

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2007

1. GENERAL INFORMATION

1.1 Corporate information

Home Product Center Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Plc. and Quality Houses Plc., which were incorporated in Thailand. The Company is principally engaged in trading of construction materials, construction equipment and tools, decoration equipment, instruments, and space rental. Its registered address is 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi. As at 30 September 2007, the Company has a total of 30 branches (31 December 2006: 27 branches) located in Bangkok and other provinces.

1.2 Basis for the preparation of the interim financial statements

These interim financial statements have been prepared in accordance with Accounting Standard No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity and cash flows in the same format as the used for the annual financial statements.

These 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.

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Home Product Center Public Company Limited and its subsidiary company and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2006. There has been no significant change in the composition of the group of companies during the current period.

1.4 Significant accounting policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2006.

1.5 Adoption of new accounting standards

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550 and 38/2550 regarding Thai Accounting Standards, and these have been published in the Royal Gazette. The Notifications mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

a) Thai Accounting Standards (revised version) which are effective for the current year

- TAS 44 Consolidated Financial Statements and Separate Financial Statements
- TAS 45 Investments in Associates
- TAS 46 Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45, as discussed in Note 1.6.

b) Thai Accounting Standards (revised version) which are not effective for the current year

- TAS 25 Cash Flow Statements
- TAS 33 Borrowing Costs
- TAS 35 Presentation of Financial Statements
- TAS 39 Accounting Policies, Changes in Accounting Estimates and Errors
- TAS 41 Interim Financial Reporting
- TAS 49 Construction Contracts

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

1.6 Change in accounting policy for recording investment in subsidiary company in the separate financial statements

During the fourth quarter of 2006, the Company changed its accounting policy for recording investment in its subsidiary company in the separate financial statements from the equity method to the cost method, in compliance with Notification No. 26/2549 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), issued by the Federation of Accounting Professions, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method.

During the current period, the Company has restated the separate financial statements for the three-month and nine-month periods ended 30 September 2006, as though the investment in the subsidiary had originally been recorded using the cost method. The effect of the change to the separate income statements for the three-month and nine-month periods ended 30 September 2006, is to decrease net income by Baht 6.77 million and increase net income by Baht 4 million, respectively (Baht 0.01 per share and Baht - per share, respectively). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investment in subsidiary” in the separate statements of changes in shareholders’ equity.

2. TRADE ACCOUNTS RECEIVABLE

(Unit: Thousand Baht)

	Consolidated financial		Separate financial statements	
	statements			
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Trade accounts receivable	81,989	102,549	78,003	97,164
Check return receivable	17,674	21,806	17,674	21,806
Credit card and coupon receivable	79,517	37,733	79,517	37,721
Total	179,180	162,088	175,194	156,691
Less: Allowance for doubtful accounts	(20,821)	(25,241)	(20,821)	(25,241)
Trade accounts receivable - net	158,359	136,847	154,373	131,450

(UNAUDITED BUT REVIEWED)

The outstanding balances of trade accounts receivable as at 30 September 2007 and 31 December 2006 are aged as follows:

(Unit: Thousand Baht)

	Consolidated financial			
	statements		Separate financial statements	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
<u>Age of receivables</u>				
Not yet due	141,217	109,934	138,502	107,400
Past due:				
Upto 6 months	20,235	29,852	18,964	26,989
6 - 12 months	42	35	42	35
Over 12 months	17,686	22,267	17,686	22,267
Total	179,180	162,088	175,194	156,691
Less: Allowance for doubtful accounts	(20,821)	(25,241)	(20,821)	(25,241)
Trade accounts receivable - net	158,359	136,847	154,373	131,450

3. INVENTORIES

(Unit: Thousand Baht)

	Consolidated and	
	separate financial statements	
	30 September 2007	31 December 2006
Inventories	3,218,297	2,923,796
Less: Allowance for stock obsolescence	(56,114)	(62,413)
Net	3,162,183	2,861,383
Less: Inventories - repaid its cost whensold	(476,226)	(286,599)
Inventories - net	2,685,957	2,574,784

4. INVESTMENT IN SUBSIDIARY

(Unit: Thousand Baht)

Separate financial statements										
Shareholding percentage		Paid-up capital		Cost		Equity method		Dividend		
30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	30 September 2006	
(Percent)	(Percent)									
Subsidiary										
Market Village										
Company Limited	99.99	99.99	5,000	5,000	4,999	4,999	12,523	5,373	-	-

5. RELATED PARTY TRANSACTIONS

During the periods, the Company and its subsidiary had significant business transactions with the related companies (related by way of shareholding or common shareholders and/or common directors), which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		
	2007	2006	2007	2006	
Transactions with subsidiary company					
(eliminated from consolidated financial statements)					
Sale of goods	-	-	128	100	Market price
Rental and service income	-	-	38,017	19,538	Baht 6.5 - 9.4 million per month for 2007 and Baht 6.5 million per month for 2006
Other income	-	-	5,252	4,823	Percentage of core revenue
Interest expenses	-	-	646	445	3.7 - 4.9 percent per annum

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the nine-month		For the nine-month		
	periods ended		periods ended		
	30 September		30 September		
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<u>Transactions with related companies</u>					
Sale of goods	2,027	9,484	2,070	9,484	Market price
Purchase of goods	170	1,087	170	1,087	Market price
Rental and service expenses	3,181	3,891	3,181	3,891	Percentage of sales
<u>Transactions with subsidiary company</u>					
(eliminated from consolidated financial statements)					
Sale of goods	-	-	372	521	Market price
Rental and service income	-	-	78,365	42,648	Baht 6.5 - 9.4 million per month for 2007 and Baht 6.5 million per month for 2006
Other income	-	-	15,936	12,504	Percentage of core revenue
Service expenses	-	-	-	4,360	Actual cost
Interest expenses	-	-	1,814	592	3.7 - 4.9 percent per annum
<u>Transactions with related companies</u>					
Sale of goods	9,165	44,630	9,165	44,630	Market price
Interest income	268	2,376	268	2,376	0.5 percent per annum
Purchase of goods	1,385	4,281	1,385	4,281	Market price
Rental and service expenses	9,237	10,385	9,237	10,385	Percentage of sales

As at 30 September 2007 and 31 December 2006, the Company had the following outstanding balances with related parties: -

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Deposit with financial institution</u>				
Land and Houses Retail Bank Plc.	231	151	231	151

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
<u>Trade accounts receivable</u>				
Land and Houses Plc. and subsidiaries	1,318	3,452	1,318	3,452
Quality Houses Plc. and subsidiaries	257	5,127	257	5,127
Market Village Co., Ltd.				
(eliminated from consolidated financial statements)	-	-	37	84
Total	1,575	8,579	1,612	8,663
<u>Other receivable</u>				
Market Village Co., Ltd.				
(eliminated from consolidated financial statements)	-	-	19,266	5,238
<u>Other current asset - accrued income</u>				
Land and Houses Retail Bank Plc.	-	418	-	418
<u>Trade accounts payable</u>				
Quality Construction Products Plc. and subsidiaries	35	530	35	530
<u>Other payables</u>				
Quality Houses Property and Loans Funds	338	327	338	327
<u>Short-term loans from related party</u>				
Market Village Co., Ltd.				
(eliminated from consolidated financial statements)	-	-	70,000	40,000

(UNAUDITED BUT REVIEWED)

During the period, movements in the balances of loans from related party were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	31			30
	December			September
	<u>2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>2007</u>
<u>Short-term loans from related party</u>				
Market Village Co., Ltd.	<u>40,000</u>	<u>30,000</u>	<u>-</u>	<u>70,000</u>

Short-term loans from related party

The Company has received unsecured loans of Baht 70 million (31 December 2006: Baht 40 million) from subsidiary company, on which interest is payable on a monthly basis at a rate of 3.7 percent per annum. The loans are repayable at call.

Directors and management's remuneration

During 2007, the Company and its subsidiary paid salaries, meeting allowance and gratuities to their directors and management totaling Baht 6.10 million (2006: Baht 7.49 million).

In addition, during the period the Company has allocated 1,879,500 warrants to the directors of the Company and subsidiary without charge. The details of the warrants are presented in Note 13 to the financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
Balance as at 31 December 2006	8,674,872	8,659,631
Acquisitions during the period	1,139,533	1,137,461

(UNAUDITED BUT REVIEWED)

Disposals during the period	<u>(15,935)</u>	<u>(15,928)</u>
Balance as at 30 September 2007	<u>9,798,470</u>	<u>9,781,164</u>

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Accumulated depreciation		
Balance as at 31 December 2006	1,237,491	1,235,015
Depreciation for the period	454,000	451,693
Depreciation on disposals	(13,109)	(13,107)
Balance as at 30 September 2007	<u>1,678,382</u>	<u>1,673,601</u>
Allowance for impairment		
Balance as at 31 December 2006	-	-
Increase during the period	<u>18,800</u>	<u>18,800</u>
Balance as at 30 September 2007	<u>18,800</u>	<u>18,800</u>
Net book value		
Balance as at 31 December 2006	<u>7,437,381</u>	<u>7,424,616</u>
Balance as at 30 September 2007	<u><u>8,101,288</u></u>	<u><u>8,088,763</u></u>

As at 30 September 2007, the Company has mortgaged some buildings and leasehold rights (Note 7) (31 December 2006: all land, buildings and leasehold rights (Note 7) including construction thereon and part of its furniture, fixtures and equipment) to secure credit facilities from banks, as described in Notes 8 and 11.

7. LEASEHOLD RIGHTS AND SOFTWARE

Movements in the balance of leasehold rights and software during the nine-month period ended 30 September 2007 are summarised below.

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Leasehold rights	Software	Leasehold rights	Software
Cost				
Balance as at 31 December 2006	622,419	160,903	622,419	160,894
Acquisitions during the period	-	15,336	-	15,336
Balance as at 30 September 2007	622,419	176,239	622,419	176,230
Accumulated depreciation				
Balance as at 31 December 2006	88,556	48,773	88,556	48,771
Depreciation for the period	16,983	12,671	16,983	12,672
Balance as at 30 September 2007	105,539	61,444	105,539	61,443
Allowance for impairment				
Balance as at 31 December 2006	-	-	-	-
Increase during the period	-	3,000	-	3,000
Balance as at 30 September 2007	-	3,000	-	3,000
Net book value				
Balance as at 31 December 2006	533,863	112,130	533,863	112,123
Balance as at 30 September 2007	516,880	111,795	516,880	111,787

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

As at 30 September 2007 and 31 December 2006, the Company had overdraft lines from banks totaling Baht 105 million and Baht 95 million, respectively, some of which are secured by leasehold rights and construction (Note 6 and 7).

As at 30 September 2007, the Company had short-term loans totalling Baht 825 million from four financial institutions. The loans carry interest at rates of 3.35 - 3.60 percent per annum and are not secured. The loans are in the form of promissory notes, with Baht 75 million repayable at call, and Baht 750 million due in October 2007.

9. LIABILITIES UNDER HIRE PURCHASE AGREEMENTS

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Portion due		Portion due	
	Within one year		over one year	
	30 September	31 December	30 September	31 December
	2007	2006	2007	2006
Liabilities under hire purchase agreements	16,493	20,545	13,618	15,830
Less: Deferred interest expense	(1,412)	(1,496)	(728)	(762)
Net	15,081	19,049	12,890	15,068

10. DEBENTURES

Debentures of the Company consist of:

	Consolidated and separate financial statements			
	Number of debentures (Unit)		Amount (Thousand Baht)	
	30 September	31 December	30 September	31 December
	2007	2006	2007	2006
Unsecured Debentures # 1/2548				
Series 1	500,000	500,000	500,000	500,000
Series 2	500,000	500,000	500,000	500,000
Total	1,000,000	1,000,000	1,000,000	1,000,000
Less: Current portion			(500,000)	-
Net			500,000	1,000,000

At the Extraordinary Meeting of shareholders No. 1/2003 held on 27 September 2003, the shareholders passed a resolution approving the Company's issue debentures in an amount of not more than Baht 2,000 million, or the equivalent in foreign currency, to be offered to the public or individuals or institutional investors in one or several tranches. On 17 March 2005, the Company issued Baht 1,000 million of debentures as detailed below.

Name of debentures	" The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2005 Series 1 Due 2008 "	" The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2005 Series 2 Due 2009 "
Amounts	Baht 500 million	Baht 500 million
Term	3 years	4 years
Issue date	17 March 2005	17 March 2005
Interest rate	5.00 percent per annum	5.40 percent per annum
Interest payment schedule	Quarterly in March, September, September and December	Quarterly in March, September, September and December
Principal repayment	On the redemption date of 17 March 2008	On the redemption date of 17 March 2009
Covenants	Maintenance of debt to equity ratios and restrictions on dividend payment	Maintenance of debt to equity ratios and restrictions on dividend payment

On 4 April 2007, the Annual General Meeting of Shareholders for the year 2007 approved the Company's issue of debentures in an amount of not more than Baht 2,000 million, or the equivalent in another currency. The debentures must have a tenor of no less than 3 years and no more than 10 years. As a result the Company may issue upto Baht 3,000 million of debentures.

11. LONG-TERM LOANS

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	30 September 2007	31 December 2006
Long-term loans	1,450,000	2,126,000
Less: Current portion	(333,000)	(429,000)
Long-term loans - net	<u>1,117,000</u>	<u>1,697,000</u>

Details of the Company's long-term loans are as follows: -

(Unit: Thousand Baht)

No.	Principal	Outstanding balances		Terms of payment (per installment/month)	Interest Rate
		30 September 2007	31 December 2006		
1	1,000,000	-	626,000	Baht 17 million	*
2	1,500,000	1,350,000	1,500,000	Baht 25 million	**
3	100,000	100,000	-	Baht 33 million	***
	Total	<u>1,450,000</u>	<u>2,126,000</u>		

The Company has pledged real estate and leasehold rights to secure the loans (Note 6). The Company has to comply with certain covenants stipulated in the loan agreement such as the maintenance of certain debt to equity ratio and restrictions on payment of dividends in excess of the rate indicated in the agreement.

* : At 2.95 - 3.65 percent per annum, and since February 2006 at MLR minus an agreed margin

** : At 4.15 - 6 percent per annum and from 2009 onwards at MLR minus an agreed margin

***: At MLR minus an agreed margin

On 8 September 2007, the Company entered into a Baht 2,000 million loan agreement with a bank. The loans will be repaid in monthly installments of not less than Baht 33 million each, within 78 months, and are subject to interest at MLR minus an agreed margin. The loans are secured (in the form of a negative pledge) by some of the Company's real estate and leasehold rights. As at 30 September 2007, the Company has drawdown of Baht 100 million from this loan facility.

12. SHARE CAPITAL

12.1 According to the minutes of the 2006 Annual General Meeting of the shareholders held on 4 April 2006, resolutions were passed approving the following:

12.1.1 The cancellation of the unpaid portion of the ordinary shares (including the 25,406,359 shares of Baht 1 each remaining after the exercise of the warrants by existing shareholders in accordance with the resolution of the 2005 Annual General Meeting to offer shares by way of private placement) and approved the following new allotment of shares:

(UNAUDITED BUT REVIEWED)

- 1) 15,000,000 shares to be reserved for the exercise of the warrants to be allocated to employees of the Company (ESOP-W3).
- 2) 250,000 shares to be reserved for the exercise of issue 1/2005 of warrants to be allocated to employees of the Company (ESOP-W2), for which the exercise rights are to be adjusted.

If any shares remain after the above allocation of shares, as a result of warrants not being issued or exercised, the Board of Directors is to propose an allocation to a meeting of the shareholders for consideration.

- 3) The allocation of 10,156,359 share is to be cancelled.

12.1.2 The issue of 15,000,000 ordinary share warrants to employees of the Company (ESOP-W3), with a term of 3 years, with not more than 30, 35 and 35 percent of the warrants exercisable in years 1, 2 and 3, respectively.

12.1.3 Reduction of capital, by cancelling of the 10,156,359 shares of Baht 1 each remaining unallocated from the offer of shares by way of private placement discussed in Note 12.1.1 above, from Baht 987,500,000 to Baht 977,343,641, divided into 977,343,641 ordinary shares at par value of Baht 1 each. In addition, the clause 4 of the Memorandum of Association was amended to reflect the reduction in capital.

12.2 According to the minutes of Extraordinary Meeting No. 1/2006 of the Shareholders held on 31 October 2006, the Company passed a resolution to increase its share capital from Baht 977,343,641 to Baht 1,938,146,860 by issuing 960,803,219 ordinary shares of Baht 1 each. The Company has approved the following allocation of the additional ordinary shares:

12.2.1 954,638,219 ordinary shares to be offered to the existing shareholders.

12.2.2 6,100,000 ordinary shares to be reserved to support the exercise of issue No.1/2004 of warrants to be allocated to employees of the Company (ESOP-W1).

12.2.3 65,000 ordinary shares to be reserved to support the exercise of issue No. 1/2005 of warrants to be allocated to employees of the Company (ESOP-W2)

The Company has amended clause four of the memorandum of association in order to reflect the increase in share capital.

12.3 On 4 April 2007, the Annual General Meeting of Shareholders approved a Baht 50,400,000 increase in the Company's registered share capital, from Baht 1,938,146,860 to Baht 1,988,546,860, through an issue of ordinary shares of Baht 1 each; and the Company's amendment of clause 4 of its memorandum of association.

Reconciliation of number of ordinary shares

	(Unit: Shares)	
	For the nine-month periods ended 30 September	
	<u>2007</u>	<u>2006</u>
<u>Registered share capital</u>		
Number of ordinary shares at beginning of period	1,938,146,860	978,500,000
Decrease in registered share capital remained from allotment	-	(10,156,359)
Increase in registered share capital due to issuing ESOP-W4	<u>50,400,000</u>	<u>-</u>
Number of ordinary shares at end of period	<u>1,988,546,860</u>	<u>977,343,641</u>
<u>Issued and paid-up share capital</u>		
Number of ordinary shares at beginning of period	1,919,818,404	947,310,416
Increase from the exercise of ESOP-W1, ESOP-W2 and ESOP-W3	<u>5,074,118</u>	<u>7,327,803</u>
Number of ordinary shares at end of period	<u>1,924,892,522</u>	<u>954,638,219</u>

13. WARRANTS

In September 2004, the Company proceeded with the first issue of warrants to (ESOP-W1) the employees in accordance with a resolution of the Annual General Meeting of Shareholders for the year 2004. It issued a total of 15,000,000 warrants, and one warrant can be exercised to purchase 1 ordinary share at a price of Baht 1 each, with exercise dates every three months

In February 2006, the Company proceeded with the second issue of warrants (ESOP-W2) to the employees, in accordance with the resolution of the Annual General Meeting of Shareholders for the year 2005. It issued a total of 7,000,000 warrants, and each warrant can be exercised to purchase 1 ordinary share at a price of Baht 1 each, with exercise dates every three months.

As a result of the Company's allotment of 7,000,000 ordinary share warrants to employees (ESOP-W2), the exercise ratio of the first issue of warrants to purchase ordinary shares to employees (ESOP-W1) was adjusted such that 1 warrant can be exercised to purchase 1.006 ordinary shares at a price of Baht 1 per share, effective from 28 February 2006 onwards.

In October 2006, the Company resolved to increase its share capital and this affected the exercise of the first and second issues of warrants allotted to the employees of the Company (ESOP-W1 and W2) as follows:

- One warrant of the first issue of warrants allotted to employees of the Company (ESOP-W1) can be exercised to purchase 1.811 ordinary shares at a price of Baht 1 per share.
- One warrant of the second issue of warrants allotted to employees of the Company (ESOP-W2) has can be exercised to purchase 1.800 ordinary shares at a price of Baht 1 per share.

On 2 April 2007, the Company issued 15,000,000 warrants (ESOP-W3) to its employees in accordance with the resolution passed by the 2006 Annual General Meeting of Shareholders. Each warrant can be exercised to purchase one ordinary share at a price of Baht 1, and the exercise dates are every three months. The issue of ESOP-W3 has effected the exercise of ESOP-W1 and ESOP-W2 as follows: -

- One warrant of the first issue of warrants allotted to employees of the Company (ESOP-W1) can be exercised to purchase 1.822 ordinary shares at a price of Baht 1 per share.
- One warrant of the second issue of warrants allotted to employees of the Company (ESOP-W2) has can be exercised to purchase 1.811 ordinary shares at a price of Baht 1 per share.

On 4 April 2007, the Annual General Meeting of the Shareholders for the year 2007 approved the Company's issue of 50,000,000 warrants (ESOP-W4) to its employees. Each warrant can be exercised to purchase one ordinary share, and has a term of five years, with no more than 20 percent of the issued warrants to be exercised each year. The exercise price is calculated at a 20 percent discount on the 30-day average closing price of the Company's shares.

(UNAUDITED BUT REVIEWED)

The holders of the warrants have exercised their rights as summarised below.

Exercised date	Number of exercised warrants			Number of shares from exercise of warrants	Value of ordinary shares from exercise of warrants	Paid-up capital		Date of registration with the Ministry of Commerce
	ESOP-W1 (Units)	ESOP-W2 (Units)	ESOP-W3 (Units)			(Shares)	(Baht)	
Beginning balance								
1 January 2006	7,316,775	-	-	-	-	947,310,416	947,310,416	-
28 February 2006	393,917	6,379,800	-	6,776,074	6,776,074	954,086,490	954,086,490	6 March 2006
31 May 2006	8,280	431,900	-	440,229	440,229	954,526,719	954,526,719	8 June 2006
31 August 2006	-	111,500	-	111,500	111,500	954,638,219	954,638,219	8 September 2006
30 November 2006	5,792,717	28,600	-	10,541,966	10,541,966	965,180,185	965,180,185	14 December 2006
28 February 2007	279,396	-	-	505,982	505,982	1,920,324,386	1,920,324,386	7 March 2007
30 May 2007	182,528	30,000	3,872,816	4,259,711	4,259,711	1,924,584,097	1,924,584,097	11 June 2007
31 August 2007	38,900	-	237,550	308,425	308,425	1,924,892,522	1,924,892,522	12 September 2007
Total	14,012,513	6,981,800	4,110,366					
Number of issued warrants	15,000,000	7,000,000	15,000,000					
Number of exercised warrants	(14,012,513)	(6,981,800)	(4,110,366)					
Number of expired warrants	(987,487)	-	-					
Number of unexercised warrants	-	18,200	10,889,634					

14. CORPORATE INCOME TAX

Corporate income tax for the three-month and nine-month periods ended 30 September 2007 and 2006, was calculated on the net income of the Company and subsidiary company after adding back certain expenses and provisions not yet allowed for tax purposes.

15. EARNING PER SHARE

Basic earnings per share is calculated by dividing the net income for the period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing net income for the period by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares

(UNAUDITED BUT REVIEWED)

into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

(UNAUDITED BUT REVIEWED)

Consolidated financial statements

	For the three-month periods ended 30 September					
	Net income		Weighted average number		Earnings	
	(Thousand Baht)		of ordinary shares (Thousand shares)		per share (Baht)	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Basic earnings per share</u>						
Net income of ordinary shares	161,061	141,845	1,924,677	954,564	0.08	0.15
Effect of dilutive potential ordinary shares	-	-	11,286	6,534		
<u>Diluted earnings per share</u>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	161,061	141,845	1,935,963	961,098	0.08	0.15

	For the nine-month periods ended 30 September					
	Net income		Weighted average number		Earnings	
	(Thousand Baht)		of ordinary shares (Thousand shares)		per share (Baht)	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Basic earnings per share</u>						
Net income of ordinary shares	469,696	417,580	1,922,183	952,858	0.24	0.44
Effect of dilutive potential ordinary shares	-	-	11,568	12,086		
<u>Diluted earnings per share</u>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	469,696	417,580	1,933,751	964,944	0.24	0.43

Separate financial statements

	For the three-month periods ended 30 September					
	Net income		Weighted average number		Earnings	
	(Thousand Baht)		of ordinary shares (Thousand shares)		per share (Baht)	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Basic earnings per share</u>						
Net income of ordinary shares	167,078	135,076	1,924,677	954,564	0.09	0.14
Effect of dilutive potential ordinary shares	-	-	11,286	6,534		
<u>Diluted earnings per share</u>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	167,078	135,076	1,935,963	961,098	0.09	0.14

(UNAUDITED BUT REVIEWED)

	For the nine-month periods ended 30 September					
	Net income		Weighted average number		Earnings	
	(Thousand Baht)		of ordinary shares (Thousand shares)		per share (Baht)	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Basic earnings per share</u>						
Net income of ordinary shares	462,545	421,575	1,922,183	952,858	0.24	0.44
Effect of dilutive potential ordinary shares	-	-	11,568	12,086		
<u>Diluted earnings per share</u>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>462,545</u>	<u>421,575</u>	<u>1,933,751</u>	<u>964,944</u>	<u>0.24</u>	<u>0.44</u>

16. FINANCIAL INFORMATION BY SEGMENT

The majority of the operations of the Company and subsidiary involve the single business segment of trading of construction materials, construction equipment and tools, decoration equipment, instruments, and space rental and are carried on in a single geographic area, Thailand. As a result, all revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry and geographic area.

17. COMMITMENTS AND CONTINGENT LIABILITIES

17.1 As at 30 September 2007 and 31 December 2006, the Company has commitments totaling Baht 103.54 million and Baht 55.19 million, respectively, to a bank and four financial institutions in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise.

17.2 The Company has entered into seven agreements with two companies to lease and sub-lease parts of premises in 5 branches for periods of 29-30 years, with contract values amounting to Baht 640.49 million. The terms of the agreements are until 2033 - 2036. The Company recognizes this income systematically on a straight-line basis over the useful lives of the leaseholds.

17.3 As at 30 September 2007 and 31 December 2006, the Company has commitments under letters of credit opened with two commercial banks, amounting to USD 2.04 million and USD 1.02 million, respectively

18. COMMITMENTS UNDER LONG-TERM LEASE AGREEMENTS

18.1 The Company has entered into six land lease agreements, under which its rental payment commitments are as follows:

	<u>Million Baht</u>
Payable within:	
1 year	33.92
2 to 5 years	151.26
Thereafter	833.79
	<u>1,018.97</u>

18.2 The Company has entered into 14 lease agreements to lease commercial space, under which its rental payment commitments are as follows:

	<u>Million Baht</u>
Payable within:	
1 year	69.02
2 to 5 years	295.15
Thereafter	1,148.64
	<u>1,512.81</u>

19. DIVIDEND PAID

Dividends declared during the periods 2007 and 2006 consisted of the followings: -

	Approved by	Total dividends	Dividend per share	Paid on
Final dividend from 2006 retained earnings	Annual General Meeting of the shareholders on 4 April 2007	230.44	0.12	27 April 2007
Final dividend from 2005 retained earnings	Annual General Meeting of the shareholders on 4 April 2006	190.82	0.20	20 April 2006

20. FINANCIAL INSTRUMENTS

20.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "*Financial Instruments: Disclosure and Presentations*", principally comprise cash and cash equivalents, trade accounts receivable, others receivable, short-term loans, debentures, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations, of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and others receivable as stated in the balance sheet.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits with financial institutions, short-term loans, debentures and long-term borrowings. However, since the Company's financial assets and some of its financial liabilities bear floating interest rates and some of financial liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 30 September 2007, classified by type of interest rate, are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(UNAUDITED BUT REVIEWED)

Consolidated financial statements							
Fixed interest rates							
Within	Over		Floating	Non- interest	Total	Interest rate	
1 year	1-5 years	5 years	interest rate	bearing			
(Thousand Baht)						(% p.a.)	
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	30,185	245,493	275,678	0.5
<u>Financial liabilities</u>							
Bank overdraft and short-term							
loans from							
financial institutions	824,696	-	-	-	-	824,696	3.3 - 3.6
Debentures	500,000	500,000	-	-	-	1,000,000	5.0 - 5.4
Long-term loans	333,000	1,117,000	-	-	-	1,450,000	4.5
	<u>1,657,696</u>	<u>1,617,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,274,696</u>	

Separate financial statements							
Fixed interest rates							
Within	Over		Floating	Non- interest	Total	Interest rate	
1 year	1-5 years	5 years	interest rate	bearing			
(Thousand Baht)						(% p.a.)	
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	20,002	244,905	264,907	0.5
<u>Financial liabilities</u>							
Banks overdraft and short-term							
loans from financial							
institutions	824,696	-	-	-	-	824,696	3.3 - 3.6
Short-term loans from							
related party	70,000	-	-	-	-	70,000	3.7
Debentures	500,000	500,000	-	-	-	1,000,000	5.0 - 5.4
Long-term loans	333,000	1,117,000	-	-	-	1,450,000	4.5
	<u>1,727,696</u>	<u>1,617,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,344,696</u>	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company has not entered into forward exchange contracts to hedge this risk.

The balances of financial liabilities denominated in foreign currencies as at 30 September 2007 are summarised below.

<u>Foreign currency</u>	<u>Financial liabilities</u>	<u>Average exchange rate as at 30 September 2007</u>
	(Dollar)	(Baht per dollar)
USD	31,720	34.60

20.2 Fair values of financial instruments

Since some of the Company's financial assets and liabilities are short-term in nature and loans bear interest at rates close to market rate or floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

21. RECLASSIFICATION

In addition to the change in accounting policy as mentioned in Note 1.6, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the prior period have been reclassified to conform to the current period's classification, but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

22. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been authorised for issue by the authorised director of the Company on 8 November 2007.