

Home Product Center Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2012

1. General 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 at 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi. As at 31 December 2012, the Company has a total of 53 branches operating in Bangkok and other provinces (2011: 45 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	
			2012 Percent	2011 Percent
Market Village Company Limited	Space rental	Thailand	99.99	99.99
Home Product Center (Malaysia) Sdn. Bhd.	To operate retail business	Malaysia	100.00	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 company is 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. New accounting standards 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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets

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. The management of the Company expects the adoption of this accounting standard to have the effect of increasing the Company and its subsidiaries' brought-forward retained earnings of the year 2013 by approximately Baht 67 million in total.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

		<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
Accounting Standard Interpretation:		
SIC 29	Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

Sale of goods

Revenue from the sale 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.

4.2 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.

4.3 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.

4.4 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.

4.5 Investments

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

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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 other comprehensive income.

4.16 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.

4.17 Income tax

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements 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.

6. 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
	2012	2011	2012	2011	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,183	1,251	Market price
Rental and service income	-	-	156,661	154,172	Baht 13 million per month (2011: Baht 12 - 13 million per month)
Other income	-	-	29,423	28,343	Percentage of core revenue
Dividend received	-	-	-	24,997	As declared
Service income	-	-	9,966	11,180	Actual cost

Service expense	-	-	493	606	Market price
Interest expenses	-	-	2,989	2,397	3.00% - 3.50% per annum (2011: 1.80% - 3.70% per annum)

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	2012	2011	2012	2011	
Transactions with related companies					
Sales of goods	64,676	62,080	64,676	62,080	Market price
Interest income	20,970	22,436	20,970	22,436	1.00% - 3.25% per annum (2011: 1.00% - 3.38% per annum)
Rental and service income	2,402	2,344	2,402	2,344	Market price
Rental and service expenses	19,418	18,908	19,418	18,908	Percentage of sales but not less than a minimum rate

As at 31 December 2012 and 2011, the Company had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Bill of exchanges and deposits with financial institution				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	819,161	1,728,321	819,161	1,728,321
Trade and other receivables				
Subsidiary	-	-	5,513	17,616
Related company ⁽¹⁾	39	-	39	-
Related company ⁽²⁾	5,252	2,659	5,252	2,659
Total	5,291	2,659	10,804	20,275
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Trade and other payables (Note 16)				
Subsidiary	-	-	12	8
Related company ⁽¹⁾	1,124	1,124	1,124	1,124
Total	1,124	1,124	1,136	1,132
Short-term loans from related party				
Subsidiary	-	-	90,000	90,000

Relationship with the related companies

⁽¹⁾ has common major shareholders

⁽²⁾ the major shareholders

Short-term loans from related party

The Company has received unsecured loans of Baht 90 million from its subsidiary on which interest is payable on a monthly basis at a rate of 3.00% - 3.50% per annum (2011: 1.80% - 3.70% per annum). The loans are repayable at call.

During the year ended 31 December 2012, there were no movements in the balances of short-term loans from related party.

Directors and management's benefits

During the year ended 31 December 2012 and 2011, 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	
	2012	2011
Short-term benefits	98,715	85,541
Post-employment benefits	3,540	3,310
Total	102,255	88,851

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	207,571	94,823	206,802	94,189
Bank deposits	266,048	156,501	204,085	113,218
Bills of exchange	817,000	1,726,000	817,000	1,726,000
Total	1,290,619	1,977,324	1,227,887	1,933,407

As at 31 December 2012, bank deposits in saving accounts and bills of exchange carried interests between 0.62% and 3.25% per annum (2011: between 0.75% and 3.38% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade accounts receivable	312,722	216,429	305,495	212,236
Other receivables	915,746	568,174	920,988	585,489
Compensation receivables*	-	180,052	-	180,052
Income receivables	23,152	21,781	17,326	16,867
Total trade and other receivables	1,251,620	986,436	1,243,809	994,644

* Compensation receivables of inventories and assets which have been received in the first quarter of the year 2012.

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade accounts receivable	164,946	97,089	158,070	93,100
Check returned receivable	930	1,190	930	1,190
Credit card and coupon receivable	148,188	119,892	147,837	119,688
Total	314,064	218,171	306,837	213,978
Less: Allowance for doubtful accounts	(1,342)	(1,742)	(1,342)	(1,742)
Total trade accounts receivable - net	312,722	216,429	305,495	212,236

The outstanding balances of trade accounts receivable as at 31 December 2012 and 2011 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Not yet due	3,919	1,868	4,061	1,892
Past due				
Up to 3 months	1,333	691	1,475	968
3 - 6 months	-	87	-	87
Total trade receivables - related parties	5,252	2,646	5,536	2,947

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade receivables - unrelated parties				
Not yet due	297,416	197,129	293,418	195,267
Past due				
Up to 3 months	10,178	17,037	6,690	14,524
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	1,218	1,359	1,193	1,240
Total	308,812	215,525	301,301	211,031
Less: Allowance for doubtful debts	(1,342)	(1,742)	(1,342)	(1,742)
Total trade receivables - unrelated parties, net	307,470	213,783	299,959	209,289
Total trade receivables - net	312,722	216,429	305,495	212,236

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 2012 and 2011 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Age of receivables				
Not yet due	527,956	300,687	533,198	318,002
Past due				
Up to 3 months	374,538	259,448	374,538	259,448
3 - 6 months	738	3,133	738	3,133
6 - 12 months	6,398	5,619	6,398	5,619
Over 12 months	8,091	8,263	8,091	8,263
Total	917,721	577,150	922,963	594,465
Less: Allowance for doubtful debts	(1,975)	(8,976)	(1,975)	(8,976)
Total other receivables - net	915,746	568,174	920,988	585,489

9. Inventories

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2012	2011
Inventories	6,581,458	5,355,847
Less: Allowance for stock obsolescence	(243,527)	(209,015)
Net	6,337,931	5,146,832
Less: Inventories - repaid its cost when sold	(807,888)	(610,831)
Purchase discount	(177,505)	(153,505)
Inventories - net	<u>5,352,538</u>	<u>4,382,496</u>

10. 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	
	2012	2011	2012	2011	2012	2011	2012	2011
			(%)	(%)				
Market Village								
Company Limited	5,000	5,000	99.99	99.99	4,999	4,999	-	24,997
Home Product Center								
(Malaysia) Sdn. Bhd.	10,000	10,000	100.00	100.00	9,840	9,840	-	-
					<u>14,839</u>	<u>14,839</u>	<u>-</u>	<u>24,997</u>

11. Investment properties

The net book value of investment properties as at 31 December 2012 and 2011 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 2012				
Cost	150,000	1,358,127	372,674	1,880,801
Less: Accumulated depreciation	-	(504,531)	-	(504,531)
Net book value	150,000	853,596	372,674	1,376,270
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

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2012	2011
Net book value at beginning of year	1,095,983	1,159,294
Acquisition of assets	362,124	27,200
Disposals - net book value	(170)	(9,391)
Depreciation charged	(81,667)	(81,120)
Net book value at end of year	1,376,270	1,095,983

The fair value of the investment properties is Baht 2,332 million, which was determined in the year 2011 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.

12. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2011	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
Additions	1,347,329	133,848	50,149	575,038	36,573	2,993,966	5,136,903
Disposals and written-off	-	(13,037)	(3,436)	(83,710)	(16,405)	-	(116,588)
Transfers in (out)	61,298	670,808	470	325,922	10	(1,058,508)	-
31 December 2012	4,597,286	7,931,335	430,675	3,646,016	75,775	3,416,685	20,097,772
Accumulated depreciation:							
1 January 2011	-	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
Depreciation for the year	-	597,725	50,214	435,482	11,049	-	1,094,470
Depreciation on disposals and written-off	-	(5,659)	(3,388)	(71,976)	(14,719)	-	(95,742)
31 December 2011	-	2,695,042	354,286	2,126,036	25,172	-	5,200,536
Allowance for impairment loss:							
1 January 2011	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
Increase during the year	-	18,820	-	-	-	-	18,820
Decrease during the year	(3,570)	(27,835)	-	-	-	-	(31,405)
31 December 2012	9,430	41,248	-	-	-	-	50,678
Net book value:							
1 January 2011	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
31 December 2012	4,587,856	5,195,045	76,389	1,519,980	50,603	3,416,685	14,846,558
Depreciation for the year							
2011 (Baht 828 million included in selling expenses, and the balance in administrative expenses)							886,698
2012 (Baht 1,056 million included in selling expenses, and the balance in administrative expenses)							1,094,470

(Unit: Thousand Baht)

Separate financial statements							
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2011	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
Additions	1,347,329	133,848	50,063	574,216	35,795	2,993,966	5,135,217
Disposals and written-off	-	(13,037)	(3,436)	(83,353)	(15,845)	-	(115,671)
Transfers in (out)	61,298	670,808	470	325,922	10	(1,058,508)	-
31 December 2012	4,597,286	7,930,689	430,218	3,625,780	74,960	3,416,684	20,075,617
Accumulated depreciation:							
1 January 2011	-	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
Depreciation for the year	-	597,661	50,163	434,126	11,002	-	1,092,952
Depreciation on disposals and written-off	-	(5,659)	(3,388)	(71,620)	(14,160)	-	(94,827)
31 December 2012	-	2,694,694	353,928	2,107,864	25,089	-	5,181,575
Allowance for impairment loss:							
1 January 2011	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
Increase during the year	-	18,820	-	-	-	-	18,820
Decrease during the year	(3,570)	(27,835)	-	-	-	-	(31,405)
31 December 2012	9,430	41,248	-	-	-	-	50,678
Net book value:							
1 January 2011	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
31 December 2012	4,587,856	5,194,747	76,290	1,517,916	49,871	3,416,684	14,843,364
Depreciation for the year							
2011 (Baht 828 million included in selling expenses, and the balance in administrative expenses)							884,646
2012 (Baht 1,056 million included in selling expenses, and the balance in administrative expenses)							1,092,952

As at 31 December 2012, the Company had vehicles and equipment under finance lease agreements with net book values amounting to Baht 21 million (2011: Baht 9 million).

As at 31 December 2012, 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 1,585 million (2011: Baht 1,113 million) (The separate financial statements: Baht 1,569 million, 2011: Baht 1,102 million).

13. Computer software

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2011	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
Acquisitions during the year	24,193	24,193
Written-off during the year	(108,658)	(108,658)
31 December 2012	278,626	278,278
Accumulated amortisation		
1 January 2011	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
Amortisation for the year	29,728	29,693
Amortisation on written-off	(84,474)	(84,474)
31 December 2012	80,297	80,212
Allowance for impairment loss		
1 January 2011	40,000	40,000
Decrease during the year	(1,500)	(1,500)
31 December 2011	38,500	38,500
Decrease during the year	(30,000)	(30,000)
31 December 2012	8,500	8,500
Net book value		
31 December 2011	189,548	189,250
31 December 2012	189,829	189,566

14. Leasehold rights

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Cost	
1 January 2011	1,030,004
Acquisitions during the year	269,509
31 December 2011	1,299,513
Acquisitions during the year	164,676
31 December 2012	1,464,189
Accumulated amortisation	
1 January 2011	198,612
Amortisation for the year	41,505
31 December 2011	240,117
Amortisation for the year	43,413
31 December 2012	283,530
Net book value	
31 December 2011	1,059,396
31 December 2012	1,180,659

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

As at 31 December 2012 and 2011, the Company had overdraft lines from banks totaling Baht 275 million and Baht 275 million, respectively, and other credit facilities amounting to Baht 5,466 million and Baht 4,184 million, respectively.

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade payables - unrelated parties	6,698,340	5,944,705	6,691,754	5,939,589
Other payables - related party	-	-	12	8
Other payables - unrelated parties	416,907	312,252	404,216	302,514
Other payables for purchase of assets	301,694	343,125	301,694	343,125
Accrued expenses - related parties	1,124	1,124	1,124	1,124
Accrued expenses - unrelated parties	673,217	690,573	656,042	674,803
Total trade and other payables	8,091,332	7,291,779	8,054,842	7,261,163

17. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Portion due within one year		Portion due over one year	
	2012	2011	2012	2011
Liabilities under financial lease agreements	7,192	4,322	18,541	9,113
Less: Deferred interest expense	(1,225)	(602)	(1,717)	(693)
Net	5,967	3,720	16,824	8,420

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.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	31 December 2012		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	7,192	18,541	25,733
Deferred interest expenses	(1,225)	(1,717)	(2,942)
Present value of future minimum lease payments	5,967	16,824	22,791

(Unit: Thousand Baht)

	31 December 2011		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,322	9,113	13,435
Deferred interest expenses	(602)	(693)	(1,295)
Present value of future minimum lease payments	3,720	8,420	12,140

18. Long-term loan

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2012	2011
Long-term loan	1,500,000	-
Less: Current portion	(300,000)	-
Long-term loan, net of current portion	<u>1,200,000</u>	<u>-</u>

The Company has received unsecured long-term credit facilities of Baht 1,500 million from a financial institution on which interest is payable on a quarterly basis at a rate of 3.70% per annum. The principle is repayable on every six-month periods (within 10 periods or 60 months). The loan agreement contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity and debt service coverage ratios according to the agreements.

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2012	2011
Defined benefit obligation at beginning of year	91,352	76,786
Current service cost	9,854	11,068
Interest cost	3,533	3,498
Actuarial gain	(23,781)	-
Defined benefit obligation at end of year	<u>80,958</u>	<u>91,352</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2012	2011
Current service cost	9,854	11,068
Interest cost	3,533	3,498
Total expense recognized in profit or loss	<u>13,387</u>	<u>14,566</u>

Line item under which such expenses are included in
profit or loss

Selling and administrative expenses	13,387	14,566
-------------------------------------	--------	--------

Total actuarial gains and recognized in the other comprehensive income of the Company as at 31 December 2012 amounted to Baht 24 million.

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated and separate financial statements	
	2012	2011
	(% per annum)	(% per annum)
Discount rate	4.0%	4.7%
Future salary increase rate (depending on age)	6.0% - 6.5%	6.7% - 7.2%
Staff turnover rate	0 - 50%	0 - 50%

Amounts of defined benefit obligation for the current and previous four years are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	Defined benefit obligation	Experience adjustments arising on the plan liabilities
Year 2012	80,958	57,711
Year 2011	91,352	-
Year 2010	76,786	-
Year 2009	63,516	-
Year 2008	51,537	-

20. Debentures

	Consolidated and separate financial statements			
	Number of debentures (Unit)		Amount (Thousand Baht)	
	2012	2011	2012	2011
Unsecured debentures				
#1/2009	-	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	1,000,000	1,000,000
#1/2012	1,300,000	-	1,300,000	-
Total	4,000,000	3,000,000	4,000,000	3,000,000
Less: Current portion			(1,700,000)	(300,000)

Details of the Company's debtures are as follows:

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

Name of debtures	"The Unsubordinated and Unsecured Debtures 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

On 2 October 2012, the Company repaid the principal of the Unsubordinated and Unsecured Debtures of Home Product Center Plc. No. 1/2008 in full at Baht 300 million to the debture holders, as stipulated in the terms of repayment of such debtures.

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

Name of debtures	"The Unsubordinated and Unsecured Debtures 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
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3. 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

4. The Unsubordinated and Unsecured Debentures of Home Product Center Plc.
No. 1/2011 due 2015.

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

5. The Unsubordinated and Unsecured Debentures of Home Product Center Plc.
No. 1/2012 due 2015.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2012 due 2015"
Amount	Baht 1,300 million
Term	3 years, starting from date of issuance
Issued date	14 September 2012
Interest rate	3.85% per annum
Interest payment schedule	Semi-annually in March and September, starting from 14 March 2013
Principal repayment	On the redemption date of 14 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 the current year, the holders of the warrants of the Company exercised the warrants as follows:

2012	Warrants	Ordinary shares	Exercise price	Amount
	(Unit)	(Shares)	(Baht/share)	(Baht)
ESOP-W4				
- The first quarter	418,799	1,268,538	1.314	1,666,859
- The second quarter	9,153,675	27,726,417	1.314	36,432,512
- The third quarter	566,239	1,715,131	1.314	2,253,682
- The fourth quarter	271,231	985,923	1.095	1,079,741
Total	<u>10,409,944</u>	<u>31,696,009</u>		<u>41,432,794</u>

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

	Number of ordinary shares (Thousand Shares)	Paid-up share capital (Thousand Baht)	Premium on ordinary shares (Thousand Baht)
<u>Registered share capital</u>			
At the beginning of the year	5,881,395		
Increase during the year	1,174,400		
Decrease during the year	(824)		
At the end of the year	<u>7,054,971</u>		
<u>Issued and paid-up share capital</u>			
At the beginning of the year	5,836,721	5,836,721	636,330
Increase in capital from exercising of the rights of the warrants	31,696	31,696	9,737
Increase in capital from payment of stock dividends	<u>1,173,013</u>	<u>1,173,013</u>	<u>-</u>
At the end of the year	<u>7,041,430</u>	<u>7,041,430</u>	<u>646,066</u>

On 4 April 2012, the Annual General Meeting of the Company's shareholders passed the resolution to decrease the registered capital of the Company from Baht 5,881.39 million to Baht 5,880.57 million by cancelling the registered ordinary shares remaining after the stock dividend allocation of 0.82 million ordinary shares with a par value of Baht 1 made in accordance with the resolution of the Extraordinary General Shareholders Meeting no. 1/2554. The Company registered the decrease in its registered share capital to Baht 5,880.57 million with the Ministry of Commerce on 12 April 2012.

On 5 October 2012, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions:

- The following allocations of the Company's retained earnings and interim dividend payment:
 - Allocated as the statutory reserve in the amount of Baht 59.70 millions which is equivalent to 5% of the net profit from January 2012 to June 2012.
 - Paid dividend by the Company's ordinary shares in the ratio of 5 existing shares per 1 dividend share, not exceeding 1,174.40 million shares, or in the total amount not exceeding Baht 1,174.40 million or shall be converted as dividend payment at Baht 0.20 per share. In case that any shareholder holds

the indivisible share remaining after such allocation, the dividend shall be paid by cash in the amount of Baht 0.20 per share.

- Paid dividend by cash at the rate of Baht 0.022223 per share or in the total amount not exceeding Baht 130.50 million.

In combination of the stock dividend and the cash dividend shall be paid at the rate of Baht 0.222223 per share. The payment of such stock dividend and cash dividend shall be made within 30 October 2012.

2. Increase the registered capital from the previous registered capital of Baht 5,880.57 million to be the new registered capital of Baht 7,054.97 million by issuing an additional 1,174.40 million ordinary shares at the par value of Baht 1 each to support the payment of a stock dividend. On 19 October 2012, the Company registered the increase in its registered capital to Baht 7,054.97 million with the Ministry of Commerce.

On 25 October 2012, the Company reports to the Stock Exchange of Thailand (SET) the number of 1,173.01 million ordinary shares actually allocated to the stock dividend. The SET approved the trading of the additional shares through the stock market to be effective from 29 October 2012.

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
12 October 2012	Baht 1.095	3.635 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 2011	Number of warrants exercised during the year	Number of warrants outstanding as at 31 December 2012
ESOP-W4	11,600,343	(10,409,944)	1,190,399

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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% 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	
	2012	2011	2012	2011
Salary and wages and other employee benefits	2,627	2,086	2,627	2,086
Premises expenses	1,292	1,033	1,292	1,033
Depreciation and amortisation	1,249	1,031	1,248	1,029
Sales promotion and operation support expenses	1,440	1,123	1,435	1,121
Financial costs	149	118	149	120
Tax expenses and fees	874	982	868	976
Changes in finished goods	(1,006)	(728)	(1,006)	(728)

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 year 2011 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 1,173.01 million shares on 25 October 2012, 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 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.

Consolidated financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2012	2011	2012	2011	2012	2011	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
			(Restated)		(Restated)	
Basic earnings per share						
Profit attributable to equity holders						
of the Company	2,679,466	2,005,361	7,027,673	6,996,777	0.38	0.29
Effect of dilutive potential ordinary shares						
Warrants	-	-	16,327	41,055		
Diluted earnings per share						
Profit of ordinary shareholders assuming the						
conversion of warrants to ordinary shares	2,679,466	2,005,361	7,044,000	7,037,832	0.38	0.28
Separate financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2012	2011	2012	2011	2012	2011	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
			(Restated)		(Restated)	
Basic earnings per share						
Profit attributable to equity holders						
of the Company	2,660,223	2,016,814	7,027,673	6,996,777	0.38	0.29
Effect of dilutive potential ordinary shares						
Warrants	-	-	16,327	41,055		
Diluted earnings per share						
Profit of ordinary shareholders assuming the						
conversion of warrants to ordinary shares	2,660,223	2,016,814	7,044,000	7,037,832	0.38	0.29

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% 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% 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 2012, the Company contributed Baht 48 million (2011: Baht 39 million) to the fund.

28. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2010	Annual General Meeting of the shareholders on 5 April 2011	84	0.0193
Stock dividends for 2010	Annual General Meeting of the shareholders on 5 April 2011	726	0.1667
Interim dividends for 2011	Extraordinary General Meeting of the shareholders on 29 September 2011	81	0.0159
Stock interim dividends for 2011	Extraordinary General Meeting of the shareholders on 29 September 2011	729	0.1429
Total for 2011		1,620	
Final dividends for 2011	Annual General Meeting of the shareholders on 4 April 2012	876	0.15
Interim dividends for 2012	Extraordinary General Meeting of the shareholders on 5 October 2012	130	0.022223
Stock interim dividends for 2012	Extraordinary General Meeting of the shareholders on 5 October 2012	1,173	0.20

Total for 2012

2,179

29. Commitments and contingent liabilities

29.1 As at 31 December 2012, the Company had commitments totaling Baht 130 million (2011: Baht 100 million and USD 0.1 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 2012 and 2011, 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.

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	As at 31 December	
	2012	2011
Payable:		
in up to 1 year	63	55
In over 1 and up to 5 years	290	258
In over 5 years	1,495	1,343

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 non-cancelable, except with the consent of the counterparties.

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	As at 31 December	
	2012	2011
Payable:		
in up to 1 year	101	95

In over 1 and up to 5 years	426	420
In over 5 years	1,314	1,421

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 2012 was Baht 478 million (2011: Baht 499 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, long-term loan, 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, 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 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						
As at 31 December 2012						
Fixed interest rates						
Within	Over	Floating	Non- interest	Total	Interest rate	
1 year	1 - 5 years	interest rate	bearing			
(Million Baht)						
Financial assets						
Cash and cash equivalents	817	-	82	392	1,291	0.62 - 3.25
Trade and other receivables	-	-	-	1,252	1,252	-
	817	-	82	1,644	2,543	
Financial liabilities						
Trade and other payables	-	-	-	8,091	8,091	-
Long-term loan	300	1,200	-	-	1,500	3.70
Debentures	1,700	2,300	-	-	4,000	3.00 - 4.60
	2,000	3,500	-	8,091	13,591	
Consolidated financial statements						
As at 31 December 2011						
Fixed interest rates						
Within	Over	Floating	Non- interest	Total	Interest rate	
1 year	1 - 5 years	interest rate	bearing			
(Million Baht)						
Financial assets						
Cash and cash equivalents	1,726	-	92	159	1,977	0.75 - 3.38
Trade and other receivables	-	-	-	986	986	-
	1,726	-	92	1,145	2,963	
Financial liabilities						
Trade and other payables	-	-	-	7,292	7,292	-
Debentures	300	2,700	-	-	3,000	3.00 - 5.50
	300	2,700	-	7,292	10,292	
Separate financial statements						
As at 31 December 2012						
Fixed interest rates						
Within	Over	Floating	Non- interest	Total	Interest rate	
1 year	1 - 5 years	interest rate	bearing			
(Million Baht)						
Financial assets						
Cash and cash equivalents	817	-	30	381	1,228	0.62 - 3.25
Trade and other receivables	-	-	-	1,244	1,244	-
	817	-	30	1,625	2,472	
Financial liabilities						
Trade and other payables	-	-	-	8,055	8,055	-
Short-term loans from						
related party	90	-	-	-	90	3.00
Long-term loan	300	1,200	-	-	1,500	3.70
Debentures	1,700	2,300	-	-	4,000	3.00 - 4.60

	2,090	3,500	-	8,055	13,645	
	Separate financial statements					
	As at 31 December 2012					
	Fixed interest rates					
	Within	Over	Floating	Non- interest		
	1 year	1 - 5 years	interest rate	bearing	Total	Interest rate
			(Million Baht)			(% p.a.)
Financial assets						
Cash and cash equivalents	1,726	-	49	158	1,933	0.75 - 3.38
Trade and other receivables	-	-	-	995	995	-
	1,726	-	49	1,153	2,928	
Financial liabilities						
Trade and other payables	-	-	-	7,261	7,261	-
Short-term loans from related party	90	-	-	-	90	3.50
Debentures	300	2,700	-	-	3,000	3.00 - 5.50
	390	2,700	-	7,251	10,351	

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 assets and liabilities denominated in foreign currencies are summarised below.

Consolidated and separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2012	2011	2012	2011	2012	2011
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	0.20	0.60	30.7775	31.8319

Foreign exchange contracts outstanding are summarised below (31 December 2012: none)

Consolidated and separate financial statements					
As at 31 December 2011					
Foreign	Bought	Sold	Contractual exchange rate		Contractual
currency	amount	amount	Bought	Sold	maturity date
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	0.06	-	31.3800	-	23 January 2012

31.2 Fair values of financial instruments

Since some of the Company's financial assets and liabilities are short term in nature, loans 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 2012 and 2011.

33. Subsequent events

- 33.1 On 25 December 2012, the meeting of the Company's Board of Directors passed a resolution approving the acquisition of Mega Home Center Company Limited to operate retail business. The registered share capital of this company is Baht 1 million, 99.99% of which is to be held by the Company. The Company paid for the acquisition on 1 January 2013.
- 33.2 On 8 January 2013, the Company repaid the principal of the Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2009 in full at Baht 700 million to the debenture holders, as stipulated in the terms of repayment of such debentures.

33.3 On 19 February 2013, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for approval.

1. To decrease the registered capital of the Company from Baht 7,054.97 million to Baht 7,053.58 million by cancelling the registered ordinary shares remaining after the stock dividend allocation of 1.39 million ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Extraordinary General Shareholders Meeting no. 1/2555.
2. To approve allocations of the Company's dividend payment from operating results of July 2012 to December 2012 as follows:
 - Paid dividend by the Company's ordinary shares in the ratio of 6 existing shares per 1 dividend share, not exceeding 1,174.61 million shares, or in the total amount not exceeding Baht 1,174.61 million or shall be converted as dividend payment at Baht 0.1667 per share. In case that any shareholder holds the indivisible share remaining after such allocation, the dividend shall be paid by cash in the amount of Baht 0.1667 per share.
 - Paid dividend by cash at the rate of Baht 0.0186 per share or in the total amount not exceeding Baht 131.06 million.

The payment of such stock dividend and cash dividend shall be made within 30 April 2013.

As the Extraordinary General Meeting of the Company's shareholders held on 5 October 2012 has the resolution to approve interim dividend payment to the shareholders as stock dividend of Baht 0.20 per share and cash dividend of Baht 0.022223 per share. The interim dividend was paid on 30 October 2012. As a result, total dividend per share for the year 2012 is Baht 0.407523 per share (before taking dilution effect).

3. To increase the registered capital from the previous registered capital of Baht 7,053.58 million to be the new registered capital of Baht 8,228.19 million by issuing an additional 1,174.61 million ordinary shares at the par value of Baht 1 each to support the payment of a stock dividend.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2013.