



Building for GROWTH
HomePro | Annual Report 2007



Home Product Center Public Company Limited

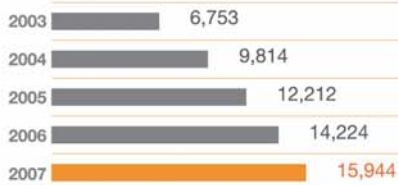
HomePro is the leading home improvement retailer in Thailand. Besides, HomePro is a Land and Houses Group of Company which is Thailand's leading property developer. Each of its stores provides a wide product range covering over 60,000 items and complete line of services including Delivery, Design and Installation, Special Order, Home Care and Hire Purchase. The company also offers Customer Satisfaction Guarantee which the customer can exchange or return the purchased merchandise within the warranty period.

In 2007, the company with over 4,000 employees operated 30 stores nationwide, generating revenue from sales of over Baht 15,900 million.

HomePro was listed on the Stock Exchange of Thailand with the symbol **HomePro**

For more information, please visit www.homepro.co.th

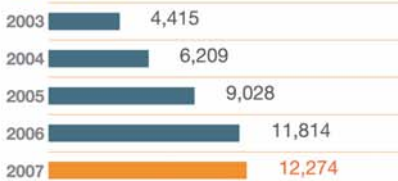
Sales (MB)



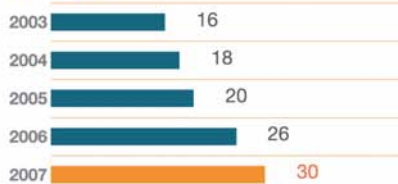
Net Profit (MB)



Total Asset (MB)



No. of Stores



+12%

2007 retail sales increased by 12% to 15,944 million baht.

+18%

NPAT up 18% to 710 million baht.

+460 MB

Total asset mainly rose from investment in property of 4 new stores.

4
New stores

New stores opened at Petchkasem, Chonburi, Ram-Indra and Rayong.

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Message from the Chairman

“In which the Company has prepared the plans and strategies in order to keep the growth rate of sales and profit to be higher, continuously.”

Dear Shareholders

During the past few years, every business sector faced with the situation that consumers lacked confidence which resulted in the decrease in purchasing power. This was a consequence of problems both inside and outside the country e.g., political uncertainty, prolonged unrest in the 3 provinces in the South, rising oil prices, and the slowdown in global economy, especially, in America. The Company has realized and set the policies and strategies which are suitable for handling with such situation, including the increase in the efficiency of its internal management to enhance the capability and advancement against competitors in respect of the products, the ongoing quest for business opportunity by the increasing of branches and the development of services, and the use of appropriate marketing strategy. These enabled HomePro to continually maintain its sales growth rate, in which during the last 9 years, HomePro has achieved compound annual growth rate of sales by more than 38%.

For the past year 2007, Thailand's economic growth was at 4.8% mainly driven by exports. The economic growth in the 4th quarter of year 2007 was high at 5.7%. These were resulted from the accelerating of fiscal budget disbursement, the decline in interest rate, and a gradual pickup in consumer confidence. However, by the use of marketing strategies and the continually increasing of branches and rental income have made the sales of the Company to grow in good criterion.

Given the goods signs during the end of year 2007, the Thai economy in 2008 is expected to expand by 4.5-5.5%, of which exports will be the main growth driver. However, there still are negative factors for which the Company needs to prepare itself to cope with the situation, which are the rising trend of oil price which leads to higher inflation rate and the slowdown in the world economy. The Company has prepared business plans and various strategies to make the growth rates of sales and profit to increase continuously.

To conduct business with good governance, during last year, the Nomination and Remuneration Committee was appointed by the Board of Directors. This is to determine criteria in seeking and nominating the Board of Director and Managing Director and also to ensure the fairness of remuneration for both Board of Directors and employees.

However, the achievement of the Company occurred from the contribution of employees, cooperation of all shareholders, and the support of business partners, including the trust and support of the consumers and every group of Company's customers.

Lastly, the Company would like to present our gratitude to all supporters of the Company's activities in every respect and do hope that the Company shall continually receive good cooperation and support. The Company takes it as a commitment that the Company shall operate and develop the business to its prosperity for the highest benefits of employees, the shareholders, business partners and customers of the Company.

A handwritten signature in black ink, appearing to read 'A. Asavabhokhin', with a long, sweeping underline.

(Mr. Anant Asavabhokhin)
Chairman



Message from the Managing Director

“The Company also increased an efficiency of internal management in order to strengthen its capacity and advantage over competitors.”

Dear Shareholders

In 2007, the business under the brand of Homepro, the center of home improvement, and full range of home decorative products was proceeded with stability, with the satisfactory performance. Sales volume was increased by 12.09% and net profit growth by 18.29%, which was the result from new branches opening, HomePro Expo, increase of sales proportion of in-house brand products, increase of revenues from space rental, and including revenues from advertising and sales promotions and other service fees.

For the expansion of new branches in 2007, the Company had increased 4 more branches; namely Chonburi, Petchakasem, Ekamai-Ramindra, and Rayong. The Company also has planned to increase new 4 more branches in 2008 mainly located in upcountry.

The HomePro Expo event was the highly successful marketing strategy and has still received the trust and good supports from business partners. Both events in March and October have achieved satisfactory sales volume and received high attraction from large customers groups.

Moreover, the Company has also increased its efficiency internally in order to strengthen capability and advantage over competitors, for the harmonization of product mix to be more responded to groups of customers, the increase of proportion of products of in-house brand, and higher direct imports. The HomeCare service has been opened providing inspecting and cleaning home appliances services, in order to make it more as full range of services. The Company also used the strategy of Customer Relation Management (CRM) in order to create highest satisfaction of customer to enhance brand loyalty, and presented products and sales promotions to meet more demands of target group.

The Company also proceeded with the increase of personnel efficiency by opening new training center, at Ekamai-Ramindra which was prompted with premises and modern teaching & learning media, in order to provide the personnel with readiness to gain knowledge and understanding of Company's business, elements of products and services, including to habitate excellent service mind.

The Company has also emphasized on the continuous returning of corporate benefit to society. In the past 2007, the Company operated the project of "Kid's toilet", by refurbishing and/or building safe and good sanitary toilets to the elementary schools. In the previous year, the Company performed the project in 7 provinces i.e., Chonburi, Rayong, Chiang Mai, Pitsanulok, Nakornratchasima, Khon Kaen, and Udonthani, totaling 25 schools with 256 total toilets, and will continue in 2008. The Company will further proceeding with the building of computer operating rooms to schools as well.

From such success, the Company would like to thank you to shareholders, customers, vendors and to all employees for their determination in hard working and do hope that the shareholders and business parties will continue giving us kind support to the Company.

A handwritten signature in black ink, consisting of a stylized 'U' shape at the top, followed by several sharp, downward-pointing strokes that form the letters of the name.

(Mr. Khunawut Thumpomkul)
Managing Director

Expansion Our Stores

Steady step to the 11th year

Stand firmly to be the Leader of home improvement retail business in Thailand

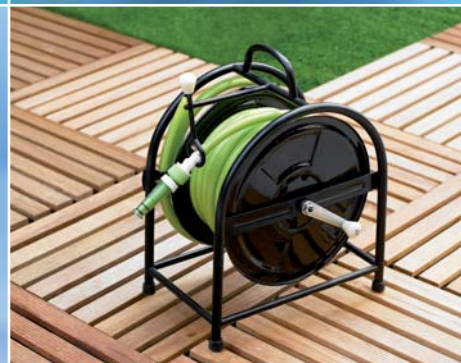
HomePro returns the favour to home lovers and stockholders by the fully efficient management strategy to fulfill the home lover's life with over 60,000 product items together with complete service to attain the highest customer satisfaction. Additionally, we had launched more 4 new branches, to be 30 branches in total as well as the Hua Hin Market Village Shopping Mall in Prachuab Khirikhan Province which was launched on 60,000 square meters area, composed of Hypermarket, rental shops and HomePro. These enhanced Home Product Center Public Company Limited to earn more net profit than last year. In year 2008, we have goal to continually increase 3-4 branches in upcountry as well.



"Her Royal Highness Princess Maha Chakri Sirindhorn graciously presided the grand opening ceremony of Phu Fah Royal shop at Hua Hin Market Village"



Only at HomePro



Only At HomePro

We aim to be the “ONE STOP SHOPPING” through the House Brand product expansion

To respond to the house lovers' needs. We have launched 8 brands of new products with specifically unique design only at **HomePro** which had been well recognized throughout the year 2007. • **Home Living Style**: bedding equipment • **Home Concept**: kitchen tools • **Furdini**: furniture • **Spring**: gardening equipments • **Homebase**: building and renovating equipment • **Elektra**: light bulb and electrical equipments • **Bathtime**: sanitary and lavatory equipment • **Purity**: purifier • The whole House Brand products launched by **HomePro** is one of our strategies which enabled **HomePro** to continually increase the market share and profit successfully last year.

HomePro EXPO

HomePro EXPO

To be the first household product exhibition centre of Thailand

HomePro spent the budget of more than 100 million Baht to establish the greatest completely household product exhibition centre. HomePro EXPO is the arousing velocity activity to encourage sales growth and return benefit to our customer with the special discount. HomePro EXPO is held twice a year and the latest one was the 6th HomePro EXPO in October 2007. HomePro has cooperated with more than 300 famous brand owners to introduce the innovation of all household products to satisfy the consumer needs. Totally, over 600,000 participants had visited throughout the fair.



HomePro Champion



HomePro Champion

Inspiration begins with opportunity

To respond to the growth of condominium business, [HomePro](#) has given an opportunity for students and families to participate in the living room decorate competition called "[HomePro Champion](#)". There are fifty teams enrolled in this competition with three participants in each team. The participants had to use quality products of [HomePro](#) and decoration concept of [Paradise in the City](#). All rounds were be broadcasted on TITV in "Feng Shui DD" show and the final round was held in [HomePro EXPO](#)

Training for Teamwork

Training Center The Heart of service

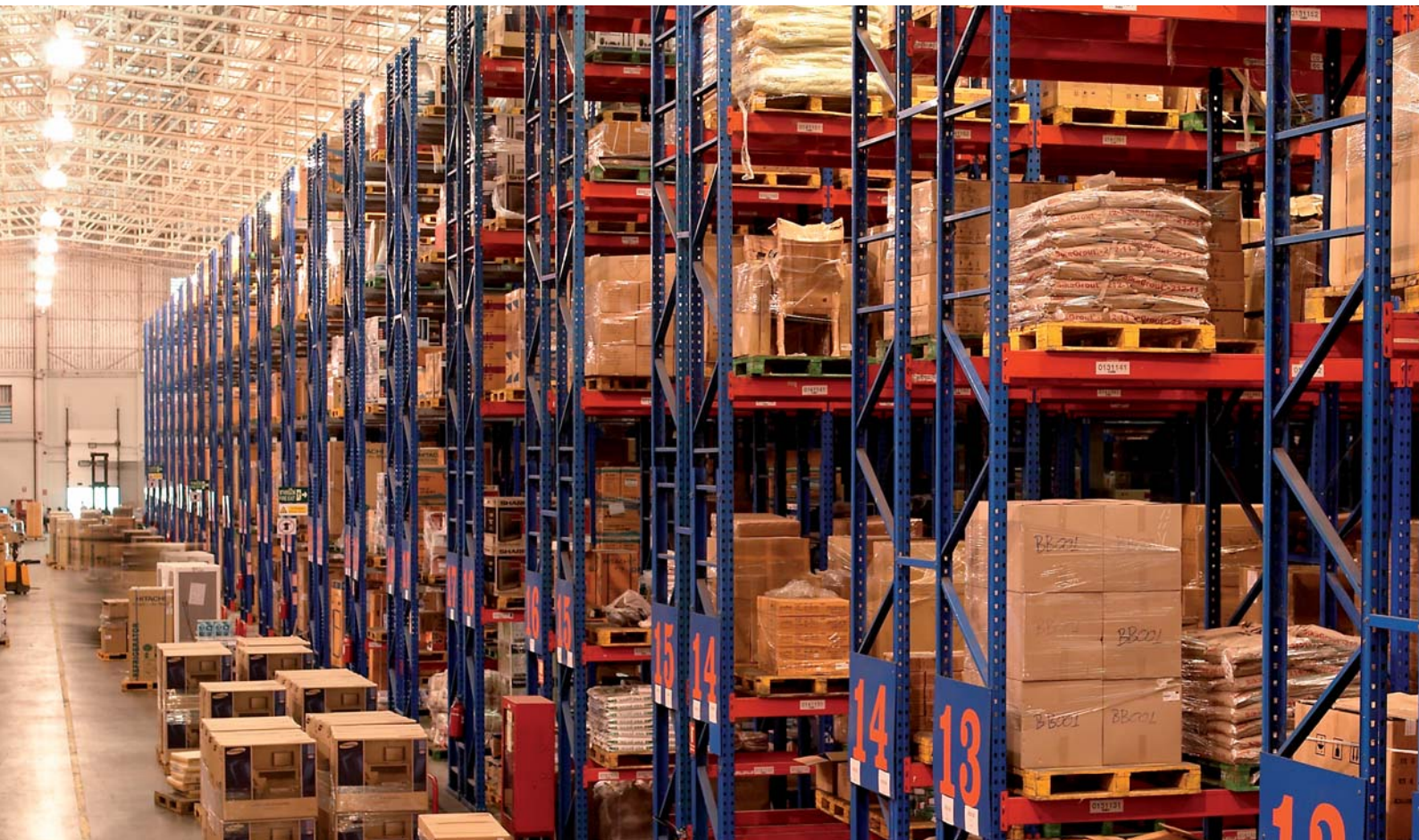
HomePro becomes aware of the quality of our staff; therefore, the Heart of Service Training Centre is the significant step to develop our organization to maintain the leading position in the household product business. The skill development training and the large knowledge centre is able to provide training for at least 500 staff per time, in order to develop our staffs in all levels to provide quality and complete to customers. The training includes; performance standard, stewardship, management, attitude and teamwork which will help them to work effectively bringing about customer satisfaction. In the long run, the training center is for the preparation for branch extension. Not only for developing the performance of our staff, but it is also for providing practical training service for the customer to be more knowledgeable about house decoration and basic equipment repair technique to be done by themselves (DIY workshop).



DC - Distribution Center

The large distribution center

To empower the efficiency of product distribution, [HomePro](#) has established the new distribution center with 40,000 square meters of containing area on the land of HomePro's proprietary right in Wang Noi district, Ayudthaya province. This center is built to support the continuous expansion of the branches nationwide in the future and also to establish more accurate and effective inventory management system as well.



Our Customer Value

HomeCare

To be Number one

HomePro has developed the excellent after-sale service strategies to respond to the customer needs. Fourteen after-sale services have been created to guarantee our care upon the customer and to stimulate continual sale growth. Our staffs provide the homecare services which are the cleaning services of refrigerator, electric shower, dryer, gas stove, water purifier and air conditioner and etc. Consequently, more and more customers choose **HomePro** products and services because they are impressed with wholehearted services and the high quality products.



HomeCard

HomePro has prepared for economic situation in year 2008 by the policy to concentrate on maintaining the existing customers and returning favor to them for their continual support by offering the privilege and the special discount by the card call "**HomeCard**". The long relationship between **HomePro** and the customers will be maintained by mean of this strategy. **HomeCard by HomePro** is the main marketing strategy focusing on the relationship with the customers who purchase our products continually. Also, it's the strategy to establish brand loyalty and arouse the frequency of expenditure in order to increase HomePro market share. It is the significant step to develop the system for customer accessibility. All databases from **HomeCard** will be used for the customer behavior analysis to create the marketing activities for our customer particularly.

Our Community



Kid's Toilet Project

To return benefit to the society from the heart of HomePro

We provide the chance of the better quality of life through the Kid's toilet project. "I am really appreciated and would like to thank [HomePro](#) for building the toilet for our school." This is a little feedback with the happiness from the little children in the local school. To return benefit to the society and provide the better quality of life for the children in the primary school which still lacks standard and hygienic toilets, 256 toilets had been built by [HomePro](#) within the budget of 10.5 million Baht. Local schools of Bureau of Education located in the province which HomePro have one of 30 branches had been chosen. Furthermore, we have a goal to achieve 800 toilets within Kid's toilet project in year 2010.



General Information

Home Product Center Public Company Limited was established on June 27, 1995 with the initial registered capital of Baht 150 million, being a joint venture between Land and Houses Group, American International Assurance Co., Ltd. and the Sarasin family. The Company has been listed on the Stock Exchange of Thailand since October 30, 2001.

The Company was established with an objective to operate a retail business in home improvement segment by selling goods and providing complete range of services relating to construction, addition, renovation of buildings, houses, and residence places under the trade name of "HomePro" which is the Company's trademark. Rangsit branch is the first branch of the Company operating in September 1996. As of 31 December 2007, the Company has 30 branches in total, of which 17 branches are located in Bangkok and its vicinity and another 13 branches in upcountry provinces, which the location creates convenient access to customers. There were 4 newly opened branches in 2007, i.e. Petchkasem, Ram-Indra, Choburi, and Rayong.

Information of Home Product Center Public Company Limited

Location	96/27 Moo 9 Tambon Bangkhen, Amphoe Muang, Nonthaburi 11000
Telephone	66(0) 2832-1000
Facsimile	66(0) 2832-1400
Website	www.homepro.co.th
Type of Business	sale of goods and provision of complete services relating to construction, addition, refurbishment, renovation of houses and residence places
Company's Registration No.	Bor Mor Jor. 665
Registered Capital	1,988,546,860 Shares
Paid-up Capital	1,924,920,422 Shares

Information of company in which Home Product Center Plc. holds shares from 10 percent up

Name	Market Village Co., Ltd
Location	234/1 Petchkasem Road, Tambon Hua Hin, Amphoe Hua Hin, Prachaub Kirikhan Province 77110
Telephone	66(0) 3261-8888
Facsimile	66(0) 3261-8800
Type of Business	management of leasing space together with provision of facilities services
Number of Issued Shares :	50,000 ordinary shares at par value of Baht 100
Number of Shares Held by Home Product Center Plc.	49,993 shares

Branches Information

1. Rangsit	161/2 Moo 2, Phaholyothin Road, Prachathipat, Thunyaburi, Pathumthanee 12130 Telephone 02-958-5699 Facsimile 02-958-5688
2. Rattanathibet	6/1 Moo 6, Tambon Saothonghin, Amphoe Bangyai, Nonthaburi 11140 Telephone 02-921-2400 Facsimile 02-921-2422
3. Fashion Island	587, 589 Ramindra Road, Khannayao, Bangkok 10230 Telephone 02-947-6365 Facsimile 02-947-6366
4. Future Mart	295 Rama 3 Road, Bangkholeam, Bangkholeam, Bangkok 10120 Telephone 02-689-0844 Facsimile 02-689-0834
5. Seri Center	61 Srinakarin Road, Nongbon, Praves, Bangkok 10260 Telephone 02-746-0377 Facsimile 02-746-0387
6. The Mall Bangkae	275 Moo 1, Petchkasem Road, North Bangkae, Bangkae, Bangkok 10160 Telephone 02-454-9299 Facsimile 02-454-9287
7. The Mall Korat	1242/2 Mittraphap Road, Tambon Nai Muang, Amphoe Muang, Nakhon Ratchasima 30000 Ratchasima Telephone 044-28-8345 Facsimile 044-28-8344
8. Ratchadaphisek	125 Ratchadaphisek Road, Dindang, Dindang, Bangkok 10320 Telephone 02-641-2900 Facsimile 02-641-2899
9. Ploenchit	55 Wireless Road, Lumpenee, Pathumwan, Bangkok 10320 Telephone 02-655-3400 Facsimile 02-655-3401
10. Phuket	104 Moo 5 Tambon Rasada, Amphoe Muang, Phuket 83000 Telephone 076-25-5189 Facsimile 076-25-5188
11. Chiangmai	94 Moo 4, Chiang mai-Lampang Road, Tambon Nong Pa Kruang, Amphoe Muang, Chiangmai 50000 Telephone 053-85-1229 Facsimile 053-85-1230
12. Ramkhamhaeng	647/19 Ramkhamhaeng (Sukhaphibal 3) Road, Huamark, Bangkapi, Bangkok 10240 Telephone 02-735-4999 Facsimile 02-735-5912
13. Rama II	45/581 Moo.6, Samaedam, Bangkhunthien, Bangkok 10150 Telephone 02-895-6555 Facsimile 02-895-6554
14. Prachachuen	96/27 Moo.9, Tambon Bangkhen, Amphoe Muang, Nonthaburi 11000 Telephone 02-955-5888 Facsimile 02-955-5886
15. Latphrao	669 Latphrao Road, Chompol, Chatuchak, Bangkok 10900 Telephone 02-983-7444 Facsimile 02-983-7445

Branches Information

16. Pattaya	333 Moo 9, Tambon Nongprue, Amphoe Banglamung, Chonburi 20260 Telephone 038-36-0422 Facsimile 038-36-0438
17. Chaengwatthana	113 Moo 5, Tambon Pakkret, Amphoe Pakkret, Nonthaburi 11120 Telephone 02-962-6955 Facsimile 02-962-6959
18. Had Yai	677 Petchkasem Road, Tambon Had Yai, Amphoe Had Yai, Songkhla 90110 Telephone 074-46-9055 Facsimile 074-46-9056
19. Ratchapruk	82— Moo 2, —Tambon Bang Khun Kong, Amphoe Bang Krui, Nonthaburi 11130 Telephone 02-423-3222 Facsimile 02-423-3223
20. Suvarnabhumi (Bangna)	99/28 Moo 1, Tambon Rachatawa, Amphoe Bangplee, Samutprakarn 10540 Telephone 02-325-1200 Facsimile 02-325-1224
21. Hua Hin	234/1 Petchkasem Road, Tambon Hua-Hin, Amphoe Hua-Hin, Prachuabkhirikhan 77110 Telephone 032-52-6000 Facsimile 032-52-6001
22. Samui	1/7 Moo 6, Tambon Bophut, Amphoe Kho Samui, Suratthani 84320 Telephone 077-23-1900 Facsimile 077-23-1901
23. Phitsanulok	959 Moo 10, Tambon Aranyik, Amphoe Muang, Phitsanulok 65000 Telephone 055-28-9009 Facsimile 055-28-9013
24. Khonkaen	177/98 Moo 17, Tambon Naimuang, Amphoe Muang, Khon Kaen 40000 Telephone 043-36-5365 Facsimile 043-36-5365
25. Udonthani	89/20 Moo 9, Soi Bannonglek, Tambon Markkang, Amphoe Muang, Udonthani 41000 Telephone 042-30-9000 Facsimile 042-30-9001
26. Suratthani	9/1 Moo 3, Tambon Makham Tia, Amphoe Muang, Suratthani 84000 Telephone 077-48-9199 Facsimile 077-48-9198
27. Petchkasem	28 Moo 11, Nongkhangplu, Nong Kham, Bangkok 10160 Telephone 02-444-4699 Facsimile 02-444-4667
28. Chonburi	15/16 Moo 3, Tambon Huykapi,—Amphoe Muang Chonburi, Chonburi—20000 Telephone 038-78-5111 Facsimile 038-78-5112
29. Ekamai-Ramindra	14/12 Moo 8, Latphrao, Latphrao, Bangkok 10310 Telephone 02-933-5000 Facsimile 02-933-5001
30. Rayong	560 Sukhumvit Road, Tambon Noenphra, Amphoe Muang, Rayong 21000 Telephone 038-80-9333 Facsimile 038-80-9334

Information of reference persons

Auditor

Name Ernst & Young Office Limited
Location 33rd Floor, Lake Rajada Office Complex,
193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone 66(0) 2264-0777, 66(0) 2661-9190
Facsimile 66(0) 2264-0789-90, 66(0) 2661-9192

Financial Advisor

Name Thai Military Bank Public Company Limited
Location 3000 Phahon Yothin Road, Khet Chatuchak, Bangkok 10900
Telephone 66(0) 2299-2592
Facsimile 66(0) 2299-2568

Legal Counsel

Name Wissen & Co Ltd.
Location Level 8, Suite 3801, BB Building,
54 Sukhumvit 21 (Asoke), Kwaeng Klongtoeynua, Khet Wattana, Bangkok 10110
Telephone 66(0) 2259-2627
Facsimile 66(0) 2259-2630

Share Registrar

Name Thailand Securities Depository Co., Ltd.
Location 4th, 6-7th floor Stock Exchange of Thailand Building,
62 Ratchadaphisek Road, Kwaeng Klongtoey, Bangkok 10110
Telephone 66(0) 2229-2800
Facsimile 66(0) 2359-1262-3

Representative of Debenture Holder

Name Siam Commercial Bank Public Company Limited
Location 9 Ratchadapisek Road, Kwaeng Jatuchak, Khet Jatuchak, Bangkok 10900
Telephone 66(0) 2544-3942-8
Facsimile 66(0) 2937-7750

Financial Information

(Unit: Million Baht)

Item	Consolidated Financial Statement			Separate Financial Statement		
	2007	2006	2005	2007	2006	2005
Total Assets*	12,274.28	11,813.90	8,883.47	12,225.94	11,763.88	8,994.76
Total Liabilities*	7,950.81	7,975.46	6,356.23	7,908.43	7,925.81	6,465.98
Equity	4,323.48	3,838.44	2,527.24	4,317.50	3,838.06	2,528.78
Revenue from sales	15,943.28	14,223.72	12,211.79	15,943.90	14,224.33	12,211.79
Total Revenues	17,015.21	15,103.81	2,622.42	16,934.30	15,010.35	12,622.40
Net profit (Loss)	710.38	600.55	504.80	704.78	598.63	506.34
Earning per share (Baht)	0.37	0.58	0.58	0.37	0.58	0.59
Dividend per share (Baht)	-	0.12	0.20	-	0.12	0.20
Paid – up Capital (Million Shares)	1,924.92	1,919.82	947.31	1,924.92	1,919.82	947.31

Notes: - Total Assets and Total Liabilities as of December 31, 2005 show the value after deducting consignment inventory and accounts payable at Baht 144.57 Million each, same as accounting policy in year 2005 and 2006.
 - By the resolution of Board of Directors meeting No. 2/2008 on February 12, 2008 which resolved to propose to the shareholders meeting approval the year 2007 dividend payment at Baht 0.18 per share to the shareholders.

Financial Ratio

Item	Consolidated Financial Statement			Separate Financial Statement		
	2007	2006	2005	2007	2006	2005
Liquidity Ratio						
Liquidity ratio	0.56	0.81	0.66	0.55	0.80	0.65
Profitability Ratio						
Gross Profit (%)	22.96	22.84	21.59	22.97	22.84	21.59
Profit from Operation (%)	7.20	7.12	6.30	7.17	7.11	6.31
Net Profit (%)	4.17	3.98	4.00	4.16	3.99	4.01
Return on equity (%)	17.41	18.87	24.40	17.28	18.80	24.47
Operation Efficiency Ratio						
Return on assets (%)	5.90	5.80	6.69	5.88	5.81	6.72
Financial Analysis Ratio						
Debts to Equity ratio (time)	1.84	2.08	2.52	1.83	2.07	2.50
Interest coverage ratio (times)	12.36	8.95	22.73	12.19	8.68	22.33

Nature of Business

Nature of Business of Home Product Center Public Company Limited and Subsidiary

The Company was established with objective to operate a retail business in home improvement segment by selling goods and providing complete range of services relating to construction, addition, refurbishment, renovation, improvement of buildings, houses, and residence places as One Stop Shopping Home Center under the trade name of “HomePro” which is the Company’s trademark. Presently, the Company has the nature of business as follows;

1. Selling goods relating th houses and residence places, by having 3 groups
 - Hard Line 1 e.g. group of construction material, home improvement accessories, bathroom and sanitary ware.
 - Hard Line 2 e.g. group of kitchenware, electrical appliances, electrical equipment and lighting.
 - Soft Line e.g. group of bedding and household decorative goods.
2. Providing relevant services, beginning from giving advice and information being useful to make a decision to purchase goods, customer is capable to choose the goods and best fits the purpose of using. Moreover, the Company has also arranged types of services to facilitate customer. i.e goods delivery, installation and repairing, finding the contractor and expertise team, cleaning the home appliance and sanitation utensil (Home Care), designing service for planning to decorate or improve parts of the house with computer, computer colour mixing, goods ordering for specific case, changing or returning of goods, demonstrate D.I.Y (Do It Yourself) and Workshop, etc.

Nature of Business of Subsidiary

Market Village Co., Ltd. (“Market Village”) was incorporated, on May 26, 2005, located at 234/1 Petchkasem Road, Tambon Hua-Hin, Amphoe Hua-Hin, Prachaubkirkhan Province, in which Home Product Center Plc. holds 99.99% of total shares. Presently, its registered capital is Baht 5 million. Market Village was formed with objectives to manage rental space for Home Product Center Plc., and to provide utilities services to tenants. It commenced operation on the project “Hua-Hin Market Village” which is located at Petchkasem Road, Amphoe Hua-Hin, Prachaubkirkhan. This has been opened in the first quarter of 2006.

Business Goal

The Company has the goal to become a leader in retail business in home improvement market for the goods of construction, decoration, and refurbishment of houses and residence places together with the provision of complete services as One Stop Shopping to attain highest customer satisfaction.

At present, the Company has more than 60,000 items of products. In addition, it has established a Training Center to develop the personnel at all levels so that they will have knowledge and ability to provide good services to customers. In order to achieve the goal, the Company has attempted to reduce the operating expenses and enhance service quality and has developed the information technology system relating to the retail business to be updated and efficient. It has established a Distribution Center as distribution center of goods to enhance the efficiency of logistic system. Moreover, it causes the whole system of the inventory management process more efficient. This Distribution Center was formerly located at Amphoe Klongluang, Pathumthani Province and later, in September 2004, moved to Amphoe Wangnoi, Pranakornsri Ayuddhaya Province where the land is owned by the Company. And, in July 2006, the Company has expanded the Distribution Center which creates larger space in order to support the increase in number of branches in the future.

Revenue Structure

The Company's revenue structure can be shown as follows:

Unit: Million Baht

Products	2007		2006		2005	
	Amount	%	Amount	%	Amount	%
1. Revenue from retailing						
• Hard Line 1 ¹	6,792.3	39.9	6,157.7	40.8	5,198.7	41.2
• Hard Line 2 ²	6,395.8	37.6	5,523.0	36.6	4,604.0	36.5
• Soft Line ³	2,502.5	14.7	2,152.9	14.3	1,731.7	13.7
2. Revenue from project sales ⁴	252.7	1.5	390.1	2.6	677.4	5.4
Total revenues from sales	15,943.3	93.7	14,223.7	94.2	12,211.8	96.8
3. Other income ⁵	1,071.9	6.3	880.1	5.8	410.6	3.2
Total	17,015.2	100.0	15,103.8	100.0	12,622.4	100.0

Remarks

1. Hard Line1 is group of construction material, home improvement accessories, bathroom and sanitary ware.
2. Hard Line2 is group of kitchenware, electrical appliances, electrical equipment and lighting.
3. Soft Line3 is group of bedding and household decorative goods.
4. Revenue from project sales⁴ is from the purchase of project owners which cannot be categorized per product lines.
5. Other income⁵ is revenue from rental of space, in-store promotion fee etc.

Supply of Products

The Company acquired products by:

1. Make to order (OEM) The Company ordered manufacturing of Private Brand and House Brand products from domestic manufacturer, initially selected from certified Good Manufacturing Practice, good reputation, good service providing, and types of hamonized operating. The Company also visited the factory and checking products in order to ensure the overall quality.
2. Purchase order The Company made the purchase order of products categorized by products lines and groups of goods from the manufacturer or agent both domestic and overseas, mainly emphasized on quality and variety of products.

Presently, the Company seeks for products from more than 800 manufacturers and sale agents, who were always in good cooperation and provide support, in terms of advertisement, public relation, joint sales promotion, joint planning of sales strategies, support and joining the new opening branches.

Market and Competitive Condition

Currently, the Company is the leader in the retail business of goods relating to housing together with the provision in full range of complete services. As for competitors, the Company has classified other operators who sell goods in similar nature as follows:

1. Operators of Home Center, e.g. HomeWorks, which is the retail business of goods relating to housing. However, the Company is of the opinion that this business still has plenty potential and marketing opportunities and that the increase of this business operator will increasingly and rapidly encourage the consumers to know and change their behavior to buy goods more from the Modern Trade as Home Center.
2. Operators of Specialty Store, such as retail businesses who focus on selling specific goods as follows:
 - Ceramic shops, sanitary ware shops, and kitchen ware
 - Furniture shops and home decoration
 - Retail shops that selling construction material
 - Specialty shops
3. Operators of large retail business in the group of Hypermarket, these businesses mainly focus on selling of consumable goods, not goods directly relating to houses.

Risk Factors

The Company separately explains the risk factors which may affect to the operation of business as follows:

1. Business Risk

In the past years, Thailand has been constantly affected by both internal and external factors, e.g. political change, terrorist in three border provinces in the South, oil price and fluctuation of currency exchange, and the decrease in consumer's confidence as evident by reduced spending of private sector. These all have effects to almost every business sector, including retail business. However, the Company has realized on the situations and has constantly planned to find measures and strategies for the prevention of such risk which may occur so that it can operate its business and reach the planned target.

1.1 Inventory

As at December 31, 2007, 2006 and 2005 the Company had net inventory of Baht 2,547.57 million, Baht 2,495.68 million and Baht 2,176.68 million respectively where the average inventory turnover period were 74 days, 77 days and 82 days. The decreasing of inventory turnover period reflects the success in using of marketing strategy and developing the efficiency in management of Company's inventory.

However, the Company has been continually trying to increase the turnover rate of inventory whether by developing service quality of sales personnel, continual sales promotion, improving of space management and internal product display at the store, increasing new products to store regularly, including reducing of volume storing level. In 2006, the Company has expanded the space of the Distribution Center. As at December 2007, the total space is 40,000 square meters in order to support the increase of number of branches in the future and to manage the goods more efficiently.

1.2 Investment

As at December 31, 2007 the Company has operated 30 branches in total, new 4 branches opened in year 2007 i.e. PetchaKasem, Chonburi, Ram-Indra, and Rayong. For the investment plan in 2008, the Company is planning to open 3-4 new branches in upcountry provinces.

As the Company has policy to establish more branches continuously, there might be risk in the operation result of the new branches that might not perform as planned. Such would affect the overall operation result. The Company avoids the risks by analyzing the returns on investment before making investment decision every time and preparing strategies plan and annual budget. When the new branch is opened, there shall be a follow up on the operation result and progress every month which will help the Company to be able to set up a plan in time for handling with the risk which may occur.

1.3 Operation

The Company has the risk of loss or damage of property due to the operation of the sale personnel, and has set up the work unit to handle with such risk, that is Loss Prevention Unit, which is responsible for laying preventive and safety system against various risks of the Company including the risk that the employees may suffer from the operation.

1.4 Accounts Receivable

The Company offers products and services related to houses and residential place by dividing customers into two groups. The first group is retail customers which mostly are from cash sales. The second group is contractors and project owners which are from credit sales.

Most of the Company's revenues are from cash sales. In 2007, the Company's cash sales ratio was 98.4 percent of total sales. For 2006 and 2005 the Company's cash sales ratio was approximately 97.3 and 94.5 percent of total sales, respectively. For the credit sales, the Company will consider only in case of project owners who have reliable financial status which the Company has analyzed their financial statements or in case of

contractors who have supplied the bank guarantees as security against debt payment. As of December 31, 2007, 2006 and 2005, balances of accounts receivable were Baht 164.37, and 162.09 and 168.79 million, being credit card customers of Baht 48.13, 37.73, and 32.24 million respectively. The Company has established allowance for doubtful bad debts of Baht 20.79, 25.24 and 23.10 million, respectively, which the managements have already estimated the repayment period and financial status of each debtor. The Company is of the opinion that the allowance for doubtful bad debts is set sufficiently and appropriately.

2. Risk from competition

The Company operates a retail business relating to houses and residential places where there are both direct and indirect competitors, such as retailing shops, department stores, specialty stores, and general small retail shops. The Company has differentiated itself by focusing on distribution of variety of products and provision of complete range of services for construction, repairing, decoration, and addition. Also, the Company provides team of experts for several kinds of system work such as electrical system, plumbing, and relating installation, etc.

Besides, the Company has been concentrated on strengthening efficiency of internal management to support capability and advantages against competitors both locally and internationally in the future.

3. Risk from Changes in Relevant Laws

There have been changes in laws relating to the Company's business operation. That is the amendment to the law on city zoning of Bangkok which has been implemented on May 16, 2006. It is aimed at developing Bangkok and supporting the future expansion. Such amendment of city zoning is slightly changed from the previous one and the Company has no effect from the restriction since the investment of the Company has already covered most of Bangkok area, and the area in which the Company will invest to increase branches does not fall into the restriction of the new city zoning. If there will be change in city zoning in the future which will be an obstacle to the increase of branches, the Company, on other hand, is of the opinion that such is business opportunity due to the restriction of expansion of business of the competitors.

In 2006, the Trade Competition Commission has announced the guideline on consideration of trade practice between the wholesales/retail business operators and manufactor/supplier under the Trade Competition Act B.E. 2542. There are 8 considerations in the guideline as follows:

1. Unfair fixed pricing
2. Unfair calling for economic benefits
3. Unfair returning of goods
4. Unfair use of consignment contract
5. Coercion to purchase or to pay for service fee
6. Unfair use of the manufacturer/supplier's employee
7. Rejection of special goods order or made for private brand or house brand
8. Other unfair practices

Such guideline causes effect to all modern trade retail operators. However, the Company has amended some clauses which may fall within the guideline in the contract with the parties by clearly and thoroughly stating the obligations between the parties in order to prevent the conflict between the guideline and traditional trade practice which having with the trade parties.

Regarding the Retail and Wholesale Business Act, the draft Retail and Wholesale Business Act has not yet passed the consideration process by the National Legislative Assembly which such has no certainty to force. If such Act would pass the consideration process and come into effect the Company, it may be an advantage as it is the limitation of business expanding of the newcomer business, remaining only competition with the same competitors under the same laws.

Shareholding Structure

List of top ten shareholders at the date of closing of shareholders register book, March 15th, 2007, consist of:

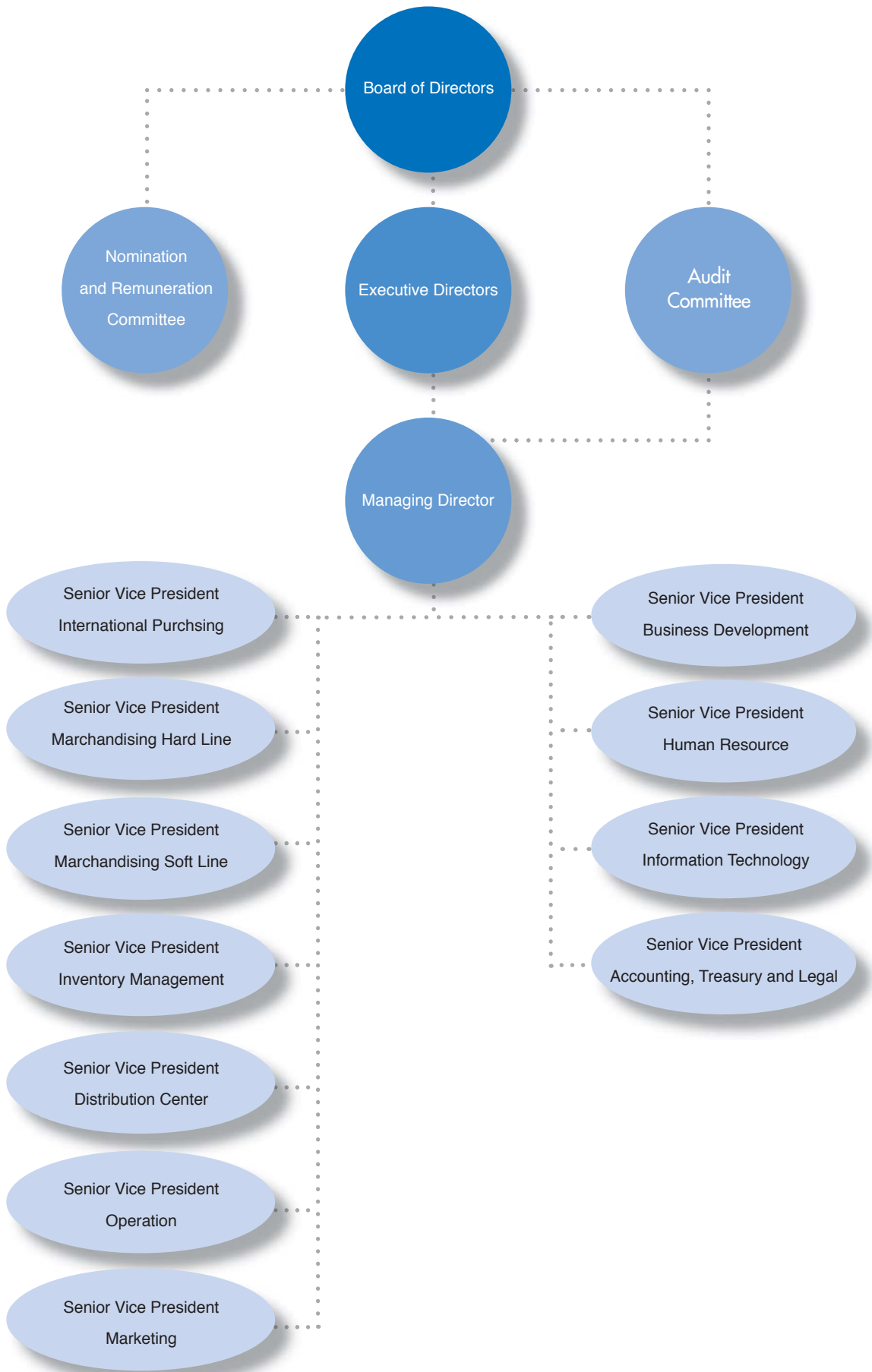
No.	Name of natural person / Juristic Person	No. of Shares	% of total Paid-up shares
1.	Land and Houses Public Company Limited	552,023,445	28.75
2.	Quality Houses Public Company Limited	401,940,074	20.93
3.	Thai NVDR Company Limited	116,599,243	6.07
4.	American International Assurance Company Limited	97,842,182	5.10
5.	Mr. Niti Osatanukraw	90,956,150	4.74
6.	Goldman Sachs International	66,794,700	3.48
7.	Mr. Manit Udomkunnatum	60,619,372	3.16
8.	Chase Nominees Limited	60,181,552	3.13
9.	HSBC (Singapore) Nominees PTE Limited	50,626,608	2.64
10.	UBS AG Singapore, Branch - PB Securities Client Custody	25,567,240	1.33
11.	Others	397,173,820	20.68

Directors who are the representative of major shareholders

These following directors are the representative of major shareholders which hold shares of the Company at more than 20%

Name - Surname	Representative of Shareholders	Position
1. Mr. Anant Asavabhokhin	Land and Houses Plc.	Chairman
2. Mr. Rutt Phanijphand	Quality Houses Plc.	Director
3. Mr. Joopool Meesook	Quality Houses Plc.	Director
4. Mrs. Suwanna Buddhaprasart	Quality Houses Plc.	Director
5. Mr. Naporn Soonthornchitcharoen	Land and Houses Plc.	Director

Organization Chart



Management

The directorship structure of the Company consists of 4 sets, Board of Directors, Executive Directors, Audit Committee and Nomination and Remuneration Committee.

1. Board of Directors

As of December 31st, 2007, the Board of Directors consists of 12 persons:

Name – Surname	Position
1. Mr. Anant Asavabhokhin	Chairman
2. Mr. Pong Sarasin	Director
3. Mr. Rutt Phaniijphand	Director
4. Mr. Joompol Meesook	Director
5. Mr. Apichat Natasilapa	Director
6. Mrs. Suwanna Buddhaprasart	Director
7. Mr. Manit Udomkunnatum	Director
8. Mr. Naporn Soonthornchitcharoen	Director
9. Mr. Khunawut Thumpomkul	Director
10. Mr. Apilas Osatanon	Independent Director
11. Mr. Thaveevat Tatiyamaneekul	Independent Director
12. Mr. Chanin Roonsumran	Independent Director

Note : the Board of Directors' secretary is Ms. Wannee Junthamongkol.

Directors who are authorized to sign on behalf of the Company

- | | |
|--------------------------------|------------------------------------|
| 1. Mr. Anant Asavabhokhin | 5. Mr. Manit Udomkunnatum |
| 2. Mr. Joompol Meesook | 6. Mr. Naporn Soonthornchitcharoen |
| 3. Mr. Ahichat Natasilapa | 7. Mr. Khunawut Thumpomkul |
| 4. Mrs. Suwanna Bhuddhaprasart | |

Provided that any two of seven directors sign their names together with affixation of the Company's seal.

Powers and Responsibilities of the Board of Directors

As of December 31st, 2007, the Directors of Company have 12 persons which consist of 3 independent directors, 4 directors who are executive and 5 directors who are non-executive. The powers and responsibilities of the Board of Directors are as follows:

- To manage the Company, in compliance with the Company's objectives and Articles of Association and the lawful resolutions of shareholders' meeting, and has power to perform any act specified in Memorandum of Association.

2. The Board has power to appoint directors as the Executive Directors in a number as determined by the Board, comprising of Chief Executive Director, Deputy Chief Executive Directors, who will perform any tasks designated by the Board of Directors.
3. The Board may appoint any person(s) to operate the Company's businesses under the supervision of the Board or empower the said person(s) to have power as deemed suitable by the Board. At the time deemed appropriate by the Board, the Board may revoke, cancel, or change the said power.
4. The Board must hold a meeting at least once every 3 months.
5. The directors must not operate the business of the same nature as and being in competitive with the Company's business or be a partner of the ordinary partnership, or be a partner with unlimited liabilities of the limited partnership or be a director of a private company or other companies of the same nature as and being in competition with the Company's business, whether for his/her benefits or other person(s) benefits unless it is notified to the shareholders' meeting prior to the resolution for his/her appointment.
6. The director must immediately inform the Company if he/she has direct or indirect stake in any contract or even holds shares or debentures in the Company and its affiliates.
7. The director, who has interest in any issue, shall have no right to vote on that issue.
8. Investment propositions concerning store expansion or high value non-routine investments except for the following issues must be approved by shareholders first:
 - The issue that the law requires to have a resolution of the shareholders' meeting.
 - The related transaction being worth more than 3% of the latest financial statements' net tangible assets.
 - The acquisition or disposition of core assets with value more than 50% of the latest financial statements' assets.
9. In the event of tie votes, the Chairman of the Board will have a casting vote.

2. Executive Directors

The Company has appointed 4 executive directors comprising of:

Name - Surname	Position
1. Mr. Manit Udomkunnatum	Chairman of the Executive Director
2. Mr. Naporn Soonthornchitcharoen	Executive Director
3. Mr. Khunawut Thumpomkul	Executive Director
4. Mr. Rutt Phaniijphand	Executive Director

Remarks : Mr. Rutt Phaniijphand has been appointed as the Executive Director by the resolution of the Board of Directors No. 6/2550, on June 21, 2007.

Powers and Responsibilities of the Executive Directors

1. To consider and screen the issue required primary decision marking prior to be proposed for the Board of Directors' approval.
2. To consider investment, branches expansion, annual budget allocation and propose the strategies plan to the Board of Directors.

3. Audit Committee

As of December 31st, 2007, the Audit Committee consists of:

Name - Surname	Position
1. Mr. Apilas Osatanon	Chairman of the Audit Committee
2. Mr. Thaveevat Tatiyamaneeekul	Audit Committee
3. Mr. Chanin Roonsumran	Audit Committee

Powers and Responsibilities of the Audit Committee

The scope of powers and responsibilities of the Audit Committee is as follows:

1. Review accuracy and sufficient disclosure and trustworthiness of the Company's financial statement.
2. Review appropriateness and efficiency of the Company's internal control and audit.
3. Review compliance in operation of businesses by the Company according to the Securities and Stock Exchange Act, rules and regulations of the Stock Exchange of Thailand and other laws relating to the Company's businesses.
4. Review the Company's risk on management system.
5. Consider, recruit, appoint and determine the fee of the Company's auditor.
6. Consult and determine audit scope and audit plan of the internal auditor and external auditor in order to relatively facilitate each other.
7. Cooperate for common understanding among Audit Committee, administrative department, internal audit department and auditor.
8. Approve the appointment, transfer, and removal, including reviewing performance of the Chief of the Internal Audit office of the Company.
9. Consider and approve rules and regulations of the Internal Audit office.
10. Review and consider with the internal auditor's the audit results, notice and suggestion.
11. Review and consider with the external auditor's the financial statements, notice and suggestion.
12. Consider disclosure of the Company's information in case there is connected transaction or conflicts of interest transaction in an accurate and complete basis.
13. Prepare the Audit Committee's supervision report by showing in Company's annual report, which is signed by Chairman of the Audit Committee.
14. Conduct any duties required by laws or designated by the Board in the scope of Audit Committee's responsibilities.
15. Review and amend rules and regulations of the Audit Committee annually to be up to date and to reflect the organization's environment.
16. Assure for independences of the internal and external auditor.

4. Nomination and Remuneration Committee

According to the resolution of Board of Directors No. 3/2550, Meeting on March 29, 2007, resolved to appoint the Nomination and Remuneration Committee, as follows

The Nomination and Remuneration Committee consists of:

Name - Surname	Position
1. Mr. Rutt Phanijsaphand	Chairman of the Nomination and Remuneration Committee
2. Mr. Chanin Roonsumran	Nomination and Remuneration Committee
3. Mr. Apichat Natasilapa	Nomination and Remuneration Committee

Note : the Nomination and Remuneration Committee's secretary is Mr. Tinakorn Phromphol.

Power and Responsibilities of the Nomination and Remuneration Committee consist of:

1. Select persons who deserve to be nominated as the new Directors, or select of Managing Director.
2. Determine the procedures and regulations on selection of Directors or Managing Director in order to be transparent.
3. Set up the procedures and criteria of paying which have been fair and proper remuneration and other benefits to the Board of Directors and Sub-Committee appointed by the Board of Directors, and then propose to the Shareholders meeting for approval.
4. Consider and guide on determining remuneration and other benefits concerning duty and responsibility of the Managing Director including consider the criteria and evaluation of operation in order to determine annual remuneration from the operation.
5. Review the structure of criteria of remuneration on items 3 and 4 to fit with duty, responsibility, operation result of the Company, and harmonized with market condition.
6. Consider salary budget, annual merit increase and annual reward, welfare, including other benefits of personnel of the Company and its subsidiary.
7. Prepare operation report presenting to the Board of Directors at least once a year. Set up policy of overall Employee Stock Option Plan as proposed by the Managing Director.
8. Perform other duties as assigned by the Board of Directors.

Selection of Directors

The Company appointed the Nomination and Remuneration Committee to determine selection of appropriate person to be nominated as the Director or Managing Director, by considering persons who have knowledge, capability and experience as required by the Company, and must not have the prohibited qualification under the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations., upon approval, the Nomination and Remuneration Committee will propose to the Shareholders Meeting in order to be adopted for the appointing as the Directors of the Company.

Criteria of vote to appoint the Company's Director in the Shareholders Meeting:

1. Each Shareholder has the vote equivalent to one vote per one share held.
2. Each Shareholder shall use all of his/her voting rights under item 1 to elect one person or more persons as the Director, but is not capable to share his/her varied voting rights to any person.
3. A person, who receives highest votes gradually order would be elected as director subject to the number of Directors allowed to be elected in such meeting. In the event of persons who have been elected in the lower order have received equal votes but there will be over the number of allowed or elected Directors in such election, the Chairman of such Meeting shall have a casting vote.

The number of attendance by the Director Meeting

During year 2007, the Company had the Board of Directors meeting 12 times totally and the Sub-Committee Meeting namely Meeting of the Executive Directors for 7 times, Meeting of the Audit Committee for 12 times, and the Meeting of the Nomination and Remuneration Committee for 6 times, attending details were as follows:

Name - Surname	No. of attendances / No. of Meeting			
	Board of Directors	Executive Directors	Audit Committee	Nomination and Remuneration Committee
1. Mr. Anant Asavabhokhin	12 / 12			
2. Mr. Pong Sarasin	9 / 12			
3. Mr. Rutt Phanijphand*	2 / 12	4 / 4		6 / 6
4. Mr. Joompol Meesook	12 / 12			
5. Mr. Apichat Natasilapa	8 / 12			6 / 6
6. Mrs. Suwanna Buddhaprasart	10 / 12			
7. Mr. Manit Udomkunnatum	10 / 12	6 / 7		
8. Mr. Naporn Soonthornchitcharoen	9 / 12	4 / 7		
9. Mr. Khunawut Thumpomkul	12 / 12	7 / 7		
10. Mr. Apilas Osatanon	11 / 12		12 / 12	
11. Mr. Thaveevat Tatiyamaneekul	10 / 12		9 / 12	
12. Mr. Chanin Roonsumran	12 / 12		12 / 12	6 / 6

Remarks :* Mr.Rutt Phanijphand has been appointed as the Executive Director by the resolution of Board of Directors, No. 6/2007 held on June 21, 2007 who attended all of the Executive Directors Meeting after being appointed.

Management

List of management, as of December 31st, 2007, consists of:

Name - Surname	Position	Department
1. Mr. Khunawut Thumpomkul	Managing Director	
2. Mr. Vathunyu Visuthikosol	Senior Vice President	Business Development
3. Mr. Anuchar Jitjaturunt	Senior Vice President	Merchandising Hard Line Products
4. Ms. Jarusopha Thumkathikanon	Senior Vice President	Merchandising Soft Line Products
5. Ms. Tharathip Trimankhong	Senior Vice President	International Purchasing
6. Mr. Weerapun Ungsumalee	Senior Vice President	Operation
7. Mr. Tinakorn Phromphol	Senior Vice President	Human Resource
8. Ms. Jariya Sorathorn ²	Senior Vice President	Inventory Management
9. Mr. Nat Jarlitchana	Senior Vice President	Marketing
10. Mr. Chaiyuth Karunyasopon ¹	Senior Vice President	Distribution Center
11. Mr. Hanchai Laowpanitchakorn ³	Senior Vice President	Information Technology
12. Ms. Wannee Jungthamongkol	Senior Vice President	Accounting, Treasury and Legal

- Remarks:
1. Mr. Chaiyuth Karunyasopon was appointed as the Senior Vice President- Distribution Center on July 1, 2007.
 2. Ms. Rissana Silkanon, the Senior Vice President – Inventory Management, resigned from the Company effective on October 1, 2007, and on September 16, 2007 Ms Jariya Sorathorn was appointed to replace her.
 3. Mr. Hanchai Laowpanitchakorn was appointed as the Senior Vice President – Information Technology on December 1, 2007.

Board, Committee and Management Remuneration

The Annual General Meeting of Shareholders for the Year 2007 has approved to pay the Board of Directors and Sub-Committee annual meeting allowances not exceeding Baht 10 million and annual pension not exceeding Baht 2.3 million. In 2007 the Company made the payments as per the following details:

Name – Surname	Meeting Allowances				Compensation	Total (Baht)
	Board of Director	Executive Director	Audit Committee	Nomination and Remuneration Committee		
1. Mr. Anant Asavabhokhin	965,000	-	-	-	184,000	1,149,000
2. Mr. Pong Sarasin	445,000	-	-	-	115,000	560,000
3. Mr. Rutt Phanijphand	495,000	45,000	-	75,000	115,000	730,000
4. Mr. Joompol Meesook	460,000	-	-	-	115,000	575,000
5. Mr. Apichat Natasilapa ¹	430,000	-	-	45,000	115,000	590,000
6. Mrs. Suwanna Buddhaprasart	445,000	-	-	-	115,000	560,000
7. Mr. Manit Udomkunnatum	2,000,000	75,000	-	-	920,000	2,995,000
8. Mr. Naporn Soonthornchitcharoen	495,000	30,000	-	-	115,000	640,000
9. Mr. Khunawut Thumpomkul ²	250,000	45,000	-	-	-	295,000
10. Mr. Apilas Osatanon	635,000	-	125,000	-	184,000	944,000
11. Mr. Thaveevat Tatiyamaneekul	585,000	-	60,000	-	161,000	806,000
12. Mr. Chanin Roonsumran	600,000	-	75,000	45,000	161,000	881,000
Total	7,805,000	195,000	260,000	165,000	2,300,000	10,725,000

Remarks : 1. Mr. Apichat Natasilapa, an authorized person of the American International Assurance Company Limited, received remuneration in the name the American International Assurance Company Limited.

2. Mr. Khunawut Thumpomkul, holding the position of Director and Managing Director, received compensation as the meeting allowance and Director's premium. However, salary and bonus were included in the remuneration of the Management.

The remuneration of the 12 people in the Management in year 2007 was salary, bonus and, other remunerations totally Baht 41.45 million. Moreover, the Management of the Company also receives remuneration in the form of the Company's Warrant to purchase ordinary shares of the Company.

BOARD OF DIRECTORS INFORMATION AS OF DECEMBER 31, 2007

Name - Surname	Age	Education	Proportional of share in Company %	Family relationship with the management	Experience in 5 years		Company Name	Type of Business
					During	Position		
Mr. Anant Asavabhokhin Chairman	57	- M.B.A. Thammasat University - M.S. Industrial Engineering, Illinois Institute of Technology, USA - Bachelor of Civil Engineering Chulalongkorn University - Director Certification Program (DCP) 2004	0.16	-	1995 - Present	Chairman	Home Product Center Plc.	Retail Home Improvement
					2005 - Present	Chairman	Land and House Bank Retail Plc.	Financial institution
					2004 - Present	Chairman	Q-Con Eastern Co., Ltd.	Construction Supplies
					1984 - Present	Chairman	Quality Construction Products Plc.	Construction Supplies
							Bangkok Chain Hospital Plc.	Hospital
							Land and Houses Plc.	Property Development
Mr. Pong Sarasin Director	80	- Ph.D. (Hon.) Business Administration Chulalongkorn University	0.22	-	1983 - Present	Director	Quality Houses Plc.	Property Development
					1995 - Present	Director	Home Product Center Plc.	Retail Home Improvement
					2000 - Present	Chairman	Thai Pure Drinks Co., Ltd.	Carbonated soft drink
					1996 - Present	Chairman	Shangri-La Hotel Plc.	Hotel
						Director	Tararom Enterprise Plc.	Property development
					1994 - Present	Director	Quality Construction Products Plc.	Construction Supplies
							Rojana Industrial Park Plc.	Property development
							Sammakorn Plc.	Property development
1990 - Present	Director	Crown seal Plc.	Crown cap manufacturing					
	Director	Asian Property Development Plc.	Property development					

Name - Surname	Age	Education	Proportional of share in Company %	Family relationship with the management	Experience in 5 years		Company Name	Type of Business
					During	Position		
Mr. Rutt Phanijsand Director Executive Director and Chairman of the Nomination and Remuneration Committee	60	- M.S. in Business Ad., Fort Hays Kansas State College, Hays, Kansas, USA. - Bachelor Degree of Science Kasetsart University - Thai Institute of Directors Association Director Accreditation Program (DAP) 2003 - Thai Institute of Directors Association Director Certification Program (DCP) 2005	-	-	2001 - Present	Director Executive Director and Chairman of the Nomination and Remuneration Committee	Home Product Center Plc.	Retail Home Improvement
					2006 - Present	Director	IRPC Plc.	Petrochemical
					2005 - Present	Director	Land and House Bank Retail Plc.	Financial institution
						Director	Banpu Plc.	Energy
					2001 - Present	Director and CEO	Quality Houses Plc.	Property Development
						Director	Q.H. International Co., Ltd. (BVI)	Overseas propret development
					2005	Director	Tippaya Insurance Plc.	Insurance
						Director	Registered Companies Association	Association
					2003 - 2005	Director	Krung Thai Bank Plc.	Financial institution
					1995 - Present	Director	Home Product Center Plc.	Retail home center
Mr. Joopool Meesook Director	58	- MBA Thammasat University - BS.ARCH, F.E.U., Philippines - BS.CE., F.E.U., Philippines - Thai Institute of Directors Association Director Accreditation Program (DAP) 2004	0.03	-	2004 - Present	Director	Q-Con Eastern Co., Ltd	Construction Supplies
					2002 - Present	Director	Centre Point Management Co., Ltd	Building management
					1997 - Present	Director	Q.H. International Co., Ltd (BVI)	Overseas property development
						Director	Harbourview Co., Ltd	Hotel in overseas
					1994 - Present	Director	Quality Construction Products Plc.	Construction Supplies
						Director	Casa Co., Ltd.	Property development
					1992 - Present	Director	Q.H Management Co., Ltd	Property development
					1988 - Present	Director	Quality House Plc.	Property development
					2001 - Present	Director and Chairman of the Nomination and Remuneration Committee	Home Product Center Plc.	Retail Home Improvement
					1999 - Present	Director	AIGGIC (Thailand) Ltd.	Investment consultant
Mr. Apichat Natasilpa Director and Chairman of the Nomination and Remuneration Committee	50	- MBA, University of Southern California - Thai Institute of Directors Association Director Accreditation Program (DAP) 2004	-	-				

Name - Surname	Age	Education	Proportional of share in Company %	Family relationship with the management	Experience in 5 years		Company Name	Type of Business					
					During	Position							
Mrs. Suwanna Buddhaprasart Director	52	- MBA Chulalongkorn University - Thai Institute of Directors Association Director Accreditation Program (DAP) 2004	-	-	2003 - Present	Director	Home Product Center Plc.	Retail Home Improvement					
					2005 - Present	Director	Land and House Retail Bank Plc.	Financial institution					
					2000 - Present	Director	Q.H Management Co., Ltd	Overseas Property Development					
						Director	Centre Point Management Co., Ltd	Building Management					
						Director	Q.H. International Co., Ltd	Property Development					
						Director	Quality House Plc.	Property Development					
Mr. Manit Udomkunnatum Director and Executive Director	62	- Secondary - Thai Institute of Directors Association Director Accreditation Program (DAP) 2004	3.15	-	2000 - Present	Director and Executive	Home Product Center Plc.	Retail Home Improvement					
					2003 - Present	Director	Kasetsart University	Government entity					
					2002 - Present	Director	RPL Co, Ltd	Holding					
						Director	Forest Industry Organization	State enterprise					
					2001 - Present	Director	Thai Plywood Co., Ltd	State enterprise					
						Director	Phuket Resort Club Co., Ltd	Hotel					
						Director	USI Holding Co., Ltd	Holding					
						Director	Fashion People Co., Ltd	Clothing					
						Director	Active Nation Co., Ltd	Sport Products Distributor					
					2000 - Present	1979 - 2003				Director	Thananonee Co., Ltd	Holding	
										Director	Rangsit Plaza Co., Ltd	Department Store	
					Mr. Naporn Soonthornchitcharoen Director and Executive Director	49	- MBA Thammasart University - Bachelor of Civil Engineering Chiangmai University - Thai Institute of Directors Association Director Certification Program (DCP) 2005 - Thai Institute of Directors Association Director Accreditation Program (DAP) 2004	-	-	1995 - Present	Director and Executive Director	Home Product Center Plc.	Retail Home Improvement
										2005 - Present	Director	Land and House Bank Retail Plc.	Financial institution
2002 - Present	Director	Land and House Plc.	Property development										
1995 - 2004	Director	Assets Plus Securities Plc.	Mutual fund										
1994 - Present	Director	Quality Construction Products Plc.	Construction supplies										
1994 - Present	Director	Bangkok Chain Hospital Plc.	Hospital										

Name - Surname	Age	Education	Proportional of share in Company %	Family relationship with the management	Experience in 5 years		Company Name	Type of Business
					During	Position		
Mr. Khunawut Thumpomkul Director, Executive Director and Managing Director	50	- MBA National Institute of Development Administration	1.32	-	1995 - Present	Director, Executive Director and Managing Director	Home Product Center Plc.	Retail Home Improvement
		- Thai Institute of Directors Association Director Certification Program (DCP) 2001						
Mr. Apilas Osatanon Independent Director and Chairman of the Audit Committee	73	- Ph.D. In Agricultural Technology	-	-	2001 - Present	Independent Director and Chairman of the Audit Committee	Home Product Center Plc.	Retail Home Improvement
		- Thai Institute of Directors Association Director Accreditation Program (DAP) 2004						
Mr. Thaveevat Tatiyamaeekul Independent Director and Audit Committee	62	- Primary	-	-	2001 - Present	Independent Director and Audit Committee	Home Product Center Plc.	Retail Home Improvement
		- Thai Institute of Directors Association Director Accreditation Program (DAP) 2004						
Mr. Chanin Roonsumran Independent Director, Audit Committee and Nomination and Remuneration Committee	60	- MBA, Fort Hays State University Kansas, USA.	-	-	2005 - Present	Independent Director, Audit Committee and Nomination and Remuneration Committee	Home Product Center Plc.	Retail Home Improvement
		- Thai Institute of Directors Association Director Certification Program (DCP) 2002						
		- Thai Institute of Directors Association The Role of Chairman (RCM) 2002			2002 - Present	Chairman	SICCO Securities Plc.	Securities
						Director	SICCO Advisor Co., Ltd.	Financial advisor
					2004 - Present	Director	Thai Reinsurance Plc.	Insurance
					2003 - Present	Director	The Siam Commercial Samaggi Insurance Plc.	Insurance
					1996 - Present	Director	The Siam Industrial Credit Plc.	Financial institution

MANAGEMENT INFORMATION AS OF DECEMBER 31, 2007

Name - Surname	Age	Education	Proportional of share in Company % the management	Family relationship with	Experience in 5 years		Company Name	Type of Business
					During	Position		
Mr. Vathuny Visuthikoso	43	- MBA, Georgia State University, USA.	0.05	-	2002 - Present	Senior Vice President	Home Product Center Plc.	Home Improvement Retail
Mr. Anuchar Jitaturant	44	- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University	0.11	-	2002 - Present	Vice President - Store Development	Home Product Center Plc.	Home Improvement Retail
Ms. Jarosopha Thumkathikanon	48	- Bachelor of Faculty of Economics, The University of The Thai Chamber of Commerce	0.02	-	2003 - Present	Senior Vice President	Home Product Center Plc.	Home Improvement Retail
Ms. Tharathip Trimankhong	47	- Junior High School	0.22	-	2000 - Present	Commercial Senior Manager	Home Product Center Plc. Siam makro Plc.	Consumer Goods Wholesale
Mr. Weerapun Ungsumalee	45	- Master of Engineering, Asian Institute of Technology	0.00	-	Jun - Dec 1999	Senior Vice President	Home Product Center Plc.	Home Improvement Retail
Mr. Tinakorn Prompol	52	- Bachelor of Faculty of Economics, Ramkhamhaeng University	0.01	-	Sep 2005 - Present	Rangsit Branch Manager	Home Product Center Plc.	Home Improvement Retail
Ms. Jariya Sorathorn	49	- Master's Degree Program in Social Work, Thammasat University	0.05	-	2001 - Sep 2005	Senior Vice President	Home Product Center Plc.	Computer Consulting
Mr. Nat Jarfitchana	47	- MBA, Kasetsart University	0.04	-	2004 - Present	Director	Solution Delivery	Home Improvement Retail
Mr. Chaiyuth Karunyasopon	49	- Bachelor of Faculty of Finance, Ramkhamhaeng University	-	-	2001 - 2003	Senior Vice President	Home Product Center Plc.	Consumer Goods Wholesale
Mr. Hanchai Laowanitchakorn	43	- Bachelor of Faculty of Commerce and Accountancy, Chulalongkorn University	-	-	Sep 2007 - Present	Senior Manager	Home Product Center Plc.	Home Improvement Retail
Ms. Wannee Juntamongkol	43	- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University	0.01	-	2005 - 2007	Senior Vice President	Home Product Center Plc.	Home Improvement Retail
					2002 - 2005	Vice President - The Power	Home Product Center Plc.	Home Improvement Retail
					2006 - Present	Vice President - Operation	Home Product Center Plc.	Home Improvement Retail
					1999 - 2005	Senior Vice President	Home Product Center Plc.	Home Improvement Retail
					Jul 2007 - Present	Vice President - Marketing	Home Product Center Plc.	Home Improvement Retail
					2006 - Jun 2007	Senior Vice President	Home Product Center Plc.	Logistics Services
					2005	GM - Contract Logistics	DHL Exel Supply Chain Thailand	Logistics Services
					2002 - 2004	GM - Contract Logistics	Excel Logistics (Far-East) Ltd.	Logistics Services
					2007 - Present	Operation & IT Director	David's Distribution (Thailand) Ltd.	Home Improvement Retail
					2006 - 2007	Senior Vice President	Home Product Center Plc.	Consumer Goods Wholesale
					2005	SAP Manager	DKSH (Thailand) Co.,Ltd.	Commercial Bank
					2004 - 2005	Project Manager (IT)	Standard Chartered Bank	Computer Software Consulting
					2002 - 2004	SAP Consultant & Trainer	-	Computer Software
					Mar 2005 - Present	Service Manager	Microsoft (Thailand) Ltd.	Home Improvement Retail
					2004 - Mar 2005	Senior Vice President	Home Product Center Plc.	Stainless Steel Producer
					1999 - 2003	Associate Director - Finance	Thainox Stainless Plc.	Consumer Products

Associate Director - Finance
Colgate - Palmolive (Thailand) Co.,Ltd.

Detail of Directors and Management who are Authorized to Control Subsidiary

Name - Surname	Home Product Center Plc.	Market Village Co., Ltd. (Subsidiary)
1. Mr. Anant Asavabhokhin	Chairman of the Board of Directors	-
2. Mr. Pong Sarasin	Director	-
3. Mr. Rutt Phanijphand	Director, Executive Director and Chairman of the Nomination and Remuneration Committee	-
4. Mr. Joopol Meesook	Director	-
5. Mr. Apichat Natasilpa	Director and Nomination and Remuneration Committee	-
6. Mrs. Suwanna Buddhaprasart	Director	-
7. Mr. Manit Udomkunnatum	Director and Chairman of the Executive Directors	-
8. Mr. Naporn Soonthornchitcharoen	Director and Executive Director	-
9. Mr. Khunawut Thumpomkul	Director, Executive Director and Managing Director	Chairman of the Board of Directors
10. Mr. Apilas Osatanon	Independent Director and Chairman of Audit Committee	-
11. Mr. Thaveevat Tatiyamaneekul	Independent Director and Audit Committee	-
12. Mr. Chanin Roonsumran	Independent Director Audit Committee and Nomination and Remuneration Committee	-
13. Mr. Vathunyu Visuthikosol	Senior Vice President	Director
14. Mr. Anuchar Jitjaturunt	Senior Vice President	-
15. Ms. Jarusopha Thumkathikanon	Senior Vice President	-
16. Ms. Tharathip Trimankhong	Senior Vice President	-
17. Mr. Weerapun Ungsumalee	Senior Vice President	-
18. Mr. Tinakorn Phromphol	Senior Vice President	Director
19. Ms. Jariya Sorathorn	Senior Vice President	-
20. Mr. Nat Jarlitchana	Senior Vice President	-
21. Mr. Chaiyuth Karunyasopon	Senior Vice President	-
22. Mr. Hanchai Laowpanitchakorn	Senior Vice President	-
23. Ms. Wannee Juntamongkol	Senior Vice President	Director

Dividend Policy

According to the Meeting of the Board of Directors of the Company, No. 2/2551 on February 12, 2008, the Dividend Policy had been resolved and changed as follows:

Previous Policy – Paying dividend to the shareholders not more than 50% of net profit for each year.

Changed to – Paying dividend to shareholders not less than 40% of net profit for each year.

However, the consideration for dividend payment will take various factors into account such as result of operation and financial status of the Company, liquidity, expansion of business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

Dividend payment record during the year 2004-2006 is as follows:

Dividend Paid	2004	2005	2006
Baht per share	0.18	0.20	0.12

Remarks : The Company increased its registered capital from Baht 977,343,641 to Baht 1,938,146,860, as resolved by an Extraordinary Shareholders Meeting No. 1/2549 on October 31, 2006.

Corporate Governance

The Board of Directors of Home Product Center Public Company Limited aware of the importance of good corporate governance and believes that it is the crucial factor that will bring about efficiency, effectiveness, and sustainable growth in that future and that is fair to all stakeholders. Therefore, the Company has determined following corporate governance policies.

1. Rights of Shareholders

The Board of Directors aware the importance of the rights of shareholders and will not do anything that will violate or distort the rights of shareholders. Moreover, the Company will facilitate the shareholders to exercise those rights. Therefore, the Company has determined operation guidelines that will ensure that the basic shareholders' rights are protected, as follows:

- The Board of Directors has a policy to facilitate the shareholders to participate in the shareholders meeting by distributing the invitation along with information and related documents to the shareholders at least 7 days prior to the meeting or as prescribed by the law. The documents will be presented in both Thai and English. Each agenda will be commented by the Board of Directors. There will also be Company's regulations regarding shareholders' meeting and the voting method. In the incident that the shareholders cannot participate, the Company will also assign independent directors to act as proxies to vote on behalf of the shareholders in the shareholders' meeting.
- Prior to the meeting commencement, the Company will clarify the shareholders of their rights according to the Company's regulations, meeting practices, voting method, and right to express comments or to raise questions regarding the agendas. The chairman, directors and directors of subcommittee that responsible for specific issues will participate to give information and clarify the questions that have been raised regarding the meeting agenda. In all, the chairman of the meeting will allocate appropriate time for every session and will encourage shareholders to express comments and raise questions with equitable treatment.

- After the meeting, the Company will notify the Stock Exchange of Thailand (SET) or within the timeframe specified by the SET. In all, the Company will distribute the meeting minutes to the SET within 14 days after the meeting. The meeting minutes will indicate details regarding the meeting such as participating directors, votes in each agenda, and important questions and comments raised during the meeting, etc. The Company will also post the minutes on the Company's website.

2. Equitable Treatment of Shareholders

The Company, being aware of the importance, ensures that the every shareholder, whether executive shareholders, non-executive shareholders, and foreign shareholders should receive equitable and fair treatment.

The Company provides the channels for the minority shareholders to propose meeting agenda or nominate director candidate prior to the shareholders' meeting. The Company has notified shareholders of the criteria for the Company to consider the agenda in the Company's corporate website www.homepro.co.th.

The Company has proposed the independent directors in the proxy form that enables the shareholders to indicate their intention to vote. This practice is carried out to ensure that the shareholders can express their intention on their free will.

The Company has measures to prevent the usage of insider's information, which are indicated in the Ethics Manual and Code of Conduct that has been distributed to the Company's employees. The Company will also warn the managements not to trade the Company's shares at least 1 month prior to the release of financial statement through the SET according to the Securities and Securities Exchange Act B.E. 2535. Company's directors and management must report stock holding when joining the Company and must report to the Office of Securities Exchange Commission and the Company within 3 days for any trading transaction of the Company's shares.

3. Roles of Stakeholders

The Company respects the rights of stakeholders and, therefore, determines the guidelines in the Company's ethics to ensure that the legal rights of any stakeholders, whether shareholders, employees, managements, customers, trade partners, public and community. Moreover, the Company promotes cooperation among stakeholder groups to ensure business sustainability with fair benefits for all parties to create long-term success.

The shareholders and stakeholders could contact/complain about any issues concerning the Company through the Company's website. The contact channel can be classified as follow:

- Contact with directors is used when the stakeholders wish to notify or communicate about the Company's operation. The information will be sent directly to the Managing Director, who will collect and, later, present the issues to the Company's Board of Directors.
- Contact with the audit committee is used when the stakeholders wish to complain about legal or ethical violation, suspiciousness about accounting fraud, and internal control, etc. The information will be sent directly to the Company's internal audit, which will compile, and later, present the issues to the Company's Audit Committee.

Moreover, the Company also has policy to promote socially-responsible activities. The Company has established school's computer lab project to provide opportunity for the children to learn new things and provide them access to internet. The Company also establishes "School kid's Toilet" project by joining with trade partners to construct or renovate toilet that clinically clean in the rural school as well as to educate them how to use toilet properly. The company intends to carry out both projects in every province where the company has store branch.

4. Disclosure and Transparency

The Board of Directors gives importance to the information disclosure to make sure that the disclosure is complete, transparent, timely and equitably distributed to all investors and stakeholders. The information disclosure includes both financial statements and other information that potentially affect the Company's share price, which will be disclosed through the Stock Exchange of Thailand and the Company's website.

Financial information disclosure, particularly the financial statement must be reviewed / certified by the independent auditor whether the disclosed financial statements are correct in line with the generally accepted accounting principles. The financial statements must then be approved by the audit committee / the Board of Directors prior to the disclosure to the shareholders. Moreover, the Board of Directors has prepared the report for the financial statement as shown in the annual report, starting from the annual report for the year 2007 onward.

Any information that has been disclosed to the public, shareholders, and investors, will be posted in the Company's website in both Thai and English. The information includes annual report, press release, public relation news, etc.

Moreover, the Company has provided the investor relation unit to communicate with external parties such as shareholders, institutional investors, general investors, analysts, and related government agencies in equitable manners. The interest parties can communicate through the Company's website www.homepro.co.th or via email to ir@homepro.co.th or Investor Relation office contacting persons: Ms. Wannee Juntamongkol or Mr. Rakpong Aroonwatdhana at telephone number 02-832-1401.

The Company has disclosed roles and responsibilities of the Board of Directors and sub-committees, record of each director's participation in the Board meeting under "Item 9 Management" according to the information report of form 56-1.

5. Board Responsibilities

The Board of Directors participated in determining the Company's policy, goal, business plan and budget as well as ensuring that the management has operated according to the plan within the stated budget with efficiency and effectiveness.

The Company's board of directors shall consist of 12 persons, including:

- 4 executive directors
- 5 non-executive directors
- 3 independent directors and audit committees

The Company has issued guideline concerning ethics of board of directors, managements and employees to ensure that the relevant personnel comply with the Company's mission with integrity and continuity. The guideline also indicates terms of punishment as well.

The Chairman, the Chairman of Executive Directors, and Managing Director are not the same person. There are clear division of responsibility between supervision and management role to ensure the balance of power and transparent in business operation.

The non-operational transaction will be considered by the Board of Directors with independent directors participating in the meeting as well.

The Board of Directors and executive board will meet every month or more as necessary. The meeting will be scheduled in advance through the entire year. The meeting invitation and agenda will be sent to every director at least 7 days prior to the meeting to give reasonable time for directors to consider in advance.

The Company has appointed the audit committee to verify the information correctness, adequate information disclosure, reliability of the financial statement, corporate governance and internal audit process. The details are indicated in "Item 9 Management" in the section Responsibilities of Audit Committee.

The Company has the Nomination and Remuneration Committee to determine method and criteria to select directors and determine fair and reasonable remuneration or benefits. The committee will propose the plan to the shareholders' meeting for approval.

The Company has clearly determined the responsibilities of each level of personnel. The internal audit is responsible for inspecting operation of each division if it complies with Company's guideline and criteria. The internal audit reports directly to the audit committee.

When the Company appoints the new director, the Company will provide information and orientation about the Company's operation to enhance new director's understanding about the Company business.

Internal Control

On February 12, 2008, the Board of Directors, Audit Committee and management evaluated the Company's internal control system. The evaluation was done on the following five criteria:

1. Organization and Environment

The Company has clear organization structure and has written scope of power and responsibility of each department. The policy, operative regulation, and Code of Conduct may be adjusted from time to time in order to be suitable for changed event by considering the laws and regulations including the effect thereof that may be incurred by interested person, which such will not only help creating fair result to all parties, but also preventing the fraud that may occur as well

The Board concluded that the internal control system was sufficient and efficient for the organization and the environment.

2. Risk Management

The management jointly considers and analyzes both external and internal risk factors, by holding meeting every 2 weeks. The management will track the circumstance which being reason of risk factors closely, including to inform relevant personnel and regularly perform pursuant to the risk management measure as stipulated.

The Board concluded that the Company had consistently assessed, analyzed, monitored and protected the Company from risk.

3. Control Management Operation

The Company clearly determined in writing the scope of power, duties and approvable limit amount of each level of management and absolutely segregated duties and responsibilities in respect of approval, accounting recording and information technology and supervision and safeguard of property in order for the reason of cross-checking of each other. In the event that the Company enters the transaction with major shareholder, director, or management, the decision was made without the person having interest in said transaction, and was considered as if such were the transaction made with third party.

The Board concluded that the Company clearly and efficiently determined scope of power and duties of management and also the Company has already had a sufficient internal control system in the matters of transactions with the major shareholders, directors, the management or persons associated with the said persons.

4. Information Technology and Communication System

For the submission of matters to be considered by the Board of Directors, the Company delivered the invitation with information and details of agenda in the meeting including the summary of information to the Board of Directors to consider at least 7 days prior to the meeting date. The Company made the minutes of Directors meeting having reasonable details for the shareholders to examine the suitability of the performance of the Directors.

As for accounting handling, the Company has selected the policy according to the generally accepted accounting principle for its account and kept documents of any record appropriately by hiring external company which has good management system to control.

The Board concluded that the Company has had an appropriate information system that can provide useful, reliable and sufficient information for the directors, management and shareholders to make decisions.

5.Tracking System

The Board of Directors had the meeting every month to acknowledge the result of operation and gave advice in operation. For the operation plan and budget, the Company causes such to be made and reviewed every half year.

As for the event of internal audit, the Company required that the internal auditor reports the result of audit directly to the Board of Directors or the Audit Committee in order for the auditor to independently perform the duties and to report the result of audit honestly.

The Board concluded that the Company has had the sufficient tracking system on operation for the planned and target the internal control system, which the Company has an audit control unit for internal audit and reporting back to the audit committee on a regular basis.

Apart form this, the Company's auditor, Mrs. Nonglak Pumnoi, the auditor with certified license no. 4172 of Ernst & Young Office Co., Ltd, as the auditor of the Company for the year end on December 31, 2007 has given her comment on the assessment of the efficiency of the internal control of the Company's accounting that no significant weak points were found in the internal audit system on the accounting.

Supervision of inside information usage

The Company has policy and means to supervise the management in using inside information for personal benefit as follows:

- Give knowledge to the management members of the departments on their duties that the management member must report on holding the Company's securities and punishment provisions under the Securities and Stock Exchange Act B.E. 2535 and the rules of the Stock Exchange of Thailand.
- The Company will have the management report the change of securities holding to the Securities and Stock Exchange Commission Office under Section 59 of the Securities and Stock Exchange Commission Act B.E. 2535 and submit the said report to the Company on the same day as the day of submission to the Office of Securities and Stock Exchange Commission.
- The Company will circulate a letter informing the management that the management who has received inside information affecting the change in the securities value must stop selling and buying the Company's securities during one month prior to the financial statement or inside information is disclosed to the public and must not reveal the substantial information to other people.

Should there be violation of the afore-mentioned provision; the Company shall proceed with the disciplinary action as suitable as the case may be.

Human Resources

Number of Employees	31 Dec 2007	31 Dec 2006	31 Dec 2005
Head Office (persons)	1,174	1,041	838
Branches (persons) *	2,838	2,756	2,174
Total (persons)	4,012	3,797	3,012
Number of Branches	30	26	20

Remarks : Numbers of employee at the branches as of December 31, 2007 included some employees at the 2 opening branches in 2008.

Related Transactions

On December 31, 2007, the Company had a total of 4,012 permanent employees with related expenses of Baht 1,011.34 Million.

The Company has encouraged and supported employees to develop in all respects, i.e. product knowledge, operative standard, rendering services, management, including attitude and team work for employees to have knowledge, skill, good attitude toward the organization and for efficiently operation which will attain the highest satisfaction of customers.

Related Transactions

In 2007, The Company and its subsidiary had related transactions (associated by shares holding or having joint shareholders and/or directors), being in line with trade conditions and rules as agreed by the Company and such Companies, according to ordinary course of business, which such can be summarized as follows:

Item	Ending year as of December 31	
	2007	2006
Sale of goods	11,995	55,454
Interest income	270	3,224
Purchase of goods	1,423	5,473
Rental and service expenses	16,747	18,465

As of December 31, 2007 and 2006, the Company had outstanding balance with the related transaction, which can be summarized as follows:

Name of Company / Nature of relationship	Transaction	Amount (Thousand Baht)		Audit Committee and Management's opinion
		31 Dec 07	31 Dec 06	
1. Land and Houses Plc. and subsidiary <ul style="list-style-type: none"> • Being a major shareholder of the Company by holding 28.75% of total paid-up capital, as of March 15, 2007. • With 2 co-directors <ol style="list-style-type: none"> 1. Mr. Anant Asavabhokhin 2. Mr. Naporn Soonthornchitcharoen 	Accounts Receivable	1,708	3,452	Such value was the appropriate selling price as it was the same as the market price which Land and Houses Plc. could buy them from other manufacturers or sellers.
2. Quality Houses Plc. and subsidiary <ul style="list-style-type: none"> • Being a major shareholder of the Company by holding 20.93% of total paid-up capital, as of March 15, 2007. • With 4 co-directors: <ol style="list-style-type: none"> 1. Mr. Rutt Phaniijphand 2. Mr. Anant Asavabhokhin 3. Mrs. Suwanna Buddhapasart 4. Mr. Joopool Meesook 	Accounts Receivable	336	5,127	Such value was the appropriate selling price because it was the same as the market price which Quality Houses Plc. could buy them from other manufacturers or sellers.

Name of Company / Nature of relationship	Transaction	Amount (Thousand Baht)		Audit Committee and Management's opinion
		31 Dec 07	31 Dec 06	
3. Land and Houses Retail Bank Plc. <ul style="list-style-type: none"> • With co-shareholders: <ol style="list-style-type: none"> 1. Land and Houses Plc. 2. Quality Houses Plc. • With co-directors: <ol style="list-style-type: none"> 1. Mr. Anant Asavabhokhin 2. Mr. Rutt Phanijphand 3. Mr. Naporn Soonthornchitcharoen 4. Mrs. Suwanna Buddhaprasart 	Deposit with financial institution Accrued income	 134 -	 151 418	The Company received the interest with the same rate as other customers of the bank, such rate was a normal rate of other banks and financial institutions.
4. Quality Construction Products Plc. and subsidiary <ul style="list-style-type: none"> • Land and Houses Plc. and Quality House Plc. are the major shareholders of Quality Construction Products Plc. by holding 31.41% and 24.33% respectively, as of April 9, 2007. • With co-directors: <ol style="list-style-type: none"> 1. Mr. Anant Asavabhokhin 2. Mr. Pong Sarasin 3. Mr. Naporn Soonthornchitcharoen 4. Mr. Joampol Meesook 	Other Accounts Receivable Trade Accounts Payable	 3 21	 - 530	
5. Quality House Property and Loans Funds <ul style="list-style-type: none"> • With co-shareholders <ol style="list-style-type: none"> 1. Quality Houses Plc. 2. Land and Houses Plc. 	Other Accounts Receivable Other Accounts Payable	 3,000 1,661	 3,000 1,717	Such value was generated from the transactions of rent and services fee for the

Necessity and Appropriate Reason of Transaction

The connected transaction made was necessary and reasonable to create the highest benefit to the Company. The Audit committee concluded that such was in accordance with business and the general ordinary course of received and paid consideration by and from the Company was fair.

Measure/Procedure of Approval of Connected Transaction

The connected transaction being made at present and expectedly in the future, e.g. sales of goods to Land and Houses Plc. and Quality Houses Plc., purchase of goods from Quality Construction Products Plc., renting space in the Wave Place building of Land and Houses Property Fund.

For the sale of goods transaction, the Company determined the price according to the market price which was the price that buyer could buy them from other manufacturers or sellers. Generally, the specification and price of goods would be determined earlier. For the purchase of goods transactions, the Company purchased them at the market price which it could to purchase from other manufacturers or sellers. The Audit Committee considered the connected transactions and concluded that the Company received and paid remuneration in the fair price according to the general ordinary course of business.

Financial Analysis and Business Operation Results

Overview of Business Operation Results

During the last 3 years, economy of the country has been affected by various factors including political reform, domestic unsecured problems, problems from natural disaster, increase in oil price, and decrease of consumer confidence. These all have effects to almost every business sector, including retail business.

The Company realized the above factors and looked for measures and strategies for appropriate use. This can be seen from the figures showed in the Company's operation result which still maintained the growth as previous year.

The forced factors of the Company's operation results were the increase of branches from 20 branches in 2005 to 26 branches in 2006 and 30 branches in 2007, sales growth increase of the newly opened branches, efficiency of inventory cost management, revenue from space rental services business, revenues of HomePro Expo, etc.

Operating Results

Revenue from Sales In 2007, the Company generated the revenue from sales of Baht 15,943.28 million, increased from year 2006 by Baht 1,719.56 million or 12.09%. The increase was mainly driven by the sales of the newly opened branches during 2006 to 2007, and from the sales from HomePro Expo event in the 1st and 4th quarter of the year.

In 2005 and 2006, the Company and subsidiary generated the revenue from sales at Baht 12,211.79 million and Baht 14,223.72 million respectively, increased from 2006 at 16.48%, which the increase was from the sales of the newly opened branches in year 2006 and from HomePro Expo.

Other Revenues In 2007, the Company and its subsidiary generated other revenues of Baht 1,071.94 million, increased from 2006 by Baht 191.84 million or 21.80%, from the following transactions:

- Revenues from rent and service fee for Baht 554.21 million, increased from the previous year by Baht 92.50 million from space rental business of subsidiary. The space rental within Petchakasem branch and Ram-indra, and the 5th and 6th HomePro Expo.
- Other revenues by Baht 517.72 million, increased from the previous year by Baht 99.34 million, revenue from advertising fee, support of suppliers for promotion campaign, service fee relating to sales of goods, and revenues of its subsidiary.

In 2006, other revenues of the Company and its subsidiary were Baht 880.10 million, increased from 2005 by Baht 469.46 million or 114.33%, which the growth of this other revenues was from suppliers' support on promotion campaign, space rental, revenues of services relating to sales of goods, revenues of rental and service fee from 3rd and 4th HomePro Expo.

Cost of Sales and Gross Profit Margin In 2007, the Company and its subsidiary had the cost of sales of Baht 12,282.23 million, increased from the previous year by 1,307.09 million or 11.91%, which was the result of the increase of sales. However, the efficient inventory management and volume discount of order in the large quantity caused the increase rate of cost of sales to be less than that of sales, together with the increase of gross profit margin of Private Brand and House Brand merchandises, as a result, the Company was able to maintain gross profit margin which increased slightly from 22.84% in 2006 to 22.96% in 2007.

In 2006, the Company and its subsidiary had the cost of sales of Baht 10,975.14 million, increased from year 2005 by Baht 1,399.49 million. The increase was affected from increase according to sales. The gross profit margin increased from year 2005 by 21.59% to 22.84% which was the result of improvement of efficient inventory management and increase of gross profit margin of Private and House Brand merchandises.

Selling and Administrative Expenses In 2007, the Company and its subsidiary had total selling and administrative expenses of Baht 3,584.66 million, increased from the previous year by Baht 468.37 million. The ratio per sales increased from 21.91% to 22.48% which was mainly caused by expenses on salary, depreciation, expenses relating to sales promotion, and expenses from rental business of its subsidiary.

In 2006, the Company and its subsidiary had total selling and administrative expenses at Baht 3,116.29 million, increased from 2005 by Baht 838.66 million. The ratio per sales was increased from 18.65% to 21.91%, which was mainly caused by increase of expenses on salary, rental of space, depreciation, related to energy cost, expenses on HomePro Expo, and subsidiary cost.

Financial Expenses In 2007 and 2006, the Company and its subsidiary's interest payment were Baht 169.08 million and 191.53 million. The ratio to sales are 1.06% and 1.35% respectively, such decrease was the effect of the repayment of long-term loan in year 2007 by Baht 851 million and the decrease of interest rate in year 2007.

For 2006, the interest payment was increased from year 2005 by Baht 109.45 million. The ratio per sales was increased from 0.67% to 1.35%, such interest increase was the effect of withdrawal of the long-term loan with commercial Bank of Baht 1,500 million, which part of such amount was spent for construction of new opening branches of year 2006 and 2007.

Net Profit For the operation result of year 2007, the Company and its subsidiary had net profit of Baht 710.38 million, increased from the previous year by Baht 109.83 million or 18.29%. The growth of net profit was from the increase of sales and other revenues, together with the decrease of cost of sales and interest payment. The decrease of interest payment was the result of repayment of long-term loan between year which increased ratio of net profit after tax from 4.22% to 4.45% in 2007.

In 2006, the Company and its subsidiary had net profit of Baht 600.55 million, increased from year 2005 by Baht 95.75 million. The ratio per sales was increased from 4.13% in 2005 to 4.22% in 2006. The growth of net profit was from the increase of sales and other revenues, including decrease of cost of sales which reflected that the Company can implement marketing strategy, and cost of sales management efficiently.

Return on equity As of December 31, 2005, December 31, 2006, and December 31, 2007, the Company and its subsidiary had the return on equity at 24.40%, 18.87%, and 17.41 respectively. The decrease of return on equity in 2006 and 2007 caused by the increase of equity from the increased ordinary share in December 2006.

Financial Status

Net Assets As of December 31, 2007, the Company and its subsidiary had total assets of Baht 12,274.28 million, increased from December 31, 2006 by Baht 460.38 million or 3.90%. The growth of value was from the change of important transaction as follows:

- Cash and equivalents of cash increased by Baht 65.11 million or 38.31% which was from the increase of net cash from operating activities by Baht 1,652.22 million, and cash paid on investment activities and financing activities by Baht 1,154.8 million and Baht 432.23 million respectively.
- The temporary investment decreased by Baht 525.00 million, this was due to the deposit in the form of short-term promissory notes which received from capital increase; all have been utilized with branches expansion.
- Net land, buildings and equipments increased by Baht 902.20 million or 12.13%, which was from the investment in branches expansion in 2007 and 2008.
- Other assets decreased by Baht 18.07 million.

Accounts Receivable As of December 31, 2007, the Company and its subsidiary had total net accounts receivable of Baht 143.58 million, increased by Baht 6.73 million or 4.92% from December 31, 2006. The details on due period of accounts receivable can be summarized according to the schedule as following:

Unit: Million Baht

Transactions	Consolidated Financial Statement		Separate Financial Statement	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Not yet Due	129.11	109.93	122.59	107.40
Due Period				
• not exceeding 6 months	17.49	29.85	16.96	26.99
• exceeding 6 – 12 months	-	0.04	-	0.04
• exceeding 12 months	17.77	22.27	17.77	22.26
Total	164.37	162.09	157.32	156.69

As of December 31, 2007, the Company and its subsidiary had overdue accounts receivable exceeding 12 months of Baht 17.77 million, which was partly from the debtors who had difficulty relating to their operation affected by the economic situation in 1997. However, the Company had already proceeded with lawsuits and set provisions for bad debts. As of December 31, 2006 and December 31, 2007, the Company set allowance for doubtful bad debts for the said debtors of Baht 25.24 million, and Baht 20.78 million, respectively.

Liabilities As of December 31, 2007, total liabilities of the Company and the subsidiary were Baht 7,950.81 million decreased from 2006 by Baht 24.66 million or 0.31%, which was from the change of the following crucial transactions:

- Overdraft funds and short-term loan from financial institution were increased for Baht 555.00 million.
- Accounts Payable was increased for Baht 128.97 million which was from the increase according to sales.
- Repayment of hire-purchase agreements and repayment of loan at the amount of Baht 761.89 million.
- Payables from purchases of assets, unpaid expenses, and other transactions of debts were decreased net of Baht 42.85 million.
- Deposit received for goods was increased for Baht 96.11 million, which the main factor was resulted from sales promotion campaign in 3rd quarter.
- Other debts were decreased for Baht 0.73 million.

Shareholder Equity As of December 31, 2007, the shareholder equity was Baht 4,323.48 million, increased from December 31, 2006 by Baht 485.04 million or 12.64% which the increase was from following transactions:

- Issuance of paid-up ordinary shares at the amount of Baht 5.10 million, increased from the conversion of the warrant under ESOP plan.
- Accumulated profit was increased for Baht 479.94 million, which increased from the net profit in year 2007 at the amount of Baht 710.38 million and payment of dividend in year 2006 at the amount of Baht 230.44 million.

Suitability of Capital Structure As of December 31, 2007, the Company and its subsidiary had Total Debt to Equity ratio at 1.84 times, decreased from December 31, 2006 at 2.08 times, which was the result of repayment of long-term loan and increase of accumulated profit.

For the ratios of total debt to equity as of December 31, 2006 was decreased from December 31, 2005 by 2.52 times to 2.8 times, because the Company had issued shares from capital increase in December 2006.

Financial Liquidity

Summary of cash flow statement as of December 31, 2007, 2006 and 2005

Unit: Million Baht

Transactions	Consolidated Financial Statement			Separate Financial Statement		
	2007	2006	2005	2007	2006	2005
Cash from operating activities	1,652.22	1,303.23	1,601.52	1,650.47	1,258.30	1,568.55
Cash from investment activities	(1,154.88)	(3,063.27)	(2,634.07)	(1,150.91)	(3,048.78)	(2,638.30)
Cash from financing activities	(432.23)	1,833.09	1,024.44	(422.23)	1,873.09	1,024.44
Net increase (decrease) in cash	65.11	73.05	(8.11)	77.33	82.61	(45.31)

As of December 31, 2007, the Company and its subsidiary's cash and cash equivalents were Baht 235.07 million, net increased from December 31, 2006 by Baht 65.11 million, which derived from the following activities:

- 1) Net cash from operating activities of Baht 1,652.22 million which was from the net profit of Baht 710.38 million. The depreciation and amortization at the amount of Baht 657.09 million. The change of current assets and current liabilities e.g. inventory increased by Baht 92.93 million, accounts payable increased by Baht 128.75 million. Deposit received for goods increased by Baht 96.11 million, and other transactions increased by Baht 152.82 million.
- 2) Net cash paid for investment activities of Baht 1,154.89 million which was paid for investment in land, buildings, equipments, and other assets for branches expansion in 2007 at the amount of Baht 1,679.89 million. Such amounts were paid by the temporary investment in the promissory notes which received from capital increase in the amount of Baht 525.00 million.
- 3) Net cash from financing activities was spent at the amount of Baht 432.23 million, received from short-term loan and long-term loan by Baht 555.00 million and Baht 100.00 million respectively, including of repayment of long-term loan by Baht 851.00 million, dividend payment from the annual turnover of year 2006 at the amount of Baht 230.44 million.

As of December 31, 2006, the Company's cash and cash equivalents of Baht 694.97 million, net increased from December 31, 2005 by Baht 598.05 million, which derived from the following activities:

- 1) Net cash from operating activities of Baht 1,303.23 million which were received from the net profit of Baht 600.55 million, depreciation and amortization of Baht 500.26 million, including change of assets and liabilities, e.g. inventories increased of Baht 600.46 million, increase of accounts payable of Baht 574.27 million, rental received advance increased by Baht 90.02 million, and other transactions increased by Baht 138.59 million.
- 2) Net cash paid for the investment activities of Baht 3,063.26 million which was paid for investment in the leasehold rights, land, building & equipment, and other assets for branches expansion in 2006 and 2007.
- 3) Net cash from financing activities of Baht 1,833.09 million which was received from long-term loan with the commercial bank at the amount of Baht 1,500 million, received from ordinary shares capital increased by Baht 972.50 million. However, it was spent for repayment of short-term loan and long-term loan which were on due at the amount of Baht 448.60 million, and payment of dividend at the amount of Baht 190.82 million.

Liquidity Ratio

As of December 31, 2007, the liquidity ratio of the Company and its subsidiary was 0.56 times, decreased from December 31, 2006 by 0.81 times, due to;

- The total current assets were decreased by Baht 433.51 million. The major cause was the use of short term investment at the amount of Baht 525.00 million, which received from the new share issuance for capital increase, to pay for permanent assets of branches expansion in 2007.
- The total current liabilities were increased by Baht 1,248.61 million. The major causes were the increase of short-term debt of Baht 555.00 million, the increase of trade accounts payable by Baht 128.97 million, debenture due within 1 year by Baht 500.00 million, and deposit received for goods by Baht 96.11 million.

Auditing Fee

According to the resolution of the annual general shareholders meeting in 2007, which resolved to appoint the Auditors of Ernst & Young Office Co., Ltd as the Company's auditor of year 2007, with the fee of Baht 2,250,000.

The actual audit fee of year 2007 includes auditing fee for the Company and its subsidiary at the amount of Baht 2,250,000 and other services fee at the amount of Baht 60,000, totaling Baht 2,310,000.

Report of Board of Directors' Responsibilities in the Financial Statements

Dear Shareholders

The Board of Directors of the Company realized an importance of good corporate governance, including the governance on the Company's financial report in order to ensure that the Company's financial report is accurate and comprehensive by complying with the appropriate accounting policy, consistency in practice and disclosing sufficient material information on the auditor notes of the financial statement, including having compliance with the laws and relevant regulations that the Audit Committee reported the result to the Board of Directors regularly and continually, and reported opinion on such matter in the report of the Audit Committee appearing in the annual report.

The Board of Directors opined that the company's overall internal control is at satisfactory level and is responsible for the financial report of Home Product Center Public Company Limited and subsidiary. To strengthen its reliability, the Company's financial statement was audited and opined by the Auditor of the Company, that the financial statement of the Company presented the correct and appropriate financial status and operation result as the essence of general certified accounting principle.



(Mr. Anant Asavabhokhin)
Chairman



(Mr. Khunawut Thumpomkul)
Managing Director

Audit Committee's Report

Dear Shareholders

The Audit Committee comprises of three independent directors, i.e. Mr. Apilas Osatanon as the Chairman, Mr. Thaveevat Tatiyamaneekul, and Mr. Chanin Roonsumran as the committee.

The Audit Committee has the duties and responsibilities as assigned by the Board of Directors of the Company which includes reviewing of the arrangement and disclosure of information in the financial report presented to the shareholders, investors and third parties which substantially and correctly shows the operation result and financial status according to the generally accepted accounting standard, and also supervising the Company to have internal control and corporate governance in an efficient and transparent manner and compliance with relevant laws and regulations. In addition, there shall be prevention of conflict of interest among related persons. Also, it shall have duty to select and give opinion on appointment of the Company's auditor.

In 2007, the Audit Committee has performed its duties as assigned by the Board of Directors of the Company by having 12 meetings and inviting the Company's auditor to attend the meetings for relevant agenda. The essence of work transacted can be summarized as follows:

1. Reviewing the Company's financial report before disclosing to the Stock Exchange of Thailand and the Office of the Securities and Stock Exchange Commission
2. Determining and nominating for appointment of the auditor and fixing the remuneration therefore.
3. Reviewing and approving the 2007 annual audit plan with the Company's Internal Audit department to ensure the sufficiency of Company's internal control.
4. Discussing with the auditor on performance and scope of operation, reviewing of audit plan to ensure that the audit shall be completely and appropriately made according to the account auditing standard.
5. Evaluating the sufficiency and suitability of the internal control covering organization and environment, risk management, control of performance of the management, information technology system and data communication, and tracking system to be proposed to the Board of Directors
6. Reviewing compliance with regulations and laws relating to the Company's business operation.
7. Reviewing report of connected transactions

The Audit Committee reported the result of all the meetings to the Board of Directors. As for the year 2007, the Audit Committee performed its duties with due care, independentness, and frankly expressed its opinion without any limitation of receiving of information, resources or co-operation by the Company.

The Audit Committee is of the opinion that the Company has sufficiently efficient internal control system, the risk management system, the controlling system of the performance of the management and the tracking system, and also has arranged for the accounting record and financial report to be made in accordance with the generally accepted accounting standard which discloses adequate financial information and were made in time. In addition, the Company has complied with the requirements of relevant laws and regulations, and in execution of connected transactions, disclosure has been completely and fairly made without any indication or other remarks of irregularity. The practice has been made according to the good principle of corporate governance well accepted by all.



(Mr. Apilas Osatanon)
Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of Home Product Center Public Company Limited

I have audited the accompanying consolidated balance sheet of Home Product Center Public Company Limited and its subsidiary as at 31 December 2007, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Home Product Center Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of Home Product Center Public Company Limited and its subsidiary and the separate financial statements of Home Product Center Public Company Limited for the year ended 31 December 2006, as presented herein for comparative purposes, were audited in accordance with generally accepted auditing standards by another auditor who, under her report dated 22 February 2007, expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Home Product Center Public Company Limited and its subsidiary and of Home Product Center Public Company Limited as at 31 December 2007, and the results of their operations and cash flows for the year then ended, in accordance with generally accepted accounting principles.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

BALANCE SHEETS AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006 (Restated)	2007	2006 (Restated)
ASSETS					
Current assets					
Cash and cash equivalents	10	235,075,012	169,968,328	219,650,478	142,324,544
Current investment - promissory notes		-	525,000,000	-	525,000,000
Trade accounts receivable - net	7, 10	143,581,753	136,847,085	136,533,570	131,449,600
Inventories - net	8	2,547,568,876	2,495,678,106	2,547,568,876	2,495,678,106
Revenue Department receivable		43,003,697	79,930,146	43,003,697	79,930,147
Other receivables	10	236,434,479	215,625,765	237,221,877	220,863,864
Other current assets	10	58,191,986	74,312,736	40,119,196	59,869,234
Total current assets		3,263,855,803	3,697,362,166	3,224,097,694	3,655,115,495
Non-current assets					
Investment in subsidiary	9	-	-	4,999,300	4,999,300
Property, plant and equipments - net	11	8,339,581,890	7,437,380,841	8,326,000,801	7,424,616,215
Leasehold rights and software - net	12	629,584,237	645,993,794	629,576,616	645,985,227
Property foreclosed		4,174,122	4,174,122	4,174,122	4,174,122
Rental guarantee deposits		34,618,986	27,208,153	34,618,986	27,208,153
Other non-current assets		2,469,082	1,780,647	2,469,082	1,780,647
Total non-current assets		9,010,428,317	8,116,537,557	9,001,838,907	8,108,763,664
TOTAL ASSETS		12,274,284,120	11,813,899,723	12,225,936,601	11,763,879,159

The accompanying notes are an integral part of the financial statements.

BALANCE SHEETS (Continued) AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006 (Restated)	2007	2006 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	13	555,000,000	-	555,000,000	-
Trade accounts payable	10	3,206,355,160	3,077,387,884	3,202,571,172	3,074,411,954
Current portion of liabilities under					
financial lease agreements	14	12,935,623	19,048,510	12,935,623	19,048,510
Short-term loans from related party	10	-	-	50,000,000	40,000,000
Current portion of debentures	15	500,000,000	-	500,000,000	-
Current portion of long-term loans	16	400,000,000	429,000,000	400,000,000	429,000,000
Payables from purchases of assets		142,470,097	224,475,112	142,470,097	224,475,112
Accrued expenses		239,122,621	219,078,592	218,636,515	201,495,991
Corporate income tax payable		136,842,786	84,975,636	136,842,786	84,975,636
Deposit received for goods		387,675,054	291,569,083	387,675,054	291,569,083
Other payables	10	153,505,090	154,254,858	147,232,610	148,179,307
Other current liabilities		73,788,395	59,291,195	72,058,688	57,435,704
Total current liabilities		5,807,694,826	4,559,080,870	5,825,422,545	4,570,591,297
Non-current liabilities					
Liabilities under financial lease					
agreements - net of current portion	14	10,289,163	15,068,261	10,289,163	15,068,261
Debentures - net of current portion	15	500,000,000	1,000,000,000	500,000,000	1,000,000,000
Long-term loans - net of current portion	16	975,000,000	1,697,000,000	975,000,000	1,697,000,000
Rental received in advance		564,403,473	587,074,316	564,403,473	587,074,316
Other non-current liabilities		93,418,356	117,237,213	33,317,801	56,080,498
Total non-current liabilities		2,143,110,992	3,416,379,790	2,083,010,437	3,355,223,075
TOTAL LIABILITIES		7,950,805,818	7,975,460,660	7,908,432,982	7,925,814,372

The accompanying notes are an integral part of the financial statements.

BALANCE SHEETS (Continued) AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006 (Restated)	2007	2006 (Restated)
Shareholders' equity					
Share capital	17, 18				
Registered share capital					
1,988,546,860 ordinary shares of					
Baht 1 each					
(2006: 1,938,146,860 ordinary					
shares of Baht 1 each)		1,988,546,860	1,938,146,860	1,988,546,860	1,938,146,860
Issued and paid-up share capital					
1,924,920,422 ordinary shares of					
Baht 1 each					
(2006: 1,919,818,404 ordinary					
shares of Baht 1 each)		1,924,920,422	1,919,818,404	1,924,920,422	1,919,818,404
Share premium		555,694,063	555,694,063	555,694,063	555,694,063
Retained earnings					
Appropriated - statutory reserve	19	130,700,000	95,400,000	130,700,000	95,400,000
Unappropriated		1,712,162,281	1,267,525,844	1,706,189,134	1,267,152,320
Equity attributable to the Company's					
shareholders		4,323,476,766	3,838,438,311	4,317,503,619	3,838,064,787
Minority interest - equity attributable to					
minority shareholders of subsidiary		1,536	752	-	-
Total shareholders' equity		4,323,478,302	3,838,439,063	4,317,503,619	3,838,064,787
TOTAL LIABILITIES AND					
 SHAREHOLDERS' EQUITY		12,274,284,120	11,813,899,723	12,225,936,601	11,763,879,159

The accompanying notes are an integral part of the financial statements.

INCOME STATEMENTS

AFOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006 (Restated)	2007	2006 (Restated)
Revenues					
Sales income	10	15,943,275,956	14,223,718,618	15,943,895,012	14,224,324,500
Rental and service income	10	554,214,345	461,712,879	455,765,862	361,486,459
Other income	10	517,723,315	418,382,233	534,636,075	424,541,742
Total revenues		17,015,213,616	15,103,813,730	16,934,296,949	15,010,352,701
Expenses					
Cost of sales	10	12,282,229,303	10,975,136,789	12,282,229,303	10,975,136,789
Administrative expenses	10	3,584,661,458	3,116,289,064	3,509,103,362	3,023,706,224
Total expenses		15,866,890,761	14,091,425,853	15,791,332,665	13,998,843,013
Income before interest expenses and corporate income tax		1,148,322,855	1,012,387,877	1,142,964,284	1,011,509,688
Interest expenses	10	(169,082,407)	(191,529,727)	(171,383,736)	(192,638,717)
Corporate income tax	21	(268,864,300)	(220,310,241)	(266,804,807)	(220,237,110)
Income after corporate income tax		710,376,148	600,547,909	704,775,741	598,633,861
Net income attributable to minority interest		(784)	(268)	-	-
Net income for the year		710,375,364	600,547,641	704,775,741	598,633,861
Earnings per share	22				
Basic earnings per share		0.37	0.58	0.37	0.58
Diluted earnings per share		0.37	0.58	0.36	0.58

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Cash flows from operating activities				
Net income for the year	710,375,364	600,547,641	704,775,741	598,633,861
Adjustments to reconcile net income to net cash provided by (paid for) operating activities: -				
Depreciation and amortisation	657,085,722	500,255,135	653,931,534	497,784,519
Net income attributable to minority interest	784	268	-	-
Allowance (reversal) for doubtful accounts	(4,455,502)	2,144,375	(4,455,502)	2,144,375
Allowance for stock obsolescence	41,041,011	68,398,642	41,041,011	68,398,642
Loss from sales of assets	12,003,705	10,345,395	12,000,281	10,334,815
Allowance for impairment of assets	43,000,000	-	43,000,000	-
Unrealised exchange losses - net	215,390	1,006,441	215,390	1,734,206
Income from operating activities before changes in operating assets and liabilities	1,459,266,474	1,182,697,897	1,450,508,455	1,179,030,418
Decrease (increase) in operating assets				
Trade accounts receivable - net	(2,279,166)	6,697,191	(628,468)	12,094,677
Inventories - net	(92,931,781)	(600,459,932)	(92,931,781)	(600,459,932)
Revenue Department receivable	36,926,450	(19,619,820)	36,926,450	(19,619,820)
Rental guarantee deposit	(7,410,833)	(1,787,540)	(7,410,833)	(1,787,540)
Other receivables	(20,808,713)	(37,294,522)	(16,358,013)	(42,532,621)
Other current assets	16,120,751	(33,175,759)	19,750,040	(19,056,632)
Other non-current assets	(688,435)	(330,113)	(688,435)	(330,114)
Increase (decrease) in operating liabilities				
Trade accounts payable	128,751,886	574,268,746	127,943,828	571,397,472
Other payables	(749,768)	19,545,726	(946,697)	13,470,175
Accrued interest expenses	(119,639)	972,598	(119,639)	972,598
Deposit received for goods	96,105,971	32,663,556	96,105,971	32,663,556
Accrued expenses	20,163,668	70,012,622	17,260,163	52,478,380
Corporate income tax payable	51,867,150	2,348,238	51,867,150	2,348,238
Other current liabilities	14,497,200	9,937,751	14,622,984	8,371,988
Rental received in advance	(22,670,843)	90,017,161	(22,670,843)	90,017,161
Other non-current liabilities	(23,818,857)	6,735,632	(22,762,696)	(20,757,961)
Net cash from operating activities	1,652,221,515	1,303,229,432	1,650,467,636	1,258,300,043

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Cash flows from investing activities				
Decrease (increase) in current investment	525,000,000	(525,000,000)	525,000,000	(525,000,000)
Acquisition of software	(27,269,454)	(55,411,320)	(27,269,454)	(55,401,864)
Acquisition of leasehold rights	(2,506,000)	(66,319,518)	(2,506,000)	(66,319,518)
Settlement of payables from purchases of assets	(224,475,112)	(300,704,317)	(224,475,112)	(300,704,317)
Proceeds from sales of assets	7,031,140	1,445,618	7,030,061	1,445,618
Acquisition of assets	(1,432,666,511)	(2,117,273,662)	(1,428,692,303)	(2,102,796,405)
Net cash used in investing activities	(1,154,885,937)	(3,063,263,199)	(1,150,912,808)	(3,048,776,486)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	555,000,000	(241,338,267)	555,000,000	(241,338,267)
Increase in short-term loans from related party	-	-	10,000,000	40,000,000
Increase in long-term loans	100,000,000	1,500,000,000	100,000,000	1,500,000,000
Decrease in liabilities under financial lease agreements	(10,891,985)	(3,265,008)	(10,891,985)	(3,265,008)
Repayment of long-term loans	(851,000,000)	(204,000,000)	(851,000,000)	(204,000,000)
Converted warrants to share capital	5,102,018	17,869,769	5,102,018	17,869,769
Capital increment	-	954,638,219	-	954,638,219
Dividend paid	(230,438,927)	(190,817,298)	(230,438,927)	(190,817,298)
Net cash from (used in) financing activities	(432,228,894)	1,833,087,415	(422,228,894)	1,873,087,415
Net increase in cash and cash equivalents	65,106,684	73,053,648	77,325,934	82,610,972
Cash and cash equivalents at beginning of year	169,968,328	96,914,680	142,324,544	59,713,572
Cash and cash equivalents at end of year	235,075,012	169,968,328	219,650,478	142,324,544
Supplemental disclosure of cash flows information				
Cash paid during the year for: -				
Interest expenses	169,202,046	190,608,162	171,503,374	191,717,690
Corporate income tax	219,813,535	222,149,597	214,931,754	217,902,263

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements					
	Issued and paid-up share capital	Share premium	Retained earnings		Minority interest - equity attributable to minority of shareholders subsidiary	Total
			Appropriated	Unappropriated		
Balance as at 1 January 2006						
(Previously reported by an other auditor)	947,310,416	555,694,063	64,400,000	959,835,338	484	2,527,240,301
Cumulative effect of previous years						
error adjustment for recording						
of purchase discount (Note 5)	-	-	-	(71,039,837)	-	(71,039,837)
Balance as at 1 January 2006						
(as restated)	947,310,416	555,694,063	64,400,000	888,795,501	484	2,456,200,464
Converted warrants to share capital	17,869,769	-	-	-	-	17,869,769
Capital increment (Note 17)	954,638,219	-	-	-	-	954,638,219
Dividend paid (Note 25)	-	-	-	(190,817,298)	-	(190,817,298)
Statutory reserve	-	-	31,000,000	(31,000,000)	-	-
Net income for the year (restated)	-	-	-	600,547,641	-	600,547,641
Minority interest - equity attributable to						
minority shareholders of subsidiary	-	-	-	-	268	268
Balance as at 31 December 2006						
(as restated)	1,919,818,404	555,694,063	95,400,000	1,267,525,844	752	3,838,439,063
Balance as at 1 January 2007						
(Previously reported by an other auditor)	1,919,818,404	555,694,063	95,400,000	1,346,631,245	752	3,917,544,464
Cumulative effect of previous years						
error adjustment for recording						
of purchase discount (Note 5)	-	-	-	(79,105,401)	-	(79,105,401)
Balance as at 1 January 2007						
(as restated)	1,919,818,404	555,694,063	95,400,000	1,267,525,844	752	3,838,439,063
Converted warrants to share capital	5,102,018	-	-	-	-	5,102,018
Dividend paid (Note 25)	-	-	-	(230,438,927)	-	(230,438,927)
Statutory reserve	-	-	35,300,000	(35,300,000)	-	-
Net income for the year	-	-	-	710,375,364	-	710,375,364
Minority interest - equity attributable to						
minority shareholders of subsidiary	-	-	-	-	784	784
Balance as at 31 December 2007	1,924,920,422	555,694,063	130,700,000	1,712,162,281	1,536	4,323,478,302

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 1 January 2006					
(Previously reported by an other auditor)	947,310,416	555,694,063	64,400,000	959,835,338	2,527,239,817
Cumulative effect of the change in accounting policy for investment in subsidiary (Note 4)	-	-	-	1,540,256	1,540,256
Cumulative effect of previous years error adjustment for recording of purchase discount (Note 5)	-	-	-	(71,039,837)	(71,039,837)
Balance as at 1 January 2006 (as restated)	947,310,416	555,694,063	64,400,000	890,335,757	2,457,740,236
Converted warrants to share capital	17,869,769	-	-	-	17,869,769
Capital increment (Note 17)	954,638,219	-	-	-	954,638,219
Dividend paid (Note 25)	-	-	-	(190,817,298)	(190,817,298)
Statutory reserve	-	-	31,000,000	(31,000,000)	-
Net income for the year (restated)	-	-	-	598,633,861	598,633,861
Balance as at 31 December 2006 (as restated)	1,919,818,404	555,694,063	95,400,000	1,267,152,320	3,838,064,787
Balance as at 1 January 2007					
(Previously reported by an other auditor)	1,919,818,404	555,694,063	95,400,000	1,346,257,721	3,917,170,188
Cumulative effect of previous years error adjustment for recording of purchase discount (Note 5)	-	-	-	(79,105,401)	(79,105,401)
Balance as at 1 January 2007 (as restated)	1,919,818,404	555,694,063	95,400,000	1,267,152,320	3,838,064,787
Converted warrants to share capital	5,102,018	-	-	-	5,102,018
Dividend paid (Note 25)	-	-	-	(230,438,927)	(230,438,927)
Statutory reserve	-	-	35,300,000	(35,300,000)	-
Net income for the year	-	-	-	704,775,741	704,775,741
Balance as at 31 December 2007	1,924,920,422	555,694,063	130,700,000	1,706,189,134	4,317,503,619

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 31 December 2007, the Company has a total of 31 branches (2006: 26 branches) located in Bangkok and other provinces.

2. BASIS OF PREPARATION

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and the following subsidiary company:

Company's name	Nature of business	Percentage of shareholding		Country of incorporation	Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
		2007	2006		2007	2006	2007	2006
	Space rental	Percent	Percent		Percent	Percent	Percent	Percent
Market Village Co.,Ltd.	rental	99.99	99.99	Thailand	0.84	0.82	1.26	1.18

- b) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- c) Investment in the subsidiary company as recorded in the Company's books of account is eliminated against the equity of the subsidiary company.

- 2.3 The separate financial statements, which present investment in subsidiary presented under the cost method, have been prepared solely for the benefit of the public.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

a) Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	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 fourth quarter of the year 2006, the Company changed its accounting policy for recording investment in subsidiary in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 as discussed in Note 4.

b) Accounting Standards which are not effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

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.

4. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENT IN SUBSIDIARY IN THE SEPARATE FINANCIAL STATEMENTS

During the fourth quarter of the year 2006, the Company changed its accounting policy for recording investment in subsidiary in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding "Consolidated Financial Statements and Separate Financial Statements", under which investment in subsidiary is to be presented in the separate financial statements under the cost method.

Such change in accounting policy affects only the accounts related to investment in subsidiary in the Company's separate financial statements, with no effect to the consolidated financial statements.

5. PRIOR YEARS ADJUSTMENT

During the year 2007, the Company found that purchase discount of the prior years had been over recorded to the income statement, so the Company has restated the separate financial statements for the year ended 31 December 2006. The effect of the adjustment to the income statements for the year ended 31 December 2006, is to decrease net income by Baht 8.1 million (Baht 0.01 per share). The cumulative effect of the adjustment has been presented under the heading of “Cumulative effect of previous years error adjustment for recording of purchase discount” in the statements of changes in shareholders’ equity.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 Revenue recognition

Sales of goods

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income

Rental income under operating leases is recognized over the lease period.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

6.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

6.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

6.4 Inventories

Inventories are valued at the lower of cost (moving average cost method) and net realizable value.

6.5 Investment

Investment in subsidiary company are accounted for in the separated financial statements using the cost method.

6.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings	- 20 years
Buildings on lease land and building improvement	- lease periods but not over useful lives
Computer equipment	- 3 - 10 years
Furniture, fixtures and office equipment	- 5 - 10 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided on land and land improvement, and assets under installation and under construction.

6.7 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and allowance for loss on impairment of assets (if any). Amortisation is calculated by reference to cost on a straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows: -

Leasehold rights	- Lease periods
Software	- 10 years

The amortisation is included in determining income.

6.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

6.9 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

6.10 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

6.11 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

6.12 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

6.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.14 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

6.15 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

7. TRADE ACCOUNTS RECEIVABLE

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Trade accounts receivable	98,643,757	102,549,007	91,595,574	97,163,533
Check returned receivable	17,593,572	21,806,121	17,593,572	21,806,121
Credit card and coupon receivable	48,129,935	37,732,970	48,129,935	37,720,959
Total	164,367,264	162,088,098	157,319,081	156,690,613
Less: Allowance for doubtful accounts	(20,785,511)	(25,241,013)	(20,785,511)	(25,241,013)
Trade accounts receivable - net	143,581,753	136,847,085	136,533,570	131,449,600

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Age of receivables				
Not yet due	129,111,298	109,933,125	122,589,168	107,398,944
Past due:				
Upto 6 months	17,488,329	29,852,490	16,962,275	26,989,185
6 - 12 months	-	34,979	-	34,979
Over 12 months	17,767,637	22,267,504	17,767,638	22,267,505
Total	164,367,264	162,088,098	157,319,081	156,690,613
Less: Allowance for doubtful accounts	(20,785,511)	(25,241,013)	(20,785,511)	(25,241,013)
Trade accounts receivable - net	143,581,753	136,847,085	136,533,570	131,449,600

8. INVENTORIES

(Unit: Baht)

	Consolidated and separate financial statements	
	2007	2006
Inventories	3,049,137,812	2,923,795,553
Less: Allowance for stock obsolescence	(61,590,238)	(62,412,955)
Net	2,987,547,574	2,861,382,598
Less: Inventories - repaid its cost when sold	(354,273,297)	(286,599,091)
Purchase discount	(85,705,401)	(79,105,401)
Inventories - net	2,547,568,876	2,495,678,106

9. INVESTMENT IN SUBSIDIARY

(Unit: Baht)

	Separate financial statementsf									
	Paid-up capital		Shareholding percentage		Cost		Equity method		Dividend received for the years ended 31 December	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Subsidiary			(Percent)	(Percent)						
Market Village Co.,Ltd.	5,000,000	5,000,000	99.99	99.99	4,999,300	4,999,300	10,972,447	5,372,824	-	-

10. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiary had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2007	2006	2007	2006	
Transactions with subsidiary company (eliminated from consolidated financial statements)					
Sale of goods	-	-	619,057	2,709,075	Market price
Rental and service income	-	-	106,898,021	62,185,670	Baht 6.5 - 9.4 million per month for 2007 and Baht 6.5 million per month for 2006
Other income	-	-	25,575,445	17,562,409	Percentage of core revenue
Service expenses	-	-	-	4,360,000	Actual cost
Interest expenses	-	-	2,301,329	1,109,527	3.4 - 5.15 percent per annum
Transactions with related companies					
Sale of goods	11,994,808	55,453,645	11,994,808	55,453,645	Market price
Interest income	269,551	3,224,143	269,551	3,224,143	0.5 percent per annum
Purchase of goods	1,422,527	5,473,444	1,422,527	5,473,444	Market price
Rental and service expenses	16,747,295	18,465,148	16,747,295	18,465,148	Percentage of sales

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Deposit with financial institution				
Land and Houses Retail Bank Plc.	133,705	151,385	113,705	151,385
Trade accounts receivable				
Land and Houses Plc. and subsidiaries	1,708,202	3,451,808	1,708,202	3,451,808
Quality Houses Plc. and subsidiaries	335,594	5,126,560	335,594	5,126,560
Market Village Co., Ltd.				
(eliminated from consolidated financial statements)	-	-	131,821	84,018
Total	2,043,796	8,578,368	2,175,617	8,662,386
Other receivable				
Quality Houses Property and Loans Funds	3,000,000	3,000,000	3,000,000	3,000,000
Quality Construction Products Plc. and subsidiaries	3,210	-	3,210	-
Market Village Co., Ltd.				
(eliminated from consolidated financial statements)	-	-	6,025,498	5,238,099
Total	3,003,210	3,000,000	9,028,708	8,238,099
Other current asset - accrued income				
Land and Houses Retail Bank Plc.	-	418,150	-	418,150
Trade accounts payable				
Quality Construction Products Plc. and subsidiaries	20,801	530,301	20,801	530,301
Other payables				
Quality Houses Property and Loans Funds	1,660,870	1,716,752	1,660,870	1,716,752
Short-term loans from related party				
Market Village Co., Ltd.				
(eliminated from consolidated financial statements)	-	-	50,000,000	40,000,000

During the year 2007, movements in the balances of loans from related party were as follows:

(Unit: Baht)

	Separate financial statements				
	31 December 2006	Increase	Decrease	Transfer in (out)	31 December 2007
Short-term loans from related party					
Market Village Co., Ltd.	40,000,000	45,000,000	(35,000,000)	-	50,000,000

Short-term loans from related party

The Company has received unsecured loans of Baht 50 million (2006: Baht 40 million) from subsidiary company, on which interest is payable on a monthly basis at a rate of 3.4 percent per annum. The loans are repayable at call.

Directors and management's remuneration

During the year 2007, the Company and its subsidiary paid salaries, meeting allowance and gratuities to their directors and management totaling Baht 10.77 million (2006: Baht 9.49 million).

In addition, during the year 2007 the Company has allocated 1,879,500 warrants to the directors who are the management of the Company and subsidiary without charge. The details of the warrants are presented in Note 18 to the financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

	Consolidated						
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
As at 31 Dec 2006	1,861,576,631	4,976,869,489	219,497,963	1,292,689,783	24,643,990	299,593,648	8,674,871,504
Additions	336,819,601	575,969,165	21,761,232	289,070,583	5,739,295	345,776,732	1,575,136,608
Disposals	-	(6,792,571)	(17,194,018)	(18,312,273)	-	-	(42,298,862)
Transfers in (out)	27,918,766	517,306,442	22,544,125	24,146,364	-	(591,915,697)	-
As at 31 Dec 2007	2,226,314,998	6,063,352,525	246,609,302	1,587,594,457	30,383,285	53,454,683	10,207,709,250
Accumulated depreciation:							
As at 31 Dec 2006	-	562,521,357	136,843,163	527,911,957	10,214,186	-	1,237,490,663
Depreciation for the year	-	302,350,771	56,086,510	252,661,445	5,517,969	-	616,616,695
Depreciation on disposals	-	(1,313,091)	(15,055,027)	(12,611,880)	-	-	(28,979,998)
As at 31 Dec 2007	-	863,559,037	177,874,646	767,961,522	15,732,155	-	1,825,127,360
Allowance for impairment loss:							
As at 31 Dec 2006	-	-	-	-	-	-	-
Increase during the year	13,000,000	30,000,000	-	-	-	-	43,000,000
As at 31 Dec 2007	13,000,000	30,000,000	-	-	-	-	43,000,000

(Unit: Baht)

	Consolidated						
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Net book value:							
31 Dec 2006	1,861,576,631	4,414,348,132	82,654,800	764,777,826	14,429,804	299,593,648	7,437,380,841
31 Dec 2007	2,213,314,998	5,169,793,488	68,734,656	819,632,935	14,651,130	53,454,683	8,339,581,890
Depreciation for the year:							
(as included in administrative expenses)							
2006							461,512,270
2007							616,616,695

(Unit: Baht)

	Separate financial statements						
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
As at 31 Dec 2006	1,861,576,631	4,976,869,489	219,403,538	1,278,103,152	24,084,884	299,593,648	8,659,631,342
Additions	336,819,601	575,323,448	21,694,234	288,188,465	5,701,355	343,435,297	1,571,162,400
Disposals	-	(6,792,571)	(17,194,018)	(18,306,081)	-	-	(42,292,670)
Transfers in (out)	27,918,766	517,306,442	22,544,125	24,061,364	-	(591,830,697)	-
As at 31 Dec 2007	2,226,314,998	6,062,706,808	246,447,879	1,572,046,900	29,786,239	51,198,248	10,188,501,072
Accumulated depreciation:							
As at 31 Dec 2006	-	562,521,357	136,826,658	525,565,288	10,101,824	-	1,235,015,127
Depreciation for the year	-	302,324,183	56,060,019	249,677,760	5,401,491	-	613,463,453
Depreciation on disposals	-	(1,313,091)	(15,055,027)	(12,610,191)	-	-	(28,978,309)
As at 31 Dec 2007	-	863,532,449	177,831,650	762,632,857	15,503,315	-	1,819,500,271

(Unit: Baht)

	Separate financial statements						
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Allowance for impairment loss:							
As at 31 Dec 2006	-	-	-	-	-	-	-
Increase during the year	13,000,000	30,000,000	-	-	-	-	43,000,000
As at 31 Dec 2007	13,000,000	30,000,000	-	-	-	-	43,000,000
Net book value:							
31 Dec 2006	1,861,576,631	4,414,348,132	82,576,880	752,537,864	13,983,060	299,593,648	7,424,616,215
31 Dec 2007	2,213,314,998	5,169,174,359	68,616,229	809,414,043	14,282,924	51,198,248	8,326,000,801
Depreciation for the year: (as included in administrative expenses)							
2006							459,041,655
2007							613,463,453

As at 31 December 2007, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 197.48 million (2006: Baht 84.38 million) (The Company only: Baht 197.48 million, 2006: Baht 84.38 million).

As at 31 December 2007, the Company has mortgaged buildings and leasehold rights net book value of Baht 603.6 million (Note 12) (2006: all land, buildings and leasehold rights (Note 12) including construction thereon and part of its furniture, fixtures and equipment) to secure credit facilities from banks, as described in Notes 13 and 16.

12. LEASEHOLD RIGHTS AND SOFTWARE

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	Leasehold rights	Software	Leasehold rights	Software
Cost				
Balance as at 31 Dec 2006	622,419,311	160,903,180	622,419,311	160,893,724
Acquisitions during the year	2,506,000	27,269,454	2,506,000	27,269,454
Written-off during the year	-	(8,514,060)	-	(8,514,060)
Balance as at 31 Dec 2007	624,925,311	179,658,574	624,925,311	179,649,118
Accumulated depreciation				
Balance as at 31 Dec 2006	88,555,748	48,772,949	88,555,748	48,772,060
Depreciation for the year	22,929,919	17,539,108	22,929,919	17,538,162
Depreciation for written-off	-	(2,798,076)	-	(2,798,076)
Balance as at 31 Dec 2007	111,485,667	63,513,981	111,485,667	63,512,146
Net book value				
Balance as at 31 Dec 2006	533,863,563	112,130,231	533,863,563	112,121,664
Balance as at 31 Dec 2007	513,439,644	116,144,593	513,439,644	116,136,972

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

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated and separate financial statements	
		2007	2006
Short-term loans from financial institutions	3.55	555,000,000	-

As at 31 December 2007, the Company had short-term loans in the form of promissory notes totalling Baht 555 million from two financial institutions. The loans carry interest at rates of 3.55 percent per annum and are not secured. The loans are repayable at call.

As at 31 December 2007 and 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 (Notes 11 and 12).

14. LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS

(Unit: Baht)

	Consolidated and separate financial statements			
	Portion due within one year		Portion due over one year	
	2007	2006	2007	2006
Liabilities under financial lease agreements	14,109,140	20,544,989	10,800,138	15,830,414
Less: Deferred interest expense	(1,173,517)	(1,496,479)	(510,975)	(762,153)
Net	12,935,623	19,048,510	10,289,163	15,068,261

15. DEBENTURES

Debentures of the Company consist of:

(Unit: Baht)

	Consolidated and separate financial statements			
	Number of debentures (Unit)		Amount (Baht)	
	2007	2006	2007	2006
Unsecured Debentures # 1/2005				
Series 1	500,000	500,000	500,000,000	500,000,000
Series 2	500,000	500,000	500,000,000	500,000,000
Total	1,000,000	1,000,000	1,000,000,000	1,000,000,000
Less: Current portion			(500,000,000)	-
Net			500,000,000	1,000,000,000

At the Extraordinary Meeting of shareholders No. 1/2003 held on 27 June 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, June, September and December	Quarterly in March, June, 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.

16. LONG-TERM LOANS

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

(Unit: Baht)

No.	Principal	Consolidated and separate financial statements			
		Outstanding balances		Terms of payment (per installment/month)	Interest Rate
		2007	2006		
1	1,000,000,000	-	626,000,000	Baht 17 million	*
2	1,500,000,000	1,275,000,000	1,500,000,000	Baht 25 million	**
3	100,000,000	100,000,000	-	Baht 33 million	***
Total		1,375,000,000	2,126,000,000		
Less: Current portion		(400,000,000)	(429,000,000)		
Long-term loans - net		975,000,000	1,697,000,000		

The Company has pledged real estate and leasehold rights to secure the loans (Note 11). 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
- *** : At MLR minus an agreed margin

On 8 June 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 31 December 2007, the Company has drawdown of Baht 100 million from this loan facility, and the Company has long-term credit facilities which have not yet been drawdown amounted to Baht 1,900 million.

17. SHARE CAPITAL

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

17.1.1 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:

- 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.

17.1.2 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.

17.1.3 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 17.1.1 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.

17.2 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:

- 17.2.1 954,638,219 ordinary shares to be offered to the existing shareholders.
- 17.2.2 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).

17.2.3 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.

- 17.3 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 years ended 31 December	
	2007	2006
Registered share capital		
Number of ordinary shares at beginning of year	1,938,146,860	987,500,000
Decrease in registered share capital remained		
from allotment	-	(10,156,359)
Capital increment	-	960,803,219
Increase in registered share capital due to issuing		
ESOP-W4	50,400,000	-
Number of ordinary shares at end of year	1,988,546,860	1,938,146,860
Issued and paid-up share capital		
Number of ordinary shares at beginning of year	1,919,818,404	947,310,416
Capital increment	-	954,638,219
Increase from the exercise of		
ESOP-W1, ESOP-W2 and ESOP-W3	5,102,018	17,869,769
Number of ordinary shares at end of year	1,924,920,422	1,919,818,404

18. 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.

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 (Shares)	Value of ordinary shares from exercise of warrants (Baht)	Paid-up capital		Date of with the Ministry of Commerce
	ESOP-W1 (Units)	ESOP-W2 (Unit)	ESOP-W3 (Units)			(Shares)	(Baht)	
Beginning balance								
1 Jan 2006	7,316,775	-	-	-	-	947,310,416	947,310,416	-
28 Feb 2006	393,917	6,379,800	-	6,776,074	6,776,074	954,086,490	954,086,490	6 Mar 2006
31 May 2006	8,280	431,900	-	440,229	440,229	954,526,719	954,526,719	8 Jun 2006
31 Aug 2006	-	111,500	-	111,500	111,500	954,638,219	954,638,219	8 Sep 2006
30 Nov 2006	5,792,717	28,600	-	10,541,966	10,541,966	965,180,185	965,180,185	14 Dec 2006
28 Feb 2007	279,396	-	-	505,982	505,982	1,920,324,386	1,920,324,386	7 Mar 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 Jun 2007
31 Aug 2007	38,900	-	237,550	308,425	308,425	1,924,892,522	1,924,892,522	12 Sep 2007
30 Nov 2007	-	-	27,900	27,900	27,900	1,924,920,422	1,924,920,422	11 Dec 2007
Total	14,012,513	6,981,800	4,138,266					
Number of issued warrants	15,000,000	7,000,000	15,000,000					
Number of exercised warrants	(14,012,513)	(6,981,800)	(4,138,266)					
Number of expired warrants	(987,487)	-	-					
Number of unexercised warrants	-	18,200	10,861,734					

19. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

20. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated and separate financial statements	
	2007	2006
Number of employees at end of year (persons)	4,012	3,797
Employee costs for the year (Million Baht)	1,011	876

21. CORPORATE INCOME TAX

Corporate income tax for the years ended 31 December 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.

22. EARNINGS PER SHARE

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

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

Reconciliation between basic earning per share and diluted earning per share is presented below:

	Consolidated financial statements For the years ended 31 December					
	Net income (Baht)		Weighted average number of ordinary shares (shares)		Earningsper share (Baht)	
	2007	2006 (Restated)	2007	2006	2007	2006 (Restated)
Basic earnings per share						
Net income of ordinary shares	710,375,364	600,547,641	1,922,860,405	1,031,859,453	0.37	0.58
Effect of dilutive potential						
ordinary shares	-	-	10,853,626	2,313,304		
Diluted earnings per share						
Net income of ordinary shareholders						
assuming the conversion of						
warrants to ordinary shares	710,375,364	600,547,641	1,933,714,031	1,034,172,757	0.37	0.58

	Separate financial statements For the years ended 31 December					
	Net income (Baht)		Weighted average number of ordinary shares (shares)		Earnings per share (Baht)	
	2007	2006 (Restated)	2007	2006	2007	2006 (Restated)
Basic earnings per share						
Net income of ordinary shares	704,775,741	598,633,861	1,922,860,405	1,031,859,453	0.37	0.58
Effect of dilutive potential						
ordinary shares	-	-	10,853,626	2,313,304		
Diluted earnings per share						
Net income of ordinary shareholders						
assuming the conversion of						
warrants to ordinary shares	704,775,741	598,633,861	1,933,714,031	1,034,172,757	0.36	0.58

23. FINANCIAL INFORMATION BY SEGMENT

The majority of the operations of the Company and subsidiary involve the business segments of trading of construction materials, construction equipment and tools, decoration equipment, instruments, and space rental (as having revenue and assets less than 10 percent of total revenue and total assets of all segments) 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 trading industry and geographic area.

24. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by Bangkok Bank Plc., will be paid to employees upon termination in accordance with the fund rules. During the year 2007, the Company contributed Baht 20.86 million (2006: Baht 17.36 million) to the fund.

25. DIVIDEND PAID

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

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

26. COMMITMENTS AND CONTINGENT LIABILITIES

- 26.1 As at 31 December 2007 and 2006, the Company has commitments totaling Baht 116.18 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.
- 26.2 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.
- 26.3 As at 31 December 2007, the Company has commitments under letters of credit opened with three commercial banks, amounting to USD 2.40 million (2006: two commercial banks amounting to USD 1.02 million).

27. COMMITMENTS UNDER LONG-TERM LEASE AGREEMENTS

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

Payable within:	<u>Million Baht</u>
1 year	34
2 to 5 years	194
Thereafter	782
	<u>1,010</u>

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

Payable within:	<u>Million Baht</u>
1 year	69
2 to 5 years	377
Thereafter	1,049
	<u>1,495</u>

28. Financial instruments

28.1 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, other receivables, 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 loans. 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 31 December 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.

(Unit: Baht)

	Consolidated financial statements						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	115,781,360	119,293,652	235,075,012	0.50
Financial liabilities							
Bank overdraft and short-term loans from financial institutions	555,000,000	-	-	-	-	555,000,000	3.55
Debentures	500,000,000	500,000,000	-	-	-	1,000,000,000	5.00 - 5.40
Long-term loans	400,000,000	975,000,000	-	-	-	1,375,000,000	4.58 - 5.05
	1,455,000,000	1,475,000,000	-	-	-	2,930,000,000	

(Unit: Baht)

	Separate financial statements						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	100,392,706	119,257,772	219,650,478	0.50
Financial liabilities							
Banks overdraft and short-term loans from financial institutions	555,000,000	-	-	-	-	555,000,000	3.55
Short-term loans from related party	50,000,000	-	-	-	-	50,000,000	3.40
Debentures	500,000,000	500,000,000	-	-	-	1,000,000,000	5.00 - 5.40
Long-term loans	400,000,000	975,000,000	-	-	-	1,375,000,000	4.58 - 5.05
	1,505,000,000	1,475,000,000	-	-	-	2,980,000,000	

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 31 December 2007 are summarised below.

Foreign currency	Financial liabilities (Dollar)	Average exchange rate as at 31 December 2007 (Baht per dollar)
USD	16,463	33.88

28.2 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.

29. RECLASSIFICATION

In addition to the prior years adjustment as mentioned in Note 5, which affects the net income and shareholder's equity as previously reported by another auditor, certain other amounts in the financial statements for the year ended 31 December 2006 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

30. SUBSEQUENT EVENT

On 12 February 2008, the Meeting of the Company's directors passed a resolution to propose the following matters to the Meeting of Shareholders:

- 30.1 The Company paying a dividend of 1,925 million shares at Baht 0.18 each, totaling Baht 346.48 million, to its shareholders.
- 30.2 The Company reducing its share capital by Baht 2,078,714, effective after the expiration of ESOP-W1.

31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 12 February 2008.

Board of Directors



Name-Surname

Position

1. Mr.Anant Asavabhokhin	Chairman
2. Mr.Pong Sarasin	Director
3. Mr.Joompol Meesook	Director
4. Mrs.Suwanna Buddhapasart	Director
5. Mr.Rutt Phaniijhand	Director, Executive Director and Chairman of the Nomination and Remuneration Committee
6 Mr.Apichat Natasilpa	Director and Nomination and Remuneration Committee
7. Mr.Manit Udomkunnatum	Director and Chairman of the Executive Directors
8. Mr. Naporn Soonthornchitcharoen	Director and Executive Director
9. Mr. Khunawut Thumpomkul	Director, Executive Director and Managing Director
10.Mr. Apilas Osatanon	Independent Director and Chairman of the Audit Committee
11.Mr. Thaveevat Tatiyamaneekul	Independent Director and Audit Committee
12.Mr. Chanin Roonsumran	Independent Director, Audit Committee and Nomination and Remuneration Committee

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