

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
AS AT MARCH 31, 2003 (UNAUDITED/REVIEWED ONLY)
AND AS AT DECEMBER 31, 2002 (AUDITED)

AUDITOR'S REPORT

To The Shareholders of

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

I have reviewed the balance sheets of HOME PRODUCT CENTER PUBLIC COMPANY LIMITED as at March 31, 2003, the related statements of income, statements of changes in shareholders' equity and statements of cash flows for three months ended March 31, 2003 and 2002. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with auditing standards applicable to review engagements. Those standards require that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. Accordingly, I do not express an opinion on these financial statements.

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

I have audited the financial statements of HOME PRODUCT CENTER PUBLIC COMPANY LIMITED as at December 31, 2002 in accordance with generally accepted auditing standards and I expressed an unqualified opinion in my report dated February 7, 2003. The balance sheets as at December 31, 2002, presented for comparison purpose, is a partial of the audited and reported financial statements. I have not performed any auditing procedures since that date.

Office of D I A International Auditing

(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

April 29, 2003

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT MARCH 31, 2003 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2002 (AUDITED)

Assets	Note	March 31, 2003	Baht December 31, 2002
Current assets			
Cash and cash equivalents	3	261,116,239.19	84,051,092.97
Accounts receivable - net	4	108,133,541.92	140,699,262.83
Inventories	5	1,352,298,155.05	1,245,873,765.03
Receivable - Revenue Department		37,756,179.65	34,630,180.32
Other current assets		60,872,512.71	92,145,069.31
Total current assets		<u>1,820,176,628.52</u>	<u>1,597,399,370.46</u>
Non-current assets			
Fixed deposit with commitment	6	30,001,821.73	32,001,821.73
Property, plant and equipment - net	7	1,606,068,653.48	1,277,468,483.06
Deferred leasehold	8	207,793,709.98	209,844,454.63
Real estate foreclosed		2,674,122.40	2,674,122.40
Rentention for lease		21,385,426.20	17,385,426.20
Other non-current assets		8,781,940.59	8,879,440.59
Total non-current assets		<u>1,876,705,674.38</u>	<u>1,548,253,748.61</u>
Total assets		<u><u>3,696,882,302.90</u></u>	<u><u>3,145,653,119.07</u></u>

Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

BALANCE SHEETS (Cont.)

AS AT MARCH 31, 2003 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2002 (AUDITED)

Liabilities and shareholders' equity	Note	March 31, 2003	Baht December 31, 2002
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	9	507,067,468.93	140,198,886.13
Accounts payable		1,393,083,603.93	1,427,041,608.83
Current portion of long-term debt	11, 12	87,366,984.00	83,415,317.00
Leasehold payable	10	15,500,000.00	15,500,000.00
Assets payable		258,591,651.75	76,136,616.03
Deposits from sales of goods		70,579,753.74	68,221,496.23
Other payables		60,826,154.16	49,069,337.31
Other current liabilities		78,408,624.27	88,005,823.66
		<hr/>	<hr/>
Total current liabilities		2,471,424,240.78	1,947,589,085.19
		<hr/>	<hr/>
Non-current liabilities			
Long-term loans	11	35,666,675.00	38,833,341.00
Decoration payable	12	4,959,493.00	7,084,990.00
Other non-current liabilities		13,027,430.57	6,971,472.42
		<hr/>	<hr/>
Total non-current liabilities		53,653,598.57	52,889,803.42
		<hr/>	<hr/>
Total liabilities		2,525,077,839.35	2,000,478,888.61
		<hr/>	<hr/>

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

BALANCE SHEETS (Cont.)

AS AT MARCH 31, 2003 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2002 (AUDITED)

Liabilities and shareholders' equity (Cont.)	Note	March 31, 2003	Baht December 31, 2002
Shareholders' equity			
Share capital			
Authorized share capital			
987,500,000 common shares of Baht 1 each		987,500,000.00	987,500,000.00
		<u>987,500,000.00</u>	<u>987,500,000.00</u>
Issued and paid-up share capital			
750,000,000 common shares of Baht 1 each		750,000,000.00	750,000,000.00
Premium on share capital		184,121,460.61	184,121,460.61
Retained earnings			
Appropriated			
Legal reserve	13	11,000,000.00	9,500,000.00
Unappropriated		226,683,002.94	201,552,769.85
		<u>226,683,002.94</u>	<u>201,552,769.85</u>
Total shareholders' equity		1,171,804,463.55	1,145,174,230.46
		<u>1,171,804,463.55</u>	<u>1,145,174,230.46</u>
Total liabilities and shareholders' equity		<u>3,696,882,302.90</u>	<u>3,145,653,119.07</u>

Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THREE MONTHS ENDED MARCH 31, 2003 AND 2002

(UNAUDITED/REVIEWED ONLY)

	2003	Baht	2002
Revenues			
Sales	1,332,858,619.77		922,698,656.05
Other income	12,134,133.72		10,165,307.12
Total revenues	<u>1,344,992,753.49</u>		<u>932,863,963.17</u>
Expenses			
Cost of sales	1,070,564,781.46		733,411,671.45
Selling and administrative expenses	240,433,398.74		172,028,184.51
Total expenses	<u>1,310,998,180.20</u>		<u>905,439,855.96</u>
Profit before interest expenses and income tax	33,994,573.29		27,424,107.21
Interest expenses	(5,618,806.17)		(7,574,649.65)
Income tax	(1,745,534.03)		0.00
Net profit	<u>26,630,233.09</u>		<u>19,849,457.56</u>
Basic earnings per share			
Net profit	0.04		0.05

Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THREE MONTHS ENDED MARCH 31, 2003 AND 2002
(UNAUDITED/REVIEWED ONLY)

(Unit : Baht)

	Issued and paid- up share capital	Premium on share capital	Legal reserve	Retained earnings (Deficit)	Total
Beginning balance as at					
January 1, 2002	375,000,000.00	0.00	0.00	99,775,444.41	474,775,444.41
Premium on share capital	0.00	184,121,460.61	0.00	0.00	184,121,460.61
Legal reserve	0.00	0.00	2,000,000.00	0.00	2,000,000.00
Net profit	0.00	0.00	0.00	19,849,457.56	19,849,457.56
Beginning balance as at					
March 31, 2002	<u>375,000,000.00</u>	<u>184,121,460.61</u>	<u>2,000,000.00</u>	<u>119,624,901.97</u>	<u>680,746,362.58</u>
Beginning balance as at					
January 1, 2003	750,000,000.00	0.00	9,500,000.00	201,552,769.85	961,052,769.85
Premium on share capital	0.00	184,121,460.61	0.00	0.00	184,121,460.61
Legal reserve	0.00	0.00	1,500,000.00	(1,500,000.00)	0.00
Net profit	0.00	0.00	0.00	26,630,233.09	26,630,233.09
Beginning balance as at					
March 31, 2003	<u>750,000,000.00</u>	<u>184,121,460.61</u>	<u>11,000,000.00</u>	<u>226,683,002.94</u>	<u>1,171,804,463.55</u>

Notes to financial statements are parts of these financial statements.

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THREE MONTHS ENDED MARCH 31, 2003 AND 2002
(UNAUDITED/REVIEWED ONLY)

	2003	Baht	2002
Cash flows from operating activities			
Net profit	26,630,233.09		19,849,457.56
Adjustment net profit (loss) to cash receipt (disbursement)			
Depreciation	25,028,219.56		17,211,752.11
Amortization of leasehold	2,050,744.65		1,655,967.34
Increase in allowance for damaged goods	3,526,697.06		2,393,297.65
(Decrease) in allowance for doubtful accounts	(22,041,470.22)		0.00
Unrealized (gain) loss from exchange rate	(519.60)		(1,266,217.22)
(Increase) Decrease in accounts and notes			
receivable	54,607,191.13		2,751,733.34
(Increase) Decrease in inventories	(109,951,087.08)		(34,104,568.94)
(Increase) Decrease in other current assets	20,002,357.49		(14,000,455.32)
(Increase) Decrease in receivable - Revenue			
Department	(3,125,999.33)		3,012,822.95
(Increase) in retention for lease	(4,000,000.00)		0.00
(Increase) Decrease in other non-current assets	97,500.00		(463,409.38)
Increase (Decrease) in accounts and notes			
payable	(33,957,485.30)		22,468,578.12
Increase (Decrease) in other payables	11,756,816.85		(1,596,151.73)
(Decrease) in accrued interest expenses	(338,205.68)		(922,792.48)
Increase in deposit from sales of goods	2,358,257.51		8,608,474.10
Increase (Decrease) in other liabilities	6,055,958.15		(196,903.53)
Increase (Decrease) in other current liabilities	(9,258,993.71)		(5,434,706.06)
Net cash provided by (used in) operating activities	(30,559,785.43)		19,966,878.51

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (Cont.)
FOR THREE MONTHS ENDED MARCH 31, 2003 AND 2002
(UNAUDITED/REVIEWED ONLY)

	2003	Baht	2002
Cash flows from investing activities			
Decrease in fixed deposit with commitment	2,000,000.00		0.00
Paid for leasehold	0.00		(1,195,000.00)
Paid for assets payable	(111,285,480.69)		(18,538,466.53)
Purchase of fixed assets	(59,887,873.57)		(7,304,978.19)
Net cash provided by (used in) investing activities	(169,173,354.26)		(27,038,444.72)
Cash flows from financing activities			
Received (Paid) for bank overdrafts and loans from banks	378,138,781.91		6,051,681.53
Received from long-term loans	28,500,000.00		28,500,000.00
Paid for long-term loans	(27,714,999.00)		(167,205,968.24)
Paid for loans of financial lease agreement	(2,125,497.00)		(10,950,443.10)
Net cash provided by (used in) financing activities	376,798,285.91		(143,604,729.81)
Net increase (decrease) in cash and cash equivalents	177,065,146.22		(150,676,296.02)
Cash and cash equivalents at the beginning of the period	84,051,092.97		266,883,687.47
Cash and cash equivalents at the end of the period	261,116,239.19		116,207,391.45
Additional disclosure of cash flows information			
Cash paid during the period			
Interest expenses	5,957,011.85		8,507,084.43
Income tax	2,455,307.10		1,291,529.42

HOME PRODUCT CENTER PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2003 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2002 (AUDITED)

1. PREPARATION OF INTERIM FINANCIAL STATEMENTS BASIS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year ended December 31, 2002.

3. CASH AND CASH EQUIVALENTS

	March 31, 2003	Baht December 31, 2002
Cash on hand	9,523,882.59	30,257,890.68
Current accounts	19,374,926.72	16,765,859.38
Savings deposit	232,217,429.88	37,027,342.91
Total	<u>261,116,239.19</u>	<u>84,051,092.97</u>

4. ACCOUNTS AND NOTES RECEIVABLE - NET

	March 31, 2003	Baht	December 31, 2002
Accounts receivable	79,218,185.19		104,659,956.62
Cheque return receivable	32,059,051.71		42,696,392.55
Credit card and coupon receivable	18,023,769.83		36,551,848.69
Total	<u>129,301,006.73</u>		<u>183,908,197.86</u>
Less Allowance for doubtful accounts	<u>(21,167,464.81)</u>		<u>(43,208,935.03)</u>
Accounts and notes receivable - net	<u><u>108,133,541.92</u></u>		<u><u>140,699,262.83</u></u>

The Company's trade accounts and notes receivable are long outstanding for over 12 months as at March 31, 2003 and December 31, 2002, in the amount of Baht 39.04 million and Baht 43.21 million, respectively.

5. INVENTORIES

	March 31, 2003	Baht	December 31, 2002
Inventories	1,374,059,239.05		1,264,108,151.97
Less Allowance for damaged goods	<u>(21,761,084.00)</u>		<u>(18,234,386.94)</u>
Total	<u><u>1,352,298,155.05</u></u>		<u><u>1,245,873,765.03</u></u>

6. FIXED DEPOSIT WITH COMMITMENT

The Company used fixed deposit in full as guarantee from aval promissory notes of Baht 15.5 million (note 10) and guarantee the treatment under land lease agreement of Baht 16 million to a commercial bank.

7. PROPERTY, PLANT AND EQUIPMENT - NET

	December 31, 2002	Increase	Decrease	Transfer in (out)	March 31, 2003
Cost :					
Land and improvement					
on land	136,300,000.00	33,595,475.00	0.00	0.00	169,895,475.00
Building and improvement					
on lease land	789,354,422.71	36,036,784.02	0.00	32,924,204.71	858,315,411.44
Computer system	142,419,307.30	8,573,138.66	0.00	2,294,725.71	153,287,171.67
Office supplies	59,749,038.36	20,534,923.90	(27,654.75)	1,762,450.00	82,018,757.51
Furniture, fixtures and					
equipment	307,517,144.64	39,275,065.69	0.00	12,122,287.86	358,914,498.19
Vehicles	3,868,060.16	867,289.74	0.00	0.00	4,735,349.90
Building under construction					
on lease land	108,709,303.15	196,782,294.58	0.00	(36,112,006.18)	269,379,591.55
Computer system under					
installation	2,700,796.71	707,190.00	0.00	(2,285,796.71)	1,122,190.00
Furniture and equipment					
under installation	200,705.00	17,256,228.39	0.00	(10,705,865.39)	6,751,068.00
Total	<u>1,550,818,778.03</u>	<u>353,628,389.98</u>	<u>(27,654.75)</u>	<u>0.00</u>	<u>1,904,419,513.26</u>
Accumulated depreciation :					
Building and improvement					
on lease land	128,959,333.25	8,374,071.31	0.00	0.00	137,333,404.56
Computer system	39,099,243.36	5,130,305.41	0.00	0.00	44,229,548.77
Office supplies	28,874,628.80	2,356,778.53	(27,652.75)	0.00	31,203,754.58
Furniture and equipment					
under installation	75,089,959.59	8,413,541.15	0.00	0.00	83,503,500.74
Vehicles	1,327,129.97	753,523.16	0.00	0.00	2,080,653.13
Total	<u>273,350,294.97</u>	<u>25,028,219.56</u>	<u>(27,652.75)</u>	<u>0.00</u>	<u>298,350,861.78</u>
Net book value	<u>1,277,468,483.06</u>				<u>1,606,068,651.48</u>
Depreciation :	For three months ended March 31, 2003 amounting to Baht 25,028,219.56.				
	For three months ended March 31, 2002 amounting to Baht 17,211,752.11.				

As at March 31, 2003, the Company has mortgaged all leasehold and building on lease land and part of furniture, fixtures and equipment for guarantee commitment and contingent liabilities with a bank for credit line of Baht 497.50 million. As at March 31, 2003 and December 31, 2002, the Company has property, plant and equipment which are still in operations, at book value before deducting accumulated depreciation in full amount of Baht 20.31 million and Baht 11.64 million, respectively.

8. DEFERRED LEASEHOLD

	March 31, 2003	Baht December 31, 2002
Deferred leasehold	236,152,826.56	160,896,208.56
Add Increase during the year	0.00	75,256,618.00
Less Accumulated amortization	(28,359,116.58)	(26,308,371.93)
Deferred leasehold - net	<u>207,793,709.98</u>	<u>209,844,454.63</u>
Amortization of leasehold :		
For three months ended March 31, 2003 amounting to Baht		2,050,744.65
For three months ended March 31, 2002 amounting to Baht		1,655,967.34

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

	March 31, 2003	Baht December 31, 2002
Bank overdrafts	8,337,668.04	198,886.13
Loans from financial company - promissory notes	498,729,800.89	140,000,000.00
Total	<u>507,067,468.93</u>	<u>140,198,886.13</u>

9.1 The Company has overdrafts line with banks for several credit lines of Baht 90 million, some credit lines are guaranteed by building and leasehold and other credit lines have no collateral.

9.2 In 2003, the Company issued promissory notes to finance companies of Baht 510 million, which are due in January 2003 to May 2003 and without collateral.

10. LEASEHOLD PAYABLE

During the year 2002, the Company issued promissory notes of Baht 15.5 million for payment leasehold and the aval notes by a commercial bank guaranteed by fixed deposit in whole amount (note 4).

11. LONG-TERM LOANS

	March 31, 2003	Baht December 31, 2002
Long-term loans - net	114,531,671.00	113,746,670.00
Less Current portion of long-term debt	(78,864,996.00)	(74,913,329.00)
Long-term loans - net	<u>35,666,675.00</u>	<u>38,833,341.00</u>

The Company has long-term loans from 2 commercial banks for 6 credit lines at the interest rate of MLR to MLR + 0.25% consist of :

No. of credit line	Amount of credit line	Amount of Baht		Repayment conditions per installment/per months
		March 31, 2003	Baht December 31, 2002	
1	200,000,000.00	0.00	0.00	
2	83,500,000.00	19,240,000.00	26,380,000.00	Baht 2.38 million
3	30,000,000.00	0.00	0.00	Baht 0.50 million
4	36,000,000.00	25,500,000.00	27,750,000.00	Baht 0.75 million
5	40,000,000.00	29,166,671.00	31,666,670.00	Baht 0.83 million
6	237,000,000.00	40,625,000.00	27,950,000.00	As details
	Total	<u>114,531,671.00</u>	<u>113,746,670.00</u>	

The Company entered into loans from bank agreement in type of Revolving Line by dividing into 2 portions : the first portion is a one-year loan with monthly installment and the second portion consist of promissory notes that could be issued and redeemed within the Revolving Line which will be transferred to the first portion as detailed following :

No. of credit line	Amount of Baht	Amount of Baht		Repayment conditions per installment/per months
		March 31, 2003 Baht	December 31, 2002	
1. Part I	28,500,000.00	26,125,000.00	4,750,000.00	- 3/2002 - 2/2003 of Baht 2.38 million each
Part II	85,500,000.00	0.00	0.00	- Transfer to 1st portion of Baht 28.50 million per year
Total	<u>114,000,000.00</u>	<u>26,125,000.00</u>	<u>4,750,000.00</u>	
2. Part I	34,800,000.00	14,500,000.00	23,200,000.00	- 9/2002 - 8/2003 of Baht 2.9 million each
Part II	88,200,000.00	0.00	0.00	- Transfer to 1st portion of Baht 34.80 million per year
Total	<u>123,000,000.00</u>	<u>14,500,000.00</u>	<u>23,200,000.00</u>	
Grand Total	<u><u>237,000,000.00</u></u>	<u><u>40,625,000.00</u></u>	<u><u>27,950,000.00</u></u>	

Such loans are guaranteed by leasehold right and construction on lease land, sub-leasehold and central utilities services in connection with sub leasehold including part of furniture and equipment (note 7 and 8).

12. DECORATION PAYABLE

	March 31, 2003	Baht	December 31, 2002
Decoration payable	13,461,481.00		15,586,978.00
Less Current portion of long-term debt	(8,501,988.00)		(8,501,988.00)
Total	<u>4,959,493.00</u>		<u>7,084,990.00</u>

The Company entered into an agreement that hire a company to improve and decorate the building space in the amount of Baht 26.25 million and a hire purchase agreement of furniture and decoration equipment in the amount of Baht 16.26 million. Both agreements will be made through 60 installments of Baht 437,511.00 each and Baht 270,948.00 each, respectively, commencing on November 10, 1999 and maturing on November 10, 2004.

13. LEGAL RESERVE

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

14. DIRECTORS' REMUNERATION

Directors' remuneration is all benefits paid to the Company's directors for the period of three months ended March 31, 2003 of Baht 600,000.00 (for the period of three months ended March 31, 2002, for the amount of Baht 600,000.00)

15. TRANSACTION WITH RELATED COMPANIES

The Company's financial statements include the transactions with its related companies of which related by common shareholders and/or directorship. The value and benefits of these transactions are determined in the normal course of business based on the market value or the group of company concerned for non-market value.

	March 31, 2003	Baht December 31, 2002
Accounts receivable		
Land and Houses Plc.	47,597,716.37	61,599,072.65
Quality Houses Plc.	18,494,057.37	20,121,444.68
Total	<u>66,091,773.74</u>	<u>81,720,517.33</u>
Sales of goods		
Land and Houses Plc.	64,365,551.70	267,442,877.09
Quality Houses Plc.	36,062,078.63	141,371,936.92
Total	<u>100,427,630.33</u>	<u>408,814,814.01</u>

16. DILUTED EARNINGS PER SHARE

The Company has given the right on exercised warrants to purchase the increasing 187.5 million shares since as at March 31, 2003, the convertible price of warrants are higher than the

market value, therefore, there are no effects to the diluted earnings per share.

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17. COMMITMENT AND CONTINGENT LIABILITIES

The Company has commitment on bank and financial institutions of guarantee for leasing, purchased goods or hire of work and collateral against to the government agencies as at March 31, 2003 and December 31, 2002 of Baht 31.75 million and Baht 27.95 million, respectively.

18. SUBSEQUENT EVENT

According to the minutes of shareholders' general meeting for the year 2003 held on April 25, 2003, the Company passed the resolution to pay dividend for the year 2002 at the rate of Baht 0.06 per share.