

Home Product Center Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2011 and 2010

1. Corporate information

Home Product Center Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Plc. and Quality Houses Plc., which were incorporated in Thailand. The Company is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment and renovation of buildings and residences, and provision for related services, together with space rental. Its registered address is 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi. As at 31 December 2011, the Company has a total of 45 branches operating in Bangkok and other provinces (2010: 40 branches).

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Home Product Center Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2011 Percent	2010 Percent
Market Village Company Limited	Space rental	Thailand	99.99	99.99
Home Product Center (Malaysia) Sdn. Bhd.	Rental business	Malaysia	100.00	-

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
 - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represents the portion of profit or loss and net assets of the subsidiaries that is not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs

TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements for the current year. The Company applies TAS 23 (revised 2009) borrowing costs which the commencement date for capitalisation is on or after 1 January 2011.

TAS 23 (revised 2009) Borrowing Costs

This accounting standard requires entities to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously, the Company elected to expense such borrowing costs when incurred.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12 Income Taxes

TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of
Government Assistance

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are recorded based on the selling prices after deducting discounts and allowances.

Rendering of services

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

Rental income

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

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

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

Volume incentives received from the supplier are accounted for as a reduction of the value of inventory and recognised in profit or loss when the related inventory is sold.

5.5 Investments

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

5.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.7 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the profit or loss when the asset is derecognised.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets (computer software) with finite lives are amortised on a systematic basis over the economic useful life (5 and 10 years) and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

5.10 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation. The Company amortises leasehold rights on a straight-line basis over the leasehold period.

The amortisation expense is charged to profit or loss.

5.11 Related party transactions

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

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

5.12 Long-term leases

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period. Gains and losses on exchange are included in determining income.

5.14 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in

a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

5.16 Provisions

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

5.17 Income tax

Income tax is recognised using the income tax payable method, calculated based on taxable profits determined in accordance with tax legislation.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for damaged goods

In determining an allowance for damaged goods due to loss or deterioration, the management needs to exercise judgment in making estimates based upon the condition of goods and the duration such goods have remained in stock.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Marketing promotion expenses

Marketing promotion expenses arise in respect of advertising and promotional activities, including various sales promotion activities that are undertaken when the Company has already sold merchandise but still has obligations to customers to make payment related to such sales promotion in the future. Certain transactions are estimates based on experience and comparison with various information available in the related market. However, the use of different estimates and assumptions could affect the amounts of marketing promotion expenses and adjustments to this expense may therefore be required in the future.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	2011	2010	2011	2010	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,251	1,026	Market price
Rental and service income	-	-	154,172	146,311	Baht 12 - 13 million per month
Other income	-	-	28,343	27,672	Percentage of core revenue
Dividend received	-	-	24,997	-	As declared
Service income	-	-	11,180	9,277	Actual cost
Service expense	-	-	606	603	Market price
Interest expenses	-	-	2,397	1,221	1.80% - 3.70% per annum (2010: 1.50% - 1.85% per annum)
<u>Transactions with related companies</u>					
Sales of goods	62,080	11,499	62,080	11,499	Market price
Interest income	22,436	5,703	22,436	5,703	1.00% - 3.38% per annum (2010: 0.25% - 1.60% per annum)
Purchases of goods	-	547	-	547	Market price
Rental and service income	2,344	2,348	2,344	2,348	Market price
Rental and service expenses	18,908	17,645	18,908	17,645	Percentage of sales but not less than a minimum rate

As at 31 December 2011 and 2010, the Company had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Bill of exchanges and deposits with financial institution				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	1,728,321	1,196,575	1,728,321	1,196,575

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade and other receivables				
Subsidiaries	-	-	17,616	2,558
Related companies ⁽²⁾	2,659	3,325	2,659	3,325
Total	2,659	3,325	20,275	5,883
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Short-term loans from related party				
Subsidiary	-	-	90,000	85,000
Trade and other payables				
Subsidiary	-	-	8	14
Related companies ⁽¹⁾	1,124	1,436	1,124	1,436
Total	1,124	1,436	1,132	1,450

Relationship with the related companies

⁽¹⁾ has common major shareholders

⁽²⁾ the major shareholders

Short-term loans from related party

As at 31 December 2011 and 2010, the balance of loans between the Company and this related company and the movement are as follows:

		(Unit: Thousand Baht)			
		Separate financial statements			
Short-term loans from	Related by	Balance as at	Increase	Decrease	Balance as at
related party		31 December 2010	during the year	during the year	31 December 2011
Market Village Co., Ltd.	Subsidiary	85,000	30,000	(25,000)	90,000

Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2011	2010
Short-term employee benefits	85,541	77,480
Post-employment benefits	3,310	2,982
Total	88,851	80,462

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	94,823	86,922	94,189	86,192
Bank deposits	156,501	135,323	113,218	110,552
Bills of exchange	1,726,000	1,195,000	1,726,000	1,195,000
Total	1,977,324	1,417,245	1,933,407	1,391,744

As at 31 December 2011, bank deposits in saving accounts and bills of exchange carried interests between 3.38% per annum (2010: between 0.25% and 1.60% per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade accounts receivable	216,429	164,019	212,236	159,221
Other receivables	568,174	478,399	585,489	480,833
Compensation receivables*	180,052	-	180,052	-
Income receivables	21,781	19,989	16,867	15,460
Total trade and other receivables	986,436	662,407	994,644	655,514

* Compensation receivables of inventories and assets

Trade accounts receivable

	Consolidated financial statements		(Unit: Thousand Baht)	
			Separate financial statements	
	2011	2010	2011	2010
Trade accounts receivable	97,089	84,015	93,100	79,217
Check returned receivable	1,190	2,212	1,190	2,212
Credit card and coupon receivable	119,892	80,441	119,688	80,441
Total	218,171	166,668	213,978	161,870
Less: Allowance for doubtful accounts	(1,742)	(2,649)	(1,742)	(2,649)
Total trade accounts receivable - net	216,429	164,019	212,236	159,221

The outstanding balances of trade accounts receivable as at 31 December 2011 and 2010 are aged as follows:

	Consolidated financial statements		(Unit: Thousand Baht)	
			Separate financial statements	
	2011	2010	2011	2010
<u>Trade receivables - related parties</u>				
Not yet due	1,868	862	1,892	977
Past due				
Up to 3 months	691	-	968	9
3 - 6 months	87	2,460	87	2,460
Total trade receivables - related parties	2,646	3,322	2,947	3,446
<u>Trade receivables - unrelated parties</u>				
Not yet due	197,129	142,535	195,267	139,443
Past due				
Up to 3 months	17,037	17,853	14,524	16,039
3 - 6 months	-	503	-	487
6 - 12 months	-	-	-	-
Over 12 months	1,359	2,455	1,240	2,455
Total	215,525	163,346	211,031	158,424
Less: Allowance for doubtful debts	(1,742)	(2,649)	(1,742)	(2,649)
Total trade receivables - unrelated parties, net	213,783	160,697	209,289	155,775
Total trade receivables - net	216,429	164,019	212,236	159,221

Other receivables

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 31 December 2011 and 2010 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Age of receivables				
Not yet due	300,687	169,956	318,002	172,390
Past due:				
Up to 3 months	259,448	301,682	259,448	301,682
3 - 6 months	3,133	2,402	3,133	2,402
6 - 12 months	5,619	1,971	5,619	1,971
Over 12 months	8,263	11,383	8,263	11,383
Total	577,150	487,394	594,465	489,828
Less: Allowance for doubtful accounts	(8,976)	(8,995)	(8,976)	(8,995)
Total other receivables - net	568,174	478,399	585,489	480,833

10. Inventories

	(Unit: Thousand Baht)	
	Consolidated and	
	separate financial statements	
	2011	2010
Inventories	5,355,847	4,559,358
Less: Reduce cost to net realisable value	(209,015)	(149,361)
Net	5,146,832	4,409,997
Less: Inventories - repaid its cost when sold	(610,831)	(566,260)
Purchase discount	(153,505)	(129,505)
Inventories - net	4,382,496	3,714,232

In October 2011, there was severe flooding in Thailand. The location of the Company's distribution center was inundated, causing damage to some inventories. The Company has assessed the damage and written-off such inventories cost in the profit or loss. However, the Company has insurance coverage for direct property damage and has filed a request for compensation to the insurance company. In December 2011, the insurance company sent a survey company to assess the damage and made an initial compensation payment of Baht 158 million, which covered the damage cost of such inventories in January and February 2012. At the end of the reporting period, the Company therefore recognised the compensation in the profit or loss and compensation receivable in the statement of financial position in an amount not exceeding loss on written-off inventories discussed above.

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2011	2010	2011	2010	2011	2010	2011	2010
			(Percent)	(Percent)				
Market Village								
Company Limited	5,000	5,000	99.99	99.99	4,999	4,999	24,997	-
Home Product Center								
(Malaysia) Sdn. Bhd. ⁽¹⁾	10,000	-	100.00	-	9,840	-	-	-
					14,839	4,999	24,997	-

(1) Audited by other auditor

11.1 In June 2011, the meeting of the Company's Board of Directors passed a resolution approving an establishment of Home Product Center (Malaysia) Sdn. Bhd., as a subsidiary, to operate retail business in Malaysia. The registered share capital of this subsidiary is MYR 1 million, 100% of which is to be held by the Company. The Company registered the establishment of this subsidiary in July 2011.

11.2 On 4 July 2011, the Board of Directors of Market Village Co., Ltd., the subsidiary, passed a resolution to set aside a statutory reserve and made an interim dividend payment from retained earnings as of 31 December 2010 to the shareholders, as follows:

- Setting aside Baht 0.5 million, accounting for 10% of registered capital, to the statutory reserve.
- Paying a cash dividend of Baht 500 per share, totalling Baht 25.0 million to the subsidiary's shareholders. The subsidiary paid this dividend on 26 July 2011.

12. Investment properties

The net book value of investment properties as at 31 December 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Land and land improvement	Office building for rent	Assets under installation and under construction	Total
31 December 2011				
Cost	150,000	1,355,186	14,001	1,519,187
Less: Accumulated depreciation	-	(423,204)	-	(423,204)
Net book value	150,000	931,982	14,001	1,095,983
31 December 2010				
Cost	150,000	1,354,000	1,902	1,505,902
Less: Accumulated depreciation	-	(346,608)	-	(346,608)
Net book value	150,000	1,007,392	1,902	1,159,294

A reconciliation of the net book value of investment properties for the years 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2011	2010
Net book value at beginning of year	1,159,294	1,229,633
Acquisition of assets	27,200	10,605
Disposals - net book value	(9,391)	(241)
Depreciation charged	(81,120)	(80,703)
Net book value at end of year	1,095,983	1,159,294

The fair value of the investment property is Baht 2,332 million, which was determined by an accredited independent valuer using the income approach. The main assumptions used in the valuation are yield rate, building improvement rate and long-term growth in real rental rates.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
Cost:							
1 January 2010	2,230,385	5,863,797	307,060	1,973,792	41,964	97,938	10,514,936
Additions	97,469	78,512	45,513	299,219	7,948	1,319,107	1,847,768
Disposals and written-off	-	(75,447)	(16,439)	(107,944)	(6,332)	-	(206,162)
Transfers in (out)	4,302	522,341	11,029	156,347	-	(694,109)	-
31 December 2010	2,332,156	6,389,203	347,163	2,321,504	43,580	722,936	12,156,542
Additions	694,635	128,201	54,165	498,436	9,791	1,822,293	3,207,521
Disposals and written-off	-	(99,905)	(19,238)	(158,297)	(9,166)	-	(286,606)
Transfers in (out)	161,868	722,217	1,402	167,123	11,392	(1,064,002)	-
31 December 2011	3,188,659	7,139,716	383,492	2,828,766	55,597	1,481,227	15,077,457
Accumulated depreciation:							
1 January 2010	-	1,353,096	252,826	1,323,429	27,091	-	2,956,442
Depreciation for the year	-	367,564	39,670	313,177	7,435	-	727,846
Depreciation on disposals and written-off	-	(40,749)	(16,424)	(91,308)	(6,032)	-	(154,513)
31 December 2010	-	1,679,911	276,072	1,545,298	28,494	-	3,529,775
Depreciation for the year	-	464,917	50,612	361,948	9,221	-	886,698
Depreciation on disposals and written-off	-	(41,852)	(19,224)	(144,716)	(8,873)	-	(214,665)
31 December 2011	-	2,102,976	307,460	1,762,530	28,842	-	4,201,808
Allowance for impairment loss:							
1 January 2010	13,000	64,540	-	-	-	-	77,540
Increase during the year	-	53,598	-	-	-	-	53,598
Decrease during the year	-	(17,900)	-	-	-	-	(17,900)
31 December 2010	13,000	100,238	-	-	-	-	113,238
Increase during the year	-	31,777	-	-	-	-	31,777
Decrease during the year	-	(81,752)	-	-	-	-	(81,752)
31 December 2011	13,000	50,263	-	-	-	-	63,263
Net book value:							
31 December 2010	2,319,156	4,609,054	71,091	776,206	15,086	722,936	8,513,529
31 December 2011	3,175,659	4,986,477	76,032	1,066,236	26,755	1,481,227	10,812,386
Depreciation for the year							
2010 (Baht 674.8 million included in selling expenses, and the balance in administrative expenses)							727,846
2011 (Baht 828.4 million included in selling expenses, and the balance in administrative expenses)							886,698

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
Cost:							
1 January 2010	2,230,385	5,863,151	306,813	1,954,252	41,367	97,937	10,493,905
Additions	97,469	78,512	45,392	298,957	7,948	1,318,997	1,847,275
Disposals and written-off	-	(75,448)	(16,439)	(107,724)	(6,332)	-	(205,943)
Transfers in (out)	4,302	522,341	11,029	156,437	-	(694,109)	-
31 December 2010	2,332,156	6,388,556	346,795	2,301,922	42,983	722,825	12,135,237
Additions	694,635	128,201	54,162	497,181	9,791	1,822,291	3,206,261
Disposals and written-off	-	(99,904)	(19,238)	(157,119)	(9,166)	-	(285,427)
Transfers in (out)	161,868	722,217	1,402	167,011	11,392	(1,063,890)	-
31 December 2011	3,188,659	7,139,070	383,121	2,808,995	55,000	1,481,226	15,056,071
Accumulated depreciation:							
1 January 2010	-	1,352,940	252,676	1,310,730	26,623	-	2,942,969
Depreciation for the year	-	367,500	39,582	309,269	7,317	-	723,668
Depreciation on disposals and written-off	-	(40,749)	(16,424)	(91,137)	(6,032)	-	(154,342)
31 December 2010	-	1,679,691	275,834	1,528,862	27,908	-	3,512,295
Depreciation for the year	-	464,853	50,543	360,038	9,212	-	884,646
Depreciation on disposals and written-off	-	(41,852)	(19,224)	(143,542)	(8,873)	-	(213,491)
31 December 2011	-	2,102,692	307,153	1,745,358	28,247	-	4,183,450
Allowance for impairment loss:							
1 January 2010	13,000	64,540	-	-	-	-	77,540
Increase during the year	-	53,598	-	-	-	-	53,598
Decrease during the year	-	(17,900)	-	-	-	-	(17,900)
31 December 2010	13,000	100,238	-	-	-	-	113,238
Increase during the year	-	31,777	-	-	-	-	31,777
Decrease during the year	-	(81,752)	-	-	-	-	(81,752)
31 December 2011	13,000	50,263	-	-	-	-	63,263
Net book value:							
31 December 2010	2,319,156	4,608,627	70,961	773,060	15,075	722,825	8,509,704
31 December 2011	3,175,659	4,986,115	75,968	1,063,637	26,753	1,481,226	10,809,358
Depreciation for the year							
2010 (Baht 647.8 million included in selling expenses, and the balance in administrative expenses)							723,668
2011 (Baht 828.4 million included in selling expenses, and the balance in administrative expenses)							884,646

As at 31 December 2011, the Company had vehicles and equipment under finance lease agreements with net book values amounting to Baht 9 million (2010: Baht 15 million).

As at 31 December 2011, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,113 million (2010: Baht 859 million) (The separate financial statements: Baht 1,102 million, 2010: Baht 859 million).

14. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2010	234,653	234,643
Acquisitions during the year	57,679	57,331
Written-off during the year	(6,297)	(6,297)
31 December 2010	286,035	285,677
Acquisitions during the year	80,733	80,733
Written-off during the year	(3,677)	(3,667)
31 December 2011	363,091	362,743
Accumulated amortisation		
1 January 2010	99,537	99,533
Amortisation for the year	20,873	20,857
Amortisation on written-off	(4,577)	(4,577)
31 December 2010	115,833	115,813
Amortisation for the year	21,531	21,495
Amortisation on written-off	(2,321)	(2,315)
31 December 2011	135,043	134,993
Allowance for impairment loss		
1 January 2010	43,000	43,000
Decrease during the year	(3,000)	(3,000)
31 December 2010	40,000	40,000
Decrease during the year	(1,500)	(1,500)
31 December 2011	38,500	38,500
Net book value		
31 December 2010	130,202	129,864
31 December 2011	189,548	189,250

15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Cost	
1 January 2010	870,799
Acquisitions during the year	160,076
Written-off during the year	(871)
31 December 2010	1,030,004
Acquisitions during the year	269,509
31 December 2011	1,299,513
Accumulated amortisation	
1 January 2010	167,799
Amortisation for the year	31,037
Amortisation on written-off	(224)
31 December 2010	198,612
Amortisation for the year	41,505
31 December 2011	240,117
Net book value	
31 December 2010	831,392
31 December 2011	1,059,396

16. Bank overdrafts and short-term loans from financial institutions

As at 31 December 2011 and 2010, the Company had overdraft lines from banks totaling Baht 275 million and Baht 175 million, respectively, and other credit facilities amounting to Baht 4,184 million and Baht 4,203 million, respectively.

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade payables - unrelated parties	5,944,705	4,936,827	5,939,589	4,930,933
Other payables - related party	-	-	8	14
Other payables - unrelated parties	312,252	254,732	302,514	248,142
Other payables for purchase of assets	343,125	186,445	343,125	186,445
Accrued expenses - related parties	1,124	1,436	1,124	1,436
Accrued expenses - unrelated parties	690,573	517,063	674,803	499,867
Total trade and other payables	<u>7,291,779</u>	<u>5,896,503</u>	<u>7,261,163</u>	<u>5,866,837</u>

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Portion due within one year		Portion due over one year	
	2011	2010	2011	2010
Liabilities under financial lease agreements	4,322	5,145	9,113	7,430
Less: Deferred interest expense	<u>(602)</u>	<u>(547)</u>	<u>(693)</u>	<u>(524)</u>
Net	<u>3,720</u>	<u>4,598</u>	<u>8,420</u>	<u>6,906</u>

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 to 5 years.

As at 31 December 2011, Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4.32	9.11	13.43
Deferred interest expenses	<u>(0.60)</u>	<u>(0.69)</u>	<u>(1.29)</u>
Present value of future minimum lease payments	<u>3.72</u>	<u>8.42</u>	<u>12.14</u>

19. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011 and 2010, which is compensations on employers' retirement, was as follows.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2011	2010
Balance at beginning of year	76,786	63,516
Current service cost	11,068	12,213
Interest cost	3,498	2,985
Benefits paid during the year	-	(1,928)
Balance at end of year	91,352	76,786

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 and 2010 amounted to Baht 15 million.

Principal actuarial assumptions at the valuation date were a discount rate 4.7% per annum, a future salary increase rate of 6.7% - 7.2% per annum and staff turnover rate of 0% - 50% per annum.

20. Debentures

	Consolidated and separate financial statements			
	Number of debentures (Unit)		Amount (Thousand Baht)	
	2011	2010	2011	2010
Unsecured debentures				
#1/2008	-	500,000	-	100,000
#2/2008	-	630,000	-	630,000
#1/2009	300,000	300,000	300,000	300,000
#1/2010	700,000	700,000	700,000	700,000
#2/2010	1,000,000	1,000,000	1,000,000	1,000,000
#1/2011	1,000,000	-	1,000,000	-
Total	3,000,000	3,130,000	3,000,000	2,730,000
Less: Current portion			(300,000)	(730,000)

Debentures - net of current portion

2,700,000

2,000,000

Details of the Company's debentures are as follows:

1. The Principal paid by installment of the Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2008 Due 2011

Name of debentures	"The Principal paid by installment of the Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2008 Due 2011"
Amount	Baht 500 million
Term	3 years, starting from date of issuance
Issue date	2 May 2008
Interest rate	4.00% per annum
Interest payment schedule	Quarterly in February, May, August and November
Principal repayment	12 quarterly payments totaling Baht 40 million each (the last of Baht 60 million), starting 2 August 2008 and with the last payment due on 2 May 2011
Covenants	Maintenance of debt to equity ratio

During the current year, the Company repaid the principal of debentures in full to the debenture holders, as stipulated in the terms of repayment of the above debentures.

2. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No.2/2008 Due 2011.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 2/2008 due 2011"
Amount	Baht 630 million
Term	3 years, starting from date of issuance
Issue date	21 November 2008
Interest rate	5.50% per annum
Interest payment schedule	Quarterly in November, February, May and August
Principal repayment	On the redemption date of 21 November 2011
Covenants	Maintenance of debt to equity ratio and restriction on dividend payment

In November 2011, the Company repaid the principal of debentures in full to the debenture holders, as stipulated in the terms of repayment of the above debentures.

3. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2009 due 2012

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2009 due 2012"
Amount	Baht 300 million
Term	3 years, starting from date of issuance
Issued date	1 October 2009
Interest rate	4.00% per annum
Interest payment schedule	Quarterly in January, April, July and October, starting from 1 January 2010 and with the last payment due on 2 October 2012
Principal repayment	On the redemption date of 2 October 2012
Covenants	Maintenance of debt to equity ratio and restriction on dividend payment

4. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2010 due 2013

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2010 due 2013"
Amount	Baht 700 million
Term	3 years, starting from date of issuance
Issued date	8 January 2010
Interest rate	3.65% per annum
Interest payment schedule	Quarterly in January, April, July and October, starting from 8 April 2010 and with the last payment due on 8 January 2013
Principal repayment	On the redemption date of 8 January 2013
Covenants	Maintenance of debt to equity ratio and restriction on dividend payment

5. The Unsubordinated and Unsecured Debentures of Home Product Center Plc.
No. 2/2010 due 2013

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 2/2010 due 2013"
Amount	Baht 1,000 million
Term	3 years, starting from date of issuance
Issued date	25 June 2010
Interest rate	3.00% per annum
Interest payment schedule	Semi-annually in June and December, starting from 25 December 2010 and with the last payment due on 25 June 2013
Principal repayment	On the redemption date of 25 June 2013
Covenants	Maintenance of debt to equity ratio and restriction on dividend payment

6. In September 2011, the Company issued the Unsubordinated and Unsecured
Debentures of Home Product Center Plc., to be sold through a private
placement, in accordance with a resolution of the Annual General Meeting of the
Company held on 5 April 2011. The details are as follows: -

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2011 due 2015"
Amount	Baht 1,000 million
Term	4 years, starting from date of issuance
Issued date	15 September 2011
Interest rate	4.60% per annum
Interest payment schedule	Quarterly in March, June, September and December, starting from 15 December 2011
Principal repayment	On the redemption date of 15 September 2015
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

21. Share capital

As discussed in Note 22, during 2011, the holders of the warrants of the Company exercised the warrants as follows:

2011	Warrants	Ordinary shares	Exercise price	Amount
	(Unit)	(Shares)	(Baht/share)	(Thousand Baht)
ESOP-W4				
- The first quarter	848,392	1,926,693	1.752	3,376
- The second quarter	8,139,163	21,568,719	1.502	32,396
- The third quarter	1,329,911	3,524,256	1.502	5,293
- The fourth quarter	501,543	1,519,171	1.314	1,996
Total	10,819,009	28,538,839		43,061

The number of ordinary shares, the paid-up share capital and premium on ordinary shares are increased as follows:

	Number of ordinary shares	Paid-up share capital	Premium on ordinary shares
	(Thousand shares)	(Thousand Baht)	(Thousand Baht)
<u>Registered share capital</u>			
At the beginning of the year	4,426,605		
Increase during the year	1,456,616		
Decrease during the year	(1,826)		
At the end of the year	5,881,395		
<u>Issued and paid-up share capital</u>			
At the beginning of the year	4,352,992	4,352,992	621,807
Increase in capital from exercising of the rights of the warrants	28,539	28,539	14,522
Increase in capital from payment of stock dividends	1,455,191	1,455,191	-
At the end of the year	5,836,722	5,836,722	636,329

21.1 On 5 April 2011, the Annual General Meeting of the Company's shareholders passed the following resolutions.

1. Made the following dividend payment from the operating results of July 2010 through December 2010.

- Payment of a stock dividend of up to 726 million ordinary shares with a par value of Baht 1.00 each, or a total of Baht 726 million to the Company's shareholders. The rate of payment is 1 dividend share for every 6 existing shares, or Baht 0.1667 per share. Any shareholdings of less than 6 shares, remaining after such allocation, are to receive a cash dividend of Baht 0.1667 per share.
- Payment of a cash dividend of Baht 0.0193 per share, or a total of not more than Baht 84 million.

Resulting that total dividend is Baht 0.186 per share.

2. Decreased the registered capital of the Company from Baht 4,427 million to Baht 4,426 million by cancelling the registered ordinary shares remaining after the stock dividend allocation of 1.2 million ordinary shares with the par value of Baht 1.00 made in accordance with the resolution of the Extraordinary General Shareholders Meeting no. 1/2553.

3. Approved a Baht 726 million increase in registered capital, from Baht 4,426 million to Baht 5,152 million, by issuing an additional 726 million ordinary shares with a par value of Baht 1.00 each to support the payment of a stock dividend. The Company registered the increase in its registered share capital to Baht 5,152 million, with the Ministry of Commerce on 25 April 2011.

21.2 On 29 September 2011, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions: -

1. The following allocations of the Company's retained earnings and interim dividend payment:

- Allocation of 5% of net income of January 2011 through June 2011, amounting to Baht 44 million, to the statutory reserve.
- Payment of a stock dividend not exceeding 730 million shares with a par value of Baht 1.00 each, or a total of Baht 730 million, to the Company's shareholders. The rate of payment is 1 dividend share for every 7 existing shares, or Baht 0.1429 per share. Any existing shareholdings, after such

allocation, with less than 7 shares are to receive a cash dividend of Baht 0.1429 per share.

- Payment of a cash dividend of Baht 0.0159 per share, or not exceeding a total of Baht 81 million.

The total dividend is to be paid at a rate of Baht 0.1588 per share within 27 October 2011.

2. Decrease the registered capital of the Company from Baht 5,152 million to Baht 5,151 million by cancelling the registered ordinary shares remaining after the stock dividend allocation of 0.6 million ordinary shares with the par value of Baht 1.00 made in accordance with the resolution of the Annual General Shareholders Meeting no. 1/2554.
3. Approve a Baht 730 million increase in registered capital, from Baht 5,151 million to Baht 5,881 million, by issuing an additional 730 million ordinary shares with a par value of Baht 1.00 each to support the payment of a stock dividend.

The Company registered the increase in its paid-up share capital to Baht 5,837 million, with the Ministry of Commerce on 7 December 2011.

22. Warrants

Details of the warrants of the Company which were issued without charge, are as follows: -

Type of warrant	Issue to	Issuance date of warrant	Number of warrants issued (Units)	Period of warrant	Exercise price per share	Exercise ratio per 1 warrant
ESOP-W4	Directors and employees of the Company and its subsidiary	23 May 2008	50,000,000	5 years	Baht 3.98	1 ordinary shares

During the period of exercise the rights of the warrants allotted to employees of the Company (ESOP-W4), the Company paid cash dividend and stock dividend as a result the Company needs to adjust the rights of the warrants allotted to employees of the Company (ESOP-W4) in accordance with the prospectus for the offering of warrants in respect of the condition to adjust the rights of warrants and the changes in prices as follows:

Effective date	Exercise price per share	Exercise ratio per 1 warrant
16 April 2009	Baht 3.912	1.017 ordinary shares
12 October 2009	Baht 2.059	1.932 ordinary shares
12 April 2010	Baht 2.044	1.946 ordinary shares
12 October 2010	Baht 1.752	2.271 ordinary shares

12 April 2011	Baht 1.502	2.650 ordinary shares
7 October 2011	Baht 1.314	3.029 ordinary shares

During the year, the movements of warrants of the Company are as follows: -

(Unit: Unit)

Type of warrant	Number of warrants outstanding as at 31 December 2010	Number of warrants exercised during the year	Number of warrants outstanding as at 31 December 2011
ESOP-W4	22,419,352	(10,819,009)	11,600,343

23. Statutory reserve

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

24. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Salary and wages and other employee benefits	2,086	1,786	2,086	1,786
Premises expenses	1,033	918	1,033	918
Depreciation and amortisation	1,031	860	1,029	856
Sales promotion and operation support expenses	1,123	974	1,121	946
Financial costs	118	103	120	105
Tax expenses and fees	982	727	976	722
Changes in finished goods	(728)	(846)	(728)	(846)

25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares of the prior year used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividends of 729 million shares on 19 October 2011 and 726 million shares on 25 April 2011, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year (for the period of 2010: adjusted in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend, as discussed in the above paragraph), plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares) (Restated)	(Baht)	(Baht) (Restated)
Basic earnings per share						
Profit attributable to equity holders of the Company	2,005,361	1,638,429	5,823,764	5,794,955	<u>0.34</u>	<u>0.28</u>
Effect of dilutive potential ordinary shares						
Warrants	-	-	41,055	48,535		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>2,005,361</u>	<u>1,638,429</u>	<u>5,864,819</u>	<u>5,843,490</u>	<u>0.34</u>	<u>0.28</u>

	Separate financial statements					
	Profit for the year		Weighted average number ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares) (Restated)	(Baht)	(Baht) (Restated)
Basic earnings per share						
Profit attributable to equity holders of the Company	2,016,814	1,627,212	5,823,764	5,794,955	0.35	0.28
Effect of dilutive potential ordinary shares						
Warrants	-	-	41,055	48,535		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	2,016,814	1,627,212	5,864,819	5,843,490	0.34	0.28

26. Financial information by segment

The majority of the operations of the Company and subsidiary companies involve the business segments of trading of a complete range of goods and materials for construction, addition, refurbishment and renovation of buildings and residences, and provision of related services, together with space rental (as having revenue and assets less than 10 percent of total revenue and total assets of all segments) and are carried on in a single geographic area, Thailand. As a result, all revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned trading industry and geographic area.

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by American International Assurance Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company contributed Baht 39 million (2010: Baht 34 million) to the fund.

28. Dividends

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
Final dividends for 2009	Annual General Meeting of the shareholders on 7 April 2010	593	0.1600	30 April 2010
Interim dividend from the operating results of January 2010 through June 2010	Meeting of the Board of Directors on 19 August 2010 and Extraordinary General Meeting of the shareholders on 4 October 2010	72	0.0193	29 October 2010
Dividend from the operating results of July 2010 through December 2010	Annual General Meeting of the shareholders on 5 April 2011	84	0.0193	29 April 2011
Interim dividend from the operating results of January 2011 through June 2011	Extraordinary General Meeting of the shareholders on 29 September 2011	81	0.0159	27 October 2011
Stock dividend from the operating results of January 2010 through June 2010	Meeting of the Board of Directors on 19 August 2010 and Extraordinary General Meeting of the shareholders on 4 October 2010	621	0.1667	29 October 2010
Stock dividend from the operating results of July 2010 through December 2010	Annual General Meeting of the shareholders on 5 April 2011	726	0.1667	29 April 2011
Stock interim dividend from the operating results of January 2011 through June 2011	Extraordinary General Meeting of the shareholders on 29 September 2011	729	0.1429	27 October 2011

29. Commitments and contingent liabilities

29.1 As at 31 December 2011, the Company had commitments totaling Baht 100 million and USD 0.1 million (2001: Baht 89 million), to commercial banks in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise.

29.2 As at 31 December 2011 and 2010, the Company had commitments under letters of credit opened with two commercial banks, amounting to USD 4 million.

30. Commitments under long-term lease agreements

30.1 Long-term lease agreements - as lessee

- a) The Company has entered into land lease agreements. The terms of the agreements are generally between 24 to 30 years and they are non cancelable, except with the consent of the counterparties.

As at 31 December 2011, future minimum lease payments required under these operating leases contracts were as follows:

	Million Baht
Payable within:	
1 year	55
2 to 5 years	258
Thereafter	1,343
	<u>1,656</u>

- b) The Company has entered into lease agreements to lease commercial space. The terms of the agreements are generally between 17 to 30 years and they are not cancelable, except with the consent of the counterparties.

As at 31 December 2011, future minimum lease payments required under these operating leases contracts were as follows:

	Million Baht
Payable within:	
1 year	95
2 to 5 years	420
Thereafter	1,421
	<u>1,936</u>

30.2 Long-term lease agreements - as leaser

The Company has entered into seven agreements with two companies to lease and sub-lease parts of premises in 5 branches for periods of 29-30 years, with a total of rental received in advance amounting to Baht 640 million. The terms of the agreements are until 2033 - 2036. The Company recognises this income systematically on a straight-line basis over the lease period which is the useful lives of the leaseholds.

The outstanding balance of rental received in advance, net of recognised rental income, as of 31 December 2011 was Baht 499 million (2010: Baht 521 million).

31. Financial instruments

31.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, short-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statements of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits with financial institutions, short-term loans and debentures. However, since the Company's financial assets and some of its financial liabilities bear floating interest rates and some of financial liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011, classified by type of interest rate, are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements					Interest rate (% p.a.)
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
	Within 1 year	Over 1-5 years				
	(Thousand Baht)					
Financial assets						
Cash and cash equivalents	1,726,000	-	92,538	158,786	1,977,324	0.75 - 3.38
Financial liabilities						
Debentures	300,000	2,700,000	-	-	3,000,000	3.00 - 5.50

	Separate financial statements						
	Fixed interest rates		Floating	Non- interest	Total	Interest rate	
	Within	Over					
	1 year	1-5 years	interest rate	bearing			
	(Thousand Baht)						(% p.a.)
	Financial assets						
Cash and cash equivalents	1,726,000	-	49,246	158,161	1,933,407	0.75 - 3.38	
Financial liabilities							
Short-term loans from							
related party	90,000	-	-	-	90,000	3.50	
Debentures	300,000	2,700,000	-	-	3,000,000	3.00 - 5.50	
	390,000	2,700,000	-	-	3,090,000		

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it consider appropriate. The forward contracts mature within one year.

The balances of financial liabilities denominated in foreign currencies as at 31 December 2011 are summarised below.

Foreign currency	Financial liabilities	Average exchange rate
	(Thousand)	as at 31 December 2011
		(Baht per 1 foreign currency unit)
US dollar	600	31.8319

Foreign exchange contracts outstanding at 31 December 2011 are summarised below.

Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Thousand)	Bought	
		(Baht per 1 foreign currency unit)	
US dollar	60	31.3800	23 January 2011

31.2 Fair values of financial instruments

Since some of the Company's financial assets and liabilities are short term in nature and debentures bear interest at rates close to market rate, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in the stipulations of debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 1.75:1.

No changes were made in the objectives, policies or processes during the years end 31 December 2011 and 2010.

33. Subsequent events

On 21 February 2012, the meeting of the Company's Board of Directors approved a cash dividend payment from operating results of July 2011 to December 2011 of Baht 0.15 per share to the Company's shareholders of 5,837 million ordinary share, totaling Baht 876 million. This dividend will be paid within 27 April 2012.

However, the Company's Board of Directors' meeting held on 23 August 2011 approved the resolution proposed on 29 September 2011 to pay an interim dividend to the shareholders as stock dividend of Baht 0.1429 per share and cash dividend of Baht 0.0159 per share. The dividend was paid on 27 October 2011. Such interim dividend per share after adjusting the issuance of interim stock dividend amounted to Baht 0.1389 per share.

As a result, total dividend per share for the year 2011 is Baht 0.2889 per share.

The above dividend payment will be proposed to the Annual General Meeting of the Company's shareholders for approval.

34. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010

have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholder's equity.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2012.