

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

**Notes to interim consolidated financial statements**

**For the three-month and nine-month periods ended 30 September 2019**

**1. General information**

**1.1 The Company's 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 31 Prachachuennonthaburi Rd., Bangkok, Amphoe Muang, Nonthaburi.

As at 30 September 2019, the Company and its subsidiaries have a total of 111 branches (31 December 2018: 108 branches) (The Company only: 93 branches, 31 December 2018: 90 branches).

**1.2 Basis of preparation of interim financial statements**

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

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

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

### 1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Home Product Center Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. During the current period, there was no change in the structure of the Group.

### 1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s and its subsidiaries’ financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

(Unaudited but reviewed)

The Company and its subsidiaries adopted this financial reporting standard without any material affecting to the Company and its subsidiaries' financial statements. In addition, certain items in the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2018 have been reclassified as below, for comparison purpose without any affecting to net profit or shareholders' equity previously reported.

(Unit: Thousand Baht)

Consolidated financial statements			
	Previous		
	accounting policy	Reclassify	TFRS 15
<b>Statement of comprehensive income for the three-month period ended 30 September 2018</b>			
<b>Profit or loss:</b>			
Rental and service income	493,361	104,805	598,166
Other income	599,771	(104,805)	494,966
Cost of sales	11,157,781	163,924	11,321,705
Cost of rental and service	-	351,387	351,387
Selling, distribution and service expenses	3,065,776	(529,407)	2,536,369
Administrative expenses	470,606	14,096	484,702

(Unit: Thousand Baht)

Separate financial statements			
	Previous		
	accounting policy	Reclassify	TFRS 15
<b>Statement of comprehensive income for the three-month period ended 30 September 2018</b>			
<b>Profit or loss:</b>			
Rental and service income	434,408	100,912	535,320
Other income	596,380	(100,912)	495,468
Cost of sales	9,560,181	141,561	9,701,742
Cost of rental and service	-	316,356	316,356
Selling, distribution and service expenses	2,646,986	(490,242)	2,156,744
Administrative expenses	417,809	32,325	450,134

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements			
	Previous		
	accounting policy	Reclassify	TFRS 15
<b>Statement of comprehensive income for the nine-month period ended 30 September 2018</b>			
<b>Profit or loss:</b>			
Rental and service income	1,437,249	311,270	1,748,519
Other income	1,701,545	(311,270)	1,390,275
Cost of sales	33,317,610	448,913	33,766,523
Cost of rental and service	-	1,050,390	1,050,390
Selling, distribution and service expenses	9,016,234	(1,548,732)	7,467,502
Administrative expenses	1,377,303	49,429	1,426,732

(Unit: Thousand Baht)

Separate financial statements			
	Previous		
	accounting policy	Reclassify	TFRS 15
<b>Statement of comprehensive income for the nine-month period ended 30 September 2018</b>			
<b>Profit or loss:</b>			
Rental and service income	1,267,343	298,192	1,565,535
Other income	1,708,835	(298,192)	1,410,643
Cost of sales	28,348,017	390,016	28,738,033
Cost of rental and service	-	945,034	945,034
Selling, distribution and service expenses	7,741,185	(1,430,373)	6,310,812
Administrative expenses	1,223,454	95,323	1,318,777

**(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## 1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, and adoption of TFRS 15, *Revenue from Contracts with Customers* (as described in Note 1.4 (a) to the interim consolidated financial statements).

## 2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		Pricing policy
	2019	2018	2019	2018	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	62,291	42,207	Cost plus margin
Rental and service income	-	-	10,497	68,414	Baht 3 million per month (2018: Baht 3 million and Baht 19 million per month)
Management service income	-	-	8,404	19,764	Contract price (2018: Actual cost and contract price)
Service income	-	-	30,781	27,097	Actual cost and contract price
Interest income	-	-	21,153	26,401	3.00% per annum (2018: 3.00% and 4.50% per annum)
Service expense	-	-	126,863	90,454	Actual cost and contract price
Other expenses	-	-	5,261	2,326	Actual cost
Interest expenses	-	-	-	529	1.75% per annum
<b><u>Transactions with related companies</u></b>					
Sales income	15,320	9,941	15,320	9,941	Market price
Rental and service income	5,428	5,228	4,791	4,493	Contract price
Interest income	10,472	5,752	10,472	5,752	0.25% - 1.10% per annum (2018: 0.25% - 1.50% per annum)
Rental and service expenses	5,165	4,056	5,165	4,056	Percentage of revenue but not less than a minimum rate
Purchases of leasehold rights	37,261	-	37,261	-	Contract price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	For the nine-month		For the nine-month		
	periods ended 30 September		periods ended 30 September		Pricing policy
	2019	2018	2019	2018	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	161,727	105,253	Cost plus margin
Rental and service income	-	-	31,492	204,956	Baht 3 million per month (2018: Baht 3 million and Baht 19 million per month)
Management service income	-	-	27,003	70,296	Contract price (2018: Actual cost and contract price)
Service income	-	-	97,455	71,696	Actual cost and contract price
Interest income	-	-	64,758	91,855	3.00% per annum (2018: 3.00% and 4.50% per annum)
Service expense	-	-	322,135	277,926	Actual cost and contract price
Other expenses	-	-	17,371	10,194	Actual cost
Interest expenses	-	-	180	1,515	1.75% per annum
Purchases of assets	-	-	4,719	-	Cost plus margin
<b><u>Transactions with related companies</u></b>					
Sales income	45,227	24,285	45,227	24,285	Market price
Rental and service income	16,271	15,823	14,313	13,600	Contract price
Interest income	46,111	17,759	46,111	17,759	0.25% - 1.60% per annum (2018: 0.25% - 1.50% per annum)
Rental and service expenses	17,747	16,620	17,747	16,620	Percentage of revenue but not less than a minimum rate
Purchases of leasehold rights	90,417	-	90,417	-	Contract price

As at 30 September 2019 and 31 December 2018, the Company and its subsidiaries had the outstanding balances with related parties which had been included in the following accounts in the statement of financial position:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<b><u>Deposits with financial institution</u></b>				
(included in cash and cash equivalents)				
Related company <sup>(1)</sup>	1,976,975	5,498,732	1,917,664	5,437,262

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<b><u>Trade and other receivables</u></b>				
Subsidiaries	-	-	66,174	398,212
Related companies <sup>(1)</sup>	2,471	553	2,471	553
Related companies <sup>(2)</sup>	4,978	8,306	4,841	8,256
Total	7,449	8,859	73,486	407,021
<b><u>Short-term loans to related party</u></b>				
Subsidiary	-	-	2,649,000	2,870,000
<b><u>Rental guarantee deposits</u></b>				
Related companies <sup>(1)</sup>	3,000	3,000	3,000	3,000
Related companies <sup>(3)</sup>	4,000	4,000	4,000	4,000
Total	7,000	7,000	7,000	7,000
<b><u>Trade and other payables</u></b>				
Subsidiaries	-	-	45,674	40,739
Related company <sup>(1)</sup>	1,745	1,753	1,745	1,753
Total	1,745	1,753	47,419	42,492
<b><u>Short-term loans from related party</u></b>				
Subsidiary	-	-	-	139,134
Relationship with the related companies				
<sup>(1)</sup> has common major shareholders				
<sup>(2)</sup> the major shareholders				
<sup>(3)</sup> has common shareholders				

**Short-term loans to related party**

As at 30 September 2019, the Company has granted unsecured loans of Baht 2,649 million (31 December 2018: Baht 2,870 million) to its subsidiary on which interest is payable on a monthly basis at a rate of 3.00% per annum. The loans are repayable at call. Movements in the balance of the loans during the period were as follow:

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at	During the period	
	1 January 2019	Increase	Decrease
			Balance as at 30 September 2019
<b>Short-term loans to related party</b>			
Mega Home Center Company Limited	2,870,000	3,550,000	(3,771,000)
			2,649,000

Short-term loan from related party

As at 31 December 2018, the Company has received unsecured loan of Baht 139 million (30 September 2019: Nil) 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 period was as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2019	Increase	Decrease	30 September 2019
<b>Short-term loan from related party</b>				
Market Village Company Limited	139,134	-	(139,134)	-

Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2019	2018	2019	2018
Short-term benefits	26,214	22,958	22,788	21,747
Post-employment benefits	833	1,497	755	1,258
Total	27,047	24,455	23,543	23,005

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
Short-term benefits	149,498	142,614	137,573	134,814
Post-employment benefits	2,500	3,984	2,265	3,272
Total	151,998	146,598	139,838	138,086

**3. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Trade accounts receivable	142,332	286,232	128,897	268,133
Other receivables	1,401,113	1,701,295	1,290,304	1,561,933
Income receivables	15,311	11,092	15,867	343,934
Total trade and other receivables	<u>1,558,756</u>	<u>1,998,619</u>	<u>1,435,068</u>	<u>2,174,000</u>

**Trade accounts receivable**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Trade accounts receivable	100,684	97,915	89,221	84,068
Credit card and coupon receivable	41,687	188,667	39,715	184,415
Total	142,371	286,582	128,936	268,483
Less: Allowance for doubtful debts	(39)	(350)	(39)	(350)
Total trade accounts receivable - net	<u>142,332</u>	<u>286,232</u>	<u>128,897</u>	<u>268,133</u>

The outstanding balances of trade accounts receivable as at 30 September 2019 and 31 December 2018 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Trade receivables</u>				
Not yet due	129,623	258,802	84,364	222,522
Past due				
Up to 3 months	12,012	27,061	38,198	45,537
3 - 6 months	101	104	6,054	6
6 - 12 months	93	222	44	49
Over 12 months	542	393	276	369
Total	142,371	286,582	128,936	268,483
Less: Allowance for doubtful debts	(39)	(350)	(39)	(350)
Total trade receivables - net	<u>142,332</u>	<u>286,232</u>	<u>128,897</u>	<u>268,133</u>

**Other receivables**

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 30 September 2019 and 31 December 2018 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<b>Age of receivables</b>				
Not yet due	645,989	831,659	603,253	759,189
Past due				
Up to 3 months	739,065	852,623	673,581	787,095
3 - 6 months	8,805	9,898	7,459	8,726
6 - 12 months	13,034	10,294	12,069	9,599
Over 12 months	7,068	13,856	4,991	12,324
Total	1,413,961	1,718,330	1,301,353	1,576,933
Less: Allowance for doubtful debts	(12,848)	(17,035)	(11,049)	(15,000)
Total other receivables - net	1,401,113	1,701,295	1,290,304	1,561,933

**4. Inventories**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Inventories	12,693,691	13,048,131	10,266,129	10,645,848
Less: Reduce cost to net realisable value	(600,135)	(545,407)	(562,152)	(510,302)
Net	12,093,556	12,502,724	9,703,977	10,135,546
Less: Inventories - repaid its cost when sold	(1,802,229)	(1,812,970)	(1,398,315)	(1,440,945)
Purchase discount	(453,305)	(444,305)	(396,605)	(387,605)
Total inventories - net	9,838,022	10,245,449	7,909,057	8,306,996

**5. Other current assets**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Prepaid expenses	101,723	105,554	78,865	78,217
Suspend input value added tax	50,551	62,491	47,396	60,163
Others	9,960	11,966	8,313	10,266
Total other current assets	162,234	180,011	134,574	148,646

**6. Investments in subsidiaries**

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the nine-month periods ended	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	30 September 2018
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	-
Home Product Center (Malaysia) Sdn. Bhd.	516,843	514,469	100.00	100.00	516,843	514,469	-	-
Mega Home Center Company Limited	1,500,000	1,500,000	99.99	99.99	1,500,000	1,500,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
					2,024,343	2,021,969	-	-

**Home Product Center (Malaysia) Sdn. Bhd.**

In March 2019, Home Product Center (Malaysia) Sdn. Bhd., the Company's 100.00% owned subsidiary, passed a resolution to increase its registered capital, from the existing registered capital of Baht 514.5 million (MYR 58.7 million) to Baht 516.8 million (MYR 59.0 million), and to call for share subscriptions payments from shareholders. The Company made a payment for the share subscription in the same month. The increase in the share capital of the subsidiary did not change the Company's proportionate holding in the equity of such subsidiary.

**7. Investment properties**

Movements of the investment properties account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	2,612,073	3,455,053
Acquisitions - at cost	13,921	13,921
Disposals and written-off - net book value	(789)	(789)
Depreciation	(172,105)	(172,105)
Net book value as at 30 September 2019	<u>2,453,100</u>	<u>3,296,080</u>

**8. Property, buildings and equipment**

Movements of the property, buildings and equipment account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	29,327,187	24,117,807
Acquisitions - at cost	2,177,294	2,174,100
Disposals and written-off - net book value	(24,710)	(24,704)
Depreciation	(1,870,546)	(1,540,678)
Reversal of allowance for impairment of assets	24,430	24,430
Translation adjustment	(18,720)	-
Net book value as at 30 September 2019	<u>29,614,935</u>	<u>24,750,955</u>

During the year 2016, certain parts of the Company's land were expropriated under the Royal Decree governing land expropriation for construction of a motorway that lies across 4 plots of the Company's land. The Company set aside an allowance for impairment loss on land and construction thereon amounting to Baht 32 million and Baht 20 million, respectively. Nevertheless, the Company submitted a petition, seeking additional land expropriation compensation, with the Central Administrative Court. In the year 2018, the Company already received the compensation for buildings on the expropriated land and reversed the allowance for impairment loss on the construction on the expropriated land in full amount. In the year 2019, the Company received a notification of the compensation for expropriated land from the Ministry of Transport, which covers the cost of land, and reversed the allowance for impairment loss on land in full amount.

**9. Computer software**

Movements of the computer software account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	483,031	458,861
Acquisitions - at cost	68,403	68,370
Amortisation	(58,128)	(54,305)
Translation adjustment	(39)	-
Net book value as at 30 September 2019	493,267	472,926

**10. Leasehold rights**

Movements of the leasehold rights account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	2,973,257	2,592,478
Acquisitions - at cost	296,708	239,107
Amortisation	(91,721)	(81,094)
Disposals and written-off - net book value	(114)	(114)
Net book value as at 30 September 2019	3,178,130	2,750,377

**11. Short-term loans from financial institutions**

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
Bill of exchange -						
Foreign currency	3.97 - 4.82	4.20 - 5.06	283,144	340,177	-	-

As at 30 September 2019, the Company and its subsidiaries had overdraft lines from banks totaling Baht 305 million and MYR 0.50 million (31 December 2018: Baht 305 million) (The Company only: Baht 275 million 31 December 2018: Baht 275 million) and other credit facilities totaling Baht 15,838 million and MYR 60 million (31 December 2018: Baht 15,785 million and MYR 56 million) (The Company only: Baht 15,609 million 31 December 2018: Baht 15,548 million).

**12. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Trade accounts payable	11,218,223	12,151,245	9,618,275	10,537,042
Other payables	578,513	614,885	535,223	553,199
Other payables for purchase of assets	501,050	389,262	496,703	387,631
Accrued expenses	1,151,185	1,215,138	1,055,142	1,107,523
Total trade and other payables	13,448,971	14,370,530	11,705,343	12,585,395

**13. Long-term loans**

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Long-term loan - Baht	-	3.59	-	100,000	-	100,000
Long-term loan - MYR	COF + 1.10*	COF + 1.10*	89,063	107,639	-	-
Total long-term loans			89,063	207,639	-	100,000
Less: Current portion of long-term loans			(89,063)	(207,639)	-	(100,000)
Long-term loans - net of current portion			-	-	-	-

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

Movement of the long-term loans account during the nine-month period ended 30 September 2019 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	207,639	100,000
Less: Repayment	(112,235)	(100,000)
Translation adjustment	(6,341)	-
Balance as at 30 September 2019	89,063	-

(Unaudited but reviewed)

Long-term loan 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 loan is 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 agreement contains covenants as specified in the agreement that, among other things, require the subsidiary to maintain certain debt to equity ratio according to the agreement. As at 30 September 2019 and 31 December 2018, debt to equity ratio of the subsidiary is not in compliance with the condition prescribed in the agreement. The subsidiary, therefore presented the balance of long-term loan as current liabilities in the consolidated financial statements. However, the subsidiary is negotiating with the bank to amend the condition.

#### 14. Debentures

					Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					30 September	31 December	30 September	31 December
					2019	2018	2019	2018
No.	Interest rate per annum	Age	Repayment	Maturity				
<u>Unsubordinated and unsecured debentures</u>								
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. 1/2016	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	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	4,000,000	4,000,000
No. 1/2018	Fixed rate 2.00%	3 years	At maturity	16 February 2021	2,000,000	2,000,000	2,000,000	2,000,000
No. 2/2018	Fixed rate 2.55%	2 years	At maturity	19 October 2020	2,000,000	2,000,000	2,000,000	2,000,000
No. 3/2018	Fixed rate 3.00%	3 years	At maturity	22 October 2021	2,000,000	2,000,000	2,000,000	2,000,000
Total					14,000,000	16,700,000	14,000,000	16,700,000
Less: Current portion of debentures							(8,000,000)	(6,700,000)
Debentures - net of current portion							6,000,000	10,000,000

Movements in debentures account during the nine-month period ended 30 September 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2018	16,700,000
Less: Redemption of debentures during the period	(2,700,000)
Balance as at 30 September 2019	14,000,000

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

## 15. Income tax

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	348,189	322,888	332,275	320,632
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(314)	(670)	(94)	(2,359)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>347,875</b>	<b>322,218</b>	<b>332,181</b>	<b>318,273</b>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	1,031,817	920,951	985,455	915,344
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,332)	(9,611)	(4,132)	(8,626)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>1,028,485</b>	<b>911,340</b>	<b>981,323</b>	<b>906,718</b>

**16. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2019	2018	2019	2018
Profit for the period (Thousand Baht)	1,482,251	1,365,816	1,400,522	1,343,914
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)	0.11	0.10	0.11	0.10

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
Profit for the period (Thousand Baht)	4,428,717	3,926,849	4,161,751	3,850,065
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)	0.34	0.30	0.32	0.29

**17. Dividend paid**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 9 April 2018	2,367	0.18
Interim dividends for 2018	Board of Director's Meeting on 28 August 2018	1,973	0.15
Total		4,340	
Final dividends for 2018	Annual General Meeting of the shareholders on 9 April 2019	2,630	0.20
Interim dividends for 2019	Board of Director's Meeting on 27 August 2019	2,235	0.17
Total		4,865	

**18. Segment information**

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

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

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

**Geographic information**

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

	(Unit: Million Baht)			
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	2019	2018	2019	2018
<b>Sales income from external customers</b>				
Thailand	14,933	15,017	46,108	44,634
Malaysia	287	384	938	1,086
Total	15,220	15,401	47,046	45,720

(Unaudited but reviewed)

(Unit: Million Baht)

	As at	
	30 September	31 December
	2019	2018
<b>Non-current assets (other than deferred tax assets)</b>		
Thailand	35,860	35,276
Malaysia	278	343
Total	36,138	35,619

### Major customers

For the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

## 19. Commitments and contingent liabilities

### 19.1 Capital commitment

As at 30 September 2019, 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. In addition, the Company has capital commitments relating to expand center warehouse amounting to Baht 25 million (31 December 2018: Baht 142 million).

### 19.2 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 15 to 30 years and they are non-cancelable, except with the consent of the counterparties.

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	143	138	129	124
In over 1 and up to 5 years	553	551	491	491
In over 5 years	3,635	3,573	3,050	2,977

- b) The Company and its subsidiaries have entered into lease agreements to lease commercial space, rental equipment and service 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	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Payable:				
In up to 1 year	283	302	243	250
In over 1 and up to 5 years	789	912	784	825
In over 5 years	1,627	1,806	1,627	1,708

### 19.3 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 an agreement to provide administrative services and inventory management services to a subsidiary. Under the conditions of the agreements, the Company receives monthly services fee at a percentage of sales, and a percentage of the actual cost, as stipulated in the agreements.
- c) The Company has entered into land lease agreements with a subsidiary. The terms of the agreements are 3 years. Under the conditions of the agreements, the Company receives monthly rental fees at rates stipulated in the agreements. The agreements are non-cancelable, except with the consent of the counterparties.

#### **19.4 Long-term lease agreements - as a lessor**

As at 30 September 2019 and 31 December 2018, the Company has entered into 8 agreements with 4 companies to lease and/or sub-lease parts of its premises in 7 branches for the periods between 18 to 30 years, with a total of rental received in advance amounting Baht 649 million. The terms of the agreements are ended in the year 2033 to the year 2039. The Company recognised this income systematically on a straight-line basis over the lease periods which are the useful lives of the leaseholds.

As at 30 September 2019, the outstanding balance of rental received in advance, net of recognised rental income was Baht 343 million (31 December 2018: Baht 359 million).

#### **19.5 Guarantees**

- a) As at 30 September 2019, there were outstanding bank guarantees of Baht 148 million and MYR 1 million (31 December 2018: Baht 147 million and MYR 1 million) (The Company only: Baht 125 million, 31 December 2018: Baht 124 million) issued by banks on benefit of the Company and its subsidiaries in respect of guarantees provided for leasing, purchases of goods or hire of work, and as bonds with State Enterprise. The bank guarantee of Baht 23 million and MYR 1 million (31 December 2018: Baht 23 million and MYR 1 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 30 September 2019, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 2 million and CNY 2 million (31 December 2018: USD 3 million and CNY 2 million).
- c) As at 30 September 2019 and 31 December 2018, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 114 million to financial institutions.

#### **19.6 Litigation**

- a) As at 30 September 2019, the Company has legal cases for a total claimed amount of Baht 1 million (31 December 2018: Baht 5 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.

- b) 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.

### 19.7 Forward contracts

As at 30 September 2019 and 31 December 2018, forward contracts outstanding are summarised below.

Consolidated and Separate financial statements					
As at 30 September 2019					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	4	-	30.43 - 31.79	-	Within March 2020

  

Consolidated and Separate financial statements					
As at 31 December 2018					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	4	-	32.14 - 32.72	-	Within July 2019

### 20. Events after the reporting period

On 10 October 2019, the Company issued bills of exchange totaling Baht 1,500 million, to a financial institution, at an interest rate of 1.58% per annum in order to use as the Company's working capital. The maturity date is 14 November 2019.

### 21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 28 October 2019.