

# **HOME PRODUCT CENTER PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

## **NOTES TO FINANCIAL STATEMENTS**

**AS AT JUNE 30, 2006 (UNAUDITED/REVIEWED ONLY)**

**AND AS AT DECEMBER 31, 2005 (AUDITED)**

### **1 PREPARATION OF INTERIM FINANCIAL STATEMENTS BASIS**

#### **1.1 PREPARATION OF FINANCIAL STATEMENTS**

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

These financial statements have been presented in accordance with the notification as issued by the Department of Business Development of the Ministry of Commerce dated September 14, 2001, regarding the abbreviate items must be shown in the financial statements for the public company limited and conformed with the generally accepted accounting principles.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

#### **1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These interim financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year ended December 31, 2005.

### **2. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS**

2.1 These financial statements are consolidated by including the accounts of its subsidiary which controlled by Home Product Center Public Company Limited. On May 26, 2005, the Company has invested in ordinary shares of Market Village Company Limited equal to 99.99% shareholding; therefore, the Company has prepared the consolidated financial statements in the second quarter of 2005.

#### **2.2 Transactions between subsidiary companies**

Transactions between Home Product Center Public Company Limited and its subsidiaries have been eliminated under the equity method as if Home Product Center Limited owns 100 percent shareholding in those subsidiaries, and the interest of other shareholders is shown as "Minority interest". The significant outstanding balance and transactions between Home Product Center Public Company Limited and its subsidiaries were eliminated from the consolidated financial statements.

### 3. CASH AND CASH EQUIVALENTS

Baht : Thousand

	Consolidated		Parent company	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Cash on hand	22,018	31,588	21,878	31,578
Current accounts	14,496	33,534	14,423	4,571
Savings deposit	42,522	31,792	7,718	23,564
Fixed deposit with				
3 months maturity	1	1	1	1
Total	79,037	96,915	44,020	59,714

### 4. ACCOUNTS RECEIVABLE - NET

Baht : Thousand

	Consolidated		Parent company	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Accounts receivable	105,034	112,100	96,747	112,100
Cheque return receivable	22,323	22,450	22,323	22,450
Credit card and coupon receivable	24,072	34,236	24,052	34,236
Total	151,429	168,786	143,122	168,786
Less Allowance for doubtful accounts	(23,097)	(23,097)	(23,097)	(23,097)
Accounts receivable - net	128,332	145,689	120,025	145,689

Accounts receivable as at June 30, 2006 and December 31, 2005 were classified by aging as follows:

Baht : Thousand				
	Consolidated		Parent company	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Undue	107,358	121,672	100,877	121,672
Overdue :				
- Not over 6 months	20,768	22,893	18,942	22,893
- Over 6 months to 12 months	313	1,223	313	1,223
- Over 12 months	22,990	22,998	22,990	22,998
Total	151,429	168,786	143,122	168,786
Less Allowance for doubtful accounts	(23,097)	(23,097)	(23,097)	(23,097)
Accounts receivable - net	128,332	145,689	120,025	145,689

During the year 2005, the Company written off accounts receivable and allowance for doubtful accounts of Baht 1.07 million.

## 5. INVENTORIES - NET

Baht : Thousand				
	Consolidated		Parent company	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Inventories	3,078,472	2,386,695	3,078,472	2,386,695
Less Allowance for damaged goods	(65,380)	(65,439)	(65,380)	(65,439)
Total	3,013,092	2,321,256	3,013,092	2,321,256

Inventories as at June 30, 2006 and December 31, 2005 are included valuation of goods that will be paid after sales for the amount of Baht 386.14 million and Baht 144.58 million, respectively. The Company recorded related companies payable and such goods at the same amount.

## 6. PROPERTY, PLANT AND EQUIPMENT - NET

	Consolidated financial statements				Baht : Thousand
	December 31, 2005	Increase	Disposal	Transfer in (out)	June 30, 2006
Cost :					
Land and improvement on land	1,411,233	397,798	0	0	1,809,031
Building, building on lease land and improvement on lease land	2,928,693	81,377	(844)	1,123,089	4,132,315
Accessories - computer	177,144	1,196	(798)	23,654	201,196
Office supplies	165,717	22,016	(75)	11,256	198,914
Furniture, fixtures and equipment	757,904	31,437	(5,962)	109,512	892,891
Vehicles	18,843	3,554	0	0	22,397
Building under construction					
on lease land	456,483	577,279	0	(603,646)	430,116
Computer system under installation	42,826	0	0	(23,654)	19,172
Furniture and equipment under installation	398,130	247,313	0	(640,211)	5,232
Total	6,356,973	1,361,970	(7,679)	0	7,711,264
Accumulated depreciation :					
Building, building on lease land and improvement on lease land	345,550	96,283	(108)	0	441,725
Computer system	91,237	22,651	(537)	0	113,351
Office supplies	72,750	16,865	(25)	5	89,595
Furniture, fixtures and equipment	273,002	66,985	(2,582)	(5)	337,400
Vehicles	5,674	2,098	0	0	7,772
Total	788,213	204,882	(3,252)	0	989,843
Net book value	5,568,760				6,721,421

## 6. PROPERTY, PLANT AND EQUIPMENT – NET (Cont.)

	Parent 's financial statements				Baht : Thousand
	December 31, 2005	Increase	Disposal	Transfer in (out)	June 30, 2006
Cost :					
Land and improvement on land	1,411,233	397,798	0	0	1,809,031
Building, building on lease land and improvement on lease land	2,928,693	81,377	(844)	1,123,089	4,132,315
Accessories - computer	177,144	1,102	(798)	23,654	201,102
Office supplies	165,717	12,196	(75)	11,026	188,864
Furniture, fixtures and equipment	757,673	28,771	(5,962)	109,742	890,224
Vehicles	18,299	3,539	0	0	21,838
Building under construction					
on lease land	456,483	577,279	0	(603,646)	430,116
Computer system under installation	42,826	0	0	(23,654)	19,172
Furniture and equipment under installation	398,130	247,313	0	(640,211)	5,232
Total	6,356,198	1,349,375	(7,679)	0	7,697,894
Accumulated depreciation :					
Building, building on lease land and improvement on lease land	345,550	96,283	(108)	0	441,725
Computer system	91,237	22,644	(537)	0	113,344
Office supplies	72,750	16,118	(25)	0	88,843
Furniture, fixtures and equipment	272,997	66,798	(2,582)	0	337,213
Vehicles	5,672	2,043	0	0	7,715
Total	788,206	203,886	(3,252)	0	988,840
Net book value	5,567,992				6,709,054

Property, plant and equipment at book value before deducting accumulated depreciation in fully amount as at June 30, 2006 and December 31, 2005 amounting to Baht 47.26 million and Baht 34.47 million, respectively are still being operated.

As at June 30, 2006 and December 31, 2005, the Company has mortgaged all land, building and leasehold (note 8) and building on lease land and part of furniture, fixtures and equipment for guarantee commitment and contingent liabilities with a bank for credit line of Baht 3,605 million and Baht 1,599 million, respectively.

## 7. INVESTMENT IN SUBSIDIARIES

Name of companies	Type of business	Thousand Baht		%		Thousand Baht		Thousand Baht	
		Paid-up of		Percentage of		Investments		Investments	
		share capital		investments		(Equity method)		(Cost method)	
		June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Market Village Co.,Ltd	Space for lease	5,000	5,000	99.99	99.99	0	3,459	4,999	4,999
Total investment in subsidiaries						0	3,459	4,999	4,999

As at May 26, 2005, the Company has invested in ordinary shares of Market Village Co., Ltd.

The financial statements of such subsidiary was taken into consolidated financial statements and equity gain (loss) for the period ended June 30, 2006 was taken into computation under equity method from the reviewed financial statements by the auditor.

The financial statements for six months ended June 30, 2006 of Market Village Co., Ltd. which was brought into the computation of investment under equity method had capital deficiency. The Company recorded the investment balance equal to zero and recognized the excess of loss over investment in subsidiary of Baht 7.31 million as other liabilities in "excess loss from investments in subsidiaries".

## 8. INTANGIBLE ASSETS

Intangible assets consist of:

Baht : Thousand

	Consolidated		Parent company	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
<b>Leasehold:</b>				
Deferred leasehold	556,100	438,035	556,100	438,035
Add Increase during the year	64,666	118,065	64,666	118,065
Less Accumulated amortization	(77,154)	(66,620)	(77,154)	(66,620)
Deferred leasehold - net	543,612	489,480	543,612	489,480
<b>Computer software :</b>				
Computer software	105,492	94,125	105,492	94,125
Add Increase during the year	46,013	11,367	46,003	11,367
Less Accumulated amortization	(40,093)	(31,791)	(40,093)	(31,791)
Computer software - net	111,412	73,701	111,402	73,701
Total intangible assets	655,024	563,181	655,014	563,181

Baht : Thousand

	Consolidated		Parent company	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
<b>Amortization of intangible assets:</b>				
Amortization leasehold	10,534	8,343	10,534	8,343
Amortization computer software	8,303	5,896	8,302	5,896
Total	18,837	14,239	18,836	14,239

In 2006, the Company made payment for additional leasehold amount of Baht 64.67 million. The period of the lease is 24 years.

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

The Company and subsidiary have overdrafts and short-term loans from financial institutions as follows:

Baht : Thousand

	Consolidated		Parent company	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Bank overdrafts	0	1,338	0	1,338
Loans from finance companies	73,000	240,000	73,000	240,000
Total	73,000	241,338	73,000	241,338

9.1 As at June 30, 2006, the Company has overdrafts line with several banks for credit lines of Baht 100 million and some of credit lines are guaranteed by leasehold and construction.

9.2 As at June 30, 2006, the Company has short-term loans from 1 financial institution of Baht 73 million by issuing promissory notes, due at call.

## 10. LONG-TERM LIABILITIES UNDER HIRE PURCHASE AGREEMENT

Baht : Thousand

	Consolidated		Parent company	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Long-term liabilities under				
hire purchase agreement	32,869	36,987	32,869	36,987
Less Current portion of				
long - term liabilities	(19,066)	(19,799)	(19,066)	(19,799)
Total	13,803	17,188	13,803	17,188

## 11. DEBENTURES

Debentures of Home Product Center Public Company Limited consist of:

	Number of debentures (Unit)	Amount (Thousand Baht)
	June 30, 2006	June 30, 2006
Unsecured Debentures		
- # 1/2548		
- # 1	500,000	500,000
- # 2	500,000	500,000
	1,000,000	1,000,000



## 12. LONG-TERM LOANS

Long - term loans of Home Product Center Public Company Limited consist of:

	Baht : Thousand	
	June 30, 2006	December 31, 2005
Long-term loans	2,194,000	830,000
Less Current portion of long-term debt	(279,000)	(204,000)
Long-term loans - net	1,915,000	626,000

As at June 30, 2006 and December 31, 2005, the Company has long - term loans from 2 and 1 commercial banks for 2 and 1 credit lines, respectively which consist of:

Baht : Thousand					
No. of credit	Amount of credit line	Amount of Baht		Repayment Conditions per installment/ per month	Interest Rate
		June 30, 2006	December 31, 2005		
1	1,000,000	694,000	830,000	Baht 17 million	*
2	1,500,000	1,500,000	0	Baht 25 million	**
	Total	2,194,000	830,000		

The Company used real estate and leasehold right as guarantee for such credit lines (note 6, 8 and 9).

\* : At 2.95 - 3.65% and MLR - spread at agreed rate since February 2006

\*\* : At 6% in the first - third year and MLR - spread at agreed rate thereafter.

## 13. EARNINGS PER SHARE

### Consolidated and parent's financial statements

	For three months ended June 30, 2006		
	Profit (Baht)	Number of share	Baht/share
<b>Basic earnings per share</b>			
Net profit of common shares	157,730,859.69	954,236,458	0.17
Effects of diluted potential common share			
- Exercise rights		6,666,751	
<b>Diluted earnings per share</b>			
Profit of common shareholders assumed as			
conversion to common share	157,730,859.69	960,903,209	0.16

**Consolidated and parent's financial statements**

For three months ended June 30, 2005			
	Profit (Baht)	Number of share	Baht/share
<b>Basic earnings per share</b>			
Net profit of common shares	115,499,743.12	819,351,037	0.14
Effects of diluted potential common share			
- Exercise rights		50,652,199	
<b>Diluted earnings per share</b>			
Profit of common shareholders assumed as			
conversion to common share	5,499,743.12	870,003,236	0.13

**Consolidated and parent's financial statements**

For six months ended June 30, 2006			
	Profit (Baht)	Number of share	Baht/share
<b>Basic earnings per share</b>			
Net profit of common shares	275,735,099.11	951,990,550	0.29
Effects of diluted potential common share			
- Exercise rights		6,666,751	
<b>Diluted earnings per share</b>			
Profit of common shareholders assumed as			
conversion to common share	275,735,099.11	958,657,301	0.29

**Consolidated and parent's financial statements**

For six months ended June 30, 2006			
	Profit (Baht)	Number of share	Baht/share
<b>Basic earnings per share</b>			
Net profit of common shares	216,940,031.37	796,219,260	0.27
Effects of diluted potential common share			
- Exercise rights		50,652,199	
<b>Diluted earnings per share</b>			
Profit of common shareholders assumed as			
conversion to common share	216,940,031.37	846,871,459	0.26

## 14. LEGAL RESERVE

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

## 15. WARRANTS

### 15.1 Warrants issuance to the existing shareholders

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

	Amount of unit	
	June 30,2006	December 31, 2005
Number of warrants brought forward	0	187,500,000
The number of exercised warrants up to June 30, 2006 - cumulative	0	(187,192,132)
Balance number of warrants	0	307,868

The aforementioned exercise right resulted increasing in common shares and premium on share capital as at December 31, 2005 of Baht 183.90 million and Baht 365.57 million, respectively.

The remaining warrants to purchase ordinary shares (HMPRO - W1), allotted to the existing shareholders as at December 30, 2005 for 307,868 units were expired on July 25, 2005. These HMPRO - W1 were delisted from the SET on July 26, 2005.

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

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

In February 2006, the Company issued 7,000,000 units of warrant (the second) to the employees according to the resolution of the Annual General Meeting of Shareholders for the year 2005. Each unit of warrant has a right to purchase 1 ordinary share at Baht 1.00 each and exercise period is on every three months.

As the Company's allotment 7,000,000 units of warrants to purchase ordinary shares of Company to employees of the Company (ESOP-W2) No. 2, as a result, the exercise ratio of warrants to purchase ordinary shares to employees of the Company (ESOP-W1) No. 1 is to be 1 unit of warrant has a right to purchase 1.006 ordinary shares at Baht 1 per share since February 28, 2006 onwards.

	Amount of unit	
	June 30, 2006	December 31, 2005
Number of warrants brought forward	22,000,000	15,000,000
The number of exercised warrants up to June 30, 2006 - cumulative	(14,533,029)	(7,316,775)
Balance number of warrants	7,466,971	7,683,225

From such exercise right resulted increasing in common shares as at June 30, 2006 of Baht 14.53 million.

## 16. SHARES CAPITAL

According to the minutes of shareholders' general meeting for the year 2006 held on April 4, 2006, the company has resolved as follows:

1. Approved the cancellation of the allotment of unpaid ordinary shares including the shares the warrants not being exercised of the existing shareholders' (HMPRO-W1) of 25,406,359 shares at par value of Baht 1 (one) in accordance with the resolutions of the Shareholders' Annual General Meeting for the year 2005 to offer by way of private placement and approved the details of new shares allotment as follows :

1.1) 15,000,000 shares reserved for exercising the warrants to be allocated to employees of the Company and subsidiaries (ESOP-W3)

1.2) 250,000 shares reserved for exercising the warrants to be allocated to employees of the Company No. 1/2005(ESOP-W2), which the Company may adjust the exercise right.

If there are remaining shares from the allocation of the shares in clause 1.1 and 1.2 as a result of the warrants not being issued or exercised, these remaining shares may be allotted at the discretion of the shareholders' meeting by the propose of the Board of Directors.

1.3) The allocation of 10,156,359 shares shall be cancelled.

2. Approved the issue of 15,000,000 units of warrants to purchase common shares to employees of the Company and subsidiaries (ESOP-W3), The Exercise proportion is allocated for 3 years term at 30, 35 and 35% in year 1, 2 and 3, respectively .

3. Approved the decrease of the registered capital 10,156,359 Baht due to the cancellation of the allocation of the remaining shares that were offered for private placement and the Company has presently not yet offered shares to the investor(s) according to clause 1.3 above. Therefore, it is not necessary to reserve such shares and the registered capital will be decreased from Baht 987,500,000 to Baht 977,343,641 divided into 977,343,641 ordinary shares at par value of Baht 1 each. Thus, the Company needs to amend clause 4 of the Memorandum of Association.

## 17. COMMITMENT AND CONTINGENT LIABILITIES

17.1 The Company has commitment on bank and 4 financial institutions of guarantee for leasing, purchased goods or hire of work and collateral against to the State Enterprise as at June 30, 2006 and December 31, 2005 of Baht 44.30 million and Baht 93.35 million, respectively.

17.2 The Company entered into 7 agreements for lease and sub-lease part of premise in 5 Department Store with two companies for the period of 29-30 years and received the advance payment of Baht 640.49 million. The agreements will be due in 2033 - 2035.

17.3 As at June 30, 2006 and December 31, 2005, the Company has commitment from opening letter of credit with 2 and 1 commercial banks amount of USD 1 million.

## 18. DIRECTORS' REMUNERATION

Directors' remuneration is all benefits paid to the Company's directors excluding salaries and related benefits which paid to executive director for the period of six months ended June 30, 2006 of Baht 5,495,000 million ( for the period of six months ended June, 2005, for the amount of Baht 3.4 million) which was presented in selling and administrative expenses.

## 19. DIVIDENDS PAID

According to the minutes of shareholders' general meeting for the year 2006 held on April 4, 2006, the Company passed the resolution to pay dividend for the year 2005 at Baht 0.20 per share amounting to Baht 190.82 million which was paid in April 2006.

## 20. TRANSACTION WITH RELATED COMPANIES

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

<u>Type of inter - transaction</u>	<u>Pricing policy determination</u>
Trading transaction between the Company and subsidiaries with related companies	Price and benefits are concluded in the normal course of business or the agreement concerned for non - market value transactions

Related companies	Relationship
- Land and Houses Public Company Limited and subsidiaries	- There are common shareholders and co-directors.
- Quality Houses Public Company Limited and subsidiaries	- There are common shareholders and co-directors.
- Quality Construction Products Public Company Limited and subsidiaries	- There are co-directors.
- Land and Houses Retail Bank Public Company Limited	- There are co-shareholders.
- The Siam Industrial Credit Public Company Limited	- There are co-directors.

Baht : Thousand

	Consolidated		Parent company	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Accounts receivable				
Land and Houses Plc. and subsidiaries	10,528	26,962	10,528	26,962
Quality Houses Plc. and subsidiaries	201	11,075	201	11,075
Total	10,729	38,037	10,729	38,037
Other receivables				
Market Village Co., Ltd.	0	0	7,038	0
Total	0	0	7,038	0
Accounts payable				
Quality Construction Products Plc. and subsidiaries	1,049	823	1,049	823
Total	1,049	823	1,049	823
Short-term loan from related party				
Market Village Co., Ltd.	0	0	20,000	0
Total	0	0	20,000	0

Baht : Thousand

	Consolidated		Parent company	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Sales of goods				
Land and Houses Plc. and subsidiaries.	31,842	216,346	31,842	216,346
Quality Houses Plc. and subsidiaries	3,304	50,194	3,304	50,194
Market Village Co., Ltd.	0	0	2,524	0
Total	35,146	266,540	37,670	266,540
Other income				
Market Village Co., Ltd.	0	0	42,671	0
Total	0	0	42,671	0
Interest income				
Land and Houses Retail Bank Plc.	2,131	0	2,131	0
The Siam Industrial Credit Plc.	263	0	263	0
Total	2,394	0	2,394	0
Purchase of goods				
Quality Construction Products Plc. and subsidiaries	3,194	2,304	3,194	2,304
Total	3,194	2,304	3,194	2,304
Selling and administrative expenses				
Market Village Co., Ltd.	0	0	4,360	0
Total	0	0	4,360	0
Interest expenses				
Market Village Co., Ltd.	0	0	147	0
Total	0	0	147	0

Movement deposit at financial institution and loan from related party can be summarized as follows:

Baht : Thousand

	Consolidated			
	December 31, 2005	Increase	Decrease	June 30, 2006
Deposit with financial institutions- promissory notes				
Land and Houses Retail Bank Plc.	0	1,000,000	(1,000,000)	0
The Siam Industrial Credit Plc.	0	260,000	(260,000)	0
Total	0	1,260,000	(1,260,000)	0

Baht : Thousand

	Parent Company			
	December 31, 2005	Increase	Decrease	June 30, 2006
Deposit with financial institutions- promissory notes				
Land and Houses Retail Bank Plc.	0	1,000,000	(1,000,000)	0
The Siam Industrial Credit Plc.	0	220,000	(220,000)	0
Total	0	1,220,000	(1,220,000)	0
Short-term loan from related party				
Market Village Co., Ltd.	0	60,000	(40,000)	20,000
Total	0	60,000	(40,000)	20,000



## **21. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS**

### **21.1 Accounting Policy**

The significant accounting policies and method adopted the basis of recognition and measurement relating to each class of financial assets and financial liabilities has been disclosed in note 3.

### **21.2 Credit risk**

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. Financial assets shown in balance sheets at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

For off-balance sheets, the Company expects that the account of credit risk is immaterial.

### **21.3 Interest rate risk**

The Company may retain an exposure to interest rate risk relates to its loans from banks which indicated floating interest rate from February 2006 thereafter. So that the changes in interest rate will effect to the Company.

### **21.4 Fair value of financial instruments**

Financial assets shown in balance sheets consist of cash on hand, cash at banks, accounts receivable, other receivables and deposit for lease. Financial liabilities shown in balance sheets consist of bank overdrafts, short-term loans from financial institutions, accounts payable, assets payable, decoration and hire purchase payable and long-term loans carrying value equal to the estimated fair value. Parts of long-term loans carry interest at the rate close to current market rates. However, long-term loans of Baht 2,500 million and debentures of Baht 1,000 million were presented in balance sheet for the amount of Baht 2,194 million and Baht 1,000 million, respectively ( at the interest rate as stated in note 11 and 12) , had fair value approximately of Baht 2,189.65 million and Baht 999.29 million, respectively. Fair value are estimated by using present value of cash flow at the rate of 7.25 % per annum (interest rate is the average rate of credit providing of 4 commercial bank). The management believes that there is no material risk financial instrument.

## **22. INTERIM FINANCIAL STATEMENTS APPROVAL**

These interim financial statements have been approved to be issued by the Company's Board of Directors on August 10, 2006.