



PO. No. 081 / 2016

Audit Committee

17 October 2016

Subject : Complete Special Audit Report

To: : President

The Stock Exchange of Thailand

Reference : Letter from Audit Committee (AC) of The International Engineering Public Company Limited. (IEC) # PO. 078 / 2016 dated 30<sup>th</sup> September 2016 to the President of The Stock Exchange of Thailand regarding Special Audit Report.

Attachment : Result of special audit dated 30<sup>th</sup> August 2016 against the special audit request regarding suspicious issues raised by Ms. Maliwan Pahuwattanakorn , a Certified Public Accountant No. 4701 of NPS Siam Audit Limited.

With reference to the above letter, The Stock Exchange of Thailand has advised IEC to disclose the suspicious issues raised by auditor of NPS Siam Audit Limited , special audit method, and the special audit result for clear public understanding.

IEC Audit Committee hereby send such special audit report result (complete version) to The Stock Exchange of Thailand with a view to having a clearer public understanding through the information as follows:

- 1) Suspicious issues raised by Ms. Maliwan Pahuwattanakorn , a Certified Public Accountant no. 4701 of NPS Siam Audit Limited
- 2) Special audit method, documents and evidences used in special audit.
- 3) Judgements of Special Audit Committee
- 4) Special audit result: comments from Special Audit Committee

The above information is reflected in the attached Special Audit Report dated 30<sup>th</sup> August 2016.

With reference to IEC Audit Committee Meeting #10/2016 dated 4<sup>th</sup> September 2016 and Board of Director Meeting # 12/2016 dated 4<sup>th</sup> September 2016, the diagnosis and comments from the Special Audit Committee regarding all suspicious issues raised by Ms. Maliwan Pahuwattanakorn, a Certified Public Accountant of NPS Siam Audit Limited were reviewed and acknowledged by both IEC Audit Committee and Board of Directors. IEC Audit Committee also reported it to The Securities and Exchange Commission, Thailand and other related persons.

IEC Audit Committee hereby is pleased to inform and kindly release it for further public disclosure.

Sincerely yours,

Lt.Suphornchai Siriwoharn

(Dr.Suphornchai Siriwoharn)

Chairman of Audit Committee

**Special Audit Result Against the Special Audit Request of Suspicious Issues  
Raised by Ms. Maliwan Pahuwattanakorn , a Certified Public Accountant No. 4701 of NPS Siam Audit Limited**

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
1	Investment in Subsidiary (IEC SK1)			
	<p>1.1 Investment Process of acquiring IEC SK1 at 75% of paid capital, i.e. share price determination criteria (total share payment of Baht 355 million to the ex-owners) was whether over or under fair value</p>	<p>1.1 For purchase of Biomass Power plant in Sa Kaeo, International Engineering Public Company Limited. (IEC) hired Future Appraisal Co., Ltd. as independent appraiser to conduct firm valuation at 75% of total shares whereas the market value of total assets was Baht 363 million and Baht 840.75 – 936.75 million for firm’s fair value of Kaewlumduan Power Supply Co.,Ltd., which was appraised thru DCF by JVS Financial Advisory Co. However, IEC purchased at Baht 345 million price, which was lower than such appraised value.</p>	<p>IEC bought Kaewlumduan Power Supply Co., Ltd at the price lower than the fair value.</p>	<ol style="list-style-type: none"> <li>1. Due Diligence Report</li> <li>2. Financial Advisor appraisal report and reports from 2 independent appraisers.</li> <li>3. Report of audited financial statements of Kaewlumduan Power Supply Co., Ltd. for 10 months ended 31<sup>st</sup> October 2014 by D I A International Audit Co., Ltd.</li> <li>4. Summary of performance result from January – July 2016 of SK1 Sa Kaeo power plant.</li> <li>5. Internal memo dated 16<sup>th</sup> February 2015 regarding acceptance of shares purchase of Kaewlumduan Power Supply Co., Ltd.</li> <li>6. Additional explanatory document # Jor 029 / 2015 of IEC dated 16<sup>th</sup> February 2015 regarding submission of additional explanation on assumptions used in investment valuation of biomass power plant “KaewlumduanPower Supply Co., Ltd.”</li> <li>7. Business Plan for Kaewlumduan Biomass Power Group (September 23<sup>rd</sup>, 2014)</li> <li>8. Share Purchase Agreement of Kaewlumduan Power Supply Co., Ltd., dated 30<sup>th</sup> September 2014</li> <li>9. Legal due diligence of Kaewlumduan Power Supply Co., Ltd. (KPS) dated 22<sup>th</sup> September 2014</li> <li>10. Minutes of executives committee meeting of IEC.</li> <li>11. Result of risk evaluation in Keaw Lumduan Biomass Power Group of IEC dated 27<sup>th</sup> September 2014.</li> <li>12. Letter # PO. 068 / 2014 dated 26<sup>th</sup> September 2014, subject investment in Kaewlumduan Power Supply Co., Ltd. common share, item 7 (7.1) to President of The Stock Exchange of Thailand.</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	<p>1.2 Inspection process of assets, liabilities, and inventory delivery upon the acquisition date (around 31<sup>st</sup> October 2014), including contingent liabilities and lawsuits , was whether completed .</p>	<p>1.2 Referring to the Inspection in assets, liabilities, and inventory delivery upon the acquisition date of 31<sup>st</sup> October 2014, there was an accounting audit of the Kaewlumduan Power Supply Co., Ltd for the 10- month period ending 31<sup>st</sup> October 2014 by DIA International Audit Co.,Ltd. The 75% shares purchase at acquisition date was the co-management between IEC and the previous owner . IEC Group President appointed IEC personnel to inspect assets and liabilities. In conclusion, auditor of NPS Siam Audit Limited has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>Inspection process of assets, liabilities , and inventory delivery upon the acquisition date was carried out correctly.</p>	<ol style="list-style-type: none"> <li>1. Reports of asset and liabilities inspection, upon the acquisition date.</li> <li>2. Kaewlumduan Power Supply Co., Ltd. 's Shareholders' Agreement as of 30<sup>th</sup> September 2014.</li> <li>3. Share Purchase Agreement of Kaewlumduan Power Supply Co., Ltd as of 30<sup>th</sup> September 2014.</li> <li>4. IEC letter dated 28<sup>th</sup> July 2016 to Mr. Narong Laktarm and Ms. Maliwan Pahuwattanakorn , NPS Siam Audit Limited, regarding clarification of IEC Sa Kaew 1 Co., Ltd under the absolute receivership by court.</li> <li>5. Auditor report of 2014 financial statement ended 31<sup>st</sup> December 2014 by Ms. Maliwan Pahuwattanakorn , NPS Siam Audit Limited.</li> <li>6. Information from interviewing Group President and EVP – Accounting.</li> </ol>

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	<p>1.3 Inspection process of the delivery of important agreements (original copies) , and supporting papers of account posting as of acquisition date (around 31<sup>st</sup> October 2014) was whether completed. The account posting by the ex-owner was on cash basis (no machinery account payable (A/P) ), for instance, Baht 15 million cash purchase from Bangkok Industrial Boiler Co. for machinery on 7<sup>th</sup> January 2013 , another Baht 15 million on 7<sup>th</sup> February 2013, and another Baht 15 million on 7<sup>th</sup> March 2013. The Baht 32,385,000 purchase via credit on 31<sup>st</sup> March 2013 was made or fixing and repair A/P (other machineries)</p>	<p>1.3 Inspection processes of information, important agreements, and supporting paper of account posting delivered upon the acquisition date was completed according to the accounting audit of Kaewlumduan Power Supply Co., Ltd over 10-month period ended 31<sup>st</sup> October 2014 by D I A International Audit Ltd.</p> <p>Finally, auditor of NPS Siam Audit Limited has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>Inspection processes of information, important agreements, and supporting paper of account posting delivered upon the acquisition date was completed.</p>	<ol style="list-style-type: none"> <li>1. Report of audited financial statements of Kaewlumduan Power Supply Co., Ltd. for 10 months ended 31<sup>st</sup> October 2014 by D I A International Audit Co., Ltd.</li> <li>2. Shareholders Agreement of Kaewlumduan Power Supply Co., Ltd. 's. dated 30<sup>th</sup> September 2014.</li> <li>3. Share Purchase Agreement of Kaewlumduan Power Supply Co., Ltd. dated 30<sup>th</sup> September 2014.</li> <li>4. Audited financial statement by Ms. Maliwan Pahuwattanakorn , NPS Siam Audit Limited, dated 31<sup>st</sup> December 2014.</li> <li>5. Legal due diligence report dated 22<sup>nd</sup> September 2014</li> <li>6. Data from interviewing Group President.</li> </ol>

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	<p>1.4 Handover and management between previous owners and IEC SK1 , including staffs from previous owners and new shareholders on the acquisition date (approximately 31<sup>st</sup> October 2014) was whether carried out clearly.</p>	<p>Handover and management between previous owners and IEC SK1 , including staffs from previous owners and new shareholders on the acquisition date was carried out between IEC Sk1 and previous owners whereas Group President of IEC has appointed IEC staffs for this co- management</p> <p>Finally, auditor of NPS Siam Audit Limited has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>Handover and management between previous owners and IEC SK1 was carried out clearly.</p>	<ol style="list-style-type: none"> <li>1. IEC SK1 affidavit</li> <li>2. Shareholder list of IEC SK1</li> <li>3. Legal due diligent of Kaewlumduan Power Supply Co.,Ltd. (KPS) dated 22<sup>nd</sup> September 2014</li> <li>4. Report of audited financial statements of Kaewlumduan Power Supply Co., Ltd. for 10 months ended 31<sup>st</sup> October 2014 by D I A International Audit Co., Ltd.</li> <li>5. 2014 Audited financial statements ended 31<sup>st</sup> December 2014 by Ms. Maliwan Pahuwattanakorn , NPS Siam Audit Limited.</li> <li>6. Minutes from Extraordinary General Meeting of Shareholders, Kaewlumduan Power Supply Co., Ltd. # 3 / 2015 on 29<sup>th</sup> October 2014.</li> <li>7. Data from interviewing Group President, SEVP – Legal Department (representative) , EVP – Accounting Department and Managing Director of IEC SK1.</li> </ol>

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	<p>1.5 Registration of office relocation of IEC SK1 was whether carried out in the proper timing. (as of 31<sup>st</sup> March 2016, IEC SK1 office address was still located at previous owner 's workplace at 27/1 Soi S. Kietchai 1 , Kwaeng Huay Kwang, Huay Kwang District , Bangkok)</p>	<p>The registration of new office address of IEC SK1 from the previous address to the new one was carried out properly.</p> <p>The sudden change of office location will cause damage to the document delivery and business contact of SK 1.</p> <p>Moreover, NPS Siam Audit Limited's auditor has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>The registration of new office address of IEC SK1 from the previous address to the new one was carried out properly.</p>	<ol style="list-style-type: none"> <li>1. IEC SK1 affidavit</li> <li>2. Report of audited financial statements of Kaewlumduan Power Supply Co., Ltd. for 10 months ended 31<sup>st</sup> October 2014 by D I A International Audit Co., Ltd.</li> <li>3. 2014 Audited financial statements ended 31<sup>st</sup> December 2014 by Ms. Maliwan Pahuwattanakorn , NPS Siam Audit Limited.</li> <li>4. Data from interviewing Group President, SEVP – Legal Department (representative) , and Managing Director of IEC SK1.</li> </ol>

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	<p>1.6 On 9<sup>th</sup> December 2014 , the inspection team did a site visit at IEC SK1 at Sa Kaeo Province to evaluate the first-time audit job. It was found that IEC SK1 merchandises (fuel feedstock) were kept in 3 places , namely, IEC SK1 warehouse and two outside IEC SK1 places at Lan Kok Pi Kong and Thai Prakong which were owned by previous owners. In addition, the process of obtaining such remaining feedstock was still unclear upon the acquisition date.</p>	<p>IEC has inspected the fuel feedstock correctly according to the engineering principle. Such inspection was carried out by the expertise from King Mongkut’s University of Technology Thonburi.</p> <p>As for fuel feedstock storage at two outside locations of factory at Lan Kok Pi Kong and Thai Prakong , it is the company strategy as the factory warehouse of SK1 has limited space. If there is any outdoor storage of fuel feedstock, the fuel feedstock will have moisture gain, thereby negatively affecting the feedstock burning in the power generation process.</p> <p>Moreover, NPS Siam Audit Limited’s auditor has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>As for fuel feedstock storage at outside the factory, it is deemed a proper company strategy.</p> <p>The inspection of company merchandise has been carried out in a correct manner of general best practice, whereby there is acknowledgment by the vendors and the assigned company staff of merchandise inspection.</p>	<ol style="list-style-type: none"> <li>1. Letter from IEC dated 11<sup>th</sup> February 2015 , subject : Report of differences in annual 2014 merchandise checking to Ms. Maliwan Pahuwattanakorn.</li> <li>2. Letter of confirmation on inventories balance deposited at Kaewlumduan Group Co., Ltd. which was acknowledged by managing director of the company.</li> <li>3. Inventory report for the month of October 2014 (acknowledged by the assigned staff of merchandise inspection)</li> <li>4. Report of stock movement (Stock card) for the month of October 2014.</li> <li>5. Auditor report of 2014 audited financial statements ended 31<sup>st</sup> December 2014 by Ms. Maliwan Pahuwattanakorn , NPS Siam Audit Limited.</li> <li>6. Data from interviewing Group President , SEVP – legal (representative) , and Managing Director of IEC SK1.</li> </ol>



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	<p>1.7 On 6<sup>th</sup> January 2015, the inspection team tested the quantity of IEC SK1's fuel feedstock in the factory warehouse and the outside ones at Lan Kok Pee Kong and Thai Prakong. The team found that fuel feedstock quantity was 9,962.62 tons below from stock control ledger. book. It was believed that such difference had taken place upon the acquisition date.</p>	<p>IEC has inspected the fuel feedstock correctly according to the engineering principle.</p> <p>Such inspection was carried out by the expertise from King Mongkut's University of Technology Thonburi.</p> <p>As for fuel feedstock storage at two outside locations of factory at Lan Kok Pi Kong and Thai Prakong , it is the company strategy as the factory warehouse of SK1 has limited space. If there is any outdoor storage of fuel feedstock, the fuel feedstock will have moisture gain, thereby negatively affecting the feedstock burning in the power generation process.</p> <p>Moreover, NPS Siam Audit Limited's auditor has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>As for fuel feedstock storage at outside the factory , it is deemed a proper company strategy.</p> <p>The inspection of company merchandise has been carried out in a correct manner of general best practice, whereby there is acknowledgment by the vendors and the assigned company staff of merchandise inspection.</p>	<ol style="list-style-type: none"> <li>1. Letter from IEC dated 11<sup>th</sup> February 2015 , subject : Report of differences in annual 2014 merchandise checking to Ms. Maliwan Pahuwattanakorn.</li> <li>2. Letter of confirmation on inventories balance deposited at Kaewlumduan Group Co., Ltd. which was acknowledged by managing director of the company.</li> <li>3. Inventory report for the month of October 2014 (acknowledged by the assigned staff of merchandise inspection)</li> <li>4. Report of stock movement (Stock card) for the month of October 2014.</li> <li>5. Auditor report of 2014 audited financial statements ended 31<sup>st</sup> December 2014 by Ms. Maliwan Pahuwattanakorn , NPS Siam Audit Limited.</li> <li>6. Data from interviewing Group President , SEVP – legal (representative) , and Managing Director of IEC SK1.</li> </ol>

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	<p>1.8 Since the acquisition date of IEC SK 1 (around 31<sup>st</sup> October 2014 ), there were many machinery repairs continuously, this brought IEC SK1 operational loss .</p> <p>This implies that the expected recoverable value is less than booked value (goodwill) However, the appraisal value by independent financial advisor was still higher than (on 23<sup>rd</sup> September 2014) both figures, which was contradicting to the fact. Moreover, there was appraisal value of land, building, equipment by the independent appraiser totaling to Baht 493.56 million vis-à-vis Baht 813.64 million of booked value dated 31<sup>st</sup> October 2014.</p> <p>The Baht 320.08 million difference was not taken into account for determining the price of share purchase from the ex-owners.</p>	<p>The company policy is to purchase the business with low production efficiency whereby the company will make use of its technological expertise for realizing income rapidly.</p> <p>The acquisition of power plant business at Kaewlumduan Power Supply Co., Ltd followed through the company policy whereby there are technical due diligence and FA in a correct manner other than international standard of machine maintenance under the pre-determined maintenance plan.</p> <p>The performance of IEC SK1 for 31<sup>st</sup> December 2015 was posted at Baht 11.3 million gross margin whereas at Baht 9.1 million in quarter 1 / 2016.</p> <p>Moreover, NPS Siam Audit Limited's auditor has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>The acquisition of power plant business at Kaewlumduan Power Supply Co., Ltd followed through the company policy whereby there are technical due diligence and FA in a correct manner other than international standard of machine maintenance under the pre-determined maintenance plan. To date, IEC SK 1 performance is picking up in term of gross profit.</p>	<ol style="list-style-type: none"> <li>1. Report of technical inspection of Kaewlumduan power plant dated 23<sup>rd</sup> August 2014 by Applied Thermal Engineering Co.</li> <li>2. Auditor report of 2015 audited financial statement ended 31<sup>st</sup> December 2015 by Kamoltat Jitkarnka, CPA# 10356, NPS Siam Audit Limited.</li> <li>3. Auditor report of interim financial statement for 3 months ended 31<sup>st</sup> March 2016 by Ms. Maliwan Pahuwattanakorn , CPA # 4701, NPS Siam Audit Limited.</li> <li>4. Letter from IEC # PO. 020 / 2016 to President of Stock Exchange of Thailand , subject : Investment budget in improving power plant machinery to accommodate the mix of biomass fuel and RDF.</li> <li>5. Clarification from EVP (Mr. Charnchai Kemwichian) dated 29<sup>th</sup> August 2016.</li> <li>6. Appraisal report from Financial Advisor and two independent appraisal firms.</li> </ol>

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	<p>1.9 Since the purchase date of IEC SK1 (approximately 31<sup>st</sup> October 2014) , management control was under the Chairman and directors (by Mr. Narong) , General Manager, and Plant Manager</p>	<p>Management Control in IEC SK1 after acquisition by IEC, was a joint management between IEC and the ex-owners whereby the Group President of IEC appointed IEC staff for such joint management. Moreover there was still an evidence of legitimated registration as well as clear organization chart and clear announcement of nominating IEC staff to be responsible for running IEC SK 1.</p> <p>In conclusion, NPS Siam Audit Limited's auditor has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>Management Control in IEC SK1 after acquisition by IEC, was a joint management between IEC and the ex-owners whereby the Group President of IEC appointed IEC staff for such joint management. Moreover there was still an evidence of legitimated registration as well as organization chart.</p>	<ol style="list-style-type: none"> <li>1. Kaewlumduan Power Supply Co., Ltd. 's affidavit dated 29<sup>th</sup> October 2014.</li> <li>2. Organizational chart of IEC dated 26<sup>th</sup> September 2014.</li> <li>3. Announcement # 5 / 2014 dated 26<sup>th</sup> September 2014 , subject : SEVP operation Dept. 1 appointment</li> <li>4. Minutes of IEC Board Meeting No. 10 / 2014 , 26<sup>th</sup> September 2014</li> </ol>

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	<p>1.10 Process of fuel feedstock procurement, receipt and moisture measurement for price determination is whether transparent.</p>	<p>The company has operated its fuel feedstock purchase correctly according to its internal purchasing procedure. Pricing is fixed against the moisture content.</p> <p>The fuel feed stock inspection shall be in-line with the company's procurement procedure whereas Approved Vendor List (AVL) is required for selecting the qualified vendors for selling the fuel feedstock to the company.</p> <p>In conclusion, NPS Siam Audit Limited's auditor has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>The company has operated its fuel feedstock purchase correctly according to its internal purchasing procedure. The fuel feedstock procurement has been carried out transparently.</p>	<ol style="list-style-type: none"> <li>1. Announcement for inspection procedure for receiving fuel feedstock of IEC SK1 dated 24<sup>th</sup> July 2015.</li> <li>2. Announcement for appointing a fuel feedstock inspection committee dated 24<sup>th</sup> July 2015.</li> <li>3. Announcement of fuel feedstock inspection procedure of IEC SK1 dated 1<sup>st</sup> April 2016.</li> <li>4. Letter of IEC SK1 dated 24<sup>th</sup> May 2016 subject : Appointing Committees for Approved Vendor List (AVL)</li> <li>5. Auditor report of 2014 audited financial statements ended 31<sup>st</sup> December 2014 by Ms. Maliwan Pahuwattanakorn , NPS Siam Audit Limited.</li> <li>6. Data from interviewing Group President and IEC SK 1 Managing Director</li> </ol>

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	<p>1.11 Criteria used in share price determination was whether higher or under the fair value although such shares had been confiscated by Samutprakarn Court order on 21<sup>st</sup> July 2015 in relation to the court red case # Por 222 / 2015 between Industrial Boiler Co. (Plaintiff) and IEC SK1 and 3 members (Defendants). Such shares confiscation was revoked on 15<sup>th</sup> June 2016. In connection to this, there was a suspect of the share purchase payment of Baht 100 million was whether executed transparently.</p>	<p>Additional investment of 25% in IEC SK1 resulted in 100% ownership and also absolute management control by IEC in SK 1.</p> <p>Moreover, it will help IEC to get operating cost well managed other than higher net profit and also more efficiency in raw feedstock management with lower cost in fuel feedstock management at the lower cost.</p> <p>The company hired Ms. Chanatip Ratananopas, financial expert that passed the examination to perform as a Financial Advisor from Association of Thai Securities Companies. In addition, Dr. Narisa Chuevitul, CPA # 4583, was hired to evaluate the share value and project return, which was close to the share valuation by JVS Financial Advisor at the appraised share value of Baht 119 – 140 per share.</p> <p>Additional 25% share purchase at Baht 100 / share was still below the prior one ( 75% share acquisition) at Baht 130 / share.</p> <p>In conclusion, NPS Siam Audit Limited has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>Additional 25% share acquisition was still in line with the company' business policy through the company's procedures of this share acquisition.</p> <p>This share acquisition was executed at the price not only below than the prior one ( 75% share acquisition) but also the appraised share value by the independent appraiser.</p>	<ol style="list-style-type: none"> <li>1. Letter of clarification from IEC dated 28<sup>th</sup> July 2016, Subject : IEC SK 1 was sentenced with absolute receivership by court , to Mr. Narong Laktarn and Ms. Maliwan Pahuwattanakorn at NPS Siam Audit Limited.</li> <li>2. Letter from IEC # PO. 038 / 2016 dated 30<sup>th</sup> May 2016, subject : SK1 Whole Power Plant Operation launched (amended) to the President , Stock Exchange of Thailand.</li> <li>3. Share purchase Agreement of Kaewlumduan Power Supply Co., Ltd. dated 30<sup>th</sup> September 2014.</li> <li>4. Share Purchase Agreement of IEC SK1 dated 10<sup>th</sup> June 2016.</li> <li>5. Share transfer document of IEC SK1 dated 10<sup>th</sup> June 2016</li> <li>6. Statement of 75% share payment together with copy of cheque and receipt.</li> <li>7. Statement of 25% share payment together with copy of cheque and receipt.</li> <li>8. Auditor report from Maliwan Pahuwattanakorn ,auditor of NPS Siam Audit Limited in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</li> <li>9. Data from interviewing Group President and MD of IEC SK1.</li> </ol>

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	<p>1.12 According to Samutprakarn Court order dated 21<sup>st</sup> July 2015, shares are confiscated in red case # Por 222 / 2015 between Bangkok Industrial Boiler Co. (Plaintiff) and IEC SK1 and three associates (Defendant). This is the important information that IEC and IEC SK1 did not disclose in 2015 audited financial statement and quarter 1/ 2016 financial review.</p>	<p>According to Samutprakarn Court order dated 21<sup>st</sup> July 2015, confiscated shares in red case # Por 222 / 2015 were owned by Mr. Suthin Thamjai and his three associates, which were not related to IEC.</p> <p>Thus, IEC need not disclose in 2015 audited financial statements.</p> <p>In conclusion, NPS Siam Audit Limited 's auditor has expressed unqualified opinion in 2015 financial statement ended 31<sup>st</sup> December 2015.</p>	<p>According to Samutprakarn Court order dated 21<sup>st</sup> July 2015, confiscated shares in red case # Por 222 / 2015 were owned by Mr. Suthin Thamjai and his associates, which were not related to IEC.</p> <p>Thus, IEC need not disclose in 2015 audited financial statements.</p>	<ol style="list-style-type: none"> <li>1. Samutprakarn Court order red case # Por 222 / 2015 dated 21<sup>st</sup> July 2015.</li> <li>2. Letter from IEC # PO. 058/ 2015 dated 16<sup>th</sup> October 2015, subject : Progress legal report of IEC SK1 to Ms. Maliwan Pahuwattanakorn , auditor of NPS Siam Audit Limited.</li> <li>3. Auditor report of 2015 audited financial statement ended 31<sup>st</sup> December 2015 by Kamoltat Jitkarnka, CPA# 10356 , NPS Siam Audit Limited.</li> <li>4. Auditor report from Maliwan Pahuwattanakorn CPA # 4701 ,auditor of NPS Siam Audit Limited 3-month financial statements ended 31<sup>st</sup> March 2016.</li> <li>5. Copy of complaint and court judgement on red case # Por 222 / 2015.</li> <li>6. Clarification Letter to Mr. Narong Laktharn and Ms. Maliwan Pahuwattanakorn, NPS Siam Audit Limited , dated 28<sup>th</sup> July 2016, subject :IEC SK 1 has been sentenced with absolute receivership by court,</li> <li>7. Data from Group President and Managing Director of IEC SK 1 interview</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
2	Account Transaction of advance fuel feedstock payment			
	<p>2.1 Process of debt acceptance account, receipt of post dated cheque and cheque cashing (substance over form)</p>	<p>Debt Acceptance Contract resulted from advance fuel feedstock purchase agreement between Kaewlumduan Power Supply Co., Ltd. and Mr. Suthat Sooklert in the amount of Baht 66 million dated 1<sup>st</sup> June 2014. Mr. Suthat Sooklert, debtor, has arranged Mr. Suthin Thamjai as a guarantor of this fuel feedstock purchase agreement dated 1<sup>st</sup> October 2014.</p> <p>Such fuel feedstock purchase agreement was made before IEC 's acquisition in Kaewlumduan Power Supply Co., Ltd.</p> <p>Mr. Suthat Sooklert was not able to completely deliver fuel feedstock to IEC SK1 according to agreement. As such, this caused Baht 53,618,036.42 damage to IEC SK1 from not receiving feedstock in time.</p> <p>Mr. Suthat Sooklert agreed to sign debt acceptance agreement payable under three installments (Baht 17,832,687.81 installment) Mr. Suthat Sooklert already paid such debt in full together with the defaulted interest of the second installment to IEC SK1</p>	<p>Process of debt acceptance agreement and three post- dated cheques were all completed correctly according to Debt Acceptance Agreement. IEC SK1 was fully paid of principal and interest already.</p>	<ol style="list-style-type: none"> <li>1. Fuel Feedstock Purchase Agreement dated 1<sup>st</sup> June 2014 between Mr. Suthat Sooklert (Seller) and Kaewlumduan Power Supply Co., Ltd. (Buyer).</li> <li>2. Letter of Guarantee : Fuel Feedstock Purchase Agreement dated 1<sup>st</sup> October 2014 between Mr. Suthin Thamjai and Kaewlumduan Power Supply Co., Ltd.</li> <li>3. Debt Acceptance Agreement dated 25<sup>th</sup> February 2016 between IEC SK1 (Creditor) and Mr. Suthat Sooklert (Debtor) .</li> <li>4. Letter from IEC # PO 049 / 2016 dated 7<sup>th</sup> July 2016, subject : Clarification of Quarter 1 Financial Statement ended 31<sup>st</sup> March 2016 to the President of The Stock Exchange of Thailand.</li> <li>5. Internal Memo # PM_I 001 / 2016 dated 25<sup>th</sup> February 2016 to SEVP, Operation # 4 , subject : Request for a draft of debt acceptance agreement as per the fuel feedstock purchase agreement.</li> <li>6. Data from interviewing Group President and Managing Director of IEC SK1</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	2.2 Interest compensation from Mr. Suthin to IEC SK1	Mr. Suthat Sooklert agreed to sign debt acceptance agreement whereas the debt will be repaid in three installments (Baht 17,872,687.81 / installment). Mr Suthat already fully paid both principal and late payment charge of the second installment to IEC SK1	IEC SK1 was fully paid of both principal and late payment charge of the second installment from Mr. Suthat Sooklert.	<ol style="list-style-type: none"> <li>1. Cash Receipt No. # 00012 dated 2<sup>nd</sup> July 2016.</li> <li>2. Letter of Debt Acceptance Agreement dated 25<sup>th</sup> February 2016 between IEC SK1 and (Creditor) and Mr. Suthat Sooklert (Debtor) .</li> <li>3. Letter from IEC # PO 049 / 2016 dated 7<sup>th</sup> July 2016, subject : Clarification of Quarter 1 Financial Statement ended 31<sup>th</sup> March 2016 to President of Stock Exchange of Thailand.</li> <li>4. Data from interviewing Group President and Managing Director of IEC SK1.</li> </ol>



No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	<p>2.3 Process of obtaining debt repayment agreement whereas the Baht 10 million pre-paid fuel feedstock was used to offset the accrued fuel feedstock payable to Kaewlumduan Group Co., Ltd. (the ex-owner) Such practice was whether legally proceeded. The damage should be compensated by ways of fine and interest charge.</p>	<p>Process of obtaining debt acceptance was as follows :</p> <ol style="list-style-type: none"> <li>1) IEC SK1 prepared feedstock procurement in advance to ensure IEC SK1 has enough production volume during the period not less than 12 months. Thus, the advance fuel purchase was contracted with Mr. Utis Singkarn (seller) dated 19<sup>th</sup> January 2015. Mr. Utis Singkarn was unable to provide fuel to IEC SK1 in time with delivery delay for 2 months.</li> <li>2) IEC SK1 had 6-month overdue of fuel feedstock payable to Kaewlumduan Group Co. in the amount of Baht 12,999,255.11.</li> <li>3) Due to such 2 situations above, the MOU (Memorandum of Understanding) dated 15<sup>th</sup> February 2016 among 3 parties (Mr. Utis Singkarn Kaewlumduan Group Co. and IEC SK1) was executed with details as follows :</li> </ol> <p>3.1 Mr. Utis Singkarn was required to pay Baht 10 million to Kaewlumduan Group Co. in order to offset the fuel feedstock debt on behalf of IEC SK 1.</p> <p>3.2 Kaewlumduan Group Co. was required to issue Baht 10 million</p>	<p>Process in obtaining debt repayment among 3 parties were carried out transparently and useful to IEC SK1</p>	<ol style="list-style-type: none"> <li>1. Invoice / tax invoice of Kaewlumduan Group Co. 8 Documents of selling fuel feedstock transaction to IEC SK1 .</li> <li>2. Fuel feedstock Purchase Agreement dated 19<sup>th</sup> January 2015 between Mr. Utis Singkarn and IEC SK1.</li> <li>3. MOU (Memorandum of Understanding) dated 15<sup>th</sup> February 2016 among 3 parties ( Mr. Utis, Singkarn , Kaewlumduan Group Co. and IEC SK1).</li> <li>4. Auditor report of interim financial statement ended 31<sup>st</sup> March 2016 (3 months) by Ms. Maliwan Pahuwattanakorn , CPA # 4701, NPS Siam Audit Limited.</li> <li>5. Letter from IEC # PO 049 / 2016 dated 7<sup>th</sup> July 2016, subject : Clarification of Quarter 1 Financial Statement ended 31<sup>st</sup> March 2016 to the President of The Stock Exchange of Thailand.</li> <li>6. Data from interviewing Group President and Managing Director of IEC SK1.</li> </ol>

		<p>receipt as fuel payment to IEC SK 1.</p> <p>4) The agreement among 3 parties as mentioned in 3) resulted in debt compromising among 3 parties with no interest charge on default period between [IEC SK1 and Mr. Utis Singkarn] , [Kaewlumduan Group Co. and IEC SK 1]</p> <p>IEC SK 1 already protected the benefit of its own.</p> <p>In conclusion, auditor has reported the interim financial statement ended 31<sup>st</sup> March 2016 (3 months) reviewed by Ms. Maliwan Pahuwattanakorn , CPA # 4701, NPS Siam Audit Limited.</p>		
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No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	<p>2.4 In 2015 , IEC SK1 has ordered fuel feedstock from Kaewlumduan Group Co. (the previous owner) in the amount of Baht 14 million and Baht 65 million from other suppliers. IEC SK1 had paid fuel feedstock in advance in the amount of Baht 64 million (Mr. Suthat Baht 54 million and Mr. Utis Baht 10 million) This is not reasonable .</p>	<p>Fuel feedstock Purchase in advance with Mr. Suthat Sooklert (Seller) on 1<sup>st</sup> June 2014 was proceeded by the previous owner before IEC 's 75% acquisition in Kaewlumduan Power Supply Co. , Ltd.</p> <p>When IEC acquired 75% in Kaewlumduan Power Supply Co.,Ltd. , the company turned to be a creditor of Mr. Suthat Sooklert and held right to receive fuel feedstock according to the fuel feedstock supply Agreement.</p> <p>Mr. Suthat Sooklert (Seller) was not able to deliver fuel feedstock to IEC SK1 as per agreement. In addition, Mr. Utis Singkarn , another fuel feedstock vendor, was also unable to deliver Baht 10 million fuel feedstock to IEC SK1.</p> <p>As such, IEC SK1 needed to seek fuel feedstock to produce electricity continuously by purchasing the fuel feedstock from Kaewlumduan Group (Previous Owner) in the amount of Baht 14 million and other vendor Baht 65 million.</p> <p>In conclusion, NPS Siam Audit Limited 's auditor has expressed unqualified opinion in 2015 audited financial statement ended 31<sup>st</sup> December 2015.</p>	<p>Fuel Feedstock purchase of IEC SK1 was carried out essentially to support its normal course of business</p>	<ol style="list-style-type: none"> <li>1) Feedstock purchase agreement dated 1<sup>st</sup> June 2014 between Mr. Suthat Sooklert (Seller) and Kaewlumduan Power Supply Co., Ltd. (Buyer)</li> <li>2) Share Purchase Agreement of Kaewlumduan Power Supply Co., Ltd. dated 30<sup>th</sup> September 2014</li> <li>3) Debt Acceptance Agreement dated 25<sup>th</sup> February 2016 between IEC SK1 (Creditor) and Mr. Suthat Sooklert (Debtor) .</li> <li>4) Fuel feedstock Purchase Agreement dated 19<sup>th</sup> January 2015 between Mr. Utis Singkarn and IEC SK1.</li> <li>5) MOU (Memorandum of Understanding) dated 15<sup>th</sup> February 2016 among 3 parties (Mr. Utis, Singkarn Kaewlumduan Group Co. and IEC SK1).</li> <li>6) Letter from IEC # PO 049 / 2016 dated 7<sup>th</sup> July 2016, subject : Clarification of Quarter 1 Financial Statement ended 31<sup>st</sup> March 2016 to the President of The Stock Exchange of Thailand.</li> <li>7) Letter from IEC SK1 dated 10<sup>th</sup> March 2015 , subject : Fuel quality inspection.</li> <li>8) Data from interviewing Group President and Managing Director of IEC SK1.</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	2.5 Relationship between IEC SK 1 (buyer) and Seller (Kaewlumduan Group) , Mr. Suthat Sooklert, Mr. Utis Singkarn and IEC SK1 executives disclosed in financial statement	<p>The company signed fuel feedstock purchase contracts with Mr. Suthat Sooklert, Mr. Utis Singkarn who are in wood business with no relation with the company and its subsidiaries.</p> <p>Kaewlumduan Group Co.,Ltd. has relationship with IEC SK1 considering some mutual directors and shareholders.</p>	IEC SK1 and its fuel feedstock vendor has no relationship that it needs for disclosing more in financial statements.	<ol style="list-style-type: none"> <li>1. Letter from IEC # PO 049 / 2016 dated 7<sup>th</sup> July 2016, subject : Clarification of Quarter 1 Financial Statement ended 31<sup>st</sup> March 2016 to President of The Stock Exchange of Thailand.</li> <li>2. IEC SK1 Affidavit</li> <li>3. Shareholders list of IEC SK1</li> <li>4. Data from interviewing Group President and Managing Director of IEC SK1.</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
3	Accounting item : Fuel Feedstock			
	<p>3.1 Since the day of IEC SK1 acquisition until year-end of 2015, why didn't the company move or try to move fuel feedstock for keeping in IEC SK1 considering good internal control ? Moreover, within 2 years, IEC SK1 had signed the contract for selling fuel feedstock back to Kaewlumduan Group (previous owner). Was it the planned transaction or for being used in the production?</p>	<p>1) Keeping fuel feedstock at Lan Kok Pi Kong and Thai Prakong was a management strategy way since the original fuel feedstock warehouse has limited space. If keeping fuel feedstock outside the building, it will gain more moisture , leading to negative consequence to combustion of power generation. In conclusion, NPS Siam Audit Limited 's auditor has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p> <p>2) Selling 9,016 tons of fuel feedstock to Kaewlumduan Group was proceeded because such fuel deteriorated after keeping it for 2 years , resulting in lower calorific value and not suitable for use in power generation.</p> <p>3) Moreover, selling price is higher than cost.</p> <p>In conclusion, Auditor has reviewed interim financial statement by Ms. Maliwan Pahuwattanakorn, CPA # 4701 of NPS Siam Audit Limited. ,ended 31 March 2016</p>	<p>1) Keeping fuel feedstock at Lan Kok Pi Kong and Thai Prakong was a proper management &amp; strategy.</p> <p>2) Selling 9,016 tons of fuel feedstock to Kaewlumduan Group was proceeded because such fuel deteriorated after keeping it for 2 years , resulting in lower calorific value and not suitable for use in power generation.</p>	<ol style="list-style-type: none"> <li>1. Auditor report of interim financial statement ended 31 March 2016 (3 months) by Ms. Maliwan Pahuwattanakorn , CPA # 4701, NPS Siam Audit Limited.</li> <li>2. Letter from IEC # PO 049 / 2016 dated 7<sup>th</sup> July 2016, subject: Clarification of Quarter 1 Financial Statement ended 31<sup>st</sup> March 2016 to President of Stock Exchange of Thailand.</li> <li>3. Fuel Purchase Contract dated 25<sup>th</sup> February 2016 between IEC SK1 and Kaewlumduan Group in the amount of Baht 11,579,353.60.</li> <li>4. Letter of inventory confirmation for audit# 1 / 2016 dated 11<sup>st</sup> January 2016.</li> <li>5. Letter from IEC SK1 dated 10<sup>th</sup> March 2015, subject: Fuel quality inspection.</li> <li>6. Data from interviewing Group President and Managing Director of IEC SK1.</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
4	Accounting Items : Work under construction , Prepaid investment, Real estate for investment			
	<p>4.1 Process and steps as well as expenses were all whether clear in term of land price, land acquisition, expense, co-ordination expense, and benefits from land purchase.</p>	<p>IEC Board of Directors, Meeting # 11 / 2015 dated 25<sup>th</sup> May 2015 , considered land purchase with power plant development potential for further re-sale to other interested investors was a short-term project</p> <p>This land sale with Aor 1 permit has no risk in future revenue collection because no on-going revenue for 5 to 10 years like other long-term projects. It exhibited potentials for value creation and also incentives for investor. Operation is less complicated. No high investment of machinery and expense technology. Pet Siam Appraisal and Bangkok Valuation and consultant Co. were appraisers. The 2 firms were short-listed by SEC. Result of appraisal from the 2 firms were Baht 152,678,000. On 19<sup>th</sup> February 2015, Pet Siam Appraisal evaluated at Baht 167,391,000. The company bought land with management fee in the amount of Baht 133 million without need to apply for Ror Ngor 4.</p> <p>Such land was purchased at price below the appraisal value.</p>	<p>Such land purchase was a kind of the company's investment which was approved from Board of Directors.</p>	<ol style="list-style-type: none"> <li>1. Minutes of IEC Board Meeting # 11 / 2015 dated 25<sup>th</sup> May 2015.</li> <li>2. Letter from IEC # PO. 041 / 2015 dated 25<sup>th</sup> May 2015 to the President of Stock Exchange of Thailand , subject : Capital Expenditure Approval in land purchase with potential for building power plant and re-sale to interested investors (amended)</li> <li>3. Letter from IEC dated 28<sup>th</sup> February 2016, to Ms. Maliwan Pahuwattanakorn , CPA at NPS Siam Audit Limited, subject : additional information submission.</li> <li>4. Land Appraisal Report by Pet Siam Appraisal and Bangkok Valuation and Consultant Co.</li> <li>5. Minutes of IEC Audit Committee meeting No. 1 / 2016 dated 19<sup>th</sup> February 2016</li> <li>6. Letter from Provincial Electricity Authority , Area 2 (Central) Chonburi, # Mor Thor 5309.22 / 18/ 2016 dated 5<sup>th</sup> February 2016, subject : Land Granted by International Engineering Pcl.</li> <li>7. Land Sale Commitment Letter dated 22<sup>nd</sup> December 2011.</li> <li>8. Request for Payment Doc. # 5805186 , Payment Voucher # 405102/ 2015 dated 26<sup>th</sup> May 2015. Cheque # 7192001</li> <li>9. Data from interviewing Group President.</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	<p>4.2 Process of procuring , taking up, and approving a purchase of 100,000 ton municipal solid waste (MSW) at Baht 10,000,000 as well as benefits from MSW. Why the construction has not been completed ? Also , no COD has been fixed since project approval date.</p>	<p>MSW separation project at Baan Bueng , Cholburi is IEC strategy to support quality recycled plastic feedstock. For the recycled plastic pellet plant in Rayong, it is also applied as RDF for the company 's biomass power plant in Sakaeo, lessening use of expensive biomass around 30%</p> <p>The recycled plastic pellet plant construction is now 98% completed. COD day is targeted on 1<sup>st</sup> September 2016. Now the plant is on test-run.</p> <p>In conclusion, NPS Siam Audit Limited's auditor has expressed unqualified opinion in 2014 audited financial statement ended 31<sup>st</sup> December 2014.</p>	<p>The MSW separation project at Baan Bueng Cholburi, is IEC strategy to support wasted plastic recycling project in Rayong and also a kind of company investment approved by the Board of Directors.</p>	<ol style="list-style-type: none"> <li>1. Minutes of IEC Board Meeting # 11 / 2015 dated 25<sup>th</sup> May 2015</li> <li>2. Waste Plastic Recycling Project : Business Plan of IEC</li> <li>3. Letter from IEC dated 15<sup>th</sup> February 2016 to Mr. Narong Laktarn and Ms. Maliwan Pahuwattanakorn NPS Siam Audit Limited , subject : 2015 audited financial statement clarification.</li> <li>4. Letter # PO. 012 / 2016 dated 11<sup>th</sup> March 2016 to President of Stock Exchange of Thailand , subject : Request for approval of increasing budget for Waste plastic recycling project at Rayong (amended).</li> <li>5. Data from interviewing Group President.</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	4.3 Waste Plastic Recycling Project at Rayong			
	4.3.1 Process of land purchase approval, source of fund, and budget spending , and construction which has not yet received Ror Ngor 4 permit and also EIA approval. Why did IEC start landfill and piling works worth Baht 40 million? Later, the project stopped with no further work due to lack of budget.	<p>Waste plastic recycling project at Rayong within construction budget of Baht 663 million utilized funding from IEC's capital injection In early 2015, IEC purchased 24-3-0.6 rai land at Tumbon Makamkoo, Nikom Patana District at Baht 26 million which was lower than Baht 30 million appraised by the independent appraiser (Advanced Appraisal Co.) on 15<sup>th</sup> May 2015. IEC started landfill and piling works to build waste plastic recycling plant as approved by IEC Board.</p> <p>IEC found there was steel scrap collector plant facing liquidity problem. It was located near IEC plastic recycling plant construction site. It showed interest of renting out to IEC for plastic pellet production. IEC has considered and concluded that such plant would save time for building the new one. It also received Ror Ngor 4 permit on 26<sup>th</sup> March 2016. EIA permit was not needed since it was not the power plant. IEC has posted its announcement at Makamkoo Municipal Office for 15 days. The villagers came to protest and IEC received a letter from Makamkoo Municipal Office requesting IEC to shut down the plant. Later, IEC negotiated and followed through Makamkoo Sub</p>	The Waste Plastic Recycling Project in Rayong is a kind of company investment approved by Board of Directors.	<ol style="list-style-type: none"> <li>1. Minutes of IEC Board Meeting # 11 / 2015 dated 25<sup>th</sup> May 2015</li> <li>2. Waste Plastic Recycling Project : Business Plan of IEC</li> <li>3. Letter from IEC dated 15<sup>th</sup> February 2016 to Mr. Narong Laktarn and Ms. Maliwan Pahuwattanakorn, NPS Siam Audit Limited , subject : 2015 audited financial statement clarification.</li> <li>4. Letter # PO. 012 / 2016 dated 11<sup>th</sup> March 2016 to the President of Stock Exchange of Thailand , subject : Request for approval of increasing budget for Waste Plastic Recycling project at Rayong (amended).</li> <li>5. Data from interviewing Group President.</li> </ol>



		<p>district Administrative Organization's advices. Finally IEC Plant was re-opened.</p> <p>Plastic pellet plant construction is 98% completion. COD day was scheduled on 1<sup>st</sup> September 2016. Currently, IEC is now testing machine run.</p> <p>In conclusion, auditor has reported an interim financial statement for 3 months ended 31<sup>st</sup> March 2015 reviewed by Ms. Maliwan Pahuwattanakorn , CPA # 4701, NPS Siam Audit Limited.</p>		
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No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	<p>4.3.2 Procedure of risk assessment, clarity of COD and sufficient period of test-run, no report of test-run output, procurement and payment process of machinery purchase. Why was the paid nine machinery still kept in China?</p>	<p>Waste Plastic Recycling Project at Rayong was concurred by Risk Management Committee on 18<sup>th</sup> March 2015. On 28<sup>th</sup> March 2015, Risk Management Committee proposed this project to Board of Directors for approval according to the company's standard of practices.</p> <p>Plastic pellet plant construction is 98% completed. COD was scheduled on 1<sup>st</sup> September 2016. Currently, the machinery is on the test run in order to ensure capacity and quality of products against the use of limited feedstock, resulting in insufficient output for sales.</p> <p>Test-run period is yet subject to the desired quality of products. Procurement of nine machinery was in line with the company's standard of practices.</p> <p>IEC kept machineries for 3 production line of plastic plant at China for a while because plant construction was in-process and not ready to install machineries. At present, the seller is delivering machineries for such 3 production lines to install at plant accordingly.</p> <p>Finally, auditor of NPS Siam Audit Limited expressed unqualified opinion to 2015 financial statement ended 31<sup>st</sup> December 2015.</p>	<p>Project approved process and execution are still in line with the company's business plan approved by Board of Directors.</p>	<ol style="list-style-type: none"> <li>1. Minutes of IEC Board Meeting # 11 / 2015 dated 25<sup>th</sup> May 2015</li> <li>2. Waste Plastic Recycling Project : Business Plan of IEC</li> <li>3. Letter from IEC dated 15<sup>th</sup> February 2016 to Mr. Narong Laktarn and Ms. Maliwan Pahuwattanakorn NPS Siam Audit Limited, subject : 2015 financial statement clarification.</li> <li>4. Letter # PO. 012 / 2016 dated 11<sup>th</sup> March 2016 to the President of Stock Exchange of Thailand , subject : Request for approval of budget increased for Waste plastic recycling project at Rayong (amended).</li> <li>5. Confirmation Letter dated 5<sup>th</sup> April 2016 from Zhangjiagang Lianda Machinery Co.,Ltd., China.</li> <li>6. Data from interviewing Group President</li> </ol>

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	<p>4.4 Process of procurement and payment approval for 2 MSW sorting machinery. The two machineries are located at GIDEC and not ready for use. Moreover, the spending of staff shelter construction did not come from the approved procurement budget but earmarked the budget from other project (i.e. Waste Plastic Recycling Project)</p>	<p>Waste Plastic Recycling Project at Chaloon Industrial Estate was approved by Risk Management Committee on 4<sup>th</sup> July 2015 and was approved by IEC Board of Directors # 12 / 2015 on 8<sup>th</sup> July 2015.</p> <p>This Project has not yet constructed at Chaloon Industrial Estate because IEC plans to build such plant on 10-rai land adjacent to GIDEC Co. The reason is the rental fee is significantly lower than that of Chaloon Industrial Estate. Moreover, the advantage is ability to bring daily municipal waste beside GIDEC power plant to be feedstock for the recycled plastic pellet plant.</p> <p>The procurement approval followed through the company's standard of practice under approved business plan.</p> <p>The MSW sorting machine was ready to run. The reason for removing its equipment was because the building construction had not been yet finished. IEC needed to remove expensive parts , for instance, electric motor, control set to be kept in the safe place. Such parts will be re-installed after the building is completed and it will take 4 hours for re-installation.</p> <p>Finally, auditor of NPS Siam Audit Limited. expressed unqualified opinion to 2015 financial statement ended 31<sup>st</sup> December 2015.</p>	<p>Processes of project approval and operation were proceeded as per business plan approved from IEC Board.</p>	<ol style="list-style-type: none"> <li>1. Result of risk evaluation on the Waste Plastic Recycling Project at Chaloon Industrial Estate by Risk Management Committee on 4<sup>th</sup> July 2015.</li> <li>2. Minutes of IEC Board of Directors # 12 / 2015 on 8<sup>th</sup> July 2015.</li> <li>3. Letter from IEC # PO. 046 / 2015 dated 8<sup>th</sup> July 2015 to the President of The Stock Exchange of Thailand , subject : Approval on Capital Expenditure in Waste Plastic Recycling Project at Southern Industrial Estate Songkhla Province.</li> <li>4. Data from interviewing Group President.</li> </ol>

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	<p>4.5 Under the leasing contract between GIDEC Co. (Lessor) and IEC Green Energy (Lessee), the Lessor, in general, should prepare machines ready before submission to the Lessee. However, the two parties look like the same legal entity. It is not clear in term of quantity, expense arising from machines or test-run belong to the Lessor or the Lessee.</p> <p>In addition, the test-run determination was not clearly stated the sufficient time it will take. Objective is not clear for developing machineries installed at IEC SK 1.</p>	<p>IEC policy is to assign IEC Green Energy Co. to conduct the research and development works within that group of companies and take such works to support the group's development.</p> <p>The front-End System for transforming feedstock into fuel for increasing efficiency of electricity generation at GIDEC power plant is part of the IEC Green Energy Co. IEC Green Energy Co. leases such machine to GIDEC Co. whereby IEC Green Energy Co. will be responsible for machine installation and test-run.</p> <p>To keep it going easily , IEC Green Energy Co. asked GIDEC co. to pay such expenses first and invoiced to IEC Green Energy Co.</p> <p>In conclusion, auditor has reported the interim financial statement for 3 months ended 31<sup>st</sup> March 2016 reviewed by Ms. Maliwan Pahuwattanakorn , CPA # 4701, NPS Siam Audit Limited.</p>	<ol style="list-style-type: none"> <li>1) IEC Green Energy Co. and GIDEC Co. is not the same legal entity.</li> <li>2) IEC Green Energy Co. is responsible for expenses of installation and test-run in the Front-end System for transforming feedstock to fuel.</li> </ol>	<ol style="list-style-type: none"> <li>1. Organization Chart of IEC dated 26<sup>th</sup> September 2014.</li> <li>2. Letter from IEC # PO 082 / 2014 dated 21<sup>st</sup> November 2014 to the President of The Stock Exchange of Thailand, subject: Approval for Capital Expenditure in machinery procurement of subsidiaries.</li> <li>3. Letter from IEC # PO 011 / 2016 dated 11<sup>th</sup> March 2016 to the President of The Stock Exchange of Thailand, subject: Approval for Capital Expenditure under Project of Leasing Front-End System in transforming feedstock into fuel (amended) .</li> <li>4. Front-End System Leasing Contract dated 1<sup>st</sup> April 2016 between IEC Green Energy Co. and GIDEC Co.</li> <li>5. Letter from IEC Green Energy Co. dated 5<sup>th</sup> January 2016 to Mr Charnchai Kemwichien, GIDEC Co., subject : test-run fee (Commissioning) – Front End and Imperial SINO.</li> <li>6. Invoice from GIDEC Co. # ISO 160001 and ISO 160002 for test run fee in Front End system for January – March 2016.</li> <li>7. Interim financial statement for 3 months ended 31<sup>st</sup> March 2016 reviewed by Ms. Maliwan Pahuwattanakorn , CPA # 4701, NPS Siam Audit Limited.</li> <li>8. Business Plan for technology implementation in transforming fresh waste to be fuel (Technology development: Prototype of RDF System for MSW).</li> <li>9. Data from interviewing Group President and Managing Director of GIDEC Co.,Ltd.</li> </ol>

No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	<p>4.6 The Bio gas Power Plant Project – Taworn Energy Co. Kamphaengphet Province. : Process of investment acquisition was not shown in due diligence report, no time table stated clearly the final stage got started. The economic return was still unclear.</p>	<p>A set of due diligence reports of Kamphaengphet Biogas Power Plant investment project of IEC is as follows :</p> <ol style="list-style-type: none"> <li>1) Accounting Due Diligence dated 18<sup>th</sup> March 2015 by DIA International Co.</li> <li>2) Technical Due Diligence dated 19<sup>th</sup> March 2015 by Training and Development Institute, King Mongkut’s University of Technology Thonburi (KMUTT)</li> <li>3) Investment evaluation report in Biogas Power Plant dated 18<sup>th</sup> March 2015 by JVS Financial Advisory Co.</li> <li>4) Appraisal Report : machinery and equipment dated 13<sup>rd</sup> February 2015 by Future Appraisal Co.</li> <li>5) Appraisal Report of Asset , land and building dated 3<sup>rd</sup> February 2015 by Future Appraisal.</li> </ol> <p>Risk Management Committee has concurred the Kamphaengphet Biogas Power Project on 23<sup>rd</sup> March 2015 and proposed to Board of Directors Meeting # 7 / 2015 on 23<sup>rd</sup> March 2015.</p>	<p>Such investment has clear due diligence.</p> <p>During impending PPA bidding under FIT, IEC has project of Compressed Biogas, (CBG) test in order to make it as car fuel for further selling to PTT or Bangchak in the future. It was expected that this gas production test would be completed within September 2016 at the capacity of 25 cubic meters per hour over 24 hours running time.</p>	<ol style="list-style-type: none"> <li>1. Accounting Due Diligence report dated 18<sup>th</sup> March 2015 by DIA International Ltd.</li> <li>2. Technical Due Diligence report dated 19<sup>th</sup> March 2015 by Training and Development Institute, King Mongkut’s University of Technology Thonburi (KMUTT)</li> <li>3. Investment evaluation report in Biogas Power Plant dated 18<sup>th</sup> March 2015 by JVS Financial Advisory Co.</li> <li>4. Appraisal Report : machinery and equipment dated 13<sup>rd</sup> February 2015 by Future Appraisal Co.</li> <li>5. Appraisal Report : land and building dated 3<sup>rd</sup> February 2015 by Future Appraisal Co.</li> <li>6. IEC ‘s Business Plan of Kamphaengphet Biogas Power Plant</li> <li>7. Risk Assessment Report on Kamphaengphet Biogas Power Plant Project by Risk Management Committee 23<sup>rd</sup> March 2015.</li> <li>8. Minutes of IEC Board meeting # 7 / 2015 on 23<sup>rd</sup> March 2015.</li> <li>9. Share Purchase Agreement of Taworn Energy (2013) Co., Ltd. dated 2<sup>nd</sup> April 2015</li> <li>10. Data from interviewing Group President.</li> </ol>

		<p>The Board approved this business plan accordingly. Taworn Energy (2013) received Ror Ngor 4 permit only on biogas production on 20<sup>th</sup> November 2014 while Ror Ngor 4 of this biogas has not yet granted. The reason is that the company is still waiting the government agency to call for bidding PPA under FIT scheme. The company will apply for Ror Ngor 4 permit upon obtaining PPA.</p> <p>IEC solved the impending PPA by setting up Baht 5 million budget for compressed biogas test (CBG) in order to further sell as car gas fuel to PTT or Bangchak in the future. This test was expected to be completed by September 2016 with 25 cubic meters over the 24-hour running time.</p> <p>Finally, auditor of NPS Siam Audit Limited expressed unqualified opinion to 2015 financial statement ended 31<sup>st</sup> December 2015.</p>		
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No.	Suspicious Issues Raised by Ms. Maliwan	Diagnosis of Special Audit Committee	Special Audit Result : Comments from Special Audit Committee	Supporting Documents or Evidences for Special Audit Consideration
	<p>4.7 Process of funding arrangement for investment in Nong Ri Biogas Power Plant Co.,Ltd. at 100% of registered and paid up capital. The basis of share price determination for this acquisition (total payment to ex-owner : Baht 50 million) was proceeded whether over or under the fair value.</p>	<p>Investment in Nong Ri Biogas Power Plant Co.,Ltd. has source of fund as follows :</p> <ol style="list-style-type: none"> <li>1. IEC equity : Baht 50 million</li> <li>2. Loan from financial institution : Baht 200 million</li> <li>3. IEC Equity increased for Nong Ri Power plant construction : Baht 50,070,000 . Nong Ri Biogas Power Plant Co.,Ltd. which receives PPA from Provincial Electricity Authorities at 3 MW with adder Baht 0.30 / kW – hour for 7 years. Power generation from Vinasses as feedstock not less than 400 cubic meters per day. Selling value is Baht 50 million, divided into 500,000 shares at Baht 100 par as in its Memorandum of Association.</li> </ol>	<p>Source of fund for investment in Nong Ri Biogas Power Plant Co.,Ltd. are</p> <ol style="list-style-type: none"> <li>1. IEC equity</li> <li>2. Loan from financial institution</li> </ol> <p>Acquisition in Nong Ri Biogas Power Plant Co.,Ltd. Common share is done at Baht 100 / share as shown in the Memorandum of Association.</p>	<ol style="list-style-type: none"> <li>1. Business Plan of Nong Ri Power Plant Project, Bo ploy, Kanchanaburi</li> <li>2. Valuation report: RPV Valuation Co.</li> <li>3. Memorandum of Association of Nong Ri Power Plant Co. , Registration # Bor Kor 0714556000843 dated 11<sup>th</sup> June 2013</li> <li>4. Share purchase Agreement of Nong Ri Biogas Power Plant Co.,Ltd., Kanchanaburi.</li> <li>5. IEC letter # PO. 064 / 2016 dated 27<sup>th</sup> April 2016, subject : Capital Expenditure budget in Nong Ri Bio gas Power Plant Project.</li> <li>6. IEC’s Risk Assessment Report of Nong Ri Bio gas Power Plant Project, 22<sup>nd</sup> April 2016</li> <li>7. Financial Statement of Nong Ri Power Plant Co. (as of acquisition date) 31<sup>st</sup> December 2015 and 18<sup>th</sup> April 2016.</li> <li>8. Feasibility Study of Asia Plus Advisory (Feasibility Study Nong Ri Biogas Power Plant Project) , IEC 22<sup>nd</sup> April 2016.</li> <li>9. Data from interviewing Group President</li> </ol>

Summary of Special Audit as follows :

1. . None of suspicious actions and incidents as raised by Ms. Maliwan Pahuwattanakorn Certified Public Accountant, license number 4701.
2. None of potential fraud actions

3. None of damage actions to IEC whereas the management is still performing their normal duties as usual course of IEC business.

Special Audit Committee endorsed this special audit result on 30<sup>th</sup> August 2016.

Dr. Morrakot Siriwatanaroj (signed), Chairman of Special Audit Committee

Asst. Prof. Dr. Surachai Sanitjai (signed), Special Audit Committee member

Mrs. Auemporn Kraisawat (signed) , Special Audit Committee member

Mr. Satitpong Thongtom (signed), Special Audit Committee member

Mr. Nitipat Patasavakul (signed), Special Audit Committee member and secretary