

2. Message from the Board of Directors

Hemaraj Land And Development Public Company Limited accomplished improved results in all operating areas of the business in 2002. Total Revenue for 2002 was Baht 1,811 million versus Baht 1,258 million in 2001. Net Profit for the corresponding period was Baht 639 million versus a loss of Baht (493) million the prior year. The profit included currency, debt restructuring, investment and other areas as outlined further in the report.

The Thailand industrial property market in 2002 was flat while Hemaraj leases and sales increased to 351 rai and 19 new customers. Hemaraj achieved double digit increases in the four areas of its business, industrial estates, industrial estate utilities, lease and sale of SME factories and other utilities and services. Sales from industrial estates now at only 60 % of total operating revenue provide risk diversity and predictability of growing returns.

On the capital side, Hemaraj had raised Baht 284 million in new equity in January of 2002 through a rights issue. All debt at the end of 2002 have been either restructured or paid and are active with the exception of the unsecured euro convertible bond, which we are trying to settle further. Total liabilities have decreased year over year from Baht 4,952 million in 2001 to Baht 3,615 million in 2002. Total Shareholders Equity has correspondingly increased from Baht 1,177 million to Baht 2,127 million in 2002, although there is an open issue on the classification of sinking fund assets. Net Debt to Equity decreased to 1.68 to 1 times in 2002 from 4.07 to 1 times in 2001, still a level higher than our target.

The continued Hemaraj strategy to be the marker leader in Thailand as a developer of complementary property, utility, and service customer solutions will broaden the revenue base for the company. These will provide a more predictable revenue stream in a volatile industry and perhaps global investment climate as well as to provide growth opportunities for the company.

Hemaraj values the support of its stakeholders, namely our shareholders, management, employees, customers, creditors, and business partners. Our obligation is to provide relevant information and consistent company performance to these stakeholders and to manage the company in line with the practices of good corporate governance. We would like to express our appreciation on behalf of the Management and Board of Directors for entrusting us with this responsibility.

Respectfully submitted,

David R. Nardone
President & Chief Executive Officer
28 March 2003

Sawasdi Horrungruang
Chairman of the Board of Directors
28 March 2003

3. The Company's Business Profile

Hemaraj Land And Development Public Company Limited is a leading Thailand developer of property, utilities, infrastructure and services. The Company has assets of Baht 5.742 billion. Hemaraj was established in 1988 and listed on the Stock Exchange of Thailand (SET) in 1992. The Hemaraj strategy is to be the market leader in Thailand as a developer of complementary property platform customer solutions. By providing the customer with an integrated solution such as industrial estates, utilities and services, this creates for the Company predictable higher margin growing revenue opportunities. For Shareholders, this forms the basis for predictable growing and superior returns.

1. Industrial Estate Development

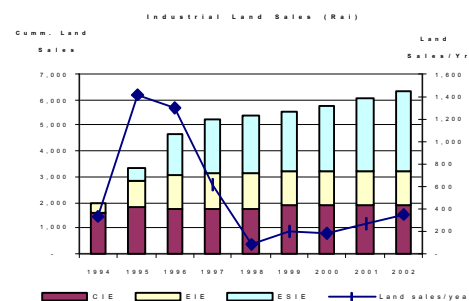
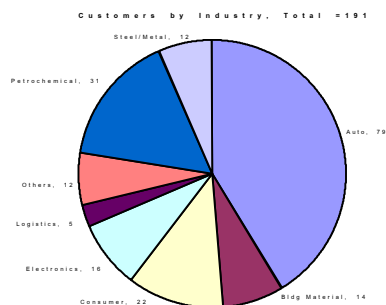
Hemaraj's three industrial estates are Chonburi Industrial Estate (Bowin), Eastern Industrial Estate (Map Ta Phut), and Eastern Seaboard Industrial Estate (Rayong). At the end of 2002, the combined land area of the industrial estates was 14,215 rai (5,686 acres) with 191 industrial customers, and over US\$ 7.5 billion of customer investments. The Hemaraj target market aims at higher end infrastructure intensive industrial customer, based around process or industrial clusters such as Automotive, Petrochemical, Steel and Power.

Hemaraj provides the industrial estate land infrastructure and utility development as well as managing the provision of public and private utilities, design, management, and environmental approvals. The capital-intensive industrial sectors allow Hemaraj to provide a higher level of shared infrastructure much like a municipality with utilities and services. This delivers to the customer the lowest long-term cost of ownership. This also protects the margins for the development in a competitive market environment.

The Chonburi Industrial Estate (CIE) has a customer base of steel mills and power generation with some auto parts, electronics, building materials and general industries. There is an export processing zone which has mixed success to date and a number of SME factories for sale or lease. In 2002, we decreased our primarily undeveloped land bank at CIE with a debt for property swap.

The Eastern Industrial Estate (EIE) is located adjacent to the Map Ta Phut Petrochemical Complex and designed for heavy industry including steel, petrochemical and chemical industries. The infrastructure is designed for a high volume of raw and potable water, wastewater and power capability with optional utility services such as power, steam, demineralized water and pipe rack distribution. The Phase II development of EIE will be available for sale from early 2003. Although the sales at EIE have been minimal and disappointing since 1997, there is considerable activity anticipated going forward with increased chemical prospects for Thailand and the expansion of utilities for current customers.

The Eastern Seaboard Industrial Estate (Rayong), or ESIE is a 60:40 joint venture with Siam Food Products. The Eastern Seaboard Industrial Estate developed only since 1995 is a world-class integrated industrial environment renowned as the "Detroit of the East" with 79 automotive supply-line companies and 9 of the world's top 10 automotive suppliers. The Eastern Seaboard Industrial Estate prospects remain strong with one third of Thailand's volume automotive vehicle production at ESIE with Ford, Mazda, GM, Opel, and Isuzu domestic and export platforms. Through 2002, ESIE had sales (some lease) of 3,156 rai and 126 customers in total. In 2002, ESIE launched Phase IV A, B, and C with new customers in each area, namely Phase IV A for expansion of SME factories, Phase IV B for Toyota Tsusho Techno Park and Phase IV C for a major Maxxis tire production facility. The Phase V development at ESIE is available from mid 2003 with land additions continuing.

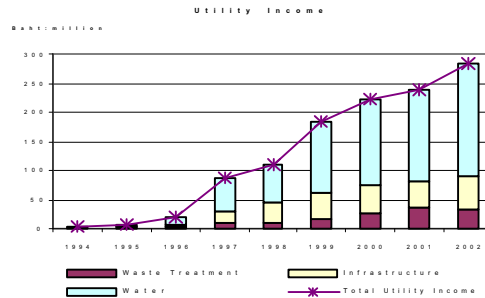


2. Industrial Estate Utilities

Utility revenue in industrial estates are mainly through the sale of raw water, treated potable water, gray recycled water, waste water treatment, and general maintenance fees. The utility revenue is a recurring and growing income stream. In

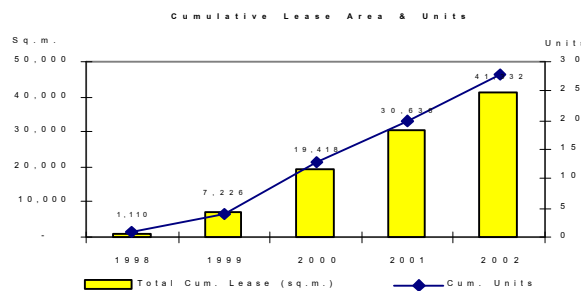
addition, the majority of the utility asset base has been amortized in the cost of the industrial land. With unique exposure to the petrochemical, power, steel, automotive and major utility users, Hemaraj forecasts the utility revenues to increase in excess of 20% per annum over the next 5 years.

With the restructured IEAT contracts for Eastern and Chonburi industrial estates in the 4th quarter of 2001, Hemaraj as the developer owns and manages 100% of the utility provision, revenue, and infrastructure services. The Eastern Seaboard Industrial Estate had used this concept since its inception. The three industrial estates have been awarded the "Best Environmental Management" in 1998, 2000, and 2001. This award was by the Office of Environmental Planning and Policy (OEPP) under the Ministry of Science and Technology. All three Hemaraj industrial estates have achieved the ISO 14001 certification by BVQI enhancing the environment for its customers and surrounding community alike. At ESIE, Hemaraj has developed an environmental friendly reed bed vegetation waste water system that has been audited by the Asian Institute of Technology for its efficiency. This system is being studied by various Thai government agencies for potential use.



3. SME Factories for Lease and Sale

Several trends will continue to increase the attractiveness of the Hemaraj SME factories for sale or lease. International manufacturers in general prefer to set up factories within industrial estates, as they are dependent on a high level of infrastructure and industrial services. Secondly, industries have competitive advantages to cluster, even more so in Thailand due to under developed transportation networks, due to emerging support services, integrated supply line management, and the interdependence of anchor manufacturers in the automotive and petrochemical industries particularly. Third, financing costs in Thailand have been reducing as the access to capital is not artificial given a floating Baht. The company preference to lease can provide a flexible entry to the market with reduced capital costs. Manufactures with simple process buildings want to concentrate on their strategic capital areas, non core investments can be outsourced leading to lower total investment costs and thus a higher return on capital investment. As of December 31, 2002, 58 SME factories have been built with a total area of 90,462 square meters. Of these, 15 units or 29,330 square meters were sold and 28 units of 41,332 square meters are leased.



4. Other Utilities and Industrial Services

Utility and Industrial Services include power generation through Hemaraj 5% direct shareholding in Bowin Power (a 713 mw. IPP project) directly and indirectly through a 2002 year end 16.99% shareholding in Glow, both with Tractebel, a Suez Group company, 40% shareholding with Elyo-H Facilities Management Limited, a joint venture with Teo Hong Silom and Tractebel, wholly owned pipe rack distribution by subsidiary Eastern Pipeline Services, and wholly owned construction management design and engineering services under H-Construction Management and Engineering (HCME). These areas provide synergy where Hemaraj has access to the industrial customer market.

Economic & Competitive Condition

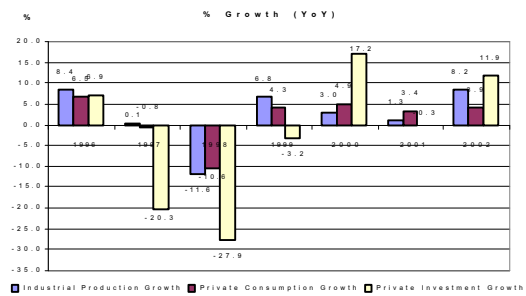
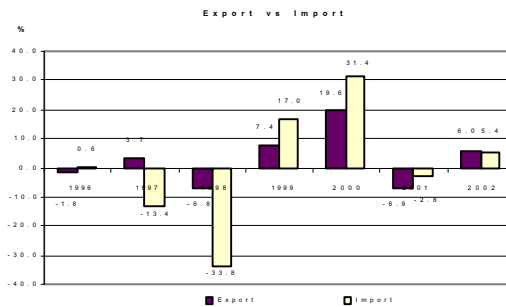
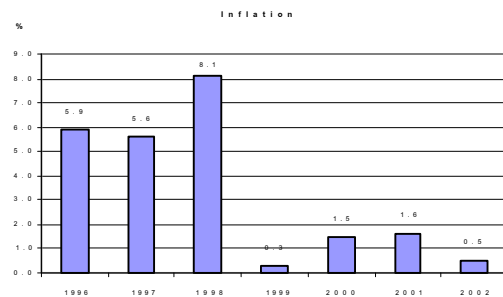
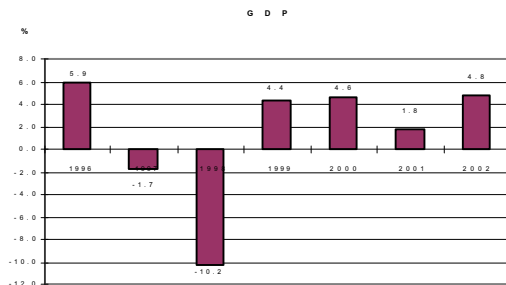
The Thai economy in 2002 showed stronger than expected GDP growth of 4.8% comparing to 1.9% in 2001. The main driving forces in 2002 included higher private consumption, increases in private investment and the government's spurred domestic demand. Low inflation with a rate at 0.7% and low interest rates afforded consumers increased purchasing power.

In 2002, the low level of interest rates and higher consumption of vehicles and residences boosted the Private Consumption Index to 4.4%. Manufacturing production growth was up significantly by 8.2% comparing to 1.3% in 2001, which led to rising capacity utilization at 59.7%, a 6% increase year over year. For the year 2002, the Private Investment Index grew by 11.9%. Export volumes for Thailand were increased to USD\$ 66.89 billion, a 5.8% increase. Imports increased by 4.6% to USD\$ 63.43 billion US resulting in a higher trade balance surplus. The revenue collection exceeded the target by 5.6% resulting in lower deficit at 2.2% of GDP, compared to a 3.6% budget deficit.

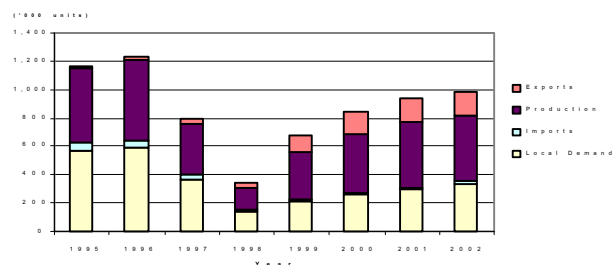
The Residential sectors for housing and condominiums in 2002 showed the highest growth since the economic crisis in 1997 while the Industrial market sector remained stagnant with only a 1.2% growth. One factor was increased investment flow to China but a significant factor further were the state of world economies. Sales of industrial land were 1,848 rai in 2002 with higher transactions but less large land plots. Rayong, Chonburi and Ayutthaya were prime locations for industrial estate demand in 2002. The Board of Investment (BOI) approved projects decreased by 12% to 721 projects for January to September of 2002.

Thailand remains a growing regional production hub in the ASEAN automotive industry, particularly for one-ton pickups, with a capacity approaching one million vehicles per year. The industry has grown from being one based on import substitution to becoming an export-oriented industry with 175,000 exported vehicles in 2002.

The 2003 growth in Thailand should continue to be favorable, particularly for automotive and petrochemical investment. The Thailand and regional economies could reflect a slowdown due to geopolitical risks and deteriorations in world economies, influenced by higher oil prices and instability.



Thailand's Auto Market



4. **Management Analysis**

1. **Operating Performance**

The 2002 consolidated financial results show a significant improvement with Net Income of Baht 639 million compared to a Net Loss of Baht 493 million for the year 2001. The causes of such change are highlighted as follows:

Industrial land sales for 2002, being from the sale of 351 rai and 19 new customers, were Baht 633 million. This represents an increase in sales of 18% compared to Baht 569 million in sales from 261 rai and 22 new customers in 2001. Service Income from Utilities increased to Baht 284 million in 2002, reflecting an increase of 19% compared to Baht 240 million in 2001. Income from the Sales and Lease of Mini Factories increased to Baht 116 million in 2002, reflecting an increase of 25% compared to Baht 93 million in 2001. Total Operating Revenue was Baht 1,060 million compared to Baht 891 million in 2001, representing a 19% increase. As important, Hemaraj has diversified its revenue stream to have less dependence on the sale of industrial land.

Total Revenue in 2002 was Baht 1,811 million versus Baht 1,258 million in 2001, a 44% increase overall. Earning per share was Baht 1.84 compared to Net Loss per share of Baht 6.97 per share in 2001.

In 2002, the company realized gains on foreign exchange of Baht 60 million and from an affiliated company of Baht 274 million. Other non-operating gains of Baht 453 million net included Gains on Sales of Securities, Loan Restructuring and changes in Reserves and Revaluations.

2. **Financial Status**

The consolidated Balance Sheet in 2002 is summarized as follows.

Total Assets in 2002 were Baht 5,742 million, a 6% decrease from Baht 6,129 million in 2001.

Total Current Assets in 2002 were Baht 3,218 million compared to Baht 2,927 million in 2001 including Land held for Real Estate development of Baht 2,356 million, reduced from Baht 2,401 million in 2001.

Other Assets were Baht 2,524 million in 2002, reduced from Baht 3,202 million in 2001. This includes Land held for commercial purposes not under development of Baht 1,085 million in 2002 reduced from Baht 1,757 million in 2001. The reduction mainly resulted from transferring land in Chonburi to settle a bank loan.

Total Liabilities in 2002 were Baht 3,615 million, a 27% decrease from Baht 4,952 million in 2001. The significant reductions were mainly from various liability restructuring payments and settlements as described in the notes. The convertible bond is not restructured; however, there was a meeting with bondholders in September 2002 and have been ongoing communications with bondholders in order to accomplish this.

In January of 2002, Hemaraj raised Baht 283 million with the subscription of a 1/4 rights issue. The outstanding warrants were adjusted. The 2002 Net Debt to Equity ratio as a result of the new capital and reduced debt has improved to 1.67 times from 4.07 times in 2001. Total Shareholders Equity in 2002 was Baht 2,127 million versus Baht 1,177 million in 2001, or an 81% increase.

3. **Risk Factors & Others**

The company faces risks from foreign exchange rates. As of December 31, 2002, Hemaraj Land And Development Public Company Limited has USD nominated liabilities of USD 47.24 million. The changes of foreign exchange between Baht and USD will directly impact the local currency book value of these debts. In general, the company policy is to match currencies where possible. The company has no open derivative positions and does not use derivative instruments.

The company faces investment risks associated with the external political and economic environment. The company is dependent on the attraction of the investment levels in Thailand as opposed to other countries competing for foreign direct investment, particularly China. In addition, the company operates in a highly competitive marketplace with established competitors, some with resources greater than the company. The company is dependant on knowledge base employees and key management personnel, the access to capital, and the consistency of government policies for investment promotion.

5. Management Structure for Internal Control

5.1 Board of Directors

1.	Mr. Sawasdi Horrungruang	Chairman of the Board of Director
2.	Mr. Thongchai Srisomburananonta*	Director
3.	Mr. Thavorn Anankusri	Director
4.	Mr. Prateep Trilohaka**	Director
5.	Mr. David Richard Nardone	Director
6.	Mr. Sudhipan Charumani	Independent Director
7.	Mr. Peter John Edmondson	Independent Director
8.	Mrs. Punnee Worawuthichongsathit	Independent Director
9.	Mr. Vivat Jiratikarnsakul	Director
10.	Ms. Pattama Horrungruang***	Director

- The Board of Directors has the authority to formulate the strategy of the company to meet the objectives of the return of its shareholders of the company in accordance with the laws, objects and Articles of Association, and the principles of good governance including the resolutions of the shareholders' meeting.

* Mr. Thongchai Srisomburananonta had been the company's director until September 2002.

** Mr. Prateep Trilohaka had been the company's director until March 2002.

*** Ms. Pattama Horrungruang has joined the company since 1st January 2003.

5.2 Executive Committee

1.	Mr. Sawasdi Horrungruang	Chairman of the Board of Director
2.	Mr. Thongchai Srisomburananonta*	Vice Chairman of the Board
3.	Mr. Thavorn Anankusri	Vice Chairman of the Board
4.	Mr. Prateep Trilohaka**	Vice Chairman of the Board
5.	Mr. David Richard Nardone	Executive Director
6.	Mr. Vivat Jiratikarnsakul	Executive Director
7.	Ms. Pattama Horrungruang***	Executive Director

- The Executive Directors shall have the duty as assigned by the Board of Directors in formulating and reviewing specific strategic or policy issues in lieu of committees or more frequent meeting for the business activities of the company.

* Mr. Thongchai Srisomburananonta had been a member of the Executive Committee until September 2002.

** Mr. Prateep Trilohaka had been a member of the Executive Committee until March 2002.

*** Ms. Pattama Horrungruang has joined the Executive Committee since 1st January 2003.

5.3 Audit Committee

1.	Mr. Sudhipan Charumani	Chairman of the Audit Committee
2.	Mr. Peter John Edmondson	Member
3.	Mrs. Punnee Worawuthichongsathit	Member

- The Audit Committee of the company has the scope of duties and responsibilities as outlined below, and shall report to the company's Board of Directors as follows:

1. To review that the Company has correct and sufficient financial reports;
2. To review that the Company has appropriate and efficient internal control and internal audit systems;
3. To review that the Company complies with laws relating to securities and securities markets, as well as with SET's rules and regulations and any other law relating to the Company's business;
4. To consider, select and propose the appointment of the Company's statutory auditor and to propose his professional fees;
5. To consider the Company's correct and adequate disclosure of information with regards to third party transactions or any other transactions with a conflict-of-interest tendency;
6. To include in the Company's annual report the result of the audit committee's review work, inclusive of an al statements, information disclosure therein and the internal control system. This statement shall be signed by the audit committee chairman;
7. To report the audit committee's work to the Company's Board of Directors at least on quarterly basis;
8. To take part in giving opinion on the appointment, removal, work performance and remuneration of the internal auditor; and
9. To perform any other work as may be assigned by the Company's Board of Directors with the consent of the audit committee.

5.4 Investment & Risk Management Committee

The Company has not appointed a specific Investment and Risk Management Committee. The paramount responsibility of the Board of Directors is to formulate, examine, and assess the company strategy and investment decisions related to the appropriateness, return to shareholders, prudent levels of risk, and other criteria. The Board of Directors uses a number of safeguards in this risk scope with the Audit Committee, the outsourced internal auditor, the external auditor in terms of compliance with GAAP, and the use of professional legal advisors to safeguard the legal and regulatory compliance in Thailand that the Company is subject to. The Company fully utilizes, outside professional management and financial advisers in the assessment of alternative strategies and courses of action including financial, the diversity wisdom and experience level of the Board of Directors, and the professional management experience and qualifications of the Company management.

5.5 Remuneration Committee

The Company has not appointed a Remuneration Committee to date. Remuneration is the responsibility of and approved by the Shareholders, the Board of Directors and the Company management as specified. The compensation for the Company management and employees is the responsibility of the President and CEO using internal Company, board directive and market guidelines. The compensation directive is to fairly compensate management and employees based on their performance, their contributions to the Company, and the company performance and to retain key employees as a strategic asset of the Company. The Board of Directors approves employment letters or agreements for any key executive management. The compensation to company Directors, Board Advisers, and Executive Committee are considered in the Board of Directors and are to approved by the Shareholders of the Company, or in some cases the Shareholders of the joint venture or subsidiary companies. The objective in assessing the compensation level of Directors is to be generally in line with the market and to compensate based on contribution and the performance of the Company.

5.6 Good Corporate Governance Committee

The Company fully embraces the principles of Good Corporate Governance and this is the responsibility of the Board of Directors specifically to ensure its full adherence within the organization. The underlying principles of good corporate governance relies on the principles of equitable treatment and fairness of all stakeholders, the full and meaningful disclosure, and the transparency of the Company its operations and information. The stakeholders beyond all sizes of shareholders include management and employees, customers, suppliers, external organizations and businesses, joint venture partners and the business community, regulatory bodies, creditors, and the communities where we operate in.

5.7 Company Management & Structure

1.	Mr. David Richard Nardone	President & Chief Executive Officer
2.	Mr. Vivat Jiratikarnsakul	Executive Vice President
3.	Ms. Pattama Horrungruang*	Senior Vice President & Chief Financial Officer
4.	Mr. Khamhoung Ratsamany	Director – Industrial Estate Operations
5.	Mr. Tanin Subboonrueng	Director – Development
6.	Mr. Sirisak Kijraksa**	Director – Accounting
7.	Ms. Somjai Wachiraha**	Director – Finance
8.	Mr. Paopitaya Smutrakalin**	Assistant Director – Planning and Investor Relations
9.	Ms. Jinnapat Tongviseskul**	Assistant Director – Marketing
10.	Mr. Apichat Trongsuksun**	Manager – Information System & Services

- The Management shall have the responsibilities as appropriately assigned by the President & CEO in order to manage the business of the company and to implement the strategies and policies as specified by the Board of Directors of the company.

* Ms. Pattama Horrungruang has joined the company since 1st January 2003.

** Mr. Sirisak Kijraksa, Ms. Somjai Wachiraha, Mr. Paopitaya Smutrakalin, Ms. Jinnapat Tongviseskul and Mr. Apichat Trongsuksun have been promoted, effective 1st January 2003.

5.8 Selection of Company's Director and Management

The recommendation of new Directors to serve on the Board shall be deliberated by the Board of Directors. A Director nominee may be proposed by, any Director, shareholder, or others for consideration. The Board of Directors proposes the candidates to the Shareholders meeting for approval. The executive management appointment and selection is the responsibility of the President & CEO. The President is the Chief Executive Officer appointed by the Board of Directors. The objective in selecting Directors is to be able to attract knowledgeable

experienced members to the Board of the Company and the committees including independent Directors and the Audit Committee, who can assist the company in strategic initiatives to strengthen the company, maximize the return to all shareholders in a controlled way, in compliance with good corporate governance practices. The objective further is to provide a balance between the management of the Company represented on the Board with the Independent Directors and significant Director shareholder representatives. The Directors of the Company are provided with Directors liability insurance. The position of Chairman of the Board is separate from the President and CEO in order to safeguard the interests of the Shareholders and the management of the Company.

5.9 Remuneration for Director and Management

Monetary Remuneration during the fiscal year (January-December) 2002:

In 2002, the total remuneration for 9 directors was Baht 12,730,285.17.

In 2002, the total remuneration for 10 Executive Committee and management was Baht 68,243,085.05.

5.10 Good Corporate Governance

The Board of Directors are responsible for the Good Corporate Governance of the Company, and in their role to direct monitor and supervise the strategy policy and control of the Company provide this direction to the Management of the Company to be adhered to. Good Corporate Governance is developed in conformity with the 15 guidelines of the SET's Code of Best Practices.

5.10.1 Good Corporate Governance Policy

The Company policy is to fully embrace the principles of Good Corporate Governance and this is the responsibility of the Board of Directors specifically to ensure its full adherence within the organization and by practice within the management and organization of the Company. The underlying principles of good corporate governance relies on the principles of equitable treatment and fairness of all stakeholders, the full and meaningful disclosure, and the transparency of the Company its operations and information.

5.10.2 Rights and Equitable Treatment to Shareholders

All shareholders are invited to the annual shareholder's meeting. The company would send out an invitation letter and agenda of each meeting to the shareholders prior to the meeting for their consideration. Shareholders have voting rights equal to the number of shares owned and must exercise all eligible votes to safeguard their investment in voting for a resolution, an opinion for a significant decision making, for example, regulations amendment, capital increase. All shareholders have right to receive correct, up-to-date, fully disclosed information. Shareholders wishing to appoint a proxy representation may appoint any person or may elect to appoint the Independent Director and Chairman of the Audit Committee as recommended by the SEC.

5.10.3 Rights of Various Groups of Stakeholders

The company realizes and respects the rights of various groups of stakeholders, including shareholders, minority shareholders, employees, customers, creditors, vendors, the public and communities through various procedures such as the Shareholders' Meeting, providing information on employee's rights concerning welfare benefits, receiving all inquiries from customers and nearby communities, environmental education and community programs in the areas where we operate, contracts with customers and ongoing dialogue, and contracts entered with vendors and suppliers.

5.10.4 Shareholders' Meeting

A Shareholders' Meeting is to be held at least once a year which the company has attempted to ensure full participation of shareholders and dissemination of information to shareholders by sending invitation letter to each shareholder, advertising the meeting in the local media, and including the agenda prior to the meeting for consideration for shareholders to vote for resolution.

The company's Board of Directors provides information and answers to questions from the participants. The shareholders could also inquire and contact the Company through the company's Investor Relations management, by attending investment briefings, and through the company's website.

5.10.5 Leadership & Vision

The company's Board of Directors, selected to have a broad experience level, formulates the company's vision, strategy, preparation of its business plan, and approves its operation and implementation plans.

The Board of Directors also supervises the company's business as to effectively conform to its business plan, a prudent level of risk and control, and to maximize the benefit of the Company and its stakeholders.

5.10.6 Conflict of Interest

- **Conflict of Interest**

The company's Board of Directors and Management have been informed for legal and ethical conflict of interest and related transactions guidelines. The company has disclosed, in accordance with the regulations of Stock Exchange of Thailand, such information, detail and reason/necessity, if any in the company's Annual Report and the 56-1 Form. The Company further uses the Audit Committee, internal auditors, external auditors, and external lawyers to review compliance.

- **Insider Trading Controls**

The Company informed all Board members and executive management about the Notification of SET concerning Rules, Procedures, and Disclosure of securities holdings.

5.10.7 Business Ethics

The Company policy from the Board of Directors, communicated to both management and employees in the employee handbook is to conduct business with sound ethics toward the company, all stakeholders, the public, and the community.

5.10.8 Balance of Power for non-management Directors

The company's Board of Directors consists of 9 directors which are:

- Directors 6 persons
- Independent Directors - Audit Committee 3 persons

Therefore, the company has 3 directors who are independent and are not involved in the daily operations of the company.

5.10.9 Aggregation or Segregation of Positions

The company's Chairman of the Board of Directors is not the same person as the President & CEO and the structure of the Board of Directors consists of Independent Directors comprising 1/3 of the Board. This creates a balance between the interests and representation of the shareholders and the management as well as independent persons whom could review the company's business plans, controls, and create a balanced view.

5.10.10 Remuneration for Director and Management

The remuneration of the company's Directors and Management has been considered and approved as outlined. This is in order to be competitive in the market in attracting highly qualified individuals, to reflect the contributions and performance of the individuals in meeting the company objectives, and consistent with the performance of the Company.

5.10.11 Board of Directors' Meeting

During 2002, from January to December, the company held 10 Board of Directors' Meetings and 13 Executive Committee Meetings. There were calls for regular meetings and/or for emergency meetings when need of the directors/committee's consideration, opinion and decision by sending out prior notice, invitation and agenda to all directors and committee.

5.10.12 Committee

The authority and responsibility of the Board and its committees are clearly defined. The report of the committees' quarterly meeting as well as any items for further consideration are reviewed by the Board of Directors and Management of the company as appropriate for further action.

5.10.13 Controlling System & Internal Audit

The Board of Directors Audit Committee controls the work of the external auditor, the outsourced internal audit function, the review of management information, reporting, risk controls, and systems, and the performance of the management specific to these areas. They meet and report quarterly to the Board of Directors. Ultimately, the management of the company with relevant professionals is tasked with providing a level of control to manage the performance of the company in a controlled way.

5.10.14 Report from the Board of Directors on the company's Financial Statements

The Board of Directors is responsible for thorough consideration and carefully estimation in order to produce the company's financial statements which are to be in line with the generally accepted accounting standard. The company has utilized and appropriate accounting policy and exercised regularly. In addition, the Board of Directors has had a resolution to appoint the Audit Committee and the Internal Auditors whom are not the company employees to observe the company's internal control system and to verify that the company would have accurate and adequate financial statements.

5.10.15 Relations with Investors

The Company actively seeks to provide relevant information to all investors to fairly reflect shareholder value. In addition to the SET information and releases, the company website, www.hemaraj.com and invest@hemaraj.com allow, even the smallest investor, to search for information concerning the company, its activities, and financial information. The Company has also designated one management executive for Investor Relations. The President meets often with interested investors and the Company hosts analyst meetings and industrial estate information tours.