

IPVG CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31			
	<i>Note</i>	2006	2005
ASSETS			
Current Assets			
Cash	4	P47,665,264	P3,162,748
Receivables - net	5	62,850,343	10,823,973
Inventories		4,055,781	
Due from related parties - net	12	5,401,724	3,183,542
Prepaid expenses and other current assets	6	24,594,490	5,007,955
Total Current Assets		144,567,602	22,178,218
Noncurrent Assets			
Property and equipment - net	7	94,069,092	60,675,339
Intangible assets - net	8	26,601,947	9,491,895
Deferred income tax - net	20	28,881,855	6,113,760
Other assets	9	4,382,684	12,243,693
Total Noncurrent Assets		153,935,578	88,524,687
		P298,503,180	P110,702,905
LIABILITIES AND STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)			
Current Liabilities			
Accounts payable and accrued expenses	10	P116,601,683	P41,938,270
Short-term loans	13	7,013,275	50,918,430
Current portion of obligations under finance lease	14	3,180,510	2,908,759
Other current liabilities	11	74,281,149	7,928,238
Total Current Liabilities		201,076,617	103,693,697
Noncurrent Liabilities			
Advances from officers and stockholders	12a	5,813,102	4,313,102
Obligations under finance lease - net of current portion	14	8,390,540	6,890,198
Long-term loans	15	29,989,493	
Other noncurrent liabilities	16	13,016,521	11,271,297
Total Noncurrent Liabilities		57,209,656	22,474,597
Total Liabilities		258,286,273	126,168,294
Share in Accumulated Losses of Subsidiaries in Excess of Investments		(13,933,065)	(3,005,248)

Forward

		December 31	
	<i>Note</i>	2006	2005
Stockholders' Equity (Capital Deficiency)			
Equity Attributable to the Equity Holders of the Parent:			
Common stock	22	P430,883,068	P371,980,785
Additional paid-in capital		115,767,446	41,371,290
Deposits for future stock subscription		45,109,333	26,259,333
Common stock options outstanding	22		5,125,000
Deficit		(543,734,584)	(454,032,273)
Treasury stock		(83,888)	(83,888)
Total Equity Attributable to the Equity Holders of the Parent		47,941,375	(9,379,753)
Minority Interest		6,208,597	(3,080,388)
Total Stockholders' Equity (Capital Deficiency)		54,149,972	(12,460,141)
		P298,503,180	P110,702,905

See Notes to the Financial Statements.

IPVG CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

		Years Ended December 31		
	<i>Note</i>	2006	2005	2004 (As Restated - Note 22)
SERVICE INCOME	<i>17</i>	P242,703,647	P29,842,664	P25,656,003
COSTS OF SERVICES	<i>18</i>	159,925,816	19,392,225	18,597,019
GROSS PROFIT		82,777,831	10,450,439	7,058,984
OPERATING EXPENSES				
Salaries and other employees' benefits		110,857,394	18,669,222	1,552,805
Advertising and promotions		42,856,563	2,191,842	335,975
Depreciation and amortization	<i>7, 8</i>	17,136,327	9,135,738	848,803
Professional fees		11,925,616	2,995,193	2,753,566
Transportation and travel		7,736,029	3,751,628	668,452
Supplies and other office expenses		6,134,047	1,082,456	641,456
Other outside services		3,820,631	978,368	577,700
Representation		3,193,288	1,701,119	556,669
Rent	<i>19</i>	3,010,973	4,563,317	644,995
Communication		2,653,806	113,776	273,896
Provision for doubtful accounts		1,432,304	9,316,337	6,312,601
Repairs and maintenance		1,134,952	248,419	42,865
Utilities		839,744	1,932,909	174,582
Taxes and licenses		514,022	548,216	35,653
Miscellaneous		2,029,942	1,073,925	337,783
		215,275,638	58,302,465	15,757,801
LOSS FROM OPERATIONS		(132,497,807)	(47,852,026)	(8,698,817)
OTHER INCOME (CHARGES) - Net		(1,661,009)	1,597,826	(93,500)
LOSS BEFORE SHARE IN NET LOSSES OF CONSOLIDATED SUBSIDIARIES IN EXCESS OF INVESTMENTS		(134,158,816)	(46,254,200)	(8,792,317)
SHARE IN NET LOSSES OF CONSOLIDATED SUBSIDIARIES IN EXCESS OF INVESTMENTS		10,927,817	292,060	1,192,673
LOSS BEFORE INCOME TAX		(123,230,999)	(45,962,140)	(7,599,644)
BENEFIT FROM INCOME TAX	<i>20</i>	21,093,800	2,955,397	1,427,378
NET LOSS		(P102,137,199)	(P43,006,743)	(P6,172,266)
Attributable to:				
Equity holders of the parent		(P89,702,311)	(P42,282,361)	(P5,238,784)
Minority interest		(12,434,888)	(724,382)	(933,482)
		(P102,137,199)	(P43,006,743)	(P6,172,266)
Loss Per Share	<i>21</i>			
Basic		(P0.2234)	(P0.1137)	(P0.0141)
Dilutive		(0.2234)	(0.1121)	(0.0141)

See Notes to the Financial Statements.

IPVG CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)

	Years Ended December 31			
	<i>Note</i>	2006	2005	2004 (As Restated - Note 22)
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT:				
COMMON STOCK - P1 par value				
Authorized - 500,000,000 shares				
Issued at beginning of year - 371,980,785 shares		P371,980,785	P371,980,785	P371,980,785
Issuance of shares		58,902,283		
Issued at end of year - 430,883,068 shares		P430,883,068	P371,980,785	P371,980,785
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		41,371,290	41,371,290	41,371,290
Additions during the year		74,396,156		
Balance at end of year		115,767,446	41,371,290	41,371,290
DEPOSITS FOR FUTURE STOCK SUBSCRIPTION				
Balance at beginning of year		26,259,333	19,844,370	12,844,370
Additions during the year		44,100,000	6,414,963	7,000,000
Issued as common stock		(25,250,000)		
Balance at end of year		45,109,333	26,259,333	19,844,370
COMMON STOCK OPTIONS OUTSTANDING				
	22	-	5,125,000	-
DEFICIT				
Balance at beginning of year		(454,032,273)	(411,749,912)	(406,511,128)
Net loss		(89,702,311)	(42,282,361)	(5,238,784)
Balance at end of year,		(543,734,584)	(454,032,273)	(411,749,912)
TREASURY STOCK - 97,510 shares				
		(83,888)	(83,888)	(83,888)
		47,941,375	(9,379,753)	21,362,645
MINORITY INTEREST				
Balance at beginning of year		(3,080,388)	(2,356,006)	(1,422,524)
Share in net loss during the year		(12,434,888)	(724,382)	(933,482)
Issuance of shares		21,723,873		
Balance at end of year		6,208,597	(3,080,388)	(2,356,006)
		P54,149,972	(P12,460,141)	P19,006,639

See Notes to the Financial Statements.

IPVG CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	<i>Note</i>	2006	2005	2004 (As Restated - Note 22)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(P123,230,999)	(P45,962,140)	(P7,599,644)
Adjustments for:				
Provision for doubtful accounts		1,432,304	9,316,337	6,312,601
Depreciation and amortization	7,8	30,050,011	9,135,738	848,803
Stock options benefit		31,775,000	5,125,000	-
Interest expense		17,436,942	3,427,137	72,370
Loss on disposal of property and equipment		61,785	750,616	
Interest income		(352,905)	(81,348)	(139,680)
Operating loss before working capital changes		(42,827,862)	(18,288,660)	(505,550)
Changes in operating assets and liabilities:				
Increase in:				
Receivables		(53,330,418)	(4,354,028)	(6,520,345)
Inventories		(4,055,781)		
Due from related parties		(2,346,438)	(4,492,787)	(5,023,899)
Prepaid expenses and other current assets		(19,586,535)	(5,107,892)	(1,168,921)
Accounts payable and accrued expenses		75,767,307	35,710,255	3,312,157
Obligations under finance lease		1,772,093	9,798,958	-
Other current liabilities		64,010,100	7,631,308	1,532,583
Cash provided by (used in) operations		19,402,466	20,897,154	(8,373,975)
Interest received		352,905	81,348	139,680
Income taxes paid		(1,103,894)	(324,536)	-
Interest paid		(16,768,426)	(212,025)	(72,370)
Net cash provided by (used in) operating activities		1,883,051	20,441,941	(8,306,665)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in investment in shares of stock		-	222,259	-
Proceeds from disposal of property and equipment		139,727	25,000	-
Acquisitions of:				
Property and equipment	7	(59,284,237)	(66,939,570)	(2,994,673)
Intangible assets	8	(21,471,091)	(7,196,165)	-
Increase in other assets		7,861,009	(11,928,757)	(314,936)
Net cash used in investing activities		(72,754,592)	(85,817,233)	(3,309,609)

Forward