

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 June 30, 2006, and the related consolidated statements of income for the three-month and six-month periods ended June 30, 2006, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2006 and the separate balance sheet of The International Engineering Public Company Limited as at June 30, 2006, and the related statements of income for the three-month and six-month periods ended June 30, 2006 and the statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2006. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my review.

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, provides less assurance than an audit in accordance with generally accepted auditing standards. I have not performed an audit and, accordingly, I do not express an audit opinion.

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 2 in relation to the new business transactions in the second quarter of the year 2006.

Without qualifying my opinion, I draw attention to Note 20.1, 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. As the cases are being heard by the courts, no provision at full amount for contingent liabilities has been made in the accounts.

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 and six-months period ended June 30, 2005 were reviewed by another auditor whose report dated August 10, 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 and concerning the lawsuits in relation to the convertible debt. The comparing consolidated statements of income for the three-month and six-month periods ended June 30, 2005, consolidated statements of changes in shareholders' equity and cash flows for the six-month periods ended June 30, 2005 of The International Engineering Public Company Limited and subsidiaries and the comparing separate Company's statements of income for the three-month and six-month periods ended June 30, 2005, the statement of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2005 of The International Engineering Public Company Limited, are parts of the aforementioned financial statements.

Atipong AtipongSakul
Certified Public Accountant
Registration Number 3500

ANS Audit Company Limited
Bangkok, August 15, 2006

FINANCIAL STATEMENTS AND AUDITOR'S REVIEW REPORT
THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
SECOND QUARTERS ENDED JUNE 30, 2006 AND 2005

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Notes	Consolidated		The Company Only	
		June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		156,272	465,592	33,324	449,386
Current investments					
Investment in trading securities	3, 4	26,357	-	-	-
Investment in available-for-sale securities	3, 4	184,085	168	171	168
Trade accounts receivable - net	5	490,749	326,742	152,849	319,335
Trade accounts receivable - related parties	6	-	-	489,047	-
Amounts due from and short-term loans to related parties - net	6	19,723	19,028	277,599	87,350
Inventories - net		405,565	350,993	151,064	348,553
Advance payment for inventories		31,468	-	28,434	-
Others current assets					
Prepaid expenses		21,092	3,314	8,230	3,296
Withholding tax deducted at source		22,755	17,403	20,470	16,815
Input tax refundable		30,527	1,099	-	-
Others		31,361	3,520	22,786	2,549
TOTAL CURRENT ASSETS		1,419,954	1,187,859	1,183,974	1,227,452
NON-CURRENT ASSETS					
Pledged deposits at financial institutions		70,487	47,408	45,460	45,458
Investments accounted for under equity method	7	215,004	148,919	759,732	413,069
Other long-term investments - net	8	525	525	525	525
Property, plant and equipment - net	9	301,453	227,932	194,532	212,775
Advance payment for investment	10	20,000	-	20,000	-
Deposit for purchase of computer software	11	24,000	-	24,000	-
Intangible assets					
Cost for purchase of subscribers - net	12	499,913	545,832	499,913	545,832
Leasehold rights - net	13	217,867	232,945	32,687	34,558
Computer software - net		10,366	2,972	10,238	2,708
The surplus value at investment date - net	14	51,145	-	-	-
Other non-current assets		32,883	22,662	13,874	17,260
TOTAL NON-CURRENT ASSETS		1,443,643	1,229,195	1,600,961	1,272,185
TOTAL ASSETS		2,863,597	2,417,054	2,784,935	2,499,637

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Consolidated	The Company Only
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	<u>Notes</u>	<u>June 30, 2006</u>	<u>December 31, 2005</u>	<u>June 30, 2006</u>	<u>December 31, 2005</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions		123,030	-	118,278	-
Trade accounts payable		233,925	187,732	103,343	183,640
Factoring payable	5	64,458	-	-	-
Current portion of hire-purchase creditors		3,768	2,837	2,493	2,837
Current portion of convertible debentures	15	60,321	60,321	60,321	60,321
Amounts due to and short-term loans from related parties - net	6	346	346	53,784	7,101
Other short-term loans		1,680	1,680	-	-
Other current liabilities					
Advance received from customers		8,643	-	-	-
Accrued convertible debentures interest	15	35,508	33,504	35,508	33,504
Accrued income tax		41,386	-	-	-
Accrued expenses		48,822	35,948	18,303	25,525
Others		33,888	14,449	19,422	7,275
TOTAL CURRENT LIABILITIES		655,775	336,817	411,452	320,203
NON-CURRENT LIABILITIES					
Hire-purchase creditors - net of current portion		4,857	2,225	1,748	2,225
Convertible debentures - net of current portion	15	15,443	20,590	15,443	20,590
Provision for repurchase share of subsidiary	7	13,755	13,755	13,755	13,755
Provision for loss from lawsuits	20.2	69,784	69,784	69,784	69,784
Provision for loss from investments accounted for under equity method	7	-	-	156,073	113,929
Reserve for excess loss from investment in joint venture	7	6,452	5,782	-	-
Other non-current liabilities					
Deposits received from customers		9,928	13,604	4,654	4,654
TOTAL NON-CURRENT LIABILITIES		120,219	125,740	261,457	224,937
TOTAL LIABILITIES		775,994	462,557	672,909	545,140

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
<u>Notes</u>	<u>June 30, 2006</u>	<u>December 31, 2005</u>	<u>June 30, 2006</u>	<u>December 31, 2005</u>
	(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	16	1,578,229	-	1,578,229	-
Premium on share capital	16	614,598	492,473	614,598	492,473
Advance received from share subscription	16	-	121,000	-	121,000
Unrealised gain (loss) on investment in available-for-sale securities	4	(64,718)	11	14	11
Retained earnings		-	-	-	-
Appropriated - statutory reserve		400	400	400	400
Unappropriated (deficit)		(81,215)	7,413	(81,215)	7,413
Minority interest		40,309	-	-	-
TOTAL SHAREHOLDERS' EQUITY		2,087,603	1,954,497	2,112,026	1,954,497
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,863,597	2,417,054	2,784,935	2,499,637

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

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

	Notes	Consolidated		The Company Only	
		2006	2005	2006	2005
REVENUES					
Sales and services income		1,363,152	1,451,362	1,123,764	1,313,153
Rental income		6,103	-	-	-
Other income					
Interest income		4,955	887	6,607	1,899
Dividend income		7,293	-	-	-
Other		5,361	16,332	7,148	14,851

Gain on sale of investment in available-for-sale securities		2,133	-	-	-
Share of gains from investments accounted for under the equity method	7	4,387	-	7,081	1,908
TOTAL REVENUES		1,393,384	1,468,581	1,144,600	1,331,811
EXPENSES					
Cost of sales and services		1,301,953	1,358,253	1,097,829	1,222,530
Cost of rental		7,115	-	-	-
Selling and administrative expenses		180,061	92,779	93,769	85,200
Directors' remuneration		4,745	1,730	1,993	1,730
Loss from impairment of leasehold rights	13	7,000	-	-	-
Unrealised loss on investment in trading securities	3, 4	64,681	-	-	-
Share of loss from investments accounted for under equity method	7	25,006	2,006	140,183	8,626
TOTAL EXPENSES		1,590,561	1,454,768	1,333,774	1,318,086
Net profit (loss) before interest expenses		(197,177)	13,813	(189,174)	13,725
Interest expenses		(4,534)	(3,484)	(3,673)	(3,396)
Corporate income tax		14,720	-	-	-
Net profit (loss) of minority interests		(186,991)	10,329	(192,847)	10,329
Minority interests in net loss of subsidiaries		(5,856)	-	-	-
Net profit (loss)		(192,847)	10,329	(192,847)	10,329
Earnings (loss) per Share (Baht)					
17					
Basic earnings (loss) per share		(0.13)	0.01	(0.13)	0.01
Diluted earnings (loss) per share		(0.13)	0.01	(0.13)	0.01

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME (CONTINUE)

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

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

	Notes	Consolidated		The Company Only	
		2006	2005	2006	2005
REVENUES					
Sales and services income		2,446,951	3,048,231	2,451,465	2,766,950
Rental income		9,335	-	-	-
Other income		-	-	-	-
Interest income		4,992	2,316	11,310	4,273
Dividend income		7,293	-	-	-
Other		10,422	18,602	12,145	15,986
Gain on sale of investment in available-for-sale securities		208,060	-	-	-
Share of gains from investments accounted for under the equity method	7	-	-	76,522	2,129
TOTAL REVENUES		2,687,053	3,069,149	2,551,442	2,789,338

EXPENSES

Cost of sales and services		2,271,043	2,789,610	2,323,799	2,513,683	
Cost of rental		13,867	-	-	-	
Selling and administrative expenses		326,354	231,960	187,878	216,746	80,814
Directors' remuneration		6,599	3,180	3,847	3,180	80,814
Loss from impairment of leasehold rights	13	7,000	-	-	-	
Unrealised loss on investment in trading securities	3, 4	64,681	-	-	-	
Share of loss from investments accounted for under equity method	7	28,811	2,749	119,656	14,204	
TOTAL EXPENSES		<u>2,718,355</u>	<u>3,027,499</u>	<u>2,635,180</u>	<u>2,747,813</u>	
Net profit (loss) before interest expenses		(31,302)	41,650	(83,738)	41,525	
Interest expenses		(5,722)	(6,294)	(4,890)	(6,169)	
Corporate income tax		(45,748)	-	-	-	
Net profit (loss) of minority interests		(82,772)	35,356	(88,628)	35,356	
Minority interests in net loss of subsidiaries		(5,856)	-	-	-	
Net profit (loss)		<u>(88,628)</u>	<u>35,356</u>	<u>(88,628)</u>	<u>35,356</u>	
Earnings (loss) per Share (Baht)	17					
Basic earnings (loss) per share		<u>(0.06)</u>	<u>0.04</u>	<u>(0.06)</u>	<u>0.04</u>	
Diluted earnings (loss) per share		<u>(0.06)</u>	<u>0.03</u>	<u>(0.06)</u>	<u>0.03</u>	

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

(Unit : Thousand Baht)

CONSOLIDATED

	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	Total
					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 16)	245,029	122,125	(121,000)	-	-	-	-	246,154
Minority from purchase of investment	-	-	-	-	-	-	46,165.00	46,165.00
Unrealised item in income statement	-	-	-	-	-	-	-	-
Decrease in fair value of investments	-	-	-	(64,729)	-	-	-	64,729.00
Net loss for the period	-	-	-	-	-	-	-	-
June 30, 2006	-	-	-	-	-	(88,628)	(5,856)	(94,484)
Balance as at June 30, 2006	1,578,229	614,598	-	(64,718)	400	(81,215)	40,309	2,087,603
Balance as at January 1, 2005	771,450	669,636	-	8	-	(372,495)	-	1,068,599
Increase in share capital	20,000	-	-	-	-	-	-	20,000
Unrealised item in income statement	-	-	-	-	-	-	-	-
Increase in fair value of investments	-	-	-	1	-	-	-	1
Net profit for the period	-	-	-	-	-	35,356	-	35,356
June 30, 2005	-	-	-	-	-	35,356	-	35,356
Balance as at June 30, 2005	791,450	669,636	-	9	-	(337,139)	-	1,123,956

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

(Unit : Thousand Baht)

THE COMPANY ONLY

	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		Total
					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 16)	245,029	122,125	(121,000)	-	-	-	246,154
Unrealised item in income statement	-	-	-	-	-	-	-
Increase in fair value of investments	-	-	-	3	-	-	3
Net profit for the period	-	-	-	-	-	(88,628)	(88,628)
June 30, 2006	-	-	-	-	-	(88,628)	(88,628)
Balance as at June 30, 2006	1,578,229	614,598	-	14	400	(81,215)	2,112,026
Balance as at January 1, 2005	771,450	669,636	-	8	-	(372,495)	1,068,599
Increase in share capital	20,000	-	-	-	-	-	20,000
Unrealised item in income statement	-	-	-	-	-	-	-
Increase in fair value of investments	-	-	-	1	-	-	1
Net profit for the period	-	-	-	-	-	35,356	35,356
June 30, 2005	-	-	-	-	-	35,356	35,356
Balance as at June 30, 2005	791,450	669,636	-	9	-	(337,139)	1,123,956

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from (used in) operating activities:-				
Net profit (loss)	(88,628)	35,356	(88,628)	35,356
Reconciliations of net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	79,841	72,402	68,469	68,675
Provision for impairment in value of assets	7,000	928	-	-
Allowance for doubtful accounts	2,469	909	2,643	597
Allowance for diminution in value of inventories	6,848	10,163	185	10,163
Share of gain from investments accounted for under the equity method	-	-	(76,522)	(2,129)
Share of loss from investments accounted for under the equity method	12,928	2,749	106,728	14,204
Amortization of goodwill	15,882	-	12,928	-
(Gain) loss on disposal of investment	(208,060)	830	-	830
Unrealized loss on investment in trading securities	64,681	-	-	-
(Gain) loss on sales of fixed assets	(1,439)	566	(1,439)	566
Loss from written-off fixed assets	776	612	1,013	612
Unrealized gain on exchange	-	-	21	-
Cash flows from operating activities before changes in				
operating assets and liabilities	(107,702)	124,515	25,398	128,874
Decrease (increase) in operating assets				
Trade accounts receivable	(165,880)	14,171	(324,607)	13,571
Amounts due from related parties	(1,291)	(1,173)	(35,265)	(2,117)
Inventories	(61,420)	(99,108)	197,483	(91,694)
Other current assets	(111,866)	(14,939)	(57,260)	(14,073)
Other non-current assets	(10,221)	(415)	3,386	(464)
Increase (decrease) in operating liabilities				
Trade accounts payable	46,193	(92,555)	(80,564)	(91,678)
Amounts due to related parties	-	96	1,930	(131)
Accrued expenses	14,878	(6,613)	(5,217)	(8,320)
Other current liabilities	65,792	908	12,146	1,346
Net cash used in operating activities	(331,517)	(75,113)	(262,570)	(64,686)
Cash flows from investing activities				
Increase in pledged deposits at financial institutions	(23,078)	-	(2)	-
Increase in short-term loans to related parties	-	(800)	(161,000)	(16,000)
Cash paid for investment in available-for-sale securities	(398,963)	-	-	-

Cash paid for investment in trading securities	(91,038)	-	-	-
Advance for investment	(20,000)	-	(20,000)	-
Cash paid for deposit for purchase of computer software	(24,000)	-	(24,000)	-
Proceeds from investment in available-for-sale securities	358,378	-	-	-
Cash paid for investment in subsidiary	-	-	(250,000)	-
Cash paid for investment in associated company	(92,234)	(60)	(92,234)	(60)
The surplus value at investment date	(53,138)	-	-	-
Proceeds from disposal of fixed assets	15,192	61	15,012	61
Acquisition of fixed assets	(121,288)	(6,372)	(24,731)	(6,354)
Net cash used in investing activities	(450,169)	(7,171)	(556,955)	(22,353)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	123,030	(14,955)	118,277	(13,884)
Proceeds from factoring payable	64,457	-	-	-
Proceeds from short-term loans from related parties	-	-	50,000	8,000
Repayment of short-term loans from related parties	-	-	(5,000)	-
Cash receipts from short-term loans from other persons	-	38,000	-	38,000
Repayment of short-term loans from other persons	-	(43,000)	-	(43,000)
Cash paid for redemption of convertible debentures	(5,147)	(5,147)	(5,147)	(5,147)
Increase (decrease) in hire purchase creditors	3,563	(1,879)	(821)	(1,879)
Repayment of guarantee liability	-	(22,500)	-	(22,500)
Minority interests increased	40,309	-	-	-
Share subscription received	249,286	20,000	249,286	20,000
Cash paid for investment advisor	(3,132)	-	(3,132)	-
Net cash from (used in) financing activities	472,366	(29,481)	403,463	(20,410)
Net decrease in cash and cash equivalents	(309,320)	(111,765)	(416,062)	(107,449)
Cash and cash equivalents at beginning of the period	465,592	164,926	449,386	148,455
Cash and cash equivalents at end of the period	156,272	53,161	33,324	41,006

Supplementary disclosure of cash flows information

Cash paid during the period

Interest paid	1,423	3,734	1,359	3,718
Income tax paid	5,352	5,234	3,655	4,959

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO INTERIM FINANCIAL STATEMENTS
 FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 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. The financial statements included the Company, its subsidiaries and joint ventures as follows:-

Subsidiary	Business	Paid up capital		Equity interest (percent)	
		(Thousand Baht)		30 June	31 December
		2006	2005	2006	2005
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	-
Application Hosting Services Co., Ltd. (held by IEC Business Partners Co., Ltd.)	Sales of software	11,000	-	49.0	-
Intertrade Asia Co. Ltd. (held by IEC Business Partners Co., Ltd.)	Commercial Business	10,000	-	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. NEW BUSINESS TRANSACTIONS

F i r s t q u a r t e r o f t h e y e a r 2 0 0 6

On February 15, 2006, IEC Business Partners Co., Ltd., a subsidiary of the Company acquired ordinary shares of Application Hosting Service Co., Ltd. at Baht 91.63 million, resulting in the Company holding 49% interest in the said company. (See Note 7)

On March 31, 2006, the Company entered into a share purchase agreement with the existing shareholders of Locus Telecommunications Inc., Ltd. at Baht 92.23 million, resulting in the Company's stake being increased from 25.32% to 42% under the said agreement. (See Note 7)

In March 2006, the Company entered into a sales agreement to sell New Link Software and Platform to two juristic persons registered overseas, for a total contract value of USD 1,550,000. (Baht 60.20 million, See Note 18)

S e c o n d q u a r t e r o f t h e y e a r 2 0 0 6

On May 25, 2006, the Company entered into a licensing agreement to use computer software in providing Mobile Casting Services to mobile phone users across Thailand, with a local company acting as the authorized agent of the copyright owner in Israel. The licensing fee for using such program is Baht 80 million, and on May 31, 2006, the Company deposited Baht 24 million to the agents account. (See Note 11)

On June 9, 2006, the Company entered into a purchase agreement for wood with a Cambodian-registered company duly granted by the Cambodian government, a 70-year concession of cultivation and agricultural business. The Company agreed to buy not over than 150,000 cubic meters of wood located on the concession area of 8,000 hectares or 50,000 rais in Tambon Samrong, Ampur Udon Meechai in Cambodia within a period of 2 years. The total contract value is Baht 60 million. On June 21, 2006, the Company entered into a sales agreement with a local company to sell the quantity bought from the foreign company as aforementioned within a period of 2 years with a contract value of Baht 220 million. In the second quarter of year 2006, the Company did not record this transaction due to the related concession being effective in July 2006.

On June 20, 2006, the Company advanced a payment of Baht 20 million following the memorandum of understanding having with the Cambodia-registered company dated June 1, 2006 in order to implement the business plan by contributing investment in the concession cultivation project in Cambodia. In this regard, on July 17, 2006, the Cambodian-registered company signed a formal agreement with the Cambodian government for the project.

3. 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 follows:

Current investments

Investments in trading securities

Investments in marketable securities, which the Company intends to hold as trading securities are stated at fair value. Gain or loss on the securities valuation is shown in income statements.

Investments in available-for-sale securities

Investments in 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 determine by weighted average.

Goodwill

The Company changes the amortization of goodwill from investment in a associated company from 10 years to 5 years following to the main income of the said associated company.

Accounting for investment in Application Hosting Services Co., Ltd.

In the first quarter of the year 2006, the Company accounted for the investment in Application Hosting Services Co., Ltd. using the equity method due to the Company holding an interest of 49%. In the second quarter of the year 2006, the Company considered to consolidate the financial statements of Application Hosting Services Co., Ltd. since the Company has the intention to control such company.

4. CURRENT INVESTMENTS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
		(Audited)		(Audited)
Investments in trading securities				
At cost				
Mida-Medalist Entertainment Public Company Limited (2,928,600 shares)	91,038	-	-	-
Add: Unrealized gain (loss) from valuation of investment	(64,681)	-	-	-
Total investments in trading securities	26,357	-	-	-

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	(Audited)		(Audited)	
Investments in available-for-sale securities				
At cost				
Power Line Engineering Public Company Limited (24,310,600 shares)	224,637	-	-	-
Everland Public Company Limited (3,300,000 shares)	23,550	-	-	-
Investment in Open Ended Mutual Fund	157	157	157	157
Other investments in marketable securities	459	-	-	-
Add: Unrealized gain (loss) from valuation of investment	(64,718)	11	14	11
Total investments in available-for- sale securities	184,085	168	171	168

The Company has pledged the investment in available-for-sale securities (common shares of Power Line Engineering Public Company Limited of 24,310,600 shares) to a financial institution to secure the liabilities of an associated company. (Note 7)

5. TRADE ACCOUNTS RECEIVABLE

The aging of the outstanding balances as at June 30, 2006 and December 31, 2005 was as follows:-

Ages of receivables	Consolidated		The Company Only	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	(Audited)		(Audited)	
<u>Unrelated parties</u>				
Not yet due	348,203	297,133	83,768	289,767
Past due				
Up to 3 months	134,891	27,726	60,971	27,697
3 - 6 months	10,108	1,938	10,018	1,448
6 - 12 months	2,763	1,718	2,542	1,496
Over 12 months	13,486	13,820	12,461	13,792
Total	509,451	342,335	169,760	334,200
Less: Allowance for doubtful accounts	(18,702)	(15,593)	(16,911)	(14,865)
Trade accounts receivable - net	490,749	326,742	152,849	319,335

In the second quarter of year 2006, a subsidiary (IEC Mobile Company Limited) transferred the right in accounts receivable of Baht 64.5 million to a financial institution for the working capital of the said subsidiary under the condition that the Company has to guarantee for the subsidiary in the full amount.

6. RELATED PARTY TRANSACTIONS

During the periods, the Company had significant business transactions with its subsidiaries, joint venture and related parties (related by way of shareholding, 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 summarized below:-

	(Unit: Million Baht)				
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
	Consolidated				Pricing policy
<u>Transactions with joint venture</u>					
Rental income	-	0.2	-	0.3	Contract price
Interest income	-	0.4	-	0.7	
Loans (weighted average balance of loans outstanding during the period)	30.4	32.3	30.4	32.0	Interest rate with reference of commercial bank plus a margin of 0.25-2%
<u>Transactions with related parties</u>					
Interest income	-	0.6	-	1.3	
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 %
(Unit: Million Baht)					
	The Company Only				
<u>Transactions with subsidiaries</u>					
Revenue from sales (net)	535.0	-	1,108.0	-	Cost plus certain margin
Purchases	1.0	1.9	5.0	1.9	Cost plus certain margin
Rental income	-	0.1	-	0.1	Contract price
Interest income	-	1.4	4.1	2.7	
Loans (weighted average balance of loans outstanding during the period)	259.4	76.1	234.3	73.0	Interest rate with reference of commercial bank plus a margin of 0.25 – 2%
Rental expenses	-	0.1	-	0.3	Contract price
<u>Transactions with related parties</u>					
Interest income	-	0.6	-	1.3	
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 June 30, 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>30 June 2006</u>	<u>31 December 2005</u> (Audited)	<u>30 June 2006</u>	<u>31 December 2005</u> (Audited)
<u>Trade accounts receivable</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	489,047	-
Total trade accounts receivable	-	-	489,047	-
<u>Amounts due from related parties</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	26,948	72
IEC Technology Company Limited	-	-	1,194	284
IEC Asset Company Limited	-	-	10,906	4,754
IEC Business Partner Company Limited	-	-	1	-
Inter Trade Asia Company Limited	-	-	34	-
<u>Related parties</u>				
Micronetic Public Company Limited	1,048	353	1,048	353
Ethnic Earth.Com Holdings Company Limited	3,213	2,916	3,513	2,916
Less: Allowance for doubtful accounts	(3,213)	(2,916)	(3,513)	(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)
	1,048	353	40,131	5,463
<u>Short-term loans to related parties</u>				
<u>Subsidiary companies</u>				
IEC Asset Company Limited	-	-	216,677	59,276
IEC Technology Company Limited	-	-	48,120	44,520
Less: Allowance for doubtful accounts (Note 7)	-	-	(46,004)	(40,584)
<u>Joint venture</u>				
IEC Internet Company Limited	30,355	30,355	-	-
Less: Allowance for doubtful accounts (Note 7)	(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	237,468	81,887
Total account receivable and amounts due from and short-term loans to related parties - net	19,723	19,028	277,599	87,350

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 June 2006	31 December 2005 (Audited)	30 June 2006	31 December 2005 (Audited)
<u>Amount due to related parties</u>				
<u>Subsidiary companies</u>				
IEC Technology Company Limited	-	-	8	-
IEC Mobile Company Limited	-	-	3,526	1,851
<u>Related parties</u>				
Micronetic Public Company Limited	346	346	250	250
	<u>346</u>	<u>346</u>	<u>3,784</u>	<u>2,101</u>
<u>Short-term loans from related parties</u>				
<u>Subsidiary companies</u>				
IEC Business Partner Company Limited	-	-	50,000	-
IEC Mobile Company Limited	-	-	-	5,000
Total amounts due to and short-term loans from related parties-net	<u>346</u>	<u>346</u>	<u>53,784</u>	<u>7,101</u>

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 rates or lending interest rates 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 believes that the loan will be repaid in full in the future.

7. INVESTMENTS ACCOUNTED UNDER EQUITY METHOD

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

(Unit: Thousand
Baht)

	Consolidated							
	30 June 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	-	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	-	-	-	-	-
Application Hosting Service Company Limited (held by IEC Business Partner Company Limited)	11,000	49.0	91,630	-	-	-	-	-
IEC Easy Fix Company Limited	37,500	100.0	-	-	-	-	-	-
Inter Trade Asia Company Limited (100% held by IEC Business Partner Company Limited)	10,000	100.0	10,000	-	-	-	-	-
InfoComm (Thailand) Company Limited (49% held by IEC Business Partner Company Limited and 51% held by LOCUS Telecommunication Inc. Limited)	10,000	70.4	-	-	-	-	-	-
Total investments in subsidiary companies			755,030	-			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	(36,807)	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	215,004	553,000	25.3	147,000	148,919
Total investment in associated company			264,061	215,004			171,827	148,919
Reserve for excess loss from investment in joint venture			-	36,807			-	36,137
Total investments accounted under the equity method			1,028,090	215,004			584,226	148,919
Reserve for excess loss from investment in joint venture				6,452				5,782
Allowance for doubtful accounts - joint venture				30,355				30,355
				36,807				36,137

(Unit: Thousand Baht)

	The Company Only							
	30 June 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	(35,842)	100,000	100.0	90,900	18,821
IEC Technology Company Limited	50,000	65.0	32,500	(46,004)	50,000	65.0	32,500	(40,584)
IEC Asset Company Limited	285,000	100.0	279,999	218,206	285,000	100.0	280,000	245,329
IEC Business Partner Company Limited	250,000	100.0	250,000	326,522	-	-	-	-
Application Hosting Service Company Limited (held by IEC Business Partner Company Limited)	11,000	49.0	-	(1,757)	-	-	-	-
IEC Easy Fix Company Limited	37,500	100.0	-	-	-	-	-	-
Inter Trade Asia Company Limited (100% held by IEC Business Partner Company Limited)	10,000	100.0	-	(2,630)	-	-	-	-
Infocom (Thailand) Company Limited (49% held by IEC Business Partner Company Limited and 51% held by LOCUS Telecommunication Inc., Limited)	10,000	70.4	-	-	-	-	-	-
Total investments in subsidiary companies			653,399	458,495			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	-	(115,844)	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	215,004	553,000	25.3	147,000	148,919
Total investment in associated company			264,061	215,004			171,827	148,919
Provision for loss from investments accounted under the equity method			-	202,077			-	154,513
Total investments accounted under the equity method			917,460	759,732			575,227	413,069
Provision for loss from investments accounted under the equity method presented as Provision for loss from investments accounted under the equity method in non-current liabilities				156,073				113,929
Allowance for doubtful accounts - Short term loans to related parties				46,004				40,584
				202,077				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 company fell to 65 percent.

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 the 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 IEC Business Partner Company Limited

On February 1, 2006, the Company established a subsidiary IEC Business Partner Company Limited, to carry the business of investment in securities with the registered capital of Baht 250 million.

Investment in Locus Telecommunications Inc. Limited

On March 31, 2006, the Company entered into an 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 in an increase of interest from 25.32% to 42% and Goodwill from this investment of Baht 115.75 million. The Company has policy to amortize the goodwill within 5 years.

The Company has guaranteed loans due to a financial institution for Locus Telecommunication Inc., Limited for an amount of USD 2 million (credit line: Baht 560 million). The Company pledges its investment in available-for-sale securities (common shares of Power Line Engineering Public Company Limited of 24,310,600 shares) to the said financial institution under the condition that if the market price of the securities is lower than Baht 6.83 per share, the Company will pledge additional shares in order to have a total collateral securities of not lower than Baht 160.13 million. In this regard, the company related to the

existing shareholders accepted to forgive the debt in the amount of USD 2.34 million, which Locus Telecommunication Inc., Limited payable to the company related to the existing shareholder, and part of the liability of USD 700,000 will be transformed 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 shares in Application Hosting Services Co., Ltd., totaling 53,900 shares (par value of Baht 100 each) at Baht 1,700 per share, amounted totaling Baht 91.63 million. This caused the Company to hold 49% equity in Application Hosting Service Co., Ltd. The surplus of cost over the booked value as at investment date in the Company is Baht 53.14 million. The Company has a policy to amortize the surplus within ten years.

Investment in IEC Easy Fix Co., Ltd

According to the Minutes of the Board of Directors' Meeting No. 5/2006 dated March 29, 2006, the Board resolved to approve establishing a subsidiary IEC Easy Fix Co., Ltd. for carrying mobile phones and accessory repair business with a registered capital of Baht 50 million. The first call for paid-up capital will be at least 75% of the registered capital, whereas, the Company shall hold 100% shares of the registered capital. On April 20, 2006, the subsidiary was established and registered. As at June 30, 2006, there was no paid up capital of new subsidiary company.

Investment in Inter Trade Asia Co., Ltd

According to the Minutes of the Board of Directors' Meeting No. 5/2006 dated March 29, 2006, the Board resolved to approve establishing a subsidiary Inter Trade Asia Co., Ltd. for carrying the business of commerce, import and export of the goods with a registered capital of Baht 40 million. The first call for paid-up capital will be at least 25% of the registered capital, whereas, IEC Business Partners Co., Ltd. shall hold 100% shares of the registered capital. On April 20, 2006 the subsidiary was established and registered.

Investment in InfoComm (Thailand) Co., Ltd.

According to the Minutes of the Board of Directors' Meeting No. 8/2006 dated May 24, 2006, the Board resolved to approve establishing a subsidiary InfoComm (Thailand) Co., Ltd. for providing and rendering online gaming services with a registered capital of Baht 10 million (100% paid-up), whereas, IEC Business Partners Co., Ltd. shall hold 49% and Locus Telecommunication Inc. Ltd. shall hold 51 % of the registered capital. On June 27, 2006, the subsidiary was established and registered. As at June 30, 2006 there was no paid up capital of the new subsidiary company.

Investment in Inter Trade Asia (UAE) LLC

According to the Minutes of the Board of Directors' Meeting No. 8/2006 dated May 24, 2006, the Board resolved to approve Inter Trade Asia (UAE) LLC to co-invest and establish Inter Trade Asia (UAE) LLC to be registered in the United Arab Emirates for operating foreign trade with a registered capital of AED 300,000 (equivalent to Baht 3,150,000), whereas, Inter Trade Asia Co., Ltd. shall hold 49% of the shares. As at June 30, 2006, there was no registration and paid up capital for the new co-invest company.

8. OTHER LONG-TERM INVESTMENTS

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

(Unit: Thousand Baht)

	Paid up capital (Million Baht)	Equity interest (percent)	Consolidated		The Company Only	
			30 June 2006	31 December 2005	30 June 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>

9. PROPERTY PLANT AND EQUIPMENT

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

10. ADVANCE PAYMENT FOR INVESTMENT

On June 20, 2006, the Company advanced a payment of Baht 20 million following the memorandum of understanding with the Cambodia-registered company dated June 1, 2006 in order to implement the business plan in contributing investment in the concession cultivation project in Cambodia.

11. DEPOSIT FOR PURCHASE OF COMPUTER SOFTWARE

On May 25, 2006, the Company entered into a licensing agreement to use computer software in providing Mobile Casting Services to mobile phone users across Thailand, with a local company acting as the authorized agent of the copyright owner in Israel. The licensing fee for using such program is worth Baht 80 million, and on May 31, 2006, the Company deposited Baht 24 million to the agent account.

12. COST OF PURCHASE OF SUBSCRIBERS - NET

The Company did not record an additional impairment since the end of the year 2005 because the management believes that the Company will generate more income after being merged with Bliss-Tel Public Company Limited.

13. LEASEHOLD RIGHTS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
		(Audited)		(Audited)
Leasehold rights	283	284	82	82
Less: Accumulated Amortization	(58)	(51)	(49)	(47)
Less: Allowance for impairment	(7)	-	-	-
Leasehold rights - net	218	233	33	35

In the second quarter of year 2006, the management considered to set up an impairment loss on the leasehold rights of Baht 7 million according to the discounted cash flows on the projection of the rental operation.

14. THE SURPLUS VALUE AT INVESTMENT DATE

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
		(Audited)		(Audited)
The surplus value as at investment date of				
Application Hosting Service Company				
Limited	53	-	-	-
Less: Accumulated Amortization	(2)	-	-	-
The surplus value as at investment date – net	51	-	-	-

15. CONVERTIBLE DEBENTURES

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
		(Audited)		(Audited)
Convertible debentures	75,764	80,911	75,764	80,911
Less: Current portion	(60,321)	(60,321)	(60,321)	(60,321)
Net	15,443	20,590	15,443	20,590

As at June 30, 2006, the outstanding balance of the convertible debentures, which reached maturity in the year 2000, comprises 75,764 convertible debentures (December 31, 2005: 80,911 convertible debentures) of Baht 1,000 each, a total of Baht 75.76 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 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 20.1. 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 35.5 million for these debentures in the balance sheet.

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

17. RECONCILIATION OF DILUTED LOSS PER SHARE

	For the three-month periods ended 30 June					
	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 (loss) per share						
Net income (loss)	(192,847)	10,329	1,516,838	786,754	(0.13)	0.01
Effect of dilutive potential						
ordinary shares						
Warrants period 2005: 27,400,000 units	-	-	-	256,075		
Diluted earnings (loss) per share						
Net earnings (loss) of ordinary shareholders assuming potential ordinary shares are converted	(192,847)	10,329	1,516,838	1,042,829	(0.13)	0.01

	For the six-month periods ended 30 June					
	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 (loss) per share						
Net income (loss)	(88,628)	35,356	1,516,838	786,754	(0.06)	0.04
Effect of dilutive potential ordinary shares						
Warrants period 2005: 27,400,000 units	-	-	-	249,590		
Diluted earnings (loss) per share						
Net earnings (loss) of ordinary shareholders assuming potential ordinary shares are converted	<u>(88,628)</u>	<u>35,356</u>	<u>1,516,838</u>	<u>1,036,344</u>	<u>(0.06)</u>	<u>0.03</u>

18. 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 period ended June 30, 2006, the Company generated sales of News Link Application used for mobile phones from overseas customers of Baht 60.20 million. The relevant cost was Baht 3 million.

The operations for the six-month period ended June 30, 2006 separated by business segment as follows:

(Unit: Thousand Baht)

	Consolidated				Total
	Telecommunication	Lease of property and service	Investment in security	Sales of computer program	
Sales and service income	2,248,158	9,632	-	198,496	2,456,286
Cost of sales and service income	(2,107,101)	(13,880)	-	(163,929)	(2,284,910)
Gross Profit	141,057	(4,248)	-	34,567	171,376
Selling and administrative expenses	(261,416)	(15,893)	(30,240)	(18,805)	(326,354)
Gain on disposal of investment	-	-	208,060	-	208,060
Other income	10,687	5,476	4,853	1,691	22,707
Directors' remuneration	(4,359)	(490)	(750)	(1,000)	(6,599)
Share of loss from investments accounted under the equity method	(28,811)	-	-	-	(28,811)
Unrealized loss on investment in trading securities	-	-	(64,681)	-	(64,681)
Loss on impairment of leasehold right	-	(7,000)	-	-	(7,000)
Interest expenses	(5,667)	-	(1)	(54)	(5,722)
Corporate income tax	-	-	(40,830)	(4,918)	(45,748)
Income (loss) before Minority Interest	(148,509)	(22,155)	76,411	11,481	(82,772)
Minority Interest	-	-	-	(5,856)	(5,856)
Net income (loss)	(148,509)	(22,155)	76,411	5,625	(88,628)
Items not yet recognized in income statement					
Loss on valuation of investments in available-for-sales securities (shown in Shareholders' Equity)	14	(28,100)	(36,632)	-	(64,718)

19. COMMITMENTS AND CONTINGENT LIABILITIES

As at June 30, 2006, the Company, subsidiaries and joint venture had the following outstanding commitments and contingent liabilities:

19.1 The Company and its subsidiaries had outstanding commitments of approximately Baht 522.06 million in respect of performance bonds and bid bonds issued by banks on behalf of the Company and its subsidiaries (the Company only: Baht 496.55 million).

19.2 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, totalling Baht 20.0 million.

19.3 The Company and its subsidiaries have commitments under long-term lease and service agreements. Summarized below are the future minimum rental and service fees payable under the agreements:

<u>Year</u>	<u>Million Baht</u>
2006	19
2007	41
2008 onwards	606
Total	<u>666</u>

The above amounts is included the commitment of a subsidiary when it entered into long-term lease and service agreements with IEC Complex 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.

19.4 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 commitments 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.

19.5 The Company has commitments amounting to approximately Baht 3.60 million under the consultant service agreements.

19.6 The Company is bounded by guarantee obligations over the liabilities of a subsidiary company (IEC Mobile Co., Ltd.) against a financial institution, for a total amount of Baht 64.5 million.

19.7 The Company pledges a guarantee over Locus Telecommunications Inc. Ltd. against a financial institution for an amount of USD 2 million having a collateralized asset value of Baht 160.13 million (see Notes 4 and 7).

19.8 The Company has commitments in relation to the licensing agreements to use computer software in providing Mobile Casting services of Baht 56 million.

20. LAWSUITS

20.1 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.

The Company has compromised with a convertible debenture holder, also the trustee of all outstanding holders with a principal of Baht 10 million and accrued interest of Baht 6.2 million under the condition that the Company is obliged to repay all debts within August 10, 2006, and the said holder shall forgive the debt of Baht 1.6 million of accrued interest, therefore, leaving a total Baht 14.6 million debts. The Company had settled its debt with this debenture holder on August 10, 2006.

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 40.0 million and interest of Baht 26.8 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 the loss incurred will not exceed the amounts already recorded in the accounts.

20.2 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 had fraudulently acquired the tax coupons from the Customs Department. Since August 2004, the Customs Department has filed suit against the Company with the tax courts in 30 cases, seeking to recover approximately Baht 46.8 million (including interest accrued up to December 2005). Suits have not yet been filed over the

remaining amount of Baht 23.0 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 11 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.

21. FOREIGN CURRENCY RISK

A summary of foreign currency assets and liabilities that were not hedged as at June 30, 2006 is set out below.

		<u>Amount</u>
<u>Assets</u>		
Assets denominated in Japanese Yen	JPY	1,112,500
Assets denominated in US dollars	USD	2,206,139
<u>Liabilities</u>		
Liabilities denominated in US dollars	USD	46,680

22. SUBSEQUENT EVENTS

Capital Increase

According to the Minutes of the Board of Directors' Meeting No. 11/2006 dated July 28, 2006, the Board resolved to approve the allotment and an offer to sell 150 million capital-increasing shares (par value: Baht 1) at a selling price of Baht 3.17 per share, for a total amount of Baht 475.50 million to four specific investors.

Investment in BNB Inter Group Company Limited

On July 28, 2006, the Company acquired ordinary shares of BNB Inter Group Company Limited for 2,500,000 shares (par value: 10 Baht) at a price of Baht 30 per share, for a total acquisition of Baht 75 million, resulting in the Company holding 23.81% interest in BNB Inter Group Co., Ltd. in pursuant to the Minutes of the Board of Directors' Meeting No. 10/2006 dated 29 June 2006.

Investment in Bliss-Tel Public Company Limited

According to the Minutes of the Board of Directors' Meeting No. 12/2006 dated August 3, 2006, the Board resolved to approve the Company to acquire 56 million ordinary shares of Bliss-Tel Public Company Limited, or 24.35% of the registered and paid-up capital of the target, at a price of Baht 4.50 per share, for a total acquisition of Baht 252 million.

Also, according to the minutes of the Board of Directors' Meeting No. 12/2006 dated August 3, 2006, the Board passed the resolution to allot and offer to sell 21 million capital-increasing shares (par value: Baht 1) at a selling price of Baht 4.50 per share, for a total amount of Baht 94.50 million to three specific investors, who are directors and shareholders of Bliss-Tel Public Company Limited.

Others

On July 14, 2006, the Company paid Baht 60 million in accordance with the purchase agreement for wood (see Note 2) which the counter party was granted by the Cambodian government, concession of cultivation and agricultural business in order to acquire not over than 150,000 cubic meters of woods located on 8,000-hectare or 50,000-rai plantation area in Cambodia in pursuant to the Minutes of Meeting No. 10/2006 dated June 19, 2006.

23. RECLASSIFICATION

Certain items in the financial statements for the year ended December 31, 2005 and for the period ended June 30, 2005 have been reclassified to conform to the current period's classification, with no effect on previously reported net loss or shareholders' equity.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's authorized directors on August 15, 2006.