 31 December 2018, the Company recorded a principal of Baht 2.59 million and shown under other current payables. |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|---------------------------|---|------------------------------------|--|
| 2083/2561 | Ruamrudee Engineering and Transport Company Limited | The Company and 2 former directors | On 31 October 2018, the Company was sued for breach the rental agreement with the claim amount of Baht 2.38 million. On 24 July 2019, the plaintiff received the payment of Baht 0.25 million, therefore the case was withdrawn and allowed by the Court including disposal of case from list. |
| Por.4899/2560 | Mr. Pawarit Sooksathit | The Company | On 17 October 2017, the Company was sued for breach of hire of work agreement with the claim amount of Baht 0.99 million. On 25 September 2018, the Court gave judgement the Company to pay the debt according to the statement of claim. As at 31 December 2018, the Company recorded such debt in other payable. |
| 3218/2560 Ror8802/2561 | Mr. Kittaphat Sirathanaset | The Company | On 23 August 2017, the Company was sued by the former employee to the Central Labour Court regarding unfair lay-off with the claim amount of 2.64 million. Subsequently, on 25 December 2018, the Court gave judgement the Company to make the payment of severance pay of Baht 1.20 million with interest rate at 15% and compensation for advance notice and for damages in the amount of Baht 1.26 million with interest at 7.5%. Subsequently, the Company appealed to the Appeal Court and the Court dismissed the appeal on 28 October 2019. However, the Company recorded the obligation as at 31 December 2018 in the amount of Baht 2.86 million in the provision on lawsuit. |
| 3167/2560 | Mr. Anusorn Pinkoomphi | The Company | On 18 August 2017, the Company was sued by the former employee to the Central Labour Court regarding unfair lay-off with the claim amount of 1.32 million. Subsequently, on 31 July 2018, the Court gave judgement the Company to make the payment of severance pay of Baht 0.72 million with interest rate at 15% and compensation for advance notice and for damages in the amount of Baht 0.61 million with interest at 7.5%. Subsequently, the Company appealed to the Appeal Court and the Court dismissed the appeal on 26 March 2019. However, the Company recorded the obligation as at 31 December 2018 in the amount of Baht 1.55 million in the provision on lawsuit. |

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IEC Green Energy Co., Ltd (IEC GREEN)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|-----------------------------|--|--------------------------------|---|
| Aor.1991/2561 | LPS Company Limited | The subsidiary (IEC GREEN) | On 2 May 2018, the subsidiary was sued due to bring a false charge and on 16 September 2019, the Court temporarily dispose the case to wait for the result of the primary case, Aor. 1656/2560. |
| Civil 1105/2561 93/2562 | Potjamin Service and Supply Co., Ltd | The subsidiary (IEC GREEN) | On 6 August 2018, the subsidiary was sued for breach of hire of work agreement with the claim amount of Baht 1.02 million. On 25 January, 2019, the Court order to dismiss the case. Subsequently, the plaintiff appealed to the Appeal Court and on 31 October 2019, the Appeal Court agreed with the Court of First Instance's sentence. |
| Por.1258/2561 | PPR Plus Company Limited | The subsidiary (IEC GREEN) | On 3 September 2018, the subsidiary was sued in charge of trading with the claim amount of Baht 0.76 million. The Court ordered the subsidiary to make the payment of debt of Baht 0.76 million with interest at 7.5% per annum, the subsidiary had already paid the debt to the plaintiff in the amount of Baht 0.48 million. Subsequently, on 12 June 2019, the plaintiff filed a request to cancel the enforcement and waive the right on the remaining amount. The case was absolute execution. |
| Por.932/2561 Por.61/2562 | Bamrungrak Technic Limited Partnership | The subsidiary (IEC GREEN) | On 29 June 2018, the subsidiary was sued in charge of trading and call damage with the claim amount of Baht 0.35 million. The Court gave judgement the subsidiary to make the payment of the debt in the amount of Baht 0.35 million with interest at 7.5% per annum. On 12 June 2019, the subsidiary paid the payment according to the judgment and the case completed. |
| Black case No.649/2560 | Mr. Chatchai Wannaphet | The subsidiary (IEC GREEN) | On 22 May 2017, the subsidiary was sued because the subsidiary's land enclosed the entrance-exit of the victim's land, resulting in not being able to construct residences and buildings for business purposes. On 29 August 2018, the Court gave judgement the subsidiary to open the disputed land. Subsequently, the subsidiary filed an appeal, and on 20 August 2019, the Court ordered the plaintiff to pay compensation to the subsidiary in the amount of Baht 0.27 million. In addition, it shall be in accordance with the judgment of the Court of First Instance. |

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IEC Business Partners Co., Ltd (IECBP)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|------------------------------|---------------------------|------------------------|--|
| Civil black case No.219/2552 | IGA | The subsidiary (IECBP) | On 22 January 2009, a subsidiary was sued by International Gasohol Corporation Limited in relation to breach the sell agreement with calling the outstanding debt, a lawyer fee of Baht 1 million and claim due to default under sale and purchase of assets agreement in the amount of Baht 82.54 million with interest at 7.5 % per annum on principal of Baht 77.21 million totalling Baht 82.54 million. However, the subsidiary recorded payable on assets and provision amounted to Baht 69 million and Baht 8 million, respectively. Presently, the case has been in the process of the Court's consideration and the Court set an appointment to hear the sentence on 7 April 2020 |

IEC Mae Tha Mae Taeng Co., Ltd (IECMT)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|--------------------------------|--------------------------------|------------------------|---|
| Por.4271/2561 | Mr. Somchai Lertwisettheerakun | The subsidiary (IECMT) | On 26 July 2018, the subsidiary was sued for violations and recover damage with the claim amount of Baht 50 million. On 21 May 2019, the Court ordered to temporarily dispose of the case to wait for the completed of facts of the relevant criminal case. |
| Aor.2016/2561 Aor.765/2562 | Mr. Somchai Lertwisettheerakun | The subsidiary (IECMT) | On 6 July 2018, the subsidiary was sued due to bring a false charges. Presently, the case has been in the process of consideration of the Court, which has not been finalized. |
| Aor.2271/2561 Aor.3057/2562 | Mr. Somchai Lertwisettheerakun | The subsidiary (IECMT) | On 25 July 2018, the subsidiary was sued due to bring a false charges. The Court ordered to temporarily dispose of the case to wait for the main case. (Aor. 1673/2560) having final judgment first. |

IEC Sakaeo 1 Co., Ltd (IECSK1)

| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|--------------------|--------------------------------|-------------------------|--|
| Black Por.478/2560 | Ms. Charuwan Phusanaphibankhup | The subsidiary (IECSK1) | On 17 July 2017, the subsidiary was sued for breach of the sale agreement, pay for debts and claim damages with the claim amount of Baht 7.81 million. The Court has dismissed. The plaintiff filed an appeal and Deka Appeal. On 17 |

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| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|--------------|---------------------------------------|----------------------------|---|
| | | | October 2019, the Supreme Court ordered not to allow the plaintiff to file a petition, dismiss the petition and not to accept the plaintiff's petition. |
| Por.145/2562 | Eastern Pearl Company Limited | The subsidiary (IECSK1) | The subsidiary was sued for breach of sale of molasses agreement with the claim amount of Baht 2.40 million. Subsequently, on 13 May 2019, the subsidiary and the plaintiff entered into a compromise agreement with the Court, the subsidiary agreed to pay the debt to the plaintiff in the amount of Baht 2.31 million in monthly installments, totaling 6 months. The first installment shall be due within 31 May 2019, which the subsidiary recorded trade account payables as of 31 December 2018 in the amount of Baht 2.31 million. |
| 549/2560 | SEE Enterprise Limited Partnership | The subsidiary (IECSK1) | On 24 August 2017, the subsidiary was sued for breach of hire of work agreement with the claim amount of Baht 1.31 million. Subsequently, on March 13, 2019, the Court ordered the subsidiary to repay the debt in the amount of Baht 1.31 million without interest. The subsidiary made partial payment remained the outstanding debt, as at 31 December 2018, of Baht 0.66 million which was recorded in accrued expenses. |
| Por.591/2560 | Thaweesak Kittiya Company Limited | The subsidiary (IECSK1) | On 7 September 2017, the subsidiary was sued for breach of sales agreement with the claim amount of Baht 0.95 million. On 26 April 2018, the subsidiary entered into a memorandum to repay debt at the Court in monthly installment of Baht 0.043 million for 2 years beginning on 5 May 2018. The subsidiary has made partial repayment of debt remained the outstanding, as at 31 December 2018, of Baht 0.70 million recorded in accounts payable and provision on lawsuit in the amount of Baht 0.55 million and Baht 0.15 million, respectively. |
| 650/2561 | ASCO Equipment Company Limited | The subsidiary (IECSK1) | On 23 August 2018, the subsidiary was sued for breach of hire of work contract with the claim amount of Baht 1.50 million. On 26 December 2018, the subsidiary made payment to the plaintiff in the amount of Baht 1.38 million, therefore, the plaintiff filed a petition to withdraw the case and the Court ordered to dispose the case on 16 January 2019. |

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| Case No. | Plaintiff/ Complainant | Defendant/ Objector | Details of case |
|----------|--|--------------------------------|--|
| 505/2560 | Thai Capital Corporation Limited TCC Energy Company Limited | The subsidiary (IECSK1) | On 31 July 2017, the subsidiary was sued for breach of sale agreement with the claim amount of Baht 2.33 million. On 25 July 2018, the Court gave judgement the subsidiary to make the payment to the plaintiff in the amount of Baht 2.33 million with interest at the rate of 7.5% per annum from the next day of sue date. As at 31 December 2018, the subsidiary recorded such debt in accounts payable and provision on lawsuit in the amount of Baht 2.16 million and Baht 0.17 million, respectively. |

- **Incriminating the former directors and executives of the Company**

On 31 October 2017, The SEC filed criminal complaints against former directors and executives of The International Engineering Public Company Limited (IEC) and their associates, totaling 25 persons, with the Department of Special Investigation (DSI) for jointly committing fraudulent acts, misappropriating the company's assets and seeking unlawful gains, which had caused damage to IEC. Their misconduct also included arranging or allowing preparation of forged accounting records be inconsistent with the facts to deceive other persons during September 2014 to August 2016, regarding purchases of IEC subsidiaries shares, entering into construction contracts, machinery procurement and installation contracts, as well as misuse of North Environment Company Limited (NE) and Energy System Engineering and Service Company Limited (ESSES) as a channel for committing fraudulent acts involved nine cases with the initial total damages of more than Baht 200 million, which were summarized as follows:

Case 1: Committing a fraud by misappropriating IEC assets through a purchase transaction of IEC Sakaeo 1 Co., Ltd. (IEC SK1) shares in the amount of Baht 345 million. The seller received Baht 300 million from the sale of shares; the margin of approximately Baht 45 million was given to the former director of IEC Sakaeo 1 Co., Ltd.

Case 2: Arranging for falsification of the IEC financial statements; the former directors and two related persons made up fake documents and partially paid for the debt owed by debtor, who had agreed to take on debt into believed that the debtor owing the outstanding balance of fuel charge worth Baht 53.62 million was capable of debt repayment to the company without allowance for a doubtful account of the outstanding debt.

Case 3: Performing duties dishonestly and seeking wrongful gains, which caused damage to IEC, through a purchase transaction of IECSK1 shares at the amount of Baht 100 million. This was done after IECSK1 had been placed in absolute receivership by the Central Bankruptcy Court's order. ; the former directors knew the fact but they still wanted IEC to buy IECSK1 shares from the two seller (who were their debtors) in order to repay them (the former directors) with the money received from the sale of shares.

Case 4: Performing duties dishonestly and seeking wrongful gains, which caused damage to IEC, in the case where IEC did not exercise the right to purchase shares of Kokcharoen Green Energy Company Limited (KE) in the amount of Baht 45 million. Instead, the former director offered to buy KE shares directly from the seller at the price of Baht 20 million. Later, he arranged for his associates to sell the shares to a third party at the significantly higher price of Baht 70 million, which created an unlawful benefit for the former directors.

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The three directors of ESES assisted and supported the execution of such trading transactions.

Case 5: Committing a fraud by misappropriating money of NongRee Power Plants Company Limited through a contract with ESES for the construction of a building and the installation of electricity-generating machinery at the exaggerated price of Baht 58 million. NongRee Power Plants paid for the first installment of Baht 12.48 million to ESES.

Case 6: Committing a fraud by misappropriating money of IEC through the selling transactions of thermoplastic of IEC project in Rayong province. That was the former directors and one related person jointly sold the thermoplastic to third parties before the launch date of commercial operation. Instead of making the payment for the thermoplastic to IEC, the buyers transferred the total payment approximately Baht 2.95 million into the accounts of two related persons and NE director, was involved in the arrangement.

Case 7: Committing a fraud by misappropriating money of IEC through the transactions related to the outsourcing contract with Bann Tongkum, regarding the construction of a wastewater treatment system and a water purifier system of IEC project in Rayong province in the amount of Baht 15.09 million. The former directors and one related person had signed in acceptance of the complete construction and approved the full payment when in fact the construction was incomplete.

Case 8: Committing a fraud by misappropriating money of IEC through the transactions related to purchasing contract of waste trommel screen machines of IEC project in Had Yai District, Songkla Province from Petchpiya Group in the amount of Baht 10.70 million. The former directors and related one person signed in acceptance of the machines and approved the full payment by IEC but the machines could not be found in fact.

Case 9: Committing a fraud by misappropriating money of IEC through the transactions related to the outsourcing contract with Thai-Chin Engineering & Construction, regarding the construction of a contaminated plastic distilling plant of IEC project in Yad Yai District, Songkla Province in the amount of Baht 10.50 million. The former directors and one related person signed in acceptance of the complete construction and approved the full payment by IEC even though the construction was in breach of the contract.

The transactions as detailed above are liable to the offences under Paragraph 2 of Section 281/2, Section 307, Section 308, Section 311, Section 312 and Section 315 of the Securities and Exchange Commission Act B.E. 2535 in conjunction with Section 83, Section 86, Section 91, Section 352, Section 353 and Section 354 of the Penal Code. Each case may be subject to imprisonment from 5 to 10 years and a fine from Baht 500,000 to Baht 1 million.

Presently, they have been in the process of investigation of DSI which have not been finalized.

55. Pledged assets

As at 31 December 2018 and 2017, the Group's/Company's bank deposits of Baht 91 million and Baht 95 million in the consolidated financial statements and Baht 68 million and Baht 68 million in the separate financial statements, respectively, have been used as collateral for credit facilities obtained from banks.

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As at 31 December 2018, 11 plots of land including present and future structures, building, solar power plant with equipment, of the subsidiary (IEC Mae Tha Mae Tang Co., Ltd.), power plant from biomass of the subsidiary (IEC Sakaeo1 Co., Ltd.) with book value of Baht 712 million and including the rights to insurance claims of those assets and two subsidiaries shares' certificate held by the Company have been mortgaged/pledged as collateral for loans from two domestic commercial banks and a related person amounting to Baht 882 million.

56. Significant agreements

- On 11 April 2009, the subsidiary (IEC Mae Tha Mae Taeng Co., Ltd.) entered into two power purchase agreements with the Provincial Electricity Authority (“PEA”) for project’s Lumpoon 1 and Lumpoon 2. The subsidiary agrees to sell electricity to PEA within 1 March 2011, the agreement is effective from 11 April 2009 for a period of five years and automatically renewal for a period of five years and effective until the subsidiary will cease trading electricity by written request to terminate the agreement or either party fails to comply with the condition of the agreement. The payment term according to the conditions is prescribed in the regulations for the purchase of electricity of PEA. The subsidiary was approved by the PEA to extend to distribute electricity and has distributed the electricity to Provincial Electricity Authority on 23 September 2013 and on 30 June 2014, the subsidiary has already distributed the electricity to PEA.
- On 23 June 2010, the subsidiary (GIDEC Co., Ltd.) entered into a construction and services management of waste disposal system in community and amendment memorandum with Hatyai Municipality. The municipality agreed the subsidiary to construct the waste disposal system in community and to install the pollution treatment system on land owned by municipality. The subsidiary has the right to manage such system for a period of 25 years from the date of signing the contract. The significant details are as follows.
 - The subsidiary agreed to pay land rental amounted to Baht 500,000 per year to the municipality.
 - The subsidiary provided the property insurance coverage and determined the municipality as the beneficiary.
 - The municipality agreed to pay a waste disposal to the subsidiary at a rate of Baht 290 per ton for a period of 10 years and after the eleventh year to twenty-fifth year, a waste disposal rate will be revised every 5 years and the subsidiary has right to increase a waste disposal rate according to inflation rate but not more than 10% in every 5 years.
 - The subsidiary shall pay compensation to the municipality at a rate of 10% of revenue from waste disposal. The municipality shall deduct compensation from waste disposal expenses to be withdrawn by the subsidiary each month.
 - The subsidiary shall pay a consulting fee to the municipality for procuring work during construction period at the actual amount but not exceeding Baht 4,000,000.
 - Constructions, building, machineries and other equipments under the agreement are owned by the municipality after the end of the agreement or the date of termination.
- On 4 January 2011, the subsidiary (GIDEC Co., Ltd.) entered into a power purchase agreements with the Provincial Electricity Authority (“PEA”). The subsidiary agrees to sell electricity to PEA within 22 August 2011, the agreement is effective from 4 January 2011 for a period of five

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years and continuous renewed for a period of five years by automatically and effective until the subsidiary has ceased trading electricity by written request to terminate the agreement or either party fails to comply with the condition of the agreement. The payment term according to the conditions prescribed in the regulations for the purchase of electricity of PEA. The subsidiary was approved by the PEA to extend to distribute electricity and has distributed the electricity to Provincial Electricity Authority on 11 December 2014.

- On 29 April 2011, the subsidiary (GIDEC Co., Ltd.) entered into a letter to divide a space of land (Nor Sor 3 Kor) located at Khuanlang district. On 25 June 2010 to 25 June 2035 in order to construction and manage waste disposal system in community, sizing not less than 250 tons per day. Total rental expenses amounted to Baht 15.26 million, annually payable on 25 June of following year at the rental rate from Baht 500,000 to Baht 732,050 per year with deposit amounted to Baht 1,526,275. Under the rental agreement No. 27/2554 dated 1 December 2010 certain conditions such as properties owned by the lessor.
- On 22 August 2012, the subsidiary (“IEC Sakaeo1 Co., Ltd.”) enter into a power purchase agreement with the Provincial Electricity Authority (“PEA”) the subsidiary agreed to sell electricity to PEA within 31 May 2013, the agreement is effective from 22 August 2012 for a period of five years and automatically renewal for a period of five years and effective until the subsidiary will cease trading electricity by written request to terminate the agreement or either party fails to comply with the condition of the agreement. The payment term according to the conditions is prescribed in the regulations for the purchase of electricity of PEA. The subsidiary has distributed the electricity to Provincial Electricity Authority since April 2013.

57. Correction of accounting errors in the prior year and reclassification

57.1 Correction of accounting errors in the prior year

The Board of Directors and management of the Company and its subsidiaries resolved to approve to correct retrospectively accounting errors in the prior year by restating the comparative financial information according to financial reporting standards, which were summarized as follows

The International Engineering Public Company Limited

- A) In 2017, the Company did not record the revenue and cost of rendering of services, which were provided and delivered work, and received the payment during 2017. This resulted to revenue from rendering of service was understated and advance income was overstated in the amount of Baht 0.16 million and cost of rendering of service was understated and work in process was overstated in the amount of Baht 0.16 million.
- B) In 2017, the Company did not record the interest for the advances received from shareholders, which had to be returned to the shareholder, for the period from 15 to 30 December 2017 in the amount of Baht 1.11 million. This resulted to finance costs and accrued interest expense were understated in the amount of Baht 1.11 million.
- C) In 2017, the Company did not record the transfer of computer software during the installation, which was completed and started to use, as other intangible assets (software license) in the amount of Baht 1.28 million and did not calculate the amortization for 2017 in the amount of Baht 0.30 million. This resulted to other intangible assets were understated of Baht 0.98 million, administrative expenses were understated of Baht 0.30 million and equipment was overstated of Baht 1.28 million.

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- D) In 2017, the Company recorded overstate of provision (the case that the Company was sued by the former employee and the Central Labor Court sentenced the Company to pay compensation including interest) because of the repeated recording, resulting in the provision and the above expenses were overstate in the same amount of Baht 3.88 million.

IEC Business Partners Co., Ltd.

- A) In 2017, the subsidiary recorded the construction in progress (ethanol production factory project in Rayong province) overstated in the amount of Baht 79.27 million because the subsidiary assessed the recoverable amount higher than the book value as the report determined by an independent appraiser. The recoverable amount of the said matter still had issues with the entrance and exit of factory which has been finalized. The current management resolved to revise the matter until it will be finalized by reversing the allowance for impairment in 2017. This resulted to property, plant and equipment and the reversal of the allowance for impairment of assets was overstated in the same amount of Baht 79.27 million.

IEC Sakaeo 1 Co., Ltd.

- A) In 2016, the former management of the subsidiary recorded the sale of assets (machinery and vehicles) to other company at the selling price of Baht 10.70 million (including VAT). The current management considered that the said transaction was not true occurrences due to no property delivered. There was effect as follows:

| | | | |
|--|------|-------|---------|
| - Other receivables was overstated | Baht | 10.00 | million |
| - Retained earnings at beginning of year (sales) was overstated | Baht | 10.00 | million |
| - Property, plant and equipment was understated | Baht | 7.21 | million |
| - Retained earnings at beginning of year (cost of sale) was overstated | Baht | 7.21 | million |
| - Doubtful debts expense was overstated | Baht | 10.00 | million |
| - Allowance for doubtful account was overstated | Baht | 10.00 | million |
| - Depreciation and accumulated depreciation in year 2016 was understated | Baht | 0.51 | million |
| - Depreciation and accumulated depreciation in year 2017 was understated | Baht | 0.63 | million |

- B) In 2017, the subsidiary recorded overstate of provision on lawsuit of Baht 9.10 million due to the obligation already recorded (in trade accounts payable in the amount of Baht 2.32 million and accrued expenses in the amount of Baht 6.78 million), resulting in the provision and other expenses was overstated at the same amount of Baht 9.10 million.
- C) In 2016, the subsidiary recorded duplicately the commission from distributing of electricity that must be paid to PEA (at the rate of 2 % of revenue from sale of electricity) in the amount of Baht 0.28 million, resulting in distribution cost and accrued expense were overstated at the same amount of Baht 0.28 million.
- D) In 2016, the subsidiary recorded duplicately the professional fee for the year 2016 in the amount of Baht 0.21 million, resulting in administrative expenses and accrued expense were overstated at the same amount of Baht 0.21 million.

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- E) At the end of year 2017, the subsidiary recorded inventory at the end of year in overstate amount of Baht 4.72 million (net of allowance for devaluation of inventories in the amount of Baht 6.50 million), resulting in cost of sales was understated of Baht 11.22 million and loss on devaluation of inventories was overstated of Baht 6.50 million.

57.2 The reclassification

Certain accounts in the financial statements for the year 2017 have been reclassified to conform to the presentation in the financial statements for the year 2018. The Company has selected to present the statement of comprehensive income, profit one step and the classification of expense within profit by function (in one statement).

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57.3 The effect of correction of accounting errors in prior year by restating and reclassifying the comparative financial information, which were summarized as follows :

| | Consolidated financial statements | | | | Separate financial statements | | | |
|--|-----------------------------------|--|------------|------------------|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| | <i>(in million Baht)</i> | | | | | | | |
| Statements of financial position | | | | | | | | |
| As at 31 December 2017 | | | | | | | | |
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | 1,779 | - | - | 1,779 | 1,737 | - | - | 1,737 |
| Trade and other current receivable | 112 | - | (112) | - | 19 | - | (19) | - |
| Trade accounts receivable | - | - | 53 | 53 | - | - | 8 | 8 |
| Other current receivables | - | - | 195 | 195 | - | - | 72 | 72 |
| Short-term loans and accrued interest income | 20 | - | - | 20 | 604 | - | (5) | 599 |
| Inventories | 14 | (5) | - | 9 | 4 | - | - | 4 |
| Withholding tax | - | - | 5 | 5 | - | - | 3 | 3 |
| Asset held for sale | 50 | - | - | 50 | 50 | - | - | 50 |
| Other current assets | 141 | - | (141) | - | 59 | - | (59) | - |
| Total current assets | 2,116 | (5) | - | 2,111 | 2,473 | - | - | 2,473 |
| Non-current assets | | | | | | | | |
| Available-for-sale investments | - | - | 1 | 1 | - | - | 1 | 1 |
| Other long-term investments | 1 | - | (1) | - | 1 | - | (1) | - |
| Investment properties | 221 | - | - | 221 | 160 | - | - | 160 |
| Property, plant and equipment | 980 | (74) | - | 906 | 24 | (1) | - | 23 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|-----------------------------------|--|------------|---------------------------------------|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment (in million Baht) | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| Non-operating asset | 161 | - | - | 161 | 152 | - | - | 152 |
| Leasehold rights | 8 | - | - | 8 | 8 | - | - | 8 |
| Goodwill | - | - | - | - | - | - | - | - |
| Deferred rights to use transmission line | 39 | - | - | 39 | - | - | - | - |
| Intangible assets | - | 1 | - | 1 | 2 | 1 | - | 3 |
| Pledged deposits at banks | 95 | - | - | 95 | 68 | - | - | 68 |
| Other non-current assets | 56 | - | - | 56 | 14 | - | - | 14 |
| Total non-current assets | 1,561 | (73) | - | 1,487 | 428 | - | - | 429 |
| Total assets | 3,677 | (78) | - | 3,599 | 2,902 | - | - | 2,902 |
| Liabilities and equity | | | | | | | | |
| Current liabilities | | | | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 48 | - | 50 | 98 | 1 | - | 50 | 51 |
| Trade and other accounts payable | 68 | - | (68) | - | 28 | - | (28) | - |
| Trade account payables | - | - | 32 | 32 | - | - | 3 | 3 |
| Other current payables | - | 1 | 131 | 132 | - | 1 | 28 | 29 |
| Accrued expense | 57 | - | - | 57 | 15 | - | - | 15 |
| Current portion of long-term loans from financial institutions and accrued interest | 460 | - | (460) | - | - | - | - | - |
| Long-term loans in default | - | - | 419 | 419 | - | - | - | - |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | | Separate financial statements | | | |
|--|-----------------------------------|--|-------------|---------------------------------------|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment (in million Baht) | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| Current portion of long term loans | - | - | 41 | 41 | - | - | - | - |
| Current portion of finance lease liabilities | 1 | - | - | 1 | 1 | - | - | 1 |
| Short-term loans from other | 170 | - | (170) | - | 140 | - | (140) | - |
| Short-term loans | - | - | 120 | 120 | - | - | 90 | 90 |
| Short-term provisions | 12 | - | - | 12 | 12 | - | - | 12 |
| Advance received for purchase of shares | 1,713 | - | - | 1,713 | 1,713 | - | - | 1,713 |
| Other current liabilities | 26 | - | (26) | - | 3 | - | (3) | - |
| Total current liabilities | 2,555 | 1 | 69 | 2,625 | 1,913 | 1 | - | 1,914 |
| Non-current liabilities | | | | | | | | |
| Long-term loans from financial institutions and accrued interest | 101 | - | (101) | - | - | - | - | - |
| Long-term loans from financial institutions | - | - | 101 | 101 | - | - | - | - |
| Finance lease liabilities | 1 | - | - | 1 | 1 | - | - | 1 |
| Non-current provision for employee benefits | 7 | - | - | 7 | 7 | - | - | 7 |
| Non-current provisions | 92 | (13) | (69) | 9 | 82 | (4) | - | 78 |
| Other non-current liabilities | 10 | - | - | 10 | 2 | - | - | 2 |
| Total non-current liabilities | 211 | (13) | (69) | 128 | 92 | (4) | - | 88 |
| Total liabilities | 2,766 | (12) | - | 2,753 | 2,005 | (3) | - | 2,002 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|-----------------------------------|--|------------|------------------|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| | <i>(in million Baht)</i> | | | | | | | |
| Equity | | | | | | | | |
| Issued and paid share capital | 2,036 | - | - | 2,036 | 2,036 | - | - | 2,036 |
| Share premium on ordinary shares | 1,307 | - | - | 1,307 | 1,307 | - | - | 1,307 |
| Additional paid-in capital from reduction in par value of ordinary shares | 465 | - | - | 465 | 465 | - | - | 465 |
| Discount from changes in ownership interest in subsidiary | - | - | (47) | (47) | - | - | - | - |
| Legal reserve | 2 | - | - | 2 | 2 | - | - | 2 |
| Deficit | (2,572) | (66) | - | (2,638) | (2,913) | 2 | - | (2,911) |
| Other components of equity | (46) | - | 47 | 1 | 1 | - | - | 1 |
| Total equity attributable to owners of the parent | 1,192 | (66) | - | 1,126 | 898 | 2 | - | 900 |
| Non-controlling interests | (281) | - | - | (281) | - | - | - | - |
| Total equity | 912 | (66) | - | 846 | 898 | 2 | - | 900 |
| Total liabilities and equity | 3,677 | (78) | - | 3,599 | 2,903 | (1) | - | 2,902 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|-----------------------------------|--|------------|--|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment <i>(in million Baht)</i> | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| Statements of comprehensive income | | | | | | | | |
| For the year ended 31 December 2017 | | | | | | | | |
| Revenues | | | | | | | | |
| Revenue from sales electricity | 330 | - | (330) | - | - | - | - | - |
| Revenues from services | 57 | - | (57) | - | 40 | - | (40) | - |
| Revenues from sales of goods or rendering of services | - | - | 265 | 265 | - | - | 40 | 40 |
| Revenues from subsidy for adders | - | - | 122 | 122 | - | - | - | - |
| Interest income | 2 | - | - | 2 | 112 | - | - | 112 |
| Reversal of allowance for impairment of assets | 138 | (79) | - | 59 | 45 | - | - | 45 |
| Reversal of allowance for doubtful accounts | 1 | - | - | 1 | 1 | - | - | 1 |
| Other income | 33 | - | - | 33 | 21 | - | - | 21 |
| Total revenues | 561 | (79) | - | 482 | 219 | - | - | 219 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|-----------------------------------|--|------------|--|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment <i>(in million Baht)</i> | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| Expenses | | | | | | | | |
| Cost of sales | 253 | - | (253) | - | - | - | - | - |
| Cost of services | 56 | - | (56) | - | 33 | - | (33) | - |
| Cost of sales of goods or rendering of services | - | 5 | 308 | 313 | - | - | 33 | 33 |
| Selling expenses | 20 | - | (20) | - | 5 | - | (5) | - |
| Distribution costs | - | - | 10 | 10 | - | - | 5 | 5 |
| Administrative expenses | 298 | 1 | (20) | 279 | 198 | - | (9) | 189 |
| Loss on impairment of investments in subsidiaries | - | - | - | - | 91 | - | - | 91 |
| Loss on impairment of assets | 991 | - | - | 991 | 242 | - | - | 242 |
| Doubtful debts expense | - | - | - | - | 332 | - | - | 332 |
| Other expenses | - | (13) | 31 | 18 | - | (3) | 9 | 6 |
| Finance costs | 39 | 1 | - | 40 | 6 | 1 | - | 7 |
| Total expenses | 1,657 | (6) | - | 1,651 | 907 | (2) | - | 905 |
| Loss before income tax expense | (1,096) | (73) | - | (1,169) | (688) | 2 | - | (686) |
| Loss for the year | (1,096) | (73) | - | (1,169) | (688) | 2 | - | (686) |
| Other comprehensive income for the year | 21 | - | - | 21 | 19 | - | - | 19 |
| Total comprehensive income for the year | (1,075) | (73) | - | (1,148) | (669) | 2 | - | (667) |
| Loss per share | (0.0038) | (0.0003) | - | (0.0041) | (0.0034) | - | - | (0.0034) |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | | Separate financial statements | | | |
|--|-----------------------------------|--|------------|--------------------------|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| | | | | | | | | |
| | | | | <i>(in million Baht)</i> | | | | |
| Non-current assets | | | | | | | | |
| Available-for-sale investments | - | - | 1 | 1 | - | - | 1 | 1 |
| Investments in subsidiaries | - | - | - | - | 92 | - | - | 92 |
| Other long-term investments | 1 | - | (1) | - | 1 | - | (1) | - |
| Investment properties | 177 | - | - | 177 | 114 | - | - | 114 |
| Property, plant and equipment | 1,637 | 7 | - | 1,644 | 47 | - | - | 47 |
| Non-operating asset | 372 | - | - | 372 | 372 | - | - | 372 |
| Leasehold rights | 9 | - | - | 9 | 9 | - | - | 9 |
| Goodwill | 3 | - | - | 3 | - | - | - | - |
| Deferred rights to use transmission line | 41 | - | - | 41 | - | - | - | - |
| Intangible assets | 80 | - | - | 80 | 4 | - | - | 4 |
| Pledged deposits at banks | 90 | - | - | 90 | 68 | - | - | 68 |
| Other non-current assets | 49 | - | - | 49 | 8 | - | - | 8 |
| Total non-current assets | 2,459 | 7 | - | 2,466 | 715 | - | - | 715 |
| Total assets | 3,065 | 7 | - | 3,072 | 1,852 | - | - | 1,852 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|-----------------------------------|--|------------|------------------|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| | <i>(in million Baht)</i> | | | | | | | |
| Liabilities and equity | | | | | | | | |
| Current liabilities | | | | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 61 | - | - | 61 | 10 | - | - | 10 |
| Trade and other accounts payable | 79 | - | (79) | - | 35 | - | (35) | - |
| Trade account payables | - | - | 30 | 30 | - | - | 3 | 3 |
| Other current payables | - | - | 134 | 134 | - | - | 37 | 37 |
| Accrued expense | 58 | (1) | - | 57 | 14 | - | - | 14 |
| Current portion of long-term loans from financial institutions and accrued interest | 476 | - | (476) | - | - | - | - | - |
| Long-term loans in default | - | - | 435 | 435 | - | - | - | - |
| Current portion of long term loans | - | - | 41 | 41 | - | - | - | - |
| Current portion of finance lease liabilities | 1 | - | - | 1 | 1 | - | - | 1 |
| Short-term loans from other | 80 | - | (80) | - | 80 | - | (80) | - |
| Short-term loans | - | - | 80 | 80 | - | - | 80 | 80 |
| Current provisions | 50 | - | - | 50 | 32 | - | - | 32 |
| Advance received for purchase of shares | 10 | - | - | 10 | 10 | - | - | 10 |
| Other current liabilities | 15 | - | (15) | - | 5 | - | (5) | - |
| Total current liabilities | 830 | (1) | 70 | 899 | 187 | - | - | 187 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|-----------------------------------|--|------------|------------------|-------------------------------|--|------------|------------------|
| | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment | Balance as reported | Effect of accounting errors in previous year | Reclassify | After Adjustment |
| | <i>(in million Baht)</i> | | | | | | | |
| Equity | | | | | | | | |
| Issued and paid share capital | 2,034 | - | - | 2,034 | 2,034 | - | - | 2,034 |
| Share premium on ordinary shares | 1,305 | - | - | 1,305 | 1,305 | - | - | 1,305 |
| Additional paid-in capital from reduction in par value of ordinary shares | 465 | - | - | 465 | 465 | - | - | 465 |
| Discount from changes in ownership interest in subsidiary | - | - | (47) | (47) | - | - | - | - |
| Legal reserve | 2 | - | - | 2 | 2 | - | - | 2 |
| Deficit | (1,824) | 8 | - | (1,816) | (2,243) | - | - | (2,243) |
| Other components of equity | (46) | - | 47 | 1 | 1 | - | - | 1 |
| Total equity attributable to owners of the parent | 1,937 | 8 | - | 1,944 | 1,564 | - | - | 1,564 |
| Non-controlling interests | 46 | - | - | 46 | - | - | - | - |
| Total equity | 1,982 | 8 | - | 1,990 | 1,564 | - | - | 1,564 |
| Total liabilities and equity | 3,065 | 7 | - | 3,072 | 1,852 | - | - | 1,852 |

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

58. Events after the reporting period

Commitments with related parties

The Ordinary General Meeting of Shareholders of the Company held on 30 April 2019 passed a resolution to approve the remuneration for directors and audit committee for the year 2019 in the amount not exceeding Baht 0.80 million.

The Ordinary General Meeting of Shareholders of the Company held on 25 January 2020 passed a resolution to approve the remuneration for directors and audit committee for the year 2019 in the amount not exceeding Baht 0.80 million.

Litigations

On 21 January 2020, the Company sued a subsidiary (IEC Business Partners Co., Ltd.) to the Civil Court as the Black case no. Por.310/2563, regarding debt, loan and promissory note. Presently, the case has been in the process of consideration of the Court, which has not been finalized.

The reason for delisting ordinary shares of the Company from being listed security

On 20 June 2019, The Stock Exchange of Thailand (SET) announced the reason for delisting ordinary shares of the Company from being listed security due to the Company was unable to eliminate the grounds for delisting or to repossess the qualifications in order to resume trading within specified deadline which caused their shares subject to possible delisting under SET's regulation. SET allowed trading on the securities of the Company for 7 business days before the effective date of delisting, during 1 – 9 July 2019. At the end of trading period, SET delisted the shares of the Company from listed security, effective from 10 July 2019 onwards. However, the current management is processing to eliminate the grounds for delisting. The Company sued SET to the Central Administrative Court. At the present, the case has been in the process of consideration of the Court, which has not been finalized.

Others

- The Board of Director Meeting held on 13 February 2019, approved to sell investment in Auto-Info Company Limited (other long-term loan) for 20,000 shares at the price of Baht 58.07 per share, totaling amount of Baht 1.18 million to Board of Director of Auto-Info Company Limited. Subsequently, the Company sold the said investment and received the payments on 21 February 2019.
- On 13-20 May 2019, warrant holders exercised the rights to convert warrant (IEC-W2) in the amount of 9,760,547 shares, for purchasing ordinary shares at the price of Baht 0.045 per share in the amount of Baht 439,225 (issued and paid-up share capital in the amount of Baht 97,605 and share premium on ordinary shares in the amount of Baht 341,619). The Company registered the increase share capital with the Ministry of Commerce on 31 May 2019.
- During 2019, the Company entered into the management agreements and memorandum of agreement with three subsidiaries to provide various management services for a period of 12 months from 1 January 2019 to 31 December 2019, requiring management fee of each of subsidiary at the rate of Baht 120,000 to Baht 360,000 per year.