

Home Product Center Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2017

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, and the provision of services relevant to retail business, space rental and related services. Its registered address is at No. 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi.

As at 31 December 2017, the Company and its subsidiaries have a total of 102 branches (2016: 95 branches) (The Company only: 84 branches, 2016: 82 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 11 October 2016, 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	
			2017	2016
			Percent	Percent
Market Village Company Limited	Management of leasing space together with provision of facilities services	Thailand	100.00	100.00
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 its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards 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 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the note to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are 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 discount of goods purchase 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.

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 (weighted average 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 - 10 years
Furniture, fixtures and office equipment	-	3 - 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 accumulated impairment losses (if any).

Intangible assets (computer software) with finite lives are amortised on a systematic basis over the economic useful life (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 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 defined benefit plans 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 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 building 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 building 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		
	2017	2016	2017	2016	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Sales income	-	-	79,817	37,786	Actual cost plus margin
Rental and service income	-	-	268,734	239,752	Baht 3 million and Baht 20 million per month (2016: Baht 2 million and Baht 18 million)
Management service income	-	-	118,336	110,561	Actual cost and contact price
Dividend received	-	-	-	89,996	As declared
Service income	-	-	62,109	51,504	Actual cost
Service expense	-	-	317,161	351,578	Actual cost and contact price
Other expenses	-	-	16,957	17,191	Actual cost
Interest income	-	-	152,059	147,263	4.50% - 4.75% per annum
Interest expenses	-	-	1,750	2,065	1.75 % per annum

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2017	2016	2017	2016	
<u>Transactions with related companies</u>					
Sales income	36,952	51,564	36,952	51,564	Market price
Rental and service income	17,744	18,005	17,744	18,005	Contact price
Interest income	24,366	16,854	24,366	16,854	0.25% - 0.80% per annum (2016: 0.75% - 1.00% per annum)
Rental and service expenses	23,796	21,188	23,796	21,188	Percentage of revenue but not less than a minimum rate

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	1,744,446	2,728,457	1,695,780	2,689,413
<u>Trade and other receivables</u>				
Subsidiaries	-	-	254,083	146,163
Related company ⁽¹⁾	609	2,479	609	2,479
Related company ⁽²⁾	3,918	5,951	3,875	5,576
Total	4,527	8,430	258,567	154,218
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	3,337,970	4,014,082
<u>Rental guarantee deposits</u>				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
<u>Trade and other payables</u>				
Subsidiaries	-	-	28,703	42,291
Related company ⁽¹⁾	1,743	1,689	1,743	1,689
Total	1,743	1,689	30,446	43,980
<u>Short-term loan from related party</u>				
Subsidiary	-	-	100,000	100,000

Relationship with the related companies

(1) has common major shareholders

(2) the major shareholders

Short-term loans to related parties

As at 31 December 2017, the Company has granted unsecured loans of Baht 3,338 million (2016: Baht 4,014 million) to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% per annum (2016: 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 2017
	Balance as at 1 January 2017	During the year		
		Increase	Decrease	
Short-term loans to related parties				
Mega Home Center Company Limited	3,837,000	685,000	(1,238,000)	3,284,000
Home Product Center (Malaysia) Sdn. Bhd.	177,082	53,970	(177,082)	53,970
Total	4,014,082	738,970	(1,415,082)	3,337,970

The decrease of short-term loans to Home Product Center (Malaysia) Sdn. Bhd. during the year was resulted from debt restructuring program as described in Note 11.

Short-term loan from related party

As at 31 December 2017 and 31 December 2016, the Company has received unsecured loan of Baht 100 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 2017
	Balance as at 1 January 2017	During the year		
		Increase	Decrease	
Short-term loan from related party				
Market Village Company Limited	100,000	-	-	100,000

Directors and management's benefits

During the year ended 31 December 2017 and 2016, 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	financial statements	financial statements
	2017	2016	2017	2016
Short-term benefits	196,927	147,905	178,412	132,625
Post-employment benefits	5,660	3,320	4,613	2,361
Total	<u>202,587</u>	<u>151,225</u>	<u>183,025</u>	<u>134,986</u>

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Cash	241,676	223,125	183,718	176,400
Bank deposits	623,237	897,459	415,347	635,225
Fixed deposits	1,640,000	2,600,000	1,640,000	2,600,000
Total	<u>2,504,913</u>	<u>3,720,584</u>	<u>2,239,065</u>	<u>3,411,625</u>

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.25% - 1.00% per annum (2016: between 0.75% - 0.80% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Trade accounts receivable	160,721	337,926	147,735	337,001
Other receivables	1,623,612	1,547,092	1,442,279	1,376,731
Income receivables	12,224	10,462	234,978	124,056
Total trade and other receivables	<u>1,796,557</u>	<u>1,895,480</u>	<u>1,824,992</u>	<u>1,837,788</u>

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts receivable	42,293	137,032	38,475	141,903
Credit card and coupon receivable	121,487	203,642	112,319	197,846
Total	163,780	340,674	150,794	339,749
Less: Allowance for doubtful debts	(3,059)	(2,748)	(3,059)	(2,748)
Total trade accounts receivable - net	160,721	337,926	147,735	337,001

The outstanding balances of trade accounts receivable as at 31 December 2017 and 2016 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade receivables</u>				
Not yet due	157,353	334,297	138,890	327,886
Past due				
Up to 3 months	5,707	5,205	11,271	10,802
3 - 6 months	59	103	7	-
6 - 12 months	26	24	-	17
Over 12 months	635	1,045	626	1,044
Total	163,780	340,674	150,794	339,749
Less: Allowance for doubtful debts	(3,059)	(2,748)	(3,059)	(2,748)
Total trade receivables - net	160,721	337,926	147,735	337,001

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 2017 and 2016 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Age of receivables				
Not yet due	764,644	853,604	678,110	780,529
Past due				
Up to 3 months	815,056	655,704	745,995	588,489
3 - 6 months	22,908	19,717	15,538	7,567
6 - 12 months	12,855	16,437	6,184	6,517
Over 12 months	36,608	28,625	23,036	19,597
Total	1,652,071	1,574,087	1,468,863	1,402,699
Less: Allowance for doubtful debts	(28,459)	(26,995)	(26,584)	(25,968)
Total other receivables - net	<u>1,623,612</u>	<u>1,547,092</u>	<u>1,442,279</u>	<u>1,376,731</u>

9. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Inventories	13,097,419	12,276,527	10,533,532	10,071,245
Less: Reduce cost to net realisable value	(482,288)	(410,656)	(453,172)	(390,623)
Net	12,615,131	11,865,871	10,080,360	9,680,622
Less: Inventories - repaid its cost when sold	(1,816,936)	(1,709,121)	(1,462,457)	(1,411,055)
Purchase discount	(455,205)	(485,205)	(390,605)	(422,605)
Inventories - net	<u>10,342,990</u>	<u>9,671,545</u>	<u>8,227,298</u>	<u>7,846,962</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 158 million (2016: Baht 149 million) (The Company only: Baht 136 million, 2016: Baht 131 million), to reflect the net realisable value. This was included in selling expenses. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 86 million (2016: Baht 79 million) (The Company only: Baht 73 million, 2016: Baht 68 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	
	2017	2016	2017	2016
Prepaid expenses	138,380	128,632	102,855	107,902
Suspend input value added tax	36,586	36,483	34,276	32,158
Others	26,436	25,090	11,031	11,443
Total other current assets	201,402	190,205	148,162	151,503

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	
	2017	2016	2017	2016	2017	2016	2017	2016
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	89,996
Home Product Center (Malaysia) Sdn. Bhd.	437,177	251,179	100.00	100.00	437,177	251,179	-	-
Mega Home Center Company Limited	1,500,000	1,000,000	99.99	99.99	1,500,000	1,000,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
					<u>1,944,677</u>	<u>1,258,679</u>	<u>-</u>	<u>89,996</u>

During the year, the significant changes in investments in subsidiaries are as follows.

Home Product Center (Malaysia) Sdn. Bhd.

On 31 March 2017, Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary, passed a resolution to enter into debt restructuring program by converting its principal of short-term loans from the Company amounting Baht 177 million and related accrued interest at Baht 9 million, totaling Baht 186 million (MYR 24 million) in exchange with the subsidiary's ordinary shares at the same amount ("the transaction"). Upon the completion of the transaction, the registered capital of the subsidiary would be increased from Baht 251 million (MYR 25 million) to Baht 437 million (MYR 49 million). However, the Company's proportionate holding in the equity of the subsidiary did not change from the transaction. The subsidiary completed its regulatory process of the transaction on 5 May 2017.

Mega Home Center Company Limited

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

12. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 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 2017				
Cost	150,000	4,057,121	1,721	4,208,842
Less: Accumulated depreciation	-	(1,394,361)	-	(1,394,361)
Net book value	150,000	2,662,760	1,721	2,814,481
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	150,000	2,800,523	96,428	3,046,951

(Unit: Thousand Baht)

	Separate financial statements			
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	Total
31 December 2017				
Cost	1,326,862	4,057,121	1,721	5,385,704
Less: Accumulated depreciation	-	(1,394,361)	-	(1,394,361)
Net book value	1,326,862	2,662,760	1,721	3,991,343
31 December 2016				
Cost	992,980	3,912,650	96,428	5,002,058
Less: Accumulated depreciation	-	(1,112,127)	-	(1,112,127)
Net book value	992,980	2,800,523	96,428	3,889,931

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Net book value at beginning of year	3,046,951	3,218,238	3,889,931	4,024,163
Additions	52,587	150,221	52,587	150,222
Transfer from property, plant and equipment - at cost	-	-	333,882	37,054
Disposals and written-off				
- net book value	(425)	(106)	(425)	(106)
Depreciation charged	(284,632)	(321,402)	(284,632)	(321,402)
Net book value at end of year	<u>2,814,481</u>	<u>3,046,951</u>	<u>3,991,343</u>	<u>3,889,931</u>

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Land and buildings	5,205	5,152	5,205	5,152
Land	-	-	1,177	843

As at 31 December 2017 and 2016, 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 2017 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
Cost:							
1 January 2016	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)	(406)	(99,085)
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	1,003,998	42,564,519
Additions	333,882	220,098	60,571	346,023	440	1,562,975	2,523,989
Disposals and written-off	-	(35,956)	(13,304)	(109,201)	(529)	(162)	(159,152)
Transfers in (out)	-	2,191,248	155	77,455	-	(2,268,858)	-
Translation adjustment	-	646	55	600	-	537	1,838
31 December 2017	8,531,847	27,728,273	641,004	7,658,981	72,599	298,490	44,931,194
Accumulated depreciation:							
1 January 2016	-	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
Depreciation for the year	-	1,623,411	65,594	944,658	8,251	-	2,641,914
Depreciation on disposals and written-off	-	(34,301)	(12,929)	(106,324)	(505)	-	(154,059)
Translation adjustment	-	108	32	240	-	-	380
31 December 2017	-	9,018,433	538,390	5,810,505	58,265	-	15,425,593
Allowance for impairment loss:							
1 January 2016	9,430	8,119	-	-	-	-	17,549
Increase during the year	32,000	54,062	-	-	-	-	86,062
Decrease during the year	-	(16,161)	-	-	-	-	(16,161)
31 December 2016	41,430	46,020	-	-	-	-	87,450
Decrease during the year	-	(4,320)	-	-	-	-	(4,320)
31 December 2017	41,430	41,700	-	-	-	-	83,130
Net book value:							
31 December 2016	8,156,535	17,877,002	107,834	2,372,173	22,169	1,003,998	29,539,711
31 December 2017	8,490,417	18,668,140	102,614	1,848,476	14,334	298,490	29,422,471
Depreciation for the year							
2016 (Baht 2,384 million included in selling expenses, and the balance in administrative expenses)							2,459,724
2017 (Baht 2,855 million included in selling expenses, and the balance in administrative expenses)							2,641,914

(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 2016	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
Additions	333,882	162,693	47,054	212,964	440	1,014,528	1,771,561
Disposals and written-off	-	(35,956)	(12,855)	(107,687)	(529)	(162)	(157,189)
Transfer to investment properties	(333,882)	-	-	-	-	-	(333,882)
Transfers in (out)	-	1,706,610	-	16,255	-	(1,722,865)	-
31 December 2017	7,205,484	23,086,594	582,224	6,473,455	71,821	211,813	37,631,391
Accumulated depreciation:							
1 January 2016	-	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
Depreciation for the year	-	1,365,126	53,297	729,454	8,140	-	2,156,017
Depreciation on disposals and written-off	-	(34,301)	(12,802)	(105,162)	(505)	-	(152,770)
31 December 2017	-	8,322,100	500,006	5,185,850	57,487	-	14,065,443
Allowance for impairment loss:							
1 January 2016	9,430	8,119	-	-	-	-	17,549
Increase during the year	32,000	54,062	-	-	-	-	86,062
Decrease during the year	-	(16,161)	-	-	-	-	(16,161)
31 December 2016	41,430	46,020	-	-	-	-	87,450
Decrease during the year	-	(4,320)	-	-	-	-	(4,320)
31 December 2017	41,430	41,700	-	-	-	-	83,130
Net book value:							
31 December 2016	7,164,054	14,215,952	88,514	1,790,365	22,058	920,312	24,201,255
31 December 2017	7,164,054	14,722,794	82,218	1,287,605	14,334	211,813	23,482,818
Depreciation for the year							
2016 (Baht 2,011 million included in selling expenses, and the balance in administrative expenses)							2,079,789
2017 (Baht 2,375 million included in selling expenses, and the balance in administrative expenses)							2,156,017

As at 31 December 2017, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 10 million (2016: Baht 20 million) (The Company only: Baht 8 million, 2016: Baht 10 million).

As at 31 December 2017, 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 4,220 million (2016: Baht 3,517 million) (The Company only: Baht 4,167 million, 2016: Baht 3,478 million).

Part of the land of the company were expropriated by the Royal Decree for expropriation of land in order to construct motorways which will pass through our 3 land plots. Currently the number of land plot and boundary line is still uncertain, it is on the process of setting the boundary line for the land to be expropriated between the Department of Highways and the Department of Lands. The company reserved allowance for impairment loss on land and building Baht 32 million and Baht 20 million, respectively.

14. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2016	537,372	486,248
Acquisitions during the year	116,239	116,038
Translation adjustment	(42)	-
31 December 2016	653,569	602,286
Acquisitions during the year	108,642	108,248
Translation adjustment	5	-
31 December 2017	762,216	710,534
Accumulated amortisation		
1 January 2016	185,239	173,296
Amortisation for the year	42,308	37,139
Translation adjustment	(14)	-
31 December 2016	227,533	210,435
Amortisation for the year	43,391	38,146
Translation adjustment	3	-
31 December 2017	270,927	248,581
Net book value		
31 December 2016	426,036	391,851
31 December 2017	491,291	461,953

15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2016	2,618,135	2,389,539
Acquisitions during the year	441,033	365,280
31 December 2016	3,059,168	2,754,819
Acquisitions during the year	198,069	147,828
Written-off	(501)	(501)
31 December 2017	3,256,736	2,902,146
Accumulated amortisation		
1 January 2016	460,230	456,226
Amortisation for the year	81,516	76,483
31 December 2016	541,746	532,709
Amortisation for the year	95,903	86,283
Amortisation on written-off	(501)	(501)
31 December 2017	637,148	618,491
Net book value		
31 December 2016	2,517,422	2,222,110
31 December 2017	2,619,588	2,283,655

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2017	2016	2017	2016	2017	2016
Bill of exchange - Baht	1.70	1.65	145,000	1,500,000	-	1,500,000
Bill of exchange - Foreign currency	3.66 - 4.81	3.65	196,138	7,405	-	-
Total short-term loans from financial institutions			341,138	1,507,405	-	1,500,000

As at 31 December 2017, the Company and its subsidiaries had overdraft lines from banks totaling Baht 305 million (2016: Baht 305 million) (Company only Baht 275 million 2016: Baht 275 million) and other credit Facilities totaling Baht 14,470 million and MYR 38 million (2016: Baht 12,927 million and MYR 61 million) (Company only: Baht 14,220 million 2016: Baht 12,927 million).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts payable	11,900,886	11,894,819	10,032,704	10,038,528
Other payables	644,417	551,006	562,717	469,616
Other payables for purchase of assets	140,376	329,947	79,433	233,350
Accrued expenses	1,399,254	1,255,805	1,220,634	1,125,174
Total trade and other payables	<u>14,084,933</u>	<u>14,031,577</u>	<u>11,895,488</u>	<u>11,866,668</u>

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements			
	Portion due within one year		Portion due over one year	
	2017	2016	2017	2016
Liabilities under financial lease agreements	5,276	8,051	6,500	11,775
Less: Deferred interest expense	(512)	(858)	(775)	(1,286)
Net	<u>4,764</u>	<u>7,193</u>	<u>5,725</u>	<u>10,489</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Portion due within one year		Portion due over one year	
	2017	2016	2017	2016
Liabilities under financial lease agreements	2,551	2,471	6,500	9,051
Less: Deferred interest expense	(457)	(563)	(775)	(1,232)
Net	<u>2,094</u>	<u>1,908</u>	<u>5,725</u>	<u>7,819</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 2017		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	5,276	6,500	11,776
Deferred interest expenses	(512)	(775)	(1,287)
Present value of future minimum lease payments	<u>4,764</u>	<u>5,725</u>	<u>10,489</u>

(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)

	Separate financial statements		
	31 December 2017		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,551	6,500	9,051
Deferred interest expenses	(457)	(775)	(1,232)
Present value of future minimum lease payments	<u>2,094</u>	<u>5,725</u>	<u>7,819</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>

19. Long-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2017	2016	2017	2016	2017	2016
Long-term loans - Baht	3.59 and 3.71	3.59 - 3.71	400,000	1,100,000	400,000	1,100,000
Long-term loans - MYR	COF + 1.10*	-	111,168	-	-	-
Total long-term loans			511,168	1,100,000	400,000	1,100,000
Less: Current portion of long-term loans			(300,000)	(700,000)	(300,000)	(700,000)
Long-term loans - net of current portion			211,168	400,000	100,000	400,000

* The Bank's cost of fund ("COF") plus 1.10% per annum.

- a) Long-term loans in Baht are unsecured long-term credit facilities from a financial institution, comprising three loans agreements. Payment of interest is scheduled on a quarterly basis and payment of principal is scheduled in installments, every 6 months. Full repayment is to be made within 10 installments or within 60 months after first principal draw down. 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.
- b) Long-term loans in MYR are loan facilities from an overseas financial institution of Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary. Payment of interest and principal is scheduled on a monthly basis. Full repayment is to be made within 7 years after first principal drawdown. The first installment of the principal is to commence on the 25th month from the first principal drawdown. The loans are secured by a 100% corporate guarantee provided by the Company, together with the requirement to maintain the Company's shareholding directly or indirectly, of the subsidiary at not less than 51%. The loan agreements contain covenants as specified in the agreements that, among other things, require the subsidiary 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	
	2017	2016	2017	2016
Provision for long-term employee benefits				
at beginning of year	185,754	165,053	165,307	148,473
Included in profit or loss:				
Current service cost	40,177	18,336	35,046	15,212
Interest cost	7,366	4,798	6,704	4,055
Included in other comprehensive income:				
Demographic assumptions changes	2,115	-	1,939	-
Financial assumptions changes	24,034	-	23,722	-
Experience adjustments	33,571	-	32,403	-
Actuarial loss	59,720	-	58,064	-
Benefits paid during the year	(30,781)	(2,433)	(30,715)	(2,433)
Provision for long-term employee benefits at end of year	262,236	185,754	234,406	165,307

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	
	2017	2016	2017	2016
Selling and administrative expenses	47,543	23,134	41,750	19,267

As at 31 December 2017, the Company and its subsidiaries expect to pay Baht 27 million of long-term employee benefits during the next year (2016: Baht 8 million) (The company only: Baht 24 million, 2016: Baht 8 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2016: 12 years) (The Company only: 11 years 2016: 12 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Discount rate	3.0%	3.1%	3.0%	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 - 40%	0 - 50%	0 - 35%	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 2017 and 2016 are summarised below:

(Unit: million Baht)

Discount rate	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
31 December 2017	(11)	12	(10)	11
31 December 2016	(7)	7	(6)	6

(Unit: million Baht)

Salary increase rate	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
31 December 2017	17	(30)	16	(27)
31 December 2016	17	(15)	16	(14)

(Unit: million Baht)

Turnover rate (depending on age)	Consolidated		Separate	
	financial statements		financial statements	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
31 December 2017	(18)	22	(16)	19
31 December 2016	(15)	19	(14)	17

21. Debentures

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2017	2016	2017	2016
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	7 March 2017	-	1,000,000	-	1,000,000
No. 2/2014	Fixed rate 3.53%	3 years	At maturity	25 July 2017	-	530,000	-	530,000
No. 3/2014	Fixed rate 3.53%	3 years	At maturity	8 August 2017	-	520,000	-	520,000
No. 4/2014	Fixed rate 3.54%	3 years	At maturity	1 September 2017	-	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	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	2,500,000	2,500,000
No. 1/2016	Fixed rate 2.10%	3 years	At maturity	5 August 2019	2,700,000	2,700,000	2,700,000	2,700,000
No. 2/2016	Fixed rate 2.25%	3 years	At maturity	14 October 2019	3,000,000	3,000,000	3,000,000	3,000,000
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	27 April 2020	4,000,000	-	4,000,000	-
Total					14,200,000	14,250,000	14,200,000	14,250,000
Less: Current portion of debentures							(3,500,000)	(4,050,000)
Net							10,700,000	10,200,000

Such debentures contain certain covenants and restrictions, among others, 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.

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 2017 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 2017, the Company contributed Baht 28 million to the program (2016: Baht 27 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 2017, the Company has set aside statutory reserve at Baht 55 million (2016: Baht 207 million). At present, the statutory reserve has fully been set aside.

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	4,526	4,237	3,956	3,751
Premises expenses	1,801	1,730	1,603	1,569
Depreciation and amortisation	3,066	2,905	2,565	2,515
Sales promotion and operation support expenses	3,607	3,399	3,278	3,123
Financial costs	448	504	435	503
Tax expenses and fees	1,230	1,099	1,210	1,083
Changes in finished goods	749	1,666	400	983

26. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	1,110,131	1,012,832	1,106,348	999,500
Adjustment in respect of income tax of previous year	(11,046)	504	(10,895)	(215)
Adjustment in loss on income tax of previous year	(2,333)	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	3,618	(43,677)	6,080	(35,204)
Income tax expenses reported in the statement of comprehensive income	1,100,370	969,724	1,101,533	964,081

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial loss	(11,944)	-	(11,613)	-

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit before tax	5,986,758	5,094,919	5,899,818	5,110,127
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,197,352	1,018,984	1,179,964	1,022,025
Adjustment in respect of income tax of previous year	(11,046)	569	(10,895)	(215)
Adjustment in loss on income tax of previous year	(2,333)	-	-	-
Unused tax loss which has not recognised as deterred tax assets	15,886	11,848	-	-
Effects of:				
Change in value of investment accounted for the equity method	538	160	-	-
Income not subject to tax	-	-	-	(17,999)
Non-deductible expenses	29,926	35,662	25,974	29,106
Additional expense deductions allowed	(130,011)	(97,989)	(93,568)	(69,398)
Others	58	490	58	562
Total	(99,489)	(61,677)	(67,536)	(57,729)
Income tax expenses reported in the statement of comprehensive income	1,100,370	969,724	1,101,533	964,081

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	6,241	5,949	5,929	5,743
Allowance for diminution in value of inventories	91,041	97,041	78,121	84,521
Allowance for asset impairment	16,626	17,490	16,626	17,490
Provision for long-term employee benefits	37,294	33,435	33,525	30,811
Deferred purchase discount	7,739	7,228	7,674	7,202
Actuarial loss	15,154	3,645	13,356	2,180
Unused tax loss	11,221	8,124	-	-
Provision	4,400	6,080	4,400	6,080
Others	6	71	-	71
Deferred tax assets - net	189,722	179,063	159,631	154,098

As at 31 December 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 503 million (2016: Baht 418 million) (The Company only: Baht 453 million, 2016: Baht 391 million). No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe that the temporary differences and unused tax losses 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	
	2017	2016	2017	2016
Profit for the year (Thousand Baht)	4,886,387	4,125,196	4,798,285	4,146,046
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)	0.37	0.31	0.36	0.32

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, and the provision of services relevant to retail and wholesale business, space rental and services (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)

	2017	2016
Sales income from external customers		
Thailand	58,964	56,381
Malaysia	924	547
Total	<u>59,888</u>	<u>56,928</u>
Non-current assets (other than deferred tax assets)		
Thailand	35,127	35,459
Malaysia	391	207
Total	<u>35,518</u>	<u>35,666</u>

Major customers

For the years 2017 and 2016, 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 2017, the Company and its subsidiaries contributed Baht 82 million (2016: Baht 74 million) to the fund (The Company only: Baht 72 million, 2016: Baht 65 million).

30. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
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		<u>3,551</u>	
Final dividends for 2016	Annual General Meeting of the shareholders on 7 April 2017	1,973	0.15
Interim dividends for 2017	Board of Director Meeting of the Company on 30 August 2017	1,709	0.13
Total		<u>3,682</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 - as a lessee

- 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	
	2017	2016	2017	2016
Payable:				
In up to 1 year	123	113	112	104
In over 1 and up to 5 years	538	506	480	467
In over 5 years	3,355	3,057	2,743	2,714

- 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	
	2017	2016	2017	2016
Payable:				
In up to 1 year	154	118	107	100
In over 1 and up to 5 years	479	502	402	401
In over 5 years	768	813	768	813

31.3 Long-term service commitments and rental 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 agreements to provide administrative services to two subsidiaries and inventory management services to one subsidiary. Under the conditions of the agreements, the Company receives monthly services fee at a percentage of sales, rental and service income, and a percentage of the actual cost, as stipulated in the agreements.
- c) The Company has entered into land lease agreements and an agreement to lease commercial space including related services with two subsidiaries. The terms of the agreements are 3 and 30 years. Under the conditions of the agreements, the Company receives monthly rental and service fees at rates stipulated in the agreements. The agreements are non-cancelable, except with the consent of the counterparties.

31.4 Long-term lease agreements - as a lessor

As at 31 December 2017, the Company has entered into 8 agreements (2016: 8 agreements) with 4 companies (2016: 4 companies) to lease and sub-lease parts of premises in 9 branches (2016: 8 branches) for periods of 18 - 30 years, with a total of rental received in advance amounting to Baht 649 million (2016: Baht 647 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 2017, the outstanding balance of rental received in advance, net of recognised rental income was Baht 382 million (2016: Baht 406 million).

31.5 Guarantees

- a) As at 31 December 2017, there were outstanding bank guarantees of Baht 145 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 (2016: Baht 189 million) (The Company only: Baht 132 million 2016: Baht 177 million). Bank guarantee of Baht 13 million (2016: Baht 12 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2017, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 2 million and CNY 2 million (2016: USD 2 million and CNY 2 million).
- c) As at 31 December 2017, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 76 million (2016: Baht 280 million and MYR 62 million) to financial institutions.

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 2017, 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 2017, the Company has other cases for a total claimed amount of Baht 4 million (2016: Baht 2 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 2017 and 2016, 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			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	5,205	5,205
Liability for which fair value are disclosed				
Debentures	-	14,446	-	14,446

(Unit: Million Baht)			
Consolidated Financial Statements			
As at 31 December 2016			
Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed			
Investment properties	-	5,152	5,152
Liability for which fair value are disclosed			
Debentures	14,325	-	14,325

(Unit: Million Baht)			
Separate Financial Statements			
As at 31 December 2017			
Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed			
Investment properties	-	6,382	6,382
Liability for which fair value are disclosed			
Debentures	14,446	-	14,446

(Unit: Million Baht)			
Separate Financial Statements			
As at 31 December 2016			
Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed			
Investment properties	-	995	995
Liability for which fair value are disclosed			
Debentures	1,325	-	1,325

33. Financial instruments

33.1 Financial risk management

The Company's and its subsidiaries' 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 and loans. 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 and loans, as stated in the statements of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relate primarily to its deposits with financial institutions, loans and debentures. However, since the Company's and its subsidiaries' financial assets bear floating interest rates or bear fixed interest rates which are close to the market rate, 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 2017						
	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	1,640	-	315	550	2,505	0.25 - 1.00
Trade and other receivables	-	-	-	1,797	1,797	-
	<u>1,640</u>	<u>-</u>	<u>315</u>	<u>2,347</u>	<u>4,302</u>	
Financial liabilities						
Short-term loans from						
financial institutions	341	-	-	-	341	1.70 - 4.81
Trade and other payables	-	-	-	14,085	14,085	-
Liabilities under finance						
lease agreements	5	6	-	-	11	5.25 - 7.21
Long-term loans	300	100	111	-	511	3.59, 3.71 and COF +1.10
Debentures	3,500	10,700	-	-	14,200	2.10 - 3.47
	<u>4,146</u>	<u>10,806</u>	<u>111</u>	<u>14,085</u>	<u>29,148</u>	

Consolidated 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				
Financial assets						
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>	
Financial liabilities						
Short-term loans from financial institutions	1,507	-	-	-	1,507	1.65 - 3.65
Trade and other payables	-	-	-	14,032	14,032	-
Liabilities under finance lease agreements	7	10	-	-	17	5.25 - 7.21
Long-term loans	700	400	-	-	1,100	3.59 - 3.71
Debentures	4,050	10,200	-	-	14,250	2.10 - 3.63
	<u>6,264</u>	<u>10,610</u>	<u>-</u>	<u>14,032</u>	<u>30,906</u>	

Separate financial statements

As at 31 December 2017

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	1,640	-	157	442	2,239	0.25 - 1.00
Trade and other receivables	-	-	-	1,825	1,825	-
Short-term loans to related parties	3,338	-	-	-	3,338	4.50
	<u>4,978</u>	<u>-</u>	<u>157</u>	<u>2,267</u>	<u>7,402</u>	
Financial liabilities						
Trade and other payables	-	-	-	11,895	11,895	-
Short-term loan from related party	100	-	-	-	100	1.75
Liabilities under finance lease agreements	2	6	-	-	8	5.25 - 7.21
Long-term loan	300	100	-	-	400	3.59 and 3.71
Debentures	3,500	10,700	-	-	14,200	2.10 - 3.47
	<u>3,902</u>	<u>10,806</u>	<u>-</u>	<u>11,895</u>	<u>26,603</u>	

Separate financial statements						
As at 31 December 2016						
	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	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>	
Financial liabilities						
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
Liabilities under finance						
lease agreements	2	8	-	-	10	5.25 - 7.21
Long-term loan	700	400	-	-	1,100	3.59 - 3.71
Debentures	4,050	10,200	-	-	14,250	2.10 - 3.63
	<u>6,352</u>	<u>10,608</u>	<u>-</u>	<u>11,867</u>	<u>28,827</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 as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Baht per 1 foreign currency unit)	<u>2016</u>
CNY	-	-	6	6	5.00	5.14
MYR	11	7	-	31	8.04	7.97
USD	-	-	1	-	32.64	35.78

Separate financial statements						
Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Baht per 1 foreign currency unit)	<u>2016</u>
CNY	-	-	6	6	5.00	5.14
USD	-	-	1	-	32.64	35.78

The Company's 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 2017 and 2016, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements / Separate financial statements					
As at 31 December 2017					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	2	-	32.42 - 33.05	-	Within June 2018

Consolidated financial statements / 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

33.2 Fair values of financial instruments

As at 31 December 2017 and 2016, 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 2017			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	2,505	2,505	2,239	2,239
Trade and other receivables	1,797	1,797	1,825	1,825
Short-term loans to related parties	-	-	3,338	3,338
Financial liabilities				
Short-term loans from financial institutions	341	341	-	-
Trade and other payables	14,085	14,085	11,895	11,895
Short-term loan from related party	-	-	100	100
Long-term loans	511	511	400	400
Debentures	14,200	14,446	14,200	14,446

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
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
Financial liabilities				
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

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 30 January 2018, the meeting of the Company's Board of Directors passed the following resolutions:

1. To issued unsubordinated and unsecured debentures of 2,000,000 units at Baht 1,000 each, or a total of Baht 2,000 million. The debentures carry fixed interest rate at 2.00% per annum, with a maturity of 3 years starting from date of issuance.
2. To approve the 2nd Employee Joint Investment Program (EJIP), with a total duration of 5 years as from 1 July 2018 to 30 June 2023.

35.2 On 27 February 2018, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from operating results of July 2017 to December 2017. The dividend will be paid by cash at the rate of Baht 0.18 per share or in the total amount not exceeding Baht 2,367.22 million. The payment of cash dividend shall be made within 8 May 2018. As the Company's Board of Directors Meeting held on 30 August 2017 has the resolution to approve interim dividend payment for the operating result for the period as from January 2017 to June 2017 to the shareholders as cash dividend of Baht 0.13 per share. The interim dividend was paid on 27 September 2017. As a result, total dividend per share for the year 2017 is Baht 0.31 per share.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2018.