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Message from the Board of Directors

Dear Shareholders,

Even as the global economy slows down due to US domestic economic recession, the Thai economy during the first quarter of this year will be seeing the proverbial light at the end of the tunnel, as capital inflows toward Asia, aided by the government's so-called "Populist" policy and fundamental investments. Baht appreciation is expected to boost domestic investment and consumption, and depressurize inflation. Under these positive circumstances, our overall business is primed to make a leap forward over the previous year.


In 2007, the company and subsidiaries earned THB 219 million profit and THB 188 million net profit after allowances for investment in subsidiaries and associated companies. In the past year, the company improved internal management and administration to raise operational efficiency. This is reflected in the operating results of the company and subsidiaries a higher gross profit margin and 30% reduction on SG & A expenses with only 9% year-on-year revenue declination compared to those in 2006.

The company also formed strategies and pushed initiatives for steady and sustainable growth over the past year, placing emphasis on businesses with financial and marketing capacity that could work synergistically with our core business through strategic alliances. This year, we continue to plan and launch high-speed internet, multimedia content, VOIP, system integrator, energy-saving systems, alternative energy production and expansion of logistics and after-sales service. In particular, during January 2008, as the prime contractor to LSI Consortium, the company was recently awarded Integrated Billing and Customer Services System (IBACSS) and Billing Mediation from CAT Telecom Public Company Limited, winning a contractual value of THB 891 million, as part of the strategic approach for ICT leadership.

The Board believes that an organization's competitiveness is largely attributed to personnel competency. Therefore we have encouraged development of human resources through enhancement of potential, skill and competency by turning the company into a knowledge-based organization. We believe our company will continue to deliver products, services and innovations useful for consumers, communities and the country. We further value environmental stewardship and work to better our collective quality of life; therefore, this year we are encouraging employees to participate in our corporate social responsibility activities.

The Board also remains committed to the policy of practicing good corporate governance, and strives to operate morally and ethically. Objectives, disciplines and guidelines for good corporate governance are clearly defined in company regulations, and are practiced in the best and fairest interest of our shareholders, trading partners, employees and stakeholders.

Lastly, the Board would like to thank the shareholders, customers, business partners, state authorities, financial institutions and all related parties who have rendered generous support to our operation over the past year. We extend our gratefulness to the dedicated management and employees. We believe that this continued support is the core force which will drive the company's steady and sustainable growth well into the future.



(Lt. Somsak Yamasmit)
Chairman of the Board



(Mrs. Sunjutha Witchawut)
Chief Executive Officer

Board of Directors

Financial Information

			Unit: '000 Baht
	2007	2006	2005
Total Assets	2,986,186	2,333,477	2,417,054
Total Liabilities	1,016,397	556,766	462,557
Shareholders' Equity	1,969,788	1,776,711	1,954,496
Revenue from Sales and Service	3,131,694	4,160,957	5,249,103
Total Revenue	3,951,669	4,391,142	5,303,080
Gross Profit	168,171	217,542	377,473
Net Profit	187,604	(981,663)	(243,647)
	2007	2006	2005
Earnings per Share (Baht)	0.11	(0.61)	(0.28)
Dividend per Share (Baht)	0.00	0.00	0.00
Net Profit Margin (%)	4.75	-22.36%	-4.59%
Return on Equity (%)	10.01%	-52.62%	-16.12%
Return on Asset (%)	7.05%	-41.33%	-10.52%
Book Value per Share (Baht)	1.13	1.02	1.47

Operations in 2007

Company Information

The International Engineering Public Company Limited or IEC's head office is located at 390 Ramkamhaeng 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 the objective to construct the Bangkok-Aranyaprathet Railway, for the first time ever connecting Thailand to the Cambodian border. This project also marked the first time in Thai history that Caterpillar tractors were introduced to the construction industry. IEC later registered as a Thai national company in 1953 with a registered capital of Baht 10 million. In 1965, IEC was appointed as a "Royal Appointment" company. In 1983, Siam Cement PCL foresaw the potential company growth for IEC, invested and took full control of IEC operations; IEC accordingly became an affiliate of the Siam Cement Group. In 1990, Siam Cement changed its investment policy, prompting IEC's management to invest in itself. Joined by a group of additional investors IEC's management increased the registered capital to THB 120 million. In 1992, the company was listed in the Communication Sector of the Thai Stock Exchange, and a year later became a public limited company. The IEC has increased its capital continuously, today having a registered capital of THB 2,200 million and a paid-up capital of THB 1,749.23 million (figures as at 31 December 2007).

Nature of Business Operation

The International Engineering Public Company Limited is one of the leading telecommunication and engineering companies in Thailand. The Company divides its business into two main groups:

1. Mobile Phone Business

1.1 Mobile Phone Distributor

IEC is one of the leading mobile phones distributors in Thailand. The company is also the sole authorized distributor for Nokia in the country. At present, IEC has expanded its mobile phone business extensively to more fully 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. Additionally, IEC is authorized by TOT Corporation Public Company Limited to manage distribution channels and handset sales for the 1900 MHz mobile phone system.

1.2 Airtime Provider Business

IEC provides a full range of services to clients 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. IEC is authorized for 17 years. On September 14, 2007 the company entered into an agreement terminating the above contract, effective since August 1, 2007. Apart from this, 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 a one-stop service basis.

1.3 Mobile Phone After-Sales Business (Easy Fix)

The company has accumulated over 20-years experience in mobile phone after-sales service, aimed at providing fast and convenient service through service centers across the country.

2. Engineering Business

IEC still focuses on its successful engineering business, a component of the company that has existed since the company’s founding era. At present, the Engineering Business is divided into 2 subgroups as follows:

2.1 Engineering Product and Service

The company has earned authorization to import and distribute the following world renowned products:

Product	Brand	Country
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

2.2 Engineering Projects

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

Potential prospects:

- Supplying energy-saving products, such as US chiller optimizers. The equipment is designed to control chiller function in air-conditioning systems by automatically identifying the most proper temperature of the cooling water during a certain period by analyzing used cooling water, room temperature and energy consumption for each chiller.
- Alternative energy, such as the newly introduced zinc air fuel cells technology for local market. The zinc air fuel cells are renewable energy sources that generate electricity from chemical reactions without polluting effects, and contain ten times the energy density over normal fuel cells.

Investment in Subsidiaries

Company	% of Shareholding
IEC Mobile Co., Ltd.	100%
IEC Easy Fix Co., Ltd.	100%
IEC Business Partners Co., Ltd.	100%
Intertrade Asia Co., Ltd. (whose shares held by IEC Business Partners Co., Ltd.)	100%
IEC Asset Co., Ltd. (Former name: Asia Access (Thailand) Co., Ltd.)	100%
IEC Technology Co., Ltd.	65%

IEC Mobile Co., Ltd.

The operation of IEC Mobile Co., Ltd. includes sales and service relating to mobile phone, prepaid and postpaid SIM Cards, DTAC postpaid payment counter service, and utilities payment counter service via Mobile Easy Shops.

IEC Easy Fix Co., Ltd.

IEC Easy Fix Co., Ltd. offers mobile phone after-sales service for leading brands in Thailand, including Nokia, LG, Samsung, I-Mobile and Huawei. The company is officially authorized as the highest repair level operator, providing service through retail shops under Mobile Easy Shops, Blisstel Shops, and proprietary repair-only channels, namely Easy Fix Shops.

IEC Easy Fix Co., Ltd. also provides after-sales related businesses such as technical training programs for various levels of repair, logistics for inventory control, and delivery to outlets of parent company and dealers.

IEC Business Partners Co., Ltd.

IEC Business Partners Co., Ltd. (IECBP) invests in new businesses with well projected growth potential and investment returns.

In 2007, IECBP acquired assets in International Gasohol Corporation, i.e. ethanol production plant and equipment for operational use. Other investments are as follow:

1. Intertrade Asia Co., Ltd.

Intertrade Asia Co., Ltd. delivers international trade services, concentrating in the export of leading Thai products to Middle Eastern countries, where demand is elevated and buying power is high. 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% held by IECBP.

Its establishment is attributable to management's vision anticipating the potential of exporting construction materials and furniture to the United Arab Emirates and neighboring countries. The company integrates relevant suppliers and expedites export authorization. Currently, plans are underway for an overseas distribution hub in the UAE.

2. Amtech E&M (Thailand) Co., Ltd. (Former name: G.E.C. International Co., Ltd.)

Amtech E&M (Thailand) 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. The company 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 at that time 55% shares held by IECBP. On July 23, 2007, Amtech E&M (Thailand) raised its capital to THB 20 million but IECBP waived the right to capital increase, therefore, IECBP's stake was diluted to 13.75%.

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 2005, 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 systems; it currently offers services to government and private sectors covering acting as computer system integrator, smart card management provider, e-commerce business advisor, IT and intranet network developer, website developer and hosting service provider,. In the future, the company will probably expand operations to cover mobile application projects.

Crystal Agro Co., Ltd.

Crystal Agro Co., Ltd. invests in plant cultivation concession projects in Cambodia. The company was registered in the country, and later joined by IEC who acquired 50% ordinary shares of the THB 40 million registered capital. On September 14, 2007, the Board of Directors Meeting passed a resolution to totally divest in Crystal Agro. On September 17, 2007, the company entered into a share purchase agreement with an individual, and received total payment on November 16, 2007.

Structure of Shareholding and Investments in Subsidiaries

Company	Type of Business & Nature of Operation	Paid-up Capital (MB)	% Holding	Cost of Investment (MB)	Investment Value (MB)
<u>Subsidiaries</u>					
IEC Mobile Co., Ltd.	Distribution of mobile handsets and refillable cards	100	100.0	90.90	-
IEC Easy Fix Co., Ltd.	Mobile phone and accessories repairs	50	100	50	12.58
IEC Business Partners Co., Ltd.	Investments in other businesses	250	100	250	70
Intertrade Asia Co., Ltd. (whose shares held by IEC Business Partners Co., Ltd.)	Commercial trades	20	100	0	1.86
IEC Asset Co., Ltd. (Former name: Asia Access (Thailand) Co., Ltd.)	Manage IEC Building & property projects	285	100	285	50
IEC Technology Co., Ltd.	Full-range information technology services	50	65.0	32.50	-

Structure of Revenue

	% Holding	2007		2006		2005	
		MB	%	MB	%	MB	%
<u>Products and Services under the Company</u>							
Mobile phone business		2,212	55.97	2,284	52.42	4,493	84.73
Airtime service business		109	2.76	130	2.98	180	3.39
Engineering business		84	2.13	106	2.43	89	1.68
Computer software		-		60	1.38	-	-
Profit (Loss) from investment		254	6.43	3	0.07		
Shared profit from investment by equity method		56	1.42	-	-	5	0.09
Other revenues		100	2.52	39	0.90	49	0.93
Total Revenue for the Company		2,815	71.23	2,622	60.18	4,816	90.82
<u>Products under Subsidiaries</u>							
IEC Mobile Co., Ltd. – Distribution of mobile handsets	100.0	608	15.38	1,537	35.28	462	8.71
IEC Technology Co., Ltd. – IT services	65.0	19	0.48	4	0.09	7	0.13
IEC Asset Co., Ltd. – Investment in IEC Building (Formerly Internet Network Provider)	100.0	424	10.73	11	0.25	18	0.34
IEC Business Partners Co., Ltd. – Investment company	100.0	(5)	(0.13)	144	3.30	-	-
IEC Easy Fix Co., Ltd. – Mobile phone and accessories after-sales services	100.0	91	2.31	39	0.90	-	-
Total Revenue for the Company and the Subsidiaries		3,952	100.00	4,357	100.00	5,303	100.00
Growth Percentage (%)			(9.30)		(16.99)		4.11

Operating Results and Competitions

Overview

The International Engineering Public Company Limited mainly distributes mobile phones and engineering products, with THB 2,200 million registered capital and THB 1,749.2 million paid-up capital. The head office is located at 390 Ramkamhaeng Road, Hua Mark, Bangkok, Bangkok.

The company earned, as ended December 31, 2007, THB 3,287.6 million, compared to THB 4,281.1 million in the previous year, a THB 993.5 million or 23% decrease. The company and subsidiaries earned, as ended December 31, 2007, THB 3,951.7 million, compared to THB 4,357.2 million in the previous year, a THB 405.6 million or 9% decrease.

However, the company and subsidiaries earned profit as ended December 31, 2007 for an amount of THB 187.6 million, compared to THB 981.7 million loss in the previous year, a THB 1,169.3 million or 119% profit increase since in 2007, the company and subsidiaries expended 30% less SG & A, compared to that of 2006, also, as a result of a decrease in realized loss from impairment for investment by 88%, 162% sharp rise in shared profit by equity method and 424% profit gained from investment.

In 2007, over 70% of core revenue was generated from mobile phone business as 612,000 handsets were sold, surpassing the preceding year by 90,000 sets. However, revenue slipped from THB 3,821 million in 2006 to THB 2,820 million in 2007 due to the consumer trend to buy handsets in lower price ranges.

The company runs mobile business in a very competitive market environment for years. During 2006-2007, Thailand seriously encountered political and economic turmoil, which discouraged consumers spending.

In 2007, the company entered into the following significant transactions:

- January 26, 2007: IEC Business Partners Co., Ltd., a subsidiary of IEC acquired assets, which includes a factory and International Gasohol Corporation Co., Ltd. production facilities.
- September 14, 2007: The Board of Directors Meeting No. 8/2007 passed resolution, approving the company to divest all investment in Crystal Agro Co., Ltd., wherein the company holding 500 shares or 50% of registered capital.
- September 14, 2007: The Company entered into an agreement with Total Access Communication PCL (“DTAC”) to terminate the Airtime Provider Agreement signed on April 10, 1998 and its amendments before the contract expiry.
- December 19, 2007: The Board of Directors Meeting No. 11/2007 passed resolution, approving the company to divest all investment in BNB Inter Group Co., Ltd., wherein the company holding 2,500,000 shares or 23.81% of registered capital.

In 2007, the company initiated new projects and planned to engage future prospects as follow:

- **Engineering Business**
 - **Energy-saving products:** Apart from chiller optimizers for controlling functionality of chiller in air-conditioning system under representation, the company and a leading overseas energy-saving product supplier are in joint research for an energy reduction system in buildings in order to serve local needs. The said system is aimed at control and optimization of energy within large buildings, i.e. office building, hospital and hotel, etc.
 - **Alternative energy:** Under company's policy in extending coverage to alternative energy, the Engineering Division introduced zinc air fuel cells and solar cells to state and private entities, also issuing long-term plans to build a solar plant, selling electricity to the EGAT grid.
- **Information and Communication Technology Business (ICT Business)**
 - **System Integration:** In 2008, the company and partners win reliance from CAT Telecom PCL as a system integrator of Integrated Billing and Customer Services System (IBACSS), considered a major step towards becoming system integrator for a large-scale authority. The company also plans to continually bid projects in state-owned enterprises.
 - **Economical Communication:** VOIP and international calling cards provide convenient and cost-efficient solutions for corporate user. Individual users also enjoy cost-saving long distant calls.
 - **High-speed Internet:** The Company is on the verge of negotiation with domestic and overseas ISP to offer high-speed internet services for corporate and individual users.
 - **Multimedia Content Provider:** The multimedia content project has been study together with strategic partner as the company expects high potential growth in this business.
- **Mobile Phone After-Sales Service Business:** In 2008, IEC Easy Fix Co., Ltd. remains focused on extending coverage of service centers, keeping and developing service quality of call centers and other value-added services continuously from 2007, such as SMS repair status alert, etc. IEC Easy Fix is totally committed to obtaining the authorization for Nokia L3 Repair Center and DOA Claim Center in order to retain its position as Thailand's top Nokia vendor.
- **Logistics Business:** In 2008, Apart from the role of supporting and raising competitiveness for existing core business, in 2008, in managing resources and employees effectively and profitably, under improved IT and workflow management, the company will implement in outsourcing logistics and supply chain.

Mobile Phone Business

There was volatile competition in the mobile phone business all throughout 2007. After the liberalization of regulations governing import and distribution of mobile handsets in 2003, new entries overwhelmed the market at all levels. Distributors and dealers attempted to weather the storm by offering a variety of unique sales promotions, both products only and combination bundling of services into packages for customer selection. For instance, customers were given the option to buy supplier-warranty handsets lawfully imported or to buy other, unwarranted handsets generally imported from neighboring countries. The latter could offer guaranteed satisfaction without any official terms; the latter purchase option would often be less expensive than the supplier-warranted handsets.

However, pricing competition may be an asset to legitimate importers, especially in terms of launching new products. Because there is limited supply compared to market demand, legitimate importers can set viable higher retail prices than normal introductory prices. Competition at the distributor or dealer levels always combines value-added services and financial packages, i.e. installments, interest relief, phone trade-in as sales promotions. Fast-moving stock management is used to avoid business risks, and to promptly response to new products launched by vendors at high frequency. The price war always is used to gain financial liquidity from low liquidity inventory.

Generally, brand owners and vendors are encouraged to court dealerships with home-grown advantages, because of later possible exclusivity rights in a target region that help broaden distribution areas and enhance additional market share,. A vendor's motivating policy is to encourage competition at the medium to small dealership level.

Network operators also struggle in retaining and expanding their customer base and secure their market occupancy. Mobile handsets themselves are instrumental in developing sales and marketing activities. For instance, the granted exclusivity for certain models as a commercial strategy, product and 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 overall market size in 2007, based on total handsets sales, grew 12% or 8 million units, worth THB 4.5 billion. This growth showcased penetration at an increased rate in the mid to low-end market, particularly provincial markets. On the contrary, mid to high-end handsets expanded at a decreased rate, confirming our forecast. Therefore, the company emphasized penetration into provincial markets for new and replacement market users to mirror the current market trend.

New users markets are expected to be less active than replacement markets. Replacement markets represent customers with high purchasing power and who consume innovative technology, without waiting for the bulk of other consumers to make purchasing and replacement decisions. We will be focusing our marketing and sales activities in the replacement markets to retain and expand our customer base anticipating customer loyalty for years to come. Value-added services such as mobile contents will be a new source of revenue for mobile business in the future

Mobile Phone Retail Business

The company believes the mobile phone retail business is a promising opportunity since the vigorous changes due to 3G and CDMA revolutionary technology happened several years back. New generations of handsets are embedded with a variety of operating systems. Nokia, whose N-Series is tailored to meet mid to high end customers, reigns with 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 is to generate a new group of customers more inclined to cost-based motivation than brand loyalty Nokia retains its leading position with a market share of 64.3%, high enough to drive the price and profit standard for domestic distributors and dealers.

Therefore, the company has restructured its mobile phone retail business by spinning off the operation unit, establishing IEC Mobile Co., Ltd., 100% held by IEC. This is to enhance operability, keep flexibility and create versatility to compete against other retailers.

Airtime Provider and Customer Service Business

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 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 2007 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, PANASONIC and SAGEM 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 2008 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 were heavily contested in 2007 in offering sales promotions to attract subscribers, i.e. buffet call promotions, which help considerably switching prepaid users to subscribe postpaid. Also, change in government policy regarding interconnection charge (IC) burdened operators in extending their subscriber base.

Mobile Phone After-Sales and Supporting Service (IEC Easy Fix)

Current updates about Thai mobile phone users reveals there are totally 35 million handsets in use, indicating a growing number of handsets available for repair, both in and out of warranty.

In 2007, the company accomplished over 220,000 handset repair jobs, amounting to THB 95 million in revenue. IEC Easy Fix is considered the biggest player in today's after-sales market, regardless of dealer source.

Today, there is a tremendous number of repair shops. Most of them are small, one to two technician shops, lacking standard pricing, guaranteed quality repair ability, and technical work. Therefore, the company has extended its area of services by launching service centers throughout the country under the concept of "IEC Easy Fix Shop", located in convenience places, such as shopping malls and commercial areas. The company forecasts 80% of daily customers will have their handsets repaired within the same day.

Even though the company is struggling with direct and indirect competitors, the company is confident that it will

keep its marketing advantage due to over 20-years experience, a sizable number of nationwide branches and its technological strengths.

The company has outlined business roadmaps to secure collaboration with Nokia. From 2008 and forward, in terms of after-sales management structure, Nokia will bring their Global Policy into practice, by dividing level of repair into two categories. Level 1 and Level 2 will go to one provider, Level 3 for an alternate company. The company foresees the opportunity to monopolize the market by grabbing Level 3 repair. The company conducted a self-assessment that forecasts a convincing win over other bids since the company is highly skilled in the business and has lower operating costs compared to other operators owing to more effective management and historical background.

However, the company made a friendly gesture with strategic partners in order to keep the existing Level 1 and 2 businesses by partnering with 69 franchisees, resulting in the company becoming the provider with the highest numbers of service spots in Thailand.

Engineering Business

The company values the importance of its Engineering Business, the beginnings and foundations of the company. Today, the Engineering Business is divided into two groups: 1) Engineering Products and 2) Engineering Projects.

The company has gained recognition from state authorities for many of their engineering projects, including Network Protector of the Metropolitan Electricity Authority, Power Quality Analyzer of the Provincial Electricity Authority and projects under the Ministry of Health, State Railway of Thailand, Thailand Post Co., Ltd.

The engineering product covers low-voltage energy-saving devices, hi-tech metering, electronic weighing machines and after-sales service. The Engineering Division also acts as a system integrator to serve large-sized projects, such as Automatic Meter Reading System, with a combination of technologies.

In 2007, the company was awarded a contract by the Metropolitan Electricity Authority to do the procurement for 61 Network Protector Units, worth THB 80 million for installation in Wat Liab Bureau. The awarded contract was signed on October 3, 2007.

Roadmaps in developing engineering business cover energy-saving devices, i.e. chiller optimizer from US, a device controlling operation of a/c chiller by automatically analyzing sensitivity of cooling water at each temperature level. By doing so, three main factors in consideration are recycled cooling water, outside temperature and energy usage of every single chiller in a system.

The company also represents Australia's frictionless oil of Hi-Freeze, which helps raise efficiency of a/c compressors, saving more energy and providing longer time of usage.

Meanwhile, alternative energy is a preferred choice of investment. The company introduced solar cells to state and private-owned entities, and in the long run plans to build a solar plant to sell electricity to the "Adder Policy" grid of Electricity Generating Authority of Thailand.

Market valuation, segmentation and market sharing analysis, speaking about engineering business, are quite difficult to achieve since electrical devices vary. Major players in the industry are for example: Square-D/General Electric (GE)/ Cutler-Hammer and Merin Gerin (MG), etc. The market leader for weighing machines is Toledo, seconded by Kubota Yamato and A&D. The key drivers for success are technical skill & experience, and after-sales service.

Property-for-Rent Business

IEC Asset Co., Ltd. offers space-for-rent business in IEC Building, the asset has over 80% occupancy rate.

Investment Business

IEC Business Partners Co., Ltd. (IECBP), a subsidiary of IEC, was founded on February 1, 2006 with a paid up capital of THB 250 million. IECBP's objective is to invest in businesses that have capacity for continuing revenue growth and return on investment. In 2007, IECBP made the following investments:

1. Inter Trade Asia Co., Ltd.

Inter Trade Asia Co., Ltd. was established to serve international trading businesses. Emphasis was placed on exporting Thailand's leading products abroad, mainly to Middle Eastern countries which have high rated buying power. In particular, construction materials and furniture were exported to the United Arab Emirates and its neighbors because of high demand in those countries.

2. Amtech E&M (Thailand) Co., Ltd. (Name changed from G.E.C. International Co., Ltd. on April 24, 2007)

Amtech E&M (Thailand) Co., Ltd. (AMTECH) conducts electrical and mechanical engineering business, mainly targeting overseas E&M system implementation, especially in Middle Eastern countries such as the United Arab Emirates.

AMTECH increased its capital from THB 5 million to THB 20 million on July 23, 2007; however, IECBP waived the right to buy additional share capital. As a result, its holding percentage slipped from 55% to 13.75%.

AMTECH has formulated plans to set up a joint venture with local partners in UAE to secure opportunities in acquiring projects.

3. OneNet Co., Ltd.

IEC Business Partners Co., Ltd. (IECBP), August Asia Holdings Pte. Ltd. from Singapore, Dragon One PCL ("D1") and Infocomm Holdings BVI Ltd. jointly formed OneNet Co., Ltd. with the objective of rendering domestic services of online games imported from Japan, Taiwan and Korea.

In March 2007, OneNet debuted Emil Chronicle Online (ECO), a Japanese online game in Thailand under the support of Singapore's Infocomm Asia Holdings (IAH), the licensee of ECO in Asia & the Pacific region, together with E-Game and Gigamedia, ECO service providers in the Philippines and Taiwan respectively, and The9, China's ECO service provider and largest online game operator in China.

In Thailand, there are three major players vying for dominance in the online game business: Asiasoft Corporation, Inithree Digital and True Digital Entertainment. On the other hand, IEC has been given support from partners with abundant experiences in online gaming overseas; therefore, the investment decision was made.

Related Transactions

Related transactions with persons having conflict

- None

Financial Status

Revenue

The company earned, as ended December 31, 2007, THB 3,287.6 million, compared to THB 4,281.1 million in the previous year, a THB 993.5 million or 23% decrease.

The company and subsidiaries earned, as ended December 31, 2007, THB 3,951.7 million, compared to THB 4,357.2 million in the previous year, a THB 405.6 million or 9% decrease.

In 2007, fierce competition in the mobile phone business and an economy greatly impacted by soaring oil price, resulted in cautious consumer spending. Due to the company and its subsidiaries no longer owning PC counters, sales turnover relatively decreased.

The company registered loss as ended December 31, 2007 amounted to THB 215.6 million, compared to THB 980.5 million in the previous year, a decrease by THB 764.9 million or 78%.

The company and subsidiaries earned as ended December 31, 2007 amounted to THB 187.6 million profit, compared to THB 981.7 million in the previous year, an increased profit by THB 1,169.3 million or 119%.

Compared to 2006, in 2007, the company and subsidiaries expended 30% less SG & A, reduced realized loss from impairment for investment by 88%, felt a 162% sharp rise in shared profit by equity method and gained 424% profit from investment.

Cost of Sales and Service

In 2007, the cost of sales and service reached THB 2,792 million with a gross profit margin of 3.97%, compared to figures in 2006, totaling THB 4,061 million and 3.65% respectively. Even though the company experienced harsh competition in the mobile phone business, the GP margin in 2007 came close to 2006's because of more effective inventory management.

Selling, General and Administration Expenses

Selling, general and administration expenses of the company and subsidiaries in 2007 were THB 620 million, or a THB 261 million decrease from 2006. SG&A expenses were 15.70% of the total revenues in 2007, compared to 20.22% in 2006.

Assets

As of 31 December 2007, the company and subsidiaries had total assets of THB 2,986 million, a THB 653 million or 27.97% increase over the previous year since the short-term investment, as of the ending date, had a market cap higher than cost price. Meanwhile, the company held larger amounts of cash, cash equivalents and cash deposits at financial institutions due to the disposal of suites in condo and termination of the Airtime Provider Agreement.

Liabilities

As of 31 December 2007, the company and subsidiaries had total liabilities of THB 1,016 million, a THB 460 million or an 82.55% increase from the preceding year due to acquisition of assets, i.e. ethanol production factory and facilities.

Liquidity and Source of Capital

In 2007, the company and subsidiaries earned THB 81 million net cash since the company managed inventory effectively. During the current period, product orders were made in cash for discount purposes, which reduced cost of goods accordingly.

Cash flows used in investment activities in 2007 amounted to THB 235 million, derived from THB 69 million investments in net fixed and intangible assets, pledged deposits worth THB 212 million, THB 49 million investment in equity securities, THB 69 million increased payable to purchase of assets and THB 24 million proceeds from sales of investments.

Cash flow from financial activities in 2007 were THB 219 million due to THB 340 million long-term loan in default and THB 92 million decreased bank overdrafts and short-term loan, including THB 10 million repayment to debenture holder.

Risk Factors

1. Risks from operations and competitions

In 2007, the mobile phone business remained heavily contested. Product pricing declined substantially, leading to a decrease in gross profit margin. After all, new models replaced some models in distribution in a shortened period. New replacement models with developed features equivalent to earlier models made it difficult to deplete existing inventories. Also, in 2007, product prices fluctuated heavily due to price attacks among dealers.

For the airtime provider business, risks from overdue payment and fraudulent activity still existed. The company exercised certain measures, including pre-registration checks and call verification as a means to avoid possible risks.

2. Risks from deprivation of main distributorship

IEC Easy Fix Co., Ltd., is appointed by vendor as the mobile phone after-sales service provider; therefore Vendor's policy in appointing an after-sales service operator is a major blow to our business since the policy affects variably during in-warranty period including maintenance, fee reimbursement, technological support, marketing channels, right of service. To lessen the risk, the company has developed technical skills and quality control at highest level, as well as new management policy to respond with vendor's policy. For instance, the company improved and internationalized Level 3 repair center, which is Nokia's highest level of repair as part of defensive strategy to handle Nokia's policy change.

3. Risks from political and economic turmoil

Political and economic turmoil affected company business both direct and indirect ways in 2007. In a direct way, for example, auctions, procurements and hiring, project continuity, change of project supervisor in state-owned projects still impacted the company and subsidiaries for dependency of state-owned projects, such as Engineering Division and IEC Technology Co., Ltd. (IECT). Indirectly, consumers tended to slow down their decision to buy and invest. In this regard, the company managed the risk by broadening its revenue base for greater balance and coverage to lessen the impact over the company when such turmoil happened.

4. Risks from inventory management

The mobile phone is a technological product that is led by the ever-changing trend of fashion. Price reduction and fierce competition are key factors driving the company to stand on the brink of losses, including risk from holding outdated or less popular goods, price reduction and competition. More effective inventory management was the first priority; all related units strictly adhered to the implementation plan designated by the Marketing Division to analyze product & market

before instituting a purchasing plan. The Procurement and Sales Division was also consulted. Constant survey of inventory and marketing plan coordination with stock depletion was additionally carried out.

5. Risks from exchange rate

For the Engineering Division and telecom-related businesses, the exchange rate was the key determiner for cost of imported goods. To avoid cost fluctuation, the company will enter the forward contracts in the event that high risk from exchange rate fluctuation is identified.

6. Risks from investments

Investment in new business to increase group revenue contains risks from unrealized returns from variable causes, for instance political and economic uncertainty, competitions, and 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 in the field of investment, the company opted for 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 2007

The company entered into significant transactions in 2007 as follows:

1. Selling the Right of Ownership of Suites in SM Tower Condominium – the Former Head Office of the Company

The Board of Directors Meeting of The International Engineering Public Company Limited No. 1/2007 held on 26 January 2007 passed the resolution 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 THB 32,000 (Thirty two thousand baht) per square meter, totally worth THB 200,044,160 (Two hundred million forty four thousand one hundred and sixty baht).

Type of disposed assets	: Ownership of 25 suites in SM Tower Condominium.
Location	: Title deed no. 7690, 7829, 29436, 29437 and 91496, Tambon Samsennai (Samsennai North), Ampur Phyathai (Bangsue), Bangkok Metropolis. Land area: 2 rais 3 ngans 33.6 square wa, SM Tower Condominium, Registration No. 21/2536
Type of assets	: 25 suites in SM Tower Condominium, located on Floor number 24 27 28 29 and 30, totally 5 floors for an area of 6,251.38 square meters. The suites were former headquarters of the Company before moving to the new head office
Obligations over assets	: Currently, the 25 suites are hypothecated with Krungthai Bank PCL under THB 200 million pledge deal according to the pledge contract dated 15 October 2002 The asset disposed to the buyer is a transaction of sales without mortgage obligations
Reasons & Expected Benefit	: The Company desires to dispose the assets because the relocation of the head office to the IEC Building, Ramkamhaeng Road has been completed. The ownership of 25 suites should be sold to the interested buyer under the Company's conditions; and the Company is able to utilize the payment received as operating capital to ensure fluidity and as basis for generating revenue.

2. Acquisition of assets in International Gasohol Corporation Limited

The Board of Directors Meeting of IEC Business Partners Co., Ltd. (IECBP) on January 26, 2007 passed resolution, approving IECBP to acquire assets of International Gasohol Corporation Limited, namely ethanol production plant and equipment, worth THB 465 million (Four hundred and sixty five million baht). The transaction was also approved in the Board of Directors Meeting of The International Engineering Public Company Limited No. 1/2007 held on January 26, 2007.

Type of acquired assets	: 1. Land, which consist land deed no. 8651 8652 8653 8656 8659 8663 8668 8943 8636 8637 8649 8755 8756 26105 Nor Sor 3 Kor no. 291 293, total 38 rais 1 ngan 66 sqaure wa.
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2. Building and premises, consists of plant and office building of three floors, total 3,060 square meters and a boiler building of one floor, total 150 square meters.

3. Machineries, consisting machineries of the following processes

i. Fermentation Process

ii. Distillation Process

iii. Dehydration Process

iv. Supporting Machinery

Location : Land, building, premise and machineries situated in Nakarin Industrial Park, adjacent to Rayong-Banbueng Highway (HW. 3138), Tambon Nongbua, Bankhai, Rayong

3. Divestment of shares in Crystal Agro Co., Ltd.

The Board of Directors' Meeting No. 8/2007 of the International Engineering Public Company Limited held on 14 September 2007, passed resolution to dispose investment in Crystal Agro Co., Ltd., a Cambodian-registered company in which 50% registered capital is held by the Company. The transaction is a share disposition in Crystal Agro Co., Ltd., divesting 500 shares at USD 1,000 Par value: USD 1,000, totally worth USD 500,000 or equivalent to Major Ayuphan Karnasuta. After disposition, Crystal Agro Co., Ltd. is no longer a subsidiary of the company.

Type of disposed assets : Ordinary shares of Crystal Agro Co., Ltd.

Registered and paid-up capital : USD 1,000,000

No. of shares before disposition : 500 shares

No. of shares disposed : 500 shares

% of shareholding after transaction : -None-

4. Termination of the Airtime Provider Agreement against DTAC

On 14 September 2007, the company entered into an agreement to terminate the Airtime Provider Agreement signed on April 10, 1998 and its subsequent supplement agreements before expiry (Contract validity is 17 years, commencing April 10, 1998 until April 9, 2015) with Total Access Communication PCL ("DTAC"). Upon the transaction, the Company obtains THB 290 million cash in return.

Mode of contract : Airtime Provider Right according to the Airtime Provider Agreement signed on April 10, 1998 and its subsequent supplement agreements, which form an integral part of the Agreement.

Contractual right : The right over monetary benefits, accounting for 13% (exclusive VAT) of the total balance on billing statements (exclusive VAT) until the contract ends on April 9, 2015.

Total value of consideration : The total value of consideration in terminating the right as Airtime Provider, worth THB 290,000,000 (Two hundred and ninety million baht)

5. Divestment in BNB Inter Group Co., Ltd.

The Board of Directors Meeting of The International Engineering Public Company Limited No. 11/2007 held on 19 December 2007 passed the resolution approving the Company to execute divestment in BNB Inter Group Co., Ltd. by selling 2,500,000 ordinary shares held in BNB, or 23.81% of paid-up capital to Mr. Bhassakorn Buddhichewin at a selling price of THB 15 per share, worth a transaction value of THB 37.5 million (Thirty seven million five hundred thousand baht)

Type of disposed assets	:	Ordinary shares of BNB Inter Group Company Limited
Registered and paid-up capital	:	THB 105 million
Par Value	:	THB 10
Number of shares disposed	:	2,500,000 shares
Number of shares holding after disposition:		-None-
Proportion of shares holding before transaction:		23.81% of registered capital
Proportion of shares holding after transaction:		0.00%

Audit Committee Report

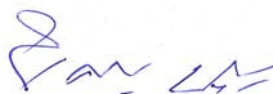
Dear shareholders of the International Engineering Public Company Limited

The company's Audit Committee consists of three independent directors, namely Mr. Vichet Bunthuwong, the Chairman, Mr. Sutee Phongpaiboon and Mr. Sitisit Wichaksanphong, members of the Committee. During 2007, meetings of the Audit Committee were held in six occasions.

The Audit Committee performs its scope of work, duties and responsibilities as appointed by the Board of Directors, upholding good governance policy as guidelines 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 2008

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.



(Mr. Vichet Bunthuwong)

Chairman of the Audit Committee

Audit report of Certified Public Accountant

To the Shareholders of The International Engineering Public Company Limited

I have audited the accompanying consolidated and separate balance sheet as at 31 December 2007, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended of The International Engineering Public Company Limited and its subsidiaries and of The International Engineering Public Company Limited, respectively. The Company's management 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 and the Company's financial statements for the year ended 31 December 2006 of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, were audited by another auditor who expressed a qualified opinion on those statements in his report dated 28 February 2007 that the 2006 consolidated financial statements of The International Engineering Public Company Limited and its subsidiaries included the financial statements of Crystal Agro Co., Ltd., which is a subsidiary in oversea. The financial statements of such subsidiary had been prepared by the subsidiary's personnel and had not been audited. In addition, he drew the attention to the matters regarding 1) the new business (selling software program, providing mobile casting services, purchasing and selling wood and agriculture business in Cambodia including paying consulting fee) 2) there were lawsuits relating to convertible debentures filed against the Company. As described in Note 36 to the financial statements, the Company's financial statements for the year ended 31 December 2006 have been restated for the effects of the change in accounting policy for investments in subsidiaries, jointly controlled entities and associates from the equity method of accounting to the cost method. I have audited the adjustments that were applied to the restatement of the Company's financial statements and in my opinion these adjustments are appropriate and have been properly applied.

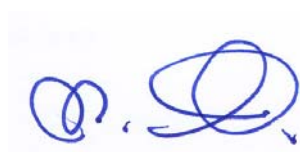
I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2007 and the results of operations and cash flows for the year then ended of The International Engineering Public Company Limited and its subsidiaries and of The International Engineering Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Without qualifying my opinion I draw your attention to Notes 2 and 39 to the financial statements as the following matters:

- a) As described in Note 2 to the financial statements, the consolidated and the separate financial statements as at 31 December 2007 included the financial statements of a subsidiary in the oversea until 30 September 2007 (the date that control ceased) have been prepared by the subsidiary's management and have not been audited by the auditor because updated financial information on such subsidiary was not available due to the Company sold the investment in the above subsidiary on 17 September 2007.

- b) As described in Note 39 to the financial statements in relation to purchase assets of a subsidiary from third party amounted to Baht 465 million, later on 26 February 2007, the above subsidiary was sued by the former owner of the subsidiary related to the above purchase of assets was invalid, of which the claim amount as at the sued date amounted to Baht 181 million with interest charge at 7.5 % per annum, and the criminal embezzlement. The Company's management and legal consultant provided their opinions that the purchase of assets of the subsidiary was a legal and righteous transaction. The act of the Company was not categorized as an illegal action in embezzling charge. Therefore, the management believes that there is no indemnity arisen from this issue to affect the subsidiary. Up to 28 February 2008, the cases have been still in the consideration of court and a ruling has not yet been received. As described in Notes 18 and 41 to the financial statements, as at 31 December 2007, the above mentioned subsidiary also failed to pay interest and did not maintain debts to equity ratio pursuant to the loan agreement with a domestic commercial bank. The above default entitles the bank to accelerate the maturity of all amounts outstanding immediately due. On 25 January 2008, the bank notified to cancel the loan agreement and called repayment of all principal with interest within 30 days. However, the subsidiary's management has been in the process of negotiation with the bank. These factors raise substantial doubt the ability of such subsidiary to continue as a going concern



(Narong Luktharn)

Certified Public Accountant

Registration number 4700

NPS Siam Audit Limited

Bangkok

28 February 2008

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2007 and 2006

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		(in Baht)			
Current assets					
Cash and cash equivalents	5	134,832,559	69,822,943	31,206,072	18,790,786
Current investments	6	846,439,854	218,493,431	266,736,414	102,813,230
Trade accounts receivable, net	4, 7	174,733,056	142,597,804	242,235,363	249,095,537
Short-term loans to related parties, net	4	5,962,786	1,102,454	617,192,012	299,871,703
Inventories, net	8	110,320,945	311,003,922	32,484,440	192,309,389
Securities receivable		-	26,282,348	-	-
Wood in a concession area	9	-	-	-	60,000,000
Prepaid expenses		43,505,109	8,239,465	40,427,152	4,110,290
Withholding tax		34,876,564	25,882,313	26,851,538	24,282,821
Value added tax recoverable		24,466,500	39,000,688	1,790,189	12,668,904
Other current assets	10	25,251,537	35,177,439	13,186,772	20,287,706
Total current assets		1,400,388,910	877,602,807	1,272,109,952	984,230,366
Non-current assets					
Investments in subsidiaries, jointly controlled entities and associates	11, 36	233,473,531	212,590,599	282,603,398	559,356,558
Other long-term investments, net	12	33,162,479	33,162,479	525,000	525,000
Property, plant and equipment, net	13, 18, 40	753,569,580	438,359,846	89,247,972	274,509,091
Intangible assets	14	198,107,789	611,839,816	29,528,627	363,628,781
Pledged deposits at financial institutions	40	337,618,812	125,921,637	336,679,000	123,961,659
Other non-current assets	15	29,864,655	34,000,202	18,514,801	18,114,146
Total non-current assets		1,585,796,846	1,455,874,579	757,098,798	1,340,095,235
Total assets		2,986,185,756	2,333,477,386	2,029,208,750	2,324,325,601

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2007 and 2006

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
		<i>(in Baht)</i>			
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	16	110,508,179	202,232,684	109,604,957	198,879,623
Trade accounts payable	4, 17	105,868,365	36,895,648	72,695,752	6,678,328
Long-term loan in default	18	339,734,669	-	-	-
Current portion of convertible debentures	21, 39	10,321,250	10,321,250	10,321,250	10,321,250
Short-term loans from related parties	4	420,052	537,719	10,816,945	115,763,599
Other short-term loans		1,680,000	1,680,000	-	-
Current portion of hire-purchase creditors	22	3,285,378	4,380,759	793,176	2,058,432
Accrued income tax		-	7,938,290	-	-
Securities payable		-	6,110,870	-	-
Payable to purchase of fixed assets		111,176,337	42,278,284	-	19,444,282
Advance received for wood in a concession area	19, 39	50,000,000	50,000,000	50,000,000	50,000,000
Accrued expenses		85,054,746	44,872,734	25,992,178	14,834,987
Other current liabilities	20	24,163,176	14,470,201	18,000,566	8,004,569
Total current liabilities		842,212,152	421,718,439	298,224,824	425,985,070
Non-current liabilities					
Convertible debentures	21, 39	-	10,295,000	-	10,295,000
Hire-purchase creditors	22	3,498,465	6,503,454	-	750,990
Provisions	23, 39	159,752,935	108,548,605	160,558,869	101,209,688
Other non-current liabilities		10,933,657	9,700,360	4,654,000	4,654,000
Total non-current liabilities		174,185,057	135,047,419	165,212,869	116,909,678
Total liabilities		1,016,397,209	556,765,858	463,437,693	542,894,748

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2007 and 2006

Liabilities and shareholders' equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		<i>(in Baht)</i>			
Shareholders' equity					
Share capital	24				
Authorized share capital		<u>2,200,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>
Issued and paid-up share capital		<u>1,749,229,000</u>	<u>1,749,229,000</u>	<u>1,749,229,000</u>	<u>1,749,229,000</u>
Reserves					
Share premium	25	32,555,093	1,006,805,332	32,555,093	1,006,805,332
Currency translation changes	26	-	2,397,215	-	-
Fair value changes of available-for-sale of securities	27	394	21,310	394	17,709
Retained earnings (deficit)					
Appropriated					
Legal reserve	28	400,000	400,000	400,000	400,000
Deficit	25, 36	<u>187,604,060</u>	<u>(974,250,239)</u>	<u>(216,413,430)</u>	<u>(975,021,188)</u>
Total equity attributable to the					
Company's shareholders		<u>1,969,788,547</u>	<u>1,784,602,618</u>	<u>1,565,771,057</u>	<u>1,781,430,853</u>
Minority interest		-	(7,891,090)	-	-
Total shareholders' equity		<u>1,969,788,547</u>	<u>1,776,711,528</u>	<u>1,565,771,057</u>	<u>1,781,430,853</u>
Total liabilities and shareholders' equity		<u>2,986,185,756</u>	<u>2,333,477,386</u>	<u>2,029,208,750</u>	<u>2,324,325,601</u>

The International Engineering Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2007 and 2006

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		(in Baht)			
Revenues					
Revenue from sales of goods and rendering of services		3,131,694,160	4,160,957,064	2,907,218,373	4,214,672,421
Rental income		41,710,314	26,194,652	-	-
Interest income		18,629,817	11,467,051	44,133,786	25,811,608
Net foreign exchange gain		1,037,154	-	836,550	-
Gain on investments		595,719,635	113,655,582	254,494,986	3,257,512
Gain on sales of property and equipment		49,273,851	4,082,053	49,258,780	4,082,053
Gain on sales of building and equipment		56,541,107	-	-	-
Other income	30	57,063,507	40,885,447	31,628,695	33,316,962
Total revenues		3,951,669,545	4,357,241,849	3,287,571,170	4,281,140,556
Expenses					
Cost of sales of goods and rendering of services	13, 14	2,930,374,700	4,017,584,794	2,791,772,189	4,060,998,279
Cost of rental		74,858,360	52,625,684	-	-
Selling and administrative expenses	13, 14, 31	620,223,755	881,139,357	407,734,603	722,162,492
Loss on impairment of investments		31,953,533	276,115,038	250,664,305	465,229,008
Loss on terminating airtime provider agreement	14	46,049,020	-	46,049,020	-
Share of losses from investments accounted for using the equity method		3,203,283	86,534,070	-	-
Total expenses		3,706,662,651	5,313,998,943	3,496,220,117	5,248,389,779
Loss before interest and income tax expenses		245,006,894	(956,757,094)	(208,648,947)	(967,249,223)
Interest expense and default interest expense	33	57,402,834	15,957,210	6,993,534	13,266,153
Income tax expense	34	-	9,089,728	-	-
Loss after tax		187,604,060	(981,804,032)	(215,642,481)	(980,515,376)
Net (profit) loss of minority interest		-	141,090	-	-
Net loss		187,604,060	(981,662,942)	(215,642,481)	(980,515,376)
Basic loss per share (Baht)	35	0.11	(0.61)	(0.12)	(0.61)

The International Engineering Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2007 and 2006

Consolidated financial statements										
<u>Retained earnings (Deficit)</u>										
Note	Issued and paid-up share capital	Share premium	Advance received from share subscription	Currency translation changes	Fair value changes of available-for-sale of securities	Appropriate to legal reserve	Unappropriated/ (Deficit)	Total equity attributable to the Company's shareholders	Minority interest	Total shareholders' equity
(in Baht)										
Balance as at 1 January 2006	1,333,200,000	492,472,671	121,000,000	-	10,955	400,000	7,412,703	1,954,496,329	-	1,954,496,329
Other net changes in fair value	-	-	-	-	10,355	-	-	10,355	-	10,355
Translation loss relating to financial statements of foreign operations	-	-	-	2,397,215	-	-	-	2,397,215	-	2,397,215
Net loss	-	-	-	-	-	-	(981,662,942)	(981,662,942)	-	(981,662,942)
Issue of share capital	416,029,000	514,332,661	(121,000,000)	-	-	-	-	809,361,661	-	809,361,661
Minority interest	-	-	-	-	-	-	-	-	(7,891,090)	(7,891,090)
Balance as at 31 December 2006	<u>1,749,229,000</u>	<u>1,006,805,332</u>	<u>-</u>	<u>2,397,215</u>	<u>21,310</u>	<u>400,000</u>	<u>(974,250,239)</u>	<u>1,784,602,618</u>	<u>(7,891,090)</u>	<u>1,776,711,528</u>

Balance as at 1 January 2007	1,749,229,000	1,006,805,332	-	2,397,215	21,310	400,000	(974,250,239)	1,784,602,618	(7,891,090)	1,776,711,528
Other net changes in fair value	-	-	-	-	(20,916)	-	-	(20,916)	-	(20,916)
Translation relating to										
financial statements of foreign operations	-	-	-	(2,397,215)	-	-	-	(2,397,215)	-	(2,397,215)
Net loss	-	-	-	-	-	-	187,604,060	187,604,060	-	187,604,060
Transfer share premium										
compensating deficit	25	(974,250,239)	-	-	-	-	974,250,239	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	7,891,090	7,891,090
Balance as at 31 December 2007	1,749,229,000	32,555,093	-	-	394	400,000	187,604,060	1,969,788,547	-	1,969,788,547

The International Engineering Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2007 and 2006

		Separate financial statements (Restated)							
							<u>Retained earnings (Deficit)</u>		
	<i>Note</i>	Issued and paid-up share capital	Share premium	Advance received from share subscription	Currency translation changes <i>(in Baht)</i>	Fair value changes of available-for-sale of securities	Appropriate to legal reserve	Unappropriated/ (Deficit)	Total shareholders' equity
Balance as at 1 January 2006		1,333,200,000	492,472,671	121,000,000	-	10,955	400,000	7,412,703	1,954,496,329
Change in accounting policy	36	-	-	-	-	-	-	(1,918,515)	(1,918,515)
Restated balance		1,333,200,000	492,472,671	121,000,000	-	10,955	400,000	5,494,188	1,952,577,814
Other net changes in fair value		-	-	-	-	6,754	-	-	6,754
Net loss		-	-	-	-	-	-	(980,515,376)	(980,515,376)
Issue of share capital		416,029,000	514,332,661	(121,000,000)	-	-	-	-	809,361,661
Balance as at 31 December 2006		1,749,229,000	1,006,805,332	-	-	17,709	400,000	(975,021,188)	1,781,430,853

Balance as at 1 January 2007		1,749,229,000	1,006,805,332	-	-	17,709	400,000	(974,250,239)	1,782,201,802
Change in accounting policy	36	-	-	-	-	-	-	(770,949)	(770,949)
Restated balance		1,749,229,000	1,006,805,332	-	-	17,709	400,000	(975,021,188)	1,781,430,853
Other net changes in fair value		-	-	-	-	(17,315)	-	-	(17,315)
Net loss		-	-	-	-	-	-	(215,642,481)	(215,642,481)
Transfer share premium compensating deficit	25	-	(974,250,239)	-	-	-	-	974,250,239	-
Balance as at 31 December 2007		1,749,229,000	32,555,093	-	-	394	400,000	(216,413,430)	1,565,771,057

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2007 and 2006

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>					
Net loss		187,604,060	(981,662,942)	(215,642,481)	(980,515,376)
<i>Adjustment</i>					
Interest income		(18,629,817)	(11,467,051)	(44,133,786)	(25,811,608)
Interest expense and default interest expense		57,402,834	15,957,210	6,993,534	13,266,153
Doubtful accounts		23,749,545	17,928,771	62,607,223	167,189,175
Unrealized loss on exchange		148,904	21,052	15,618	21,052
Allowance for diminution in value of inventories					
(Reversal)		(101,496,486)	113,556,239	(56,206,835)	59,229,557
Depreciation and amortization		101,218,457	152,447,809	61,200,699	125,247,156
Amortization of goodwill		68,793,356	-	-	-
Loss from equipment and intangible assets written off		896,694	-	20,676	2,414,547
Gain on sales of property and equipment		(49,273,851)	(4,093,223)	(49,258,780)	(4,090,902)
Allowance for impairment of wood in a concession area		-	-	60,000,000	-
Allowance for impairment of assets		-	210,917,149	-	203,447,533
Loss on impairment of investments		31,953,533	276,115,039	250,664,305	465,229,008
Gain on investments		(595,719,635)	(113,655,582)	(254,494,986)	(3,257,512)
Estimate loss from liabilities		44,497,092	15,000,000	43,363,704	15,000,000
Provision for loss from lawsuits		-	2,670,881	-	2,670,881
Loss from terminating airtime provider agreement		46,049,020	-	46,049,020	-
Gain from redemption of debenture		-	(14,643,510)	-	(14,643,510)
Share of losses from investments accounted for using the equity method		3,203,283	86,534,070	-	-
Share of gains from investments accounted for using the equity method		(56,541,107)	-	-	-
Loss of minority interest		7,891,090	-	-	-
Income tax expense		-	9,089,728	-	-
		(248,253,028)	(225,284,360)	(88,822,089)	25,396,154
<i>Change in operating assets and liabilities</i>					
Trade accounts receivable		(32,089,698)	190,578,197	(18,017,566)	(62,658,576)
Due from related parties		(5,526,930)	(2,730,597)	(6,589,645)	(56,812,239)
Inventories		302,179,463	(73,567,290)	216,031,783	97,013,680
Cash outflow on wood in a concession area		-	-	-	(60,000,000)
Securities receivables		26,282,348	-	-	-
Prepaid expenses		(35,265,644)	-	(36,316,862)	-
Value added tax recoverable		14,534,188	-	10,878,716	-
Other current assets		3,829,702	(88,504,144)	(529,707)	(16,608,345)
Other non-current assets		4,135,547	(11,338,677)	(400,655)	(854,892)
Trade accounts payable		68,839,430	(150,857,263)	66,017,423	(176,982,358)
Due to related parties		(117,666)	191,643	(15,946,654)	24,662,803
Advance received for wood in a concession area		-	50,000,000	-	50,000,000
Accrued expenses		3,101,646	9,888,538	11,157,190	(41,478,430)

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2007 and 2006

	Consolidated		Separate	
	financial statements		financial statements	
Note	2007	2006	2007	2006
	(in Baht)			
				(Restated)
Securities payables	(6,110,870)	-	-	-
Other current liabilities	1,696,633	10,356,414	9,995,997	729,018
Other non-current liabilities	1,233,297	(3,903,912)	-	-
Withholding income tax received	16,413,257	-	16,413,257	-
Income tax paid	(33,345,798)	(10,690,866)	(18,981,974)	(7,869,564)
Net cash provided by (used in) operating activities	81,535,877	(305,862,317)	144,889,214	(225,462,749)
<i>Cash flows from investing activities</i>				
Interest received	9,785,127	7,917,640	12,465,691	3,730,083
Dividends received	-	6,718,531	-	-
Pledged deposits at financial institutions	(211,697,176)	(78,513,434)	(212,717,341)	(78,503,455)
Purchase of property, plant and equipment	(527,255,822)	(256,178,534)	(6,615,920)	(115,977,284)
Sales of property and equipment	198,219,580	27,959,800	208,428,655	26,637,911
Proceed from terminating airtime provider agreement	261,000,000	-	261,000,000	-
Short-term loans to related parties	(8,205,742)	(3,706,979)	(387,769,542)	(190,000,000)
Proceeds from short-term loans to related parties	-	-	78,590,000	-
Purchase of equity securities	(953,665,327)	(762,413,117)	(185,231,298)	(182,583,483)
Sale of equity securities	905,005,598	607,556,905	275,691,444	83,202,996
Purchase of intangible assets	(1,125,000)	-	(1,463,077)	-
Payable to purchase of fixed assets	68,898,053	-	(19,444,282)	-
Cash outflow on concession on agro-industry project	-	(38,449,955)	-	-
Cash outflow for computer software	-	(60,500,000)	-	(60,500,000)
Purchase of shares in associates and related companies	(138,392,337)	(516,394,000)	(30,823,749)	(727,364,000)
Proceeds from sale of investments	162,012,818	82,299,706	72,992,423	-
Excess of the acquisition cost over carrying amount of investments	-	(30,343,401)	-	-
Net cash provided by (used in) investing activities	(235,420,228)	(1,014,046,838)	65,103,004	(1,241,357,232)
<i>Cash flows from financial activities</i>				
Interest paid	(14,723,340)	(6,229,695)	(6,993,534)	(8,112,444)
Bank overdrafts and short-term loans from financial institutions	(91,724,505)	202,232,684	(89,274,666)	198,879,623
Hire-purchase creditors	(4,100,370)	5,822,105	(2,016,245)	(2,252,686)
Long-term loans in default	339,734,669	-	-	-
Short-term loan from related parties	-	-	-	89,000,000

The International Engineering Public Company Limited and its Subsidiaries
Statements of cash flows
For the years ended 31 December 2007 and 2006

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006 (Restated)
		<i>(in Baht)</i>			
Repayment of short-term loan from related parties		-	-	(89,000,000)	(5,000,000)
Repayment of convertible bonds		(10,295,000)	(79,155,813)	(10,295,000)	(45,651,490)
Minority interest		-	(7,891,090)	-	-
Proceeds from issue of share capital		-	819,285,950	-	812,493,352
Cash outflow on consulting fee for capital increased		-	(9,924,289)	-	(3,131,692)
Net cash provided by (used in)					
financing activities		218,891,454	924,139,852	(197,579,445)	1,036,224,663
Net increase (decrease) in cash and					
cash equivalents		65,007,103	(395,769,303)	12,412,773	(430,595,318)
Cash and cash equivalents at beginning of year	5	69,822,943	465,592,246	18,790,786	449,386,104
Effect of exchange rate changes on balances					
held in foreign currencies		2,513	-	2,513	-
Cash and cash equivalents at end of year	5	134,832,559	69,822,943	31,206,072	18,790,786

The International Engineering Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2007 and 2006

These notes form an integral part of the financial statements.

The interim financial statements were authorized for issue by the directors on 28 February 2008.

1. General information

The International Engineering Public Company Limited (“the Company”) is incorporated in Thailand and has its registered office at 390, IEC Complex Building, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok.

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

The Company’s major shareholders as at 31 December 2007 are Miss Chatsuda Benjanivat, Mrs. Pongphan Bulapak and Mrs. Chatikan Leeissaranukul who held 9.91%, 5.01% and 2.52%, respectively of total paid up share capital.

The principal activities of the Company are operating as a distributor of mobile phones and engineering products and airtime provider for a cellular telephone service (Digital PCN 1800). On 14 September 2007, the Company signed off the memorandum in order to terminate the airtime provider agreement effective from 1 August 2007.

Details of the Company’s subsidiaries and joint-controlled entities are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
			2007	2006
<i>Direct subsidiaries</i>				
1. IEC Mobile Co., Ltd	Sales of mobile phones and simcards	Thailand	100	100
2. IEC Technology Co., Ltd.	Information technology service	Thailand	65	65
3. IEC Asset Co., Ltd.	Lease of property and service	Thailand	100	100
4. IEC Easy Fix Co., Ltd.	Repairing services for mobile phones and accessories	Thailand	100	100
5. IEC Business Partners Co., Ltd.	Investment	Thailand	100	100
6. Crystal Agro Co., Ltd.	Agro-industry business (financial statements included up to 30 September 2007, the date that control ceased)	Cambodia	-	50

	Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
				2007	2006
<i>Indirect subsidiaries</i>					
1	Intertrade Asia Co., Ltd.	Commercial business	Thailand	100	100
2	Amtech E&M (Thailand) Co., Ltd. (Formerly: G.E.C International Co., Ltd.)	Electric engineering and machine business (financial statements included up to 23 July 2007, the date that control ceased)	Middle East Asia	13.75	55
3	Application Hosting Services Co., Ltd.	Sales of software (financial statements included up to 25 September 2006, the date that control ceased)	Thailand	-	8.9
4	OneNet Co., Ltd. (Formerly: Info Comm (Thailand) Co., Ltd.)	Online game business (financial statements included up to 21 December 2006, the date that control ceased)	Thailand	35.58	49
<i>Joint-controlled entity</i>					
1.	IEC Internet Co., Ltd.	Internet service provider (Ceased its operations)	Thailand	65	65

The Board of Directors Meeting held on 14 September 2007 resolved to authorize the Company sold all investment in Crystal Agro Co., Ltd. of 500 shares of US\$ 1,000 par value at the price of US\$ 1,000. On 17 September 2007, the Company entered into the share sale agreement with third party in order to sell ordinary shares of Crystal Agro Co., Ltd. of 500 shares at the price of US\$ 1,000, totaling US\$ 500,000. The buyer agrees to pay in full amount within 16 November 2007 that such day assumes as the date of settlement, and the Company will transfer ownership in ordinary shares. On 8 November 2007, the Company received the payment of sale of the above investments amounting to USD 500,000 equivalent to Baht 16,790,000 and had net of gain from sale of investments amounting to Baht 6,790,000 in the financial statements.

On 25 September 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 25 September 2006.

On 21 December 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, holding 51% interest in the registered share capital. The management considered to consolidate the financial statements of OneNet Co., Ltd. up to 21 December 2006.

2. Basis of preparation of financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the standards has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand. Please also see Notes 36 and 42 to the financial statements.

The financial statements are presented in Thai Baht. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets, liabilities and contingent liabilities that are not readily apparent from other sources. Accordingly, actual results, which are based on assumptions and affect to the carrying amount of assets and liabilities, may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The consolidated and separate financial statements for the year ended 31 December 2007 have been prepared basing on financial information of a subsidiary in oversea (Crystal Agro Co., Ltd.) until 30 September 2007 (the date that control

ceased), which was prepared by the subsidiary's management and was not audited by the auditor because updated financial information on such subsidiary was not available due to the Company sold the investment in the above subsidiary on 17 September 2007. The Company's management also does not believe that lack of update financial information would significantly affect to the consolidated and separate financial statements for the year ended 31 December 2007.

The consolidated financial statements of the Company for the year ended December 31, 2006 included the financial statements of Crystal Agro Co., Ltd., a subsidiary in Cambodia. The financial statements of Crystal Agro Co., Ltd. were prepared by the subsidiary's personal and were not yet audited, and total assets amounted to Baht 45 million, total liabilities amounted to Baht 63 million and total deficit in shareholders' equity amounted to Baht 18 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 absorbed loss in excess of its capital, incurred prior to the investment date, of Baht 10 million as included in minority interest.

The financial information of the subsidiary referred to above was as follows:

	Ownership interest	
	2007	2006
	(%)	
<i>Direct subsidiaries</i>		
Crystal Agro Co., Ltd.	-	50

Summary of balance sheet information of the above subsidiary had been prepared by the subsidiary's management and had not been audited by the auditor as follows:

	30 September 2007	31 December 2007	31 December 2006
	<i>(in million Baht)</i>		
Information of balance sheet (Before elimination)			
Current assets	6	-	7
Non-current assets	34	-	38
Total assets	<u>40</u>	<u>-</u>	<u>45</u>
Current liabilities	61	-	-
Non-current liabilities	8	-	63
Total liabilities	<u>69</u>	<u>-</u>	<u>63</u>

Deficit in shareholders' equity	(29)	-	(18)
Total liabilities and deficit in shareholders' equity	<u>40</u>	<u>-</u>	<u>45</u>

Summary of statements of income information of the above subsidiary had been prepared by the subsidiary's management and had not been audited by the auditor as follows:

	For the period ended 30 September 2007	For the year ended 31 December 2006
	<i>(in million Baht)</i>	
Information of statement of income (Before elimination)		
Total revenues	-	-
Total expenses	6	-
Interest expense	-	-
Net loss	<u>6</u>	<u>-</u>

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Balance sheet information				
Investment in subsidiary	-	-	-	20
Short-term loans to related parties	4	-	4	3
Allowance for doubtful accounts	(4)	-	(4)	-
Wood in a concession area	60	-	60	60
Allowance for impairment	(60)	-	(60)	-
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>83</u>

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended			
	31 December			
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Statement of income information				
Revenues				
Net gain from sales of investment	7	-	7	-
Expenses				
Doubtful account	4	-	4	-
Impairment loss	60	-	60	-
Net	(57)	-	(57)	-

3 Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and jointly controlled entities (together referred to as the “Group”) and the Group’s interests in associates.

Significant intra-group transactions between the Company and its subsidiaries and jointly controlled entities are eliminated on consolidation.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from their activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group’s proportionate share of the entities’ assets,

liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entities

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the balance sheet date.

The revenues and expenses of foreign entities are translated to Thai Baht at the rate approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognized in a separate component of equity until disposal of the investments.

3.3 *Derivative financial instruments*

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

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

3.4 *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

3.5 *Trade and other accounts receivable*

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

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

The Group provides for an allowance for doubtful accounts for overdue receivables from 6-12 months at the rate of 50% and over 12 months at the rate of 100%.

3.6 *Inventories*

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

Cost is calculated using the moving average cost and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In case of work in process, cost includes spare parts and supplies, labor cost including appropriate share of costs based on service to be provided.

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

Allowance for decline in value of the Group is made for all deteriorated, obsolete and slow-moving inventories as follows:

Aging period	Rate of setting up allowance for decline in value of inventory (%)
From 3 months – 6 months	50
More than 6 months	100

3.7 Investments

Investments in subsidiaries, jointly-controlled entities and associates

Investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements are accounted for using the cost method less an allowance for devaluation of investments. This is a change of accounting policy as disclosed in Note 36 to the financial statements. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other equity securities

Marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of income.

Marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses, which are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income.

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

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the balance sheet date.

Disposal of investments

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

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

3.8 *Property, plant and equipment*

Owned assets

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

Leased assets

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

Borrowing costs

Borrowing costs incurred relating to plant under construction and machinery under installation are capitalized as part of the cost of construction and machinery.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Depreciation

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

Land and construction in progress	No depreciation
Buildings	20 years
Leasehold building improvement	5-17 years
Leased equipment	5 years
Tools and equipment	5 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

3.9 Intangible assets

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of net assets acquired.

Goodwill is stated at cost less accumulated amortization and impairment losses in separate financial statements.

Goodwill on purchase of shares in subsidiaries and associates is included in investments.

Balance of goodwill of investments which were sold, is included in gain or loss from disposal of investments.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortised but are systematically tested for impairment at each balance sheet date. The estimated useful lives are as follows:

Cost of purchase of subscribers		17	years
Software licences		5	years
Leasehold rights	Over the estimated lease period	17	years
Concession on agro-industry project	Over the term of concession agreement	70	years
Franchise fee	Over the term of agreement	10	years

3.10 *Impairment*

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

3.12 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities. If claim incurs during the specified period, repairing expense is recognized.

3.13 Revenue

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

Sale of goods and services rendered

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

Revenue from sale of wood is recognized in the statement of income when cutting the wood and transporting them outside the concession area.

Service income as an airtime provider, mobile phone repairing, warehouse managing and training are recognized as services are provided.

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

Rental and service income pursuant to lease and service agreements is recognized basing on the revenue sharing percentage stipulated in the related contract as installments fall due and service is provided.

Initial fee income is recognized when the payment received pursuant to agreements.

Other service income is recognized as services are provided

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established. Usually, in case of marketable securities, dividend income is recognized on the date of dividend declared.

Other income is recognized on an accrual basis.

3.14 Expenses

Expenses are recognized on the accrual basis.

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred.

3.15 Income tax

Income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted the balance sheet date, and any adjustment to tax payable in respect of previous years.

3.16 *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

4 **Related party transactions and balances**

Related parties are those parties linked to the Group and the Company by as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The followings are relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group.

Related parties	Natures of relationship
1. IEC Mobile Co., Ltd.	Subsidiary
2. IEC Technology Co., Ltd.	Subsidiary
3. IEC Asset Co., Ltd.	Subsidiary
4. IEC Easy Fix Co., Ltd.	Subsidiary
5. IEC Business Partners Co., Ltd.	Subsidiary
6. Crystal Agro Co., Ltd.	Subsidiary as from 2006 to 17 September 2007
7. Intertrade Asia Co., Ltd.	Indirect subsidiary held by IEC Business Partners Co., Ltd.
8. Amtech E&M (Thailand) Co., Ltd. (Formerly: "G.E.C International Co., Ltd.")	Related company as from 23 July 2007 and being subsidiary in the period of December 2006
9. Application Hosting Services Co., Ltd.	Related company from December 2006 -2007 and being associate in the period of September 2006
10. OneNet Co., Ltd.	Associate
11. IEC Internet Co., Ltd.	Jointly controlled entity
12. Micronic Public Company Limited	Associate
13. LOCUS Telecommunication Inc. Ltd.	Associate
14. BNB Inter Group Co., Ltd.	Associate
15. Bliss-Tel Public Company Limited	Associate which is held at 16.5% of paid-up share capital and 20% of directors act as the

	company's representatives and some common director
16. Ethnic Earth.Com Holdings Co., Ltd.	Related company by shareholding
17. The M. Group Public Company Limited	Related company by shareholding
18. Sri U-Thong Co., Ltd	Related company by shareholding
19. Kasalong Hotel and Resort Co., Ltd.	Related company by shareholding

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

	Pricing policies
Sales of goods and rendering of services	Market price
Rental income	Contract price
Sales of fixed assets	Higher than book value
Interest income	7.5-8.0% per annum
Purchase of goods	Cost plus margin
Rental expense	Contract price
Inventory management expense	Contract price
Interest expense	7.5-8.0% per annum
Directors' remunerations represent director bonus and meeting allowance	The amounts are approved by the Company's directors and shareholders

Significant transactions for the years ended 31 December 2007 and 2006 with related parties were summarized as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Revenue				
Subsidiaries				
Sales of goods and rendering of services	-	-	503,726,504	1,637,513,821
Sales of fixed assets	-	-	19,743,106	21,284,254
Interest income	-	-	30,854,226	19,716,992
Associates				
Sales of goods and rendering of services	629,926,470	116,828,007	629,926,470	116,828,007
Rental income	7,469,465	-	-	-
Interest income	138,192	1,400,625	-	1,400,625
Other related parties				
Interest income	2,607,329	1,203,900	2,607,329	1,203,900
Expenses				
Subsidiaries				
Purchase of goods	-	-	8,171,315	3,893,151
Interest expense	-	-	1,007,675	3,035,959
Selling and administrative expenses	-	-	27,277,833	9,191,527
Associates				
Purchase of goods	519,300,103	192,487,834	519,300,103	192,487,834
Related persons				
Directors' remuneration	11,130,000	11,587,204	5,890,000	7,087,204

Balance as at 31 December 2007 and 2006 with related parties were as follows:

Trade accounts receivable from related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Subsidiaries				
IEC Mobile Co., Ltd.	-	-	261,084,844	291,500,199
IEC Easy Fix Co., Ltd.	-	-	579,048	-
Associates				
Bliss-Tel Public Company Limited	75,682,751	2,730,597	74,085,356	1,150,683
OneNet Co., Ltd.	1,277,847	-	-	-
	<u>76,960,598</u>	<u>2,730,597</u>	<u>335,749,248</u>	<u>292,650,882</u>
Less allowance for doubtful accounts	-	-	(162,050,959)	(136,726,415)
Net	<u>76,960,598</u>	<u>2,730,597</u>	<u>173,698,289</u>	<u>155,924,467</u>

Short-term loans to related parties

	Interest		Consolidated		Separate	
	rate		financial statements		financial statements	
	2007	2006	2007	2006	2007	2006
	<i>(% per annum)</i>				<i>(in Baht)</i>	
Short-term loans						
Subsidiaries						
IEC Asset Co., Ltd.	7.5-8.0	7.5	-	-	473,097,800	237,877,000
IEC Technology Co., Ltd.	7.5-8.0	7.5	-	-	73,923,000	52,920,000
IEC Business Partners Co.,Ltd.	8.0	-	-	-	28,970,000	-
IEC Easy Fix Co., Ltd.	8.0	-	-	-	22,280,000	-
Crystal Agro Co., Ltd.	7.5	7.5	3,000,000	-	3,000,000	3,000,000
Associates						
OneNet Co., Ltd.	8.0	-	3,500,000	-	-	-
Micronetic Public Company Limited	7.5-15.0	7.5	20,380,742	18,675,000	20,380,742	18,675,000

Jointly-controlled**entities**

IEC Internet Co., Ltd.	2.0-8.0	2.0-7.5	30,355,698	30,355,698	-	-
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Other related parties

Ethnic Earth.Com

Holding Co., Ltd.	7.0-7.5	7.0-7.5	16,770,000	16,770,000	16,770,000	16,770,000
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			<u>74,006,440</u>	<u>65,800,698</u>	<u>638,421,542</u>	<u>329,242,000</u>
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Less allowance for

doubtful accounts

			<u>(68,800,698)</u>	<u>(65,800,698)</u>	<u>(110,880,828)</u>	<u>(88,687,920)</u>
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Net

			<u>5,205,742</u>	<u>-</u>	<u>527,540,714</u>	<u>240,554,080</u>
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Other receivable and**advance****Subsidiaries**

IEC Mobile Co., Ltd.			-	-	10,849,509	16,938,120
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IEC Technology Co.,			-	-	7,419,615	3,088,091
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Ltd.

IEC Asset Co., Ltd.			-	-	39,050,937	19,689,107
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IEC Business Partners

Co., Ltd.			-	-	461,682	191,800
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Intrade Asia Co., Ltd.			-	-	8,439	21,537
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IEC Easy Fix Co., Ltd.			-	-	31,849,962	18,279,505
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Crystal Agro Co., Ltd.			1,050,182	-	1,050,182	3,082
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Associates

OneNet Co., Ltd.			598,068	-	8,350	3,927
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Micronetic Public

Company Limited			3,157,088	1,753,659	3,157,088	1,753,659
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Other related parties

Amtech E&M

(Thailand) Co., Ltd.			156,172	-	-	-
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Application Hosting

Services Co., Ltd.			-	1,102,454	-	1,102,454
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Ethnic Earth.Com

Holding Co.,Ltd.			5,323,547	4,119,647	5,323,547	4,119,647
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	Interest rate		Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006	2007	2006
	<i>(% per annum)</i>		<i>(in Baht)</i>			
The M Group Public Company Limited			450,000,000	450,000,000	450,000,000	450,000,000
			460,285,057	456,975,760	549,179,311	515,190,929
Less allowance for doubtful Accounts			(459,528,013)	(455,873,306)	(459,528,013)	(455,873,306)
Net			757,044	1,102,454	89,651,298	59,317,623
Total			5,962,786	1,102,454	617,192,012	299,871,703
Doubtful debt expenses for the year			3,000,000	-	22,192,908	-

Movements of short-term loans to related parties during the years ended 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
At 1 January	65,800,698	65,800,698	329,242,000	139,242,000
Increase	8,205,742	-	387,769,542	274,750,000
Decrease	-	-	(78,590,000)	(84,750,000)
At 31 December	74,006,440	65,800,698	638,421,542	329,242,000

Investments in subsidiaries, jointly controlled entities and associates were as details in Note 11 to the financial statements.

Trade accounts payable – related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Subsidiaries				
IEC Mobile Co., Ltd.	-	-	1,940	-
IEC Easy Fix Co., Ltd.	-	-	3,521,17	-
Associates				
Bliss-Tel Public Company Limited	11,855,031	-	11,477,130	-
Total	11,855,031	-	15,000,250	-

Short-term loans from related parties

	Interest		Consolidated		Separate	
	rate		financial statements		financial statements	
	2007	2006	2007	2006	2007	2006
	<i>(% per annum)</i>		<i>(in Baht)</i>			
Short-term loans						
Subsidiaries						
IEC Business Partners Co., Ltd.	-	7.5	-	-	-	89,000,000
			-	-	-	89,000,000

Other payable and advance

Subsidiaries						
IEC Technology Co., Ltd.			-	-	840	7,955
IEC Mobile Co., Ltd.			-	-	854,600	3,538,621
IEC Asset Co., Ltd.			-	-	635,400	153,502
IEC Business Partners Co., Ltd.			-	-	4,315,800	-
IEC Easy Fix Co., Ltd.			-	-	4,760,211	22,621,802
Associates						
Bliss-Tel Public Co., Ltd.			42,400	191,64	-	191,643
OneNet Co., Ltd.			31,570	-	-	-
Micronetic Public Company Limited			346,070	346,07	250,070	250,070
			420,050	537,71	10,816,940	26,763,599
Total			420,050	537,71	10,816,940	115,763,599

Directors' remuneration

The Ordinary General Meeting of Shareholders held on 18 May 2007 passed a resolution to approve the remunerations of the directors, independent directors and audit committee for the year 2007 in the amount not exceeding Baht 7 million, which will be allocated by the discretion of Board of Directors.

Significant agreements with related parties

The Company entered into an agreement for the leasing of office space and services with IEC Asset Co., Ltd. for a period of 3 years from 1 September 2006 to 31 August 2009 at the monthly rental and service charge of Baht 1,283,154.

The Company entered into service agreement with IEC Easy Fix Co., Ltd. for managing and distributing goods for a period of 3 years.

IEC Asset Co., Ltd. entered into an agreement for providing rental service to Bliss-Tel Public Company Limited for a period of 3 years at the monthly rental and service charge of Baht 552,040.

IEC Easy Fix Co., Ltd. entered into an agreement for leasing some part of office space and equipment, and service from Bliss-Tel Public Company Limited in order to operate mobile phone repairing service for a period of 2 years and 11 months commencing from 10 February 2006 to 9 February 2009 at the monthly rental and service charge of Baht 26,350.

IEC Easy Fix Co., Ltd. entered into an agreement for leasing some part of office space and equipment, and service from Bliss-Tel Public Company Limited in order to operate mobile phone repairing service for a period of 3 years commencing from 19 January 2007 to 18 January 2010 at the monthly rental and service charge of Baht 15,180.

IEC Asset Co., Ltd. entered into an agreement for the leasing of office space and services to OneNet Co., Ltd. for a period of 3 years at the monthly rental and service charge of Baht 207,425.

On 1 July 2007, IEC Easy Fix Co., Ltd. entered into an agreement with Bliss-Tel Public Company Limited to provide the services on managing, distributing and claiming inventories for a period of 3 years ending 30 June 2010, requiring monthly service charges at Baht 20 per unit, etc.

On 25 September 2007, the Company entered into the memorandum with Bliss-Tel Public Company Limited (“Bliss-Tel”) to order one brand product for Bliss-Tel. Selling price is based on actual cost plus margin and payable compensation depended upon total purchasing volume. The memorandum covers a period of 3 years starting on 1 October 2007 onward.

As described in Note 9 to the financial statements, on 9 June 2006, the Company entered into a purchase agreement for wood with a subsidiary in oversea (Crytal Agro Co., Ltd.) which has the authorized director who, in the past, had a close relationship with a director of the Company. The Company also paid an amount of Baht 60 million on 14 July 2006. As described in Note 19 to the financial statements, on 21 June 2006, the Company entered into a sales agreement with a local company to sell wood and received payment for wood in full amount of Baht 50 million. As at 31 December 2007, Company set up an allowance for impairment on wood in concession area in full amount of Baht 60 million.

Commitments to its related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Commitments				
Letter of guarantee and credit facilities for Micronetic Public Company Limited	15,000,000	15,000,000	15,000,000	15,000,000
Guarantee obligations over liabilities of Locus Telecommunication Inc. Co., Ltd. to financial institution	80,000,000	80,000,000	80,000,000	80,000,000
Guarantee obligations over loans of IEC Business Partner Co., Ltd. to financial institution	350,000,000	-	350,000,000	-
Guarantee obligations over rental of IEC Asset Co., Ltd.	15,000,000	15,000,000	15,000,000	15,000,000
Guarantee obligation over electric used of IEC Asset Co., Ltd.	3,800,000	3,800,000	3,800,000	3,800,000
Guarantee obligations CAT of IEC Asset Co., Ltd.	1,751,055	-	1,751,055	-
Total	465,551,055	113,800,000	465,551,055	113,800,000

Operating lease and service commitments

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Within one year	-	-	13,825,838	-
After one year but within five years	-	-	13,914,947	-
Total	-	-	27,740,785	-

5 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Cash on hand	995,977	1,334,768	554,116	481,712
Cash at banks – current accounts	72,094,387	18,540,187	2,203,549	3,618,939
Cash at banks – savings accounts	60,740,008	49,935,889	28,441,925	14,678,036
Cash at banks – fixed accounts for 3 months	1,002,187	12,099	6,482	12,099
Total	134,832,559	69,822,943	31,206,072	18,790,786

6 Current investments

	Consolidated		Separate	
	financial statements		financial statements	
	Cost		Cost	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Equity securities				
<i>Securities held for trading</i>				
NEP Realty and Industry Public Company Limited	-	38,377,782	-	-
EMC Public Company Limited	18,260,134	72,269,247	-	72,269,247
EMC Public Company Limited (warrants)	31,403,342	-	-	-

Navanakorn Public Company				
Limited	-	46,052,861	-	42,614,286
Power Line Engineering Public				
Company Limited	-	95,056,799	-	-
Live Incorporation Public Company				
Limited	239,084,142	-	35,317,208	-
Thailand Carpet Manufacturing				
Public Company Limited	5,433,550	-	-	-
PTT Public Company Limited	3,770,058	-	-	-
Thoresen Thai Agencies Public				
Company Limited	947,528	-	-	-
The Siam Cement Public Company				
Limited	2,326,206	-	-	-
Bangkok Bank Public Company				
Limited	1,193,183	-	-	-
Total	302,418,143	251,756,689	35,317,208	114,883,533
<i>Add (Less) allowance for</i>				
devaluation of investments	543,939,817	(33,900,602)	231,337,312	(12,245,533)
Net	846,357,960	217,856,087	266,654,520	102,638,000
<i>Securities available-for-sale</i>				
Unit trust	81,500	157,521	81,500	157,521
Others	-	458,513	-	-
<i>Add allowance for devaluation of</i>				
Investment	394	21,310	394	17,709
Net	81,894	637,344	81,894	175,230
Total	846,439,854	218,493,431	266,736,414	102,813,230

Consolidated financial statements				
	2007		2006	
	Cost	Fair value	Cost	Fair value
<i>(in Baht)</i>				
Current investments:-				
Securities held for trading	302,418,143	846,357,960	251,756,689	217,856,087
Securities available-for-sale	81,500	81,894	616,034	637,344
Total	302,499,643	846,439,854	252,372,723	218,493,431
<i>Add (less)</i> allowance for devaluation of investment	543,940,211	-	(33,879,292)	-
Total current invesments	846,439,854	846,439,854	218,493,431	218,493,431

Separate financial statements				
	2007		2006	
	Cost	Fair Value	Cost	Fair Value
<i>(in Baht)</i>				
Current investments:-				
Securities held for trading	35,317,208	266,654,520	114,883,533	102,638,000
Securities available-for-sale	81,500	81,894	157,521	175,230
Total	35,398,708	266,736,414	115,041,054	102,813,230
<i>Add (less)</i> allowance for devaluation of investment	231,337,706	-	(12,227,824)	-
Total current invesments	266,736,414	266,736,414	102,813,230	102,813,230

Movements during the years ended 31 December 2007 and 2006 of current investments were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<i>(in Baht)</i>				
At 1 January	252,372,723	157,521	115,041,054	157,521
Purchase during the year	953,665,327	768,523,988	185,231,298	182,583,483
Sales during the year	903,538,407	516,308,786	264,873,644	67,699,950
Valuation adjustment	543,940,211	(33,879,292)	231,337,706	(12,227,824)
At 31 December	846,439,854	218,493,431	266,736,414	102,813,230

The currency denomination of current investments as at 31 December 2007 and 2006 were denominated entirely in Thai Baht.

7 Trade accounts receivable

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Accounts trade receivable from related parties	76,960,598	2,730,597	335,749,248	292,650,882
Accounts trade receivable from other parties	109,598,263	151,756,698	79,109,200	104,208,132
	<u>186,558,861</u>	<u>154,487,295</u>	<u>414,858,448</u>	<u>396,859,014</u>
Less allowance for doubtful accounts	(11,825,805)	(11,889,491)	(172,623,085)	(147,763,477)
Net	<u>174,733,056</u>	<u>142,597,804</u>	<u>242,235,363</u>	<u>249,095,537</u>
Doubtful debts expense (reversal)				
for the year	<u>(63,686)</u>	<u>(3,703,788)</u>	<u>24,859,608</u>	<u>132,898,243</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Within credit terms	135,522,413	95,175,163	141,070,090	118,085,398
Overdue				
Less than 3 months	36,901,567	32,527,422	71,787,939	84,592,988
3 - 6 months	3,540,067	12,300,595	17,168,899	7,732,422
6 - 12 months	961,459	5,653,555	1,375,794	177,632,091
Over 12 months	9,633,355	8,830,560	183,455,726	8,816,115
	<u>51,036,448</u>	<u>59,312,132</u>	<u>273,788,358</u>	<u>278,773,616</u>
Total	186,558,861	154,487,295	414,858,448	396,859,014
Less allowance for doubtful accounts	(11,825,805)	(11,889,491)	(172,623,085)	(147,763,477)
Net	<u>174,733,056</u>	<u>142,597,804</u>	<u>242,235,363</u>	<u>249,095,537</u>

The normal credit term granted by the Group ranges is 60 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Thai Baht (THB)	184,157,788	145,378,614	412,457,375	387,750,333
United States Dollars (USD)	1,612,384	9,108,681	1,612,384	9,108,681
Yen	788,689	-	788,689	-
Total	186,558,861	154,487,295	414,858,448	396,859,014

8 Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Finished goods	105,647,125	408,761,203	28,668,641	243,620,988
Work in progress	18,282,401	18,565,863	17,480,529	17,177,729
Spare parts and supplies	22,889,790	21,280,287	9,654,022	11,036,259
	146,819,316	448,607,353	55,803,192	271,834,976
<i>Less</i> allowance for devaluation of inventories	(36,498,371)	(137,603,431)	(23,318,752)	(79,525,587)
Net	110,320,945	311,003,922	32,484,440	192,309,389

9 Wood in a concession area

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Wood in a concession area	60,000,000	-	60,000,000	60,000,000
Less allowance for impairment	(60,000,000)	-	(60,000,000)	-
Net	-	-	-	60,000,000

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 was 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 as described in Note 19 to the financial statements.

10 Other current assets

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Advance payment for machinery development	6,000,000	2,000,000	6,000,000	2,000,000
Advance payment	681,643	2,050,412	402,346	871,181
Accrued interest income	7,200,561	1,359,285	5,628,643	1,359,285
Other receivables	12,080,896	21,764,947	12,000,271	14,421,495
Accrued dividend income	-	1,195,678	-	-
Others	11,188,437	6,807,117	1,055,512	1,635,745
	37,151,537	35,177,439	25,086,772	20,287,706
Less allowance for doubtful accounts	(11,900,000)	-	(11,900,000)	-
Total	25,251,537	35,177,439	13,186,772	20,287,706

11 Investments in subsidiaries, jointly-controlled entities and associates

Movements during the years ended 31 December 2007 and 2006 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
				(Restated)
	<i>(in Baht)</i>			
At 1 January	524,051,727	173,745,315	1,302,590,730	575,226,730
Share of losses from investments accounted for using the equity method	56,540,967	-	-	-
Share of losses from investments accounted for using the equity method	(3,203,283)	(74,457,588)	-	-
Disposals	(145,600,795)	-	(72,898,079)	-
Acquisitions	138,392,337	424,764,000	30,823,749	727,364,000
	<u>570,180,953</u>	<u>524,051,727</u>	<u>1,260,516,400</u>	<u>1,302,590,730</u>
<i>Less</i> allowance for devaluation of investments	(336,707,422)	(311,461,128)	(977,913,002)	(743,234,172)
At 31 December	<u>233,473,531</u>	<u>212,590,599</u>	<u>282,603,398</u>	<u>559,356,558</u>

The Group has not recognized losses relating to certain investments in associates accounted for using the equity method where its share of losses exceeds the carrying amount of those investments. The Group's cumulative share of unrecognized losses was Baht 48.14 million as at 31 December 2007, of which Baht 23.19 million was the Group's share of the current period's losses. The Group has no obligation in respect of these losses.

Investments in subsidiaries, jointly-controlled entries and associates as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements											
	Ownership		Paid-up capital		Cost method		Equity method		Allowance for		At equity - net	
	Interest								devaluation of investments			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<i>(%)</i>		<i>(in million Baht)</i>		<i>(in Baht)</i>								
Associates												
Micronetic Public												
Company Limited	38.51	38.61	100	100	24,826,800	24,826,800	24,826,800	24,826,800	24,826,800	24,826,800	-	-
LOCUS												
Telecommunication	34.95	36.36	647	639	239,234,000	239,234,000	201,115,038	201,115,038	201,115,038	201,115,038	-	-
Inc. Ltd.												
BNB Inter Group Co.,	23.81	27.78	105	90	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	-	-
Ltd												
Bliss-Tel Public												
Company Limited	16.50	24.35	315	230	245,421,542	252,630,000	269,239,115	219,906,605	35,765,584	10,519,290	233,473,531	209,387,315
OneNet Co., Ltd.	35.58	49.00	12	10	4,900,000	4,900,000	-	3,203,284	-	-	-	3,203,284
Total							570,180,953	524,051,727	336,707,422	311,461,128	233,473,531	212,590,599

Separate financial statements

	Ownership		Paid-up capital				Allowance for				Market price of		
	Interest		Paid-up capital		Cost method		devaluation of investments		At cost - net		listed securities		
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	
	(%)		(in million Baht)			(in Baht)							
<i>Direct subsidiaries</i>													
IEC Mobile Co.,Ltd.	100	100	100	100	90,900,000	90,900,000	90,900,000	90,900,000	-	-	-	-	
IEC Technology Co.,Ltd.	65	65	50	50	32,500,000	32,500,000	32,500,000	32,500,000	-	-	-	-	
IEC Asset Co.,Ltd.	100	100	285	285	279,999,930	279,999,930	229,996,666	226,983,327	50,003,264	53,016,603	-	-	
IEC Business Partner Co., Ltd.	100	100	250	250	250,000,000	250,000,000	179,542,902	-	70,457,098	250,000,000	-	-	
IEC Easy Fix Co., Ltd.	100	100	50	38	50,000,000	37,500,000	37,423,654	10,547,360	12,576,346	26,952,640	-	-	
Crystal Agro Co., Ltd.	-	50	-	40	-	20,000,000	-	-	-	20,000,000	-	-	
<i>Jointly-controlled entities</i>													
IEC Internet Co., Ltd.	65	65	-	-	-	-	-	-	-	-	-	-	
<i>Associates</i>													
Micronetic Public Company Limited	38.51	38.61	100	100	24,826,800	24,826,800	24,826,800	24,826,800	-	-	-	-	
LOCUS Telecommunication Inc.Ltd.	34.95	36.36	664	639	239,234,000	239,234,000	239,234,000	239,234,000	-	-	-	-	
BNB Inter Group Co., Ltd.	23.81	27.78	105	90	75,000,000	75,000,000	75,000,000	75,000,000	-	-	-	-	
Bliss-Tel Public Company Limited	15.56	24.35	315	230	218,055,670	252,630,000	68,488,980	43,242,685	149,566,690	209,387,315	529,200,000	138,880,000	
Total					1,260,516,400	1,302,590,730	977,913,002	743,234,172	282,603,398	559,356,558			

The following summarized financial position on interests in associates which have been accounted for using the equity method and included in the consolidated financial statements represents the Group's share:

	Total assets	Total liabilities	Total revenues	Net profit / (loss)
	<i>(in Million Baht)</i>			
Associates				
2007				
Micronetic Public Company Limited	53	203	379	(45)
LOCUS Telecommunication Inc. Ltd.	565	428	236	(8)
BNB Inter Group Co., Ltd.				
(as at 30 September 2007)	262	154	30	(29)
Bliss-Tel Public Company Limited	1,739	768	4,454	354
OneNet Co.,Ltd	23	39	9	(25)
Total	2,642	1,592	5,108	247
2006				
Micronetic Public Company Limited	111	216	156	(40)
LOCUS Telecommunication Inc. Ltd.	712	593	279	(31)
BNB Inter Group Co., Ltd.	269	132	80	1
Bliss-Tel Public Company Limited	1,272	877	7,117	(456)
Bliss-Tel Public Company Limited	7	1	1	(4)
Total	2,371	1,819	7,633	(530)

Pursuant to the joint venture agreement between IEC Technology Co., Ltd. and the Industrial Estate Authority of Thailand, 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.

The Board of Directors Meeting held on 19 December 2007 resolved to authorize the Company sold investments in BNB Inter Group Co., Ltd. for 2,500,000 shares at the price of Baht 15 per share totaling Baht 37.50 million. On 20 December 2007, the Company also entered into the share sell agreement with third party in order to sell ordinary shares of BNB Inter Group Co., Ltd. of 2,500,000 shares at the price of Baht 15 per share totaling Baht 37.50 million. On 15 January 2008, the Company received the payment amounting Baht 37.50 million from sales of those investments

Please see Note 41 to the also financial statements regarding investment in ordinary shares of LOCUS Telecommunication Inc. Ltd. which sold to outsider in full amount on 31 January 2008.

12 Other long-term investments

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
General investments				
Sri U – Thong Co., Ltd.	21,000,000	21,000,000	21,000,000	21,000,000
Kasalong Hotel and Resort Co., Ltd.	-	4,000,000	-	4,000,000
Ethnic Earth.Com Holding Co., Ltd.	8,995,000	8,995,000	8,995,000	8,995,000
Application Hosting Services Co., Ltd.	32,637,479	32,637,479	-	-
Amtech E&M (Thailand) Co., Ltd.	2,750,000	-	-	-
Auto Info Co., Ltd.	400,000	400,000	400,000	400,000
Electricity Generating Public Company Limited	125,000	125,000	125,000	125,000
	<u>65,907,479</u>	<u>67,157,479</u>	<u>30,520,000</u>	<u>34,520,000</u>
<i>Less</i> allowance for devaluation of investments	<u>(32,745,000)</u>	<u>(33,995,000)</u>	<u>(29,995,000)</u>	<u>(33,995,000)</u>
Net	<u>33,162,479</u>	<u>33,162,479</u>	<u>525,000</u>	<u>525,000</u>

Allowance for devaluation of investments comprised as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Sri U – Thong Co., Ltd.	21,000,000	21,000,000	21,000,000	21,000,000
Kasalong Hotel and Resort Co., Ltd.	-	4,000,000	-	4,000,000
Amtech E&M (Thailand) Co., Ltd.	2,750,000	-	-	-
Ethnic Earth.Com Holding Co., Ltd.	8,995,000	8,995,000	8,995,000	8,995,000
Total	<u>32,745,000</u>	<u>33,995,000</u>	<u>29,995,000</u>	<u>33,995,000</u>

13 Property, plant and equipment

Consolidated financial statements

	Land	Buildings	Leasehold building improvement	Leased equipment <i>(in Baht)</i>	Tools and equipment	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Cost</i>									
At 1 January 2006	30,745,964	280,235,203	100,730,600	9,917,699	76,718,860	150,243,905	29,463,208	9,679,000	687,734,439
Additions	-	-	198,694,393	122,238	7,437,245	10,565,375	11,180,000	86,884,205	314,883,456
Disposals/Deductions	-	-	10,230,101	-	12,795,285	1,707,857	5,111,042	91,562,686	121,406,971
At 31 December 2006	30,745,964	280,235,203	289,194,892	10,039,937	71,360,820	159,101,423	35,532,166	5,000,519	881,210,924
Additions	20,261,322	-	46,687,320	-	9,093,068	24,845,157	4,365,022	445,160,000	550,411,889
Disposals/Deductions	30,139,618	279,442,333	61,865,113	122,238	57,760,245	28,986,471	11,865,271	5,000,519	475,181,808
At 31 December 2007	20,867,668	792,870	274,017,099	9,917,699	22,693,643	154,960,109	28,031,917	445,160,000	956,441,005
<i>Accumulated depreciation</i>									
At 1 January 2006	-	157,832,608	73,200,245	8,200,460	61,781,826	133,760,818	19,617,731	-	454,393,688
Depreciation charge for									
the year	-	14,011,759	13,386,493	1,735,563	6,108,775	11,237,638	5,214,853	-	51,695,081
Disposals	-	-	32,822,066	-	9,376,673	19,302,326	4,050,825	-	65,551,890
At 31 December 2006	-	171,844,367	53,764,672	9,936,023	58,513,928	125,696,130	20,781,759	-	440,536,879
Depreciation charge									
for the year	-	3,532,672	38,334,586	18,332	4,182,420	10,105,819	4,194,325	-	60,368,154
Disposals	-	175,043,333	45,038,483	36,658	51,563,923	20,753,050	7,912,360	-	300,347,807
At 31 December 2007	-	333,706	47,060,775	9,917,697	11,132,425	115,048,899	17,063,724	-	200,557,226

Consolidated financial statements

	Land	Buildings	Leasehold building improvement	Leased equipment <i>(in Baht)</i>	Tools and equipment	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Accumulated impairment</i>									
At 1 January 2006	-	-	4,989,050	-	-	419,800	-	-	5,408,850
Additions	-	-	-	-	-	-	-	-	-
Deductions	-	-	2,674,851	-	-	419,800	-	-	3,094,651
At 31 December 2006	-	-	2,314,199	-	-	-	-	-	2,314,199
Additions	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-
At 31 December 2007	-	-	2,314,199	-	-	-	-	-	2,314,199
<i>Net book value</i>									
At 31 December 2006	30,745,964	108,390,836	233,116,021	103,914	12,846,892	33,405,293	14,750,407	5,000,519	433,359,846
At 31 December 2007	20,867,668	459,164	224,642,125	2	11,561,218	39,911,210	10,968,193	445,160,000	753,569,580

Separate financial statements

	Land	Buildings	Leasehold building improvement	Leased equipment <i>(in Baht)</i>	Tools and equipment	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Cost</i>									
At 1 January 2006	30,745,964	280,235,203	97,146,907	91,057	76,718,860	141,200,726	29,463,208	279,000	655,880,925
Additions	-	-	117,336,434	122,238	2,268,859	8,279,672	-	-	128,007,203
Disposals	-	-	53,063,934	-	12,795,275	25,607,686	5,111,042	279,000	96,856,937
At 31 December 2006	30,745,964	280,235,203	161,419,407	213,295	66,192,444	123,872,712	24,352,166	-	687,031,191
Additions	-	-	1,159,306	-	125,824	5,365,838	-	-	6,650,968
Disposals	3,0139,617	279,442,333	58,809,957	122,238	57,413,088	22,466,974	8,535,271	-	456,929,478
At 31 December 2007	606,347	792,870	103,768,756	91,057	8,905,180	106,771,576	15,816,895	-	236,752,681
<i>Accumulated depreciation</i>									
At 1 January 2006	-	157,832,608	73,042,166	91,054	61,781,826	125,751,955	19,617,731	-	438,117,340
Depreciation charge for									
the year	-	14,011,759	6,389,186	18,328	5,765,091	6,393,598	4,006,683	-	36,584,645
Disposals	-	-	32,810,896	-	9,376,673	18,255,690	4,050,825	-	64,494,084
At 31 December 2006	-	171,844,367	46,620,456	109,382	58,170,244	113,889,863	19,573,589	-	410,207,901
Depreciation charge for									
the year	-	3,532,672	21,355,620	18,332	2,199,754	3,742,579	1,875,033	-	32,723,990
Disposals	-	175,043,333	44,593,699	36,660	51,563,922	18,923,495	7,580,272	-	297,741,381
At 31 December 2007	-	333,706	23,382,377	91,054	8,806,076	98,708,947	13,868,350	-	145,190,510

Separate financial statements

	Land	Buildings	Leasehold building improvement	Leased equipment <i>(in Baht)</i>	Tools and equipment	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Allowance for impairment</i>									
At 1 January 2006	-	-	4,989,050	-	-	-	-	-	4,989,050
Additions	-	-	-	-	-	-	-	-	-
Deductions	-	-	2,674,851	-	-	-	-	-	2,674,851
At 31 December 2006	-	-	2,314,199	-	-	-	-	-	2,314,199
Additions	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-
At 31 December 2007	-	-	2,314,199	-	-	-	-	-	2,314,199
<i>Net book value</i>									
At 31 December 2006	30,745,964	108,390,836	112,484,752	103,913	8,022,200	9,982,849	4,778,577	-	274,509,091
At 31 December 2007	606,347	459,164	78,072,180	3	99,104	8,062,629	1,948,545	-	89,247,972

Depreciation was included in:-

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Cost of sales and services	9,009,884	6,799,464	-	35,986
Selling and administrative expenses	51,358,270	44,895,617	32,723,990	36,548,659
Net	60,368,154	51,695,081	32,723,990	36,584,645

The gross carrying amount of fully depreciated building and equipment that was still in use as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Building and equipment	130,443,261	213,163,555	115,745,322	198,912,386

As at 31 December 2007 and 2006, the original cost of lands including structures existing at the present and to be constructed in the future of subsidiaries are mortgaged as collateral for obligations under loan agreements which is summarized as follows: -

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Lands	20,261,322	-	-	-
Buildings and machinery	444,435,350	-	-	-
Total	464,696,672	-	-	-

As at 31 December 2007, land and construction in progress of the subsidiary (IEC Business Partner Co., Ltd.), the original cost value of Baht 465.42 million, were valued by an independent appraisal as the appraisal report dated 14 February 2008 which the market value amounted to Baht 493.90 million. Presently, the above land has been under the lawsuit regarding entrance and exit way with the former owner which is in the process of consideration of Court. The consideration has not been finalized yet.

14 Intangible assets

Consolidated financial statements							
	Cost of purchase of subscribers	Leasehold rights	Computer software	Concession on agro-industry project	Goodwill	Franchise fee	Total
	<i>(in Baht)</i>						
<i>Cost</i>							
At 1 January 2006	1,500,000,000	284,021,234	21,983,767	-	-	-	1,806,005,001
Additions	-	-	11,200,564	38,449,955	30,343,401	-	79,993,920
Deductions	-	193,050	899,449	-	-	-	1,092,499
At 31 December 2006	1,500,000,000	283,828,184	32,284,882	38,449,955	30,343,401	-	1,884,906,422
Additions	-	-	3,581,232	-	-	1,125,000	4,706,232
Deductions	1,500,000,000	-	1,960,376	38,449,955	30,343,401	-	1,570,753,732
At 31 December 2007	-	283,828,184	33,905,738	-	-	1,125,000	318,858,922
<i>Accumulated amortization</i>							
At 1 January 2006	789,168,232	51,076,167	19,011,480	-	-	-	859,255,879
Additions	80,420,323	15,860,093	4,472,311	-	-	-	100,752,727
Deductions	-	-	-	-	-	-	-
At 31 December 2006	869,588,555	66,936,260	23,483,791	-	-	-	960,008,606
Additions	23,362,424	17,741,414	1,652,344	-	-	94,121	40,850,303
Deductions	892,950,979	-	214,797	-	-	-	893,165,776
At 31 December 2007	-	82,677,674	24,921,338	-	-	94,121	107,693,133

Consolidated financial statements

	Cost of purchase of subscribers	Leasehold rights	Computer software	Concession on agro-industry project	Goodwill	Franchise fee	Total
			<i>(in Baht)</i>				
<i>Allowance for impairment</i>							
At 1 January 2006	165,000,000	-	-	-	-	-	165,000,000
Additions	135,000,000	7,000,000	6,058,000	-	-	-	148,058,000
Deductions	-	-	-	-	-	-	-
At 31 December 2006	300,000,000	7,000,000	6,058,000	-	-	-	313,058,000
Additions	-	-	-	-	-	-	-
Deductions	300,000,000	-	-	-	-	-	(300,000,000)
At 31 December 2007	-	7,000,000	6,058,000	-	-	-	13,058,000
 <i>Net book value</i>							
At 31 December 2006	330,411,445	209,891,924	2,743,091	38,449,955	30,343,401	-	611,839,816
At 31 December 2007	-	194,150,510	2,926,400	-	-	1,030,879	198,107,789

Separate financial statements

	Cost of purchase of subscribers	Leasehold rights	Computer software	Concession on agro-industry project	Goodwill	Franchise fee	Total
	<i>(in Baht)</i>						
<i>Cost</i>							
At 1 January 2006	1,500,000,000	82,093,424	20,614,235	-	-	-	1,602,707,659
Additions	-	-	10,320,687	-	-	-	10,320,687
Deductions	-	-	899,449	-	-	-	899,449
At 31 December 2006	1,500,000,000	82,093,424	30,035,473	-	-	-	1,612,128,897
Additions	-	-	1,463,077	-	-	-	1,463,077
Deductions	1,500,000,000	-	121,427	-	-	-	1,500,121,427
At 31 December 2007	-	82,093,424	31,377,123	-	-	-	113,470,547
<i>Accumulated amortization</i>							
At 1 January 2006	789,168,232	47,535,316	17,906,097	-	-	-	854,609,645
Additions	80,420,323	3,742,274	4,499,913	-	-	-	88,662,510
Deductions	-	-	405,372	-	-	-	405,372
At 31 December 2006	869,588,555	51,277,590	22,000,638	-	-	-	942,866,783
Additions	23,362,424	3,728,502	1,385,783	-	-	-	28,476,709
Deductions	892,950,979	-	83,926	-	-	-	893,034,905
At 31 December 2007	-	55,006,092	23,302,495	-	-	-	78,308,587

Separate financial statements

	Cost of purchase of subscribers	Leasehold rights	Computer software	Concession on agro-industry project	Goodwill	Franchise fee	Total
			<i>(in Baht)</i>				
<i>Allowance for impairment</i>							
At 1 January 2006	165,000,000	-	-	-	-	-	165,000,000
Additions	135,000,000	-	5,633,333	-	-	-	140,633,333
Deductions	-	-	-	-	-	-	
At 31 December 2006	300,000,000	-	5,633,333	-	-	-	305,633,333
Additions	-	-	-	-	-	-	
Deductions	300,000,000	-	-	-	-	-	300,000,000
At 31 December 2007	-	-	5,633,333	-	-	-	5,633,333
<i>Net book value</i>							
At 31 December 2006	330,411,445	30,815,834	2,401,502	-	-	-	363,628,781
At 31 December 2007	-	27,087,332	2,441,295	-	-	-	29,528,627

Amortizations were included in:-

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Cost of sales and services	39,694,255	82,880,000	23,902,746	82,880,000
Selling and administrative expenses	1,156,048	17,872,727	4,573,963	5,782,510
Net	40,850,303	100,752,727	28,476,709	88,662,510

Cost of purchase of subscribers

On 14 September 2007, the Company entered into the memorandum to terminate the airtime provider agreement with Total Access Communication Public Company Limited signed on 10 April 1998, requiring a period of 17 years. Both parties agreed to terminate the above agreement effective from 1 August 2007. The Company obtained compensation from termination of Baht 290 million. Therefore, for the year ended 31 December 2007, loss on terminating airtime provider agreement amounted to Baht 46.05 million was presented in the statement of income.

Leasehold rights

On 16 September 2005, a subsidiary entered into a transferable agreement for obtaining leasehold rights on IEC Complex building from the former lessee for a period of 16 years and 8 months, requiring payable leasehold rights of Baht 195 million and registration fee for usage of Baht 6.9 million. Those costs were included a part of leasehold rights.

Land and structures under the leasehold rights were used as collateral with a bank to secure the liabilities of the landlord having with the bank. However, the treatment did not impact to the Company's rights due to register with the Land Department.

Concession on agro-industry project

Crystal Agro Co., Ltd 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, Udon Mean Chey Province, for agro-industry crops plantation and factory for a period of 70 years starting from 17 July 2006. According to the term of concession agreement, such subsidiary is committed to pay an annual fee at the rate determined by the Royal Government of Cambodia. During the year 2006, the subsidiary incurred the payments for

acquisition of the concession of US\$ 1 million (equivalent to Baht 38 million). The subsidiary has a policy to amortize the acquisition cost over the term of the concession.

Franchise fee

On 1 March 2007, a subsidiary entered into a franchise agreement to obtain the permission to use trademark of a company for a period of ten years from April 2007 to March 2016, requiring payable a compensation totalling Baht 1.13 million.

15 Other non-current assets

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Deposit for purchase of computer software	60,500,000	60,500,000	60,500,000	60,500,000
Others deposit	24,584,655	34,000,202	13,234,801	18,114,146
Prepaid advertising expenses	5,280,000	-	5,280,000	-
	<u>90,364,655</u>	<u>94,500,202</u>	<u>79,014,801</u>	<u>78,614,146</u>
Less allowance for impairment	<u>(60,500,000)</u>	<u>(60,500,000)</u>	<u>(60,500,000)</u>	<u>(60,500,000)</u>
Net	<u>29,864,655</u>	<u>34,000,202</u>	<u>18,514,801</u>	<u>18,114,146</u>

16 Bank overdrafts and short-term loans from financial institutions

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
	35,508,179	41,831,696	34,604,957	38,478,635
	-	85,400,988	-	85,400,988
	<u>75,000,000</u>	<u>75,000,000</u>	<u>75,000,000</u>	<u>75,000,000</u>
	<u>110,508,179</u>	<u>202,232,684</u>	<u>109,604,957</u>	<u>198,879,623</u>

The currency denomination of bank overdrafts and short-term loans from financial institutions were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
	110,508,179	116,831,696	109,604,957	113,478,635
	-	85,400,988	-	85,400,988
	<u>110,508,179</u>	<u>202,232,684</u>	<u>109,604,957</u>	<u>198,879,623</u>

As at 31 December 2006, promissory notes without securities from financial institutions amounted to Baht 75 million with interest charge at 8% per annum, due on from 29 January 2008 to 26 February 2008 and 27 February 2007 to 27 March 2007, respectively.

As at 31 December 2007 and 2006, the Group had unutilized credit facilities totaling Baht 300 million and Baht 438 million, respectively in the consolidated financial statements and the separate financial statements.

17 Trade accounts payable

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Related parties	11,855,031	-	15,000,258	-
Other parties	94,013,334	36,895,648	57,695,493	6,678,328
Total	105,868,365	36,895,648	72,695,752	6,678,328

The currency denomination of trade accounts payable was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
	104,337,330	36,895,648	72,695,752	6,678,328
	1,531,035	-	-	-
	105,868,365	36,895,648	72,695,752	6,678,328

18 Long-term loan in default

	Consolidated	
	financial statements	
	2007	2006
	<i>Baht)</i>	
financial institution	339,734,699	-
	(339,734,699)	-
	<u>-</u>	<u>-</u>

On 30 January 2007, IEC Business Partner Co., Ltd. (“subsidiary”) entered into a loan agreement with a local financial institution of Baht 350 million in order to acquire assets from International Gasohol Corporation Limited. The loan had a grace period of one year from the first drawdown. The principal repayment will be made in 26 quarterly installments starting from January 2008 of Baht 13 million each for the first to twenty-fifth installments and the rest for the twenty-sixth installment. The interest rate is charged at MLR+0.25% per annum. This loan is secured by the assets acquired from International Gasohol Corporation Limited. The agreement contained certain conditions on events of defaults, among other things, interest charged immediately at highest rate as an announcement by that financial institution, and/or terminating the term of agreement, and/or forces all securities or certain and maintaining debts to equity ratio.

On 29 May 2007, the Company notified to temporarily stop the payment under the loan agreement due to the Company’s assets used as collateral on the above loan have not been registered the servitude on entrance and exit established by law. Up to 31 December 2007, the subsidiary failed to pay interest of Baht 17.85 million, incurred default interest of Baht 24.76 million and did not maintain debts to equity ratio pursuant to the loan agreement. Therefore, above loan was shown under long-term loan in default.

19 Advance received for wood in a concession area

As at 31 December 2007 and 2006, advance received for wood amounting to Baht 50 million represented advance received whereby the Company entered into the sales agreement with a local company for selling the wood, which were bought from a foreign company, to such company within 2 years at the selling price as the agreement of Baht 220 million. The term of receiving was as follows:

Within	(in million Baht)
24 July 2006	50
15 November 2006	35
30 November 2006	30
10 December 2006	30
25 December 2006	30
5 January 2007	25
15 January 2007	20

The buyer has to place a guarantee from Thai bank at least Baht 112.35 million to secure the above fourth to seventh payments as the above-mentioned within 30 November 2006. Up to 31 December 2007, the Company has not cut wood and transported them out of a concession area; including the Company has not received yet additional payment or receipt of bank guarantee from the buyer. Later on 21 December 2007, the Company was notified to cancel the above agreement and had to repay advance and compensation within January 2008 and please see Note 39 to the financial statements.

20 Other current liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Other payables	699,656	4,599,947	617,220	4,401,303
Deposits	16,365,867	2,251,125	16,365,867	2,251,125
Advance received	3,855,481	3,816,042	26,559	345,820
Other	3,242,172	3,803,087	990,920	1,006,321
	<u>24,163,176</u>	<u>14,470,201</u>	<u>18,000,566</u>	<u>8,004,569</u>

21 Convertible debentures

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Convertible debentures	10,321,250	20,616,250	10,321,250	20,616,250
<i>Less</i> current portion due within				
one year	(10,321,250)	(10,321,250)	(10,321,250)	(10,321,250)
Net	<u>-</u>	<u>10,295,000</u>	<u>-</u>	<u>10,295,000</u>

As at 31 December 2007 and 2006, the outstanding balance of convertible debentures which reached to the maturity since 2000, comprised 10,321 units and 20,616 units, respectively, of Baht 1,000 per unit totaling Baht 10.32 million and Baht 20.62 million, respectively. The trustee of debenture holders filed a lawsuit to the Civil Court as described in Note 39 to the financial statements.

22 Hire-purchase creditor

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
	6,783,843	10,884,213	793,176	2,809,422
One year	(3,285,378)	(4,380,759)	(793,176)	(2,058,432)
	3,498,465	6,503,454	-	750,990

23 Provisions

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Provision for repurchasing shares of subsidiary	13,755,000	13,755,000	13,755,000	13,755,000
Provision for loss on lawsuits from the customs department	72,454,688	72,454,688	72,454,688	72,454,688
Provision for loss on the default in sales wood agreement	27,396,417	-	27,396,417	-
Provisions of subsidiaries, associates and joint venture	30,179,543	22,338,917	30,985,477	15,000,000
Provision for loss from claim guarantee	1,583,961	-	1,583,961	-
Provision for loss from others guarantee	14,383,326	-	14,383,326	-
Total	159,752,935	108,548,605	160,558,869	101,209,688

- **Provision for repurchasing shares of subsidiary**

On 6 February 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 Baht 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. This resulted to decrease in shareholding in IEC Technology Company Limited to 65%.

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 which was 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 until the Company has retained earnings at the end of the fifth year from the date of the agreement. However, the Company provided for a provision for repurchasing shares of subsidiary amounted to Baht 13.76 million.

- **Provision for loss on lawsuits from the Customs Department**

The Company recognized a provision for loss on lawsuits from the Customs Department amounting to Baht 72.45 million as the details in the Note 39 to the financial statements.

- **Provision for loss on lawsuits from default in wood sale agreement**

The Company recognized a provision for loss on lawsuits filed by a company on sale agreement offence of which claim amounted to Baht 27.40 million as the details mentioned in Note 39 to the financial statements.

- **Provisions on loss of subsidiaries, associates and jointly-controlled entities**

The Company recognized provisions due to guarantee for loss of subsidiaries, associates and jointly-controlled entities which were summarized as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Subsidiaries				
IEC Technoligy Co.,Ltd.	-	-	5,982,677	-
IEC Mobile Co.,Ltd.	-	-	3,295,562	-
Associates				

LOCUS Telecommunication Inc. Ltd.	6,707,238	-	6,707,238	-
Micronetic Public Company Limited	15,000,000	15,000,000	15,000,000	15,000,000
Jointly-controlled entities				
IEC Internet Co., Ltd.	8,472,305	7,338,917	-	-
Total	30,179,543	22,338,917	30,985,477	15,000,000

24 Share capital / warrants

		2007		2006	
	<i>Par value (Baht)</i>	Number	Value	Number	Value
			(Shares / in Baht)		
Authorized share capital					
At 1 January					
- Ordinary shares	<i>1</i>	2,200,000,000	2,200,000,000	2,200,000,000	2,200,000,000
At 31 December					
- Ordinary shares	<i>1</i>	2,200,000,000	2,200,000,000	2,200,000,000	2,200,000,000
Issued and paid-up share capital					
At 1 January					
- Ordinary shares	<i>1</i>	1,749,229,000	1,749,229,000	1,333,200,000	1,333,200,000
Issue of new shares	<i>1</i>	-	-	416,029,000	416,029,000
At 31 December					
- Ordinary shares	<i>1</i>	1,749,229,000	1,749,229,000	1,749,229,000	1,749,229,000

On 6 January, 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 Baht 1 per share. As a result, total paid-up share capital amounted to 1,454,200,000 shares or Baht 1,454,200,000.

On 17 and 18 January 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 20 January 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 of 2006, the right of warrants to buy ordinary shares offered to specific investors was 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 first quarter; the remaining 500,000 shares were registered as a share capital increase on 12 April 2006. As a result, all warrants have been exercised on March 31, 2006.

On 2, 4 and 7 August 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 8 August 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 share capital of Baht 6.29 million by deducted from the premium on share capital.

On 15 August 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 17 August 2006. The increase of share 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.

The Ordinary General Meeting of Shareholders held on 18 May 2007 resolved the following matters:

- To additionally change the price of increased share capital approved by the Shareholders Meeting held on 9 December 2005 and 17 April 2006. 333,779,000 increased shares capital from totaling 784,550,000 increased share capital was allotted to investors on a private placement for 4 times. Therefore, the remaining ordinary shares as at 31 December 2007 of 450,711,000 shares are not allotted. The offering price per share of those remaining will be less than market price and the market price calculated based on the weight average closing price of the Company's share traded on the Stock Exchange of Thailand in the 15 working days prior to the first date of offering shares to the investors.

25 Share premium

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

The Ordinary General Meeting of Shareholders held on 18 May 2007 resolved to transfer partial share premium for compensating deficit amounted to Baht 974,250,239. This resulted to the outstanding balance of share premium was Baht 32,555,093.

26 Currency translation changes

The currency translation changes recognised in shareholders' equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

27 Fair value changes of available-for-sale of securities

Fair value changes and valuation recognised in shareholders' equity relate to cumulative net changes in the fair value of available-for-sale investments until selling those investments.

28 Legal reserve

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

29 Segment information

Segment information is presented in respect of the Group's primary format, business segments, based on the Group's management and internal reporting structure.

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

Assets, liabilities, revenue and results, based on business segments, which directly related or are reasonably allocated to segment were as follows:

Business segments

The Group comprises the following main business segments:

- Segment 1 represents telecommunication segment represents distributing mobile phone, refill card, mobile phone repair, airtime provider, the operator of the DTAC 1800 system, developer of fully integrated information technology system.
- Segment 2 represents lease of property and service represents managing IEC Building and property projects.
- Segment 3 represents investments in securities as investing in new business.
- Segment 4 represents commercial business represents international trade services, particularly the Middle East states, agribusiness represents plant cultivation concession projects and software business represents distributing the right to link the news passing mobile phone.

Business segment results

	Consolidated financial statements											
	Segment 1		Segment 2		Segment 3		Segment 4		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	<i>(in million Baht)</i>											
Total Revenue	4,026	5,894	463	49	(14)	144	3	-	(526)	(1,730)	3,952	4,357
Gain on investments	-	-	-	-	596	114	-	-	-	-	596	114
Sales of goods and rendering of service	3,642	5,806	84	4	3	2	3	-	(600)	(1,651)	3,132	4,161
Net profit (loss)	(289)	(1,164)	340	(73)	(202)	2	(33)	(19)	372	272	188	(982)
Current investments	-	-	-	-	846	218	-	-	-	-	846	218
Investments	283	699	32	-	36	60	(13)	-	(71)	(513)	267	246
Property, plant and equipment, net	140	301	121	97	493	37	-	3	-	-	754	438
Intangible assets, net	30	364	168	179	-	-	-	68	-	-	198	611
Total assets	2,262	2,865	987	372	559	300	(6)	57	(815)	(1,261)	2,987	2,333
Total liabilities	993	1,317	587	313	489	28	4	70	(1,057)	(1,171)	1,016	557
Depreciation	42	44	9	5	9	3	-	-	-	-	60	52
Amortisation	29	89	12	12	-	-	-	-	-	-	41	101

Separate financial statements

	Segment 1		Segment 2		Segment 3		Segment 4		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	<i>(in million Baht)</i>									
Total Revenue	3,287	4,281	-	-	-	-	-	-	3,287	4,281
Gain on investments	-	-	-	-	254	3	-	-	254	3
Sales of goods and rendering of service	2,907	4,215	-	-	-	-	-	-	2,907	4,215
Net profit (loss)	(216)	(980)	-	-	-	-	-	-	(216)	(980)
Current investments	-	-	-	-	267	103	-	-	267	103
Investments	284	560	-	-	-	-	-	-	284	560
Property, plant and equipment, Net	89	275	-	-	-	-	-	-	89	275
Intangible assets, net	30	364	-	-	-	-	-	-	30	364
Total assets	2,029	2,324	-	-	-	-	-	-	2,029	2,324
Total liabilities	463	543	-	-	-	-	-	-	463	543
Depreciation	33	37	-	-	-	-	-	-	33	37
Amortisation	28	88	-	-	-	-	-	-	28	88

30 Other income

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Other service income	2,438,268	4,894,771	2,438,268	4,894,771
Rental income	770,881	221,852	733,881	4,350,640
Dividend income	7,115,949	7,313,805	868,375	20,625
Gain from redemption of debenture	-	14,643,510	-	14,643,510
Others	46,738,409	13,811,509	27,588,171	9,407,416
Total	57,063,507	40,885,447	31,628,695	33,316,962

31 Selling and administrative expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Personnel (see note 32)	182,385,474	188,684,223	68,810,503	98,054,876
Directors' remuneration	11,130,000	11,598,705	5,890,000	7,087,204
Selling expenses	43,985,769	99,005,321	39,288,887	54,404,294
Place and equipment	106,804,379	113,587,827	55,950,286	60,942,278
Others	275,918,133	468,263,281	237,794,927	501,673,840
Total	620,223,755	881,139,357	407,734,603	722,162,492

32 Personnel expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Salaries and other benefits	173,986,171	180,845,296	65,996,986	94,234,119
Contribution to social security / defined contribution plan	4,646,783	4,719,090	1,335,588	2,002,722

Contribution to provident funds	3,752,520	3,119,837	1,477,929	1,818,035
Total	182,385,474	188,684,223	68,810,503	98,054,876

(Number of employees)

Number of employees as at 31

December	657	636	213	161
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33 Interest expense and default interest expense

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Interest expense and accrued interest relating to				
- Related parties	-	-	1,007,675	3,035,959
- Financial institutions	57,402,834	15,957,210	5,985,859	10,230,194
Total	57,402,834	15,957,210	6,993,534	13,266,153

34 Income tax expense

Income tax expense for 2006 in the consolidated financial statements of Baht 9.09 million represented income tax expense of IEC Business Partners Co., Ltd.

35 Basic earnings (loss) per share

Basic earnings (loss) per share for the years ended 31 December 2007 and 2006 is calculated by dividing the net profit (loss) for the years attributable to ordinary shareholders by the weight average number of shares issued during the years.

	Consolidated		Separate	
	Financial statements		financial statements	
	2007	2006	2007	2006
Net profit (loss) attributable to ordinary shareholders (in Baht)	187,604,060	(981,662,942)	(215,642,481)	(980,515,376)
Weighted average number of ordinary shares issued during				

the year (in shares)	1,749,229,000	1,615,178,000	1,749,229,000	1,615,178,000
Basic earnings (loss) per share				
(in Baht)	0.11	(0.61)	(0.12)	(0.61)

36 Changes in accounting policy

The following change of accounting policy by the Company has no effect on the consolidated financial statements of the Group.

Until 31 December 2006, the Company accounted for its investments in subsidiaries, jointly controlled entities and associates in its financial statements using the equity method.

During 2007, the Federation of Accounting Professions (FAP) issued the following new TAS which are effective for accounting periods beginning on or after 1 January 2007:

TAS 44 (revised 2007) Consolidated and Separate Financial Statements

TAS 45 (revised 2007) Investment in Associates

TAS 46 (revised 2007) Interest in Joint Ventures

The new TAS require a parent company which has investments in a subsidiary company, an entity under joint control, or an associate company, which is not classified as a “held for sale” investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial statements (when an announcement is made), instead of the equity method currently used.

Since 1 January 2007, the Company has, accordingly, changed its accounting policy for its investments in subsidiary companies, jointly controlled entities or associates in the separate financial statements from the equity method to the cost method to conform with the announcement of FAP. The change in accounting policy has been applied retrospectively and the Company’s 2006 financial statements, which are presented for comparative purposes, have been restated accordingly.

The accumulative effects of the change in accounting policy on the financial statements since the past to the beginning of year 2007 and since the past to the beginning of year 2006 are as follows:

	Separate financial statements	
	2007	2006
	<i>(in Baht)</i>	
Balance sheets		
Decrease in beginning balance of investments	139,473,576	115,847,320
Decrease in trade accounts receivable from related parties	136,726,415	-
Decrease in provision for loss of investments	275,429,042	113,928,805
Decrease in beginning balance of retained earnings	-	1,918,515
Increase in beginning balance of deficit	770,949	-

The effects of change in accounting policy on the financial statements during the years are as follows:

	Separate financial statements	
	2007	2006
Decrease in net loss (in Baht)	52,204,436	1,147,566
Decrease in loss per share (in Baht)	0.03	-

37 Financial instruments

Financial risk management policies

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its cash and cash equivalents, loans to related parties, and bank overdrafts and short-term loans from financial institutions because the Group does not use derivative financial instruments to mitigate those risks.

Foreign currency risk

As at 31 December 2007 and 2006, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies, which was not mitigated foreign currency risk by entering into the forward exchange contracts,

	Foreign currency amount	
	2007	2006
Assets denominated in Yens	2,677,100	-
Assets denominated in United States Dollars (USD)	12,679	-
Liabilities denominated in Yens	-	70,000
Liabilities denominated in United States Dollars (USD)	45,183	2,364,077

The Company imports part of finished goods from other countries, which might be impacted by unstable currency exchange rates. Mostly, its general business is transacted in US Dollars.

Credit risk

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

The Group focuses on cash sales except in the case of trustworthy customers with stable financial status, when the Company will provide credit terms. Therefore, it is expected that no significant losses will arise from collections more than the amount of allowance for doubtful account which is provided for.

Liquidity risk

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

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of financial assets and financial liabilities as presented in balance sheets mostly are short-term. The management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying amounts.

38 Commitments with non related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in Million Baht)</i>			
Capital commitments				
<i>Contracted but not provided for</i>				
Land building and constructions	163	23	-	23
<i>Authorized but not contracted for</i>				
Ethanol Project				
Machinery and equipment	265	-	-	-
Total	428	23	-	23
Non-cancellable operating lease commitments				
Within one year	46	44	3	16
After one year but within five years	179	158	10	38
After five years	398	454	10	12
Total	623	656	23	66
Other commitments				
Performance bonds and bid bonds	294	258	194	241
Use computer software under the license agreement in providing Mobile Casting	20	20	20	20
Total	314	278	214	261

A subsidiary has a commitment under the long-term lease and service agreements with IEC Complex Building's owners on 16 September 2005 for the leasehold rights. Under these agreements, monthly rental and services fees amounting to Baht 1.3 million 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 the period of 16 years and 8 months, and expiring in May 2022.

The Company has a commitment under the "Airtime Provider Agreement" with Total Access Communication Public Company Limited ("TAC"). The agreement stipulated certain covenants for the Company such as the responsible obligation incurred from bad debts arisen from telephone service of TAC as per invoices issued to customers and bad debts arisen from fraud registration by customers. Later on 14 September 2007, the Company signed off the memorandum to terminate above agreement effective from 1 August 2007.

In addition, the Company has commitment arisen from fraud registration by customers through SIM registration services rendered by the Company. The contingent penalty will be charged upon the terms agreed by each operator.

39 Contingent liabilities

- On July 23, 1999, the trustee of the debenture holders filed a lawsuit with the Civil Court in order to the Company pay Baht 427.80 million of principal and Baht 21.80 million of interest, or a total of Baht 449.60 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 449.60 million plus interest at 8 percent per annum on principal of Baht 427.80 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 sentenced 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 filed the case to the Supreme Court.

The Company compromised with a convertible debenture holder, who was the trustee of all outstanding holders with a principal of Baht 10 million and accrued interest of Baht 6.2 million. The term of compromise was if the Company is obliged to repay all debts within 10 August 2006, and the said holder shall forgive the debt of Baht 1.6 million of accrued interest, therefore, a total debt amounted to Baht 14.6 million. The Company had settled its debt with this debenture holder on 10 August 2006.

Until 28 February 2008, the Company has filed the petition to the Supreme Court to withdraw a plaint due to all convertible debenture holders did not make the execution of a judgment.

- 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 suit 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 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 the Supreme Court already sentenced 8 cases, of which amount of Baht 9.3 million, that the Company has to pay compensation on tax coupons to the Custom Department. The remaining 22 cases are now in the process of being heard by the Supreme Court. However, as at 31 December 2007, the Company already recorded all contingent liabilities amounting Baht 72.45 million in relation to the above litigation in its accounts.
- On 26 February 2007, the subsidiary, which is IEC Business Partner Company Limited, was filed a lawsuit with regards to the transaction in acquiring assets of International Gasohol Corporation Limited pursuant to the civil case: black case no.842/2007 with a claim of Baht 181 million. The Plaintiff requested the Court to invalidate, cancel the registration of the transfer of ownership and then transfer it back to the seller or order all Defendants to pay the balance of the proceeds of Baht 181 million with the interest of 7.5 percent per annum of principal Baht 181 million, starting from filing date until fully settlement. On 14 March 2007, the subsidiary was filed a lawsuit from the same Plaintiff pursuant to the criminal case: black case no. 1464/2007.

The Company's management and the Company's lawyer have the opinion that the purchase of assets of International Gasohol Corporation Limited between International Gasohol Corporation Limited and the Company is a legally fair and righteous transaction. The act of the Company is not categorized as an illegal action for misappropriation as charged, therefore, indemnifying the Company against the revocation of asset purchase between International Gasohol Corporation Limited and the Subsidiary. Accordingly, the subsidiary does not record any estimated liability in the accounts.

As discussed in Note 19 to the financial statements, on 8 January 2008, the Company was filed a lawsuit with regards to false of sale and purchase agreement in the claimed amount of Baht 80.90 million (including advance received for wood in a concession area as at 31 December 2007 and 2006 of Baht 50 million) due to default on sale and purchase agreement with a company that was unable to deliver the concession area for cutting wood and transport them outside from the concession area. Up to 28 February 2008, the case has been the process of consideration of the Court. The ruling has not been finalized yet. However, as at 31 December 2007, the Company recorded the provision from the above lawsuit in the amount of Baht 27.40 million.

40 Pledged assets

As at 31 December 2007 and 2006, the Group's bank deposits of Baht 337.62 million and Baht 125.92 million in the consolidated financial statements, and of Baht 336.68 million and Baht 123.96 million in the separate financial statements, respectively, were used as collateral for issuing the letters of guarantee for bidding by the domestic commercial banks, compliance with the agreements and borrowings.

As at 31 December 2007, 14 title deeds including present and future structures and the subsidiary's machinery were mortgaged as collateral for loans from a domestic commercial bank amounting to Baht 350 million.

41 Events after the balance sheet date

On 1 November 2007, the Company entered into LSI consortium agreement among LOCUS Telecommunication Inc. Ltd, SACIT Co., Ltd. and The International Engineering Public Company Limited for entering into the agreement with CAT Telecom Public Company Limited. On 25 January 2008, LSI consortium entered into turn-key contract with CAT Telecom Public Company Limited to set up Integrated Billing and Customer Service System in the amount of Baht 953 million for a period from 2008 to 2009. Pursuant to consortium agreement, the Company procures, installs computer hardware and accessories including prepares the training documents for CAT employees.

The Board of Directors Meeting held on 16 January 2008 resolved to sell investments in ordinary shares of LOCUS Telecommunication Inc. Ltd. of 232,234 shares at the price of Baht 215.30 per share amounted to Baht 50 million to third party. LOCUS Telecommunication Inc. Ltd. will conduct the bank releases the Company's commitment on debts as a guarantor in the amount of Baht 80 million within 31 March 2008. On 31 January 2008, the Company entered into the above share sale agreement with third party for 232,234 ordinary shares at the price of Baht 215.30 per share amounting to Baht 50 million and received the payment for those investments in the amount of Baht 50 million. In addition, the commitment from guarantee on debts is in the process of releasing.

The Board of Director Meeting held on 16 January 2008, resolved to approve the principle of investment in Mobile Media Content in the amount of Baht 21 million.

On 25 January 2008, a subsidiary (IEC Business Partners Company Limited) received the letter from bank to notify to cancel the loan agreement dated 30 January 2007 and the guarantee agreement on the above loan, called the subsidiary and Company repaying debts (as at 18 January 2008) of Baht 339 million for principal and of Baht 45.61 million for interest, totaling Baht 385.34 million, and withdrew the mortgaged assets within 30 days as from the date of receiving letter.

The Board of Directors Meeting held on 28 February 2008, resolved to authorize the following matters:

- To establish a new company for operating in Mobile Media Content business and the Company will hold shares 100% of the authorized share capital.
- To purchase ordinary shares of a company 100% of the authorized share capital at the price of Baht 76.47 per share amounted to Baht 13 million.

42 Accounting Standards (TAS) not yet adopt

The Group has not adopted the following TAS that has been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial periods beginning on or after 1 January 2008.

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 29 (revised 2007)	<i>Leases</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 33 (revised 2007)	<i>Borrowing Costs</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 39 (revised 2007)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 43 (revised 2007)	<i>Business Combinations</i>
TAS 49 (revised 2007)	<i>Construction Contracts</i>
TAS 51	<i>Intangible Assets</i>

43 Reclassification of accounts

Certain accounts in the 2006 financial statements have been reclassified to conform with the presentation in the 2007 financial statements.

Shareholding Structure and Management

Shareholders

Top ten major shareholders as of April 9, 2007*** are as follow:

Shareholder	Number of shares	Holding Percentage
1. Mr. Suwan Panyapas	55,000,000	3.14
2. Thai NVDR Co., Ltd.	43,460,900	2.48
3. Miss Chatsuda Benjanirat	40,151,100	2.29
4. Mr. Komol Juangroongruangkit	38,578,500	2.21
5. Muang Thai Insurance Co., Ltd.	37,048,400	2.12
6. Mr. Opas Rangchaikul	30,000,000	1.72
7. Mr. Bee Taechaubol	30,000,000	1.72
8. Miss Pojanalai Boonkhan	27,482,400	1.57
9. Mr. Apinan Panyakorn	23,457,200	1.34
10. Miss Woramas Raksriaksorn	21,000,000	1.20

Notes: *** April 9, 2007 was scheduled as the closing date of share register to determine the shareholders entitled to attend the 2007 Annual General Meeting.

*** As of April 9, 2007, the company registered THB 2,200,000,000 and paid-up THB 1,749,229,000 capital.

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 are 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 of March 1, 2008 is as follows:

	Name	Title
1.	Lt. Somsak Yamasmit	Chairman
2.	Mrs. Sunjutha Witchawut	Director / Chairman of the Executive Board/ Chief Executive Officer
3.	Mr. Vichet Bunthuwong	Director (Independent Director) / Chairman of the Audit Committee
4.	Mr. Sarayuth Kauphanichanon	Director / Member of the Executive Board
5.	Mr. Sutee Phongpaiboon	Director (Independent Director) / Member of the Audit Committee
6.	Mr. Sitisit Wichaksanphong	Director (Independent Director) / Member of the Audit Committee
7.	Mr. Pongsak Tansathitaya	Director
8.	Mr. Decha Sujitham	Director
9.	Mr. Ekkamol Emradee	Director

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

Note: On February 4, 2008, Mr. Sumit Champrasit resigned from the office of director and Chairman of the Executive Board
On February 28, 2008, Board of Directors Meeting No. 2/2008 passed resolution, appointing Mr. Ekkamol Emradee as director in substitution of Mr. Sumit Champrasit, and appointing Mrs. Sunjutha Witchawut, Chief Executive Officer to also assume the office of Chairman of the Executive Board.

Criteria in Selection of Independent Directors

Qualifications of an independent director are as follows:

1. 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 of March 1, 2008 is as follows:

	Name	Title
1.	Mrs. Sunjutha Witchawut	Chairman and Chief Executive Officer
2.	Mr. Sarayuth Kauphanichanon	Executive Director
3.	Mr. Sithisak Intaraprasit	Executive Director
4.	Mr. Surapoom Somwangtanaroj	Executive Director

Note: On February 4, 2008, Mr. Sumit Champrasit resigned from the office of director and Chairman of the Executive Board.

On February 28, 2008, Board of Directors Meeting No. 2/2008 passed resolution, appointing Mrs. Sunjutha Witchawut, Chief Executive Officer to also assume the office of Chairman of the Executive Board, appointing Mr. Sithisak Intaraprasit and Mr. Surapoom Somwangtanaroj as executive director.

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 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 of March 1, 2008 is as follows:

Name	Title
1. Mr. Vichet Bunthuwong	Chairman
2. Mr. Sutee Phongpaiboon	Member of the Audit Committee
3. Mr. Sitisit Wichaksanphong	Member of the Audit Committee
Secretary of the Audit Committee	Ms. Vilai Satyapornpisut

List of company's executives as of March 1, 2008 is as follows:

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 the members of the boards and executives of the company have been discharged, dismissed, terminated or have been prosecuted due to corrupted act or bankruptcy or have been sentenced for imprisonment, or have had any disputes or trials during the past ten years.

Nomination of Directors and Management

Since the company is not structured with a nomination committee, nomination of directors is done by adhering to the articles of association, which assigns minor investors to appoint director(s) by casting vote in the shareholder meeting. Any shareholder holds one vote per one share. 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 of directors. Situations where persons with parity of votes, exceeding the required number of director occur, 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 2007 Annual General Meeting of Shareholder (Adjournment), dated 18 May 2007, there were three directors whose term of office had expired, the meeting hence passed the resolution to re-appoint the three directors to continue their term of office.

During 2007, there were five early-retired directors, and three substitutions were made.

Remuneration for Directors and Management

(1) Pecuniary Remuneration***

Pecuniary remuneration for Board of Directors, Executive Board and Management in 2007 consisted of THB 20.84 million in salaries and meeting allowances, classified as follow:

1. In 2007, entries and departures of directors took place variably. Entries of directors during 2007 were recorded at 13 persons, including members of the Audit Committee, were accounted for THB 5.85 million in meeting allowances as per following details:

Meeting Allowances Accounted under Board of Directors and Audit Committee in 2007

No	Name-Surname	Title	As Member of Board of Directors	As Member of Audit Committee
1.	Lt. Somsak Yamasmit	Chairman	820,000	-
2.	Mr. Sumit Champrasit	Director / Chairman of Executive Board	840,000	-
3.	Mrs. Sunjutha Witchawut	Director / Chief Executive Officer	720,000	-
4.	Mr. Vichet Bunthuwong	Director (Independent Director) / Chairman of Audit Committee	480,000	200,000
5.	Mr. Sarayuth Kauphanichanon	Director / Member of the Executive Board	680,000	-
6.	Mr. Sutee Phongpaiboon	Director (Independent Director) / Member of Audit Committee	480,000	120,000

7.	Mr. Sitisit Wichaksanphong	Director (Independent Director) / Member of Audit Committee	320,000	80,000
8.	Mr. Pongsak Tansathitaya	Director	320,000	-
9.	Mr. Decha Sujitham	Director	320,000	-
10.	Mr. Sakthip Krairiksh	Chairman (Former)	70,000	-
11.	Mr. Suthep Wongvorazathe	Vice Chairman (Former)	100,000	-
12.	Prof. Prayoon Chindapradist	Director (Independent Director) / Chairman of Audit Committee (Former)	120,000	60,000
13.	Mr. Somjai Nillasithanukroh	Director (Former)	120,000	-
14.	Mr. Ekkamol Emradee	Director (Former)	-	-

2. Executive Directors and Management were remunerated THB 14.99 million.

Note: *** Remunerations for Directors, members of the Executive Board and the management of the company in 2007 are less than those in 2006. In 2006, meeting allowances of directors were THB 7.08 million, and remunerations for the Executive Board and the management were THB 16.76 million, totally amounting to THB 23.84 million.

(2) Other Remunerations

-None-

Corporate Governance (CG)

The company prioritizes good corporate governance, the essence of raising 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 2007 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 time to review each agenda item with an open session for shareholders' inquiries and opinions at the end of each agenda item 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 of 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 of March 1, 2008, the Board of Directors consists of 9 members as follows:

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

Equivalent to 33.33% 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 meetings in order to maintain the qualified directors. A 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 deemed 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 meetings is taken in writing, certified by the Chairman or Chairman-appointed director, and made promptly available for verification by the Board or related parties. In 2007, there were five directors whose term expired, and there were totally 11 meetings convened with the presence of directors as per following details:

Name List of Directors

Name	No. of Presences / No. of Meetings Convened
Lt. Somsak Yamasmit	9/11
Mr. Sumit Champrasit	7/11
Mr. Vichet Bunthuwong	5/11
Mrs. Sunjutha Witchawut	11/11
Mr. Sarayuth Kauphanichanon	11/11
Mr. Sutee Phongpaiboon	11/11
Mr. Sitisit Wichaksanphong	7/7
Mr. Pongsak Tansathitaya	6/7
Mr. Decha Sujitham	7/7
Mr. Suthep Wongvorazathe	1/1
Prof. Prayoon Chindapradist	2/3
Mr. Somjai Nillasithanukroh	2/3
Mr. Ekkamol Emradee	1/1

11. Controlling System and Internal Audit

The company values internal controlling systems, 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 to consistently. Production of such is based on prudent judgment, adequately disclosed in the notes to financial statements.

The Board of Directors provides and maintains an efficient internal controlling system; the accuracy, completeness and adequacy of accounting records are carried out rationally to retain assets, detect weaknesses and 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

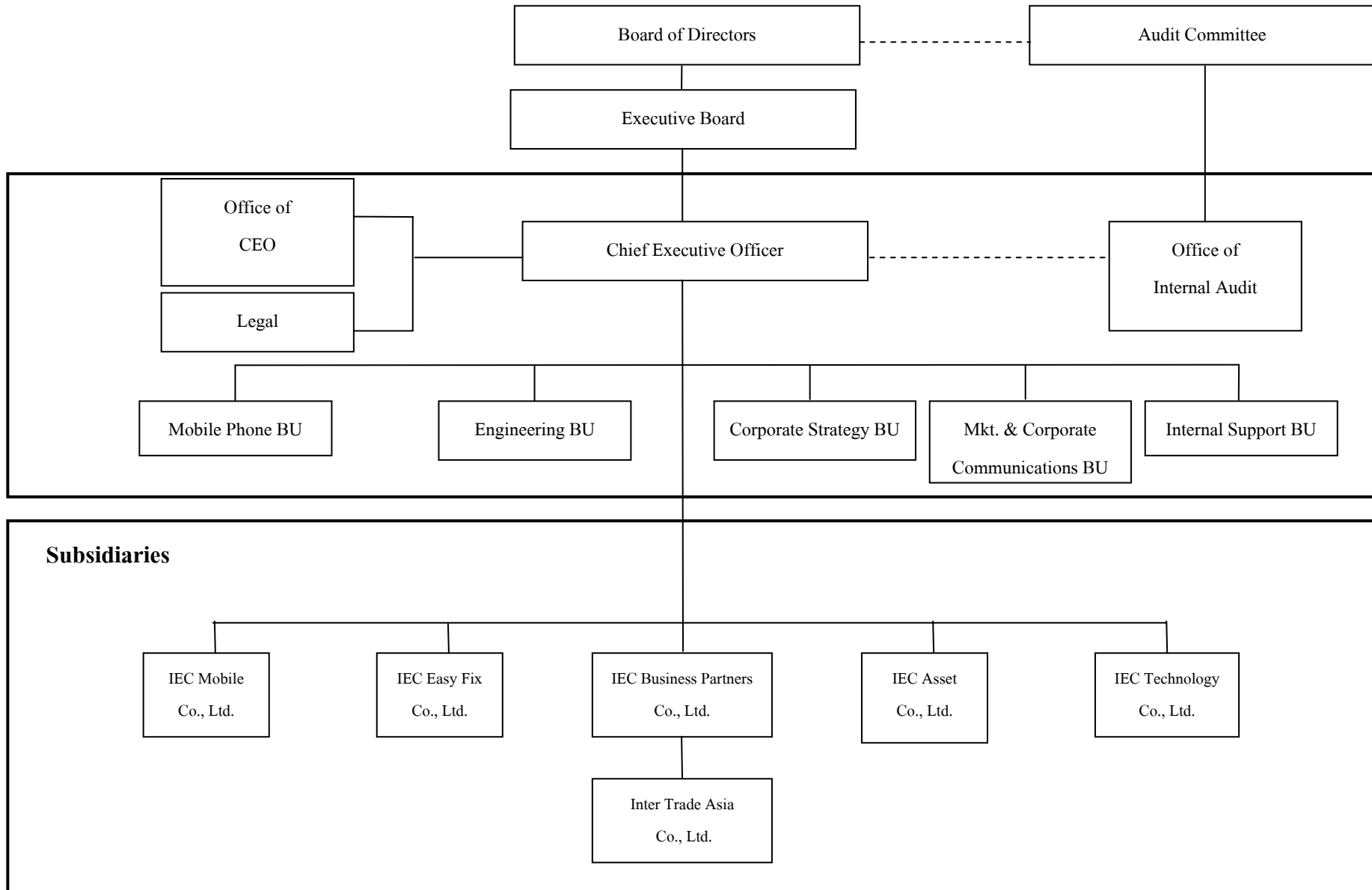
The Board of Directors realizes the influence of financial and non-financial information towards the decision-making process of investors and stakeholders of the company, giving the management the policy to ensure that information is disclosed factually, adequately and timely basis, the disciplines to 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. 3213 or e-mail: pornchaik@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 and 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	Subsidiaries						
		1	2	3	4	5	6	7
1. Lt. Somsak Yamasmit	X	/						/
2. Mr. Sumit Champrasit	//(Former)							
3. Mrs. Sunjutha Witchawut	/// , V	/			/			/
4. Mr. Vichet Bunthuwong	/							
5. Mr. Sarayuth Kauphanichanon	//	/				/	/	
6. Mr. Sutee Phongpaiboon	/							
7. Mr. Sitisit Wichaksanphong	/							
8. Mr. Pongsak Tansathitaya	/							
9. Mr. Decha Sujitham	/							
10. Mr. Ekkamol Emradee	/			/		/	/	

Note: (Data as of March 1, 2008)

X = Chairman, /// = Chairman of the 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. Inter Trade Asia Co., Ltd.

Note: - Subsidiary (6) is held by IEC Asset Co., Ltd.

- Subsidiary (7) is held by IEC Business Partners Co., Ltd.

Name	Subsidiary						
	1	2	3	4	5	6	7
1. Mr. Tawee Butsumtorn	X						
2. Lt. Somsak Yamasmit	/						/
3. Mrs. Sunjutha Witchawut	/			/			/
4. Mr. Sarayuth Kauphanichanon	/				/	/	
5. Mr. Ekkamol Emradee			/		/	/	
6. Mrs. Suwane Dejavittayaporn		/		/		/	
7. Mr. Vivat Vinichayakul				/			
8. Mr. Sithisak Intaraprasit		/					
9. Mr. Anupong Chanchiredrasmee		/					
10. Mr. Wasu Suwannawong			/				
11. Mr. Attawooth Laohapakdee			/				
12. Mr. Amnuay Chotvinitchai			/				
13. Mr. Yuttaphong Intharapanich				/			
14. Mr. Kritsil Chalongkwan						/	
15. Mrs. Anchalee Chavanit					/		
16. Mrs. Prapaiwan Muthitacharoen					/		
17. Mr. Noppadol Sukhmol					/		
18. Mrs. Sirilak Rochanadit						/	
19. Mr. Somyot Tanapirunthorn						/	
20. Mrs. Narumol Chattawan						/	

Note: (Data as of March 1, 2008)

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. Inter Trade Asia Co., Ltd.

Note: - Subsidiary (6) is held by IEC Asset Co., Ltd.

- Subsidiary (7) is 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 : Mr. Narong Luktharn , CPA Registration No. 4700
Company Name : NPS Siam Audit Limited
Address : 555/5-6, 5th Floor SSP Tower, Sukumvit 63 (Ekamai) Sukumvit Road
Klongton Nua, Wattana, Bangkok 10110
Telephone : 0-2711-5300
Facsimile : 0-2711-5866

Remuneration for Auditor

1. Audit Fee

The company and subsidiaries remunerated audit fees as follow:

- ANS Audit Company Limited for the first quarter of 2007, amounting THB 673,700.
- NPS Siam Audit Limited for the second to fourth quarter of 2007, amounting THB 3,557,560.

2. Non-audit Fee

-None-