HOME SOLUTIONS OF AMERICA INC
Form 10KSB/A
April 29, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB/A

(Mark One)

[X] Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2003

[ ] Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _________ to_________

Commission file number 0-22388

HOME SOLUTIONS OF AMERICA, INC.
(Name of Small Business Issuer in Its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	99-0273889 (IRS Employer Identification No.)
5565 Red Bird Center Drive, Suite 150, Dallas, Texas (Address of Principal Executive Offices)	75237 (Zip Code)

(281) 970-9859
(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

Title Of Each Class	Name Of Each Exchange On Which Registered
Common Stock, Par Value $0.001 per share	The American Stock Exchange

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, Par Value $.001 Per Share
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State issuer's revenues for its most recent fiscal year. $13,996,485.

The aggregate market value of the common stock of the registrant held by non-affiliates of the registrant (15,669,658 shares) on March 8, 2004, was approximately $26,638,419 based upon the closing sale price of the common stock ($1.70 per share) as quoted on the American Stock Exchange on March 8, 2004. For purposes of this response, officers, directors and holders of 10% or more of the registrant's common stock are considered affiliates of the registrant at that date.

The number of shares outstanding of the registrant's common stock, $.001 par value per share, as of March 8, 2004: 15,971,658 shares.

DOCUMENTS INCORPORATED BY REFERENCE

None

Transitional Small Business Disclosure Format: Yes____ No __X__

HOME SOLUTIONS OF AMERICA, INC.

FORM 10-KSB/A

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PRELIMINARY NOTE: This Annual Report on Form 10-KSB/A contains forward-looking statements relating to our goals, beliefs, plans or current expectations and other statements that are not historical facts. For example, when we use words such as "project," "believe," "anticipate," "plan," "expect," "estimate," "intend," "should," "would," "could" or "may," or other words that convey uncertainty of future events or outcome, we are making forward-looking statements. We refer you to the caption entitled "Trends, Risks and Uncertainties" in Item 6 of Part II for important factors that could cause actual results to differ materially from those indicated by our forward-looking statements made herein and presented elsewhere by management. Such forward-looking statements represent management's current expectations and are inherently uncertain. We do not undertake any obligation to update forward-looking statements made by us.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-KSB/A to the Annual Report on Form 10-KSB of Home Solutions of America, Inc. filed on April 29, 2004 with the Securities & Exchange Commission is filed solely for purposes of the following: (1) including information that was to be incorporated by reference from our definitive proxy statement pursuant to Regulation 14A of the Securities and Exchange Act of 1934; and (2) reclassifying certain amounts in our audited December 31, 2003 Consolidated Balance Sheet as reflected on page F-3 for purchase price allocation adjustments, amending one sentence in our "Management's Discussion and Analysis of Results of Operations and Financial Condition" as reflected in Item 7 on page 9, revising one number in our "Business Background" as reflected in Item 1 on page 4, and revising certain disclosures on our Consolidated Statement of Cash Flows on page F-7 and Notes 1, 2 and 7 to the audited financial statements as reflected on pages F-9, F-12, and F-17, respectively, for corresponding changes.

The Company will not file its proxy statement within 120 days of its fiscal year ended December 31, 2003 and is therefore amending and restating in its entirety Items 9, 10, 11, 12, 13 and 14 of Part III of the Annual Report on pages 11 through 20. On page F-3, the amount for the balance sheet caption "Goodwill" was increased from $17,538 to $19,715, the amount for the caption "Accounts payable and accrued expenses" was decreased from $3,572 to $3,459, a new caption "Payable to Seller" with a balance of $4,290 was added, and the amount for the caption "Notes payable" was decreased from $2,653 to $653. Corresponding amounts for subtotals and totals on page F-3 were revised accordingly. On page 9, the first sentence under the caption "Liquidity and Capital Resources" was changed from "The Company's existing capital resources as of December 31, 2003, consisted of cash and accounts receivable totaling $7,279,000 compared to cash, and accounts receivable of $3,935,000 as of December 31, 2002" to "The Company has a net working capital deficit of $4,999,000 as of December 31, 2003." On page 4, the total amount paid for the acquisition of SE was changed from $12,151,000 to $12,192,000. On page F-7, the 2003 amount for the caption "Issuance and assumption of notes payable in acquisitions" was changed from $8,843 to $6,843, and a new caption "Accrual to seller in acquisitions" with a 2003 balance of $4,290 and a 2002 balance of $0 was added. On page F-9 in the goodwill table, the amount for the caption "Goodwill acquired during the year" for 2003 was revised from $10,388 to $12,565, with a corresponding change to the amount for the total caption "Balance as of December 31, 2003." On page F-12 in the purchase price table, the amount for the caption "Commissions, legal, accounting and other costs (including $931 of stock and warrants committed to be issued and issued in February 2004)" was changed from $1,682 to $1,724, and the caption "Acquisition payable (paid in February 2004)" was revised to "Payable to seller (paid in February 2004)," with a corresponding change to the amount for the total purchase price. On page F-12 in the purchase price allocation table, the amount for the caption "Current liabilities" was revised from $(689) to $(534) and a new caption "Payable to seller (cash and receivables distributed to seller prior to closing in February 2004)" with a balance of $(2,290) was added, with a corresponding change to the amount for the subtotal caption "Estimated fair value of tangible net assets acquired," and the amount for the caption "Goodwill and other intangible assets" was revised from $8,515 to $10,692, with a corresponding change to the amount for the total purchase price allocated. On page F-17 in the short-term debt table, the caption "SE acquisition payable in full to seller on February 6, 2004 at closing (see Note 2)" and corresponding amount was deleted from the table, with a corresponding reduction in the amount for the total short-term debt.

In addition, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, we are including with this Amendment No. 1 certain currently dated certifications. Except as described above, no other amendments are being made to the Annual Report. This form does not reflect events occurring after the March 30, 2004 filing of our Annual Report or modify or update the disclosure contained in the Annual Report in any way other than as required to reflect the amendments discussed above and reflected below.

PART I

Item 1. Description of Business.

Overview

Home Solutions of America, Inc. ("we," "us," "Home Solutions," or the "Company") is a Delaware corporation that was incorporated in 1998. Our growth strategy is to become a leading provider of specialty residential services that protect the homeowner's single largest investment their home. We seek a dominant market position through the acquisition of strategic, specialized, profitable and well-managed residential service companies and through the above average internal growth of these operations. Home Solutions provides Restoration Services and Specialty Interior Services. These segments include services such as cleaning and fabric protection, fire and water damage restoration, the remediation of indoor air contaminants, and cabinet/countertop installation. (See "Trends, Risks and Uncertainties" in Part II, Item 6 below)

Growth Strategy

As part of its strategy announced in 2002, Home Solutions seeks to acquire or internally generate projects that focus on providing the specialty residential services to homeowners that are discussed below. In November 2002, we closed our first acquisition as part of this strategy, acquiring PW Stephens, Inc. ("PWS"), a provider of indoor air contaminate removal services for homeowners in California. In July 2003, we closed the acquisition of Fiber Seal Systems, LP ("FSS"), a provider of cleaning and fabric protection services. In December 2003, we closed the acquisition of Southern Exposure Unlimited of Florida, Inc. and related companies ("SE"), a provider of cabinet and countertop installation services. We expect to continue our aggressive growth strategy with additional acquisitions. (See "Trends, Risks and Uncertainties" in Part II, Item 6 below). The following is a list of the specialty residential services that we offer:

Restoration Services

Cleaning and Fabric Protection: Under the Fiber Seal brand name, we provide fabric protection services to protect furniture, carpet and draperies from stains and daily wear through both Company-owned locations as well as over forty franchised locations. This niche market is primarily targeted at above-average income homeowners with an average ticket of approximately $400. We provide our customers with an annual fabric protection service agreement that allows them to have on-site spill clean up during the life of the agreement. In addition, using well-tested methods of cleaning carpet, we offer maintenance and emergency response services to our customer base to repair carpet damaged by common stains, pet dander, bacteria and dust. This procedure extends the life of the homeowners' carpets and makes the carpet look its finest. Furthermore, Home Solutions provides air duct cleaning services to its customer base. Particulate (organic and inorganic) material within a home's heating and air conditioning systems and the transfer air ducts can cause allergic reactions and is often the breeding ground for many types of mold. It is expected that a portion of our cleaning operations will generate additional opportunities across our other business segments.

Indoor Air Contamination: Under the PW Stephens brand name, we provide indoor air contamination services, including contamination from mold, asbestos and lead paint. With increased media attention regarding the health threat of mold, fewer insurance options, and property transfers at risk, current market conditions have created significant demand for mold inspections, certifications and remediation services. These services consist of property and system inspections, surface and air testing, project design, microbial removal, light interior demolition, repair and specialized cleaning work. Home inspections and testing can range from $200 to $800. For the typical mold-contaminated house, a remediation project can last approximately one week and cost up to $10,000 or more. Customer opportunities are developed through a regional sales force as well as through referrals by real estate firms, insurance adjusters, mortgage companies, attorneys and nationally branded retailers. Although government-promulgated regulation is currently under review, industry practice and general awareness is building momentum. The Company believes it can use its industry experience to give efficacy to its processes and provide homeowners with quality assurance. Furthermore, we plan to provide annual and quarterly monitoring services, in which technicians will regularly inspect, test and certify the air quality of our clients' homes. It is expected that a portion of our indoor air contamination operations will generate additional opportunities across our other business segments.

Fire and Water Damage Restoration: As part of Home Solutions specialty residential services strategy, we will provide highly trained technicians to respond to fire, water and weather-related emergencies to inspect structural members and contents damaged by water, to determine the likelihood or extent of mold growth, and to provide immediate cleaning, drying, moving, storage, and deodorization, among other services. As most cases of mold are associated with excess moisture, we believe that response to this type of event-related damage will provide significant additional revenue opportunities. The cost and time requirements of these projects can vary dramatically from case-to-case. It is expected that a portion of our fire/water damage restoration operations will generate additional opportunities across our other business segments.

Specialty Interior Services

Cabinet and Countertop Installation: Under the Southern Exposure brand name, Home Solutions offers cabinet and countertop installation services. SE manufactures and installs a high-end product line of cabinets and countertops. Its customer base includes both homebuilders and homeowners in the rapidly growing southwestern Florida marketplace. It is expected that a portion of our cabinet and countertop installation services will generate additional opportunities across our other business segments.

Current Letters of Intent

The Company currently has one outstanding letter of intent to acquire a specialty residential services company for approximately $10,000,000. The acquisition is subject to our due diligence review and the negotiation of definitive agreements, and there can be no assurances that we will successfully complete this transaction.

We continue to actively pursue the acquisition of companies that provide specialty residential services as we proceed with our growth strategy. Our ability to acquire such businesses is dependent upon, among other factors, our ability to obtain outside financing and/or issue shares of the Company's common stock as a portion of the purchase price.

Competition

We compete against numerous national providers, including Steamatic and ServiceMaster. Locally, we compete against numerous family controlled operations as well as larger regional operations. We expect additional competitors as the market for specialty residential services continues to grow and due to the lack of significant barriers of entry into the residential services field.

Regulatory Matters

General

The specialty residential services industry is subject to various federal, state and local laws.

Environmental Regulation

The operations of the Company are subject to various federal, state, and local laws and regulations regarding environmental matters. We are not aware of any federal, state or local environmental laws or regulations that will materially affect our earnings or competitive position, or result in material capital expenditures; however, we cannot predict the effect on our operations of possible future environmental legislation or regulations.

Employees

As of December 31, 2003, we had an aggregate of 195 employees. All of these employees were full-time and were not represented by collective bargaining agreements.

Business Background

The Company was incorporated in Delaware on January 8, 1998, for the purpose of serving as the successor corporation of EIF Holdings, Inc., a Hawaii corporation, pursuant to a reincorporation merger that was completed in June 1998. During 1999 and most of 2000, the Company, then named U S Industrial Services, Inc., operated through its wholly owned subsidiaries as a multi-state service company, specializing in industrial cleaning services, including soil and groundwater remediation, and hazardous material management and clean-up. Prior to July 2000, the Company was a majority-owned subsidiary of American Eco Corporation ("AEC"), a publicly traded company that filed for bankruptcy in August 2000. In July 2000, Deere Park Capital, LLC ("Deere Park") acquired AEC's stake in the Company, which consisted of approximately 81.9% of the Company's outstanding common stock.

On September 29, 2000 the Company sold its holdings in four of its operating subsidiaries--P.W. Stephens Environmental, Inc., P.W. Stephens Contractors, Inc., P.W. Stephens Services, Inc., and P.W. Stephens Northwest, Inc. to Spruce MacIntyre Holding Corp. ("Spruce"). From September 29, 2000 until June 29, 2001, the Company had no significant operations.

As a result of two Stock Purchase Agreements between Deere Park and Frank J. Fradella, the Chairman and Chief Executive Officer of the Company, dated December 21, 2000, and March 23, 2001, respectively, Mr. Fradella purchased, on behalf of himself and as a third-party nominee for other individuals and entities, approximately 6,900,000 shares of the Company's common stock held by Deere Park, or approximately 79% of the Company's outstanding common stock at the time.

On June 29, 2001, we entered the communications sector by acquiring Point-to-Point Network Services, Inc. ("PTP"), based in Methuen, Massachusetts. In July 2001, we changed our corporate name to Nextgen Communications Corporation to reflect our new strategy. However, due to changing market conditions, we decided to divest PTP and exit the communications sector. From February 2002 until November 2002, the Company had no significant operations.

In August 2002, we announced a new corporate strategy of acquiring companies in the specialty residential services industry. Within this industry, we are targeting companies that perform Restoration Services and Specialty Interior Services. These segments include indoor air contaminate removal, fire/water damage restoration, cleaning and fabric protection and cabinet/countertop installation services. We continue to seek additional acquisitions with complementary service offerings.

Effective November 1, 2002, we acquired PWS, based in California, from an affiliate of Spruce for an aggregate purchase price of approximately $13,400,000, which we paid with cash, promissory notes issued by the Company, the assignment of certain promissory notes owed to the Company, and a warrant to purchase 293,412 shares of the Company's common stock at $.01 per share. PWS has a twenty-year operating history of providing indoor air contaminate removal services for residential and light commercial clients.

In December 2002, in connection with the implementation of our residential services strategy, our stockholders approved a change of our corporate name to Home Solutions of America, Inc.

In July 2003, we acquired FSS, based in Dallas, Texas. Fiber Seal provides cleaning and fabric protection services through both company-owned and over 40 franchised locations across the United States. We paid approximately $1,621,000 for Fiber Seal, including 300,000 common shares, a warrant to purchase 250,000 shares of the Company's common stock at $2.33 per share and a note for $520,000.

In July 2003, we acquired Central Texas Residential Services, Inc. ("CTRS"). We paid approximately $769,000 for CTRS, including 850,000 common shares. The acquisition of CTRS was rescinded in October 2003; no revenues were generated during this timeframe, and the consideration paid was returned to the Company.

Effective December 2003, we acquired SE, based in Fort Myers, Florida, for approximately $12,192,000, including $2,000,000 in cash, $5,968,000 in seller notes and $2,500,000 in common stock. SE provides cabinet and countertop installation services to homebuilders and homeowners throughout southwestern Florida.

Recent Developments - Early 2004

In January 2004, the Company raised $4,000,000 in a private placement with Laurus Master Fund, Ltd. ("Laurus"). The placement included two promissory notes -- a secured convertible minimum borrowing note in the original principal amount of $1,500,000 (the "Convertible Note") and a secured revolving note in the original principal amount of $2,500,000 (together, the "Notes"). The Notes earn interest at the prime rate plus 2.5%, are secured by all of the assets of the Company and its wholly owned subsidiaries, and the Convertible Note can be converted into shares of Common Stock at a fixed conversion of price of $1.88 per share.

In March 2004, the Company raised $2,000,000 in a private placement of 80 shares of Series A Preferred Stock, $.001 par value per share ("Preferred Stock"). Dividends on the Preferred Stock are payable semi-annually at a rate of 8% per annum, in cash or Common Stock, at the option of the Company. The Preferred Stock converts into Common Stock at a conversion rate of $1.25 for each share of Common Stock at the option of the holders or automatically after two years, as defined. Purchasers of the Preferred Stock received Series A Warrants to purchase Common Stock at an exercise price of $1.75 per share, expiring 90 days from the effective date of their registration statement, and Series B Warrants to purchase Common Stock at an exercise price of $2.25 per share, expiring March 1, 2009.

In March 2004, primarily in connection with the Laurus and Preferred Stock financings discussed above, the Company filed a registration statement on Form S-3 to register up to 10,532,825 shares of common stock underlying the Convertible Note, the Preferred Stock, warrants associated with these financings, and certain other shares of common stock, pursuant to contractual registration rights of the holders of these securities. The Company will not receive any proceeds from the sale of common stock pursuant to this registration statement, other than the exercise prices of certain warrants if such warrants are exercised by the holders thereof.

In March 2004, we signed one letter of intent to acquire a specialty residential services company for approximately $10,000,000. (See "Current Letters of Intent" above)

Our website is located at www.HOMcorp.com.

Item 2. Description of Property.

In October 2002, we purchased the office building that serves as our corporate offices, consisting of approximately 8,000 square feet of office space, at 11850 Jones Road Houston, Texas 77070. The purchase price of the building was $1,000,000, including $250,000 paid by issuing the seller 151,515 shares of our common stock and $750,000 financed through a first-lien mortgage provided by an affiliate of one of our stockholders. The Company is currently exploring the lease of office space in this building.

As of December 31, 2003, PWS leased its headquarters in Huntington Beach, California and had two additional offices in Fremont, California and San Diego, California. These lease agreements expire in 2004.

As of December 31, 2003, FSS leased its headquarters in Dallas, Texas and has one additional office in Dallas, Texas. These lease agreements expire in 2004.

As of December 31, 2003, SE leased its headquarters in Fort Myers, Florida and has three additional offices in Florida. One of its offices is leased from the former owner of SE who is now an affiliate of the Company at a monthly rate of $4,550. Three lease agreements expire in 2004 and one expires in 2007.

Item 3. Legal Proceedings.

The nature and scope of our business operations bring us into regular contact with the general public, a variety of businesses and government agencies. These activities inherently subject us to potential litigation, which we defend in the normal course of business. At December 31, 2003, there were various claims and disputes incidental to the business. The Company believes that the disposition of all such claims and disputes, individually or in the aggregate, should not have a material adverse affect upon our financial position, results of operations or cash flows. As of December 31, 2003, the Company has not been named as a responsible party for any environmental issues under the Federal Superfund Law.

Pursuant to an indemnification agreement between the Company and Spruce, the Company settled claims brought by CIT Group/Equipment Financing, Inc. and ACSTAR Insurance Company, both filed in the United States District Court for the Eastern District of Missouri, which will be paid by Spruce. The CIT settlement agreement requires Spruce to make certain payments to the plaintiffs, which Spruce has made through the filing date of this Form 10-KSB. In the event that Spruce fails to make the remaining settlement payments, the plaintiffs could seek satisfaction of their $713,185 consent judgment against the Company, in which case the Company would have to seek indemnification from Spruce. At this time, Spruce owes approximately $80,000 to CIT.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

Market Prices

The Common Stock of the Company was traded on the OTC Bulletin Board until, beginning June 2003, the Common Stock began trading on the American Stock Exchange. The Common Stock is listed under the symbol "HOM." The following table sets forth, for the fiscal quarters indicated, the range of the high and low sales prices for the Company's Common Stock as reported by the American Stock Exchange or the National Quotation Bureau, Inc, as applicable. These quotations reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions.

Fiscal Year ended December 31, 2003:	High	Low
Quarter ended December 31, 2003	2.19	1.52
Quarter ended September 30, 2003	3.15	1.99
Quarter ended June 30, 2003	3.45	1.70
Quarter ended March 31, 2003	3.25	1.90
Fiscal Year ended December 31, 2002:	High	Low
Quarter ended December 31, 2002	3.10	1.50
Quarter ended September 30, 2002	2.25	1.30
Quarter ended June 30, 2002	2.83	1.35
Quarter ended March 31, 2002	1.55	1.15

Stockholders

As of March 8, 2004, the Company had approximately 149 record holders of its Common Stock, as reflected on the books of the Company's transfer agent. A significant number of shares were held in street name and, as such, the Company believes that the actual number of beneficial owners is significantly higher.

Dividends

The Company has not established a policy concerning payment of regular dividends nor has it paid any dividends on its Common Stock to date. Any payment of dividends in the future will be determined by the Board of Directors in light of conditions then existing, including restrictions imposed by the Company's preferred stock then outstanding, the Company's earnings, financial condition, capital requirements and debt covenants, and the tax treatment consequences of paying dividends.

Sale of Unregistered Securities

During the fourth quarter of 2003, the Company issued the following shares of its common stock without registration under the Securities Act of 1933, as amended (the "Securities Act"):

1. On November 14, 2003, the Company issued 20,000 shares of common stock to CEOcast, Inc. as part of a consulting agreement;

2. On December 17, 2003, the Company issued 1,124,544 shares of Common Stock to Jane Barber in connection with the conversion of approximately $2,200,000 of debt related to the PWS acquisition into Common Stock at approximately $2.00 per share;

3. On December 31, 2003, the Company issued 744,881 shares of Common Stock to Jane Barber in connection with the conversion of approximately $1,500,000 of debt related to the PWS acquisition into Common Stock at approximately $2.00 per share;

4. On December 31, 2003, the Company committed to issue 1,337,242 shares of Common Stock to Dale Mars in connection with the acquisition of SE at approximately $1.87 per share.
5. On December 31, 2003, the Company committed to issue a total of 420,000 shares of Common Stock to entities in connection with fees related to the acquisition of SE.

The above issuances were unregistered, as the Company was relying on the exemptions from registration contained in Section 4(2) of the Securities Act, and Regulation D promulgated thereunder, on the basis that such transactions did not involve public offerings of securities.

Item 6. Management's Discussion and Analysis or Plan of Operation.

General

In February 2002, the Company divested PTP and had no operations from that date until November 2002, when it acquired PWS. Twelve months of PWS operations and five months of FSS operations are included in the fiscal year 2003 results. Therefore, comparisons between the periods presented would not be informative. PTP's year 2002 financial results are included in loss from discontinued operations. (See "Business Background" in Item 1 of Part I above.)

Use of Estimates and Critical Accounting Policies

In preparing our consolidated financial statements, we make estimates, assumptions and judgments that can have a significant effect on our revenues, income (loss) from operations, and net income (loss), as well as on the value of certain assets on our balance sheet. We believe that there are several accounting policies that are critical to an understanding of our historical and future performance as these policies affect the reported amounts of revenues, expenses, and significant estimates and judgments applied by management. While there are a number of accounting policies, methods and estimates affecting our financial statements, areas that are particularly significant include receivable reserves, recoverability of long-lived assets, revenue recognition, stock-based compensation, and recoverability of goodwill and other intangible assets. In addition, please refer to Note 1 to the accompanying financial statements for further discussion of our accounting policies.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The allowance for doubtful accounts is based on specific identification of customer accounts and our best estimate of the likelihood of potential loss, taking into account such factors as the financial condition and payment history of major customers. We evaluate the collectibility of our receivables at least quarterly. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The differences could be material and could significantly impact cash flows from operating activities.

Impairment of Long-Lived Assets

The Company's management assesses the recoverability of its long-lived assets by determining whether the depreciation and amortization of long-lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management.

Goodwill

Goodwill represents the excess of acquisition cost over the net assets acquired in a business combination. Management reviews, on an annual basis, the carrying value of goodwill in order to determine whether impairment has occurred. Impairment is based on several factors including the Company's projection of future operating cash flows. If an impairment of the carrying value were to be indicated by this review, the Company would perform the second step of the goodwill impairment test in order to determine the amount of goodwill impairment, if any.

Deferred Taxes

We record a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. We have considered estimated future taxable income and ongoing tax planning strategies in assessing the amount needed for the valuation allowance. Based on these estimates, all of our deferred tax assets have been reserved. If actual results differ favorably from those estimates used, we may be able to realize all or part of our net deferred tax assets. Such realization could positively impact our operating results and cash flows from operating activities.

Revenue Recognition

Revenue is recognized at the time the contract and related services are performed.

Stock-Based Compensation

The Company uses the intrinsic value method of accounting for stock-based compensation to employees in accordance with Accounting Principles Board Opinion ("APB") No. 25, as amended, *"Accounting for Stock Issued to Employees."* The Company accounts for non-employee stock-based compensation under Statement of Financial Accounting Standards ("SFAS") No. 123, *"Accounting for Stock-Based Compensation."* At December 31, 2003, the Company had two stock-based employee compensation plans, which are described more fully in Note 7 of the accompanying consolidated financial statements. The Company accounts for those plans under the recognition and measurement principles of APB 25, and related interpretations. The Company has applied the disclosure provisions in SFAS No. 148 in its consolidated financial statements and the accompanying notes. The Company does not anticipate adopting the fair value based method of accounting for stock-based compensation.

Results of Operations Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Revenue

The revenue of $13,996,000 for the year ended December 31, 2003 is comprised of twelve months of revenue from PWS and five months of revenue from FSS, which was acquired effective August 2003. The revenue of $2,559,000 for the year ended December 31, 2002 represents only two months of revenue from PWS, which was acquired effective November 2002.

Costs of Sales

Cost of sales of $7,095,000 for the year ended December 31, 2003 is comprised of twelve months of costs from PWS and five months of costs from FSS, which was acquired effective August 2003. The cost of sales of $1,280,000 for the year ended December 31, 2002 represents only two months of costs from PWS, which was acquired effective November 2002.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $6,865,000 for the year ended December 31, 2003 compared to $2,666,000 for the year ended December 31, 2002. This represents an increase of $4,199,000 or 158% over 2002. Of this increase, approximately $4,300,000 is related to the full year effect of the operations of PWS in 2003 versus only two months of PWS operations in 2002. The remaining net decrease of approximately $101,000 relates to decreased corporate expenses.

Impairment Loss

Impairment loss expenses were $297,000 for the year ended December 31, 2003 compared to $0 for the year ended December 31, 2002. This represents an increase of $297,000 over 2002. Of this increase, $140,000 is related to CTRS acquisition expenses written off after the rescission of the CTRS acquisition and $157,000 is related to a loss on retirement of the shares returned after the CTRS rescission.

Other Income (Expenses):

Interest income decreased from $139,000 in 2002 to $1,000 in 2003. This is primarily a result of lower cash balances during 2003 as well as a significant decrease in yields during 2003. In addition, in 2002 a note receivable balance generated interest income. The gain on sale of assets of $30,000 in 2003 is attributed to the disposal of assets at PWS. Interest expense was $619,000 in 2003 compared to $130,000 in 2002. This is primarily due to the debt incurred with the acquisition of PWS and Fiber Seal Systems and interest on the line of credit and term debt at PWS.

Other income decreased from $1,189,000 in 2002 to $178,000 in 2003. The 2002 amount of other income was primarily related to a reversal on legal accruals that was taken in 2002. Of the 2003 amount of other income, $152,000 is comprised of reversals of prior accruals due to settlements and reduction of estimates for claims accrued in prior years and $26,000 of rental income.

Liquidity and Capital Resources

The Company has a net working capital deficit of $4,999,000 as of December 31, 2003. The Company believes that the financing arrangements the Company currently has in place are sufficient throughout the next twelve months to finance its working capital needs. However, implementation of the Company's strategic plan of acquiring niche residential services companies will require additional capital.

As of December 31, 2003, the Company had a credit agreement with a financial institution. The credit agreement included a term loan, a revolving line of credit and an equipment line of credit. The credit agreement was guaranteed by the former stockholder of PWS, secured by substantially all PWS assets and contained a provision that requires PWS to maintain certain financial covenants. The term loan was issued in January 2002 and bore interest at 9.75%. The balance as of December 31, 2003 was $678,333. The revolving line of credit expired in January 2003 and was extended in April 2003 as a non-revolving line of credit. It bore interest at 9.75%. The balance at December 31, 2003 was $499,329. The equipment line of credit bore interest at 10% and was payable monthly. The terms of the agreement provided for borrowings up to $200,000. The equipment line of credit expired on January 31, 2003. The balance at December 31, 2003 was $20,138. The Company repaid the term loan, revolving line of credit and equipment line of credit facility in full on January 22, 2004 using proceeds from the Laurus Master Funds financing of $4,000,000. (See Item 1 above for additional information.)

In March 2004, the Company raised $2,000,000 in a private placement of 80 shares of Series A Preferred Stock, $.001 par value per share. (See Item 1 above for additional information.)

During fiscal year 2003, the Company generated net cash from operating activities of $1,251,000, including a $(702,000) net loss and $846,000 in depreciation and amortization.

The Company's investing activities provided net cash of $2,221,000 primarily due to the purchase of SE.

The Company's financing activities used net cash of $(1,009,000) primarily due to repayment of long-term debt.

Trends, Risks and Uncertainties

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether or to what extent any of such risks may be realized, nor can there be any assurances that the Company has identified all possible risks that might arise. Current and potential investors should carefully consider all of the following risk factors before making an investment decision with respect to our stock.

We Have a Limited History of Acquiring and Operating Residential Services Companies.

Although the Company has a history of operations in the industrial services and voice/data and cabling services sectors, we have a limited history of acquiring and operating residential services companies. The current strategy is a relatively new direction for the Company, and we may encounter unanticipated, unusual, or unexpected risks and problems in developing this new area of business, which could adversely affect us as well as our operations, revenue, and ability to obtain a profit.

We Require Additional Capital to Acquire Residential Services Companies.

We will require additional capital to purchase niche residential services companies. If we are unable to raise capital when our needs arise, we will be unable to pursue our current business strategy and may not be able to fund our operations.

If We Obtain Additional Financing, or Acquire Companies using Our Common Stock, It Could Dilute Present Stockholder Holdings.

We will likely need to raise money through the sale of additional equity within the next twelve months, in one or more private placements and/or public offerings. If we do so, all of the then current existing stockholders and their stock holdings will be proportionately diluted. In addition, we will likely acquire companies using our common stock as consideration. If we do so, all of our existing stockholders at such time and their stock holdings will be proportionately diluted.

Our Business Depends on the Demand for Residential Services.

Upon acquiring residential services companies, we would be adversely affected by any slowdown in the growth of, or reduction in demand for, residential services. Demand for our services depends on numerous factors including:

- the amount and growth of household income;
- the financial condition of homeowners, and whether a homeowner's insurance policy is available to pay the cost of our services;
- the need for the remediation of indoor air contaminates, cleaning services, fabric protection and fire/water damage restoration;
- changes in mortgage rates; and
- general economic conditions.

Our Aggressive Business Plans Will Place a Significant Strain on Our Assets.

Implementation of our aggressive acquisition strategy will impose significant strains on our management, operating systems and financial resources. The acquisitions that we are currently contemplating would involve substantial expenditures of our time and resources to close. If we fail to manage our growth or encounter unexpected difficulties during expansion, it could have a material adverse effect on our financial condition and results of operations. The pursuit and integration of acquisitions will require substantial attention from our senior management, which will limit the amount of time they are able to devote to our existing operations.

We Are Heavily Dependent on Our Senior Management.

If we lose members of our senior management, we may not be able to find appropriate replacements on a timely basis, and our business could be adversely affected. Our existing operations and continued future development depend to a significant extent upon the performance and active participation of certain key individuals, including our Chief Executive Officer and our Chief Financial Officer. We cannot guarantee that we will be successful in retaining the services of these or other key personnel. If we were to lose any of these individuals, we may not be able to find appropriate replacements on a timely basis and our financial condition and results of operations could be materially adversely affected.

We have a history of losses.

We incurred consolidated net losses of $702,000, $477,000, and $2,447,000 during the years ended December 31, 2003, December 31, 2002 and December 31, 2001, respectively. Our management believes that our revised business plan will be successful and we will become profitable; however, there can be no assurance that we will be successful in implementing our business plan or that we will be profitable now or in the future.

Because Our Competition Has Greater Experience and Resources Than We Do, We May Be at a Competitive Disadvantage.

Many of our competitors have significantly greater experience and financial resources than us, which could place us at a competitive disadvantage.

Item 7. Financial Statements.

The audited financial statements are annexed to this report, commencing on page F-i.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

On January 2, 2003, the Company replaced its former auditor, Merdinger, Fruchter, Rosen & Company, P.C. (who had resigned because the firm no longer audited public companies) with Corbin & Company LLP. The information relating to this change in the Company's independent accountants that was disclosed in the Company's Current Report on Form 8-K, which was filed with the SEC on January 7, 2003, is incorporated herein by reference.

Item 8A. Controls and Procedures.

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective. No significant changes were made in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART III

Item 9. Directors and Executive Officers of the Registrant.

The Company's executive officers and directors are as follows:

Frank J. Fradella, age 48, serves as the Company's Chairman of the Board, President, and Chief Executive Officer. Mr. Fradella has served as Chairman of the Board since July 2001, and has served as a director since July 2000. Mr. Fradella was reappointed Chief Executive Officer in September 2003, and President in December 2003, after having served in such positions from July 2000 to March 2003, and during 1997 and 1998. Mr. Fradella has an extensive background in maintenance, construction, and labor-intensive businesses. He has been Chairman, CEO, and President of two publicly traded companies, and has held executive positions in two others. He has excelled in managing companies whose assets may have been initially under-valued and has performed significant financial turnarounds for these companies. He has also participated in numerous acquisitions that contributed to the companies' financial success.

***Rick J. O'Brien*, **age 39, currently serves as the Company's Senior Vice President, Chief Financial Officer, and Secretary. Mr. O'Brien served as Vice President of the Company from July 31, 2003, the date that the Company acquired Fiber-Seal Systems, L.P. ("Fiber-Seal"), now a wholly owned subsidiary of the Company, until December 2003, at which time he was appointed to his current positions. Mr. O'Brien has served as President of Fiber-Seal since 2002, and had a controlling interest in Fiber-Seal until its sale to the Company. From 1995 to 2003, Mr. O'Brien owned and operated Amherst-Merritt International, and oversaw the operations of its two business lines: a computer accessory manufacturer and an office products distributor. Mr. O'Brien obtained a Bachelor of Arts degree from Vanderbilt University in 1986, and an MBA from Rice University in 1991.

Mark W. White, age 64, has served as a director of the Company since January 2003. Governor White served as the Governor of Texas from 1983-1987, and as the Attorney General of Texas from 1979-1983. Governor White is an attorney, and is the founder of Geovox Security, Inc. Governor White received a degree in business administration from Baylor University in 1962 and a law degree from Baylor School of Law in 1965.

Michael S. Chadwick, age 53, has served as a director of the Company since January 2003. Mr. Chadwick is the Senior Vice President and Managing Director of Sanders Morris Harris, an investment banking firm based in Houston, Texas, and has been active in the commercial banking and investment banking fields since 1975. Prior to joining SMH in 1994, Mr. Chadwick was President and Principal of Chadwick, Chambers & Associates, Inc., which he co-founded in 1988. Mr. Chadwick holds an MBA from Southern Methodist University (1975) and a BA in Economics from the University of Texas at Austin (1974). Mr. Chadwick also attended the Wharton School of Finance at the University of Pennsylvania (1970-1972). Mr. Chadwick currently serves as a director of two other public companies: Landry's Restaurants, Inc. and Blue Dolphin Energy Company.

Willard W. "Kim" Kimbrell, age 62, has served as a director of the Company since April 2003. Mr. Kimbrell is the founding partner of Third Coast Architects, a residential and commercial architectural firm based in Houston, Texas. In his role as principal of Third Coast Architects, Mr. Kimbrell has developed strong relationships with numerous highly regarded contractors at the state and national level. Mr. Kimbrell's in-depth knowledge of building economics, coupled with his design capabilities, has earned his firm and him the reputation for completing projects on time and within budget as well as the respect and confidence of his clients. Mr. Kimbrell graduated from the University of Oklahoma with a Bachelor of Architecture degree, and he is a registered architect in over a dozen states and a licensed interior designer in the state of Texas.

Directors are elected at each annual meeting of stockholders, although vacancies resulting from resignation, removal, death, or an increase in the size of the Board between annual meetings may be filled by the remaining members of the Board. Directors hold office until the next annual meeting of stockholders and until their successors are elected and qualified. The Board met once during 2003, and the Board approved of several matters by unanimous written consent. The Board of Directors does not have a nominating committee.

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Audit Committee. In January 2003, upon increasing the size of the Company's Board, the Board formed an audit committee. The Audit Committee oversees Home Solutions's corporate accounting and financial reporting process. For this purpose, the Audit Committee performs several functions. The Audit Committee evaluates the performance of and assesses the qualifications of the independent auditors; determines the engagement of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on Home Solutions's engagement team as required by law; reviews the financial statements to be included in Home Solutions's annual report on Form 10-KSB; and discusses with management and the independent auditors the results of the annual audit and the results of Home Solutions' quarterly financial statements. Two directors comprise the Audit Committee: Messrs. Chadwick (Chairman) and Kimbrell. Both members of Home Solutions' Audit Committee are independent (as independence is currently defined under the American Stock Exchange's listing standards). The Audit Committee has adopted a written Audit Committee Charter, a copy of which was attached as an exhibit to the Company's 2003 proxy statement.

Compensation Committee. Two directors comprise the Compensation Committee: Messrs. White (Chairman) and Fradella. Mr. Fradella does not participate in any Compensation Committee actions affecting his compensation.

Compensation of Directors. The Company does not pay directors' fees to its Board members, but does provide transportation, lodging and reimbursement of all reasonable expenses for attending Board meetings. Also, directors are eligible for certain awards under the Company's 2001 Stock Plan and 1998 Stock Option Plan, which are granted to directors from time-to-time at the discretion of the Board. Options to purchase 100,000 shares of the Company's common stock were granted to each of Messrs. White, Chadwick, and Kimbrell upon his appointment to the Board. Such options vest in one-third increments over a three-year period.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Home Solutions' directors and executive officers, and persons who own more than 10% of a registered class of Home Solutions' equity securities, to file with the SEC reports of ownership and changes in ownership of Common Stock and other equity securities of Home Solutions. Such reporting persons are required to furnish the Company with copies of all Section 16(a) forms they file.

Based on the Company's review of copies of such reports furnished to us, we believe that, during the 2002 fiscal year, all Section 16(a) filing requirements applicable to Home Solutions' executive officers, directors and greater than 10% beneficial owners were complied with except for (i) Mr. Rick J. O'Brien was approximately one week late in filing a Form 4 to report stock options he received upon his initial employment with the Company, (ii) Messrs. White, Chadwick, and Kimbrell were each approximately one month late in filing an initial Form 3 upon becoming a director of the Company and a Form 4 to report the 100,000 stock options received in connection therewith.

Code of Ethics

The Company has not formally adopted a Code of Ethics for its officers, but it intends to do so in early 2004.

Item 10. Executive Compensation.

Summary Compensation Table

The following table sets forth the cash and non-cash compensation paid by or incurred on behalf of Home Solutions to its Chief Executive Officer and certain other most highly paid executive officers for 2003, 2002 and 2001 (excluding executive officers whose salary and bonus did not exceed $100,000) (together, the "Named Executive Officers"):

Name and Principal Position	Year	Salary ($)	Bonus ($)	Number of Securities Underlying Options (#)(1)	All Other Compensation
Frank J. Fradella	2003	$100,000	--	--	$63,000(2)
(Chairman/CEO)	2002	$200,000	$5,650	--	$11,000(3)
	2001	$270,000	--	750,000	$15,500(3)
R. Andrew White(4)	2003	$155,625	$25,000(5)	250,000	--
(Former CEO/CFO)	2002	$110,000	$15,850	170,000	--

2001	--	--	--	--

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(1) For purposes of the tables set forth in this Section VI, restricted stock purchase rights, which function substantially the same as stock options, will be included with stock options.

(2) Of this amount, $3,000 consists of an automobile allowance paid to Mr. Fradella, and $60,000 represents consulting fees during the period of time in 2003 (March through September) that Mr. Fradella was a non-employee consultant to the Company.

(3) Consists of an automobile allowance paid to Mr. Fradella.

(4) Mr. White joined Home Solutions in January 2002, resigned in December 2003, and currently serves as a consultant to the Company.

(5) This bonus was accrued in 2003, but was foregone by Mr. White in 2004 prior to its payment.

Option Grants in 2003

The following table provides details regarding stock options granted in 2003 to the Named Executive Officers:

Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in 2003	Exercise Price per Share	Expiration Date
Frank J. Fradella	--	--	--	--
R. Andrew White	250,000	29.8%	$2.10	3/15/2013

Aggregated Option Exercises in 2003 and Year-End Option Values

The following table details the December 31, 2003 year-end estimated value of unexercised stock options of each of the Named Executive Officers:

			Number of Securities Underlying Unexercised Options at Year-End:		Value of Unexercised In-the-Money Options at Year-End[1]:	
Name	Number of Shares Acquired on Exercise (#)	Value Realized($)	Exercisable	Unexercisable	Exercisable	Unexercisable
Frank J. Fradella	0	0	750,000	--	$352,500	--
R. Andrew White	0	0	420,000	--	$40,500	--

(1) The estimated value of unexercised in-the-money stock options held at the end of 2003 assumes a per-share fair market value of $1.52 (the closing trading price of the Common Stock on December 31, 2003), and per-share exercise prices as follows: $.65 for 250,000 of Mr. Fradella's stock options, and $1.25 for his other 500,000 vested options; $1.25 for 150,000 of Mr. White's stock options, and Mr. White's other 270,000 options are excluded as their exercise prices ($1.82 or $2.10) were not in the money at the end of 2003.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Management Ownership

The table below shows the beneficial ownership as of April 28, 2004, of Common Stock by each of the directors and the Named Executive Officers (defined below under the heading Summary Compensation Table in Item 10) of Home Solutions and all directors and Named Executive Officers as a group. In addition to the 16,111,658 shares of Common Stock outstanding on April 28, 2004, this table also gives effect to shares that may be acquired pursuant to options, warrants or convertible securities within 60 days after such date. The principal business address of each person in this table is c/o Home Solutions of America, Inc., 5565 Red Bird Center Drive, Suite 150, Dallas, Texas 75237.

Executive Officers and Directors	Number of Shares Beneficially Owned	Percentage of Class Beneficially Owned
Frank J. Fradella, Chairman, CEO..	750,000[(1)]	4.4%
R. Andrew White, former CEO/CFO	520,000[(2)]	3.1%
Mark W. White, Director..............	33,333[(3]	0.2%
Michael S. Chadwick, Director......	33,333[(3)]	0.2%
Willard W. Kimbrell, Director.......	35,333[(3)]	0.2%
All directors and executive officers as a group (five persons)..............	1,371,999[(1)(2)]	7.9%

(1) Consists of 750,000 shares that Mr. Fradella could acquire through the exercise of certain fully vested stock options and restricted stock purchase rights.

(2) Includes 420,000 shares that Mr. White could acquire through the exercise of certain vested stock options.

(3) Messrs. White, Chadwick and Kimbrell each have been awarded 100,000 stock options. As of this date, one-third of these options, representing 33,333 underlying shares of Common Stock, have vested.

Other Security Ownership

The following is tabulation as of April 28, 2004, of those stockholders of Home Solutions who own beneficially in excess of 5% of Home Solutions' Common Stock:

Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class Beneficially Owned
Dale W. Mars, Trustee of the Dale W. Mars Trust Dated 7-16-97 [(1)]	1,337,242	8.3%
Tyrrell L. Garth [(2)]	1,330,436	8.3%
Barbara Feldman [(3)]	1,050,300	6.5%

(1) Mr. Mars' principal business address is c/o Southern Exposure Unlimited of Florida, Inc., 5868 Enterprise Parkway, Ft. Myers, FL 33905.

(2) Mr. Garth's principal business address is c/o Cheyenne Capital, 350 Dowlen Road, Suite 200, Beaumont, Texas 77706.

(3) Ms. Feldman's principal business address is 2081 Magnolia Lane Highland Park, Illinois 60035

The following table provides information regarding securities authorized for issuance under equity compensation plans, as of December 31, 2003, concerning compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance.

	(a)	(b)	(c)

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	2,500,030	$1.59	2,417,170
Equity compensation plans not approved by security Holders	1,922,692	$1.10	--
Total	4,422,722	$1.38	2,417,170

For a complete description of the Company's equity compensation plans, please refer to Note 9 of our audited consolidated financial statements as of December 31, 2003.

Item 12. Certain Relationships and Related Transactions.

Employment Agreements and Termination of Employment/Change-in-Control Arrangements

In connection with his resignation as President/CEO (he remained Chairman of the Board), the Company and Frank J. Fradella entered into a consulting agreement as of March 15, 2003, which replaced his then-existing employment agreement. The consulting agreement had a term of three years, and provided for a monthly fee of $10,000, $60,000 of which was accrued in 2003 and paid in early 2004. In connection with the execution of his consulting agreement, the Company fully vested Mr. Fradella's 500,000 stock purchase rights and 250,000 stock options. Since his reappointment as Chief Executive Officer and President in September 2003, Mr. Fradella has served in such positions without an employment agreement, at an annual salary of $200,000. Mr. Fradella was granted 500,000 stock options with an exercise price of $1.80 on January 27, 2004, which vest over a three-year period.

Upon the acquisition of Fiber-Seal in July 2003, the Company entered into an employment agreement with Rick J. O'Brien, pursuant to which Mr. O'Brien has served as President of Fiber-Seal and Vice President of Home Solutions. Mr. O'Brien was granted 250,000 stock options on the date of his employment, at an exercise price of $2.00 per share, vesting over a 36-month period. In December 2003, in connection with Mr. O'Brien's appointment to the positions of Senior Vice President, Chief Financial Officer, and Secretary of the Company, and the amendment of certain of the Fiber-Seal acquisition agreements (including the termination of a repurchase option by the former owner of Fiber-Seal), (i) the Company immediately vested a warrant to purchase 250,000 shares of Common Stock, held by the entity that had previously owned Fiber-Seal, which is controlled by Mr. O'Brien, (ii) Mr. O'Brien's salary was increased to $150,000 per year, and (iii) Mr. O'Brien was granted an additional 250,000 stock options at $2.00 per share, vesting over a 36-month period.

From March 2002 until December 2003, R. Andrew White served as the Company's CFO, from March 2003 until September 2003 he served as the Company's CEO, and from March 2003 until December 2003 he served as the Company's President. Mr. White resigned in December 2003 (at which time all of his outstanding options became fully vested), and the Company and Mr. White entered into a consulting agreement at such time, pursuant to which he has provided consulting services to the Company. In connection with the execution of the consulting agreement, one of Mr. White's options that had been granted under the Company's 1998 Stock Option Plan was replaced by a substantially similar option under the 2001 Stock Plan.

1998 Stock Option Plan. Recipients of stock options under the Company's 1998 Stock Option Plan must exercise all vested options within three months from the date of termination of the optionee's employment or cessation of service to the Company (or one year for options granted to outside directors), or such options are forfeited. Outstanding stock options under the 1998 Stock Option Plan automatically vest in the event of a "change of control" (as defined in the 1998 Stock Option Plan), which includes any person or group acquiring 20% of the outstanding Common Stock.

2001 Stock Plan. Under the Company's 2001 Stock Plan, Optionees have at least 30 days to exercise vested stock options following the cessation of service to the Company, and in the absence of a specified time in the individual option agreement, the period of time for exercising vested stock options will be three months following the optionee's cessation of services to the Company. The Board may use its discretion in determining whether any outstanding stock options or stock purchase rights will vest on an accelerated basis following a "change of control" (as defined in the 2001 Stock Plan). If an optionee's employment is terminated or his or her job duties are adversely changed within six months of such a change of control, however, all stock options held by such optionee would immediately vest on the date of termination.

Other Related Party Transactions

Upon the appointment of Mark White, Michael Chadwick, and Kim Kimbrell to the Company's Board of Directors in early 2003, each new director received stock options to purchase 100,000 shares of Common Stock, at exercise prices of $1.65 - $1.75, vested over a three-year period.

In October 2002, in connection with the Company's purchase of the office building that served as our corporate offices at 11850 Jones Road Houston, Texas, an affiliate of Mr. Tyrrell L Garth, a stockholder who holds greater than 5% of the Company's outstanding Common Stock, provided a $750,000 first-lien mortgage to the Company.

Item 13. Exhibits and Reports on Form 8-K.

(a) *Exhibits*

2.1 Agreement for Sale of Shares, dated as of February 22, 2002, between Nextgen Communications Corporation, a Delaware corporation, and Point to Point of Louisiana, Inc., a Louisiana corporation (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 19, 2002, and incorporated herein by reference).

2.2 First Amendment to Agreement for Sale of Shares, executed to be effective as of February 22, 2002, by and between Nextgen Communications Corporation and Point to Point of Louisiana, Inc. (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K filed on March 19, 2002, and incorporated herein by reference).

2.3 Secured Promissory Note, dated February 22, 2002, issued by Point to Point of Louisiana to Nextgen Communications Corporation (filed as Exhibit 2.3 to the Company's Current Report on Form 8-K filed on March 19, 2002, and incorporated herein by reference).

2.4 First Amendment to Secured Promissory Note, executed to be effective as of February 22, 2002, by and between Point to Point of Louisiana, Inc. and Nextgen Communications Corporation (filed as Exhibit 2.4 to the Company's Current Report on Form 8-K filed on March 19, 2002, and incorporated herein by reference).

2.5 Stock Pledge Agreement, executed to be effective as of February 22, 2002, by and between Point to Point of Louisiana, Inc. and Nextgen Communications Corporation (filed as Exhibit 2.5 to the Company's Current Report on Form 8-K filed on March 19, 2002, and incorporated herein by reference).

2.6 Settlement Agreement and Mutual Release of Claims, executed to be effective as of February 20, 2002, by and among Point To Point Network Services, Inc., Nextgen Communications Corporation, and W. Michael Sullivan (filed as Exhibit 2.6 to the Company's Current Report on Form 8-K filed on March 19, 2002, and incorporated herein by reference).

2.7 Repurchase Option Agreement, executed to be effective as of February 20, 2002, by and between Nextgen Communications Corporation and W. Michael Sullivan (filed as Exhibit 2.7 to the Company's Current Report on Form 8-K filed on March 19, 2002, and incorporated herein by reference).

2.8 Stock Purchase Agreement dated November 1, 2002, by and between Nextgen Communications Corporation and Jane C. Barber (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 17, 2003, and incorporated herein by reference).

2.9 Promissory Note dated November 1, 2002, in the original principal amount of $1,500,000, issued by Nextgen Communications Corporation to Jane C. Barber (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K filed on January 17, 2003, and incorporated herein by reference).

2.10 Promissory Note dated November 1, 2002, in the original principal amount of $1,000,000, issued by Nextgen Communications Corporation to Jane C. Barber (filed as Exhibit 2.3 to the Company's Current Report on Form 8-K filed on January 17, 2003, and incorporated herein by reference).

2.11 Promissory Note dated November 1, 2002, in the original principal amount of $1,444,100, issued by Nextgen Communications Corporation to Jane C. Barber (filed as Exhibit 2.4 to the Company's Current Report on Form 8-K filed on January 17, 2003, and incorporated herein by reference).

2.12 Secured Promissory Note dated November 1, 2002, in the original principal amount of $5,200,000, issued by Nextgen Communications Corporation to Jane C. Barber (filed as Exhibit 2.5 to the Company's Current Report on Form 8-K filed on January 17, 2003, and incorporated herein by reference).

2.13 Assignment of Promissory Notes, dated November 1, 2002, by and between Nextgen Communications Corporation and Jane C. Barber (filed as Exhibit 2.6 to the Company's Current Report on Form 8-K filed on January 17, 2003, and incorporated herein by reference).

2.14 Warrant Purchase Agreement, dated November 15, 2002 by and between Nextgen Communications Corporation and Jane C. Barber (filed as Exhibit 2.16 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002, and incorporated herein by reference).

2.15 First Amendment to Stock Purchase Agreement dated June 5, 2003, by and between Home Solutions of America, Inc. and Jane C. Barber (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 6, 2003, and incorporated herein by reference).

2.16 Registration Rights Agreement dated June 5, 2003, by and between Home Solutions of America, Inc. and Jane C. Barber (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K filed on June 6, 2003, and incorporated herein by reference).

2.17 Amended and Restated Secured Convertible Note dated June 5, 2003, in the original principal amount of $2,242,446, issued by Home Solutions of America, Inc. to Jane C. Barber (filed as Exhibit 2.3 to the Company's Current Report on Form 8-K filed on June 6, 2003, and incorporated herein by reference).

2.18 Amended and Restated Secured Promissory Note dated June 5, 2003, in the original principal amount of $1,553,750, issued by Home Solutions of America, Inc. to Jane C. Barber (filed as Exhibit 2.4 to the Company's Current Report on Form 8-K filed on June 6, 2003, and incorporated herein by reference).

2.19 Pledge and Security Agreement dated June 5, 2003, by and among Jane C. Barber, Home Solutions of America, Inc., P.W. Stephens, Inc., and Kirkpatrick & Lockhart LLP (filed as Exhibit 2.5 to the Company's Current Report on Form 8-K filed on June 6, 2003, and incorporated herein by reference).

2.20 Guaranty Agreement dated June 5, 2003, given by P.W. Stephens, Inc. to Jane C. Barber (filed as Exhibit 2.6 to the Company's Current Report on Form 8-K filed on June 6, 2003, and incorporated herein by reference).

2.21 Stock Purchase Agreement and Plan of Reorganization dated July 10, 2003, by and among Home Solutions of America, Inc., Jeffrey Hawkins, and CTRS Holding Corp. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 22, 2003, and incorporated herein by reference).

2.22 Partnership Interest Purchase Agreement, dated July 31, 2003, by and among Home Solutions of America, Inc., FSS Holding Corp., Grassmere Computer Products, Inc., and Merritt Computer Products, Inc. (filed as Exhibit 2.15 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2003, and incorporated herein by reference).

2.23 Repurchase Option Agreement, dated July 31, 2003, by and among Home Solutions of America, Inc., FSS Holding Corp., Grassmere Computer Products, Inc., and Merritt Computer Products, Inc. (filed as Exhibit 2.16 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2003, and incorporated herein by reference).

2.24 Settlement Agreement and Mutual Release of Claims, dated October 14, 2003, by and among Home Solutions of America, Inc., Jeff Hawkins, and CTRS Holding Corp. +

2.25 Agreement, dated December 2, 2003, by and among Home Solutions of America, Inc., FSS Holding Corp., Grassmere Computer Products, Inc., Merritt Computer Products, L.P. d/b/a Amherst Merritt International, Fiber-Seal Systems, L.P., and Rick J. O'Brien. +

2.26 Third Amendment to Stock Purchase Agreement, effective December 31, 2003, between Home Solutions of America, Inc. and Jane C. Barber (filed as Exhibit 2.1 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

2.27 Plan of Merger and Stock Purchase Agreement, dated February 6, 2004, by and among Home Solutions of America, Inc., Southern Exposure Holdings, Inc., S.E. Acquisition Corp. I, S.E. Acquisition Corp. II, Southern Exposure Unlimited of Florida, Inc., S.E. Tops of Florida, Inc., Dale W. Mars, and Dale W. Mars, Trustee for the Dale W. Mars Trust Dated 7-16-97 (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 9, 2004, and incorporated herein by reference).

2.28 Registration Rights Agreement, dated February 6, 2004, by and between Home Solutions of America, Inc. and Dale W. Mars (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K filed on February 9, 2004, and incorporated herein by reference).

2.29 Subordinated Promissory Note, in the original principal amount of $4,500,000, issued by Southern Exposure Holdings, Inc. to Dale W. Mars, Trustee for the Dale W. Mars Trust Dated 7-16-97 (filed as Exhibit 2.3 to the Company's Current Report on Form 8-K filed on February 9, 2004, and incorporated herein by reference).

2.30 Subordinated Promissory Note, in the original principal amount of $1,468,189.26, issued by Southern Exposure Holdings, Inc. to Dale W. Mars, Trustee for the Dale W. Mars Trust Dated 7-16-97 (filed as Exhibit 2.4 to the Company's Current Report on Form 8-K filed on February 9, 2004, and incorporated herein by reference).

2.31 Pledge and Security Agreement, dated February 6, 2004, by and among Southern Exposure Holdings, Inc., S.E. Acquisition Corp. I, S.E. Acquisition Corp. II, Dale W. Mars, and Dale W. Mars, Trustee for the Dale W. Mars Trust Dated 7-16-97 (filed as Exhibit 2.5 to the Company's Current Report on Form 8-K filed on February 9, 2004, and incorporated herein by reference).

2.32 Guaranty Agreement, dated February 6, 2004, provided by Home Solutions of America, Inc. to Dale W. Mars, Trustee for the Dale W. Mars Trust Dated 7-16-97 (filed as Exhibit 2.6 to the Company's Current Report on Form 8-K filed on February 9, 2004, and incorporated herein by reference).

3.1 Certificate of Incorporation of the Company, as restated on July 31, 2001 (filed as Exhibit A to the Company's Information Statement on Schedule 14C filed on July 9, 2001, and incorporated herein by reference).

3.2 Certificate of Amendment to the Certificate of Incorporation of Nextgen Communications Corporation, changing the corporation's name to "Home Solutions of America, Inc.", as filed on December 23, 2002 (filed as Exhibit A to the Company's Information Statement on Schedule 14C filed on December 22, 2002, and incorporated herein by reference).

3.3 Certificate of Designation of the Relative Rights and Preferences of the Series A Convertible Preferred Stock of Home Solutions of America, Inc., as filed with the Secretary of State of Delaware on February 27, 2004 (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

3.4 Bylaws of the Company, as amended on April 2, 2001 (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2001, and incorporated herein by reference).

10.1* 1998 Stock Option Plan (filed as Exhibit 4.1 to the Company's Annual Report on Form 10-KSB for the year ended September 30, 1998, and incorporated herein by reference).

10.2* First Amendment to 1998 Stock Option Plan, dated May 20, 2003 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2003, and incorporated herein by reference).

10.3* 2001 Stock Plan (filed as Exhibit B to the Company's Information Statement on Schedule 14C filed on July 9, 2001, and incorporated herein by reference).

10.4* First Amendment to 2001 Stock Plan, dated May 20, 2003 (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2003, and incorporated herein by reference).

10.5* Registration Rights Agreement by and between Frank J. Fradella and U S Industrial Services, Inc., dated April 2, 2001 (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2001, and incorporated herein by reference).

10.6* Stock Option Agreement executed December 27, 2001, to be effective as of October 3, 2000, by and between Frank J. Fradella and Nextgen Communications Corporation (filed as Exhibit 2 to Amendment No. 3 to Schedule 13D of Frank J. Fradella filed on January 3, 2002, and incorporated herein by reference).

10.7* Stock Option Agreement by and between R. Andrew White and Nextgen Communications Corporation, dated February 1, 2002 (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2002, and incorporated herein by reference).

10.8*

Restricted Stock Purchase Agreement by and between Frank J. Fradella and U S Industrial Services, Inc. dated April 2, 2001 (filed as Exhibit 10.11 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002, and incorporated herein by reference).

10.9* Employment Agreement by and between P.W. Stephens, Inc., a California corporation, and Scott Johnson, effective September 1, 2001 (filed as Exhibit 10.12 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002, and incorporated herein by reference).

10.10 Form of Registration Rights Agreement between Nextgen Communications Corporation and each of four accredited investors, dated November 19, 2002 (filed as Exhibit 10.13 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002, and incorporated herein by reference).

10.11 Form of Warrant Purchase Agreement between Nextgen Communications Corporation and each of four accredited investors, dated November 19, 2002 (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002, and incorporated herein by reference).

10.12 * Executive Employment Agreement by and between R. Andrew White and Home Solutions of America, Inc., dated March 15, 2003 (filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2003, and incorporated herein by reference).

10.13 * Consulting Agreement by and between Frank J. Fradella and Home Solutions of America, Inc., dated March 15, 2003 (filed as Exhibit 10.18 to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2003, and incorporated herein by reference).

10.14 * Executive Employment Agreement by and among Home Solutions of America, Inc., Fiber-Seal Systems, L.P., and Rick J. O'Brien, dated July 31, 2003 (filed as Exhibit 10.19 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2003, and incorporated herein by reference).

10.15 * Stock Option Agreement by and between Home Solutions of America, Inc. and Rick J. O'Brien, dated July 31, 2003 (filed as Exhibit 10.20 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2003, and incorporated herein by reference).

10.16 * Stock Option Agreement by and between Home Solutions of America, Inc. and Rick J. O'Brien, dated December 2, 2003. +

10.17 * Services Agreement and Mutual Release, dated December 8, 2003, by and among Home Solutions of America, Inc., Gus Investments, LLC, and Andrew White. +

10.18 Security Agreement, dated January 22, 2004, by and between Laurus Master Fund, Ltd. and Home Solutions of America, Inc. (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

10.19 Secured Convertible Minimum Borrowing Note, dated January 22, 2004, issued to Laurus Master Fund, Ltd. by Home Solutions of America, Inc. (filed as Exhibit 10.2 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

10.20 Minimum Borrowing Note Registration Rights Agreement, dated January 22, 2004, by and between Laurus Master Fund, Ltd. and Home Solutions of America, Inc. (filed as Exhibit 10.3 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

10.21 Common Stock Purchase Warrant to Purchase 370,000 Shares of Common Stock, issued by Home Solutions of America, Inc. to Laurus Master Fund, Ltd., dated January 22, 2004 (filed as Exhibit 10.4 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

10.22 Series A Convertible Preferred Stock Purchase Agreement, dated March 1, 2004, by and among Home Solutions of America, Inc. and the purchasers of Series A Convertible Preferred Stock (filed as Exhibit 10.5 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

10.23 Registration Rights Agreement, dated March 1, 2004, by and among Home Solutions of America, Inc. and the purchasers of Series A Convertible Preferred Stock (filed as Exhibit 10.6 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

10.24 Form of Series A Warrant to Purchase Shares of Common Stock of Home Solutions of America, Inc., as issued to the purchasers of Series A Convertible Preferred Stock (filed as Exhibit 10.7 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

10.25 Form of Series B Warrant to Purchase Shares of Common Stock of Home Solutions of America, Inc., as issued to the purchasers of Series A Convertible Preferred Stock (filed as Exhibit 10.8 to the Company's Registration Statement on Form S-3 filed on March 5, 2004, and incorporated herein by reference).

16.1 Letter dated January 3, 2003, from Merdinger, Fruchter, Rosen & Company, P.C. to the SEC regarding change in certifying accountants (filed as Exhibit 16.1 to the Company's Current Report on Form 8-K filed on January 7, 2003, and incorporated herein by reference).

31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.++

31.2 Certification of Principal Financial Officer pursuant to Section 301 of the Sarbanes-Oxley Act of 2002.++

32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.++

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.++

* Denotes a management contract or compensatory plan or arrangement.

+ Filed as an exhibit to the Company's annual report on Form 10-KSB for the year ended December 31, 2003, as filed on March 30, 2004.

++ Filed herewith.

(b) *Reports on Form 8-K*

None.

Item 14. Principal Accountant Fees and Services.

Corbin & Company, LLP ("C&C") has served as Home Solutions' independent public accountants for each of the last two years. The approximate aggregate fees, including out-of-pocket expenses, billed for professional services rendered by C&C during 2003 and 2002 were as follows:

	Audit Fees(1)	Tax Fees	*All Other Fees*
2003	$145,000	$1,000	$14,000 (2)
2002	$60,000	$17,000	$0

(1) For the audit of the Company's consolidated financial statements as of and for the applicable year, and the review of the Company's quarterly reports on Form 10-QSB during the applicable quarters for 2003. For 2003, also includes the stand-alone audit of the SE Companies, a material acquisition made by the Company effective December 31, 2003.

(2) For a registration statement on Form S-3 that was filed in June 2003 and miscellaneous consultation on accounting matters.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HOME SOLUTIONS OF AMERICA, INC.

Dated:	April 29, 2004	By: /s/ FRANK J. FRADELLA	
			Frank J. Fradella
			Chief Executive Officer
Dated:	April 29, 2004	By:	/s/ RICK J. O'BRIEN
			Rick J. O'Brien
			Chief Financial Officer

HOME SOLUTIONS OF AMERICA, INC.

CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To The Board Of Directors
HOME SOLUTIONS OF AMERICA, INC.

We have audited the accompanying consolidated balance sheet of HOME SOLUTIONS OF AMERICA, INC. (the "Company") as of December 31, 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HOME SOLUTIONS OF AMERICA, INC. as of December 31, 2003, and the results of their operations and their cash flows for each of the years in the two-year period then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Corbin & Company, LLP

Corbin & Company, LLP

Irvine, California
March 12, 2004

HOME SOLUTIONS OF AMERICA, INC.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2003
(In Thousands, Except Per Share Data)

ASSETS		
Current assets:		
Cash	$	2,728
Accounts receivable, net of allowance for doubtful accounts of $83		4,551
Prepaid expenses and supplies		782
Total current assets		8,061
Property and equipment, net of accumulated depreciation and amortization of $391		2,190
Intangible assets, net of accumulated amortization of $216		3,024
Goodwill		19,715
Due from related party		44
Other assets		264
	$	33,298
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$	3,459
Payable to seller		4,290
Due to related party		12
Line of credit borrowings		519
Current portion of long-term debt		2,999
Current portion of capital lease obligations		128
Notes payable		653
Notes payable to related party		1,000
Total current liabilities		13,060
Long-term liabilities:		
Long-term debt, net of current portion		5,351
Capital lease obligations, net of current portion		98
Minority interest		38
Total liabilities		18,547
Commitments and contingencies		
Stockholders' equity:		

= ends =

Enclosure 5

Wednesday 17 March 2010

BT GROUP PLC

TRANSACTION IN OWN SHARES - VOTING RIGHTS AND CAPITAL

BT Group plc announces that it has today transferred in connection with its employee share plans 39,564 ordinary shares at a minimum price of 61 pence per share and a maximum price of 124 pence per share. The transferred shares were all formerly held as treasury shares.

BT Group plc's capital consists of
8,151,227,029
ordinary shares with voting rights. Following the above transfer, BT Group plc holds 398,615,388 ordinary shares as treasury shares. Therefore, the total number of voting rights in BT Group plc is 7,752,611,641.

The above figure (7,752,611,641) may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, BT Group plc under the FSA's Disclosure and Transparency Rules.

= ends =

Enclosure 6

Monday 22 March 2010

BT GROUP PLC

TRANSACTION IN OWN SHARES - VOTING RIGHTS AND CAPITAL

BT Group plc announces that it has today transferred in connection with its employee share plans 220,688 ordinary shares at nil cost. The transferred shares were all formerly held as treasury shares.

BT Group plc's capital consists of
8,151,227,029
ordinary shares with voting rights. Following the above transfer, BT Group plc holds 398,394,700 ordinary shares as treasury shares. Therefore, the total number of voting rights in BT Group plc is 7,752,832,329.

The above figure (7,752,832,329) may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, BT Group plc under the FSA's Disclosure and Transparency Rules.

= ends =

Enclosure 7

Wednesday 24 March 2010

BT GROUP PLC

TRANSACTION IN OWN SHARES - VOTING RIGHTS AND CAPITAL

BT Group plc announces that it has today transferred in connection with its employee share plans 48,020 ordinary shares at a minimum price of 61 pence per share and a maximum price of 124 pence per share. The transferred shares were all formerly held as treasury shares.

BT Group plc's capital consists of
8,151,227,029
ordinary shares with voting rights. Following the above transfer, BT Group plc holds 398,346,680 ordinary shares as treasury shares. Therefore, the total number of voting rights in BT Group plc is 7,752,880,349.

The above figure (7,752,880,349) may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, BT Group plc under the FSA's Disclosure and Transparency Rules.

= ends =

Enclosure 8

NOTIFICATION OF TRANSACTIONS OF DIRECTORS, PERSONS DISCHARGING MANAGERIAL RESPONSIBILITY OR CONNECTED PERSONS

This form is intended for use by an
issuer
to make a
RIS
notification required by
DR
3.1.4R(1).

(1) An
issuer
making a notification in respect of a transaction relating to the
shares
or debentures of the
issuer

should complete boxes 1 to 16, 23 and 24.

(2) An issuer making a notification in respect of a derivative relating to the shares of the issuer should complete boxes 1 to 4, 6, 8, 13, 14, 16, 23 and 24.

(3) An issuer making a notification in respect of options granted to a director/person discharging managerial responsibilities should complete boxes 1 to 3 and 17 to 24.

(4) An issuer making a notification in respect of a financial instrument relating to the shares of the issuer (other than a debenture) should complete boxes 1 to 4, 6, 8, 9, 11, 13, 14, 16, 23 and 24.

Please complete all relevant boxes in block capital letters.

1. Name of the issuer

BT GROUP PLC

2. State whether the notification relates to (i) a transaction notified in accordance with DR 3.1.4R(1)(a); or (ii) DR 3.1.4(R)(1)(b) a disclosure made in accordance with section 324 (as extended by section 328) of the Companies Act 1985; or (iii) both (i) and (ii)

(III) BOTH (I) AND (II)

3. Name of person discharging managerial responsibilities / director

PATRICIA HEWITT

4. State whether notification relates to a person connected with a person discharging managerial responsibilities / director named in 3 and identify the connected person

PATRICIA HEWITT
5. Indicate whether the notification is in respect of a holding of the
person
referred to in 3 or 4 above or in respect of a non-beneficial interest
THE PURCHASE OF 4,020 ORDINARY SHARES BY PATRICIA HEWITT
6. Description of
shares
(including
class),
debentures or derivatives or financial instruments relating to
shares
ORDINARY SHARES IN BT GROUP PLC OF 5P EACH
7. Name of registered shareholders(s) and, if more than one, the number of
shares
held by each of them
TRANSACT NOMINEES
8 State the nature of the transaction
SHARE PURCHASE
9. Number of
shares
, debentures or financial instruments relating to
shares
acquired
4,020 ORDINARY SHARES
10. Percentage of issued
class
acquired
(treasury shares
of that
class
should not be taken into account when calculating percentage)
N/A
11. Number of
shares
, debentures or financial instruments relating to
shares
disposed
12. Percentage of issued
class
disposed (
treasury shares
of that
class
should not be taken into account when calculating percentage)

N/A
13. Price per
share
or value of transaction
£1.2437
14. Date and place of transaction

29 MARCH 2010 - UK
15. Total holding following notification and total percentage holding following notification (any treasury shares should not be taken into account when calculating percentage)
PATRICIA HEWITT
PERSONAL HOLDING: SHARES - 10,554

16. Date issuer informed of transactions
30 MARCH 2010
if a person discharging managerial responsibilities has been granted options by the issuer complete the following boxes

17 Date of grant
18. Period during which or date on which it can be exercised
19. Total amount paid (if any) for grant of the option
N/A..........................
20. Description of shares or debentures involved (class and number)
21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at the time of exercise
22. Total number of shares or debentures over which options held following notification
23. Any additional information
N/A

24. Name of contact and telephone number for queries
ANNA WATCH - 020 7356 5158
Name and signature of duly authorised officer of issuer responsible for making notification
ANNA WATCH
Date of notification
30 MARCH 2010
END

Enclosure 9

NOTIFICATION OF TRANSACTIONS OF DIRECTORS, PERSONS DISCHARGING MANAGERIAL RESPONSIBILITY OR CONNECTED PERSONS

This form is intended for use by an issuer to make a RIS

notification required by
DR
3.1.4R(1).

(1) An
issuer
making a notification in respect of a transaction relating to the
shares
or debentures of the
issuer
should complete boxes 1 to 16, 23 and 24.
(2) An
issuer
making a notification in respect of a derivative relating to the
shares
of the
issuer
should complete boxes 1 to 4, 6, 8, 13, 14, 16, 23 and 24.
(3) An
issuer
making a notification in respect of options granted to a
director/person discharging managerial responsibilities
should complete boxes 1 to 3 and 17 to 24.
(4) An
issuer
making a notification in respect of a
financial instrument
relating to the
shares
of the
issuer
(other than a debenture) should complete boxes 1 to 4, 6, 8, 9, 11, 13, 14, 16, 23 and 24.

Please complete all relevant boxes in block capital letters.

1. Name of the
issuer
BT GROUP PLC
2. State whether the notification relates to (i) a transaction notified in accordance with
DR
3.1.4R(1)(a); or
(ii)
DR
3.1.4(R)(1)(b) a disclosure made in accordance with section 324 (as extended by section 328) of the
Companies Act 1985; or
(iii) both (i) and (ii)
(III) BOTH (I) AND (II)
3. Name of
person discharging managerial responsibilities
/

director
JEFFREY KELLY

4. State whether notification relates to a
person
connected with a
person discharging managerial responsibilities
/
director
named in 3 and identify the
connected person
ILFORD TRUSTEES (JERSEY) LIMITED
5. Indicate whether the notification is in respect of a holding of the
person
referred to in 3 or 4 above or in respect of a non-beneficial interest
GRANT OF AWARDS UNDER THE BT GROUP INCENTIVE SHARE PLAN
6. Description of
shares
(including
class),
debentures or derivatives or financial instruments relating to
shares
ORDINARY SHARES IN BT GROUP PLC OF 5P EACH
7. Name of registered shareholders(s) and, if more than one, the number of
shares
held by each of them
ILFORD TRUSTEES (JERSEY) LIMITED
8 State the nature of the transaction
GRANT OF AWARDS UNDER THE BT GROUP INCENTIVE SHARE PLAN
9. Number of shares, debentures or financial instruments relating to shares acquired
JEFFREY KELLY
SHARES GRANTED UNDER THE INCENTIVE SHARE PLAN - 786,096
10. Percentage of issued
class
acquired
(treasury shares
of that
class
should not be taken into account when calculating percentage)
N/A
11. Number of
shares
, debentures or financial instruments relating to
shares
disposed
N/A
12. Percentage of issued
class
disposed
(treasury shares
of that

class
should not be taken into account when calculating percentage)

N/A
13. Price per
share
or value of transaction
£1.246667
14. Date and place of transaction
29 MARCH 2010, LONDON
15. Total holding following notification and total percentage holding following notification (any
treasury shares
should not be taken into account when calculating percentage)
JEFFREY KELLY
PERSONAL HOLDING
:
SHARES - 672,550
BT GROUP INCENTIVE SHARE PLAN: SHARES - 786,096

16. Date issuer informed of transactions
30 MARCH 2010
If a
person discharging managerial responsibilities
has been granted options by the
issuer
complete the following boxes

17 Date of grant
N/A…………………
18. Period during which or date on which it can be exercised
N/A………………………
19. Total amount paid (if any) for grant of the option
N/A………………………
20. Description of
shares
or debentures involved (
class
and number)
N/A………………………
21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at the time of exercise
N/A………………………
22. Total number of
shares
or debentures over which options held following notification
N/A……………………
23. Any additional information
N/A

24. Name of contact and telephone number for queries
ANNA WATCH - 020 7356 5158
Name and signature of duly authorised officer of

issuer
responsible for making notification
ANNA WATCH
Date of notification
30 MARCH 2010
END

Enclosure 10

NOTIFICATION OF TRANSACTIONS OF DIRECTORS, PERSONS DISCHARGING MANAGERIAL RESPONSIBILITY OR CONNECTED PERSONS

This form is intended for use by an
issuer
to make a
RIS
notification required by
DR
3.1.4R(1).

(1) An issuer making a notification in respect of a transaction relating to the shares or debentures of the issuer should complete boxes 1 to 16, 23 and 24.
(2) An issuer making a notification in respect of a derivative relating to the shares of the issuer should complete boxes 1 to 4, 6, 8, 13, 14, 16, 23 and 24.
(3) An issuer making a notification in respect of options granted to a director/person discharging managerial responsibilities should complete boxes 1 to 3 and 17 to 24.
(4) An issuer making a notification in respect of a financial instrument relating to the shares of the issuer (other than a debenture) should complete boxes 1 to 4, 6, 8, 9, 11, 13, 14, 16, 23 and 24.

Please complete all relevant boxes in block capital letters.

1. Name of the
issuer
BT GROUP PLC
2. State whether the notification relates to (i) a transaction notified in accordance with
DR
3.1.4R(1)(a); or
(ii)
DR
3.1.4(R)(1)(b) a disclosure made in accordance with section 324 (as extended by section 328) of the
Companies Act 1985; or
(iii) both (i) and (ii)
(III) BOTH (I) AND (II)
3. Name of
person discharging managerial responsibilities
/
director
TONY CHANMUGAM

4. State whether notification relates to a
person
connected with a
person discharging managerial responsibilities
/
director
named in 3 and identify the
connected person
ILFORD TRUSTEES (JERSEY) LIMITED
5. Indicate whether the notification is in respect of a holding of the
person
referred to in 3 or 4 above or in respect of a non-beneficial interest
VESTING OF AWARD UNDER THE BT GROUP RETENTION SHARE PLAN AND SALE OF SHARES TO
COVER TAX DUE ON VESTING
6. Description of
shares
(including
class),
debentures or derivatives or financial instruments relating to
shares
ORDINARY SHARES IN BT GROUP PLC OF 5P EACH
7. Name of registered shareholders(s) and, if more than one, the number of
shares
held by each of them
ILFORD TRUSTEES (JERSEY) LIMITED

8 State the nature of the transaction
VESTING OF AWARDS UNDER THE BT GROUP RETENTION SHARE PLAN AND SALE OF SHARES
TO COVER TAX DUE ON VESTING
9. Number of shares, debentures or financial instruments relating to shares acquired
TONY CHANMUGAM

SHARES VESTING UNDER THE RETENTION SHARE PLAN - 100,312
10. Percentage of issued
class
acquired (
treasury shares
of that
class
should not be taken into account when calculating percentage)
N/A
11. Number of
shares
, debentures or financial instruments relating to
shares
disposed
TONY CHANMUGAM
SHARES SOLD TO COVER TAX DUE ON RSP VESTING - 41,212
12. Percentage of issued
class
disposed
(treasury shares
of that
class
should not be taken into account when calculating percentage)

N/A
13. Price per
share
or value of transaction
£1.210763
14. Date and place of transaction
22 MARCH 2010, LONDON
15. Total holding following notification and total percentage holding following notification (any
treasury shares
should not be taken into account when calculating percentage)
TONY CHANMUGAM
PERSONAL HOLDING
:
SHARES - 205,629
BT GROUP DEFERRED BONUS PLAN: SHARES - 153,308
BT GROUP INCENTIVE SHARE PLAN: SHARES - 1,192,517
BT GROUP GLOBAL SHARE OPTION PLAN: OPTIONS OVER 37,384SHARES
BT GROUP EMPLOYEE SHARESAVE SCHEME: AN OPTION OVER 12,110 SHARES.

16. Date issuer informed of transactions
23 MARCH 2010
If a
person discharging managerial responsibilities
has been granted options by the
issuer
complete the following boxes

17 Date of grant
N/A…………………
18. Period during which or date on which it can be exercised
N/A………………………
19. Total amount paid (if any) for grant of the option
N/A………………………
20. Description of
shares
or debentures involved (
class
and number)
N/A………………………
21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at the time of exercise
N/A………………………
22. Total number of
shares
or debentures over which options held following notification
N/A……………………
23. Any additional information
N/A

24. Name of contact and telephone number for queries
ANNA WATCH - 020 7356 5158
Name and signature of duly authorised officer of
issuer
responsible for making notification
ANNA WATCH
Date of notification
30 MARCH 2010
END

Enclosure 11

Wednesday 31 March 2010

BT GROUP PLC

TRANSACTION IN OWN SHARES - VOTING RIGHTS AND CAPITAL

BT Group plc announces that it has today transferred in connection with its employee share plans 14,388 ordinary shares at a minimum price of 61 pence per share and a maximum price of 111 pence per share. The transferred shares were all formerly held as treasury shares.

BT Group plc's capital consists of
8,151,227,029
ordinary shares with voting rights. Following the above transfer, BT Group plc holds 398,332,292 ordinary shares as treasury shares. Therefore, the total number of voting rights in BT Group plc is 7,752,894,737.

The above figure (7,752,894,737) may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, BT Group plc under the FSA's Disclosure and Transparency Rules.

= ends =

Enclosure 12

Wednesday 31 February 2010

BT GROUP PLC

TOTAL VOTING RIGHTS - MONTH-END DISCLOSURE

BT Group plc confirms that on 31 March 2010, its capital consisted of 8,151,227,029 ordinary shares with voting rights. On that date, BT Group plc held 398,332,292 ordinary shares as treasury shares and therefore, the total number of voting rights in BT Group plc on that date was 7,752,894,737.
The above figure (
7,752,894,737
) may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, BT Group plc under the FSA's Disclosure and Transparency Rules.

-: Ends :-

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BT Group PLC
(Registrant)

By: /s/ Patricia Day

Patricia Day, Assistant Secretary.

Date 6 April 2010

NOTIFICATION OF TRANSACTIONS OF DIRECTORS, PERSONS DISCHARGING MANAGERIAL RESPONSIBI