

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

Annual financial statements  
and  
Audit report of Certified Public Accountant

For the years ended  
31 December 2007 and 2006

# NPS Siam

## NPS Siam Audit Limited

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## บริษัท เอ็นพีเอส สยาม สอบบัญชี จำกัด

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## Audit report of Certified Public Accountant

### To the Shareholders of The International Engineering Public Company Limited

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

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

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

## NPS Siam

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

- a) As described in Note 2 to the financial statements, the consolidated and the separate financial statements as at 31 December 2007 included the financial statements of a subsidiary in the oversea until 30 September 2007 (the date that control ceased) have been prepared by the subsidiary's management and have not been audited by the auditor because updated financial information on such subsidiary was not available due to the Company sold the investment in the above subsidiary on 17 September 2007.
  
- b) As described in Note 39 to the financial statements in relation to purchase assets of a subsidiary from third party amounted to Baht 465 million, later on 26 February 2007, the above subsidiary was sued by the former owner of the subsidiary related to the above purchase of assets was invalid, of which the claim amount as at the sued date amounted to Baht 181 million with interest charge at 7.5 % per annum, and the criminal embezzlement. The Company's management and legal consultant provided their opinions that the purchase of assets of the subsidiary was a legal and righteous transaction. The act of the Company was not categorized as an illegal action in embezzling charge. Therefore, the management believes that there is no indemnity arisen from this issue to affect the subsidiary. Up to 28 February 2008, the cases have been still in the consideration of court and a ruling has not yet been received. As described in Notes 18 and 41 to the financial statements, as at 31 December 2007, the above mentioned subsidiary also failed to pay interest and did not maintain debts to equity ratio pursuant to the loan agreement with a domestic commercial bank. The above default entitles the bank to accelerate the maturity of all amounts outstanding immediately due. On 25 January 2008, the bank notified to cancel the loan agreement and called repayment of all principal with interest within 30 days. However, the subsidiary's management has been in the process of negotiation with the bank. These factors raise substantial doubt the ability of such subsidiary to continue as a going concern

(Narong Luktharn)  
Certified Public Accountant  
Registration number 4700

NPS Siam Audit Limited  
Bangkok  
28 February 2008

## The International Engineering Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2007 and 2006

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

## The International Engineering Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2007 and 2006

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	16	110,508,179	202,232,684	109,604,957	198,879,623
Trade accounts payable	4, 17	105,868,365	36,895,648	72,695,752	6,678,328
Long-term loan in default	18	339,734,669	-	-	-
Current portion of convertible debentures	21, 39	10,321,250	10,321,250	10,321,250	10,321,250
Short-term loans from related parties	4	420,052	537,719	10,816,945	115,763,599
Other short-term loans		1,680,000	1,680,000	-	-
Current portion of hire-purchase creditors	22	3,285,378	4,380,759	793,176	2,058,432
Accrued income tax		-	7,938,290	-	-
Securities payable		-	6,110,870	-	-
Payable on purchase of fixed assets		111,176,337	42,278,284	-	19,444,282

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

Advance received for wood in a concession area	19, 39	50,000,000	50,000,000	50,000,000	50,000,000
Accrued expenses		85,054,746	44,872,734	25,992,178	14,834,987
Other current liabilities	20	24,163,176	14,470,201	18,000,566	8,004,569
<b>Total current liabilities</b>		<b>842,212,152</b>	<b>421,718,439</b>	<b>298,224,824</b>	<b>425,985,070</b>
<b>Non-current liabilities</b>					
Convertible debentures	21, 39	-	10,295,000	-	10,295,000
Hire-purchase creditors	22	3,498,465	6,503,454	-	750,990
Provisions	23, 39	159,752,935	108,548,605	160,558,869	101,209,688
Other non-current liabilities		10,933,657	9,700,360	4,654,000	4,654,000
<b>Total non-current liabilities</b>		<b>174,185,057</b>	<b>135,047,419</b>	<b>165,212,869</b>	<b>116,909,678</b>
<b>Total liabilities</b>		<b>1,016,397,209</b>	<b>556,765,858</b>	<b>463,437,693</b>	<b>542,894,748</b>

## The International Engineering Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2007 and 2006

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

## The International Engineering Public Company Limited and its Subsidiaries

### Statements of income

For the years ended 31 December 2007 and 2006

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
<i>(in Baht)</i>					
<b>Revenues</b>					
Revenue from sales of goods and rendering of services		3,131,694,160	4,160,957,064	2,907,218,373	4,214,672,421
Rental income		41,710,314	26,194,652	-	-
Interest income		18,629,817	11,467,051	44,133,786	25,811,608
Net foreign exchange gain	its.	1,037,154	-	836,550	-

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

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 years ended 31 December 2007 and 2006

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	Appropriate to legal reserve	Unappropriated/ (Deficit)	Total equity attributable to the Company's shareholders	Minority interest	Total shareholders' equity
<i>(in Baht)</i>											
<b>Balance as at 1 January 2006</b>		<b>1,333,200,000</b>	<b>492,472,671</b>	<b>121,000,000</b>	-	<b>10,955</b>	<b>400,000</b>	<b>7,412,703</b>	<b>1,954,496,329</b>	-	<b>1,954,496,329</b>
Other net changes in fair value		-	-	-	-	10,355	-	-	10,355	-	10,355
Translation loss relating to financial statements of foreign operations		-	-	-	2,397,215	-	-	-	2,397,215	-	2,397,215
Net loss		-	-	-	-	-	-	(981,662,942)	(981,662,942)	-	(981,662,942)
Issue of share capital		416,029,000	514,332,661	(121,000,000)	-	-	-	-	809,361,661	-	809,361,661
Minority interest		-	-	-	-	-	-	-	-	(7,891,090)	(7,891,090)
<b>Balance as at 31 December 2006</b>		<b>1,749,229,000</b>	<b>1,006,805,332</b>	<b>-</b>	<b>2,397,215</b>	<b>21,310</b>	<b>400,000</b>	<b>(974,250,239)</b>	<b>1,784,602,618</b>	<b>(7,891,090)</b>	<b>1,776,711,528</b>
<b>Balance as at 1 January 2007</b>		<b>1,749,229,000</b>	<b>1,006,805,332</b>	<b>-</b>	<b>2,397,215</b>	<b>21,310</b>	<b>400,000</b>	<b>(974,250,239)</b>	<b>1,784,602,618</b>	<b>(7,891,090)</b>	<b>1,776,711,528</b>
Other net changes in fair value		-	-	-	-	(20,916)	-	-	(20,916)	-	(20,916)
Translation relating to financial statements of foreign operations		-	-	-	(2,397,215)	-	-	-	(2,397,215)	-	(2,397,215)
Net loss		-	-	-	-	-	-	187,604,060	187,604,060	-	187,604,060
Transfer share premium compensating deficit	25	-	(974,250,239)	-	-	-	-	974,250,239	-	-	-
Decrease in minority interest		-	-	-	-	-	-	-	-	7,891,090	7,891,090
<b>Balance as at 31 December 2007</b>		<b>1,749,229,000</b>	<b>32,555,093</b>	<b>-</b>	<b>-</b>	<b>394</b>	<b>400,000</b>	<b>187,604,060</b>	<b>1,969,788,547</b>	<b>-</b>	<b>1,969,788,547</b>

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 years ended 31 December 2007 and 2006**

		<b>Separate financial statements (Restated)</b>							
							<u>Retained earnings (Deficit)</u>		
<i>Note</i>	Issued and paid-up share capital	Share premium	Advance received from share subscription	Currency translation changes	Fair value changes of available-for-sale of securities	Appropriate to legal reserve	Unappropriated/ (Deficit)	Total shareholders' equity	
<i>(in Baht)</i>									
	<b>Balance as at 1 January 2006</b>	<b>1,333,200,000</b>	<b>492,472,671</b>	<b>121,000,000</b>	-	<b>10,955</b>	<b>400,000</b>	<b>7,412,703</b>	<b>1,954,496,329</b>
36	Change in accounting policy	-	-	-	-	-	-	(1,918,515)	(1,918,515)
	<b>Restated balance</b>	<b>1,333,200,000</b>	<b>492,472,671</b>	<b>121,000,000</b>	-	<b>10,955</b>	<b>400,000</b>	<b>5,494,188</b>	<b>1,952,577,814</b>
	Other net changes in fair value	-	-	-	6,754	-	-	-	6,754
	Net loss	-	-	-	-	-	(980,515,376)	-	(980,515,376)
	Issue of share capital	416,029,000	514,332,661	(121,000,000)	-	-	-	-	809,361,661
	<b>Balance as at 31 December 2006</b>	<b>1,749,229,000</b>	<b>1,006,805,332</b>	-	-	<b>17,709</b>	<b>400,000</b>	<b>(975,021,188)</b>	<b>1,781,430,853</b>
	<b>Balance as at 1 January 2007</b>	<b>1,749,229,000</b>	<b>1,006,805,332</b>	-	-	<b>17,709</b>	<b>400,000</b>	<b>(974,250,239)</b>	<b>1,782,201,802</b>
36	Change in accounting policy	-	-	-	-	-	-	(770,949)	(770,949)
	<b>Restated balance</b>	<b>1,749,229,000</b>	<b>1,006,805,332</b>	-	-	<b>17,709</b>	<b>400,000</b>	<b>(975,021,188)</b>	<b>1,781,430,853</b>
	Other net changes in fair value	-	-	-	(17,315)	-	-	-	(17,315)
	Net loss	-	-	-	-	-	(215,642,481)	-	(215,642,481)
	Transfer share premium compensating deficit	-	(974,250,239)	-	-	-	-	974,250,239	-
	<b>Balance as at 31 December 2007</b>	<b>1,749,229,000</b>	<b>32,555,093</b>	-	-	<b>394</b>	<b>400,000</b>	<b>(216,413,430)</b>	<b>1,565,771,057</b>

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 years ended 31 December 2007 and 2006

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

## The International Engineering Public Company Limited and its Subsidiaries

### Statements of cash flows

For the years ended 31 December 2007 and 2006

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

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

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

**Statements of cash flows**

**For the years ended 31 December 2007 and 2006**

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

The accompanying notes are integral part of these financial statements.

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of financial statements
3	Significant accounting policies
4	Related party transactions and balances
5	Cash and cash equivalents
6	Current investments
7	Trade accounts receivable
8	Inventories
9	Wood in a concession area
10	Other current assets
11	Investment in subsidiaries, jointly-controlled entities and associates
12	Other long-term investments
13	Property, plant and equipment
14	Intangible asset
15	Other non-current assets
16	Bank overdraft and short-terms loans from financial institutions
17	Trade accounts payable
18	Long-term loan in default
19	Advance received for wood in a concession area
20	Other current liabilities
21	Convertible debentures
22	Hire-purchase creditors
23	Provisions
24	Share capital/warrants
25	Share premium
26	Currency translation changes
27	Fair value changes of available-for-sale of securities
28	Legal reserve
29	Segment information
30	Other income
31	Selling and administrative expenses
32	Personnel expenses
33	Interest expense and default interest expense
34	Income tax expense
35	Earnings (loss) per share
36	Change in accounting policy
37	Financial instruments
38	Commitments with non-related parties
39	Contingent liabilities
40	Pledged assets
41	Events after the balance sheet date
42	Accounting Standards not yet adopted
43	Reclassification of accounts

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

These notes form an integral part of the financial statements.

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

**1. General information**

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

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

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

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**2. Basis of preparation of financial statements**

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

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

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

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

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

The consolidated and separate financial statements for the year ended 31 December 2007 have been prepared basing on financial information of a subsidiary in oversea (Crystal Agro Co., Ltd.) until 30 September 2007 (the date that control ceased), which was prepared by the subsidiary’s management and was not audited by the auditor because updated financial information on such subsidiary was not available due to the Company sold the investment in the above subsidiary on 17 September 2007. The Company’s management also does not believe that lack of update financial information would significantly affect to the consolidated and separate financial statements for the year ended 31 December 2007.

The consolidated financial statements of the Company for the year ended December 31, 2006 included the financial statements of Crystal Agro Co., Ltd., a subsidiary in Cambodia. The financial statements of Crystal Agro Co., Ltd. were prepared by the subsidiary’s personal and were not yet audited, and total assets amounted to Baht 45 million, total liabilities amounted to Baht 63 million and total deficit in shareholders’ equity amounted to Baht 18 million. For consolidation purpose, the Company incurred the surplus at the investment date of Baht 30 million resulted from the investment cost higher than the unaudited book value. This will be amortized within 10 year period. In addition, other shareholder of Crystal Agro Co., Ltd absorbed loss in excess of its capital, incurred prior to the investment date, of Baht 10 million as included in minority interest.

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

	30 September 2007	31 December 2007	31 December 2006
	<i>(in million Baht)</i>		
<b>Information of balance sheet (Before elimination)</b>			
Current assets	6	-	7
Non-current assets	34	-	38
Total assets	<u>40</u>	<u>-</u>	<u>45</u>
Current liabilities	61	-	-
Non-current liabilities	8	-	63
Total liabilities	<u>69</u>	<u>-</u>	<u>63</u>
Deficit in shareholders' equity	(29)	-	(18)
Total liabilities and deficit in shareholders' equity	<u>40</u>	<u>-</u>	<u>45</u>

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

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

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



**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

### **3 Significant accounting policies**

#### **3.1 Basis of consolidation**

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

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

#### *Subsidiaries*

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

#### *Jointly controlled entities*

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group’s proportionate share of the entities’ assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

#### *Associates*

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**3.2 Foreign currencies**

*Foreign currency transactions*

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

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

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

*Foreign entities*

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

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

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

**3.3 Derivative financial instruments**

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

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

**3.4 Cash and cash equivalents**

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

**3.5 Trade and other accounts receivable**

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**3.6 Inventories**

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

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

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

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

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

**3.7 Investments**

*Investments in subsidiaries, jointly-controlled entities and associates*

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

*Investments in other equity securities*

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

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

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

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

*Disposal of investments*

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

**3.8 Property, plant and equipment**

*Owned assets*

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

*Leased assets*

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

*Borrowing costs*

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

*Subsequent expenditure*

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

*Depreciation*

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

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

**3.9 Intangible assets**

*Goodwill*

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

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

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

*Other intangible assets*

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

*Amortisation*

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

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

**3.10 Impairment**

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

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

*Calculation of recoverable amount*

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

*Reversals of impairment*

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

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

**3.11 Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**3.12 Provisions**

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

*Warranties*

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

**3.13 Revenue**

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

*Sale of goods and services rendered*

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

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

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

Other service income is recognized as services are provided

*Interest and dividend income*

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

Other income is recognized on an accrual basis.

**3.14 Expenses**

Expenses are recognized on the accrual basis.

*Operating leases*

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

*Finance costs*

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

**3.15 Income tax**

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

**3.16 Employee benefits**

*Defined contribution plans*

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

**4 Related party transactions and balances**

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

<b>Related parties</b>	<b>Natures of relationship</b>
1. IEC Mobile Co., Ltd.	Subsidiary
2. IEC Technology Co., Ltd.	Subsidiary
3. IEC Asset Co., Ltd.	Subsidiary
4. IEC Easy Fix Co., Ltd.	Subsidiary
5. IEC Business Partners Co., Ltd.	Subsidiary
6. Crystal Agro Co., Ltd.	Subsidiary as from 2006 to 17 September 2007
7. Intertrade Asia Co., Ltd.	Indirect subsidiary held by IEC Business Partners Co., Ltd.
8. Amtech E&M (Thailand) Co., Ltd. (Formerly: "G.E.C International Co., Ltd.")	Related company as from 23 July 2007 and being subsidiary in the period of December 2006
9. Application Hosting Services Co., Ltd.	Related company from December 2006 - 2007 and being associate in the period of September 2006
10. OneNet Co., Ltd.	Associate
11. IEC Internet Co., Ltd.	Jointly controlled entity
12. Micronetic Public Company Limited	Associate
13. LOCUS Telecommunication Inc. Ltd.	Associate
14. BNB Inter Group Co., Ltd.	Associate
15. Bliss-Tel Public Company Limited	Associate which is held at 16.5% of paid-up share capital and 20% of directors act as the company's representatives and some common director
16. Ethnic Earth.Com Holdings Co., Ltd.	Related company by shareholding
17. The M. Group Public Company Limited	Related company by shareholding
18. Sri U-Thong Co., Ltd	Related company by shareholding
19. Kasalong Hotel and Resort Co., Ltd.	Related company by shareholding

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

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



**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

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

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

**Trade accounts receivable from related parties**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

*Short-term loans to related parties*

	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006	2007	2006
	<i>(% per annum)</i>		<i>(in Baht)</i>			
<b>Short-term loans</b>						
<b>Subsidiaries</b>						
IEC Asset Co., Ltd.	7.5-8.0	7.5	-	-	473,097,800	237,877,000
IEC Technology Co., Ltd.	7.5-8.0	7.5	-	-	73,923,000	52,920,000
IEC Business Partners Co.,Ltd.	8.0	-	-	-	28,970,000	-
IEC Easy Fix Co., Ltd.	8.0	-	-	-	22,280,000	-
Crystal Agro Co., Ltd.	7.5	7.5	3,000,000	-	3,000,000	3,000,000
<b>Associates</b>						
OneNet Co., Ltd.	8.0	-	3,500,000	-	-	-
Micronetic Public Company Limited	7.5-15.0	7.5	20,380,742	18,675,000	20,380,742	18,675,000
<b>Jointly-controlled entities</b>						
IEC Internet Co., Ltd.	2.0-8.0	2.0-7.5	30,355,698	30,355,698	-	-
<b>Other related parties</b>						
Ethnic Earth.Com Holding Co., Ltd.	7.0-7.5	7.0-7.5	<u>16,770,000</u>	<u>16,770,000</u>	<u>16,770,000</u>	<u>16,770,000</u>
			<u>74,006,440</u>	<u>65,800,698</u>	<u>638,421,542</u>	<u>329,242,000</u>
<i>Less</i> allowance for doubtful accounts			<u>(68,800,698)</u>	<u>(65,800,698)</u>	<u>(110,880,828)</u>	<u>(88,687,920)</u>
<b>Net</b>			<u><b>5,205,742</b></u>	<u><b>-</b></u>	<u><b>527,540,714</b></u>	<u><b>240,554,080</b></u>

*Other receivable and advance*

<b>Subsidiaries</b>						
IEC Mobile Co., Ltd.			-	-	10,849,509	16,938,120
IEC Technology Co., Ltd.			-	-	7,419,615	3,088,091
IEC Asset Co., Ltd.			-	-	39,050,937	19,689,107
IEC Business Partners Co., Ltd.			-	-	461,682	191,800
Intrade Asia Co., Ltd.			-	-	8,439	21,537
IEC Easy Fix Co., Ltd.			-	-	31,849,962	18,279,505
Crystal Agro Co., Ltd.			1,050,182	-	1,050,182	3,082
<b>Associates</b>						
OneNet Co., Ltd.			598,068	-	8,350	3,927
Micronetic Public Company Limited			3,157,088	1,753,659	3,157,088	1,753,659
<b>Other related parties</b>						
Amtech E&M (Thailand) Co., Ltd.			156,172	-	-	-
Application Hosting Services Co., Ltd.			-	1,102,454	-	1,102,454
Ethnic Earth.Com Holding Co.,Ltd.			5,323,547	4,119,647	5,323,547	4,119,647

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

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

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

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

**Trade accounts payable – related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
<b>Subsidiaries</b>				
IEC Mobile Co., Ltd.	-	-	1,949	-
IEC Easy Fix Co., Ltd.	-	-	3,521,171	-
<b>Associates</b>				
Bliss-Tel Public Company Limited	<u>11,855,031</u>	<u>-</u>	<u>11,477,138</u>	<u>-</u>
<b>Total</b>	<b><u>11,855,031</u></b>	<b><u>-</u></b>	<b><u>15,000,258</u></b>	<b><u>-</u></b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

*Short-term loans from related parties*

	Interest rate		Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006	2007	2006
	(% per annum)		(in Baht)			
<b>Short-term loans</b>						
<b>Subsidiaries</b>						
IEC Business Partners Co., Ltd.	-	7.5	-	-	-	89,000,000
			-	-	-	89,000,000
<b>Other payable and advance</b>						
<b>Subsidiaries</b>						
IEC Technology Co., Ltd.			-	-	840	7,955
IEC Mobile Co., Ltd.			-	-	854,600	3,538,621
IEC Asset Co., Ltd.			-	-	635,409	153,502
IEC Business Partners Co., Ltd.			-	-	4,315,809	-
IEC Easy Fix Co., Ltd.			-	-	4,760,211	22,621,802
<b>Associates</b>						
Bliss-Tel Public Co., Ltd.			42,400	191,643	-	191,643
OneNet Co., Ltd.			31,576	-	-	-
Micronetic Public Company Limited			346,076	346,076	250,076	250,076
			420,052	537,719	10,816,945	26,763,599
<b>Total</b>			<b>420,052</b>	<b>537,719</b>	<b>10,816,945</b>	<b>115,763,599</b>

*Directors' remuneration*

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

*Significant agreements with related parties*

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

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

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

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

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

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

Commitments to its related parties were as follows:

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

**Operating lease and service commitments**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**5 Cash and cash equivalents**

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

**6 Current investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Cost 2007	2006	Cost 2007	2006
	<i>(in Baht)</i>			
<b>Equity securities</b>				
<b>Securities held for trading</b>				
NEP Realty and Industry Public Company Limited	-	38,377,782	-	-
EMC Public Company Limited	18,260,134	72,269,247	-	72,269,247
EMC Public Company Limited (warrants)	31,403,342	-	-	-
Navanakorn Public Company Limited	-	46,052,861	-	42,614,286
Power Line Engineering Public Company Limited	-	95,056,799	-	-
Live Incorporation Public Company Limited	239,084,142	-	35,317,208	-
Thailand Carpet Manufacturing Public Company Limited	5,433,550	-	-	-
PTT Public Company Limited	3,770,058	-	-	-
Thoresen Thai Agencies Public Company Limited	947,528	-	-	-
The Siam Cement Public Company Limited	2,326,206	-	-	-
Bangkok Bank Public Company Limited	1,193,183	-	-	-
<b>Total</b>	<b>302,418,143</b>	<b>251,756,689</b>	<b>35,317,208</b>	<b>114,883,533</b>
<i>Add (Less) allowance for devaluation of investments</i>	<i>543,939,817</i>	<i>(33,900,602)</i>	<i>231,337,312</i>	<i>(12,245,533)</i>
<b>Net</b>	<b>846,357,960</b>	<b>217,856,087</b>	<b>266,654,520</b>	<b>102,638,000</b>
<b>Securities available-for-sale</b>				
Unit trust	81,500	157,521	81,500	157,521
Others	-	458,513	-	-
<i>Add allowance for devaluation of investment</i>	<i>394</i>	<i>21,310</i>	<i>394</i>	<i>17,709</i>
<b>Net</b>	<b>81,894</b>	<b>637,344</b>	<b>81,894</b>	<b>175,230</b>
<b>Total</b>	<b>846,439,854</b>	<b>218,493,431</b>	<b>266,736,414</b>	<b>102,813,230</b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

	<b>Consolidated financial statements</b>			
	2007		2006	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
Current investments:-				
Securities held for trading	302,418,143	846,357,960	251,756,689	217,856,087
Securities available-for-sale	81,500	81,894	616,034	637,344
Total	<u>302,499,643</u>	<u>846,439,854</u>	<u>252,372,723</u>	<u>218,493,431</u>
Add (less) allowance for devaluation of investment	543,940,211	-	(33,879,292)	-
<b>Total current investments</b>	<b><u>846,439,854</u></b>	<b><u>846,439,854</u></b>	<b><u>218,493,431</u></b>	<b><u>218,493,431</u></b>
	<b>Separate financial statements</b>			
	2007		2006	
	Cost	Fair Value	Cost	Fair Value
	<i>(in Baht)</i>			
Current investments:-				
Securities held for trading	35,317,208	266,654,520	114,883,533	102,638,000
Securities available-for-sale	81,500	81,894	157,521	175,230
Total	<u>35,398,708</u>	<u>266,736,414</u>	<u>115,041,054</u>	<u>102,813,230</u>
Add (less) allowance for devaluation of investment	231,337,706	-	(12,227,824)	-
<b>Total current investments</b>	<b><u>266,736,414</u></b>	<b><u>266,736,414</u></b>	<b><u>102,813,230</u></b>	<b><u>102,813,230</u></b>

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**7 Trade accounts receivable**

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

Aging analyses for trade accounts receivable were as follows:

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

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

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

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



**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**8 Inventories**

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

**9 Wood in a concession area**

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

On June 9, 2006, the Company entered into a purchase agreement for wood with a Cambodian-registered company duly granted by the Cambodian government, a 70-year concession of cultivation and agricultural business. The Company agreed to buy not over than 150,000 cubic meters of wood located on the concession area of 8,000 hectares or 50,000 rais in Tambon Samrong, Ampur Udon Meechai in Cambodia within a period of 2 years. The total contract value was Baht 60 million.

On June 21, 2006, the Company entered into a sales agreement with a local company to sell the quantity bought from the foreign company as aforementioned within a period of 2 years with a contract value of Baht 220 million as described in Note 19 to the financial statements.

**10 Other current assets**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**11 Investments in subsidiaries, jointly-controlled entities and associates**

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**Separate financial statements**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

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

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**12 Other long-term investments**

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

Allowance for devaluation of investments comprised as follows:

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**13 Property, plant and equipment**

**Consolidated financial statements**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**Consolidated financial statements**

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



**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**Separate financial statements**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**Separate financial statements**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

Depreciation was included in:-

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

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

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

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

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

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

**14 Intangible assets**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

Amortizations were included in:-

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

### **Cost of purchase of subscribers**

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

### **Leasehold rights**

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

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

### **Concession on agro-industry project**

Crystal Agro Co., Ltd was granted the concession by the Ministry of Agriculture, Forestry and Fisheries of Cambodia to utilize land of 8,000 hectares (equivalent to approximately 50,000 Rais) located in the district of Samrong, Udon Mean Chey Province, for agro-industry crops plantation and factory for a period of 70 years starting from 17 July 2006. According to the term of concession agreement, such subsidiary is committed to pay an annual fee at the rate determined by the Royal Government of Cambodia. During the year 2006, the subsidiary incurred the payments for acquisition of the concession of US\$ 1 million (equivalent to Baht 38 million). The subsidiary has a policy to amortize the acquisition cost over the term of the concession.

### **Franchise fee**

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



# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

### 15 Other non-current assets

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

### 16 Bank overdrafts and short-term loans from financial institutions

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

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

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

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

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

### 17 Trade accounts payable

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

The currency denomination of trade accounts payable was as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Thai Baht (THB)	104,337,330	36,895,648	72,695,752	6,678,328
United States Dollars (USD)	1,531,035	-	-	-
<b>Total</b>	<b><u>105,868,365</u></b>	<b><u>36,895,648</u></b>	<b><u>72,695,752</u></b>	<b><u>6,678,328</u></b>

### 18 Long-term loan in default

	<b>Consolidated financial statements</b>	
	2007	2006
	<i>(in Baht)</i>	
<b>Securities</b>		
Long-term loans from local financial institution	339,734,699	-
<i>Less</i> long-term loan in default	<u>(339,734,699)</u>	<u>-</u>
<b>Net</b>	<b><u>-</u></b>	<b><u>-</u></b>

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

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

### 19 Advance received for wood in a concession area

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

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

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

## 20 Other current liabilities

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

## 21 Convertible debentures

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

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

### 22 Hire-purchase creditor

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Hire-purchase creditor	6,783,843	10,884,213	793,176	2,809,422
Less Current portion due within one year	<u>(3,285,378)</u>	<u>(4,380,759)</u>	<u>(793,176)</u>	<u>(2,058,432)</u>
<b>Net</b>	<b><u>3,498,465</u></b>	<b><u>6,503,454</u></b>	<b><u>-</u></b>	<b><u>750,990</u></b>

### 23 Provisions

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

- **Provision for repurchasing shares of subsidiary**

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

The above agreement stipulates the right of the Industrial Estate Authority of Thailand to sell all or part of its investments in IEC Technology Company Limited to the Company at a price which was not less than Baht 7.86 per share if the listing of IEC Technology Company Limited on the Stock Exchange of Thailand cannot be implemented within 5 years from the date of the agreement or if the business is not able to be operated until the Company has retained earnings at the end of the fifth year from the date of the agreement. However, the Company provided for a provision for repurchasing shares of subsidiary amounted to Baht 13.76 million.

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

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

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

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

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

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in Baht )</i>			
<b>Subsidiaries</b>				
IEC Technoligy Co.,Ltd.	-	-	5,982,677	-
IEC Mobile Co.,Ltd.	-	-	3,295,562	-
<b>Associates</b>				
LOCUS Telecommunication Inc. Ltd.	6,707,238	-	6,707,238	-
Micronetic Public Company Limited	15,000,000	15,000,000	15,000,000	15,000,000
<b>Jointly-controlled entities</b>				
IEC Internet Co., Ltd.	8,472,305	7,338,917	-	-
<b>Total</b>	<b><u>30,179,543</u></b>	<b><u>22,338,917</u></b>	<b><u>30,985,477</u></b>	<b><u>15,000,000</u></b>

## 24 Share capital / warrants

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

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

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

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

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

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

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

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

## 25 Share premium

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

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

### 26 Currency translation changes

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

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

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

### 28 Legal reserve

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

### 29 Segment information

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

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

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

#### *Business segments*

The Group comprises the following main business segments:

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

Business segment results

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



**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2007 and 2006**

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

### 30 Other income

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

### 31 Selling and administrative expenses

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

### 32 Personnel expenses

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in Baht)</i>			
Salaries and other benefits	173,986,171	180,845,296	65,996,986	94,234,119
Contribution to social security / defined contribution plan	4,646,783	4,719,090	1,335,588	2,002,722
Contribution to provident funds	3,752,520	3,119,837	1,477,929	1,818,035
<b>Total</b>	<b><u>182,385,474</u></b>	<b><u>188,684,223</u></b>	<b><u>68,810,503</u></b>	<b><u>98,054,876</u></b>

*(Number of employees)*

Number of employees as at 31 December	<b><u>657</u></b>	<b><u>636</u></b>	<b><u>213</u></b>	<b><u>161</u></b>
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### 33 Interest expense and default interest expense

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

### 34 Income tax expense

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

### 35 Basic earnings (loss) per share

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

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Net profit (loss) attributable to ordinary shareholders (in Baht)	187,604,060	(981,662,942)	(215,642,481)	(980,515,376)
Weighted average number of ordinary shares issued during the year (in shares)	1,749,229,000	1,615,178,000	1,749,229,000	1,615,178,000
Basic earnings (loss) per share (in Baht)	0.11	(0.61)	(0.12)	(0.61)

### 36 Changes in accounting policy

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

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

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

TAS 44 (revised 2007) Consolidated and Separate Financial Statements

TAS 45 (revised 2007) Investment in Associates

TAS 46 (revised 2007) Interest in Joint Ventures

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

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

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

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

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

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

### 37 Financial instruments

#### *Financial risk management policies*

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

#### *Interest rate risk*

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

#### *Foreign currency risk*

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

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

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

### *Credit risk*

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

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

### *Liquidity risk*

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

### *Fair values*

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

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

## 38 Commitments with non related parties

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

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

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

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

### 39 Contingent liabilities

- On July 23, 1999, the trustee of the debenture holders filed a lawsuit with the Civil Court in order to the Company pay Baht 427.80 million of principal and Baht 21.80 million of interest, or a total of Baht 449.60 million, to the debenture holders. The Court of First Instance ruled in favor of the plaintiff, ordering the Company to pay an amount of Baht 449.60 million plus interest at 8 percent per annum on principal of Baht 427.80 million as from the filing date. In December 2001, the Company lodged appeals with the Court of Appeals in respect of several issues, including negotiation of compromise agreements with some debenture holders and the redemption of some debentures, petitioning the court to deduct the value of the debentures already redeemed from the amount claimed by the plaintiff. In December 2004, the Court of Appeals sentenced against the Company, and with regard the mentioned compromise agreements, the court's opinion was that the trustee of the debenture holders should call back the amounts which the Company paid under the compromise agreements and combine with the asset charged to the debentured as a whole, for further distribution. In June 2005, the Company filed the case to the Supreme Court.

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

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

- Since January 2004, the Customs Department has sent notices to the Company seeking the return of approximately Baht 69.8 million (including interest accrued up to December 2005) in tax subsidiaries provision in the form of tax coupons, which the Company received from 9 companies and used for making payment of excise tax, on the grounds that the other companies had fraudulently acquired the tax coupons from the Customs Department. Since August 2004, the Customs Department has filed suit against the Company with the tax courts in 30 cases, seeking to recover approximately Baht 46.8 million (including interest accrued up to December 2005). Suits have not yet been filed over the remaining amount of Baht 23 million (including interest). To date, the Court of First Instance has ruled in favor of the plaintiff in 18 cases and ruled in favor of the Company in 12 cases, and the Supreme Court already sentenced 8 cases, of which amount of Baht 9.3 million, that the Company has to pay compensation on tax coupons to the Custom Department. The remaining 22 cases are now in the process of being heard by the Supreme Court. However, as at 31 December 2007, the Company already recorded all contingent liabilities amounting Baht 72.45 million in relation to the above litigation in its accounts.
- On 26 February 2007, the subsidiary, which is IEC Business Partner Company Limited, was filed a lawsuit with regards to the transaction in acquiring assets of International Gasohol Corporation Limited pursuant to the civil case: black case no.842/2007 with a claim of Baht 181 million. The Plaintiff requested the Court to invalidate, cancel the registration of the transfer of ownership and then transfer it back to the seller or order all Defendants to pay the balance of the proceeds of Baht 181 million with the interest of 7.5 percent per annum of principal Baht 181 million, starting from filing date until fully settlement. On 14 March 2007, the subsidiary was filed a lawsuit from the same Plaintiff pursuant to the criminal case: black case no. 1464/2007.

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

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

#### 40 Pledged assets

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

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

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

### 41 Events after the balance sheet date

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

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

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

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

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

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



# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2007 and 2006

### 42 Accounting Standards (TAS) not yet adopt

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

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

### 43 Reclassification of accounts

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