

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2004 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2003 (AUDITED)

AUDITOR'S REPORT

To The Shareholders of

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

I have reviewed the balance sheets of HOME PRODUCT CENTER PUBLIC COMPANY LIMITED as at September 30, 2004, the related statements of income for three and nine months ended September 30, 2004 and 2003, statements of changes in shareholders' equity and statements of cash flows for nine months ended September 30, 2004 and 2003. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with auditing standards applicable to review engagements. Those standards require that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. 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. Accordingly, I do not express an opinion on these financial statements.

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

I have audited the financial statements of HOME PRODUCT CENTER PUBLIC COMPANY LIMITED as at December 31, 2003 in accordance with generally accepted auditing standards and I expressed an unqualified opinion in my report dated February 10, 2004. The balance sheets as at December 31, 2003, presented for comparison purpose, is a partial of the audited and reported financial statements. I have not performed any auditing procedures since that date.

Office of D I A International Auditing

(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

November 4, 2004

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT SEPTEMBER 30, 2004 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2003 (AUDITED)

Assets	Note	September 30, 2004 Baht	December 31, 2003
Current assets			
Cash and cash equivalents	3	137,958,271.11	36,291,871.62
Accounts receivable - net	4	178,491,829.92	121,235,696.40
Inventories	5	1,984,897,457.21	1,702,343,067.98
Receivable - Revenue Department		43,244,597.15	51,025,422.80
Other current assets		181,393,986.23	119,413,481.05
Total current assets		<u>2,525,986,141.62</u>	<u>2,030,309,539.85</u>
Non-current assets			
Fixed deposit	6	57,171.02	14,651,345.07
Property, plant and equipment - net	7	2,962,252,139.63	2,032,773,477.50
Deferred leasehold	8	292,052,405.74	301,706,134.46
Real estate foreclosed		4,174,122.40	4,174,122.40
Rentention for lease		26,994,813.12	25,824,626.20
Other non-current assets		5,139,264.08	5,427,200.48
Total non-current assets		<u>3,290,669,915.99</u>	<u>2,384,556,906.11</u>
Total assets		<u><u>5,816,656,057.61</u></u>	<u><u>4,414,866,445.96</u></u>

Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

BALANCE SHEETS (Cont.)

AS AT SEPTEMBER 30, 2004 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2003 (AUDITED)

Liabilities and shareholders' equity	Note	September 30, 2004 Baht	December 31, 2003
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	9	955,645,615.53	527,110,595.17
Accounts payable		2,322,187,329.01	1,996,511,486.66
Current portion of long-term debt	10, 11	121,708,555.00	54,034,985.99
Assets payable		71,053,287.41	57,983,621.77
Deposits for goods		220,727,901.47	132,960,603.90
Other payables		79,645,919.51	64,600,083.48
Other current liabilities		194,406,501.18	192,293,235.03
Total current liabilities		<u>3,965,375,109.11</u>	<u>3,025,494,612.00</u>
Non-current liabilities			
Long-term loans	10	305,166,681.00	21,416,678.00
Other non-current liabilities		51,872,174.07	52,144,325.96
Total non-current liabilities		<u>357,038,855.07</u>	<u>73,561,003.96</u>
Total liabilities		<u>4,322,413,964.18</u>	<u>3,099,055,615.96</u>

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

BALANCE SHEETS (Cont.)

AS AT SEPTEMBER 30, 2004 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2003 (AUDITED)

Liabilities and shareholders' equity (Cont.) Note September 30, 2004 Baht December 31, 2003

Shareholders' equity

Share capital

Authorized share capital

987,500,000 common shares of Baht 1 each	987,500,000.00	987,500,000.00
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Issued and paid-up share capital

753,000,000 common shares of Baht 1 each	753,000,000.00	753,000,000.00
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Premium on share capital

190,121,460.61	190,121,460.61
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Retained earnings

Appropriated

Legal reserve	12	33,500,000.00	20,000,000.00
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Unappropriated

517,620,632.82	352,689,369.39
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Total shareholders' equity

1,494,242,093.43	1,315,810,830.00
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Total liabilities and shareholders' equity

5,816,656,057.61	4,414,866,445.96
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Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED/REVIEWED ONLY)

	Note	For three months		For nine months		
		July - September		January - September		
		2004	Baht	2003	2004	Baht
Revenues						
Sales		2,535,646,774.62	1,802,190,325.92	7,134,948,423.61	4,693,474,990.48	
Other income		50,762,714.89	30,557,509.92	138,967,641.37	62,301,342.83	
Total revenues		<u>2,586,409,489.51</u>	<u>1,832,747,835.84</u>	<u>7,273,916,064.98</u>	<u>4,755,776,333.31</u>	
Expenses						
Cost of sales		1,992,199,875.14	1,425,606,404.32	5,641,842,268.19	3,725,416,576.48	
Selling and administrative expenses		443,601,304.39	322,984,852.14	1,242,219,711.56	841,704,784.45	
Total expenses		<u>2,435,801,179.53</u>	<u>1,748,591,256.46</u>	<u>6,884,061,979.75</u>	<u>4,567,121,360.93</u>	
Profit before interest expenses and income tax		150,608,309.98	84,156,579.38	389,854,085.23	188,654,972.38	
Interest expenses		(9,286,440.40)	(6,526,916.78)	(21,814,380.41)	(18,619,839.27)	
Income tax		(39,632,712.46)	(20,308,218.42)	(99,248,441.39)	(39,087,902.21)	
Net profit		<u><u>101,689,157.12</u></u>	<u><u>57,321,444.18</u></u>	<u><u>268,791,263.43</u></u>	<u><u>130,947,230.90</u></u>	
Basic earnings per share						
Net profit	13	0.14	0.08	0.36	0.17	
Diluted earnings per share						
Net profit	13	0.13	0.07	0.33	0.16	

Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(UNAUDITED/REVIEWED ONLY)

(Unit : Baht)

Note	Issued and paid- up share capital	Premium on share capital	Legal reserve	Retained earnings (Deficit)	Total
Beginning balance as at					
January 1, 2003	750,000,000.00	184,121,460.61	9,500,000.00	201,552,769.85	1,145,174,230.46
Warrants to purchase					
common shares 16	3,000,000.00	6,000,000.00	0.00	0.00	9,000,000.00
Legal reserve	0.00	0.00	6,900,000.00	(6,900,000.00)	0.00
Dividend paid	0.00	0.00	0.00	(45,000,000.00)	(45,000,000.00)
Net profit	0.00	0.00	0.00	130,947,230.90	130,947,230.90
Beginning balance as at					
September 30, 2003	753,000,000.00	190,121,460.61	16,400,000.00	280,600,000.75	1,240,121,461.36
Beginning balance as at					
January 1, 2004	753,000,000.00	190,121,460.61	20,000,000.00	352,689,369.39	1,315,810,830.00
Legal reserve 12	0.00	0.00	13,500,000.00	(13,500,000.00)	0.00
Dividend paid 18	0.00	0.00	0.00	(90,360,000.00)	(90,360,000.00)
Net profit	0.00	0.00	0.00	268,791,263.43	268,791,263.43
Beginning balance as at					
September 30, 2004	753,000,000.00	190,121,460.61	33,500,000.00	517,620,632.82	1,494,242,093.43

Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(UNAUDITED/REVIEWED ONLY)

	2004	Baht	2003
Cash flows from operating activities			
Net profit	268,791,263.43		130,947,230.90
Adjustment net profit (loss) to cash receipt (disbursement)			
Depreciation	140,211,965.05		93,646,201.31
Amortization of leasehold	9,653,728.72		6,354,457.01
Increase in allowance for damaged goods	15,061,130.82		11,036,275.60
(Gain) Loss from sales of assets	1,484,501.48		6,984,946.27
(Increase) Decrease in accounts and notes			
receivable	(57,256,133.52)		4,221,410.15
(Increase) Decrease in inventories	(297,615,520.05)		(343,740,748.86)
(Increase) Decrease in other current assets	(61,980,505.18)		(22,673,855.47)
(Increase) Decrease in receivable - Revenue			
Department	7,780,825.65		(21,778,313.75)
(Increase) in retention for lease	(1,170,186.92)		(8,369,200.00)
(Increase) Decrease in other non-current assets	287,936.40		3,082,623.09
Increase (Decrease) in accounts and notes			
payable	325,675,842.35		302,150,293.97
Increase (Decrease) in other payables	15,045,836.03		(10,649,889.30)
Increase (Decrease) in accrued interest expenses	(10,652.59)		(196,234.23)
Increase in deposit from sales of goods	87,767,297.57		22,582,915.23
Increase (Decrease) in other current liabilities	2,123,918.74		23,905,058.93
Increase (Decrease) in other non-current			
liabilities	(272,151.89)		57,551,528.09
Net cash provided by (used in) operating activities	455,579,096.09		255,054,698.94

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (Cont.)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(UNAUDITED/REVIEWED ONLY)

	2004	Baht	2003
Cash flows from investing activities			
Decrease in fixed deposit	14,594,174.05		3,890,955.33
Sales of assets	790,181.31		1,554,466.83
Paid for leasehold right	0.00		(35,035,081.70)
Paid for assets payable	(57,983,621.77)		(76,136,616.03)
Purchase of fixed assets	(1,000,912,022.56)		(661,493,514.88)
Net cash provided by (used in) investing activities	(1,043,511,288.97)		(767,219,790.45)
Cash flows from financing activities			
Increase (Decrease) in bank overdrafts and short - term loans from financial institutions	428,535,020.36		583,014,061.37
Paid for promissory notes	0.00		(15,500,000.00)
Received from long-term loans	428,500,000.00		63,300,000.00
Paid for long-term loans	(70,699,996.99)		(80,244,997.00)
Paid for loans of financial lease agreement	(6,376,431.00)		(6,376,491.00)
Dividend paid	(90,360,000.00)		(45,000,000.00)
Warrants - to purchase common shares	0.00		9,000,000.00
Net cash provided by (used in) financing activities	689,598,592.37		508,192,573.37
Net increase (decrease) in cash and cash equivalents	101,666,399.49		(3,972,518.14)
Cash and cash equivalents at the beginning of the period	36,291,871.62		84,051,092.97
Cash and cash equivalents at the end of the period	137,958,271.11		80,078,574.83
Additional disclosure of cash flows information			
Cash paid during the period			
Interest expenses	21,825,033.00		18,816,073.50
Income tax	109,018,233.56		40,262,959.22

Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2004 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2003 (AUDITED)

1. PREPARATION OF INTERIM FINANCIAL STATEMENTS BASIS

Notes to interim financial statements have been prepared in conformity with the Accounting Standard no. 41 "Interim Financial Statements" for the purpose to provide an update information on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. However, the balance sheets, statements of income, statements of changes in shareholders' equity and statements of cash flows are presented the same as previous annual financial statements. Therefore, this interim financial statements should access to the most recent annual financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year ended December 31, 2003.

3. CASH AND CASH EQUIVALENTS

	September 30, 2004 Baht	December 31, 2003
Cash on hand	21,362,872.19	14,535,520.46
Current accounts	15,907,761.51	6,563,878.79
Savings deposit	100,687,637.41	15,192,472.37
Total	<u>137,958,271.11</u>	<u>36,291,871.62</u>

4. ACCOUNTS RECEIVABLE - NET

	September 30, 2004 Baht	December 31, 2003
Accounts receivable	162,425,221.72	103,303,732.88
Cheque return receivable	19,050,191.68	19,212,191.68
Credit card and coupon receivable	18,183,881.33	19,887,236.65
Total	<u>199,659,294.73</u>	<u>142,403,161.21</u>
Less Allowance for doubtful accounts	<u>(21,167,464.81)</u>	<u>(21,167,464.81)</u>
Accounts receivable - net	<u><u>178,491,829.92</u></u>	<u><u>121,235,696.40</u></u>

The Company has delinquent cheque return receivable, classified by aging which over 12 months at at September 30, 2004 and December 31, 2003 for the amount of Baht 19.05 million and Baht 19.21 million, respectively.

5. INVENTORIES

	September 30, 2004 Baht	December 31, 2003
Inventories	2,043,965,952.53	1,746,350,432.48
Less Allowance for damaged goods	<u>(59,068,495.32)</u>	<u>(44,007,364.50)</u>
Total	<u><u>1,984,897,457.21</u></u>	<u><u>1,702,343,067.98</u></u>

Inventories as at September 30, 2004 and December 31, 2003 are included valuation of goods that will be paid after sales for the amount of Baht 244.95 million and Baht 189.18 million, respectively. The Company recorded related companies payable and such goods at the same amount.

6. FIXED DEPOSIT

As at December 31, 2003, the Company used part of fixed deposits as guarantee from the treatment under land agreement with a commercial bank of Baht 12 million .

7. PROPERTY, PLANT AND EQUIPMENT - NET

	December 31, 2003	Increase	Decrease	Transfer in (out)	September 30, 2004
Cost :					
Land and improvement					
on land	203,371,228.00	389,000,000.00	0.00	0.00	592,371,228.00
Building, building on lease					
land and improvement					
on lease land	1,360,664,288.23	55,427,865.96	(166,760.90)	436,504,802.67	1,852,430,195.96
Computer system	160,365,869.66	38,094,767.43	(6,304,791.50)	10,071,585.00	202,227,430.59
Office supplies	99,708,823.11	17,622,651.29	(965,704.82)	8,083,819.00	124,449,588.58
Furniture, fixtures and					
equipment	532,672,508.63	29,601,777.05	(32,496.00)	10,970,097.61	573,211,887.29
Vehicles	7,439,597.91	4,992,527.91	(2,080,000.00)	0.00	10,352,125.82
Building under construction					
on lease land	57,604,497.49	487,618,573.39	0.00	(442,423,335.28)	102,799,735.60
Computer system under					
installation	3,430,190.00	36,597,244.00	0.00	(10,071,585.00)	29,955,849.00
Furniture and equipment					
under installation	0.00	13,193,384.00	(15,744.10)	(13,135,384.00)	42,255.90
Total	<u>2,425,257,003.03</u>	<u>1,072,148,791.03</u>	<u>(9,565,497.32)</u>	<u>0.00</u>	<u>3,487,840,296.74</u>
Accumulated depreciation :					
Building, building on lease					
land and improvement					
on lease land	176,436,966.45	46,218,528.23	(1,187.59)	0.00	222,654,307.09
Computer system	48,071,616.00	24,968,493.82	(4,994,812.46)	0.00	68,045,297.36
Office supplies	41,196,959.86	14,096,289.85	(605,129.49)	0.00	54,688,120.22
Furniture and equipment					
under installation	124,615,472.90	53,566,524.72	(31,065.25)	0.00	178,150,932.37
Vehicles	2,162,510.32	1,362,128.43	(1,475,138.68)	0.00	2,049,500.07
Total	<u>392,483,525.53</u>	<u>140,211,965.05</u>	<u>(7,107,333.47)</u>	<u>0.00</u>	<u>525,588,157.11</u>
Net book value	<u><u>2,032,773,477.50</u></u>				<u><u>2,962,252,139.63</u></u>

Property, plant and equipment at book value before deducting accumulated depreciation in fully amount as at September 30, 2004 and December 31, 2003 amounting to Baht 30.51 million and Baht 24.79 million, respectively are still being operated.

As at September 30, 2004 and December 31, 2003, the Company has mortgaged all leasehold and building on lease land and part of furniture, fixtures and equipment for guarantee commitment and contingent liabilities with commercial banks for credit line of Baht 1,675 million and Baht 563.76 million, respectively (note 9 and 10).

8. DEFERRED LEASEHOLD

	September 30, 2004 Baht	December 31, 2003
Deferred leasehold	336,919,128.26	236,152,826.56
Add Increase during the year	0.00	100,766,301.70
Less Accumulated amortization	(44,866,722.52)	(35,212,993.80)
Deferred leasehold - net	<u>292,052,405.74</u>	<u>301,706,134.46</u>

Deferred leasehold are leasehold land and building which amortized on a period of the lease agreement. In 2003, the Company has obtained additional five leasehold right for using in its operation total amount of Baht 100.77 million for the period of the lease is 24 - 30 years. The Company's loans are guaranteed by six leasehold right (note 9 and 10).

9. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	September 30, 2004 Baht	December 31, 2003
Bank overdrafts	20,645,615.53	19,414,482.54
Loans from finance companies	935,000,000.00	507,696,112.63
Total	<u>955,645,615.53</u>	<u>527,110,595.17</u>

9.1 The Company has overdrafts line with several banks for credit lines of Baht 120 million and some of credit lines are guaranteed by leasehold and construction.

9.2 Loans from finance companies of Baht 935 million are short-term loans from several financial statements by issuing promissory notes and bill of exchange, the amount of Baht 235 million and Baht 700 million, respectively. Part of loans are due at call and another part are due during October to November 2004.

10. LONG-TERM LOANS

	September 30, 2004 Baht	December 31, 2003
Long-term loans	426,166,677.00	68,366,673.99
Less Current portion of long-term debt	(120,999,996.00)	(46,949,995.99)
Long-term loans - net	<u>305,166,681.00</u>	<u>21,416,678.00</u>

As at September 30, 2004 and December 31, 2003, the Company has long - term loans from 2 commercial banks for 3 and 4 credit lines, respectively consist of :

No. of credit line	Amount of credit line	Amount of Baht		Repayment conditions per installment/ per months	Interest Rate
		September 30, 2004 Baht	December 31, 2003		
1	28,500,000.00	0.00	4,750,000.00	Baht 2.38 million	MLR
2	36,000,000.00	12,000,000.00	18,750,000.00	Baht 0.75 million	MLR
3	40,000,000.00	14,166,677.00	21,666,674.00	Baht 0.83 million	MLR
4	34,800,000.00	0.00	23,200,000.00	Baht 2.90 million	MLR
5	1,000,000,000.00	400,000,000.00	0.00	Baht 17.0 million	Fixed for 2 years and MLR - 1 thereafter
	Total	<u>426,166,677.00</u>	<u>68,366,674.00</u>		

The Company used real estate and leasehold right as guarantee for such credit lines in 2004 and also used leasehold right and construction on lease land, sub - leasehold and central utilities services in connection with sub - leasehold including part of furniture and equipment as guarantee for credit lines in 2003 (note 7 and 8).

11. DECORATION PAYABLE

	September 30, 2004 Baht	December 31, 2003
Decoration payable	708,559.00	7,084,990.00
Less Current portion of long-term debt	(708,559.00)	(7,084,990.00)
Total	<u>0.00</u>	<u>0.00</u>

The Company entered into agreement to hire a company improve and decorate the building space in the amount of Baht 26.25 million and a hire purchase agreement of furniture and decoration equipment in the amount of Baht 16.26 million. Both agreements will be made through 60 installments of Baht 437,551.00 and Baht 270,948.00 each, respectively, commencing on November 10, 1999 and maturing on October 10, 2004.

12. LEGAL RESERVE

According to the Public Company Limited Act, the Company has appropriated its reserve as a legal reserve not less than 5% of the annual net profit after deduction of deficit brought forward (if any) as legal reserve until the reserve reaches 10% of authorized share capital.

13. EARNINGS PER SHARE

For three months ended September 30, 2004			
	Profit (Baht)	Number of share	Baht/share
Basic earnings per share			
Net profit of common shares	101,689,157.12	753,000,000	0.14
Effects of diluted potential common share			
- Exercise rights		59,450,625	
Diluted earnings per share			
Profit of common shareholders			
assumed as conversion to			
common share	101,689,157.12	812,450,625	0.13
For nine months ended September 30, 2004			
	Profit (Baht)	Number of share	Baht/share
Basic earnings per share			
Net profit of common shares	268,791,263.43	753,000,000	0.36
Effects of diluted potential common share			
- Exercise rights		59,450,625	
Diluted earnings per share			
Profit of common shareholders			
assumed as conversion to			
common share	268,791,263.43	812,450,625	0.33

For three months ended September 30, 2003

	Profit (Baht)	Number of share	Baht/share
Basic earnings per share			
Net profit of common shares	57,321,444.18	753,000,000	0.08
Effects of diluted potential common share			
- Exercise rights		44,017,766	
Diluted earnings per share			
Profit of common shareholders			
assumed as conversion to			
common share	57,321,444.18	797,017,766	0.07

For nine months ended September 30, 2003

	Profit (Baht)	Number of share	Baht/share
Basic earnings per share			
Net profit of common shares	130,947,230.90	751,351,648	0.17
Effects of diluted potential common share			
- Exercise rights		44,017,766	
Diluted earnings per share			
Profit of common shareholders			
assumed as conversion to			
common share	130,947,230.90	795,369,414	0.16

14. SHARE CAPITAL

According to the minutes of shareholders' general meeting for the year 2004 held on April 8, 2004, the Company passed the resolution to cancel the allotment of unpaid 50 million common shares at par value of Baht 1.00 each to offer by way of private placement as the Company has not offered the shares to such investors and the new shares allotment, be approved as follows :

1. Fifteen million common shares are reserved for exercising new warrants to be allocated to employees of the Company with the indicative terms concerning "The Scheme for Allocation of warrants to purchase ordinary shares of Home Product Center Public Company Limited (ESOP)" in accordance with the resolution of the shareholders' annual general meeting for the year 2004 which will be allotted to the Company's employees in the type of non-transferable and specified name of the holders for 15 million units of warrants with 3 years term commencing issuing date of warrants. One unit of warrant has a right to purchase 1 common share at Baht 1.00 each. The exercise period is on every 3 months. That project, there will be no employees entitled to received warrant more than 5 percent of total warrants.

2. Five million common shares are additionally reserved for exercising new warrants to be allocated to the existing shareholders no. 1, which the Company may adjust the exercise price and the exercise ratio, complied with the regulations and conditions of such warrants.

3. Thirty million common shares are allotted by way of private placement at the price of at least 80 percent of market price, of which is computed on weighted average price or average closing price of 10 historical days commencing the date that the Board of Directors passed the shares allotment, whether any price is higher in accordance with the notification of the SEC no. Kor Jor. 12/2000.

15. DIRECTORS' REMUNERATION

Directors' remuneration is all benefits paid to the Company's directors excluding salaries and related benefits which paid to executive director for the period of nine months ended September 30, 2004 of Baht 4.5 million (for the period of nine months ended September 30, 2003, for the amount of Baht 1.8 million) which was presented in selling and administrative expenses.

16. WARRANTS

16.1 Warrants issuance to the existing shareholders

On May 30, 2003, the warrant holders had exercise right on conversion of warrants for 3 million units.

As the Company's allotment 15,000,000 units of warrants to purchase ordinary shares of Company to employees of the Company (ESOP) No.1, as a result, the exercise price and ratio is to be 1 unit of warrant has a right to purchase 1.01521 ordinary shares at Baht 2.955 per share since September 15, 2004 onwards.

As at September 30, 2004, the remaining warrants are as follows :

Number of warrants brought forward	187,500,000	Units
The number of exercised warrants up to September 30, 2004	<u>3,000,000</u>	Units
Balance number of warrants	<u><u>184,500,000</u></u>	Units

The aforementioned exercise right resulted increasing in common shares and premium on share capital of Baht 3 million and Baht 6 million, respectively.

16.2 Warrant to the employees (including directors who is an employee)

On September 15, 2004, the Company issued 15,000,000 units of warrant (the first) to the employees according to the resolution of the Annual General Meeting of Shareholders for the Year 2004, held on April 8, 2004. Each unit of warrant has a right to purchase 1 ordinary share at Baht 1.00 each and exercise period is on every three months.

As at September 30, 2004, the remaining warrants for the employees (including the directors who is an employee) are as follows :

Number of total warrants	15,000,000	Units
The number of exercised warrants up to September 30, 2004	<u>0</u>	Units
Balance number of warrants	<u><u>15,000,000</u></u>	Units

17. COMMITMENT AND CONTINGENT LIABILITIES

17.1 The Company has commitment on bank and financial institutions of guarantee for leasing, purchased goods or hire of work and collateral against to the government agencies as at September 30, 2004 and December 31, 2003 of Baht 22.24 million and Baht 18.25 million, respectively.

17.2 The Company entered into 2 agreements for lease and sub-lease part of premise in 2 Department Store with a company for the period of 30 years and received the advance payment of Baht 42 million. The agreements will be due in 2033.

18. DIVIDEND PAID

According to the minutes of shareholders' general meeting for the year 2004 held on April 8, 2004, the Company passed the resolution to pay dividend for the year 2003 at Baht 0.12 per share amounting to Baht 90.36 million which was paid in April 2004.

19. TRANSACTION WITH RELATED COMPANIES

The Company's financial statements are included the transaction with its related companies of which related by common shareholders and/or directorship. These transaction are determined the policy as follows :

Type of inter - transaction	Policy to determine price
Inter - trading with related companies	Price and benefits are concluded in the normal course of business, market price or the group of companies concerned for non-market value transactions.

Type of inter - transaction	Type of relationship
- Land and Houses Plc. and subsidiaries	There are common shareholders and co-directors.
- Quality Houses Plc. and subsidiaries	There are common shareholders and co-directors.
- Quality Construction Products Plc. and subsidiaries	There are co-directors.

September 30, 2004 Baht December 31, 2003

Accounts receivable

Land and Houses Plc. and subsidiaries	66,021,766.38	53,956,283.82
Quality Houses Plc. and subsidiaries	13,734,614.08	19,168,882.36
Total	<u>79,756,380.46</u>	<u>73,125,166.18</u>

Accounts payable

Quality Construction Products Plc. and subsidiaries	1,105,103.26	861,830.44
Total	<u>1,105,103.26</u>	<u>861,830.44</u>

September 30, 2004 Baht September 30, 2003

Sales of goods

Land and Houses Plc. and subsidiaries	244,740,102.22	246,359,193.31
Quality Houses Plc. and subsidiaries	107,042,918.52	107,407,912.59
Total	<u>351,783,020.74</u>	<u>353,767,105.90</u>

Purchase of goods

Quality Construction Products Plc. and subsidiaries	4,187,444.05	942,287.53
Total	<u>4,187,444.05</u>	<u>942,287.53</u>