

IEC

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รายนามประจำปี 2554

Annual Report 2011

บริษัท อินเตอร์เนชั่นแนลเอนจิเนียริง จำกัด (มหาชน)
The International Engineering Public Company Limited



บริษัท อินเทอร์เน็ตเอ็นจิเนียริง จำกัด (มหาชน)
The International Engineering Public Company Limited

Message from the Board of Directors

The International Engineering Public Company Limited made significant changes in 2011 as the emerging businesses --- Digital Mobile TV and Alternative Energy step into the spotlight, whilst 20-year dominant cell phone business retreating due to harsh competitions.

Albeit immediate substitutions of revenue were unrealized during the transition, the Board remains confident that strategic moves in the year earlier by leveraging business content from 80% distributorship majority to an operatorship, including organization restructure will materially improve the operating performances.

Under the circumstance where alternative energy either waste-to-energy or solar energy projects are under development and require considerable amount of investments, insufficient cashflow together with pending import license for transmission equipment under Digital Mobile TV Business, all of which have influenced corporate revenue realization in a short run. As a result, operating performances are not reflected as projected.

Hopefully, strategic approaches the management undertakes to benefit the company in long run and to create highest interests to the shareholders will be entrusted as IEC strives to uphold its 90-year commitment after establishment that **“We will be the frontrunner to bring modern technology in serving Thai community with honesty everlastingly.”**



(Lt. Somsak Yamasmit)
Chairman of the Board



(Dr. Jitkasame Ngarmnil)
Chief Executive Officer

Board of Directors



Lt. Somsak Yamasmit

Title	Chairman
Age	74
Education	National Defense College of Thailand Bachelor's Degree in Business Administration, Utah State University, U.S.A. Thai Institute of Directors - DAP in 2005 Role of Chairman Program (RCP) (Class 18) in 2008

Work Experience

2005-Present	Chairman, Multi Risks Consultant (Thailand) Ltd.
2002-Present	Chairman, Asian Capital & Consultant Co., Ltd.
2005-2011	Chairman, Sino-Thai Resources Development PCL



Mrs. Sunjutha Witchawut

Title	Vice Chairman / Executive Chairman
Age	51
Education	Master's Degree in Economics, University of Thai Chamber of Commerce Bachelor's Degree in Science, Prince of Songkla University Thai Institute of Directors - DAP in 2006

Work Experience

2009-Present	Advisor, Committee for Land, Natural Resources & Environment, the Parliament
2006-2008	Executive Chairman, Bliss-Tel Public Company Limited
2006-2007	Director, Adkinson Securities PCL
2003-2005	Advisor to the Subcommittee for Higher Education, the Parliament

Board of Directors



Dr. Jitkasame Ngarmnil

Title Chief Executive Officer

Age 44

Education Ph.D. of Engineering in Electronics
Imperial College London, the University of London, England
Master of Engineering in Electronics
King Mongkut's Institute of Technology Ladkrabang
Thai Institute of Directors - DCP in 2008

Work Experience

2010-2011 Chief Strategy Officer, The International Engineering Public Company Limited

2008-2009 Member of the Board of Director, CAT Telecom Public Company Limited

2006-2007 Secretary to the Minister of ICT

1990-2009 Vice Chancellor, Mahanakorn University of Technology



Mr. Sutee Phongpaiboon

Title Chairman of the Audit Committee

Age 47

Education Bachelor's of Law, Ramkhamhaeng University
Thai Institute of Directors - DAP in 2007

Work Experience

1999-Present Chief of Lawyers, Sutee Phongpaiboon Law Office

2009-2011 Chairman of the Audit Committee, Power-P Public Company Limited

Board of Directors



Lt. Dr. Suphornchai Siriwoharn

Title	Member of the Audit Committee
Age	63
Education	Doctor of Philosophy (Outstanding in Leadership and Human Behavior), School of Human Behavior, Department of Psychology, College of Arts and Sciences, United States International University, San Diego, California, USA. Master's Degree (Distinguished Honor) in Public Administration, Majoring in Public Policy and Project Management, Faculty of Public Administration, NIDA

Work Experience

2004-Present	Vice Chairman, Institute of Social and Economic Policy (ISEP)
2006-Present	Visiting Lecturer, Ph.D. Program in Public Administration, Western University
2008-Present	Visiting Lecturer, MD. Program in Public Administration, Chiangmai Rajabhat University
2007	Advisor, Industrial and Tourism Sub-committee, National Legislative Council



Lt. JG Yuthana Sivaraks

Title	Director
Age	46
Education	LL.M. with specialization in International Law, Trade and Finance, Tulane University, USA LL.M. in Comparative Law, Penn. State University, USA LL.B, Thammasat University Thai Institute of Directors - DAP in 2008

Work Experience

2004-Present	Legal Advisor and Partner, Baker & McKenzie
2008-Present	Central Land Sub-Division Committee, Interior Ministry
2002-2006	Legal Committee of the King Prajadhipok's Institute

Board of Directors



Dr. Somchai Wongrassamee

Title	Member of the Audit Committee
Age	44
Education	Ph. D. (Production Engineering), Heriot-Watt University, UK MD. in Business Administration (Finance), University of Dallas, USA

Work Experience

1997-Present	Visiting Lecturer and Vice Chancellor, Logistics Technology, Mahanakorn University of Technology
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Dr. Tawatchai Suwannakum

Title	Director
Age	50
Education	Ph. D. (Electrical Engineering), University of Kassel MD. in Energy Technology, King Mongkut's University of Technology Thonburi

Work Experience

2011-Present	Member, National Solar Energy Potentiality and Feasibility Study Sub-committee
2011-Present	Director, IEC Green Energy Co., Ltd.
2011-Present	Director, Team Solar Co., Ltd.

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Financial Information

		(Restated)	Unit: Thousand Baht
	2011	2010	2009
Total Assets	1,452,359	1,686,158	2,166,743
Total Liabilities	1,369,484	1,271,404	1,227,683
Shareholders' Equity	82,875	414,754	939,059
Revenue from Sales and Service	1,027,097	1,703,851	1,786,929
Total Revenue	1,170,091	1,795,960	1,920,313
Gross Profit	109,685	56,947	81,009
Net Profit	(320,923)	(897,361)	(571,942)
	2011	2010	2009
Earnings per Share (Baht)	(0.01)	(0.02)	(0.02)
Dividend per Share (Baht)	0.00	0.00	0.00
Net Profit Margin (%)	(27.43)%	(49.97)%	(29.78)%
Return on Equity (%)	(128.71)%	(132.72)%	(57.35)%
Return on Asset (%)	(20.45)%	(46.58)%	(25.42)%
Book Value per Share (Baht)	0.002	0.01	0.03

Operations in 2011

Company Information

The International Engineering Public Company Limited (IEC) head office is located at 390 Ramkhamhaeng Road, Hua Mark, Bangkok, Bangkok Metropolis 10240. Corporate Registration No. 0107536000323 (formerly Bor Mor Jor 106), Homepage <http://www.iec.co.th>, Tel: (0) 2736-3535, Fax: (0) 2736-3558.

IEC was established in 1922 with the objective to construct the Bangkok-Aranyaprathet Railway, for the first time ever connecting Thailand to the Cambodian border. This project also marked the first time in Thai history that Caterpillar tractors were introduced to the construction industry. IEC later registered as a Thai national company in 1953 with a registered capital of THB 10 million. In 1965, IEC was appointed as a "Royal Appointment" company. In 1983, Siam Cement PCL foresaw the potential company growth for IEC, invested and took full control of IEC operations; IEC accordingly became an affiliate of the Siam Cement Group. In 1990, Siam Cement Group changed its investment policy, prompting IEC's management to invest in itself. Joined by a group of additional investors, IEC management increased the registered capital to THB 120 million. In 1992, the company was listed in the Communication Sector of the Thai Stock Exchange, a year later becoming a public limited company. IEC has increased its capital continuously, today having a registered capital of THB 6,346.86 million and a paid-up capital of THB 4,273.18 million (figures as at 31 December 2011).

Nature of Business Operation

The group of The International Engineering Public Company Limited classifies operations into the following businesses:

1. **Mobile Phone Business**

- 1.1 Nokia Shop (Nokia Franchise) Business under IEC
- 1.2 Communication Service Business (IEC3G) under IEC Technology Co., Ltd.
- 1.3 DTAC Distribution under IEC

2. **Information Technology Business**

- 2.1 System Integrator Business under IEC and IEC Technology Co., Ltd.
- 2.2 Multimedia Content Provider Business and LCD TV/CCTV Project at Suvarnabhumi International Airport under Triple Play Co., Ltd.
- 2.3 Digital Mobile TV Business under IEC
- 2.4 E-learning Business under IEC

3. **Energy Business**

- 3.1 Waste-to-Energy Power Plant under a subsidiary (Gidec Co., Ltd.) of IEC Green Energy Co., Ltd.
- 3.2 Solar Energy Power Plant under a subsidiary (Team Solar Co., Ltd.) of IEC Green Energy Co., Ltd.

4. **Property Investment and Management Business under IEC Asset Co., Ltd.**

(Property Investment and Management Business was divested in August 2011.)

5. **Engineering Business**

(Engineering Business was terminated since December 2011.)

6. **Investment Business under IEC Business Partners Co., Ltd.**

(The Board of Directors approved conditional divestment in Investment Business in January 2012.)

Structure of Shareholding and Investment in Subsidiaries

Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<i>Direct subsidiaries</i>				
1. IEC Green Energy Co., Ltd.	Providing consulting in research and development distributing the products regarding technology for environmental management and development of all energy and alternative energy	Thailand	100	100
2. IEC Technology Co., Ltd.	Information technology service	Thailand	100	100
3. IEC Asset Co., Ltd.	Lease of property and service (On 31 August 2011, the Company already sold investment in subsidiary)	Thailand	-	100
4. IEC Distribution System Co., Ltd. (Formerly: IEC Easy Fix Co., Ltd.)	Repairing services for mobile phones and accessories (temporarily close in order)	Thailand	100	100
5. IEC Business Partners Co., Ltd.	Investment	Thailand	100	100
6. Triple Play Co., Ltd.	Mobile Media Content	Thailand	100	100
<i>Indirect subsidiaries</i>				
7. Anya Animation Co., Ltd.	Subcontracted production and distribution of visual and movie media contents	Thailand	100	100
8. UFO Studio Asia Co., Ltd.	Computer game implementation	Thailand	51	51
9. GIDEC Co., Ltd.	Operating electricity plant from waste (In the process of construction)	Thailand	100	-
10. Team Solar Co., Ltd. (Formerly: Lamphun Solar Co., Ltd.)	Operating electricity plant from solar cell (In the process of construction)	Thailand	100	-
<i>Joint-controlled entity</i>				
11. IEC Internet Co., Ltd.	Internet service provider (In process of liquidation and on 31 August 2011, the Company already sold investment in subsidiary)	Thailand	-	65

Structure of Revenue

	%	2011		2010		2009	
	Holding	MB	%	MB	%	MB	%
<u>Products and Services under the Company</u>							
Mobile phone business		1,024.08	87.45	1,621	90.25	1,538	80.11
Engineering business		-	-	25	1.41	56	2.90
Profit (Loss) from investment		-	-	-	-	79	4.11
Shared profit from investment by equity method		-	-	-	-	-	-
Other revenues		40.55	3.46	25	1.38	45	2.36
Total Revenue for the Company		1,064.63	90.91	1,671	93.04	1,718	89.48
<u>Products under Subsidiaries</u>							
IEC Green Energy Co., Ltd. – (Former IEC Mobile)	100	2.76	0.24	-	-	24	1.28
IEC Technology Co., Ltd. – IT services	100	27.25	2.33	5	0.28	1	0.06
IEC Asset Co., Ltd. – Investment in IEC Building (Former an ISP) – Divested since 31 Aug 2011	100	40.04	3.42	58	3.21	45	2.32
IEC Business Partners Co., Ltd. – Investment	100	0.61	0.05	11	0.61	15	0.78
IEC Distribution System Co., Ltd. – Mobile phone and after services (Former IEC Easy Fix Co., Ltd.)	100	0.71	0.06	31	1.76	112	5.85
Triple Play Co., Ltd. – Mobile media content provider	100	35	2.99	20	1.10	5	0.23
Total Revenue for the Company & Subsidiaries		1,171	100.00	1,796	100.00	1,920	100.00
Growth Percentage (%)		(34.79)		(6.46)			(50.73)

Operating Results and Competitions

- **Operating Results**

Operating performance of The International Engineering Public Company Limited for the year 2011 as ended 31 December 2011 in comparison with the previous year the company registers net losses in 2011, amounting THB 249.93 million, compared to THB 903.60 million net losses in the preceding year, or a decreased net loss of THB 653.67 million. The company and subsidiaries register THB 320.92 million net losses in 2011 (Restated), compared to THB 897.36 million net losses in the preceding year, or a decreased net loss of THB 576.44 million. Details are as follow:

1. In 2011, the company earns THB 1,024.08 million revenue from sales and service, compared to THB 1,646.77 million in the preceding year, or a decreased amount of THB 622.69 million or 37.81%.

In 2011, the company and subsidiaries earn THB 1,035.03 million revenue from sales, service and rental, compared to THB 1,759.49 million in the preceding year, or a decreased amount of THB 724.46 million or 41.17%.

The company and subsidiaries earned lower revenue from sales and service due to terminated cellphone wholesale distribution and channel realignment to Nokia Shop, temporarily-ceased operation of repair and after-sales services plus logistics business transfer.

2. In 2011, the company's other expenses are amounted at THB 188.85 million, compared to THB 869.09 million in the preceding year, equaling a decreased amount of THB 680.24 million or 78.27%.

Other expenses of the company and subsidiaries in 2011 are THB 116.18 million, compared to THB 488.58 million in the preceding year, equaling a decreased amount of THB 372.40 million or 76.22%.Details of other expenses are as demonstrated in Notes to the Financial Statements Page 39.

3. In 2011, operating performance of the company, excluding other expenses is reflected in THB 61.08 million losses, compared to THB 34.51 million in the previous year, equaling an increased loss of THB 26.57 million or 76.99%.

As for the company and subsidiaries, the operating performance excluding other expenses in 2011 is reflected in THB 204.74 million losses, compared to THB 408.78 million losses in the previous year, equaling a decreased loss of THB 204.04 million or 49.91%.

2011 and 2010 Year-on-Year comparisons, the company and subsidiaries posted 19.55% decrease in SG&A expenses due to expense cuts in each business unit.

- **Competitions**

1. Mobile Phone Business

1.1 Nokia Shop (Nokia Franchise) Business under IEC

In 2011, competitions in mobile phone markets are volatile among vendors like Nokia, Samsung, iPhone and Blackberry, with iPhone, the emerging leader among teenagers driving Nokia and Samsung, the market leaders to add new models for all onto their shelves. Price competitions are severely threatening; however, do not affect Nokia Shop due to customer awareness over products, services and after-sale commitment.

Nine Nokia Shops have been unveiled during the year; eight of them are in Bangkok including Mahboonkrong, Paradise, The Mall Bangkok, Ngamwongwan, Bangkae, Seacon Square, Siam Paragon, Terminal 21 and one regional shop in The Mall Korat. The company plans to add five more branches in 2012.

1.2 Communication Service Business (IEC3G) under IEC Technology Co., Ltd.

In 2011, 2G network service providers invest continuously in 3G networks, led by TRUE convergence trend setter as they strive to become 3G network leader, with strong emphasis on high-speed data users that distinguishes 3G from 2G. AIS and DTAC meanwhile rally to launch 3G campaigns throughout the year 2011, enabling customers under TOT3G and MVNO (Mobile Virtual Network Operator) network more alternatives to adopt 3G services.

Tariff-driven strategy remains key approach of the company in matching high-speed data package with target customers in each segment. Corporate clients with certain requirements over high-speed data are also penetrated. IEC Technology attempts to strengthen team efforts, foster customer and vendor relationship as well as retain customer base.

1.3 DTAC Distribution under IEC

IEC represents DTAC for CW1 Region, responsible for distribution of DTAC's products such as refillable card, online refill, postpaid SIM, prepaid SIM, aircard to dealers in five provinces including Ayutthaya, Angthong, Saraburi, Lopburi and Singaburi. DTAC's customers will enjoy easy access to DTAC services in the said region after IEC's office openings in Ayutthaya, Saraburi and Lopburi, which enable flexibility and faster product distribution.

DTAC's market share in CW1 is relatively consistent as subscribers tend to stick with their existing providers. As for western central region, AIS secures their leading position followed by DTAC and TRUE MOVE as AIS and DTAC prevail for their extensive coverage and quality of service, whereas TRUE MOVE is setting 3G trend and promotional activities to increase their subscribers. However, DTAC safely secures its customer base with growing numbers of data users, with up to 20% usage growth compared to 2010.

2. Information Technology Business

2.1 System Integrator Business under IEC Technology Co., Ltd.

According to IT market research, Thailand's ICT investment is accounted for 0.4% of GDP. In 2011, ICT investment increases by 15.6%, equaling THB 293,237 million market turnover, in which 20.8% or THB 59,818 million derived from government spending. As for Data Center and Disaster Recovery

Center, THB 6,903 million are accomplished, in which 38.5% or THB 2,567 million come from government's expenditure on computer data center, hardware, server and system procurement, etc. The figures are good news for IEC's System Integrator Business due to competitive advantages including project references, customer service excellence, decent business relationship and amicable support from strong partners.

2.2 Multimedia Content Provider Business and LCD TV/CCTV Project at Suvarnabhumi International Airport under Triple Play Co., Ltd.

Thai production houses have substantially created well-accepted digital-contented works like 2D & 3D animations, commercial spots, movie visual effects, web creative mobile and online games. In the past couple of years, the company subsidiaries have been chosen as production house for the animations - Flying with Byrd and Sheldon Season 2 broadcasted on Channel 3. The copyright owner plans to market the animations worldwide signifying content business expansion.

Content business however contains certain risks and limitations, for instance lack of skilled professionals, software pricing and production equipment incompatible with local remuneration, small market size, handful numbers of digital content education institutions, high competition in other countries, high IP violations, Low English proficiency for Thai developers, Non-proprietary technology and small digital content market.

With regards to LCD TV and CCTV Project at Suvarnabhumi International Airport, albeit ads budget for digital media is relatively low in comparison with other media as advertisers remain unwilling to dump their budgets into the prospective digital media. Today, consumers stay in touch with digital media all the time. The Project's core revenue is product and service advertisements on LCD, a refreshing channel of digital signage in Thailand and a new system of motion display. Consumers are uncertain about its broadcasting and recording values, lacking supportive information on its advantages, therefore introduction and presentation of the media is limited to a small number of clients with certain experiences at worldwide airports. To draw customer attention over Triple Play's media, trial broadcast and event marketing have been launched in consideration of customer specific conditions.

2.3 Digital Mobile TV Business under IEC

Digital Mobile TV is in its initial stage of development in Thailand with no apparent rivalry. At present, most of the mobile TV is broadcasted on GPRS (or 3G) on the platform of each mobile operator. Users have to pay GPRS per minute of use or per package. Some of the cellphones are embedded with TV reception circuit to receive TV broadcasted analogue signal. Problems begin with the reception quality when receiving signals in Bangkok where many sky scrapers stand.

MCOT Public Company Limited ("MCOT") agrees to mandate IEC the operator of Digital Mobile TV under a mutually-agreed contract which involves investment, project management, operational management, accounting, sales, marketing, ads and PR management in relation with Digital Mobile TV on UHF Channel 58 under the supervision and the policy of MCOT.

2.4 E-learning Business under IEC

The Company views learning business as a fast-growing industry with small product alteration. Learning business may help create a new opportunity to support IEC's current core businesses. After having conducted researches on institutional textbooks, it is found that each academic institution is ready to adopt E-learning and M-learning (Mobile) packages, taken as a way to raise its standard of teaching.

Since the agreement signed with Lert Auksorn Publishing Co., Ltd. in 2010, IEC has liaised with Ministry of Education to distribute the learning packages. Due to political and ministerial internal change, the action plan has gone behind the schedule; however, IEC stays in focus, trying to distribute the package and proceed as planned.

3. Energy Business under IEC Green Energy Co., Ltd.

Renewable energy project is somewhat different from other type of business development as the project itself has certain influence over community and society. Counterparty of a project is usually the local authority with a mission of maintaining environmental condition of its community and territory.

Generally, an entry into a renewable energy project is possible through government bidding. After awarded with the project, an agreement with the local authority, validated in certain duration under terms and condition stipulated in the agreement will be established; whereas, competitions or new competitors in the same territory will not exist. Renewable energy project therefore is deemed a competition-free project along the contractual period.

In spite of this, IEC Green Energy strives to run the project smoothly by setting up CSR budget and fostering decent relationship with local communities, attempting to create jobs and earnings for local people, as well as to communicate with the community our goodwill towards industrial peace.

As for Engineering Business, the Company has ceased its operation since December 2011, and disposed IEC Asset Co., Ltd., the subsidiary in property investment and management in August 2011, as well as IEC Business Partners Co., Ltd., the investment company which the Board of Directors of the Company has approved conditional divestment in January 2012.

Related Transactions

Related transactions with connected person

The Board of Directors' Meeting No. 10/2011 of the Company held on 21 December 2011, resolved in approval for the Company's borrowing from Mr. Sakol Wacharasriroj, father of Mrs. Sunjutha Witchawut, Vice Chairman of the Board and Chairman of the Executive Committee of the Company, in an amount not exceeding THB 18 million with an interest rate of 15% per annum but no demand for collateral. Repayment of principal plus interest will be made in a single payment within 3 months after date of borrowing.

Concerning related party transactions and balances, please see the auditor's Notes to the Financial Statements No. 6

Financial Status

Revenue

The company and subsidiaries earn, in 2011, THB 1,035.03 million revenue from sales, service and rental, compared to THB 1,759.49 million in the preceding year, or an decreased amount of THB 724.46 million or 41.17%.

The company and subsidiaries post THB 14.28 million losses from investment in 2011, compared to THB 182.90 million losses in the previous year, equaling a decreased loss of THB 168.62 million or 92.19%.

Cost of Sales and Service

In 2011, cost of sales, service and rental of the company and subsidiaries reaches THB 951.50 million with a gross profit margin of 8.07%, compared to figures in 2010, THB 1,696 million and 3.61% respectively; whereas GP margin in 2011 increased from the figure in 2010.

Selling, General and Administration Expenses

Selling, general and administration expenses of the company and subsidiaries in 2011 were collectively THB 355.70 million, compared to THB 442.13 million SG&A expenses in 2010 (Restated), a THB 86.43 million decrease or 19.55%.

Assets

As of 31 December 2011, the company and subsidiaries have total assets of THB 1,452 million, a THB 234 million or 13.88% decrease from 2010 due to decrease amounts of trade receivables and other receivables (Related parties and businesses), provisions on doubtful debts and decreased value of short-term investments.

Liabilities

As of 31 December 2011, the company and subsidiaries had total liabilities of THB 1,369 million, compared to THB 1,271 million in 2010 (Restated), a THB 98 million or 7.71% increase as in 2011 there are increasing numbers of short-term loans and adjustments on accrued expenses in response to court verdict made as a result of IECBP's miscalculation of interest rate under a loan agreement applying 20% a year ceiling interest, but the rate ruled by court's verdict is 8% and 13% per annum.

Liquidity and Source of Capital

In 2011, the company and subsidiaries earned THB 292 million net cash from operating activities as the company collected payment from provisioning billing mediation and customer service system.

THB 407 million net cash from investment activities were spent in 2011 through leasehold right payments, asset payment and purchase of land, building and leasehold rights.

Whereas THB 23 million cashflow earned from financial activities in 2011 were obtained from short-term loans.

Risk Factors

1. Risk from operation and competition

For mobile phone business, the Company encounters risks from continuous price declination; obsolete goods substituted by new models with more developed function at similar price, price fluctuation and competition among dealers.

For IEC3G or MVNO business, the Company faces price competitions against MVNO peer group. Many of them develop their own 3G networks and plenty of base stations plus multiple marketing strategies. Another threatening risk is TOT3G network extension worth THB 19,000 million investments which fail to comply with the schedule. The five MVNO players are also struggling to get subscribers, causing 3G market prices to stumble. Entry of the three 2G network operators with abundance of marketing skills, subscribers and mobile phone experiences plus the five MVNO players struggle making 3G price structure even worse. Not to mention entry of new MVNO and 3G operator(s) that will follow.

As for System Integrator (SI) Business, harsh competitions do exist, particularly large-scale project bidding of government agencies. To date, there have been increasing numbers of existing SIs and newcomers in the market where number of large-sized governmental projects remains unchanged or with a small increase due to economic situation.

2. Risks from government policy

Government policy plays significant part for implementation of renewable energy project. It not only attributes to company's business expansion, but also helps the overall industry to grow.

The risk factor is the adjustment of adder policy in terms of subsidies and duration of subsidization. This includes the government efficiency to consider and approve renewable energy projects submitted by the applicants.

As for IEC3G, an MVNO-based cooperation with TOT Public Company Limited, the major impacts over the Company are lack of continuity of supply and bidding for 3G expansion projects. Change of project in-charge person results in the delay of base station expansions which directly affect the Company.

Political and economic uncertainty, cabinet reshuffle or executive transfer in governmental agencies including slowing economy after flood crisis, all have direct impact over system integrator business in terms of delayed operation and employment.

3. Risks from inventory management

Mobile phone is a technological product driven by ever-changing trends of fashion. Price cut and harsh competition are key factors driving the company to brink of losses. Most effective inventory management is therefore prioritized. The Procurement and Sales Division together with Nokia (Thailand) Limited constantly conduct inventory monitoring, implementing marketing plans to deplete certain models.

For IEC3G, incompatibility and lack of continuity of IEC3G project management itself affect overall purchasing plan, Sales and Marketing Division. The operator with a cost-over-market struggle with price competition in the market.

4. Risks from exchange rate

Exchange rate poses certain risk over system integrator business whenever project bidding is delayed, cancelled or restarted with the whole process. From the beginning of the process to the new bidding may take up to two years, causing price surge of imported supplies depending on exchange rate at the moment; while project value remains unchanged. This factor simply pulls down project earnings due to increased cost of supplies as a result of exchange rate.

5. Risks from investment

IECBP's investment has been alleged by a third party who claims his ownership over ethanol facilities which IECBP acquired. The plaintiff filed lawsuit to the court to revoke the transaction, however the court discharged the case. He then appealed to the appellate court, where the case may possibly take two-year time (until 2013) until the court verdict. There will be certain risks if the appellate court overrules the verdict of the court of first instance and IECBP then will be exposed to liabilities due from lawsuits. Hence, IECBP has to petition the appellate court's verdict.

However, on 18 January 2012, the Board of Directors of the Company has resolved to divest all shares in IECBP to a buyer under the condition that the buyer shall settle share payment and be entitled to receive share transfer after the buyer arrives a written agreement with the institutional creditors who filed lawsuit against the Company and IECBP, that the creditors agrees to release all the Company's loan guarantees and any existing or possible obligations due from the debt amount over which the Company, as the guarantor, was sued by the creditors.

6. Risk from technology

Technology involves in renewable energy development. It is also considered first and foremost priority when implementing a project, such as waste-to-energy technology and solar energy technology. The adoption of technology secures project survival. Inappropriate technology not only brings inefficient and ineffective implementation, but also lessened chance of survival in long run. The right technology does not mean to choose the best one, as it may not prove best fit on long-term basis in terms of investment, return, know-how or management skills.

The Company has carefully chosen the technology suitable for each renewable energy project, taking reference from internationally-proven projects with certified success from notable institutions, projects commercially-proven for certain duration. Speaking of know-how and management skills, company personnel must have exposures to know-how transfer and implementation experience, regardless of foreign dependency. Extreme priority is given to these exposures, not only the technology. As witnessed from many of devices and equipments designed and developed locally with equivalent standard to the technology owner, a fine example of personnel development on know-how and skills to lower risks from commercial adoption of a technology.

7. Risk from stable source of raw material

Implementation of a renewable energy project requires constant supply of raw material into the process in order to secure energy output and project existence as planned. This risk factor has been taken into consideration since the decision to enter into the project, especially when engaging with a party of local authority. For instance, the waste-to-energy project in which stable source of raw material is contemplated. Minimum quantities of municipality waste, the raw materials, are pre-determined by the Company, and deemed the binding clauses and liabilities according to legal contract. By doing this, project smooth implementation is guaranteed. In addition, project site or location is also considered for the counterparty must possess sufficient reserved sites of raw material supply in the event of daily or periodical supply shortage. The Company's project contains secured

stability of supply with abundant source of land-filled and non land-filled municipality wastes ready for use.

8. Community risk

Implementation of a renewable energy project may pose friction against surrounding communities, therefore, when entering any projects, local environments will be pre-studied as well as public opinions towards short and long-term project. Public hearings according to laws and regulations are also done to ensure full support from relevant public and community.

Though granted approval from local government and community, the Company allows the community project participation as well as creates jobs and incomes for the inhabitants and allocates legal budgets for community development.

Significant Transactions in 2011

The company entered into significant transactions in 2011 as follows:

1. Investment in Gidec Co., Ltd.

On January 6, 2011, IEC Green Energy Company Limited, a subsidiary of the Company acquired 980,000 common shares or 49.00 percent of paid-up capital of Gidec Company Limited (“GDEC”) from Mr. Panya Watcharaboon, the existing shareholder at an acquisition price of THB 150 per share, worth totally THB 147 million.

Type of acquired assets:	Ordinary shares of Gidec Co., Ltd.
Registered and paid-up capital:	THB 200,000,000
No. of shares before acquisition:	-None-
No. of shares acquired:	980,000 shares
% of shareholding after transaction:	49.00%

Later, on August 9, 2011 IEC Green Energy Company Limited acquired additional 1,020,000 common shares or 51.00 percent of paid-up capital in Gidec Company Limited from Mr. Panya Watcharaboon, the existing shareholder at THB 150 per share, worth THB 153 million.

Type of acquired assets:	Ordinary shares of Gidec Co., Ltd.
Registered and paid-up capital:	THB 200,000,000
No. of shares before acquisition:	980,000 shares
No. of shares acquired:	1,020,000 shares
% of shareholding after transaction:	100.00%

2. Divestment in A-HOST Co., Ltd.

On March 25, 2011, IEC Business Partners Co., Ltd., a company subsidiary divested all 981,400 shares held in A-HOST Co., Ltd., or 16.36% of paid-up capital to Mr. Bunprasit Tangchaisuk at THB 18 per share, equaling a total transaction value of THB 17,665,200.

Type of disposed assets:	Ordinary shares of A-HOST Co., Ltd.
Registered and paid-up capital:	THB 60,000,000
No. of shares before disposition:	981,400 shares
No. of shares disposed:	981,400 shares
% of shareholding after transaction:	-None-

3. Investment in Team Solar Company Limited

On July 22, 2011, IEC Green Energy Company Limited, a subsidiary of the Company acquired 10,000 ordinary shares, or 100.00% of paid-up capital in Team Solar Company Limited (Former name “Lamphun Solar Company Limited”) from existing shareholders, Mr. Thongchai Jitnawatian 7,200 shares, Mrs. Piangpit Wuthichompu Jitnawatian 2,500 shares and Ms. Orn-arun Paligui 300 shares at an acquisition price of THB 2,700 per share, worth a transaction value of THB 27 million.

Type of acquired assets:	Ordinary shares of Team Solar Co., Ltd.
Registered and paid-up capital:	THB 1,000,000
No. of shares before acquisition:	-None-
No. of shares acquired:	10,000 shares
% of shareholding after transaction:	100.00%

4. Divestment in IEC Asset Co., Ltd.

On August 26, 2011, The Company divested all 14,000,000 ordinary shares, or 100.00% of paid-up capital held in IEC Asset Company Limited to Jard Karn Subzin Dee Company Limited at a selling price of THB 1.36 per share**, equaling a total transaction value of THB 19,000,000.

Type of disposed assets:	Ordinary shares of IEC Asset Co., Ltd.
Registered and paid-up capital:	THB 140,000,000
No. of shares before disposition:	14,000,000 shares
No. of shares disposed:	14,000,000 shares
% of shareholding after transaction:	-None-

** *An approximate value*

Audit Committee Report

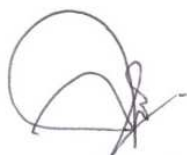
Dear shareholders of The International Engineering Public Company Limited:

The company's Audit Committee is established by resolution of the Board of Directors. The Committee consists of three independent directors, namely Mr. Sutee Phongpaiboon, Chairman, Lt. Dr. Suphornchai Siriwoharn and Dr. Somchai Wongrassamee, members of the Committee. During 2011, meetings of the Audit Committee were held in five occasions.

The Audit Committee performs its work, gives independent opinions and follows duties and responsibilities as assigned by the Board of Directors, upholding good governance policy guideline by the Stock Exchange of Thailand as follow:

1. To review and ensure the quarterly and yearly financial statements of the company and subsidiaries are done according to generally-accepted accounting standard, adequately disclosed prior to approval of the Board of Directors
2. To review and ensure effective internal control, transparent operation compliant with company regulations, governing laws and rules
3. To convene meetings with management and internal auditor and to review connected transaction or any transaction that may have a conflict of interest to comply with legal and regulatory guidelines of the Stock Exchange of Thailand, in order to ensure the entered transaction is reasonable and create highest benefits to the company
4. To review and attend to audit report(s) of the Office of Internal Audit; to give advices for improvement of company's operations; and to consider and approve audit plans in 2012
5. To propose to the Board of Directors, the appointment of company's auditor and fixing of audit fees in 2012

The Audit Committee opines that the Company has completed the financial statements in compliance with the generally accepted accounting standard, providing adequate disclosure of information. After evaluation, the Committee deems the company establishes an internal control system sufficient and appropriate for the ongoing business, and performs in full compliance with the regulations of the Stock Exchange of Thailand.



(Mr. Sutee Phongpaiboon)
Chairman of the Audit Committee

Audit report of Certified Public Accountant

To the shareholders of The International Engineering Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and separate financial statements of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, for the year ended 31 December 2010 were audited by another auditor whose report dated 24 February 2011 expressed an unqualified opinion on those statements and drew the attention in relation to (1) a subsidiary purchasing assets from a company and was sued by the third person, who alleged in his possession, related to the above purchase of assets that was invalid and the criminal embezzlement, and the above mentioned subsidiary failing the payment pursuant to the loan agreement and be notified by a domestic commercial bank to cancel the loan agreement and guarantee agreement including to call the repayment of outstanding debts with interest from the subsidiary and the Company, as a guarantor, and to redeem the mortgaged assets. Subsequently, the subsidiary and the Company was sued by the bank to repay the principal with interest including enforced to mortgage the assets. The subsidiary was filed a petition for bankruptcy by the bank to the Central Bankruptcy Court. However, the subsidiary filed a refusal on the above petition. Subsequently, the legal consultant of the subsidiary and the Company sent the letter to IGA and the bank to cancel the fraud juristic act in relation to purchase assets, borrowings, mortgage and guarantee. When the cancellation is made, it results to the above voidable act to be as the void act and the parties shall be restored to the condition in which they were previously. In addition, the subsidiary and the Company filed a lawsuit against IGA, IGA's directors and the bank totalling 4 persons, as the defendants, to the Civil Court in order to request the cancellation of fraudulent acts and claim a compensation. The above cases have been in the process of the Court's consideration that has not been finalized. (2) There were material uncertainties that may cast significant doubt on the ability of the Group / Company to continue as going concerns. As explained in Note 4 to the financial statements, the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2010 have been restated because the Board of Directors Meetings of the subsidiary and the Company held on 22 March 2012 and 26 March 2012, respectively, unanimously approved a subsidiary and the Company adjusted the prior years accrued interest expense which was calculated from default rate as per the loan agreement to the interest rate per the Court's judgement in order to agree with the judgement of the Court of First Instance. I have audited the adjustments that were applied to the restatement of 2010 consolidated financial statements of the Company and its subsidiaries and in my opinion these adjustments are appropriate and have been properly applied.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and the results of operations and cash flows for the year then ended of The International Engineering Public Company Limited and its subsidiaries, and of The International Engineering Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Without qualifying my opinion I draw your attention to notes to the financial statements as the following matters:

- (a) As described in Notes 16 and 47 to the financial statements, a subsidiary (“IECBP”) purchased assets from a company (“IGA”) amounted to Baht 465 million. Subsequently, the above subsidiary was sued by the third person, who alleged in his possession, related to the above purchase of assets was invalid, and the criminal embezzlement. The process of taking evidences of two cases was already performed; therefore, on 26 October 2010, the Court read their judgement and then decided to dismiss above two cases. Subsequently, the plaintiff filed an appeal against the judgement and on 24 August 2011, the Court ordered such appeal be not acceptable and decided to confirm the Court of First Instance’s judgement, therefore, the case was finalized. As described in Notes 24 and 47 to the financial statements, the subsidiary (“IECBP”) failed the payment pursuant to the loan agreement and was notified by a domestic commercial bank (“the bank”) to cancel the loan agreement and guarantee agreement including to call the repayment of outstanding debts with interest from the subsidiary (“IECBP”) and the Company (“IEC”), as a guarantor, and to redeem the mortgaged assets. Subsequently, the above subsidiary and the Company were sued by the bank to repay the principal of Baht 340 million with interest including enforced to mortgage the assets. The Court had already conducted the process of taking evidences from both the plaintiff and the defendant and made an appointment for hearing their judgment on 30 June 2011. On such date, the Court read their sentences to the subsidiary, as the borrower, and the Company (“IEC”), as the guarantor, jointly paid in the amount of Baht 340.33 million with interest expenses until the debt is settled. In case of default, the mortgaged assets, which comprised land with structures thereon and machines, will be sold by public auction in order to settle the outstanding debts with the plaintiff (“the bank”). If the proceeds from auction is not enough, the defendants’ other assets (“the subsidiary’s and the Company’s”) will be seized for auction in order to settle the outstanding debt in full and jointly paid the court fees to the plaintiff. On 29 September 2011, the subsidiary and the Company filed a petition to suspend the execution and appeal against the judgement to the Civil Court. The Court ordered to accept the petition and the appeal on 4 October 2011, and to the subsidiary and Company sending the plaintiffs the copies of those documents to defend within the due date and then collecting them to submit to the Appeal Court for consideration. Subsequently, on 18 January 2012, the plaintiff

already filed a reply to an appeal. As of 26 March 2012, the result has not been finalized. The bank filed its petition for bankruptcy charge against the subsidiary (“IECBP”) to the Central Bankruptcy Court. The subsidiary filed a statement of defence on the above plaint to the Central Bankruptcy Court. The Court determined the date of taking evidences, but on the such date, the plaintiff filed a petition to the Court regarding its business sold to another bank and the status of plaintiff has been in the process of change including the Court adjourned the consideration. As of 26 March 2012, the result has not been finalized. Subsequently, the subsidiary (“IECBP”) and the Company sent the letter to IGA and the bank in order to cancel the fraud juristic act in relation to purchase of assets, borrowings, mortgage and guarantee. When the cancellation is made, it results to the above voidable act to be as the void act and the parties shall be restored to the condition in which they were previously. In addition, the subsidiary and the Company filed a lawsuit against IGA, IGA’s directors and the bank totalling 4 persons, as the defendants, to the Civil Court in order to request the cancellation of fraudulent acts and claim compensation. On 23 September 2011, the Company’s and IECBP’s lawyer filed a request to the Court for issuing a writ of summons to a company who received the transfer of claims and securities (“the asset management company”) from the bank becoming a joint-defendant. On 28 September 2011, IGA’s and IGA authorized directors’ lawyers filed the request to the Court to temporarily dispose the case because of the absolute receivership order from the Central Bankruptcy Court to IGA. The Court allowed to issue the above writ of summons, to cancel the appointment date for taking additional evidences from the plaintiffs and the defendants and to postpone the appointment date to 6 March 2012 and 25 April 2012 in order to the official receiver performing such case instead of the Court. On 23 December 2011, the subsidiary filed its respective claim for payment from IGA in bankruptcy case with the official receiver as the fifth creditor amounted to Baht 89 million and such respective claim has already been examined by the official receiver. The first creditors meeting will be arranged on 3 April 2012.

- (b) As described in Notes 2 and 47 to the financial statements and as shown in the financial statements for the year 2011, the Group/Company has continuously incurred losses due to the global economic crisis. For the year ended 31 December 2011, the Company had loss for the year of Baht 319 million and Baht 250 million in the consolidated and separate financial statements, respectively. As at 31 December 2011, the Group/Company had current liabilities exceeded current assets in the amount of Baht 994 million and Baht 90 million in the consolidated and separate financial statements, respectively, including the Company and its subsidiaries have a lot of contentious cases which have not been finalized. These factors are material uncertainties that may raise substantial doubts on the ability of the Group/Company to continue as going concerns.
- (c) As described in Notes 6 and 13 to the financial statements, on 31 August 2011, the Company disposed the investment in a subsidiary (IEC Asset Co., Ltd.) in the price of Baht 1.36 per share, which was calculated by the company’s management, resulting to loss from investment of Baht 16.50 million and Baht 20.40 million in the consolidated and separate financial statements, respectively. However, the management explained that the disposal of investment in such subsidiary resulted to be saving cost of the Company.

As explained in Notes 2, 3 and 4 to the financial statements, with effect from 1 January 2011 the Group/Company have adopted new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010, which are included in the accompanying financial statements for comparative purposes, have been presented in accordance with the consolidated and separate financial statements for the year ended 31 December 2011 accordingly.



(Maliwan Phahuwattanakorn)
Certified Public Accountant
Registration Number 4701

NPS Siam Audit Limited
Bangkok
26 March 2012

The International Engineering Public Company Limited and its Subsidiaries
Statements of financial position
As at 31 December 2011 and 2010

Assets	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	7	18,326,733	23,795,785	12,870,743	14,336,190
Current investments	8	-	15,835,469	-	8,884,700
Trade accounts receivable	6, 9	18,813,968	400,851,751	98,592,016	374,260,551
Other receivables	10	82,348,761	340,874,162	25,314,021	316,665,874
Short-term loans	6	-	-	92,176,000	263,041,000
Inventories, net	11, 48	69,780,894	44,609,640	65,377,002	41,499,418
Wood in a concession area	12	-	-	-	-
Withholding tax		26,906,559	14,840,743	26,896,533	14,840,744
Other current assets		632,231	289,772	632,231	289,772
Total current assets		216,809,146	841,097,322	321,858,546	1,033,818,249
Non-current assets					
Investments in subsidiaries	13	-	-	318,209,882	236,698,815
Investments in associates	14	-	80,000,000	-	-
Other long-term investments, net	15	525,000	14,392,182	525,000	525,000
Property, plant and equipment, net	16, 24, 48	571,343,087	95,951,988	84,597,349	23,627,163
Leasehold rights	17	58,714,639	65,079,010	58,714,639	26,187,907
Goodwill	5, 18	136,734,184	-	-	-
Other intangible assets	19	45,634,164	11,004,658	45,572,133	10,922,271
Pledged deposits at financial institutions	48	277,541,138	433,345,440	265,414,930	432,818,875
Advance payment for assets	20	124,931,883	104,995,020	64,931,883	61,447,395
Other non-current assets, net	21	20,126,142	40,292,297	12,782,576	34,865,173
Total non-current assets		1,235,550,237	845,060,595	850,748,392	827,092,599
Total assets		1,452,359,383	1,686,157,917	1,172,606,938	1,860,910,848

The International Engineering Public Company Limited and its Subsidiaries
Statements of financial position
As at 31 December 2011 and 2010

Liabilities and equity	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
			(Restated)		
		<i>(in Baht)</i>			
<i>Current liabilities</i>					
Bank overdrafts and short-term loans					
from financial institutions	22	294,365,235	330,140,195	241,081,660	328,150,657
Trade and other payables	23	264,874,421	270,372,108	110,531,059	143,528,943
Current portion of long-term loans	27	48,125,000	-	-	-
Long-term loan in default	24, 47	339,734,669	339,734,669	-	-
Short-term loans	25	53,700,000	-	57,000,000	67,360,000
Current portion of financial lease liabilities	6, 28	800,288	702,378	-	-
Advance received for wood in a concession area	26	-	50,000,000	-	50,000,000
Accrued interest expenses	4, 26	206,714,164	160,847,316	1,171,132	650,785
Other current liabilities		2,550,796	845,204	1,703,678	307,639
Total current liabilities		<u>1,210,864,573</u>	<u>1,152,641,870</u>	<u>411,487,529</u>	<u>589,998,024</u>
<i>Non-current liabilities</i>					
Long-term loans	27	95,204,607	1,000,000	-	-
Financial lease liabilities	6, 28	1,699,991	676,183	-	-
Employee benefit obligations	4, 29	4,101,756	-	1,804,887	-
Long-term provisions	30	56,352,470	108,661,901	698,818,608	953,295,948
Other non-current liabilities	31	1,260,933	8,423,697	1,183,860	515,257
Total non-current liabilities		<u>158,619,757</u>	<u>118,761,781</u>	<u>701,807,355</u>	<u>953,811,205</u>
Total liabilities		<u>1,369,484,330</u>	<u>1,271,403,651</u>	<u>1,113,294,884</u>	<u>1,543,809,229</u>
<i>Equity</i>					
Share capital	32				
Authorized share capital		<u>6,346,858,348</u>	<u>6,346,858,348</u>	<u>6,346,858,348</u>	<u>6,346,858,348</u>
Issued and paid-up share capital		4,273,184,826	4,273,184,826	4,273,184,826	4,273,184,826
Discount on issue of share					
Discount on ordinary shares	33	(1,469,035,533)	(1,469,035,533)	(1,469,035,533)	(1,469,035,533)
Retained earnings (deficit)					
Appropriated					
Legal reserve	34	400,000	400,000	400,000	400,000
Deficit	4	(2,720,095,739)	(2,390,313,412)	(2,745,237,239)	(2,487,447,674)
Total equity attributable to the parent		<u>84,453,554</u>	<u>414,235,881</u>	<u>59,312,054</u>	<u>317,101,619</u>
Non-controlling interests		(1,578,501)	518,385	-	-
Total equity		<u>82,875,053</u>	<u>414,754,266</u>	<u>59,312,054</u>	<u>317,101,619</u>
Total liabilities and equity		<u>1,452,359,383</u>	<u>1,686,157,917</u>	<u>1,172,606,938</u>	<u>1,860,910,848</u>

The International Engineering Public Company Limited and its Subsidiaries
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in Baht)</i>			
Revenue					
Revenue from sales of goods or rendering of services	6	1,027,096,756	1,703,851,250	1,024,084,593	1,646,766,810
Rental income	6	7,938,146	55,640,003	-	-
Interest income	6	6,922,023	7,161,056	13,662,426	45,071,565
Gain on disposals of equipment		2,301,131	422,047	5,064,161	438,115
Reversal of allowance for impairment					
- wood in a concession area	12	60,000,000	-	60,000,000	-
Reversal of allowance for doubtful accounts		-	-	-	301,994,539
Net estimated loss of liabilities of subsidiaries and associated company (reversal)	30	35,480,378	-	57,570,484	-
Other income	6, 36	<u>30,352,353</u>	<u>28,885,653</u>	<u>21,872,724</u>	<u>18,035,968</u>
Total revenue		<u>1,170,090,787</u>	<u>1,795,960,009</u>	<u>1,182,254,388</u>	<u>2,012,306,997</u>
Expenses					
Cost of sales of goods or rendering of services	6, 16	917,412,040	1,646,903,806	967,253,974	1,566,373,735
Cost of rental		34,096,826	49,084,775	-	-
Selling expenses	6, 37	21,769,778	34,905,973	13,582,471	17,719,902
Administrative expenses	6, 16, 38	333,925,283	407,217,225	241,284,088	229,456,804
Estimated loss of liabilities of subsidiaries and others	30	2,351,429	-	-	210,512,270
Other expenses	39	116,178,240	488,577,923	188,847,726	869,099,049
Finance costs	4, 41	<u>65,280,563</u>	<u>66,631,092</u>	<u>21,214,627</u>	<u>22,748,950</u>
Total expenses		<u>1,491,014,159</u>	<u>2,693,320,794</u>	<u>1,432,182,886</u>	<u>2,915,910,710</u>
Loss for the year		<u>(320,923,372)</u>	<u>(897,360,785)</u>	<u>(249,928,498)</u>	<u>(903,603,713)</u>
Other comprehensive income(loss) for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive loss for the year		<u>(320,923,372)</u>	<u>(897,360,785)</u>	<u>(249,928,498)</u>	<u>(903,603,713)</u>
Loss attributable to :-					
Owners of the parent		(318,826,486)	(896,830,418)	(249,928,498)	(903,603,713)
Non-controlling interests		<u>(2,096,886)</u>	<u>(530,367)</u>	<u>-</u>	<u>-</u>
		<u>(320,923,372)</u>	<u>(897,360,785)</u>	<u>(249,928,498)</u>	<u>(903,603,713)</u>
Total comprehensive loss attributable to :-					
Owners of the parent		(318,826,486)	(896,830,418)	(249,928,498)	(903,603,713)
Non - controlling interests		<u>(2,096,886)</u>	<u>(530,367)</u>	<u>-</u>	<u>-</u>
		<u>(320,923,372)</u>	<u>(897,360,785)</u>	<u>(249,928,498)</u>	<u>(903,603,713)</u>
Loss per share					
	43				
Basic		<u>(0.01)</u>	<u>(0.03)</u>	<u>(0.01)</u>	<u>(0.03)</u>
Diluted		<u>-</u>	<u>(0.03)</u>	<u>-</u>	<u>(0.03)</u>

The International Engineering Public Company Limited and its Subsidiaries
Statements of changes in equity
For the years ended 31 December 2011 and 2010

		Consolidated financial statements						
		Discount on issue of share		Retained earnings (Deficit)		Equity	Non-controlling	
Not		Issued	Discount on	Legal	Deficit	attributable to	interests	Total equity
e		and paid-up	ordinary shares	reserve	(Restated)	the parent		
		share capital			(in Baht)			
		2,720,369,116	(226,782,965)	400,000	(1,555,975,557)	938,010,594	1,048,752	939,059,346
		Cumulative effect from prior years adjustment of						
		accrued interest expenses						
4		-	-	-	62,492,563	62,492,563	-	62,492,563
		2,720,369,116	(226,782,965)	400,000	(1,493,482,994)	1,000,503,157	1,048,752	1,001,551,909
		Total comprehensive loss for the year (restated)						
32,		-	-	-	-	-	(896,830,418)	(896,830,418)
33		1,552,815,710	(1,242,252,568)	-	-	310,563,142	-	310,563,142
		4,273,184,826	(1,469,035,533)	400,000	(1,493,482,994)	1,311,066,299	(895,781,666)	415,284,633
		Balance as at 1 January 2010 as reported						
		Cumulative effect from prior years adjustment of						
		accrued interest expenses						
4		-	-	-	86,273,990	86,273,990	-	86,273,990
		4,273,184,826	(1,469,035,533)	400,000	(1,407,209,004)	1,397,340,289	(895,781,666)	501,558,623
		Cumulative effect of change in						
		accounting policy for employee benefits						
4,	29	-	-	-	(10,955,841)	(10,955,841)	-	(10,955,841)
		4,273,184,826	(1,469,035,533)	400,000	(1,418,164,845)	1,386,384,448	(895,781,666)	490,602,782
		Total comprehensive loss for the year						
		-	-	-	(308,355,212)	(308,355,212)	(2,096,886)	(310,452,098)
		4,273,184,826	(1,469,035,533)	400,000	(1,726,520,057)	1,078,029,236	(897,878,552)	180,150,684
		Balance as at 31 December 2011						

The International Engineering Public Company Limited and its Subsidiaries
Statements of changes in equity
For the years ended 31 December 2011 and 2010

	<i>Note</i>	Separate financial statements			Total equity of the Company	
		<u>Discount on issue of share</u> Issued and paid-up share capital	<u>Discount on ordinary shares</u>	<u>Retained earnings (Deficit)</u> Legal reserve <i>(in Baht)</i> Deficit		
Balance at 1 January 2010		2,720,369,116	(226,782,965)	400,000	(1,583,843,961)	910,142,190
Total comprehensive loss for the year		-	-	-	(903,603,713)	(903,603,713)
Issue of share capital	32, 33	1,552,815,710	(1,242,252,568)	-	-	310,563,142
Balance as at 31 December 2010		4,273,184,826	(1,469,035,533)	400,000	(2,487,447,674)	317,101,619
Balance at 1 January 2011 as reported		4,273,184,826	(1,469,035,533)	400,000	(2,487,447,674)	317,101,619
Cumulative effect of change in accounting policy for employee benefits	4, 29	-	-	-	(7,861,067)	(7,861,067)
Balance at 1 January 2011 restated		4,273,184,826	(1,469,035,533)	400,000	(2,495,308,741)	309,240,552
Total comprehensive loss for the year		-	-	-	(249,928,498)	(249,928,498)
Balance as at 31 December 2011		4,273,184,826	(1,469,035,533)	400,000	(2,745,237,239)	59,312,054

The International Engineering Public Company Limited and its Subsidiaries
Statements of cash flows
For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010
<i>(in Baht)</i>					
Cash flows from operating activities					
Loss for the year		(320,923,372)	(897,360,785)	(249,928,498)	(903,603,713)
<i>Adjustments for</i>					
Interest income		(6,922,023)	(7,161,056)	(13,662,426)	(45,071,565)
Interest expense		65,280,563	66,631,092	21,214,627	22,748,950
Bad debts and doubtful debts expenses (reversal)		47,485,243	2,586,738	31,196,473	(301,994,539)
Reversal of other payable in prior years		-	(3,776,405)	-	-
Allowance for diminution in value of inventories (reversal)		1,525,547	202,890	(2,936,491)	(4,224,087)
Depreciation and amortization		41,801,501	67,900,224	23,065,183	25,179,856
Unrecoverable withholding tax written off		9,510	8,924,927	-	80,584
Loss from equipment and intangible assets written off		6,277,313	3,150,098	6,275,211	1,012,684
Gain on disposals of equipment		(2,301,131)	(422,047)	(5,064,161)	(438,115)
Impairment loss of assets		75,875,413	303,789,372	140,852,502	678,698,045
Loss on investments		14,279,490	182,896,531	21,971,887	190,401,004
Employee benefit expenses		2,837,947	-	2,196,758	-
Loss on transferring the right of claim					
as per the compromise agreement		26,023,337	-	26,023,337	-
Reversal of provisions		(35,480,378)	-	(57,570,484)	-
Reversal of impairment loss of assets		(60,000,000)	-	(60,000,000)	-
Reversal of allowance for impairment of withholding tax		(2,171,873)	-	-	-
Estimated loss of liabilities of subsidiaries and others		2,351,429	-	-	210,512,270
		(144,051,484)	(272,638,421)	(116,366,082)	(126,698,626)
<i>Change in operating assets and liabilities</i>					
Trade accounts receivable		365,541,245	33,830,595	275,305,012	235,338,051
Other receivables		205,721,459	(83,167,696)	217,781,764	(52,795,676)
Advance payment to related person		-	(6,800,000)	-	-
Proceeds from advance payment to related person		-	6,800,000	-	-
Inventories		(26,696,801)	59,077,622	(20,941,093)	51,894,801
Other current assets		(974,690)	1,027,644	(974,690)	901,270
Other non-current assets		2,253,984	17,983,154	682,597	(8,862,924)
Trade and other payables		(81,874,999)	(11,168,995)	(34,268,058)	(41,158,192)
Other current liabilities		84,040	(10,354)	1,396,039	13,448
Other non-current liabilities		(7,162,764)	1,143,085	668,603	(19,088)
Payment of provisions		(8,500,000)	(14,383,326)	(8,500,000)	(14,383,326)
Purchase of equity securities held for trading		-	(15,094,419)	-	(15,094,419)
Sale of equity securities held for trading		7,304,415	171,233,308	7,304,416	168,360,859
Payment of employee benefit obligations		(9,692,032)	-	(8,252,938)	-
Withholding tax received		2,171,873	13,076,070	-	11,090,389
Withholding tax paid		(11,983,994)	(7,295,702)	(12,055,789)	(5,402,617)
Net cash provided by (used in) operating activities		292,140,252	(106,387,435)	301,779,781	203,183,950

The International Engineering Public Company Limited and its Subsidiaries
Statements of cash flows
For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010
<i>(in Baht)</i>					
Cash flows from investing activities					
Interest received		5,289,783	5,728,276	17,625,961	66,766,070
Pledged deposits at financial institutions		155,804,302	(2,764)	167,403,945	-
Net cash outflow from business acquisition		(226,750,000)	-	-	-
Purchase of property, plant and equipment		(336,956,343)	(62,339,288)	(80,504,122)	(4,909,223)
Sales of building and equipment		13,085,024	1,034,820	3,045,068	888,879
Repayment of short-term loans to related parties		-	-	(147,425,000)	(276,891,000)
Proceeds from short-term loans to related parties		-	3,500,000	153,172,000	499,864,500
Purchase of leasehold rights		(40,341,000)	(12,374,048)	(40,341,000)	(12,374,048)
Sales of leasehold rights		-	-	8,400,145	-
Advance payment for leasehold rights		-	(38,891,103)	-	-
Payment of advance to related person		-	(21,000,000)	-	-
Proceeds from advance to related person		-	4,000,000	-	-
Purchase of intangible assets		(35,019,260)	(52,500)	(35,000,000)	(34,500)
Advance payment for assets		(3,484,488)	(74,820,645)	(3,484,488)	(61,447,395)
Payment to (proceeds from) fund for organizing the concert		6,950,769	(6,950,769)	-	-
Proceeds from advance payment to related person		17,000,000	-	-	-
Purchase of investment in subsidiaries		-	(80,000,000)	(248,000,000)	(860,000,000)
Cash inflow on sale of investments		36,665,200	6,370,000	19,000,000	2,483,976
Net cash used in investing activities		(407,756,013)	(275,798,021)	(186,107,491)	(645,652,741)
Cash flows from financing activities					
Interest paid		(19,413,716)	(24,286,919)	(20,694,279)	(22,566,278)
Bank overdrafts		(1,910,157)	4,823,239	(242,793)	3,577,704
Proceeds from short-term loans from financial institutions		903,798,755	1,304,772,000	850,837,355	1,304,772,000
Repayment of short-term loans from financial institutions		(936,678,020)	(1,217,817,600)	(936,678,020)	(1,217,817,600)
Proceeds from long-term loans		23,052,000	1,000,000	-	-
Finance lease payments		1,121,718	(667,352)	-	-
Proceeds from short-term loans		115,700,000	19,200,000	132,190,000	126,200,000
Repayment of short-term loans		(62,000,000)	(19,200,000)	(142,550,000)	(61,340,000)
Proceeds from issue of increased share capital		-	310,563,142	-	310,563,142
Net cash provided by (used in) financing activities		23,670,580	378,386,510	(117,137,737)	443,388,968
Net increase (decrease) in cash and cash equivalents		(91,945,181)	(3,798,946)	(1,465,447)	920,177
Cash and cash equivalents at beginning of year	7	23,795,785	27,594,731	14,336,190	13,416,013
Cash and cash equivalents of subsidiaries at acquisition date	5	86,476,129	-	-	-
Cash and cash equivalents at end of year	7	18,326,733	23,795,785	12,870,743	14,336,190
Non-cash transactions					
Payment of wood in a concession area to other company by transferring the right of					
claims under the compromise agreement	12, 26	50,000,000	-	50,000,000	-
A subsidiary reduced share capital in order to compensate the deficit	13	-	-	850,000,000	-
Share subscription payable in subsidiary	5	20,250,000	-	-	-

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These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 26 March 2012.

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’ who are the top 3 of shareholders, as at 31 December 2011 and 2010 were as follows:

	2011	(%)	2010
Mrs. Manotip Chakrawantharm	12.05		12.99
Thai NVDR Co., Ltd.	3.51		3.53
SOCIETE GENERALE	3.65		3.65

The principal activities of the Company are operating as a distributor of mobile phones, and engineering products, and provider of installation and implementation of information technology system.

Details of the Company’s subsidiaries and joint-controlled entities as at 31 December 2011 and 2010 were as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<i>Direct subsidiaries</i>				
1. IEC Green Energy Co., Ltd.	Providing consulting in research and development distributing the products regarding technology for environmental management and development of all energy and alternative energy	Thailand	100	100
2. IEC Technology Co., Ltd.	Information technology service	Thailand	100	100
3. IEC Asset Co., Ltd.	Lease of property and service (On 31 August 2011, the Company already sold investment in subsidiary)	Thailand	-	100

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Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
4. IEC Distribution System Co., Ltd. (Formerly: IEC Easy Fix Co., Ltd.)	Repairing services for mobile phones and accessories (temporarily close in order)	Thailand	100	100
5. IEC Business Partners Co., Ltd.	Investment	Thailand	100	100
6. Triple Play Co., Ltd.	Mobile Media Content	Thailand	100	100
<i>Indirect subsidiaries</i>				
7. Anya Animation Co., Ltd.	Subcontracted production and distribution of visual and movie media contents	Thailand	100	100
8. UFO Studio Asia Co., Ltd.	Computer game implementation	Thailand	51	51
9. GIDEC Co., Ltd.	Operating electricity plant from waste (In the process of construction)	Thailand	100	-
10. Team Solar Co., Ltd. (Formerly: Lumpoon Solar Co., Ltd.)	Operating electricity plant from solar cell (In the process of construction)	Thailand	100	-
<i>Joint-controlled entity</i>				
11. IEC Internet Co., Ltd.	Internet service provider (In process of liquidation and on 31 August 2011, the Company already sold investment in subsidiary)	Thailand	-	65

On 25 September 2009, the liquidator of IEC Internet Co., Ltd. filed a petition to the Central Bankruptcy Court for ordering the above company a bankrupt according to the Law. Subsequently, the Central Bankruptcy Court ordered IEC Internet Co., Ltd. to be under a bankrupt since 18 October 2010. The court already made inquiries from the debtor on 11 February 2011.

On 31 August 2011, the Company disposed all investment in IEC Asset Co., Ltd. to other company as described in Notes 5 and 13 to the financial statements.

IEC Easy Fix Co., Ltd. registered the change of its name to “IEC Distribution System Co., Ltd.” with the Ministry of Commerce on 16 November 2011.

Lumpoon Solar Co., Ltd. registered the change of its name to “Team Solar Co., Ltd.” with the Ministry of Commerce on 13 September 2011.

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The Ordinary General Meeting of Shareholders of Augere (Thailand) Co., Ltd. held on 30 April 2010 unanimously passed a resolution to dissolve the Company and appointed a liquidator of the Company because of unclear WIMAX Project from Government Section and reducing related expenses. The registrar already registered to dissolve the Company on 11 May 2010 and the liquidator completed his work on 8 July 2010.

2. Basis of preparation of financial statements

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

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand. Their presentation has been made in compliance with the stipulation of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

During 2010 and 2011, the FAP issued the new and revised Thai Financial Reporting Standards (“TFRS”) relevant to the Group/Company’s operations, and effective for accounting periods beginning on or after 1 January 2011 were as follows:

TFRS/TAS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 31 (revised 2009)	Interests In Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets

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TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TFRS 3 (revised 2009)	Business Combinations
FAP's announcement No.17/2554	Transitional Procedures for Other Long-Term Employee Benefits
FAP's announcement No.19/2554	Accounting Guidance for Condominiums

The adoption of these new and revised TFRS has resulted in changes in the Group/Company's the accounting policies. The effects of these changes are disclosed in note 4 to the financial statements.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 52 to the financial statements.

Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

Presentation currency

The financial statements are presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million.

Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, which the actual results may differ from estimates, is included in the following notes:-

Notes 16, 17, 18 and 19	Measurement of the recoverable amounts of cash – generating units
Note 28	Lease classification
Note 29	Measurement of defined benefit obligation
Notes 30 and 47	Provisions and contingencies
Note 45	Valuation of financial instruments

The International Engineering Public Company Limited and its Subsidiaries
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Significant accounting judgments and estimates are summarized as follows:

Allowance for impairment of assets

The Company/Group determines assets as impaired when there is any indication of impairment and a significant decline in the fair value of those assets. Recoverable amount of assets is estimated basing on the management's judgement.

Allowance for impairment of equity securities

The Company/Group determines other investments as impaired when the management judges that there is a significant or prolonged declined in the fair value below their cost.

Estimated loss on liabilities of the subsidiaries, associated and joint-controlled entity

The management makes subjective judgements and estimates regarding loss on liabilities based on ownership interest in those subsidiaries, associated and joint-controlled entity.

Litigation

The Company/Group has contingent liabilities as a result of litigation. The management has used judgement to assess the outcome of the litigation and believes that no loss will be incurred, therefore, no contingent liabilities are recorded as at the end of reporting period.

Employee benefits obligation

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

The consolidated and separate financial statements for the year ended 31 December 2011 and 2010 included investment in an associate (Micronetic Public Company Limited), which was accounted for by using the unaudited financial statements of such associate due to liquidity problem that caused the associate did not provide the audited annual financial statements. However, the Company's management set up an allowance for devaluation of investments and a provision in full in the financial statements for 2011 and 2010.

The financial information of associate referred to above was as follows:

	Ownership interest			
	2011	2010		
	(%)			
<i>Associated company</i>				
Micronetic Public Company Limited	38.51	38.51		
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Statement of financial position information				
Investment in associated	25	25	25	25
Allowance for devaluation of investments	(25)	(25)	(25)	(25)
Provisions	-	15	-	15

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Therefore, until 31 December 2011 and 2010, the Company had no financial information of such associate because of the above reasons.

Going Concern

As shown in the financial statements in 2011 and 2010, the Group and the Company have continuously incurred net losses for the years ended 31 December 2011 and 2010 of Baht 319 million and Baht 897 million, respectively in consolidated financial statements and Baht 250 million and Baht 904 million, respectively in separate financial statements. As at 31 December 2011 and 2010, the Group have current liabilities exceeded current assets in the amount of Baht 994 million and Baht 312 million, respectively in the consolidated financial statements and Baht 90 million and Baht - million, respectively in separate financial statements including a lot of unfinalized contentious cases. These factors are material that may raise substantial doubt about the Group's/the Company's ability to continue as going concerns. The financial statements have been prepared on a going concern basis. If the Group/Company are unable to continue in existence, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any additional liabilities that might arise and to reclassify assets and liabilities.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 4, which addresses changes in accounting policies.

3.1 Basis of consolidation

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

Business combinations

The accounting policy for business combinations has been changed from 1 January 2011 as described in note 4 to the financial statements.

The Group applies the acquisition method for business combinations.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group/Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

The International Engineering Public Company Limited and its Subsidiaries
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Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Jointly-controlled entities

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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3.2 Foreign currencies

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

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

3.3 Derivative financial instruments

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

Derivatives are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price at the reporting date.

3.4 Cash and cash equivalents

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

3.5 Trade and other receivables

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

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

3.6 Inventories

Inventories

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

Cost is calculated using the moving average cost and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In case of work in

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process, cost includes spare parts and supplies, labor cost including appropriate share of costs based on service to be provided.

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

Cost of film production

Costs of film production are stated at lower of cost less impairment losses and net realizable value. Cost represents costs incurred from production that are wages, cost of dialogues service, salary and other supplies.

3.7 Investments

Investments in subsidiaries, jointly-controlled entities and associates

Investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements are accounted for using the cost method less an allowance for devaluation of investments. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other equity securities

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

Marketable equity securities other than those securities held for trading are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses, are recognized directly in equity. Impairment losses are recognized in profit or loss. When these investments are sold, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

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

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

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Disposal of investments

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

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

3.8 Property, plant and equipment

Owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items for major components of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Leased assets

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

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Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group/Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.9 Other intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries. The measurement of goodwill at initial recognition is described in note 4 to the financial statement. Subsequent to initial recognition, goodwill is measured at cost less impairment losses. The carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

Other intangible assets that are acquired by the Group / the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

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Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software licences	5 years
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Amortisation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

3.10 Leasehold rights

Leasehold rights that are acquired by the Group/the Company, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Leasehold rights are amortized in the profit or loss on a straight-line basis over the estimated useful lives of 3-27 years for leasehold rights of retail shops, and 17 years for leasehold right of IEC building (since September 2005).

3.11 Impairment

The carrying amounts of the Group's/Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

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

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Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost, the reversal is recognised in profit or loss.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.12 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

3.13 Trade and other payables

Trade and other payables are stated at cost.

3.14 Employee benefits

Short – term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognized as expenses when incurred.

Post – employment benefit plans and other long-term employee benefits

Defined contribution plans

The Group/the Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group / the Company. The fund's assets are held in a separate trust fund and the Group / the Company's contributions are recognized as expenses when incurred.

Post – employment benefit plans

The Company has obligations in respect of the pensions that it must make to employees upon retirement under the labor law. The Company treats these pension obligations as the post – employment benefit plan.

The obligation under the post-employment benefits is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and disability rates as described in note 29 to the financial statements.

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Actuarial gains and losses arising from post – employment benefits are recognized in immediately in profit or loss.

For the first – time adoption of TAS 19 Employee Benefits, the Company selected to recognize the transitional liability, which exceeds the liability that would have been recognized at the same date under the previous accounting policy, through an adjustment to the beginning balance of deficit in the current year.

3.15 Provisions

A provision is recognised when the Group/Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring costs

A provision for restructuring is recognized when a detailed and formal restructuring plan has been approved by the Goup / the Company, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

3.16 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.17 Revenue

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

Sale of goods and services rendered

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

Mobile phone repairing is recognized as services are provided and initial fee income is recognized when the payment received pursuant to agreements.

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Service income, warehouse managing and training are recognized as services are provided.

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

Revenue and cost incurred from installation and implementation of information technology system are recognized in profit or loss by reference to the stage of completion of the contract activity. The stage of completion is assessed by reference to surveys of work performed. When the outcome of service contract cannot be estimated reliably, installment service revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable. An expected loss on a service contract is recognized immediately in profit or loss.

Other service income is recognized as services are provided

Rental income

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

Interest and other income

Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Group/the Company's right to receive payments is established.

Other income is recognized on an accrual basis.

3.18 Expenses

Expenses are recognized on the accrual basis.

Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance costs

Finance costs comprise interest expense on borrowings and similar costs that are charged to the profit or loss for the period in which they are incurred.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

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3.19 Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4 Changes in accounting policies and prior years adjustments for accrued interest expenses

Since 1 January 2011, the Group/Company has changed the significant accounting policies were summarized as follows:

4.1 Presentation of financial statements

Since 1 January 2011, the Group/Company has adopted TAS 1 (Revised 2009) Subject: Presentation of Financial Statements. Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

4.2 Accounting for business combinations

The Company has adopted TFRS 3 Business Combinations (revised 2009) and TAS 27 Consolidated and Separate Financial Statements (revised 2009) for all business combinations on or after 1 January 2011. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount received from any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

4.3 Accounting for property, plant and equipment

The Group/Company has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group/Company are that

- (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation;
- (ii) the depreciation charge has to be determined separately for each significant part of an asset; and
- (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. However, the Group/Company determined that the residual value and useful life of property, plant and equipment are proper to the fact and costs of asset dismantlement, removal and restoration, has had no significant impact on loss and loss per share for the years ended 31 December 2011 and 2010.

4.4 Accounting for borrowing costs

The Group/Company has adopted TAS 23 (revised 2009) Borrowing Costs.

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Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Group's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently, the adoption of the revised standard has had no impact on loss or loss per share.

4.5 Accounting for employee benefits

Since 1 January 2011, the Group/Company have applied TAS 19 Subject: Employee Benefits.

Under the new accounting policy, the Group/Company's obligation in respect of post-employment benefits under defined benefit plans is recognised in the financial statements based on calculations by a qualified actuary using the projected unit credit method. Previously, this obligation was recognised as incurred.

The Group/Company have adopted to record the entire amount of this liability as an adjustment to deficit as at 1 January 2011, in accordance with the transitional provisions of TAS 19. The effect on the financial statements is summarized as follows:

Actuarial gain or loss arising from post-employment benefits are recognized immediately in profit or loss for the year.

Prior years adjustments for accrued interest expenses

Previously, a subsidiary ("IECBP") calculated interest expenses at default rate as per the loan agreement which was a highest rate as an announcement of the financial institution (20% per annum). Subsequently, on 30 June 2011, the Court read their sentences to the subsidiary, as the borrower, and the Company ("IEC"), as the guarantor, jointly paid the principal with interest at 8% per annum from 9 May 2007 to 29 May 2007 and 13% per annum from 30 May 2007 until the payment is made. Subsequently, a legal consultant of the Company provided a letter dated 19 March 2012, the Board of Directors Meeting of the subsidiary held on 22 March 2012, the Audit Committee Meeting held on 25 March 2012 and the Board of Directors Meeting of the Company held on 26 March 2012 unimously resolved the subsidiary and the Company adjusted accrued interest expense to appropriately and properly comply with the judgement of the Court of First Instance which was calculated from default rate as per the loan agreement at the highest rate as an announcement of the financial institution (20% per annum) to the interest rate as per the Court's judgement (8% and 13% per annum).

The adjustment of prior years accrued interest expense of the subsidiary and the Company has been accounted for retrospectively as the new rate. The 2010 consolidated financial statements are presented for comparison have been restated. The cumulative effects of change in accounting policy as item 4.5 and the adjustment of prior years accrued interest expense have been separately presented in the statement of changes in equity as follows:

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Adjustments of financial statements

Statements of financial position as at 31 December 2011 and 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in Baht)			
Deficits at 1 January				
– as reported	(2,476,587,402)	(1,555,975,557)	(2,487,447,674)	(1,583,843,961)
Prior years adjustment of accrued interest expenses	86,273,990	62,492,563	-	-
Total	(2,390,313,412)	(1,493,482,994)	(2,487,447,674)	(1,583,843,961)
Total comprehensive loss for the year – as reported	-	(920,611,845)	-	(903,603,713)
Decrease in finance cost	-	23,781,427	-	-
	(2,390,313,412)	(2,390,313,412)	(2,487,447,674)	(2,487,447,674)
Increase in employee benefit obligations	(10,955,841)	-	(7,861,067)	-
Deficit at 1 January	(2,401,269,253)	(2,390,313,412)	(2,495,308,741)	(2,487,447,674)
Increase in accrued interest expense	-	86,273,990	-	-

Statement of comprehensive income for the years ended 31 December 2011 and 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in Baht)			
Increase in employee benefit expenses resulting in:				
Increase in administrative expenses	1,014,171	-	805,378	-
Increase in management benefit expenses	1,823,776	-	1,391,380	-
Decrease in finance cost	-	(23,781,427)	-	-
Increase (decrease) in loss for the year	2,837,947	(23,781,427)	2,196,758	-
Loss per share				
Increase (decrease) in basic loss	0.00007	(0.00074)	0.00005	-
Increase (decrease) in dilute loss	-	(0.00058)	-	-

Please see Note 29 to the financial statements.

5 Acquisition and disposal of subsidiaries

Acquisition of the subsidiary

During 3rd quarter in year 2011, IEC Green Energy Co., Ltd. (“the subsidiary”) acquired the investment in ordinary shares of GIDEC Co., Ltd., which operated electricity plant from waste, and Team Solar Co., Ltd. (Formerly : Lumpoom Solar Co., Ltd.), which operated electricity plant from solar cell in order to acquire control power as follows:

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5.1 Acquisition of GIDEC Co., Ltd. (“GIDEC”)

The Board of Directors Meeting of IEC Green Energy Co., Ltd. (“the subsidiary”) held on 27 December 2010 resolved to acquire 980,000 ordinary shares of GIDEC Co., Ltd. from the existing shareholders of GIDEC Co., Ltd. in ownership interest of 49% of the above company’s authorized shares in the price of Baht 150 per share totaling Baht 147,000,000. On 27 December 2010, the share payment of Baht 80 million was made. On 6 and 14 January 2011, the share payment of Baht 67 million were made again totaling of Baht 147 million. The registration of change in the list of shareholders was conducted on 6 January 2011.

Subsequently, the Board of Directors Meeting of the subsidiary held on 9 August 2011 resolved the subsidiary to additionally invest in GIDEC Co., Ltd. by acquiring ordinary shares from the existing shareholders by 1,020,000 shares or 51% of paid-up shares in the price of Baht 150 per share totalling Baht 153,000,000, requiring the activity be completed within August 2011.

Subsequently, on 31 August 2011, the subsidiary entered into the share purchase agreement of such company from existing shareholders of 1,020,000 shares, in the price of Baht 150 per share, totaling Baht 153,000,000. On 31 August 2011 and 5 September 2011, the subsidiary made the share payment in amount of Baht 153,000,000 and registered to change in the list of shareholders on 31 August 2011. Therefore, as at 31 August 2011, the subsidiary invested in 2,000,000 ordinary shares of GIDEC Co., Ltd., shareholding 100% of authorized share capital totaling Baht 300 million.

The pricing determination of ordinary shares of GIDEC Co., Ltd. is based on the projection cash flows in future to assess the contract valuation regarding refuse disposal and income from electricity production by calculating present value at discount rate of 8%-14% per annum. The assess value was Baht 124 – Baht 306 per share basing on the project investment amounted to Baht 660 million and the annual cost of operation and maintenance approximately Baht 60 million adjusted inflation rate of 5% per annum.

5.2 Acquisition of Team Solar Co., Ltd. (“Formerly : Lumpoon Solar Co., Ltd.”) (“LS”)

The Board of Directors Meeting of IEC Green Energy Co., Ltd. (“the subsidiary”) held on 28 June 2011 resolved to acquire the ordinary shares of Lumpoon Solar Co., Ltd. (“LS”) from existing shareholders of the LS of 10,000 shares, representing 100% of the authorized and paid-up share capital, in the price of Baht 2,700 per share totaling Baht 27,000,000 by assigning the management to negotiate, corporate, and resolve for entering into a share purchase agreement under the conditions.

Subsequently, on 22 July 2011, the subsidiary entered into the share purchase agreement of Lumpoon Solar Co., Ltd. (“LS”) with 3 members of shareholders of LS (“seller”) of 10,000 shares (of the authorized share capital of Baht 1,000,000 with Baht 100 par value). LS operates as follows:

- Operating business as producing and distributing electricity and as a projector to generate electricity from solar cells to Provincial Electricity Authority (“PEA”). The projects are divided into 4 projects, each project has a power capacity of 1 MW which obtains adder from PAE of Baht 8 per unit for a period of 10 years.
- LS entered into two electricity sale agreements with PEA for 2 projects (at Lumpoon Province) which was due for selling on 1 March 2011 and please see Note 50 to the financial statements.

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- LS has been in the process entering into two electricity sale agreements with PEA for 2 projects (at Chiang Mai Province).

Under the terms of the agreements, the subsidiary agreed to acquire shares of Baht 2,700 per share totalling Baht 27,000,000. The calculation of shares value and return are based on value and return of each project specified in the term of agreement (Currently, the Government's policy suspends to allow PEA making new contracts with the potentials). The subsidiary agreed to make share payments in four equal installments of Baht 6,750,000. The first installment will be settled on the agreement date and second – fourth installment will be settled depend on the progress of carrying out under the electricity sale agreement with PEA, and the acquisition of land in Lumpoon province and Chiang Mai province based on individual project. As at agreement date, the subsidiary made a share payment to the seller of Baht 6,750,000 and registered a change in the list of shareholders.

Therefore, as at 22 July 2011, IEC Green Energy Co., Ltd. invested in 9,998 ordinary shares of Lumpoon Solar Co., Ltd., shareholding 99.98% of authorized share capital totaling of Baht 27 million, in the price of Baht 2,700 per share

During 2011, the Company has estimated assets and liabilities of 2 subsidiaries at fair value basing on the financial information, which had been reviewed and audited by other auditors. Assets, liabilities and results of operations of those subsidiaries were included in consolidated financial statements as at 31 December 2011 that was adjusted by the management of these companies. The accounting records were accounted for using the acquisition method. Net assets of that subsidiary as at acquisition date are as follows:

	GIDEC Co., Ltd.	Fair value Lumpoon Solar Co., Ltd. (in Baht)	Total
Cash and cash equivalents	85,502,965	973,164	86,476,129
Revenue Department receivable	9,345,341	-	9,345,341
Other current assets	564,238	-	564,238
Property, plant and equipment, net	220,985,469	-	220,985,469
Advance payment for rights of technology	60,000,000	-	60,000,000
Deposit	2,826,275	-	2,826,275
Other current liabilities	(423,545)	(6,000)	(429,545)
Payable to purchase of fix assets and posted date cheque	(70,224,484)	-	(70,224,484)
Long term loans from financial institutions	(119,277,607)	-	(119,277,607)
Net identifiable assets and liabilities	189,298,652	967,164	190,265,816
Goodwill on acquisition	110,701,348	26,032,836	136,734,184
Consideration paid	300,000,000	27,000,000	327,000,000
Less Advance payment for investment	(80,000,000)	-	(80,000,000)
Subsidiary share subscription payable	-	(20,250,000)	(20,250,000)
Net cash outflow from business acquisition	220,000,000	6,750,000	226,750,000
Less Cash acquired	(85,502,965)	(973,164)	(86,476,129)
Net cash flow	134,497,035	5,776,836	140,273,871

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Sale of the subsidiary

The Board of Directors Meeting of the Company held on 26 August 2011 resolved to authorize the Company selling investment in IEC Asset Co., Ltd. (of 14,000,000 shares in ownership interest of 100%) to the other company. On 31 August 2011, the Company entered into a share sale agreement in the price of Baht 1.36 per share totaling Baht 19,000,000 and the book value of Baht 2.81 per share, which resulted to loss from sale of investment of Baht 16.5 million in consolidated financial statements and of Baht 20.4 million in separate financial statements which shown as profit or loss for the year. On 2 September 2011, the Company received the payment amounting to Baht 19 million.

The pricing determination of ordinary shares of such subsidiary was prepared by the company's management which was based on the assumption of discounted cash flows by calculating present value at discount rate of 12.5% per annum and adjusted by inflation rate of 3% per annum, was determined in the amount of Baht (3.04) per share.

6 Related party transactions and balances

For the purposes of these financial statements, parties are considered to be related to the Group/Company if the Group/Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group/Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of Incorporation/ nationality	Natures of relationship
1. IEC Green Energy Co., Ltd.	Thailand	Subsidiary, 100% shareholding
2. IEC Technology Co., Ltd.	Thailand	Subsidiary, 100% shareholding
3. IEC Asset Co., Ltd.	Thailand	Subsidiary, 100% shareholding (until 31 August 2011)
4. IEC Distribution System Co., Ltd. (Formerly: IEC Easy Fix Co., Ltd.)	Thailand	Subsidiary, 100% shareholding
5. IEC Business Partners Co., Ltd.	Thailand	Subsidiary, 100% shareholding
6. Triple Play Co., Ltd	Thailand	Subsidiary, 100% shareholding
7. Anya Animation Co., Ltd.	Thailand	Indirect subsidiary held by Triple Play Co., Ltd., 100% shareholding
8. GIDEC Co., Ltd.	Thailand	Indirect associate held by IEC Green Energy Co., Ltd. 49% shareholding and two-fifth of directors. Subsequently, on 31 August 2011 became an indirect subsidiary held by IEC Green Energy Co., Ltd. 100% shareholding
9. Team Solar Co., Ltd. (Formerly: Lumpoon Solar Co., Ltd.)	Thailand	Indirect subsidiary held by IEC Green Energy Co., Ltd., 100% shareholding

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Name of entities	Country of Incorporation/ nationality	Natures of relationship
10. UFO Studio Asia Co., Ltd.	Thailand	Indirect subsidiary held by Triple Play Co., Ltd., 51% shareholding
11. UFO Interactive Games Inc.	America	Related company
12. A-Host Co., Ltd.	Thailand	Related company until 25 March 2011
13. OneNet Co., Ltd.	Thailand	Indirect associate held by IEC Business Partners Co., Ltd., 35.58% shareholding until 18 November 2010
14. IEC Internet Co., Ltd.	Thailand	Jointly controlled entity until 31 August 2011 (in process of liquidation)
15. Micronetic Plc.	Thailand	Associate, 38.51% shareholding
16. LOCUS Telecommunication Inc. Ltd.	Thailand	Related company under the consortium agreement
17. Ethnic Earth.Com Holdings Co., Ltd.	Thailand	Related company by shareholding
18. The M. Group Plc.	Thailand	Related company by shareholding
19. Sri U-Thong Co., Ltd	Thailand	Related company by shareholding
20. Live Incorporation Public Company Limited	Thailand	Related company by shareholding and common shareholders
21. SACIT Co., Ltd.	Thailand	Related company under consortium agreement
22. Live TV Co., Ltd.	Thailand	Related company by shareholding
23. Integrated Business Consultants Co., Ltd.	Thailand	Related company, a key management personnel of the Company is a former director of such company
24. A related person	Thailand	Related person with a key management personnel of the Company (Chairman of the Executive Committee)
25. Sorisa (Thailand) Co., Ltd.	Thailand	Related company with a key management personnel of the Company (Chairman of the Executive Committee)
26. Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Group/Company (whether executive or otherwise).

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

Transactions	Pricing policies
Sales of goods or rendering of services	Market price
Rental income on non-moving assets	Market price as per the contract
Sales of fixed assets	Higher than book value
Interest income	7.25-8.5% per annum
Income on advertising signboard area	Contract price which is not higher than the market price provided for the another hires
Purchase of goods	Cost plus margin (1%)
Purchase of leasehold rights	Carrying value (which approximately market price)
Rental expense	Market price as per the contract
Consulting fee for development of business and organization	Agreed price as per the contract.
Inventory management expense	Market price as per the contract
Interest expense	7.25-15% per annum
Directors' and managements' remunerations represent director bonus, meeting allowance, salary and others	The amounts are approved by the Company's directors and shareholders

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Revenue				
Subsidiaries				
Sales of goods or rendering of services	-	-	86,455,088	570,054
Interest income	-	-	7,063,855	38,245,677
Other income	-	-	385,016	404,215
Associates				
Sale of goods or rendering of services	-	239,977	24,543,452	-
Rental income	-	2,245,283	-	-
Interest income	-	1,817,628	-	1,670,669
Other related companies				
Sales of goods or rendering of services	7,371,307	2,993,319	-	-
Rental income	4,787,913	12,911,198	-	-
Interest income	-	1,203,900	-	1,203,900
Expenses				
Subsidiaries				
Selling expenses	-	-	-	5,071,523
Administrative expenses	4,000,000	-	14,152,993	14,397,058
Interest expenses	-	-	229,342	500,826
Purchase of leasehold rights	-	-	40,204,556	-
Key management personnel				
Interest expenses	73,973	-	73,973	-
Key management personnel compensation				
Short - term employee benefits	41,603,234	48,382,143	31,020,897	34,516,030
Post - employment benefits	1,823,776	-	1,391,380	-
Total key management personnel compensation	<u>43,427,010</u>	<u>48,382,143</u>	<u>32,412,277</u>	<u>34,516,030</u>

The International Engineering Public Company Limited and its Subsidiaries
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For the years ended 31 December 2011 and 2010

Balances as at 31 December 2011 and 2010 with related parties were as follows:

Trade accounts receivable - related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Subsidiaries				
IEC Green Energy Co., Ltd.	-	-	-	4,800
IEC Business Partners Co., Ltd.	-	-	10,000	10,000
GIDEC Co., Ltd.	-	-	6,289,841	-
IEC Technology Co., Ltd.	-	-	4,217	22,000
Triple Play Co., Ltd.	-	-	-	5,000
Team Solar Co., Ltd.	-	-	86,797,488	-
Related company				
Live Incorporation Plc.	-	57,900	-	-
Live TV Co., Ltd.	-	282,816	-	-
Associate (until 18 November 2010)				
OneNet Co., Ltd.	-	23,232	-	-
Total	-	363,948	93,101,546	41,800
Reversal of doubtful debts expense for the year	-	-	-	(191,028,165)
Short-term loans to related parties				

	Interest rate		Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010	2011	2010
	<i>(% per annum)</i>		<i>(in Baht)</i>			
Short-term loans						
Subsidiaries						
IEC Green Energy Co., Ltd.	7.25-8.5	7.25	-	-	69,650,000	-
IEC Asset Co., Ltd.	-	7.25-8.0	-	-	-	3,450,000
IEC Technology Co., Ltd.	7.25	7.25-8.0	-	-	22,526,000	9,055,000
IEC Business Partner Co., Ltd.	No interest charged, 7.25-8.0	7.25-8.0	-	-	152,866,000	162,492,000
IEC Distribution System Co., Ltd.	7.25	7.25-8.0	-	-	12,252,000	8,252,000
Triple Play Co., Ltd.	-	7.25-8.0	-	-	-	79,792,000
Associates						
Micronetic Plc.	7.5-15.0	7.5-15.0	20,475,294	20,475,294	20,475,294	20,475,294
Jointly-controlled entities						
IEC Internet Co., Ltd.	-	2.0-8.0	-	30,576,198	-	-
Other related companies						
Crystal Agro Co., Ltd.	-	7.5	-	3,000,000	-	3,000,000
Ethnic Earth.Com Holding Co., Ltd.	7.0-7.5	7.0-7.5	16,770,000	16,770,000	16,770,000	16,770,000
			37,245,294	70,821,492	294,539,294	303,286,294
Less allowance for doubtful accounts			(37,245,294)	(70,821,492)	(202,363,294)	(40,245,294)
Net			-	-	92,176,000	263,041,000
Doubtful debts expense (reversal) for the year			(33,576,198)	(3,500,000)	162,118,000	(87,912,000)

The International Engineering Public Company Limited and its Subsidiaries
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Allowance for doubtful accounts

Subsidiaries

IEC Business Partner Co., Ltd.	-	-	152,866,000	-
IEC Distribution System Co., Ltd.	-	-	12,252,000	-

Associates

Micronetic Plc.	20,475,294	20,475,294	20,475,294	20,475,294
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Jointly – controlled entities

IEC Internet Co., Ltd.	-	30,576,198	-	-
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Other related companies

Crystal Agro Co., Ltd.	-	3,000,000	-	3,000,000
Ethnic Earth.Com Holding Co., Ltd.	16,770,000	16,770,000	16,770,000	16,770,000

Total	37,245,294	70,821,492	202,363,294	40,245,294
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Consolidated		Separate	
financial statements		financial statements	
2011	2010	2011	2010

(in Baht)

Other receivable - related parties

Other receivable and advance

Subsidiaries

IEC Green Energy Co., Ltd.	-	-	1,081,497	17,119
IEC Technology Co., Ltd.	-	-	1,288,370	235,245
IEC Asset Co., Ltd.	-	-	-	994,362
IEC Business Partners Co., Ltd.	-	-	21,067,005	25,101,875
IEC Distribution System Co., Ltd.	-	-	1,000,087	97,560
Triple Play Co., Ltd.	-	-	-	4,453,688

Associates (until 18 November 2010)

OneNet Co., Ltd.	-	493,376	-	-
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Associates

Micronetic Plc.	16,658,516	8,158,517	16,658,516	8,158,517
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Other related companies

Crystal Agro Co., Ltd.	-	1,123,337	-	1,123,337
LOCUS Telecommunication Inc. Ltd.	-	90,426,678	-	90,426,678
SACIT Co., Ltd.	-	97,272,559	-	97,272,559
Ethnic Earth.Com Holding Co., Ltd.	8,935,247	8,935,247	8,935,247	8,935,247
Live Incorporation Plc.	-	1,586,161	-	-
Live TV Co., Ltd.	-	2,008,348	-	-
Live Media Group Plc.	-	30,937	-	-
The M Group Plc.	450,000,000	450,000,000	450,000,000	450,000,000

Advance

Key management personnel

Mr. Yuttaphong Intharapanich	-	17,000,000	-	-
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	475,593,763	677,035,160	500,030,722	686,816,187
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Less allowance for doubtful accounts	(475,593,763)	(468,217,100)	(497,612,447)	(468,217,101)
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Net	-	208,818,060	2,418,275	218,599,086
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Doubtful debts expense (reversal)
for the year

7,376,663	1,022,339	29,395,346	(26,846,445)
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Allowance for doubtful accounts

Subsidiaries

IEC Business Partners Co., Ltd.	-	-	21,018,597	-
IEC Distribution system Co., Ltd.	-	-	1,000,087	-

Associates

Micronetic Plc.	16,658,516	8,158,517	16,658,516	8,158,517
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Related companies

Crystal Agro Co., Ltd.	-	1,123,337	-	1,123,337
Ethnic Earth.Com Holding Co., Ltd.	8,935,247	8,935,247	8,935,247	8,935,247
The M Group Plc.	450,000,000	450,000,000	450,000,000	450,000,000

Total	475,593,763	468,217,101	497,612,447	468,217,101
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The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Movements of short-term loans - related parties during the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
At 1 January	70,821,492	74,321,492	303,286,294	526,259,794
Increase	-	-	147,425,000	276,891,000
Decrease	(33,576,198)	(3,500,000)	(156,172,000)	(499,864,500)
At 31 December	<u>37,245,294</u>	<u>70,821,492</u>	<u>294,539,294</u>	<u>303,286,294</u>

Investments in subsidiaries and associates were as details in Notes 13 and 14 to the financial statements.

Other non-current assets - related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Deposit				
Subsidiary				
IEC Asset Co., Ltd.	-	-	-	2,963,283
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,963,283</u>

Trade accounts payable – related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Subsidiaries				
IEC Technology Co., Ltd.	-	-	-	5,500
IEC Business Partners Co., Ltd.	-	-	-	633,498
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>638,998</u>

Short-term loans - related parties

	Interest rate		Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010	2011	2010
	<i>(% per annum)</i>		<i>(in Baht)</i>			
Short-term loans						
Subsidiaries						
Triple Play Co., Ltd.	8.5	-	-	-	3,300,000	-
IEC Green Energy Co., Ltd.	7.25	7.25	-	-	-	67,360,000
Key management personnel						
A related person	15	-	18,000,000	-	18,000,000	-
Total			<u>18,000,000</u>	<u>-</u>	<u>21,300,000</u>	<u>67,360,000</u>

The International Engineering Public Company Limited and its Subsidiaries
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As at 31 December 2011, short-term loans a related person amounted to Baht 18 million represented an unsecured promissory note, due on demand. Principal with interest is payable on due date. Interest is charged at 15 % per annum.

Movements of short-term loans related parties during the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
At 1 January	-	-	67,360,000	2,500,000
Increase	18,000,000	-	38,490,000	107,000,000
Decrease	-	-	(84,550,000)	(42,140,000)
At 31 December	18,000,000	-	21,300,000	67,360,000

Other payable – related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
<i>Other payable and advance</i>				
Subsidiaries				
Triple Play Co., Ltd.	-	-	2,235	-
IEC Green Energy Co., Ltd.	-	-	-	137,810
IEC Asset Co., Ltd.	-	-	-	3,643,041
IEC Business Partners Co., Ltd.	-	-	4,057	10,895,214
IEC Distribution System Co., Ltd.	-	-	260,699	-
Associate (until 18 November 2010)				
One Net Co., Ltd.	-	214,926	-	-
Associate				
Micronetic Plc.	346,076	346,076	250,076	250,076
Other related companies				
Live Incorporation Plc.	-	160,795	-	-
Live TV Co., Ltd.	-	41,440	-	-
UFO Interactive Games Inc.	590,591	-	-	-
Key management personnel				
A related person	73,973	-	73,973	-
Total	1,010,640	763,237	591,040	14,926,141
<i>Accrued expenses</i>				
Related company				
Integrated Business Consultants Co., Ltd.	1,000,000	-	1,000,000	-
Total	2,010,640	763,237	1,591,040	14,926,141
<i>Financial lease liabilities - related party</i>				
Related company				
Sorisa (Thailand) Co., Ltd.	2,500,279	-	-	-
Total	2,500,279	-	-	-

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Other non-current liabilities - related parties

	Consolidated financial statements	
	2011	2010
	<i>(in Baht)</i>	
Deposits		
Associate (until 18 November 2010)		
OneNet Co., Ltd.	-	658,776
Related companies		
Live TV Co., Ltd.	-	2,354,725
Live Incorporation Plc.	-	922,802
Live Media Group Plc.	-	83,543
Total	-	4,019,846

Provision for losses of subsidiaries and associates was detailed in Note 30 to the financial statement.

As at 31 December 2011, the Company reversed the provision for losses of two subsidiaries in order to set up allowance for doubtful accounts in the amount of Baht 187.14 million in separate financial statements.

Directors' remuneration

The Ordinary General Meeting of Shareholders (New) held on 20 May 2011 passed a resolution to approve the remuneration for directors, executive directors and member of the Audit Committee for 2011 in the amount not exceeding Baht 7 million.

The Ordinary General Meeting of Shareholders (New) held on 21 May 2010 passed a resolution to approve the remuneration for directors, executive directors, member of the Audit Committee and Investment Committee in 2010 in the amount not exceeding Baht 7 million, maintaining 50% discounted of the applicable rate in 2008 and except the remuneration of the Investment Committee which became effective from 16 March 2010. Any charges to the announced rate are nevertheless capped under Baht 7 million budgets.

Significant agreements with related parties

IEC Asset Co., Ltd. (as a subsidiary until 31 August 2011) entered into an agreement for the leasing of office space and services to OneNet Co., Ltd. (as a related company until 18 November 2010) for a period of 3 years from January 2009 to June 2013, requiring the monthly rental and service charge of Baht 190,232.

The Company entered into an agreement for the leasing of office space and services with IEC Asset Co., Ltd. (as a subsidiary until 31 August 2011) for a period of 3 years from 1 October 2007 to 15 July 2013, requiring the monthly rental and service charge of Baht 975,288.

The Board of Directors Meeting held on 29 June 2011 passed a resolution to purchase of leasehold rights on spaces in Department Store for 7 rights from IEC Asset Co., Ltd. (as a subsidiary until 31 August 2011) in the carrying value price at the date of transaction for reorganizing the structure of managed spaces.

On 30 June 2011, the Company ("the transferee") entered into an agreement to transfer 7 leasehold rights from a subsidiary (as a subsidiary until 31 August 2011) (IEC Asset Co., Ltd.) ("the transfer"). The transferee agreed to pay in the amount of Baht 40.21 million (including VAT amounted to Baht 1.86 million), which was paid, including received the transfer of ownership and already paid for

The International Engineering Public Company Limited and its Subsidiaries
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For the years ended 31 December 2011 and 2010

leasehold rights with delivery of possession of rental space. Under the agreement, which was paid, including received the transfer of ownership, the transfer of ownership must be registered with the Department of Land within 60 days from the date of the agreement. As at 31 December 2011, transfer of ownership has been in the process of assignment from Department Store.

The Executive Board Meeting of the Company held on 8 August 2011 passed a resolution to enter into an agreement with Integrated Business Consultants Co., Ltd. to obtain the advice, suggestion and useful comment to the development of the business and the feasibility study and an effective strategy for the business and organization and the operational plan for the Company and the Group for a period of six months from 19 August 2011 to 18 February 2012 with the monthly service of Baht 1,000,000. As at 31 December 2011, the business consulting fee amounted to Baht 4 million was shown in administrative expenses in the consolidated and separate financial statements.

Commitments to its related parties were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Commitments				
Letter of guarantee and credit facilities for Micronetic Pcl.	-	15	-	15
Guarantee obligations over loans of IEC Business Partners Co., Ltd. to financial institution	350	350	350	350
Guarantee obligations over rental of IEC Asset Co., Ltd.	-	15	-	15
Guarantee obligation over electricity used of IEC Asset Co., Ltd.	-	4	-	4
Guarantee obligations CAT of IEC Technology Co., Ltd.	2	2	2	2
Guarantee 3G project of IEC Technology Co., Ltd.	3	3	3	3
Total	355	389	355	389

Operating lease and service commitments with related parties:

	Separate	
	financial statements	financial statements
	2011	2010
	<i>(in million Baht)</i>	
Within one year	-	10
After one year but within five years	-	7
Total	-	17

The International Engineering Public Company Limited and its Subsidiaries
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7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Cash on hand	2,342,698	2,686,789	1,856,277	2,462,208
Cash at banks – current accounts	207,786	1,851,009	41,039	1,636,821
Cash at banks – savings accounts	15,776,249	18,262,283	10,973,427	10,237,161
High liquid short-term investments (maturity period less than 3 months from the acquisition date)	-	995,704	-	-
Total	18,326,733	23,795,785	12,870,743	14,336,190

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Thai Baht	18,242,316	23,755,183	12,786,326	14,295,588
Others	84,417	40,602	84,417	40,602
Total	18,326,733	23,795,785	12,870,743	14,336,190

8 Current investments

	Consolidated financial statements			
	2011		2010	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
Current investments				
Securities held for trading			14,637,486	8,884,700
Less allowance for valuation	-	-	(5,752,786)	-
Net	-	-	8,884,700	8,884,700
Fund for organizing the concert	-	-	6,950,769	6,950,769
Total	-	-	15,835,469	15,835,469

	Separate financial statements			
	2011		2010	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
Current investments				
Securities held for trading	-	-	14,637,486	8,884,700
Less allowance for valuation	-	-	(5,752,786)	-
Net	-	-	8,884,700	8,884,700
Equity securities held for trading				
Gloplex Holding Management Plc.	-	-	14,637,486	8,884,700
Less allowance for valuation	-	-	(5,752,786)	-
Net	-	-	8,884,700	8,884,700

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Movements during the years ended 31 December 2011 and 2010 of current investments were as follows:

	Consolidated		Separate	
	Financial statements	Financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in Baht)</i>			
<i>Equity securities held for trading</i>				
At 1 January	8,884,700	311,002,200	8,884,700	308,623,200
Purchase during the year	-	12,374,593	-	12,374,593
Sales during the year	(14,637,486)	(265,866,949)	(14,637,486)	(260,433,399)
Valuation adjustment	5,752,786	(48,625,144)	5,752,786	(51,679,694)
At 31 December	-	8,884,700	-	8,884,700
<i>Warrants for purchasing securities held for trading</i>				
At 1 January	-	43,287,920	-	43,287,920
Purchase during the year	-	2,719,826	-	2,719,826
Sales during the year	-	(41,919,813)	-	(41,919,813)
Valuation adjustment	-	(4,087,933)	-	(4,087,933)
At 31 December	-	-	-	-

Current investments of the Group and the Company as at 31 December 2010 were denominated entirely in Thai Baht.

9 Trade accounts receivable

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Accounts trade receivable from related parties	-	363,948	93,101,546	41,800
Accounts trade receivable from other parties	36,188,281	159,245,874	8,111,317	140,094,439
	36,188,281	159,609,822	101,212,863	140,136,239
<i>Less</i> allowance for doubtful accounts	(22,313,645)	(8,920,828)	(4,777,342)	(6,017,698)
Trade accounts receivable, net	13,874,636	150,688,994	96,435,521	134,118,541
Accrued income from other parties	6,658,228	250,162,757	2,156,495	240,142,010
<i>Less</i> allowance for doubtful accounts	(1,718,896)	-	-	-
Accrued income, net	4,939,332	250,162,757	2,156,495	240,142,010
Total	18,813,968	400,851,751	98,592,016	374,260,551
Doubtful debts expenses (reversal) for the year	16,496,538	4,880,299	2,300,077	(187,420,192)

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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Related companies				
Within credit terms	-	23,232	-	37,000
Overdue				
Less than 3 months	-	340,716	86,801,704	4,800
3 - 6 months	-	-	2,382,866	-
6 - 12 months	-	-	3,906,976	-
Over 12 months	-	-	10,000	-
	<u>-</u>	<u>340,716</u>	<u>93,101,546</u>	<u>4,800</u>
Total	-	363,948	-	41,800
Less allowance for doubtful accounts	-	-	-	-
Net	<u>-</u>	<u>363,948</u>	<u>93,101,546</u>	<u>41,800</u>
Other parties				
Within credit terms	3,287,637	35,877,996	405,543	26,199,625
Overdue				
Less than 3 months	12,494,966	19,345,006	652,315	16,116,527
3 - 6 months	6,382,604	18,894,444	30,703	17,285,516
6 - 12 months	3,155,992	81,813,532	1,406,359	79,341,713
Over 12 months	10,867,082	3,314,896	5,616,397	1,151,058
	<u>32,900,644</u>	<u>123,367,878</u>	<u>7,705,774</u>	<u>113,894,814</u>
Total	36,188,281	159,245,874	8,111,317	140,094,439
Less allowance for doubtful accounts	<u>(22,313,645)</u>	<u>(8,920,828)</u>	<u>(4,777,342)</u>	<u>(6,017,698)</u>
Net	<u>13,874,636</u>	<u>150,325,046</u>	<u>3,333,975</u>	<u>134,076,741</u>
Trade accounts receivable, net	<u>13,874,636</u>	<u>150,688,994</u>	<u>96,435,521</u>	<u>134,118,541</u>

The normal credit term granted by the Group ranges from 7 days to 30 days.

The currency denomination of trade accounts receivable and accrued income (before deducted allowance for doubtful accounts) as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Thai Baht	41,140,815	409,772,579	103,369,358	380,278,249
United States Dollars (USD)	1,705,694	-	-	-
Total	<u>42,846,509</u>	<u>409,772,579</u>	<u>103,369,358</u>	<u>380,278,249</u>

As at 31 December 2010, trade accounts receivable and accrued income under turn-key contract to set up Integrated Billing and Customer Service System (IBACSS) and Billion Mediation System dated 25 January 2008 were transferred the right claims on collection under the above contract to Isalamic Bank of Thailand as collateral for loans from the above bank in the amount of Baht 200 million. Subsequently, on 17 June 2011 the Company received payment from CAT in full and made the repayment of loans from Isalamic Bank of Thailand in full. Subsequently, on 11 July 2011, the bank notified to terminate the right claims from the Company.

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

10 Other receivables

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Related parties	475,593,763	677,035,160	500,030,722	686,816,187
<i>Less</i> allowance for doubtful accounts	<u>(475,593,763)</u>	<u>(468,217,100)</u>	<u>(497,612,447)</u>	<u>(468,217,101)</u>
	<u>-</u>	<u>208,818,060</u>	<u>2,418,275</u>	<u>218,599,086</u>
Other parties	128,845,857	150,493,033	68,855,911	116,503,719
<i>Less</i> allowance for doubtful accounts	<u>(46,497,096)</u>	<u>(18,436,931)</u>	<u>(45,960,165)</u>	<u>(18,436,931)</u>
	<u>82,348,761</u>	<u>132,056,102</u>	<u>22,895,746</u>	<u>98,066,788</u>
Other receivable, net	<u>82,348,761</u>	<u>340,874,162</u>	<u>25,314,021</u>	<u>316,665,874</u>

Other receivable - other parties comprise of:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Other receivable	47,006,532	52,489,408	43,993,088	46,333,666
Securities receivables	24	39,494,019	24	39,494,019
Prepaid expenses	10,327,460	8,075,200	3,944,182	2,689,633
Value added tax recoverable	58,969,956	40,210,998	8,977,232	18,007,815
Advance payment for machinery development	6,000,000	6,000,000	6,000,000	6,000,000
Advance payment	3,345,918	2,960,918	2,745,418	2,717,001
Accrued interest income	3,195,967	1,262,490	3,195,967	1,261,585
Total	<u>128,845,857</u>	<u>150,493,033</u>	<u>68,855,911</u>	<u>116,503,719</u>
<i>Less</i> allowance for doubtful accounts	<u>(46,497,096)</u>	<u>(18,436,931)</u>	<u>(45,960,165)</u>	<u>(18,436,931)</u>
Other receivable - other parties, net	<u>82,348,761</u>	<u>132,056,102</u>	<u>22,895,746</u>	<u>98,066,788</u>

Other receivable of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

11 Inventories

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Finished goods	74,951,986	49,724,010	73,368,949	45,692,618
Work in progress	4,771,269	3,092,972	9,296	-
Spare parts and supplies	12,293,631	17,076,175	-	6,744,534
Cost of film production	6,449,072	1,876,000	-	-
	<u>98,465,958</u>	<u>71,769,157</u>	<u>73,378,245</u>	<u>52,437,152</u>
<i>Less</i> allowance for devaluation of inventories	<u>(28,685,064)</u>	<u>(27,159,517)</u>	<u>(8,001,243)</u>	<u>(10,937,734)</u>
Net	<u>69,780,894</u>	<u>44,609,640</u>	<u>65,377,002</u>	<u>41,499,418</u>
Loss for devaluation of inventories (reversal) for the year	<u>1,525,547</u>	<u>202,890</u>	<u>(2,936,491)</u>	<u>(4,224,087)</u>

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The cost of inventories which is recognized as an expense and included in cost of sale of goods for the years ended 31 December 2011 and 2010 amounted to Baht 917 million and Baht 1,647 million, respectively in the consolidated financial statements and amounted to Baht 967 million and Baht 1,566 million, respectively in the separate financial statements.

As at 31 December 2011 and 2010, inventories, carrying value of Baht 30 million, have been mortgaged as collateral for loans from banks.

Inventories as at 31 December 2011 amounted to Baht 70 million and Baht 65 million in the consolidated and separate financial statements have been expected to utilize as follows:

	Consolidated financial statements <i>(in million Baht)</i>	Separate financial statements
Expected to utilize within 1 year	70	65
Expected to utilize over 1 year	-	-
	<u>70</u>	<u>65</u>

12 Wood in a concession area

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Wood in a concession area	-	60,000,000	-	60,000,000
Less allowance for impairment	-	(60,000,000)	-	(60,000,000)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 9 June 2006, the Company entered into a purchase agreement for wood with Crystal Agro Co., Ltd., (“CTA”) which had 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 25 to the financial statements, on 21 June 2006, the Company entered into a sales agreement with Siam Stone Architect Co., Ltd. (“SSA”) to sell wood and received payment for wood in the amount of Baht 50 million, the Company set up an allowance for impairment on wood in concession area in full amount of Baht 60 million in prior year.

Subsequently, on 31 January 2011 the Company obtained a letter from Siam Stone Aggregate Co., Ltd. (Formerly: Siam Stone Architect Co., Ltd.) (“SSA”) notified regarding debt from conversion pursuant to the converted debt agreement between SSA and CTA which was based on transferring claims as the compromise agreement dated 29, 30 April 2008, had been settled. Accordingly, the obligation between SSA and the Company has been extinguished in compliance with the law. The Company has been entirely discharged from the obligation and had no any obligation or duty to make the payment to SSA. Subsequently, the Board of Directors Meeting held on 24 February 2011, resolved to adjust the related accounts were summarized as follows:

	<i>(in Baht)</i>
Account receivable - CTA :-	
Wood in a concession area	60,000,000
Short-term loan	3,000,000
Value added tax	11,900,000
Accrued interest income	<u>1,123,337</u>
	<u>76,023,337</u>

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	<i>(in Baht)</i>
Account payable - SSA :-	
Advance received for wood in a concession area	50,000,000
Loss on transferring the right of claim as per the compromise agreement	<u>(26,023,337)</u>
Reversal of doubtful debts expenses	16,023,337
Reversal of allowance for impairment – wood in a concession area	60,000,000
Reversal of provisions	<u>27,396,417</u>
Difference arising from adjustments	<u>77,396,417</u>

13 Investments in subsidiaries

Movements during the years ended 31 December 2011 and 2010 were as follows:

	Separate financial statements	
	2011	2010
	<i>(in Baht)</i>	
At 1 January	1,612,154,930	755,279,930
Proceeds from reduction of shares	-	(3,125,000)
Sale of investment	(134,999,930)	-
Reduction of shares	(850,000,000)	-
Acquisitions	<u>248,000,000</u>	<u>860,000,000</u>
	875,155,000	1,612,154,930
<i>Less</i> allowance for devaluation of investments	<u>(556,945,118)</u>	<u>(1,375,456,115)</u>
At 31 December	<u>318,209,882</u>	<u>236,698,815</u>
 Impairment losses for the year	 <u>127,097,330</u>	 <u>670,624,433</u>

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Investments in subsidiaries as at 31 December 2011 and 2010 were as follows:

	Ownership Interest		Paid-up capital		Separate financial statements		Allowance for devaluation of investments		At cost - net		Dividends	
	2011	2010	2011	2010	Cost method	Cost method	2011	2010	2011	2010	2011	2010
	(%)	(%)	(in million Baht)		2011	2010	(in Baht)				2011	2010
Direct subsidiaries												
IEC Green Energy Co., Ltd.	100	100	312	500	302,900,000	490,900,000	413,104	301,390,587	302,486,896	189,509,413	-	-
IEC Technology Co., Ltd.	100	100	200	200	196,255,000	196,255,000	196,255,000	196,255,000	-	-	-	-
IEC Asset Co., Ltd.	-	100	-	550	-	544,999,930	-	497,810,528	-	47,189,402	-	-
IEC Business Partners Co., Ltd.	100	100	250	250	250,000,000	250,000,000	250,000,000	250,000,000	-	-	-	-
IEC Distribution System Co., Ltd.	100	100	95	95	95,000,000	95,000,000	95,000,000	95,000,000	-	-	-	-
Triple Play Co., Ltd.	100	100	31	35	31,000,000	35,000,000	15,277,014	35,000,000	15,722,986	-	-	-
Total					875,155,000	1,612,154,930	556,945,118	1,375,456,115	318,209,882	236,698,815	-	-

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- IEC Green Energy Co., Ltd.

The Board of Directors Meeting held on 13 November 2009 approved the Company exercises the rights to purchase the increased ordinary shares of a subsidiary (“IEC Green Energy Co., Ltd”) in the amount of Baht 400 million by the creation of 40,000,000 new ordinary shares of Baht 10 par value, and requiring the settlement in full within 21 June 2011 in order to support the liquidity in the operations and to invest in the alternative energy projects. On 25 June 2010 and 15-27 September 2010, 15 and 27 October 2010 and 16 December 2010, the Company paid for such increase of share capital of Baht 400 million and 21 December 2010, the increase of share capital was registered with the Ministry of Commerce.

The Board of Directors Meeting of IEC Green Energy Co., Ltd. held on 11 October 2010 resolved the general principle to conduct the feasibility study of investment in the waste power plant project of the subsidiary with GIDEC Co., Ltd., shareholding not exceeding 80% of the authorized share capital, and a deposit payment in the amount of Baht 40 million. On 14 October 2010, IEC Green Energy Co., Ltd. paid the above deposit of Baht 40 million. Please also see Note 5 to the financial statements.

The Board of Directors Meeting of IEC Green Energy Co., Ltd. held on 28 June 2011 passed a resolution as follows:

- To increase the company’s authorized share capital by Baht 160 million by the creation of 16,000,000 new ordinary shares of Baht 10 par value in order to support the liquidity for operations and to invest in the waste disposal and energy project. After increase of share capital, the subsidiary’s registered share capital would be Baht 660 million which is determined the first call - up in 62.5% (or Baht 100 million) and will be register the increase of share capital in full.
- To determine IEC Green Energy Co., Ltd. acquires the ordinary shares of Lumpoon Solar Co., Ltd. (“LS”) from existing shareholders of the LS of 10,000 shares, representing 100% of the authorized and paid-up share capital in the price of Baht 2,700 per share totaling Baht 27,000,000 by assigning the management to negotiate, corporate, and resolve for entering into a share purchase agreement under the conditions that the payments of shares in the amount of Baht 27,000,000 are divided into 4 installments, of which Baht 6,750,000 per each. The first installment will be made on the agreement date and the second to fourth installments will be made basing on the progress of conduct a power purchase agreement with the Provincial Electricity Authority and the acquisition of land in Lumpoon province and Chiang Mai province which will be considered in each important project.

The Extraordinary General Meeting of Shareholders of the subsidiary (“IEC Green Energy Co., Ltd.”) held on 15 July 2011 resolved to increase the company’s authorized share capital by Baht 160 million by the creation of 16,000,000 ordinary shares of Baht 10 par value to support liquidity of operations and take the proceeds from the increasing share capital to invest in energy and waste disposal projects. The increased share capital was registered with the Ministry of Commerce on 28 July 2011. The share payments of Baht 100 million, of Baht 15 million, of Baht 20 million and of Baht 25 million were received on 22 July 2011, 30 August 2011, 2 September 2011 and 5 September 2011, respectively.

The Board of Directors Meeting of the subsidiary (“IEC Green Energy Co., Ltd.”) held on 2 August 2011 resolved the following matters:

- To increase authorized share capital of Lumpoon Solar Co., Ltd. (“LS”) from Baht 1 million to Baht 50 million. Proceeds from increase of share capital will invest in solar power generation project.

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- To agree LS acquired 2 plots of land for 2 projects in Chiang Mai province of Baht 250,000 per rai under the purchase on share agreement.

The Extraordinary General Meeting of Shareholders of the subsidiary (“IEC Green Energy Co., Ltd.”) held on 11 November 2011 passed a resolution as follows:

- To decrease the company’s authorized share capital by Baht 348 million by the reduction of 34,800,000 ordinary shares of Baht 10 par value in order to compensate with the deficit and adjust the capital structure in appropriate for the business size of the company. The balance of authorized share capital after reduction of authorized shares amounted to Baht 312 million and on 19 December 2011, the decrease of share capital was registered with the Ministry of Commerce. Therefore, as at 31 December 2011, authorized and paid-up share capital of the subsidiary amounted to Baht 312 million.
 - To increase the company’s authorized share capital by Baht 338 million by the creation of 33,800,000 ordinary shares of Baht 10 par value, in the amount of Baht 650 million in order to support investment in alternation energy business. As of 26 March 2012, the company has not registered such increase of share capital.
- IEC Technology Co., Ltd.

The Extraordinary General Meeting of Shareholders of IEC Technology Co., Ltd. held on 27 November 2009 unanimously resolved to increase the company’s authorized share capital by Baht 150 million by the creation of 15,000,000 new ordinary shares of Baht 10 par value totaling the authorized share capital of Baht 200 million. The registration of increase of shares will be conducted in each distribution, On 20 September 2010, the settlement of share payment in the amount of Baht 150 million was performed and the increase of share capital was registered with the Ministry of Commerce on 24 September 2010.

On 21 January 2010, a subsidiary (IEC Technology Co., Ltd.) entered into a Memorandum of understanding regarding trail project of 3G mobile phone network with a public company to develop to retail and wholesale of 3G mobile phone service under the subsidiary’s brand and distribution channel. The conditions and term of Memorandum are as follows:

- Forms and conditions of trail project
 - Network and areas for 3G service
 - Techniques used in the project
 - Commerce, marketing and promotion
 - Standards and quality for 3G service
 - Apply, maintain and security of information
- IEC Asset Co., Ltd.

The Extraordinary General Meeting of Shareholders of IEC Asset Co., Ltd. held on 20 October 2010 resolved to increase the Company’s authorized share capital by Baht 265 million by the creation of 26,500,000 new ordinary shares of Baht 10 par value totaling authorized share capital of Baht 550 million in order to support the operational business and invest in the real estate business in the future. The increased share capital will be registered in each time of the number of distributed shares. On 24 November 2010 to 7 December 2010, the Company paid such increase of share capital of Baht 265 million and on 8 December 2010, the increase of share capital was registered with the Ministry of Commerce.

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The Extraordinary General Meeting of Shareholders of IEC Asset Co., Ltd. held on 12 January 2011 resolved to decrease the company's authorized share capital by Baht 410 million by the deduction of 41,000,000 ordinary shares of Baht 10 par value, therefore, balance of authorized share capital amounted to Baht 140 million which fits to its business. The decrease of share capital was registered with the Ministry of Commerce on 21 February 2011 and on 31 August 2011, the Company sold the investment in subsidiary in full and please also see Note 5 to the financial statements.

- IEC Business Partners Co., Ltd.

The Extraordinary General Meeting of Shareholders of IEC Business Partners Co., Ltd. held on 4 January 2011 resolved to increase the Company's authorized share capital by Baht 180 million by the creation of 18,000,000 new ordinary shares of Baht 10 par value. The increased share capital will be registered in each time of the number of distributed shares. As of 26 March 2012, the increase of share capital has not been registered.

- IEC Distribution System Co., Ltd. (Formerly: Easy Fix Co., Ltd.)

The Ordinary General Meeting of Shareholders of IEC Easy Fix Co., Ltd. held on 23 April 2010 resolved to increase share capital by Baht 45 million by the creation of 4,500,000 new ordinary shares of Baht 10 par value in order to support the liquidity in the operations of the company and to invest in the company's projects. On 13 May 2010 – 11 June 2010, the company paid such increase of share capital of Baht 45 million and on 29 June 2010, the increase of share capital was registered with the Ministry of Commerce.

The Extraordinary General Meeting of Shareholders of IEC Easy Fix Co., Ltd. held on 7 November 2011 resolved to change of its name from "IEC Easy Fix Co., Ltd." to "IEC Distribution System Co., Ltd".

- Augere (Thailand) Co., Ltd.

The Board of Director Meeting of Augere (Thailand) Co., Ltd. held on 16 March 2010 resolved to dissolve a subsidiary because of unclear WIMAX Project from Government Section and reducing the related expenses. On 11 May 2010, the dissolution of such subsidiary had been registered with the Ministry of Commerce including the liquidator registered to finish the liquidation on 8 July 2010.

- Triple Play Co., Ltd.

The Board of Directors Meeting of the subsidiary ("Triple Play Co., Ltd.") held on 28 July 2011 resolved to increase the company's authorized share capital by Baht 88 million from Baht 35 million to Baht 123 million by the creation of 8,800,000 ordinary shares of Baht 10 par value in order to support the liquidity in operations. The share payments in the amount of Baht 50 million and in the amount of Baht 38 million were received on 18 August 2011 and 22 August 2011, respectively. The company registered the increase of share capital and change in the list of shareholder with the Ministry of Commerce on 24 August 2011.

The Board of Directors Meeting of Triple Play Co., Ltd. held on 1 November 2011 passed a resolution to reduce the company's authorized share capital by Baht 92 million in order to compensate with the deficit and adjust the capital structure in appropriate for the business size of the company and on 26 December 2011, the decrease of share capital was registered with the Ministry of Commerce. Therefore, as at 31 December 2011, the subsidiary had authorized and paid-up share capital in the amount of Baht 31 million. Please see Note 51 to the financial statements.

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- Team Solar Co., Ltd. (Formerly: Lumpoon Solar Co., Ltd.) (the direct subsidiary of IEC Green Energy Co., Ltd.)

The Extraordinary General Meeting of Shareholders of Lumpoon Solar Co., Ltd. held on 18 August 2011 resolved to increase the company's authorized share capital by Baht 49 million from Baht 1 million to Baht 50 million by the creation of 490,000 ordinary shares of Baht 10 par value in order to invest in the product electricity from solar cells project. After increase of share capital, the direct subsidiary's registered share capital would be Baht 50 million which is determined the first call - up in 25% (or Baht 12.25 million) but will be registered the increase of share capital in full. On 18 August 2011, the subsidiary received payment of shares of Baht 12.25 million and registered the increase of share capital with the Ministry of Commerce on 18 August 2011.

The Extraordinary General Meeting of Shareholders of Lumpoon Solar Co., Ltd. held on 12 September 2011 resolved to change the company's name from Lumpoon Solar Co., Ltd. to Team Solar Co., Ltd. The change of company's name was registered with the Ministry of Commerce on 13 September 2011.

The Board of Directors Meeting of Team Solar Co., Ltd. held on 22 September 2011 resolved to secondly call-up the share payment by 10% of par value (totaling Baht 4.9 million). On 23 September 2011, the subsidiary received payment of increased shares in amount of Baht 4.9 million.

The Board of Directors Meeting of Team Solar Co., Ltd. held on 10 October 2011 and 20 October 2011 resolved to call-up by 10% and 55% of registered share capital (The paid-up amount was Baht 31.85 million.) and the subsidiary received the increased shares and on 23 December 2011, the increase of share capital was registered with the Ministry of Commerce. Therefore, as at 31 December 2011, the subsidiary had authorized and paid-up share capital in the amount of Baht 50 million. Please also see Note 51 to the financial statements.

14 Investments in associates

Movements during the years ended 31 December 2011 and 2010 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
At 1 January	104,826,800	24,826,800	24,826,800	24,826,800
Purchase during the year	147,000,000	-	-	-
Received transfer advance for investment	(147,000,000)	-	-	-
Transfer investment	(80,000,000)	-	-	-
Advance payment for investments	-	80,000,000	-	-
	<u>24,826,800</u>	<u>104,826,800</u>	<u>24,826,800</u>	<u>24,826,800</u>
<i>Less</i> allowance for devaluation of investments	<u>(24,826,800)</u>	<u>(24,826,800)</u>	<u>(24,826,800)</u>	<u>(24,826,800)</u>
At 31 December	-	80,000,000	-	-

The Group has not recognized losses relating to certain investments in associates (Micronetic Plc.) for using the equity method where its share of losses exceeds the carrying amount of those investments which was based on the financial information as at 30 September 2009 (the latest). The Group's cumulative shares of unrecognized losses were Baht 60 million. As of 31 December 2011 and 2010, such associate had no financial information, and allowance for devaluation of investments was set up in full.

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The Board of Directors Meeting of IEC Business Partners Co., Ltd. held on 16 November 2010 resolve to authorize the company sold investment in OneNet Co., Ltd. of 490,000 shares at the price of Baht 13 per share totaling Baht 6.37 million. On 18 November 2010, the subsidiary received the payment amounting Baht 6.37 million and resulting to profit from sale of investment recorded amounted to Baht 6.37 million.

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Investments in associates as at 31 December 2011 and 2010 were as follows:

	Ownership interest		Paid-up capital		Cost method		Equity method		Allowance for devaluation of investments		At equity - net	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(<i>%</i>)		<i>(in million Baht)</i>						<i>(in Baht)</i>			
Consolidated financial Statements												
<i>Associates</i>												
Micronetic Plc.	38.51	38.51	100	100	24,826,800	24,826,800	24,826,800	24,826,800	24,826,800	24,826,800	-	-
Advance payment for investment												
GIDEC Co., Ltd.	-	49	200	200	-	80,000,000	-	80,000,000	-	-	-	80,000,000
Total					24,826,800	104,826,800	24,826,800	104,826,800	24,826,800	24,826,800	-	80,000,000
Separate financial statements												
<i>Associates</i>												
Micronetic Plc.	38.51	38.51	100	100	24,826,800	24,826,800	24,826,800	24,826,800	24,826,800	24,826,800	-	-
Total					24,826,800	24,826,800	24,826,800	24,826,800	24,826,800	24,826,800	-	-

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15 Other long-term investments

Movements during the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
General investments				
At 1 January	76,674,514	67,899,000	30,520,000	30,520,000
Purchase during the year	-	11,525,514	-	-
Sale during the year	(46,154,514)	(2,750,000)	-	-
	<u>30,520,000</u>	<u>76,674,514</u>	<u>30,520,000</u>	<u>30,520,000</u>
<i>Less allowance for devaluation of investments</i>	<u>(29,995,000)</u>	<u>(62,282,332)</u>	<u>(29,995,000)</u>	<u>(29,995,000)</u>
At 31 December	<u>525,000</u>	<u>14,392,182</u>	<u>525,000</u>	<u>525,000</u>

The Board of Directors Meeting of the subsidiary (IEC Business Partners Co., Ltd.) held on 25 March 2011 resolve to authorize the company sold investment in A – Host Co., Ltd. of 981,400 shares at the price of Baht 18 per share (the book value as at 25 March 2011 of Baht 14.13 per share) totaling Baht 17.67 million. On 25 and 31 March 2011, the subsidiary received the payment amounting to Baht 17.67 million and resulting to profit from sale of investment recorded amounted to Baht 3.8 million.

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Other long-term investments as at 31 December 2011 and 2010 were as follows:

	Cost method		Allowance for devaluation of investments		Cost method - net	
	2011	2010	2011	2010	2011	2010
	<i>(in Baht)</i>					
Consolidated financial statements						
General investments						
Sri U – Thong Co., Ltd.	21,000,000	21,000,000	21,000,000	21,000,000	-	-
Ethnic Earth.Com Holding Co., Ltd.	8,995,000	8,995,000	8,995,000	8,995,000	-	-
A-Host Co., Ltd.	-	46,154,514	-	32,287,332	-	13,867,182
Auto Info Co., Ltd.	400,000	400,000	-	-	400,000	400,000
Electricity Generating Pcl.	125,000	125,000	-	-	125,000	125,000
Net	30,520,000	76,674,514	29,995,000	62,282,332	525,000	14,392,182
Separate financial statements						
General investments						
Sri U – Thong Co., Ltd.	21,000,000	21,000,000	21,000,000	21,000,000	-	-
Ethnic Earth.Com Holding Co., Ltd.	8,995,000	8,995,000	8,995,000	8,995,000	-	-
Auto Info Co., Ltd.	400,000	400,000	-	-	400,000	400,000
Electricity Generating Pcl.	125,000	125,000	-	-	125,000	125,000
Net	30,520,000	30,520,000	29,995,000	29,995,000	525,000	525,000

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16 Property, plant and equipment

	Consolidated financial statements								
	Land	Buildings	Leasehold building improvement	Leased equipment	Tools and equipment (<i>in Baht</i>)	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Cost</i>									
At 1 January 2010	20,869,443	792,870	253,865,350	694,257	28,574,049	166,012,277	16,217,394	459,581,425	946,607,065
Additions	-	19,422,490	3,587,720	-	933,438	5,490,838	-	32,904,802	62,339,288
Transfers/Adjusts	-	-	9,530,056	-	-	34,044,850	-	(44,161,604)	(586,698)
Disposals	-	-	(4,685,876)	-	(13,489)	(2,249,613)	(3,296,586)	-	(10,245,564)
At 31 December 2010 and 1 January 2011	20,869,443	20,215,360	262,297,250	694,257	29,493,998	203,298,352	12,920,808	448,324,623	998,114,091
Acquisitions through purchase of business	27,000,000	38,791,799	-	-	-	8,075	3,660,000	153,502,860	222,962,734
Deductions from sale of subsidiary	-	(19,422,490)	(143,138,646)	-	-	(17,278,163)	(3,300,000)	-	(183,139,299)
Additions	26,947,270	-	14,832,013	-	686,326	7,879,918	7,967,563	278,643,253	336,956,343
Transfers/Adjusts	-	-	227,945	-	(724,603)	(134,931)	-	631,589	-
Disposals	-	-	(11,841,220)	(51,057)	(11,572,515)	(13,660,831)	(2,768,382)	-	(39,894,005)
At 31 December 2011	74,816,713	39,584,669	122,377,342	643,200	17,883,206	180,112,420	18,479,989	881,102,325	1,334,999,864

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	Land	Buildings	Leasehold building improvement	Leased equipment	Tools and equipment (in Baht)	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Accumulated depreciation</i>									
At 1 January 2010	-	412,993	93,498,607	694,234	19,179,483	138,039,238	10,922,266	-	262,746,821
Depreciation charge for the year	-	787,276	34,982,914	-	3,602,285	12,955,185	1,520,428	-	53,848,088
Transfers/Adjusts	-	-	(112,787)	-	-	(110,492)	-	-	(223,279)
Disposals	-	-	(2,022,935)	-	(11,074)	(1,914,315)	(3,296,583)	-	(7,244,907)
At 31 December 2010 and 1 January 2011	-	1,200,269	126,345,799	694,234	22,770,694	148,969,616	9,146,111	-	309,126,723
Acquisitions through purchase of business	-	1,976,788	-	-	-	477	-	-	1,977,265
Deductions from sale of subsidiary	-	(1,394,162)	(37,053,855)	-	-	(9,492,057)	(1,189,808)	-	(49,129,882)
Depreciation charge for the year	-	1,334,548	17,151,350	-	189,315	15,975,270	1,875,739	-	36,526,222
Transfers/Adjusts	-	-	-	-	-	-	-	-	-
Disposals	-	-	(6,134,071)	(51,054)	(8,965,436)	(11,572,917)	(1,814,562)	-	(28,538,040)
At 31 December 2011	-	3,117,443	100,309,223	643,180	13,994,573	143,880,389	8,017,480	-	269,962,288
<i>Allowance for impairment losses</i>									
At 1 January 2010	15,000,000	-	236,367	-	605,761	-	-	395,834,460	411,676,588
Impairment losses	1,283,572	-	109,724,323	-	4,728,518	14,424,740	-	51,197,639	181,358,792
At 31 December 2010 and 1 January 2011	16,283,572	-	109,960,690	-	5,334,279	14,424,740	-	447,032,099	593,035,380
Deductions from sale of subsidiary	-	-	(105,964,563)	-	-	(6,857,165)	-	-	(112,821,728)
Impairment losses	-	-	1,321,528	-	-	19,954,847	-	827,080	22,103,455
Disposal	-	-	(5,086,630)	-	(2,514,319)	(968,580)	-	(53,089)	(8,622,618)
At 31 December 2011	16,283,572	-	231,025	-	2,819,960	26,553,842	-	447,806,090	493,694,489

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	Land	Buildings	Leasehold building improvement	Leased equipment	Tools and equipment (in Baht)	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>									
- Owned assets	4,585,871	19,015,091	25,990,761	23	1,389,025	39,903,996	3,774,697	1,292,524	95,951,988
- Assets under finance leases	-	-	-	-	-	-	-	-	-
Total at 31 December 2010	4,585,871	19,015,091	25,990,761	23	1,389,025	39,903,996	3,774,697	1,292,524	95,951,988
- Owned assets	58,533,141	36,467,226	21,837,094	20	1,068,673	9,678,189	7,097,314	433,296,235	567,977,892
- Assets under finance leases	-	-	-	-	-	-	3,365,195	-	3,365,195
Total at 31 December 2011	58,533,141	36,467,226	21,837,094	20	1,068,673	9,678,189	10,462,509	433,296,235	571,343,087

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	Land	Buildings	Leasehold building improvement	Leased equipment	Tools and equipment (in Baht)	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Cost</i>									
At 1 January 2010	608,122	792,870	82,628,456	91,057	10,215,254	110,829,254	10,662,718	365,625	216,193,356
Additions	-	-	2,153,057	-	74,648	2,231,518	-	450,000	4,909,223
Transfers/Adjusts	-	-	(198,029)	-	-	395,125	-	(365,625)	(168,529)
Disposals	-	-	(2,294,727)	-	-	(1,945,409)	(3,296,587)	-	(7,536,723)
At 31 December 2010 and 1 January 2011	608,122	792,870	82,288,757	91,057	10,289,902	111,510,488	7,366,131	450,000	213,397,327
Additions	-	-	14,708,223	-	686,326	6,167,147	6,555,105	52,387,321	80,504,122
Transfers/Adjusts	-	-	227,945	-	(724,603)	(417,388)	-	914,046	-
Disposals	-	-	(11,841,220)	(51,057)	(963,059)	(2,687,567)	(513,705)	-	(16,056,608)
At 31 December 2011	608,122	792,870	85,383,705	40,000	9,288,566	114,572,680	13,407,531	53,751,367	277,844,841
<i>Accumulated depreciation</i>									
At 1 January 2010	-	412,993	45,619,912	91,054	10,199,354	102,101,890	10,058,463	-	168,483,666
Depreciation charge for the year	-	39,644	17,079,536	-	15,207	3,870,922	409,495	-	21,414,804
Disposals	-	-	(976,676)	-	-	(1,611,977)	(3,296,583)	-	(5,885,236)
At 31 December 2010 and 1 January 2011	-	452,637	61,722,772	91,054	10,214,561	104,360,835	7,171,375	-	184,013,234
Depreciation charge for the year	-	39,735	14,088,968	-	19,099	3,445,353	801,885	-	18,395,040
Disposals	-	-	(6,134,072)	(51,055)	(962,940)	(2,338,404)	(339,461)	-	(9,825,932)
At 31 December 2011	-	492,372	69,677,668	39,999	9,270,720	105,467,784	7,633,799	-	192,582,342

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	Land	Buildings	Leasehold building improvement	Leased equipment	Tools and equipment (in Baht)	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Allowance for impairment losses</i>									
At 1 January 2010	-	-	236,367	-	-	-	-	-	236,367
Impairment losses	-	-	5,500,646	-	-	19,917	-	-	5,520,563
At 31 December 2010 and 1 January 2011	-	-	5,737,013	-	-	19,917	-	-	5,756,930
Impairment losses	-	-	(5,171,029)	-	-	79,249	-	-	(5,091,780)
At 31 December 2011	-	-	565,984	-	-	99,166	-	-	665,150
<i>Net book value</i>									
- Owned assets	608,122	340,233	14,828,972	3	75,341	7,129,736	194,756	450,000	23,627,163
- Assets under finance leases	-	-	-	-	-	-	-	-	-
Total at 31 December 2010	608,122	340,233	14,828,972	3	75,341	7,129,736	194,756	450,000	23,627,163
- Owned assets	608,122	300,498	15,140,053	1	17,846	9,005,730	5,773,732	53,751,367	84,597,349
- Assets under finance leases	-	-	-	-	-	-	-	-	-
Total at 31 December 2011	608,122	300,498	15,140,053	1	17,846	9,005,730	5,773,732	53,751,367	84,597,349

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	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Depreciation was included in:-	<i>(in Baht)</i>			
Cost of sales of goods or rendering of services	9,980,715	12,199,854	-	-
Administrative expenses	26,545,507	41,648,234	18,395,040	21,414,804
Total	36,526,222	53,848,088	18,395,040	21,414,804
Impairment losses for the years (reversal)	22,103,455	181,358,792	(5,091,780)	5,520,563

The gross amount of the Group/ the Company's fully depreciated building and equipment that was still in use as at 31 December 2011 and 2010 were summarized as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Building and equipment	159	128	121	113

As at 31 December 2011 and 2010, the book value of lands including structures existing at the present and to be constructed in the future of IEC Business Partners Co., Ltd. (amounted to Baht 465 million) and GIDEC Co., Ltd. (amounted to Baht 301 million) and the related right to insurance claims on those assets have been mortgaged as collateral for obligations under loan agreements, which was summarized as follows: -

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Lands	20	20	-	-
Condominium	36	-	-	-
Buildings under construction	22	22	-	-
Machinery under installation	688	423	-	-
Total	766	465	-	-
Less Allowance for impairment losses	(461)	(461)	-	-
Net book value	305	4	-	-

Please also see Notes 27 and 48 to the financial statements.

Property, plant and equipment under construction

- Digital Mobile TV project

As described in Notes 20 and 50 to the financial statement, during 2011 and 2010, the Company operates a portable digital television via a UHF frequency under the 58 – bands. The control system has been installed and deployed at the IEC building. The transmitter system has been installed at television broadcast station of MCOT. Total budget cost amounted to Baht 250 million and actual cost incurred as of 31 December 2011 totaled Baht 119 million and the remaining amounted to Baht 131 million. At the report date, the Company is waiting for MCOT to carry out the import permission for the radio communication equipment from the

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Office of the National Broadcasting and Telecommunications Commission (“NBTC”) through Custom formalities and installation.

- Production of Ethanol plant project

The subsidiary (IEC Business Partners Co., Ltd.) had property, plant and equipments of which cost as at 31 December 2011 and 2010 amounted to Baht 465 million less allowance for impairment loss of asset of Baht 461 million balanced to Baht 4 million. The said assets related to the contentions cases in purchasing asset from IGA that has been still in the process of the Court’s consideration. As of 26 March 2012, those cases have not been finalized. Please also see Note 47 to the financial statements.

- Waste disposal and power plant from waste projects

Borrowing costs relating to the acquisition of the land and the construction of power plant from waste was capitalized as part of the assets for 2011 of Baht 6 million. The interest rate to be capitalized was MLR and MLR plus 1 per annum and please see Note 41 to the financial statements.

As described in Note 50 to the financial statement, during 2011 and 2010, the subsidiary (GIDEC Co., Ltd.) constructed the waste disposal and generate electricity from waste plant on land under lease agreement with Hatyai Municipal, Song Kha province (as described in Note 50 to the financial statements). Total budget cost amounted to Baht 660 million (funds from external source of Baht 400 million and from internal source of Baht 260 million). As of 31 December 2011, the actual cost incurred totaled Baht 325 million and the remaining amounted to Baht 335 million and has been expected to complete by June 2012.

- Solar power plant project

The Board of Directors Meeting of the Company held on 26 August 2011 resolved the cost budget of solar power plant project of indirect subsidiary (“Team Solar Co., Ltd.”) in particular the projects which is located at Lumpoon province (Lumpoon 1 and Lumpoon 2 projects) in the amount not exceeding Baht 210 million.

During 2011, the subsidiary purchased land in Lumpoon province and Chiang Mai province amounted to Baht 26 million and has constructed solar power plant at Lumpoon project of which total budget cost amounted to Baht 210 million. Actual cost incurred until 31 December 2011 amounted to Baht 115 million and the remaining amounted to Baht 95 million. The project has been expected to finished by June 2012.

17 Leasehold rights

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Leasehold right, net	58,714,639	26,187,907	58,714,639	26,187,907
Advance payment for leasehold rights	-	38,891,103	-	-
Total	<u>58,714,639</u>	<u>65,079,010</u>	<u>58,714,639</u>	<u>26,187,907</u>

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Leasehold rights

	Consolidated financial statements	Separate financial statements
	<i>(in Baht)</i>	
<i>Cost</i>		
At 1 January 2010	281,287,684	79,552,924
Increase	12,374,048	12,374,048
Decrease	<u>(18,247,959)</u>	<u>(18,247,959)</u>
At 31 December 2010 and 1 January 2011	275,413,773	73,679,013
Increase	40,341,000	40,341,000
Decrease	<u>(37,219,280)</u>	<u>(37,219,280)</u>
Decrease from sale of subsidiary	<u>(201,734,760)</u>	<u>-</u>
At 31 December 2011	76,800,733	76,800,733
<i>Accumulated amortization</i>		
At 1 January 2010	109,342,816	59,920,094
Amortization charge for the year	13,480,333	3,265,915
Decrease	<u>(18,247,953)</u>	<u>(18,247,953)</u>
At 31 December 2010 and 1 January 2011	104,575,196	44,938,056
Amortization charge for the year	4,885,526	4,320,006
Decrease	<u>(31,171,968)</u>	<u>(31,171,968)</u>
Decrease from sale of subsidiary	<u>(60,202,660)</u>	<u>-</u>
At 31 December 2011	18,086,094	18,086,094
<i>Accumulated impairment losses</i>		
At 1 January 2010	22,327,807	-
Impairment losses	122,322,863	2,553,050
At 31 December 2010 and 1 January 2011	144,650,670	2,553,050
Impairment losses	<u>(2,553,050)</u>	<u>(2,553,050)</u>
Decrease from sale of subsidiary	<u>(142,097,620)</u>	<u>-</u>
At 31 December 2011	<u>-</u>	<u>-</u>
<i>Net book value</i>		
At 31 December 2010	26,187,907	26,187,907
At 31 December 2011	58,714,639	58,714,639

Amortizations for the year were included in:-

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Cost of sales of goods or rendering of services	565,520	8,184,034	-	-
Administrative expenses	<u>4,320,006</u>	<u>5,296,299</u>	<u>4,320,006</u>	<u>3,265,915</u>
Total	4,885,526	13,480,333	4,320,006	3,265,915

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Leasehold rights on IEC building

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

During 2010, the subsidiary's management reviewed the value in use of those assets because of a significant decrease of lessees and the current economical environment resulting to no new lessees, and estimated net cash inflows in the future from 2011 to the expiry date (31 May 2022) which was shown a negative amount. Pursuant to term of agreement contains a significant limitation that is a delivery of space restored. Therefore, the Board of Directors Meeting at the subsidiary held on 4 January 2011 resolved to record the additional impairment losses of Baht 233 million (comprising leasehold rights on IEC building of Baht 120 million and building improvement and other assets of Baht 113 million).

The management considered the information derived from lease agreement, finance and related other projection including the future expected lease rate, etc, discounting at the rate of 7.25% per annum to determine the calculating value in use of assets. Subsequently, on 26 August 2011, the Company sold investment of the subsidiary to other company.

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

Leasehold rights of Department Store /Advance payment for leasehold rights

- The Board of Director Meeting of a subsidiary (IEC Asset Co., Ltd.) held on 2 August 2010 and 7 September 2010 resolved to make borrowings from the parent for acquiring leasehold rights for 7 areas from Bliss-Tel Public Company Limited ("Bliss-Tel") in the price of Baht 35,000,000 (exclusive value added tax) and relating expenses in respect of transfer of ownership. Total advances as at 31 December 2010 amounted to Baht 38.89 million.
- On 4 September 2010, the subsidiary (IEC Asset Co., Ltd.) agreed to purchase leasehold rights for 7 areas from Bliss-Tel Public Company Limited in the amount of Baht 35 million (exclusive value added tax in the amount of Baht 2.45 million) and relating expenses in respect of transfer of ownership. The transfer of ownership was registered with the Department of Land since January to June 2011.
- On 30 June 2011, the Company ("the transferee") entered into an agreement to transfer 7 leasehold rights from a subsidiary (as a subsidiary until 31 August 2011) (IEC Asset Co., Ltd.) ("the transferor"). The transferee agreed to pay in the amount of Baht 40.21 million (including VAT amounted to Baht 1.86 million), which was paid, including received the transfer of ownership and already paid for leasehold rights with delivery of possession of rental space. Under the agreement, which was paid, including received the transfer of ownership, the transfer of ownership must be registered with the Department of Land within 60 days from the date of the agreement. As at 26 March 2012, transfer of ownership has been in the process of assignment from Department Store.

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18 Goodwill

	Consolidated financial statements	
	2011	2010
	<i>(in Baht)</i>	
<i>Cost</i>		
At 1 January	-	-
Acquisitions through business combinations	136,734,184	-
At 31 December	<u>136,734,184</u>	<u>-</u>
Net book value as at 31 December 2011	<u>136,734,184</u>	<u>-</u>

Please also see Note 5 to the financial statements.

19 Other intangible assets

	Consolidated financial statements				
	Computer software	Franchise fee	Advance payment for computer software <i>(in Baht)</i>	Television broadcasting's right	Total
<i>Cost</i>					
At 1 January 2010	33,199,780	1,125,000	10,300,000	-	44,624,780
Additions	52,500	-	-	-	52,500
Transfers	<u>-</u>	<u>(1,125,000)</u>	<u>-</u>	<u>-</u>	<u>(1,125,000)</u>
At 31 December 2010 and 1 January 2011	33,252,280	-	10,300,000	-	43,552,280
Additions	19,260	-	-	35,000,000	35,019,260
Transfers	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
At 31 December 2011	<u>33,271,539</u>	<u>-</u>	<u>10,300,000</u>	<u>35,000,000</u>	<u>78,571,539</u>
<i>Accumulated amortization</i>					
At 1 January 2010	26,213,766	344,310	-	-	26,558,076
Amortization charge for the year	546,476	25,327	-	-	571,803
Transfers	<u>-</u>	<u>(369,637)</u>	<u>-</u>	<u>-</u>	<u>(369,637)</u>
At 31 December 2010 and 1 January 2011	26,760,242	-	-	-	26,760,242
Amortization charge for the year	389,753	-	-	-	389,753
At 31 December 2011	<u>27,149,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,149,995</u>
<i>Allowance for impairment</i>					
At 1 January 2010	5,679,663	-	-	-	5,679,663
Impairment losses	107,717	-	-	-	107,717
At 31 December 2010 and 1 January 2011	5,787,380	-	-	-	5,787,380
No change during year	-	-	-	-	-
At 31 December 2011	<u>5,787,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,787,380</u>
<i>Net book value</i>					
At 31 December 2010	704,658	-	10,300,000	-	11,004,658
At 31 December 2011	334,164	-	10,300,000	35,000,000	45,634,164

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	Computer software	Franchise fee	Advance payment for computer software (in Baht)	Television broadcasting's right	Total
<i>Cost</i>					
At 1 January 2010	31,429,242	-	10,300,000	-	41,729,242
Additions	34,500	-	-	-	34,500
At 31 December 2010 and 1 January 2011	31,463,742	-	10,300,000	-	41,763,742
Additions	-	-	-	35,000,000	35,000,000
Transfers	(1)	-	-	-	(1)
At 31 December 2011	31,463,741	-	10,300,000	35,000,000	76,763,741
<i>Accumulated amortization</i>					
At 1 January 2010	24,709,001	-	-	-	24,709,001
Amortization charge for the year	499,137	-	-	-	499,137
At 31 December 2010 and 1 January 2011	25,208,138	-	-	-	25,208,138
Amortization charge for the year	350,137	-	-	-	350,137
At 31 December 2011	25,558,275	-	-	-	25,558,275
<i>Allowance for impairment</i>					
At 1 January 2010	5,633,333	-	-	-	5,633,333
No change during year	-	-	-	-	-
At 31 December 2010 and 1 January 2011	5,633,333	-	-	-	5,633,333
No change during year	-	-	-	-	-
At 31 December 2011	5,633,333	-	-	-	5,633,333
<i>Net book value</i>					
At 31 December 2010	622,271	-	10,300,000	-	10,922,271
At 31 December 2011	272,133	-	10,300,000	35,000,000	45,572,133

Amortizations for the year were included in:-

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Cost of sales of goods or rendering of services	-	25,327	-	-
Administrative expenses	389,752	546,476	350,137	499,137
Total	389,752	571,803	350,137	499,137
Impairment losses for the year	-	107,717	-	-

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Franchise fee

On 1 March 2007, a subsidiary entered into a franchise agreement to obtain the permission to use trademark of a company for a period of ten years from April 2007 to March 2016, requiring payable a compensation totalling Baht 1.13 million balanced at the end of year 2009 of Baht 0.78 million. Subsequently, the subsidiary terminated its food and beverage business including cancelled to use such trademark and approved to write off franchise fee as an expense in full in 2010.

Advance payment for computer software

On 1 April 2009, the Company entered into a computer software service agreement with a company, requiring cost of computer software of Baht 13.06 million, already paid amounted to Baht 10.30 million and a remaining amounted to Baht 3 million and annual maintenance fee of Baht 1.40 million for 5 years totalling Baht 20.06 million. As of 31 December 2011, the Company has been in the process of software implementation.

Television broadcasting's right

On 1 July 2011, the Company entered into a representative of the production and broadcast on television agreement with other company to produce and broadcast on television under the channel name "BIG 1", via the channel in Digital Mobile TV System. The television broadcast right is covered the period of 3 years of Baht 35 million from 1 July 2011 to 30 June 2014 and will be amortized as an expense when the Company commences in commercial operations. Please also see Note 46 to the financial statements.

20 Advance payment for assets

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Advance payment for equipment in Digital Mobile TV Project	64,931,883	61,447,395	64,931,883	61,447,395
Advance payment for designing Disposal of Municipal Solid Waste Plant Utilized Plasma Gasification (PG) Technology	43,547,625	43,547,625	-	-
Advance payment for right in technology	60,000,000	-	-	-
	<u>168,479,508</u>	<u>104,995,020</u>	<u>64,931,883</u>	<u>61,447,395</u>
Less allowance for impairment	(43,547,625)	-	-	-
Net	<u>124,931,883</u>	<u>104,995,020</u>	<u>64,931,883</u>	<u>61,447,395</u>

Advance payment for equipment in Digital Mobile TV Project

Advance payment for equipment in Digital Mobile TV Project via a UHF frequency under the 58 – bands pursuant to the business contract between the Company and MCOT Public Company Limited. As of 31 December 2011 and 2010, the Company had advance payment for equipment for that project of Baht 64.93 million and Baht 61.45 million in consolidated and separate financial statements, respectively. As of 26 March 2012, the Company has been in the process to import such equipment. Please also see Notes 16, 46 and 50 to the financial statements.

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Advance payment for designing Disposal of Municipal Solid Waste Plant Utilized Plasma Gasification (PG) Technology

The Board of Directors Meeting of a subsidiary (IEC Green Energy Co., Ltd.) held on 16 November 2009 approved to hire a foreign company for technical consulting regarding the application and utilization of Plasma Gasification (PG) technology for disposal of Municipal Solid Waste Plant in the amount of USD 1.65 million. As at 31 December 2011, the Company paid of USD 1.32 million or Baht 44 million under the agreement and a remaining amounted to USD 0.33 million or Baht 10 million. Pursuant to the technical services agreement contains an integrated management, waste characteristic for determining a model of construction and a break-even point of investment. A service payment is determined in accordance with the terms of payment milestone as specified in the agreement. However, the management of the subsidiary found that the project will require high investments. Therefore, the subsidiary changed the design to a small factory for waste infected with capacity less than 2 tons, which the subsidiary already received a report and design information used for a small factory. After completion of marketing and operating cost study, the potential of commercial returns are not appropriate in current, therefore The Board of Directors Meeting of the Company held on 10 November 2011 approved to temporarily stop the project until the commercial returns will be appropriately possible and set up an allowance of impairment of advance payment according to the agreement in 3rd quarter of year 2011 of Baht 43.55 million. As of 26 March 2012, the subsidiary has been in the proposal on such technology to the Local Administrative which has not been finalized.

Advance payment for right in technology

- The Board of Directors Meeting of a subsidiary (GIDEC Co., Ltd.) held on 12 January 2010 approved to acquire the right in Gasification Ash Melting technology with Energy Recovery incinerator from Solitech Co., Ltd. which provided the project consulting commitment for construction.
- On 20 January 2010, a subsidiary (GIDEC Co., Ltd.) entered into the agreement on Ash Melting Gasification technology and obtaining the consulting in waste disposal and power plant from waste with Solitech Co., Ltd. in order to operate waste disposal and power plant project size 6 MW with Hat yai Municipal, Song Kha province by using Ash Melting Gasification technology with Energy Recovery incinerator. The company agreed to pay compensation for the technology amounted to Baht 80 million with 4 installments. As of 31 December 2011, the company already paid in the amount of Baht 60 million and a remaining amounted to Baht 20 million, the final payment, to be paid when completion. Under that agreement has some conditions in relation to employment to perform a design of system and engineering, coordinate and control all construction and construction of waste incinerators with management system of waste, transfer the right in technology, breach of agreement which will be entitled to claim, etc.

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21 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Deposit for purchase of computer software	60,500,000	60,500,000	60,500,000	60,500,000
Deposit for producing the original learning package	21,400,000	21,400,000	21,400,000	21,400,000
Others deposits-other parties	20,126,142	18,892,297	12,782,576	10,501,890
Others deposits-related parties	-	-	-	2,963,283
Total	102,026,142	100,792,297	94,682,576	95,365,173
Less allowance for impairment	(81,900,000)	(60,500,000)	(81,900,000)	(60,500,000)
Net	20,126,142	40,292,297	12,782,576	34,865,173

- Deposit for purchase of computer software

On 20 February 2008, the Company, as a plaintiff, sued a company (“DFUZE”) 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 26 September 2008, the Court decided the above company makes the payment amounted to Baht 70.64 million with interest charged at 7.5% per annum based on principal of Baht 64.74 million as from the date of suing until the date of settlement.

Subsequently, the Company filed a request to the Court to issue a writ of execution in accordance with the legal proceedings, but DFUZE had no any assets be seized for settlement. On 10 July 2009, the Company submitted a petition to the Central Bankruptcy Court to perform the bankruptcy proceedings of such company. On 23 September 2009, the Central Bankruptcy Court ordered custodian strictly prohibited. Currently, the judgement is in the process of publishing in the Government Gazette by the official receiver of Legal Execution Department which will be published on 30 March 2010. The Company will submit an application for repayment of debts to the official receiver within 2 months from the date of judgement is published (within 31 May 2010). On such date, no entities submitted the application for repayment. As at 31 December 2011 and 2010, the Company also set up an allowance for impairment of Baht 60.50 million.

- Deposit for producing the original learning medias of E – Learning project

On 21 October 2010 and 6 January 2011, the Company entered into an agreement in supply and distribution of learning media including an additional agreement with Lert Aukorn Publishing Co., Ltd. in order to supply 60 learning media (within four consecutive semesters, 15-subject originals must be delivered per one semester) which contains the subjects in compliance with Diploma Course of Bureau of Vocational Education Standards and Qualification, Office of Vocational Education Commission, Ministry of Education, in form of books, publication and other electronic medias in order to distribute to the Vocation Education Institutions. The agreement covers a period of 2 years as from the date of agreement (within the first semester of 2011 academic year), requiring cost of hiring to produce the original learning medias in the amount of Baht 21.40 million (including VAT of Baht 1.4 million). On 21 October 2010, the Company paid cost of hiring amounted to Baht 21.40 million for

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guarantee under the agreement. As of 26 March 2012, the Company already received 33 subject originals (average cost approximated Baht 350,000 per subject)

Subsequently, as learning media has to be certified by the Office of Vacation Education Commission, which is non-controlling process of the Company, so, based on prudence, the Board of Directors Meeting of the Company held on 20 October 2011, resolved to set up an allowance for impairment of deposit for the above project in the third quarter of 2011 in the amount of Baht 21.40 million. As of 31 December 2011, the process of certification prepared by the Office of Vacation Education Commission has not been finalized.

22 Bank overdrafts and short-term loans from financial institutions

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Bank overdrafts	40,275,638	42,185,795	39,953,463	40,196,257
Promissory notes	135,000,000	287,954,400	135,000,000	287,954,400
Trust receipts	118,104,059	-	65,142,659	-
Bill of exchange	985,538	-	985,538	-
Total	<u>294,365,235</u>	<u>330,140,195</u>	<u>241,081,660</u>	<u>328,150,657</u>

The currency denomination of Bank overdrafts and short-term loans from financial institutions as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Thai Baht (THB)	293,379,697	330,140,195	240,096,122	328,150,657
EURO	985,538	-	985,538	-
Total	<u>294,365,235</u>	<u>330,140,195</u>	<u>241,081,660</u>	<u>328,150,657</u>

As at 31 December 2011 and 2010, promissory notes from financial institutions amounted to Baht 135 million and Baht 135 million in consolidated and separate financial statements, respectively with interest charge at MOR or 6.375 - 7.5 % per annum and MOR or 6.125 - 6.375 % per annum, respectively the maturity date from 29 January 2012 to 30 March 2012 and from 5 January 2011 to 11 March 2011, respectively. The above loans are secured by deposits at banks.

As at 31 December 2010, promissory notes from Islamic Bank of Thailand (“the bank”) amounted to Baht 153 million in consolidated and separate financial statements with interest at 8% per annum due on 31 March 2011. The above loans are secured by deposits at banks and the rights of claims under turn-key contract to set up IBACSS and Billing Mediation systems in full. Subsequently, during 2011, the Company already paid all debt and the bank also release the collateral to the Company. Please see Note 48 to the financial statements.

As at 31 December 2011 and 2010, the Group/the Company had unutilized credit facilities totaling Baht 353 million and Baht 209 million, respectively in the consolidated financial statements and Baht 125 million and Baht 209 million, respectively in the separate financial statements.

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23 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Trade accounts payable	41,941,576	61,787,775	28,734,069	42,003,691
Other payable	222,932,845	208,584,333	81,796,990	101,525,252
Total	264,874,421	270,372,108	110,531,059	143,528,943

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
<i>Trade accounts payable</i>				
Related parties	-	-	-	638,998
Other parties	41,941,576	61,787,775	28,734,069	41,364,693
Total	41,941,576	61,787,775	28,734,069	42,003,691

Other payable

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Related parties	2,010,640	763,237	1,591,040	14,926,141
Other parties	220,922,205	207,821,096	80,205,950	86,599,111
Total	222,932,845	208,584,333	81,796,990	101,525,252

Other payable

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Payable to purchase of fixed asset	97,453,448	68,882,135	-	-
Accrued expenses	61,695,490	75,240,140	48,665,067	36,597,795
Other payables	32,730,585	6,607,193	6,241,016	15,764,519
Customs department payables	26,779,472	25,509,299	26,779,472	25,509,299
Deposits	1,371,313	39,975	63,709	39,975
Advance received	2,269,898	7,597,832	-	-
Undue output tax	632,639	24,707,759	47,726	23,613,664
Total	222,932,845	208,584,333	81,796,990	101,525,252

The currency denomination of trade and other payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Thai Baht (THB)	255,827,031	268,819,372	107,935,499	142,162,196
United States Dollars (USD)	9,047,390	1,508,578	2,595,560	1,322,589
Others	-	44,158	-	44,158
Total	264,874,421	270,372,108	110,531,059	143,528,943

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24 Long-term loan in default

	Consolidated financial statements	
	2011	2010
	<i>(in Baht)</i>	
Securities		
Long-term loans from local financial institution	339,734,699	339,734,699
<i>Less</i> long-term loan in default	<u>(339,734,699)</u>	<u>(339,734,699)</u>
Net	<u>-</u>	<u>-</u>

On 30 January 2007, IEC Business Partners Co., Ltd. (“the 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+0.5% 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 (20% per annum), and/or terminating the term of agreement, and/or forces all securities or certain and maintaining debts to equity ratio, etc.

On 29 May 2007, the subsidiary notified to temporarily stop the payment under the loan agreement due to the subsidiary’s assets used as collateral on the above loan have not been registered the servitude on entrance and exit established by law. As of 31 December 2011 and 2010, the subsidiary failed to pay interest expense, accrued interest expense of the principal amounted to Baht 339.73 million with interest at 8% per annum calculated from 9 May 2007 to 29 May 2007 and 13% per annum calculated from 30 May 2007 onward, amounted to Baht 204.36 million and Baht 160.20 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 under current liabilities.

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 the Company repaying debts (as at 18 January 2008) of Baht 339.73 million for principal and of Baht 45.61 million for interest, totalling 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 regarding 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 with interest and enforcing the mortgage. The Court recommended the parties should conciliate before consideration but the parties did not agree. The Court made an appointment to continuously take the evidences from both parties commencing 23 January 2009 to 30 January 2010. The Court also recommended that the conciliation should be determined again, so the appointment date is delayed to 18 March 2010. On the date of appointment, the parties disagreed so the Court re-appointed to take additional evidences from the bank on 10 June 2010 and from the subsidiary together with colleagues on 21-22 June 2010. On such date, the process of the taking of evidences from some witness for the prosecution was already performed and the taking of evidences from the witness for the defence will be carried out on 23 August 2010. During the period of taking of evidences, the bank notified again regarding the repayment on debts to the subsidiary and the Company for acknowledgement. On due date, the taking of evidences from witness of defendant and of plaintiff was postponed to 29 October 2010, and 3 and 17 December 2010, respectively. On due date, the taking of evidences from witness of plaintiff was postponed to

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23 February 2011 and 11 March 2011 and of defendant to 16, 22, 24 and 25 March 2011. The Court already went through the additional evidences from plaintiff and defendant and made the appointment for giving the sentence on 30 June 2011. On 26 April 2011, the parties filed the closing argument. On such date, the Court read their sentences to the subsidiary, as the borrower, and the Company ("IEC"), as the guarantor, jointly paid the amount of Baht 340,330,368 with interest at 8% per annum on the principal amounted to Baht 339,734,668, from 9 May 2007 to 29 May 2007 and 13% per annum from 30 May 2007 until payment is made. In case of default, will be seized mortgaged assets comprised land and structure thereon and machinery, to auction in order to settle the outstanding debt. If not enough will be seized other assets to auction in order to settle the outstanding debt in full and jointly paid the court fees to the plaintiff and lawyer fee of Baht 50,000. The Board of Directors Meeting held on 6 July 2011 unanimously resolved to authorize the attorney to appeal the case to prosecute. Subsequently, the subsidiary and the Company filed a petition to suspend the execution and appeal against the judgment to the Civil Court. The Court of First Instance ordered to accept the petition and the appeal on 4 October 2011, and to the subsidiary and the Company sending the plaintiffs the copies of those documents to defend and then collecting them to submit to the Appeal Court for consideration. As of 26 March 2012, the mentioned matters have not been finalized. Please see Note 4 to the financial statements.

On 14 September 2009, the legal consultant of the subsidiary and the Company sent the letters to International Gasohol Corporation Limited ("IGA") and such bank to cancel the juristic act in relation to purchase of assets, borrowing, mortgage and guarantee. When the cancellation is made, it results to the above voidable act to be as the void act and the parties shall be restored to the condition in which they were previously. On 2 June 2010, the subsidiary and the Company filed a lawsuit against IGA, IGA's directors and the bank totalling 4 persons to the Civil Court in order to request the cancellation of fraudulent acts and claim compensation in the amount of Baht 98 million. Currently, it has been waiting for filing the defendants' replies and the Court determined the date of settlement of issues on 23 August 2010. The disputed issues agreed with the plaintiff's allegation but they were refused by the defendant. The Court determined the date of taking of additional evidences from the plaintiff on 15-16 March 2011 and 26 April 2011 and from the defendant on 27 April 2011 and 10 May 2011.

On 12 May 2010, the subsidiary was sued by the bank in bankruptcy to the Central Bankruptcy Court but such plaint was refused. The Court made an appointment for consideration on 21 July 2010. Subsequently, the subsidiary filed a petition to postpone the consideration to 23 September 2010. On the due date, it was postponed again by the plaintiff's lawyer to 8 December 2010 in order to hearing the judgment relating to a purchase of assets and borrowings from the bank. The court made a consideration in relation to take addition evidences from witness of creditor and debtor on 21 February 2011, 14 March 2011, 11 May 2011 and on 24 August 2011. On such date, plaintiff filed the petition to the Court that, the Plaintiff sold the business to a bank and transferred the status, so the plaintiff have to manage according to the regulations for changing this status first. The Court postponed to consider the case as described in Note 47 to the financial statements.

However, the management of the Company and the subsidiary provided their opinion that the juristic act in relation to purchase assets between IGA and the subsidiary may be cancelled by the Court and the parties shall be restored to the condition in which they were previously. When the cancellation of the fraud juristic act is made, a lawsuit in bankruptcy does not affect to the subsidiary.

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25 Short-term loans

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Related parties	18,000,000	-	21,300,000	57,360,000
Other party	35,700,000	-	35,700,000	-
Total	53,700,000	-	57,000,000	57,360,000

Movements of short-term loans during the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
At 1 January	-	-	67,360,000	2,500,000
Increase	111,700,000	-	132,190,000	126,200,000
Decrease	(58,000,000)	-	(142,550,000)	(61,340,000)
At 31 December	53,700,000	-	57,000,000	67,360,000

As at 31 December 2011, short-term loans from person who is non-related person amounted to Baht 35.70 million in the consolidated and the separate financial statements represented the promissory note, due on demand, requiring payable a principal and interest on due date. Interest is charge at 8.5% per annum. Such short-term loan was secured by investment in GIDEC Co., Ltd. amounted to Baht 50 million (share certificate of 500,000 shares). Please see Note 48 to the financial statements.

26 Advance received for wood in a concession area

As at 31 December 2010, advance received for wood amounting to Baht 50 million in the consolidated and the separate financial statements represented advance received whereby the Company entered into the sales agreement with SSA for selling the wood, which were bought from CTA to SSA within 2 years at the selling price as the agreement of Baht 220 million. On 21 December 2007, the Company was notified to terminate the above agreement and had to repay advance and compensation within January 2008 and on 24 February 2011, the Company approved to adjust the transferring the right of claim as per the compromise agreement as the details in Note 12 to the financial statements.

27 Long-term loans

	Consolidated financial statements	
	2011	2010
	<i>(in Baht)</i>	
Long-term loans from financial institutions	143,329,607	1,000,000
Less current portion of long-term loans due within one year	(48,125,000)	-
Net	95,204,607	1,000,000

On 14 June 2010, IEC Distribution System Co., Ltd. (“the subsidiary”) entered into a loan agreement with a domestic financial institution (“SME Bank”) in the amount of Baht 1 million, requiring repayment within 6 years with 24 months grace period from the date of first drawdown.

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Interest rate is charged at 3% per annum. The first year and second year payment shall be interest and third year payment shall be principal with monthly interest not less than Baht 22,000. All payment will be complete no longer than 72 months from the date of first drawdown onwards.

On 27 December 2010, GIDEC Co., Ltd. (“the subsidiary”) entered into the credit facilities agreement with a domestic commercial bank (“the bank”) in the amount not exceeding Baht 400 million divided into long term loans of Baht 257 million. As at 31 December 2011, loan was drawn down in amount of Baht 142.33 million, a remaining amounted to Baht 114.67 million, repayable within 7 years as from the date of signing agreement (on 27 December 2010), requiring grace period of 18 months from 27 December 2010. Interest rate is monthly charged at MLR per annum in the first year and MLR+1% per annum from the second year onward, as from the date of first withdrawn amount. When the grace period is due, the subsidiary will monthly repay the principal with interest in the amount not less than Baht 8 million. If accrued interest would not settled for a period over 1 year, such accrued interest has to be included in the principal.

The subsidiary’s condominium with structure thereon and indemnity from fire insurance of building, machineries, equipment and composition including the subsidiary’s share certificates were mortgaged as collateral for the above loan. In addition, the guarantee from the subsidiary’s directors was conducted in full amount of loan (please also see Notes 48 and 50 to the financial statements). The following rights are transferred to the bank.

- Right of rental land owned by Hat Yai Municipal is in particular factory constructed thereon.
- Right of management is in accordance with the agreement on construction and managing community waste.
- Right of claims is in accordance with the agreement on construction and managing community waste.
- Right of management is in accordance with the electricity sale agreement.
- Right of claims is in accordance with the electricity sale agreement.

28 Finance lease liabilities

	Consolidated financial statements					
	Principal	2011 Interest	Payments	Principal	2010 Interest	Payments
Within one year	800,288	85,672	885,960	702,378	54,318	756,696
After one year but within five years	1,699,991	71,929	1,771,920	676,183	17,455	693,638
Total	<u>2,500,279</u>	<u>157,601</u>	<u>2,657,880</u>	<u>1,378,561</u>	<u>71,773</u>	<u>1,450,334</u>

As at 31 December 2011 and 2010, financial lease liabilities represented a hire purchase agreements to purchase vehicle. The payment is made with 40 and 36 monthly installments, respectively of Baht 69,000 and Baht 63,058, respectively. The first installments were starting from September 2011 and from December 2011, respectively.

29 Employee benefit obligations

The Company adopted TAS 19 Subject: Employee Benefits with effect from 1 January 2011 and the effect on the financial statements is disclosed in Note 4 to the financial statements.

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The Company operates a post-employment benefit based on the Company's policy and the requirement of Thai Labor Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements	Separate financial statements
	<i>(in Baht)</i>	
<i>For the year ended 31 December 2011</i>		
Defined benefit obligations at 1 January	10,955,841	7,861,067
Current service costs and interest	2,837,947	2,196,758
Total	<u>13,793,788</u>	<u>10,057,825</u>
Decrease - payment	(9,692,032)	(8,252,938)
Defined benefit obligations at 31 December 2011	<u>4,101,756</u>	<u>1,804,887</u>

Expense recognized in profit or loss for the year ended 31 December 2011 in the following items:

	Consolidated financial statements	Separate financial statements
	<i>(in Baht)</i>	
Employee benefit expenses	2,476,307	1,895,333
Interest on obligations	361,640	301,425
Total	<u>2,837,947</u>	<u>2,196,758</u>

The above expense recognized in profit or loss is recognized for the year ended 31 December 2011 in the following items:

	Consolidated financial statements	Separate financial statements
	<i>(in Baht)</i>	
Administrative expenses	1,014,171	805,378
Management benefit expenses	1,823,776	1,391,380
Total	<u>2,837,947</u>	<u>2,196,758</u>

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Principal actuarial assumptions at the reporting date

	Consolidated financial statements	Separate financial statements
	(%)	
<i>For the year ended 31 December 2011</i>		
Discount rate	3.79	3.79
Salary increase rate	5	5
Staff turnover rate (depend on working year)	0.00 - 41.00	0.00 - 41.00
Mortality rate (Thai Mortality Ordinary Table year 1997)	5.00 of TMO97	5.00 of TMO97

30 Provisions

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in Baht)			
Provision on lawsuit from the Customs Department and payable on assets	56,352,470	55,271,213	48,026,645	46,945,388
Provision on lawsuit from default in wood sale agreement	-	27,396,417	-	27,396,417
Provision for loss of subsidiaries, associates and joint controlled entities	-	24,410,310	650,791,963	877,370,182
Provision from claimed guarantee	-	1,583,961	-	1,583,961
Total	<u>56,352,470</u>	<u>108,661,901</u>	<u>698,818,608</u>	<u>953,295,948</u>
At 31 December				
Non current	<u>56,352,470</u>	<u>108,661,901</u>	<u>698,818,608</u>	<u>953,295,948</u>
Total	<u>56,352,470</u>	<u>108,661,901</u>	<u>698,818,608</u>	<u>953,295,948</u>

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Movements for the years ended 31 December 2011 and 2010 were as follows:

	Provision on lawsuit from the Customs Department and payable on assets		Provision on lawsuit from default in wood sale agreement		Provisions for loss of subsidiaries associates and joint controlled entities		Provision from claimed guarantee		Provision for loss from other guarantee		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>											
Consolidated financial statements												
At 1 January	56	81	27	27	24	24	2	2	-	14	109	148
Provisions made	1	-	-	-	-	-	-	-	-	-	1	-
Provisions used	-	-	-	-	(9)	-	-	-	-	(14)	(9)	(14)
Provisions reversed	-	(25)	(27)	-	(15)	-	(2)	-	-	-	(44)	(25)
At 31 December	57	56	-	27	-	24	-	2	-	-	57	109
Separate financial statements												
At 1 January	47	72	27	27	877	667	2	2	-	14	953	782
Provisions made	1	-	-	-	10	210	-	-	-	-	11	210
Provisions used	-	-	-	-	(9)	-	-	-	-	(14)	(9)	(14)
Transfer to set up allowance for doubtful accounts	-	-	-	-	(187)	-	-	-	-	-	(187)	-
Provisions reversed	-	(25)	(27)	-	(40)	-	(2)	-	-	-	(69)	(25)
At 31 December	48	47	-	27	651	877	-	2	-	-	699	953

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- **Provision on lawsuits from the Customs Department and payable on assets**

Provision on lawsuits from the Customs Department

The Company recognized a provision on lawsuit from the Customs Department as 31 December 2011 and 2010 amounting to Baht 48 million and Baht 47 million in the consolidated and separate financial statements, respectively as the details in the Note 47 to the financial statements.

Provision on lawsuits from payable on assets

The subsidiary (“IEC Business Partners Co., Ltd.”) recognized a provision on lawsuit from payable on assets in the amount of Baht 8 million in the consolidated financial statements due to the subsidiary was sued in relation to purchase of assets from International Gasohol Corporation Limited as the details described in Note 47 to the financial statements.

- **Provision on lawsuit from default in wood sale agreement**

The Company recognized a provision on lawsuit filed by a company on sale agreement offence of which claim as at 31 December 2010 amounted to Baht 27 million in the consolidated and separate financial statements. Subsequently, the Board of Directors Meeting of the Company held on 24 February 2011 resolved to adjust those accounting transactions. Please also see Note 12 to the financial statements.

- **Provision for loss of subsidiaries, associates and jointly-controlled entities**

The Company recognized a provision due to guarantee for loss of subsidiaries, associates and jointly-controlled entities according to the agreement to share the burden of external debt which were summarized as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Subsidiaries				
IEC Technology Co., Ltd.	-	-	21,332,039	15,520,821
IEC Business Partners Co., Ltd.	-	-	628,923,967	802,808,564
IEC Distribution System Co., Ltd.	-	-	535,957	9,590,783
Triple Play Co., Ltd.	-	-	-	34,450,014
Associates				
Micronetic Public Company Limited	-	15,000,000	-	15,000,000
Jointly-controlled entities				
IEC Internet Co., Ltd.	-	9,410,310	-	-
Total	-	24,410,310	650,791,963	877,370,182

The Board of Directors Meeting of the Company held on 26 August 2011 resolved to the Company (as a guarantor) made the repayment on loan to the bank in the amount of Baht 8,500,000 as the detail described in Note 47 to the financial statements. On 30 August 2011, the Company already paid to the bank and reversed the provisions in the amount of Baht 6.5 million, which was shown in statement of comprehensive income in full.

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- **Provision from claimed guarantee**

The Company recognized a provision from claimed guarantee of Baht 2 million because inventories were lost from the warehouse of the Customs Department due to the case regarding false disclosure of mobile phone imported. Subsequently, during 2011, the Company adjusted those accounts due to the case was finalized.

31 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Deposit – other parties	-	4,019,846	-	-
Deposit – related parties	1,260,933	4,403,851	1,183,860	515,257
Total	<u>1,260,933</u>	<u>8,423,697</u>	<u>1,183,860</u>	<u>515,257</u>

32 Share capital / Warrants

	Par value (Baht)	2011		2010	
		Number	Amount (Shares / in Baht)	Number	Amount
Authorized share capital					
At 1 January					
- Ordinary shares	0.1	63,468,583,480	6,346,858,348	36,284,580,000	3,628,458,000
Reduction of shares					
- 26 May 2010	0.1	-	-	(19,687,680)	(1,968,768)
Increase of new shares					
- 4 August 2010	0.1	-	-	27,203,691,160	2,720,369,116
At 31 December					
- Ordinary shares	0.1	<u>63,468,583,480</u>	<u>6,346,858,348</u>	<u>63,468,583,480</u>	<u>6,346,858,348</u>
Issued and paid-up share capital					
At 1 January					
- Ordinary shares	0.1	42,731,848,260	4,273,184,826	27,203,691,160	2,720,369,116
Issue of new shares					
- 10 September 2010	0.1	-	-	15,528,157,100	1,552,815,710
At 31 December					
- Ordinary shares	0.1	<u>42,731,848,260</u>	<u>4,273,184,826</u>	<u>42,731,848,260</u>	<u>4,273,184,826</u>

The Ordinary General Meeting of Shareholders (New) held on 21 May 2010 resolved the significant matters as follows:

- To reduce the authorized share capital from Baht 3,628,458,000 to Baht 3,626,489,232 by cutting off 19,687,680 unsubscribed ordinary shares of Baht 0.1 par value. On 26 May 2010, the reduction of authorized share capital was registered with the Ministry of Commerce.

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The Extraordinary General Meeting of Shareholders (New) held on 2 August 2010 resolved the significant matters as follows:

- To increase the Company's authorized share capital from Baht 3,626,489,232 to Baht 6,346,858,348 by the creation of 27,203,691,160 new ordinary shares of Baht 0.10 par value in order to support the business expansion in future and to use as working capital. On 4 August 2010 the increased share capital was registered with the Ministry of Commerce.
- To issue and offer the 27,203,691,160 new ordinary shares by allotting to the existing shareholders at the ratio of 1 existing ordinary share per 1 new ordinary share at the price of Baht 0.02 per share.
- On 9 September 2010, the Company received the increased share payment from the offering and distributing 15,528,157,100 shares at the price of Baht 0.02 per share totaling Baht 310,563,142 (the issued and paid-up share capital were Baht 1,552,815,710 and discount on ordinary shares were Baht 1,242,252,568). The Company registered the increased paid-up shares with the Ministry of Commerce on 10 September 2010.

The Ordinary General Meeting of Shareholders (New) held on 20 May 2011 resolved the significant matters as follows:

- to allot and offer the increase of 11,675,534,060 ordinary shares, which are unsubscribed shares due to allot and offer to the existing shareholders (RIO) as the resolution of the Extraordinary General Meeting of Shareholders held on 2 August 2010 regarding allot and offer the shares to the private placement. As of 26 March 2012, the said ordinary shares have not been offered.

The exercise of warrants to purchase ordinary shares (IEC – W1)

On 19 June 2009, the Company issued warrants to purchase the Company's ordinary shares for offering to the existing shareholders who subscribe the new ordinary shares. The details are as follows:

Type of warrants	:	Issued in the name of respective holder and negotiable
Number of warrants	:	9,061,301,160 units
Maturity of warrants	:	5 years from the issuing and offering date
Offering price	:	At Baht 0 per unit
Exercise ratio	:	1 warrant (IEC-W1) per 1 ordinary share
Exercise price	:	The exercise price will be announced quarterly that will be 10% discount of the Company's weighted average share price in 7 consecutive business days calculated from the first business date of the ending month in each quarter. The exercise price is however must be lower than Baht 0.01 per share.
Date of maturity	:	18 June 2014
Last exercise date	:	31 March 2014
Listing date	:	13 July 2009

As at 31 December 2011 and 2010, the balance of unexercised warrants amounted to 9,061,201,160 units.

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33 Discount on ordinary shares

	Consolidated and Separate financial statements	
	2011	2010
	<i>(in Baht)</i>	
Discount on ordinary shares, net		
Premium on ordinary shares	226,287,593	226,287,593
Discount on ordinary shares	<u>(1,695,323,126)</u>	<u>(1,695,323,126)</u>
Net	<u>(1,469,035,533)</u>	<u>(1,469,035,533)</u>

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.

34 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 (if any), 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

35 Segment information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments

The Group comprises the following main business segments:

- Segment 1 represents telecommunication segment represents distributing mobile phone, refill card, mobile phone repair and installation and implementation of information technology system.
- Segment 2 represents lease of property and service represents managing IEC Building and property projects until 31 August 2011.
- Segment 3 represents investments in securities represent, investing in new business (waste disposal plant and power plant from waste and solar power plant).

Geographic segments

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

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Business segment results

	Consolidated financial statements									
	Segment 1		Segment 2		Segment 3		Eliminations		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>									
Total income	1,224	2,072	53	84	3	19	(109)	(379)	1,171	1,796
Gain (loss) on investments	-	-	-	-	(19)	(184)	5	1	(14)	(183)
Sales of goods or rendering of service	1,084	1,704	36	14	-	12	(93)	(27)	1,027	1,703
Rental income	-	-	15	66	-	-	(7)	(10)	8	56
Loss for the year	(362)	(851)	(10)	(272)	(118)	(345)	169	571	(321)	(897)
Current investments	-	-	-	-	-	16	-	-	-	16
Investments	332	334	-	-	376	-	(707)	(240)	1	94
Property, plant and equipment, net	93	64	-	22	478	10	-	-	571	96
Intangible assets, net	46	11	-	-	-	-	-	-	46	11
Leasehold rights, net	59	26	-	39	-	-	-	-	59	65
Goodwill	-	-	-	-	137	-	-	-	137	-
Advance payment for assets	65	105	-	-	60	-	-	-	125	105
Pledged deposits at financial institutions	265	433	-	-	12	-	-	-	277	433
Total assets	1,241	2,150	-	110	998	60	(787)	(634)	1,452	1,686
Total liabilities	1,262	1,767	-	57	1,227	767	(1,120)	(1,320)	1,369	1,271
Depreciation	31	33	1	15	4	6	-	-	36	54
Amortization	5	4	1	10	-	-	-	-	6	14

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	Separate financial statements						Total	
	Segment 1		Segment 2		Segment 3			
	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>							
Total income	1,182	2,012	-	-	-	-	1,182	2,012
Gain (loss) on investments	-	-	-	-	(22)	(190)	(22)	(190)
Sales of goods or rendering of service	1,024	1,647	-	-	-	-	1,024	1,647
Loss for the year	(228)	(714)	-	-	(22)	(190)	(250)	(904)
Current investments	-	-	-	-	-	9	-	9
Investments	319	237	-	-	-	-	319	237
Property, plant and equipment, net	85	24	-	-	-	-	85	24
Intangible assets, net	46	11	-	-	-	-	46	11
Leasehold rights, net	59	26	-	-	-	-	59	26
Advance payment for assets	65	61	-	-	-	-	65	61
Pledged deposits at financial institutions	265	433	-	-	-	-	265	433
Total assets	1,173	1,852	-	-	-	9	1,173	1,861
Total liabilities	1,113	1,544	-	-	-	-	1,113	1,544
Depreciation	18	21	-	-	-	-	18	21
Amortisation	5	4	-	-	-	-	5	4

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36 Other income

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Other service income	6,903,229	5,162,237	6,903,229	5,162,237
Rental income	4,720,642	1,152,784	4,720,642	1,152,784
Dividend income	28,875	6,082,140	28,875	6,082,140
Net foreign exchange gain	399,550	-	45,426	172,856
Others	18,300,057	16,488,492	10,174,552	5,465,951
Total	<u>30,352,353</u>	<u>28,885,653</u>	<u>21,872,724</u>	<u>18,035,968</u>

37 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Selling expenses	11,321,887	6,969,487	9,929,625	11,811,367
Advertising and public relations expenses	2,121,535	3,588,740	1,849,585	557,947
Promotion expenses	8,326,356	24,347,746	1,803,261	5,350,588
Total	<u>21,769,778</u>	<u>34,905,973</u>	<u>13,582,471</u>	<u>17,719,902</u>

38 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Employee benefit expenses	68,358,008	117,155,231	46,436,601	60,905,799
Directors' remunerations	41,603,234	48,382,143	31,020,897	34,516,030
Place and equipment expenses	67,904,326	94,050,184	57,534,533	68,004,267
Developmental and experimental research expenses	-	19,867,065	-	-
Doubtful debts expenses	47,485,243	6,086,738	31,196,473	-
Bank charge	5,166,977	10,232,162	4,985,845	9,748,302
Others	103,407,495	111,443,702	70,109,739	56,282,406
Total	<u>333,925,283</u>	<u>407,217,225</u>	<u>241,284,088</u>	<u>229,456,804</u>

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39 Other expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Impairment loss of assets	75,875,413	303,789,372	140,852,502	678,698,045
Loss on sale of investments	14,279,490	182,896,531	21,971,887	190,401,004
Loss on transferring the right of claim as per the compromise agreement	26,023,337	-	26,023,337	-
Net foreign exchange loss	-	1,892,020	-	-
Total	<u>116,178,240</u>	<u>488,577,923</u>	<u>188,847,726</u>	<u>869,099,049</u>

40 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Management:-				
Directors' remuneration	5,838,458	5,475,093	3,208,458	2,835,093
Salaries and other benefits	36,102,714	41,935,613	27,885,351	30,977,450
Contribution to social security / defined contribution plan	187,500	185,900	129,750	113,150
Contribution to provident funds	1,298,338	785,537	1,188,718	590,337
Total	<u>43,427,010</u>	<u>48,382,143</u>	<u>32,412,277</u>	<u>34,516,030</u>
Employees:-				
Salaries and other benefits	66,069,554	111,366,013	45,072,851	58,069,626
Contribution to social security / defined contribution plan	1,805,726	3,656,162	1,025,609	1,628,197
Contribution to provident funds	482,728	2,133,056	338,141	1,207,976
Total	<u>68,358,008</u>	<u>117,155,231</u>	<u>46,436,601</u>	<u>60,905,799</u>
Grand Total	<u>111,785,018</u>	<u>165,537,374</u>	<u>78,848,878</u>	<u>95,421,829</u>

Partial employee expenses were included in cost of sale of goods or rendering of services.

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 3% of their basic salaries and by the Group at rate 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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41 Finance costs

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
Interest expense and default interest expense :				
- Non related parties	73,973	-	303,315	500,826
- Related parties	1,911,302	191,882	1,881,303	80,059
- Financial institutions	<u>69,322,182</u>	<u>66,439,210</u>	<u>19,030,009</u>	<u>22,168,065</u>
Total	<u>71,307,457</u>	<u>66,631,092</u>	<u>21,214,627</u>	<u>22,748,950</u>
Less: amounts included in the cost of qualifying assets:				
- Construction contracts work in progress	<u>(6,026,894)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net	<u>65,280,563</u>	<u>66,631,092</u>	<u>21,214,627</u>	<u>22,748,950</u>

42 Income tax expense

Income tax reduction

Royal Decree No. 475 B.E. 2551 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.

The Group/Company have no income tax liability for the years 2011 and 2010 mainly due to

- (a) the Group/Company have unutilized tax losses brought forward from the previous year which have been utilized during the year to set-off against the current year's tax charge.
- (b) the different treatment for accounting and tax purposes of certain items of income and expense, in particular, impairment loss of investments and assets, estimated loss on liabilities, doubtful debts expense, deteriorated assets written off and unrealized gain (loss) from investments.

43 Loss per share

Basic loss per share

Basic loss per share for the years ended 31 December 2011 and 2010 is calculated by dividing the net loss for the years attributable to equity holders of the Company by the weight average number of shares issuing during the years as follows:

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	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in Baht / share)</i>			
Loss for the year attributable to equity holders of the Company (basic)	<u>(318,826,486)</u>	<u>(896,830,418)</u>	<u>(249,928,498)</u>	<u>(903,603,713)</u>
Number of ordinary shares outstanding at 1 January	42,731,848,260	27,203,691,160	42,731,848,260	27,203,691,160
Effect of shares issued	<u>-</u>	<u>4,807,347,267</u>	<u>-</u>	<u>4,807,347,267</u>
Weighted average number of ordinary shares outstanding (basic)	<u>42,731,848,260</u>	<u>32,011,038,427</u>	<u>42,731,848,260</u>	<u>32,011,038,427</u>
Basic loss per share	<u>(0.01)</u>	<u>(0.03)</u>	<u>(0.01)</u>	<u>(0.03)</u>

Diluted loss per share

The Company did not calculate diluted loss per share for the year ended 31 December 2011 because the average fair value of an ordinary share was less than the exercise price of a warrant.

The calculations of diluted loss per share for the years ended 31 December 2010 were based on the loss for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year after adjusting for the effects of exercise of warrants to purchase ordinary shares as follows:

	Consolidated financial statements	Separate financial statements
	2010	2010
	<i>(in Baht / share)</i>	
Loss for the year attributable to equity holders of the Company	<u>(896,830,418)</u>	<u>(903,603,713)</u>
Weighted average number of ordinary shares outstanding (basic)	32,011,038,427	32,011,038,427
Effect of exercise of warrants to purchase ordinary shares	<u>9,061,201,160</u>	<u>9,061,201,160</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>41,072,239,587</u>	<u>41,072,239,587</u>
Diluted loss per share	<u>(0.02)</u>	<u>(0.02)</u>

Since the effect of exercise of warrants to purchase ordinary shares, diluted loss per share, which was decreased, was anti-dilutive for the year ended 31 December 2010 in the amount of Baht 0.02 per share and Baht 0.02 per share, respectively in the consolidated and separate financial statements. Therefore, diluted loss per share was the same basic loss per share.

44 Promotional privileges

Two subsidiaries (Anya Animation Co., Ltd. and GIDEC Co., Ltd.) have been granted privileges by the Board of Investment by virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the privileges granted is summarized follows:

- Anya Animation Co., Ltd.

On 21 August 2007, the subsidiary has been granted privileges relating to the business of software “Digital Content”, the privileges granted is summarized follows:

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- exemption from payment of import duty on machinery;
- exemption from payment of income tax from the promoted business for a period of eight years from the date on which the income is first derived from such operations;
- exemption of dividends received from the promoted business in the computation of taxable income.

As promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificate.

The subsidiary has operated such project obtained promotional privileges as from 29 July 2011.

- **GIDEC Co., Ltd.**

On 19 January 2011, the subsidiary has been granted privileges relating to the business of 7.1 Public utilities and basic services and 7.26 Waste water treatments, disposal services or transport of industrial waste or toxic chemicals, the privileges granted is summarized follows:

- exemption from payment of import duty on machinery;
- exemption from payment of income tax from the promoted business totally not exceeding 100% of investments (excluding land and working capital) for a period of eight years from the date on which the income is first derived from disposal waste by burn;
- exemption from payment of income tax from the promoted business for a period of eight years from the date on which the income is first derived from production electricity from waste;
- exemption of dividends received from the promoted business in the computation of taxable income;
- a 50% reduction in the normal income tax rate on the net profit derived from promoted business for production electricity from waste for a period of five years, commencing from the expiry date of exemption from income tax;
- double deductions from the costs of transportation, electricity and water supply a period of ten years from the date on which the income is first derived from production electricity from waste;
- Additional 25 % deduction of the cost of installation or construction of facilities beyond normally depreciation.

As the promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificate. As of 31 December 2011, the subsidiary has not informed to operate the above promoted business yet.

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Summary of revenue from promoted and non-promoted businesses of a subsidiary was follows:

Consolidated financial statements

	2011		Total
	Promoted businesses	Non-promoted businesses	
	<i>(in million Baht)</i>		
Local sales	8	-	8
Total Revenue	8	-	8

45 Financial instruments

Financial risk management policies

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

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's/Company's operations and its cash flows because loan interest rates from loans to and loans from are mainly fixed and the Group does not use derivative financial instruments to mitigate those risks.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or re-price were as follows:-

	Effective interest rate (% per annum)	Consolidated financial statements			Total
		At call	After one year but within five years	After five years	
<i>(in million Baht)</i>					
2011					
Current					
Short-term loans	-	37	-	-	37
Total		37	-	-	37
2010					
Current					
Short-term loans	4.16	71	-	-	71
Total		71	-	-	71

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	Effective interest rate (% per annum)	Separate financial statements			Total
		At call	After one year but within five years	After five years	
<i>(in million Baht)</i>					
2011					
Current					
Short-term loans	2.36	295	-	-	295
Total		295	-	-	295
2010					
Current					
Short-term loans	9.91	303	-	-	303
Total		303	-	-	303

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:-

	Effective interest rate (% per annum)	Consolidated financial statements			Total
		Within one year	After one year but within five years	After five years	
<i>(in million Baht)</i>					
2011					
Current					
Short-term loans from financial institutions	6.13	254	-	-	254
Short-term loans	2.99	54	-	-	54
Long-term loan	8.39	48	-	-	48
Long-term loan in default	13.00	340	-	-	340
Financial lease liabilities	5.22	1	-	-	1
Non-current					
Long-term loans	8.39	-	95	-	95
Financial lease liabilities	1.69	-	2	-	2
Total		697	97	-	794
2010					
Current					
Short-term loans from financial institutions	8.03	288	-	-	288
Financial lease liabilities	5.22	1	-	-	1
Long-term loan in default	13.00	340	-	-	340
Non-current					
Long-term loans	0.02	-	1	-	1
Financial lease liabilities	5.22	-	1	-	1
Total		629	2	-	631

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	Effective interest rate (% per annum)	Separate financial statements			Total
		Within one year	After one year but within five years <i>(in million Baht)</i>	After five years	
2011					
Current					
Short-term loans from financial institutions	6.63	201	-	-	201
Short-term loans	2.96	57	-	-	57
Total		258	-	-	258
2010					
Current					
Short-term loans from financial institutions	8.03	288	-	-	288
Short-term loans	1.43	67	-	-	67
Total		355	-	-	355

Foreign currency risk

The Group/Company is exposed to foreign currency risk relating to purchases and sale of goods and machinery which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

As at 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>(in million Baht)</i>				
United States Dollars				
Trade accounts receivable	2	-	-	-
Trade accounts payable	(9)	(2)	(3)	(1)
EURO				
Short-term loan from financial institution	(1)	-	(1)	-
Gross balance sheet exposure	(8)	(2)	(4)	(1)

Credit risk

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

The Group/Company focuses on cash sales. Management also has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date the Group / the Company has a credit risk as mentioned in Note 9 to the financial statements. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the reporting date. However, due to the large number of parties comprising the Group's/the Company's customer base, Management does not anticipate material losses from its debt collection.

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Liquidity risk

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

Determination of fair values

A number of the Group's/the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity, which are held for trading, is determined by reference to their quoted bid price at the reporting date.

The fair value of forward exchange contracts is based on their listed market price.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Fair values of financial assets and liabilities, together with the carrying values shown in the balance sheets at 31 December 2011 and 2010, were as follows:

	Consolidated		Separate	
	financial statements	financial statements	Financial statements	Financial statements
	Fair value	Carrying value	Fair value	Carrying value
	<i>(in million Baht)</i>			
2011				
<i>Current</i>				
Deposits at financial institutions	18	18	13	13
Trade accounts receivable	19	19	99	99
Other receivable	82	82	25	25
Bank overdrafts and short-term loans				
from financial institutions	(294)	(294)	(241)	(241)
Trade and other payable	(265)	(265)	(111)	(111)
Short-term loans	(54)	(54)	(57)	(57)
Long-term loan in default	(340)	(340)	-	-
Long-term loan	(48)	(48)	-	-
Financial lease liabilities	(1)	(1)	-	-
Accrued interest expenses	(207)	(207)	(1)	(1)
<i>Non - current</i>				
Investment in subsidiaries	-	-	318	318
Other investments	1	1	1	1
Other non – current assets	20	20	13	13

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	Consolidated financial statements		Separate Financial statements	
	Fair value	Carrying value	Fair value	Carrying value
	<i>(in million Baht)</i>			
Pledged deposits at financial institutions	277	277	265	265
Financial lease liabilities	(2)	(2)	-	-
Long-term loans	(95)	(95)	-	-
Employee benefit obligations	(4)	(4)	(2)	(2)
Other non – current liabilities	(1)	(1)	(1)	(1)
Total	(894)	(894)	321	321
2010				
Current				
Deposits at financial institutions	24	24	14	14
Current investments	15	15	9	9
Trade accounts receivable	401	401	374	374
Other receivable	341	341	317	317
Short-term loans	-	-	263	263
Bank overdrafts and short-term loans from financial institutions	(330)	(330)	(328)	(328)
Trade and other payable	(270)	(270)	(144)	(144)
Short-term loans	-	-	(67)	(67)
Long-term loan in default	(340)	(340)	-	-
Financial lease liabilities	(1)	(1)	-	-
Advance received for wood in a concession area	(50)	(50)	(50)	(50)
Accrued interest expenses	(161)	(161)	(1)	(1)
Non - current				
Investment in subsidiaries	-	-	237	237
Investment in associates	80	80	-	-
Other investments	14	14	1	1
Pledged deposits at financial institutions	433	433	433	433
Other non – current assets	19	19	13	13
Financial lease liabilities	(1)	(1)	-	-
Long-term loans from financial institutions	(1)	(1)	-	-
Other non – current liabilities	(8)	(8)	(1)	(1)
Total	165	165	1,070	1,070

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46 Commitments with non - related parties

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Capital commitments</i>				
Software licenses	3	3	3	3
Design cost of disposal of Municipal Solid Waste Plant by Plasma Gasification Technology	10	10	-	-
Equipment for Digital Mobile TV project	131	30	131	-
Property development project	-	134	-	-
Ash Melting Gasification technology right	20	-	-	-
Construction cost, machinery and equipment for waste disposal plant and electricity plant form waste	315	-	-	-
Construction cost, machinery and equipment for electricity plant from solar cells (Only for Lumpoon 1 and Lumpoon 2 projects)	95	-	-	-
Total	574	177	134	3
<i>Non-cancellable operating lease commitments</i>				
Within one year	20	50	19	14
After one year but within five years	29	170	26	11
After five years	41	343	30	11
Total	90	563	75	36
<i>Other commitments</i>				
Performance bonds and bid bonds	170	290	133	266
Software maintenance	7	7	7	7
Total	177	297	140	273

As at 31 December 2011, the Group has a commitment as follows:

- The subsidiary (“IEC Green Energy Co., Ltd.”) hired a foreign company for technical consulting regarding the application and utilization of Plasma Gasification (PG) technology for disposal of Municipal Solid Waste Plant in the amount of USD 1.65 million. As at 31 December 2011, remaining amounted to USD 0.33 million or Baht 10 million.
- The Company has a commitment to purchase the equipment relating to Digital Mobile TV Project via a UHF frequency under the 58 – band amounted to Baht 250 million, balanced as at 31 December 2011 amounted to Baht 131 million.
- The indirect subsidiary (“GIDEC Co., Ltd.”) operates Ash Melting Gasification technology for generate electricity plant from waste that purchases the waste from Hat Yai Municipal for producing and distributing electricity to Provincial Electricity Authority. Total budget amounted to Baht 660 million. As at 31 December 2011, remaining amounted to Baht 315 million.
- The indirect subsidiary (“Team Solar Co., Ltd.”) operates electricity plant from solar cells for producing and distributing electricity to Provincial Electricity Authority totaling 4 projects at Lumpoon province and Chiang Mai province. Total budget for 2 projects located at Lumpoon

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province amounted to Baht 210 million. As at 31 December 2011, remaining amounted to Baht 95 million.

- The Company has a commitment on monthly fee to produce and manage for marketing of Baht 3.37 million for the first year, and the amount in appropriate rate for the second and third years according to the representative of the production broadcast on television agreement dated 1 July 2011. Subsequently, on 23 January 2012, the Company received the approval from BIG Media Group Co., Ltd. (“BIG”) to temporarily terminate such payment from January 2012 to June 2012 and reduce unpaid compensation from August 2011 to December 2011, a remaining amounted to Baht 10,098,000 (exclusive of VAT). The Company gradually paid within June 2012.

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47 Contingent liabilities and contingent assets

Contingent liabilities

Case No.	Plaintiff/ Complainant	Defendant/ Objector	Description
Civil case: Black case No.2978/2554	a company	the Company	On 8 August 2011, the Company was sued by a company in alleging infringement, exercised in dishonest right and demand because the Company used information about broadcasting in Digital Mobile TV project in full operation between plaintiff and MCOT Public Company Limited (“MCOT”) to compose an important document in the select of co-operation with MCOT. This act impacted to the plaintiff who did not get a fair treatment but got the damage. The claim amount was Baht 170 million with interest rate at 7.5% per annum of claim amount. The Court made an appointment for settlement of issue and determining the proceed of case or investigate of plaintiff’s witness on 14 November 2011. On 10 October 2011, the Company filed a statement of defence against a lawsuit to the Court. Subsequently, the Court made the appointment for investigate of plaintiff’s and defendant’s witness during 7-19 June 2012.
Civil case: Black case No.4238/2554	a company	the Company	On 30 November 2011, the Company was sued by a company to pay the delay fines and claims because the Company did not pay the penalty for delay payment of goods to that company in 2008. The claim amount was Baht 2,094,363. On 10 January 2012, the legal consultant of the Company filed a statement of defence that the penalty was expiring, therefore the claim amount shall expire accordingly. However, the Court made an appointment for settlement of issue and determining the proceed of case or investigate of plaintiff’s witness on 20 February 2012. On such date, the Court made the appointment for continuous

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Case No.	Plaintiff/ Complainant	Defendant/ Objector	Description
			consideration on 28 and 29 June 2012.
Civil case: Black case No.3430/2549	a company	Subsidiary (IEC Internet Co., Ltd.)	Subsidiary was sued by a company due to breach of agreement for providing media of high speed internet in domestic area with the claimed amount of Baht 0.58 million. The Civil Court decided the subsidiary shall pay the compensation. On 25 January 2008, the subsidiary appealed against the judgment that the Court made the appointment for giving the sentence on 18 November 2008. On 14 October 2009, Appeal Court gave the confirmation of the judgment of the Court of First Instance. Subsequently, the Central Bankruptcy Court ordered the subsidiary to be under an absolute receivership as the subsidiary's request. On due date of submitting the request on payment, the above creditor did not submit its payable request, so the Central Bankruptcy Court ordered the subsidiary to be under a bankrupt since 18 October 2010 and in the process of liquidation. However, as at 31 August 2011 the Company sold investment.
Civil case: Black case No. Por Bor. 2504/2552	Domestic commercial bank (bank)	Associate (Micronetic Plc.) was the borrower and the Company was guarantor	On 30 June 2009, the Company was sued by a bank with regard to guarantee for loan of an associate to the Civil Court in order to the Company payable the principal including interest amounted to Baht 12.26 million. The Company has been negotiating to reduce debts with the bank, so the Court delayed to consider and made the appointment for taking of evidences on 5 and 6 August 2010. On the due date, the Court postponed for compromising or going through the evidences from witness of plaintiff on 13 December 2010 and then the Court postponed to hearing the sentence on 4 April 2011. On the due date, the Court decided both defendants to pay in the amount of Baht 12.26 million with the interest of 15% per annum of principal amounted to Baht 12.1 million starting from the sue date onwards until the settlement to plaintiff will be completed. Subsequently, on 30 August 2011, the Company as guarantor already paid to the bank in amount of Baht 8.5 million.
Civil case: Black case No.842/2550	Mr. Smith	Subsidiary (IEC Business Partners Co., Ltd.)	On 26 February 2007, the subsidiary was filed a lawsuit with regard to the transaction in acquiring assets of International Gasohol Corporation Limited ("IGA") with a claim of Baht 181 million. The plaintiff requested the Court to invalidate, cancel the registration of the transfer of ownership and registered IGA as a ownership or order all defendants to pay the balance of the proceeds of Baht 181 million with the interest of 7.5 % per annum, starting from filing date until fully settlement. The court appointed to hearing

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Case No.	Plaintiff/ Complainant	Defendant/ Objector	Description
			the sentence on 26 October 2010 and provided their sentence that the plaintiff has no power to sue because of acting as IGA's shareholder who is unable to file a petition for revoking the juristic act in relation to purchase assets between IGA and the subsidiary in compliance with the Law except compensation only, therefore, the case has been dismissed. Currently, the case has been in the process of appeal. As of 26 March 2012, the mentioned matters have not been finalized.
Criminal case: Black case No. 1464/2550	Mr. Smith (the person, who alleged in his possession of property of IGA)	Subsidiary (IEC Business Partners Co., Ltd.)	On 14 March 2007, the subsidiary was filed a lawsuit to proceed with the case in embezzling charge pursuant. The subsidiary's management and the subsidiary's legal consultant have the opinion that the purchase of assets of IGA is a legally fair and righteous transaction. The act of the subsidiary is not categorized as an illegal action for misappropriation as charged, therefore, indemnifying the subsidiary against the revocation of asset purchase between IGA and the above subsidiary. The case had been in the process of taking of evidences until March 2010. Subsequently, the Court appointed to hearing their sentence on 29 April 2010 and postponed again to 8 June 2010. On such date, the Court read their sentence to parties that case was dismissed. The sentence results to the subsidiary without embezzling charge as the above lawsuit. The case has been in the process of appeal on the judgment. The Appeal Court made the appointment to the parties for hearing the order regarding submitting the appeal on 24 August 2011. The Court ordered such appeal be not acceptable and decided to confirm the Court of First Instance's judgment, therefore, the case is finalized.
Civil case: Black case No. Tor 407/2551	Domestic commercial bank (bank)	Subsidiary (IEC Business Partners Co., Ltd.) was the borrower and the Company was the guarantor	On 20 March 2008, a subsidiary were sued with regard 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 on principal of Baht 339.73 million, starting from the sue date until the settlement will be completed. In case of default, the execution of judgment will be performed to auction the mortgaged assets in order to settle the outstanding debt. The Court also determined the subsidiary and the Company to file the statements of defence on 23 June 2008. Subsequently, the Court proposed the mediation before consideration and made an appointment for mediating on 29 July 2008. The parties disagreed on the matters, therefore, the Court

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Case No.	Plaintiff/ Complainant	Defendant/ Objector	Description
			<p>postponed the mediated date to 8 October 2008 and 22 December 2008, however, they insisted to disagree, therefore the Court ordered to continuously take the evidences from both parties from 23 January 2009 to 30 January 2010. During the period of taking evidences, the bank notified to the subsidiary and the Company acknowledged regarding the repayment of loan. However, the management informed that the above loan notified in writing, represented loan from purchase of assets, which was formerly mortgaged with the bank and the subsidiary purchased them from the bank. Subsequently, on the date of reporting by parties, its is likely to compromise. The Court also recommended that the conciliation should be determined again, so the appointment date is delayed to 18 March 2010. On due date, the parties disagreed, the Court made the appointment to go through the additional evidences from bank on 10 June 2010 and from the subsidiary together with colleagues on 21 and 22 June 2010. On such date, the taking of evidences was conducted from only one witness of plaintiff and postponed to 29 October 2010 but it was postponed again to 23 February 2011 and 11 March 2011. The taking of evidences from the witness of the defence will be carried out on 16, 22, 24 and 25 March 2011. The Court already went through the evidences from witness of defendants and of plaintiffs on 30 March 2011 and made an appointment for giving the sentence on 30 September 2011. On 26 April 2011, the parties already filed the advice on evidences. On such date, the Court read their sentences to the subsidiary as the borrower and the Company ("IEC") as the guarantor jointly paid in the sued amount with interest. In case of default, the mortgaged assets comprised land and structure thereon and machinery will be seized for public auction in order to settle the outstanding debt. If it is not enough, other assets will be seized for public auction in order to settle the outstanding debt in full and jointly paid the court fees to the plaintiff and lawyer fee. Subsequently, on 29 September 2011, the subsidiary and the Company filed a petition to suspend the execution and appeal against the judgment to the Civil Court. The Court of First Instance ordered to accept the petition and the appeal on 4 October 2011 to the subsidiary and Company sending the plaintiffs the copies of those documents to defend within the due date and then collecting them to submit to the Appeal Court for consideration. Subsequently, on 18 January 2012, the plaintiff filed the reply to an appeal with the Court. As of 26 March</p>

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Case No.	Plaintiff/ Complainant	Defendant/ Objector	Description
			2012, the mentioned matters have not been finalized as described in Note 24 to the financial statements.
Civil case: Black case No. 219/2552	IGA	Subsidiary (IEC Business Partners Co., Ltd.)	On 22 January 2009, a subsidiary was sued in relation to a lawyer fee of Baht 1 million and claim due to default under sale and purchase of assets agreement in the amount of Baht 82.54 million with interest at 7.5 % per annum on principal of Baht 77.21 million totaled Baht 82.54 million. However, as at 31 December 2011, the subsidiary recorded payable on assets and provision amounted to Baht 69 million and Baht 8 million, respectively. Therefore, as of 26 March 2012, the case has been waiting for consideration and was temporarily disposed due to waiting for the result of revocation of the juristic act on asset purchase.
Bankruptcy case: Black case No. 5297/2553	Domestic commercial bank	Subsidiary (IEC Business Partners Co., Ltd.)	On 12 May 2010, a subsidiary was sued in bankruptcy to the Central Bankruptcy Court. The Court determined a date of consideration on 21 July 2010. Subsequently, the subsidiary filed a request to postpone the consideration to 16 July 2010 and 23 September 2010. The subsidiary filed a statement of defence on the above petition to the Central Bankruptcy Court. The Court determined the date of taking of evidences from the creditor's witnesses and the debtor's witnesses on 21 February 2011, 14 March 2011, 11 May 2011 and 24 August 2011. On such date, plaintiff filed the petition to the Court that, the plaintiff sold the business to Thanachart Bank Public Company Limited and the status change, so the plaintiff has to firstly carry out the process of status change. On such date, the Court postponed the consideration. As of 26 March 2012, the mentioned matters have not been finalized as described in Note 24 to the financial statements.
Civil case: Black case No.1937/2553	Subsidiary (IEC Business Partners Co., Ltd.) and the Company	IGA, the authorized directors and a domestic commercial bank	On 2 June 2010, the subsidiary and the Company, filed a lawsuit against IGA, the authorized directors and a bank totaling 4 persons, in order to cancel the fraud juristic act and claim the compensation in the amount of Baht 98 million. The above case has been in the process of waiting for filing the defendants' replies and the Court determined the date of settlement of issues on 23 August 2010. On the due date, the Court ordered that in case of filing a petition of the plaintiff to be tried together as one and the same case of the consideration of this case and black case no. Tor 407/2551, and the first and the second defendant's petition to be tried together as one of the consideration of this case and black case no. 219/2552, the Court

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Case No.	Plaintiff/ Complainant	Defendant/ Objector	Description
			<p>verified from the defendant that both cases would be considered together and the case would be temporarily disposed in order to be waiting for the result of other case consideration. Since the judgment of above case will be closely finished, the Court does not provide an order on cases which are tried together as one and the same case, but determines the settlement of issues. The disputed issues agreed with the plaintiff's allegation but they were refused by the defendant, therefore, the plaintiff gets a burden of proof. The plaintiff has to adduce the evidences and the defendant has to adduce counter evidence. The Court determined the date of taking of evidences from the plaintiff's witnesses on 15-16 March 2011 and 26 April 2011 and from the defendant's witnesses on 27 April 2011 and 10 May 2011. On the due date, the plaintiff's lawyer reported that this case related with various cases, negotiating with Mr. Smith would be probable and then the request to enter the process of mediation was filed to the Court and the date of mediation was 11 April 2011 and 26 April 2011. On the due date, some defendants did not come, and Mr. Smith sent the notices to decline in the negotiations. The parties agreed to terminate the compromise and to return the file of case back to the judges for further consideration. The Court made the appointment for taking of evidences of plaintiff on 28 September 2011, 5 and 11 October 2011 and taking of evidences of defendant on 25 and 26 October 2011. On 23 September 2011, the Company's and the subsidiary's lawyer filed a request to the Court for issuing a writ of summons to a company who received the transfer of claims and securities ("the asset management company") from the bank becoming a joint-defendant. On 28 September 2011, IGA's and IGA authorized directors' lawyers filed the petition to the Court to temporarily dispose the case because of the absolute receivership order from the Central Bankruptcy Court to IGA. Therefore, the Court allowed to issue the above writ of summons, to cancel the appointment date for taking additional evidences from the plaintiffs and the defendants and to postpone the appointment date to 6 March 2012 in order to the official receiver performing such case instead of the Court. On such date, the Court postpone the appointment date to 25 April 2012. On 23 December 2011, the subsidiary's lawyer filed an application for liquidation in bankruptcy case to the official receiver as the fifth creditor with claim amounted to Baht 89 million. On 17 January 2012, the official receiver has examined the application and determined the first meeting of</p>

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Case No.	Plaintiff/ Complainant	Defendant/ Objector	Description
			creditors on 3 April 2012.
Civil case: Black case No.710/2554	Other company (a company)	Subsidiary (IEC Green Energy Co., Ltd.)	Subsidiary was sued by a company due to breach of agreement for payable the trading support. During November 2006, the unpaid trading support to plaintiff amounted to Baht 487,490. The Court determined the date of settlement of issues or taking of evidences from witness of plaintiff on 9 May 2011. The subsidiary filed the statement of defence to the Court on 28 March 2011. The Civil Court made an appointment for mediating or taking of evidences from the plaintiff on 2 August 2011. On such date, the parties requested to postpone the mediate to 10 October 2011. Subsequently, on such date, the Court adjourned the consideration and made an appointment for investigate of plaintiff's and defendant's witnesses which have not been finalized.
Civil case: Black case No.4071/2553	Other company (a company)	Subsidiary (Triple Play Co., Ltd.)	Subsidiary was sued by a company due to breach of agreement and claimed due to default a lease agreement on the sending short message service system via telephone system including the agreement for the license during 2008. The outstanding was paid by the subsidiary of Baht 465,450 and interest of Baht 68,782 totaled Baht 534,232. Civil Court examined the file of case and made his opinion that a civil case related with the trademark whether it would be under the jurisdiction of the Court of Intellectual Property and International Trade. Accordingly, the file of case has been submitted to the Chairman of Supreme Court for decision, the process of consideration has been temporarily ceased. Subsequently, on 4 July 2011, the Supreme Court has made a decision that this case is under the jurisdiction of the Court of Intellectual Property and International Trade. The Civil Court ordered to un-accept the plaintiff petition and disposed the case and determined the plaintiff filed this case to the Court of Intellectual Property and International Trade. On 2 September 2011, the plaintiff filed a lawsuit to the Court of Intellectual Property and International Trade as Black case No. Tor. Por. 79/2544. However, on 22 September 2011, the subsidiary filed a statement of defence on the above petition to the Court. The Court made an appointment for mediating on 2 February 2012 and on 15 February 2012 the Court made an appointment for hearing to the mediation. In mediation, the parties cannot agree, so the Court made the appointment for taking of evidences on 10 and 11 July 2012.
Labor case:	Former	Subsidiary	Subsidiary was sued by the group of former

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Case No.	Plaintiff/ Complainant	Defendant/ Objector	Description
Black case No. 4131- 4135/2554 4189/2554 4311/2554 and 4332- 4336/2554	employees of the subsidiary	(UFO Studio Asia Co., Ltd.)	employees of a subsidiary of the 12 cases as Labor case because the subsidiary failed to pay the legal termination compensation, which the plaintiff was not offense. The plaintiff filed a claim for compensation totaling Baht 570,000 with interest rate at 15% per annum from the date of filing until the payment is made, the Court made an appointment for mediating or taking additional evidences on 19 March 2012. On such date, the Central Labor Court made an appointment for mediating or consideration and investigates of plaintiff's witnesses on 2 April 2012.
Civil case: Black case No.2007/2554	Other company (a company)	Subsidiary (IEC Technology Co., Ltd.)	Subsidiary was sued by a company due to breach of agreement. On 22 March 2010, a company alleged that a company was hired by the subsidiary to organize the event for a period of 14 days and the subsidiary did not pay remunerations wages and decoration cost including VAT totaling Baht 277,234. On 13 December 2011, the subsidiary filed the defence to the Court that such company did not arrange the event for a period of 14 days and not yet to complete the duties under the terms of the agreement, therefore, the subsidiary suspended the payment of a remaining remunerations. The Court made an appointment for mediating or taking additional evidences 1 March 2012. On such date, the parties cannot agree, so the court made the appointment for continuous consideration and taking of evidences on 15-16 May 2012.

- Since January 2004, the Customs Department 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 had 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 had not yet been filed over the remaining amount of Baht 23 million (including interest). To date, the Court of First Instance ruled in favor of the plaintiff in 18 cases and 12 cases dismissed. The Supreme Court already sentenced 18 cases in favor of the Customs Department and the Company had to pay compensation on tax coupons to the Customs Department amounted to Baht 27 million (as at 31 December 2011 it was shown as other payables) to be included interest (7.5 % per annum since 2004) and dismissed a plaint. The remaining 11 cases had been still in the process of consideration. However, as at 31 December 2011, the Company already recorded all contingent liabilities amounting to Baht 47 million. The Board of Directors Meeting of the Company held on 14 November 2008 approved the Company gives deposit at the Court for compensation to the Customs Department in case of winning.
- On 14 September 2009, the legal consultant of the Company and the subsidiary (IEC Business Partners Co., Ltd.) sent the letters to International Gasohol Corporation Limited and a domestic

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commercial bank relating to avoid the juristic act procured by fraud, as the details mentioned in Note 24 to the financial statements.

Contingent assets

Case No.	Plaintiff	Defendant	Description
Black case no.1255/2553	the Company	Former employee	On 19 March 2010, the Company as the plaintiffs filed a lawsuit against former employee as the defendant regarding the violation of an employment agreement. Because the defendant took the property and embezzlement of the Company's products of Baht 5,554,327 and on 16 December 2010, the Central Labour Court ruled that the defendant returned the property and goods to the Company or order defendant to pay the compensation of Baht 5,554,327 with interest rates 7.5 % per annum from 5 September 2009 onwards until the debt settlement will be completed. As of 26 March 2012, the Company has been in the process of investigation of the property to enforce the defendant under the law.
Bankruptcy case: Black case No. Lor531/2555	The Company	Associate (Micronetic Plc.)	On 26 January 2012, the Company, as a guarantor, paid the debt to a bank amounted to Baht 8.5 million. Therefore, the Company filed took the legal right to recourse debts and filed a lawsuit against the associate to the Central Bankruptcy Court the claimed amount was Baht 8,761,986. The Central Bankruptcy Court made an appointment for consideration on 19 April 2012.

48 Pledged assets

As at 31 December 2011 and 2010, the Group's/Company's bank deposits of Baht 277 million and Baht 433 million in the consolidated financial statements, respectively and of Baht 265 million and Baht 433 million in the separate financial statements, respectively, have been used as collateral for issuing the letters of guarantee by the domestic commercial banks for bidding, compliance with the agreements and borrowings amounting to Baht 918 million and Baht 879 million, respectively.

As at 31 December 2011 and 2010, 14 title deeds including present and future structures, condominium, building under construction, machinery under installation of two subsidiaries (cost value of Baht 766 million and of Baht 465 million, respectively) and inventories (cost value of Baht 30 million) including rights to insurance claims of those assets have been mortgaged as collateral for loans from a domestic commercial bank and the Government Savings Bank amounting to Baht 780 million and Baht 380 million, respectively. As of 26 March 2012, the indirect subsidiary's share certificate of 2 million shares have been used as collateral for long-term loans from the Government Savings Bank (same credit-line with the above) and short-term loans from other person (in credit-line amounting to Baht 50 million).

As at 31 December 2010, the right claims on collection amounted to Baht 126 million under the turn-key contract to set up IBACSS and Billing Mediation Systems has been transferred to the bank

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as collateral in the amount of Baht 200 million. Subsequently, on 17 June 2011, the bank already received such payment according to the right claims agreement and on 11 July 2011, the bank also released all collateral to the Company.

49 Expenses by nature

Certain accounts included in calculating profit (loss) for the years ended 31 December 2011 and 2010 have been classified by nature as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Change in finished goods and work in process	(29)	57	(20)	52
Purchase of finished goods, and cost of rendering of services and rental	953	1,598	987	1,515
Management benefit expenses	43	48	32	34
Employee benefit expenses	68	137	46	61
Depreciation and amortization expenses	42	68	23	25
Doubtful debts expense	47	2	31	-
Loss on investments	14	183	22	190
Estimated loss of liabilities of subsidiaries and others	2	-	-	211
Impairment loss of assets	76	304	141	678
Loss on transferring the right of claim as per the compromise agreement	26	-	26	-
Finance costs	66	66	21	23
Other expenses	183	230	123	127
Total	1,491	2,693	1,432	2,916

50 Significant agreements

- On 29 October 2010, the Company signed on the business contract with MCOT Public Company Limited (“MCOT”) regarding the Digital Mobile TV business via a UHF frequency under the 58 – band. The Company takes charge of marketing and broadcast engineering services in Bangkok Metropolitan and outlying areas. The contract period is 5 years from the date of commercial operation with an automatic renewal by 5 years per each from the expiry date. The contract contains the significant term as follows:

- Invest in the Project;
- Deliver the equipments to MCOT;
- Manage and take charge of marketing;
- Manage the operating, accounting and billing system;
- Agree to transfer DVB-T/H system of this project to MCOT with the term set out in the contract that MCOT agrees to renewal of contract by extending a period of 5 years.

MCOT agrees to pay compensation at the percentage of monthly total income generated from this project.

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- On 8 April 2010, Triple Play Co., Ltd. (the subsidiary) entered into a contract with Airports of Thailand Pcl. to install LCD screen and CCTV at Suvarnabhumi airport. The subsidiary has been allowed to install LCD screen at luggage claim areas in terminal of Suvarnabhumi airport and to install CCTV at passenger's baggage claim on first floor, above Gridline D's beam for advertising and broadcasting for a period of 3 years from 8 April 2010 to 7 April 2013. The compensation rate according to a contract was as follows:

- First year: from April 2010 to 2011, compensation rate at Baht 160,000 per month.
- Second year: from April 2011 to 2012, compensation rate at Baht 176,000 per month.
- Third year: from April 2012 to 2013, compensation rate at Baht 193,600 per month.

Pursuant to the contract requires the collateral amounted to Baht 1,242,912 (including VAT) to comply with the contract.

- On 16 November 2010, Triple Play Co., Ltd. (the subsidiary) entered into a contract to manage an advertising space with an other company (non related parties) for a period of 3 years from 17 November 2010 to 16 November 2013. The subsidiary obtains a compensation which is summarized as follows:

- A monthly compensation is Baht 1 million – Baht 1.75 million totalling Baht 54 million.
- An income sharing of 20% of net income less operating expenses, semi-annually payable starting from in July 2011 to July 2014.
- A right of advertising for the companies in IEC Group without charge.

Subsequently, on 23 December 2011 the subsidiary terminated that agreement because an other company defaulted the payment to the subsidiary.

- On 11 April 2009, Team Solar Co., Ltd. (Formerly: Lumpoon Solar Co., Ltd.) (the subsidiary) entered into two power purchase agreements with the Provincial Electricity Authority (“PEA”) for project's Lumpoon 1 and Lumpoon 2. The subsidiary agrees to sell electricity to PEA within 1 March 2011, the agreement is effective from 11 April 2009 for a period of five years and automatically renewal for a period of five years and effective until the subsidiary will cease trading electricity by written request to terminate the agreement or either party fails to comply with the condition of the agreement. The payment term according to the conditions is prescribed in the regulations for the purchase of electricity of PEA. However, as of 31 December 2011, the subsidiary is under construction and the subsidiary has been approved by the PEA to extend to sell electricity to 30 June 2012.

- On 23 June 2010, GIDEC Co., Ltd. (the subsidiary) entered into a construction and services management of waste disposal system in community and amendment memorandum with Hatyai Municipality. The municipality agreed the subsidiary to construct the waste disposal system in community and to install the pollution treatment system on land owned by municipality. The subsidiary has the right to manage such system for a period of 25 years from the date of signing the contract. The significant details are as follows.
 - The subsidiary agreed to pay land rental amounted to Baht 500,000 per year to the municipality.
 - The subsidiary provided the property insurance coverage and determined the municipality as the beneficiary.

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- The municipality agreed to pay a waste disposal to the subsidiary at a rate of Baht 290 per ton for a period of 10 years and after the eleventh year to twenty-fifth year, a waste disposal rate will be revised every 5 years and the subsidiary has right to increase a waste disposal rate according to inflation rate but not more than 10% in every 5 years.
 - The subsidiary shall pay compensation to the municipality at a rate of 10% of revenue from waste disposal. The municipality shall deduct compensation from waste disposal expenses to be withdrawn by the subsidiary each month.
 - Constructions, building, machineries and other equipments under the agreement are owned by the municipality after the end of the agreement or the date of termination.
 - The subsidiary shall pay a consulting fee to the municipality for procuring work during construction period at the actual amount but not exceeding Baht 4,000,000.
- On 4 January 2011, GIDEC Co., Ltd. (the subsidiary) entered into a power purchase agreements with the Provincial Electricity Authority (“PEA”). The subsidiary agrees to sell electricity to PEA within 22 August 2011, the agreement is effective from 4 January 2011 for a period of five years and continuous renewed for a period of five years by automatically and effective until the subsidiary has ceased trading electricity by written request to terminate the agreement or either party fails to comply with the condition of the agreement. The payment term according to the conditions prescribed in the regulations for the purchase of electricity of PEA. However, as of 31 December 2011, the subsidiary is under construction and the subsidiary has been approved by the PEA to extend to sell electricity to 22 February 2012 and until the subsidiary start of trading of electricity to PEA.
 - On 29 April 2011, the subsidiary (GIDEC Co., Ltd.) entered into a letter to divide a space of land (Nor Sor 3 Kor) located at Khuanlang district, Amphur Hatyai, Songkha province of 38 rai 40 square wah for a period of 25 years from 25 June 2010 to 25 June 2035 in order to construction and manage waste disposal system in community, sizing not less than 250 tons per day. Total rental expenses amounted to Baht 15.26 million, annually payable on 25 June of following year at the rental rate from Baht 500,000 to Baht 732,050 per year with deposit amounted to Baht 1,526,275. Under the rental agreement No. 27/2554 dated 1 December 2010 certain conditions such as properties owned by the lessor.
 - On 16 November 2011, the Company entered into an agreement to hire an other company (“advisor”) as consultants to solve debt problem and procure the investors to purchase shares of IEC Business Partners Co., Ltd. (the subsidiary) and to settle the obligation by law with a domestic commercial bank or the creditors who entitled to claim a debt from the bank (“the creditor”). The fees determined the base on success of work amounted to Baht 35 million (excluding VAT) when this operation is achieved.

51 Events after the reporting period

The Board of Directors Meeting of the Company held on 18 January 2012 resolved to dispose the investment of subsidiary (IEC Business Partners Co., Ltd.) to an other company of 25,000,000 ordinary shares of Baht 0.01 par value, in the amount of Baht 250,000. As of 26 March 2012, the Company does not dispose.

The Board of Directors Meeting of the Company held on 22 February 2012 approved to establish new company namely ISD (2012) Co., Ltd. in order to distribute simcards for mobile phones to an other company by the Company holding 100%. Subsequently, on 24 February 2012, the registration of establish was performed with the registered share capital of Baht 5 million and the Company is a parent company who hold 100% of the share capital.

The International Engineering Public Company Limited and its Subsidiaries
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The Executive Board Meeting of the Company held on 27 February 2012 considered that other party who interested to purchase all shares of Triple Play Co., Ltd. in the offering price not exceeding Baht 11 million.

The Extraordinary General Meeting of Shareholders of the subsidiary (GIDEC Co., Ltd.) held on 15 March 2012 resolved the following matters as follow:

- To increase its authorized share capital by Baht 60 million from Baht 200 million to Baht 260 million by assigning the board of directors of the subsidiary who is responsible to issue the new shares to existing shareholders who appear in the register shareholders as of the offering date, including the term of payment as appropriation.
- To change the head office location of the subsidiary to 390, Ramkhamhaeng Road, Huamark, Bangkapi, Bangkok.

The Extraordinary General Meeting of Shareholders of the subsidiary (Team Solar Co., Ltd.) held on 23 March 2012 resolved to increase its authorized share capital by Baht 37 million from Baht 50 million to Baht 87 million by requiring the payment of increase shares within 14 days from the date of the resolution of this Extraordinary General Meeting meeting.

The Board of Directors Meeting of the Company held on 26 March 2012 unanimously resolved to allot 4,000 million new ordinary shares to 3 investors in the offering price of Baht 0.01 per share amounted to Baht 40 million and to require the payment of shares within 30 March 2012 for working capital in current business operations of the Company.

52 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group/Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management is presently considering the potential impact of adopting and initial application of these new and revised TFRS on the financial statements of the Group/Company.

53 Reclassification of accounts

Certain accounts in the 2010 financial statements have been reclassified to conform to the presentation in the 2011 financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of new or revised TFRS as disclosed in note 4 and in compliance with the stipulation of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543 were as follows:

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2010

	Consolidated financial statements			Separate financial statements		
	Before reclassify	Reclassify	After reclassify	Before reclassify	Reclassify	After reclassify
	<i>(in million Baht)</i>					
<i>Statement of financial position</i>						
Other receivable	-	341	341	-	317	317
Short-term loan to related parties	209	(209)	-	482	(482)	-
Short-term loans	-	-	-	-	263	263
Securities receivables	39	(39)	-	39	(39)	-
Prepaid expenses	8	(8)	-	3	(3)	-
Value added tax recoverable	40	(40)	-	18	(18)	-
Other current assets	45	(45)	-	38	(38)	-
Long-term loan to related parties	-	-	-	3	(3)	-
Other non-current assets	-	-	-	32	3	35
Trade accounts payable	62	(62)	-	42	(42)	-
Trade and other payable	-	271	271	-	143	143
Short-term loan from related parties	1	(1)	-	82	(82)	-
Short-term loans	-	-	-	-	67	67
Payable to purchase of fixed asset	69	(69)	-	-	-	-
Accrued expensed	236	(236)	-	37	(37)	-
Accrued interest expenses	-	161	161	-	1	1
Other current liabilities	65	(64)	1	50	(50)	-
Long-term loan from related parties	4	(4)	-	-	-	-
Other non-current liabilities	4	4	8	-	-	-
Total	782	-	782	826	-	826

***Statement of comprehensive
income***

Administrative expenses	349	58	407	185	44	229
Management benefit expenses	48	(48)	-	35	(35)	-
Net foreign exchange loss	2	(2)	-	-	-	-
Impairment loss of assets	304	(304)	-	679	(679)	-
Loss on sale of investments	183	(183)	-	190	(190)	-
Other expenses	-	489	489	-	869	869

The International Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

2010

	Consolidated financial statements			Separate financial statements		
	Before reclassify	Reclassify	After reclassify	Before reclassify	Reclassify	After reclassify
	<i>(in million Baht)</i>					
Finance cost	76	(10)	66	32	(9)	23
Total	962	-	962	1,121	-	1,121

Statement of Cash flows

**Cash flows from operating
activities**

Interest expenses	76	(10)	66	32	(9)	23
Other receivable	-	(83)	(83)	-	(53)	(53)
Receivable from related parties	(47)	47	-	(14)	14	-
Securities receivables	(15)	15	-	(15)	15	-
Prepaid expenses	(5)	5	-	(1)	1	-
Value added tax recoverable	-	-	-	5	(5)	-
Other current assets	(14)	15	1	(26)	27	1
Trade accounts payable	(23)	23	-	(34)	34	-
Trade and other payable	-	(11)	(11)	-	(41)	(41)
Payable to related parties	(6)	6	-	(6)	6	-
Accrued expensed	14	(14)	-	(21)	21	-
Other current liabilities	3	(3)	-	19	(19)	-

**Cash flows from financing
activities**

Interest paid	(35)	10	(25)	(32)	9	(23)
Total	(52)	-	(52)	(93)	-	(93)

Shareholding Structure and Management

Shareholders

Top ten major shareholders as of December 30, 2011 are as follow:

Shareholder	Number of Shares	% Holding
1. Mrs. Manothip Chakkrawaldham	5,150,000,000	12.05
2. Societe Generale	1,559,775,500	3.65
3. Thai NVDR Co., Ltd.	1,501,678,880	3.51
4. Mr. Tidchuan Nanawarathorn	1,204,856,200	2.82
5. Caceis Bank Deutschland GMBH	926,759,500	2.17
6. Mr. Thanom Thanombooncharoen	620,000,000	1.45
7. Mrs. Usanee Kamolsantisuk	600,000,000	1.40
8. Mr. Chukiat Rujanapornpajee	505,900,000	1.18
9. Mr. Nunthapan Mahatthanathan	406,000,000	0.95
10. Mr. Petros Stathis	400,000,000	0.94

The Management

Management Structure and Nomination

The company's management constituted the six following boards:

1. Board of Directors
2. Executive Board
3. Audit Committee
4. Nomination Committee
5. Remuneration Committee
6. Risk Management Committee

The sub-committees including Nomination Committee, Remuneration Committee and Risk Management Committee are established to carry out missions according to their authorized objectives and scope of power and duties without receiving any kinds of benefit or remuneration.

Board Composition and Nomination

Board members and management of the company are qualified according to Clause 68 under Public Company Act, 2535 B.E. (1992) and the Notification of the Capital Market Supervisory Board Tor Jor 24/2552 Re: Requirements for Directors and Executives of Securities-Issuing Companies dated July 20, 2009.

Board of Directors

Powers and Duties of the Board of Directors

The Board of Directors is authorized to manage the company according to the company's objectives and articles of association as follows:

1. The Board of Directors is to convene meetings at least once every quarter.
2. The Board of Directors is authorized to issue rules and regulations pursuant to the company's objectives.
3. The Board of Directors is required to call a shareholder meeting, recognized as the annual general meeting.
4. The Board of Directors ensures the balance sheet and the profit and loss statements, as at the ending date of the accounting year, presented for shareholder's approval in the annual general meeting.
5. The Board of Directors may appoint any person(s) to conduct the company's business under supervision of the Board.
6. The Board of Directors is entitled to receive remuneration in performance of its duties.
7. Director is not allowed to conduct, become partner or shareholder to any juristic person of similar nature or in competitive manner against the company, unless he or she has given notice to the shareholder meeting prior to the resolution regarding his or her appointment.

List of the Board of Directors as of January 1, 2012 is as follows:

	Name	Title
1.	Lt. Somsak Yamasmit	Chairman
2.	Mrs. Sunjutha Witchawut	Director / Vice Chairman / Executive Chairman
3.	Dr. Jitkasame Ngarmnil	Director / Chief Executive Officer
4.	Mr. Sutee Phongpaiboon	Director (Independent Director) / Chairman of the Audit Committee
5.	Lt. Dr. Suphornchai Siriwoharn	Director (Independent Director) / Member of the Audit Committee
6.	Dr. Somchai Wongrassamee	Director (Independent Director) / Member of the Audit Committee
7.	Lt. JG. Yuthana Sivaraks	Director (Independent Director)
8.	Dr. Tawatchai Suwannakum	Director

To bind the company, two directors sign and affixing company seal,
Mrs. Duangchai Sermopol is the corporate secretary according to Clause 89/15 under Securities and Exchange Act B.E. 2535.

Criteria in Selection of Independent Directors

Qualifications of an independent director are as follows:

1. Not an employee, a staff member or a consultant receiving regular salary or any other benefits from the company, the parent company, subsidiaries, and associated or related companies;
2. Neither by blood relationship nor by legal registration, being father, mother, spouse, brother, sister, son, daughter or spouse of son or daughter to the executive, major shareholder, controlling person;
3. Holding not exceeding 1 percent of the paid-up share capital of the company, the parent company, subsidiaries, associated or related companies, the percentage limit includes the shares held by director's related persons;
4. Observing equitable benefits of all shareholders;
5. Observing non-existence of conflict of interest between the company and its executives, major shareholders or other companies having the same group of executives or major shareholders;

6. Attending meetings with the Board of Directors, to make decisions on important activities of the company.

The above qualifications are minimum conditions as prescribed by the Board of the Securities Exchange Commission and the Stock Exchange of Thailand.

Balance of Power for Non-Executive Directors

As of January 1, 2012, the Board of Directors consists of 8 members as follows:

- 4 Executive Directors
- 0 Non-Executive Directors
- 4 Independent Directors (Equivalent to 50% of the total Board members)

Board of Directors' Meetings

The Board of Directors schedules meetings at least once every quarter, and extra meetings may be convened as deemed necessary. The agenda is set out clearly in advance to the meeting, including continued agenda to follow up operating results. The secretary's office sends a notice of invitation enclosing order of agenda and meeting archives in advance to ensure the directors sufficient time to review the archives prior to meeting. The minutes of meetings is taken in writing, certified by the Chairman or Chairman-appointed director, and made promptly available for verification by the Board or related parties. In 2011, there were four directors retired from their offices before term expiry, and there were totally 10 meetings convened with the presence of directors as per following details:

Name List of Directors

Name	No. of Presences / No. of Meetings
Lt. Somsak Yamasmit	8/10
Mrs. Sunjutha Witchawut	10/10
Dr. Jitkasame Ngarmnil	2/2
Mr. Sutee Phongpaiboon	9/10
Lt. Dr. Suphornchai Siriwoharn	2/2
Dr. Somchai Wongrassamee	2/2
Lt. JG Yuthana Sivaraks	8/10
Dr. Tawatchai Suwannakum	2/3
Mr. Sitisit Wichaksanphong	5/7
Mr. Att Asavanund	6/7

Executive Board

Powers and Duties of the Executive Board

The Executive Board is authorized to conduct activities as empowered by the Board of Directors according to the objectives and articles of association.

List of the Executive Board as of January 1, 2012 is as follows:

	Name	Title
1.	Mrs. Sunjutha Witchawut	Executive Chairman
2.	Dr. Jitkasame Ngarmnil	Chief Executive Officer
3.	Mr. Somchai Lertwisettheerakul	Executive Director
4.	Mr. Wong Fan Voon	Executive Director
5.	Mr. Saran Lertcharoenwongsa	Executive Director

Audit Committee

Powers and Duties of the Audit Committee

The Audit Committee of the company is authorized the scope of duties and responsibilities, and required to report to the Board of Directors as follows:

1. To review and ensure the company contains accurate and adequate financial reporting;
2. To review and ensure the company contains suitable and efficient internal control and audit;
3. To review and ensure the practices performed by the Company are in compliance with the securities and exchange law, and the regulations of the Stock Exchange of Thailand or relevant laws relating to the company's business;
4. To consider, nominate and recommend remuneration scheme of the company's auditor;
5. To ensure accurate and complete disclosure of company's information relating to connected or conflict-of-interest transaction;
6. To produce an Audit Committee Report as part of the company's annual report;
7. To perform any other duties as may be assigned by the Board of Directors under the Audit Committee's prior consent

List of the Audit Committee as of January 1, 2012 is as follows:

	Name	Title
1.	Mr. Sutee Phongpaiboon	Chairman
2.	Lt. Dr. Suphornchai Siriwoharn	Member of the Audit Committee
3.	Dr. Somchai Wongrassamee	Member of the Audit Committee

Mrs. Romanewan Janphen is Secretary to the Audit Committee.

Nomination Committee

Power and Duties of the Nomination Committee:

The Nomination Committee is authorized the scope of duties and responsibilities, and required to report to the Board of Directors as follows:

1. To consider criteria and procedures in selection of person(s) qualified to assume the office of director
2. To determine qualifications of director(s) under selection in writing or set out nomination practices and guidelines
3. To consider the extent of correctness and completeness of qualifications of the candidate(s) nominated as director
4. To audit and filtrate the nominated candidate(s) to ensure their qualifications are compliant to legal and governmental requirements
5. To nominate person(s) in accordance with nomination procedures, and to submit opinions to the Board of Directors who shall further propose for appointment approval by the general meeting of shareholder.
6. By agreement of the Nomination Committee, to perform any other duties as may be assigned by the Board of Directors

List of the Nomination Committee as of January 1, 2012 is as follows:

	Name	Title
1.	Mr. Sutee Phongpaiboon	Chairman
2.	Lt. Dr. Suphornchai Siriwoharn	Member of the Nomination Committee
3.	Lt. JG. Yuthana Sivaraks	Member of the Nomination Committee

Remuneration Committee

Power and Duties of the Remuneration Committee:

The Remuneration Committee is authorized the scope of duties and responsibilities, and required to report to the Board of Directors as follows:

1. To consider and review remuneration scheme and criteria for directors and high-level executives. Those schemes will be submitted to the Board of Directors for approval in case of high-level executive; in case of directors, the Board of Directors will further submit for approval by the general meeting of shareholder.
2. To consider and review remuneration scheme of companies in peer group
3. To review and revise remuneration scheme as deem appropriate and conform to actual conditions
4. To consider evaluation criteria of director assuming office of high-level executive, and to propose to the Board of Director
5. To consider annual remuneration scheme

List of the Remuneration Committee as of January 1, 2012 is as follows:

	Name	Title
1.	Mr. Sutee Phongpaiboon	Chairman
2.	Lt. Dr. Suphornchai Siriwoharn	Member of the Remuneration Committee
3.	Lt. JG. Yuthana Sivaraks	Member of the Remuneration Committee

Risk Management Committee

Power and Duties of the Risk Management Committee

The Risk Management Committee is authorized the scope of duties and responsibilities, and required to report to the Board of Directors as follows:

1. To consider and ensure risk control over company investment and appropriate level of business operations.
2. As may be empowered by the Board of Directors, to consider other matters in relation with corporate risks

List of the Risk Management Committee as of January 1, 2012 is as follows:

	Name	Title
1.	Dr. Somchai Wongrassamee	Chairman
2.	Mr. Ekkamol Emradee	Member of Risk Management Committee
3.	Ms. Chollada Wongvorazathe	Member of Risk Management Committee

List of Company's Executives

Company executives as of January 1, 2012 are as follows:

	Name	Title
1.	Dr. Jitkasame Ngarmnil	Chief Executive Officer
2.	Mr. Somchai Lertwisettheerakul	Chief Operation Officer
3.	Mr. Wong Fan Voon	Chief Financial Officer
4.	Mr. Saran Lertcharoenwongsa	Senior Vice President Finance & Accounting
5.	Mr. Ekkamol Emradee	Senior Vice President Legal Div.
6.	Mrs. Suwanee Dejvittayaporn***	Vice President Finance & Treasury Div.
7.	Mr. Soravut Sajjapanichkul	Vice President Accounting & Budgeting Div.

Note: *** No. 6 executive has resigned from the company since February 1, 2012.

Criminal Record

None of the members of the boards and executives of the company have been discharged, dismissed, terminated or have been prosecuted due to corrupted act or bankruptcy or have been sentenced for imprisonment, or have had any disputes or trials during the past ten years.

Nomination of Directors and Management

Nomination of directors is processed through the Nomination Committee, the Board of Directors, while adhering to the articles of association, which entitles minor investors to appoint director(s) by casting vote in the shareholder meeting. In electing a director, the shareholder holds one vote per one share. The shareholder may cast all available votes for one or more directors, but the votes are inseparable for the nominated persons, or non-cumulative voting system. Persons, in order of majority votes, are elected directors to the required number of directors. Situations where persons with parity of votes, exceeding the required number of director occur, chairman of the meeting will be the casting vote.

In the event of vacancy due to expired term of office, the Board of Directors may appoint a person lawfully qualified to substitute in the succeeding Board meeting. Except a director whose term is less than two months, the substituting director shall be entitled for directorship in the remaining duration.

High-level officers not assuming the office of directors shall be nominated by the Board of Directors.

During 2011, there were four directors retire before their term would expire, and four substitutions were made.

Remuneration for Directors and Management

(1) Pecuniary Remuneration***

Pecuniary remuneration for Board of Directors, Executive Board and Management in 2011 consisted of THB 25.92 million in salaries and meeting allowances, classified as follow:

1. In 2011, entries and exits of directors took place variably. Total number of directors in 2011 was recorded at 12 persons. Meeting allowances of the twelve directors which include members of the Audit Committee were accounted for THB 2.94 million as per following details:

Meeting Allowances Accounted under Board of Directors and Audit Committee in 2011

No	Name-Surname	Title	As Member of Board of Directors	As Member of Audit Committee
1	Lt. Somsak Yamasmit	Chairman	420,000	-
2	Mrs. Sunjutha Witchawut	Director / Vice Chairman / Executive Chairman / Former Chief Executive Officer	300,000	-
3	Dr. Jitkasame Ngarmnil	Director / Chief Executive Officer	40,000	-
4	Mr. Sutee Phongpaiboon	Director / (Independent Director) / Chairman of Audit Committee	240,000	120,000
5	Lt. Dr. Suphornchai Siriwoharn	Director / (Independent Director) / Member of Audit Committee	40,000	10,000
6	Dr. Somchai Wongrassamee	Director / (Independent Director) / Member of Audit Committee	40,000	10,000
7	Lt. JG. Yuthana Sivaraks	Director / (Independent Director)	240,000	-
8	Dr. Tawatchai Suwannakum	Director	80,000	-
9	Mr. Sithisit Wichaksanphong	Director / (Independent Director) / Member of Audit Committee (Former)	200,000	50,000
10	Mr. Att Asavanund	Director / (Independent Director) / Member of Audit Committee (Former)	200,000	50,000
11	Mr. Apichat Tantivejakul	Director (Former)	140,000	-
12	Dr. Attawooth Laohapakdee	Director (Former)	160,000	-

Since March 2009, the Company cut off 50% meeting allowances on each Board, as a result, the meeting allowances is detailed as follow:

Meeting allowances of Board of Directors

- Chairman THB 35,000 per month
- Vice Chairman THB 25,000 per month
- Director THB 20,000 per month

Meeting allowances of Executive Board

- Executive Chairman THB 15,000 per month
- Executive Director THB 10,000 per month

Meeting allowances of Audit Committee

- Chairman of Audit Committee THB 10,000 per month
- Member of Audit Committee THB 5,000 per month

2. Executive Directors and the management were remunerated THB 22.98 million.

Note: *** In 2010, meeting allowances of directors were THB 2.91 million, and remunerations for the Executive Board and the management were THB 24.72 million, totally amounting THB 27.63 million.

(2) Other Remunerations

-None-

Corporate Governance (CG)

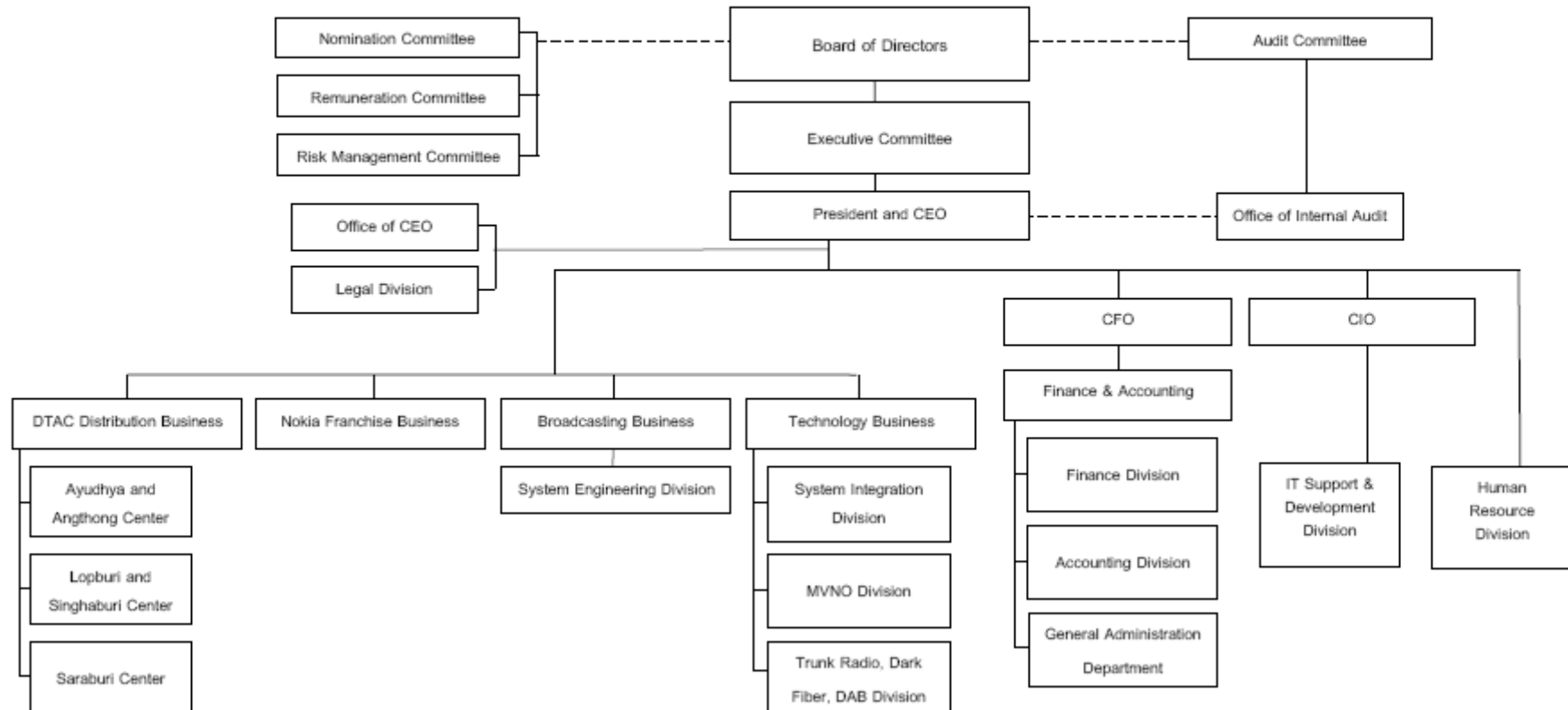
The company prioritizes good corporate governance, the essence of raising management efficiency. For years, the Board of Directors has been compliant with the Guidelines of the Stock Exchange of Thailand for Good Corporate Governance. In 2008, the company maintained CG best practices pursuant to the resolution of the Board of Directors No. 8/2008 dated July 23, 2008 resolving the company to set up a Corporate Governance Sub-Committee. The established entity is an exposure of efficiency, transparency and accountability, beneficial to build up confidence among shareholder, investor, stakeholder and related parties. Good corporate governance is meanwhile a decent approach towards fostering a value-added and sustainable organization.

Evaluation of Internal Control System

In the Board of Directors Meeting No.3/2012 dated March 26, 2012 with the participation of audit committee members, the Board reviewed and evaluated company's internal control system by dividing into five sections: Organization and Environment, Risk Management, Management Operation Supervision, Information & Data Communication System and Tracking System. Upon discussion with the management, the Board deemed the company contained adequate internal control system.

The International Engineering Public Co., Ltd.

Organization Structure



**The Board of Directors approves above OS on 26 March 2012.*

Directors of Company's Subsidiaries

Name	Company IEC	Subsidiary								
		1	2	3	4	5	6	7	8	9
1. Lt. Somsak Yamasmit	X			/						
2. Mrs. Sunjutha Witchawut	D , ///	/		/						
3. Dr. Jitkasame Ngarmnil	V		/							
4. Mr. Sutee Phongpaiboon	/									
5. Lt. Dr. Suphornchai Siriwoharn	/									
6. Dr. Somchai Wongrassamee	/									
7. Lt. JG Yuthana Sivaraks	/									
8. Dr. Tawatchai Suwannakum	/	/						/		

Note: (Data as of January 1, 2012)

X = Chairman, D = Vice Chairman, ///
= Executive Chairman,

V = Chief Executive Officer, / = Director

Subsidiaries:

1. IEC Green Energy Co., Ltd.
2. IEC Technology Co., Ltd.
3. IEC Business Partners Co., Ltd.
4. IEC Distribution System Co., Ltd.
5. Triple Play Co., Ltd.
6. Gidec Co., Ltd.
7. Team Solar Co., Ltd.
8. Anya Animation Co., Ltd.
9. UFO Studio Asia Co., Ltd.

Note: - Subsidiary (6) and (7) are held by IEC Green Energy Co., Ltd.
- Subsidiary (8) and (9) are held by Triple Play Co., Ltd.

Name	Subsidiary								
	1	2	3	4	5	6	7	8	9
1. Lt. Somsak Yamasmit			/						
2. Mrs. Sunjutha Witchawut	/		/						
3. Dr. Jitkasame Ngarmnil		/							
4. Dr. Tawatchai Suwannakum	/						/		
5. Mr. Somchai Lertwisettheerakul	/								
6. Mr. Ekkamol Emradee		/							
7. Mr. Apichat Tantivejakul		/		/	/		/	/	
8. Mr. Decha Sujitham			/						
9. Mr. Sangar Chatchairungrueng					/				
10. Mr. Sudhiporn Patumtaewapibal						/			
11. Mr. Surapoom Somwangthanaroj						/	/		/
12. Mr. Panya Watcharaboon						/			
13. Mr. Sutape Tunnirut								/	
14. Mr. Wirot Pethpool								/	
15. Mr. Kwok Hung Jonathan Wan									/

Note: (Data as of January 1, 2012)

X = Chairman, / = Director

Subsidiaries:

1. IEC Green Energy Co., Ltd.
2. IEC Technology Co., Ltd.
3. IEC Business Partners Co., Ltd.
4. IEC Distribution System Co., Ltd.
5. Triple Play Co., Ltd.
6. Gidec Co., Ltd.
7. Team Solar Co., Ltd.
8. Anya Animation Co., Ltd.
9. UFO Studio Asia Co., Ltd.

Note: - Subsidiary (6) and (7) are held by IEC Green Energy Co., Ltd.
- Subsidiary (8) and (9) are held by Triple Play Co., Ltd.

General Information of Other References

Securities Registrar

Company Name: Thailand Securities Depository Company Limited
Address: 62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Bangkok 10110
Telephone: 0-229-2800, 0-2654-5599
Facsimile: 0-2359-1259

Auditor

Auditor Name: Ms. Maliwan Phahuwattanakorn
CPA Registration No. 4701
Company Name: NPS Siam Audit Limited
Address: 555/5-6, 5th Floor SSP Tower, Sukumvit 63 (Ekamai)
Sukumvit Road, Klongton Nua, Wattana, Bangkok
Telephone: 0-2711-5300
Facsimile: 0-2711-5866

Remuneration for Auditor

1. Audit Fee
The company and subsidiaries remunerate audit fees to NPS Siam Audit Limited for the year 2011, amounting THB 4,815,000.
2. Non-Audit Fee
-None-