

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 September 30, 2006, and the related consolidated statements of income for the three-month and nine-month periods ended September 30, 2006, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2006 and the separate balance sheet of The International Engineering Public Company Limited as at September 30, 2006, and the related statements of income for the three-month and nine-month periods ended September 30, 2006 and the statements of changes in shareholders' equity and cash flows for the nine-month period ended September 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 report, I draw attention to Note 2 in relation to the new business transactions in the year 2006.

Without qualifying my report, 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 for the 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 an emphasis paragraph concerning the guarantee commitment to a bank in respect to loans to The M. Group Public Company Limited which the Company had entered a debt restructuring agreement and accomplished the terms of such 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-month and nine-month periods ended September 30, 2005 were reviewed by another auditor whose report dated November 8, 2005, stated that nothing came to his attention that caused him to believe that the financial statements were 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 to 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 nine-month periods ended September 30, 2005, consolidated statements of changes in shareholders' equity and cash flows for the nine-month periods ended September 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 nine-month periods ended September 30, 2005, the statement of changes in shareholders' equity and cash flows for the nine-month period ended September 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, November 14, 2006

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

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	Notes	Consolidated		The Company Only	
		September 30, 2006	December 31, 2005	September 30, 2006	December 31, 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		94,363	465,592	53,056	449,386
Current investments					
Investments in trading securities	3, 4	296,310	-	65,666	-
Investments in available-for-sale securities	3, 4	568	168	172	168
Trade accounts receivable - net	5	241,169	326,742	78,371	319,335
Trade accounts receivable - related parties	6	-	-	414,754	-
Amounts due from and short-term loans to related parties - net	6	-	19,028	286,124	87,350
Inventories - net		406,847	350,993	196,307	348,553
Wood in a concession area	2	60,000	-	60,000	-
Advance payment for inventories		11,771	-	9,301	-
Others current assets					
Prepaid expenses		9,597	3,314	5,744	3,296
Withholding tax deducted at source		24,756	17,403	22,214	16,815
Input tax refundable		39,399	1,099	12,904	-
Others		23,389	3,520	19,540	2,549
TOTAL CURRENT ASSETS		1,208,169	1,187,859	1,224,153	1,227,452
NON-CURRENT ASSETS					
Pledged deposits at financial institutions		126,018	47,408	123,961	45,458
Investments accounted for under the equity method	7	324,005	148,919	735,237	413,069
Other long-term investments - net	8	525	525	525	525
Property, plant and equipment - net	9	376,757	227,932	251,148	212,775
Advance payment for investment	10	20,000	-	20,000	-
Deposit for purchase of computer software	11	-	-	-	-
Intangible assets					
Cost for purchase of subscribers - net	12	392,454	545,832	392,454	545,832
Leasehold rights - net	13	213,880	232,945	31,751	34,558
Computer software - net		9,078	2,972	9,096	2,708
Other non-current assets		35,294	22,662	11,318	17,260
TOTAL NON-CURRENT ASSETS		1,498,011	1,229,195	1,575,490	1,272,185
TOTAL ASSETS		2,706,180	2,417,054	2,799,643	2,499,637

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	September 30, 2006	December 31, 2005	September 30, 2006	December 31, 2005
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank overdrafts and short-term loans from financial institutions	77,970	-	76,200	-
Trade accounts payable	68,393	187,732	42,482	183,640
Trust receipts payable	109,823	-	109,823	-
Constructions payable	13,737	-	-	-
Current portion of hire-purchase creditors	4,293	2,837	2,091	2,837
Current portion of convertible debentures	15	31,421	31,421	60,321
Amounts due to and short-term loans from related parties	6	346	52,012	7,101
Other short-term loans	1,680	1,680	-	-
Deposit received from sales of investment in subsidiary	14.1	50,000	-	-
Deposit received for wood	14.2	50,000	50,000	-
Other current liabilities				
Accrued convertible debentures interest	15	15,882	15,882	33,504
Accrued income tax		14,285	-	-
Accrued expenses		39,591	16,387	25,525
Others		10,011	5,337	7,275
TOTAL CURRENT LIABILITIES	487,432	336,817	401,635	320,203
NON-CURRENT LIABILITIES				
Hire-purchase creditors - net of current portion	7,597	2,225	1,114	2,225
Convertible debentures - net of current portion	15	12,869	12,869	20,590
Provision for repurchasing shares of subsidiary	7	13,755	13,755	13,755
Provision for loss from lawsuits	20.2	71,710	71,710	69,784
Provision for loss from investments accounted				
for under the equity method	7	-	203,148	113,929
Reserve for excess loss from investment in joint venture	7	6,795	-	-
Reserve for loss from guarantee on loan of associated company	7	15,000	15,000	-
Deposits received from customers	8,456	13,604	4,654	4,654
TOTAL NON-CURRENT LIABILITIES	136,182	125,740	322,250	224,937
TOTAL LIABILITIES	623,614	462,557	723,885	545,140

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	September 30, 2006	December 31, 2005	September 30, 2006	December 31, 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
1,749,229,000 ordinary shares of Baht 1 each	16	1,749,229	1,749,229	
Premium on share capital	16	1,005,965	1,005,965	492,473
Advance received from share subscription	16	-	-	121,000
Unrealised gain (loss) on investment in available-for-sale securities	4	(48)	15	11
Retained earnings (deficit)				
Appropriated - statutory reserve		400	400	400
Unappropriated (deficit)		(679,851)	(679,851)	7,413
Minority interest		6,871	-	-
TOTAL SHAREHOLDERS' EQUITY		2,082,566	2,075,758	1,954,497
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,706,180	2,799,643	2,499,637

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 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		1,043,830	1,082,699	903,062	962,129
Rental income		7,250	-	-	-
Other income					
Interest income		3,656	1,306	7,019	2,552
Gain (loss) on sales of investment in securities		(56,031)	-	8,145	-
Unrealised gain on investment in securities	3, 4	49,268	-	29,775	-
Gain from redemption of debenture	15	9,456	-	9,456	-
Share of gains from investments accounted for under the equity method	7	-	-	(43,712)	-
Other		4,946	14,270	2,841	13,870
TOTAL REVENUES		1,062,375	1,098,275	916,586	978,551
EXPENSES					
Cost of sales and services		1,001,351	1,017,648	877,341	900,450
Cost of rental		7,822	-	-	-
Selling and administrative expenses		208,875	113,819	85,252	104,445
Directors' remuneration		2,449	1,822	1,660	1,822
Provision for loss from lawsuits		1,926	67,840	1,926	67,840
Loss from impairment of cost of purchase of subscribers	12	84,500	165,000	84,500	165,000
Loss from impairment of investment in associated companies		276,115	-	276,115	-
Loss from impairment of deposit for purchase of computer software		50,000	-	50,000	-
Loss on guarantee on loan of associated companies		15,000	-	15,000	-
Share of loss from investments accounted for under the equity method	7	34,061	15,659	120,345	22,472
TOTAL EXPENSES		1,682,099	1,381,788	1,512,139	1,262,029
Net loss before interest expenses		(619,724)	(283,513)	(595,553)	(283,478)
Interest expenses		(3,326)	(3,303)	(3,083)	(3,338)
Corporate income tax		25,430	-	-	-
Net loss before minority interests		(597,620)	(286,816)	(598,636)	(286,816)
Minority interests		(1,016)	-	-	-
Net loss		(598,636)	(286,816)	(598,636)	(286,816)
Loss per Share (Baht)					
Basic loss per share	17	(0.38)	(0.36)	(0.38)	(0.36)

Diluted loss per share	(0.38)	(0.36)	(0.38)	(0.36)
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(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME (CONTINUED)

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

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

	Notes	Consolidated		The Company Only	
		2006	2005	2006	2005
REVENUES	18				
Sales and services income		3,490,781	4,130,930	3,354,527	3,729,079
Rental income		16,585	-	-	-
Other income					
Interest income		8,648	3,622	18,329	6,825
Dividend income		7,293	-	-	-
Gain on sale of investment in securities		152,029	-	8,145	-
Unrealised gain (loss) on investment in securities	3, 4	(15,413)	-	29,775	-
Gain from redemption of debenture	15	9,456	-	9,456	-
Share of gains from investments accounted for under the equity method	7	-	-	32,809	1,552
Other		15,367	32,872	14,987	29,856
TOTAL REVENUES		3,684,746	4,167,424	3,468,028	3,767,312
EXPENSES	18				
Cost of sales and services		3,272,394	3,807,258	3,201,139	3,414,133
Cost of rental		21,689	-	-	-
Selling and administrative expenses		535,230	345,779	273,130	321,191
Directors' remuneration		9,047	5,002	5,507	5,002
Provision for loss from lawsuits		1,926	67,840	1,926	67,840
Loss from impairment of cost of purchase of subscribers	12	84,500	165,000	84,500	165,000
Loss from impairment of leasehold rights	13	7,000	-	-	-
Loss from impairment of investment in associated companies		276,115	-	276,115	-
Loss from impairment of deposit for purchase of computer software		50,000	-	50,000	-
Loss on guarantee on loan of associated companies		15,000	-	15,000	-
Share of loss from investments accounted for under the equity method	7	62,872	18,408	240,001	36,099
TOTAL EXPENSES		4,335,773	4,409,287	4,147,318	4,009,265
Net loss before interest expenses		(651,027)	(241,863)	(679,290)	(241,953)
Interest expenses		(9,048)	(9,597)	(7,974)	(9,507)
Corporate income tax		(20,318)	-	-	-
Net loss before minority interests		(680,393)	(251,460)	(687,264)	(251,460)
Minority interests		(6,871)	-	-	-
Net loss		(687,264)	(251,460)	(687,264)	(251,460)

Loss per Share (Baht)

17

Basic loss per share

(0.44)

(0.32)

(0.44)

(0.32)

Diluted loss per share

(0.44)

(0.32)

(0.44)

(0.32)

(UNAUDITED BUT REVIEWED)

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

(Unit: Thousand Baht)

CONSOLIDATED

	Issued and paid-up share capital	Premiums on share capital	Advances received from share subscriptions	Unrealised gain on investments in available-for-sale securities	Retained earnings (Deficit)		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)	416,029	513,492	-121,000	-	-	-	-	808,521
Minority from purchase of investment	-	-	-	-	-	-	6,871	6,871
Unrealised item in income statement								
Decrease in fair value of investments	-	-	-	-59	-	-	-	-59
Net loss for the nine-month period								
September 30, 2006	-	-	-	-	-	(687,264)	-	(687,264)
Balance as at September 30, 2006	<u>1,749,229</u>	<u>1,005,965</u>	<u>-</u>	<u>(48)</u>	<u>400</u>	<u>(679,851)</u>	<u>6,871</u>	<u>2,082,566</u>
Balance as at January 1, 2005	771,450	669,636	-	8	-	-372,495	-	1,068,599
Increase in share capital	20,000	-	242,500	-	-	-	-	262,500
Unrealised item in income statement								
Increase in fair value of investments	-	-	-	2	-	-	-	2
Net loss for the nine-month period								
September 30, 2005	-	-	-	-	-	(251,460)	-	(251,460)
Balance as at September 30, 2005	<u>791,450</u>	<u>669,636</u>	<u>242,500</u>	<u>10</u>	<u>-</u>	<u>(623,955)</u>	<u>-</u>	<u>1,079,641</u>

(UNAUDITED BUT REVIEWED)

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

(Unit: Thousand Baht)

THE COMPANY ONLY

	Issued and paid-up share capital	Premiums on share capital	Advances received from share subscription	Unrealised gain on investments in available-for-sale securities	Retained earnings (Deficit)		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)	416,029	513,492	-121,000	-	-	-	808,521
Unrealised item in income statement							
Increase in fair value of investments	-	-	-	4	-	-	4
Net loss for the nine-month period							
September 30, 2006	-	-	-	-	-	(687,264)	(687,264)
Balance as at September 30, 2006	<u>1,749,229</u>	<u>1,005,965</u>	<u>-</u>	<u>15</u>	<u>400</u>	<u>(679,851)</u>	<u>2,075,758</u>
Balance as at January 1, 2005	771,450	669,636	-	8	-	-372,495	1,068,599
Increase in share capital	20,000	-	242,500	-	-	-	262,500
Unrealised item in income statement							
Increase in fair value of investments	-	-	-	2	-	-	2
Net loss for the nine-month period							
September 30, 2005	-	-	-	-	-	(251,460)	(251,460)
Balance as at September 30, 2005	<u>791,450</u>	<u>669,636</u>	<u>242,500</u>	<u>10</u>	<u>-</u>	<u>(623,955)</u>	<u>1,079,641</u>

(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from (used in) operating activities:-				
Net loss	(687,264)	(251,460)	(687,264)	(251,460)
Reconciliations of net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	106,882	109,291	101,984	103,063
Provision for impairment in value of assets	141,500	166,262	134,500	165,000
Allowance for doubtful accounts	24,905	2,077	10,353	1,153
Provision for loss from lawsuits	-	67,840	1,926	67,840
Allowance for diminution in value of inventories	15,383	11,540	10,800	11,345
Reserve for excess loss from guarantee on loans of associated companies	15,000	-	15,000	-
Reserve for excess loss from investment in joint venture	1,013	-	-	-
Share of gain from investments accounted for under the equity method	-	-	(32,809)	(1,552)
Share of loss from investments accounted for under the equity method	60,292	18,408	240,001	36,099
Loss from impairment of investment in associated companies	276,115	-	276,115	-
Gain on disposal of investment	(152,029)	-	(8,145)	-
Unrealized (gain) loss on investment in securities	15,413	-	(29,775)	-
(Gain) loss on sales of fixed assets	(2,648)	528	(3,057)	545
Gain from redemption of debenture	(9,456)	-	(9,456)	-
Loss from written-off fixed assets	-	830	712	830
Unrealized gain on exchange	-	(8)	-	(8)
Accrued interest from related companies	-	-	(11,717)	-
Cash flows from operating activities before changes in				
operating assets and liabilities	(194,895)	125,308	9,168	132,855
Decrease (increase) in operating assets				
Trade accounts receivable	79,696	103,088	242,693	105,047
Trade accounts receivable - related parties	-	(1,829)	(414,754)	(19,711)
Inventories	(71,237)	(148,279)	141,446	(148,773)
Wood in a concession area	(60,000)	-	(60,000)	-
Advance payment for inventories	(11,771)	-	-	-
Other current assets	(71,805)	(10,310)	(47,043)	(9,932)
Other non-current assets	(12,633)	(5,000)	5,942	(748)
Increase (decrease) in operating liabilities				
Trade accounts payable	(119,339)	(129,950)	(141,158)	(129,489)
Amounts due to related parties	-	96	16,450	(131)
Deposit received for wood	50,000	-	50,000	-
Accrued expenses	9,763	(20,030)	(15,916)	(21,791)
Other current liabilities	(4,439)	(4,649)	(1,939)	510
Other non current liabilities	(3,222)	-	-	-

Net cash used in operating activities	(409,882)	(91,555)	(215,111)	(92,163)
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(UNAUDITED BUT REVIEWED)

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from (used in) investing activities				
Increase in pledged deposits at financial institutions	(78,610)	(106)	(78,502)	-
Increase in short-term loans to related parties	-	1,297	(283,446)	(31,130)
Cash receipt from repayment of short-term loans to related parties	-	-	75,415	8,000
Cash paid for investment in available-for-sale securities	(459)	-	(4)	-
Proceeds from investment in trading securities	426,780	-	39,955	-
Cash paid for investment in trading securities	(586,474)	-	(67,700)	-
Advance for investment	(20,000)	-	(20,000)	-
Cash paid for deposit for purchase of computer software	(50,000)	-	(50,000)	-
Cash paid for investment in subsidiary	-	-	(287,500)	-
Cash paid for investment in associated company	(511,494)	(60)	(419,864)	(60)
Deposit received from sales of investment in subsidiary	50,000	-	-	-
Proceeds from disposal of fixed assets	16,570	928	17,441	905
Acquisition of fixed assets	(194,791)	(10,492)	(90,154)	(10,404)
Constructions payable	13,737	-	-	-
Cash paid for transferred leasehold rights	-	(20,000)	-	-
Net cash used in investing activities	(934,740)	(28,433)	(1,164,359)	(32,689)
Cash flows from (used in) financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	77,970	34,682	76,200	36,037
Trust receipts payable	109,823	-	109,823	-
Receipts short-term loans from related parties	-	-	50,443	33,851
Repayments of short-term loans from related parties	-	-	(21,981)	(15,900)
Cash receipts from short-term loans from other persons	-	38,000	-	38,000
Repayment of short-term loans from other persons	-	(63,000)	-	(63,000)
Cash paid for redemption of convertible debentures	(36,621)	(7,821)	(38,010)	(7,821)
Increase (decrease) in hire purchase creditors	6,828	(2,841)	(1,857)	(2,841)
Repayment of guarantee liability	-	(33,750)	-	(33,750)
Minority interests increased	6,871	-	-	-
Share subscription received	805,390	262,500	805,390	262,500
Cash paid for investment advisor	3,132	-	3,132	-
Net cash from financing activities	973,393	227,770	983,140	247,076
Net increase (decrease) in cash and cash equivalents	(371,229)	107,782	(396,330)	122,224
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	94,363	272,708	53,056	270,679

Supplementary disclosure of cash flows information

Cash paid during the period

Interest paid	1,423	6,096	1,359	6,057
Income tax paid	5,352	8,739	3,655	8,370

THE INTERNATIONAL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 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:-

<u>Business</u>	<u>Paid up capital</u>		<u>Equity interest (percent)</u>		
	<u>(Thousand Baht)</u>		<u>30 September</u>	<u>31 December</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
<u>Subsidiaries</u>					
IEC Mobile Co., Ltd.	Sales of mobile handsets and sim cards	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 Easy Fix Company Limited	Repair services for mobile handsets and accessories	37,500	-	100.0	-
IEC Business Partners Co., Ltd.	Investment	250,000	-	100.0	-
Intertrade Asia Co., Ltd. (held by IEC Business Partners Co., Ltd.)	Commercial business	10,000	-	100.0	-
Info Comm (Thailand) Co., Ltd (49% held by IEC Business Partner Company Limited and 21.4% held by LOCUS Telecommunication Inc. Limited)	Online game business	4,900	-	70.4	-
Application Hosting Services Co., Ltd. (held by IEC Business Partners Co., Ltd.)	Sales of software	11,000	-	49.0	-

	<u>Business</u>	<u>Paid up capital</u>		<u>Equity interest (percent)</u>	
		<u>(Thousand Baht)</u>		<u>30 September</u>	<u>31 December</u>
		<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<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

On September 25, 2006, the other shareholders of Application Hosting Services Co., Ltd. sold their shares to Dragon One Public Co., Ltd., resulting in Dragon One Public Co., Ltd. holding 51% interest in the registered share capital and being the parent company of Application Hosting Services Co., Ltd. Considering the initial intention of controlling the company, the management considered to consolidate the financial statements of Application Hosting Services Co., Ltd. up to September 25, 2006.

2. NEW BUSINESS TRANSACTIONS

First quarter of the year 2006

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 equivalent to Baht 60.20 million. (See Note 18)

Second quarter of the year 2006

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. (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. The company, that was

granted of the concession, has the authorized director who, in the past, had a close relationship with a director of the Company.

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 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.

On July 14, 2006, the Company paid an amount of Baht 60 million in accordance with the purchase agreement for wood according to the Minutes of Board of Director Meeting No. 10/2006 dated June 19, 2006.

Third quarter of the year 2006

On July 28, 2006, the Company acquired ordinary shares of BNB Inter Group Company cost for 2,500,000 shares (par value: 10 Baht) at a price of Baht 30 per share, for a total acquisition cost of Baht 75 million, resulting in the Company holding 27.8% interest in BNB Inter Group Co., Ltd.

On August 11, 2006, the Company acquired ordinary shares of Bliss-Tel Public Company Limited, or 24.35% of the registered and paid-up capital. The Company and Bliss-Tel Public Company Limited set out the management policy in combining and utilizing variable advantages to support bilaterally. The Company will become a provider of products and services for large-scale distributors due to strong relationship with the counter party, and Bliss-Tel Public Company Limited will be the retailer serving general consumers through their shop outlets.

Consulting fee

The Company had consulting fees mainly involving with the new business transactions of Baht 53.88 million and Baht 69.85 million in the consolidated financial statements for the three-month and nine-month periods ended September 30, 2006, respectively and Baht 3.6 million and Baht 15.92 million in the separate financial statements for the three-month and nine-month periods ended September 30, 2006, respectively.

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 the 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 determined by the weighted average.

Goodwill

The Company changes the amortization of goodwill on the investment in Locus Telecommunications Inc. Limited from 10 years to 5 years following the main income of the said associated company.

The Company has accounting policy to amortize the goodwill on the investment in Bliss-Tel Public Company Limited in 5 years.

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. In the third quarter of the year 2006, another shareholder of Application Hosting Services Co., Ltd. sold his shares to Dragon One Public Co., Ltd., resulting in Dragon One Public Co., Ltd. holding 51% interest in registered share capital and being the parent company of Application Hosting Services Co., Ltd. Considering in initial intention of controlling the company, the management considered to consolidate the financial statements of Application Hosting Services Co., Ltd. up to September 25, 2006.

4. CURRENT INVESTMENTS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
	(Audited)		(Audited)	
Investments in trading securities				
At cost				
Power Line Engineering Public Company Limited (24,310,600 shares)	224,637	-	-	-
Everland Public Company Limited				
- 12,128,200 shares	87,086	-	-	-
- 6,375,300 shares	-	-	35,890	-
Add: Unrealized gain (loss) from valuation of investment	(15,413)	-	29,776	-
Total investments in trading securities	296,310	-	65,666	-
Investments in available-for-sale securities				
At cost				
Investment in Open Ended Mutual Fund	157	157	157	157
Other investments in marketable securities	459	-	-	-
Add: Unrealized gain (loss) from valuation of investment	(48)	11	15	11
Total investments in available-for-sale securities	568	168	172	168

In the second quarter of year 2006, the Company 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. (see Note 7) In the third quarter of the year 2006, the Company pledges the cash at bank Baht 80 million to guarantee loans due to the said financial institution instead of the available-for-sale securities. As a result, the Company classified the investment in such security as trading securities.

5. TRADE ACCOUNTS RECEIVABLE

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

(Unit: Thousand Baht)

<u>Ages of receivables</u>	Consolidated		The Company Only	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
		(Audited)		(Audited)
<u>Unrelated parties</u>				
Not yet due	190,393	297,133	62,259	289,767
Past due				
Up to 3 months	46,600	27,726	16,388	27,697
3 - 6 months	5,478	1,938	726	1,448
6 - 12 months	793	1,718	959	1,496
Over 12 months	11,059	13,820	11,176	13,792
Total	254,323	342,335	91,508	334,200
Less: Allowance for doubtful accounts	(13,154)	(15,593)	(13,137)	(14,865)
Trade accounts receivable - net	241,169	326,742	78,371	319,335

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		For the nine-month periods		Pricing policy
	ended 30 September		ended 30 September		
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
	Consolidated				
<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)

	For the three-month periods		For the nine-month periods		Pricing policy
	ended 30 September		ended 30 September		
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
	The Company Only				
<u>Transactions with subsidiaries</u>					
Revenue from sales (net)	386.5	-	1,495.2	-	Cost plus certain margin
Purchases	2.9	1.9	3.9	1.9	Cost plus certain margin
Rental income	-	0.1	-	0.1	Contract price
Interest income	5.4	1.4	14.3	2.7	
Loans (weighted average balance of loans outstanding during the period)	287.6	76.1	252.1	73.0	Interest rate with reference of commercial bank plus a margin of 0.25– 2%
Rental expenses	1.1	0.1	1.1	0.3	Contract price
Interest expenses	0.4	-	0.4	-	Contract price
<u>Transactions with associated company</u>					
Revenue from sales (net)	10.9	-	10.9	-	Cost plus certain margin
<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 September 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	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
		(Audited)		(Audited)
<u>Trade accounts receivable</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	414,754	-
Total trade accounts receivable	-	-	414,754	-
<u>Amounts due from related parties</u>				
<u>Subsidiary companies</u>				
IEC Mobile Company Limited	-	-	26,398	72
IEC Technology Company Limited	-	-	2,126	284
IEC Asset Company Limited	-	-	15,407	4,754
IEC Business Partner Company Limited	-	-	149	-
Inter Trade Asia Company Limited	-	-	2	-
IEC Easy Fix Company Limited	-	-	6,272	-
<u>Related parties</u>				
Micronetic Public Company Limited	1,401	353	1,401	353
Ethnic Earth.Com Holdings Company Limited	3,816	2,916	3,816	2,916
Less: Allowance for doubtful accounts	(5,217)	(2,916)	(5,217)	(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)
	-	353	50,354	5,463
<u>Short-term loans to related parties</u>				
<u>Subsidiary companies</u>				
IEC Asset Company Limited	-	-	232,377	59,276
IEC Technology Company Limited	-	-	49,870	44,520
IEC Easy Fix Company Limited	-	-	3,000	-
Less: Allowance for doubtful accounts (Note 7)	-	-	(49,477)	(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	(35,445)	(16,770)	(35,445)	(16,770)
	-	18,675	235,770	81,887
Total account receivable and amounts due from and short-term loans to related parties - net	-	19,028	286,124	87,350

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
		(Audited)		(Audited)
<u>Amount due to related parties</u>				
<u>Subsidiary companies</u>				
IEC Technology Company Limited	-	-	41	-
IEC Mobile Company Limited	-	-	3,489	1,851
IEC Asset Company Limited	-	-	4,696	-
IEC Easy Fix Company Limited	-	-	6,536	-
<u>Related parties</u>				
Micronetic Public Company Limited	346	346	250	250
	<u>346</u>	<u>346</u>	<u>15,012</u>	<u>2,101</u>
<u>Short-term loans from related parties</u>				
<u>Subsidiary companies</u>				
IEC Business Partner Company Limited	-	-	37,000	-
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>52,012</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.

In the third quarter of the year 2006, the Management considered to set the allowance doubtful debt for short-term loans to related parties (Micronetic Public Company Limited) because of the uncertainty of the cash repayment.

7. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

(Unit: Thousand Baht)

	Consolidated							
	30 September 2006				31 December 2005			
	Equity			Equity	Equity			Equity
	Paid up	interest	Cost	Equity	Paid up	interest	Cost	Equity
	capital	(percent)	method	method	capital	(percent)	method	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	-	-	-	-	-
IEC Easy Fix Company Limited	37,500	100.0	37,500	-	-	-	-	-
Application Hosting Service Company Limited (held by IEC Business Partner Company Limited)	11,000	49.0	91,630	89,875.00	-	-	-	-
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	4,900	-	-	-	-	-
Total investments in subsidiary companies			797,430	89,875			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	(37,150)	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	-	553,000	25.3	147,000	148,919
BNB Inter Group Company Limited	90,000	27.8	75,000	-	-	-	-	-
Bliss-Tel Public Company Limited	230,000	24.3	252,630	209,434	-	-	-	-
Total investment in associated company			591,691	209,434			171,827	148,919
Reserve for excess loss from investment in joint venture			-	37,150			-	36,137
Total investments accounted for under the equity method			1,398,120	299,309			584,226	148,919
Reserve for excess loss from investment in joint venture presented as:								
Reserve for excess loss from investment in joint venture				6,795				5,782
Allowance for doubtful accounts - joint venture				30,355				30,355
				37,150				36,137

(Unit: Thousand Baht)

	The Company Only							
	30 September 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	(71,534)	100,000	100.0	90,900	18,821
IEC Technology Company Limited	50,000	65.0	32,500	(49,477)	50,000	65.0	32,500	(40,584)
IEC Asset Company Limited	285,000	100.0	279,999	184,000	285,000	100.0	280,000	245,329
IEC Business Partner Company Limited	250,000	100.0	250,000	282,809	-	-	-	-
IEC Easy Fix Company Limited	37,500	100.0	37,500	21,794	-	-	-	-
Application Hosting Service Company Limited (held by IEC Business Partner Company Limited)	11,000	49.0	-	(1,755)	-	-	-	-
Inter Trade Asia Company Limited (100% held by IEC Business Partner Company Limited)	10,000	100.0	-	(12,157)	-	-	-	-
InfoComm (Thailand) Company Limited (49% held by IEC Business Partner Company Limited and 51% held by LOCUS Telecommunication Inc., Limited)	10,000	70.4	-	(878)	-	-	-	-
Total investments in subsidiary companies			690,899	352,802			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	-	(116,824)	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	-	553,000	25.3	147,000	148,919
BNB Inter Group Company Limited	90,000	27.8	75,000	-	-	-	-	-
Bliss-Tel Public Company Limited	230,000	24.3	252,630	209,433	-	-	-	-
Total investment in associated company			591,691	209,433			171,827	148,919
Provision for loss from investments accounted for under the equity method			-	252,625			-	154,513
Total investments accounted for under the equity method			1,282,590	698,036			575,227	413,069
Provision for loss from investments accounted for under the equity method presented as Provision for loss from investments accounted under the equity method in non-current liabilities				203,148				113,929
Allowance for doubtful accounts - Short-term loans to related parties				49,477				40,584
				252,625				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 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 various companies with the registered capital of Baht 250 million.

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. On April 20, 2006, the subsidiary was established and registered.

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 book value as at the investment date in the Company is Baht 53.14 million. The Company has a policy to amortize the surplus within ten years.

On September 25, 2006, another shareholder of Application Hosting Services Co., Ltd. sold his shares to Dragon One Public Co., Ltd., resulting in Dragon One Public Co., Ltd. holding 51% interest in registered share capital.

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 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 September 30, 2006 there was no paid-up capital of the new subsidiary company.

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 37.15 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 Micronetic Public Company Limited

In the third quarter of year 2006, the Management considered to set the allowance for loss on guarantee on loan of Micronetic Public Company Limited of Baht 15 million because the associated company has uncertainty on the ability to repay its debt.

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%.

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 pledged 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 was lower than Baht 6.83 per share, the Company would 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. In the third quarter of the year 2006, the Company pledged the cash at bank of Baht 80 million to guarantee loans due to the said financial institution instead of the available-for-sale securities.

In the third quarter of the year 2006, the Management had considered the current potential of the associated company and the expected future economic value on the project. Due to the delay on the installation and delivery of some main projects under operated which caused the delay from the plan by approximately one year to one and half year and the associated company, therefore, has been unable to get the new projects, and for the conservative, the Management decided to provide for the impairment loss on the investment of Baht 201.12 million.

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 cost of Baht 75 million, resulting in the Company holding 27.8% interest.

Because of the delay in the finalization of the new project operating agreement, and for the conservative, the Management considered to set the impairment allowance of the investment of Baht 75 million in the financial statements for the third quarter ended September 30, 2006.

Investment in Bliss-Tel Public Company Limited

On August 11, 2006, the Company acquired ordinary shares of Bliss-Tel Public Company Limited for 56 million shares, or 24.35% of the registered and paid-up capital, at a price of Baht 4.5 per share, for a total acquisition cost of Baht 252 million. The surplus of cost over the booked value as at the investment date is Baht 126.23 million. The Company has a policy to amortize the surplus within five years.

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 September 2006	31 December 2005	30 September 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
			34,520	34,520	34,520	34,520
Less: Allowance for impairment in value of investments			(33,995)	(33,995)	(33,995)	(33,995)
Investments in other companies - net			525	525	525	525

9. PROPERTY PLANT AND EQUIPMENT

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

As at September 30, 2006, the property of the Company and its subsidiaries with the booked value of Baht 159.44 million and Baht 69.20 million in the consolidated financial statements and the separate financial statements, respectively, are located on the leasehold which is mortgaged to a bank (Note 13).

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. The Management has a plan to invest in the ordinary shares of Crystal Agro Co., Ltd. in a proportion of 50% of the registered capital equivalent to approximately Baht 40 million within November 2006.

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, payable at 30% at the time of quotation and 40% at the deliver date and 30% at the acceptance of the system.

As at September 30, 2006, the company already paid an amount Baht 50 million. Considering the progress of the program development and the uncertainty of the future cash flow to be generated from this program, the Management considered to set up an impairment to cover the full amount of Baht 50 million.

12. COST OF PURCHASE OF SUBSCRIBERS - NET

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
	(Audited)		(Audited)	
Cost of purchase of subscribers	1,500	1,500	1,500	1,500
Less: Accumulated Amortization	(858)	(789)	(858)	(789)
Less: Allowance for impairment	(250)	(165)	(250)	(165)
Cost of purchase of subscribers - net	<u>392</u>	<u>546</u>	<u>392</u>	<u>546</u>

Due to the intense competition in the wireless telecommunication services business and changes in behavior among mobile phone users affected the income that the Company generates from being an airtime provider. The Company's management has set an additional provision for impairment loss on "Cost of purchase of subscribers" of Baht 84.5 million during the third quarter of 2006, based on the present value of net cash flow from estimated revenue generated from airtime provider.

13. LEASEHOLD RIGHTS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
	(Audited)		(Audited)	
Leasehold rights	283	284	82	82
Less: Accumulated Amortization	(63)	(51)	(50)	(47)
Less: Allowance for impairment	(7)	-	-	-
Leasehold rights - net	<u>213</u>	<u>233</u>	<u>32</u>	<u>35</u>

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.

The leasehold is located on land which is by mortgaged with a bank to secure the liabilities of the owner with the bank.

14. DEPOSITS RECEIVED

14.1 Deposit for sales of investments in subsidiary company

On August 18, 2006 , IEC Business Partner Company Limited (a subsidiary of the Company) received an advance for investments of Baht 50 million from sales of investment in Application Hosting Services Co., Ltd. to Dragon One Public Co.,Ltd. for a total 53,900 shares, accounted for 49% equity in Application Hosting Service Co., Ltd, of Baht 2,454.54 per share totaling Baht 132.30 million according to the agreement to buy and to sell share dated August 16, 2006. Both parties agreed to have the sales process finalized within December 15, 2006 and to settle the remaining balance for the Company.

14.2 Deposits received for wood

On July 24, 2006 and July 25, 2006, the Company receives advance for wood amount of Baht 50 million whereby the Company entered into a sales agreement with a local company to sell the quantity of wood bought from a foreign company to the local company within a period of 2 years with a contract value of Baht 220 million having the following payment term. (see Note 2).

Within:	Million Baht
July 24, 2006	50
November 15, 2006	35
November 30, 2006	30
December 10, 2006	30
December 25, 2006	30
January 5, 2007	25
January 15, 2007	20

The buyer has to place a bank guarantee at least Baht 112.35 million to secure the payment from 4th period to 7th period above by November 30, 2006.

The Company has policy to recognize the sales of wood when the buyer cuts the wood and transports outside the concession area. As at September 30, 2006, that wood has not been cut and transported outside the concession area.

15. CONVERTIBLE DEBENTURES

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 September 2006	31 December 2005	30 September 2006	31 December 2005
	(Audited)		(Audited)	
Convertible debentures	44,290	80,911	44,290	80,911
Less: Current portion	(31,421)	(60,321)	(31,421)	(60,321)
Net	12,869	20,590	12,869	20,590

As at September 30, 2006, the outstanding balance of the convertible debentures, which reached maturity in the year 2000, comprises 44,290 convertible debentures (December 31, 2005: 80,911 convertible debentures) of Baht 1,000 each, a total of Baht 44.29 million (December 31, 2005: Baht 80.91 million). The trustee of the debenture holders filed a lawsuit with the Civil Court demanding that the Company (See Note 20.1).

As at September 30, 2006, Baht 23.16 million (December 31, 2005: Baht 30.87 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.

In the third quarter of the year 2006, the Company had negotiated with 3 holders with the principal of Baht 28.9 million and accrued interest of 20.30 million, by waiving interest of 9.46 million, for a repayment of Baht 39.74 million. The Company repaid to these three debentureholders on August 10, 2006 and September 29, 2006, resulting in the outstanding convertible debentures balance as at September 30, 2006 of Baht 21.13 million (December 31, 2005 : Baht 50.03 million) and outstanding accrued interest of Baht 15.88 million (December 31, 2005 : Baht 35.51 million). The Company reclassified the convertible debentures and accrued interest for convertible debentures as current liabilities in 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 of Baht 3.13 million by 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.

On August 2, 4 and 7, 2006, the Company received share subscription from the private placement from four investors offering of 150 million shares of the new registered capital at Baht 3.17 per share, a total of Baht 475.50 million. The Company registered the resulting increase in paid-up share capital with the Ministry of Commerce on August 8, 2006. The increase of capital resulted in an increase in premium on share capital of Baht 325.50 million, and the Company accounted the expense arisen from the increase of capital of Baht 7.13 million by deducted from the premium on share capital.

On August 15, 2006, the Company received share subscription from the private placement from three investors who are directors and shareholders of Bliss-Tel Public Company Limited offering of 21 million shares of the new registered capital at Baht 4.50 per share, a total of Baht 94.50 million. The Company registered the resulting increase in paid-up share capital with the Ministry of Commerce on August 17, 2006.

The increase of capital resulted in an increase in premium on share capital of Baht 73.50 million, and the Company accounted the expense arisen from the increase of capital of Baht 0.5 million by deducted from the premium on share capital.

17. RECONCILIATION OF DILUTED LOSS PER SHARE

	For the three-month periods ended 30 September					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2006	2005	2006	2005	2006	2005
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings (loss) per share						
Net income (loss)	(632,015)	(286,816)	1,561,778	789,510	(0.40)	(0.36)
Effect of dilutive potential ordinary shares						
Warrants period 2005: 27,350,000 units	-	-	-	31,465		
Diluted earnings (loss) per share						
Net earnings (loss) of ordinary shareholders assuming potential ordinary shares are converted	(632,015)	(286,816)	1,561,778	820,975	(0.40)	Anti-diluted
	For the nine-month periods ended 30 September					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2006	2005	2006	2005	2006	2005
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings (loss) per share						
Net income (loss)	(720,643)	(251,460)	1,561,778	789,510	(0.46)	(0.32)
Effect of dilutive potential ordinary shares						
Warrants period 2005: 27,400,000 units	-	-	-	24,864		
Diluted earnings (loss) per share						
Net earnings (loss) of ordinary shareholders assuming potential ordinary shares are converted	(720,643)	(251,460)	1,561,778	814,374	(0.46)	Anti-diluted

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 September 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 nine-month period ended September 30, 2006 separated by business segment are as follows:

(Unit: Thousand Baht)

	Consolidated						Total
	Telecommunication	Lease of property and service	Investment in security	Sales of computer program	Commercial Business	Game online Business	
Sales and service income	3,234,835	18,428	1,162	252,941	-	-	3,507,366
Cost of sales and service income	(3,061,504)	(22,195)	(1,007)	(209,378)	-	-	(3,294,083)
Gross Profit	173,331	(3,766)	155	43,563	-	-	213,283
Selling and administrative expenses	(392,998)	(24,309)	(79,776)	(24,490)	(12,189)	(1,252)	(535,012)
Gain (loss) on exchange rate	(227)	-	8	-	-	-	(219)
Gain (loss) on sale of investment in securities	8,145	-	143,884	-	-	-	152,029
Unrealised gain (loss) on investment in securities	29,775	(24,557)	(20,631)	-	-	-	(15,413)
Gain on redemption of debenture	9,456	-	-	-	-	-	9,456
Dividend	-	3,000	4,293	-	-	-	7,293
Other income	13,122	672	-	1,509	61	4	15,368
Interest income	4,178	1,022	2,087	1,329	32	-	8,648
Directors' remuneration	(5,507)	(700)	(1,240)	(1,600)	-	-	(9,047)
Provision for loss from lawsuits	(1,926)	-	-	-	-	-	(1,926)
Loss on guarantee on loan of associated companies	(15,000)	-	-	-	-	-	(15,000)
Loss from impairment of investment in associated companies	(276,115)	-	-	-	-	-	(276,115)
Loss from impairment of deposit for purchase of computer software	(50,000)	-	-	-	-	-	(50,000)
Loss from impairment of cost of purchase of subscribers	(84,500)	-	-	-	-	-	(84,500)
Share of loss from investments accounted under the equity method	(62,872)	-	-	-	-	-	(62,872)
Loss on impairment of leasehold right	-	(7,000)	-	-	-	-	(7,000)
Interest expenses	(8,499)	(66)	(341)	(81)	(61)	-	(9,048)
Corporate income tax	-	-	(14,284)	(6,033)	-	-	(20,318)
Income (loss) before Minority Interest	(659,636)	(55,705)	34,155	14,197	(12,156)	(1,247)	(680,392)
Minority Interest	-	-	(7,240)	-	-	369	(6,871)
Net income (loss)	(659,636)	(55,705)	26,915	14,197	(12,156)	(878)	(687,264)

Assets as of September 30, 2006 separated by business segment are as follows:

(Unit: Thousand Baht)

	Consolidated						Total
	Telecommunication	Lease of property and service	Investment in security	Sales of computer program	Commercial Business	Game online Business	
Investment in trading securities	65,666	70,500	160,145	-	-	-	296,310
Investment in available-for-sale securities	172	-	396	-	-	-	568
Others current assets	809,086	12,132	22,912	-	3,461	3,700	851,291
Wood in a concession area	60,000	-	-	-	-	-	60,000
Computer software - net	9,061	-	-	-	-	17	9,078
Cost for purchase of subscribers - net	392,454	-	-	-	-	-	392,454
Property, plant and equipment - net	263,039	84,184	25,703	-	3,326	505	376,757
Leasehold rights - net	31,751	182,128	-	-	-	-	213,880
Other assets	409,471	4,758	91,614	-	-	-	505,842
Total assets	2,040,700	353,702	300,770	-	6,787	4,221	2,706,180

19. COMMITMENTS AND CONTINGENT LIABILITIES

As at September 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 560.08 million in respect of performance bonds and bid bonds issued by banks on behalf of the Company and its subsidiaries (the Company only: Baht 541.54 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. As at September 30, 2006, the Company has provided a reserve for loss from guarantee on loan of associated company of Baht 15 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	666

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 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 80 million.
- 19.6 The Company pledges the cash at bank of Baht 80 million to secure the liabilities of Locus Telecommunications Inc. Ltd. having with a financial institution for an amount of USD 2 million in order to replace the collateral (see Notes 4 and 7).
- 19.7 The Company has commitments in relation to the licensing agreements to use computer software in providing Mobile Casting services of Baht 30 million.
- 19.8 The Company and subsidiaries have commitment on the construction contracts of Baht 23 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. In the third quarter of the year 2006. The Company had negotiated to redeem the debentures with 3 holders, and incurred gain on redemption as a result of reduction of accrued interest (See Note 15).

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 12 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 71.7 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 September 30, 2006 is set out below.

		<u>Amount</u>
<u>Assets</u>		
Assets denominated in Japanese Yen	JPY	4,958,760
Assets denominated in US dollars	USD	204,850
<u>Liabilities</u>		
Liabilities denominated in US dollars	USD	3,392,185

22. SUBSEQUENT EVENTS

The Capital Increase in Application Hosting Service Company Limited

According to the Minutes of the Extraordinary Shareholders Meeting No. 5/2006 and No. 6/2006 dated September 11 and September 26, 2006, of Application Hosting Service Company Limited, the shareholders resolved to increase the registered capital from Baht 11 million to Baht 23 million by issuing new common shares of 120,000 shares at Baht 100 par value, for a total amount of Baht 12 million. The Company registered an increase of capital on October 9, 2006.

The Capital Increase in Locus Telecommunication Inc. Limited

According to the Minutes of the Extraordinary Shareholders Meeting No. 7/2006 and No. 8/2006 dated September 27, 2006 and October 12, 2006 of Locus Telecommunication Inc. Limited, the shareholders resolved to increase the registered capital from Baht 553 million to Baht 579.20 million by issuing new common shares of 26,200 shares at Baht 1,000 par value, for a total amount of Baht 26.2 million. The Company registered an increase of capital on October 24, 2006. This resulted in the Company's stake being decreased from 42% to 40.09%

According to the Minutes of the Extraordinary Shareholders Meeting No. 9/2006 and No. 10/2006 dated October 20, 2006 and November 4, 2006 of Locus Telecommunication Inc. Limited, the shareholders resolved to increase the registered capital from Baht 579.2 million to Baht 638.79 million by issuing new common shares of 59,590 shares at Baht 1,000 par value, for a total amount of Baht 59.59 million. The Company registered an increase of capital on November 6, 2006. This resulted in the Company's stake being decreased from 40.09% to 36.36%

Established New Company

On October 26, 2006, IEC Business Partner Company Limited, a Subsidiary, established a new subsidiary G.E.C. International Co., Ltd to engage in an electric engineering and machine business in Middle East Asia by registered capital of Baht 5 million. The first paid-up capital will be at least 100% of the registered capital, whereas, IEC Business Co.,Ltd shall hold 55%, G.E.C. Engineering Co.,Ltd shall hold 30% and Total Engineering Development Co.,Ltd shall hold 15%.

The Disposition of Asset in IEC Mobile Company Limited

The Company's Board of Director's Meeting No.14/2006 held on September 27, 2006 passed the resolution approving IEC Mobile Co., Ltd., a subsidiary of the Company to dispose its major assets of IEC MOBILE consisting the fixed assets in mobile phone retailing business (Mobile Easy by IEC Shop) to Bliss-Tel Company Limited, an associated company. The Company will obtain the issuance of shares of the associated company in return. The transactions are pending for obtaining the approval from the shareholder's meeting of the associated company.

Change of Company's Head Office

The Company has move its head office from 979/81-95 SM Tower, Phaholyothin Road, Samsennai, Phyathai, Bangkok to 390 IEC Complex, Ramkamhaeng Road, Hua Mark, Bangkapi, Bangkok effective from November 1, 2006.

23. RECLASSIFICATION

Certain items in the financial statements for the year ended December 31, 2005 and for the period ended September 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 November 14, 2006.