

No IFEC/SorNorBor/2021/0085

23 November 2021

Subject: Management Explanation and Analysis of the Financial Statement for the year 2020

To: The President

The Stock Exchange of Thailand

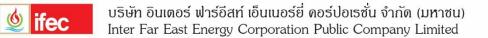
Inter Far East Energy Corporation Public Company Limited (the "Company") would like to submit the Management Discussion and Analysis for Financial Statement of Year Ended 31 December 2020 as follows:

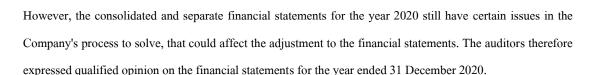
Summary of the Management's Opinions on Financial Statements

- 1. The Company has changed the Board of Directors and its managements, registered by the Department of Business Development, Ministry of Commerce, on 8 March 2019 and 17 October 2020. Due to the former Board of Directors in 2017 did not prepare and appoint the Auditor to audit the Company's financial statements within the period required by laws. Therefore, the Board of Directors and its managements had performed their duties to comply with applicable laws and the Company's Articles of Association, to propose to the Shareholders' Meeting to approve the appointment of Auditor, in auditing the financial statements. The Company's Financial Statements for the period ended 30 December 2019, presented in comparison with the financial statements for the period ended 31 December 2020, was prepared based on data constraints. However, the Board of Directors believes in good faith that the preparation of the Financial Statements were in accordance with the current Accounting Standards.
- 2. The auditors audited the Company's financial statements for year ended 31 December 2020 and expressed their opinions on the financial statements as conditional, which was different from the financial statements of the past four years that the auditors expressed disclaim opionion on such four financial statements. The current Board of Directors and managements have resolved various issues and retroactively adjusted the transactions as stated in the auditor's report on the financial statements for the year ended December 31, 2019 in order to show the accurate financial position and operating results according to the current accounting standards, the auditor has examined such adjustments and found that they are correct and appropriate. Therefore, the financial statements for the year ended 31 December 2019 shown in comparison, the auditor's opinion on the consolidated and separate financial statements has changed from disclaimer to be conditional.



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- 3. At the present, the assets of the Company and its subsidiaries that have been seized under the legal execution, comprising of common shares of the subsidiaries and the other assets of the Company and its subsidiaries, detailed as prescribed in Note 33 to the financial statements.
- 4. The issues that are conditional on the auditor's opinion are as follows:
 - 4.1 From 2017 until present, the Dhara Dhevi Hotel business temporarily closed some excess service buildings following the notice from local authorities and impact to the performance of the Dhara Dhevi Hotel business. Moreover, during the year 2020 until present the Company has temporarily suspended operation of the Dhara Dhevi Hotel due to the outbreak of Coronavirus 2019 (COVID-19), which caused a significant uncertainty on business operation, and effected to the sensibles of the assumptions in impairment analysis. The auditor are unable to determine whether or not the current book value of the land and buildings of the Dhara Dhevi Hotel business recorded in the Consolidated Financial Statements, and the loan lent by the Company to its subsidiary, accrued interest receivable, other receivables, and advances shown in the separate financial statements are correct.
 - 4.2 The consolidated financial statements, the auditor was unable to determine the book value of the land, plants and equipment of the solar power generation and distribution business in Cambodia. The group of companies is in the process of the appraisal and evaluation of the investments in the subsidiaries. Loan to the subsidiaries, accrued interest receivable, and advanced payable to the subsidiaries shown in the Company's separate financial statements are correct or not.
 - 4.3 The auditor cannot verify the existence of the subsidiary' equipment and their value. Such subsidiary is currently examining the equipment counting.
 - 4.4 The auditor was unable to determine whether the sum received from one of the subsidiary by the Company's former directors was classified under the "Pending Expenditure" account. The current manangement is presently investigating and reviewing those proof given by the Company's former director duriting the year 2021. In this regard, the auditor could not verify if there is any adjustment to the financial statements.
 - 4.5 Uncertainty material associated to the continuing operations of the Company.





The Operation Results

							Unit : M	illion Baht
	Consolidate Financial Statement				Separate Financial Statement			
Statement of Comprehensive Income	For the year ended December 31,		Increase/(Decrease)		For the year ended December 31,		Increase/(Decrease)	
	2020	2019	Amount	%	2020	2019	Amount	%
Revenues	543.00	730.01	(187.01)	(25.62)	324.05	323.55	0.50	0.15
Expenses	1,039.78	1,184.06	(144,28)	(12.19)	132.39	143.29	(10.90)	(7.61)
Profit (Loss) from Operation	(496.78)	(454.05)	42.73	9.41	191.66	180.26	11.40	6.32
Financial Cost	485.45	483.71	1.74	0.36	420.50	408.32	12.18	2.98
Profit (Loss) for the year	(964.14)	(934.58)	29.56	3.16	(246.66)	(248.80)	(2.14)	(0.86)

^{*}The Financial statements for the year ended 31 December 2019 are compared as the restated financial statements.

The consolidated operating results have a net loss for the year of 964.14 million baht, an increase loss of 29.56 million baht from the previous year or an increase in loss of 3.16%. The loss was mainly from total revenue decreased by 187.01 million baht, resulted from the hotel business that temporarily suspended operations due to the Covid-19 pandemic situation. Expenses decreased from the previous year by 144.28 million baht and service costs decreased by 148.2 million baht due to the temporary suspension of the hotel business. However, there was a compensation expense for employee termination of 31.94 million baht for the year.

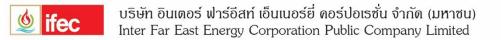
The operating results of the separate financial statements shown a net loss for the year of 246.66 million baht, decreased by 2.14 million baht from the previous year, or representing 0.86%. However, the revenues for the year is similar to the previous year. The expenses decreased by 10.90 million baht whereas the financial costs increased by 12.18 million baht.

Financial Position

							Unit : I	Millon Baht
	Consolidated Financial Statement				Separate Financial Statement			
Statement of Financial Position	As at December 31,		Increase/(Decrease)		As at December 31,		Increase/(Decrease)	
	2020	2019	Amount	%	2020	2019	Amount	%
Total Asset	7,081.52	7,775.56	(694.04)	(8.93)	8,768.53	8,595.32	173.21	2.02
Total Liabilities	12,008.57	11,739.11	269.46	2.30	8,664.72	8,244.80	419.92	5.09
Total Shareholders' equity	(4,927.04)	(3,963.55)	(963.49)	(24.31)	103.81	350.52	(246.71)	(70.38)

^{*}The financial statements as of December 31, 2019 are compared as the restated financial statements.





The consolidated statements of financial position as of 31 December 2020 had total assets of 7,081.52 million baht, decreased by 694.04 million baht from the previous year or reprsenting 8.93%. Those were from decrease in cash and cash equivalents of 28.49 million baht, decrease in net inventories from increase in allowance for obsolete and lost of goods of 32.89 million baht. The guarantee obligation decreased by 60.94 million baht since the Company and its subsidiaries have utilized deposits placed as collateral for the loan by the power plant project to settle such outstanding loans in order to save financial costs.

In addition, the group of the Companies has depreciation increased by 412.57 million baht, loss from assets impairment from solar power generation and distribution business and equipment of 67.58 million baht, and amortization of intangible assets of 86.88 million baht.

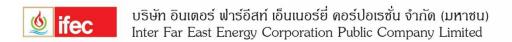
The group of the Companies has total liabilities amounted to 12,008.57 million baht, increased by 269.46 million baht from the previous year, or representing 2.30%, which is mainly from increase in accrued interests on defaulted liabilities and liabilities under the court's judgment in respect with guarantee.

Total capital difficiency was negative of 4,927.04 million baht, increased by 963.49 million baht from the previous year or representing 24.31%, mainly from the asset impairment, financial costs, and expenses respect to legal matters, resulted to the Company's loss in operations for the year 2020 amounted to 964.14 million baht.

For the separate financial statements as of 31 December 2020, total assets were 8,768.53 million baht, increased by 173.21 million baht from the previous year or representing 2.02%. This was mainly from the increase of financial costs. Total liabilities increased by 419.92 million baht or 5.09%, which was increase in accrued interests on defaulted liabilities and the Company's shareholders' equity decrease by 246.71 million baht or 70.38% due to the Company's operating loss for the year of 2020 amounted to 246.66 million baht.

Cash Flows

				Unit : Million Baht	
	Consolidated Fin	ancial Statement	Separate Financial Statement		
Statement of Cash Flow	For the year en	ded December	For the year ended December		
	2020	2019	2020	2019	
Cash flows from operating activities	137.72	236.43	(44.09)	(2.71)	
Cash fiows provided by investing activities	63.82	(12.35)	42.47	3.73	
Cash flows use in financing activities	(231.15)	(230.39)	4.00	(0.67)	
Currency translation differences	1.11	3.92	0.00	0.00	
Net increase (decrease) in cash and cash equivalents	(28.50)	(2.39)	2.38	0.35	
Cash and cash equivalents ,beginning of the year	157.57	159.96	0.54	0.19	
Cash and cash equivalents, end of the year	129.07	157.57	2.92	0.54	



*The Financial statements for the year ended 31 December 2019 are compared as the restated financial statements.

In 2020, the consolidated financial statements of the Company and its ubsidiaries has cash flow from operating activities of 136.42 million baht, net cash flow from in investing activities of 63.82 million baht, net cash flow used in financing activities was 231.15 million baht. As a result, the Company and its subsidiaries' cash and cash equivalents decreased by 28.50 million baht and cash and cash equivalents at the end of the year was 129.07 million baht.

The separate financial statements' cash flow for the year 2020, there was cash used in operating activities of 44.09 million baht, net cash from investing activities of 42.47 million baht. The Company's cash and cash equivalents increased by 2.38 million baht and cash equivalents at the end of the year was 2.92 million baht.

Please be informed accordingly

Yours faithfully,

(Mr.Thavich Taychanavakul)

Chief Executive Officer

