

CONTENTS

	Page
Message from the Board of Directors	2
Board of Directors	3
Financial Information	5
Operations in 2006	5
Operating Results and Competitions	12
Financial Status	19
Risk Factors	21
Significant Transactions in 2006	23
Audit Committee Report	27
Report of Independent Auditor and Financial Statements	28
Shareholding Structure and Management	70
Organization Chart	78
Directors of Company's Subsidiaries	79
General Information of Other References	82

Message from the Board of Directors

In 2006, it has been tough times for all business sectors in Thailand due to political, economic and social turmoil. Political conflicts, declining economic confidence and slowing economic growth including social controversy, all of these have unavoidably caused impacts over consumer's confidence and product consumption.

The above factors greatly affected mobile phone business, the company's revenue mainstream, by which in 2006 the company had total revenue of THB 4,161 million, decreasing from 2005's. However, the company managed to achieve over 520,000 handsets sales in 2006, or about 30,000 sets more than the preceding year due to strategic justification to cope with harsh competition.

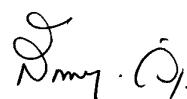
Over the year, the company took several measures to guarantee highest benefits for the organization, shareholders and employees, including to carry out organizational restructuring towards potential investment, i.e. alternative energy, information and communication technology, commerce and investment, which generate greater and more sustainable returns, the relocation of business office to ensure sufficient spaces after restructuring and the organizational morale within the company and employees, the investment in acquisition of shares and assets in listed and non-listed companies through the concept of strategic alliance, dependency in capital, technology and expertise, such as the company's entry as major shareholder in Bliss-Tel PCL, a fine example of business synergy after long-term rivalry.

The company keeps the confidence that those efforts in steering the company towards the direction most fit to current situations shall give pleasant yields for the shareholders and employees, also signifying a major breakthrough that will bring satisfactory returns in future.



(Lt. Somsak Yamasmit)

Chairman of the Board



(Mrs. Sunjutha Witchawut)

Chief Executive Officer

Board of Directors

Lieutenant Somsak Yamasmit

Age 70 years

Title Chairman

Director authorized to sign and bind the Company as specified in the Certificate

Percentage of Share -

Highest Academic Deg. Special Course, National Defense College of Thailand

Work Experience
 2006-Present Director, Sino-Thai Resources Development Public Company Limited
 2004-2005 Chairman, Thai Kaha Credit Foncier Company Limited
 2001-2002 Director, Thailand Tobacco Monopoly



Professor Prayoon Chindapradist

Age 80 years

Title Chairman of Audit Committee / Independent Director

Director authorized to sign and bind the Company as specified in the Certificate

Percentage of Share -

Highest Academic Deg. Master's Degree (equivalent), Faculty of Commerce and Accountancy, Thammasat University

Work Experience
 2008-Present Chairman, Adkinson Securities PCL
 Present Director and Audit Committee Member, Asian Insulator PCL
 1993-Present Member of University Council / Qualified Personnel, Burapha University



Mr. Vichet Bunthuwong

Age 58 years

Title Audit Committee Member / Independent Director

Director authorized to sign and bind the Company as specified in the Certificate

Percentage of Share -

Highest Academic Deg. Master's Degree in MBA, College of Notre Dame, USA

Work Experience
 1991-Present Executive Director,
 Bangkok Mass Transit System Public Company Limited



Mr. Sumit Champrasit

Age 50 years

Title Chairman of the Executive Board

Director authorized to sign and bind the Company as specified in the Certificate

Percentage of Share 0.48%

Highest Academic Deg. Master's Degree in Management, Sasin Graduate Institute of Business Administration

Work Experience
 Present Director, Sasin Alumni Association, Chulalongkorn University
 2002-2003 Chairman, Krungthai Property Development Company Limited
 2001-2003 Advisor to Chairman and Board Members,
 Krungthai Bank Public Company Limited
 2001-2002 Director, Small Industry Finance Corporation (SIFC)
 1996-2001 Chairman of the Executive Board, Sanyo SMI (Thailand) Co., Ltd.
 1999-2000 Advisor, Total Access Communication PCL



Board of Directors



Mr. Somjai Nillasithanukroh

Age 52 years

Title Director authorized to sign and bind the Company as specified in the Certificate

Percentage of Share -

Highest Academic Deg. Master's Degree in Engineering, University of Texas, USA

Work Experience

2006-Present	Director, BNB Inter Group Co., Ltd.
2001-Present	Director and General Manager, D-To-I Company Limited
2000-2001	Director and President, Eastern Water Resources Development and Management PCL
1999	Advisor to Deputy Prime Minister, Office of the Prime Minister



Mrs. Sunjutha Witchawut

Age 47 years

Title Chief Executive Officer
Director authorized to sign and bind the Company as specified in the Certificate

Percentage of Share -

Highest Academic Deg. Master's Degree in Economics, University of the Thai Chamber of Commerce

Work Experience

2006-Present	Director, Adkinson Securities PCL
2006-Present	Chairman of the Executive Board, Bliss-Tel PCL
2003-2005	Advisor to the Subcommittee for Higher Education, the Parliament
1994-2004	Executive Director, Sukhumvit One Tower Company Limited
1993-2004	Executive Director, Commonwealth Realty Group, Inc.



Mr. Sutee Phongpaiboon

Age 43 years

Title Audit Committee Member / Independent Director
Director authorized to sign and bind the Company as specified in the Certificate

Percentage of Share -

Highest Academic Deg. Master's Degree in Laws, Ramkhamhaeng University

Work Experience

1999-Present	Chief of Lawyers, Sutee Phongpaiboon Law Office
1988-1999	Lawyer, Wimol Songsermkul Law Office



Mr. Sarayuth Kauphanichanon

Age 41 years

Title Executive Director
Director authorized to sign and bind the Company as specified in the Certificate

Percentage of Share -

Highest Academic Deg. Master's Degree in Public Administration, National Institute of Development Administration

Work Experience

2006-Present	Director, OneNet Co., Ltd.
2006-Present	Director, IEC Business Partners Co., Ltd.
2005-Present	Director, Micronetic Public Company Limited
2005-Present	Director, IEC Technology Company Limited

Financial Information

			Unit: '000 Baht
	2006	2005	2004
Total Assets	2,333,477	2,417,054	2,182,408
Total Liabilities	556,766	462,557	1,113,810
Shareholders' Equity	1,776,711	1,954,496	1,068,599
Revenue from Sales and Service	4,160,957	5,249,103	5,042,456
Total Revenue	4,391,142	5,303,080	5,071,011
Gross Profit	217,542	377,473	392,654
Net Profit	(981,663)	(243,647)	(93,884)
	2006	2005	2004
Earnings per Share (Baht)	(0.61)	(0.28)	(0.12)
Dividend per Share (Baht)	0.00	0.00	0.00
Net Profit Margin (%)	-22.36%	-4.59%	-1.85%
Return on Equity (%)	-52.62%	-16.12%	-8.52%
Return on Asset (%)	-41.33%	-10.52%	-4.24%
Book Value per Share (Baht)	1.02	1.47	1.38

Operations in 2006

Company Information

The International Engineering Public Company Limited or IEC establishes the head office at 390 Ramkhamhaeng Road, Hua Mark, Bangkok, Bangkok Metropolis 10240. Corporate Registration No. 0107536000323 (formerly Bor Mor Jor 106), Homepage <http://www.iec.co.th>, Tel:(0) 2736-3535, Fax:(0) 2736-3558

IEC was established in 1922 with an objective to undertake the construction of the Bangkok-Aranyaprathet Railway to connect Thailand to the Cambodian border for the first time and it marked the first time in the Thai history that tractors "Caterpillar" were introduced to construction industry to serve royal projects. Meanwhile, IEC was then an importer of industrial equipment, home appliances and engineering products.

The company continued to serve state-owned projects to help develop national basic infrastructure, for example the electricity system of Electricity Generating Authority of Thailand (EGAT) or even sea transport and fundamental communication business, which gradually enhanced the company's reputation and achievement. IEC later was registered as a Thai nationality company in 1953 with a registered capital of Baht 10 million.

After World War II, IEC also played vital role in restoring national engineering and telecommunication networks, particularly system installation in telephone networking centers, radio and television installation and maintenance for ITA and Chulalongkorn University, FM Multiplex radio broadcasting system installation including other projects under His Majesty's royal patronage. In recognition of long-term commitment to country's development, IEC

was appointed purveyor to the Royal Household, honorably granted the Garuda emblem in 1965.

In 1983, Siam Cement PCL foresaw the potential growth of the company; therefore entered for investment and taking full control over the operations. IEC accordingly became an affiliate of the SCC group. Later, IEC stepped forward to become one of the leaders of communication technology, by the appointment of NOKIA for Thailand's first and exclusive distributorship of its mobile handsets.

In 1990, SCC Group underwent changes in investment policy; therefore the company's management decided to become the company's investor and sought outside funding to increase the registered capital to THB 120 million. In 1992, the company was listed in Communication Sector, the Stock Exchange of Thailand, while a year later; IEC became a public limited company.

Today, IEC engages wholesales and retail business through "Mobile Easy" where customer rely on given service, also Easy Fix, the mobile phone repair company provisioning most skillful technicians for phone repairs in Thailand.

Nature of Business Operation

The International Engineering Public Company Limited conducts distribution and repair of mobile phone, airtime provider business, engineering, IT, property management, alternative energy, trade and investment.

Currently, the company has THB 2,200,000,000 registered capital, THB 1,749,229,000 paid-up capital (figures as at 31 December 2006). Details of each business are as follow:

1. Mobile Phone Business

IEC is one of the leaders in distribution of mobile phones in Thailand, known as the first and sole authorized distributor for Nokia in the country. At present, IEC has expanded its mobile phone business extensively to totally meet the demands of its business partners and clients. IEC leads in import and distribution of a wide variety of overseas mobile phone products and accessories such as Nokia, Samsung, Sony Ericsson, Motorola and LG, etc. In addition, IEC was authorized by TOT Corporation Public Company Limited for management of distribution channels and handset sales for the 1900 MHz mobile phone system.

2. Airtime Provider Business

As an authorized Airtime Provider under the "Airtime Provider Agreement" entered into with Total Access Communication Public Company Limited (TAC), the operator of the DTAC 1800 system, IEC, like all network service providers, is authorized to provide full range of services to clients for a total period of 17 years. In addition, IEC is one of the leading companies providing a fully integrated customer relationship management operated under "1369 IEC Call Center" to support CRM service on one-stop service basis.

3. Mobile Phone Repair Business (Easy Fix)

The company accumulates over 20-year experience in mobile phone repair, aiming at providing fast and convenient service through service centers across the country.

4. Engineering Business

IEC still puts its focus on engineering business that existed in the founding era of the company, after years, having paid off substantial success to IEC. At present, the Engineering Business is divided into 2 subgroups as follows:

1. Engineering Product and Service

The company earns the authorization to import and distribute the world's renowned products as follow:

Product	Brand	Country of Origin
Circuit Breaker & Busduct	Cutler-Hammer	USA.
Network Protector	Cutler-Hammer	USA.
Electronic Weighing Scales	Kubota	Japan
Thermovision Camera	Thermoteknix	UK.
Automatic Meter Reading	Comverge	USA.
Security Seal / Padlock Seal	American Casting	USA.
Electrical Meters	Ampy Metering	Australia
3D Video GIS	Iwane	Japan
Chiller Optimizer	Energy Optimization	USA.

2. Engineering Project

IEC has been loyal supplier to public authorities, being awarded important engineering projects, such the supply of network protector to the Metropolitan Electricity Authority, projects under the Provincial Electricity Authority, the State Railway of Thailand and the Ministry of Public Health.

Potential prospects are for instance:

- Energy-saving products, such as chiller optimizer from USA. The equipment is designed to control functionality of chiller in air-conditioning system by automatically identifying the most proper temperature of the cooling water during a certain period, analyzing from the used cooling water, room temperature and energy consumption for each chiller in the system.
- Alternative energy, such as the newly introduced zinc air fuel cells technology for local market. The so-called fuel cell is one of a kind of renewable energy generating electricity from chemical reaction without any polluting effects, containing ten times the energy density than normal batteries.

Investment in Subsidiaries

Company	% of Shareholding
IEC Mobile Co., Ltd.	100%
IEC Technology Co., Ltd.	65%
IEC Asset Co., Ltd. (Former name: Asia Access (Thailand) Co., Ltd.)	100%
IEC Business Partners Co., Ltd.	100%
IEC Easy Fix Co., Ltd.	100%
Intertrade Asia Co., Ltd. (whose shares held by IEC Business Partners Co., Ltd.)	100%
G.E.C. International Co., Ltd. (whose shares held by IEC Business Partners Co., Ltd.)	55%
Crystal Agro Co., Ltd. (Registered in Cambodia)	50%

IEC Mobile Co., Ltd.

The operation of IEC Mobile Co., Ltd. includes sales and service relating to mobile phone, prepaid and postpaid SIM Card, DTAC postpaid payment counter service, utilities payment counter service via Mobile Easy Shops and PC counters across the country.

IEC Easy Fix Co., Ltd.

IEC Easy Fix Co., Ltd. offers mobile phone after-sales service for leading brands in Thailand, including Nokia, Motorola, Sony-Ericsson, LG, Samsung and Huawei. The company is officially authorized as the operator of the highest repair level, serviced through retail shops under Mobile Easy Shops, Blisstel Shops, and proprietary repair-only channels, namely Easy Fix Shops, including franchising relationship with dealers under the so-called “Easy Fix Partnership Program” (EFPP).

Besides, repair-related businesses such as technical training programs for various levels of repair and logistical systems to keep and deliver products to outlets of parent company and dealers, are carried out under IEC Easy Fix Co., Ltd.

IEC Business Partners Co., Ltd.

IEC Business Partners Co., Ltd. (IECBP) conducts investments in new businesses where potential growth and investment returns are well projected. The company came into existence on February 1, 2006, with an initial registered and fully paid-up capital of THB 250 million.

In 2006, IECBP has entered into the following investments:

1. Intertrade Asia Co., Ltd.

Intertrade Asia Co., Ltd. delivers international trade services, concentrating on the export of

Thailand's leading products towards foreign countries, particularly the Middle East states of great potentials and purchasing powers. The company was established on April 20, 2006 with a registered capital of THB 40 million, divided into 4 million shares at THB 10 par value. The company is 100% totally held by IECBP.

Its establishment is attributable to the visions of IECBP, anticipating the potential of construction materials and furniture, the products much demanded in the United Arab Emirates and neighboring countries. The company therefore integrates relevant suppliers and seeking authorization in exporting to the described countries. Meanwhile, setting up an overseas branch in UAE as distribution hub is also estimated.

2. G.E.C. International Co., Ltd.

G.E.C. International Co., Ltd. engages in electrical and mechanical engineering. The company is a joint venture between IECBP and G.E.C. Engineering Co, Ltd., a leading company in installation of electrical and mechanical systems in Thailand. G.E.C. International was founded on October 26, 2006, with a registered capital of THB 5 million, divided into 500,000 shares at THB 10 par value, whose 55% shares held by IECBP.

G.E.C. International Co., Ltd. plans to undertake the installation projects for electrical and mechanical systems in the United Arab Emirates.

IEC Asset Co., Ltd. (Former name: Asia Access (Thailand) Co., Ltd.)

Asia Access (Thailand) Co., Ltd. formerly held shares in IEC Internet Co., Ltd., an Internet Service Provider under the concession of Communications Authority of Thailand (CAT) to offer internet connection services for juristic and non-juristic person, including internet advisory and value-added services for clients.

In 2006, after IEC Internet Co., Ltd. ceased its operations, Asia Access (Thailand) Co., Ltd. was renamed as IEC Asset Co., Ltd. to manage IEC Building and property projects.

IEC Technology Co., Ltd.

IEC Technology Co., Ltd. is a developer of fully integrated information technology system; its role coverage includes computer system integrator, smart card management provider, e-commerce business advisor, IT and intranet network developer, website developer, hosting service provider, offering services to government and private sectors. In future, the company will probably expand to mobile application projects.

Crystal Agro Co., Ltd.

Crystal Agro Co., Ltd. made investment in plant cultivation concession projects in Cambodia. The company is registered in the country, and later joined by IEC who acquired 50% ordinary shares of the THB 40 million registered capital (estimated value after currency conversion).

Structure of Shareholding and Investments in Subsidiaries

Company	Type of Business & Nature of Operation	Paid-up Capital (MB)	% Holding	By Cost Method (MB)	By Equity Method (MB)
<u>Subsidiaries</u>					
IEC Mobile Co., Ltd.	Distribution of mobile handsets and refillable cards	100	100.0	90.90	(136.73)
IEC Technology Co., Ltd.	Full-range information technology services	50	65.0	32.50	(53.24)
IEC Asset Co., Ltd. (Former name: Asia Access (Thailand) Co., Ltd.)	Manage IEC Building & property projects	285	100	285	171.39
IEC Business Partners Co., Ltd.	Investments in other businesses	250	100	250	271.10
IEC Easy Fix Co., Ltd.	Mobile phone and accessories repairs	37.50	100	37.50	26.95
Intertrade Asia Co., Ltd. (whose shares held by IEC Business Partners Co., Ltd.)	Commercial trades	20	100	0	(18.46)
G.E.C. International Co., Ltd. (whose shares held by IEC Business Partners Co., Ltd.)	Electrical and mechanical engineering in Middle East	5	55	0	(0.17)
Crystal Agro Co., Ltd.	Agricultural industry in Cambodia	40	50	20	20

Structure of Revenue

	% Holding	2006		2005		2004	
		MB	%	MB	%	MB	%
<u>Products and Services under the Company</u>							
Mobile phone business		2,284	52.84	4,493	85.60	4,337	86.01
Airtime service business		130	3.01	180	3.43	245	4.86
Engineering business		106	2.45	89	1.69	28	0.56
Computer software		60	1.39	-	-	-	-
Total Revenue from Sales		2,580	59.69	4,762	90.72	4,610	91.43
<u>Products under Subsidiaries</u>							
IEC Mobile Co., Ltd. – Distribution of mobile handsets	100.0	1,533	35.46	462	8.80	392	7.77
IEC Technology Co., Ltd. – IT services	65.0	4	0.09	7	0.14	8	0.16
IEC Asset Co., Ltd. – Investment in IEC Building (Formerly Internet Network Provider)	100.0	29	0.67	18	0.34	20	0.40
IEC Business Partners Co., Ltd. – Investment company							
IEC Easy Fix Co., Ltd. – Mobile phone and accessories repairs	100	138	3.19	-	-	-	-
*Advance Mobile Data Co., Ltd. – Value-added services for mobile phone network	100	39	0.90	-	-	-	-
	55.0	-	-	-	-	12	0.24
Total Revenue from Sales for the Company and the Subsidiaries		4,323	100.00	5,249	100.00	5,042	100.00
Growth Percentage (%)			-17.64		4.11		23.40

Note 1.) * The Company disposed the investment in Advance Mobile Data Co., Ltd. on October 12, 2004.

Operating Results and Competitions

Overview

In 2006, the company's revenues were mainly attributed to the mobile phone business, whose overall market size approached 7.5 million phones, or a 12% increase, totally worth THB 50 billion. The company accomplished over 520,000 handsets, around 30,000 units higher than the preceding year. However, the total revenue from sales declined from THB 4,493 million in 2005 to THB 4,156 million in 2006 due to fierce competitions, consumers' multiple purchasing options, price attacks at all levels of dealers, fallen average phone price, all of which have greatly influenced the major revenues of the company in the bygone year.

Albeit the company suffered numbers of operating problems, leading to forgoing concern of declining revenues, the company observed the policy to retain and extend all group of customers at market rate, focusing on value-added services to distinguish and add more value to the offered products, restructuring retail business properly, networking distribution for national coverage, emphasizing on effective marketing strategies, creating motivating policy jointly with strategic partners, expanding outlets and target customers, determining the appropriate business strategies to take on all forms of competitions.

Furthermore, in order to foster a steady and continuous revenue base, in 2006, the company established new business portfolios, i.e. trade, investment and IT business, under the supervision of IEC Business Partners Co., Ltd. (IECBP), 100% held by IEC. IECBP initialized with alternative energy, online games, electrical and mechanical subcontract, international trade, those income are supposedly realized in 2007.

In 2006, the company entered into the following important transactions:

- Establishment of subsidiary, namely IEC Business Partners Co., Ltd. (IECBP) as an investment company with a registered capital of THB 250 million, including the setup of subsidiaries under IECBP for diversified businesses
- Setup of subsidiary, namely IEC Easy Fix Co., Ltd. to act as the operator of mobile phone and accessories repairs with a registered capital of THB 50 million
- Acquisition of 2,500,000 ordinary shares in BNB Inter Group Co., Ltd. at an acquisition price of THB 30 per share, totally worth THB 75 million
- Acquisition of 56 million ordinary shares in Bliss-Tel PCL at an acquisition price of THB 4.50 per share, totally worth THB 252 million

In the current period, according to the resolution passed in the Extraordinary General Meeting of Shareholders No. 2/2005, dated December 9, 2005, the company sold the capital-increasing ordinary shares to nine specific investors (private placement), totally 198,529,000 shares

In 2006, the company earned THB 4,215 million revenue from sales and service, a THB 547 million deficit from the preceding year, or 11.49%. The operating losses in 2006 before provisions of impairment and reserves were THB 56 million due to rising selling, general and administration expenses, harsh competitions in mobile phone business, sluggish economy and turbulent political situation, all of which causing conservative behavior of consumers. Besides, in 2006, the company set provisions on impairment and reserves for a total THB 586 million, resulting THB 982 million net operating losses, or 22.75% of the total revenue. Among the said amount, THB 340 million was shared losses from

investment in subsidiaries and associated companies. In brief, the company lost THB 0.61 per share.

Incurring losses of the company and subsidiaries in 2006 were the consequences of provisions on impairment of cost for purchase of subscribers, investment in associated companies, deposits for purchase of computer software and provisions on outdated inventories, etc., which could not represent the true operating results of the company and subsidiaries, but conservative provisions on possible impairments and debt losses in future.

Mobile Phone Business

In 2006, the company mainly obtained the revenues from mobile phone business, achieving over 520,000 handset sales, about 30,000 sets over the past year. The best sellers were Nokia and Samsung phones. In term of revenue, there was a slight decrease from THB 4,493 million in 2005 to THB 4,156 million in 2006.

The sales turnover of mobile handsets was fallen due to heavy competitions, driven by liberalized import and distribution of handsets for every available network, which caused phone prices averagely to decrease. Meantime, vendors supplied variety of models with similar and non-similar prices, offering greater features and functionalities at considerable price, such as color monitor, video function, music, MP3, also higher memory storage capacity, etc. Those of which gave more convenience to people's work & lifestyle. Users tended to change their basic phones to new models with greater capability at affordable price and abundant models available.

Violent competitions in mobile phone business were apparent and seemed to continue for the whole year. After the liberalization for import and distribution of mobile handsets in 2003, new entries overwhelmed the market at all levels. Competitions stormed over distributors and dealers, who attempted to survive the selling opportunities by offering variety of distinct sales promotions, both the product itself and combinations through bundling services into the product package for customer's selection. For instance, customer may choose to buy supplier-warranty handset lawfully imported or to buy one, generally imported from neighboring countries. The latter may offer guaranteed satisfaction without any official terms; therefore the bought one is cheaper in price than the former with supplier's warranty.

Anyhow, the pricing competition described may sometimes be as asset to normal importers, especially when launching a new product, which generally in small quantities insufficient to fulfill market demand. The importers therefore are viable to set higher retail price than normal introductory price. Competitions at distributor or dealer level with networking branches always combine value-added services and financial packages, i.e. installments, interest relief, phone trade-in and multiple sales promotions, fast-moving stock management to avoid business risks and prompt response to new products, launched by vendors at higher frequency. After all of these, the market always ends up with price attacks to gain financial liquidity and new products for next round of sales. This very factor catalyses abrupt price discount consequently. In brief, the rivalry among distributors and dealers usually adopts pricing strategy as the major tool in grabbing sales opportunity.

In general, vendors or brand owners are heavily contested in tempting or building motivation for dealer with home-ground advantage, whom later possibly assigned the exclusive distributorship in a target region in order to broaden distribution areas, and to enhance additional market share. To outnumber in dealers is one of the vendors' motivating policies to encourage the competitions at the level of medium and small dealers.

Network operators also struggle in retaining and expanding customer base to secure their market occupancy. Mobile handsets are key instruments for developing sales and marketing activities, for instance the granted exclusivity for

certain models as a commercial strategy, product & airtime bundling campaign for customer penetration both direct and indirect, including corporate and SME, which are different segments.

All above factors greatly and extensively influenced the industry, especially the effect towards subsiding earnings from sales.

The 2006 overall market size, based on total handsets sales is 7.5 million units, worth THB 50 billion, which showcased penetration towards mid to low market at an increasing rate, in particular, provincial markets. On the contrary, mid to high-end handsets expanded decreasingly, which went to our exact estimation. Therefore, penetration into provincial markets for new user and replacement market has been concentrated, which came in parallel with market tendency.

New users will expectedly be less active than replacement markets, where customers have high purchasing power and the behavior of consuming innovative technology, modernity with faster decision-making. Replacement market shall be our focal point for sales and marketing activities, as to retain and expand customer base for the years to come. Value-added services in mobile contents will be concentrated for sustainable growth, delivering distinctive and valuable services onto the products for the sake of diversifying product line and generating revenue sources, which possibly play more important role in future.

Mobile Phone Retail Business

The company takes mobile phone retail business a promising opportunity since the vigorous change after 3G and CDMA revolutionary technology in couple of years ago. New generations of handsets were embedded with variety of operating systems, especially Nokia, whose N-Series is tailored to meet mid to high end customers, reigning more than 20% market share. Network operators, including TRUE MOVE, DTAC and AIS have been launching entry-level products, for prepaid system with under THB 300 monthly charges, the strategy, which generates new group of customers without brand loyalty but cost-based in lieu. As a result, the total subscribers reached 35 million or 55% penetration. Nokia takes the lead at 64.3%, driving pricing mechanism and standard profitability of local distributors; therefore the company restructured mobile phone retail business by spinning off the operation unit, establishing IEC Mobile Co., Ltd., 100% held by IEC as to enhance operatability, keeping flexibility and versatility to compete against other retailers. Meanwhile, coverage of retailing network has been spread across the country, using Mobile Easy Shop in steering brand awareness in large-scale shopping malls in Bangkok and its vicinity, including PC counters in Power Buy, Power Mall, Tesco Lotus, Big C, Carrefour and Home Pro, disseminated in over 50 major provinces at all regions.

Most importantly, the company distinguished Mobile Easy from other competitors by offering distinctive services, for instance, five-year warranty under IEC Easy Fix, DTAC payment counter service, Counter Service's utilities payment services.

Company's handset sales in 2006 classified by vendors are as follow: Nokia 66%, Samsung 22%, LG 2%, Motorola 5% and other brands 5%. The Retail Division has also drawn new technologies in developing human resources, such as the use of O2-Mini as interconnecting tool between headquarters and branches for effective stock management, i.e. stock deletion and balance inspection. Also, monthly training programs are conducted for employees to ensure their product management skills.

Competitions in retail markets heavily threatened the management of over 30-day inventories, whose prices went downhill averagely at every 30 days, the very cause badly affected the strategic planning for counter stores which needed to keep huge stocks, running on complicated documentation and labor-based system.

The company ceased operations of the said channel in the 3rd quarter, while Mobile Easy remained poised to improve product quality continuously to suitably meet ever-changing market conditions and consumer demands.

Airtime Provider Business

In 2006, the company and DTAC jointly organized motivating marketing policies, ensuring network coverage and signaling quality, the major concerns DTAC broadly communicated to public through TV, radio and newspaper. The company initiated various customer penetration strategies, for example product and service exhibition in communities or workplaces, car rally, Family Day Bonus, musical concerts and charitable events, including those activities aiming at customer retention, product awareness and segment-based services.

Airtime provider business mainly involved customer penetration and retention, especially postpaid subscribers, the major source of company's revenues. Situated in similar predicament as other network operators, facing declining numbers of postpaid subscribers churning to prepaid system, the company was overwhelmed by torrential floods of operator's popularized airtime promotions, larger numbers of prepaid subscribers may be more easily penetrated. The company was also appointed by the operator to enlarge corporate and special business base to obtain greater revenue.

In total, in 2006 the company provided 163 points of service, together with 19 franchisees, to offer services to customers throughout the country. Above all, the company was bound to become leader of full-range service quality, including DTAC customer service, Counter Services' utilities payment service, and distribution of all leading handsets, such as NOKIA, SAMSUNG, SONY-ERICSSON, MOTOROLA, SIEMENS and PANASONIC, etc.

The company's existing customer base was grouped at B+ (medium salary and above), who have been subscriber over five years. The loyal customers were entitled to receive benefits and privileges as a promotional package to motivate their spending on phone usage. Those benefits were carried out by the company and occasionally with DTAC to acquire three more target groups in 2007 as follow:

1. Entry Group: Entry Group means mobile phone first-time user. The target group was ranged at 18-22 years of age, consisting of student, undergraduate student, apprentice employee who live in urban areas and major provinces, such as Bangkok, Chiangmai, Nakhonratchasima, Khon Kaen, Chonburi, Ayudhaya and Suratthani, etc.

2. Employee/Corporate/Outlet Group: Direct Sales Team was formed to sell DTAC SIM cards, bundled with handsets embedded with content or application superior than normal on-shelf handsets.

3. Bank and Non-Bank Group, to whom joint promotion will be offered.

Network operators heavily contested in 2006 by offering lump sum and minute-to minute service charge discounts, complimentary SIM cards in order to attract more subscribers into postpaid system. For refillable card, cheaper and price-variable cards were launched to fulfill needs of prepaid subscribers. Payment channels were also increased for accessibility. Among those harsh competitions, the company was appointed by network operators, including DTAC, GSM, GSM1800, TRUE MOVE in acquiring new subscribers.

Mobile Phone Repair Business (IEC EASY FIX)

There were over 35 million handsets in use locally, meaning the indefinite demands annually for phone maintenance both in and out warranty.

The company serviced over 280,000 handsets in 2006, earning THB 125 million in revenue. The company was widely accepted as the largest after-sales service provider, rendering related services to buyers from any sources.

Despite of oversupplied repair shops, they were mostly small-sized with 1-2 repair technicians, whose skills were in basic level, technically and qualitatively below standard. They also lacked of repair warranty and charging standard; the company therefore offered the customers greater areas of services, multiplying repair service centers for national coverage through Easy Fix Shop for customer accessibility, i.e. opening outlets in shopping malls and commercial quarters, aiming at serving 80% of the total visitors, under the commitment of one-day-finish serviceability.

Numerous repair shops are direct and indirect rivals to the company; however, with over 20 years experience, especially expertise on Nokia phones, and the countrywide coverage plus direct transfer of technology from vendor, those were key factors in driving corporate marketing advantage to continue.

Considering the competitive markets involving vendors and operators, in anticipation of subscriber growth and channeling extension, in 2006, the company by the resolution of the Board of Directors No. 5/2006, approving the spin-off of repair business unit as IEC Easy Fix Co., Ltd. to accommodate huge demands. The established company unveiled Easy Fix service centers across the country to serve the growing needs. The obtainable revenue was collected from vendors or manufacturers, major clients and company's dealers when the repair was in warranty, the other portion was derived from out-warranty minor customers.

Engineering Business

In 2006, the Engineering Division mainly focused on distribution of low-voltage electrical equipments, including Network Protector, TOU Meter, Thermovision Camera. Clientele comprises Metropolitan Electricity Authority and Provincial Electricity Authority. KUBOTA's Electronic Weighing Machine for industrial users remained the constant source of revenue for the division.

The company was a reliable supplier to Metropolitan Electricity Authority (MEA), in procurement of 95-unit Network Protector, worth THB 133 million in 2006. The supply contract was signed on 5 June 2006, and the delivered equipments were installed at Wat Lieb's bureau. In 2007, the Metropolitan Electricity Authority shall announce bidding for 80-unit Network Protector, worth THB 120 million, the significant project that the company and the supplier are working on closely for bidding preparations.

Network Protector is a MEA's low-voltage transmission protection equipment installed at Wat Lieb's bureau where Westinghouse USA had been the network installer since 1965. The network consisted of 425-unit related equipments, until in 1993 when MEA started to substitute them with new sets of Network Protector, totally 350 units.

During 2005-2006, in collaboration with Iwane Laboratory, the technology proprietor, the company introduced 3D Video Search System to multiple groups of client, both government and private sectors. The core competency of the technology is the benefits from data collection under the latest 3D video system. The first and foremost potential project should possibly be under the Traffic and Transportation Department, Bangkok Metropolis where the adopted system would be essential in relief of traffic congestion as well as in collection of metropolitan traffic sign data.

In 2007, MEA is planning to implement Automatic Metering Reading (AMR) System applicable to two main user groups: 1. 2,000 large-scale users in Bangkok and vicinity's industrial zones, and 2. 100,000 residential users located inaccessibly for meter reading, such as canal inhabitants, slum communities. The authority is on the course of justifying the applicable and economical technology.

Judging from business characteristics, analyzing the market size and sharing seems almost impossible, since there are varieties of electrical equipments. Anyhow, the major industrial suppliers are for instant SQUARE-D, GENERAL ELECTRIC (GE) WESTINGHOUSE and MERIN GERIN (MG), etc. For weighing machine, TOLEDO is the market leader, followed by KUBOTA YAMATO and A&D. The key successes for the industry are technical experience, expertise and after-sales service.

Property Lease Business

IEC Asset Co., Ltd. is a property lesser of IEC Building, where over 80% spaces are already occupied.

Investment Business

On February 1, 2006, the company established IEC Business Partners Co., Ltd. (IECBP) with THB 250 million registered and fully paid-up capital, aiming at investment in new businesses with future growth potential and profitability. In 2006, IECBP entered into the following investments:

1. Intertrade Asia Co., Ltd.: The company trades internationally, exporting Thailand's leading products overseas, particularly Middle East countries, which possess high potential and purchasing power. The interested lists are construction materials and furniture, greatly demanded in the United Arab Emirates and neighboring countries.

2. G.E.C. International Co., Ltd.: The company was founded to conduct electrical and mechanical engineering, partnered by G.E.C. Engineering Co., Ltd., a Thailand's leading electrical and mechanical contractor. G.E.C. International Co., Ltd. plans to undertake electrical and mechanical installations in overseas, especially in the Middle East and the United Arab Emirates.

The company is attentive to engage in the Middle East countries, especially the United Arab Emirates (UAE) since UAE, at the end of 2006, has a total population of 4 million, GDP rated fifth in the world at USD 49,700/head. In recent years, the construction sector in the country has expanded remarkably in order to catch up with the national development policy in becoming the business and tourism hub of the region.

In 2005, GDP value for construction industry was worth 34.98 billion Dirhams, a 20% increase from 2004. Average growth in the past four years (2001-2005) is 19% annually. This remarkably and positively results in the growth of construction materials and furniture business, including electrical and mechanical engineering, which prosper in the same direction.

There was THB 200 billion cashflow generated from furniture import in 2005, or a 100% expansion compared to that of 2000. In future, UAE set out investment projects in buildings, hotels and entertainment venues, ensuring great potential on long-term basis.

UAE opens freely for international trade, imposing a lowly import duty (industrial goods are taxed at 5.3% in 2005). Supposedly, products and skilled labors from Thailand are market competitive --- the reasons Intertrade Asia Co., Ltd. and G.E.C. International Co., Ltd. were founded for.

3. OneNet Co., Ltd.: IECBP purposed to ally with Singapore's August Asia Holdings Pte. Ltd. and Dragon One PCL ("D1") to form OneNet Co., Ltd. (OneNet) as the online gaming company for Thai game lovers. The company is bound to import games from Japan, Taiwan and Korea to serve local needs. OneNet was formerly named InfoComm (Thailand) Co., Ltd. before 15 December 2006.

Recently, OneNet imported Emil Chronicle Online (ECO) from Japan, the first official game in collaboration with Infocomm Asia Holding (IAH) from Singapore, the authorized licensee of ECO in Asia Pacific, Gravity from Korea, the copyright proprietor for global coverage, Gungho from Japan (an affiliated company of Soft Bank), the ECO producer and The9, Chinese largest online gaming operator. Emil Chronicle Online (ECO) stands out for its lovely animated graphics. The game is expected to launch in March 2007.

In Thailand, there are only three online gaming operators, namely Asiasoft Corporation Co., Ltd., Inithree Digital Co., Ltd. and True Digital Entertainment Co., Ltd. The three companies achieved a total revenue around THB 1,000 million in 2005, capturing 17.6% growth compared to 2004. Opportunities and potentials for online gaming business are well forecasted, supported by experienced strategic partners in overseas, assuring the company full confidence to invest accordingly.

However, in 2007, IECBP is prepared to invest in bio energy business according to corporate strategies to engage in energy industry. IECBP already acquired assets of an ethanol plant in January 2007, and poised to contribute further investments in bio energy, such as bio-diesel production, etc.

Related Transactions

Related transactions with persons having conflict

- None

Note: Related transactions between the company, its subsidiaries and associated companies are disclosed in the notes to the financial statements.

Financial Status

Revenue

The company registered THB 56 million operating losses in 2006 before provisions for impairments and other reserves. Revenue from sales and service in 2006 for the company only was THB 4,215 million, a THB 547 million decrease from the preceding year, or 11.49%. Gross profit margin was shifted from 7.88% in 2005 to 4.39% in 2006. The declination was owing to fierce competitions in mobile phone business, sluggish economy and uncertain political environment, resulting in conservative consuming behavior. In 2006, the company set provisions and reserves, worth THB 586 million, causing THB 982 million net operating losses, or 22.75% of the total revenues, among which THB 340 million was shared losses from investment in subsidiaries and associated companies. The company lost THB 0.61 per share accordingly.

Cost of Sales and Service

In 2006, cost of sales and service reached THB 4,030 million with a gross profit margin of 4.39%, compared to 2005's figures, which achieved THB 4,387 million and 7.88% respectively. The decrease was due to handset price wars.

Selling, General and Administration Expenses

Selling, general and administration expenses of the company and subsidiaries in 2006 were THB 724 million, or THB 265 million increased from 2005. SG&A expenses were 16.48% of the total revenues in 2006, compared to 8.60%

in 2005.

In 2006, the company and subsidiaries sets the following provisions for impairments and reserves:

- The impairment of cost of purchase of subscribers for THB 135 million, since fierce competition in pricing by mobile phone network operators, including consumer behavioral change in churning to adopt prepaid SIM cards increasingly. As a result, postpaid revenues from airtime provider service have been affected, considering the net present value of future cash flow; therefore, the company sets the impairment of cost of purchase of subscribers.
- The impairment of deposit in acquiring right over software program, worth THB 60.50 million, judging from the system development progress and uncertainty of net future cash flow arisen; therefore setting the impairment of the deposit.
- The reserve for loss incurred from liabilities in guaranteeing the bank guarantee issued by a bank and credit facility under the bank adopted by Micronetic Co., Ltd., an associated company, totally worth THB 15 million.
- The reserve for doubtful debts incurred from loan granted to Micronetic Co., Ltd., worth THB 20 million. After pursuing but payment has been suspended, for prudential purpose, the company sets a reserve for the total amount due.
- The impairment of investment in an associated company, Locus Telecommunications Inc. Limited due to delayed acquisition of certain projects, for prudential purpose, the company sets impairment for an amount of THB 201 million.
- The impairment of investment in an associated company, BNB Inter Group Co., Ltd. due to government policy change for alternative energy projects undertaken by the associated company, therefore relative business plans were revised for suitability. For prudential purpose, the company sets the impairment for an amount of THB 75 million.
- The company and subsidiaries set provisions for depreciated and outdated inventory, worth THB 138 million. Due to price competitions in mobile phone business, the tendency of product price declined heavily; therefore, to ensure the true value of the inventories, the company and subsidiaries set the provisions for the depreciated and outdated inventory.

Assets

As at 31 December 2006, the company and subsidiaries have total assets of THB 2,333 million, a THB 84 million or 3% decreased from that of 2005.

Liabilities

As at 31 December 2006, the company and subsidiaries have total liabilities of THB 558 million, a THB 94 million or 20% increased from the preceding year due to office relocation, construction and renovation expenses.

Liquidity and Source of Capital

In 2006, the company and subsidiaries earned THB –306 million net cash since the company had settled

payment with trade account payables in the preceding year, and during current period, product order were made in cash for discount purpose, which reduced cost of goods accordingly.

Cash flows used in investment activities in 2006 were THB -1,022 million owing to THB 251 million acquisition of fixed assets, THB 425 million investment in associated companies and THB 60.50 million purchase of right over computer software.

Cash flows from financing activities in 2006 were THB 933 million due to THB 819 million increase of capital in the current period, THB 117 million overdrafts and short-term loans and THB 79.12 million repayment to convertible debenture holders.

Risk Factors

1. Risks from operations and competitions

In 2006, mobile phone business remained heavily contested. Product pricing was declined substantially, leading to the decrease of gross profit margin. After all, new models replaced some models in distribution in a shortened period. Replacement by new models with developed features equivalent to earlier models kept drainage of existing inventories become doubly difficult. Meanwhile, in 2006, product prices fluctuated heavily due to price attacks among dealers.

For airtime provider business, risks from overdue payment and fraudulence still existed. The company exercised certain measures, including pre-registration check; call verification as to effectively avoid possible risks.

For Intertrade Asia Co., Ltd., underpriced Chinese products exported to target countries were the major issues, while company's selling price seemed to be aloft. FTA and regional tariff barrier resulted higher costs in penetrating international clientele.

2. Risks from deprivation of main distributorship

Couple of years ago, IEC, the parent company of IEC Easy Fix Co., Ltd., the handset repair operator, was deprived of main distributorship of the best-selling Nokia phones, therefore relationship between IEC and Nokia remained only at the level of IEC Easy Fix. Nokia itself appointed other companies the authorized repair operators entitled to perform level of repairs similar to the company, automatically dispatching new market entries. Unfortunately, IEC was no longer the main distributor; bargaining power against Nokia simply vanished, lessening supportiveness from Nokia to IEC Easy Fix.

3. Risks from political and economic turmoil

Government projects were the main source of revenue to the engineering division. It is expected that the political situations will be in continuous turmoil in 2007, a great momentum to project budgeting and use of budget. Meanwhile, IEC Technology Co., Ltd. (IECT) faced with delayed projects. Many of them were aborted or repeated with change of project supervisor. The lack of continuity affected contract-awarded opportunities. IECT itself does not possess its proprietary product or never been authorized direct distributorship, failing to gain pricing advantages accordingly.

Moreover, IEC Asset Co., Ltd. as the spearhead for property management encountered slowing economy. Companies delayed investment or expansion, which influenced demand for commercial spaces in the managed property unable to meet the target.

4. Risks from inventory management

Competitions in retail markets heavily threatened the management of over 30-day inventories, whose prices went downhill averagely at every 30 days, the very cause badly affected the strategic planning for counter stores which needed to keep huge stocks, running on complicated documentation and labor-based system. The company ceased operations of the said channel in the 3rd quarter.

5. Risks from exchange rate

Engineering products were mostly imported; fluctuation of Baht currency was therefore risky to cost of goods. Strengthened Baht put Intertrade Asia Co., Ltd. to set higher selling price, a certain impact over decision making of overseas customers.

6. Risks from investments

In 2006, IEC Business Partners Co., Ltd. came into existence as an investment company armed for revenue reinforcement. New investments however seemed to contain certain risks, including risks from unrealized returns from variable causes, for instance political and economic uncertainty, competitions, risks from lack of additional funding.

The company managed risks carefully, underwent proper investment analysis, as well as ensuring all business and implementation plans were clearly formulated. Involved businesses were tracked closely. In case of inexperienced field of investment, the company opted shareholdership, delegating director or management to audit or control the operation as planned, including mandate of advisors and career professionals to manage the portfolios effectively.

Significant Transactions in 2006

The company entered into significant transactions in 2006 as follows:

1. Acquisition of ordinary shares in Locus Telecommunications Inc. Limited (Locus)

The meeting of Board of Directors of the company No. 5/2006 dated 29 March 2006 passed the resolution, approving the company to acquire, from existing shareholder, 92,234 ordinary shares of Locus Telecommunications Inc. Limited (Locus), or 16.68% of Locus' paid-up capital at the acquisition price of THB 1,000 per share, totally worth THB 92,234,000.

Type of acquired assets	:	Ordinary shares of Locus Telecommunications Inc. Limited
Business name	:	Locus Telecommunications Inc. Limited
Address	:	18 SCB Park Plaza West Bldg. II, 16 th floor, Ratchadapisek Road, Jatujak Sub-district, Jatujak District, Bangkok 10900
Business type	:	Solution provider of Contact Center (CC), Customer Relationship Management (CRM)
Registered and paid-up capital	:	THB 553,000,000
Total acquired shares	:	92,234
Par value	:	THB 1,000
Number of shares held before transaction	:	140,000
% of shareholding before transaction	:	25.32% of registered capital
% of shareholding after transaction	:	42.00%

2. Acquisition of shares in Bliss-Tel Public Company Limited (BLISS)

The meeting of Board of Directors of the company No. 12/2006 dated 3 August 2006 passed the resolution, approving the company to acquire, from existing shareholders, 56,000,000 ordinary shares of Bliss-Tel Public Company Limited (Bliss), or 24.35% of Bliss' registered and paid-up capital at the acquisition price of THB 4.50 per share, totally worth THB 252,000,000.

Type of acquired assets	:	Ordinary shares of Bliss-Tel Public Company Limited
Business name	:	Bliss-Tel Public Company Limited
Business type	:	Sell telecommunication devices
Nature of business	:	Sell telecommunication devices such as mobile phone, SIM card, pre-paid card for prepaid phone and accessories through retail outlets of the Company located in shopping plaza, department stores, and direct sales.
Registered and paid-up capital	:	THB 290,000,000 registered capital, THB 230,000,000 fully

		paid-up capital
Total acquired shares	:	56,000,000
Par value	:	THB 1.00
% of shareholding before transaction	:	-None-
% of shareholding after transaction	:	24.35%

The company expected the benefits from acquiring Bliss' shares as follow:

- Increase the business potential because the business of BLISS can support the business of the company to better cover the telecommunication business and provide synergy to the current business of the company
- Increase the profit of the company as BLISS has had a good operating performance, continuous revenue growth, and continuous stream of profit
- Increase the distribution channel of the company as BLISS has outlets in various shopping complexes and department stores

3. Acquisition of ordinary shares in BNB Inter Group Co., Ltd. (BNB)

The meeting of Board of Directors of the company No. 10/2006 dated 29 June 2006 passed the resolution, approving the company to acquire 2,500,000 ordinary shares of BNB Inter Group Co., Ltd. (BNB), or 23.81% of BNB's registered capital at the acquisition price of THB 30 per share, totally worth THB 75,000,000.

Type of acquired assets	:	Ordinary shares and capital-increasing ordinary shares of BNB Inter Group Co., Ltd.
Business name	:	BNB Inter Group Co., Ltd.
Address	:	1213/343 Soi Lardprao 94 (Panjamit), Lardprao Road, Wangthonglang, Bangkok
Business type	:	Supply Bio-Diesel Production Line and chemicals, design and consulting service, ESCO, supply solar water heater
Registered capital	:	THB 105,000,000
Total acquired shares	:	1,500,000 ordinary shares and 1,000,000 capital-increasing ordinary shares
Par value	:	THB 10
Book value per share (As at 31 December 2005)	:	THB 11.50
% of shareholding before transaction	:	0.00%
% of shareholding after transaction	:	23.81%

4. Acquisition of shares in Crystal Agro Co., Ltd.

The meeting of Board of Directors of the company No. 14/2006 dated 27 September 2006 passed the resolution, approving the company to invest in Crystal Agro Co., Ltd., a Cambodian-registered company, by contributing 50% of USD 1,000,000 registered capital (approx. THB 40 million), which is divided into 1,000 shares. The capital injected was converted from THB 20 million advanced payment to capture 50% of the registered capital.

Type of acquired assets	:	Ordinary shares of Crystal Agro Co., Ltd.
Business name and address	:	Crystal Agro Co., Ltd. 157 Eo 128 Road, Sangkat Mittapheap, Khan 7 Makara, Phnom Penh City, Kingdom of Cambodia
Business type	:	Plant cultivation as raw material for producing alternative source of energy, and running agro business under the concession granted by the Cambodian government, with a 70-year concession period
Registered capital	:	USD 1,000,000 approx. THB 40 million or 4,000 million riel (Cambodian currency)
Par value	:	USD 1,000 (Approx. THB 40,000)
% of shareholding after transaction	:	50.00 % of registered capital

5. Establishment of IEC Easy Fix Co., Ltd.

The meeting of Board of Directors of the company No. 5/2006 dated 29 March 2006 passed the resolution to spin off mobile phone repair unit (Easy Fix), a company's business division to be registered as a company, namely "IEC Easy Fix Co., Ltd.", in which the company holds 100% shares.

Objectives of the founded company	:	Providing full-range mobile phone, accessory and communication device repair services
Registered capital of the founded company	:	THB 50,000,000 (Fifty million baht), divided into 5,000,000 ordinary shares (Five million shares) Par value: THB 10 (Ten baht) per share. Initial paid-up capital not less than 75% of the registered capital
Office address of the founded company	:	IEC Building, 390 Ramkamhaeng Road, Hua Mark, Bangkapi Bangkok

6. Establishment of Intertrade Asia Co., Ltd.

The meeting of Board of Directors of the company No. 5/2006 dated 29 March 2006 passed the resolution to register a new company, namely "Intertrade Asia Co., Ltd.", in which IEC Business Partners Co., Ltd. (IECBP), a subsidiary of the company, holds 100% shares.

Objectives of the founded company	:	To conduct the business of commerce, domestic and international trading of consumer goods, including materials, machinery, device and tools, import and export of the said goods, agent for all businesses (except insurance, acquisition of membership for association and securities trade), also conduct consulting and advisory services in commerce, trade, marketing, domestic and international distribution
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Registered capital of the founded company : THB 40,000,000 (Forty million baht), divided into 4,000,000 ordinary shares (Four million shares) Par value: THB 10 (Ten baht) per share. Initial paid-up capital not less than 25% of the registered capital

Office address of the founded company : IEC Building, 390 Ramkamhaeng Road, Hua Mark, Bangkok Bangkok

7. Establishment of G.E.C. International Co., Ltd. (GECI)

IEC Business Partners Co., Ltd. (IECBP), a subsidiary whose 99.99% registered capital is held by IEC, established a new company as per following details:

Company's name : G.E.C. International Co., Ltd. (GECI)

Date of registration : 26 October 2006

Registered capital : THB 5,000,000

Number of shares : 500,000 shares

Par value : THB 10

Paid-up per share : THB 10

Shareholding proportion : IECBP 55%
G.E.C. Engineering Co., Ltd. ("GEC") 30%
Total Engineering Development Co., Ltd. ("TED") 15%
GEC and TED are not connected persons to the company and IECBP.

Objectives of GECI : To conduct electrical and mechanical engineering business in the Middle East region.

Expected benefits from the establishment : 1. Expand engineering business into the Middle East
2. Support engineering-based revenues for the company

Audit Committee Report

Dear shareholders of the International Engineering Public Company Limited

The company's Audit Committee consists of three independent directors, namely Professor Prayoon Chindapradist, the Chairman, Mr. Vichet Bunthuwong and Mr. Sutee Phongpaiboon, members of the Committee. During 2006, meetings of the Audit Committee were held in eight occasions.

The Audit Committee performs its scope of work, duties and responsibilities as appointed by the Board of Directors, upholding good governance policy as guideline by the Stock Exchange of Thailand as follow:

1. To review and ensure the quarterly and yearly financial statements of the company and subsidiaries are done according to generally-accepted accounting standard, adequately disclosed prior to approval of the Board of Directors
2. To review and ensure effective internal control, transparent operation compliant with company regulations, governing laws and rules, also to ensure the non-existence of conflict of interest
3. To convene meetings with management and internal auditor, in giving advices useful for company's operations
4. To consider and approve annual audit plans and results conducted by internal audit office
5. To propose to the Board of Directors in appointment of company's auditor and fixing of audit fees in 2007

The Audit Committee opines that the company has completed the financial statements in compliance with the generally accepted accounting standard, providing adequate disclosure of information. After evaluation, the Committee deems the company establishes an internal control system sufficient and appropriate for the ongoing business.



(Prof. Prayoon Chindapradist)

Chairman of the Audit Committee

Report of Independent Auditor and Financial Statements

Auditor's Review Report

to Shareholders and the Board of Directors of

The International Engineering Public Company Limited

I have audited the consolidated balance sheet of The International Engineering Public Company Limited and subsidiaries as at December 31, 2006, the related consolidated statement of income, the consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended. I have also audited the balance sheet of The International Engineering Public Company Limited as at December 31, 2006, and the related statements of income, the statements of changes in shareholders' equity and statement of cash flows for the year then ended. The management of The International Engineering Public Company Limited is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of The International Engineering Public Company Limited and subsidiaries and the Company's separate financial statements for the year ended December 31, 2005 presented herewith for the comparative purpose, were audited by another auditor whose report dated February 23, 2006, expressed an unqualified opinion on those statements by having an emphasis paragraph concerning the guarantee commitment to a bank in respect to loans to The M. Group Public Company Limited which the Company had entered a debt restructuring agreement and accomplished the terms of such restructuring agreement on December 29, 2005 and concerning the lawsuits in relation to the convertible debt.

Except for the matter discussed in the third paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

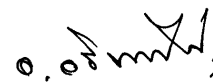
As discussed in Note 2.5, the consolidated financial statements of the Company for the year ended December 31, 2006 include the financial statements of Crystal Agro Co., Ltd., a subsidiary in oversea. The financial statements of Crystal Agro Co.,Ltd was prepared by the subsidiary's personal and was not yet audited, and have total assets of Baht 45.24 million, total liabilities of Baht 63.19 million and total deficit in shareholders' equity of Baht 17.95 million.

In my opinion, except for the effect to the financial statements of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respect, the consolidated financial position of The International Engineering Public Company Limited and subsidiaries as at December 31, 2006, and the consolidated results of their operations and their cash flows for the year then ended and the financial position of The International Engineering Public Company Limited as at December 31, 2006 and the results of its operations and its

cash flows for the year then ended, in conformity with generally accepted accounting principles.

I draw attention to Note 3 in relation to the new business transactions in the year 2006.

I draw attention to Note 16 and 25.1, there were lawsuits relating to convertible debentures filed against the Company requiring the Company to pay an amount of Baht 449.6 million plus interest at 8 percent per annum on principal of Baht 427.8 million as from the filing date. The cases are being heard by the Supreme Court. The Company already redeemed the debentures by paying to all debenture holders. The trustee of the debenture holders is in process of requesting the confirmation from all debenture holders to confirm that there will be no more lawsuits against the Company so that the Company will be able to release the case from the Supreme Court. The Company expected that the process will be finished within the first quarter of year 2007. Therefore no provision for the full amount for contingent liabilities has been made in the accounts.



Atipong Atipongsakul
Certified Public Accountant
Registration Number 3500

ANS Audit Company Limited
Bangkok, February 28, 2006

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2006 AND 2005

(Unit: Baht)

	Notes	Consolidated		The Company Only	
		2006	2005	2006	2005
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		69,822,943	465,592,246	18,790,786	449,386,104
Current investments	4, 5				
Investments in trading securities		217,856,087	-	102,638,000	-
Investments in available-for-sale securities		637,344	168,476	175,230	168,476
Accounts receivable from sales of investments		26,282,348	-	-	-
Trade accounts receivable - net	4, 6	139,867,207	326,741,616	93,171,070	319,335,203
Trade accounts receivable - related parties	7	2,730,597	-	292,650,882	-
Amounts due from and short-term loans to related parties - net	7	1,102,454	19,028,034	299,871,703	87,350,396
Subscription receivable of subsidiary		2,250,000	-	-	-
Inventories - net	4, 8	311,003,922	350,992,871	192,309,389	348,552,626
Wood in a concession area	3	-	-	60,000,000	-
Others current assets					
Prepaid expenses		8,239,465	3,313,949	4,110,290	3,295,840
Withholding tax deducted at source		9,469,056	17,403,059	7,869,564	16,814,812
Input tax refundable		55,413,945	1,098,929	29,082,161	-
Others		32,927,439	3,520,141	20,287,706	2,549,200
TOTAL CURRENT ASSETS		877,602,807	1,187,859,321	1,120,956,781	1,227,452,657
NON-CURRENT ASSETS					
Pledged deposits at financial institutions	24.1, 24.6	125,921,637	47,408,203	123,961,659	45,458,204
Investments accounted for under the equity method	4, 9	212,590,599	148,918,515	698,830,134	413,068,886
Other long-term investments - net	4, 10	33,162,479	525,000	525,000	525,000
Property and equipment - net	4, 11, 15, 27	433,359,846	227,931,901	274,509,091	212,774,537
Deposit for purchase of assets	12.1	5,000,000	-	-	-
Deposit for purchase of computer software	12.2	-	-	-	-
Intangible assets					
Cost for purchase of subscribers - net	4, 14	330,411,445	545,831,768	330,411,445	545,831,768
Leasehold rights - net	4, 15	209,891,924	232,945,067	30,815,834	34,558,108
Computer software - net		2,743,091	2,972,287	2,401,502	2,708,138
Concession on agro - industry project	13	38,449,955	-	-	-
The surplus of investment cost over book value at investment date	9.13	30,343,401	-	-	-
Other non-current assets		34,000,202	22,661,525	18,114,146	17,259,254
TOTAL NON-CURRENT ASSETS		1,455,874,579	1,229,194,266	1,479,568,811	1,272,183,895
TOTAL ASSETS		2,333,477,386	2,417,053,587	2,600,525,592	2,499,636,552

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2006 AND 2005

(Unit: Baht)

	Notes	Consolidated		The Company Only	
		2006	2005	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions		116,831,696	-	113,478,635	-
Trade accounts payable		36,895,648	187,731,859	6,678,328	183,639,635
Trust receipts payable		85,400,988	-	85,400,988	-
Constructions payable		42,278,284	-	19,444,282	-
Current portion of hire-purchase creditors		4,380,759	2,837,113	2,058,432	2,837,113
Current portion of convertible debentures	16	10,321,250	60,321,250	10,321,250	60,321,250
Amounts due to and short-term loans from related parties	7	537,719	346,076	115,763,599	7,100,796
Accounts payable from purchases of investments		6,110,870	-	-	-
Other short-term loans		1,680,000	1,680,000	-	-
Deposit received for wood	3,17	50,000,000	-	50,000,000	-
Other current liabilities					
Accrued convertible debentures interest	16	-	33,504,323	-	33,504,323
Accrued income tax		7,938,290	-	-	-
Accrued expenses		39,273,607	35,947,547	14,834,987	25,524,948
Others		20,069,328	14,449,292	8,004,569	7,275,551
TOTAL CURRENT LIABILITIES		421,718,439	336,817,460	425,985,070	320,203,616
NON-CURRENT LIABILITIES					
Hire-purchase creditors - net of current portion		6,503,454	2,224,995	750,990	2,224,995
Convertible debentures - net of current portion	16	10,295,000	20,590,000	10,295,000	20,590,000
Provision for repurchasing shares of subsidiary	9.1	13,755,000	13,755,000	13,755,000	13,755,000
Provision for loss from lawsuits	25.2	72,454,688	69,783,807	72,454,688	69,783,807
Provision for loss from investments accounted for under the equity method	9	-	-	275,429,042	113,928,805
Reserve for excess loss from investment in joint venture	9	7,338,917	5,781,724	-	-
Reserve for loss from guarantee on loan of associated company	9.7	15,000,000	-	15,000,000	-
Deposits received from customers		9,700,360	13,604,272	4,654,000	4,654,000
TOTAL NON-CURRENT LIABILITIES		135,047,419	125,739,798	392,338,720	224,936,607
TOTAL LIABILITIES		556,765,858	462,557,258	818,323,790	545,140,223

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2006 AND 2005

(Unit: Baht)

	Notes	Consolidated		The Company Only	
		2006	2005	2006	2005
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
2,200,000,000 ordinary shares of Baht 1 each		2,200,000,000	2,200,000,000	2,200,000,000	2,200,000,000
Issued and fully paid					
1,333,200,000 ordinary shares of Baht 1 each			1,333,200,000		1,333,200,000
1,749,229,000 ordinary shares of Baht 1 each	18	1,749,229,000		1,749,229,000	
Premium on share capital	18, 19	1,006,805,332	492,472,671	1,006,805,332	492,472,671
Advance received from share subscription	18	-	121,000,000	-	121,000,000
Unrealised gain (loss) on investment in available-for-sale securities	4, 5	21,310	10,955	17,709	10,955
Translation adjustments		2,397,215	-	-	-
Retained earnings (deficit)					
Appropriated - statutory reserve	20	400,000	400,000	400,000	400,000
Unappropriated (deficit)		(974,250,239)	7,412,703	(974,250,239)	7,412,703
Minority interest		(7,891,090)	-	-	-
TOTAL SHAREHOLDERS' EQUITY		1,776,711,528	1,954,496,329	1,782,201,802	1,954,496,329
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,333,477,386	2,417,053,587	2,600,525,592	2,499,636,552

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(Unit: Baht)

	Notes	Consolidated		The Company Only	
		2006	2005	2006	2005
REVENUES	4, 7				
Sales and services income		4,160,957,064	5,249,102,817	4,214,672,421	4,761,773,971
Gain on sales of investment in securities		117,530,468	-	15,503,045	-
Rental income		26,194,652	-	-	-
Other income					
Interest income		11,467,051	5,129,175	25,811,608	9,827,592
Dividend income		7,293,180	-	-	-
Gain from redemption of debenture	16	14,643,510	-	14,643,510	-
Gain from sales investment in subsidiary	10	30,025,716	-	-	-
Share of gains from investments accounted for under the equity method	9	-	4,881,601	21,095,650	6,015,760
Other		23,030,810	43,966,460	22,755,505	41,318,464
TOTAL REVENUES		4,391,142,451	5,303,080,053	4,314,481,739	4,818,935,787
EXPENSES	4, 7				
Cost of sales and services		3,943,414,677	4,871,630,473	4,029,835,573	4,386,701,646
Cost of rental		52,625,684	-	-	-
Selling and administrative expenses		723,551,389	458,313,028	383,682,325	423,296,731
Directors' remuneration		11,587,204	6,598,119	7,087,204	6,598,119
Unrealised loss on investment in trading securities	4, 5	33,900,602	-	12,245,533	-
Provision for loss from lawsuits		2,670,881	69,783,807	2,670,881	69,783,807
Loss from impairment of cost of purchase of subscribers	14	135,000,000	165,000,000	135,000,000	165,000,000
Loss from impairment of leasehold rights	15	7,000,000	-	-	-
Loss from impairment of investment in associated companies	9.8,9.9	276,115,038	-	276,115,038	-
Loss from impairment of deposit for purchase of computer software	13	60,500,000	-	60,500,000	-
Loss on guarantee on loan of associated companies	9.7	15,000,000	-	15,000,000	-
Share of loss from investments accounted for under the equity methc	9	86,534,070	19,399,064	360,741,974	56,196,601
TOTAL EXPENSES		5,347,899,545	5,590,724,491	5,282,878,528	5,107,576,904
Net loss before interest expenses		(956,757,094)	(287,644,438)	(968,396,789)	(288,641,117)
Interest expenses		(15,957,210)	(11,938,035)	(13,266,153)	(12,006,145)
Corporate income tax		(9,089,728)	(1,064,789)	-	-
Net loss before minority interests		(981,804,032)	(300,647,262)	(981,662,942)	(300,647,262)
Minority interests		141,090	-	-	-
Loss from ordinary activities		(981,662,942)	(300,647,262)	(981,662,942)	(300,647,262)
Extraordinary items-gain from debt restructuring		-	57,000,000	-	57,000,000
Net loss for the year		(981,662,942)	(243,647,262)	(981,662,942)	(243,647,262)
Loss per Share (Baht)	4, 21				
Basic loss per share					
Loss from ordinary activities		(0.61)	(0.34)	(0.61)	(0.34)
Extraordinary items		-	0.06	-	0.06
Net loss		(0.61)	(0.28)	(0.61)	(0.28)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(Unit : Baht)

		CONSOLIDATED								
		Issued and paid -up share capital	Premiums on share capital	Advancs received from share subscriptions	Unrealised gain on investments in available -for -sale securities	Retained earnings Appropriated - statutory reserve	(Deficit) Unappropriated (deficit)	Translation adjustments	Minority interest -equity attributable to minority shareholders of subsidiaries	Total
Balance as at January 1, 2006		1,333,200,000	492,472,671	121,000,000	10,955	400,000	7,412,703	-	-	1,954,496,329
Increase in share capital (Note 18)		416,029,000	514,332,661	(121,000,000)	-	-	-	-	-	809,361,661
Translation adjustments		-	-	-	-	-	-	2,397,215	-	2,397,215
Interest of other shareholders in Crystal Agro Co., Ltd (Note 2.5)		-	-	-	-	-	-	-	(10,000,000)	(10,000,000)
Minority interest		-	-	-	-	-	-	-	2,108,910	2,108,910
Unrealised item in income statement										
Decrease in fair value of investments		-	-	-	10,355	-	-	-	-	10,355
Net loss for the year										
December 31, 2006		-	-	-	-	-	(981,662,942)	-	-	(981,662,942)
Balance as at December 31, 2006		<u>1,749,229,000</u>	<u>1,006,805,332</u>	<u>-</u>	<u>21,310</u>	<u>400,000</u>	<u>(974,250,239)</u>	<u>2,397,215</u>	<u>(7,891,090)</u>	<u>1,776,711,528</u>
Balance as at January 1, 2005		771,450,000	669,635,950	-	7,600	-	(372,494,789)	-	-	1,068,598,761
Increase in share capital		561,750,000	446,791,475	121,000,000	-	-	-	-	-	1,129,541,475
Unrealised item in income statement										
Increase in fair value of investments		-	-	-	3,355	-	-	-	-	3,355
Allocation of share premium to eliminate deficit		-	(623,954,754)	-	-	-	623,954,754	-	-	-
Appropriated earnings to legal reserve (Note 20)		-	-	-	-	400,000	(400,000)	-	-	-
Net loss for the year										
December 31, 2005		-	-	-	-	-	(243,647,262)	-	-	(243,647,262)
Balance as at December 31, 2005		<u>1,333,200,000</u>	<u>492,472,671</u>	<u>121,000,000</u>	<u>10,955</u>	<u>400,000</u>	<u>7,412,703</u>	<u>-</u>	<u>-</u>	<u>1,954,496,329</u>

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(Unit: Baht)

	THE COMPANY ONLY						
	Issued and paid up share capital	Premiums on share capital	Unrealised gain		Retained earnings(Deficit)		
			Advances received	on investments	Appropriated	Unappropriated	
			from share	in available-for-sale	statutory reserve	(deficit)	Total
share capital	share capital	subscription	securities	statutory reserve	(deficit)	Total	
Balance as at January1, 2006	1,333,200,000	492,472,671	121,000,000	10,955	400,000	7,412,703	1,954,496,329
Increase in share capital(Note 18)	416,029,000	514,332,661	(121,000,000)	-	-	-	809,361,661
Unrealised item in income statement							
Increase in fair value of investments	-	-	-	6,754	-	-	6,754
Net loss for the year							
December31, 2006	-	-	-	-	-	(981,662,942)	(981,662,942)
Balance as at December31, 2006	<u>1,749,229,000</u>	<u>1,006,805,332</u>	<u>-</u>	<u>17,709</u>	<u>400,000</u>	<u>(974,250,239)</u>	<u>1,782,201,802</u>
Balance as at January1, 2005	771,450,000	669,635,950	-	7,600	-	(372,494,789)	1,068,598,761
Increase in share capital	561,750,000	446,791,475	121,000,000	-	-	-	1,129,541,475
Unrealised item in income statement							
Increase in fair value of investments	-	-	-	3,355	-	-	3,355
Allocation of share premium to eliminate deficit	-	(623,954,754)	-	-	-	623,954,754	-
Appropriated earnings to legal reserve(Note 20)	-	-	-	-	400,000	(400,000)	-
Net loss for the year							
December31, 2005	-	-	-	-	-	(243,647,262)	(243,647,262)
Balance as at December31, 2005	<u>1,333,200,000</u>	<u>492,472,671</u>	<u>121,000,000</u>	<u>10,955</u>	<u>400,000</u>	<u>7,412,703</u>	<u>1,954,496,329</u>

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(Unit: Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from (used in) operating activities:				
Net loss	(981,662,942)	(243,647,262)	(981,662,942)	(243,647,262)
Reconciliations of net loss to net cash provided (used in) operating activities				
Depreciation and amortization	152,447,809	148,110,971	125,247,156	136,666,351
Provision for impairment in value of assets	210,917,149	166,059,889	203,447,533	165,000,000
Allowance for doubtful accounts (reversal)	17,928,771	(56,695,865)	17,804,386	(5,768,410)
Provision for loss from lawsuits	2,670,881	69,783,807	2,670,881	69,783,807
Allowance for diminution in value of inventories	113,556,239	9,768,553	59,229,557	9,572,839
Reserve for loss from guarantee on loans of associated companies	15,000,000	-	15,000,000	-
Share of gain from investments accounted for under the equity method	-	(4,881,601)	(21,095,650)	(6,015,760)
Share of loss from investments accounted for under the equity method	86,534,070	19,399,064	360,741,974	56,196,601
Amortization of goodwill	-	2,963,086	-	2,963,086
Loss from impairment of investment in associated companies	276,115,039	-	276,115,039	-
Gain on disposal of investment	(117,530,468)	-	(15,503,045)	-
Unrealized (gain) loss on investment in securities	33,900,602	-	12,245,533	-
(Gain) loss on sales of fixed assets	(4,093,223)	879,487	(4,090,902)	525,781
Loss from written off fixed assets	-	5,126,038	2,414,547	1,999,518
Gain from redemption of debenture	(14,643,510)	-	(14,643,510)	-
Unrealized gain on exchange	21,052	(13,646)	21,052	(13,646)
Gain on sales of investment in subsidiary	(30,025,716)	-	-	-
Cash flows from operating activities before changes in operating assets and liabilities	(238,864,247)	116,852,521	37,941,609	187,262,905
Decrease (increase) in operating assets				
Trade accounts receivable	190,578,197	156,675,254	(62,658,576)	107,874,103
Trade accounts receivable related parties	(2,730,597)	(1,556,934)	(56,812,239)	(4,912,826)
Inventories	(73,567,290)	(10,726,456)	97,013,680	(9,480,329)
Subscription receivable of subsidiary	(2,250,000)	-	-	-
Wood in a concession area	-	-	(60,000,000)	-
Other current assets	(80,713,827)	32,136,705	(38,689,870)	34,114,367
Other noncurrent assets	(11,338,677)	(4,195,257)	(854,892)	(823,298)
Increase (decrease) in operating liabilities				
Trade accounts payable	(150,857,263)	(259,152,587)	(176,982,358)	(258,701,353)
Amounts due to related parties	191,643	96,000	24,662,803	1,433,260
Deposit received for wood	50,000,000	-	50,000,000	-

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 2006 AND 2005

(Unit Bah)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Accrued expenses	3,326,060	(14,383,149)	(44,194,285)	(18,777,823)
Other current liabilities	13,558,326	(6,076,161)	729,018	(566,747)
Deposit received from customers	(3,903,912)	8,950,272	-	-
Net cash from operating activities before extraordinary items	(306,571,587)	18,620,208	(229,845,110)	37,422,259
Extraordinary item gain from debt restructuring	-	(57,000,000)	-	(57,000,000)
Net cash used in operating activities	(306,571,587)	(38,379,792)	(229,845,110)	(19,577,741)
Cash flows from investing activities				
Increase in pledged deposits at financial institutions	(78,513,434)	(1,712,744)	(78,503,455)	(1,600,000)
(Increase) decrease in short term loans to related parties	(3,706,979)	1,296,528	(19,000,000)	(36,077,000)
Cash paid for investment in available securities	(458,513)	-	-	-
Proceeds from investment in trading securities	607,556,905	-	83,202,996	-
Cash paid for investment in trading securities	(76,195,460)	-	(182,583,483)	-
Cash paid for deposit for purchase of computer software	(60,500,000)	-	(60,500,000)	-
Cash paid for investment in subsidiary	(91,630,000)	-	(307,500,000)	-
Cash received from sales of investment in subsidiary	82,299,706	-	-	-
Dividend received from related company	6,718,531	-	-	-
Cash paid for investment in associated company	(424,764,000)	(14,706,000)	(419,864,000)	(14,706,000)
The surplus of investment cost over book value at investment date	(30,343,401)	-	-	-
Deposit received from sales of investment in subsidiary	(5,000,000)	-	-	-
Proceeds from disposal of fixed assets	27,959,800	1,377,446	26,637,911	827,629
Acquisition of fixed assets	(25,117,853)	(26,947,479)	(11,597,284)	(14,029,565)
Cash paid for the concession on a road project	(38,449,955)	-	-	-
Cash paid for transferred leasehold rights	-	(19,500,000)	-	(19,500,000)
Net cash used in investing activities	(1,021,964,478)	(36,804,624)	(1,245,087,315)	(39,293,893)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short term loans from financial institutions	116,831,696	(7,355,140)	113,478,635	(75,000,000)
Trust receipts payable	85,400,988	-	85,400,988	-
Receipts of short term loans from related companies	-	-	89,000,000	52,851,300
Repayments of short term loans from related companies	-	-	(5,000,000)	(47,851,300)
Cash receipts from short term loans from other persons	-	38,000,000	-	38,000,000
Repayment of short term loans from other persons	-	(7,800,000)	-	(7,800,000)
Cash paid for redemption of convertible debentures	(79,155,813)	(10,395,000)	(45,651,490)	(10,395,000)
Increase (decrease) in hire purchase creditors	5,822,105	(3,948,806)	(2,252,686)	(3,948,806)
Repayment of guarantee liability	-	(29,175,000)	-	(29,175,000)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(Unit: Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Translation adjustments	2,397,215	-	-	-
Change in minority interests	(7,891,090)	-	-	-
Capital increased	819,285,950	1,143,735,000	812,493,352	1,143,735,000
Cash paid to investment advisor for capital increase	(9,924,289)	(14,193,525)	(3,131,692)	(14,193,525)
Net cash from financing activities	932,766,762	707,092,529	1,044,337,107	713,447,669
Net increase (decrease) in cash and cash equivalents	(395,769,303)	300,666,488	(430,595,318)	300,930,992
Cash and cash equivalents at beginning of the year	465,592,246	164,925,758	449,386,104	148,455,112
Cash and cash equivalents at end of the year	69,822,943	465,592,246	18,790,786	449,386,104

Supplementary disclosure of cash flows information

Cash paid during the year

Interest paid	6,229,695	7,128,413	8,112,444	7,084,168
Income tax paid	10,690,866	17,236,256	7,869,564	16,814,812

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

1. GENERAL INFORMATION

The International Engineering Public Company Limited (hereinafter called “the Company”) was incorporated as a public company limited under Thai laws. The Company operates its business in Thailand and its principal activities are as a distributor of mobile phones and engineering products and airtime provider for a cellular telephone service (Digital PCN 1800). The Company moved its head office from 979/81-95 SM Tower, Phaholyothin Road, Samsennai, Phyathai, Bangkok to 390 IEC Complex, Ramkamhaeng Road, Hua Mark, Bangkok effective from November 1, 2006.

2. BASIS OF FINANCIAL STATEMENTS PRESENTATION

The financial statements of the Company have been presented in accordance with the Announcement of Trade Development Department dated September 14, 2001 issued under the Accounting Act, B.E. 2543, and in conformity with generally accepted accounting principles practiced in Thailand.

Basis of consolidated financial statements presentation

2.1 The consolidated financial statements for the years ended December 31, 2006 and 2005, consisted of the financial statements of The International Engineering Public Company Limited and its subsidiaries as follows:

<u>Subsidiaries</u>	<u>Business</u>	<u>Paid up capital</u>		<u>Equity interest (percent)</u>	
		<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
IEC Mobile Co., Ltd.	Sales of mobile handsets and sim cards	100,000	100,000	100.0	100.0
IEC Technology Co., Ltd.	Information technology service	50,000	50,000	65.0	65.0
IEC Asset Co., Ltd.	Lease of property and service	285,000	285,000	100.0	100.0
IEC Easy Fix Company Limited	Repair services for mobile handsets and accessories	37,500	-	100.0	-
IEC Business Partners Co., Ltd.	Investment	250,000	-	100.0	-

	<u>Business</u>	<u>Paid up capital</u>		<u>Equity interest (percent)</u>	
		<u>(Thousand Baht)</u>		<u>2006</u>	<u>2005</u>
		<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Intertrade Asia Co., Ltd. (held by IEC Business Partners Co., Ltd.)	Commercial business	20,000	-	100.0	-
G.E.C. International Co., Ltd. (held by IEC Business Partners Co., Ltd.)	Engaged in an electric engineering and machine business in Middle East Asia	5,000	-	55.0	-
Application Hosting Services Co., Ltd. (In the past, 49% of interest held by IEC Business Partners Co., Ltd. and a portion of interest was disposed during 2006)	Sales of software	23,000	-	8.9	-
OneNet Co., Ltd (Formerly, named as Info Comm (Thailand) Co., Ltd which 49% interest held by IEC Business Partner Company Limited and 21.4% held by LOCUS Telecommunication Inc. Limited. The portion of 21.4% was disposed during 2006)	Online game business	10,000	-	49.0	-
Crystal Agro Co., Ltd	Agro-industry business in Cambodian	40,000	-	50.0	-
<u>Joint Venture</u>					
IEC Internet Co., Ltd. (65% held by IEC Asset Co., Ltd.)	Internet service provider (ceased operation in 2005)	15,000	15,000	65.0	65.0

On September 25, 2006, the other shareholders of Application Hosting Services Co., Ltd. sold their shares to Dragon One Public Co., Ltd., resulting in Dragon One Public Co., Ltd. holding 51% interest in the registered share capital and being the parent company of Application Hosting Services Co., Ltd. Considering the initial intention of controlling the company, the management considered to consolidate the financial statements of Application Hosting Services Co., Ltd. up to September 25, 2006.

On December 21, 2006, LOCUS Telecommunication Inc. Limited entered into a share purchase agreement to sell shares of OneNet Co., Ltd to August Asia Holdings Pte Ltd., resulting in a new parent company of OneNet Co., Ltd, August Asia Holdings Pte Ltd, holds 51% interest in the registered share capital. The management considered to consolidate the financial statements of OneNet Co., Ltd. up to December 21, 2006.

- 2.2 The assets, liabilities and results of operations of the subsidiaries and the joint venture are included in the consolidated financial statements from the date of acquisition to the date that the Company has no control over those entities.
- 2.3 Material intercompany balances and transactions have been eliminated from the consolidated financial statements.
- 2.4 Goodwill on consolidation, which represents the excess of purchase consideration over the fair value ascribed to the separable net assets acquired, is regarded as an asset and amortized over a period of 5 to 10 years. The Company recognizes impairment loss if events or changes in circumstances indicate the fair value of goodwill is lower than the cost.
- 2.5 The consolidated financial statements of the Company for the year ended December 31, 2006 include the financial statements of Crystal Agro Co., Ltd., a subsidiary in Cambodia. The financial statements of Crystal Agro Co., Ltd. was prepared by the subsidiary's personal and were not yet audited, and have total assets of Baht 45.24 million, total liabilities of Baht 63.19 million and total deficit in shareholders' equity of Baht 17.95 million. For consolidation purpose, the Company incurred the surplus at the investment date of Baht 30 million resulted from the investment cost higher than the unaudited book value. This will be amortized within 10 year period. In addition, other shareholder of Crystal Agro Co.,Ltd absorbs loss in excess of its capital, incurred prior to the investment date, of Baht 10 million as included in minority interest.

3. NEW BUSINESS TRANSACTIONS

- 3.1 In March 2006, the Company entered into a sales agreement to sell New Link Software and Platform to two juristic persons registered overseas, for a total contract value of USD 1,550,000 equivalent to Baht 60.20 million. (See Note 22)
- 3.2 On May 25, 2006, the Company entered into a licensing agreement to use computer software in providing Mobile Casting Services to mobile phone users across Thailand, with a local company acting as the authorized agent of the copyright owner in Israel. The licensing fee for using such program is Baht 80 million. As at December 31, 2006 the Company has deposits Baht 60.50 million (See Note 12.2).
- 3.3 On June 9, 2006, the Company entered into a purchase agreement for wood with a Cambodian-registered company duly granted by the Cambodian government, a 70-year concession of cultivation and agricultural business. The Company agreed to buy not over than 150,000 cubic meters of wood located on the concession area of 8,000 hectares or 50,000 rais in Tambon Samrong, Ampur Udon Meechai in Cambodia within a period of 2 years. The total contract value is Baht 60 million. On June 21, 2006, the Company entered into a sales agreement with a local company to sell the quantity bought from the foreign company as aforementioned within a period of 2 years with a contract value of Baht 220 million (See Note 17). The company, that was granted of the concession, has the authorized director who, in the past, had a close relationship with a director of the Company. On July 14, 2006, the Company paid an amount of Baht 60 million in accordance with the purchase agreement for wood according to the Minutes of Board of Director Meeting No. 10/2006 dated June 19, 2006. As at December 31, 2006, the Company received advance for wood amount of Baht 50 million.

On June 20, 2006, the Company advanced a payment of Baht 20 million following the memorandum of understanding with the Cambodia-registered company dated June 1, 2006 in order to implement the business plan in contributing investment in the concession cultivation project in Cambodia. The Management invested in the ordinary shares of Crystal Agro Co., Ltd. in a proportion of 50% of the registered capital of USD 1 million (equivalent to approximately Baht 40 million) by using the advance payment of Baht 20 million. The registration of change in capital structure was made on November 28, 2006 (See Notes 9.13 and 13).

3.4 Consulting fee

The Company had consulting fees mainly involving with the business transactions which the Company invested in 2006 and in the future of Baht 72.11 million in the consolidated financial statements for the year ended December 31, 2006.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Measurement Bases Used in Preparing the Financial Statements

Other than those disclosed in other outlines in the summary of significant accounting policies and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

Revenues and Expenses Recognitions

Revenues and expenses are recognized on an accrual basis.

Sales of goods are recognized when products are delivered and title passes to customers.

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

Long-term service contract income is recognized in accordance with the revenue sharing percentage stipulated in the related contract as installments fall due and service is provided.

Current investments

Investments in trading securities

Investments in marketable securities, which the Company intends to hold as trading securities are stated at fair value.

Gain or loss on the securities valuation is shown in the income statements.

Investments in available-for-sale securities

Investments in marketable securities, which the Company intends to hold as available-for-sales securities, are stated at fair value. Changes in the securities valuation are separately shown in shareholders' equity in the balance sheet and are credited or charged against earnings when the investments have been disposed of.

The cost of the disposed investment is determined by the weighted average.

Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is based on collection experience and the current status of receivables outstanding at the balance sheet dates.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on the weighted average method.

Investments in subsidiaries

Investments in subsidiaries, the joint venture (in the separate financial statements of the Company) and the associated company are accounted for under the equity accounting method. Under this method, the investments are initially recorded at cost, with any excess of cost over the book value or goodwill of the investment at the date of acquisition being amortized on a straight-line basis over a period of five to ten years, and deducted against any provision for impairment. In each period following acquisition the value of the investment is adjusted to incorporate the Company's proportionate share of the operating results of the subsidiary companies, the joint venture and the associated company.

Goodwill

The Company changes the amortization of goodwill on the investment in Locus Telecommunications Inc. Limited from 10 years to 5 years following the main income of the said associated company.

The Company has accounting policy to amortize the goodwill on the investment in Bliss-Tel PCL in 5 years.

The Company has accounting policy to amortize the surplus of investment cost over the book value at investment date for the investment in Crystal Agro Co., Ltd in 10 years.

Accounting for investment in Application Hosting Services Co., Ltd.

In the first quarter of the year 2006, the Company accounted for the investment in Application Hosting Services Co., Ltd. using the equity method due to the Company holding an interest of 49%. In the second quarter of the year 2006, the Company considered to consolidate the financial statements of Application Hosting Services Co., Ltd. since the Company has the intention to control such company. In the third quarter of the year 2006, another shareholder of Application Hosting Services Co., Ltd. sold his shares to Dragon One Public Co., Ltd., resulting in Dragon One Public Co., Ltd. holding 51% interest in registered share capital and being the parent company of Application Hosting Services Co., Ltd. Considering in initial intention of controlling the company, the management considered to consolidate the financial statements of Application Hosting Services Co., Ltd. up to September 25, 2006.

Other long-term investments

Other long-term investments are valued at cost or book value (in case of reclassification of the type of investment) less allowance for devaluation of the investment.

Property and equipment / depreciation

Property and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Depreciation of property and equipment is calculated by reference to their cost on a straight-line basis over their estimated useful lives which are as follows:-

Buildings	-	20 years
Leasehold improvements	-	over lease periods or five years
Furniture, fixtures and office equipment	-	5 years
Vehicles	-	5 years

No depreciation is provided for land and leasehold improvement in progress. The Company, its subsidiaries and its joint venture recognize impairment loss if events or changes in circumstances indicate the carrying value may not be recoverable.

Cost for purchase of subscribers

The cost for purchase of subscribers is stated at cost less accumulated amortization. Amortization of the cost for purchase of subscribers is calculated by reference to its cost on a straight-line basis over the 17-year period of the “Airtime Provider Agreement” between the Company and Total Access Communication Public Company Limited. The Company recognizes impairment loss if events or changes in circumstances indicate the carrying value may not be recoverable.

Amortization

Costs of equipment for providing internet service and communications equipment are amortised on a straight line-basis over the estimated useful lives of the equipment transferred (5 years and 10 years), but not to exceed the remaining period of the concession.

Leasehold rights

Cost of leasehold rights is amortized on a straight-line basis over the lease periods.

Foreign currencies

Foreign currency transactions incurred during the year are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the balance sheet dates are translated into Baht at the exchange rates ruling on the balance sheet dates. Exchange gains and losses are included in determining earnings of the year.

Gain from debt restructuring

Debt waived by creditors is recognized as an extraordinary gain from debt restructuring in the earnings statement.

Loss per share

Basic loss per share as presented in the earnings statement is calculated by dividing the net loss for the year by the weighted average number of ordinary shares in issue and paid up during the year.

Diluted loss per share is calculated by dividing net loss for the year by the total sum of the weighted average number of ordinary shares in issue and paid up during the year and the weighted average number of ordinary shares issue to convert all dilutive potential ordinary shares (warrants) into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date that the potential ordinary shares were issued.

Cash and cash equivalents

In preparation of the statements of cash flow, cash and cash equivalents consisted of cash on hand and deposits in financial institutions in accordance with the definition stated in the Thai accounting standard “Statements of Cash Flows”.

Cash and cash equivalents include cash on hand and deposits held at banks and other short-term investments with original maturities of three months or less.

Estimation

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

5. CURRENT INVESTMENTS

Current investment as at December 31, 2006 and 2005 was as follows:

	(Unit: Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Investments in trading securities				
At cost				
NEP Realty and Industry Public Company Limited				
- 4,500,900 shares	32,806,807	-	-	-
NEP Realty and Industry Public Company Limited - W1				
- 1,710,900 shares	5,570,975	-	-	-
EMC Public Company Limited				
- 20,000,000 shares	72,269,247	-	72,269,247	-
Navanakorn Public Co.,Ltd				
- 700,000 shares	3,438,575	-	-	-
- 300,000 shares	1,413,525	-	1,413,525	-
Navanakorn Public Co.,Ltd - W1				
- 13,000,000 shares	41,200,761	-	41,200,761	-
Power Line Engineering Public Company Limited				
- 10,000,000 shares	95,056,799	-	-	-
Less: Unrealized loss from valuation				
of investment	(33,900,602)	-	(12,245,533)	-
Total investments in trading securities	<u>217,856,087</u>	<u>-</u>	<u>102,638,000</u>	<u>-</u>
Investments in available-for-sale securities				
At cost				
Investment in Open Ended Mutual Fund	157,521	157,521	157,521	157,521
Other investments in marketable securities	458,513	-	-	-
Add: Unrealized gain from valuation				
of investment	21,310	10,955	17,709	10,955
Total investments in available-for-sale securities	<u>637,344</u>	<u>168,476</u>	<u>175,230</u>	<u>168,476</u>

6. TRADE ACCOUNTS RECEIVABLE

The aging of the outstanding balances as at December 31, 2006 and 2005 was as follows:-

<u>Ages of receivables</u>	(Unit: Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	2006	2005	2006	2005
<u>Unrelated parties</u>				
Not yet due	92,444,566	297,132,926	75,910,554	289,766,762
Past due				
Up to 3 months	32,527,422	27,726,004	15,503,206	27,696,475
3 - 6 months	12,300,595	1,937,618	3,900,557	1,448,456
6 - 12 months	5,653,555	1,717,810	77,700	1,496,350
Over 12 months	8,830,560	13,820,537	8,816,115	13,792,394
Total	151,756,698	342,334,895	104,208,132	334,200,437
<u>Less: Allowance for doubtful accounts</u>	(11,889,491)	(15,593,279)	(11,037,062)	(14,865,234)
Trade accounts receivable - net	<u>139,867,207</u>	<u>326,741,616</u>	<u>93,171,070</u>	<u>319,335,203</u>

7. RELATED PARTY TRANSACTIONS

The Company had significant business transactions with its subsidiaries, joint venture and related parties (related by way of shareholding, common shareholders and/or common directors). These transactions, which have been concluded on the terms and basis as specified in the agreements between the Company and those companies, in the ordinary course of their business and based on prevailing market conditions, are summarized below: -

	Consolidated		The Company Only		Pricing policy
	2006	2005	2006	2005	
<u>Transactions with subsidiaries</u>					
Revenue from sales (net)	-	-	1,637.5	-	Cost plus certain margin
Purchases	-	-	3.9	5.0	Cost plus certain margin
Management fee	-	-	-	2.0	Contract price
Rental income	-	-	-	0.2	Contract price
Interest income	-	-	19.7	6.0	
Borrowings (weighted average balance of borrowings outstanding during the year)	-	-	261.1	80.8	Interest rate with reference of commercial bank plus a margin of 0.25– 2%
Rental expenses	-	-	2.9	0.5	Market price
Interest expenses	-	-	3.0	0.2	Market price
Borrowings (weighted average balance of borrowings outstanding during the year)	-	-	-	3.5	Interest rate with reference of commercial bank plus a margin of 0.25– 2%
<u>Transactions with related parties</u>					
Revenue from sales (net)	116.9	-	116.9	-	Market price
Purchases	192.4	-	192.4	-	Market price
Interest income	-	2.6	-	2.6	
Loans (weighted average balance of loans outstanding during the period)	35.4	35.4	35.4	35.4	Interest rate with reference of commercial bank plus a margin of 0.25– 2%
<u>Transactions with join venture</u>					
Rental income	-	0.4	-	-	Cost plus certain margin
Interest income	-	1.2	-	-	
Loans (weighted average balance of loans outstanding during the period)	30.4	28.8	30.4	-	Interest rate with reference of commercial bank plus a margin of 0.25– 2%
Service expenses	-	0.3	-	0.7	Market price

As at December 31, 2006 and 2005, the outstanding balance of the above transactions, are shown as separate items in the balance sheets as follows:-

(Unit: Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
<u>Trade accounts receivable</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	291,500,199	-
<u>Associated company</u>				
Bliss-Tel Public Company Limited	2,730,597	-	1,150,683	-
Total trade accounts receivable	<u>2,730,597</u>	<u>-</u>	<u>292,650,882</u>	<u>-</u>
<u>Amounts due from related parties</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	16,938,120	72,525
IEC Technology Company Limited	-	-	3,088,091	283,586
IEC Asset Company Limited	-	-	19,689,107	4,753,798
IEC Business Partner Company Limited	-	-	191,800	-
Inter Trade Asia Company Limited	-	-	21,537	-
IEC Easy Fix Company Limited	-	-	18,279,505	-
Crystal Agro Company Limited	-	-	3,082	-
<u>Associated company</u>				
Info Comm (Thailand) Co., Ltd	-	-	3,927	-
<u>Related parties</u>				
Application Hosting Services Co., Ltd.	1,102,454	-	1,102,454	-
Micronetic Public Company Limited	1,753,659	353,034	1,753,659	353,034
Ethnic Earth.Com Holdings Company Limited	4,119,647	2,915,747	4,119,647	2,915,747
Less: Allowance for doubtful accounts	(5,873,306)	(2,915,747)	(5,873,306)	(2,915,747)
The M. Group Public Company Limited	450,000,000	450,000,000	450,000,000	450,000,000
Less: Allowance for doubtful accounts	(450,000,000)	(450,000,000)	(450,000,000)	(450,000,000)
	<u>1,102,454</u>	<u>353,034</u>	<u>59,317,623</u>	<u>5,462,943</u>
<u>Short-term loans to related parties</u>				
<u>Subsidiary companies</u>				
IEC Asset Company Limited	-	-	237,877,000	59,277,000
IEC Technology Company Limited	-	-	52,920,000	44,520,000
IEC Easy Fix Company Limited	-	-	3,000,000	-
Less: Allowance for doubtful accounts (Note 9)	-	-	(53,242,920)	(40,584,547)
<u>Joint venture</u>				
IEC Internet Company Limited	30,355,698	30,355,698	-	-
Less: Allowance for doubtful accounts (Note 9)	(30,355,698)	(30,355,698)	-	-
<u>Related parties</u>				
Micronetic Public Company Limited	18,675,000	18,675,000	18,675,000	18,675,000
Ethnic Earth.Com Holding Company Limited	16,770,000	16,770,000	16,770,000	16,770,000
Less: Allowance for doubtful accounts	(35,445,000)	(16,770,000)	(35,445,000)	(16,770,000)
	<u>-</u>	<u>18,675,000</u>	<u>240,554,080</u>	<u>81,887,453</u>
Total account receivable and amounts due from and short-term loans to related parties - net	<u>1,102,454</u>	<u>19,028,034</u>	<u>299,871,703</u>	<u>87,350,396</u>

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
		(Audited)		(Audited)
<u>Amount due to related parties</u>				
<u>Subsidiary companies</u>				
IEC Technology Company Limited	-	-	7,955	-
IEC Mobile Company Limited	-	-	3,538,621	1,850,720
IEC Asset Company Limited	-	-	153,502	-
IEC Easy Fix Company Limited	-	-	22,621,802	-
<u>Associated company</u>				
Bliss-Tel Public Company Limited	191,643	-	191,643	-
<u>Related parties</u>				
Micronetic Public Company Limited	346,076	346,076	250,076	250,076
	537,719	346,076	26,763,599	2,100,796
<u>Short-term loans from related parties</u>				
<u>Subsidiary companies</u>				
IEC Business Partner Company Limited	-	-	89,000,000	-
IEC Mobile Company Limited	-	-	-	5,000,000
Total amounts due to and short-term loans from related parties - net	537,719	346,076	115,763,599	7,100,796

The above loans to related parties are repayable on demand. It is the policy of the Company and its related parties to charge interest on intercompany loans by reference to saving interest rates or lending interest rates of local commercial banks plus a margin of 0.25 to 2.00

Amount due from related company amounting to Baht 450 million represents the receivable arising as a result of the Company's guarantee commitment to a bank in respect of loans the bank provided to The M. Group Public Company Limited.

In the third quarter of the year 2006, the Management considered to set the allowance doubtful debt for short-term loans to related parties (Micronetic Public Company Limited) because of the uncertainty of the cash repayment.

The Company's Board of Director's Meeting No.14/2006 held on September 27, 2006 passed the resolution approving IEC Mobile Co., Ltd., a subsidiary of the Company to dispose its major assets of IEC MOBILE consisting the fixed assets in mobile phone retailing business (Mobile Easy by IEC Shop) to Bliss-Tel Public Company Limited, an associated company. The Company will obtain the issuance of shares of the associated company in return. As at December 31, 2006, there is no aforesaid sale transaction of IEC Shop. In September 2006, the subsidiary ceased the sales operation in Modern Trade channel.

8. INVENTORY - NET

Inventory – net as at December 31, 2006 and 2005 was as follows:-

	(Unit : Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Finished goods and spare parts	448,607,353	375,040,063	271,834,976	372,208,391
Less : Allowance for obsolete inventories	(137,603,431)	(24,047,192)	(79,525,587)	(23,655,765)
Inventories - net	<u>311,003,922</u>	<u>350,992,871</u>	<u>192,309,389</u>	<u>348,552,626</u>

9. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

These represent investments in ordinary shares of the following companies:-

(Unit: Baht)

	Consolidated							
	2006				2005			
	Paid up capital	Equity interest (percent)	Cost method	Equity method	Paid up capital	Equity interest (percent)	Cost method	Equity method
	(Thousand Baht)				(Thousand Baht)			
<u>Investments in subsidiary companies</u>								
IEC Mobile Company Limited	100,000	100.0	90,900,000	-	100,000	100.0	90,900,000	-
IEC Technology Company Limited	50,000	65.0	32,500,000	-	50,000	65.0	32,500,000	-
IEC Asset Company Limited	285,000	100.0	279,999,930	-	285,000	100.0	279,999,930	-
IEC Business Partner Company Limited	250,000	100.0	250,000,000	-	-	-	-	-
IEC Easy Fix Company Limited	37,500	100.0	37,500,000	-	-	-	-	-
Inter Trade Asia Company Limited (100% held by IEC Business Partner Company Limited)	20,000	100.0	20,000,000	-	-	-	-	-
G.E.C. International (held by IEC Business Partner Company Limited)	5,000	55.0	2,750,000	-	-	-	-	-
Crytal Agro Company Limited	40,000	50.0	20,000,000	-	-	-	-	-
Total investments in subsidiary companies			733,649,930	-			403,399,930	-
<u>Investment in joint venture</u>								
IEC Internet Company Limited (65% held by IEC Asset Company Limited)	15,000	65.0	8,999,000	(37,694,615)	15,000	65.0	8,999,000	(36,137,422)
<u>Investment in associated company</u>								
Micronetic Public Company Limited	100,000	38.6	24,827,000	-	100,000	38.6	24,826,800	-
LOCUS Telecommunication Inc., Limited	638,790	36.4	239,234,000	-	553,000	25.3	147,000,000	148,918,515
BNB Inter Group Company Limited	90,000	27.8	75,000,000	-	-	-	-	-
Bliss-Tel Public Company Limited	230,000	24.3	252,630,000	209,387,315	-	-	-	-
OneNet Co., Ltd (Formerly, named as InfoComm (Thailand) Company Limited, 49% held by IEC Business Partner Company Limited and 21.4% held by LOCUS Telecommunication Inc., Limited. Part of 21.4% was disposed during 2006)	10,000	49.0	4,900,000	3,203,284	-	-	-	-
Total investment in associated company			596,591,000	212,590,599			171,826,800	148,918,515
Reserve for excess loss from investment in joint venture			-	37,694,615			-	36,137,422
Total investments accounted for under the equity method			1,339,239,930	212,590,599			584,225,730	148,918,515
Reserve for excess loss from investment in joint venture presented as:								
Reserve for excess loss from investment in joint venture				7,338,917				5,781,724
Allowance for doubtful accounts - joint venture				30,355,698				30,355,698
				37,694,615				36,137,422

	The Company Only							
	2006				2005			
	Equity				Equity			
	Paid up capital	interest (percent)	Cost method	Equity method	Paid up capital	interest (percent)	Cost method	Equity method
	(Thousand Baht)				(Thousand Baht)			
<u>Investments in subsidiary companies</u>								
IEC Mobile Company Limited	100 ,000	100 .0	90 ,900,000	(136,726,415)	100 ,000	100 .0	90 ,900,000	18 ,821,216
IEC Technology Company Limited	50 ,000	65 .0	32 ,500,000	(53,242,920)	50 ,000	65 .0	32 ,500,000	(40,584,547)
IEC Asset Company Limited	285 ,000	100 .0	279 ,999,930	171 ,394,529	285 ,000	100 .0	279 ,999,930	245 ,329,155
IEC Business Partner Company Limited	250 ,000	100 .0	250 ,000,000	271 ,095,650	-	-	-	-
IEC Easy Fix Company Limited	37 ,500	100 .0	37 ,500,000	26 ,952,640	-	-	-	-
Inter Trade Asia Company Limited (100% held by IEC Business Partner Company Limited)	20,000	100.0	-	(18,455,541)	-	-	-	-
G.E.C. International (held by IEC Business Partner Company Limited)	5,000	55 .0	-	(172,443)	-	-	-	-
Crytal Agro Company Limited	40,000	50 .0	20 ,000,000	20 ,000,000	-	-	-	-
Total investments in subsidiary companies			710 ,899,930	280 ,845 ,500			403 ,399,930	223 ,565,824
<u>Investment in joint venture</u>								
IEC Internet Company Limited (65% held by IEC Asset Company Limited)	15 ,000	65 .0	-	(118,377,926)	15 ,000	65 .0	-	(113,928,805)
<u>Investment in associated company</u>								
Micronetic Public Company Limited	100 ,000	38 .6	24 ,826,800	-	100 ,000	38 .6	24 ,826,800	-
LOCUS Telecommunication Inc ., Limited	638 ,790	36 .4	239 ,234,000	-	553 ,000	25 .3	147 ,000,000	148 ,918,515
BNB Inter Group Company Limited	90 ,000	27 .8	75 ,000,000	-	-	-	-	-
Bliss -Tel Public Company Limited	230 ,000	24 .3	252 ,630,000	209 ,387,315	-	-	-	-
OneNet Co ., Ltd (Formerly, named as InfoComm (Thailand) Company Limited, 49% held by IEC Business Partner Company Limited and 21.4% held by LOCUS Telecommunication Inc ., Limited . Part of 21.4% was disposed during 2006)	10,000	49.0	-	(1,696,717)	-	-	-	-
Total investment in associated company			591 ,690,800	207 ,690,598			171 ,826,800	148 ,918,515
Provision for loss from investments accounted for under the equity method			-	328 ,671,962			-	154 ,513,352
Total investments accounted for under the equity method			1,302,590,730	698,830,134			575,226,730	413,068,886
Provision for loss from investments accounted for under the equity method presented as								
Provision for loss from investments accounted under the equity method in non -current liabilities				275,429,042				113,928,805
Allowance for doubtful accounts - Short -term loans to related parties				53,242,920				40,584,547
				328,671,962				154,513,352

Investments are valued net of allowance for impairment in value of investments.

In accordance with the equity accounting method, reserve for excess loss from investment in the joint venture and provision for loss from investments accounted for under the equity method is presented as a liability in the consolidated financial statements and the separate financial statements of the Company, respectively.

9.1 Investment in IEC Technology Company Limited

On February 6, 2002, the Company and IEC Technology Company Limited entered into a share purchase agreement with the Industrial Estate Authority of Thailand to sell the Company's investment in 1.75 million ordinary shares of IEC Technology Company Limited at a price of Baht 7.86 each, a total of Baht 13.76 million, to the Industrial Estate Authority of Thailand. As a result, the Company's shareholding in that company fell to 65 percent.

The above agreement stipulates the right of the Industrial Estate Authority of Thailand to sell all or part of its investments in IEC Technology Company Limited to the Company at a price of not less than Baht 7.86 per share if the listing of IEC Technology Company Limited on the Stock Exchange of Thailand cannot be implemented within 5 years from the date of the agreement or if the business is not able to be operated such that the Company has retained earnings for the fifth year from the date of the agreement.

9.2 Investment in IEC Business Partner Company Limited

On February 1, 2006, the Company established a subsidiary IEC Business Partner Company Limited, to carry the business of investment in various companies with the registered capital of Baht 250 million.

9.3 Investment in IEC Easy Fix Co., Ltd

According to the Minutes of the Board of Directors' Meeting No. 5/2006 dated March 29, 2006, the Board resolved to approve establishing a subsidiary IEC Easy Fix Co., Ltd. for carrying mobile phones and accessory repair business with a registered capital of Baht 50 million. The first call for paid-up capital will be at least 75% of the registered capital. On April 20, 2006, the subsidiary was established and registered.

9.4 Investment in Inter Trade Asia Co., Ltd

According to the Minutes of the Board of Directors' Meeting No. 5/2006 dated March 29, 2006, the Board resolved to approve establishing a subsidiary Inter Trade Asia Co., Ltd. for carrying the business of commerce, import and export of goods with a registered capital of Baht 40 million. The first call for paid-up capital will be at least 25% of the registered capital, whereas, IEC Business Partners Co., Ltd. shall hold 100% shares of the registered capital. On April 20, 2006 the subsidiary was established and registered.

9.5 Investment in OneNet Co., Ltd (Formerly InfoComm (Thailand) Co., Ltd)

According to the Minutes of the Board of Directors' Meeting No. 8/2006 dated May 24, 2006, the Board resolved to approve establishing a subsidiary InfoComm (Thailand) Co., Ltd. for providing and rendering online gaming services with a registered capital of Baht 10 million (100% paid-up), whereas, IEC Business Partners Co., Ltd. shall hold 49% and Locus Telecommunication Inc. Ltd. shall hold 51% of the registered capital. On June 27, 2006, the subsidiary was established and registered. On December 21, 2006, LOCUS Telecommunication Inc. Limited entered into a share purchase agreement to sell shares of OneNet Co., Ltd to August Asia Holdings Pte Ltd., resulting in the new parent company of OneNet Co., Ltd, August Asia Holdings Pte Ltd, holds 51% interest in the registered share capital.

According to the Minutes of the Extraordinary Shareholders Meeting No. 1/2006 and No. 2/2006 dated October 9 and 24, 2006 of InfoComm (Thailand) Co., Ltd, the shareholders resolved to change its name to OneNet Co., Ltd and the company registered for name change on December 15, 2006.

9.6 Investment in IEC Internet Company Limited

The terms of the shareholder agreement between IEC Asset Company Limited (formerly Asia Access (Thailand)

Company Limited) and the Communications Authority of Thailand in respect of the investment in the ordinary shares of IEC Internet Company Limited, stipulate that Asia Access (Thailand) Company Limited is to procure sources of loans, guarantees or a loan guarantor so that IEC Internet Company Limited can operate its business in accordance with its objectives. Accordingly, Asia Access (Thailand) Company Limited recognized the full amount of the capital deficit and net loss of IEC Internet Company Limited, together with all liabilities in excess of its interest in the equity of that company. The outstanding balance amounting to Baht 37.69 million (December 31, 2005: Baht 36.14 million) is shown as “Reserve for excess loss from investment in joint venture” in non-current liabilities and “Allowance for doubtful account” in the consolidated financial statements.

9.7 Investment in Micronetic Public Company Limited

In the third quarter of year 2006, the Management considered to set the allowance for loss on guarantee on loan of Micronetic Public Company Limited of Baht 15 million because the associated company has uncertainty on the ability to repay its debt.

9.8 Investment in Locus Telecommunications Inc. Limited

On March 31, 2006, the Company entered into an ordinary share purchase agreement with the existing shareholder of Locus Telecommunication Inc. Limited, buying 92,234 shares (par value of Baht 1,000 each), totaling of Baht 92.23 million, resulting in an increase of interest from 25.32% to 42%.

The Company has guaranteed loans due to a financial institution for Locus Telecommunication Inc., Limited for an amount of USD 2 million (credit line: Baht 560 million). The Company pledged its investment in available-for-sale securities (common shares of Power Line Engineering Public Company Limited of 24,310,600 shares) to the said financial institution under the condition that if the market price of the securities was lower than Baht 6.83 per share, the Company would pledge additional shares in order to have a total collateral securities of not lower than Baht 160.13 million. In this regard, the company related to the existing shareholders accepted to forgive the debt in the amount of USD 2.34 million, which Locus Telecommunication Inc., Limited payable to the company related to the existing shareholder, and part of the liability of USD 700,000 will be transformed to equity of Locus Telecommunication Inc. Limited. In the third quarter of the year 2006, the Company pledged the cash at bank of Baht 80 million to guarantee loans due to the said financial institution instead of the available-for-sale securities.

In the third quarter of the year 2006, the Management had considered the current potential of the associated company and the expected future economic value on the project. Due to the delay on the installation and delivery of some main projects under operated which caused the delay from the plan by approximately one year to one and half year and the associated company, therefore, has been unable to get the new projects, and for the conservative, the Management decided to provide for the impairment loss on the investment of Baht 201.12 million.

The Capital Increase in Locus Telecommunication Inc. Limited

According to the Minutes of the Extraordinary Shareholders Meeting No. 7/2006 and No. 8/2006 dated September 27, 2006 and October 12, 2006 of Locus Telecommunication Inc. Limited, the shareholders resolved to increase the registered capital from Baht 553 million to Baht 579.20 million by issuing new common shares of 26,200 shares at Baht 1,000 par value, for a total amount of Baht 26.2 million. The Company registered an increase of capital on October 24, 2006. This resulted in the Company’s stake being decreased from 42% to 40.09%

According to the Minutes of the Extraordinary Shareholders Meeting No. 9/2006 and No. 10/2006 dated October 20, 2006 and November 4, 2006 of Locus Telecommunication Inc. Limited, the shareholders resolved to increase the

registered capital from Baht 579.2 million to Baht 638.79 million by issuing new common shares of 59,590 shares at Baht 1,000 par value, for a total amount of Baht 59.59 million. The Company registered an increase of capital on November 6, 2006. This resulted in the Company's stake being decreased from 40.09% to 36.36%

9.9 Investment in BNB Inter Group Company Limited

On July 28, 2006, the Company acquired ordinary shares of BNB Inter Group Company Limited for 2,500,000 shares (par value: 10 Baht) at a price of Baht 30 per share, for a total acquisition cost of Baht 75 million, resulting in the Company holding 27.8% interest.

Because of the delay in the finalization of the new project operating agreement, and for the conservative, the Management considered to set the impairment allowance of the investment of Baht 75 million in the financial statements for the year ended December 31, 2006.

9.10 Investment in Bliss-Tel Public Company Limited

On August 11, 2006, the Company acquired ordinary shares of Bliss-Tel Public Company Limited for 56 million shares, or 24.35% of the registered and paid-up capital, at a price of Baht 4.5 per share, for a total acquisition cost of Baht 252 million. The surplus of cost over the booked value as at the investment date is Baht 126.23 million. The Company has a policy to amortize the surplus within five years.

9.11 Investment in Inter Trade Asia (UAE) LLC

According to the Minutes of the Board of Directors' Meeting No. 8/2006 dated May 24, 2006, the Board resolved to approve Inter Trade Asia Co., Ltd. to co-invest and establish Inter Trade Asia (UAE) LLC to be registered in the United Arab Emirates for operating foreign trade with a registered capital of AED 300,000 (equivalent to Baht 3,150,000), whereas, Inter Trade Asia Co., Ltd. shall hold 49% of the shares. As at December 31, 2006, there was no registration and paid up capital for the new co-invest company.

9.12 Investment in G.E.C. International Co., Ltd

On October 26, 2006, IEC Business Partner Company Limited, a Subsidiary, established a new subsidiary G.E.C. International Co., Ltd to engage in an electric engineering and machine business in Middle East Asia by registered capital of Baht 5 million. The first paid-up capital will be at least 100% of the registered capital, whereas, IEC Business Co.,Ltd shall hold 55%, G.E.C. Engineering Co.,Ltd shall hold 30% and Total Engineering Development Co.,Ltd shall hold 15%.

9.13 Investment in Crystal Agro Co., Ltd

On June 20, 2006, the Company advanced a payment of Baht 20 million following the memorandum of understanding with the Cambodia-registered company dated June 1, 2006 in order to implement the business plan in contributing investment in the concession cultivation project in Cambodia. The Management invested in the ordinary shares of Crystal Agro Co., Ltd. in a proportion of 50% of the registered capital of USD 1 million (equivalent to approximately Baht 40 million) by using the advance payment of Baht 20 million. The registration of change in capital structure was made on November 28, 2006.

From the investment in Crystal Agro Co., Ltd., the Company has the surplus at investment date on the investment in Crystal Agro Co., Ltd., according to the unaudited financial statements of Baht 30 million which the Company has policy to amortize in 10 years.

10. OTHER LONG-TERM INVESTMENTS

The investment in other companies represents investments in ordinary shares of the following companies:-

(Unit: Baht)

	Paid up capital (Million Baht)	Equity interest (percent)	Consolidated		The Company Only	
			2006	2005	2006	2005
Sri U-Thong Company Limited	1,084	-	21,000,000	21,000,000	21,000,000	21,000,000
Kasalong Hotel and Resort Company Limited	170	2.4	4,000,000	4,000,000	4,000,000	4,000,000
Ethnic Earth.Com Holding Company Limited	68	11.8	8,995,000	8,995,000	8,995,000	8,995,000
Application Hosting Services Company Limited	23	8.9	32,637,479	-	-	-
Others			525,000	525,000	525,000	525,000
			67,157,479	34,520,000	34,520,000	34,520,000
Less: Allowance for impairment in value of investments			(33,995,000)	(33,995,000)	(33,995,000)	(33,995,000)
Investments in other companies - net			33,162,479	525,000	525,000	525,000

Investment in Application Hosting Services Company Limited

On February 15, 2006, IEC Business Partners Company Limited (subsidiary of IEC) invested in common shares in Application Hosting Services Co., Ltd., totaling 53,900 shares (par value of Baht 100 each) at Baht 1,700 per share, amounted totaling Baht 91.63 million. This caused the Company to hold 49% equity in Application Hosting Service Co., Ltd. The surplus of cost over the book value as at the investment date in the Company is Baht 53.14 million. The Company has a policy to amortize the surplus within ten years.

On September 25, 2006, another shareholder of Application Hosting Services Co., Ltd. sold his shares to Dragon One Public Co., Ltd., resulting in Dragon One Public Co., Ltd. holding 51% interest in registered share capital.

According to the Minutes of the Extraordinary Shareholders Meeting No. 5/2006 and No. 6/2006 dated September 11, 2006 and October 26, 2006 of Application Hosting Services Co., Ltd., the shareholders resolved to increase the registered capital from Baht 11 million to Baht 23 million by issuing new common shares of 120,000 shares at Baht 100 per share for a total amount of Baht 12 million. The Company registered an increase of capital on October 9, 2006, and IEC Business Partner Company Limited waive the right to buy the increased shares of such company, resulting in the Company's stake being decreased from 49% to 23.43%.

On August 16, 2006, IEC Business Partners Company Limited, entered into the agreement to buy and to sell share with Dragon One Public Co., Ltd., totaling 53,900 shares or 49% of the registered and paid-up capital at Baht 2,454.54 per share,

for a total amount of Baht 132.30 million.

On August 18, 2006 and December 15, 2006, IEC Business Partners Company Limited received the money from selling shares of Baht 82.30 million for a total 33,530 shares at Baht 2,454.54 per share and the its subsidiary transfer the share to such company on December 15, 2006, resulting in gain on sales of investments amounted of Baht 30.03 million and the subsidiary's stake being decreased from 23.43% to 8.86%. The Company, therefore, reclassified the investments to other long – term investments.

As at December 31, 2006, the subsidiary has the remaining balance of shares in Application Hosting Service Co., Ltd. of 20,370 shares or 8.86% of the registered and paid-up capital which the subsidiary will receive the remaining amount within January 31, 2007 according to the additional memorandum of the agreement to buy and to sell share dated December 15, 2006. Under the term of the agreement, if the buyer breach the agreement by not buying the remaining share and paying Baht 50 million within January 31, 2007, the buyer will pay interest to seller at the rate of 7.5% per annum calculating from January 31, 2007.

On January 30, 2007, Dragon One Public Co., Ltd., entered into memorandum for extending the term of payment capital to March 2007.

11. PROPERTY AND EQUIPMENT- NET

Property and equipment – net as at December 31, 2006, consisted of:

(Unit : Baht)

	Consolidated				Total
	Land and buildings	Leasehold improvement	Tools, equipment, furniture, fixtures, office equipment and vehicles	Leasehold improvement in progress	
Cost :					
January 1, 2006	310,981,167	120,662,563	246,411,709	9,679,000	687,734,439
Additions / transfer in	-	233,968,090	44,316,520	81,883,686	360,168,296
Disposal / write off / transfer out	-	(10,230,101)	(19,613,665)	(91,562,686)	(121,406,452)
December 31, 2006	<u>310,981,167</u>	<u>344,400,552</u>	<u>271,114,564</u>	<u>-</u>	<u>926,496,283</u>
Accumulated depreciation :					
January 1, 2006	(157,832,607)	(91,401,906)	(205,159,175)	-	(454,393,688)
Depreciation charge for the year	(14,011,760)	(16,049,888)	(23,755,687)	-	(53,817,335)
Disposal / write off	-	67,437	17,632,183	-	17,699,620
December 31, 2006	<u>(171,844,367)</u>	<u>(107,384,357)</u>	<u>211,282,679</u>	<u>-</u>	<u>(490,511,403)</u>
Allowance for impairment loss :					
January 1, 2006	-	(4,989,050)	(419,800)	-	(5,408,850)
Adjustment on allowance for impairment loss during the year	-	2,674,851	108,965	-	2,783,816
December 31, 2006	<u>-</u>	<u>(2,314,199)</u>	<u>(310,835)</u>	<u>-</u>	<u>(2,625,034)</u>
Net book value :					
December 31, 2006	<u>139,136,800</u>	<u>234,701,996</u>	<u>59,521,050</u>	<u>-</u>	<u>433,359,846</u>
December 31, 2005	<u>153,148,560</u>	<u>24,271,607</u>	<u>40,832,734</u>	<u>9,679,000</u>	<u>227,931,901</u>
Depreciation for the year (included in the earnings statements) :					
Year 2006					<u>53,817,335</u>
Year 2005					<u>45,625,706</u>

As at December 31, 2006, certain building and equipment items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 199 million (2005: Baht 207 million).

(Unit : Baht)

	The Company Only				Total
	Land and buildings	Leasehold improvement	Tools, equipment, furniture, fixtures office equipment and vehicles	Leasehold improvement in progress	
Cost :					
January 1, 2006	310,981,167	117,078,870	227,541,889	279,000	655,880,926
Additions / transfer in	-	117,635,931	10,371,812	-	128,007,203
Disposal / write off / transfer out	-	(57,420,910)	(39,157,028)	(279,000)	(96,856,938)
December 31, 2006	310,981,167	177,293,351	198,756,673	-	687,031,191
Accumulated depreciation :					
January 1, 2006	(157,832,607)	(91,243,828)	189,040,904	-	438,117,339
Depreciation charge for the year	(14,011,760)	(8,917,523)	(15,716,009)	-	(38,645,292)
Disposal / write off	-	37,864,530	28,690,200	-	66,554,730
December 31, 2006	171,844,367	62,296,821	176,066,713	-	410,207,901
Allowance for impairment loss					
January 1, 2006	-	(4,989,050)	-	-	(4,989,050)
Adjustment on allowance for impairment loss during the year	-	2,674,851	-	-	2,674,851
December 31, 2006	-	(2,314,199)	-	-	(2,314,199)
Net book value :					
December 31, 2006	139,136,800	112,682,331	22,689,960	-	274,509,091
December 31, 2005	153,148,560	20,845,992	38,500,985	279,000	212,774,537
Depreciation for the year (included in the earnings statements) :					
Year 2006					38,645,292
Year 2005					39,947,969

The Company mortgaged its proprietorship in leased office buildings with a bank to secure its credit facilities.

As at December 31, 2006, the property of the Company and its subsidiaries with the booked value of Baht 211.40 million and Baht 97.63 million in the consolidated financial statements and the separate financial statements, respectively, are located on the leasehold which is mortgaged to a bank (Note 15 and 24.3)

12 DEPOSITS

12.1 DEPOSITS FOR ACQUISITION OF ASSETS

On December 28, 2006, IEC Business Partners Company Limited, a subsidiary, paid deposit for acquisition of assets of International Gasohol Corporation Limited of Baht 5 million following the additional memorandum of understanding (1st). On January 29, 2007, the subsidiary entered into an agreement to buy and sell the assets with such company (Note 27).

12.2 DEPOSITS FOR PURCHASE OF COMPUTER SOFTWARE

On May 25, 2006, the Company entered into a licensing agreement to use computer software in providing Mobile Casting Services to mobile phone users across Thailand, with a local company acting as the authorized agent of the copyright owner in Israel. The licensing fee for using such program is worth Baht 80 million, payable at 30% at the time of quotation and 40% at the deliver date and 30% at the acceptance of the system.

As at December 31, 2006, the company already paid an amount Baht 60.5 million. Considering the progress of the program development and the uncertainty of the future cash flow to be generated from this program, the Management considered to set up an impairment to cover the full amount of Baht 60.5 million.

13 CONCESSION ON AGRO-INDUSTRY PROJECT

Crytal Agro Company Limited (a subsidiary in Cambodia) was granted the concession by the Ministry of Agriculture, Forestry and Fisheries of Cambodia to utilize land of 8,000 hectares (equivalent to approximately 50,000 Rais) located in the district of Samrong Oddar, Mean Chey province for Agro-Industry Crops plantation and factory for a period of 70 years starting from July 17, 2006. Under the term the concession agreement, the Subsidiary is committed to pay an annual land fee at the rate defined by the Royal Government of Cambodia. During the year 2006, the Subsidiary incurred payments for the acquisition of the concession of US\$ 1 million (equivalent to Baht 40 million). The Subsidiary has policy to amortize the acquisition cost over the term of the concession.

14 COST OF PURCHASE OF SUBSCRIBERS - NET

	(Unit: Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Cost of purchase of subscribers	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Less: Accumulated Amortization	(869,588,555)	(789,168,232)	(869,588,555)	(789,168,232)
Less: Allowance for impairment	(300,000,000)	(165,000,000)	(300,000,000)	(165,000,000)
Cost of purchase of subscribers - net	<u>330,411,445</u>	<u>545,831,768</u>	<u>330,411,445</u>	<u>545,831,768</u>

Due to the intense competition in the wireless telecommunication services business and changes in behavior among mobile phone users affected the income that the Company generates from being an airtime provider. The Company's management has set an additional provision for impairment loss on "Cost of purchase of subscribers" of Baht 135 million for the year 2006, based on the present value of net cash flow from estimated revenue generated from airtime provider.

15 LEASEHOLD RIGHTS

	(Unit:Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Leasehold rights	283,828,183	284,021,234	82,093,423	82,093,424
Less: Accumulated Amortization	(66,936,259)	(51,076,167)	(51,277,589)	(47,535,316)
Less: Allowance for impairment	(7,000,000)	-	-	-
Leasehold rights - net	<u>209,891,924</u>	<u>232,945,067</u>	<u>30,815,834</u>	<u>34,558,108</u>

In the second quarter of year 2006, the management considered to set up an impairment loss on the leasehold rights of Baht 7 million according to the discounted cash flows on the projection of the rental operation.

The leasehold is located on land which is mortgaged with a bank to secure the liabilities of the landlord having with the bank.

16 CONVERTIBLE DEBENTURES

	(Unit:Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Convertible debentures	20,616,250	80,911,250	20,616,250	80,911,250
Less: Current portion	(10,321,250)	(60,321,250)	(10,321,250)	(60,321,250)
Net	<u>10,295,000</u>	<u>20,590,000</u>	<u>10,295,000</u>	<u>20,590,000</u>

As at December 31, 2006, the outstanding balance of the convertible debentures, which reached maturity in the year 2000, comprises 20,616 convertible debentures (December 31, 2005: 80,911 convertible debentures) of Baht 1,000 each, a total of Baht 20.62 million (December 31, 2005: Baht 80.91 million). The trustee of the debenture holders filed a lawsuit with the Civil Court as described in Note 25.1.

As at December 31, 2006, Baht 20.59 million (December 31, 2005: Baht 30.87 million) of the convertible debentures represents debentures issued to a local bank. The Company entered into a debt restructuring agreement with that bank on January 30, 2001, with the outstanding balance of debts as of the agreement date comprising principal of Baht 82.4 million and accrued interest of Baht 13.9 million. The principal was to be repaid in quarterly installments of Baht 2.57 million each over a period of 8 years commencing from March 31, 2001 and under the debt restructuring agreement, the remaining debt is then to be forgiven by the bank if the Company has made payment without default. However, the Company recognized the gain on the debt restructuring in full in the year 2001.

During 2006, the Company had negotiated with 6 holders with the principal of Baht 50 million and accrued interest of 36.33 million, by waiving interest of 14.64 million, for a repayment of Baht 71.69 million. The Company repaid to these six

debenture holders on August 10, 2006 , September 29, 2006 , November 17 , 2006 , and December 27 , 2006 resulting in the outstanding convertible debentures balance as at December 31, 2006 of Baht 0.03 million (December 31, 2005 : Baht 50.03 million) and outstanding accrued interest was fully paid already (December 31, 2005 : Baht 33.50 million). The Company reclassified the convertible debentures and accrued interest for convertible debentures as current liabilities in balance sheet.

17 DEPOSIT RECEIVED FOR WOOD

On July 24, 2006 and July 25, 2006, the Company receives advance for wood amount of Baht 50 million whereby the Company entered into a sales agreement with a local company to sell the quantity of wood bought from a foreign company to the local company within a period of 2 years with a contract value of Baht 220 million having the following payment term. (see Note 3).

Within:	Million Baht
July 24, 2006	50
November 15, 2006	35
November 30, 2006	30
December 10, 2006	30
December 25, 2006	30
January 5, 2007	25
January 15, 2007	20

The buyer has to place a bank guarantee at least Baht 112.35 million to secure the payment from 4th period to 7th period above by November 30, 2006. As at December 31, 2006 the Company received advance for wood totaling Baht 50 million and not yet receive the aforesaid bank guarantee.

The Company has policy to recognize the sales of wood when the buyer cuts the wood and transports outside the concession area. As at December 31, 2006, that wood has not been cut and transported outside the concession area.

18. SHARE CAPITAL/WARRANTS

On January 6, 2006, the Company registered an increase of capital with the Ministry of Commerce from exercising the 12,100,000 units of warrant, allotting for new 121,000,000 ordinary shares at one Baht per share. As a result, total paid-up share are 1,454,200,000 or Baht 1,454,200,000.

On January 17 and 18, 2006, the Company received share subscription from the private placement from two investors offering of 27.53 million shares of the new registered capital at Baht 5.55 per share, a total of Baht 152.79 million. The Company registered the resulting increase in paid-up share capital with the Ministry of Commerce on January 20, 2006. The increase of capital resulted in an added premium on share capital for Baht 125.26 million, and the Company accounted the expense arisen from the increase of capital of Baht 3.13 million by deducted from the premium on share capital.

In addition, during the first quarter, the right of warrants to buy ordinary shares offered to specific investors were exercised for 9,650,000 warrants, allotting as new ordinary shares for 96,500,000 shares, totaling Baht 96,500,000. The Company registered the partial increase of capital for 96,000,000 shares with the Ministry of Commerce during the quarter, the remaining 500,000 shares were registered as a capital increase on April 12, 2006. As a result, all warrants have been exercised as of March 31, 2006.

On August 2, 4 and 7, 2006, the Company received share subscription from the private placement from four investors offering of 150 million shares of the new registered capital at Baht 3.17 per share, a total of Baht 475.50 million. The Company registered the resulting increase in paid-up share capital with the Ministry of Commerce on August 8, 2006. The increase of capital resulted in an increase in premium on share capital of Baht 325.50 million, and the Company accounted the expense arisen from the increase of capital of Baht 6.29 million by deducted from the premium on share capital.

On August 15, 2006, the Company received share subscription from the private placement from three investors who are directors and shareholders of Bliss-Tel Public Company Limited offering of 21 million shares of the new registered capital at Baht 4.50 per share, a total of Baht 94.50 million. The Company registered the resulting increase in paid-up share capital with the Ministry of Commerce on August 17, 2006. The increase of capital resulted in an increase in premium on share capital of Baht 73.50 million, and the Company accounted the expense arisen from the increase of capital of Baht 0.5 million by deducted from the premium on share capital.

19. PREMIUM ON SHARE CAPITAL

On December 9, 2005, the extraordinary meeting of the Company's shareholders No. 2/2005 passed a resolution to allocated Baht 623,954,754 of the premium on share capital to eliminate the Company's deficit as at 30 September 2005. This allocation has not affected shareholders' equity.

20. STATUTORY RESERVE

According to the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent of its net profit, after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve could not use for dividend payment.

21. RECONCILIATION OF DILUTED LOSS PER SHARE

	For the the years ended December 31,					
	Net loss		Weighted average number of ordinary shares		Loss per share	
	2006	2005	2006	2005	2006	2005
	Thousand Baht	Thousand Baht	Thousand shares	Thousand share	Baht	Baht
Basic loss per share						
Net loss	(981,663)	(243,647)	1,615,178	887,664	(0.61)	(0.28)
Effect of dilutive potential ordinary shares						
Warrants period 2005: 9,650,000	-	-	-	41,980		
Diluted loss per share						
Net loss of ordinary shareholders assuming						
potential ordinary shares are converted	(981,663)	(243,647)	1,615,178	929,644	(0.61)	Anti - diluted

22. FINANCIAL INFORMATION BY SEGMENT

During 2005, most of the operations of the Company, subsidiaries and joint venture involve a single industry segment, the telecommunications business, and are carried on in the single geographic area of Thailand. As a result, all the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

During the year ended December 31, 2006, the Company generated sales of News Link Application used for mobile phones from overseas customers of Baht 60.20 million. The relevant cost was Baht 3 million.

The operations for year ended December 31, 2006 separated by business segment are as follows:

(Unit: Baht)

	Consolidated				Total
	Telecommunicati	Lease of	Investment in	Commercial	
	on	property and	security	Business	
Sales and service income	4,155,983,844	29,244,787	1,923,086	-	4,187,151,717
Cost of sales and service income	(3,941,609,237)	(52,639,060)	(1,792,064)	-	(3,996,040,361)
Gross Profit	214,374,607	(23,394,273)	131,022	-	191,111,356
Selling and administrative expenses	(592,228,765)	(21,533,854)	(101,688,241)	(15,987,710)	(731,438,570)
Gain (loss) on sales of investment in trading securities	15,503,045	-	(106,032,292)	-	(90,529,247)
Gain on sales of investment in available-for-sale securities	-	-	208,059,715	-	208,059,715
Unrealised gain (loss) on investment in trading securities	(12,245,532)	(24,556,799)	2,901,730	-	(33,900,601)
Gain on redemption of debenture	14,643,509	-	-	-	14,643,509
Dividend income	-	3,000,000	4,293,180	-	7,293,180
Gain from sales investment in subsidiary	-	-	30,025,716	-	30,025,716
Gain on sales of fixed assets	4,082,053	-	-	-	4,082,053
Gain on exchange rate	7,887,181	-	-	-	7,887,181
Other income	17,739,184	1,199,829	9,744	-	18,948,757
Interest income	4,393,212	3,899,192	3,140,545	34,102	11,467,051
Directors' remuneration	(7,087,204)	(910,000)	(1,470,000)	(2,120,000)	(11,587,204)
Provision for loss from lawsuits	(2,670,881)	-	-	-	(2,670,881)
Loss on guarantee on loan of associated companies	(15,000,000)	-	-	-	(15,000,000)
Loss from impairment of investment in associated companies	(276,115,038)	-	-	-	(276,115,038)
Loss from impairment of deposit for purchase of computer software	(60,500,000)	-	-	-	(60,500,000)
Loss from impairment of cost of purchase of subscribers	(135,000,000)	-	-	-	(135,000,000)
Share of loss from investments accounted under the equity method	(86,534,070)	-	-	-	(86,534,070)
Loss on impairment of leasehold right	-	(7,000,000)	-	-	(7,000,000)
Interest expenses	(15,139,079)	-	(472,197)	(345,934)	(15,957,210)
Corporate income tax	-	-	(9,089,728)	-	(9,089,728)
Gain (loss) before Minority Interest	(923,897,778)	(69,295,905)	29,809,194	(18,419,542)	(981,804,031)
Minority Interest	141,090	-	-	-	141,090
Net gain (loss)	(923,756,688)	(69,295,905)	29,809,194	(18,419,542)	(981,662,941)

Assets as of December 31, 2006 separated by business segment are as follows:

(Unit: Baht)

	Consolidated					Total
	Telecommunication	Lease of property and service	Investment in security	Commercial Business	Agro Business	
Investments in trading securities	102,638,000	70,500,000	44,718,087	-	-	217,856,087
Investments in available-for-sale securities	175,230	-	462,114	-	-	637,344
Trade accounts receivable - net	128,853,517	10,890,990	122,700	-	-	139,867,207
Inventories - net	304,560,325	-	6,443,597	-	-	311,003,922
Others current assets	141,642,458	7,616,049	48,065,469	4,115,847	6,798,424	208,238,247
Deposit for purchase of assets	-	-	5,000,000	-	-	5,000,000
Computer software - net	2,743,091	-	-	-	-	2,743,091
Cost for purchase of subscribers - net	330,411,445	-	-	-	-	330,411,445
Property, plant and equipment - net	300,990,324	97,190,937	31,917,988	3,260,597	-	433,359,846
Leasehold rights - net	30,815,834	179,076,090	-	-	-	209,891,924
Concession on agro-industry project	-	-	-	-	38,449,955	38,449,955
The surplus of investment cost over book value at investment date - net	30,343,401	-	-	-	-	30,343,401
Other assets	340,478,633	5,270,415	59,925,869	-	-	405,674,917
Total assets	1,713,652,258	370,544,481	196,655,824	7,376,444	45,248,379	2,333,477,385

23. EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2006	2005	2006	2005
Number of employees at end of year (persons)	636	817	161	774
Employee costs for the year (Thousand Baht)	204,886	192,522	103,997	175,615

24. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2006, the Company, subsidiaries and joint venture had the following outstanding commitments and contingent liabilities:

24.1 The Company and its subsidiaries had outstanding commitments of approximately Baht 257.98 million in respect of performance bonds and bid bonds issued by banks on behalf of the Company and its subsidiaries (the Company only: Baht 240.90 million).

24.2 The Company acts as a guarantor for letters of guarantee issued by banks on behalf of an associated company (Micronetic Public Company Limited) and for credit facilities of the associated company, totaling Baht 20.0 million.

As at December 31, 2006, the Company has provided a reserve for loss from guarantee on loan of associated

company of Baht 15 million.

- 24.3 The Company and its subsidiaries have commitments under long-term lease and service agreements. Summarized below are the future minimum rental and service fees payable under the agreements:

<u>Year</u>	<u>Million Baht</u>
2007	46
2008 onwards	609
Total	<u>655</u>

The above amounts is included the commitment of a subsidiary when it entered into long-term lease and service agreements with IEC Complex Building's owners on September 16, 2005 for the leasehold rights. Under these agreements, rental and service fees amounting to Baht 1.3 million per month are to be paid in the first year and such rate will be increased periodically over the term of the agreements. The agreements are for a period of 16 years 8 months, expiring in May 2022.

- 24.4 The Company has commitments under the "Airtime Provider Agreement" with Total Access Communication Public Company Limited ("TAC"). The agreement stipulated certain covenants for the Company such as an obligation to be responsible for bad debts arising from telephone services of TAC, as per invoices issued to customers and bad debts arising from fraud registration by customers.

Also, the Company has commitments arising from fraud registration by customers through SIM registration services rendered by the Company. The contingent penalty will be charged upon the agreed condition of each operator.

- 24.5 The Company is bounded by guarantee obligations over the liabilities of a subsidiary company (IEC Mobile Co., Ltd.) against a financial institution, for a total amount of Baht 30 million.
- 24.6 The Company pledges the cash at bank of Baht 80 million to secure the liabilities of Locus Telecommunications Inc. Ltd. having with financial institution for amount of USD 2 million in order to replace collateral (see Notes 4 & 7).
- 24.7 The Company has commitments in relation to the licensing agreements to use computer software in providing Mobile Casting services of Baht 19.50 million.
- 24.8 The Company and subsidiaries have commitment on the construction contracts of Baht 23 million.

25. LAWSUITS

- 25.1 On July 23, 1999, the trustee of the debenture holders filed a lawsuit with the Civil Court demanding that the Company pay Baht 427.8 million of principal and Baht 21.8 million of interest, or a total of Baht 449.6 million, to the debenture holders. The Court of First Instance ruled in favor of the plaintiff, ordering the Company to pay an amount of Baht 449.6 million plus interest at 8 percent per annum on principal of Baht 427.8 million as from the filing date. In December 2001, the Company lodged appeals with the Court of Appeals in respect of several issues, including negotiation of compromise agreements with some debenture holders and the redemption of some debentures, petitioning the court to deduct the value of the debentures already redeemed from the amount claimed by the plaintiff. In December 2004, the Court of Appeals found against the Company, and with regard the

mentioned compromise agreements, the court's opinion was that the trustee of the debenture holders should call back the amounts which the Company paid under the compromise agreements and combine with the asset charged to the debentured as a whole, for further distribution. In June 2005, the Company submitted the case to the Supreme Court. The case is currently in the process of being heard by the Supreme Court.

During 2006, the Company had negotiated with 6 holders with the principal of Baht 50 million and accrued interest of 36.33 million, by waiving interest of 14.64 million. The Company already paid for the 6 holders during 2006 (See Notes16).

The Company already redeemed the debentures by paying to all debenture holders. The trustee of the debenture holders is in process of requesting the confirmation from all debenture holders to confirm that there will be no more lawsuits against the Company so that the Company will be able to release the case from the Supreme Court. The Company expected that the process will be finished within the first quarter of year 2007.

25.2 Since January 2004, the Customs Department has sent notices to the Company seeking the return of approximately Baht 69.8 million (including interest accrued up to December 2005) in tax subsidiaries provision in the form of tax coupons, which the Company received from 9 companies and used for making payment of excise tax, on the grounds that the other companies had fraudulently acquired the tax coupons from the Customs Department. Since August 2004, the Customs Department has filed lawsuit against the Company with the tax courts in 30 cases, seeking to recover approximately Baht 46.8 million (including interest accrued up to December 2005). Suits have not yet been filed over the remaining amount of Baht 23.0 million (including interest). To date, the Court of First Instance has ruled in favor of the plaintiff in 18 cases and ruled in favor of the Company in 12 cases, and these cases are now in the process of being heard by the Supreme Court. However, for prudential reasons, as of December 31, 2006 the Company already recorded all contingent liabilities amounting Baht 72.45 million (2005 : Baht 69.78 million) in relation of the above litigation in its accounts.

On January 18, 2007, the Supreme Court justified for 2 cases and the Company had to pay tax to the custom department according to the condition on the request for transferring right on tax coupon which stated that the Company will take responsibility for any damage if there is any fraud on the refund of tax coupon.

Accordingly, the Supreme Court calculated interest by starting from the beginning of the year 2004. The Company already booked the liability of Baht 0.58 million in the account.

26. FINANCIAL INSTRUMENTS

26.1 Financial risk management and policies

The Company and subsidiaries are exposed to risks from changes in market interest rates and in currency exchange rates, and from nonperformance of contractual obligations by counterparties. The Company and subsidiaries use derivative instruments, as and when they consider appropriate, to manage such risks. They do not hold or issue derivative instruments for speculative or trading purposes.

26.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's and subsidiaries' operations and their cash flows. The Company and subsidiaries exposure to interest rate risk relates primarily to their cash and cash equivalents, fixed deposits, loans to related parties, bank

overdrafts, and loan from financial institutions. They do not use derivative financial instruments to hedge such risk.

26.3 Foreign currency risk

A summary of foreign currency assets and liabilities that were not hedged as at December 31, 2006 is set out below:-

		<u>Amount</u>
<u>Liabilities</u>		
Assets denominated in Japanese Yen	JPY	70,000
Assets denominated in US dollars	USD	2,364,077

26.4 Credit risk

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivables and loans to related parties. However, because the Company and subsidiaries have prudent credit policies with regard to receivables and diversified customer base, they do not anticipate material losses as a result of debt collection to materially exceed the allowances for doubtful debts and provision for uncollectible loans already set up in the accounts.

26.5 Fair value

Since the majority financial assets are short-term and that the loans carry interest at rates close to current market rate, the managements of the Company and subsidiaries believe that the fair value of their financial assets and liabilities do not materially differ from their carrying value.

27. SUBSEQUENT EVENTS

The capital increase in One-net Company Limited

According to the Minutes of the Extraordinary Shareholders Meeting No. 1/2007 and No. 2/2007 dated January 15, 2007 and February 5, 2007, respectively, of OneNet Company Limited, the shareholders resolved to increase the registered capital from Baht 10 million to Baht 12 million by issuing new common shares of 200,000 shares at Baht 10 par value, for a total amount of Baht 2 million. The Company registered an increase of capital on February 16, 2007, and IEC Business Partner Company Limited waived the right to buy the increased shares, resulting in a decrease of interest from 49% to 40.83%.

The investments in acquisition of assets in International Gasohol Corporation Limited

On January 29, 2007, IEC Business Partner Company Limited (a subsidiary of the Company) entered into agreement to acquire assets of International Gasohol Corporation Limited consist of land, building and premises and machineries total amount of Baht 465 million pursuant to the Company's Board of Director's Meeting No. 1/2007 held on January 26, 2007

The sales of suites in SM Tower Condominium

The Company's Board of Director's Meeting No.1/2007 held on January 26, 2007 passed the resolution in approving the Company to sell the Company's 25 suites in SM Tower Condominium, with a total area of 6,251.38 square meters to Chansiri Real Estate Co., Ltd., at Baht 32,000 per square meter, totally worth of Baht 200.04 million. The agreement is still under the process of preparation.

28. RECLASSIFICATION

Certain items in the financial statements for the year ended December 31, 2005 have been reclassified to conform to the current year's classification, with no effect on previously reported net loss or shareholders' equity.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's authorized directors on February 28, 2007.

Shareholding Structure and Management

Shareholders

Top ten major shareholders as at 29 March 2006*** are as follow:

Shareholder	Number of shares	Holding Percentage
1. Thai NVDR Co., Ltd.	68,966,500	4.37
2. Mrs. Pussadee Narkin	55,100,000	3.49
3. Mr. Bee Taechaubol	55,000,000	3.49
4. Mr. Pittaya Kaewthammanukul	45,000,000	2.85
5. Miss Chatsuda Benjanirat	42,522,500	2.70
6. Credit Suisse Singapore Trust Account Clients	40,000,000	2.54
7. Mr. Chayud Lee-Isranukul	28,785,400	1.82
8. Mrs. Puangphan Bulaphak	26,518,800	1.68
9. Mr. Methus Srisuchart	26,422,100	1.67
10. Thailand Securities Depository Co., Ltd., Client's Account	25,632,900	1.62

Notes: *** 29 March 2006 was scheduled as the closing date of share register to determine the shareholders entitled to attend the 2006 Annual General Meeting.

*** As at 29 March 2006, the company registered THB 2,200,000,000 capital, paid-up THB 1,577,729,000.

The Management

Management Structure and Nomination

The company's management constituted the three following boards:

1. Board of Directors
2. Executive Board
3. Audit Committee

Board Composition and Nomination

Board members and management of the company were qualified according to Clause 68 under Public Company

Act, 2535 B.E. (1992) and the Notification of the Securities and Exchange Commission Kor Jor 5/2548 Re: Requirements for Executives of Securities Issuing Companies dated January 17, 2005.

Board of Directors

Powers and Duties of the Board of Directors

The Board of Directors is authorized to manage the company according to the company's objectives and articles of association as follows:

1. The Board of Directors is to convene meetings at least once every quarter.
2. The Board of Directors is authorized to issue rules and regulations pursuant to the company's objectives.
3. The Board of Directors is required to call a shareholder meeting, recognized as the annual general meeting.
4. The Board of Directors ensures the balance sheet and the profit and loss statements, as at the ending date of the accounting year, presented for shareholder's approval in the annual general meeting.
5. The Board of Directors may appoint any person(s) to conduct the company's business under supervision of the Board.
6. The Board of Directors is entitled to receive remuneration in performance of its duties.
7. Director is not allowed to conduct, become partner or shareholder to any juristic person of similar nature or in competitive manner against the company, unless he or she has given notice to the shareholder meeting prior to the resolution for his or her appointment.

List of the Board of Directors as at 1 March 2007 is as follow:*

	Name	Title
1.	Lt. Somsak Yamasmit	Chairman
2.	Prof. Prayoon Chindapradist	Director (Independent Director) / Chairman of the Audit Committee
3.	Mr. Vichet Bunthuwong	Director (Independent Director) / Member of the Audit Committee
4.	Mr. Sumit Champrasit	Director / Chairman of the Executive Board
5.	Mrs. Sunjutha Witchawut	Director / Chief Executive Officer
6.	Mr. Somjai Nillasithanukroh	Director
7.	Mr. Sarayuth Kauphanichanon	Director / Member of the Executive Board
8.	Mr. Sutee Phongpaiboon	Director (Independent Director) / Member of the Audit Committee

To bind the company, two directors sign and affixing company seal.

Notes *: On 16 January 2007, Mr. Sakthip Krairiksh resigned from his directorship and chairmanship.
On 26 January 2007, by the resolution of the Board of Directors No. 1/2007, Lt. Somsak Yamasmit, Vice Chairman of the Board was appointed to succeed the vacated chairmanship.
On 28 February 2007, Mr. Suthep Wongvorazathe resigned from his office as director and vice chairman of the Board.

Criteria in Selection of Independent Directors

Qualifications of an independent director are as follows:

1. Being not an employee, a staff member or a consultant receiving regular salary or any other benefits from the company, the parent company, the subsidiaries, and the associated or related companies;
2. Holding not exceeding 5 percent shares of the paid-up capital of the company, the parent company, the subsidiaries, the associated or related companies, the percentage limit includes the shares held by director's related persons;
3. Observing equitable benefits of all shareholders;
4. Observing non-existence of conflict of interest between the company and its executives, major shareholders or other companies having the same group of executives or major shareholders;
5. In attendance for meetings with the Board of Directors, to make decisions on important activities of the company.

Executive Board

Powers and Duties of the Executive Board

The Executive Board is authorized to conduct activities as empowered by the Board of Directors according to the objectives and article of associations.

List of the Executive Board as at 1 March 2007 is as follow:

	Name	Title
1.	Mr. Sumit Champrasit	Chairman
2.	Mrs. Sunjutha Witchawut	Chief Executive Officer
3.	Mr. Sarayuth Kauphanichanon *	Executive Director

Note: * On 26 January 2007, by the resolution of the Board of Directors No. 1/2007, Mr. Sarayuth Kauphanichanon was appointed member of the Executive Board.

Audit Committee

Powers and Duties of the Audit Committee

The Audit Committee of the company is authorized the scope of duties and responsibilities, and required to report to the Board of Directors as follows:

1. To review and ensure the company contains accurate and adequate financial reporting;
2. To review and ensure the company contains suitable and efficient internal control and internal audit;
3. To review and ensure the practices performed by the Company are in compliance with the securities and exchange law, and the regulations of the Stock Exchange of Thailand or relevant laws relating to the company's business;
4. To consider, nominate and recommend remuneration scheme of the company's auditor;
5. To ensure accurate and complete disclosure of company's information relating to connected or conflict-of-interest transaction;
6. To produce an Audit Committee Report as part of the company's annual report;
7. To perform any other duties as may be assigned by the Board of Directors under the Audit Committee's prior consent

List of the Audit Committee as at 1 March 2007 is as follow:

	Name	Title
1.	Prof. Prayoon Chindapradist	Chairman
2.	Mr. Vichet Bunthuwong	Member of the Audit Committee
3.	Mr. Sutee Phongpaiboon	Member of the Audit Committee
	Secretary of the Audit Committee	Ms. Kanlaya Manasuttidet

List of company's executives as at 1 March 2007 is as follow:

	Name	Title
1.	Mrs. Sunjutha Witchawut	Chief Executive Officer and Acting Chief Financial Officer
2.	Mr. Kritsil Chalongkwan	Assistant Executive Vice President
3.	Mr. Sithisak Intaraprasit	Assistant Executive Vice President
4.	Mrs. Suwanee Dejvittayaporn	Vice President, Finance and Treasury Division
5.	Mrs. Narumol Chattawan	Vice President, Accounting and Budgeting Division

Criminal Record

None of all members of the boards and executives of the company has been discharged, dismissed, terminated or being prosecuted due to corrupted act or bankruptcy or sentenced for imprisonment, or having any disputes or trials during the past ten years.

Nomination of Directors and Management

Since the company is not structured with a nomination committee, therefore nomination of directors is done otherwise by adhering to the articles of association, which assigns minor investors to appoint director(s) by casting vote in the shareholder meeting. Any shareholder contains one share per one vote. The shareholder may cast all available votes for one or more directors, but the votes are inseparable for nominated persons. Persons in order of majority votes are elected directors to the required number. Persons with parity of votes, exceeding the required number of director, chairman of the meeting will be the casting vote.

In the event of vacancy due to expired term of office, the Board of Directors may appoint a person lawfully qualified to substitute in the succeeding Board meeting. Except a director whose term is less than two months, the substituting director shall be entitled for directorship for the remaining duration.

In the 2006 Annual General Meeting of Shareholder, dated 17 April 2006, there were four directors whose term of office had expired, the meeting hence passed the resolution to re-appoint the four directors to continue their director status.

During 2006, there were 4 early-retired directors. No substitutions were made to fill up the vacancies.

Remuneration for Board of Directors and Management

(1) Pecuniary Remuneration

Pecuniary remuneration for Board of Directors, Executive Board and Management in 2006 consisted of THB 23.84 million salaries and meeting allowances, classified as follow:

1. In 2006, entries and departures of directors took place variably. Entries of directors during 2006 were recorded at 14 persons, including members of the Audit Committee, were accounted for THB 7.08 million meeting allowances as per following details:

Meeting Allowances Accounted under Board of Directors and Audit Committee in 2006

No	Name-Surname	Title	As Member of Board of Directors	As Member of Audit Committee
1.	Mr. Sakthip Krairiksh	Chairman	840,000	-
2.	Prof. Prayoon Chindapradist	Director (Independent Director) / Chairman of Audit Committee	480,000	240,000
3.	Mr. Suthep Wongvorazathe	Vice Chairman	600,000	-
4.	Lt. Somsak Yamasmit	Vice Chairman	600,000	-
5.	Mr. Vichet Bunthuwong	Director (Independent Director) / Member of Audit Committee	480,000	120,000
6.	Mr. Sumit Champrasit	Director / Chairman of Executive Board	840,000	-
7.	Mrs. Sunjutha Witchawut	Director / Chief Executive Officer	720,000	-
8.	Mr. Somjai Nillasithanukroh	Director	480,000	-
9.	Mr. Sarayuth Kauphanichanon	Director	720,000	-
10.	Mr. Sutee Phongpaiboon	Director (Independent Director) / Member of Audit Committee	480,000	116,674
11.	Mr. Pongsak Liangsiri	Director (Former)	240,000	-
12.	Mr. Bee Taechaubol	Executive Director (Former)	93,548	-
13.	Mr. Ekkamol Emradee	Director (Former)	-	-
14.	Mr. Watnachai Jesdangkul	Director (Former)	240,000	-

2. Executive Directors and Management were remunerated THB 16.76 million.

(2) Other Remunerations

None

Corporate Governance (CG)

The company prioritizes good corporate governance, the essence to raise management efficiency. For years, the Board of Directors has been in compliance with the Guidelines of the Stock Exchange of Thailand for Good Corporate Governance. Details of compliance in 2006 are as follows:

1. Policy on Corporate Governance

The company recognizes the importance of good corporate governance. In giving investors and public the information and opportunity to review the operations, the company has outlined CG policy stipulating structure, roles, duties and responsibilities of the Board of Directors, including disclosure of operational information and transparency.

2. Rights of Shareholders and Meeting of Shareholders

In calling a meeting of shareholders, the company sends a notice of invitation together with relevant information and opinions of the Board of Directors on each agenda for shareholder's acknowledgment, not less than 7 days prior to the meeting, to ensure sufficient time for information review before meeting attendance.

During meeting, the Chairman of the meeting arranges appropriate timing in review of each agenda with an opened session for shareholders' inquiries and opinions at the end of agenda and meeting. Those significant inquiries and opinions shall be recorded completely and correctly, available for verification.

3. Rights of Stakeholders

The company highly values the right of various groups of stakeholders, performing in compliance with provisions of law and relevant regulations to ensure that the rights of stakeholders are fairly treated.

4. Leadership and Vision

Through meetings, the Board of Directors takes part in giving approval to the company's business plans and annual budget, as well as regularly tracking the implementation of such.

The Board of Directors is to review and determine the segregated roles, duties and responsibilities amongst the Board of Directors, the Audit Committee and the Executive Board.

5. Conflict of Interests

The Board of Director carefully monitors and reviews any possible case of conflict of interest, ensuring the completeness of information disclosure in respect of connected transaction and full compliance to the standards of the Stock Exchange of Thailand.

6. Business Ethics

The company outlines the code of business conducts as guidelines for related persons, including directors, management and employees, in performing their duties honestly, virtuously and justly.

7. Balance of Power for Non-Executive Directors

As at 1 March 2007, the Board of Directors consists of 8 members as follows:

- 3 Executive Directors
- 2 Non-Executive Directors
- 3 Independent Directors

Equivalent to 37.50% of the total Board members

8. Aggregation or Segregation of Positions

By definition of the Stock Exchange of Thailand, an independent director is neither related to the management nor the same person serving as Chief Executive Officer and President, in order to segregate the duties of setting governing policy and daily operational management.

9. Remuneration for Directors and Management

Remunerations for directors are apparently set out with transparency, offered at a high level that been approved in shareholder meeting in order to maintain the qualified directors. The director whom appointed excessive duties and responsibilities will be remunerated proportionately with the additional assignments.

10. Board of Directors' Meetings

The Board of Directors schedules meetings at least once every quarter, and extra meetings may be convened as deem necessary. The agenda is set out clearly in advance to the meeting, including continued agenda to follow up operating results. The secretary's office sends a notice of invitation enclosing order of agenda and meeting archives in advance to ensure the directors sufficient time to review the archives prior to meeting. The minutes of meeting is taken in writing, certified by the Chairman or Chairman-appointed director, made promptly available for verification by the Board or related parties. In 2006, there were four directors whose term expired, and there were totally 16 meetings convened with the presence of directors as per following details:

Name List of Directors

Name	No. of Presences / No. of Meetings Convened
Mr. Sakthip Krairiksh	12/16
Prof. Prayoon Chindapradist	15/16
Mr. Suthep Wongvorazathe	12/16
Lt. Somsak Yamasmit	11/16
Mr. Vichet Bunthuwong	14/16
Mr. Sumit Champrasit	14/16
Mrs. Sunjutha Witchawut	16/16
Mr. Somjai Nillasithanukroh	16/16
Mr. Sarayuth Kauphanichanon	16/16
Mr. Sutee Phongpaiboon	14/16
Mr. Pongsak Liangsiri	6/9
Mr. Bee Taechaubol	5/8

Mr. Ekkamol Emradee	9/9
Mr. Watanachai Jesdangkul	8/9

11. Controlling System and Internal Audit

The company takes internal controlling system highly significant, therefore determining management's power of authority in writing, optimizing asset control to ensure corporate benefits, as well as segregation of duties for performer, controller and evaluator to balance their powers and cross audits.

Internal Audit Office is established to conduct auditing to assure the company's practices are in compliance with policies, plans, laws and related regulations. To ensure its independence and check-and-balance capacity, the Board of Directors delegates Internal Audit Office to report directly to the Audit Committee.

12. Directors' Reporting

The Board of Directors is responsible for the consolidated financial statements of the company and subsidiaries, including the financial information expressed in the annual report. The financial statements are done in conformity with Thailand's generally accepted accounting standards, where appropriate accounting policies are adopted and adhered consistently. Production of such is based on prudential judgment, adequately disclosed in the notes to financial statements.

The Board of Directors provides and maintains an efficient internal controlling system; rationally the accuracy, completeness and adequacy of accounting records are carried out to retain assets, to detect weaknesses and to prevent fraudulence or any material act of abnormality.

The Board of Directors therefore appoints the Audit Committee, comprising non-management members to be responsible for the quality of financial reporting and internal controlling system.

13. Relations with Investors

The Board of Directors realizes the influence of financial and non-financial information towards decision-making process of investors and stakeholders of the company, giving the management the policy to ensure the information is disclosed on adequate, factual and timely basis, the disciplines to which the management has respected and conformed. In relation with investor, the company does not establish a specialized unit for the small amount of activities. Hence, Investor who has any inquiries can contact Tel: 0-2736-3535 ext. 3221 or e-mail: somchaiw@iec.co.th

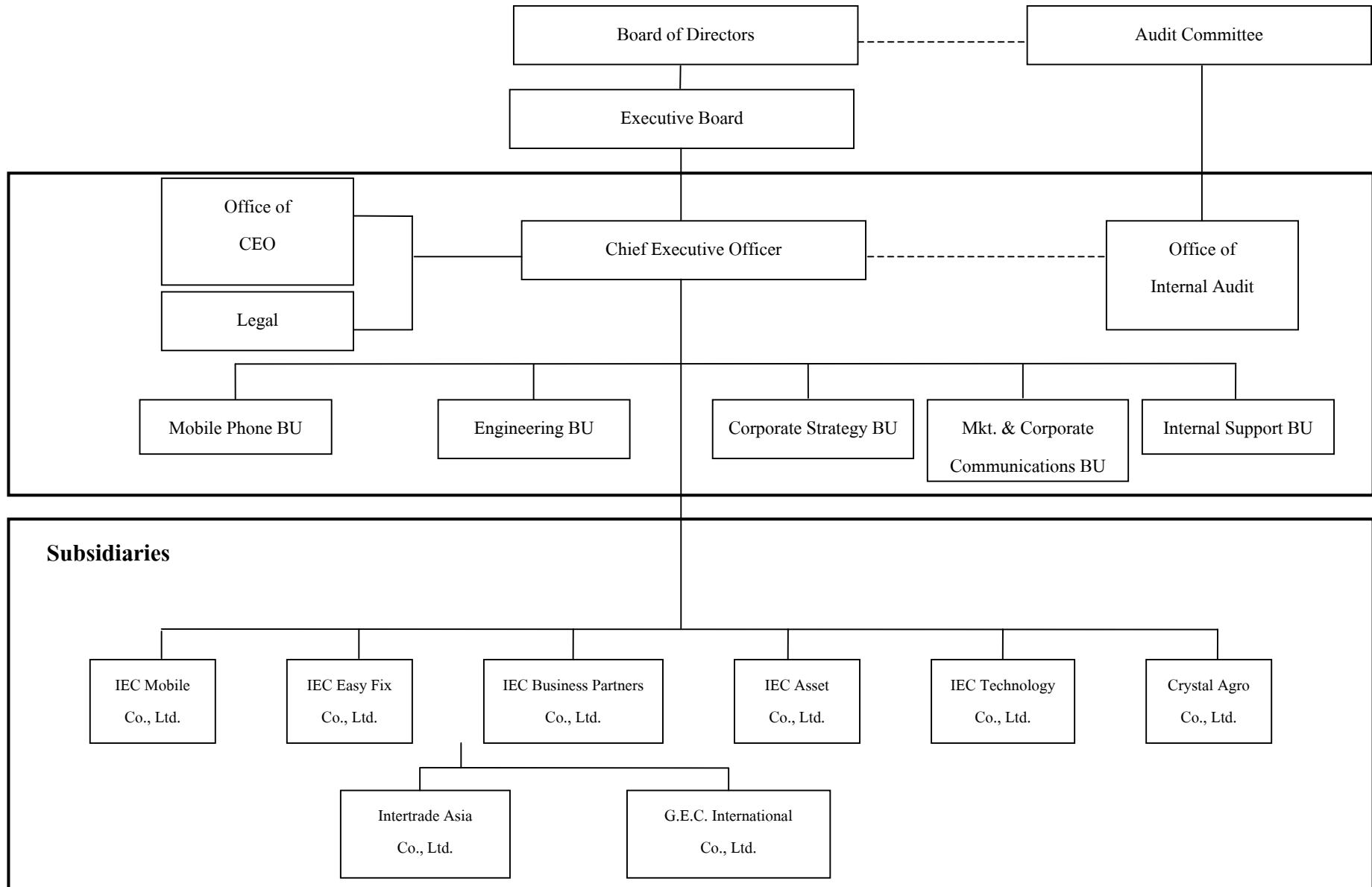
14. Supervision of Internal Information Usage

The company outlines precautionary guidelines, disallowing the management and employees to use internal information for their interest or others', by limiting the number of management and employee accessible to significant and undisclosed information. In addition, the company also serves as the center for reporting movement of management

securities trading for the records of the Office of Securities Exchange Commission and the Stock Exchange of Thailand, keeping immediate update on trading transactions of all executives.

The International Engineering Public Company Limited

Organization Chart



Directors of Company's Subsidiaries

Name	IEC	Subsidiary							
		1	2	3	4	5	6	7	8
Mr. Sakthip Krairiksh	X (Ex)								
Lt. Somsak Yamasmit	X	/						/	/
Mr. Suthep Wongvorazathe	* (Ex)								
Prof. Prayoon Chindapradist	/								
Mr. Vichet Bunthuwong	/								
Mr. Sumit Champrasit	///								
Mrs. Sunjutha Witchawut	V	/						/	
Mr. Somjai Nillasithanukroh	/								
Mr. Sarayuth Kauphanichanon	//	/				/	/		
Mr. Sutee Phongpaiboon	/								

Note (Data as at 1 March 2007)

X = Chairman , * = Vice Chairman , /// = Chairman of Executive Board , V = Chief Executive Officer ,

// = Executive Director , / = Director

Subsidiaries

1. IEC Business Partners Co., Ltd.
2. IEC Mobile Co., Ltd.
3. IEC Easy Fix Co., Ltd.
4. IEC Asset Co., Ltd.
5. IEC Technology Co., Ltd.
6. IEC Internet Co., Ltd.
7. Intertrade Asia Co., Ltd.
8. G.E.C. International Co., Ltd.

Note: - Mr. Sakthip Krairiksh resigned from directorship and chairmanship on 16 January 2007.

- Mr. Suthep Wongvorazathe resigned from his office as director and vice chairman on 28 February 2007.

- No. (6) subsidiary share capital is held by IEC Asset Co., Ltd.

- No. (7) and (8) subsidiary share capital are held by IEC Business Partners Co., Ltd.

Name	Subsidiary							
	1	2	3	4	5	6	7	8
1. Mr. Tawee Butsunton	X							
2. Lt. Somsak Yamasmit	/						/	/
3. Mrs. Sunjutha Witchawut	/						/	
4. Mr. Sarayuth Kauphanichanon	/				/	/		
5. Mr. Chai Wattanasuwan	/						/	/
6. Mr. Ekkamol Emradee			/		/	/		
7. Mrs. Suwanee Dejvittayaporn		/				/		
8. Mr. Vivat Vinicchayakul				/			/	
9. Mr. Sithisak Intaraprasit		/						
10. Mr. Apichat Tantivejakul		/						
11. Mr. Wasu Suwannawong			/					
12. Mr. Attawooth Laohapakdee			/					
13. Mr. Amnuay Chotvinitchai			/					
14. Mr. Yuttaphong Intharapanich				/				
15. Mr. Banyong Bhanuvesaya				/				
16. Mr. Kritsil Chalongkwan						/		
17. Ms. Siripen Sophonwattanachai						/		
18. Mrs. Anchalee Chavanit					/			
19. Mrs. Prapaiwan Muthitacharoen					/			
20. Mr. Polawat Ouilapan					/			
21. Mrs. Sirilak Rochanadit						/		
22. Mr. Somyot Tanapirunthorn						/		
23. Mr. Chuladit Chuenkamrai								/
24. Mr. Pongpol Tachavichitra								/
25. Mr. Sittichai Tanomchartchai								/
26. Mr. Somchai Kanokphandharangkul								/
27. Mr. Pravech Rungruangratanakul *		/	/					

Note (Data as at 1 March 2007)

X = Chairman , / = Director

Subsidiaries

1. IEC Business Partners Co., Ltd.

2. IEC Mobile Co., Ltd.

3. IEC Easy Fix Co., Ltd.

4. IEC Asset Co., Ltd.
5. IEC Technology Co., Ltd.
6. IEC Internet Co., Ltd.
7. Intertrade Asia Co., Ltd.
8. G.E.C. International Co., Ltd.

Note - * Mr. Pravech Rungruangratanakul resigned from his directorship in No. (2) & (3) subsidiaries since 16 January 2007.

- No. (6) subsidiary share capital is held by IEC Asset Co., Ltd.

- No. (7) and (8) subsidiary share capital are held by IEC Business Partners Co., Ltd.

General Information of Other References

Securities Registrar

Company Name : Thailand Securities Depository Company Limited
Address : 62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Bangkok 10110
Telephone : 0-2229-2800, 0-2654-6599
Facsimile : 0-2359-1262

Auditor

Auditor Name : Atipong AtipongSakul, Certified Public Accountant Registration Number 3500
Company Name : ANS Audit Co., Ltd.
Address : 100/72, 22nd Floor, 100/2 Vongvanij Building B, Rama 9 Road, Huaykwang,
Bangkok, 10320
Telephone : 0-2645-0107-9
Facsimile : 0-2645-0110

Remuneration for Auditor

1. Audit Fee

The company and subsidiaries remunerated ANS Audit Co., Ltd. an audit fee for the preceding accounting year, amounting to THB 2,905,000.

2. Non-audit Fee

-None-