

NPS Siam

NPS Siam Audit Limited

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Review report of Certified Public Accountant

To the Board of Directors of The International Engineering Public Company Limited

I have reviewed the accompanying consolidated and separate balance sheets as at 30 June 2007, and the related statements of income for the three-month and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the six-month period 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 issue a report on these financial statements based on my reviews. The consolidated and the Company's statements of income for the three-month and six-month periods ended 30 June 2006, and the related statements of changes in shareholders' equity and cash flows for the six-month period then ended of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, were reviewed by another auditor whose report dated 15 August 2006 stated that nothing had come to his attention that causes him to believe that those financial statements referred to above were not presented fairly, in all material respects, in accordance with generally accepted accounting principles. He also drew attention in relation to 1) the new business (providing mobile casting services and agricultural business in Cambodia), 2) there were lawsuits relating to convertible debentures filed against the Company. The Company's financial statements for the three-month and six-month periods ended 30 June 2006 have been restated for the effects of the change in accounting policy for investment in subsidiaries, jointly controlled entities and associates from the equity method of accounting to the cost method as described in Note 19 to the financial statements. I have reviewed the adjustments made to the Company's financial statements. Based on my review, nothing has come to my attention to indicate that those adjustments are not appropriate and properly applied.

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Except as described in the third paragraph, I conducted my review in accordance with the auditing standard applicable to review engagement. This standard requires that I plan and perform the reviews 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 on the reviewed financial statements.

As described in Note 2 to the financial statements, the consolidated and separate financial statements for the three-month and six-month periods ended 30 June 2007 of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, included investments in a foreign subsidiary and in two associates based on financial statements of those subsidiary and associates, which had been prepared by the management of those subsidiary and associates, but had not been reviewed by auditors. The carrying value of these investments before less allowance for devaluation of investments as at 30 June 2007 amounted to Baht 99.83 million and Baht 119.83 million in the consolidated and separate financial statements, respectively.

Base on my reviews, except for the effects of such adjustments, if any, as might have been disclosed had I reviewed the financial statements of those subsidiary and associates as described in the third paragraph, nothing has come to my attention that causes me to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I draw attention to Note 21 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 such party 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. As at 14 August 2007, the cases have been still in the consideration of the Court which has not been finalized.

The consolidated 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 Company 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

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debentures filed against the Company. 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 as described in Note 19 to the financial statements. In my opinion, these adjustments made to the Company's financial statements are appropriate and have been properly applied. The consolidated balance sheet of the Company and its subsidiaries as at 31 December 2006 and the separate balance sheet as at the same date, which have been presented herein for comparative purposes, are components of those financial statements.

(Narong Luktham)
Certified Public Accountant
Registration number 4700

NPS Siam Audit Limited
Bangkok
14 August 2007

**The International Engineering Public Company
Limited and its Subsidiaries**

Interim financial statements
and
Review Report of Certified Public Accountant

For the three-month and six-month periods ended
30 June 2007

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 30 June 2007 and 31 December 2006

Assets	Note	Consolidated financial statements		Separate financial statements	
		30 June 2007 (Unaudited)	31 December 2006	30 June 2007 (Unaudited)	31 December 2006 (Restated)
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		91,022	69,823	37,678	18,791
Current investments	6	255,564	218,493	144,669	102,813
Trade accounts receivable, net	5, 7	104,935	142,598	171,995	249,095
Short-term loans to related parties, net	5	4,672	1,102	379,770	299,872
Inventories		143,211	311,004	59,036	192,309
Securities receivable		-	26,282	-	-
Wood in a concession area		-	-	60,000	60,000
Prepaid expenses		26,995	8,239	5,958	4,110
Withholding tax		17,525	25,882	14,412	24,283
Value added tax recoverable		27,104	39,001	-	12,669
Other current assets		19,340	35,178	5,812	20,288
Total current assets		690,368	877,602	879,330	984,230
Non-current assets					
Investments in subsidiaries, jointly controlled entities and associates	8, 19	214,290	212,591	471,220	559,357
Other long-term investments, net	9	33,162	33,162	525	525
Property, plant and equipment, net		760,304	438,360	107,307	274,509
Intangible assets	10	551,037	611,839	340,762	363,629
Pledged deposits at financial institutions		284,903	125,922	283,934	123,962
Other non-current assets	11	21,997	34,000	14,968	18,114
Total non-current assets		1,865,693	1,455,874	1,218,716	1,340,096
Total assets		2,556,061	2,333,476	2,098,046	2,324,326

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 30 June 2007 and 31 December 2006

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		30 June 2007 (Unaudited)	31 December 2006	30 June 2007 (Unaudited)	31 December 2006 (Restated)
<i>(in thousand Baht)</i>					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions		100,007	202,233	97,057	198,880
Trade accounts payable		100,497	36,896	87,831	4 6,678

The accompanying notes are an integral part of these financial statements.

Current portion of long-term loans	14	26,000	-	-	-
Current portion of convertible debentures	12	10,321	10,321	10,321	10,321
Short-term loans from related parties	5	3,515	538	1,937	115,764
Other short-term loans		1,680	1,680	-	-
Current portion of hire-purchase creditors		3,931	4,381	1,652	2,058
Accrued income tax		7,891	7,938	-	-
Securities payable		-	6,111	-	-
Payable to purchase of fixed assets		77,685	42,278	-	19,444
Advance received for wood	13	50,000	50,000	50,000	50,000
Accrued expenses		38,279	39,274	21,908	14,835
Other current liabilities		34,556	20,068	9,101	8,005
Total current liabilities		454,362	421,718	279,807	425,985
<i>Non-current liabilities</i>					
Long-term loans from financial institutions	14	313,735	-	-	-
Convertible debentures	12	5,148	10,295	5,148	10,295
Hire-purchase creditors		4,648	6,503	149	751
Provisions	15	127,763	108,549	123,862	101,210
Other non-current liabilities		8,476	9,700	4,654	4,654
Total non-current liabilities		459,770	135,047	133,813	116,910
Total liabilities		914,132	556,765	413,620	542,895

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 30 June 2007 and 31 December 2006

Liabilities and shareholders' equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
		2007	2006	2007	2006
		(Unaudited)		(Unaudited)	(Restated)
		<i>(in thousand Baht)</i>			
<i>Shareholders' equity</i>					
Share capital					
Registered	16	2,200,000	2,200,000	2,200,000	2,200,000
Issued and fully paid	16	1,749,229	1,749,229	1,749,229	1,749,229
Surplus					
Share premium	16	32,555	1,006,805	32,555	1,006,805
Currency translation changes		(2,351)	2,397	-	-
Fair value changes of available-for-sale of securities		-	21	-	18
Retained earnings (deficit)					
Appropriated					
Legal reserve		400	400	400	400
Deficit		(137,904)	(974,250)	(97,758)	(975,021)
Total equity attributable to the					
Company's shareholders		1,641,929	1,784,602	1,684,426	1,781,431
Minority interest		-	(7,891)	-	-
Total shareholders' equity		1,641,929	1,776,711	1,684,426	1,781,431
The accompanying notes are an integral part of these financial statements.					
Total liabilities and shareholders' equity		2,556,061	2,333,476	2,098,046	2,324,326

The International Engineering Public Company Limited and its Subsidiaries

Statements of income

For the three-month periods ended 30 June 2007 and 2006 (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		(in thousand Baht)			
Revenues					
Revenue from sales of goods and rendering of services	5	516,482	1,363,152	505,611	1,123,764
Rental income	5	15,893	9,335	-	-
Interest income	5	3,656	4,955	8,790	6,607
Gain from exchange		3,909	-	3,909	-
Gain (loss) on investments		76,577	(62,548)	70,152	-
Gain on sales of building and equipment		1,154	-	1,152	-
Other income		6,340	9,422	1,871	7,147
Total revenues		624,011	1,324,316	591,485	1,137,518
Expenses					
Cost of sales of goods and rendering of services	5	486,319	1,304,946	481,424	1,102,877
Cost of rental		18,020	13,867	-	-
Selling and administrative expenses	5	196,799	182,061	105,714	129,776
Loss on impairment of investments		12,623	-	99,895	25,083
Share of (profits) losses from investments accounted for using the equity method		(21,548)	20,619	-	-
Total expenses		692,213	1,521,493	687,033	1,257,736
Loss before interest and income tax expenses		(68,202)	(197,177)	(95,548)	(120,218)
Interest expense	5	8,363	4,534	1,629	3,673
Income tax expense		-	(14,720)	-	-
Loss after tax		(76,565)	(186,991)	(97,177)	(123,891)
Net (profit) loss of minority interest		2,424	(5,856)	-	-
Net loss		(74,141)	(192,847)	(97,177)	(123,891)
Basic loss per share (Baht)	18	(0.04)	(0.13)	(0.06)	(0.08)

The International Engineering Public Company Limited and its Subsidiaries

Statements of income

For the six-month periods ended 30 June 2007 and 2006 (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		(in thousand Baht)			
The accompanying notes are an integral part of these financial statements.					
					6

Revenues

Revenue from sales of goods and rendering of services	5	1,277,655	2,446,951	1,166,579	2,451,465
Rental income	5	18,844	9,335	-	-
Interest income	5	6,974	4,992	16,693	11,310
Gain from exchange		3,909	-	3,909	-
Gain on investments		33,330	143,379	39,296	-
Gain on sales of building and equipment		48,808	-	48,806	-
Other income		17,215	17,715	11,160	12,145
Total revenues		1,406,735	2,622,372	1,286,443	2,474,920

Expenses

Cost of sales of goods and rendering of services	5	1,149,563	2,271,043	1,083,401	2,323,799
Cost of rental		33,946	13,867	-	-
Selling and administrative expenses	5	331,401	339,953	175,500	232,987
Loss on impairment of investments		12,623	-	118,961	74,007
Share of losses from investments accounted for using the equity method		4,660	28,811	-	-
Total expenses		1,532,193	2,653,674	1,377,862	2,630,793

Loss before interest and income tax expenses		(125,458)	(31,302)	(91,419)	(155,873)
Interest expense	5	16,995	5,722	5,568	4,890
Income tax expense		-	45,748	-	-
Loss after tax		(142,453)	(82,772)	(96,987)	(160,763)
Net (profit) loss of minority interest		4,549	(5,856)	-	-
Net loss		(137,904)	(88,628)	(96,987)	(160,763)
Basic loss per share (Baht)	18	(0.08)	(0.06)	(0.06)	(0.11)

The accompanying notes are an integral part of these financial statements.

The International Engineering Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2007 and 2006 (Unaudited)

Consolidated financial statements											
<i>Retained earnings (Deficit)</i>											
	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	Legal reserve	Unappropriated/ (Deficit)	Total equity attributable to the Company's shareholders	Minority interest	Total shareholders' equity
<i>(in thousand Baht)</i>											
Balance as at 1 January 2006		1,333,200	492,473	121,000	-	11	400	7,413	1,954,497	-	1,954,497
Other net changes in fair value		-	-	-	-	(64,729)	-	-	(64,729)	-	(64,729)
Net loss		-	-	-	-	-	-	(88,628)	(88,628)	(5,856)	(94,484)
Issue of share capital		245,029	122,125	(121,000)	-	-	-	-	246,154	-	246,154
Minority interest		-	-	-	-	-	-	-	-	46,165	46,165
Balance as at 30 June 2006		1,578,229	614,598	-	-	(64,718)	400	(81,215)	2,047,294	40,309	2,087,603
Balance as at 1 January 2007		1,749,229	1,006,805	-	2,397	21	400	(974,250)	1,784,602	(7,891)	1,776,711
Other net changes in fair value		-	-	-	-	(21)	-	-	(21)	-	(21)
Translation (loss) relating to financial statements of foreign operations		-	-	-	(4,748)	-	-	-	(4,748)	-	(4,748)
Net loss		-	-	-	-	-	-	(137,904)	(137,904)	-	(137,904)
Transfer share premium compensating deficit	16	-	(974,250)	-	-	-	-	974,250	-	-	-
Decrease in minority interest		-	-	-	-	-	-	-	-	7,891	7,891
Balance as at 30 June 2007		1,749,229	32,555	-	(2,351)	-	400	(137,904)	1,641,929	-	1,641,929

The accompanying notes are an integral part of these financial statements.

The International Engineering Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2007 and 2006 (Unaudited)

	Note	Separate financial statements (Restated)					Retained earnings (Deficit)		Total shareholders' equity
		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	Appropriated to legal reserve	Unappropriated/ (Deficit)	
					(in thousand Baht)				
Balance as at 1 January 2006		1,333,200	492,473	121,000	-	11	400	7,413	1,954,497
Change in accounting policy	19	-	-	-	-	-	-	(1,918)	(1,918)
Restated balance		1,333,200	492,473	121,000	-	11	400	5,495	1,952,579
Other net changes in fair value		-	-	-	-	3	-	-	3
Net loss		-	-	-	-	-	-	(160,763)	(160,763)
Issue of share capital		245,029	122,125	(121,000)	-	-	-	-	246,154
Balance as at 30 June 2006		1,578,229	614,598	-	-	14	400	(155,268)	2,037,973
Balance as at 1 January 2007		1,749,229	1,006,805	-	-	18	400	(974,250)	1,782,202
Change in accounting policy	19	-	-	-	-	-	-	(771)	(771)
Restated balance		1,749,229	1,006,805	-	-	18	400	(975,021)	1,781,431
Other net changes in fair value		-	-	-	-	(18)	-	-	(18)
Net loss		-	-	-	-	-	-	(96,987)	(96,987)
Transfer share premium compensating deficit	16	-	(974,250)	-	-	-	-	974,250	-
Balance as at 30 June 2007		1,749,229	32,555	-	-	-	400	(97,758)	1,684,426

The accompanying notes are an integral part of these financial statements.

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2007 and 2006 (Unaudited)

	Note	Consolidated		Separate	
		2007	2006	2007	2006
					(Restated)
					(in thousand Baht)
Cash flows from operating activities					
Net loss		(137,904)	(88,628)	(96,987)	(160,763)
<i>Adjustment</i>					
Depreciation and amortization		65,422	79,841	41,854	68,469
Interest income		(6,974)	(4,992)	(16,693)	(11,310)
Interest expense		16,995	5,722	5,568	4,890
Estimate loss from liabilities		19,214	-	22,653	-
Allowance for impairment of assets		-	7,000	-	-
Doubtful accounts		17,372	2,469	36,315	43,905
Allowance for diminution in value of inventories		(97,568)	6,848	(55,587)	185
Amortization of goodwill		30,343	15,882	-	-
Gain on investments		(33,330)	(143,379)	(39,296)	-
Loss on impairment of investments		12,623	-	118,961	74,007
Loss from written off equipment		172	776	8	1,013
Unrealized (gain) loss on exchange		(29)	-	12	21
(Gain) loss on sales of property and equipment		(48,808)	(1,439)	(48,806)	(1,439)
Share of losses from investments accounted for using the equity method		4,660	12,928	-	-
Loss of minority interest		7,891	-	-	-
Income tax expense		-	45,748	-	-
		(149,921)	(61,224)	(31,998)	18,978
Change in operating assets and liabilities					
Trade accounts receivable		33,470	(165,880)	60,662	(324,607)
Due from related parties		(478)	(1,291)	(17,218)	(35,265)
Inventories		265,362	(61,420)	188,860	197,483
Securities receivable		26,282	-	-	-
Prepaid expenses		(18,755)	-	(1,848)	-
Value added tax recoverable		11,897	-	12,669	-
Other current assets		7,016	(111,833)	5,016	(49,686)
Other non-current assets		12,003	(10,221)	3,146	3,386
Trade accounts payable		63,643	46,193	81,153	(80,564)
Due to related parties		2,977	-	(24,827)	1,930
Accrued expenses		(994)	(29,817)	7,072	(5,093)
Securities payable		(6,111)	-	-	-
Other current liabilities		(6,528)	65,792	1,096	12,146
Other non-current liabilities		(1,223)	-	-	-

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2007 and 2006 (Unaudited)

	<i>Note</i>	financial statements		financial statements	
		2007	2006	2007	2006 (Restated)
		<i>(in thousand Baht)</i>			
Income tax received		16,413	-	16,413	-
Income tax paid		(8,056)	(5,352)	(6,542)	(3,655)
Net cash provided by (used in) operating activities		246,997	(335,053)	293,654	(264,947)
<i>Cash flows from investing activities</i>					
Interest received		2,511	4,959	3,166	3,736
Pledged deposits at financial institutions		(158,981)	(23,078)	(159,972)	(2)
Purchase of property, plant and equipment		(492,632)	(121,288)	(7,886)	(24,731)
Sales of property and equipment		184,826	15,192	204,897	15,012
Short-term loans to related parties		(3,000)	-	(94,980)	(161,000)
Proceeds from short-term loans to related parties		-	-	35,400	-
Purchase of equity securities		(181,955)	(490,001)	(76,988)	-
Sale of equity securities		178,192	358,378	74,411	-
Purchase of intangible assets		(1,125)	(24,000)	-	(24,000)
Payable to purchase of fixed assets		35,407	-	(19,444)	-
Advance for investments		-	(20,000)	-	(20,000)
Purchase investment of subsidiary and associates		(18,324)	(92,234)	(30,824)	(342,234)
Excess of cost over carrying value of investments		-	(53,138)	-	-
Net cash used in investing activities		(455,081)	(445,210)	(72,220)	(553,219)
<i>Cash flows from financial activities</i>					
Interest paid		(12,398)	(1,423)	(5,568)	(1,359)
Bank overdrafts and short-term loans from financial institutions		(102,226)	123,030	(101,823)	118,277
Hire-purchase creditors		(2,305)	3,563	(1,008)	(821)
Long-term loans from financial institutions		339,735	-	-	-
Proceeds from sale of discounted debtors		-	64,457	-	-
Short-term loan from related parties		-	-	-	50,000
Payment of short-term loan from related parties		-	-	(89,000)	(5,000)

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2007 and 2006 (Unaudited)

<i>Note</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
	<i>(in thousand Baht)</i>			

The accompanying notes are integral part of these financial statements.

Payment of convertible bonds	(5,147)	(5,147)	(5,147)	(5,147)
Minority interest	-	40,309	-	-
Advance received for share capital	11,625	-	-	-
Proceeds from issue of share capital	-	249,286	-	249,286
Cash outflow on consulting fee for capital increased	-	(3,132)	-	(3,132)
Net cash provided by (used in)				
financing activities	229,284	470,943	(202,546)	402,104
Net increase (decrease) in cash and				
cash equivalents	21,200	(309,320)	18,888	(416,062)
Cash and cash equivalents at beginning of period	69,823	465,592	18,791	449,386
Effect of exchange rate changes on balances				
held in foreign currencies	(1)	-	(1)	-
Cash and cash equivalents at end of period	91,022	156,272	37,678	33,324

The International Engineering Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2007 (Unaudited)

These notes form an integral part of the financial statements.

The interim financial statements were authorized for issue by the directors on 14 August 2007.

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 9 July 2007 are The Thailand Securities Depository Co., Ltd., Thailand Securities Depository Co., Ltd. for depositors and The M Group Public Company Limited who held 95.42%, 2.09% and 1.17%, 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).

The Company, its subsidiaries and jointly controlled entities together referred to as the “Group”. Details of the Company’s subsidiaries and joint venture are as follows:

	Business type	Country of operations	Ownership interest		
			30 June 2007	2006	31 December 2006
<i>Direct subsidiaries</i>					
1. IEC Mobile Co., Ltd	Sales of mobile phones and sim cards	Thailand	100%	100%	100%
2. IEC Technology Co., Ltd.	Information technology service	Thailand	65%	65%	65%
3. IEC Asset Co., Ltd.	Lease of property and service	Thailand	100%	100%	100%

Ownership interest

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	Business type	Country of operations	30 June		31 December
			2007	2006	2006
<i>Direct subsidiaries</i>					
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	Cambodia	50%	-
<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	Middle East Asia	55%	55%
3	Application Hosting Services Co., Ltd.	Sales of software	Thailand	8.9%	49%
<i>Joint venture</i>					
1.	IEC Internet Co., Ltd.	Internet service provider (Ceased its operation)	Thailand	65%	65%

2. Basis of preparation of financial statements

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

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No.41 *Interim Financial Reporting* including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

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The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2006. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2006.

The interim financial statements are presented in Thai Baht, rounded to the nearest thousand unless otherwise stated.

Accounting policies and methods of computation applied in the interim financial statements for the three-month and six-month periods ended 30 June 2007 are consistent with those applied in the financial statements for the year ended 31 December 2006 except for the change in the accounting policy for investments in subsidiaries, jointly controlled entities and associates as discussed in Note 19 to the financial statements.

The consolidated financial statements include the financial statements of the Company and its subsidiaries and joint ventures, which are 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.

Significant intra-group transactions between the Company and subsidiaries and joint venture are eliminated on consolidation.

The consolidated and separate financial statements as at 30 June 2007 and for the three-month and six-month periods then ended are prepared using financial information as at 30 June 2007 and for the three-month and six-month periods then ended of the one subsidiary in oversea and two associates, which have been prepared by the management of those companies and has not been reviewed by the auditors as the management informed that the financial information of those subsidiary and associates have been the process of reviewing by the other auditors.

The financial information of the one subsidiary and two associates referred to above were as follows:

	Ownership interest	
	30 June 2007	30 June 2006
	(%)	
<i>Direct subsidiaries</i>		
1. Crystal Agro Co., Ltd.	50	-
<i>Associates</i>		
2. Micronetic Public Company Limited	38.61	38.61
3. BNB Inter Group Co., Ltd.	27.78	27.78

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Summary of balance sheet information of one subsidiary and two associates as at 30 June 2007 were as follows:

	Crystal Agro Co., Ltd.	Micronetic PCL.	BNB Inter Group Co., Ltd.
Information of balance sheet (Before elimination)	<i>(in thousand Baht)</i>		
Current assets	6,443	97,293	134,517
Non-current assets	34,057	1,960	141,251
Total assets	<u>40,500</u>	<u>99,253</u>	<u>275,768</u>
Current liabilities	60,891	214,795	123,665
Non-current liabilities	5,857	-	28,937
Total liabilities	<u>66,748</u>	<u>214,795</u>	<u>152,602</u>
(Deficit in) shareholders' equity	<u>(26,248)</u>	<u>(115,542)</u>	<u>123,166</u>
Total liabilities and shareholders' equity	<u>40,500</u>	<u>99,253</u>	<u>275,768</u>

	Consolidated financial statements 30 June 2007	Separate financial statements 30 June 2007
Balance sheet information	<i>(in thousand Baht)</i>	
Investment in subsidiary, jointly controlled and associates	99,827	119,827
Allowance for devaluation of investments	99,827	119,827

Summary of statement of income information of one subsidiary and two associates for the six-month period ended 30 June 2007 were as follows:

	Crystal Agro Co., Ltd.	Micronetic PCL.	BNB Inter Group Co., Ltd.
Statement of income information (Before elimination)	<i>(in thousand Baht)</i>		
Total revenues	2	357,192	26,026
Total expenses	3,442	367,813	35,790
Interest expense	113	-	3,778
Net loss	<u>(3,553)</u>	<u>(10,621)</u>	<u>(13,542)</u>

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	Consolidated financial statements	Separate financial statements
Statement of income information	<i>(in thousand Baht)</i>	
Share of profits (losses) from investments accounted for using the equity method	-	-

3 Additional significant accounting policies from year-end financial statements

Foreign currencies – 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.

4 Seasonal operations

The Group is subject to seasonal sales revenue from its telecommunication, lease of property, investing in securities and trading activities which conforms with economic environment.

5 Related party transactions and balances

Related parties are those parties linked to the Group and the Company 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 n a t u r e s o f r e l a t i o n s h i p w i t h r e l a t e d p a r t i e s

Related parties	Natures of relationship
1. IEC Mobile Co., Ltd.	Subsidiary
2. IEC Technology Co., Ltd.	"
3. IEC Asset Co., Ltd.	"
4. IEC Easy Fix Co., Ltd.	"
5. IEC Business Partners Co., Ltd.	"
6. Crystal Agro Co., Ltd.	"
7. Intertrade Asia Co., Ltd.	Indirect subsidiary held by IEC Business Partners Co., Ltd.

Related parties	Natures of relationship
8. Amtech E&M (Thailand) Co., Ltd.	Indirect subsidiary held by IEC Business

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(Formerly: "G.E.C International Co., Ltd.")	Partners Co., Ltd.
9. Application Hosting Services Co., Ltd.	Related company in the period of June 2007 and December 2006. Associate in the period of June 2006.
10. OneNet Co., Ltd.	Associate
11. IEC Internet Co., Ltd.	Joint venture
12. Micronetic Public Company Limited	Associate
13. LOCUS Telecommunication Inc. Ltd.	"
14. BNB Inter Group Co., Ltd.	"
15. Bliss-Tel Public Company Limited	Associate and co-director
16. Ethnic Earth.Com Holdings Co., Ltd.	Related company by shareholding
17. The M. Group Public Company Limited	"
18. Sri U-Thong Co., Ltd	"
19. Kasalong Hotel and Resort Co., Ltd.	"

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

	Pricing policies
Revenue from sales of goods	Based on the market price
Rental income	Based on 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	Based on contract price
Inventory management expense	Based on contract price
Interest expense	7.5-8.0% per annum
Directors' remunerations represent director bonus and meeting allowance	Based on the amount approved by the Company's directors and shareholders

Significant transactions for the three-month periods ended 30 June 2007 and 2006 with related parties were summarized as follows:

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	Consolidated		Separate	
	financial statements		financial statements	
	Three-month periods		Three-month periods	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Revenue				
Subsidiaries				
Revenue from sales of goods and rendering of services	-	-	149,415	534,628
Sale of fixed assets	-	-	-	11,964
Interest income	-	-	6,403	4,780
Associates				
Revenue from sales of goods and rendering of services	13,496	-	13,160	-
Rental income	2,290	-	-	-
Interest income	80	-	-	-
Expenses				
Subsidiaries				
Purchase of goods	-	-	642	1,033
Interest expense	-	-	695	-
Selling and administrative expenses	-	-	6,070	-
Associates				
Purchase of goods	-	-	101,161	-
Related persons				
Directors' remuneration	2,608	4,745	1,400	1,993

Significant transactions for the six-month periods ended 30 June 2007 and 2006 with related parties were summarized as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	Six-month periods		Six-month periods	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Revenue				
Subsidiaries				
Revenue from sales of goods and rendering of services	-	-	223,842	1,108,672
Sale of fixed assets	-	-	19,743	12,251
Interest income	-	-	12,003	8,834
Associates				
Revenue from sales of goods and rendering of services	67,629	-	67,629	-
Rental income	2,913	-	-	-
Interest income	92	-	-	-

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	Consolidated		Separate	
	financial statements		financial statements	
	Six-month periods		Six-month periods	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Expenses				
Subsidiaries				
Purchase of goods	-	-	5,413	5,016
Interest expense	-	-	1,008	-
Selling and administrative expenses	-	-	12,749	-
Associates				
Purchase of goods	116,564	-	116,564	-
Related persons				
Directors' remuneration	5,720	6,599	2,890	3,847

Balance as at 30 June 2007 and 31 December 2006 with related parties were as follows:

Trade accounts receivable

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Subsidiaries				
IEC Mobile Co., Ltd.	-	-	237,878	291,500
IEC Easy Fix Co., Ltd.	-	-	4,183	-
Associates				
Bliss-Tel Public Company Limited	3,915	2,731	2,554	1,151
OneNet Co., Ltd.	267	-	-	-
	<u>4,182</u>	<u>2,731</u>	<u>244,615</u>	<u>292,651</u>
<i>Less allowance for doubtful accounts</i>	-	-	(149,175)	(136,726)
Net	<u>4,182</u>	<u>2,731</u>	<u>95,440</u>	<u>155,925</u>

Doubtful account for the three-month and six-month periods ended 30 June 2007 amounted to Baht 12,448,914 and Baht 12,448,914, respectively.

Short-term loans to related parties

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Short-term loans				
Subsidiaries				
IEC Asset Co., Ltd.	-	-	273,317	237,877
IEC Technology Co., Ltd.	-	-	69,920	52,920
IEC Business Partners Co., Ltd.	-	-	4,840	-
IEC Easy Fix Co., Ltd.	-	-	2,300	-
Crystal Agro Co., Ltd.	-	-	3,000	3,000

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	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Associates				
OneNet Co., Ltd.	3,000	-	-	-
Micronetic Public Company Limited	18,675	18,675	18,675	18,675
Joint venture				
IEC Internet Co., Ltd.	30,356	30,356	-	-
Other related party				
Ethnic Earth.Com Holding Co.,Ltd.	16,770	16,770	16,770	16,770
	68,801	65,801	388,822	329,242
<i>Less</i> allowance for doubtful accounts	<u>(65,801)</u>	<u>(65,801)</u>	<u>(95,383)</u>	<u>(88,688)</u>
Net	<u>3,000</u>	<u>-</u>	<u>293,439</u>	<u>240,554</u>
 Other receivable				
Subsidiaries				
IEC Mobile Co., Ltd.	-	-	15,619	16,938
IEC Technology Co., Ltd.	-	-	5,177	3,088
IEC Asset Co., Ltd.	-	-	27,231	19,690
IEC Business Partners Co., Ltd.	-	-	334	191
Intrade Asia Co., Ltd.	-	-	49	22
IEC Easy Fix Co., Ltd.	-	-	36,062	18,280
Crystal Agro Co., Ltd.	-	-	778	3
Associates				
Bliss-Tel Public Company Limited	256	-	-	-
OneNet Co., Ltd.	336	-	1	4
Micronetic Public Company Limited	2,448	1,753	2,448	1,753
LOCUS Telecommunication Inc. Ltd.	11	-	11	-
Other related parties				
Application Hosting Services Co., Ltd.	1,070	1,102	1,070	1,102
Ethnic Earth.Com Holding Co.,Ltd.	4,716	4,119	4,716	4,119
The M Group Public Company Limited	450,000	450,000	450,000	450,000
	458,837	456,974	543,496	515,190
<i>Less</i> allowance for doubtful accounts	<u>(457,165)</u>	<u>(455,872)</u>	<u>(457,165)</u>	<u>(455,872)</u>
Net	<u>1,672</u>	<u>1,102</u>	<u>86,331</u>	<u>59,318</u>
Total	<u>4,672</u>	<u>1,102</u>	<u>379,770</u>	<u>299,872</u>

Doubtful accounts derived from short-term loans to related parties for the three-month and six-month periods ended 30 June 2007 amounted to Baht 4,916,115 and Baht 7,986,713, respectively.

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Movements of short-term loans to related parties during the six-month period ended 30 June 2007 were as follows:

	Consolidated financial statements 30 June 2007	Separate financial statements 30 June 2007
	<i>(in thousand Baht)</i>	
At 1 January	65,801	329,242
Increase	3,000	94,980
Decrease	-	35,400
At 30 June	68,801	388,822

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

	Consolidated financial statements 2006	Separate financial statements 2006
	<i>(in thousand Baht)</i>	
At 1 January	65,801	139,242
Increase	-	274,750
Decrease	-	84,750
At 31 December	65,801	329,242

Investment in subsidiary, jointly controlled entities and associates as details in Note 8 to the financial statements.

Short-term loans from related parties

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
<i>Short-term loans</i>				
Subsidiary				
IEC Business Partners Co., Ltd.	-	-	-	89,000
	-	-	-	89,000
<i>Other payable</i>				
Subsidiaries				
IEC Technology Co., Ltd.	-	-	-	8
IEC Mobile Co., Ltd.	-	-	756	3,539
IEC Asset Co., Ltd.	-	-	144	154
IEC Easy Fix Co., Ltd.	-	-	786	22,622
Associates				
Bliss-Tel Public Company Limited	2,283	192	-	191
OneNet Co., Ltd.	885	-	-	-
Micronetic Public Company Limited	347	346	251	250
	<u>3,515</u>	<u>538</u>	<u>1,937</u>	<u>26,764</u>
Total	<u>3,515</u>	<u>538</u>	<u>1,937</u>	<u>115,764</u>

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Directors' remuneration

The Ordinary General Meeting of Shareholders held on 18 May 2007 passed a resolution to approve the directors', independent directors' and audit committee's remuneration 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 1,152,153.

The Company entered into service agreement with IEC Easy Fix Co., Ltd. for managing and distributing 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 to 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.

The Company has contingent liabilities and other commitment to its subsidiaries and associates as the details described in Note 20 to the financial statements.

Please also Note 23 to the financial statements.

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6 Current investments

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Equity securities				
<i>Securities held for trading</i>				
NEP Realty and Industry Public Company Limited	44,850	38,378	-	-
EMC Public Company Limited	-	72,269	-	72,269
Navanakorn Public Company Limited	59,256	46,053	1,413	42,614
Navanakorn Public Company Limited (warrants)	49,938	-	49,938	-
Power Line Engineering Public Company Limited	-	95,057	-	-
Live Incorporation Public Company Limited	56,055	-	56,055	-
Thailand Carpet Manufacturing Public Company Limited	5,434	-	-	-
Samchai Steel Industries Public Company Limited	4,489	-	-	-
Total Access Communication Public Company Limited	200	-	200	-
Total	220,222	251,757	107,606	114,883
<i>Add (Less) allowance for valuation of investments</i>	<i>35,342</i>	<i>(33,901)</i>	<i>37,063</i>	<i>(12,245)</i>
Net	255,564	217,856	144,669	102,638
<i>Securities available-for-sale</i>				
Unit trust	-	157	-	157
Others	-	459	-	-
<i>Add allowance for valuation of investment</i>	<i>-</i>	<i>21</i>	<i>-</i>	<i>18</i>
Net	-	637	-	175
Total	255,564	218,493	144,669	102,813

7 Trade accounts receivable

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Accounts trade receivable from related parties	4,182	2,731	244,615	292,651
Accounts trade receivable from other parties	116,823	151,756	91,572	104,208
	121,005	154,487	336,187	396,859
<i>Less allowance for doubtful accounts</i>	<i>(16,070)</i>	<i>(11,889)</i>	<i>(164,192)</i>	<i>(147,764)</i>
Net	104,935	142,598	171,995	249,095

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	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
Within credit terms	75,840	95,175	102,721	118,084
Overdue				
Less than 3 months	23,303	32,527	38,719	84,593
3 - 6 months	6,645	12,301	1,982	7,733
6 – 12 months	7,065	5,653	8,957	177,632
Over 12 months	8,152	8,831	183,808	8,816
	<u>45,165</u>	<u>59,312</u>	<u>233,466</u>	<u>278,774</u>
Total	121,005	154,487	336,187	396,858
Less allowance for doubtful accounts	<u>(16,070)</u>	<u>(11,889)</u>	<u>(164,192)</u>	<u>(147,763)</u>
Net	<u>104,935</u>	<u>142,598</u>	<u>171,995</u>	<u>249,095</u>

8 Investments in subsidiaries, jointly-controlled entities and associates

Movements during the six-month period ended 30 June 2007 and the year ended 31 December 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006 (Restated)
	<i>(in thousand Baht)</i>			
Net book value at 1 January	594,894	171,827	1,316,346	575,227
Share of losses from investments accounted for using the equity method	(16,624)	(1,697)	-	-
Acquisitions	18,323	424,764	30,824	727,364
	<u>596,593</u>	<u>594,894</u>	<u>1,347,170</u>	<u>1,302,591</u>
Less Allowance for devaluation of investments	<u>(382,303)</u>	<u>(382,303)</u>	<u>(875,950)</u>	<u>(743,234)</u>
Net book value at 30 June and 31 December	<u>214,290</u>	<u>212,591</u>	<u>471,220</u>	<u>559,357</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 4.56 million as at 30 June 2007, of which Baht 4.56 million was the Group's share of the current period's losses. The Group has no obligation in respect of these losses.

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Investments accounted for using the equity method as at 30 June 2007 and 31 December 2006 were as follows:

	Consolidated financial statements							
	Ownership interest		Paid-up share capital		Cost method		Equity method	
	30 June 2007	31 December 2006 (%)	30 June 2007	31 December 2006	30 June 2007 <i>(in thousand Baht)</i>	31 December 2006	30 June 2007	31 December 2006
Associates								
Micronetic Public Company Limited	38.61	38.61	100,000	100,000	24,827	24,827	24,827	24,827
LOCUS Telecommunication Inc. Ltd.	36.36	36.36	638,790	638,790	239,234	239,234	201,115	201,115
BNB Inter Group Co., Ltd.	27.78	27.78	90,000	90,000	75,000	75,000	75,000	75,000
Bliss-Tel Public Company Limited	19.33	24.35	315,000	230,000	270,953	252,630	237,432	219,907
OneNet Co., Ltd.	35.58	49.00	12,000	10,000	4,900	4,900	-	3,203
Total							538,374	524,052
<i>Less</i> Allowance for impairment of investments							(324,084)	(311,461)
Net							214,290	212,591

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	Separate financial statements (Restated)							
	Ownership interest		Paid-up share capital		Cost method		Dividend income	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	(%)				(in thousand Baht)			
<i>Subsidiaries</i>								
IEC Mobile Co.,Ltd.	100	100	100,000	100,000	90,900	90,900	-	-
IEC Technology Co.,Ltd.	65	65	50,000	50,000	32,500	32,500	-	-
IEC Asset Co.,Ltd.	100	100	285,000	285,000	280,000	280,000	-	-
IEC Business Partner Co., Ltd.	100	100	250,000	250,000	250,000	250,000	-	-
IEC Easy Fix Co., Ltd.	100	100	50,000	37,500	50,000	37,500	-	-
Crystal Agro Co., Ltd.	50	50	40,000	40,000	20,000	20,000	-	-
<i>Associates</i>								
Micronetic Public Company Limited	38.61	38.61	100,000	100,000	24,827	24,827	-	-
LOCUS Telecommunication Inc. Ltd.	36.36	36.36	638,790	638,790	239,234	239,234	-	-
BNB Inter Group Co., Ltd.	27.78	27.78	90,000	90,000	75,000	75,000	-	-
Bliss-Tel Public Company Limited	19.33	24.35	315,000	230,000	270,953	252,630	-	-
					<u>1,333,414</u>	<u>1,302,591</u>	<u>-</u>	<u>-</u>
<i>Less Allowance for impairment of investments</i>					<u>(862,194)</u>	<u>(743,234)</u>	<u>-</u>	<u>-</u>
Total					<u>471,220</u>	<u>559,357</u>	<u>-</u>	<u>-</u>

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For the three-month and six-month periods ended 30 June 2007 (Unaudited)

9 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
Sri U – Thong Co., Ltd.	21,000	21,000	21,000	21,000
Kasalong Hotel and Resort Co., Ltd.	-	4,000	-	4,000
Ethnic Earth.Com Holding Co., Ltd.	8,995	8,995	8,995	8,995
Application Hosting Services Co., Ltd.	32,637	32,637	-	-
Auto Info Co., Ltd.	400	400	400	400
Electricity Generating Public Company Limited	125	125	125	125
	<u>63,157</u>	<u>67,157</u>	<u>30,520</u>	<u>34,520</u>
<i>Less</i> allowance for devaluation of investments	<u>(29,995)</u>	<u>(33,995)</u>	<u>(29,995)</u>	<u>(33,995)</u>
Net	<u>33,162</u>	<u>33,162</u>	<u>525</u>	<u>525</u>

10 Intangible assets

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
Cost of purchase of subscribers - net	310,387	330,411	310,387	330,411
Leasehold rights - net	202,090	209,892	28,945	30,816
Computer software - net	9,210	2,743	7,064	2,402
Concession on agro-industry project - net	33,890	38,450	-	-
Goodwill	-	30,343	-	-
Franchise fee	1,094	-	-	-
	<u>556,671</u>	<u>611,839</u>	<u>346,396</u>	<u>363,629</u>
<i>Less</i> Allowance for impairment	<u>(5,634)</u>	<u>-</u>	<u>(5,634)</u>	<u>-</u>
Total	<u>551,037</u>	<u>611,839</u>	<u>340,762</u>	<u>363,629</u>

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.

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11 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
Deposit for purchase of computer software	60,500	60,500	60,500	60,500
Others deposit	21,997	34,000	14,968	18,114
	<u>82,497</u>	<u>94,500</u>	<u>75,468</u>	<u>78,614</u>
Less Allowance for impairment	(60,500)	(60,500)	(60,500)	(60,500)
Total	<u>21,997</u>	<u>34,000</u>	<u>14,968</u>	<u>18,114</u>

12 Convertible debentures

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
Convertible debentures	15,469	20,616	15,469	20,616
Less Current portion due within one year	(10,321)	(10,321)	(10,321)	(10,321)
Net	<u>5,148</u>	<u>10,295</u>	<u>5,148</u>	<u>10,295</u>

As at 30 June 2007, the outstanding balance of convertible debentures which reached to the maturity since 2000, comprised 18,043 convertible debentures (*31 December 2006: 20,616 units*) of Baht 1,000 per unit totaling Baht 15.47 million (*31 December 2006: Baht 20.62 million*). The trustee of debenture holders filed a lawsuit to the Civil Court as described in Note 21 to the financial statements.

13 Advance received for wood

As at 30 June 2007 and 31 December 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 within 30 November 2006.

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The Company determines the policy of recognize income from sales of wood when the buyer cuts the wood and transports them outside the concession area. As at 30 June 2007, the term and process under the agreement have been not performed and there has been no progress on payments or receipt of bank guarantee from the buyer.

14 Long-term loan from financial institution

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
Long-term loan from local financial institution	339,735	-	-	-
Less Current portion due within one year	(26,000)	-	-	-
Net	313,735	-	-	-

On 30 January 2007, IEC Business Partner Co., Ltd. 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 installment 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.

15 Provisions

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
Provision for repurchasing shares of subsidiary	13,755	13,755	13,755	13,755
Provision for loss on lawsuits from the customs department	72,455	72,455	72,455	72,455
Provision for loss from others guarantee	14,383	-	14,383	-
Provisions of subsidiaries, associates and joint venture	27,170	22,339	23,269	15,000
Total	127,763	108,549	123,862	101,210

- **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%.

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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**

Provision for loss on lawsuits from the Customs Department amounted to Baht 72.45 million as the details in the Note 21 to the financial statements.

- **Provisions of subsidiaries, associates and joint venture**

The Company recognized provisions due to guarantee for loss of subsidiaries, associates and joint venture which summarized was as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in thousand Baht)</i>			
Subsidiaries				
IEC Technoligy Co.,Ltd.	-	-	800	-
IEC Mobile Co.,Ltd.	-	-	3,296	-
Associates				
LOCUS Telecommunication Inc. Ltd.	4,173	-	4,173	-
Micronetic Public Company Limited	15,000	15,000	15,000	15,000
Joint venture				
IEC Internet Co., Ltd.	7,997	7,339	-	-
Total	27,170	22,339	23,269	15,000

16 Share capital / Share premium

	Par value (Baht)	30 June 2007		31 December 2006	
		Number	Value	Number	Value
		<i>(in thousand shares / in thousand Baht)</i>			
Authorized share capital					
At the beginning of period					
- Ordinary shares	1	2,200,000	2,200,000	2,200,000	2,200,000
At the end of period					
- Ordinary shares	1	2,200,000	2,200,000	2,200,000	2,200,000
Issued and paid up share capital					
At the beginning of period					
- Ordinary shares	1	1,749,229	1,749,229	1,333,200	1,333,200
Issue of new shares	1			416,029	416,029
At the end of period					
- Ordinary shares	1	1,749,229	1,749,229	1,749,229	1,749,229

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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 were allotted to investors on a private placement for 4 times. Therefore, the remaining ordinary shares as at 30 June 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.
- To transfer partial share premium for compensating deficit amounted to Baht 974,250,239. This resulted to the outstanding balance of share premium is Baht 32,555,093.

17 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

Segment information is presented in respect of the Group's significant business segments as follows:

- 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.
- Lease of property and service represents managing IEC Building and property projects.
- Investment in securities represents investing in new business.
- Commercial business represents international trade services, particularly the Middle East states.
- Agribusiness represents plant cultivation concession projects in Cambodia.
- Software business represents distributing the right to link the news passing mobile phone.

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For the three-month and six-month periods ended 30 June 2007 (Unaudited)

Revenue and results, based on business segments, in the consolidated financial statements for the three-month and six-month periods ended 30 June were as follows:

	Three-month periods		Six-month periods	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Segment revenue				
Telecommunication	566,376	1,175,947	1,379,242	2,258,845
Lease of property and service	9,613	10,265	21,108	15,108
Investment in securities	4,770	(62,083)	6,379	148,232
Commercial business	4	-	4	-
Agribusiness	1	-	2	-
Software business	-	200,187	-	200,187
Total	580,764	1,324,316	1,406,735	2,622,372
	Three-month periods		The six-month periods	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Segment results (net profit or (loss))				
Telecommunication	(78,020)	(119,641)	(83,005)	(148,509)
Lease of property and service	(1,201)	(13,528)	(16,774)	(22,155)
Investment in securities	(21,186)	(65,303)	(57,466)	76,411
Commercial business	(6,783)	-	(12,682)	-
Agribusiness	(2,527)	-	(3,553)	-
Software business	-	5,625	-	5,625
Eliminations	35,576	-	35,576	-
Total	(74,141)	(192,847)	(137,904)	(88,628)

18 Basic loss per share

Basic loss per share for the three-month and six-month periods ended 30 June 2007 and 2006 is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weight average number of shares outstanding during the periods.

	Consolidated financial statements		Separate financial statements	
	Three-month periods 2007	2006	Three-month periods 2007	2006
Net loss attributable to ordinary shareholders (in thousand Baht)	(74,141)	(192,847)	(97,177)	(123,891)
Number of issued ordinary shares at the end of period (in thousand shares)	1,749,229	1,516,838	1,749,229	1,516,838
Basic loss per share (Baht)	(0.04)	(0.13)	(0.06)	(0.08)

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	Consolidated		Separate	
	financial statements		financial statements	
	Six-month periods		Six-month periods	
	2007	2006	2007	2006
Net loss attributable to ordinary shareholders (in thousand Baht)	(137,904)	(88,628)	(96,987)	(160,763)
Number of issued ordinary shares at the end of period (in thousand shares)	1,749,229	1,516,838	1,749,229	1,516,838
Basic loss per share (Baht)	(0.08)	(0.06)	(0.06)	(0.11)

19 Change 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 separate financial statements using the equity method.

On 11 October 2006, the Federation of Accounting Professions announced that the Thai Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” is to be revised. FAP announcement No. 26/2006 requires 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 thousand Baht)</i>	
Balance sheet		
Decrease in beginning balance of investments	(139,473)	(156,432)
Decrease in trade accounts receivable from related parties	(136,727)	(40,585)
Increase in allowance for devaluation of investments	275,429	278,005
Decrease in beginning balance of retained earnings	-	1,918
Increase in beginning balance of deficit	771	-

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

	Separate financial statements			
	Three-months period		Six-months period	
	2007	2006	2007	2006
Increase in net profit (loss) (in thousand Baht)	111,189	(68,957)	16,891	(72,135)
Increase in earnings (loss) Per share (Baht)	0.06	(0.04)	0.01	(0.05)

20 Commitments

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in million Baht)</i>			
Capital commitments				
<i>Contracted but not provided for</i>				
Land building and constructions	173,000	23,000	-	23,000
<i>Authorized but not contracted for</i>				
Machinery and equipment	264,600	-	-	-
Total	437,600	23,000	-	23,000

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<i>(in million Baht)</i>			
Non-cancellable operating lease commitments				
Within one year	49,913	43,969	16,373	16,099
After one year but within five years	142,251	157,793	30,392	37,924
After five years	453,835	453,834	11,938	11,938
Total	645,999	655,596	58,703	65,961

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	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Other commitments				
Performance bonds and bid bonds	226,814	257,803	207,980	241,443
Letter of guarantee and credit facilities for an associate (Micronetic Public Company Limited)	15,000	15,000	15,000	15,000
Guarantee obligations over liabilities of an associate (IEC Locus Telecommunication Inc. Co., Ltd.) to financial institution	80,000	80,000	80,000	80,000
Guarantee obligations over loans of a subsidiary (IEC Business Partner Co., Ltd.)	350,000	-	350,000	-
Use computer software under the license agreement in providing Mobile Casting	19,500	19,500	19,500	19,500
Total	691,314	372,303	672,480	355,943

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.

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.

21 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,

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for further distribution. In June 2005, the Company filed the case to the Supreme Court. As at 14 August 2007, the cases have been still in the consideration of the Court which has not been finalized.

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.

However, the Company's legal advisor has provided his opinion 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 from the original amount to Baht 46.80 million balance to Baht 15.47 million as at 30 June 2007.

- 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 these cases are now in the process of being heard by the Supreme Court. However, 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.

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22 Foreign currency risk

As at 30 June 2007, the Company had assets and liabilities denominated in foreign currencies, which were not hedged, were summarized as follows:

	Amount
Assets denominated in Japanese Yen	Yen 1,242,200
Liabilities denominated in USD	USD 649,523
Liabilities denominated in EUR	EUR 6,846

23 Events after the balance sheet date

On 1 July 2007, the Company entered into an agreement with Bliss-Tel Public Company Limited to obtain, 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.

24 Reclassification of accounts

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