

Auditor's Reviewed Report

To the Shareholders and the Board of Directors of The International Engineering Public Company Limited:

I have reviewed the consolidated balance sheet of The International Engineering Public Company Limited and its subsidiaries as at March 31, 2007, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended March 31, 2007 and 2006, and the separate balance sheet of The International Engineering Public Company Limited as at March 31, 2007, and the related statements of income, changes in shareholders' equity and cash flows for the three-month periods ended March 31, 2007 and 2006. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

Except for the matter discussed in the third paragraph, I conducted my reviews in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and, thus provides less assurance than an audit in accordance with generally accepted auditing standards. I have not performed an audit and, accordingly, I do not express an audit opinion.

As discussed in Note 1 to financial statements, the consolidated financial statements of the Company for the three-month period ended March 31, 2007 include 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 the consolidated financial statements of the Company for the year ended December 31, 2006 have not been audited. From my review of the financial statements of Crystal Agro Co., Ltd. as of March 31, 2007, the subsidiary presented the expenses of Baht 54 million in the financial statements for the year 2006 which has not yet had the supporting documents. In addition, I were unable to review the appropriateness of the cost of concession on agro-industry project of US Dollar 1 million (equivalent to Baht 38.5 million) paid by the subsidiary and the Company included in the consolidated balance sheet as at March 31, 2007. The above transactions occurred prior to the date the Company invested in the subsidiary and the Company's management is in process of following up for the supporting documents.

Based on my review, except for the effect to financial statements of the matter discussed in the third paragraph, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in conformity with generally accepted accounting principles.

I draw attention to Notes 9 and 20.3 to financial statements, the subsidiary which is IEC Business Partner Company Limited entered into an agreement to acquire assets of International Gasohol Corporation Limited of Baht 465 million which is included as part of property and equipment in the consolidated balance sheet as at March 31, 2007. The subsidiary was filed lawsuits on the acquiring of assets from International Gasohol Corporation Limited pursuant to the civil case: black case no.842/2007 for a claim of Baht 181 million and pursuant to the criminal case: black case no. 1464/2007. The subsidiary and the subsidiary's lawyer have the opinion that the purchase of assets 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, there is no recording of any estimated liability in the accounts. These legal cases have not yet been finalized.

I draw attention to Note 2 to financial statements in relation to the new business transactions in the year 2006.

I draw attention to Note 15 and 20.1 to financial statements, there were lawsuits relating to convertible debentures filed against the Company requiring the Company to pay an amount of Baht 449.6 million plus interest at 8 percent per annum on principal of Baht 427.8 million as from the filing date. The cases are being heard by the Supreme Court. The Company already redeemed the debentures by paying to all debenture holders. The trustee of the debenture holders is in process of requesting the confirmation from all debenture holders to confirm that there will be no more lawsuits against the Company so that the Company will be able to release the case from the Supreme Court.

I have previously audited the consolidated financial statements and the separate financial statements of The International Engineering Public Company Limited and its subsidiaries and The International Engineering Public Company Limited for the year ended December 31, 2006 in accordance with generally accepted auditing standards and expressed a qualified opinion on those statements in my report dated February 28, 2007 in respect of the unaudited financial statements of Crystal Agro Co., Ltd, a subsidiary. The consolidated balance sheet and the separated balance sheet of the Company as at December 31, 2006 prior to the adjustments as described in the next paragraph, which have been presented herein for comparative purposes, are components of those financial statements which I have audited and reported thereon. I have not performed any audit procedures subsequent to such report.

As discussed in Note 3 to the financial statement, in the quarter ended March 31, 2007, the Company changed its accounting policy for investments in subsidiaries, associated companies and joint venture from the equity method to cost method in the Company's separate financial statements to be in compliance with the Notification of Federation of Accounting Profession, and retroactively restated the Company's separate statement of income, the separate statement of changes in shareholders' equity and the separate statement of cash flows for the quarter ended March 31, 2006 and the Company's separate balance sheet as at December 31, 2006 for the change in such accounting policy. In my opinion, such adjustments are appropriate and have been reasonably applied to the Company's separate financial statements.

Atipong AtipongSakul
Certified Public Accountant
Registration Number 3500

ANS Audit Company Limited
Bangkok, May 14, 2007

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
FINANCIAL STATEMENTS AND AUDITOR'S REVIEW REPORT
FIRST QUARTER ENDED MARCH 31, 2007 AND 2006

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		62,370	69,823	24,549	18,791
Current investments	4				
Investments in trading securities		205,989	217,856	91,581	102,638
Investments in available-for-sale securities		442	637	177	175
Accounts receivable from sales of investments		267	26,282	-	-
Trade accounts receivable - net	5	207,274	139,867	174,434	93,171
Trade accounts receivable - related parties	6	8,323	2,731	81,659	155,924
Amounts due from and short-term loans to related parties - net	6	3,646	1,102	340,194	299,872
Subscription receivable of subsidiary		-	2,250	-	-
Advance payment for investment in subsidiary		-	-	8,000	-
Inventories - net		153,478	311,004	84,999	192,309
Wood in a concession area	2.3	-	-	60,000	60,000
Other current assets					
Prepaid expenses		12,068	8,239	4,030	4,110
Withholding tax deducted at source		14,527	9,469	11,703	7,870
Input tax refundable		52,612	55,414	538	29,082
Others		28,616	32,928	17,812	20,288
TOTAL CURRENT ASSETS		749,612	877,602	899,676	984,230
NON-CURRENT ASSETS					
Pledged deposits at financial institutions	9,19.1,19.6	285,939	125,922	283,963	123,962
Investments accounted for under the cost method		-	-	563,114	559,357
Investments accounted for under the equity method	3,7	205,790	212,591	-	-
Other long-term investments - net	8	33,162	33,162	525	525
Property and equipment - net	9,16,20.3	758,396	433,360	114,683	274,509
Deposit for purchase of assets		-	5,000	-	-
Deposit for purchase of computer software	10,19.8	-	-	-	-
Intangible assets					
Cost for purchase of subscribers - net	11	320,399	330,411	320,399	330,411
Leasehold rights - net	12	205,971	209,892	29,880	30,816
Computer software - net		1,958	2,743	1,663	2,402
Concession on agro - industry project	13	34,717	38,450	-	-
The surplus of investment cost over book value at investment date - net	2	29,589	30,343	-	-
Other non-current assets		22,800	34,000	17,894	18,114
TOTAL NON-CURRENT ASSETS		1,898,721	1,455,874	1,332,121	1,340,096
TOTAL ASSETS		2,648,333	2,333,476	2,231,797	2,324,326

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions		89,705	116,832	87,802	113,479
Trade accounts payable		94,690	36,896	69,435	6,678
Trust receipts payable		57,253	85,401	57,253	85,401
Accounts payable from purchases of investments		16,278	6,111	10,844	-
Constructions payable		3,165	42,278	-	19,444
Acquisition payable	9	76,992	-	-	-
Current portion of hire-purchase creditors		4,175	4,381	1,872	2,058
Current portion of long - term loan	9,16	13,000	-	-	-
Current portion of convertible debentures	15,20.1	10,321	10,321	10,321	10,321
Amounts due to and short-term loans from related parties	6	3,065	538	20,139	115,764
Other short-term loans		1,680	1,680	-	-
Deposit received for wood	2,3,14	45,883	50,000	50,000	50,000
Other current liabilities				-	
Advance received from customer		4,912	-	-	-
Accrued income tax		7,890	7,938	-	-
Accrued expenses		37,103	39,274	21,638	14,835
Others		10,940	20,068	6,898	8,005
TOTAL CURRENT LIABILITIES		477,052	421,718	336,202	425,985
NON-CURRENT LIABILITIES					
Long - term loan	9,16	326,735	-	-	-
Hire-purchase creditors - net of current portion		5,738	6,503	387	751
Convertible debentures - net of current portion	15,20.1	7,721	10,295	7,721	10,295
Provision for repurchasing shares of subsidiary	7	13,755	13,755	13,755	13,755
Provision for loss from lawsuits	20.2	72,455	72,455	72,455	72,455
Reserve for excess loss from investment in joint venture	7	7,668	7,339	-	-
Reserve for loss from guarantee on loan of associated company	19.2	15,000	15,000	15,000	15,000
Deposits received from customers		10,821	9,700	4,654	4,654
TOTAL NON-CURRENT LIABILITIES		459,893	135,047	113,972	116,910
TOTAL LIABILITIES		936,945	556,765	450,174	542,895

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

Notes	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006

The accompanying notes are an integral part of the financial statements

		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
2,200,000,000 ordinary shares of Baht 1 each		2,200,000	2,200,000	2,200,000	2,200,000
Issued and fully paid					
1,749,229,000 ordinary shares of Baht 1 each	17	1,749,229	1,749,229	1,749,229	1,749,229
Premium on share capital		1,006,805	1,006,805	1,006,805	1,006,805
Unrealised gain (loss) on investment in available-for-sale securities		100	21	20	18
Translation adjustments		2,883	2,397	-	-
Retained earnings (deficit)					
Appropriated - statutory reserve		400	400	400	400
Unappropriated (deficit)		(1,038,013)	(974,250)	(974,831)	(975,021)
Minority interest		(10,016)	(7,891)	-	-
TOTAL SHAREHOLDERS' EQUITY		1,711,388	1,776,711	1,781,623	1,781,431
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,648,333	2,333,476	2,231,797	2,324,326

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

(Unit : Thousand Baht except earnings per share expressed in Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
REVENUES	6				
Sales and services income		761,173	1,083,799	660,968	1,327,701
Gain on sales of investment in securities		-	205,927	-	-

The accompanying notes are an integral part of the financial statements

Rental income	2,951	-	-	-
Other income				
Interest income	3,318	37	7,903	4,703
Gain on sales of fixed asset	47,654	-	47,654	-
Others	10,875	8,293	9,289	4,998
TOTAL REVENUES	<u>825,971</u>	<u>1,298,056</u>	<u>725,814</u>	<u>1,337,402</u>
EXPENSES	6			
Cost of sales and services	663,244	966,097	601,977	1,220,922
Cost of rental	15,926	-	-	-
Selling and administrative expenses	131,490	156,038	68,296	101,357
Directors' remuneration	3,112	1,854	1,490	1,854
Unrealised loss on investment in trading securities	43,247	-	30,856	-
Loss from impairment of investment	-	-	19,066	48,924
Share of loss from investments accounted for under the equity method	26,208	8,192	-	-
TOTAL EXPENSES	<u>883,227</u>	<u>1,132,181</u>	<u>721,685</u>	<u>1,373,057</u>
Net income (loss) before interest expenses	(57,256)	165,875	4,129	(35,655)
Interest expenses	(8,632)	(1,188)	(3,939)	(1,217)
Corporate income tax	-	(60,468)	-	-
Net income (loss) before minority interests	<u>(65,888)</u>	<u>104,219</u>	<u>190</u>	<u>(36,872)</u>
Minority interests	2,125	-	-	-
Net income (loss) for the period	<u>(63,763)</u>	<u>104,219</u>	<u>190</u>	<u>(36,872)</u>
Earnings (loss) per share (Baht)				
Basic earnings (loss) per share	<u>(0.04)</u>	<u>0.07</u>	<u>0.00</u>	<u>(0.02)</u>

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS

	Issued and paid-up share capital	Premiums on share capital	Advance received from share subscriptions	Unrealised gain (loss) on investments in available-for-sale securities	Retained earnings (Deficit)		Translation adjustments	Minority interest-equity attributable to minority shareholders of subsidiaries	Total
					Appropriated- statutory reserve	Unappropriated (deficit)			
Balance as at January 1, 2007	1,749,229	1,006,805	-	21	400	(974,250)	2,397	(7,891)	1,776,711
Translation adjustments	-	-	-	-	-	-	486	-	486
Minority interest	-	-	-	-	-	-	-	(2,125)	(2,125)
Unrealised item in income statement	-	-	-	79	-	-	-	-	79
Net loss for the period	-	-	-	-	-	(63,763)	-	-	(63,763)
Balance as at March 31, 2007	<u>1,749,229</u>	<u>1,006,805</u>	<u>-</u>	<u>100</u>	<u>400</u>	<u>-1,038,013</u>	<u>2,883</u>	<u>-10,016</u>	<u>1,711,388</u>
Balance as at January 1, 2006	1,333,200	492,473	121,000	11	400	7,413	-	-	1,954,497
Increase in share capital	244,529	122,125	(121,000)	-	-	-	-	-	245,654
Advance received from share subscription	-	-	500	-	-	-	-	-	500
Unrealised item in income statement	-	-	-	(4,394)	-	-	-	-	(4,394)
Net income for the period	-	-	-	-	-	104,219	-	-	104,219
Balance as at March 31, 2006	<u>1,577,729</u>	<u>614,598</u>	<u>500</u>	<u>-4,383</u>	<u>400</u>	<u>111,632</u>	<u>-</u>	<u>-</u>	<u>2,300,476</u>

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	SEPARATE FINANCIAL STATEMENTS						Total
	Issued and paid-up share capital	Premiums on share capital	Advance received from share subscriptions	Unrealised gain on investments in available-for-sale securities	Retained earnings (Deficit)		
					Appropriated- statutory reserve	Unappropriated (deficit)	
Balance as at January 1, 2007							
Before adjustment	1,749,229	1,006,805	-	18	400	-974,250	1,782,202
Adjustment on accounting for investments	-	-	-	-	-	932,433	932,433
Adjustment for impairment of investment	-	-	-	-	-	-743,234	-743,234
Adjustment for allowance for doubtful accounts	-	-	-	-	-	-189,970	-189,970
After adjustment	1,749,229	1,006,805	-	18	400	-975,021	1,781,431
Net income for the period	-	-	-	2	-	190	192
Balance as at March 31, 2007	1,749,229	1,006,805	-	20	400	-974,831	1,781,623
Balance as at January 1, 2006							
Before adjustment	1,333,200	492,473	121,000	11	400	7,413	1,954,496
Adjustment on accounting for investments	-	-	-	-	-	316,672	316,672
Adjustment for impairment of investment	-	-	-	-	-	-278,005	-278,005
Adjustment for allowance for doubtful accounts	-	-	-	-	-	-40,585	-40,585
After adjustment	1,333,200	492,473	121,000	11	400	5,495	1,952,578
Increase in share capital	244,529	122,125	(121,000)	-	-	-	245,654
Advance received from share subscription	-	-	500	-	-	-	500
Unrealised item in income statement	-	-	-	1	-	-	1
Net loss for the period	-	-	-	-	-	(36,872)	(36,872)
Balance as at March 31, 2006	1,577,729	614,598	500	12	400	(31,377)	2,161,861

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash flows from (used in) operating activities:-				
Net income (loss)	(63,763)	104,219	190	(36,872)
Reconciliations of net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	31,510	38,091	23,829	35,971
Allowance for doubtful accounts (reversal)	2,423	(414)	4,613	297
Allowance for diminution in value of inventories (reversal)	(87,355)	4,706	(41,008)	(636)
Share of loss from investments accounted for under the equity method	19,143	4,978	-	-
Amortization of goodwill	7,066	3,214	-	-
Loss from impairment of investment in subsidiaries companies	-	-	19,066	48,924
Gain on disposal of investment	-	(205,927)	-	-
Unrealized loss on investment in securities	43,247	-	30,856	-
(Gain) loss on sales of fixed assets	(47,654)	458	(47,654)	457
Loss from written-off fixed assets	24	607	9	607
Unrealized (gain) loss on exchange	(384)	21	-	21
Cash flows from operating activities before changes in				
operating assets and liabilities	(95,743)	(50,047)	(10,099)	48,769
Decrease (increase) in operating assets				
Trade accounts receivable	(69,193)	(29,495)	(8,540)	(348,689)
Trade accounts receivable - related companies	(8,323)	(642)	(24,593)	(39,382)
Inventories	244,882	(90,395)	148,319	192,924
Subscription receivable of subsidiary	2,250	-	-	-
Advance payment of investment in subsidiary	-	-	(8,000)	-
Other current assets	(1,773)	(37,606)	27,266	(7,035)
Other non-current assets	11,199	(17,957)	221	2,146
Increase (decrease) in operating liabilities				
Trade accounts payable	57,794	(4,945)	62,757	(7,266)
Amounts due to related companies	2,527	-	(6,624)	585
Accrued convertible debentures interest	-	1,002	-	1,002
Accrued expenses	(2,219)	2,899	6,803	6,939
Accrued income tax	-	60,468	-	-
Other current liabilities	(4,218)	2,565	(1,107)	-
Deposit received from customers	1,121	-	-	438
Net cash used in operating activities	138,304	(164,153)	186,403	(149,569)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Cash flows from (used in) investing activities				
Increase in pledged deposits at financial institutions	(160,017)	-	(160,001)	-
Deposit for securities trading	-	(40,059)	-	-
Increase in short-term loans to related parties	-	-	(18,800)	(138,720)
Proceeds from investment in trading securities	37,719	66,287	-	-
Cash paid for investment in trading securities	(32,643)	(184,993)	(8,955)	-
Cash paid for investment in subsidiary	-	-	(4,500)	(250,000)
Cash paid for investment in associated company	(18,324)	(160,806)	(18,324)	(69,175)
Share subscription payable	-	-	-	(23,059)
Proceeds from sales of fixed assets	200,239	305	219,931	458
Commission and fee paid on sales of fixed assets	(17,192)	-	(17,192)	-
Acquisition of fixed assets	(434,364)	(20,010)	(26,855)	(1,785)
Net cash used in investing activities	(424,582)	(339,276)	(34,696)	(482,281)
Cash flows from (used in) financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(27,127)	-	(25,677)	-
Trust receipts payable	(28,148)	-	(28,148)	-
Repayments of short-term loans from related companies	(450)	-	(89,000)	(5,000)
Cash receipts from long-term loans from financial institutions	339,734	-	-	-
Cash paid for redemption of convertible debentures	(2,574)	(2,574)	(2,574)	(2,574)
Decrease in hire purchase creditors	(971)	(956)	(550)	(956)
Decrease in share subscription payable	-	-	-	23,059
Translation adjustments	486	-	-	-
Change in minority interests	(2,125)	-	-	-
Capital increased	-	249,286	-	249,286
Cash paid to investment advisor for capital increase	-	(3,132)	-	(3,132)
Net cash from financing activities	278,825	242,624	(145,949)	260,683
Net increase (decrease) in cash and cash equivalents	(7,453)	(260,805)	5,758	(371,167)
Cash and cash equivalents at beginning of the year	69,823	465,592	18,791	449,386
Cash and cash equivalents at end of the year	62,370	204,787	24,549	78,219
<u>Supplementary disclosure of cash flows information</u>				
Cash paid during the year				
Interest paid	8,396	1	3,749	92
Income tax paid	4,929	1,535	3,834	1,509

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited but reviewed)
 AND AS AT DECEMBER 31, 2006 (Audited)

1. GENERAL INFORMATION

1.1 Basis of interim financial statement presentation

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows as in the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the financial statements for the year ended December 31, 2006. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should, therefore, be read in conjunction with the financial statements for the year ended December 31, 2006.

1.2 Basis of consolidated financial statements presentation

The basis of consolidation adopted for the interim financial statements is the same as that for the consolidated financial statements for the year ended December 31, 2006. The financial statements included the Company, its subsidiaries and joint ventures as follows:-

<u>Subsidiaries</u>	<u>Business</u>	<u>Paid up capital</u>		<u>Equity interest (percent)</u>	
		<u>(Thousand Baht)</u>		<u>31 March</u>	<u>31 December</u>
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
IEC Mobile Co., Ltd.	Sales of mobile handsets and sim cards	100,000	100,000	100.0	100.0
IEC Technology Co., Ltd.	Information technology service	50,000	50,000	65.0	65.0
IEC Asset Co., Ltd.	Lease of property and service	285,000	285,000	100.0	100.0
IEC Easy Fix Company Limited	Repair services for mobile handsets and accessories	42,000	37,500	100.0	100.0
IEC Business Partners Co., Ltd.	Investment	250,000	250,000	100.0	100.0
Intertrade Asia Co., Ltd. (held by IEC Business Partners Co., Ltd.)	Commercial business	20,000	20,000	100.0	100.0

	<u>Business</u>	<u>Paid up capital</u>		<u>Equity interest (percent)</u>			
		<u>(Thousand Baht)</u>		<u>31 March</u>	<u>31 December</u>	<u>31 March</u>	<u>31 December</u>
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
G.E.C. International Co., Ltd. (held by IEC Business Partners Co., Ltd.)	Engaged in an electric engineering and machine business in Middle East Asia	5,000	5,000	55.0	55.0		
Crystal Agro Co., Ltd	Agro-industry business in Cambodian	40,000	40,000	50.0	50.0		
<u>Joint Venture</u>							
IEC Internet Co., Ltd. (65% held by IEC Asset Co., Ltd.)	Internet service provider (ceased operation in 2005)	15,000	15,000	65.0	65.0		

Material intercompany balances and transactions have been eliminated from the consolidated financial statements.

The consolidated financial statements of the Company for the three-month period ended March 31, 2007 include 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 the financial statements of Crystal Agro Co., Ltd for the year ended December 31, 2006 have not been audited.

2. NEW BUSINESS TRANSACTIONS IN THE YEAR 2006

- 2.1 In March 2006, the Company entered into a sales agreement to sell New Link Software and Platform to two juristic persons registered in overseas, for a total contract value of USD 1,550,000 equivalent to Baht 60.20 million.
- 2.2 On May 25, 2006, the Company entered into a licensing agreement to use computer software in providing Mobile Casting Services to mobile phone users across Thailand, with a local company acting as the authorized agent of the copyright owner in Israel. The licensing fee for using such program is Baht 80 million. The Company has paid deposits of Baht 60.50 million and recorded loss from impairment to cover the full amount in 2006.
- 2.3 On June 9, 2006, the Company entered into a purchase agreement for wood with a Cambodian-registered company duly granted by the Cambodian government, a 70-year concession of cultivation and agricultural business. The Company agreed to buy not over than 150,000 cubic meters of wood located on the concession area of 8,000 hectares or 50,000 rais in Tambon Samrong, Ampur Udon Meechai in Cambodia within a period of 2 years. The total contract value is Baht 60 million. On June 21, 2006, the Company entered into a sales agreement with a local company to sell the quantity of wood bought from the foreign company as aforementioned within a period of 2 years with a contract value of Baht 220 million. The company, that was granted of the concession, has the

authorized director who, in the past, had a close relationship with a director of the Company. On July 14, 2006, the Company paid an amount of Baht 60 million in accordance with the purchase agreement for wood according to the Minutes of Board of Director Meeting No. 10/2006 dated June 19, 2006. As at December 31, 2006, the Company received advance for wood amount of Baht 50 million.

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

2.4 Consulting fee

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the financial statements for the three-month period ended March 31, 2007 has been based on the same accounting policies and calculation methods used for the preparation of the financial statements for the year ended December 31, 2006 except those referred to as follow:

In the quarter ended March 31, 2007, the Company has changed in the accounting policy for investment in subsidiaries, associated companies and joint venture from the equity method to the cost method in the separate financial statements in compliance with the Federation of Accounting Professions issued Notification No. 26/2006, “The accounting method on the Accounting Standard No. 44, The Consolidated Financial Statements and Accounting for Investments in Subsidiaries” and the Federation of Accounting Professions issued Notification No. 32/2006, “The explanation of accounting for Accounting Standard No. 44, The Consolidated Financial Statements and Accounting for Investments in Subsidiaries (paragraph 27), and Accounting Standard No. 45, Accounting for Investments in Associated (paragraph 11). The separate statements of income, statement of changes in shareholders’ equity and statement of cash flow for the three-month periods ended March 31, 2006 and the separated balance sheet as at December 31, 2006 have been prepared from the financial statements in which the equity method is applied and have been restated as through the investments had originally been recorded using the cost method. The change in accounting policy had the effect to the separated financial statements as follows:

(Unit : Thousand Baht except earnings per share expressed in Baht)

As at December 31, 2006

Balance Sheet

Decrease in investments - net	(139,473)
Decrease in trade accounts receivable - related parties	(136,727)
Decrease in reserve for loss from investment	275,429
Increase in ending deficit	771

For the three-month period
ended March 31, 2007

Statements of income

Decrease in share of gain from investments accounted for under the equity method	(141,092)
Decrease in share of loss from investments accounted for under the equity method	51,124
Increase in loss from impairment of investment	(48,924)
Increase in allowance for doubtful accounts	(2,200)
Decrease in net income for the period	(141,092)
Decrease in earnings per share	(0.09)

4. CURRENT INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	(Audited)		(Audited)	
Investments in trading securities				
At cost				
NEP Realty and Industry Public Company Limited				
- 4,500,900 shares	32,807	32,807	-	-
- 1,501,700 shares	12,043	-	-	-
NEP Realty and Industry Public Company Limited - W1				
- 1,710,900 shares	-	5,571	-	-
EMC Public Company Limited				
- 20,000,000 shares	72,269	72,269	72,269	72,269
Navanakorn Public Co.,Ltd				
- 700,000 shares	3,439	3,439	-	-
- 300,000 shares	1,414	1,413	1,414	1,413
Navanakorn Public Co.,Ltd - W1				
- 13,000,000 shares	41,201	41,201	41,201	41,201
Power Line Engineering Public Company Limited				
- 10,000,000 shares	95,057	95,057	-	-
Live Incorporation Public Company Limited				
- 11,202,700 shares	19,799	-	19,799	-
Thailand Carpet Manufacturing Public Company Limited				
- 650,000 shares	5,433	-	-	-
Less: Unrealized loss from valuation				
of investment	(77,473)	(33,901)	(43,102)	(12,245)
Total investments in trading securities	205,989	217,856	91,581	102,638
Investments in available-for-sale securities				
At cost				
Investment in Open Ended Mutual Fund	157	157	157	157
Other investments in marketable securities	184	459	-	-
Add: Unrealized gain from valuation				
of investment	101	21	20	18
Total investments in available-for-sale securities	442	637	177	175

5. TRADE ACCOUNTS RECEIVABLE

The aging of the outstanding balances as at March 31, 2007 and December 31, 2006 was as follows:-

(Unit: Thousand Baht)

<u>Ages of receivables</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>31 March 2007</u>	<u>31 December 2006</u>	<u>31 March 2007</u>	<u>31 December 2006</u>
	(Audited)		(Audited)	
<u>Unrelated parties</u>				
Not yet due	106,803	92,444	94,435	75,910
Past due				
Up to 3 months	90,732	32,527	80,692	15,503
3 - 6 months	9,532	12,301	1,140	3,901
6 - 12 months	5,230	5,653	2,189	78
Over 12 months	8,630	8,831	8,557	8,816
Total	220,927	151,756	187,013	104,208
Less: Allowance for doubtful accounts	(13,653)	(11,889)	(12,579)	(11,037)
Trade accounts receivable - net	207,274	139,867	174,434	93,171

6. RELATED PARTY TRANSACTIONS

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

(Unit : Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<u>Transactions with subsidiaries</u>					
Revenue from sales (net)	-	-	74.0	574.0	Cost plus certain margin
Sales of fixed asset	-	-	19.7	-	Net book value
Purchases	-	-	5.0	4.0	Cost plus certain margin
Interest income	-	-	5.6	4.1	Interest rate with reference of
Loans (weighted average balance of loans outstanding during the period)	-	-	303.2	209.0	commercial bank plus a margin of 0.25 – 2%
Rental expenses	-	-	3.4	0.2	Contract price
Interest expense	-	-	0.3	-	Contract price
Warehouse management	-	-	2.9	-	Contract price

(Unit : Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
<u>Transactions with joint venture</u>					
Loans (weighted average balance of loans outstanding during the period)	30.4	31.7	-	-	Interest rate with reference of commercial bank plus a margin of 0.25-2%
<u>Transaction with associated company</u>					
Revenue from sales (net)	54.5	-	54.5	-	Lower than cost 26% for inventories management
Purchases	15.4	-	15.4	-	Cost plus profit
<u>Transactions with related parties</u>					
Loans (weighted average balance of loans outstanding during the period)	35.4	35.4	35.4	35.4	Interest rate with reference of commercial bank plus a margin of 0.25-2 %

As at March 31, 2007 and 2006, the outstanding balance of the above transactions, are shown as separate items in the balance sheets as follows:-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Audited)		(Audited)
<u>Trade accounts receivable</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	212,908	291,500
Less: Allowance for doubtful accounts	-	-	(136,727)	(136,727)
<u>Associated company</u>				
Bliss-Tel Public Company Limited	8,323	2,731	5,478	1,151
Total trade accounts receivable	8,323	2,731	81,659	155,924
<u>Amounts due from related parties</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	15,323	16,938
IEC Technology Company Limited	-	-	4,096	3,088
IEC Asset Company Limited	-	-	24,215	19,690
IEC Business Partner Company Limited	-	-	138	191
Inter Trade Asia Company Limited	-	-	29	22
IEC Easy Fix Company Limited	-	-	38,732	18,280
Crystal Agro Company Limited	-	-	714	3
<u>Associated company</u>				
OneNet Co., Ltd	646	-	17	4
<u>Related parties</u>				
Application Hosting Services Co., Ltd.	-	1,102	-	1,102
Micronetic Public Company Limited	346	1,753	2,099	1,753
Ethnic Earth.Com Holdings Company Limited	4,416	4,119	4,416	4,119
Less: Allowance for doubtful accounts	(4,762)	(5,872)	(6,515)	(5,872)
The M. Group Public Company Limited	450,000	450,000	450,000	450,000
Less: Allowance for doubtful accounts	(450,000)	(450,000)	(450,000)	(450,000)
	646	1,102	83,264	59,318
<u>Short-term loans to related parties</u>				
<u>Subsidiary companies</u>				
IEC Asset Company Limited	-	-	255,877	237,877
IEC Technology Company Limited	-	-	53,720	52,920
Crystal Agro Company Limited	-	-	3,000	3,000
Less: Allowance for doubtful accounts (Note 9)	-	-	(55,672)	(53,243)
<u>Joint venture</u>				
IEC Internet Company Limited	30,356	30,356	-	-
Less: Allowance for doubtful accounts (Note 9)	(30,356)	(30,356)	-	-
<u>Associated company</u>				
LOCUS Telecommunication Inc., Limited	-	-	5	-
OneNet Co., Ltd	3,000	-	-	-

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Audited)		(Audited)
<u>Related parties</u>				
Micronetic Public Company Limited	18,675	18,675	18,675	18,675
Ethnic Earth.Com Holding Company Limited	16,770	16,770	16,770	16,770
Less: Allowance for doubtful accounts	(35,445)	(35,445)	(35,445)	(35,445)
	3,000	-	256,930	240,554
Total amounts due from and short-term loans to related parties - net	3,646	1,102	340,194	299,872
<u>Amount due to related parties</u>				
<u>Subsidiary companies</u>				
IEC Technology Company Limited	-	-	-	8
IEC Mobile Company Limited	-	-	1,871	3,539
IEC Asset Company Limited	-	-	131	154
IEC Easy Fix Company Limited	-	-	17,887	22,622
<u>Associated company</u>				
Bliss-Tel Public Company Limited	1,532	192	-	191
<u>Related parties</u>				
Micronetic Public Company Limited	347	346	250	250
	1,879	538	20,139	26,764
<u>Short-term loans from related parties</u>				
<u>Subsidiary companies</u>				
IEC Business Partner Company Limited	-	-	-	89,000
Crystal Agro Company Limited	1,186	-	-	-
Total amounts due to and short-term loans from related parties - net	3,065	538	20,139	115,764

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

7. INVESTMENTS

Investments accounted for under the equity method in ordinary shares of the following companies:-

(Unit: Thousand Baht)

	Consolidated financial statements							
	31 March 2007				31 December 2006			
	Paid up capital	Equity interest (percent)	At Cost	Equity method	Paid up capital	Equity interest (percent)	At Cost	Equity method
<u>Investments in subsidiary companies</u>								
IEC Mobile Company Limited	100,000	100.0	90,900	-	100,000	100.0	90,900	-
IEC Technology Company Limited	50,000	65.0	32,500	-	50,000	65.0	32,500	-
IEC Asset Company Limited	285,000	100.0	280,000	-	285,000	100.0	280,000	-
IEC Business Partner Company Limited	250,000	100.0	250,000	-	250,000	100.0	250,000	-
IEC Easy Fix Company Limited	42,000	100.0	42,000	-	37,500	100.0	37,500	-
Inter Trade Asia Company Limited (100% held by IEC Business Partner Company Limited)	20,000	100.0	20,000	-	20,000	100.0	20,000	-
G.E.C. International (held by IEC Business Partner Company Limited)	5,000	55.0	2,750	-	5,000	55.0	2,750	-
Crytal Agro Company Limited	40,000	50.0	20,000	-	40,000	50.0	20,000	-
Total investments in subsidiary companies			738,150	-			733,650	-
<u>Investment in joint venture</u>								
IEC Internet Company Limited (65% held by IEC Asset Company Limited)	15,000	65.0	8,999	(38,024)	15,000	65.0	8,999	(37,695)
<u>Investment in associated company</u>								
Micronetic Public Company Limited	100,000	38.6	24,827	-	100,000	38.6	24,827	-
LOCUS Telecommunication Inc., Limited	638,790	36.4	239,234	-	638,790	36.4	239,234	-
BNB Inter Group Company Limited	90,000	27.8	75,000	-	90,000	27.8	75,000	-
Bliss-Tel Public Company Limited	315,000	19.3	270,954	205,100	230,000	24.3	252,630	209,388
OneNet Co., Ltd	12,000	40.8	4,900	690	10,000	49.0	4,900	3,203
Total investments in associated company			614,915	205,790			596,591	212,591
Provision for loss from investments			-	38,024			-	37,695
Total investments accounted for under the equity method			1,362,064	205,790			1,339,240	212,591
Provision for loss from investments accounted under the equity method								
Reserve for excess loss from investment in joint venture				7,668				7,339
Allowance for doubtful accounts - joint venture				30,356				30,356
				38,024				37,695

Provision for loss from joint venture over investment cost is presented as a liability in the consolidated financial statements.

Investments accounted for under the cost method in ordinary shares of the following companies:-

(Unit: Thousand Baht)

	Separate financial statements					
	31 March 2007			31 December 2006		
	Equity			Equity		
Paid up capital	interest (percent)	Cost method	Paid up capital	interest (percent)	Cost method	
						(Audited)
<u>Investments in subsidiary companies</u>						
IEC Mobile Company Limited	100,000	100.0	90,900	100,000	100.0	90,900
IEC Technology Company Limited	50,000	65.0	32,500	50,000	65.0	32,500
IEC Asset Company Limited	285,000	100.0	280,000	285,000	100.0	280,000
IEC Business Partner Company Limited	250,000	100.0	250,000	250,000	100.0	250,000
IEC Easy Fix Company Limited	42,000	100.0	42,000	37,500	100.0	37,500
Crystal Agro Company Limited	40,000	50.0	20,000	40,000	50.0	20,000
Total investments in subsidiary companies			<u>715,400</u>			<u>710,900</u>
<u>Investment in joint venture</u>						
Micronetic Public Company Limited	100,000	38.6	24,827	100,000	38.6	24,827
LOCUS Telecommunication Inc., Limited	638,790	36.4	239,234	638,790	36.4	239,234
BNB Inter Group Company Limited	90,000	27.8	75,000	90,000	27.8	75,000
Bliss-Tel Public Company Limited	315,000	19.3	270,953	230,000	24.3	252,630
Total investment in joint venture company			<u>610,014</u>			<u>591,691</u>
Total investments accounted for under the cost method			1,325,414			1,302,591
Provision for loss impairment of investments			<u>(762,300)</u>			<u>(743,234)</u>
			<u>563,114</u>			<u>559,357</u>

Investment in IEC Technology Company Limited

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

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

operated such that the Company has retained earnings for the fifth year from the date of the agreement. The agreement was due in this quarter. Both parties are in the process of negotiation for the finalization of this issue.

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

According to the Minutes of the Extraordinary Shareholders Meeting No. 1/2007 and No. 2/2007 dated January 15, 2007 and February 5, 2007 of OneNet Co., Ltd, the shareholders resolved to increase the registered capital from Baht 10 million to Baht 12 million by issuing new common shares of 200,000 shares at Baht 10 par value, for a total amount of Baht 2 million. The Company registered an increase of capital on February 16, 2006. This resulted in the Company's stake being decreased from 49% to 40.83%

Investment in IEC Internet Company Limited

The terms of the shareholder agreement between IEC Asset Company Limited (formerly Asia Access (Thailand) Company Limited) and the Communications Authority of Thailand in respect of the investment in the ordinary shares of IEC Internet Company Limited, stipulate that Asia Access (Thailand) Company Limited is to procure sources of loans, guarantees or a loan guarantor so that IEC Internet Company Limited can operate its business in accordance with its objectives. Accordingly, Asia Access (Thailand) Company Limited recognized the full amount of the capital deficit and net loss of IEC Internet Company Limited, together with all liabilities in excess of its interest in the equity of that company. The outstanding balance amounting to Baht 38.02 million (December 31, 2006: Baht 37.69 million) is shown as "Reserve for excess loss from investment in joint venture" in non-current liabilities and "Allowance for doubtful account" in the consolidated financial statements.

Investment in Bliss-Tel Public Company Limited

In the first quarter ended March 31, 2007, Bliss-Tel Public Company Limited increased issued and fully paid share capital of Baht 85 million. This resulted in the Company's stake being decreased from 24.35 % to 17.78%

On March 21, 2007, the Company acquired ordinary shares of Bliss-Tel Public Company Limited for 4.89 million shares, or 1.55% of the registered and paid-up capital, at a price of Baht 3.4 per share, for a total acquisition cost of Baht 18.33 million. This resulted in the Company's stake being decreased from 17.78% to 19.33%

Investment in Inter Trade Asia Co., Ltd

According to the Minutes of the Board of Directors' Meeting No. 8/2006 dated May 24, 2006, the Board resolved to approve Inter Trade Asia Co., Ltd. to co-invest and establish Inter Trade Asia (UAE) LLC to be registered in the United Arab Emirates for operating foreign trade with a registered capital of AED 300,000 (equivalent to Baht 3,150,000), whereas, Inter Trade Asia Co., Ltd. shall hold 49% of the shares. As at March 31, 2007, there was no registration and paid up capital for the new co-invest company.

8. OTHER LONG-TERM INVESTMENTS

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

(Unit: Thousand Baht)

	Paid up capital	Equity interest (percent)	Consolidated financial statements		Separate financial statements	
			31 March 2007	31 December 2006	31 March 2007	31 December 2006
(Million Baht)						
Sri U-Thong Company Limited	1,084	-	21,000	21,000	21,000	21,000
Kasalong Hotel and Resort Company Limited	170	2.4	4,000	4,000	4,000	4,000
Ethnic Earth.Com Holding Company Limited	68	11.8	8,995	8,995	8,995	8,995
Application Hosting Services Company Limited	23	8.9	32,637	32,637	-	-
Others			525	525	525	525
			67,157	67,157	34,520	34,520
Less: Allowance for impairment in value of investments			(33,995)	(33,995)	(33,995)	(33,995)
Investments in other companies - net			33,162	33,162	525	525

As at March 31, 2007, a subsidiary has the remaining balance of shares in Application Hosting Service Co., Ltd. of 20,370 shares or 8.86% of the registered and paid-up capital which in 2006 the subsidiary entered into the agreement to buy and to sell share with Dragon One Public Co., Ltd. in 2006, at Baht 2,454.54 per share and will receive the payment for share transfer within January 31, 2007 according to the additional memorandum of the agreement to buy and to sell share dated December 15, 2006. Under the term of the agreement, if the buyer breach the agreement by not buying the remaining share and paying Baht 50 million within January 31, 2007, the buyer will pay interest to seller at the rate of 7.5% per annum calculating from January 31, 2007. On January 30, 2007, Dragon One Public Co., Ltd., entered into memorandum for extending the term of payment to March 2007. On April 26, 2007, Dragon One Public Co., Ltd., entered into memorandum for extending the term of payment to June 2007.

9. PROPERTY PLANT AND EQUIPMENT

On March 20, 2007, the Company sell the Company's 25 suites in SM Tower Condominium, with a total area of 6,251.38 square meters (net book value at selling date was Baht 135.75 million) to Chansiri Real Estate Co., Ltd., at Baht 32,000 per square meter which was average evaluation price of land department, totally worth of Baht 200.04 million according the Company's Board of Director's Meeting No.1/2007

held on January 26, 2007. The Company incurred the commission of Baht 6 million and the transferring fee and tax of Baht 10.64 million from sales resulting in net gain of Baht 47.65 million.

The Company pledged the fixed deposit of Baht 170 million (part of fund from sales of assets) with a bank to replace the mortgage of the leased office buildings as collateral for its credit facilities.

On January 29, 2007, IEC Business Partner Company Limited (a subsidiary of the Company) entered into agreement to acquire assets of International Gasohol Corporation Limited consisting of land, building and premises and machineries totaling of Baht 465 million (excluding value added tax) pursuant to the Company's Board of Director's Meeting No. 1/2007 held on January 26, 2007. The subsidiary mortgaged these acquired land, building, premise and machineries to secure its credit facilities (Note 16). As at March 31, 2007, the subsidiary already paid Baht 417 million (including value added tax of Baht 29.6 million) for the acquired assets.

As at March 31, 2006, the property of the Company and its subsidiaries with the booked value of Baht 206.50 million and Baht 93.06 million in the consolidated financial statements and the separate financial statements, respectively, are located on the leasehold which is mortgaged to a bank (Notes 12 and 19.3).

10. DEPOSIT FOR PURCHASE OF COMPUTER SOFTWARE

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

As at March 31, 2007, the Company already paid an amount Baht 60.5 million. Considering the progress of the program development and the uncertainty of the future cash flow to be generated from this program, the Management considered to set up an impairment to cover the full amount of Baht 60.5 million in the year 2006.

11. COST OF PURCHASE OF SUBSCRIBERS - NET

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Audited)		(Audited)
Cost of purchase of subscribers	1,500,000	1,500,000	1,500,000	1,500,000
Less: Accumulated Amortization	(879,601)	(869,589)	(879,601)	(869,589)
Less: Allowance for impairment	(300,000)	(300,000)	(300,000)	(300,000)
Cost of purchase of subscribers - net	320,399	330,411	320,399	330,411

12. LEASEHOLD RIGHTS

(Unit:Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Audited)		(Audited)
Leasehold rights	283,828	283,828	82,093	82,093
Less: Accumulated Amortization	(70,857)	(66,936)	(52,213)	(51,277)
Less: Allowance for impairment	(7,000)	(7,000)	-	-
Leasehold rights - net	205,971	209,892	29,880	30,816

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

13. CONCESSION ON AGRO-INDUSTRY PROJECT

Crytal Agro Company Limited (a subsidiary in Cambodia) was granted the concession by the Ministry of Agriculture, Forestry and Fisheries of Cambodia to utilize land of 8,000 hectares (equivalent to approximately 50,000 Rais) located in the district of Samrong Oddar, Mean Chey province for Agro-Industry Crops plantation and factory for a period of 70 years starting from July 17, 2006. Under the term the concession agreement, the Subsidiary is committed to pay an annual land fee at the rate defined by the Royal Government of Cambodia. During the year 2006, the Subsidiary incurred payments for the acquisition of the concession of US\$ 1 million (equivalent to Baht 38 million). The Subsidiary has policy to amortize the acquisition cost over the term of the concession.

14. DEPOSITS RECEIVED FOR WOOD

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

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

The buyer has to place a bank guarantee at least Baht 112.35 million to secure the payment from 4th period to 7th period above by November 30, 2006.

The Company has policy to recognize the sales of wood when the buyer cuts the wood and transports outside the concession area. As at March 31, 2007, that wood has not been cut and transported outside the concession area, and there has been no progress on payments or receipt of bank guarantee.

15. CONVERTIBLE DEBENTURES

	(Unit:Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Audited)		(Audited)
Convertible debentures	18,042	20,616	18,042	20,616
Less: Current portion	(10,321)	(10,321)	(10,321)	(10,321)
Net	7,721	10,295	7,721	10,295

As at March 31, 2007, the outstanding balance of the convertible debentures, which reached maturity in the year 2000, comprises 18,043 convertible debentures (December 31, 2006: 20,616 convertible debentures) of Baht 1,000 each, a total of Baht 18.04 million (December 31, 2006: Baht 20.62 million). The trustee of the debenture holders filed a lawsuit with the Civil Court as described in Note 20.1.

As at December 31, 2006 Baht 20.59 million of the convertible debentures represents debentures issued to a local bank. The Company entered into a debt restructuring agreement with that bank on January 30, 2001, with the outstanding balance of debts as of the agreement date comprising principal of Baht 82.4 million and accrued interest of Baht 13.9 million. The principal was to be repaid in quarterly installments of Baht 2.57 million each over a period of 8 years commencing from March 31, 2001 and under the debt restructuring

agreement, the remaining debt is then to be forgiven by the bank if the Company has made payment without default. However, the Company recognised the gain on the debt restructuring in full in the year 2001.

During 2006, the Company had negotiated with 6 holders with the principal of Baht 50 million and accrued interest of 36.33 million, by waiving interest of Baht 14.64 million, for a repayment of Baht 71.69 million. The Company repaid to these six debenture holders on August 10, 2006 , September 29, 2006 , November 17 , 2006 , and December 27 , 2006 resulting in the outstanding convertible debentures balance as at December 31, 2006 of Baht 0.03 million and outstanding accrued interest was fully paid already. The Company reclassified the convertible debentures and accrued interest for convertible debentures as current liabilities in balance sheet.

16. LONG-TERM LOAN

On January 30, 2007, IEC Business Partner Company Limited (a subsidiary of the Company) entered into loan agreement with a local bank of Baht 350 million in order to acquire assets from International Gasohol Corporation Limited. The loan has a grace period of 1 year from first drawdown and the principal repayments will be made in 26 quarterly installments starting from January 2008 of Baht 13 million each for the 1st to 25th installment and the rest for the 26th installment. The interest rate of the loan is MLR+0.25 per annum and the loan is secured by the assets acquired from International Gasohol Corporation Limited.

17. SHARE CAPITAL/WARRANTS

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

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

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

On August 2, 4 and 7, 2006, the Company received share subscription from the private placement from four investors offering of 150 million shares of the new registered capital at Baht 3.17 per share, a total of Baht 475.50 million. The Company registered the resulting increase in paid-up share capital with the Ministry of Commerce on August 8, 2006. The increase of capital resulted in an increase in premium on share capital of Baht 325.50 million, and the Company accounted the expense arisen from the increase of capital of Baht 7.13 million by deducted from the premium on share capital.

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

The increase of capital resulted in an increase in premium on share capital of Baht 73.50 million, and the Company accounted the expense arisen from the increase of capital of Baht 0.5 million by deducted from the premium on share capital.

18. FINANCIAL INFORMATION BY SEGMENT

During 2007, most of the operations of the Company, subsidiaries and joint venture involve a single geographic area of Thailand.

The operations for the nine-month period ended March 31, 2007 separated by business segment are as follows:

(Unit: Thousand Baht)

Consolidated financial statements						
	Telecommunication	Lease of property and service	Investment in security	Commercial business	Agro business	Total
Sales and service income	752,150	11,152	822	-	-	764,124
Cost of sales and service income	(662,407)	(15,926)	(837)	-	-	(679,170)
Gross profit (loss)	89,743	(4,774)	(15)	-	-	84,954
Selling and administrative expenses	(97,063)	(4,743)	(22,922)	(4,767)	(1,995)	(131,490)
Unrealised loss on investment in trading securities	(30,856)	(6,376)	(6,015)	-	-	(43,247)
Gain on sale of equipment	47,654	-	-	-	-	47,654
Other income	10,858	8	8	-	1	10,875
Interest income	2,386	335	597	-	-	3,318
Directors' remuneration	(1,490)	-	(690)	(932)	-	(3,112)
Share of loss from investments accounted under the equity method	(23,694)	-	(2,514)	-	-	(26,208)
Interest expenses	(3,622)	(23)	(4,729)	(200)	(58)	(8,632)
Loss before Minority Interest	(6,084)	(15,573)	(36,280)	(5,899)	(2,052)	(65,888)
Minority Interest	1,099	-	-	-	1,026	2,125
Net loss	(4,985)	(15,573)	(36,280)	(5,899)	(1,026)	(63,763)

Assets as of March 31, 2007 separated by business segment are as follows:

(Unit: Thousand Baht)

	Consolidated					Total
	Telecommunication	Lease of property and service	Investment in security	Commercial business	Agro business	
Investments in trading securities	91,581	69,558	44,850	-	-	205,989
Investments in available-for-sale securities	177	-	265	-	-	442
Trade accounts receivable - net	197,324	9,622	328	-	-	207,274
Inventories - net	147,116	-	5,606	-	756	153,478
Others current assets	113,134	9,427	48,519	5,515	5,834	182,429
Computer software - net	1,958	-	-	-	-	1,958
Cost for purchase of subscribers - net	320,399	-	-	-	-	320,399
Property, plant and equipment - net	162,502	97,308	495,483	3,094	9	758,396
Leasehold rights - net	29,880	176,091	-	-	-	205,971
Concession on agro-industry project	-	-	-	-	34,717	34,717
The surplus of investment cost over book value at investment date - net	29,589	-	-	-	-	29,589
Other assets	508,650	5,535	33,506	-	-	547,691
Total assets	1,602,310	367,541	628,557	8,609	41,316	2,648,333

19. COMMITMENTS AND CONTINGENT LIABILITIES

As at March 31, 2007, the Company, subsidiaries and joint venture had the following outstanding commitments and contingent liabilities:

19.1 The Company and its subsidiaries had outstanding commitments of approximately Baht 226.89 million in respect of performance bonds and bid bonds issued by banks on behalf of the Company and its subsidiaries (the Company only: Baht 209.81 million).

19.2 The Company acts as a guarantor for letters of guarantee issued by banks on behalf of an associated company (Micronetic Public Company Limited) and for credit facilities of the associated company, totalling Baht 20.0 million. The Company has provided a reserve for loss from guarantee on loan of associated company of Baht 15 million.

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

<u>Year</u>	<u>Million Baht</u>
2007	35
2008	39
2008 onwards	570
Total	<u><u>644</u></u>

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

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

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

19.5 The Company is bounded by guarantee obligations over the liabilities of a subsidiary company (IEC Mobile Co., Ltd.) against a financial institution, for a total amount of Baht 30 million.

19.6 The Company pledges the cash at bank of Baht 80 million to secure the liabilities of Locus Telecommunications Inc. Ltd. having with a financial institution for an amount of USD 2 million.

19.7 The Company is bounded by guarantee obligations over the liabilities of a subsidiary company (IEC Business Partner Company Limited) against a financial institution, for a total amount of Baht 350 million.

19.8 The Company has commitments in relation to the licensing agreements to use computer software in providing Mobile Casting services of Baht 19.5 million.

20. LAWSUITS

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

debentures, petitioning the court to deduct the value of the debentures already redeemed from the amount claimed by the plaintiff. In December 2004, the Court of Appeals found against the Company, and with regard the mentioned compromise agreements, the court's opinion was that the trustee of the debenture holders should call back the amounts which the Company paid under the compromise agreements and combine with the asset charged to the debentured as a whole, for further distribution. In June 2005, the Company submitted the case to the Supreme Court. The case is currently in the process of being heard by the Supreme Court.

The Company has compromised with a convertible debenture holder, also the trustee of all outstanding holders with a principal of Baht 10 million and accrued interest of Baht 6.2 million under the condition that the Company is obliged to repay all debts within August 10, 2006, and the said holder shall forgive the debt of Baht 1.6 million of accrued interest, therefore, leaving a total Baht 14.6 million debts. The Company had settled its debt with this debenture holder on August 10, 2006.

However, the Company's legal advisor believes that if the representative of the debenture holders agrees to a compromise payment and the redemption of some of the debentures, existing liabilities of the Company will comprise only the claims of the holders of the unredeemed debentures, amounting to principal of Baht 40.0 million and interest of Baht 26.8 million, which are the amounts recorded in the Company's accounts. The Company is currently negotiating with the representative and the holders of these remaining debentures in order to redeem all outstanding debentures. In the third quarter of the year 2006, the Company had negotiated to redeem the debentures with 3 holders, and incurred gain on redemption as a result of reduction of accrued interest.

- 20.2 Since January 2004, the Customs Department has sent notices to the Company seeking the return of approximately Baht 69.8 million (including interest accrued up to December 2005) in tax subsidiaries provision in the form of tax coupons, which the Company received from 9 companies and used for making payment of excise tax, on the grounds that the other companies had fraudulently acquired the tax coupons from the Customs Department. Since August 2004, the Customs Department has filed 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 23.0 million (including interest). To date, the Court of First Instance has ruled in favor of the plaintiff in 18 cases and ruled in favor of the Company in 12 cases, and these cases are now in the process of being heard by the Supreme Court. However, for prudential reasons, the Company already recorded all contingent liabilities amounting Baht 72.4 million in relation of the above litigation in its accounts.
- 20.3 On February 26, 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 (see Note 9) 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 February 26, 2007, the subsidiary was filed a lawsuit from the same Plaintiff pursuant to the criminal case: black case no. 1464/2007.

The subsidiary and the subsidiary'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.

21. FOREIGN CURRENCY RISK

A summary of foreign currency assets and liabilities that were not hedged as at March 31, 2007 is set out below.

		<u>Amount</u>
<u>Assets</u>		
Assets denominated in Japanese Yen	JPY	2,036,000
<u>Liabilities</u>		
Liabilities denominated in US dollars	USD	1,629,500

22. SUBSEQUENT EVENTS

Change of G.E.C. International Co., Ltd's name

According to the Minutes of the Extraordinary Shareholders Meeting No. 1/2007 and No. 2/2007 dated April 5 and 20, 2007 of G.E.C. International Co., Ltd, the shareholders resolved to change its name to Amtech E&M (Thailand) Co., Ltd and the Company registered for the name change on April 24, 2007.

23. RECLASSIFICATION

Certain items in the financial statements for the year ended December 31, 2006 and for the period ended March 31, 2006 have been reclassified to conform to the current period's classification, with no effect on previously reported net loss or shareholders' equity.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's authorized directors on March 14, 2007.