

# NPS Siam

## NPS Siam Audit Limited

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## Review report of Certified Public Accountant

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

I have reviewed the accompanying consolidated and separate balance sheets as at 31 March 2008, and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my review. The consolidated and separate statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2007 of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, were reviewed by another auditor whose report dated 14 May 2007 stated that except for the effects to the financial statements regarding the consolidated financial statements of The International Engineering Public Company Limited and its subsidiaries and the separate financial statements for the three-month period ended 31 March 2007 included the financial statements of Crystal Agro Co., Ltd., which was a subsidiary in overseas. The financial statements of such subsidiary had been prepared by the subsidiary's personnel including 2006 financial statements of the above subsidiary had not been audited. In addition, there were expenses without supporting documents and the cost of concession for agro-industry to be presented in concession on agro-industry project which were not appropriately reviewed, and nothing had come to his attention that causes him to believe that those financial statements referred to above were not presented fairly, in all material respects, in accordance with generally accepted accounting principles. He also drew attention in relation to 1) purchasing assets of a subsidiary from a company that made the above subsidiary was sued by third person, who alleged in his possession of property, that the purchase of assets was invalid and the criminal embezzlement, 2) there were lawsuits relating to convertible debentures filed against the Company.

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

Based on my review, nothing has come to my attention that causes me to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

## **NPS Siam**

I draw attention to the following notes to the financial statements 1) as described in Note 24 to the financial statements in relation to purchase assets of a subsidiary from a company amounted to Baht 465 million. Later on 26 February 2007, the above subsidiary was sued by the third person, who alleged in his possession, 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 12 May 2008, the cases have been still in the consideration of the Court which has not been finalized. 2) As described in Notes 13 and 24 to the financial statements, 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 resulted to, on 25 January 2008, the bank notified to cancel the loan agreement and guarantee agreement including to call the repayment of all principal with interest from the subsidiary and the Company and to redeem of mortgaged assets. On 20 March 2008, the above subsidiary and the, Company were sued by the bank to repay the principal with interest including enforced to mortgage the assets. However, up to 12 May 2008, the subsidiary and the Company have been in the process of preparation to file a statement of defence to the Court. These factors raise substantial doubt the ability of such subsidiary and the Company to continue as going concerns.

I have previously audited the consolidated and separate financial statements for the year ended 31 December 2007 of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those financial statements in my report dated 28 February 2008 and drew the attention to the matters regarding 1) the consolidated and separate financial statements of the Company as at 31 December 2007 included the financial statements of a subsidiary in overseas until 30 September 2007 (the date that control ceased), which had been prepared by the Company's management and had not been audited by the auditor, 2) a subsidiary purchased assets from a company and was sued by the third person, who alleged in his possession, related to the above purchasing assets that it was invalid, and the criminal embezzlement, 3) the mentioned subsidiary failed to pay interest and did not maintain debts to equity ratio including was notified to cancel the loan agreement and guarantee agreement and to repay all debts. These factors raise substantial doubt the ability of such subsidiary to continue as a going concern. I have not performed any auditing procedures since that date. The consolidated and separate balance sheets as at 31 December 2007, which are included in the accompanying financial statements for comparative purposes, are components of those financial statements.

(Narong Luktharn)  
Certified Public Accountant  
Registration number 4700

NPS Siam Audit Limited  
Bangkok  
12 May 2008

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

Interim financial statements  
and  
Review Report of Certified Public Accountant

For the three-month period ended  
31 March 2008

## The International Engineering Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 March 2008 and 31 December 2007

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 March 2008 (Unaudited)	31 December 2007	31 March 2008 (Unaudited)	31 December 2007
<i>(in thousand Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents		91,517	134,832	23,226	31,206
Current investments	5	1,670,759	846,440	706,076	266,736
Trade accounts receivable and accrued income, net	4, 6	114,144	174,733	179,740	242,235
Short-term loans to related parties, net	4	1,772	5,963	606,031	617,192
Inventories, net		297,888	110,321	211,512	32,484
Securities receivables		18,350	-	18,350	-
Wood in a concession area	7	-	-	-	-
Prepaid expenses		59,114	43,505	38,795	40,427
Advance payment for goods		219,211	-	219,211	-
Withholding tax		38,148	34,876	28,929	26,852
Value added tax recoverable		22,114	24,467	-	1,791
Other current assets		7,702	25,252	2,613	13,187
<b>Total current assets</b>		<b>2,540,719</b>	<b>1,400,389</b>	<b>2,034,483</b>	<b>1,272,110</b>
<b>Non-current assets</b>					
Investments in subsidiaries, jointly controlled entities and associates	8	-	233,473	92,341	282,603
Other long-term investments, net	9	33,162	33,162	525	525
Property, plant and equipment, net		746,134	753,570	89,677	89,248
Intangible assets	10	193,855	198,108	28,348	29,529
Pledged deposits at financial institutions		306,548	337,619	306,029	336,679
Other non-current assets	11	28,056	29,865	17,853	18,515
<b>Total non-current assets</b>		<b>1,307,755</b>	<b>1,585,797</b>	<b>534,773</b>	<b>757,099</b>
<b>Total assets</b>		<b>3,848,474</b>	<b>2,986,186</b>	<b>2,569,256</b>	<b>2,029,209</b>

## The International Engineering Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 March 2008 and 31 December 2007

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		31 March 2008 (Unaudited)	31 December 2007	31 March 2008 (Unaudited)	31 December 2007
<i>(in thousand Baht)</i>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
Trade payables and provisions		135,792	110,508	133,407	109,605

The accompanying notes are an integral part of these financial statements

Trade accounts payable	4, 12	117,707	105,868	109,129	72,696
Long-term loan in default	13	339,735	339,735	-	-
Current portion of convertible debentures	15	7,748	10,321	7,748	10,321
Short-term loans from related parties	4	86,664	420	103,959	10,817
Other short-term loans		1,680	1,680	-	-
Current portion of financial lease agreements		4,019	3,286	392	793
Securities payables		-	42,294	-	-
Payable to purchase of fixed assets		68,882	68,882	-	-
Advance received for wood in a concession area	14	50,000	50,000	50,000	50,000
Accrued expenses		152,414	85,055	73,342	25,992
Other current liabilities		18,004	24,163	4,074	18,000
<b>Total current liabilities</b>		<b>982,645</b>	<b>842,212</b>	<b>482,051</b>	<b>298,224</b>
<b>Non-current liabilities</b>					
Financial lease agreements		1,781	3,498	-	-
Provisions	16	153,409	159,753	155,510	160,559
Other non-current liabilities		13,103	10,934	6,796	4,654
<b>Total non-current liabilities</b>		<b>168,293</b>	<b>174,185</b>	<b>162,306</b>	<b>165,213</b>
<b>Total liabilities</b>		<b>1,150,938</b>	<b>1,016,397</b>	<b>644,357</b>	<b>463,437</b>

## The International Engineering Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 March 2008 and 31 December 2007

Liabilities and shareholders' equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2008	2007	2008	2007
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b>Shareholders' equity</b>					
Share capital	17				
Authorized share capital		2,200,000	2,200,000	2,200,000	2,200,000
Issued and paid-up share capital		1,749,229	1,749,229	1,749,229	1,749,229
Surplus					
Share premium	18	32,555	32,555	32,555	32,555
Fair value changes of available-for-sale of securities		1	1	1	1
Retained earnings (deficit)					
Appropriated					
Legal reserve	19	7,536	400	7,536	400
Unappropriated (deficit)		908,215	187,604	135,578	(216,413)
<b>Total shareholders' equity</b>		<b>2,697,536</b>	<b>1,969,789</b>	<b>1,924,899</b>	<b>1,565,772</b>
<b>Total liabilities and shareholders equity</b>		<b>3,848,474</b>	<b>2,986,186</b>	<b>2,569,256</b>	<b>2,029,209</b>

## The International Engineering Public Company Limited and its Subsidiaries

### Statements of income

For the three-month periods ended 31 March 2008 and 2007 (Unaudited)

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

	<i>Note</i>	<b>financial statements</b>		<b>financial statements</b>	
		2008	2007	2008	2007
<i>(in thousand Baht)</i>					
<b>Revenues</b>					
Revenue from sales of goods and rendering of services	4	982,603	761,173	934,546	660,968
Rental income	4	11,516	2,951	-	-
Interest income	4	4,038	3,318	13,981	7,903
Net foreign exchange gain		803	3,721	658	3,639
Gain from investments	21	740,321	-	437,671	-
Gain on sales of building and equipment		672	47,654	701	47,654
Share of gains from investments accounted for using the equity method		71,845	-	-	-
Other income		17,693	7,154	17,343	5,650
<b>Total revenues</b>		<b>1,829,491</b>	<b>825,971</b>	<b>1,404,900</b>	<b>725,814</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services	4	946,211	663,244	923,903	601,977
Cost of rental		19,713	15,926	-	-
Selling and administrative expenses	4	116,147	134,602	77,130	69,786
Loss from investments		-	43,247	-	30,856
Loss on impairment of investments		-	-	42,354	19,066
Share of losses from investments accounted for using the equity method		-	26,208	-	-
<b>Total expenses</b>		<b>1,082,071</b>	<b>883,227</b>	<b>1,043,387</b>	<b>721,685</b>
<b>Profit (loss) before interest expense</b>		<b>747,420</b>	<b>(57,256)</b>	<b>361,513</b>	<b>4,129</b>
Interest expense and default interest expense	4	19,673	8,632	2,386	3,939
<b>Net profit (loss)</b>		<b>727,747</b>	<b>(65,888)</b>	<b>359,127</b>	<b>190</b>
Attributable to:					
Equity holders of the parent		727,747	(63,763)	359,127	190
Minority interest		-	(2,125)	-	-
		<b>727,747</b>	<b>(65,888)</b>	<b>359,127</b>	<b>190</b>
<b>Basic earnings (loss) per share (Baht)</b>	22	<b>0.42</b>	<b>(0.04)</b>	<b>0.21</b>	<b>0.00</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 three-month periods ended 31 March 2008 and 2007 (Unaudited)**

	Separate financial statements					Total shareholders' equity	
	<i>Note</i>	Issued and paid-up share capital	Share premium	Fair value changes of available-for-sale of securities  <i>(in thousand Baht)</i>	<u>Retained earnings (Deficit)</u> Appropriated to legal reserve		Unappropriated/ (Deficit)
<b>Balance as at 1 January 2007</b>		<b>1,749,229</b>	<b>1,006,805</b>	<b>18</b>	<b>400</b>	<b>(975,021)</b>	<b>1,781,431</b>
Other net changes in fair value		-	-	2	-	-	2
Net profit		-	-	-	-	190	190
<b>Balance as at 31 March 2007</b>		<b>1,749,229</b>	<b>1,006,805</b>	<b>20</b>	<b>400</b>	<b>(974,831)</b>	<b>1,781,623</b>
<b>Balance as at 1 January 2008</b>		<b>1,749,229</b>	<b>32,555</b>	<b>1</b>	<b>400</b>	<b>(216,413)</b>	<b>1,565,772</b>
Appropriated to legal reserve	19	-	-	-	7,136	(7,136)	-
Net profit		-	-	-	-	359,127	359,127
<b>Balance as at 31 March 2008</b>		<b>1,749,229</b>	<b>32,555</b>	<b>1</b>	<b>7,536</b>	<b>135,578</b>	<b>1,924,899</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 three-month periods ended 31 March 2008 and 2007 (Unaudited)

	Note	Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
		2008	2007	2008	2007
		(in thousand Baht)			
<b><i>Cash flows from operating activities</i></b>					
Net profit (loss)		727,747	(63,763)	359,127	190
<b><i>Adjustment</i></b>					
Interest income		(4,038)	(3,318)	(13,981)	(7,903)
Interest expense and default interest expense		19,673	8,632	2,386	3,939
Doubtful accounts		6,991	2,423	12,601	4,613
Unrealized (gain) loss on exchange		10	(384)	(2)	-
Allowance for diminution in value of inventories					
(Reversal)		(429)	(87,355)	1,686	(41,008)
Depreciation and amortization		17,564	31,510	7,427	23,829
Amortization of goodwill		-	7,066	-	-
Loss from equipment and intangible assets written off		17	24	17	9
Gains on sale of property and equipment		(673)	(47,654)	(701)	(47,654)
Loss from impairment of assets		6,000	-	6,000	-
Loss on impairment of investments		-	-	42,354	19,066
(Gain) loss on investments		(740,321)	43,247	(437,671)	30,856
Estimate loss from liabilities		363	-	-	-
Share of (gains) loss from investments					
accounted for using the equity method		(71,845)	19,143	-	-
		<u>(38,941)</u>	<u>(90,429)</u>	<u>(20,757)</u>	<u>(14,063)</u>
<b><i>Change in operating assets and liabilities</i></b>					
Trade accounts receivable		58,867	(77,516)	56,946	(33,133)
Other receivables from related parties		5,566	-	(813)	-
Inventories		(187,137)	244,882	(180,713)	148,319
Securities receivables		(18,350)	-	(18,350)	-
Prepaid expenses		(15,608)	-	1,632	-
Advance payment for goods		(219,211)	-	(219,211)	-
Value added tax recoverable		2,352	-	1,790	-
Subscription receivable of subsidiary		-	2,250	-	-
Advance payment for shares in subsidiary		-	-	-	(8,000)
Other current assets		7,519	(461)	(394)	6,247
Other non-current assets		1,809	11,199	662	221
Trade accounts payable		11,833	57,794	36,440	62,757
Other receivables to related parties		86,244	2,527	93,143	(6,624)
Accrued expenses		50,395	2,474	47,350	10,447
Securities payable		(42,294)	-	-	-
Other current liabilities		(6,160)	(3,732)	(13,928)	(1,107)
Other non-current liabilities		2,169	1,121	2,142	-
Purchase of securities held for trading		(379,560)	(32,643)	(239,314)	(8,955)

## Statements of cash flows

For the three-month periods ended 31 March 2008 and 2007 (Unaudited)

Note	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Sale of equity securities held for trading	197,529	37,719	28,576	-
Withholding income tax paid	<u>(3,272)</u>	<u>(4,929)</u>	<u>(2,077)</u>	<u>(3,834)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>(486,250)</u></b>	<b><u>150,256</u></b>	<b><u>(426,876)</u></b>	<b><u>152,275</u></b>
<i>Cash flows from investing activities</i>				
Interest received	1,646	2,006	13,775	28,922
Pledged deposits at financial institutions	31,071	(160,017)	30,650	(160,001)
Purchase of property, plant and equipment	(12,590)	(434,364)	(6,738)	(26,855)
Sales of property and equipment	7,369	183,047	746	202,739
Short-term loans to related parties	(220)	-	(79,984)	(18,800)
Proceeds from short-term loans to related parties	-	-	90,080	-
Purchase of investments in subsidiary and associates	(61,996)	(18,324)	-	(22,824)
Proceeds from sale of investment in associates	<u>458,637</u>	<u>-</u>	<u>351,928</u>	<u>-</u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>423,917</u></b>	<b><u>(427,652)</u></b>	<b><u>400,457</u></b>	<b><u>3,181</u></b>
<i>Cash flows from financial activities</i>				
Interest paid	(2,710)	(8,396)	(2,386)	(3,749)
Bank overdrafts and short-term loans from financial institutions	25,286	(55,275)	23,801	(53,825)
Finance lease agreement	(984)	(971)	(402)	(550)
Payment of short-term loan from related parties	-	(450)	-	(89,000)
Proceeds from long-term loans	-	339,734	-	-
Payment of convertible bonds	(2,574)	(2,574)	(2,574)	(2,574)
Minority interest	<u>-</u>	<u>(2,125)</u>	<u>-</u>	<u>-</u>
<b>Net cash provided by (used in) financing activities</b>	<b><u>19,018</u></b>	<b><u>269,943</u></b>	<b><u>18,439</u></b>	<b><u>(149,698)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(43,315)</u></b>	<b><u>(7,453)</u></b>	<b><u>(7,980)</u></b>	<b><u>5,758</u></b>
Cash and cash equivalents at beginning of period	<u>134,832</u>	<u>69,823</u>	<u>31,206</u>	<u>18,791</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>91,517</u></b>	<b><u>62,370</u></b>	<b><u>23,226</u></b>	<b><u>24,549</u></b>

The accompanying notes are integral part of these financial statements.

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of financial statements
3	Seasonal operations
4	Related party transactions and balances
5	Current investments
6	Trade accounts receivable and accrual income
7	Wood in a concession area
8	Investment in subsidiaries, jointly-controlled entities and associates
9	Other long-term investments
10	Intangible asset
11	Other non-current assets
12	Trade accounts payable
13	Long-term loan in default
14	Advance received for wood in a concession area
15	Convertible debentures
16	Provisions
17	Share capital
18	Share premium
19	Legal reserve
20	Segment information
21	Gain from investment
22	Basic earnings (loss) per share
23	Commitments with non-related parties
24	Contingent liabilities
25	Foreign currency risk
26	Events after the balance sheet date
27	Reclassification of accounts

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

These notes form an integral part of the financial statements.

The interim financial statements were authorized for issue by the directors on 12 May 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 March 2008 are Mrs. Puangphan Bulapak, Miss Chatsuda Benjanivat and Mr. Suthipong Jaraschonpajee who held 8.16%, 5.72% and 5.20%, 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 venture were as follows:

	Type of business	Country of incorporation	Ownership interest	
			31 March 2008	31 December 2007
<i>Direct subsidiaries</i>				
1. IEC Mobile Co., Ltd	Sales of mobile phones and sim cards	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. Intertrade Asia Co., Ltd.	Commercial business	Thailand	100%	100%
<i>Joint controlled entity</i>				
7. IEC Internet Co., Ltd.	Internet service provider (Ceased its operations)	Thailand	65%	65%

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

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

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

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No.41 (Revise 2007) *Interim Financial Reporting* including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2007. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2007.

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

In 2008, the Group has adopted the following TAS relevant to the Group's operations.

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 29 (revised 2007)	<i>Leases</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 51	<i>Intangible Assets</i>

The adoption new TAS or revised TAS is not significant effected to the consolidated and separate financial statements.

Accounting policies and methods of computation applied in the interim financial statements for the three-month period ended 31 March 2008 are consistent with those applied in the financial statements for the year ended 31 December 2007.

The consolidated and separate financial statements as at 31 March 2007 is prepared by using financial information as at 31 March 2007 and for the three-month period ended 31 March 2007 of a subsidiary in oversea (Crystal Agro Co., Ltd.), which had been prepared by the subsidiary's personal and had not been reviewed by the auditor, and the financial statements as at 31 December 2006 of Crystal Agro Co., Ltd., which had not been audited by the auditor. Later, the Board of Directors Meeting held on 14 September 2007 resolved to authorize the Company sold the investment in such subsidiary in all amounts. On 17 September 2007, the Company entered into the share selling agreement with third party in full amount which the proceeds from sale of investment had been performed on 8 November 2007.

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

The consolidated and separate financial statements for the three-month period ended 31 March 2008 included investment in an associated company based on financial statements of such associated company, which had not been reviewed by an auditor due to be in process of arrangement of review which it had not been finished.

The financial information of an associated company referred to above was as follows:

	<b>Ownership interest</b>	
	31 March 2008 (%)	31 December 2007
<i>Associated company</i>		
Micronetic Public Company Limited	38.51	38.51

Summary of balance sheet information of the above associated company as at 31 March 2008 was as follows:

<b>Information of balance sheet</b>	<i>(in million Baht)</i>
Current assets	38
Non-current assets	2
Total assets	<u>40</u>
Current liabilities	209
Non-current liabilities	-
Total liabilities	<u>209</u>
Deficit in shareholders' equity	(169)
Total liabilities and shareholders' equity	<u>40</u>

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	31 March 2008	31 December 2007
	<i>(in million Baht)</i>	
<b>Balance sheet information</b>		
Investment in subsidiary	25	25
Allowance for devaluation of investments	(25)	(25)
Provisions	15	15

Summary of statement of income information of the above associated company for the three-month period ended 31 March 2008 was as follows:

<b>Information of statement of income (Before elimination)</b>	<i>(in million Baht)</i>
Total revenues	1
Total expenses	(16)
Interest expense	(4)
Net loss	<u>(19)</u>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**3. Seasonal operations**

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

**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.

<b>Related parties</b>	<b>Country of incorporation</b>	<b>Natures of relationship</b>
1. IEC Mobile Co., Ltd.	Thailand	Subsidiary
2. IEC Technology Co., Ltd.	Thailand	Subsidiary
3. IEC Asset Co., Ltd.	Thailand	Subsidiary
4. IEC Easy Fix Co., Ltd.	Thailand	Subsidiary
5. IEC Business Partners Co., Ltd.	Thailand	Subsidiary
6. Crystal Agro Co., Ltd.	Cambodia	Subsidiary as from 2006 to 17 September 2007
7. Intertrade Asia Co., Ltd.	Thailand	Indirect subsidiary held by IEC Business Partners Co., Ltd.
8. Amtech E&M (Thailand) Co., Ltd.	Thailand	Subsidiary until 23 July 2007 after that being related company
9. Application Hosting Services Co., Ltd.	Thailand	Related company by shareholding
10. OneNet Co., Ltd.	Thailand	Associate
11. IEC Internet Co., Ltd.	Thailand	Jointly controlled entity
12. Micronetic Pcl.	Thailand	Associate
13. LOCUS Telecommunication Inc. Ltd.	Thailand	Related company or associate until February 2008, however, relation is by the joint venture agreement
14. BNB Inter Group Co., Ltd.	Thailand	Associate until January 2008
15. Bliss-Tel Pcl.	Thailand	Associate until 7 March 2008 and being related company due to a director of the Company is director of this related company
16. Ethnic Earth.Com Holdings Co., Ltd.	Thailand	Related company by shareholding
17. The M. Group Pcl.	Thailand	Related company by shareholding
18. Sri U-Thong Co., Ltd	Thailand	Related company by shareholding
19. Kasalong Hotel and Resort Co., Ltd.	Thailand	Related company by shareholding until May 2007
20. Live Incorporation Pcl.	Thailand	Related company by shareholding and common shareholder
21. EMC Pcl.	Thailand	Related company by shareholding and common shareholder
22. SACIT Co., Ltd.	Thailand	Related company by entering the joint venture agreement
23. Live TV Co., Ltd.	Thailand	Related company by shareholding

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

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 based on market
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 based on market
Inventory management expense	Contract price based on market
Interest expense	7.5-8.0% per annum
Directors' remunerations represent director bonus and meeting allowance	The amounts are approved by the Company's directors and shareholders

Significant transactions for the three-month periods ended 31 March 2008 and 2007 with related parties were summarized as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Revenue</b>				
<b>Subsidiaries</b>				
Sales of goods and rendering of services	-	-	139,806	74,427
Interest income	-	-	11,322	5,545
Sales of fixed assets	-	-	-	19,743
<b>Associates</b>				
Rental income	370	622	-	-
Interest income	482	357	412	345
Gain on investment	94,207	-	94,207	-
<b>Related company or associate (until 7 March 2008)</b>				
Sales of goods and rendering of services	348,604	54,469	348,604	54,469
Rental income	1,680	-	-	-
Gain on investment	3,823	-	114,862	-
Purchase of equity securities held for trading	61,996	-	-	-
Sale of equity securities held for trading	89,362	-	-	-
<b>Related company or subsidiary (until 17 September 2007)</b>				
Interest income	56	-	56	55
<b>Other related companies</b>				
Rental income	3,171	-	-	-
Interest income	299	296	299	296
Gain on investment	623,653	-	208,685	-
Purchase of equity securities held for trading	338,731	-	198,484	-
Sale of equity securities held for trading	77,105	-	10,182	-
<b>Expenses</b>				
<b>Subsidiaries</b>				
Purchase of goods	-	-	4,194	4,771



**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
Interest expense	-	-	-	313
Selling and administrative expenses	-	-	7,455	6,679
<b>Related company or associate (until 7 March 2008)</b>				
Purchase of goods	879	15,402	879	15,402
<b>Related person</b>				
Directors' remuneration	2,337	3,112	1,437	1,490

Balance as at 31 March 2008 and 31 December 2007 with related parties were as follows:

***Current investments***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b><i>Securities held for trading</i></b>				
<b>Related companies</b>				
EMC Public Company Limited	31,979	49,663	576	-
Live Incorporation Public Company Limited	518,394	239,084	223,043	35,317
	<u>550,373</u>	<u>288,747</u>	<u>223,619</u>	<u>35,317</u>
<i>Add allowance for devaluation of investments</i>	1,056,275	545,440	421,628	231,337
<b>Net</b>	<b><u>1,606,648</u></b>	<b><u>834,187</u></b>	<b><u>645,247</u></b>	<b><u>266,654</u></b>

***Trade accounts receivable from related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
IEC Mobile Co., Ltd.	-	-	261,157	261,085
IEC Easy Fix Co., Ltd.	-	-	593	579
<b>Related company or associate (until 7 March 2008)</b>				
Bliss-Tel Public Company Limited	1,533	75,683	-	74,085
<b>Associates</b>				
OneNet Co., Ltd.	1,213	1,278	-	-
	<u>2,746</u>	<u>76,961</u>	<u>261,750</u>	<u>335,749</u>
<i>Less allowance for doubtful accounts</i>	-	-	(167,137)	(162,051)
<b>Net</b>	<b><u>2,746</u></b>	<b><u>76,961</u></b>	<b><u>94,613</u></b>	<b><u>173,698</u></b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Doubtful accounts for the three-month periods ended 31 March	-	-	5,086	-

**Short-term loans to related parties**

	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008 (% per annum)	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>					
<b>Short-term loans</b>						
<b>Subsidiaries</b>						
IEC Asset Co., Ltd.	7.5-8.0	7.5-8.0	-	-	448,138	473,098
IEC Technology Co., Ltd.	7.5-8.0	7.5-8.0	-	-	76,119	73,923
IEC Business Partners Co., Ltd.	8.0	8.0	-	-	40,238	28,970
IEC Easy Fix Co., Ltd.	8.0	8.0	-	-	23,680	22,280
			-	-	588,175	598,271
<b>Related company or subsidiary (until 17 September 2007)</b>						
Crystal Agro Co., Ltd.	7.5	7.5	3,000	3,000	3,000	3,000
			3,000	3,000	3,000	3,000
<b>Associates</b>						
OneNet Co., Ltd.	8.0	8.0	3,500	3,500	-	-
Micronetic Pcl.	7.5-15.0	7.5-15.0	20,381	20,381	20,381	20,381
			23,831	23,831	20,381	20,381
<b>Jointly-controlled entity</b>						
IEC Internet Co., Ltd.	2.0-8.0	2.0-8.0	30,576	30,356	-	-
			30,576	30,356	-	-
<b>Other related companies</b>						
Ethnic Earth.Com Holding Co., Ltd.	7.0-7.5	7.0-7.5	16,770	16,770	16,770	16,770
			16,770	16,770	16,770	16,770
Total			74,227	74,007	628,326	638,422
Less allowance for doubtful accounts			(72,521)	(68,801)	(117,229)	(110,881)
Net			1,706	5,206	511,097	527,541
<b>Other receivables and advance</b>						
<b>Subsidiaries</b>						
IEC Mobile Co., Ltd.			-	-	10,766	10,850
IEC Technology Co., Ltd.			-	-	8,896	7,420
IEC Asset Co., Ltd.			-	-	41,053	39,051
IEC Business Partners Co., Ltd.			-	-	1,236	462
Intertrade Asia Co., Ltd.			-	-	1	8
IEC Easy Fix Co., Ltd.			-	-	32,916	31,850

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

	Interest rate		Consolidated financial statements		Separate financial statements	
	31	31	31	31	31	31
	March 2008	December 2007	March 2008	December 2007	March 2008	December 2007
	(% per annum)		<i>(in thousand Baht)</i>			
<b>Related company or subsidiary (until 17 September 2007)</b>						
Crystal Agro Co., Ltd.			1,106	1,050	1,106	1,050
<b>Associates</b>						
OneNet Co., Ltd.			516	598	-	8
Micronetic Pcl.			3,569	3,157	3,569	3,157
<b>Other related parties</b>						
Amtech E&M (Thailand) Co., Ltd.			-	157	-	-
Ethnic Earth.Com Holding Co., Ltd.			5,623	5,323	5,623	5,323
The M Group Pcl.			450,000	450,000	450,000	450,000
			460814	460,285	555,166	549,179
Less allowance for doubtful accounts			(460,748)	(459,528)	(460,232)	(459,528)
Net			66	757	94,934	89,651
<b>Total</b>			<b>1,772</b>	<b>5,963</b>	<b>606,031</b>	<b>617,192</b>

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Doubtful account (reversal) for the three-month periods ended 31 March	4,940	(1,102)	7,052	3,071

Movements during the three-month period ended 31 March 2008 and for the year ended 31 December 2007 of short-term loans to related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
At 1 January	-	-	598,271	290,797
Increase	-	-	79,984	386,064
Decrease	-	-	(90,080)	(78,590)
At 31 March and 31 December	-	-	588,175	598,271
<b>Other company or subsidiary (until 17 September 2007)</b>				
At 1 January	3,000	-	3,000	3,000
Increase	-	3,000	-	-
Decrease	-	-	-	-
At 31 March and 31 December	3,000	3,000	3,000	3,000

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
At 1 January	23,881	18,675	20,381	18,675
Increase	-	5,206	-	1,706
Decrease	-	-	-	-
At 31 March and 31 December	<u>23,881</u>	<u>23,881</u>	<u>20,381</u>	<u>20,381</u>
<b>Jointly-controlled entity</b>				
At 1 January	30,356	30,356	-	-
Increase	220	-	-	-
Decrease	-	-	-	-
At 31 March and 31 December	<u>30,576</u>	<u>30,356</u>	<u>-</u>	<u>-</u>
<b>Other related companies</b>				
At 1 January	16,770	16,770	16,770	16,770
Increase	-	-	-	-
Decrease	-	-	-	-
At 31 March and 31 December	<u>16,770</u>	<u>16,770</u>	<u>16,770</u>	<u>16,770</u>
<b>Total short-term loans to related parties</b>				
At 1 January	74,007	65,801	638,422	329,242
Increase	220	8,206	79,984	387,770
Decrease	-	-	(90,080)	(78,590)
At 31 March and 31 December	<u>74,227</u>	<u>74,007</u>	<u>628,326</u>	<u>638,422</u>

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

**Trade accounts payable to related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
IEC Mobile Co., Ltd.	-	-	-	2
IEC Easy Fix Co., Ltd.	-	-	3,521	3,521
<b>Related company or associate (until 7 March 2008)</b>				
Bliss-Tel Public Company Limited	<u>13,211</u>	<u>11,855</u>	<u>12,813</u>	<u>11,477</u>
<b>Total</b>	<u><b>13,211</b></u>	<u><b>11,855</b></u>	<u><b>16,334</b></u>	<u><b>15,000</b></u>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

*Short-term loans from related parties*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Advance received for goods</b>				
<b>Related company or associate (until 7 March 2008)</b>				
Bliss-Tel Public Company Limited	86,318	-	86,318	-
<b>Other payable and advances</b>				
<b>Subsidiaries</b>				
IEC Technology Co., Ltd.	-	-	-	1
IEC Mobile Co., Ltd.	-	-	932	855
IEC Asset Co., Ltd.	-	-	725	635
IEC Business Partners Co., Ltd	-	-	10,895	4,316
IEC Easy Fix Co., Ltd.	-	-	4,839	4,760
<b>Associates</b>				
OneNet Co., Ltd.	-	32	-	-
Micronetic Public Company Limited	346	346	250	250
<b>Related company or associate (until 7 March 2008)</b>				
Bliss-Tel Public Company Limited	-	42	-	-
<b>Total</b>	<b>86,664</b>	<b>420</b>	<b>103,959</b>	<b>10,817</b>

*Directors' remuneration*

The Ordinary General Meeting of Shareholders held on 24 April 2008 passed a resolution to approve the remunerations of the directors, independent directors and audit committee for the year 2008 in the amount not exceeding Baht 7 million. The meeting allowance was determined:

- The meeting allowance for board of directors; chairman amounted to Baht 70,000 per month, vice-chairman amounted to Baht 50,000 per month and director amounted to Baht 40,000 per month.
- The meeting allowance for board of committee; chairman amounted to Baht 30,000 per and executive committee amounted to Baht 20,000 per month.
- The meeting allowance for audit committee; chairman amounted to Baht 20,000 per month and director amounted to Baht 10,000 per month.

*Significant agreements with related parties*

The Company entered into an agreement for the leasing of office space and services with IEC Asset Co., Ltd. for a period of 3 years from 1 September 2006 to 31 August 2009 at the monthly rental and service charge of Baht 1,152,153.

The Company entered into service agreement with IEC Easy Fix Co., Ltd. for managing and distributing goods for a period of 3 years from 1 June 2007 to 31 May 2010, requiring monthly service charges at Baht 20 per unit, etc.

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

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 Company 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 7 November 2007 to 6 November 2010 at the monthly rental and service charge of Baht 19,080.

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.

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.

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.

The Company entered into an agreement with IEC Easy Fix Co., Ltd. to obtain warranties for mobile phones and/or accessories. The Company also agrees to pay service charge for repairing mobile phones and/or accessories and will obtain VOID as per the number of goods repaired under warranties. Service charge for repairing ranges from Baht 10 to Baht 30 per unit for warranty period of 60 months, and Baht 30 per unit for warranty period of 12 months. The agreement will be terminated when any party notifies within 30 days before the expired date.

As described in Note 7 to the financial statements, on 9 June 2006, the Company entered into a purchase agreement for wood with 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 14 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. Until 31 March 2008, Company set up an allowance for impairment on wood in concession area in full amount of Baht 60 million and please see Note 26 to the financial statements.

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

*Others*

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 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 of Baht 35 million..
- 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.

As at the report date, the Company has not yet performed the above matters.

**Commitments to its related parties were as follows:**

	<b>Consolidate financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Commitments</b>				
Letter of guarantee and credit facilities for Micronetic Public Company Limited	15,000	15,000	15,000	15,000
Guarantee obligations over liabilities of Locus Telecommunication Inc. Co., Ltd. to financial institution	-	80,000	-	80,000
Guarantee obligations over loans of IEC Business Partner Co., Ltd. to financial institution	350,000	350,000	350,000	350,000
Guarantee obligations over land rental of IEC Asset Co., Ltd.	15,000	15,000	15,000	15,000
Guarantee obligation over electric used of IEC Asset Co., Ltd.	3,800	3,800	3,800	3,800
Guarantee obligations to CAT for IEC Asset Co., Ltd.	1,751	1,751	1,751	1,751
<b>Total</b>	<b><u>385,551</u></b>	<b><u>465,551</u></b>	<b><u>385,551</u></b>	<b><u>465,551</u></b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**Operating lease and service commitments with related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Within one year	-	-	13,826	13,826
After one year but within five years	-	-	10,458	13,915
<b>Total</b>	<b>-</b>	<b>-</b>	<b>24,284</b>	<b>27,741</b>

**5 Current investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Equity securities</b>				
<i>Securities held for trading</i>				
EMC Public Company Limited	31,979	49,663	576	-
The Siam Cement Public Company Limited	2,381	2,326	2,381	-
General Engineering Public Company Limited	30,604	-	30,604	-
Live Incorporation Public Company Limited	518,394	239,084	223,043	35,317
Thailand Carpet Manufacturing Public Company Limited	5,434	5,434	-	-
PTT Public Company Limited	3,872	3,770	3,872	-
Siam Commercial Bank Public Company Limited	1,884	-	1,884	-
Thoresen Thai Agencies Public Company Limited	-	948	-	-
Bangkok Bank Public Company Limited	2,089	1,193	2,089	-
<b>Total</b>	<b>596,637</b>	<b>302,418</b>	<b>264,449</b>	<b>35,317</b>
Add allowance for devaluation of investments	1,074,040	543,940	441,545	231,337
<b>Net</b>	<b>1,670,677</b>	<b>846,358</b>	<b>705,994</b>	<b>266,654</b>
<i>Securities available-for-sale</i>				
Unit trust	81	81	81	81
Add allowance for devaluation of investment	1	1	1	1
<b>Net</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>
<b>Total</b>	<b>1,670,759</b>	<b>846,440</b>	<b>706,076</b>	<b>266,736</b>



**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

	<b>Consolidated financial statements</b>			
	31 March 2008		31 December 2007	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<b>Current investments:-</b>				
Securities held for trading	596,637	1,670,677	302,418	846,358
Securities available-for-sale	81	82	81	82
	<u>596,718</u>	<u>1,670,759</u>	<u>302,499</u>	<u>846,440</u>
Add allowance for devaluation of investment	1,074,041	-	543,941	-
<b>Total</b>	<b><u>1,670,759</u></b>	<b><u>1,670,759</u></b>	<b><u>846,440</u></b>	<b><u>846,440</u></b>

	<b>Separate financial statements</b>			
	31 March 2008		31 December 2007	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
<b>Current investments:-</b>				
Securities held for trading	264,449	705,994	35,317	266,654
Securities available-for-sale	81	82	81	82
	<u>264,530</u>	<u>706,076</u>	<u>35,398</u>	<u>266,736</u>
Add allowance for devaluation of investment	441,546	-	231,338	-
<b>Total</b>	<b><u>706,076</u></b>	<b><u>706,076</u></b>	<b><u>266,736</u></b>	<b><u>266,736</u></b>

Movement during the three-month period ended 31 March 2008 and for the year ended 31 December 2007 of investments in securities were as follows:-

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
At 1 January	302,500	252,373	35,398	115,041
Purchase during the period	379,560	953,665	239,314	185,231
Sales during the period	85,342	903,538	10,182	264,874
Valuation adjustment	1,074,041	543,940	441,546	231,338
<b>At 31 March and 31 December</b>	<b><u>1,670,759</u></b>	<b><u>846,440</u></b>	<b><u>706,076</u></b>	<b><u>266,736</u></b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**6 Trade accounts receivable and accrual income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
Accounts trade receivable from related parties	2,746	76,961	261,750	335,749
Accounts trade receivable from other parties	120,132	109,598	95,270	79,109
	<u>122,878</u>	<u>186,559</u>	<u>357,020</u>	<u>414,858</u>
Less allowance for doubtful accounts	(13,549)	(11,826)	(178,173)	(172,623)
Net	<u>109,329</u>	<u>174,733</u>	<u>178,847</u>	<u>242,235</u>
Accrual income from other parties	4,815	-	893	-
<b>Total</b>	<b><u>114,144</u></b>	<b><u>174,733</u></b>	<b><u>179,740</u></b>	<b><u>242,235</u></b>
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Doubtful account for the three-month periods ended 31 March	<u>1,723</u>	<u>1,764</u>	<u>5,550</u>	<u>1,542</u>

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
Within credit terms	36,938	135,522	48,970	141,070
Overdue				
Less than 3 months	69,873	36,902	97,325	71,788
3 - 6 months	2,205	3,540	13,608	17,169
6 – 12 months	3,246	962	12,014	1,376
Over 12 months	10,616	9,633	185,103	183,455
	<u>85,940</u>	<u>51,037</u>	<u>308,050</u>	<u>273,788</u>
Total	<u>122,878</u>	<u>186,559</u>	<u>357,020</u>	<u>414,858</u>
Less allowance for doubtful accounts	(13,549)	(11,826)	(178,173)	(172,623)
Net	<u>109,329</u>	<u>174,733</u>	<u>178,847</u>	<u>242,235</u>
Accrual income	4,815	-	893	-
<b>Total</b>	<b><u>114,144</u></b>	<b><u>174,733</u></b>	<b><u>179,740</u></b>	<b><u>242,235</u></b>

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

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**7 Wood in a concession area**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
Wood in a concession area	60,000	60,000	60,000	60,000
Less allowance for impairment	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>
<b>Net</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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 wood 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 Notes 14 and 26 to the financial statements.

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

Movements during the three-month period ended 31 March 2008 and for the year ended 31 December 2007 of investments were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
At 1 January	570,181	524,052	1,260,516	1,302,590
Share of net profits of investments – the equity method	71,845	56,541	-	-
Share of net losses of investments – the equity method	-	(3,203)	-	-
Disposals	(617,199)	(145,601)	(532,289)	(72,898)
Acquisitions	-	138,392	-	30,824
	<u>24,827</u>	<u>570,181</u>	<u>728,227</u>	<u>1,260,516</u>
Less allowance for devaluation of investments	<u>(24,827)</u>	<u>(336,708)</u>	<u>(635,886)</u>	<u>(977,913)</u>
<b>At 31 March and 31 December</b>	<u><u>-</u></u>	<u><u>233,473</u></u>	<u><u>92,341</u></u>	<u><u>282,603</u></u>

The Group has not recognized losses relating to certain investments in associates accounted for using the equity method where its share of losses exceeds the carrying amount of those investments. The Group's cumulative share of unrecognized losses as at 31 March 2008 of Baht 56 million and as at 31 December 2007 of Baht 48 million, of which the Group's share of the losses for the three-month period ended 31 March 2008 of Baht 8 million and for the year ended 31 December 2007 of Baht 24 million. The Group has no obligation in respect of these losses.

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

Investments in subsidiaries, jointly-controlled entries and associates as at 31 March 2008 and 31 December 2007 were as follows:

**Consolidated financial statements**

	Ownership interest		Paid-up share capital		Cost method		Equity method		Allowance for devaluation of investments		At equity - net	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	(%)		(in million Baht)		(in thousand Baht)							
<b>Associates</b>												
Micronetic Public Company Limited	38.51	38.51	100	100	24,827	24,827	24,827	24,827	24,827	24,827	-	-
LOCUS Telecommunication Inc. Ltd.	-	34.95	-	647	-	239,234	-	201,115	-	201,115	-	-
BNB Inter Group Co., Ltd.	-	23.81	-	105	-	75,000	-	75,000	-	75,000	-	-
Bliss-Tel Public Company Limited	-	16.50	-	315	-	245,422	-	269,239	-	35,766	-	233,473
OneNet Co., Ltd.	35.58	35.58	12	12	4,900	4,900	-	-	-	-	-	-
<b>Total</b>							<b>24,827</b>	<b>570,181</b>	<b>24,827</b>	<b>336,708</b>	<b>-</b>	<b>233,473</b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**Separate financial statements**

	Ownership interest		Paid-up share capital		Cost method		Allowance for devaluation of investments		At cost - net		Market price	
	31 March 2008 (%)	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
<i><b>Subsidiaries</b></i>			<i>(in million Baht)</i>		<i>(in thousand Baht)</i>							
IEC Mobile Co.,Ltd.	100	100	100	100	90,900	90,900	90,900	90,900	-	-	-	-
IEC Technology Co.,Ltd.	65	65	50	50	32,500	32,500	32,500	32,500	-	-	-	-
IEC Asset Co.,Ltd.	100	100	285	285	280,000	280,000	231,034	229,997	48,966	50,003	-	-
IEC Business Partner Co., Ltd.	100	100	250	250	250,000	250,000	215,426	179,543	34,574	70,457	-	-
IEC Easy Fix Co., Ltd.	100	100	50	50	50,000	50,000	41,199	37,423	8,801	12,577	-	-
<i><b>Jointly controlled entities</b></i>												
IEC Internet Co., Ltd.	65	65	15	15	-	-	-	-	-	-	-	-
<i><b>Associates</b></i>												
Micronetic Public Company Limited	38.51	38.51	100	100	24,827	24,827	24,827	24,827	-	-	-	-
LOCUS Telecommunication Inc. Ltd.	-	34.95	-	664	-	239,234	-	239,234	-	-	-	-
BNB Inter Group Co., Ltd.	-	23.81	-	105	-	75,000	-	75,000	-	-	-	-
Bliss-Tel Public Company	-	15.56	-	315	-	218,055	-	68,489	-	149,566	-	529,200
<b>Total</b>					<b>728,227</b>	<b>1,260,516</b>	<b>635,886</b>	<b>977,913</b>	<b>92,341</b>	<b>282,603</b>		

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

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 to Baht 37.50 million resulting to have profit from sale of those investments recorded in account for the period amounted to Baht 37.50 million

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 was released on 22 February 2008 and resulting to have profit from sale of investment recorded in account for the period amounted to Baht 56.71 million

The Board of Directors Meeting held on 7 March 2008 resolved to sell investments in ordinary shares of Bliss-Tel Public Company Limited for 490 million shares or 15.55% of share capital. The transaction was triggered through the securities trading system of SET on 7 March 2008 at the price of Baht 0.53 per share totaling Baht 259.7 million. The Company also received the payment amounting to Baht 264.43 million on 12 March 2008. As a result to Bliss-Tel Public Company Limited was no longer an associated company and profit from sale of this investment was recognized for the period of Baht 114.86 million.

**9 Other long-term investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
<b>General investments</b>				
Sri U – Thong Co., Ltd.	21,000	21,000	21,000	21,000
Ethnic Earth.Com Holding Co., Ltd.	8,995	8,995	8,995	8,995
Application Hosting Services Co., Ltd.	32,637	32,637	-	-
Amtech E&M (Thailand) Co., Ltd.	2,750	2,750	-	-
Auto Info Co., Ltd.	400	400	400	400
Electricity Generating Pcl.	125	125	125	125
	65,907	65,907	30,520	30,520
<i>Less</i> allowance for devaluation of investments	(32,745)	(32,745)	(29,995)	(29,995)
<b>Net</b>	<b>33,162</b>	<b>33,162</b>	<b>525</b>	<b>525</b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

During 2006 the subsidiary (IEC Business Partners Co., Ltd) entered into the agreement to sell investment in Application Hosting Service Co., Ltd to Dragon One Public Company Limited of 53,900 shares at Baht 2,454.54 per share totaling Baht 132.30 million. On 18 August 2006 and 15 December 2006, the subsidiary received the share payment of 33,530 shares amounted to Baht 82.30 million and transferred the ownership of investment for 33,530 shares to Dragon One Public Company Limited. Later on 15 December 2006, the above subsidiary entered into a memorandum in order to receive the remaining payment for 20,370 shares totaling Baht 50 million, due within 31 January 2007. In case of overdue, a surcharge will be paid at the rate 7.5% per annum until settlement is complete.

On 30 January 2007 and 26 April 2007, Dragon One Public Company Limited requested to extend the term of payment on shares to be within March 2007 and June 2007, respectively. Up to 31 March 2008, the subsidiary has not yet received the remaining payment.

On 27 March 2008, the subsidiary received dividend from Application Service Co., Ltd of Baht 0.22 million

**10 Intangible assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
Leasehold rights - net	190,210	194,151	26,156	27,088
Computer software - net	2,645	2,926	2,192	2,441
Franchise fee - net	1,000	1,031	-	-
<b>Total</b>	<b>193,855</b>	<b>198,108</b>	<b>28,348</b>	<b>29,529</b>

**11 Other non-current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
Deposit for purchase of computer software	60,500	60,500	60,500	60,500
Others deposit	24,096	24,585	13,893	13,235
Prepaid advertising expenses	3,960	5,280	3,960	5,280
	88,556	90,365	78,353	79,015
<i>Less</i> allowance for impairment	(60,500)	(60,500)	(60,500)	(60,500)
<b>Net</b>	<b>28,056</b>	<b>29,865</b>	<b>17,853</b>	<b>18,515</b>

On 20 February 2008, the Company sued a company to make the payment of deposit for purchase of computer software in the claimed amount of Baht 70.64 million with interest charged at 7.5% per annum.

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**12 Trade accounts payable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Related parties	13,211	11,855	16,334	15,000
Other parties	104,496	94,013	92,795	57,696
<b>Total</b>	<b>117,707</b>	<b>105,868</b>	<b>109,129</b>	<b>72,696</b>

**13 Long-term loan in default**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Securities</b>				
Long-term loans from local financial institution	339,735	339,735	-	-
Less long-term loan in default	(339,735)	(339,735)	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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 subsidiary 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. Until 31 March 2008 and 31 December 2007, the subsidiary failed to pay interest of Baht 24 million and Baht 18 million, respectively, incurred default interest of Baht 35 million and Baht 25 million, respectively, and did not maintain debts to equity ratio pursuant to the loan agreement. Therefore, above loan was shown under long-term loan in default.

On 25 January 2008, a subsidiary received the letter from bank to notify to cancel the loan agreement dated 30 January 2007 and the guarantee agreement on the above loan, to call the subsidiary and Company repaying debts (as at 18 January 2008) of Baht 339.73 million for principal and of Baht 45.61 million for interest, totaling Baht 385.34 million, and to redeem the mortgaged assets within 30 days as from the date of receiving letter, and please see Note 24 to the financial statements.



**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**14 Advance received for wood in a concession area**

As at 31 March 2008 and 31 December 2007, 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. 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 26 to the financial statements.

**15 Convertible debentures**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
Convertible debentures	7,748	10,321	7,748	10,321
Less current portion due within one year	<u>(7,748)</u>	<u>(10,321)</u>	<u>(7,748)</u>	<u>(10,321)</u>
<b>Net</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

As at 31 March 2008 and 31 December 2007, the outstanding balance of convertible debentures which reached to the maturity since 2000, comprised 7,748 units and 10,321 units, respectively, of Baht 1,000 per unit totaling Baht 7.75 million and Baht 10.32 million, respectively. The trustee of debenture holders filed a lawsuit to the Civil Court as described in Note 24 to the financial statements.

**16 Provisions**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht )</i>			
Provision for repurchasing shares of subsidiary	13,755	13,755	13,755	13,755
Provision for loss on lawsuits from the customs department	72,455	72,455	72,455	72,455
Provision for loss on the default in sales wood agreement	27,396	27,396	27,396	27,396
Provisions of subsidiaries, associates and jointly controlled entity	23,836	30,180	25,937	30,986
Provision for loss from claim guarantee	1,584	1,584	1,584	1,584
Provision for loss from others guarantee	<u>14,383</u>	<u>14,383</u>	<u>14,383</u>	<u>14,383</u>
<b>Total</b>	<u><b>153,409</b></u>	<u><b>159,753</b></u>	<u><b>155,510</b></u>	<u><b>160,559</b></u>

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month periods ended 31 March 2008 (Unaudited)

Movements during the three-month period ended 31 March 2008 and the year ended 31 December 2007 were as follows:

### Consolidated financial statements

	Provision for repurchasing shares of subsidiary		Provision for loss on lawsuits from the customs department		Provision for loss on the default in sales wood agreement		Provisions of subsidiaries, associates and jointly controlled entity		Provision for loss from claim guarantee		Provision for loss from others guarantee		Total	
	2551	2550	2551	2550	2551	2550	2551	2550	2551	2550	2551	2550	2551	2550
	<i>(in thousand Baht)</i>													
<b>At 1 January</b>	<b>14</b>	<b>14</b>	<b>72</b>	<b>72</b>	<b>27</b>	<b>-</b>	<b>30</b>	<b>22</b>	<b>2</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>159</b>	<b>108</b>
Provisions made	-	-	-	-	-	27	1	8	-	2	-	14	1	51
Provisions used	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions reversed	-	-	-	-	-	-	(7)	-	-	-	-	-	(7)	-
<b>At 31 March and 31 December</b>	<b>14</b>	<b>14</b>	<b>72</b>	<b>72</b>	<b>27</b>	<b>27</b>	<b>24</b>	<b>30</b>	<b>2</b>	<b>2</b>	<b>14</b>	<b>14</b>	<b>153</b>	<b>159</b>

# The International Engineering Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month periods ended 31 March 2008 (Unaudited)

### Separate financial statements

	Provision for repurchasing shares of subsidiary		Provision for loss on lawsuits from the customs department		Provision for loss on the default in sales wood agreement		Provisions of subsidiaries, associates and jointly controlled entity		Provision for loss from claim guarantee		Provision for loss from others guarantee		Total	
	2551	2550	2551	2550	2551	2550	2551	2550	2551	2550	2551	2550	2551	2550
	<i>(in thousand Baht)</i>													
<b>At 1 January</b>	<b>14</b>	<b>14</b>	<b>72</b>	<b>72</b>	<b>27</b>	-	<b>31</b>	<b>15</b>	<b>2</b>	-	<b>14</b>	-	<b>160</b>	<b>101</b>
Provisions made	-	-	-	-	-	27	2	16	-	2	-	14	2	59
Provisions used	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions reversed	-	-	-	-	-	-	(7)	-	-	-	-	-	(7)	-
<b>At 31 March and 31 December</b>	<b>14</b>	<b>14</b>	<b>72</b>	<b>72</b>	<b>27</b>	<b>27</b>	<b>26</b>	<b>31</b>	<b>2</b>	<b>2</b>	<b>14</b>	<b>14</b>	<b>155</b>	<b>160</b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

- **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**

Provision for loss on lawsuits from the Customs Department amounted to Baht 72.45 million as the details in the Note 24 to the financial statements.

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

The Company recognized a provision for loss on lawsuits filed by a company on sale agreement offence of which claim amounted to Baht 27.40 million as the details mentioned in Notes 24 and 26 to the financial statements.

- **Provisions of subsidiaries, associates and jointly controlled entity**

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
IEC Technology Co., Ltd.	-	-	4,761	5,983
IEC Mobile Co., Ltd.	-	-	5,983	3,296
Intertrade Asia	-	-	193	-
<b>Associates</b>				
LOCUS Telecommunication Inc. Ltd.		6,707	-	6,707
Micronetic Public Company Limited	15,000	15,000	15,000	15,000
<b>Jointly controlled entity</b>				
IEC Internet Co., Ltd.	8,836	8,473	-	-
<b>Total</b>	<b><u>23,836</u></b>	<b><u>30,180</u></b>	<b><u>25,937</u></b>	<b><u>30,986</u></b>

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

The term of the shareholder agreement between a subsidiary (IEC Assets Company Limited.) and the Communications Authority of Thailand in respect of the investment in the ordinary shares Company Limited, stipulate that a subsidiary is to procure sources of loans, guarantees or loan guarantee so that IEC Internet Company Limited can operate its business in accordance with its objectives. According, a subsidiary recognized the full amount of the capital deficit and net loss of IEC Internet Company Limited, together with all liabilities in provisions due to guarantee for loss of Baht 8.84 million.

**17 Share capital**

	<i>Par value (Baht)</i>	31 March 2008		31 December 2007	
		<i>Number (in thousand shares / in thousand Baht)</i>	<i>Value</i>	<i>Number</i>	<i>Value</i>
<b><i>Authorized share capital</i></b>					
At the beginning of period					
- Ordinary shares	<i>1</i>	2,200,000	2,200,000	2,200,000	2,200,000
<b>At the end of period</b>					
- Ordinary shares	<i>1</i>	<b>2,200,000</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>2,200,000</b>
<b><i>Issued and paid-up share capital</i></b>					
At the beginning of period					
- Ordinary shares	<i>1</i>	1,749,229	1,749,229	1,749,229	1,749,229
<b>At the end of period</b>					
- Ordinary shares	<i>1</i>	<b>1,749,229</b>	<b>1,749,229</b>	<b>1,749,229</b>	<b>1,749,229</b>

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

- To additionally change the price of increased share capital approved by the Shareholders Meeting held on 9 December 2005 and 17 April 2006. 333,779,000 increased shares capital from totaling 784,550,000 increased share capital were allotted to investors on a private placement for 4 times. Therefore, the remaining ordinary shares as at 31 March 2008 of 450,711,000 shares are not allotted. The offering price per share of those remaining will be less than market price and par value which 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.

**18 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 interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**19 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

For the three-month period ended 31 March 2008, the Company recorded the legal reserve amounting to Baht 7.14 million.

**20 Segment information**

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

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

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

***Business segments***

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

- 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. (To see Note 1)
- 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 interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

Revenue and results, based on business segments for the three-month period end 31 March 2551 and 2550 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b>Segment revenue</b>				
Segment 1	1,001	813	967	726
Segment 2	16	12	-	-
Segment 3	812	1	438	-
Segment 4	-	-	-	-
<b>Total</b>	<b>1,829</b>	<b>826</b>	<b>1,405</b>	<b>726</b>
<b>Segment results (net profit or loss)</b>				
Segment 1	(92)	(7)	(79)	-
Segment 2	(13)	(16)	-	-
Segment 3	833	(36)	438	-
Segment 4	-	(7)	-	-
Eliminations	-	-	-	-
<b>Total</b>	<b>728</b>	<b>(66)</b>	<b>359</b>	<b>-</b>

**21 Gain on investment**

Gain from investment for the three-month periods ended 31 March 2551 and 2550 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Gain from sale of investments in associates	98,030	-	209,069	-
Gain from sale of investments in related companies	623,653	-	208,685	-
Gain from securities held for trading	18,638	-	19,917	-
<b>Total</b>	<b>740,321</b>	<b>-</b>	<b>437,671</b>	<b>-</b>

**22 Basic earnings (loss) per share**

Basic earnings (loss) per share for the three-month periods ended 31 March 2008 and 2007 is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weight average number of shares outstanding during the periods as follows:

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
Net earnings (loss) attributable to ordinary shareholders (in thousand Baht)	727,747	(63,763)	359,127	190
Weighted average number of ordinary shares issued during the period (in thousand shares)	1,749,229	1,749,229	1,749,229	1,749,229
Basic earnings (loss) per share (in Baht)	0.42	(0.04)	0.21	0.00

**23 Commitments with non related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
<i>(in million Baht)</i>				
<b>Capital commitments</b>				
<i>Contracted but not provided for</i>				
Land building and constructions	-	163	-	-
<i>Authorized but not contracted for</i>				
Ethanol project				
Machinery and equipment	265	265	-	-
<b>Total</b>	<b>265</b>	<b>428</b>	<b>-</b>	<b>-</b>
<b>Non-cancellable operating lease commitments</b>				
Within one year	57	46	7	3
After one year but within five years	156	179	14	10
After five years	431	398	15	10
<b>Total</b>	<b>644</b>	<b>623</b>	<b>36</b>	<b>23</b>
<b>Other commitments</b>				
Performance bonds and bid bonds	233	294	212	194
Use computer software under the license agreement in providing Mobile Casting	20	20	20	20
Computer hardware under consortium agreement for setting up Integrated Billing and Customer Service System	386	-	386	-
<b>Total</b>	<b>639</b>	<b>314</b>	<b>618</b>	<b>214</b>

As at 31 March 2008 and 31 December 2007, the Group had unutilized credit facilities totaling Baht 327 million and Baht 300 million, respectively in the consolidated financial statements and the separate financial statements.

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 International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

**24 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. On 6 March 2008, the Supreme Court ordered to withdraw a plaint.

- 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. On 29 April 2008, the Supreme Court already sentenced 10 cases, of which amount of Baht 12.47 million that the Company has to pay compensation on tax coupons to the Custom Department. The remaining 20 cases are now in the process of being heard by the Supreme Court. However, as at 31 March 2008, the Company already recorded all contingent liabilities amounting to 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 (third person, who alleged in his possession of property of International Gasohol Corporation Limited) to proceed with the case in embezzling charge pursuant to the criminal case: black case no. 1464/2007.

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

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. Up to 12 May 2008, the case has been still in the consideration of Court and ruling has not yet been finalized.

- On 20 March 2008, a subsidiary and the Company were sued by a domestic commercial bank with regards to false of loan agreement, guarantee agreement and mortgage agreement and made the payment under the loan agreement of Baht 397.07 million with interest of 20% per annum including enforced to mortgage the assets. The Court also made an appointment with the subsidiary and the Company for filing a statement of defence on 23 June 2008. Up to 12 May 2008, it has been preparing.
- As discussed in Note 14 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 March 2008 and 31 December 2007 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 31 March 2008, the case has been the process of consideration of the Court. The ruling has not been finalized yet. However, as at 31 March 2008, the Company recorded the provision from the above lawsuit in the amount of Baht 27.40 million and please see Note 26 to the financial statements.

## **25 Foreign currency risk**

As at 31 March 2008, the Company had assets and liabilities denominated in foreign currencies, which were not hedged, were summarized as follows:

	<b>Amount</b>	
Assets denominated in Japanese Yen	Yen	2,238,000
Assets denominated in USD	USD	21,000
Liabilities denominated in EUR	EUR	7,996
Liabilities denominated in USD	USD	65,010

## **26 Events after the balance sheet date**

On 23 April 2008, the Company signed off the memorandum of understanding with a foreign company which operates in biggest telecom business in Taiwan, to develop telecom business and energy saving service in Thailand.

The Board of Directors Meeting held on 24 April 2008, resolved to approve the term extension of the Company's advisor to 1 year from 1 May 2008 to 30 April 2009, requiring a monthly compensation of Baht 50,000.

**The International Engineering Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2008 (Unaudited)**

On 29 April 2008, three parties (comprising Crystal Agro Co., Ltd. (“CTA”), Siam Stone Architect Co., Ltd. (“SSA”) and the Company) agreed to enter into a compromise agreement. SSA accepted to reduce the claimed amount from Baht 80.90 million to Baht 64.12 million and the Company agreed to transfer the right of claim on obligations from CTA of Baht 64.12 million (comprising wood debt of Baht 60 million, loan of Baht 3 million, interest on loan of Baht 0.30 million and advance of Baht 0.82 million) to SSA, and SSA will not request any debts including release the Company from obligations. Transferring the right of claim will be completely performed within one year as from the date of compromise. On 30 April 2008, the Court made a decision pursuant to the compromise agreement that was the Company agreed to pay of Baht 64.12 million to SSA within 29 April 2009, in case of default, the execution of judgment will be performed with interest charged at 7.5% per annum based on outstanding principal.

The Board of Directors Meeting held on 12 May 2008, resolved to authorize the following matters:

- To establish a new company to operate in business of telecom system and energy saving with group of company in Taiwan, this is held by the Company at 51% of authorized share capital of Baht 100 million.
- To establish a new company to provide high speed internet (WIMAX), this is held by the Company at 100% of authorized share capital of Baht 50 million.

**27 Reclassification of accounts**

Certain accounts in the 2007 interim financial statements have been reclassified to conform with the presentation in the 2008 interim financial statements.