

**Home Product Center Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2016**

**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 2016, the Company and its subsidiaries have a total of 95 branches (2015: 84 branches) (The Company only: 82 branches, 2015: 76 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	
			2016 Percent	2015 Percent
Market Village Company Limited	Management of leasing space together with provision of facilities services	Thailand	100.00	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**

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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 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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

##### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

## **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.

#### *Vendors income*

The Company and its subsidiaries have agreements with vendors as normal business practice, for volume-related allowances, and sale promotion campaign and marketing allowances. Vendors income is recognised when all obligations are met and can be measured reliably based on the terms of the contract. Portion of vendors income is recognised as a reduction in cost of sales and inventory. Uncollected amount are presented in the statements of financial position as "Other receivables" or otherwise are offset with "Trade account payables" depending on the condition in the contracts.

#### *Rental and service income*

Rental and service income are recognised proportionately over the term of the lease and service agreements.

#### *Rendering of other services*

Other 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 3 - 37 years. No depreciation is provided on land and assets under installation and under construction. Depreciation of the investment properties is included in determining income.

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

#### **4.7 Property, plant and equipment/Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and 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	-	1 - 3 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 individuals or 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 or enterprises 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, other intangible assets and leasehold rights 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:

### **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.

### **Allowance for diminution in value of inventories**

The determination of allowance for diminution in the value of inventories with regard to lost, damaged or obsolete inventories, requires management to make judgements and estimates. This requires detailed analysis of the product life cycle, useful life of each type of inventory, the competitive environment, economic circumstances and the situation within the industry.

### **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.

### **Investment properties and property, plant and equipment/Depreciation**

In determining depreciation of investment properties and property, plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company and its subsidiaries' investment properties and property, 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 investment properties and 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		Pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	37,786	30,353	Actual cost plus margin
Rental and service income	-	-	239,752	233,638	Baht 2 million and Baht 18 million per month
Management service income	-	-	110,561	40,252	Actual cost and contact price
Dividend received	-	-	89,996	59,998	As declared
Service income	-	-	51,504	13,837	Actual cost
Service expense	-	-	351,578	789,666	Actual cost and contact price
Other expenses	-	-	17,191	-	Actual cost
Interest income	-	-	147,263	100,292	4.50% - 4.75% per annum
Interest expenses	-	-	2,065	1,784	1.75% per annum (2015: 1.75% - 2.25% per annum)

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
<b>Transactions with related companies</b>					
Sales income	51,564	55,557	51,564	55,557	Market price
Rental and service income	18,005	14,941	18,005	14,941	Contact price
Interest income	16,854	21,151	16,854	21,151	0.75% - 1.00% per annum (2015: 0.75 - 2.40% per annum)
Rental and service expenses	21,188	21,370	21,188	21,370	Percentage of revenue but not less than a minimum rate

As at 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
<b>Deposits with financial institution</b> (included in cash and cash equivalents)				
Related company <sup>(1)</sup>	2,728,457	1,943,121	2,689,413	1,887,379
<b>Trade and other receivables</b>				
Subsidiaries	-	-	146,163	8,149
Related company <sup>(1)</sup>	2,479	646	2,479	646
Related company <sup>(2)</sup>	5,951	11,337	5,576	11,337
Total	8,430	11,983	154,218	20,132
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	4,014,082	2,793,562
<b>Rental guarantee deposits</b>				
Related company <sup>(1)</sup>	3,000	3,000	3,000	3,000
<b>Trade and other payables</b>				
Subsidiaries	-	-	42,291	123,738
Related company <sup>(1)</sup>	1,689	1,632	1,689	1,632
Total	1,689	1,632	43,980	125,370
<b>Short-term loan from related party</b>				
Subsidiary	-	-	100,000	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 2016, the Company has granted unsecured loans of Baht 4,014 million (2015: Baht 2,794 million) to its subsidiaries on which interest is payable on a monthly basis 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 year were as follow:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 December 2016
	Balance as at	During the year		
	1 January			
	2016	Increase	Decrease	
<b>Short-term loans to related parties</b>				
Mega Home Center Company Limited	2,608,000	2,079,000	(850,000)	3,837,000
Home Product Center (Malaysia) Sdn. Bhd.	185,562	-	(8,480)	177,082
Total	2,793,562	2,079,000	(858,480)	4,014,082

### Short-term loan from related party

As at 31 December 2016, the Company has received unsecured loan of Baht 100 million (2015: Baht 90 million) from its subsidiary on which interest is payable on a monthly basis at a rate of 1.75% 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 31 December 2016
	Balance as at	During the year		
	1 January			
	2016	Increase	Decrease	
<b>Short-term loan from related party</b>				
Market Village Company Limited	90,000	100,000	(90,000)	100,000

### Directors and management's benefits

During the year ended 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
Short-term benefits	147,905	142,360	132,625	130,850
Post-employment benefits	3,320	3,993	2,361	3,107
Total	<u>151,225</u>	<u>146,353</u>	<u>134,986</u>	<u>133,957</u>

### 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash	223,125	202,329	176,400	170,146
Bank deposits	897,459	625,734	635,225	351,067
Fixed deposits	2,600,000	1,870,000	2,600,000	1,870,000
Total	<u>3,720,584</u>	<u>2,698,063</u>	<u>3,411,625</u>	<u>2,391,213</u>

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.75% - 0.80% per annum (2015: between 0.37% - 3.40% per annum).

### 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade accounts receivable	337,926	302,719	337,001	299,741
Other receivables	1,547,092	1,375,851	1,376,731	1,264,269
Income receivables	10,462	25,531	124,056	19,780
Total trade and other receivables	<u>1,895,480</u>	<u>1,704,101</u>	<u>1,837,788</u>	<u>1,583,790</u>

## Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade accounts receivable	137,032	106,351	141,903	103,737
Cheque returned receivable	-	210	-	210
Credit card and coupon receivable	203,642	198,800	197,846	198,436
<b>Total</b>	<b>340,674</b>	<b>305,361</b>	<b>339,749</b>	<b>302,383</b>
Less: Allowance for doubtful debts	(2,748)	(2,642)	(2,748)	(2,642)
<b>Total trade accounts receivable - net</b>	<b>337,926</b>	<b>302,719</b>	<b>337,001</b>	<b>299,741</b>

The outstanding balances of trade accounts receivable as at 31 December 2016 and 2015 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade receivables</u>				
Not yet due	334,297	286,790	327,886	284,574
Past due				
Up to 3 months	5,205	11,473	10,802	10,709
3 - 6 months	103	4,522	-	4,522
6 - 12 months	24	6	17	6
Over 12 months	1,045	2,570	1,044	2,572
<b>Total</b>	<b>340,674</b>	<b>305,361</b>	<b>339,749</b>	<b>302,383</b>
Less: Allowance for doubtful debts	(2,748)	(2,642)	(2,748)	(2,642)
<b>Total trade receivables - net</b>	<b>337,926</b>	<b>302,719</b>	<b>337,001</b>	<b>299,741</b>

## 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 2016 and 2015 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Age of receivables</b>				
Not yet due	853,604	766,123	780,529	710,525
Past due				
Up to 3 months	655,704	564,243	588,489	521,789
3 - 6 months	19,717	20,743	7,567	13,207
6 - 12 months	16,437	16,871	6,517	14,426
Over 12 months	28,625	21,195	19,597	17,336
Total	1,574,087	1,389,175	1,402,699	1,277,283
Less: Allowance for doubtful debts	(26,995)	(13,324)	(25,968)	(13,014)
Total other receivables - net	1,547,092	1,375,851	1,376,731	1,264,269

## 9. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Inventories	12,276,527	10,540,513	10,071,245	9,025,015
Less: Reduce cost to net realisable value	(410,656)	(341,053)	(390,623)	(327,707)
Net	11,865,871	10,199,460	9,680,622	8,697,308
Less: Inventories - repaid its cost when sold	(1,709,121)	(1,410,497)	(1,411,055)	(1,232,139)
Purchase discount	(485,205)	(424,205)	(422,605)	(382,605)
Inventories - net	9,671,545	8,364,758	7,846,962	7,082,564

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 149 million (2015: Baht 141 million) (The Company only: Baht 131 million, 2015: 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 79 million (2015: Baht 72 million) (The Company only: Baht 68 million, 2015: 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	
	2016	2015	2016	2015
Prepaid expenses	128,632	117,009	107,902	108,537
Suspend input value added tax	36,483	81,081	32,158	66,969
Others	25,090	61,098	11,443	24,074
<b>Total other current assets</b>	<b>190,205</b>	<b>259,188</b>	<b>151,503</b>	<b>199,580</b>

## 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		Cost		Dividend received	
	2016	2015	2016	2015	2016	2015	2016	2015
			(Percent)	(Percent)				
Market Village								
Company Limited	5,000	5,000	100.00	99.99	5,000	4,999	89,996	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>1,258,679</u>	<u>1,258,678</u>	<u>89,996</u>	<u>59,998</u>

## 12. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	Total
31 December 2016				
Cost	150,000	3,912,650	96,428	4,159,078
Less: Accumulated depreciation	-	(1,112,127)	-	(1,112,127)
Net book value	<u>150,000</u>	<u>2,800,523</u>	<u>96,428</u>	<u>3,046,951</u>
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>

(Unit: Thousand Baht)

	Separate financial statements			
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	Total
31 December 2016				
Cost	992,980	3,912,650	96,428	5,002,058
Less: Accumulated depreciation	-	(1,112,128)	-	(1,112,128)
Net book value	<u>992,980</u>	<u>2,800,522</u>	<u>96,428</u>	<u>3,889,930</u>
31 December 2015				
Cost	955,925	3,069,093	790,209	4,815,227
Less: Accumulated depreciation	-	(791,064)	-	(791,064)
Net book value	<u>955,925</u>	<u>2,278,029</u>	<u>790,209</u>	<u>4,024,163</u>

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	3,218,238	2,764,572	4,024,163	3,340,264
Additions	150,221	603,733	150,221	603,733
Transfer from property, plant and equipment - at cost	-	-	37,054	230,233
Disposals and written-off				
- net book value	(106)	(440)	(106)	(440)
Depreciation charged	(321,402)	(149,627)	(321,402)	(149,627)
Net book value at end of year	<u>3,046,951</u>	<u>3,218,238</u>	<u>3,889,930</u>	<u>4,024,163</u>

The fair value of the investment properties as at 31 December 2016 and 2015 stated below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Land and buildings	5,152	5,002	5,152	5,002
Land	-	-	843	806

As at 31 December 2016 and 2015, the fair values of investment properties have been determined using the following approach.

- Land have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Land and buildings which are acquired before the year 2016 have been determined by an accredited independent valuer in 2015 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.
- Buildings and equipment which are acquired in the current year have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2015	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
Additions	46,913	772,725	96,513	694,937	12,000	2,812,757	4,435,845
Disposals and written-off	-	(8,214)	(8,405)	(65,876)	(16,184)	(405)	(99,084)
Transfers in (out)	25,790	3,834,604	835	453,656	385	(4,315,270)	-
Translation adjustment	-	(5,100)	(466)	(4,499)	-	(6,640)	(16,705)
31 December 2016	8,197,965	25,352,237	593,527	7,344,104	72,688	1,003,999	42,564,520
<b>Accumulated depreciation:</b>							
1 January 2015	-	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
Depreciation for the year	-	1,416,879	63,694	967,830	11,321	-	2,459,724
Depreciation on disposals and written-off	-	(6,165)	(8,368)	(64,548)	(11,363)	-	(90,444)
Translation adjustment	-	(1,049)	(309)	(2,347)	-	-	(3,705)
31 December 2016	-	7,429,215	485,693	4,971,931	50,519	-	12,937,358
<b>Allowance for impairment loss:</b>							
1 January 2015	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
Increase during the year	-	86,062	-	-	-	-	86,062
Decrease during the year	-	(16,161)	-	-	-	-	(16,161)
31 December 2016	9,430	78,020	-	-	-	-	87,450
<b>Net book value:</b>							
31 December 2015	8,115,832	14,730,553	74,374	2,194,890	25,926	2,513,557	27,655,132
31 December 2016	8,188,535	17,845,002	107,834	2,372,173	22,169	1,003,999	29,539,712
<b>Depreciation for the year</b>							
2015 (Baht 2,430 million included in selling expenses, and the balance in administrative expenses)							2,458,805
2016 (Baht 2,384 million included in selling expenses, and the balance in administrative expenses)							2,459,724

(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
<b>Cost:</b>							
1 January 2015	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
Additions	46,912	569,905	80,118	453,259	12,000	1,685,069	2,847,263
Disposals and written-off	-	(8,214)	(8,322)	(64,421)	(16,184)	(405)	(97,546)
Transfer to investment properties	(37,054)	-	-	-	-	-	(37,054)
Transfers in (out)	7,152	2,530,354	81	387,503	385	(2,925,475)	-
31 December 2016	7,205,484	21,253,247	548,025	6,351,923	71,910	920,312	36,350,901
<b>Accumulated depreciation:</b>							
1 January 2015	-	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
Depreciation for the year	-	1,223,270	52,314	793,040	11,165	-	2,079,789
Depreciation on disposals and written-off	-	(6,166)	(8,321)	(63,252)	(11,363)	-	(89,102)
31 December 2016	-	6,991,275	459,511	4,561,558	49,852	-	12,062,196
<b>Allowance for impairment loss:</b>							
1 January 2015	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
Increase during the year	-	86,062	-	-	-	-	86,062
Decrease during the year	-	(16,161)	-	-	-	-	(16,161)
31 December 2016	9,430	78,020	-	-	-	-	87,450
<b>Net book value:</b>							
31 December 2015	7,179,044	12,378,912	60,630	1,743,812	25,659	2,161,123	23,549,180
31 December 2016	7,196,054	14,183,952	88,514	1,790,365	22,058	920,312	24,201,255
<b>Depreciation for the year</b>							
2015 (Baht 2,124 million included in selling expenses, and the balance in administrative expenses)							2,186,083
2016 (Baht 2,011 million included in selling expenses, and the balance in administrative expenses)							2,079,789

As at 31 December 2016, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 20 million (2015: Baht 27 million) (The Company only: Baht 10 million, 2015: Baht 9 million).

As at 31 December 2016, 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 3,517 million (2015: Baht 2,412 million) (The Company only: Baht 3,478 million, 2015: Baht 2,394 million).

#### 14. Computer software

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
1 January 2015	391,359	340,532
Acquisitions during the year	146,075	145,716
Translation adjustment	(62)	-
31 December 2015	537,372	486,248
Acquisitions during the year	116,239	116,038
Translation adjustment	(42)	-
31 December 2016	653,569	602,286
<b>Accumulated amortisation</b>		
1 January 2015	145,103	138,286
Amortisation for the year	40,146	35,010
Translation adjustment	(10)	-
31 December 2015	185,239	173,296
Amortisation for the year	42,308	37,139
Translation adjustment	(14)	-
31 December 2016	227,533	210,435
<b>Net book value</b>		
31 December 2015	352,133	312,952
31 December 2016	426,036	391,851

## 15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
1 January 2015	2,355,425	2,209,950
Acquisitions during the year	262,710	179,589
31 December 2015	2,618,135	2,389,539
Acquisitions during the year	441,033	365,280
31 December 2016	3,059,168	2,754,819
<b>Accumulated amortisation</b>		
1 January 2015	388,104	386,544
Amortisation for the year	72,126	69,682
31 December 2015	460,230	456,226
Amortisation for the year	81,516	76,483
31 December 2016	541,746	532,709
<b>Net book value</b>		
31 December 2015	2,157,905	1,933,313
31 December 2016	2,517,422	2,222,110

## 16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
Bill of exchange - Baht	1.65	-	1,500,000	-	1,500,000	-
Bill of exchange - Foreign currency	3.65	-	7,405	-	-	-
Total short-term loans from financial institutions			1,507,405	-	1,500,000	-

As at 31 December 2016, the Company had overdraft lines from banks and other credit facilities totaling Baht 275 million and Baht 12,972 million, respectively (2015: Baht 305 million and Baht 11,176 million, respectively).



## 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	2016	2015	2016	2015
Trade accounts payable	11,894,819	10,859,894	10,038,528	9,528,026
Other payables	551,006	485,170	469,616	423,453
Other payables for purchase of assets	329,947	418,056	233,350	305,322
Accrued expenses	1,255,805	999,476	1,125,174	920,157
Total trade and other payables	<u>14,031,577</u>	<u>12,762,596</u>	<u>11,866,668</u>	<u>11,176,958</u>

## 18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements			
	Portion due within one year		Portion due over one year	
	2016	2015	2016	2015
Liabilities under financial lease agreements	8,051	18,641	11,775	9,791
Less: Deferred interest expense	(858)	(896)	(1,286)	(427)
Net	<u>7,193</u>	<u>17,745</u>	<u>10,489</u>	<u>9,364</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Portion due within one year		Portion due over one year	
	2016	2015	2016	2015
Liabilities under financial lease agreements	2,471	7,332	9,051	1,486
Less: Deferred interest expense	(563)	(181)	(1,232)	(77)
Net	<u>1,908</u>	<u>7,151</u>	<u>7,819</u>	<u>1,409</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 2016		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	8,051	11,775	19,826
Deferred interest expenses	(858)	(1,286)	(2,144)
Present value of future minimum lease payments	<u>7,193</u>	<u>10,489</u>	<u>17,682</u>

(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	<u>17,745</u>	<u>9,364</u>	<u>27,109</u>

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2016		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,471	9,051	11,522
Deferred interest expenses	(563)	(1,232)	(1,795)
Present value of future minimum lease payments	<u>1,908</u>	<u>7,819</u>	<u>9,727</u>

(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	<u>7,151</u>	<u>1,409</u>	<u>8,560</u>

## 19. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated and separate financial statements	
			2016	2015
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.	300,000	600,000
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.	300,000	500,000
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.	500,000	700,000
Total			1,100,000	1,800,000
Less: Current portion of long-term loans			(700,000)	(700,000)
Long-term loans - net of current portion			400,000	1,100,000

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	165,053	106,761	148,473	101,004
Included in profit or loss:				
Current service cost	18,336	18,201	15,212	15,391
Interest cost	4,798	4,612	4,055	3,928
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	<u>(2,433)</u>	<u>(6,529)</u>	<u>(2,433)</u>	<u>(6,529)</u>
<b>Provision for long-term employee benefits at</b>				
<b>end of year</b>	<u>185,754</u>	<u>165,053</u>	<u>165,307</u>	<u>148,473</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Selling and administrative expenses	23,134	22,813	19,267	19,319

The Company and its subsidiaries expect to pay Baht 8 million of long-term employee benefits during the next year (2015: Baht 19 million) (The company only: Baht 8 million, 2015: Baht 19 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 12 years (The Company only: 12 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	3.1%	3.1%	3.1%	3.1%
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 2016 and 2015 are summarised below:

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate				
31 December 2016	(7)	7	(6)	6
31 December 2015	(6)	7	(6)	6

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate				
31 December 2016	17	(15)	16	(14)
31 December 2015	15	(13)	14	(12)

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate				
(depending on age)				
31 December 2016	(15)	19	(14)	17
31 December 2015	(13)	15	(14)	12

## 21. Debentures

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2016	2015	2016	2015
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2013	Fixed rate 4.05%	3 years	At maturity	18 September 2016	-	4,000,000	530,000	4,000,000
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	7 March 2017	1,000,000	1,000,000	520,000	1,000,000
No. 2/2014	Fixed rate 3.53%	3 years	At maturity	25 July 2017	530,000	530,000	2,000,000	530,000
No. 3/2014	Fixed rate 3.53%	3 years	At maturity	8 August 2017	520,000	520,000	1,000,000	520,000
No. 4/2014	Fixed rate 3.54%	3 years	At maturity	1 September 2017	2,000,000	2,000,000	1,000,000	2,000,000
No. 5/2014	Fixed rate 3.47%	5 years	At maturity	26 December 2019	1,000,000	1,000,000	2,500,000	1,000,000
No. 1/2015	Fixed rate 3.05%	3 years	At maturity	24 February 2018	1,000,000	1,000,000	2,700,000	1,000,000
No. 2/2015	Fixed rate 2.25%	3 years	At maturity	15 September 2018	2,500,000	2,500,000	3,000,000	2,500,000
No. 1/2016	Fixed rate 2.10%	3 years	At maturity	5 August 2019	2,700,000	-	2,700,000	-
No. 2/2016	Fixed rate 2.25%	3 years	At maturity	11 October 2019	3,000,000	-	3,000,000	-
Total					<u>14,250,000</u>	<u>12,550,000</u>	14,250,000	12,550,000
Less: Current portion of debentures							(4,050,000)	(4,000,000)
Net							<u>10,200,000</u>	<u>8,550,000</u>

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

On 7 April 2016, the Annual General Meeting of the Company's shareholders passed the resolution to decrease the registered capital of the Company from Baht 13,151,315,446 to Baht 13,151,198,025 by cancelling the registered ordinary shares remaining after the stock dividend allocation of 117,421 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Annual General Meeting for the year 2015.

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:

- 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.
- 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 significant details of the Employee Joint Investment Program (EJIP) 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 75% of shares accumulated* After the 4th year, employee can sell 75% of shares accumulated* After the 5th year, employee can sell all shares
EJIP program manager	Phillip Securities Public Company Limited

\* Previous conditions: After the 3rd year, employee can sell 25% of shares accumulated and after the 4th year, employee can sell 50% of shares accumulated. The new conditions have been effective starting from 15 June 2016 onwards.

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

During the year 2016, the Company contributed Baht 27 million to the program (2015: Baht 24 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 2016, the Company has set aside statutory reserve at Baht 207 million (2015: Baht 177 million).

## 25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salaries and wages and other				
employee benefits	4,237	4,010	3,751	3,634
Premises expenses	1,730	1,494	1,569	1,583
Depreciation and amortisation	2,905	2,721	2,515	2,440
Sales promotion and operation				
support expenses	3,399	3,109	3,123	2,935
Financial costs	653	544	503	544
Tax expenses and fees	1,099	1,027	1,083	1,002
Changes in finished goods	1,666	627	983	252

## 26. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	1,012,832	926,483	999,500	910,589
Adjustment in respect of income tax				
of previous year	569	207	(215)	241
Relating to origination and reversal				
of temporary differences	(43,677)	(8,695)	(35,204)	(18,503)
<b>Income tax expenses reported in</b>				
<b>    the statement of comprehensive</b>				
<b>    income</b>	<u>969,724</u>	<u>917,995</u>	<u>964,081</u>	<u>892,327</u>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
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	
	2016	2015	2016	2015
Accounting profit before tax	5,094,919	4,416,803	5,110,127	4,417,662
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,018,984	883,361	1,022,025	883,532
Adjustment in respect of income tax of previous year	569	207	(215)	241
Unused tax loss which has not recognised as deterred tax assets	11,848	16,510	-	-
Effects of:				
Income not subject to tax	-	-	(17,999)	(12,000)
Non-deductible expenses	35,662	27,676	29,106	25,352
Additional expense deductions allowed	(97,989)	(6,456)	(69,398)	(4,931)
Others	650	(3,303)	562	133
Total	(61,677)	17,917	(57,729)	8,554
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>969,724</b>	<b>917,995</b>	<b>964,081</b>	<b>892,327</b>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	5,949	3,131	5,743	3,131
Allowance for diminution in value of inventories	97,041	85,241	84,521	76,921
Allowance for asset impairment	17,490	3,510	17,490	3,510
Provision for long-term employee benefits	33,435	29,295	30,811	27,445
Deferred purchase discount	7,228	5,722	7,202	5,707
Actuarial loss	3,645	3,645	2,180	2,180
Unused tax loss	8,124	4,842	-	-
Provision	6,080	-	6,080	-
Others	71	-	71	-
<b>Deferred tax assets - net</b>	<b>179,063</b>	<b>135,386</b>	<b>154,098</b>	<b>118,894</b>

As at 31 December 2016 the Company and its subsidiaries have deductible temporary differences totaling Baht 406 million (2015: Baht 335 million) (The Company only: Baht 391 million, 2015: Baht 326 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.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the year (Thousand Baht)	4,125,196	3,498,811	4,146,046	3,525,335
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)	0.31	0.27	0.32	0.27

## 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)

	2016	2015
<b>Sales income from external customers</b>		
Thailand	56,381	52,048
Malaysia	547	465
Total	<u>56,928</u>	<u>52,513</u>
<b>Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)</b>		
Thailand	35,459	33,334
Malaysia	207	154
Total	<u>35,666</u>	<u>33,488</u>

### Major customers

For the years 2016 and 2015, 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 2016, the Company and its subsidiaries contributed Baht 85 million (2015: Baht 71 million) to the fund (The Company only: Baht 65 million, 2015: Baht 64 million).

## 30. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
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	0.10
Total for 2015		<u>3,041</u>	
Final dividends for 2015	Annual General Meeting of the shareholders on 7 April 2016	1,973	0.15
Interim dividends for 2016	Board of Director Meeting of the Company on 30 August 2016	1,578	0.12
Total for 2016		<u>3,551</u>	

## 31. Commitments and contingent liabilities

### 31.1 Capital commitment

The Company and its subsidiaries had capital commitments with several companies relating to the construction of retail stores. The obligations of construction are subject to the retail stores expansion and construction plan of each period determined by the management.

### 31.2 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:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Payable:				
In up to 1 year	113	97	104	92
In over 1 and up to 5 years	506	434	467	412
In over 5 years	3,057	2,331	2,714	2,119

- 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	
	2016	2015	2016	2015
Payable:				
In up to 1 year	118	114	100	100
In over 1 and up to 5 years	502	407	401	402
In over 5 years	813	902	813	902

### 31.3 Long-term service commitments

- a) 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 monthly service fee at a percentage of the subsidiary's actual cost, as stipulated in the agreement.
- b) The Company has entered into the agreement with a subsidiary to provide administrative services and inventory management services. Under the conditions of the agreement, the Company shall receive monthly service fee at a percentage of the actual sales and a percentage of the actual cost, as stipulated in the agreement.

### **31.4 Long-term lease agreements - as leaser**

As at 31 December 2016, the Company has entered into 8 agreements (2015: 7 agreements) with 4 companies (2015: 3 companies) to lease and sub-lease parts of premises in 7 branches (2015: 6 branches) for periods of 18 - 30 years, with a total of rental received in advance amounting to Baht 651 million (2015: Baht 642 million). The terms of the agreements are until 2033 - 2039. 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 2016, the outstanding balance of rental received in advance, net of recognised rental income was Baht 406 million (2015: Baht 418 million).

### **31.5 Guarantees**

- a) As at 31 December 2016, there were outstanding bank guarantees of Baht 189 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 (2015: Baht 167 million) (The Company only: Baht 177 million, 2015: Baht 160 million). Bank guarantee of Baht 12 million (2015: Baht 7 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2016, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 2 million and CNY 2 million (2015: USD 3 million and CNY 3 million).

### **31.6 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 2016, the Company has other cases for a total claimed amount of Baht 2 million (2015: Baht 0.8 million) which are currently being considered by the Court. 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 2016 and 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)				
As at 31 December 2016				
Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	5,152	5,152
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	14,325	-	14,325
(Unit: Million Baht)				
As at 31 December 2015				
Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	5,002	5,002
Favourable foreign exchange forward contracts	-	-	2	2
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	12,788	-	12,788

(Unit: Million Baht)

As at 31 December 2016				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	5,995	5,995
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	14,325	-	14,325

(Unit: Million Baht)

As at 31 December 2015				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	5,808	5,808
Favourable foreign exchange forward contracts	-	-	1	1
<b>Liabilities for which fair value are disclosed</b>				
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 2016						
Fixed interest rates						
	Within 1 year	Over 1 - 5 years	Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	2,600	-	544	576	3,720	0.37 - 0.80
Trade and other receivables	-	-	-	1,895	1,895	-
	<u>2,600</u>	<u>-</u>	<u>544</u>	<u>2,471</u>	<u>5,615</u>	
<b>Financial liabilities</b>						
Short-term loans from						
financial institutions	1,507	-	-	-	1,507	1.65 - 3.65
Trade and other payables	-	-	-	14,032	14,032	-
Long-term loans	700	400	-	-	1,100	3.59 - 3.71
Debentures	4,050	10,200	-	-	14,250	2.10 - 3.63
	<u>6,257</u>	<u>10,600</u>	<u>-</u>	<u>14,032</u>	<u>30,889</u>	
Consolidated financial statements						
As at 31 December 2015						
Fixed interest rates						
	Within 1 year	Over 1 - 5 years	Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	1,870	-	231	597	2,698	0.37 - 3.40
Trade and other receivables	-	-	-	1,722	1,722	-
	<u>1,870</u>	<u>-</u>	<u>231</u>	<u>2,319</u>	<u>4,420</u>	
<b>Financial liabilities</b>						
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
	<u>4,700</u>	<u>9,650</u>	<u>-</u>	<u>12,773</u>	<u>27,123</u>	

Separate financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	2,600	-	345	466	3,411	0.37 - 0.80
Trade and other receivables	-	-	-	1,838	1,838	-
Short-term loans to related parties	4,014	-	-	-	4,014	4.50 - 4.75
	<u>6,614</u>	<u>-</u>	<u>345</u>	<u>2,304</u>	<u>9,263</u>	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	1,500	-	-	-	1,500	1.65
Trade and other payables	-	-	-	11,867	11,867	-
Short-term loan from related party	100	-	-	-	100	1.75
Long-term loan	700	400	-	-	1,100	3.59 - 3.71
Debentures	4,050	10,200	-	-	14,250	2.10 - 3.63
	<u>6,350</u>	<u>10,600</u>	<u>-</u>	<u>11,867</u>	<u>28,817</u>	

Separate financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	1,870	-	28	493	2,391	0.37 - 1.00
Trade and other receivables	-	-	-	1,602	1,602	-
Short-term loans 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>	
<b>Financial liabilities</b>						
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>	

### 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
CNY	-	-	6	4	5.14	5.53
MYR	7	1	31	12	7.97	8.42

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
CNY	-	-	6	4	5.14	5.53

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from goods purchase transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts. As at 31 December 2016 and 2015, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements					
As at 31 December 2016					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	35.92 - 36.03	-	Within July 2017

Consolidated financial statements					
As at 31 December 2015					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(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 2016					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	35.92 - 36.03	-	Within July 2017

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

### 33.2 Fair values of financial instruments

As at 31 December 2016 and 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)			
	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	3,720	3,720	3,411	3,411
Trade and other receivables	1,895	1,895	1,838	1,838
Short-term loans to related parties	-	-	4,014	4,014
<b>Financial liabilities</b>				
Short-term loans from financial institutions	1,507	1,507	1,500	1,500
Trade and other payables	14,032	14,032	11,867	11,867
Short-term loan from related party	-	-	100	100
Long-term loans	1,100	1,100	1,100	1,100
Debentures	14,250	14,325	14,250	14,325

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
Trade and other payables	12,773	12,773	11,177	11,177
Short-term loan from related party	-	-	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:

- a) 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.
- b) 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.
- c) 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.

During the current period, there was no transfer within the fair value hierarchy.

#### **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.

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 long-term loans and debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 1.75:1 for long-term loans and a debt-to-equity ratio of not more than 2.50:1 for debentures.

#### **35. Events after the reporting period**

35.1 On 31 January 2017, Mega Home Center Company Limited, the subsidiary which the Company hold 99.99% of shares, passed a resolution to increase its registered capital, which raised from the previous registered capital of Baht 1,000 million (10 million ordinary shares at Baht 100 each) to Baht 1,500 million (15 million ordinary shares at Baht 100 each), and to call-up the subscriptions from shareholders. The Company made payment for the subscription on the same date. As a result of the above, the Company's proportionate holding in the equity of such subsidiary did not change.

35.2 On 27 February 2017, 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 2016 to December 2016. 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 3 May 2017. As the Company's Board of Directors Meeting held on 30 August 2016 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.12 per share. The interim dividend was paid on 28 September 2016. As a result, total dividend per share for the year 2016 is Baht 0.27 per share.

#### **36. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.