

NPS Siam

NPS Siam Audit Limited

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Review report of Certified Public Accountant

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

I have reviewed the accompanying consolidated and separate balance sheets as at 30 June 2008, and the related statements of income for the three-month and six-month periods ended 30 June 2008 and 2007, and the related statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2008 and 2007 of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

Excepted as described in the third paragraph, I conducted my reviews 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.

As described in Note 2 to the financial statements, the consolidated and separate financial statements for the three-month and six-month periods ended 30 June 2007 of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, included investments in a foreign subsidiary and in two associates based on financial statements of those subsidiary and associates, which had been prepared by the management of those subsidiary and associates, but had not been reviewed by auditors. The carrying value of those investments before less allowance for devaluation of investments as at 30 June 2007 amounted to Baht 99.83 million and Baht 119.83 million in the consolidated and separate financial statements, respectively. Later, the Company disposed investments in such subsidiary and an associate on 17 September 2007 and 20 December 2007, respectively.

Based on my reviews, excepted for the effects of such adjustments, if any, as might have been disclosed had I reviewed the financial statements of those subsidiary and associates in the period of 2007 as described in the third paragraph, nothing has come to my attention that causes me to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

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I draw attention to the following Notes to the financial statements 1) as described in Note 25 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. As at 8 August 2008, the cases have been still in the consideration of the Court which has not been finalized. 2) As described in Notes 14 and 25 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 the guarantee agreement including to call the repayment of all principal with interest from the subsidiary and the Company, and to redeem the 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, as at 8 August 2008, the case has been still in the process of consideration of the Court, which has not been finalized as the Court postponed the compromising date to 8 October 2008. 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 raised 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
8 August 2008

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

Interim financial statements
and
Review Report of Certified Public Accountant

For the three-month and the six-month periods ended
30 June 2008

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 30 June 2008 and 31 December 2007

Assets	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008 (Unaudited)	31 December 2007	30 June 2008 (Unaudited)	31 December 2007
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		112,496	134,832	89,711	31,206
Current investments	5	1,617,830	846,440	679,191	266,736
Trade accounts receivable and accrued income, net	4, 6	70,165	174,733	152,300	242,235
Short-term loans to related parties, net	4	77,923	5,963	660,361	617,192
Inventories, net		219,341	110,321	121,739	32,484
Work in process under agreement	7	431,933	-	431,933	-
Securities receivables		9,250	-	9,250	-
Wood in a concession area	8	-	-	-	-
Prepaid expenses		44,525	43,505	32,170	40,427
Advance payment for goods		169,031	-	169,031	-
Withholding tax		39,558	34,876	30,644	26,852
Value added tax recoverable		56,842	24,467	33,090	1,791
Other current assets		32,845	25,252	12,532	13,187
Total current assets		2,881,739	1,400,389	2,421,952	1,272,110
Non-current assets					
Investments in subsidiaries, jointly controlled entities and associates	9	-	233,473	148,598	282,603
Other long-term investments, net	10	33,162	33,162	525	525
Property, plant and equipment, net		734,836	753,570	83,765	89,248
Intangible assets	11	189,652	198,108	27,213	29,529
Pledged deposits at financial institutions		281,434	337,619	280,916	336,679
Other non-current assets	4, 12	56,992	29,865	14,473	18,515
Total non-current assets		1,296,076	1,585,797	555,490	757,099
Total assets		4,177,815	2,986,186	2,977,442	2,029,209

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 30 June 2008 and 31 December 2007

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008 (Unaudited)	31 December 2007	30 June 2008 (Unaudited)	31 December 2007
<i>(in thousand Baht)</i>					
Current liabilities					

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

from financial institutions		119,209	110,508	117,902	109,605
Trade accounts payable	4, 13	339,643	105,868	332,104	72,696
Long-term loan in default	14	339,735	339,735	-	-
Current portion of convertible debentures	16	5,174	10,321	5,174	10,321
Short-term loans from related parties	4	14,595	420	111,476	10,817
Other short-term loans		1,680	1,680	-	-
Current portion of financial lease agreements		1,822	3,286	170	793
Securities payables		-	42,294	-	-
Payable to purchase of fixed assets		68,882	68,882	-	-
Advance received for wood in a concession area	15	50,000	50,000	50,000	50,000
Accrued expenses		119,498	85,055	23,548	25,992
Other current liabilities		16,618	24,163	3,912	18,000
Total current liabilities		1,076,856	842,212	644,286	298,224
Non-current liabilities					
Financial lease agreements		1,223	3,498	-	-
Provisions	17	153,723	159,753	156,202	160,559
Other non-current liabilities	4	13,707	10,934	6,634	4,654
Total non-current liabilities		168,653	174,185	162,836	165,213
Total liabilities		1,245,509	1,016,397	807,122	463,437

The International Engineering Public Company Limited and its Subsidiaries

Balance sheets

As at 30 June 2008 and 31 December 2007

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008 (Unaudited)	31 December 2007	30 June 2008 (Unaudited)	31 December 2007
<i>(in thousand Baht)</i>					
Shareholders' equity					
Share capital	18				
Authorized share capital		2,200,000	2,200,000	2,200,000	2,200,000
Issued and paid-up share capital		1,814,229	1,749,229	1,814,229	1,749,229
Surplus					
Share premium	18, 19	226,288	32,555	226,288	32,555
Fair value changes of available-for-sale of securities		2	1	2	1
Retained earnings (deficit)					
Appropriated					
Legal reserve	20	7,536	400	7,536	400
Unappropriated (deficit)		884,251	187,604	122,265	(216,413)
Total shareholders' equity		2,932,306	1,969,789	2,170,320	1,565,772
Total liabilities and shareholders equity		4,177,815	2,986,186	2,977,442	2,029,209

The International Engineering Public Company Limited and its Subsidiaries

Statements of income

For the three-month periods ended 30 June 2008 and 2007 (Unaudited)

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

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>(in thousand Baht)</i>					
Revenues					
Revenue from sales of goods and rendering of services	4	918,430	516,482	902,889	505,611
Rental income	4	10,217	15,893	-	-
Interest income	4	3,822	3,656	12,952	8,790
Net foreign exchange gain		1,165	3,909	1,289	3,909
Gain from investments	4, 22	81,208	76,577	71,720	70,152
Gain on sales of building and equipment		307	1,154	421	1,152
Other income		11,532	6,340	10,030	1,871
Total revenues		1,026,681	624,011	999,301	591,485
Expenses					
Cost of sales of goods and rendering of services	4	889,047	486,319	894,291	481,424
Cost of rental		19,623	18,020	-	-
Selling and administrative expenses	4	122,119	196,799	86,327	105,714
Loss on impairment of investments		-	12,623	29,435	99,895
Share of losses from investments accounted for using the equity method		-	(21,548)	-	-
Total expenses		1,030,789	692,213	1,010,053	687,033
Loss before interest expense		(4,108)	(68,202)	(10,752)	(95,548)
Interest expense and default interest expense	4	19,856	8,363	2,561	1,629
Net loss		(23,964)	(76,565)	(13,313)	(97,177)
Attributable to:					
Equity holders of the parent		(23,964)	(74,141)	(13,313)	(97,177)
Minority interest		-	(2,424)	-	-
		(23,964)	(76,565)	(13,313)	(97,177)
Basic loss per share (Baht)	23	(0.01)	(0.04)	(0.01)	(0.06)

The International Engineering Public Company Limited and its Subsidiaries

Statements of income

For the six-month periods ended 30 June 2008 and 2007 (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>(in thousand Baht)</i>					
Revenues					
Revenue from sales of goods and rendering of services	4	1,901,033	1,277,655	1,837,435	1,166,579
Rental income	4	21,733	18,844	-	-
Interest income		7,860	6,974	26,933	16,693

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

Net foreign exchange gain		1,968	3,909	1,947	3,909
Gain from investments	4, 22	821,529	33,330	509,391	39,296
Gain on sales of building and equipment		979	48,808	1,122	48,806
Share of gains from investments accounted for using the equity method		71,845	-	-	-
Other income		29,225	17,215	27,373	11,160
Total revenues		2,856,172	1,406,735	2,404,201	1,286,443
Expenses					
Cost of sales of goods and rendering of services	4	1,835,258	1,149,563	1,818,194	1,083,401
Cost of rental		39,336	33,946	-	-
Selling and administrative expenses	4	238,266	331,401	163,457	175,500
Loss on impairment of investments		-	12,623	71,789	118,961
Share of losses from investments accounted for using the equity method		-	4,660	-	-
Total expenses		2,112,860	1,532,193	2,053,440	1,377,862
Profit (loss) before interest expense		743,312	(125,458)	350,761	(91,419)
Interest expense and default interest expense	4	39,529	16,995	4,947	5,568
Net profit (loss)		703,783	(142,453)	345,814	(96,987)
Attributable to:					
Equity holders of the parent		703,783	(137,904)	345,814	(96,987)
Minority interest		-	(4,549)	-	-
		703,783	(142,453)	345,814	(96,987)
Basic earnings (loss) per share (Baht)	23	0.40	(0.08)	0.20	(0.06)

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

The International Engineering Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2008 and 2007 (Unaudited)

Consolidated financial statements									
<u>Retained earnings (Deficit)</u>							Total equity		Total
<i>Note</i>	Issued and paid-up share capital	Share premium	Currency translation changes	Fair value changes of available-for-sale of securities	Appropriate to legal reserve	Unappropriated/ (Deficit)	attributable to the Company's shareholders	Minority interest	shareholders' equity
<i>(in thousand Baht)</i>									
Balance as at 1 January 2007	1,749,229	1,006,805	2,397	21	400	(974,250)	1,784,602	(7,891)	1,776,711
Other net changes in fair value	-	-	-	(21)	-	-	(21)	-	(21)
Translation loss relating to financial statements of foreign operations	-	-	(4,748)	-	-	-	(4,748)	-	(4,748)
Net loss	-	-	-	-	-	(137,904)	(137,904)	-	(137,904)
Transfer share premium compensating deficit	-	(974,250)	-	-	-	974,250	-	-	-
Minority interest	-	-	-	-	-	-	-	7,891	7,891
Balance as at 30 June 2007	1,749,229	32,555	(2,351)	-	400	(137,904)	1,641,929	-	1,641,929
Balance as at 1 January 2008	1,749,229	32,555	-	1	400	187,604	1,969,789	-	1,969,789
Issue of share capital	65,000	193,733	-	-	-	-	258,733	-	258,733
Other net changes in fair value	-	-	-	1	-	-	1	-	1
Appropriate to legal reserve	-	-	-	-	7,136	(7,136)	-	-	-
Net profit	-	-	-	-	-	703,783	703,783	-	703,783
Balance as at 30 June 2008	1,814,229	226,288	-	2	7,536	884,251	2,932,306	-	2,932,306

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

The International Engineering Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2008 and 2007 (Unaudited)

	Note	Separate financial statements					Total shareholders' equity
		Issued and paid-up share capital	Share premium	Fair value changes of available-for-sale of securities (in thousand Baht)	Appropriated to legal reserve	Retained earnings (Deficit) Unappropriated/ (Deficit)	
Balance as at 1 January 2007		1,749,229	1,006,805	18	400	(975,021)	1,781,431
Other net changes in fair value		-	-	(18)	-	-	(18)
Net loss		-	-	-	-	(96,987)	(96,987)
Transfer share premium compensating deficit	19	-	(974,250)	-	-	974,250	-
Balance as at 30 June 2007		1,749,229	32,555	-	400	(97,758)	1,684,426
Balance as at 1 January 2008		1,749,229	32,555	1	400	(216,413)	1,565,772
Issue of share capital	18	65,000	193,733	-	-	-	258,733
Other net changes in fair value		-	-	1	-	-	1
Appropriated to legal reserve	20	-	-	-	7,136	(7,136)	-
Net profit		-	-	-	-	345,814	345,814
Balance as at 30 June 2008		1,814,229	226,288	2	7,536	122,265	2,170,320

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

The International Engineering Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2008 and 2007 (Unaudited)

	Note	Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
		2008	2007	2008	2007
		<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>					
Net profit (loss)		703,783	(137,904)	345,814	(96,987)
<i>Adjustment</i>					
Interest income		(7,860)	(6,974)	(26,933)	(16,693)
Interest expense and default interest expense		39,529	16,995	4,947	5,568
Doubtful accounts		7,762	17,372	26,709	36,315
Unrealized (gain) loss on exchange		(35)	(29)	(40)	12
Allowance for diminution in value of inventories					
(Reversal)		3,512	(97,568)	3,720	(55,587)
Depreciation and amortization		34,895	65,422	14,865	41,854
Amortization of goodwill		-	30,343	-	-
Loss from equipment and intangible assets written off		202	172	18	8
Gains on sale of property and equipment		(979)	(48,808)	(1,122)	(48,806)
Loss from impairment of assets		6,000	-	6,000	-
Loss on impairment of investments		-	12,623	71,789	118,961
Gain from investments		(821,529)	(33,330)	(509,391)	(39,296)
Estimate loss from contingent liabilities		677	19,214	-	22,653
Share of (gains) losses from investments					
accounted for using the equity method		(71,845)	4,660	-	-
Loss of minority interest		-	7,891	-	-
		<u>(105,888)</u>	<u>(149,921)</u>	<u>(63,624)</u>	<u>(31,998)</u>
<i>Change in operating assets and liabilities</i>					
Trade accounts receivable		103,055	33,470	76,440	60,662
Other receivables from related parties		(70,452)	(478)	(67,016)	(17,218)
Inventories		(112,532)	265,362	(92,975)	188,860
Work in process under agreement		(431,933)	-	(431,933)	-
Securities receivables		(9,250)	26,282	(9,250)	-
Prepaid expenses		(1,021)	(18,755)	8,258	(1,848)
Advance payment for goods		(169,031)	-	(169,031)	-
Value added tax recoverable		(32,376)	11,897	(31,299)	12,669
Other current assets		(15,655)	7,016	(9,317)	5,016
Other non-current assets		5,985	12,003	4,041	3,146
Trade accounts payable		233,797	63,643	259,435	81,153
Other payables to related parties		14,176	2,977	21,229	(24,827)
Accrued expenses		430	(994)	(2,444)	7,072
Securities payables		(42,294)	(6,111)	-	-
Other current liabilities		(7,545)	(6,528)	(14,089)	1,096
Other non-current liabilities		2,773	(1,223)	1,981	-
Purchase of securities held for trading		(639,230)	(181,955)	(316,818)	(76,988)
Sale of equity securities held for trading		591,340	178,192	204,686	74,411

Statements of cash flows

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
		<i>(in thousand Baht)</i>			
Withholding income tax received		-	16,413	-	16,413
Withholding income tax paid		(4,681)	(8,056)	(3,793)	(6,542)
Net cash provided by (used in) operating activities		(690,332)	243,234	(635,519)	291,077
<i>Cash flows from investing activities</i>					
Interest received		2,386	2,511	40,847	3,166
Pledged deposits at financial institutions		56,185	(158,981)	55,764	(159,972)
Purchase of property, plant and equipment		(24,353)	(492,632)	(7,187)	(7,886)
Sales of property and equipment		17,425	184,826	1,225	204,897
Short-term loans to related parties		(220)	(3,000)	(262,647)	(94,980)
Proceeds from short-term loans to related parties		-	-	263,337	35,400
Purchase of intangible assets		-	(1,125)	-	-
Advance payment for license fee		(33,112)	-	-	-
Payable to purchase of fixed assets		-	35,407	-	(19,444)
Purchase of investments in subsidiary and associates or related company		(61,996)	(18,324)	(5,570)	(30,824)
Proceeds from sale of investment in associates or related company		458,637	-	351,929	-
Net cash provided by (used in) investing activities		414,952	(451,318)	437,698	(69,643)
<i>Cash flows from financial activities</i>					
Interest paid		(5,515)	(12,398)	(4,946)	(5,568)
Bank overdrafts and short-term loans from financial institutions		8,700	(102,226)	8,297	(101,823)
Finance lease agreement		(3,739)	(2,305)	(623)	(1,008)
Payment of short-term loan from related parties		-	-	-	(89,000)
Proceeds from long-term loans		-	339,735	-	-
Payment of convertible bonds		(5,147)	(5,147)	(5,147)	(5,147)
Proceeds from issue of increased share capital		272,350	-	272,350	-
Cash outflow on consulting fee for recommending investors		(13,618)	-	(13,618)	-
Advance received for share capital		-	11,625	-	-
Net cash provided by (used in) financing activities		253,031	229,284	256,313	(202,546)
Net increase (decrease) in cash and cash equivalents		(22,349)	21,200	58,492	18,888
Cash and cash equivalents at beginning of period		134,832	69,823	31,206	18,791
Effect of exchange rate changes on balances held in foreign currencies		13	(1)	13	(1)
Cash and cash equivalents at end of period		112,496	91,022	89,711	37,678
<i>Non - cash transaction</i>					
Purchase of investment in subsidiary	9, 27	-	-	79,430	-

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 and six-month periods ended 30 June 2008 (Unaudited)

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The International Engineering Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2008 (Unaudited)

These notes form an integral part of the financial statements.

The interim financial statements were authorized for issue by the directors on 8 August 2008.

1. General information

The International Engineering Public Company Limited (“the Company”) is incorporated in Thailand and has its registered office at 390, IEC 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 30 June 2008 which held over 5% of total paid up share capital are as follows:

	30 June 2008 (%)
Benjanirat Group	13.47
Bulpak Group	10.29
Chamwuttipreecha Group	7.40
Leeitsarannukul Group	6.26

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	
			30 June 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%

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		Type of business	Country of incorporation	Ownership interest	
				30 June 2008	31 December 2007
5.	IEC Business Partners Co., Ltd.	Investment	Thailand	100%	100%
6	Triple Play Co., Ltd.	Mobile Media Content (Not performed commercial operations)	Thailand	100%	-
7	Augere (Thailand) Co., Ltd.	Providing high speed internet (WIMAX) (Not performed commercial operations)	Thailand	100%	-
<i>Indirect subsidiaries</i>					
8.	Intertrade Asia Co., Ltd.	Commercial business	Thailand	100%	100%
<i>Joint controlled entity</i>					
9.	IEC Internet Co., Ltd.	Internet service provider (Ceased its operations)	Thailand	65%	65%

The Ordinary General Meeting of Shareholders held on 30 April 2008 and the Extraordinary General Meeting of Shareholders held on 10 June 2008 of IEC Internet Co., Ltd. passed a special resolution to dissolve the company. On 24 June 2008, the above company registered the dissolution with the Ministry of Commerce and has been in the process of liquidation.

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.

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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 43 (revised 2007)	<i>Business Combinations</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 and six-month periods ended 30 June 2008 and 2007 are consistent with those applied in the financial statements for the year ended 31 December 2007 and 2006.

The consolidated and separate financial statements for the three-month and six-month periods ended 30 June 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 encounter the problem on financial liquidity, it caused to the above associate could not provide the quarterly financial statements reviewed by the auditor.

The consolidated and separate financial statements as at 30 June 2007 and for the three-month and six-month periods then ended are prepared using financial information as at 30 June 2007 and for the three-month and six-month periods then ended of a subsidiary in oversea (Crystal Agro Co., Ltd.), which had been prepared by the subsidiary's personal and two associates, which have been prepared by the management of those companies and had not been reviewed by the auditor, 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 financial information of associates referred to above was as follows:

	Ownership interest	
	30 June 2008 (%)	31 December 2007
<i>Associated company</i>		
Micronic Public Company Limited	38.51	38.51
BNB Inter Group Co., Ltd.	-	23.81

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	Consolidated financial statements 30 June 2008 <i>(in million Baht)</i>	Separate financial statements 31 December 2007
Balance sheet information		
Investment in subsidiary	25	25
Decrease in allowance for devaluation of investments	(25)	(25)
Provisions	15	15

Summary of balance sheet information of an associated company as at 30 June 2008 was as follows:

	Micronetic PCL. <i>(in million Baht)</i>
Information of balance sheet (Before elimination)	
Current assets	38
Non-current assets	2
Total assets	<u>40</u>
Current liabilities	214
Total liabilities	214
Deficit in shareholders' equity	(174)
Total liabilities and shareholders' equity	<u>40</u>

Summary of statement of income information of an associated company for the six-month period ended 30 June 2008 was as follows:

	Micronetic PCL. <i>(in million Baht)</i>
Information of statement of income	
Total revenues	1
Total expenses	19
Interest expense	7
Net loss	<u>25</u>

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

	Crystal Agro Co., Ltd.	Micronetic PCL.	BNB Inter Group Co., Ltd.
Information of balance sheet (Before elimination)	<i>(in million Baht)</i>		
Current assets	6	97	135
Non-current assets	35	2	141
Total assets	<u>41</u>	<u>99</u>	<u>276</u>
Current liabilities	61	215	124
Non-current liabilities	6	-	29
Total liabilities	<u>67</u>	<u>215</u>	<u>153</u>
(Deficit in) shareholders' equity	<u>(26)</u>	<u>(116)</u>	<u>123</u>
Total liabilities and shareholders' equity	<u>41</u>	<u>99</u>	<u>276</u>

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

	Crystal Agro Co., Ltd.	Micronetic PCL.	BNB Inter Group Co., Ltd.
Statement of income information (Before elimination)	<i>(in million Baht)</i>		
Total revenues	-	357	26
Total expenses	4	368	36
Interest expense	-	-	4
Net loss	<u>(4)</u>	<u>(11)</u>	<u>(14)</u>

3. Seasonal operations

The majority of revenue of the Group, which is derived from being a distributor of mobile phones and engineering products, and lease of property excluding gain (loss) from investments is subject to seasonal based on environmental economic.

4. Related party transactions and balances

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

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

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

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

	Pricing policies
Sales of goods and rendering of services	Market price
Rental income	Contract price based on market
Sales of fixed assets	Higher than book value
Purchase of equity securities	Market price
Interest income	7.5-8.0% per annum
Purchase of goods	Cost plus margin
Sales of equity securities	Market price
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 30 June 2008 and 2007 with related parties were summarized as follows:

	Consolidated financial statements		Separate financial statements	
	Three-month periods 2008 2007		Three-month periods 2008 2007	
	<i>(in thousand Baht)</i>			
Revenue				
Subsidiaries				
Sales of goods and rendering of services	-	-	142,873	149,415
Interest income	-	-	10,529	6,347
Associates				
Rental income	371	622	-	-
Interest income	481	429	412	349
Related company or associate (until 7 March 2008)				
Sales of goods and rendering of services	279,442	13,496	279,442	13,160
Rental income	1,673	1,668	-	-
Related company or subsidiary (until 17 September 2007)				
Interest income	17	-	17	56
Other related companies				
Rental income	3,170	-	-	-
Interest income	300	300	300	300
Gain on investment	77,890	72,710	68,728	68,865
Purchase of equity securities	230,022	58,178	47,857	46,537
Sale of equity securities	95,932	94,191	31,815	82,551

The International Engineering Public Company Limited and its Subsidiaries
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For the three-month and six-month periods ended 30 June 2008 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	Three-month periods		Three-month periods	
	2008	2007	2008	2007
<i>(in thousand Baht)</i>				
Expenses				
Subsidiaries				
Purchase of goods	-	-	13,424	642
Interest expense	-	-	-	695
Selling and administrative expenses	-	-	7,803	6,070
Related company or associate (until 7 March 2008)				
Purchase of goods	5,616	101,161	5,616	101,161
Related person				
Directors' remuneration	2,190	2,608	1,440	1,400

Significant transactions for the six-month periods ended 30 June 2008 and 2007 with related parties were summarized as follows:

	Consolidated financial statements		Separate financial statements	
	Six-month periods		Six-month periods	
	2008	2007	2008	2007
<i>(in thousand Baht)</i>				
Revenue				
Subsidiaries				
Sales of goods and rendering of services	-	-	282,679	223,842
Interest income	-	-	21,851	11,892
Sales of fixed assets	-	-	-	19,743
Associates				
Rental income	741	1,245	-	-
Interest income	963	787	824	695
Gain on investments	94,207	-	94,207	-
Sale of equity securities	276,115	-	314,234	-
Related company or associate (until 7 March 2008)				
Sales of goods and rendering of services	628,046	67,629	628,046	67,629
Rental income	3,353	1,668	-	-
Gain on investments	3,823	-	114,862	-
Purchase of equity securities	61,996	-	-	-
Sale of equity securities	403,080	-	218,055	-
Related company or subsidiary (until 17 September 2007)				
Interest income	73	-	73	112
Other related companies				
Rental income	6,341	-	-	-
Interest income	599	597	599	597
Gain on investments	701,543	59,204	227,413	55,359
Purchase of equity securities	568,753	77,977	246,341	66,336
Sale of equity securities	173,037	94,191	41,997	82,551

The International Engineering Public Company Limited and its Subsidiaries
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	Consolidated financial statements		Separate financial statements	
	Six-month periods		Six-month periods	
	2008	2007	2008	2007
Expenses				
Subsidiaries				
Purchase of goods	-	-	17,618	5,413
Interest expense	-	-	-	1,008
Selling and administrative expenses	-	-	15,258	12,749
Related company or associate (until 7 March 2008)				
Purchase of goods	6,495	116,564	6,495	116,564
Related person				
Directors' remuneration	4,527	5,720	2,877	2,890

Balance as at 30 June 2008 and 31 December 2007 with related parties were as follows:

Current investments

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Securities held for trading				
Related companies				
EMC Public Company Limited	154,294	49,663	1,603	-
Live Incorporation Public Company Limited	530,170	239,084	238,058	35,317
	<u>684,464</u>	<u>288,747</u>	<u>239,661</u>	<u>35,317</u>
Add allowance for devaluation of investments	920,513	545,440	430,284	231,337
Net	<u>1,604,977</u>	<u>834,187</u>	<u>669,945</u>	<u>266,654</u>

Trade accounts receivable from related parties

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Subsidiaries				
IEC Mobile Co., Ltd.	-	-	283,006	261,085
IEC Easy Fix Co., Ltd.	-	-	535	579
Related company or associate (until 7 March 2008)				
Bliss-Tel Public Company Limited	1,642	75,683	-	74,085
Associates				
OneNet Co., Ltd.	983	1,278	-	-
	<u>2,625</u>	<u>76,961</u>	<u>283,541</u>	<u>335,749</u>
Less allowance for doubtful accounts	-	-	(175,127)	(162,051)
Net	<u>2,625</u>	<u>76,961</u>	<u>108,414</u>	<u>173,698</u>

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	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Doubtful accounts for the six-month period ended 30 June	-	12,449	13,076	12,449

Short-term loans to related parties

	Interest rate		Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<i>Short-term loans</i>						
Subsidiaries						
IEC Asset Co., Ltd.	7.5-8.0	7.5-8.0	-	-	405,621	473,098
IEC Technology Co., Ltd.	7.5-8.0	7.5-8.0	-	-	75,279	73,923
IEC Business Partners Co.,Ltd.	8.0	8.0	-	-	93,001	28,970
IEC Easy Fix Co., Ltd.	8.0	8.0	-	-	23,680	22,280
			-	-	597,581	598,271
Related company or subsidiary (until 17 September 2007)						
Crystal Agro Co., Ltd.	7.5	7.5	3,000	3,000	3,000	3,000
			3,000	3,000	3,000	3,000
Associates						
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
			23,881	23,881	20,381	20,381
Jointly-controlled entity						
IEC Internet Co., Ltd.	2.0-8.0	2.0-8.0	30,576	30,356	-	-
			30,576	30,356	-	-
Other related companies						
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	637,732	638,422
Less allowance for doubtful accounts			(72,521)	(68,801)	(122,727)	(110,881)
Net			1,706	5,206	515,005	527,541

Other receivables and advance

Subsidiaries						
IEC Mobile Co., Ltd.			-	-	10,735	10,850
IEC Technology Co., Ltd.			-	-	9,767	7,420
IEC Asset Co., Ltd.			-	-	22,993	39,051
IEC Business Partners Co., Ltd.			-	-	2,386	462
Intertrade Asia Co., Ltd.			-	-	2	8
IEC Easy Fix Co., Ltd.			-	-	24,171	31,850

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	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Related company or subsidiary (until 17 September 2007)				
Crystal Agro Co., Ltd.	1,123	1,050	1,123	1,050
Associates				
OneNet Co., Ltd.	1,433	598	1	8
Micronetic Pcl.	3,981	3,157	3,981	3,157
Other related parties				
Amtech E&M (Thailand) Co., Ltd.	-	157	-	-
Ethnic Earth.Com Holding Co., Ltd.	5,922	5,323	5,922	5,323
LOCUS Telecommunication Inc. Ltd.	45,504	-	45,504	-
SAC IT.,LTD.	29,667	-	29,667	-
The M Group Pcl.	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
	537,630	460,285	606,252	549,179
Less allowance for doubtful accounts	<u>(461,413)</u>	<u>(459,528)</u>	<u>(460,896)</u>	<u>(459,528)</u>
Net	<u>76,217</u>	<u>757</u>	<u>145,356</u>	<u>89,651</u>
Total	<u>77,923</u>	<u>5,963</u>	<u>660,361</u>	<u>617,192</u>

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Doubtful accounts (reversal) for the six-month period ended 30 June	<u>5,605</u>	<u>7,987</u>	<u>13,214</u>	<u>7,987</u>

Movements during the six-month period ended 30 June 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	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Subsidiaries				
At 1 January	-	-	598,271	290,797
Increase	-	-	262,647	386,064
Decrease	-	-	(263,337)	(78,590)
At 30 June and 31 December	<u>-</u>	<u>-</u>	<u>597,581</u>	<u>598,271</u>

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	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Other related company or subsidiary (until 17 September 2007)				
At 1 January	3,000	-	3,000	3,000
Increase	-	3,000	-	-
Decrease	-	-	-	-
At 30 June and 31 December	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
Associates				
At 1 January	23,881	18,675	20,381	18,675
Increase	-	5,206	-	1,706
Decrease	-	-	-	-
At 30 June and 31 December	<u>23,881</u>	<u>23,881</u>	<u>20,381</u>	<u>20,381</u>
Jointly-controlled entity				
At 1 January	30,356	30,356	-	-
Increase	220	-	-	-
Decrease	-	-	-	-
At 30 June and 31 December	<u>30,576</u>	<u>30,356</u>	<u>-</u>	<u>-</u>
Other related companies				
At 1 January	16,770	16,770	16,770	16,770
Increase	-	-	-	-
Decrease	-	-	-	-
At 30 June and 31 December	<u>16,770</u>	<u>16,770</u>	<u>16,770</u>	<u>16,770</u>
Total short-term loans to related parties				
At 1 January	74,007	65,801	638,422	329,242
Increase	220	8,206	262,647	387,770
Decrease	-	-	(263,337)	(78,590)
At 30 June and 31 December	<u>74,227</u>	<u>74,007</u>	<u>637,732</u>	<u>638,422</u>

Investments in subsidiary, jointly controlled entities and associates were as details in Note 9 to the financial statements.

Other non-current assets

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Guarantee deposits				
Subsidiaries				
IEC Assets Co., Ltd.	-	-	3,831	3,546
Related company or associate (until 7 March 2008)				
Bliss-Tel Public Company Limited	<u>296</u>	<u>394</u>	<u>-</u>	<u>-</u>
Total	<u>296</u>	<u>394</u>	<u>3,831</u>	<u>3,546</u>

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Trade accounts payable to related parties

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Subsidiaries				
IEC Mobile Co., Ltd.	-	-	-	2
IEC Easy Fix Co., Ltd.	-	-	3,450	3,521
Related company or associate (until 7 March 2008)				
Bliss-Tel Public Company Limited	8,116	11,855	7,774	11,477
Total	8,116	11,855	11,224	15,000

Short-term loans from related parties

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			

Short-term loan (without interest)

Subsidiary				
Augere (Thailand) Co., Ltd.	-	-	12,500	-

Advance received for goods

Related company or associate (until 7 March 2008)				
Bliss-Tel Public Company Limited	14,231	-	14,231	-

Share subscription payables

Subsidiaries				
Triple Play Co., Ltd.	-	-	29,430	-
Augere (Thailand) Co., Ltd.	-	-	37,500	-

Other payable and advances

Subsidiaries				
IEC Technology Co., Ltd.	-	-	-	1
IEC Mobile Co., Ltd.	-	-	1,074	855
IEC Asset Co., Ltd.	-	-	166	635
IEC Business Partners Co., Ltd	-	-	13,369	4,316
IEC Easy Fix Co., Ltd.	-	-	2,956	4,760
Associates				
OneNet Co., Ltd.	-	32	-	-
Micronetic Public Company Limited	346	346	250	250
Related company or associate (until 7 March 2008)				
Bliss-Tel Public Company Limited	18	42	-	-
Total	14,595	420	111,476	10,817

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Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Guarantee deposit received				
Related company or associate (until 7 March 2008)				
Bliss-Tel Public Company Limited	1,699	570	-	-
Associates				
OneNet Co., Ltd.	634	207	-	-
Related company				
Live Incorporation Public Company Limited	3,225	-	-	-
Total	5,558	777	-	-

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 month 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. (On 1 May 2008, the agreement was transferred to IEC Business Partners Co., Ltd.) for logistics 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.

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 14 February 2007 to 13 February 2010 at the monthly rental and service charge of Baht 26,350.

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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. In May 2008, the agreement was terminated.

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 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 (On 1 May 2008, the agreement was transferred to IEC Business Partners Co., Ltd.) with Bliss-Tel Public Company Limited to provide the services on logistics 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 8 to the financial statements, on 9 June 2006, the Company entered into a purchase agreement for wood with Crystal 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 15 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 30 June 2008, Company set up an allowance for impairment on wood in concession area in full amount of Baht 60 million and please see Note 25 to the financial statements.

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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, and shall deliver and payable in 4 installments. The contract covers a period from 2008 to 2009. Pursuant to consortium agreement, the Company shall procure, install computer hardware and accessories including prepare the training documents for CAT employees.

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 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. On 17 March 2008, the new company named “Triple Pay Co., Ltd.” was already established.
- 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 and please see Note 27 to the financial statements.

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 and please see Note 27 to the financial statements.
- 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. On 3 June 2008, the new company named “Augere (Thailand) Co., Ltd.” was already established.

Commitments to its related parties were as follows:

	Consolidate financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
<i>Commitments</i>				
Letter of guarantee and credit facilities for Micronetic Pcl.	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

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	Consolidate financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
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
Total	385,551	465,551	385,551	465,551

Operating lease and service commitments with related parties

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Within one year	591	773	13,826	13,826
After one year but within five years	511	989	7,093	13,915
Total	1,102	1,762	20,919	27,741

5 Current investments

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Equity securities				
<i>Securities held for trading</i>				
EMC Public Company Limited	154,294	49,663	1,604	-
The Siam Cement Public Company Limited	2,260	2,326	2,260	-
Land and Houses Public Company Limited	847	-	847	-
Live Incorporation Public Company Limited	530,170	239,084	238,058	35,317
Thailand Carpet Manufacturing Public Company Limited	5,434	5,434	-	-
PTT Public Company Limited	-	3,770	-	-
Kasikorn Bank Pcl.	939	-	939	-
Banpu Public Company Limited	5,454	-	5,454	-
Thoresen Thai Agencies Public Company Limited	-	948	-	-
Bangkok Bank Public Company Limited	-	1,193	-	-
Total	699,398	302,418	249,162	35,317
Add allowance for devaluation of investments	918,349	543,940	429,946	231,337
Net	1,617,747	846,358	679,108	266,654

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	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Securities available-for-sale				
Unit trust	81	81	81	81
Add allowance for devaluation of investment	2	1	2	1
Net	<u>83</u>	<u>82</u>	<u>83</u>	<u>82</u>
Total	<u>1,617,830</u>	<u>846,440</u>	<u>679,191</u>	<u>266,736</u>

	Consolidated financial statements		31 December 2007	
	30 June 2008		Cost	Fair value
	<i>(in thousand Baht)</i>			
Current investments:-				
Securities held for trading	699,398	1,617,747	302,418	846,358
Securities available-for-sale	81	83	81	82
	<u>699,479</u>	<u>1,617,830</u>	<u>302,499</u>	<u>846,440</u>
Add allowance for devaluation of investment	918,351	-	543,941	-
Total	<u>1,617,830</u>	<u>1,617,830</u>	<u>846,440</u>	<u>846,440</u>

	Separate financial statements		31 December 2007	
	30 June 2008		Cost	Fair value
	<i>(in thousand Baht)</i>			
Current investments:-				
Securities held for trading	249,162	679,108	35,317	266,654
Securities available-for-sale	81	83	81	82
	<u>249,243</u>	<u>679,191</u>	<u>35,398</u>	<u>266,736</u>
Add allowance for devaluation of investment	429,948	-	231,338	-
Total	<u>679,191</u>	<u>679,191</u>	<u>266,736</u>	<u>266,736</u>

Movement during the six-month period ended 30 June 2008 and for the year ended 31 December 2007 of current investments were as follows:-

	Consolidated Financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
At 1 January	846,440	218,493	266,736	102,813
Purchase during the period	639,230	953,665	316,818	185,231
Sales during the period	242,250	903,538	102,973	264,874
Valuation adjustment	374,410	577,820	198,610	243,566
At 30 June and 31 December	<u>1,617,830</u>	<u>846,440</u>	<u>679,191</u>	<u>266,736</u>

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6 Trade accounts receivable and accrual income

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Accounts trade receivable from related parties	2,625	76,961	283,541	335,749
Accounts trade receivable from other parties	71,860	109,598	54,064	79,109
	<u>74,485</u>	<u>186,559</u>	<u>337,605</u>	<u>414,858</u>
Less allowance for doubtful accounts	(13,339)	(11,826)	(186,118)	(172,623)
Net	<u>61,146</u>	<u>174,733</u>	<u>151,487</u>	<u>242,235</u>
Accrual income from other parties	9,019	-	813	-
Total	<u>70,165</u>	<u>174,733</u>	<u>152,300</u>	<u>242,235</u>
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Doubtful account for the six-month periods ended 30 June	<u>1,513</u>	<u>4,181</u>	<u>13,495</u>	<u>16,428</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Within credit terms	45,304	135,522	52,457	141,070
Overdue				
Less than 3 months	11,807	36,902	69,332	71,788
3 - 6 months	590	3,540	21,338	17,169
6 – 12 months	5,233	962	9,741	1,376
Over 12 months	11,551	9,633	184,737	183,455
	<u>29,181</u>	<u>51,037</u>	<u>285,148</u>	<u>273,788</u>
Total	<u>74,485</u>	<u>186,559</u>	<u>337,605</u>	<u>414,858</u>
Less allowance for doubtful accounts	(13,339)	(11,826)	(186,118)	(172,623)
Net	<u>61,146</u>	<u>174,733</u>	<u>151,487</u>	<u>242,235</u>
Accrual income	9,019	-	813	-
Total	<u>70,165</u>	<u>174,733</u>	<u>152,300</u>	<u>242,235</u>

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

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7 Work in process under agreement

Work in process under agreement representing project costs of Integrated Billing and Customer Service System (IBACSS) and Billing Mediation System were summarized as follows:-

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Computer hardware and equipment	281,373	-	281,373	-
Software	143,120	-	143,120	-
Other cost	7,440	-	7,440	-
Total	431,933	-	431,933	-

Such project costs were set up by LSI Consortium and CAT Telecom Public Company Limited pursuant to the consortium agreement dated 25 January 2008 as a detail mentioned in Note 4 to the financial statements.

8 Wood in a concession area

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 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	(60,000)	(60,000)	(60,000)	(60,000)
Net	-	-	-	-

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 15 and 25 to the financial statements.

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9 Investments in subsidiaries, jointly-controlled entities and associates

Movements during the six-month period ended 30 June 2008 and for the year ended 31 December 2007 of investments were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 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	(679,195)	(145,601)	(532,289)	(72,898)
Acquisitions	61,996	138,392	85,000	30,824
	24,827	570,181	873,227	1,260,516
Less allowance for devaluation of investments	(24,827)	(336,708)	(664,629)	(977,913)
At 30 June and 31 December	-	233,473	148,598	282,603

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 30 June 2008 of Baht 59 million and as at 31 December 2007 of Baht 48 million, of which the Group's share of the losses for the six-month period ended 30 June 2008 of Baht 11 million and for the year ended 31 December 2007 of Baht 24 million. The Group has no obligation in respect of these losses.

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Investments in subsidiaries, jointly-controlled entries and associates as at 30 June 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	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	(%)		(in million Baht)		(in thousand Baht)							
Associates												
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	-	-	-	-	-	-
Total					29,727	589,383	24,827	570,181	24,827	336,708	-	233,473

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Separate financial statements

	Ownership interest		Paid-up share capital		Cost method		Allowance for devaluation of investments		At cost - net		Market price	
	30 June 2008 (%)	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
			<i>(in million Baht)</i>		<i>(in thousand Baht)</i>							
Direct subsidiaries												
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	231,932	229,997	48,068	50,003	-	-
IEC Business Partner Co., Ltd.	100	100	250	250	250,000	250,000	243,223	179,543	6,777	70,457	-	-
IEC Easy Fix Co., Ltd.	100	100	50	50	50,000	50,000	41,247	37,423	8,753	12,577	-	-
Triple Play Co.,Ltd.	100	-	35	-	35,000	-	-	-	35,000	-	-	-
Augere (Thailand) Co., Ltd.	100	-	50	-	50,000	-	-	-	50,000	-	-	-
Associates												
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
Total					813,227	1,260,516	664,629	977,913	148,598	282,603		

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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.

The Board of Directors Meeting held on 28 February 2008, resolved to establish Triple Play Co., Ltd. (a subsidiary) for operating in Mobile Media Content business and the Company will hold shares 100% of the authorized share capital of Baht 35 million. This subsidiary was already registered to establish on 17 March 2008 with authorized share capital of Baht 35 million, and called up in full amount of shares. As at 8 August 2008, this subsidiary has not performed its commercial operations.

The Board of Director Meeting held on 12 May 2008 resolved to establish Augere (Thailand) Co., Ltd. to operate in high speed internet business (WIMAX) which is held by the Company at 100% of authorized share capital in the amount of Baht 50 million. The above company was registered to establish on 3 June 2008 and called up share capital in the full amount. The proceeds from calling up share capital amounted to Baht 12.50 million was in form of the promissory notes. As at 8 August 2008, this subsidiary has not performed its commercial operations.

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10 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	30 June 2008	1 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
General investments				
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
	<u>65,907</u>	<u>65,907</u>	<u>30,520</u>	<u>30,520</u>
<i>Less allowance for devaluation of investments</i>	<u>(32,745)</u>	<u>(32,745)</u>	<u>(29,995)</u>	<u>(29,995)</u>
Net	<u>33,162</u>	<u>33,162</u>	<u>525</u>	<u>525</u>

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. As at 30 June 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

11 Intangible assets

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Leasehold rights - net	186,270	194,151	25,224	27,088
Computer software - net	2,413	2,926	1,989	2,441
Franchise fee - net	969	1,031	-	-
Total	<u>189,652</u>	<u>198,108</u>	<u>27,213</u>	<u>29,529</u>

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12 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Deposit for purchase of computer software	60,500	60,500	60,500	60,500
Advance payment for license fee - Sensium Sport	33,112	-	-	-
Others deposit	21,240	24,585	11,833	13,235
Prepaid advertising expenses	2,640	5,280	2,640	5,280
	<u>117,492</u>	<u>90,365</u>	<u>74,973</u>	<u>79,015</u>
<i>Less</i> allowance for impairment	<u>(60,500)</u>	<u>(60,500)</u>	<u>(60,500)</u>	<u>(60,500)</u>
Net	<u>56,992</u>	<u>29,865</u>	<u>14,473</u>	<u>18,515</u>

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.

On 2 May 2008, the subsidiary (IEC Business Partners Co., Ltd.) signed off an engagement letter with a foreign company to incorporate an outline business plan. In case of possible business, the parties will set up a new company for distributing and marketing products of Silicon Chip under brand named Senium Technology. Under the agreement, the subsidiary shall pay the license fee of GBP 1.5 million. On 25 June 2008, the subsidiary also paid a first installment of license fee of GBP 0.5 million or Baht 33.11 million. Pursuant to the term of engagement letter, in the event that the parties have been unable to reach agreement and the term of investment within 6 months as from the date of signing the letter (2 May 2008) as a result of Sensium Technology failing to perform on business expected, such foreign company agrees to refund in full first installment of advance payment for license fee to the subsidiary. In case of success, the parties will set up a new company

As at 30 June 2008, the remaining license fee amounted to GBP 1 million.

13 Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Related parties	8,116	11,855	11,224	15,000
Other parties	331,527	94,013	320,880	57,696
Total	<u>339,643</u>	<u>105,868</u>	<u>332,104</u>	<u>72,696</u>

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14 Long-term loan in default

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Securities				
Long-term loans from local financial institution	339,735	339,735	-	-
Less long-term loan in default	<u>(339,735)</u>	<u>(339,735)</u>	<u>-</u>	<u>-</u>
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

On 29 May 2007, the 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 30 June 2008 and 31 December 2007, the subsidiary failed to pay interest of Baht 30 million and Baht 18 million, respectively, incurred default interest of Baht 46 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. On 20 March 2008, the subsidiary and the Company were sued by the bank with regards to false of loan agreement, guarantee agreement and mortgage agreement in the amount of Baht 397.07 million and made the payment under the loan agreement. As at 8 August 2008, the case has been still in the consideration of Court and ruling has not yet been finalized and please see Note 25 to the financial statements.

15 Advance received for wood in a concession area

As at 30 June 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 25 to the financial statements.

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16 Convertible debentures

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Convertible debentures	5,174	10,321	5,174	10,321
Less current portion due within one year	(5,174)	(10,321)	(5,174)	(10,321)
Net	-	-	-	-

As at 30 June 2008 and 31 December 2007, the outstanding balance of convertible debentures which reached to the maturity since 2000, comprised 5,174 units and 10,321 units, respectively, of Baht 1,000 per unit totaling Baht 5.17 million and Baht 10.32 million, respectively.

17 Provisions

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 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	24,150	30,180	26,629	30,986
Provision for loss from claim guarantee	1,584	1,584	1,584	1,584
Provision for loss from others guarantee	14,383	14,383	14,383	14,383
Total	153,723	159,753	156,202	160,559

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Movements during the three-month period ended 30 June 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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
At 1 January	14	14	72	72	27	-	30	22	2	-	14	-	159	108
Provisions made	-	-	-	-	-	27	1	8	-	2	-	14	1	51
Provisions used	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions reversed	-	-	-	-	-	-	(7)	-	-	-	-	-	(7)	-
At 30 June and 31 December	14	14	72	72	27	27	24	30	2	2	14	14	153	159

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	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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
At 1 January	14	14	72	72	27	-	31	15	2	-	14	-	160	101
Provisions made	-	-	-	-	-	27	3	16	-	2	-	14	3	59
Provisions used	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions reversed	-	-	-	-	-	-	(7)	-	-	-	-	-	(7)	-
At 30 June and 31 December	14	14	72	72	27	27	27	31	2	2	14	14	156	160

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- **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 25 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 25 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:

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in thousand Baht)</i>			
Subsidiaries				
IEC Technology Co., Ltd.	-	-	5,983	5,983
IEC Mobile Co., Ltd.	-	-	4,761	3,296
Intertrade Asia Co., Ltd.	-	-	885	-
Associates				
LOCUS Telecommunication Inc. Ltd.	-	6,707	-	6,707
Micronetic Public Company Limited	15,000	15,000	15,000	15,000
Jointly controlled entity				
IEC Internet Co., Ltd.	9,150	8,473	-	-
Total	24,150	30,180	26,629	30,986

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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. Accordingly, 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 9.15 million.

18 Share capital

	<i>Par value (Baht)</i>	30 June 2008		31 December 2007	
		<i>Number (in thousand shares / in thousand Baht)</i>	<i>Value</i>	<i>Number</i>	<i>Value</i>
<i>Authorized share capital</i>					
At the beginning of period					
- Ordinary shares	<i>1</i>	2,200,000	2,200,000	2,200,000	2,200,000
At the end of period					
- Ordinary shares	<i>1</i>	2,200,000	2,200,000	2,200,000	2,200,000
<i>Issued and paid-up share capital</i>					
At the beginning of period					
- Ordinary shares	<i>1</i>	1,749,229	1,749,229	1,749,229	1,749,229
Increase of share capital on 25 June 2008	<i>1</i>	65,000	65,000	-	-
At the end of period					
- Ordinary shares	<i>1</i>	1,814,229	1,814,229	1,749,229	1,749,229

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 of 450,771,000 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.

The Board of Directors Meeting held on 29 May 2008, resolved to allot increased share capital for 100,000,000 shares, Baht 1 of par value, to four specific investors on a private placement at the price of Baht 4.19 per share.

On 13 and 17 June 2008, the Company received the increased share payment from two specific investors for 65 million shares at the price of Baht 4.19 per share totaling Baht 272.35 million (issued and paid-up share capital amounted to Baht 65 million and share premium amounted to Baht 207.35 million), which was registered with the Ministry of Commerce on 25 June 2008, and consulting fee for recommending investors amounted to Baht 13.62 million, which was shown net against share premium.

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As at 30 June 2008, the remaining for 385,771,000 shares have not been allotted yet.

19 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.

As described in Note 18 to the financial statements, share premium on allotting increased share capital to two specific investors of Baht 207,350,000 netted against consulting fee for recommending investors of Baht 13,617,500, balanced to Baht 193,732,500.

20 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

The Board of Directors Meeting held on 12 May 2008, passed a resolution to appropriate the legal reserve for the three-month period ended 31 March 2008 amounting to Baht 7.14 million.

21 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 comprises telecommunication segment representing distributing mobile phone, refill card, mobile phone repair, airtime provider, the operator of the DTAC 1800 system, developer of fully integrated information technology system.
- Segment 2 comprises lease of property and service representing managing IEC Building and property projects.
- Segment 3 comprises investments in securities as investing in new business.

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- Segment 4 comprises commercial business representing international trade services, agribusiness and software business representing distributing the right to link the news passing mobile phone.

Revenue and results, based on business segments for the three-month and six-month periods ended 30 June 2008 and 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	Three-month periods		Three-month periods	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Segment revenue				
Segment 1	923	566	927	521
Segment 2	14	10	-	-
Segment 3	89	47	72	70
Segment 4	-	1	-	-
Total	1,026	624	999	591
Segment results (net profit or loss)				
Segment 1	(103)	(78)	(85)	(167)
Segment 2	(17)	(1)	-	-
Segment 3	53	(21)	72	70
Segment 4	(1)	(9)	-	-
Eliminations	44	35	-	-
Total	(24)	(74)	(13)	(97)
Consolidated financial statements				
Six-month periods		Six-month periods		
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Segment revenue				
Segment 1	1,925	1,379	1,895	1,247
Segment 2	30	21	-	-
Segment 3	901	6	509	39
Segment 4	-	1	-	-
Total	2,856	1,407	2,404	1,286
Segment results (net profit or loss)				
Segment 1	(194)	(83)	(164)	(136)
Segment 2	(30)	(17)	-	-
Segment 3	885	(57)	509	39
Segment 4	(1)	(16)	-	-
Eliminations	43	35	-	-
Total	703	(138)	345	(97)

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22 Gain from investments

Gain from investments for the three-month and six month periods ended 30 June 2008 and 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	Three-month periods		Three-month periods	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Gain from investments in related companies	77,890	72,710	68,728	68,865
Gain from securities held for trading	3,318	3,867	2,992	1,287
Total	81,208	76,577	71,720	70,152
	Consolidated financial statements		Separate financial statements	
	Six-month periods		Six-month periods	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Gain from sale of investments in associates	98,030	-	209,069	-
Gain from investments in related companies	701,543	59,204	277,413	55,359
Gain (loss) from investments in other companies	21,956	(25,874)	22,909	(16,063)
Total	821,529	33,330	509,391	39,296

23 Basic earnings (loss) per share

Basic earnings (loss) per share for the three-month and six-month periods ended 30 June 2008 and 2007 is calculated by dividing the net profit (loss) for the period attributable to ordinary shareholders by the weight average number of shares outstanding during the periods as follows:

	Consolidated financial statements		Separate financial statements	
	Three-month periods		Three-month periods	
	2008	2007	2008	2007
Net profit (loss) attributable to ordinary shareholders (Basic) (in thousand Baht)	(23,964)	(74,141)	(13,313)	(97,177)
Weighted average number of ordinary shares issued during the period (in thousand shares)	1,753,515	1,749,229	1,753,515	1,749,229
Basic earnings (loss) per share (in Baht)	(0.01)	(0.04)	(0.01)	(0.06)

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	Consolidated financial statements		Separate financial statements	
	Six-month periods		Six-month periods	
	2008	2007	2008	2007
Net profit (loss) attributable to ordinary shareholders (Basic) (in thousand Baht)	703,783	(137,904)	345,814	(96,987)
Weighted average number of ordinary shares issued during the period (in thousand shares)	1,751,372	1,749,229	1,751,372	1,749,229
Basic earnings (loss) per share (in Baht)	0.40	(0.08)	0.20	(0.06)

24 Commitments with non related parties

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	<i>(in million Baht)</i>			
Capital commitments				
<i>Contracted but not provided for</i>				
Land building and constructions	4	163	-	-
<i>Authorized but not contracted for</i>				
Ethanol project				
Machinery and equipment	265	265	-	-
Total	269	428	-	-
Non-cancellable operating lease commitments				
Within one year	50	46	7	3
After one year but within five years	155	179	13	10
After five years	422	398	15	10
Total	627	623	35	23
Other commitments				
Performance bonds and bid bonds	232	294	211	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	165	-	165	-
Investment in license fee-Sensium sport	67	-	-	-
Total	484	314	396	214

As at 30 June 2008 and 31 December 2007, the Group had unutilized credit facilities totaling Baht 303 million and Baht 300 million, respectively.

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A subsidiary has a commitment under the long-term lease and service agreements with IEC 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.

25 Contingent liabilities

- 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. As at 4 August 2008, the Supreme Court already sentenced 15 cases, of Baht 19.53 million including interest until 31 August 2008 that the Company has to pay compensation on tax coupons to the Custom Department. However, as at 30 June 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 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. As at 8 August 2008, the case has been still in the consideration of Court and ruling has not yet been finalized.

- As described in Note 14 to the financial statements, 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. Later, the Court proposed the compromise on lawsuit before consideration and made an appointment for compromising on 29 July 2008, however, the parties did not agree on the matters, therefore, the Court

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postponed compromised date to 8 October 2008. As at 8 August 2008, the case has been still in the consideration of Court and ruling has not yet been finalized.

- As discussed in Note 15 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 30 June 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. As at 30 June 2008, the case has been the process of consideration of the Court. The ruling has not been finalized yet. However, as at 30 June 2008, the Company recorded the provision from the above lawsuit in the amount of Baht 27.40 million.

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 debt of Baht 64.12 million to SSA and will transfer the right of claim 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.

26 Foreign currency risk

As at 30 June 2008, the Company had assets and liabilities denominated in foreign currencies, which were not hedged, were summarized as follows:

	Amount
Assets denominated in Japanese Yen	Yen 2,238,000
Assets denominated in USD	USD 14,430
Assets denominated in EUR	EUR 33,280
Liabilities denominated in EUR	EUR 7,996
Liabilities denominated in USD	USD 35,871

Please also see Note 27 to the financial statements.

27 Events after the balance sheet date

On 4 July 2008, Triple Play Co., Ltd. (“the subsidiary”) signed off the purchase agreement to purchase shares in Anya Animation Co., Ltd. for 1,740,000 shares or 100% of total issued share capital in the price of Baht 10 per share totaling Baht 17,400,000, which excluded contingent liabilities and commitment of Anya Animation Co., Ltd. The term of payments is as follows:-

First installment was payable on 4 July 2008 of Baht 12,400,000.

Second installment was payable on 7 August 2008 of Baht 5,000,000.

Seller registered to transfer all shares for 1,740,000 shares to the Company.

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The Board of Directors Meeting held on 23 July 2008 passed the following resolutions:-

- To cancel investing in a company at 100% of authorized share capital in the price of Baht 76.47 per share totaling Baht 13 million as the resolution of Board Directors Meeting held on 28 February 2008.
- To enter the forward exchange contracts with two domestic commercial banks in the amount of USD 2,465,927 at the rate of Baht 33.60 – Baht 33.70 per USD.
- To request credit facilities from a domestic commercial bank for guarantee amounts of Baht 143 million and USD 2.70 million with transferring the right of proceeds on IBACSS Project agreement and providing cash as the securities.
- To amend the term of investment to set up IENet (Thailand) Co., Ltd. for operating in business of telecom system and energy saving with authorized share capital of Baht 300 million. The Company, Chungwa Group and other company held 40%, 49% and 11%, respectively of authorized share capital.

As at 8 August 2008, the Company made the share payment of Triple Play Co., Ltd. amounted to Baht 19.40 million.

The Board of Directors Meeting of Augere (Thailand) Co., Ltd. held on 8 August 2008 passed a resolution to reduce the authorized share capital from Baht 50 million to Baht 12.50 million.

28 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.