

## **Home Product Center Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

#### **For the three-month and six-month periods ended 30 June 2015**

## **1. General information**

### **1.1 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 Public Company Limited and Quality Houses Public Company Limited, 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, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail business, together with space rental and provide utilities service. Its registered address is at 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi.

As at 30 June 2015, the Company and its subsidiaries have a total of 80 branches (31 December 2014: 76 branches) (The separate financial statements: 74 branches, 31 December 2014: 71 branches).

### **1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

### **1.3 Basis of consolidation**

These consolidated financial statements include the financial statements of Home Product Center Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014, with there being no changes in the structure of shareholding in subsidiaries during the period.

### **1.4 New accounting standards**

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, some of these standards involve changes to key principles, which are summarised below:

#### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

#### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

## 1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014.

## 2. Related party transactions

During the periods, 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		Pricing policy
	financial statements		financial statements		
	For the three-month periods		For the three-month periods		
	ended 30 June		ended 30 June		
	2015	2014	2015	2014	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	10,969	4,051	Actual cost plus margin
Rental and service income	-	-	58,409	43,258	Baht 2 million and Baht 17.55 million per month (2014: Baht 2 million and Baht 13 million per month)
Management service income	-	-	10,070	8,748	Actual cost and contact price
Dividend received	-	-	-	1,250	As declared
Service income	-	-	208	173	Actual cost
Service expense	-	-	197,582	207,919	Actual cost and contact price
Interest income	-	-	23,731	20,134	4.50% - 4.75% per annum (2014: 4.50% per annum)
Interest expenses	-	-	472	505	1.80% - 2.25% per annum (2014: 2.25% - 2.75% per annum)
<b><u>Transactions with related companies</u></b>					
Sales income	12,935	13,162	12,935	13,162	Market price
Rental and service income	2,849	3,116	2,849	3,116	Contact price
Interest income	8,447	658	8,447	658	0.75% - 2.40% per annum (2014: 0.75% - 2.25% per annum)
Rental and service expenses	6,611	6,644	6,611	6,644	Percentage of revenue but not less than a minimum rate

## (Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the six-month periods		For the six-month periods		
	ended 30 June		ended 30 June		
	2015	2014	2015	2014	
<b>Transactions with subsidiary companies</b>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	19,299	4,909	Actual cost plus margin
Rental and service income	-	-	116,819	88,255	Baht 2 million and Baht 17.55 million per month (2014: Baht 2 million and Baht 13 million per month)
Management service income	-	-	20,012	17,922	Actual cost and contact price
Dividend received	-	-	59,998	1,250	As declared
Service income	-	-	411	343	Actual cost
Service expense	-	-	389,312	409,577	Actual cost and contact price
Interest income	-	-	44,611	32,085	4.50% - 4.75% per annum (2014: 4.50% per annum)
Interest expenses	-	-	971	1,092	1.80% - 2.25% per annum (2014: 2.25% - 2.75% per annum)
<b>Transactions with related companies</b>					
Sales income	23,565	24,235	23,565	24,235	Market price
Rental and service income	7,338	5,765	7,338	5,765	Contact price
Interest income	14,476	2,350	14,476	2,350	0.75% - 2.40% per annum (2014: 0.75% - 2.25% per annum)
Rental and service expenses	11,515	12,839	11,515	12,839	Percentage of revenue but not less than a minimum rate

As at 30 June 2015 and 31 December 2014, 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	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
<b>Bill of exchanges and deposits with financial institution</b>				
(included in cash and cash equivalents)				
Related company <sup>(1)</sup>	2,766,179	1,955,128	2,748,543	1,929,232
<b>Trade and other receivables</b>				
Subsidiaries	-	-	13,222	57,984
Related company <sup>(1)</sup>	3,297	3,215	3,297	3,215
Related company <sup>(2)</sup>	6,624	7,225	6,624	7,225
Total	9,921	10,440	23,143	68,424
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	1,992,561	1,869,374
<b>Rental guarantee deposits</b>				
Related company <sup>(1)</sup>	3,000	3,000	3,000	3,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Trade and other payables (Note 11)</b>				
Subsidiaries	-	-	115,776	116,394
Related company <sup>(1)</sup>	337	1,580	337	1,580
Total	<u>337</u>	<u>1,580</u>	<u>116,113</u>	<u>117,974</u>
<b>Short-term loans from related party</b>				
Subsidiary	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>

#### Relationship with the related companies

(1) has common major shareholders

(2) the major shareholders

#### Short-term loans to related parties

The Company has granted unsecured loans of Baht 1,993 million to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% - 4.75% per annum (31 December 2014: Baht 1,869 million, at a rate of 4.50% - 4.75% per annum). The loans are repayable at call. Movements in the balance of the loans during the period were as follow:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 30 June 2015
	Balance as at 1 January 2015	During the period		
		Increase	Decrease	
<b>Short-term loans to related parties</b>				
Mega Home Center Company Limited	1,847,000	865,000	(886,000)	1,826,000
Home Product Center (Malaysia) Sdn. Bhd.	22,374	144,187	-	166,561
Total	<u>1,869,374</u>	<u>1,009,187</u>	<u>(886,000)</u>	<u>1,992,561</u>

#### Short-term loan from related party

The Company has received unsecured loan of Baht 90 million from its subsidiary on which interest is payable on a monthly basis at a rate of 1.80 - 2.25% per annum (31 December 2014: Baht 90 million, at a rate of 2.25% per annum). The loan is repayable at call. Movement in the balance of the loan during the period was as follow:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 30 June 2015
	Balance as at 1 January 2015	During the period		
		Increase	Decrease	
<b>Short-term loan from related party</b>				
Market Village Company Limited	90,000	90,000	(90,000)	90,000
Total	90,000	90,000	(90,000)	90,000

### Directors and management's benefits

The Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2015	2014	2015	2014
Short-term benefits	49,040	47,553	46,690	43,153
Post-employment benefits	999	590	777	438
Total	50,039	48,143	47,467	43,591

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2015	2014	2015	2014
Short-term benefits	91,480	89,253	85,120	79,163
Post-employment benefits	1,997	1,180	1,554	876
Total	93,477	90,433	86,674	80,039

(Unaudited but reviewed)

**3. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Trade accounts receivable	208,247	262,554	205,450	256,437
Other receivables	1,149,198	1,332,001	1,062,922	1,291,009
Income receivables	35,955	25,602	31,636	20,052
Total trade and other receivables	<u>1,393,400</u>	<u>1,620,157</u>	<u>1,300,008</u>	<u>1,567,498</u>

**Trade accounts receivable**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Trade accounts receivable	135,645	125,315	137,250	121,122
Cheque returned receivable	330	450	330	450
Credit card and coupon receivable	73,614	138,131	69,212	136,207
Total	209,589	263,896	206,792	257,779
Less: Allowance for doubtful accounts	<u>(1,342)</u>	<u>(1,342)</u>	<u>(1,342)</u>	<u>(1,342)</u>
Total trade accounts receivable - net	<u>208,247</u>	<u>262,554</u>	<u>205,450</u>	<u>256,437</u>

The outstanding balances of trade accounts receivable as at 30 June 2015 and 31 December 2014 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
<u>Trade receivables - related parties</u>				
Not yet due	6,428	5,458	12,079	8,273
Past due				
Up to 3 months	2,004	1,627	6,020	2,155
3 - 6 months	39	140	39	140
Total trade receivables - related parties	<u>8,471</u>	<u>7,225</u>	<u>18,138</u>	<u>10,568</u>



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<u>Trade receivables - unrelated parties</u>				
Not yet due	190,351	243,530	179,725	238,955
Past due				
Up to 3 months	7,241	9,276	5,448	4,391
3 - 6 months	222	563	193	563
6 - 12 months	579	2,907	563	2,907
Over 12 months	2,725	395	2,725	395
Total	201,118	256,671	188,654	247,211
Less: Allowance for doubtful debts	(1,342)	(1,342)	(1,342)	(1,342)
Total trade receivables - unrelated parties, net	199,776	255,329	187,312	245,869
Total trade receivables - net	208,247	262,554	205,450	256,437

### 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 30 June 2015 and 31 December 2014 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Age of receivables</b>				
Not yet due	609,848	662,226	575,724	676,995
Past due				
Up to 3 months	479,776	633,502	437,426	590,428
3 - 6 months	23,067	22,744	19,612	16,517
6 - 12 months	29,660	10,824	25,632	5,188
Over 12 months	8,822	4,680	6,503	3,856
Total	1,151,173	1,333,976	1,064,897	1,292,984
Less: Allowance for doubtful debts	(1,975)	(1,975)	(1,975)	(1,975)
Total other receivables - net	1,149,198	1,332,001	1,062,922	1,291,009

(Unaudited but reviewed)

**4. Inventories**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Inventories	10,015,805	9,844,866	8,740,218	8,711,764
Less: Reduce cost to net realisable value	(310,873)	(272,585)	(300,242)	(266,622)
Net	9,704,932	9,572,281	8,439,976	8,445,142
Less: Inventories - repaid its cost when sold	(1,515,928)	(1,193,260)	(1,384,364)	(1,097,005)
Purchase discount	(390,205)	(348,205)	(352,605)	(322,605)
Inventories - net	<u>7,798,799</u>	<u>8,030,816</u>	<u>6,703,007</u>	<u>7,025,532</u>

**5. 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 for the three-month periods ended		Dividend received for the six-month periods ended	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
			(Percent)	(Percent)						
Market Village Company Limited	5,000	5,000	99.99	99.99	4,999	4,999	-	-	59,998	-
Home Product Center (Malaysia) Sdn. Bhd.	251,179	251,179	100.00	100.00	251,179	251,179	-	-	-	-
Mega Home Center Company Limited	1,000,000	1,000,000	99.99	99.99	1,000,000	1,000,000	-	-	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-	-	-
					<u>1,258,678</u>	<u>1,258,678</u>	<u>-</u>	<u>-</u>	<u>59,998</u>	<u>-</u>

(Unaudited but reviewed)

## 6. Investment properties

Movements of the investment properties account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	2,764,572	3,340,264
Acquisitions during the period - at cost	419,946	419,946
Transfers from property, plant and equipment - at cost	-	149,000
Disposals and written-off during the period - net book value	(438)	(438)
Depreciation for the period	(31,964)	(31,964)
Net book value as at 30 June 2015	<u>3,152,116</u>	<u>3,876,808</u>

## 7. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	26,351,909	23,428,937
Acquisitions during the period - at cost	2,055,546	1,489,583
Transfers to investment properties - at cost	-	(149,000)
Disposals and written-off during the period - net book value	(5,554)	(5,544)
Depreciation for the period	(1,219,537)	(1,099,084)
Translation adjustment	(10,088)	-
Net book value as at 30 June 2015	<u>27,172,276</u>	<u>23,664,892</u>

(Unaudited but reviewed)

## 8. Computer software

Movements of the computer software account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	246,256	202,246
Acquisitions during the period - at cost	65,390	65,219
Amortisation for the period	(19,640)	(17,090)
Translation adjustment	(26)	-
Net book value as at 30 June 2015	<u>291,980</u>	<u>250,375</u>

## 9. Leasehold rights

Movements of the leasehold right account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	1,967,321	1,823,406
Acquisitions during the period - at cost	10,906	10,906
Amortisation for the period	(34,816)	(33,659)
Net book value as at 30 June 2015	<u>1,943,411</u>	<u>1,800,653</u>

## 10. Bank overdrafts and short-term loans from financial institutions

As at 30 June 2015 and 31 December 2014, the Company had overdraft lines from banks totaling Baht 305 million and Baht 305 million, respectively, and other credit facilities amounting to Baht 9,489 million and Baht 6,507 million, respectively.

## 11. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Trade accounts payable - unrelated parties	10,036,810	9,656,790	9,022,255	8,853,575
Other payables - related parties	337	1,580	51,499	52,010
Other payables - unrelated parties	468,375	497,063	363,022	397,431
Other payables for purchase of assets	752,527	949,888	506,579	930,557
Accrued expenses - related parties	-	-	64,614	65,964
Accrued expenses - unrelated parties	884,170	970,044	708,638	793,352
Total trade and other payables	<u>12,142,219</u>	<u>12,075,365</u>	<u>10,716,607</u>	<u>11,092,889</u>

(Unaudited but reviewed)

## 12. Long-term loans

			(Unit: Thousand Baht)	
			Consolidated and separate	
			financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	30 June 2015	31 December 2014
1	3.70	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	750,000	900,000
2	3.71	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	600,000	700,000
3	3.59	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	800,000	900,000
Total			2,150,000	2,500,000
Less: Current portion of long-term loans			(700,000)	(700,000)
Long-term loans - net of current portion			1,450,000	1,800,000

The Company has received unsecured long-term credit facilities from a financial institution. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio according to the agreements.

**13. Debentures**

					Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					30	31	30	31
					June	December	June	December
No.	Interest rate per annum	Age	Repayment	Maturity	2015	2014	2015	2014
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2011	Fixed rate 4.60%	4 years	At maturity	15 September 2015	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2012	Fixed rate 3.85%	3 years	At maturity	14 September 2015	1,300,000	1,300,000	1,300,000	1,300,000
No. 1/2013	Fixed rate 4.05%	3 years	At maturity	18 September 2016	4,000,000	4,000,000	4,000,000	4,000,000
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	7 March 2017	1,000,000	1,000,000	1,000,000	1,000,000
No. 2/2014	Fixed rate 3.53%	3 years	At maturity	25 July 2017	530,000	530,000	530,000	530,000
No. 3/2014	Fixed rate 3.53%	3 years	At maturity	8 August 2017	520,000	520,000	520,000	520,000
No. 4/2014	Fixed rate 3.54%	3 years	At maturity	1 September 2017	2,000,000	2,000,000	2,000,000	2,000,000
No. 5/2014	Fixed rate 3.47%	5 years	At maturity	26 December 2019	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2015	Fixed rate 3.05%	3 years	At maturity	24 February 2018	1,000,000	-	1,000,000	-
Total					<u>12,350,000</u>	<u>11,350,000</u>	12,350,000	11,350,000
Less: Current portion of debentures							(2,300,000)	(2,300,000)
Net							<u>10,050,000</u>	<u>9,050,000</u>

Prospectus contains certain covenants and restrictions regarding the maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets.

**14. Share capital**

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 period	12,329,397		
Increase during the period	822,000		
Decrease during the period	(82)		
At the end of the period	<u>13,151,315</u>		
<u>Issued and paid-up share capital</u>			
At the beginning of the period	12,329,315	12,329,315	646,323
Increase in capital from payment of stock dividends	821,883	821,883	-
At the end of the period	<u>13,151,198</u>	<u>13,151,198</u>	<u>646,323</u>

On 9 April 2015, the Annual General Meeting of the Company's shareholders passed the resolutions in relation to the Company's share capital as follows:

1. To decrease the registered capital of the Company from Baht 12,329,396,991 to Baht 12,329,315,446 by cancelling the registered ordinary shares remaining after the stock dividend allocation of 81,545 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Extraordinary General Shareholders Meeting no. 1/2557.
2. Paid dividend by the Company's ordinary shares in the ratio of 15 existing shares per 1 dividend share, not exceeding 822 million shares, or in the total amount not exceeding Baht 822 million or shall be converted as dividend payment at Baht 0.06667 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 0.06667 per share.
3. To increase the registered capital from the previous registered capital of Baht 12,329,315,446 to be the new registered capital of Baht 13,151,315,446 by issuing an additional 822,000,000 ordinary shares at the par value of Baht 1 each to support the payment of a stock dividend.

On 7 May 2015, the Company reports to the Stock Exchange of Thailand (SET) the number of 821,882,579 ordinary shares actually allocated to the stock dividend.

## 15. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2015 and 2014 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	financial statements
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	221,154	205,200	217,094	198,806
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(2,510)	(2,328)	(3,204)	(1,438)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>218,644</u>	<u>202,872</u>	<u>213,890</u>	<u>197,368</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	420,650	402,621	412,978	390,442
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(18,044)	(12,395)	(15,569)	(1,725)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>402,606</b>	<b>390,226</b>	<b>397,409</b>	<b>388,717</b>

## 16. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period. The number of ordinary shares of the prior period 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 1,369.86 million shares on 7 November 2014, and the stock dividends of 821.88 million shares on 7 May 2015, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit for the period (Thousand Baht)	820,180	792,780	825,360	800,470
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Baht/share)	0.06	0.06	0.06	0.06
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit for the period (Thousand Baht)	1,553,859	1,518,509	1,628,516	1,532,145
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Baht/share)	0.12	0.12	0.12	0.12



**17. Dividend paid**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2013	Annual General Meeting of the shareholders on 10 April 2014	152	0.0159
Stock dividends for 2013	Annual General Meeting of the shareholders on 10 April 2014	1,370	0.1429
Total		<u>1,522</u>	
Final dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	904	0.07333
Stock dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	822	0.06667
Total		<u>1,726</u>	

**18. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Company and its subsidiaries are principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail and wholesale business, together with space rental and provide utilities service (as having revenue and/or operating profit and/or assets less than 10% of total revenue and/or total operating profit and/or total assets of all segments, which do not meet the quantitative thresholds as set out in the financial reporting standard).

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

**Geographic information**

Sales income from external customers is based on locations of the Company and its subsidiaries which are summarised as follow.

(Unit: Million Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Sales income from external customers</b>				
Thailand	13,150	12,024	25,308	23,102
Malaysia	105	-	227	-
Total	<u>13,255</u>	<u>12,024</u>	<u>25,535</u>	<u>23,102</u>

(Unit: Million Baht)

	As at	
	<u>30 June 2015</u>	<u>31 December 2014</u>
<b>Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)</b>		
Thailand	32,444	31,213
Malaysia	191	191
Total	<u>32,635</u>	<u>31,404</u>

**Major customers**

For the three-month and six-month periods ended 30 June 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

**19. Commitments and contingent liabilities****19.1 Operating lease commitments**

- a) The Company and its subsidiaries have entered into land lease agreements. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Payable:				
In up to 1 year	92	88	89	86
In over 1 and up to 5 years	404	398	385	379
In over 5 years	2,142	2,197	1,961	2,013

- b) The Company and its subsidiaries have entered into lease agreements to lease commercial space. The terms of the agreements are generally between 3 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		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Payable:				
In up to 1 year	114	114	99	98
In over 1 and up to 5 years	427	426	406	404
In over 5 years	949	1,001	949	1,001

## 19.2 Long-term service commitments

The Company has entered into the inventory management services agreement with a subsidiary. Under the conditions of the agreement, the Company is to pay the service fee at a percentage of the subsidiary's actual cost as stipulated in the agreement.

### **19.3 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.

As at 30 June 2015, the outstanding balance of rental received in advance, net of recognised rental income was Baht 414 million (31 December 2014: Baht 425 million).

### **19.4 Guarantees**

- a) As at 30 June 2015, the Company and its subsidiaries had commitments totaling Baht 167 million to commercial banks in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise (31 December 2014: Baht 171 million) (The separate financial statements: Baht 160 million, 31 December 2014: Baht 159 million).
- b) As at 30 June 2015, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 1 million (31 December 2014: USD 2 million).

### **19.5 Litigation**

- a) In February 2011, the Company was sued in civil lawsuit brought by a company relating to the breach of contract. The plaintiff is demanding payment for penalty claim from the Company totaling Baht 16.1 million. Subsequently, the Company filed a counterclaim totaling Baht 7.9 million to the plaintiff. However in December 2010, the Company has set aside a liability (Account Payable) arising as a result of penalty claim Baht 13.6 million in the financial statements.

In August 2013, the Court of First Instance ordered the Company to pay for penalty claim of Baht 14.1 million plus interest at a rate of 7.5% per annum, commencing from 3 February 2011. Subsequently, in April 2014, the Court of Appeals rendered the judgement according to the Court of First Instance. However, the Company had already filed an appeal against the judgement to the Supreme Court to clarify the case.

- b) As at 30 June 2015, the Company has been sued for other cases and received the notice of payment, for a totaling of the sue and the notice of payment at Baht 3.0 million (31 December 2014: Baht 2.9 million). The cases are currently being considered by the Court and the notice of payment is currently being considered by the Company's legal counsel, the outcome of these matters cannot be determined in this stage. The Company believes that it will receive favorable ruling for these matters, therefore no provision has been set aside.

## 19.6 Foreign exchange contracts

Foreign exchange contracts outstanding are summarised below

Consolidated and separate financial statements					
As at 30 June 2015					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
(Baht per 1 foreign currency unit)					
USD	2.50	-	32.73 - 33.79	-	Within September 2015

  

Consolidated and separate financial statements					
As at 31 December 2014					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
(Baht per 1 foreign currency unit)					
USD	2.50	-	33.05 - 33.20	-	Within June 2015

## 20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 27 July 2015.