



PO No. 026 /2019

12th April 2019

Re: Auditor's Disclaimer of Opinion on the Annual Financial Statements Ending 31 December 2016

Attn: President
Stock Exchange of Thailand

As The International Engineering Public Company Limited ("The Company") has submitted the financial statements for the year ending 31st December 2016 which was reviewed and certified without an opinion made by the auditor due to inability to obtain sufficient and appropriate audit evidence to provide a basis for an opinion on such financial statements due to the following limitations:

1. Circumstances beyond Company's control

".....The consolidated financial statements as at 31st December 2016 included operations of one subsidiary which was not under the control of the Company's management because the Company disposed of such subsidiary during the year 2016 and classified the investment as discontinued operations as mentioned in note 12 to the financial statements. The auditor was unable to satisfy himself by other audit procedures as to the profit from discontinued operations of Baht 22.65 million included in the statement of profit or loss and other comprehensive income....."

The Company would like to inform that on 19th December 2016, the Board of Directors at the time resolved to dispose investment in the subsidiary which was IEC Mae Ramad Co., Ltd (Solar Power plant at Tak province) to a certain company which resulted in the Company losing control of such subsidiary and therefore unable to submit the audited financial statements to the auditor of the Company. Nevertheless, said report will have no impact on the preparation of the Company's financial statements for the year 2017 and the subsequent years.

2. Circumstance regarding auditing method and time of audit

2.1 **".....I was appointed as auditor of the Group on 14th November 2017, I therefore, could not observe the physical count of fuel supplies inventory at the ending of year 2016. I was unable to satisfy myself by other audit procedures as to the quantity and values of fuel supplies inventory included in the consolidated statement of financial position as at 31st December 2016 of Baht 1.16 million....."**



The Company would like to report that it was impossible for the auditor to observe and count the fuel supplies inventory due to beyond management's control which is the event that happen occurred in the past.

2.2 “.....The consolidated and separate statements of financial position as at 31st December 2016 included cost of installation work in progress, recorded as part of inventories, amounted to Baht 3.57 million. I was unable to examine the document supporting such transactions. I therefore cannot determine whether adjustments might have been necessary in respect of cost of such installation work in progress or not.

2.3 “.....As discussed in notes 19 and 20 to the financial statements, the consolidated and separate financial statements as at 31st December 2016 include property, plant and equipment and non – operating assets with a total cost of Baht 4,085 million and Baht 1,101 million, respectively. I was unable to examine the documents to support the recording of those assets acquired in the past for a total amount of Baht 1,034 million and Baht 530 million, respectively. I therefore, cannot determine the accuracy of the costs recorded in the consolidated and separate financial statements and the impact that may have to related transactions in the statements of profit or loss and other comprehensive income for the year.....”

“.....In addition, as discussed in Notes 19 and 20 to the financial statements, as at 31 December 2016 the Group and the Company recorded additional amount of allowance for impairment of the above mentioned assets totaling Baht 1,180 million and Baht 531 million, respectively, as determined by the current management and by comparing book values and recoverable amount determined by independent appraisers. However, I was unable to satisfy myself on the appropriateness of the assumption provided by the Company's management to the independent appraisers in calculating the recoverable amount. I therefore, cannot determine whether or not adjustments might have been necessary in respect of allowance for impairment of such assets recorded in the consolidated and separate statements of financial position.....”.

2.4 “.....As discussed in note 16, the separate financial statement included investments in two subsidiary companies (IEC Green Energy Co., Ltd. and IEC Sakaeo 1 Co., Ltd.) of Baht 970.13 million. The Company recorded allowance for impairment of such investments totaling Baht 878.20 million as determined by the Company's management from comparison of book values and recoverable amount appraised by an independent appraiser. However, I was unable to satisfy myself on the appropriateness of the assumption provided by the Company's management to the independent appraisers in calculating the recoverable amount. I therefore, cannot determine whether or not adjustments might have been necessary in respect of allowance for impairment of such investments.....”



“.....As discussed in note 22, the impairment of goodwill of Baht 237 million was recorded in the consolidated financial statements based on the impairment of the investments described above. However, as mentioned in the above paragraph, I was unable to satisfy myself on the appropriateness of the assumption provided by the Company’s management to the independent appraisers in calculating the recoverable amount. I therefore, cannot determine whether or not adjustments might have been necessary in respect of allowance for impairment of goodwill.....”.

The Company would like to address the points discussed in point 2.2 - 2.4 in general that the Company under the current management acknowledged and realized that the Company has legal disputes in progress, some of which are in the process of accusation, investigation and prosecution against former management by the Securities and Exchange Commission (SEC). Some documents cannot be found which were moved away or may be destroyed by former management, resulting in the Company unable to provide some documents to be audited by the auditor. The current management realizes the importance of the importance of principle of conservatism and in compliance with the preparation of financial report to be in accordance with the accounting standard, financial report standard and accounting methods. The Company employed the service of UK Valuations and Agency Co., Ltd, a registered independent appraiser approved by the SEC to appraise the value of assets, property, plant and equipment and intangible assets including goodwill and investment in subsidiaries and will have. The Company also held meetings with the auditor and appraiser to discuss about appraisal procedure for the impairment of assets. To ensure that the Company would not show the book value of assets higher than the expected recoverable amount. The allowance for impairment of the mentioned assets in the Group and the Company’s financial statements in accordance to the accounting standard whereby it is stipulated that a business must also recognize losses from such impairment as well.

In any case, the Company is in the process of preparing accounting information for Quarter 1-3 of the year 2017 and 2017 annual for the auditor to audit along with the accounting information for Quarter 1-3 of the year 2018 and 2018 annual. Thus allowing the Company to submit the financial statements for each period as soon as possible.

Please be informed accordingly.

Yours faithfully,

(Mr. Dumrong Putiput)

Chief Executive Officer