

Home Product Center Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2015

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 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 31 December 2015, the Company and its subsidiaries have a total of 84 branches (2014: 76 branches) (The Company only: 76 branches, 2014: 71 branches).

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting 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	
			2015	2014
			Percent	Percent
Market Village Company Limited	Management of leasing space together with provision of facilities services	Thailand	99.99	99.99
Home Product Center (Malaysia) Sdn. Bhd.	Retailing of home improvement products as One Stop Shopping	Malaysia	100.00	100.00
Mega Home Center Company Limited	Retailing and wholesaling of construction and home improvement products	Thailand	99.99	99.99
DC Service Center Company Limited	Warehousing and distribution service	Thailand	99.99	99.99

- b) The Company is deemed to have control over an investee or subsidiaries 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.
- c) 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.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) 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.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) 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 present investments in subsidiaries under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) 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.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company and its subsidiaries' management believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sale of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Sales of goods - Customer loyalty programmes

The Company and its subsidiaries operate a loyalty programme which allows customers to accumulate points when they purchase products in the Company and its subsidiaries' retail stores. The points can then be redeemed for discounted goods in the future.

Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed and the Company and its subsidiaries fulfill their obligations to supply awards.

Rental income

Rental income is recognised proportionately over the term of lease period.

Rendering of services

Service revenue is recognised when services have been rendered.

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 inventories and recognised in profit or loss when the related inventories are 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 economic useful lives of 5 - 37 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.

During the year 2014, the Company changed the estimated economic useful lives of some of building and building improvement which are represented as investment properties from 30 years to 37 years. The management of the Company and its subsidiaries believe that the new estimated useful live is more appropriate because they correspond to the expected future economic benefit from using such assets.

The change in the estimated useful lives of investment properties was recognised prospectively and so no adjustment was made to the financial statements for the year 2013. The management of the Company and its subsidiaries evaluate such change will not have any significant impact on the financial statements in the year 2014.

4.7 Property, plant and equipment/Depreciation

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

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

Buildings	-	20 - 30 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 initially recognised at cost. Following the initial recognition, the 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 years 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

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). The Company and its subsidiaries amortise 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 associated companies and 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 property, plant or equipment 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 assets acquired under finance leases are depreciated over the useful life of the assets.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. 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

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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 and its subsidiaries perform 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 and its subsidiaries 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 and its subsidiaries estimate 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.

Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP). The program is monthly contributed by eligible employees and by the Company to EJIP participant. The details of the program are as described in Note 23 to the financial statements. The Company's contributions are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries, and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat 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 and its subsidiaries have 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 expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements 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:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement 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 judgement 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 judgement 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 recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Investment properties/Depreciation

In determining depreciation of investment properties, the management is required to make estimates of the useful lives and salvage values of the Company and its subsidiaries' investment properties and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review investment properties 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

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 and its subsidiaries' 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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 its subsidiaries and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	2015	2014	2015	2014	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	30,353	32,084	Actual cost plus margin
Rental and service income	-	-	233,638	227,204	Baht 2 million and Baht 18 million per month (2014: Baht 2 million and Baht 18 million per month)
Management service income	-	-	40,252	36,526	Actual cost and contact price
Dividend received	-	-	59,998	1,250	As declared
Service income	-	-	13,837	12,085	Actual cost
Service expense	-	-	789,666	807,766	Actual cost and contact price

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2015	2014	2015	2014	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Other expenses	-	-	-	3,183	Actual cost
Interest income	-	-	100,292	74,272	4.50% - 4.75% per annum (2014: 4.50% - 4.75% per annum)
Interest expenses	-	-	1,784	2,113	1.75% - 2.25% per annum (2014: 2.25% - 2.75% per annum)
<u>Transactions with related companies</u>					
Sales income	55,557	51,954	55,557	51,954	Market price
Rental and service income	14,941	11,956	14,941	11,956	Contact price
Interest income	21,151	4,702	21,151	4,702	0.75 - 2.40% per annum (2014: 0.75 - 2.25% per annum)
Rental and service expenses	21,370	22,488	21,370	22,488	Percentage of revenue but not less than a minimum rate

As at 31 December 2015 and 2014, 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	
	2015	2014	2015	2014
Deposits with financial institution				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	1,943,121	1,955,128	1,887,379	1,929,232
Trade and other receivables				
Subsidiaries	-	-	8,149	57,984
Related company ⁽¹⁾	646	3,215	646	3,215
Related company ⁽²⁾	11,337	7,225	11,337	7,225
Total	11,983	10,440	20,132	68,424
Short-term loans to related parties				
Subsidiaries	-	-	2,793,562	1,889,374
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade and other payables				
Subsidiaries	-	-	123,738	116,394
Related company ⁽¹⁾	1,632	1,580	1,632	1,580
Total	1,632	1,580	125,370	117,974
Short-term loan 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 to related parties

As at 31 December 2015, the Company has granted unsecured loans of Baht 2,794 million (2014: Baht 1,869 million) to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% - 4.75% per annum (2014: 4.50% - 4.75% per annum). The loans are repayable at call. Movements in the balance of the loans during the year were as follow:

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at	During the year	
	1 January		31 December
	2015	Increase	2015
Short-term loans to related parties			
Mega Home Center Company Limited	1,847,000	2,243,000	(1,482,000)
Home Product Center (Malaysia) Sdn. Bhd.	22,374	165,788	(2,600)
Total	1,869,374	2,408,788	(1,484,600)

Short-term loan from related party

As at 31 December 2015, the Company has received unsecured loan of Baht 90 million (2014: Baht 90 million) from its subsidiary on which interest is payable on a monthly basis at a rate of 1.75% per annum (2014: 2.25% per annum). The loan is repayable at call. Movement in the balance of the loan during the year was as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January			31 December
	2015	Increase	Decrease	2015
Short-term loan from related party				
Market Village Company Limited	90,000	-	-	90,000

Directors and management's benefits

During the year ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Short-term benefits	142,360	130,943	130,850	116,183
Post-employment benefits	3,993	2,360	3,107	1,752
Total	146,353	133,303	133,957	117,935

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Cash	202,329	165,282	170,146	149,312
Bank deposits	625,734	369,481	351,067	132,045
Fixed deposits	1,870,000	1,900,000	1,870,000	1,900,000
Total	2,698,063	2,434,763	2,391,213	2,181,357

As at 31 December 2015, bank deposits in saving accounts and fixed deposits carried interests between 0.37% - 3.40% per annum (2014: between 0.50% and 2.25% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade accounts receivable	302,719	262,554	299,741	256,437
Other receivables	1,375,851	1,332,001	1,264,269	1,291,009
Income receivables	25,531	25,602	19,780	20,052
Total trade and other receivables	1,704,101	1,620,157	1,583,790	1,567,498

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade accounts receivable	106,351	125,315	103,737	121,122
Cheque returned receivable	210	450	210	450
Credit card and coupon receivable	198,800	138,131	198,436	136,207
Total	305,361	263,896	302,383	257,779
Less: Allowance for doubtful debts	(2,642)	(1,342)	(2,642)	(1,342)
Total trade accounts receivable - net	302,719	262,554	299,741	256,437

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade receivables				
Not yet due	286,790	248,988	284,574	247,228
Past due				
Up to 3 months	11,473	10,903	10,709	6,546
3 - 6 months	4,522	703	4,522	703
6 - 12 months	6	2,907	6	2,907
Over 12 months	2,570	395	2,572	395
Total	305,361	263,896	302,383	257,779
Less: Allowance for doubtful debts	(2,642)	(1,342)	(2,642)	(1,342)
Total trade receivables - net	302,719	262,554	299,741	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 31 December 2015 and 2014 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Age of receivables				
Not yet due	766,123	662,226	710,525	676,995
Past due				
Up to 3 months	564,243	633,502	521,789	590,428
3 - 6 months	20,743	22,744	13,207	16,517
6 - 12 months	16,871	10,824	14,426	5,188
Over 12 months	21,195	4,680	17,336	3,856
Total	1,389,175	1,333,976	1,277,283	1,292,984
Less: Allowance for doubtful debts	(13,324)	(1,975)	(13,014)	(1,975)
Total other receivables - net	1,375,851	1,332,001	1,264,269	1,291,009

9. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Inventories	10,540,513	9,844,866	9,025,015	8,711,764
Less: Reduce cost to net				
realisable value	(341,053)	(272,585)	(327,707)	(266,622)
Net	10,199,460	9,572,281	8,697,308	8,445,142
Less: Inventories - repaid its cost				
when sold	(1,410,497)	(1,193,260)	(1,232,139)	(1,097,005)
Purchase discount	(424,205)	(348,205)	(382,605)	(322,605)
Inventories - net	<u>8,364,758</u>	<u>8,030,816</u>	<u>7,082,564</u>	<u>7,025,532</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 141 million (The Company only: Baht 126 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 72 million (The Company only: Baht 65 million), and reduced the amount of inventories recognised as expenses during the year.

10. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Prepaid expenses	117,009	61,315	108,537	56,566
Suspend input value added tax	81,081	112,426	66,969	106,199
Others	61,098	138,859	24,074	102,565
Total other current assets	<u>259,188</u>	<u>312,600</u>	<u>199,580</u>	<u>265,330</u>

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2015	2014	2015	2014	2015	2014	2015	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	-	1,250
					<u>1,258,678</u>	<u>1,258,678</u>	<u>59,998</u>	<u>1,250</u>

12. Investment properties

The net book value of investment properties as at 31 December 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land and land improvement	Office building for rent	Assets under installation and under construction	Total
31 December 2015				
Cost	150,000	3,069,093	790,209	4,009,302
Less: Accumulated depreciation	-	(791,064)	-	(791,064)
Net book value	<u>150,000</u>	<u>2,278,029</u>	<u>790,209</u>	<u>3,218,238</u>
31 December 2014				
Cost	150,000	1,450,058	1,806,409	3,406,467
Less: Accumulated depreciation	-	(641,895)	-	(641,895)
Net book value	<u>150,000</u>	<u>808,163</u>	<u>1,806,409</u>	<u>2,764,572</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Land and land improvement	Office building for rent	Assets under installation and under construction	Total
31 December 2015				
Cost	955,925	3,069,093	790,209	4,815,227
Less: Accumulated depreciation	-	(791,064)	-	(791,064)
Net book value	955,925	2,278,029	790,209	4,024,163
31 December 2014				
Cost	725,692	1,450,058	1,806,409	3,982,159
Less: Accumulated depreciation	-	(641,895)	-	(641,895)
Net book value	725,692	808,163	1,806,409	3,340,264

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	2,764,572	1,552,260	3,340,264	1,552,260
Acquisition of assets	603,733	1,020,536	603,733	1,020,536
Transfer from property, plant and equipment - at cost	-	250,020	230,233	825,712
Disposals and written-off - net book value	(440)	(418)	(440)	(418)
Depreciation charged	(149,627)	(57,826)	(149,627)	(57,826)
Net book value at end of year	3,218,238	2,764,572	4,024,163	3,340,264

The fair value of the investment properties as at 31 December 2015 and 2014 stated below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Land and building for rent	5,002	2,925	5,002	2,925
Lands for rent	-	-	806	576

The fair value has been determined using the following approach:

- As at 31 December 2015 and 2014, lands for rent have been determined based on acquisition cost. The management believes that there is no material difference between the book value and its fair value.
- As at 31 December 2015, land and building for rent have been determined by an accredited independent valuer using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.
- As at 31 December 2014, land and building for rent have been determined by an accredited independent valuer using the market approach with adjustments to reflect changes in location and condition for land, and using the depreciated replacement cost approach for building.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
Cost:							
1 January 2014	7,516,658	10,451,484	434,423	4,660,839	72,425	6,657,199	29,793,028
Additions	250,994	251,063	61,163	592,445	6,164	4,340,095	5,501,924
Disposals and written-off	-	(115,577)	(26,698)	(142,338)	(2,268)	(1,639)	(288,520)
Transfer to investment properties	-	-	-	-	-	(250,020)	(250,020)
Transfers in (out)	7,172	5,726,211	2,313	426,738	-	(6,162,434)	-
Translation adjustment	-	(3,158)	(445)	(419)	-	(10,819)	(14,841)
31 December 2014	7,774,824	16,310,023	470,756	5,537,265	76,321	4,572,382	34,741,571
Additions	346,742	303,864	37,737	318,152	5,351	2,782,646	3,794,492
Disposals and written-off	(2,000)	(63,544)	(4,011)	(195,445)	(5,185)	-	(270,185)
Transfers in (out)	5,696	4,215,512	1,255	611,341	-	(4,833,804)	-
Translation adjustment	-	(7,633)	(687)	(5,427)	-	(7,667)	(21,414)
31 December 2015	8,125,262	20,758,222	505,050	6,265,886	76,487	2,513,557	38,244,464
Accumulated depreciation:							
1 January 2014	-	3,512,390	343,056	2,595,102	29,648	-	6,480,196
Depreciation for the year	-	1,219,187	58,547	821,373	13,743	-	2,112,850
Depreciation on disposals and written-off	-	(68,106)	(26,640)	(132,099)	(2,042)	-	(228,887)
Translation adjustment	-	(160)	(63)	(241)	-	-	(464)
31 December 2014	-	4,663,311	374,900	3,284,135	41,349	-	8,363,695
Depreciation for the year	-	1,406,562	59,979	978,140	14,124	-	2,458,805
Depreciation on disposals and written-off	-	(49,631)	(3,974)	(189,905)	(4,912)	-	(248,422)
Translation adjustment	-	(692)	(229)	(1,374)	-	-	(2,295)
31 December 2015	-	6,019,550	430,676	4,070,996	50,561	-	10,571,783

(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
Allowance for impairment loss:							
1 January 2014	9,430	68,408	-	-	-	-	77,838
Increase during the year	-	5,000	-	-	-	-	5,000
Decrease during the year	-	(56,871)	-	-	-	-	(56,871)
31 December 2014	9,430	16,537	-	-	-	-	25,967
Increase during the year	-	18,881	-	-	-	-	18,881
Decrease during the year	-	(27,299)	-	-	-	-	(27,299)
31 December 2015	9,430	8,119	-	-	-	-	17,549
Net book value:							
31 December 2014	7,765,394	11,630,175	95,856	2,253,130	34,972	4,572,382	26,351,909
31 December 2015	8,115,832	14,730,553	74,374	2,194,890	25,926	2,513,557	27,655,132
Depreciation for the year							
2014 (Baht 1,967 million included in selling expenses, and the balance in administrative expenses)							2,112,850
2015 (Baht 2,430 million included in selling expenses, and the balance in administrative expenses)							2,458,805

(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 2014	7,516,658	10,313,526	424,564	4,538,285	71,647	5,545,630	28,410,310
Additions	250,994	184,764	49,453	437,152	6,164	3,360,504	4,289,031
Disposals and written-off	-	(114,627)	(26,676)	(142,032)	(2,268)	-	(285,603)
Transfer to investment properties	(575,692)	-	-	-	-	(250,020)	(825,712)
Transfers in (out)	7,172	5,526,602	2,070	389,207	-	(5,925,051)	-
31 December 2014	7,199,132	15,910,265	449,411	5,222,612	75,543	2,731,063	31,588,026
Additions	215,879	140,976	30,738	198,826	5,351	1,958,126	2,549,896
Disposals and written-off	(2,000)	(63,544)	(4,011)	(194,711)	(5,185)	-	(269,451)
Transfer to investment properties	(230,233)	-	-	-	-	-	(230,233)
Transfers in (out)	5,696	2,173,505	10	348,855	-	(2,528,066)	-
31 December 2015	7,188,474	18,161,202	476,148	5,575,582	75,709	2,161,123	33,638,238

(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
Accumulated depreciation:							
1 January 2014	-	3,503,782	341,781	2,568,066	29,447	-	6,443,076
Depreciation for the year	-	1,117,187	52,685	735,173	13,588	-	1,918,633
Depreciation on disposals and written-off	-	(68,034)	(26,619)	(131,892)	(2,041)	-	(228,586)
31 December 2014	-	4,552,935	367,847	3,171,347	40,994	-	8,133,123
Depreciation for the year	-	1,270,706	51,674	849,734	13,969	-	2,186,083
Depreciation on disposals and written-off	-	(49,470)	(4,003)	(189,311)	(4,913)	-	(247,697)
31 December 2015	-	5,774,171	415,518	3,831,770	50,050	-	10,071,509
Allowance for impairment loss:							
1 January 2014	9,430	68,408	-	-	-	-	77,838
Increase during the year	-	5,000	-	-	-	-	5,000
Decrease during the year	-	(56,871)	-	-	-	-	(56,871)
31 December 2014	9,430	16,537	-	-	-	-	25,967
Increase during the year	-	18,881	-	-	-	-	18,881
Decrease during the year	-	(27,299)	-	-	-	-	(27,299)
31 December 2015	9,430	8,119	-	-	-	-	17,549
Net book value:							
31 December 2014	7,189,702	11,340,793	81,564	2,051,265	34,549	2,731,063	23,428,936
31 December 2015	7,179,044	12,378,912	60,630	1,743,812	25,659	2,161,123	23,549,180
Depreciation for the year							
2014 (Baht 1,785 million included in selling expenses, and the balance in administrative expenses)							1,918,633
2015 (Baht 2,124 million included in selling expenses, and the balance in administrative expenses)							2,186,083

As at 31 December 2015, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 27 million (2014: Baht 27 million) (The Company only: Baht 9 million, 2014: Baht 10 million).

As at 31 December 2015, 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 2,412 million (2014: Baht 1,893 million) (The Company only: Baht 2,394 million, 2014: Baht 1,876 million).

14. Computer software

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2014	352,546	307,302
Acquisitions during the year	38,855	33,232
Disposals and written-off	(2)	(2)
Translation adjustment	(40)	-
31 December 2014	391,359	340,532
Acquisitions during the year	146,075	145,716
Translation adjustment	(62)	-
31 December 2015	537,372	486,248
Accumulated amortisation		
1 January 2014	110,974	109,379
Amortisation for the year	34,134	28,909
Amortisation on written-off	(2)	(2)
Translation adjustment	(3)	-
31 December 2014	145,103	138,286
Amortisation for the year	40,146	35,010
Translation adjustment	(10)	-
31 December 2015	185,239	173,296
Net book value		
31 December 2014	246,256	202,246
31 December 2015	352,133	312,952

15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2014	1,863,941	1,793,941
Acquisitions during the year	496,296	420,821
Written-off during the year	(4,812)	(4,812)
31 December 2014	2,355,425	2,209,950
Acquisitions during the year	262,710	179,589
31 December 2015	2,618,135	2,389,539
Accumulated amortisation		
1 January 2014	331,541	331,541
Amortisation for the year	59,686	58,126
Amortisation on written-off	(3,123)	(3,123)
31 December 2014	388,104	386,544
Amortisation for the year	72,126	69,682
31 December 2015	460,230	456,226
Net book value		
31 December 2014	1,967,321	1,823,406
31 December 2015	2,157,905	1,933,313

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

As at 31 December 2015, the Company had overdraft lines from banks and other credit facilities totaling Baht 305 million and Baht 11,176 million, respectively (2014: Baht 305 million and Baht 6,507 million, respectively).

17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate financial	
	financial statements		statements	
	2015	2014	2015	2014
Trade accounts payable	10,859,894	9,656,790	9,528,026	8,853,575
Other payables	485,170	498,643	423,453	449,441
Other payables for purchase of assets	418,056	949,888	305,322	930,557
Accrued expenses	1,010,193	970,044	920,155	859,316
Total trade and other payables	<u>12,773,313</u>	<u>12,075,365</u>	<u>11,176,958</u>	<u>11,092,889</u>

18. Liabilities under financial lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Portion due within one year		Portion due over one year	
	2015	2014	2015	2014
Liabilities under financial lease agreements	18,641	12,380	9,791	16,493
Less: Deferred interest expense	(896)	(1,931)	(427)	(763)
Net	<u>17,745</u>	<u>10,449</u>	<u>9,364</u>	<u>15,730</u>

	(Unit: Thousand Baht)			
	Separate financial statements			
	Portion due within one year		Portion due over one year	
	2015	2014	2015	2014
Liabilities under financial lease agreements	7,332	4,725	1,486	7,446
Less: Deferred interest expense	(181)	(622)	(77)	(154)
Net	<u>7,151</u>	<u>4,103</u>	<u>1,409</u>	<u>7,292</u>

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in their 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)

Consolidated financial statements			
31 December 2015			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	18,641	9,791	28,432
Deferred interest expenses	(896)	(427)	(1,323)
Present value of future minimum lease payments	17,745	9,364	27,109

(Unit: Thousand Baht)

Consolidated financial statements			
31 December 2014			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	12,380	16,493	28,873
Deferred interest expenses	(1,931)	(763)	(2,694)
Present value of future minimum lease payments	10,449	15,730	26,179

(Unit: Thousand Baht)

Separate financial statements			
31 December 2015			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	7,332	1,486	8,818
Deferred interest expenses	(181)	(77)	(258)
Present value of future minimum lease payments	7,151	1,409	8,560

(Unit: Thousand Baht)

Separate financial statements			
31 December 2014			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,725	7,446	12,171
Deferred interest expenses	(622)	(154)	(776)
Present value of future minimum lease payments	4,103	7,292	11,395

19. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated and separate financial statements	
			2015	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.	600,000	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.	500,000	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.	700,000	900,000
Total			1,800,000	2,500,000
Less: Current portion of long-term loans			(700,000)	(700,000)
Long-term loans - net of current portion			1,100,000	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.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Provision for long-term employee benefits				
at beginning of year	106,761	91,875	101,004	88,038
Included in profit or loss:				
Current service cost	18,201	11,276	15,391	9,864
Interest cost	4,612	3,962	3,928	3,454
Included in other comprehensive income:				
Demographic assumptions changes	(19,750)	-	(16,304)	-
Financial assumptions changes	9,913	-	8,184	-
Experience adjustments	51,845	-	42,799	-
Actuarial (gain) loss	42,008	-	34,679	-
Benefits paid during the year	(6,529)	(352)	(6,529)	(352)
Provision for long-term employee benefits at				
end of year	<u>165,053</u>	<u>106,761</u>	<u>148,473</u>	<u>101,004</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Selling and administrative expenses	22,813	15,238	19,319	13,318

The Company and its subsidiaries expect to pay Baht 19 million of long-term employee benefits during the next year (2014: Baht 17 million) (The company only: Baht 19 million, 2014: Baht 16 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2014: 12 years) (The Company only: 12 years, 2014: 12 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Discount rate	3.1%	4.0%	3.1%	4.0%
Salary increase rate	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%
Turnover rate (depending on age)	0 - 50%	0 - 50%	0 - 50%	0 - 50%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(6)	7	(6)	6

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate	15	(13)	14	(12)

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
Turnover rate (depending on age)	(13)	15	(14)	12

21. Debentures

					Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2015	2014	2015	2014
No.	Interest rate per annum	Age	Repayment	Maturity				
<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
No. 1/2012	Fixed rate 3.85%	3 years	At maturity	14 September 2015	-	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	-
No. 2/2015	Fixed rate 2.25%	3 years	At maturity	15 September 2018	2,500,000	-	2,500,000	-
Total					12,550,000	11,350,000	12,550,000	11,350,000
Less: Current portion of debentures							(4,000,000)	(2,300,000)
Net							8,550,000	9,050,000

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

22. 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 year	12,329,397		
Increase during the year	822,000		
Decrease during the year	(82)		
At the end of the year	13,151,315		
<u>Issued and paid-up share capital</u>			
At the beginning of the year	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 year	13,151,198	13,151,198	646,323

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.

23. The Employee Joint Investment Program (EJIP)

The Company's Board of Directors meeting held on 30 April 2013 passed a resolution approving the Employee Joint Investment Program (EJIP). The details of the program are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	1 July 2013 to 30 June 2018, with a total duration of 5 years.
Eligible employees under EJIP	Employees at Division Manager or equivalent level on the voluntary basis. Directors and advisors of the Company are exclude from this program.
EJIP arrangement	The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of the salary of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.
EJIP buying schedule	Monthly basis.

Conditions for holding the securities	During the 1st year - 3rd year, employee cannot sell any shares After the 3rd year, employee can sell 25% of shares accumulated After the 4th year, employee can sell 50% of shares accumulated After the 5th year, employee can sell all shares
EJIP program manager	Phillip Securities Public Company Limited

On 11 June 2013, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2015, the Company contributed Baht 24 million to the program (2014: Baht 23 million).

24. 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.

During the year 2015, the Company has set aside statutory reserve at Baht 177 million (2014: Baht 169 million).

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Salaries and wages and other				
employee benefits	4,010	3,705	3,634	3,449
Premises expenses	1,494	1,677	1,583	1,593
Depreciation and amortisation	2,721	2,264	2,440	2,063
Sales promotion and operation				
support expenses	3,109	2,956	2,935	2,835
Financial costs	544	466	544	466
Tax expenses and fees	1,027	969	1,002	934
Changes in finished goods	627	1,622	252	1,089

26. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	926,483	874,428	910,589	860,139
Adjustment in respect of income tax of previous year	207	(5,014)	241	(5,005)
Relating to origination and reversal of temporary differences	(8,695)	(31,767)	(18,503)	(17,088)
Income tax expenses reported in the statement of comprehensive income	917,995	837,647	892,327	838,046

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax on actuarial loss	8,402	-	6,936	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit before tax	4,416,803	4,150,975	4,417,662	4,224,787
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	883,361	830,195	883,532	844,957
Adjustment in respect of income tax of previous year	207	(5,014)	241	(5,005)
Effects of:				
Income not subject to tax	-	-	(12,000)	(250)
Non-deductible expenses	27,676	5,691	25,352	4,072
Additional expense deductions allowed	(6,456)	(5,216)	(4,931)	(5,114)
Unused tax loss	16,510	12,691	-	-
Others	(3,303)	(700)	133	(614)
Total	34,427	12,466	8,554	(1,906)
Income tax expenses reported in the statement of comprehensive income	917,995	837,647	892,327	838,046

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Allowance for doubtful accounts	3,131	663	3,131	663
Allowance for diminution in value of inventories	85,241	70,041	76,921	64,921
Allowance for asset impairment	3,510	5,193	3,510	5,193
Provision for long-term employee benefits	29,295	26,038	27,445	24,887
Deferred purchase discount	5,722	2,556	5,707	2,547
Actuarial loss	3,645	-	2,180	-
Unused tax loss	4,842	18,555	-	-
Total	135,386	123,046	118,894	98,211
Deferred tax liabilities				
Actuarial gain	-	4,756	-	4,756
Total	-	4,756	-	4,756
Deferred tax assets - net	135,386	118,290	118,894	93,455

As at 31 December 2015 the Company and its subsidiaries have deductible temporary differences totaling Baht 335 million (2014: Baht 270 million) (The Company only: Baht 326 million, 2014: Baht 265 million). No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe that the temporary differences may not be utilised.

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares of the prior 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 stock dividends of 822 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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit for the year (Thousand Baht)	3,498,811	3,313,328	3,525,335	3,386,741
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)	0.27	0.25	0.27	0.26

28. 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)	
	2015	2014
Sales income from external customers		
Thailand	52,048	47,908
Malaysia	465	57
Total	52,513	47,965
Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	33,334	31,213
Malaysia	154	191
Total	33,488	31,404

Major customers

For the years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

29. Provident fund

The Company and its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and its subsidiaries, and their employees contributed to the fund monthly at the rate of 3% - 5% of basic salary. The fund, which is managed by Land and Houses Fund Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules.

During the year 2015, the Company and its subsidiaries contributed Baht 71 million (2014: Baht 65 million) to the fund. The Company only: Baht 64 million (2014: Baht 59 million).

30. 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
Interim dividends for 2014	Extraordinary General Meeting of the shareholders on 15 October 2014	152	0.0139
Stock interim dividends for 2014	Extraordinary General Meeting of the shareholders on 15 October 2014	1,370	0.1250
Total for 2014		<u>3,044</u>	
Final dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	904	0.0733
Stock dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	822	0.0667
Interim dividends for 2015	Board of Director Meeting of the Company on 25 August 2015	1,315	0.1000
Total for 2015		<u>3,041</u>	

31. Commitments and contingent liabilities

31.1 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.

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

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2015	2014	2015	2014
Payable:				
In up to 1 year	97	88	92	86
In over 1 and up to 5 years	434	398	412	379
In over 5 years	2,331	2,197	2,119	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 financial statements		Separate financial statements	
	2015	2014	2015	2014
Payable:				
In up to 1 year	114	114	100	98
In over 1 and up to 5 years	407	426	402	404
In over 5 years	902	1,001	902	1,001

31.2 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.

31.3 Long-term lease agreements - as leaser

As at 31 December 2015, the Company has entered into 7 agreements (2014: 7 agreements) with 3 companies (2014: 2 companies) to lease and sub-lease parts of premises in 6 branches (2014: 5 branches) for periods of 18 - 30 years, with a total of rental received in advance amounting to Baht 642 million (2014: Baht 627 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 31 December 2015, the outstanding balance of rental received in advance, net of recognised rental income was Baht 418 million (2014: Baht 425 million).

31.4 Guarantees

- a) As at 31 December 2015, there were outstanding bank guarantees of Baht 167 million issued by banks on benefit of the Company and its subsidiary in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise (2014: Baht 171 million) (The Company only: Baht 160 million, 2014: Baht 159 million). Bank guarantee of Baht 7 million (2014: Baht 12 million) issued in the name of subsidiary was guaranteed by the Company.

- b) As at 31 December 2015, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 3 million and CNY 3 million (2014: USD 2 million).

31.5 Litigation

- a) In February 2011, the Company had lawsuit relating to the sale and purchase agreement which the Company had stopped payment to the vendor in the amount of Baht 14 million due to defective products. However, the Company had set aside a liability (account payable) totaling Baht 14 million in the financial statements. In January 2016, the Court finally ordered the Company to make payment to the vendor in the amount of Baht 14 million plus interest at the rate of 7.5% per annum, due to the fact that the vendors has deducted product price for the Company which deemed as an adequate remedy to the damage. The Company has already made such payment plus interest to the vendor.
- b) As at 31 December 2015, the Company has other cases for a total claimed amount of Baht 0.8 million (2014: Baht 3 million) which are currently being considered by the Court. The Court of First Instance gave a judgement in favor of the Company, in which such cases are currently being considered by the Court of Appeals. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.
- c) In April 2015, the local officials who are responsible for one of the branches of the Company were sued in Administrative Court by local entrepreneurs regarding issuance of license to local businesses. In such case, the Company has filed an interpleader action and became a party in the lawsuit in order to preserve the Company's right. The Company submitted statement to the court that the use of the land by the Company was neither against nor violated the ministerial regulations governing central city planning, building control law, city planning law, and other related laws. However, the legal department of the Company viewed that the Company has proceeded according to the law and believes that the outcome of the case would be in the favour of the Company. The case is currently under the consideration of the Administrative Court.

32. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	5,002	5,002
Favourable foreign exchange forward contracts	-	-	2	2
Liabilities for which fair value are disclosed				
Debentures	-	12,788	-	12,788

(Unit: Million Baht)

Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	5,808	5,808
Favourable foreign exchange forward contracts	-	-	1	1
Liabilities for which fair value are disclosed				
Debentures	-	12,788	-	12,788

33. Financial instruments

33.1 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, short-term borrowing, trade and other payables, short-term loans, long-term loans, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do 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 and its subsidiaries' exposure to interest rate risk relate primarily to its deposits with financial institutions, loans and debentures. However, since the Company and its subsidiaries' financial assets bear floating interest rates and 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 2015					
	Fixed interest rates					
	Within	Over	Floating	Non- interest		Interest rate
	1 year	1 - 5 years	interest rate	bearing	Total	
			(Million Baht)			(% p.a.)
Financial assets						
Cash and cash equivalents	1,870	-	231	597	2,698	0.37 - 3.40
Trade and other receivables	-	-	-	1,722	1,722	-
	1,870	-	231	2,319	4,420	
Financial liabilities						
Trade and other payables	-	-	-	12,773	12,773	-
Long-term loans	700	1,100	-	-	1,800	3.59 - 3.71
Debentures	4,000	8,550	-	-	12,550	2.25 - 4.60
	4,700	9,650	-	12,773	27,123	
			</			

Separate financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	1,870	-	28	493	2,391	0.37 - 1.00
Trade and other receivables	-	-	-	1,602	1,602	-
Short-term loan to related parties	2,794	-	-	-	2,794	4.50 - 4.75
	<u>4,664</u>	<u>-</u>	<u>28</u>	<u>2,095</u>	<u>6,787</u>	
Financial liabilities						
Trade and other payables	-	-	-	11,177	11,177	-
Short-term loan from related party	90	-	-	-	90	1.75 - 2.25
Long-term loan	700	1,100	-	-	1,800	3.59 - 3.71
Debentures	4,000	8,550	-	-	12,550	2.25 - 4.60
	<u>4,790</u>	<u>9,650</u>	<u>-</u>	<u>11,177</u>	<u>25,617</u>	
Separate financial statements						
As at 31 December 2014						
	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	1,900	-	27	254	2,181	0.50 - 2.25
Trade and other receivables	-	-	-	1,567	1,567	-
Short-term loan to related party	1,869	-	-	-	1,869	4.50 - 4.75
	<u>3,769</u>	<u>-</u>	<u>27</u>	<u>1,821</u>	<u>5,617</u>	
Financial liabilities						
Trade and other payables	-	-	-	11,093	11,093	-
Short-term loan from related party	90	-	-	-	90	2.25 - 2.75
Long-term loan	700	1,800	-	-	2,500	3.59 - 3.71
Debentures	2,300	9,050	-	-	11,350	3.47 - 4.60
	<u>3,090</u>	<u>10,850</u>	<u>-</u>	<u>11,093</u>	<u>25,033</u>	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	-	1	36.04	33.11
CNY	-	-	4	-	5.53	5.35
MYR	1	1	12	18	8.42	9.40

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	-	1	36.04	35.11
CNY	-	-	4	-	5.53	5.35

Foreign exchange contracts outstanding are summarised below

Consolidated financial statements					
As at 31 December 2015					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	7	-	34.33 - 35.97	-	Within May 2016
CNY	52	-	5.51 - 5.57	-	Within April 2016

Separate financial statements					
As at 31 December 2015					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	6	-	34.33 - 35.97	-	Within May 2016
CNY	52	-	5.51 - 5.57	-	Within April 2016

Consolidated and separate financial statements					
As at 31 December 2014					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	33.05 - 33.20	-	Within June 2015

33.2 Fair values of financial instruments

As at 31 December 2015, the estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	2,698	2,698	2,391	2,391
Trade and other receivables	1,722	1,722	1,602	1,602
Short-term loans to related parties	-	-	2,794	2,794
Favourable foreign exchange forward contracts	-	2	-	1
Financial liabilities				
Trade and other payables	12,773	12,773	11,177	11,177
Short-term loans from related parties	-	-	90	90
Long-term loans	1,800	1,800	1,800	1,800
Debentures	12,550	12,788	12,550	12,788

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- For fixed rate debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.

- e) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies.

34. 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.

As at 31 December 2015, 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 2.50:1 (2014: 1.75:1).

35. Events after the reporting period

On 23 February 2016, 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 of dividend payment from operating results of July 2015 to December 2015. The dividend will be paid by cash at the rate of Baht 0.15 per share or in the total amount not exceeding Baht 1,973 million. The payment of cash dividend shall be made within 29 April 2016.

As the Company's Board of Directors Meeting held on 25 August 2015 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.10 per share. The interim dividend was paid on 22 September 2015. As a result, total dividend per share for the year 2015 is Baht 0.25 per share.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2016.