

Home Product Center Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2019

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 31 Prachachuennonthaburi Rd., Bangkhen, Amphoe Muang, Nonthaburi.

As at 31 December 2019, the Group has a total of 113 branches (2018: 108 branches) (The Company only: 95 branches, 2018: 90 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	
			2019	2018
			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 Group has 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 Group have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years 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 Group's 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.

The Group adopted this financial reporting standard without any material affecting to the Group's financial statements. In addition, certain items in the statement of comprehensive income for the year ended 31 December 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
Statement of comprehensive income for the year ended 31 December 2018			
Profit or loss:			
Revenue from contracts with customers	61,580,981	370,336	61,951,317
Other income	2,493,867	(370,336)	2,123,531
Cost of sales and services	44,644,212	1,517,929	46,162,141
Cost of rental	-	595,178	595,178
Selling, distribution and service expenses	12,028,059	(2,015,950)	10,012,109
Administrative expenses	2,011,611	(97,157)	1,914,454

(Unit: Thousand Baht)

Separate financial statements

	Previous accounting policy	Reclassify	TFRS 15
Statement of comprehensive income for the year ended 31 December 2018			
Profit or loss:			
Revenue from contracts with customers	53,120,720	338,901	53,459,621
Other income	2,465,476	(338,901)	2,126,575
Cost of sales and services	38,052,691	1,430,735	39,483,426
Cost of rental	-	446,521	466,521
Selling, distribution and service expenses	10,355,892	(1,887,261)	8,468,631
Administrative expenses	1,764,391	(9,995)	1,754,396

(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 and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which 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
--------	-------------------------------------

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 Group expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The management of the Group is currently evaluating the impact of these standards on 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 Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 3,666 million (the Company only: approximately Baht 3,294 million) and the Group's net liabilities by approximately Baht 4,617 million (the Company only: approximately Baht 4,197 million).

4. Significant accounting policies

4.1 Revenue recognition

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts and price promotions to customers.

Sales of goods - Customer loyalty programmes

The Group operates a loyalty programme which allows customers to accumulate points when they purchase products in the Group's 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 Group fulfill their obligations.

Vendors income

The Group has 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 income

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

Rendering of services

Service revenue is recognised when services have been rendered.

Service revenue is recognised in the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group's performance completed to date.

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, are stated at cost net of allowance for impairment loss (if any).

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, buildings 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
Equipment and machine	-	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, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the profit or loss when the asset is derecognised.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets (computer software) with finite lives are amortised on a systematic basis over the economic useful life (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 Group amortises 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, buildings 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, buildings 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 Group performs impairment reviews in respect of the property, buildings 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 Group 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 Group estimates 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 22 to the financial statements. The Company's contributions are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats 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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.16 Provisions

Provisions are recognised when the Group has 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 Group recognises 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 Group reviews and reduces 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 Group records 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 Group applies 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 Group measures 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 Group determines 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, buildings and equipment/Depreciation

In determining depreciation of investment properties, and buildings and equipment, the management is required to make estimates of the useful lives and salvage values of the Group's 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, buildings 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 Group 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 Group and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2019	2018	2019	2018	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Sales income	-	-	227,616	159,421	Cost plus margin
Rental and service income	-	-	42,301	273,369	Baht 3 million per month (2018: Baht 3 million and Baht 19 million per month)
Management service income	-	-	35,734	87,072	Contract price (2018: Actual cost and contract price)
Service income	-	-	128,723	105,169	Actual cost and contract price
Interest income	-	-	85,392	116,174	3.00% per annum (2018: 3.00% and 4.50% per annum)
Service expense	-	-	422,178	375,650	Actual cost and contract price
Other expenses	-	-	27,245	11,327	Actual cost (2018: Actual cost and contract price)
Interest expenses	-	-	180	2,048	1.75 % per annum
Purchases of assets	-	-	4,719	-	Cost plus margin
Transactions with related companies					
Sales income	78,494	44,645	59,910	35,584	Market price
Rental and service income	21,480	22,944	18,706	19,811	Contract price
Interest income	49,783	25,936	49,335	25,426	0.25% - 1.60% per annum (2018: 0.25% - 1.50% per annum)
Rental and service expenses	69,688	111,529	67,038	111,529	Percentage of revenue but not less than a minimum rate
Purchases of leasehold rights	172,672	264,434	115,072	211,904	Contract price
Purchases of assets	4,766	-	4,766	-	Contract price

As at 31 December 2019 and 2018, the Group had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	2,278,106	5,498,732	2,197,373	5,437,262
<u>Trade and other receivables</u>				
Subsidiaries	-	-	78,230	398,212
Related company ⁽¹⁾	1,951	553	1,951	553
Related company ⁽²⁾	4,376	8,306	4,351	8,256
Related company ⁽³⁾	6,000	1,456	2,607	188
Total	12,327	10,315	87,139	407,209
<u>Short-term loans to related party</u>				
Subsidiaries	-	-	2,530,000	2,870,000
<u>Rental guarantee deposits</u>				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Related company ⁽³⁾	-	4,000	-	4,000
Total	3,000	7,000	3,000	7,000
<u>Trade and other payables</u>				
Subsidiaries	-	-	95,572	40,739
Related company ⁽¹⁾	1,902	1,753	1,902	1,753
Related company ⁽³⁾	6,828	8,058	6,828	8,058
Total	8,730	9,811	104,302	50,550
<u>Short-term loan from related party</u>				
Subsidiary	-	-	-	139,134

Relationship with the related companies

(1) has common major shareholders

(2) the major shareholders

(3) has common shareholders

Short-term loans to related party

As at 31 December 2019, the Company has granted unsecured loans of Baht 2,530 million (2018: Baht 2,870 million) to a 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 year were as follow:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 December 2019
	Balance as at 1 January 2019	During the year		
		Increase	Decrease	
Short-term loans to related party				
Mega Home Center Company Limited	2,870,000	4,620,000	(4,960,000)	2,530,000

Short-term loan from related party

As at 31 December 2018, the Company has received unsecured loan of Baht 139 million (2019: Nil) from a 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 2019
	Balance as at 1 January 2019	During the year		
		Increase	Decrease	
Short-term loan from related party				
Market Village Company Limited	139,134	-	(139,134)	-

Directors and management's benefits

During the year ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term benefits	189,315	190,718	171,798	180,505
Post-employment benefits	7,041	12,651	6,263	11,701
Total	196,356	203,369	178,061	192,206

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	163,503	260,665	126,518	206,766
Bank deposits	536,476	1,597,087	319,850	1,416,515
Fixed deposits	2,160,000	4,380,000	2,160,000	4,380,000
Total	2,859,979	6,237,752	2,606,368	6,003,281

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.125% - 1.65% per annum (2018: between 0.125% - 1.40% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts receivable	216,347	286,232	204,022	268,133
Other receivables	1,685,282	1,701,295	1,570,139	1,561,933
Income receivables	10,775	11,092	10,411	343,934
Total trade and other receivables	1,912,404	1,998,619	1,784,572	2,174,000

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts receivable	105,178	97,915	97,058	84,068
Credit card and coupon receivable	111,169	188,667	106,964	184,415
Total	216,347	286,582	204,022	268,483
Less: Allowance for doubtful debts	-	(350)	-	(350)
Total trade accounts receivable - net	216,347	286,232	204,022	268,133

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Aged on the basis of due dates				
Not yet due	187,350	258,802	154,960	222,522
Past due				
Up to 3 months	26,987	27,061	38,616	45,537
3 - 6 months	1,324	104	10,080	6
6 - 12 months	44	222	56	49
Over 12 months	642	393	310	369
Total	216,347	286,582	204,022	268,483
Less: Allowance for doubtful debts	-	(350)	-	(350)
Total trade receivables - net	216,347	286,232	204,022	268,133

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 2019 and 2018 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Aged on the basis of due dates				
Not yet due	854,132	831,659	792,821	759,189
Past due				
Up to 3 months	825,525	852,623	773,849	787,095
3 - 6 months	7,666	9,898	6,164	8,726
6 - 12 months	6,196	10,294	5,382	9,599
Over 12 months	6,979	13,856	4,774	12,324
Total	1,700,498	1,718,330	1,582,990	1,576,933
Less: Allowance for doubtful debts	(15,216)	(17,035)	(12,851)	(15,000)
Total other receivables - net	1,685,282	1,701,295	1,570,139	1,561,933

9. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Inventories	13,058,676	13,048,131	10,753,845	10,645,848
Less: Reduce cost to net realisable value	(572,740)	(545,407)	(540,163)	(510,302)
Net	12,485,936	12,502,724	10,213,682	10,135,546
Less: Inventories - repaid its cost when sold	(1,627,768)	(1,812,970)	(1,251,553)	(1,440,945)
Purchase discount	(436,905)	(444,305)	(377,605)	(387,605)
Inventories - net	10,421,263	10,245,449	8,584,524	8,306,996

During the current year, the Group reduced cost of inventories by Baht 122 million (2018: Baht 151 million) (The Company only: Baht 98 million, 2018: Baht 126 million), to reflect the net realisable value. This was included in administrative expenses. In addition, the Group reversed the write-down of cost of inventories by Baht 95 million (2018: Baht 88 million) (The Company only: Baht 69 million, 2018: Baht 69 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	
	2019	2018	2019	2018
Prepaid expenses	95,003	105,554	71,736	78,217
Suspend input value added tax	65,771	62,491	63,362	60,163
Others	15,344	11,966	13,156	10,266
Total other current assets	176,118	180,011	148,254	148,646

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	
	2019	2018	2019 (Percent)	2018 (Percent)	2019	2018	2019	2018
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	-	-
Total					2,024,343	2,021,969	-	-
Less: Allowance for impairment of investment					(115,519)	-		
Investments in subsidiaries - net					1,908,824	2,021,969		

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

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.

12. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Total
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	
31 December 2019				
Cost	150,000	4,124,756	22,090	4,296,846
Less: Accumulated depreciation	-	(1,871,695)	-	(1,871,695)
Net book value	<u>150,000</u>	<u>2,253,061</u>	<u>22,090</u>	<u>2,425,151</u>
31 December 2018				
Cost	150,000	4,107,487	-	4,257,487
Less: Accumulated depreciation	-	(1,645,414)	-	(1,645,414)
Net book value	<u>150,000</u>	<u>2,462,073</u>	<u>-</u>	<u>2,612,073</u>

(Unit: Thousand Baht)

	Separate financial statements			Total
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	
31 December 2019				
Cost	992,980	4,124,756	22,090	5,139,826
Less: Accumulated depreciation	-	(1,871,695)	-	(1,871,695)
Net book value	<u>992,980</u>	<u>2,253,061</u>	<u>22,090</u>	<u>3,268,131</u>
31 December 2018				
Cost	992,980	4,107,487	-	5,100,467
Less: Accumulated depreciation	-	(1,645,414)	-	(1,645,414)
Net book value	<u>992,980</u>	<u>2,462,073</u>	<u>-</u>	<u>3,455,053</u>

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	2,612,073	2,814,481	3,455,053	3,991,343
Additions	41,830	53,192	41,830	53,192
Transfer to property, buildings and equipment - at cost	-	-	-	(333,882)
Disposals and written-off				
- net book value	(788)	(1,410)	(788)	(1,410)
Depreciation charged	(227,964)	(254,190)	(227,964)	(254,190)
Net book value at end of year	<u>2,425,151</u>	<u>2,612,073</u>	<u>3,268,131</u>	<u>3,455,053</u>

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land and buildings	5,847	5,847	5,847	5,847
Land	-	-	843	843

As at 31 December 2019 and 2018, 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.
- The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land and buildings has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, occupancy rate and long-term growth in real rental rates.

13. Property, buildings and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Equipment and machine	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2018	8,531,847	27,728,273	641,004	7,658,981	72,599	298,490	44,931,194
Additions	26,111	92,986	58,332	262,365	9,963	2,048,251	2,498,008
Disposals and written-off	-	(47,968)	(13,373)	(116,522)	(2,588)	(697)	(181,148)
Transfers in (out)	-	628,860	426	48,294	-	(677,580)	-
Translation adjustment	-	(7,361)	(574)	(7,839)	-	(717)	(16,491)
31 December 2018	8,557,958	28,394,790	685,815	7,845,279	79,974	1,667,747	47,231,563
Additions	514,669	148,441	92,769	387,649	7,075	1,739,430	2,890,033
Disposals and written-off	(40,481)	(112,966)	(9,451)	(286,994)	(60,781)	(550)	(511,223)
Transfers in (out)	23,500	2,179,652	465,720	169,673	-	(2,838,545)	-
Translation adjustment	-	(14,794)	(1,070)	(14,101)	-	(802)	(30,767)
31 December 2019	9,055,646	30,595,123	1,233,783	8,101,506	26,268	567,280	49,579,606
Accumulated depreciation:							
1 January 2018	-	9,018,433	538,390	5,810,505	58,265	-	15,425,593
Depreciation for the year	-	1,717,220	64,074	827,770	5,850	-	2,614,914
Depreciation on disposals and written-off	-	(26,257)	(13,291)	(113,250)	(2,155)	-	(154,953)
Translation adjustment	-	(1,625)	(428)	(4,255)	-	-	(6,308)
31 December 2018	-	10,707,771	588,745	6,520,770	61,960	-	17,879,246
Depreciation for the year	-	1,749,135	94,269	662,491	4,133	-	2,510,028
Depreciation on disposals and written-off	-	(98,949)	(9,337)	(279,121)	(56,322)	-	(443,729)
Translation adjustment	-	(3,300)	(863)	(8,634)	-	-	(12,797)
31 December 2019	-	12,354,657	672,814	6,895,506	9,771	-	19,932,748
Allowance for impairment loss:							
1 January 2018	41,430	41,700	-	-	-	-	83,130
Decrease during the year	(30,000)	(28,000)	-	-	-	-	(58,000)
31 December 2018	11,430	13,700	-	-	-	-	25,130
Decrease during the year	(2,030)	(13,000)	-	-	-	-	(15,030)
31 December 2019	9,400	700	-	-	-	-	10,100
Net book value:							
31 December 2018	8,546,528	17,673,319	97,070	1,324,509	18,014	1,667,747	29,327,187
31 December 2019	9,046,246	18,239,766	560,969	1,206,000	16,497	567,280	29,636,758
Depreciation for the year							
2018 (Baht 2,550 million included in selling expenses, and the balance in administrative expenses)							2,614,914
2019 (Baht 2,457 million included in selling expenses, and the balance in administrative expenses)							2,510,028

Separate financial statements							
	Land and land improvement	Buildings and building improvement	Equipment and machine	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2018	7,205,484	23,086,594	582,224	6,473,455	71,821	211,813	37,631,391
Additions	26,111	47,416	55,408	230,462	9,963	1,965,698	2,335,058
Disposals and written-off	-	(14,569)	(13,298)	(115,347)	(2,588)	(697)	(146,499)
Transfer to investment properties	333,882	-	-	-	-	-	333,882
Transfers in (out)	-	501,644	426	48,294	-	(550,364)	-
31 December 2018	7,565,477	23,621,085	624,760	6,636,864	79,196	1,626,450	40,153,832
Additions	514,669	142,629	92,092	386,889	7,075	1,723,199	2,866,553
Disposals and written-off	(40,480)	(112,966)	(8,881)	(268,532)	(60,781)	-	(491,640)
Transfers in (out)	23,500	2,133,805	465,720	169,673	-	(2,792,698)	-
31 December 2019	8,063,166	25,784,553	1,173,691	6,924,894	25,490	556,951	42,528,745
Accumulated depreciation:							
1 January 2018	-	8,322,100	500,006	5,185,850	57,487	-	14,065,443
Depreciation for the year	-	1,423,716	52,177	600,287	5,850	-	2,082,030
Depreciation on disposals and written-off	-	(9,000)	(13,229)	(112,194)	(2,155)	-	(136,578)
31 December 2018	-	9,736,816	538,954	5,673,943	61,182	-	16,010,895
Depreciation for the year	-	1,470,646	86,536	512,153	4,133	-	2,073,468
Depreciation on disposals and written-off	-	(98,949)	(8,767)	(260,797)	(56,322)	-	(424,835)
31 December 2019	-	11,108,513	616,723	5,925,299	8,993	-	17,659,528
Allowance for impairment loss:							
1 January 2018	41,430	41,700	-	-	-	-	83,130
Decrease during the year	(30,000)	(28,000)	-	-	-	-	(58,000)
31 December 2018	11,430	13,700	-	-	-	-	25,130
Decrease during the year	(2,030)	(13,000)	-	-	-	-	(15,030)
31 December 2019	9,400	700	-	-	-	-	10,100
Net book value:							
31 December 2018	7,554,047	13,870,569	85,806	962,921	18,014	1,626,450	24,117,807
31 December 2019	8,053,766	14,675,340	556,968	999,595	16,497	556,951	24,859,117
Depreciation for the year							
2018 (Baht 2,021 million included in selling expenses, and the balance in administrative expenses)							2,082,030
2019 (Baht 2,022 million included in selling expenses, and the balance in administrative expenses)							2,073,468

As at 31 December 2019, the Group had vehicles under finance lease agreements with net book values amounting to Baht 15 million (2018: Baht 14 million) (The Company only: Baht 15 million, 2018: Baht 14 million).

As at 31 December 2019, certain buildings 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 7,675 million (2018: Baht 6,147 million) (The Company only: Baht 7,018 million, 2018: Baht 5,798 million).

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 and reversed the allowance for impairment loss on land in full amount.

14. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2018	762,216	710,534
Acquisitions during the year	86,203	86,203
Translation adjustment	(35)	-
31 December 2018	848,384	796,737
Acquisitions during the year	78,548	78,384
Written-off	(7,280)	(7,280)
Translation adjustment	(76)	-
31 December 2019	919,576	867,841
Accumulated amortisation		
1 January 2018	270,925	248,581
Amortisation for the year	94,445	89,295
Translation adjustment	(17)	-
31 December 2018	365,353	337,876
Amortisation for the year	78,929	73,812
Amortisation on written-off	(702)	(702)
Translation adjustment	(34)	-
31 December 2019	443,546	410,986
Net book value		
31 December 2018	483,031	458,861
31 December 2019	476,030	456,855

15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2018	3,256,736	2,902,146
Acquisitions during the year	454,612	398,491
31 December 2018	3,711,348	3,300,637
Acquisitions during the year	321,369	263,769
Written-off	(666)	(666)
31 December 2019	4,032,051	3,563,740
Accumulated amortisation		
1 January 2018	637,148	618,491
Amortisation for the year	100,943	89,668
31 December 2018	738,091	708,159
Amortisation for the year	125,090	110,536
Amortisation on written-off	(552)	(552)
31 December 2019	862,629	818,143
Net book value		
31 December 2018	2,973,257	2,592,478
31 December 2019	3,169,422	2,745,597

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
Bill of exchange - Foreign currency	3.91 - 4.78	4.20 - 5.06	280,742	340,177	-	-
Total short-term loans from financial institutions			280,742	340,177	-	-

As at 31 December 2019, the Group had overdraft lines from banks totaling Baht 305 million and MYR 0.50 million (2018: Baht 305 million) (The Company only: Baht 275 million 2018: Baht 275 million) and other credit Facilities totaling Baht 15,863 million and MYR 61 million (2018: Baht 15,785 million and MYR 56 million) (The Company only: Baht 15,626 million 2018: Baht 15,548 million).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts payable	11,715,766	12,151,245	10,222,159	10,537,042
Other payables	578,798	614,885	584,576	553,199
Other payables for purchase of assets	602,157	389,262	588,354	387,631
Accrued expenses	1,172,360	1,215,138	1,078,707	1,107,523
Total trade and other payables	<u>14,069,081</u>	<u>14,370,530</u>	<u>12,473,796</u>	<u>12,585,395</u>

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Portion due within one year		Portion due over one year	
	2019	2018	2019	2018
Liabilities under financial lease agreements	4,183	4,966	12,922	10,924
Less: Deferred interest expense	(709)	(699)	(766)	(793)
Net	<u>3,474</u>	<u>4,267</u>	<u>12,156</u>	<u>10,131</u>

The Group has entered into the finance lease agreements with leasing companies for rental of motor vehicles 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 and separate financial statements		
	31 December 2019		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,183	12,922	17,105
Deferred interest expenses	(709)	(766)	(1,475)
Present value of future minimum lease payments	<u>3,474</u>	<u>12,156</u>	<u>15,630</u>

(Unit: Thousand Baht)

Consolidated and separate financial statements			
31 December 2018			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,966	10,924	15,890
Deferred interest expenses	(699)	(793)	(1,492)
Present value of future minimum lease payments	4,267	10,131	14,398

19. Long-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
Long-term loans - Baht	-	3.59	-	100,000	-	100,000
Long-term loan - MYR	COF + 1.10*	COF + 1.10*	84,195	107,639	-	-
Total long-term loans			84,195	207,639	-	100,000
Less: Current portion of long-term loans			(20,207)	(207,639)	-	(100,000)
Long-term loans - net of current portion			63,988	-	-	-

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

Movement of the long - term loan account during the year ended 31 December 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	(117,273)	(100,000)
Translation adjustment	(6,171)	-
Balance as at 31 December 2019	84,195	-

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 31 December 2018, debt to equity ratio of the subsidiary was 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, as at 31 December 2019, the subsidiary is able to comply with these covenants with the amendment condition as agreed between the financial institution, the Company and the subsidiary.

20. Debentures

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2019	2018	2019	2018
Unsubordinated and unsecured debentures								
No. 5/2014	Fixed rate 3.47%	5 years	At maturity	26 December 2019	-	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
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
No. 1/2019	-	3 years	At maturity	14 November 2022	3,170,000	-	3,170,000*	-
Total					13,170,000	16,700,000	13,170,000	16,700,000
Less: Deferred interest							(162,336)	-
Debenture - net							13,007,664	16,700,000
Less: Current portion of debentures							(6,000,000)	(6,700,000)
Debentures - net of current portion							7,007,664	10,000,000

* Zero Coupon Bond, discount rate 1.85% per annum.

Movements in debentures account during the period ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2019	16,700,000
Add: Issuance of debentures during the year	3,170,000
Less: Redemption of debentures during the year	(6,700,000)
Balance as at 31 December 2019	13,170,000

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.

21. 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	
	2019	2018	2019	2018
Provision for long-term employee benefits				
at beginning of year	340,113	262,236	308,086	234,406
Included in profit or loss:				
Current service cost	70,674	35,355	64,214	29,440
Interest cost	9,972	9,519	9,067	8,602
Past service costs	-	56,949	-	53,972
Included in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions changes	49,286	-	44,530	-
Experience adjustments	59,273	-	55,479	-
Benefits paid during the year	(1,148)	(23,946)	(946)	(18,334)
Provision for long-term employee benefits at				
end of year	<u>528,170</u>	<u>340,113</u>	<u>480,430</u>	<u>308,086</u>

As at 31 December 2019, the Group expects to pay Baht 24 million of long-term employee benefits during the next year (2018: Baht 30 million) (The Company only: Baht 20 million, 2018: Baht 26 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 9 years (2018: 11 years) (The Company only: 9 years 2018: 11 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	1.5%	3.0%	1.5%	3.0%
Salary increase rate	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%
Turnover rate (depending on age)	0 - 40%	0 - 40%	0 - 35%	0 - 35%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate				
31 December 2019	(22)	24	(20)	21
31 December 2018	(14)	15	(13)	14

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate				
31 December 2019	51	(46)	47	(42)
31 December 2018	37	(32)	34	(29)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate (depending on age)				
31 December 2019	(36)	43	(32)	37
31 December 2018	(28)	33	(24)	30

22. 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 2018 to 30 June 2023, 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 1 st year - 3 rd year, employee cannot sell any shares After the 3 rd year, employee can sell 25% of shares accumulated After the 4 th year, employee can sell 50% of shares accumulated After the 5 th year, employee can sell all shares
EJIP program manager	Phillip Securities Public Company Limited

On 5 June 2018, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2019, the Company contributed Baht 34 million to the program (2018: Baht 30 million).

23. 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.

At present, the statutory reserve has fully been set aside.

24. Revenue from contracts with customers

24.1 Disaggregated revenue information

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Type of goods or service:				
Sale of goods related to houses and residences	62,594,414	61,580,981	54,472,577	53,120,720
Maintenance and installation services	145,178	120,730	145,178	120,730
Other services	306,638	249,606	270,323	218,171
Total revenue from contracts with customers	<u>63,046,230</u>	<u>61,951,317</u>	<u>54,888,078</u>	<u>53,459,621</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	62,847,027	61,794,880	54,688,875	53,303,184
Revenue recognised over time	199,203	156,437	199,203	156,437
Total revenue from contracts with customers	<u>63,046,230</u>	<u>61,951,317</u>	<u>54,888,078</u>	<u>53,459,621</u>

Set out below, is a reconciliation of the revenue from contracts with customers with financial information classified by source of revenue.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Revenue from external customers	62,967,736	61,906,672	54,600,552	53,264,616
Revenue from related parties	333,890	216,456	287,526	195,005
	63,301,626	62,123,128	54,888,078	53,459,621
Adjustments and eliminations	(255,396)	(171,811)	-	-
Total revenue from contracts with customers	<u>63,046,230</u>	<u>61,951,317</u>	<u>54,888,078</u>	<u>53,459,621</u>

24.2 Revenue recognised in relation to contract balances

In 2019, amounts of Baht 967 million (the Company only: Baht 930 million) that were included in advances received from customers at the beginning of the year were recognised as revenue.

25. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salaries and wages and other				
employee benefits	4,740	4,624	4,244	4,045
Premises expenses	1,998	1,855	1,752	1,612
Depreciation and amortisation	2,942	3,064	2,486	2,515
Sales promotion and operation				
support expenses	2,629	2,268	2,451	1,918
Financial cost	405	400	387	381
Tax expenses and fees	1,560	1,443	1,484	1,415
Changes in finished goods	(203)	34	(307)	(137)

26. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	1,444,147	1,306,127	1,383,842	1,299,177
Adjustment in respect of income tax of previous year	(5,931)	(299)	(5,930)	(292)
Adjustment in loss on income tax of previous year	-	(1,015)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,235)	4,702	(10,922)	(3,049)
Income tax expenses reported in profit or loss	1,426,981	1,309,515	1,366,990	1,295,836

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on actuarial loss	(21,712)	-	(20,002)	-

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	7,603,571	6,922,138	7,053,980	6,779,013
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,520,714	1,384,428	1,410,796	1,355,803
Adjustment in respect of income tax of previous year	(5,931)	(299)	(5,930)	(292)
Adjustment in loss on income tax of previous year	-	(1,015)	-	-
Unused tax loss which has not recognised as deterred tax assets	8,269	18,043	-	-
Effects of:				
Change in value of investment accounted for the equity method	908	475	-	-
Non-deductible expenses	25,361	33,183	46,904	27,956
Additional expense deductions allowed	(122,820)	(125,911)	(85,279)	(88,235)
Others	480	611	499	604
Total	(96,071)	(91,642)	(37,876)	(59,677)
Income tax expenses reported in profit or loss	1,426,981	1,309,515	1,366,990	1,295,836

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	3,043	3,430	2,570	3,070
Purchase discount	97,387	88,862	85,181	77,521
Allowance for asset impairment	2,020	8,792	2,020	8,792
Provision for long-term employee benefits	105,634	68,022	96,086	61,617
Deferred purchase discount	7,878	9,481	7,747	9,380
Unused tax loss	-	149	-	-
Provision	3,020	7,300	-	2,300
Deferred tax assets	218,983	186,036	193,604	162,680

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 617 million (2018: Baht 584 million) (The Company only: Baht 540 million, 2018: Baht 510 million). No deferred tax assets have been recognised on these amounts as the Group believes 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	
	2019	2018	2019	2018
Profit for the year (Thousand Baht)	6,176,590	5,612,624	5,686,990	5,483,177
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)	0.47	0.43	0.43	0.42

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 Group 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 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 Group which are summarised as follow.

	(Unit: Million Baht)	
	2019	2018
Sales income from external customers		
Thailand	61,358	60,116
Malaysia	1,236	1,465
Total	<u>62,594</u>	<u>61,581</u>
Non-current assets (other than deferred tax assets)		
Thailand	35,869	35,276
Malaysia	265	343
Total	<u>36,134</u>	<u>35,619</u>

Major customers

For the years 2019 and 2018, the Group has no major customer with revenue of 10% or more of an entity's revenues.

29. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group 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 2019, the Group contributed Baht 92 million (2018: Baht 87 million) to the fund (The Company only: Baht 82 million, 2018: Baht 77 million).

30. 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 29 August 2018	1,973	0.15
Total		<u>4,340</u>	
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		<u>4,865</u>	

31. Commitments and contingent liabilities

31.1 Capital commitment

As at 31 December 2019, the Company 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 (2018: Baht 142 million).

31.2 Operating lease commitments - as a lessee

- a) The Group has 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	
	2019	2018	2019	2018
Payable:				
In up to 1 year	180	172	158	152
In over 1 and up to 5 years	627	632	541	546
In over 5 years	3,226	3,231	2,696	2,679

- b) The Group has 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 and services contracts were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	284	313	246	262
In over 1 and up to 5 years	792	947	779	861
In over 5 years	1,275	1,509	1,275	1,410

31.3 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 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 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 2019 and 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 31 December 2019, the outstanding balance of rental received in advance, net of recognised rental income was Baht 337 million (2018: Baht 359 million).

31.5 Guarantees

- a) As at 31 December 2019, the Group has outstanding bank guarantees of Baht 153 million and MYR 1 million (2018: Baht 147 million and MYR 1 million) (The Company only: Baht 129 million, 2018: Baht 124 million) issued by banks on benefit of the Group in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise. Bank guarantee of Baht 23 million and MYR 1 million (2018: Baht 23 million and MYR 1 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2019, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 1 million and CNY 3 million (2018: USD 3 million and CNY 2 million).

- c) As at 31 December 2019, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 114 million (2018: Baht 280 million and MYR 114 million) to financial institutions.

31.6 Litigation

- a) As at 31 December 2019, the Company has legal cases for a total claimed amount of Baht 2 million (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.

32. Fair value hierarchy

As at 31 December 2019 and 2018, the Group 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 2019			
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	5,847	5,847
Liabilities for which fair value are disclosed				
Long-term loans	-	84	-	84
Debentures	-	13,120	-	13,120

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	5,847	5,847
Liabilities for which fair value are disclosed				
Long-term loans	-	208	-	208
Debentures	-	16,741	-	16,741

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	6,690	6,690
Liability for which fair value are disclosed				
Debentures	-	13,120	-	13,120

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	6,690	6,690
Liabilities for which fair value are disclosed				
Long-term loans	-	100	-	100
Debentures	-	16,741	-	16,741

33. Financial instruments

33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term borrowing, trade and other payables, short-term loans, long-term loans, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does 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 Group's exposure to interest rate risk relate primarily to its deposits with financial institutions, loans and debentures. However, since the Group's 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 2019						
	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	2,160	-	204	496	2,860	0.125 - 1.65
Trade and other receivables	-	-	-	1,912	1,912	-
	<u>2,160</u>	<u>-</u>	<u>204</u>	<u>2,408</u>	<u>4,772</u>	
Financial liabilities						
Short-term loans from financial institutions	281	-	-	-	281	COF + 1.10
Trade and other payables	-	-	-	14,069	14,069	-
Liabilities under finance lease agreements	4	12	-	-	16	4.85 - 7.21
Long-term loans	20	64	-	-	84	COF + 1.10
Debentures	6,000	7,008	-	-	13,008	1.85 - 3.00
	<u>6,305</u>	<u>7,084</u>	<u>-</u>	<u>14,069</u>	<u>27,458</u>	

Consolidated financial statements

As at 31 December 2018

	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	4,380	-	1,206	652	6,238	0.125 - 1.40
Trade and other receivables	-	-	-	1,999	1,999	-
	<u>4,380</u>	<u>-</u>	<u>1,206</u>	<u>2,651</u>	<u>8,237</u>	
Financial liabilities						
Short-term loans from financial institutions	340	-	-	-	340	4.20 - 5.06
Trade and other payables	-	-	-	14,371	14,371	-
Liabilities under finance lease agreements	4	10	-	-	14	4.85 - 7.21
Long-term loans	100	-	108	-	208	3.59 and COF+1.10
Debentures	6,700	10,000	-	-	16,700	2.00 - 3.47
	<u>7,144</u>	<u>10,010</u>	<u>108</u>	<u>14,371</u>	<u>31,633</u>	

Separate financial statements

As at 31 December 2019

	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	2,160	-	38	408	2,606	0.125 - 1.65
Trade and other receivables	-	-	-	1,785	1,785	-
Short-term loans to related party	2,530	-	-	-	2,530	3.00
	<u>4,680</u>	<u>-</u>	<u>38</u>	<u>2,193</u>	<u>6,921</u>	
Financial liabilities						
Trade and other payables	-	-	-	12,474	12,474	-
Liabilities under finance lease agreements	4	12	-	-	16	4.85 - 7.21
Debentures	6,000	7,008	-	-	13,008	1.85 - 3.00
	<u>6,004</u>	<u>7,020</u>	<u>-</u>	<u>12,474</u>	<u>25,498</u>	

Separate financial statements						
As at 31 December 2018						
	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	4,380	-	1,073	550	6,003	0.125 - 1.40
Trade and other receivables	-	-	-	2,174	2,174	-
Short-term loans to related party	2,870	-	-	-	2,870	3.00
	<u>7,250</u>	<u>-</u>	<u>1,073</u>	<u>2,724</u>	<u>11,047</u>	
Financial liabilities						
Trade and other payables	-	-	-	12,585	12,585	-
Short-term loan from related party	139	-	-	-	139	1.75
Liabilities under finance lease agreements	4	10	-	-	14	4.85 - 7.21
Long-term loan	100	-	-	-	100	3.59
Debentures	6,700	10,000	-	-	16,700	2.00 - 3.47
	<u>6,943</u>	<u>10,010</u>	<u>-</u>	<u>12,585</u>	<u>29,538</u>	

Foreign currency risk

The Group's exposure to foreign currency risk arise mainly from good purchase transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

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

Consolidated and separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
CNY	-	-	4	8	4.30	4.71
USD	-	-	-	-	30.11	32.40

As at 31 December 2019 and 2018, foreign exchange contracts outstanding are summarised below.

Consolidated and separate financial statements					
As at 31 December 2019					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	2	-	30.05 - 30.62	-	Within July 2020

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

33.2 Fair values of financial instruments

As at 31 December 2019 and 2018, 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 2019			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	2,860	2,860	2,606	2,606
Trade and other receivables	1,912	1,912	1,785	1,785
Short-term loans to related party	-	-	2,530	2,530
Financial liabilities				
Short-term loans from financial institutions	281	281	-	-
Trade and other payables	14,069	14,069	12,474	12,474
Liabilities under finance lease agreements	16	16	16	16
Long-term loans	84	84	-	-
Debentures	13,008	13,120	13,008	13,120

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	6,238	6,238	6,003	6,003
Trade and other receivables	1,999	1,999	2,174	2,174
Short-term loans to related party	-	-	2,870	2,870
Financial liabilities				
Short-term loans from financial institutions	340	340	-	-
Trade and other payables	14,371	14,371	12,585	12,585
Short-term loan from related party	-	-	139	139
Liabilities under finance lease agreements	14	14	14	14
Long-term loans	208	208	100	100
Debentures	16,700	16,741	16,700	16,741

The methods and assumptions used by the Group 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 2.50:1.

35. Events after the reporting period

On 25 February 2020, 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 2019 to December 2019. The dividend will be paid by cash at the rate of Baht 0.21 per share or in the total amount not exceeding Baht 2,762 million. The payment of cash dividend shall be made within 8 May 2020. As the Company's Board of Directors Meeting held on 27 August 2019 has the resolution to approve interim dividend payment for the operating result for the period as from January 2019 to June 2019 to the shareholders as cash dividend of Baht 0.17 per share. The interim dividend was paid on 25 September 2019. As a result, total dividend per share for the year 2019 is Baht 0.38 per share.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.