

## Auditor's Review Report

To the shareholders and the board of directors of  
The International Engineering Public Company Limited

I have reviewed the consolidated balance sheet of The International Engineering Public Company Limited and subsidiaries as at March 31, 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-months period ended March 31, 2006 and the separate balance sheet of The International Engineering Public Company Limited as at March 31, 2006, and the related statements of income, changes in shareholders' equity and cash flows for the three-months period ended March 31, 2006. The Company's management are responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my review.

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

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

Without qualifying my opinion, I draw attention to Note 13.1, there were lawsuits relating to convertible debentures filed against the Company requiring the Company to pay an amount of Baht 449.6 million plus interest at 8 percent per annum on principal of Baht 427.8 million as from the filing date. The Company had provided a liability of Baht 50 million as well as accrued interest of Baht 34.5 million in the account. The cases are being heard by the courts. No further provision for contingents liabilities has been made in the accounts since the management believes that an ultimate payment will not be exceed the booked amount.

The consolidated financial statements of The International Engineering Public Company Limited and subsidiaries and the separate financial statements of the Company for the year ended December 31, 2005 were audited by another auditor whose report dated February 23, 2006, expressed an unqualified opinion on those statements by having the emphasis paragraph concerning the guarantee commitment to a bank in respect of loans to The M. Group Public Company Limited which the Company had entered debt restructuring agreement and accomplished the terms of restructuring agreement on December 29, 2005 and concerning the lawsuits in relation to the convertible debt. The comparing consolidated balance sheet of The International Engineering Public Company Limited and subsidiaries and separate balance sheet of The International Engineering Public Company Limited as at December 31, 2005, presented herein for comparative purposes, are parts of the aforementioned financial statements. The consolidated financial statements of The International Engineering Public Company Limited and subsidiaries and the separate financial statements of The International Engineering Public Company Limited for the three-months period ended March 31, 2005 were reviewed by another auditor whose report dated May 12, 2005, stated that nothing came to his attention that caused him to believe that the financial statements are not presented fairly, in all material respects, in conformity with generally accepted accounting principles by having the emphasis paragraph concerning the guarantee commitment to a bank in respect of loans to The M. Group Public Company Limited. The comparing consolidated statements of income, changes in shareholders' equity and cash flows and the comparing separate Company's statements of income, changes in shareholders' equity and cash flows for the three-months period ended March 31, 2005, are parts of the aforementioned financial statements.

Atipong AtipongSakul  
Certified Public Accountant  
Registration Number 3500

ANS Audit Company Limited  
Bangkok, May 8, 2006

FINANCIAL STATEMENTS AND AUDITOR'S REVIEW REPORT  
THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED  
AND SUBSIDIARIES  
FIRST QUARTER ENDED MARCH 31, 2006 AND 2005

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	Consolidated		The Company Only	
		31 March 2006	31 December 2005	31 March 2006	31 December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		204,787	465,592	78,219	449,386
Current investments					
Investment in available-for-sale securities	3	206,076	168	170	168
Trade accounts receivable - net	4	356,947	326,742	182,088	319,335
Trade accounts receivable - related parties	5	-	-	485,936	-
Amounts due from and short-term loans to related parties - net	5	19,373	19,028	262,955	87,350
Accounts receivable from sales of investments		222,777	-	-	-
Inventories - net		440,181	350,993	159,611	348,553
Others current assets					
Prepaid expenses		12,480	3,314	7,979	3,296
Withholding tax deducted at source		18,938	17,403	18,324	16,815
Refundable value added tax		20,730	1,099	168	-
Others		3,450	3,520	3,225	2,549
<b>TOTAL CURRENT ASSETS</b>		<b>1,505,739</b>	<b>1,187,859</b>	<b>1,198,675</b>	<b>1,227,452</b>
<b>NON-CURRENT ASSETS</b>					
Pledged deposits at financial institutions		47,409	47,408	45,459	45,458
Deposit for investment in available-for-sale securities		40,059	-	-	-
Investments accounted for under equity method	6	325,207	148,919	859,109	413,069
Other long-term investments - net	7	525	525	525	525
Property, plant and equipment - net	8	243,042	227,932	203,394	212,775
Intangible assets					
Cost for purchase of subscribers - net		522,872	545,832	522,872	545,832
Leasehold rights - net		228,844	232,945	33,623	34,558
Computer software - net		5,281	2,972	5,084	2,708
Other non-current assets		40,619	22,662	15,113	17,260
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,453,858</b>	<b>1,229,195</b>	<b>1,685,179</b>	<b>1,272,185</b>
<b>TOTAL ASSETS</b>		<b>2,959,597</b>	<b>2,417,054</b>	<b>2,883,854</b>	<b>2,499,637</b>

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	<u>31 March 2006</u>	<u>31 December 2005</u>	<u>31 March 2006</u>	<u>31 December 2005</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade accounts payable	188,763	187,732	168,744	183,640
Trade accounts payable - related parties	5	-	13,854	-
Current portion of hire-purchase creditors	2,379	2,837	2,379	2,837
Current portion of convertible debentures	9	60,321	60,321	60,321
Amounts due to and short-term loans to related parties - net	5	346	2,438	7,101
Share subscription payable	23,059	-	23,059	-
Accounts payable from purchases of investments	108,454	-	-	-
Other short-term loans	1,680	1,680	-	-
Other current liabilities				
Accrued convertible debentures interest	9	34,506	34,506	33,504
Accrued corporate income tax	60,468	-	-	-
Accrued expenses	38,846	35,948	32,465	25,525
Others	17,014	14,449	7,714	7,275
<b>TOTAL CURRENT LIABILITIES</b>	<b>535,836</b>	<b>336,817</b>	<b>345,480</b>	<b>320,203</b>
<b>NON-CURRENT LIABILITIES</b>				
Hire-purchase creditors - net of current portion	1,728	2,225	1,728	2,225
Convertible debentures - net of current portion	9	18,016	18,016	20,590
Provision for repurchase share of subsidiary	6	13,755	13,755	13,755
Provision for loss from lawsuits	###	69,784	69,784	69,784
Provision for loss from investments accounted for under equity method	6	-	125,566	113,929
Reserve for excess loss from investment in joint venture	6	6,398	-	-
Other non-current liabilities				
Deposits received from customers	13,604	13,604	4,654	4,654
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>123,285</b>	<b>125,740</b>	<b>233,503</b>	<b>224,937</b>
<b>TOTAL LIABILITIES</b>	<b>659,121</b>	<b>462,557</b>	<b>578,983</b>	<b>545,140</b>

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	Consolidated		The Company Only	
		31 March 2006	31 December 2005	31 March 2006	31 December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
2,200,000,000 ordinary shares of Baht 1 each		2,200,000	2,200,000	2,200,000	2,200,000
Issued and fully paid					
1,333,200,000 ordinary shares of Baht 1 each		-	1,333,200	-	1,333,200
1,577,729,000 ordinary shares of Baht 1 each	10	1,577,729	-	1,577,729	-
Premium on share capital	10	614,598	492,473	614,598	492,473
Advance received from share subscription	10	500	121,000	500	121,000
Unrealised gain (loss) on investment in available-for-sale securities	3	(4,383)	11	12	11
Retained earnings					
Appropriated - statutory reserve		400	400	400	400
Unappropriated		111,632	7,413	111,632	7,413
TOTAL SHAREHOLDERS' EQUITY		2,300,476	1,954,497	2,304,871	1,954,497
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,959,597	2,417,054	2,883,854	2,499,637

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
REVENUES	15				
Sales and services income		1,083,799	1,596,869	1,327,701	1,453,797
Other income					
Interest income		37	1,429	4,703	2,374
Other		8,293	2,270	4,998	1,135
Gain on sale of investment in available-for-sale securities		205,927	-	-	-
Share of gain from investments accounted for under the equity method		-	-	141,092	221
<b>TOTAL REVENUES</b>		<b>1,298,056</b>	<b>1,600,568</b>	<b>1,478,494</b>	<b>1,457,527</b>
EXPENSES	15				
Cost of sales and services		966,097	1,431,357	1,220,922	1,291,153
Selling and administrative expenses		156,038	139,181	99,157	131,546
Directors' remuneration		1,854	1,450	1,854	1,450
Share of loss from investments accounted for under equity method		8,192	743	51,124	5,578
<b>TOTAL EXPENSES</b>		<b>1,132,181</b>	<b>1,572,731</b>	<b>1,373,057</b>	<b>1,429,727</b>
Net income (loss) before interest expenses		165,875	27,837	105,436	27,800
Interest expenses		(1,188)	(2,810)	(1,217)	(2,773)
Corporate income tax	15	(60,468)	-	-	-
Net income before minority interests		104,219	25,027	104,219	25,027
Minority interests in net loss of subsidiaries		-	-	-	-
<b>Net income</b>		<b>104,219</b>	<b>25,027</b>	<b>104,219</b>	<b>25,027</b>
Earnings per Share	11				
Basic earnings per share		0.07	0.03	0.07	0.03
Diluted earnings per share		0.07	0.02	0.07	0.02

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED							Total
	Issued and paid-up share capital	Premium on share capital	Advance received from share subscription	Unrealised gain (loss) on investments in available-for-sale securities	Retained earnings		Minority interest-equity attributable to minority shareholders of subsidiaries	
					Appropriated- statutory reserve	Unappropriated (deficit)		
Balance as at January 1, 2006	1,333,200	492,473	121,000	11	400	7,413	-	1,954,497
Increase in share capital (Note 10)	244,529	122,125	(121,000)	-	-	-	-	245,654
Advance received from share subscription (Note 10)	-	-	500	-	-	-	-	500
Unrealised item in income statement								
Decrease in fair value of investments	-	-	-	(4,394)	-	-	-	-4,394
Net income for the period								
March 31, 2006	-	-	-	-	-	104,219	-	104,219
Balance as at March 31, 2006	<u>1,577,729</u>	<u>614,598</u>	<u>500</u>	<u>(4,383)</u>	<u>400</u>	<u>111,632</u>	<u>-</u>	<u>2,300,476</u>
Balance as at January 1, 2005	771,450	669,636	-	8	-	(372,495)	-	1,068,599
Increase in share capital	20,000	-	-	-	-	-	-	20,000
Net income for the period								
March 31, 2005	-	-	-	-	-	25,027	-	25,027
Balance as at March 31, 2005	<u>791,450</u>	<u>669,636</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>(347,468)</u>	<u>-</u>	<u>1,113,626</u>

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	THE COMPANY ONLY							Total
	Issued and paid-up share capital	Premium on share capital	Advance received from share subscription	Unrealised gain on investments in available-for-sale securities	Retained earnings		Minority interest-equity attributable to minority shareholders of subsidiaries	
					Appropriated- statutory reserve	Unappropriated (deficit)		
Balance as at January 1, 2006	1,333,200	492,473	121,000	11	400	7,413	-	1,954,497
Increase in share capital (Note 10)	244,529	122,125	(121,000)	-	-	-	-	245,654
Advance received from share subscription (Note 10)	-	-	500	-	-	-	-	500
Unrealised item in income statement								
Decrease in fair value of investments	-	-	-	-	1	-	-	1
Net income for the period								
March 31, 2006	-	-	-	-	-	104,219	-	104,219
Balance as at March 31, 2006	<u>1,577,729</u>	<u>614,598</u>	<u>500</u>	<u>12</u>	<u>400</u>	<u>111,632</u>	<u>-</u>	<u>2,304,871</u>
Balance as at January 1, 2005	771,450	669,636	-	8	-	(372,495)	-	1,068,599
Increase in share capital	20,000	-	-	-	-	-	-	20,000
Net income for the period								
March 31, 2005	-	-	-	-	-	25,027	-	25,027
Balance as at March 31, 2005	<u>791,450</u>	<u>669,636</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>(347,468)</u>	<u>-</u>	<u>1,113,626</u>



(UNAUDITED BUT REVIEWED)

## THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from (used in) operating activities :-				
Net income	104,219	25,027	104,219	25,027
Reconciliations of net income to net cash provided by (used in ) operating activities:				
Depreciation and amortisation	38,091	36,329	33,772	34,580
Provision for impairment in value of assets	-	906	-	906
Allowance for doubtful accounts (reversal)	(414)	660	297	297
Allowance for diminution in value of inventories (reversal)	4,706	18,214	(636)	18,214
Share of gain from investments accounted for under equity method	-	-	(141,092)	(221)
Share of loss from investments accounted for under equity method	4,978	743	47,910	5,578
Amortisation of goodwill	3,214	-	3,214	-
Loss on sales of fixed assets	458	281	457	281
Gain on sale of investment	(205,927)	-	-	-
Loss from write-off fixed assets	607	-	607	-
Unrealised gain on exchange	21	737	21	737
Cash flows from operating activities before changes in operating assets and liabilities	(50,047)	82,897	48,769	85,399
Decrease (increase) in operating assets				
Trade accounts receivable	(29,495)	(73,564)	(348,689)	(73,743)
Amounts due from related parties	(642)	(523)	(39,382)	(2,701)
Inventories	(90,395)	(109,506)	192,924	(104,365)
Other current assets	(37,606)	(8,287)	(7,035)	(7,772)
Other non-current assets	(17,957)	351	2,146	303
Increase (decrease) in operating liabilities				
Trade accounts payable	(4,945)	64,198	(7,266)	60,502
Amounts due to related parties	-	96	585	(131)
Share subscription payable	-	-	23,059	-
Accrued convertible debentures interest	1,002	-	1,002	-
Accrued expenses	2,899	1,562	6,939	1,196
Accrued corporate income tax	60,468	-	-	-
Other current liabilities	2,565	800	438	1,098
Net cash used in operating activities	(164,153)	(41,976)	(126,510)	(40,214)

(UNAUDITED BUT REVIEWED)

## THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from (used in) investing activities				
Decrease in pledged deposits at financial institutions	-	10	-	-
Deposit for securities trading	(40,059)	-	-	-
Increase in short-term loans to related parties	-	-	(138,720)	(3,500)
Cash paid for investment in available-for-sale securities	(184,993)	-	-	-
Proceeds from investment in available-for-sale securities	66,287	-	-	-
Cash paid for investment in subsidiary	-	-	(250,000)	-
Cash paid for investment in associated company	(160,806)	(60)	(69,175)	(60)
Decrease in share subscription payable	-	-	(23,059)	-
Proceeds from disposal of fixed assets	305	49	458	49
Acquisition of fixed assets	(20,010)	(2,398)	(1,785)	(2,394)
Net cash used in investing activities	(339,276)	(2,399)	(482,281)	(5,905)
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	-	(15,825)	-	(15,000)
Decrease in short-term loans from related parties	-	-	(5,000)	-
Cash paid for redemption of convertible debentures	(2,574)	(2,574)	(2,574)	(2,574)
Decrease in hire purchase creditors	(956)	(932)	(956)	(932)
Repayment of guarantee liability	-	(11,250)	-	(11,250)
Share subscription received	249,286	20,000	249,286	20,000
Cash paid for investment advisor	(3,132)	-	(3,132)	-
Net cash from financing activities	242,624	(10,581)	237,624	(9,756)
Net increase (decrease) in cash and cash equivalents	(260,805)	(54,956)	(371,167)	(55,875)
Cash and cash equivalents at beginning of period	465,592	164,926	449,386	148,455
Cash and cash equivalents at end of period	204,787	109,970	78,219	92,580

Supplementary disclosure of cash flow information

## Cash paid during the period

Interest paid	1	1,681	92	1,167
Income tax paid	1,535	5,167	1,509	4,959

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2006 AND 2005 (Unaudited but reviewed)  
 AND AS AT DECEMBER 31, 2005 (Audited)

1. GENERAL INFORMATION

1.1 Basis of interim financial statement presentation

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows as in the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.2 Basis of consolidated financial statement presentation

The basis of consolidation adopted for the interim financial statements is the same as that for the consolidated financial statements for the year ended December 31, 2005. However, there are additional investments during current period for the company, its subsidiaries and joint ventures as follow:-

<u>Subsidiary</u>	<u>Business</u>	<u>Paid up capital</u>		<u>Equity interest (percent)</u>	
		<u>(Thousand Baht)</u>		<u>31 March</u>	<u>31 December</u>
		<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
IEC Mobile Co., Ltd.	Sales of mobile handsets and sim card	100,000	100,000	100.0	100.0
IEC Technology Co., Ltd.	Information technology service	50,000	50,000	65.0	65.0
IEC Asset Co., Ltd.	Lease of property and service	285,000	285,000	100.0	100.0
IEC Business Partners Co., Ltd.	Investment in security	250,000	-	100.0	-
<u>Joint Venture</u>					
IEC Internet Co., Ltd. (65% held by IEC Asset Co., Ltd.)	Internet service provider (ceased operation in 2005)	15,000	15,000	65.0	65.0

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2005. Significant accounting policies are added as follow:

### Investments in available-for-sale securities

Investments in sale marketable securities, which the Company intends to hold as available-for-sales securities, are stated at fair value. Changes in the securities valuation are separately shown in shareholders' equity in the balance sheet and are credited or charged against earnings when the investments have been disposed of.

The cost of the disposed investment is determined by weighted average.

## 3. CURRENT INVESTMENTS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
		(Audited)		(Audited)
Investment in redeemable mutual fund - at cost	158	157	158	157
Investment in marketable securities - at cost				
Adkinson Securities Public Company Limited	66,086	-	-	-
Power Line Engineering Public Company Limited	144,215	-	-	-
Add : Unrealized gain (loss) from valuation of investment	(4,383)	11	12	11
Total investments in available-for-sale securities	206,076	168	170	168

4. TRADE ACCOUNTS RECEIVABLE

The aging of the outstanding balances as at March 31, 2006 and December 31, 2005 was as follows :-

Ages of receivables	Consolidated		The Company Only	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
	(Audited)		(Audited)	
<u>Unrelated parties</u>				
Not yet due	317,468	297,133	165,345	289,767
Past due				
Up to 3 months	35,942	27,726	17,463	27,697
3 - 6 months	1,263	1,938	1,267	1,448
6 - 12 months	-	1,718	-	1,496
Over 12 months	17,157	13,820	12,878	13,792
Total	371,830	342,335	196,953	334,200
Less : Allowance for doubtful accounts	(14,883)	(15,593)	(14,865)	(14,865)
Trade accounts receivable - net	356,947	326,742	182,088	319,335

5. RELATED PARTY TRANSACTIONS

During the periods, the Company had significant business transactions with its subsidiaries, joint venture and related parties (related by way of share holding, common shareholders and/or common directors). Significant transactions, which have been concluded on the terms and basis as specified in the agreements between the Company and those related parties, in the ordinary course of their business and based on prevailing market conditions, are summarised below :-

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		The Company only		
	2006	2005	2006	2005	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Revenue from sales (net)	-	-	574.0	-	Cost plus certain margin
Purchases	-	-	4.0	-	Cost plus certain margin
Interest income	-	-	4.1	1.3	
Loans (weighted average balance of loans outstanding during the period)	-	-	209.0	69.4	Interest rate with reference of commercial bank plus a margin of 0.25 – 2%
Rental expenses	-	-	-	0.2	Contract price

## (UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		The Company only		
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
<u>Transactions with joint venture</u>					
Interest income	-	0.3	-	-	
Loans (weighted average balance of loans outstanding during the period)	31.7	31.7	-	-	Interest rate with reference of commercial bank plus a margin of 0.25-2%
<u>Transactions with related parties</u>					
Interest income	-	0.7	-	0.7	
Loans (weighted average balance of loans outstanding during the period)	35.4	35.4	35.4	35.4	Interest rate with reference of commercial bank plus a margin of 0.25-2 %

As at March 31, 2006 and December 31, 2005, the outstanding balance of the above transactions, are shown as separate items in the balance sheets as follows :-

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	<u>31 March 2006</u>	<u>31 December 2005</u>	<u>31 March 2006</u>	<u>31 December 2005</u>
		(Audited)		(Audited)
<u>Trade accounts receivable</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	485,884	-
IEC Technology Company Limited	-	-	52	-
Total trade accounts receivable	-	-	485,936	-
<u>Amounts due from related parties</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	12,149	72
IEC Technology Company Limited	-	-	559	284
IEC Asset Company Limited	-	-	7,682	4,754
IEC Business Partner Company Limited	-	-	18,709	-
<u>Related parties</u>				
Micronetic Public Company Limited	698	353	698	353
Ethnic Earth.Com Holdings Company Limited	3,213	2,916	3,213	2,916
Less : Allowance for doubtful accounts	(3,213)	(2,916)	(3,213)	(2,916)
The M. Group Public Company Limited	450,000	450,000	450,000	450,000
Less : Allowance for doubtful accounts	(450,000)	(450,000)	(450,000)	(450,000)
	698	353	39,797	5,463

## (UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 March 2006	31 December 2005 (Audited)	31 March 2006	31 December 2005 (Audited)
<u>Short-term loans to related parties</u>				
<u>Subsidiary companies</u>				
IEC Asset Company Limited	-	-	200,447	59,276
IEC Technology Company Limited	-	-	46,820	44,520
Less : Allowance for doubtful accounts (Note 6)	-	-	(42,784)	(40,584)
<u>Joint venture</u>				
IEC Internet Company Limited	30,355	30,355	-	-
Less : Allowance for doubtful accounts (Note 6)	(30,355)	(30,355)		
<u>Related parties</u>				
Micronetic Public Company Limited	18,675	18,675	18,675	18,675
Ethnic Earth.Com Holding Company Limited	16,770	16,770	16,770	16,770
Less : Allowance for doubtful accounts	(16,770)	(16,770)	(16,770)	(16,770)
	18,675	18,675	223,158	81,887
Total account receivable and amounts due from and short-term loans to related parties - net	19,373	19,028	262,955	87,350
<u>Trade accounts payable</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	13,854	-
Total trade accounts payable	-	-	13,854	-
<u>Amount due to related parties</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	2,188	1,851
<u>Related parties</u>				
Micronetic Public Company Limited	346	346	250	250
	346	346	2,438	2,101
<u>Short-term loans from related parties</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	-	5,000
Total amounts due to and short-term loans from related parties	346	346	2,438	7,101

The above loans to related parties are repayable on demand. It is the policy of the Company and its related parties to charge interest on intercompany loans by reference to saving interest rate or lending interest rate of local commercial banks plus a margin of 1.25 percent.

Amount due from related company amounting to Baht 450 million, represents the receivable arising as a result of the Company's guarantee commitment to a bank in respect of loans the bank provided to The M. Group Public Company Limited. No provision for doubtful accounts has been set up for the loan to an associated company, Micronetic Public Company Limited, since the management of the Company believe that the loan will be repaid in full in the future.

#### 6. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

These represent investments in ordinary shares of the following companies :-

(Unit : Thousand Baht)

	Consolidated							
	31 March 2006				31 December 2005			
	Equity				Equity			
	Paid up capital	interest (percent)	Cost method	Equity method	Paid up capital	interest (percent)	Cost method	Equity method
							(Audited)	(Audited)
<u>Investments in subsidiary companies</u>								
IEC Mobile Company Limited	100,000	100.0	90,900	-	100,000	100.0	90,900	-
IEC Technology Company Limited	50,000	65.0	32,500	-	50,000	65.0	32,500	-
IEC Asset Company Limited	285,000	100.0	280,000	-	285,000	100.0	280,000	-
IEC Business Partner Company Limited	250,000	100.0	250,000	-	-	-	-	-
Total investments in subsidiary companies			653,400	-			403,400	-
<u>Investment in joint venture</u>								
IEC Internet Company Limited (65% held by IEC Asset Company Limited)	15,000	65.0	8,999	(36,753)	15,000	65.0	8,999	(36,137)
<u>Investment in associated company</u>								
Micronetic Public Company Limited	100,000	38.6	24,827	-	100,000	38.6	24,827	-
LOCUS Telecommunication Inc.Limited	553,000	42.0	239,234	234,241	553,000	25.3	147,000	148,919
Application Hosting Service Company Limited ( held by IEC Business Partner Company Limited)	11,000	49.0	91,630	90,966			-	-
Total investment in associated company			355,691	325,207			171,827	148,919
Reserve for excess loss from investment in joint venture			-	36,753			-	36,137
Total investments accounted for under equity method			1,018,091	325,207			584,227	148,919
Reserve for excess loss from investment in joint venture				6,398				5,782
Allowance for doubtful accounts - joint venture				30,355				30,355
				36,753				36,137



## (UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Company Only							
	31 March 2006				31 December 2005			
	Paid up capital	Equity interest (percent)	Cost method	Equity method	Paid up capital	Equity interest (percent)	Cost method	Equity method
							(Audited)	(Audited)
<u>Investments in subsidiary companies</u>								
IEC Mobile Company Limited	100,000	100.0	90,900	(9,877)	100,000	100.0	90,900	18,821
IEC Technology Company Limited	50,000	65.0	32,500	(42,784)	50,000	65.0	32,500	(40,584)
IEC Asset Company Limited	285,000	100.0	279,999	234,440	285,000	100.0	280,000	245,329
IEC Business Partner Company Limited	250,000	100.0	250,000	390,429	-	-	-	-
Total investments in subsidiary companies			653,399	572,208			403,400	223,566
<u>Investment in joint venture</u>								
IEC Internet Company Limited (65% held by IEC Asset Company Limited)	15,000	65.0	-	(115,689)	15,000	65.0	-	(113,929)
<u>Investment in associated company</u>								
Micronetic Public Company Limited	100,000	38.6	24,827	-	100,000	38.6	24,827	-
LOCUS Telecommunication Inc.Limited	553,000	42.0	239,234	234,241	553,000	25.3	147,000	148,919
Total investment in associated company			264,061	234,241			171,827	148,919
Provision for loss from investments accounted for under equity method			-	168,350			-	154,513
Total investments accounted for under equity method			917,460	859,110			575,227	413,069
Provision for loss from investments accounted for under equity method presented as								
Provision for loss from investments accounted for under equity method in non-current liabilities				125,566				113,929
Allowance for doubtful accounts - Short term loans to related parties				42,784				40,584
				168,350				154,513

In accordance with the equity accounting method, reserve for excess loss from investment in the joint venture and provision for loss from investments accounted for under the equity method is presented as a liability in the consolidated financial statements and the separate financial statements of the Company, respectively.

Investment in IEC Technology Company Limited

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

c o m p a n y f e l l t o 6 5 p e r c e n t .

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

Investment in IEC Internet Company Limited

The terms of the shareholder agreement between IEC Asset Company Limited (formerly Asia Access (Thailand) Company Limited) and the Communications Authority of Thailand in respect of the investment in the ordinary shares of IEC Internet Company Limited, stipulate that Asia Access (Thailand) Company Limited is to procure sources of loans, guarantees or a loan guarantor such that IEC Internet Company Limited can operate its business in accordance with its objectives. Accordingly, Asia Access (Thailand) Company Limited recognised full amount of the capital deficit and net loss of IEC Internet Company Limited, together with all liabilities in excess of its interest in the equity of that company. The outstanding balance amounting to Baht 36.75 million (December 31, 2005 : Baht 36.14 million) is shown as “Reserve for excess loss from investment in joint venture” in non-current liabilities and “Allowance for doubtful account” in the consolidated financial statements.

Investment in Locus Telecommunications Inc. Limited

On March 31, 2006, the Company has entered into ordinary share purchase agreement with the existing shareholder of Locus Telecommunication Inc. Limited, buying 92,234 shares (par value of Baht 1,000 each), totaling of Baht 92.23 million, resulting the increase of interest from 25.32% to 42%. Under the term of the agreement, the Company is required to bear loan guarantee for Locus Telecommunication Inc Limited due to financial institution for an amount of USD 2 million (credit line: Baht 560 million). In this regard, the company related to the existing shareholders accepted to haircut USD 2.34 million, which Locus Telecommunication Inc Limited payable to the company related to the existing shareholder, and to transform of USD 700,000 debt to equity of Locus Telecommunication Inc. Limited.

Investment in Application Hosting Services Company Limited

On February 15, 2006, IEC Business Partners Company Limited invested in common share in Application Hosting Services Co., Ltd., totaling 53,900 shares (par value of Baht 100 each) at Baht 1,700 per share, amounted totaling of Baht 91.63 million. This resulted the company to hold 49% equity in the Application Hosting Service Co., Ltd.

## 7. OTHER LONG-TERM INVESTMENTS

The investments in other companies represent investments in ordinary shares of the following companies:-

(Unit : Thousand Baht)

	Paid up capital (Million Baht)	Equity interest (percent)	Consolidated		The Company Only	
			31 March 2006	31 December 2005	31 March 2006	31 December 2005
				(Audited)		(Audited)
Sri U-Thong Company Limited	1,084	-	21,000	21,000	21,000	21,000
Kasalong Hotel and Resort Company Limited	170	2.4	4,000	4,000	4,000	4,000
Ethnic Earth.Com Holding Company Limited	68	11.8	8,995	8,995	8,995	8,995
Others			525	525	525	525
			<u>34,520</u>	<u>34,520</u>	<u>34,520</u>	<u>34,520</u>
Less : Allowance for impairment in value of investments			<u>(33,995)</u>	<u>(33,995)</u>	<u>(33,995)</u>	<u>(33,995)</u>
Investments in other companies - net			<u>525</u>	<u>525</u>	<u>525</u>	<u>525</u>

## 8. PROPERTY PLANT AND EQUIPMENT

The Company has mortgaged its proprietorship in leased office buildings with a bank to secure its credit facilities.

## 9. CONVERTIBLE DEBENTURES

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
		(Audited)		(Audited)
Convertible debentures	78,337	80,911	78,337	80,911
Less : Current portion	<u>(60,321)</u>	<u>(60,321)</u>	<u>(60,321)</u>	<u>(60,321)</u>
Net	<u>18,016</u>	<u>20,590</u>	<u>18,016</u>	<u>20,590</u>

As at March 31, 2006, the outstanding balance of the convertible debentures, which reached maturity in the year 2000, comprises 78,337 convertible debentures (December 31, 2005 : 80,911 convertible debentures) of Baht 1,000 each, a total of Baht 78.34 million (December 31, 2005 : Baht 80.91 million)

Baht 28.34 million of the convertible debentures represents debentures issued to a local bank. The Company entered into a debt restructuring agreement with that bank on January 30, 2001, with the outstanding balance

of debts as of the agreement date comprising principal of Baht 82.4 million and accrued interest of Baht 13.9 million. The principal was to be repaid in quarterly installments of Baht 2.6 million each over a period of 8 years commencing as from March 31, 2001 and under the debt restructuring agreement, the remaining debt is then to be forgiven by the bank if the Company has made payment without default. However, the Company recognised the gain on the debt restructuring in full in the year 2001.

Baht 50.0 million of the outstanding convertible debentures balance represents convertible debentures over which the bondholders' representative has sued the Company, as discussed in Note 13.1. The Company has therefore classified such convertible debentures as current liabilities in the balance sheet. Moreover, the Company recorded accrued interest expenses amounting to Baht 34.5 million for these debentures in the balance sheet.

#### 10. SHARE CAPITAL/WARRANTS

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

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

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

11. RECONCILIATION OF DILUTED LOSS PER SHARE

	For the three-month periods ended 31 March					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income	104,219	25,027	1,516,838	782,005	0.07	0.03
Effect of dilutive potential ordinary shares						
Warrants period 2005: 27,400,000 units	-	-	-	246,847		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming potential ordinary shares are converted	<u>104,219</u>	<u>25,027</u>	<u>1,516,838</u>	<u>1,028,852</u>	<u>0.07</u>	<u>0.03</u>

12. COMMITMENTS AND CONTINGENT LIABILITIES

As at March 31, 2006, the Company, subsidiaries and joint venture had the following outstanding commitments and contingent liabilities :-

- 12.1 The Company and its subsidiaries had outstanding commitments of approximately Baht 436.56 million in respect of performance bonds and bid bonds issued by banks on behalf of the Company and its subsidiaries (the Company only : Baht 419.56 million).
- 12.2 The Company acts as a guarantor for letters of guarantee issued by banks on behalf of an associated company (Micronetic Public Company Limited) and for credit facilities of the associated company, together totalling Baht 20.0 million.
- 12.3 The Company and its subsidiaries have commitments under long-term lease and service agreements, mainly relating to rental of space for operating their retail shops, office buildings and warehouses. Summarised below are the future minimum rental and service fees payable under the agreements:-

<u>Year</u>	<u>Million Baht</u>
2006	59
2007	47
2008 onwards	606
Total	<u>712</u>

The above amounts is including the commitment of a subsidiary when it has entered into long-term lease and service agreements with Ram Square Building's owners on September 16, 2005 for the

leasehold rights. Under these agreements rental and service fees amounting to Baht 1.3 million per month are to be paid in the first year and such rate will be increased periodically over the term of the agreements. The agreements are for a period of 16 years 8 months, expiring in May 2022.

- 12.4 The Company has commitments under the “Airtime Provider Agreement” with Total Access Communication Public Company Limited (“TAC”). The agreement stipulated certain covenants for the Company such as an obligation to be responsible for bad debts arising from telephone services of TAC, as per invoices issued to customers and bad debts arising from fraud registration by customers.

Also, the Company has commitment arising from fraud registration by customers through SIM registration services rendered by the Company. The contingent penalty will be charged upon the agreed condition of each operator.

- 12.5 The Company has commitments amounting to approximately Baht 10.44 million under the consultant service agreements.

- 12.6 The Company has commitments to place a guarantee for liability of an associated company of USD 2 million. Presently the arrangement of guarantee is under process.

### 13. LAWSUITS

- 13.1 On July 23, 1999, the trustee of the debenture holders filed a lawsuit with the Civil Court demanding that the Company pay Baht 427.8 million of principal and Baht 21.8 million of interest, or a total of Baht 449.6 million, to the debenture holders. The Court of First Instance ruled in favor of the plaintiff, ordering the Company to pay an amount of Baht 449.6 million plus interest at 8 percent per annum on principal of Baht 427.8 million as from the filing date. In December 2001, the Company lodged appeals with the Court of Appeals in respect of several issues, including negotiation of compromise agreements with some debenture holders and the redemption of some debentures, petitioning the court to deduct the value of the debentures already redeemed from the amount claimed by the plaintiff. In December 2004, the Court of Appeals found against the Company, and with regard the mentioned compromise agreements, the court’s opinion was that the trustee of the debenture holders should call back the amounts which the Company paid under the compromise agreements and combine with the asset charged to the debentured as a whole, for further distribution. In June 2005, the Company submitted the case to the Supreme Court. The case is currently in the process of being heard by the Supreme Court.

However, the Company’s legal advisor believes that if the representative of the debenture holders agrees to a compromise payment and the redemption of some of the debentures, existing liabilities of the Company will comprise only the claims of the holders of the unredeemed debentures, amounting to principal of Baht 50.0 million and interest of Baht 34.5 million, which are the amounts recorded in the

Company's accounts. The Company is currently negotiating with the representative and the holders of these remaining debentures in order to redeem all outstanding debentures.

The Company has not recorded any additional contingent liabilities in the accounts in relation to this lawsuit since the management believes that the amount of loss incurred will not exceed the amounts already recorded in the accounts.

- 13.2 Since January 2004, the Customs Department has sent notices to the Company seeking the return of approximately Baht 69.8 million (including interest accrued up to December 2005) in tax subsidiaries provision in the form of tax coupons, which the Company received from 9 companies and used for making payment of excise tax, on the grounds that the other companies has fraudulently acquired the tax coupons from the Customs Department. Since August 2004, the Customs Department has filed suit against the Company with the tax courts in 30 cases, seeking to recover approximately Baht 46.8 million (including interest accrued up to December 2005). Suits have not yet been filed over the remaining amount of Baht 23.0 million (including interest). To date, the Court of First Instance has ruled in favor of the plaintiff in 18 cases and ruled in favor of the Company in 10 cases, and these cases are now in the process of being heard by the Supreme Court. However, for prudential reasons, the Company already recorded all contingent liabilities amounting Baht 69.8 million in relation of the above litigation in its accounts.

#### 14. FOREIGN CURRENCY RISK

A summary of foreign currency assets and liabilities that were not hedged as at March 31, 2006 is set out below.

	<u>Amount</u>
<u>Assets</u>	
Assets denominated in Japanese yen	JPY 3,851,700
Assets denominated in US dollars	USD 1,550,000
<u>Liabilities</u>	
Liabilities denominated in US dollars	USD 28,531

#### 15. FINANCIAL INFORMATION BY SEGMENT

During 2005, most of the operations of the Company, subsidiaries and joint venture involve a single industry segment the telecommunications business, and are carried on in the single geographic area of Thailand. As a result, all the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

During the quarter ended March 31, 2006, the Company generated sales of News Link Application used for mobile phone from oversea customers of Baht 60.20 million. The relevant cost was Baht 0.3 million.

The operations for the quarter ended December 31, 2006 separated by business segment are as follows:

	(Unit : Thousand Baht)			
	Consolidated			
	Communication	Lease of property and service	Investment in security	Total
Sales and service income	1,083,799	-	-	1,083,799
Cost of sales and service income	(966,097)	-	-	(966,097)
Gross of Profit	117,702	-	-	117,702
Selling and administrative expenses	(138,823)	(13,470)	(3,745)	(156,038)
Other income	3,486	4,843	205,927	214,256
Directors' remuneration	(1,854)	-	-	(1,854)
Share of loss from investments accounted for under equity method	(8,192)	-	-	(8,192)
Interest expenses	(1,187)	-	-	(1,187)
Corporate income tax	-	-	(60,468)	(60,468)
Net income (loss)	(28,868)	(8,627)	141,714	104,219

#### 16. RECLASSIFICATION

Certain amounts in the financial statements for the year ended December 31, 2005 and for the period ended March 31, 2005 have been reclassified to conform to the current period's classification, with no effect on previously reported net loss or shareholders' equity.

#### 17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's authorized directors on May 8, 2006.