

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 2021

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., Bangkhen, Amphoe Muang, Nonthaburi.

As at 30 September 2021, the Group has a total of 114 branches (31 December 2020: 115 branches) (The Company only: 95 branches, 31 December 2020: 97 branches).

1.2 Coronavirus disease 2019 Pandemic

A new wave of the Coronavirus disease 2019 (COVID-19) pandemic results in an economic slowdown, adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. In compliance with preventive measures against the COVID-19 pandemic, the Company and a subsidiary in Thailand, and a subsidiary in Malaysia have temporarily closed some branches and partially temporarily closed some areas of some branches in accordance with the government announcement. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

1.3 Basis of preparation of interim financial information

This interim financial information is 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 information is 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 information should therefore be read in conjunction with the latest annual financial statements.

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

1.4 Basis of consolidation

This interim financial information includes the financial statements of Home Product Center Public Company Limited and its subsidiaries (“the Group”) and has been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2020. During the current period, there was no change in the structure of the Group.

1.5 New financial reporting standards

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

During the period, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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.

Furthermore, the Group elected to adopt the amendments to TFRS 16 Leases relating to COVID-19 related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease.

The Group applies the practical expedient to all rent concessions that meet the above conditions and the effects of the application of this expedient, due to resulting changes in payments under leases are recognised in profit or loss for the three-month and nine-month periods ended 30 September 2021, amounting to Baht 20.85 million and Baht 25.05 million, respectively (the Company only: Baht 18.89 million and Baht 21.34 million, respectively). There was no impact on the opening balance of retained earnings.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

1.6 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

2. Related party transactions

During the periods, 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 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
	2021	2020	2021	2020	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	47,438	90,689	Cost plus margin
Rental and service income	-	-	11,359	11,096	Baht 3.7 million per month (2020: Baht 3.6 million per month)
Management service income	-	-	7,668	8,409	Actual cost and contract price
Service income	-	-	26,650	37,688	Actual cost and contract price
Interest income	-	-	11,597	14,888	3.00% per annum
Service expense	-	-	103,847	95,833	Actual cost and contract price
Other expenses	-	-	11,630	1,831	Actual cost
<u>Transactions with related companies</u>					
Sales income	12,640	10,108	12,281	9,597	Market price
Rental and service income	3,166	4,727	2,769	4,182	Contract price
Other income	9,557	13,947	8,939	13,336	Contract price
Interest income	840	1,611	840	1,611	0.15% - 0.40% per annum (2020: 0.15% - 0.70% per annum)
Rental and service expenses	6,748	7,021	6,748	7,021	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	68,783	98,785	64,856	93,027	As mutually agreed upon comparing market price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	For the nine-month		For the nine-month		
	periods ended		periods ended		
	30 September		30 September		Pricing policy
	2021	2020	2021	2020	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	227,653	227,082	Cost plus margin
Rental and service income	-	-	33,790	33,128	Baht 3.7 million per month (2020: Baht 3.6 million per month)
Management service income	-	-	26,591	25,313	Actual cost and contract price
Service income	-	-	106,564	104,741	Actual cost and contract price
Interest income	-	-	34,895	49,554	3.00% per annum
Dividend income	-	-	-	14,999	As declared
Service expense	-	-	293,254	284,959	Actual cost and contract price
Other expenses	-	-	11,630	6,255	Actual cost
Purchases of assets	-	-	320	142	Cost plus margin
<u>Transactions with related companies</u>					
Sales income	39,519	37,630	38,837	33,647	Market price
Rental and service income	9,858	12,538	8,558	10,902	Contract price
Other income	32,922	32,331	30,586	30,549	Contract price
Interest income	4,734	14,438	4,686	14,066	0.15% - 0.40% per annum (2020: 0.15% - 1.00% per annum)
Rental and service expenses	25,170	27,414	22,520	24,764	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	241,064	297,935	216,351	284,126	As mutually agreed upon comparing market price

As at 30 September 2021 and 31 December 2020, the Group 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
	2021	2020	2021	2020
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽²⁾	1,757,736	2,654,251	1,711,597	2,613,547
<u>Trade and other receivables</u>				
Subsidiaries	-	-	151,400	127,920
Related companies ⁽¹⁾	7,376	5,799	7,376	5,799
Related companies ⁽²⁾	2,890	1,462	2,836	1,454
Related companies ⁽³⁾	736	783	394	660
Related companies ⁽⁴⁾	6,618	11,063	6,159	10,419
Total	17,620	19,107	168,165	146,252
<u>Short-term loans to related party</u>				
Subsidiary	-	-	1,516,000	1,770,000
<u>Rental guarantee deposits</u>				
Related company ⁽²⁾	3,000	3,000	3,000	3,000
<u>Trade and other payables</u>				
Subsidiaries	-	-	40,615	48,176
Related company ⁽²⁾	195	1,878	195	1,878
Related company ⁽³⁾	-	1,359	-	1,359
Related companies ⁽⁴⁾	65,674	85,607	61,268	81,137
Total	65,869	88,844	102,078	132,550

Relationship with the related companies

(1) the major shareholders

(2) has common major shareholders

(3) has common shareholders

(4) has individuals related to director

Short-term loans to related party

As at 30 September 2021, the Company has granted unsecured loans of Baht 1,516 million (31 December 2020: Baht 1,770 million) to its subsidiary on which interest is payable on a monthly basis at a rate of 3.00% per annum (31 December 2020: 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			Balance as at
	1 January	During the period		30 September
	2021	Increase	Decrease	2021
Short-term loans to related party				
Mega Home Center Company Limited	1,770,000	3,520,000	(3,774,000)	1,516,000

Directors and management's benefits

The Group 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		For the three-month	
	periods ended 30 September		periods ended 30 September	
	2021	2020	2021	2020
Short-term benefits	44,792	70,785	39,787	66,611
Post-employment benefits	1,224	1,101	1,054	950
Total	46,016	71,886	40,841	67,561

(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	
	2021	2020	2021	2020
Short-term benefits	177,929	160,661	161,527	144,462
Post-employment benefits	3,670	3,304	3,160	2,850
Total	181,599	163,965	164,687	147,312

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Trade accounts receivable	117,822	220,724	229,658	283,853
Other receivables	1,071,375	1,542,407	1,001,733	1,438,524
Income receivables	2,993	6,252	2,860	6,150
Total trade and other receivables	<u>1,192,190</u>	<u>1,769,383</u>	<u>1,234,251</u>	<u>1,728,527</u>

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Trade accounts receivable	75,903	76,249	189,535	147,631
Credit card and coupon receivable	41,919	144,475	40,123	136,222
Total trade accounts receivable	<u>117,822</u>	<u>220,724</u>	<u>229,658</u>	<u>283,853</u>

The outstanding balances of trade accounts receivable as at 30 September 2021 and 31 December 2020 are aged as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
<u>Aged on the basis of due dates</u>				
Not yet due	90,607	197,031	97,460	188,320
Past due				
Up to 3 months	25,874	21,396	46,705	57,846
3 - 6 months	207	1,637	28,895	32,742
6 - 12 months	553	9	52,989	4,635
Over 12 months	581	651	3,609	310
Total trade receivables	<u>117,822</u>	<u>220,724</u>	<u>229,658</u>	<u>283,853</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 2021 and 31 December 2020 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
<u>Aged on the basis of due dates</u>				
Not yet due	513,572	796,981	489,059	743,041
Past due				
Up to 3 months	508,342	722,433	468,818	676,158
3 - 6 months	36,305	22,890	34,574	21,246
6 - 12 months	15,745	6,268	13,594	5,004
Over 12 months	12,561	8,992	8,473	5,867
Total	1,086,525	1,557,564	1,014,518	1,451,316
Less: Allowance for expected credit losses	(15,150)	(15,157)	(12,785)	(12,792)
Total other receivables - net	<u>1,071,375</u>	<u>1,542,407</u>	<u>1,001,733</u>	<u>1,438,524</u>

4. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Inventories	14,444,242	13,008,465	11,701,675	10,582,686
Less: Reduce cost to net realisable value	(646,361)	(593,804)	(591,413)	(553,004)
Net	13,797,881	12,414,661	11,110,262	10,029,682
Less: Inventories - repaid its cost when sold	(1,498,296)	(1,559,180)	(1,233,443)	(1,214,490)
Purchase discount	(519,922)	(510,921)	(460,385)	(451,385)
Total inventories - net	<u>11,779,663</u>	<u>10,344,560</u>	<u>9,416,434</u>	<u>8,363,807</u>

5. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
Prepaid expenses	84,973	71,213	59,821	45,871
Suspend input value added tax	20,450	27,703	16,314	25,476
Others	5,094	10,357	3,315	6,542
Total other current assets	110,517	109,273	79,450	77,889

6. Investments in subsidiaries

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

Company's name	Paid-up share capital		Shareholding percentage		Cost		Dividend received	
							during the period	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2021	2020	2021	2020	2021	2020	2021	2020
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	14,999
Home Product Center (Malaysia) Sdn. Bhd.	516,843	516,843	100.00	100.00	516,843	516,843	-	-
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	-	-
Home Product Center Viet Nam Company Limited	32,340	-	100.00	-	32,340	-	-	-
Total					2,056,683	2,024,343	-	14,999
Less: Allowance for impairment of investment					(78,697)	(78,697)		
Investments in subsidiaries - net					1,977,986	1,945,646		

On 24 November 2020, the Company's Board of Directors meeting passed a resolution approving an investment in Home Product Center Viet Nam Company Limited, in which the Company holds 100%, to operate a retail business in Vietnam. The company has a registered share capital of VND 23,100 million or USD 1 million. The Company made a payment for the investment in January 2021.

7. Investment properties

Movements of the investment properties account during the nine-month period ended 30 September 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2021	3,880,053	4,952,678
Acquisitions - at cost	55,873	55,873
Disposals and written-off - net book value	(157)	(157)
Depreciation	(198,273)	(205,638)
Net book value as at 30 September 2021	<u>3,737,496</u>	<u>4,802,756</u>

8. Property, building and equipment

Movements of the property, building and equipment account during nine-month period ended 30 September 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2021	28,741,157	24,343,279
Acquisitions - at cost	830,844	722,690
Transfer from right-of-use assets - net book value	3,171	3,171
Disposals and written-off - net book value	(13,470)	(7,892)
Depreciation	(1,815,497)	(1,544,720)
Reversal of allowance for impairment	1,060	1,060
Translation adjustment	21,165	-
Net book value as at 30 September 2021	<u>27,768,430</u>	<u>23,517,588</u>

9. Right-of-use assets

Movements of the right-of-use assets account during the nine-month period ended 30 September 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2021	6,111,986	5,129,171
Additions - at cost	832,049	738,556
Transfer to property, building and equipment		
- net book value	(3,171)	(3,171)
Decrease from rental period reduction	(145,598)	(145,598)
Amortisation	(323,611)	(265,952)
Translation adjustment	4,815	-
Net book value as at 30 September 2021	6,476,470	5,453,006

10. Computer software

Movements of the computer software account during the nine-month period ended 30 September 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2021	488,870	474,812
Acquisitions - at cost	92,618	91,209
Amortisation	(68,474)	(64,577)
Translation adjustment	175	-
Net book value as at 30 September 2021	513,189	501,444

11. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Bills of exchange - Baht	0.55 - 0.58	0.90	2,000,000	1,000,000	2,000,000	1,000,000
Bills of exchange - Foreign currency	3.03 - 3.41	3.07 - 3.42	234,279	248,714	-	-
Total short-term loans from financial institutions			<u>2,234,279</u>	<u>1,248,714</u>	<u>2,000,000</u>	<u>1,000,000</u>

As at 30 September 2021, the Group had overdraft lines from banks totaling Baht 380 million and MYR 2.5 million (31 December 2020: Baht 315 million and MYR 0.5 million) (The Company only: Baht 350 million 31 December 2020: Baht 285 million) and other credit facilities totaling Baht 15,432 million, USD 56 million and MYR 70 million (31 December 2020: Baht 19,964 million, USD 55 million and MYR 66 million) (The Company only: Baht 15,199 million and USD 56 million 31 December 2020: Baht 19,426 million and USD 55 million).

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Trade accounts payable	10,007,181	11,280,098	8,575,843	9,874,371
Other payables	557,529	634,353	469,967	586,134
Other payables for purchase of assets	277,945	233,909	247,624	228,157
Accrued expenses	870,959	901,949	803,618	826,536
Total trade and other payables	<u>11,713,614</u>	<u>13,050,309</u>	<u>10,097,052</u>	<u>11,515,198</u>

13. Lease liabilities

The movements of lease liabilities for the nine-month period ended 30 September 2021 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 1 January 2021	4,622,624	4,220,824
Additions	833,154	739,660
Increase from amortisation of deferred interest during the period	115,348	104,671
Payments	(283,316)	(246,512)
Rental reduction	(25,053)	(21,344)
Decrease from rental period reduction	(163,936)	(163,936)
Translation adjustment	4,639	-
As at 30 September 2021	5,103,460	4,633,363
Less: current portion	(259,094)	(213,186)
Lease liabilities - net of current portion	4,844,366	4,420,177

14. Long-term loan

	(Unit: Thousand Baht)			
	Interest rate (% per annum)		Consolidated financial statements	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Long-term loan - MYR	COF + 1.10*	COF + 1.10*	64,090	75,167
Current portion of long-term loan			64,090	75,167

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

Movement of the long-term loan account during the nine-month period ended 30 September 2021 are summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2021	75,167
Less: Repayments	(15,680)
Translation adjustment	4,603
Balance as at 30 September 2021	64,090

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. On 22 April 2020, the subsidiary received a Supplemental Letter of granting cease the principal repayment schedule commencing from May 2020 to October 2020 and extend the principal repayment for 6 months. 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 2021 and 31 December 2020, debt to equity ratio of the subsidiary is not in compliance with the condition prescribed in the agreement. The Group, therefore presented the balance of long-term loan as current liabilities in the consolidated financial statements. However, the Group is negotiating with the bank to amend the condition.

15. Debentures

					Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					30 September 2021	31 December 2020	30 September 2021	31 December 2020
No.	Interest/discount rate per annum	Age	Repayment	Maturity				
Unsubordinated and unsecured debentures								
No. 1/2018	Fixed rate 2.00%	3 years	At maturity	16 February 2021	-	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	1.85%	3 years	At maturity	14 November 2022	3,170,000	3,170,000	3,170,000*	3,170,000*
No. 1/2020	1.65%	3 years	At maturity	3 March 2023	3,150,000	3,150,000	3,150,000*	3,150,000*
No. 2/2020	1.85%	2 years 11 months 28 days	At maturity	12 October 2023	1,000,000	1,000,000	1,000,000*	1,000,000*
No. 3/2020	Fixed rate 1.85%	2 years 11 months 28 days	At maturity	12 October 2023	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2021	1.50%	3 years	At maturity	12 January 2024	1,000,000	-	1,000,000*	-
No. 2/2021	1.40%	3 years	At maturity	9 February 2024	1,000,000	-	1,000,000*	-
Total					12,320,000	12,320,000	12,320,000	12,320,000
Less: Deferred interest							(236,599)	(264,413)
Debentures - net							12,083,401	12,055,587
Less: Current portion of debentures							(2,000,000)	(4,000,000)
Debentures - net of current portion							10,083,401	8,055,587
* Zero coupon Bond								

* Zero coupon Bond

(Unaudited but reviewed)

Movements in debentures account during the nine-month period ended 30 September 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2021	12,320,000
Add: Issuance of debentures during the period	2,000,000
Less: Redemption of debentures during the period	(2,000,000)
Balance as at 30 September 2021	12,320,000

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.

16. Revenue from contracts with customers

Disaggregated revenue information

(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	
	2021	2020	2021	2020
Type of goods or service:				
Sale of goods related to houses and residences	13,020,904	14,946,716	11,397,342	13,029,419
Renovation and improvement services	87,952	51,177	87,952	51,176
Installation, maintenance and other services	61,320	66,413	57,687	60,045
Total revenue from contracts with customers	13,170,176	15,064,306	11,542,981	13,140,640
Timing of revenue recognition:				
Revenue recognised at a point in time	13,082,224	15,013,129	11,455,029	13,089,464
Revenue recognised over time	87,952	51,177	87,952	51,176
Total revenue from contracts with customers	13,170,176	15,064,306	11,542,981	13,140,640

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month		For the nine-month	
	periods ended		periods ended	
	30 September		30 September	
	2021	2020	2021	2020
Type of goods or service:				
Sale of goods related to houses and residences	43,924,719	43,081,203	38,181,947	37,401,230
Renovation and improvement services	216,921	144,928	216,921	144,928
Installation, maintenance and other services	235,249	207,926	219,365	186,902
Total revenue from contracts with customers	<u>44,376,889</u>	<u>43,434,057</u>	<u>38,618,233</u>	<u>37,733,060</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	44,159,968	43,289,129	38,401,312	37,588,132
Revenue recognised over time	216,921	144,928	216,921	144,928
Total revenue from contracts with customers	<u>44,376,889</u>	<u>43,434,057</u>	<u>38,618,233</u>	<u>37,733,060</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	
	For the three-month		For the three-month	
	periods ended		periods ended	
	30 September		30 September	
	2021	2020	2021	2020
Revenue from external customers	13,157,537	15,054,799	11,483,262	13,040,954
Revenue from related parties	78,817	102,028	59,719	99,686
	13,236,354	15,156,827	11,542,981	13,140,640
Eliminations	(66,178)	(92,521)	-	-
Total revenue from contracts with customers	<u>13,170,176</u>	<u>15,064,306</u>	<u>11,542,981</u>	<u>13,140,640</u>

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month		For the nine-month	
	periods ended		periods ended	
	30 September		30 September	
	2021	2020	2021	2020
Revenue from external customers	44,337,371	43,399,076	38,351,743	37,474,929
Revenue from related parties	278,787	268,319	266,490	258,131
	44,616,158	43,667,395	38,618,233	37,733,060
Eliminations	(239,269)	(233,338)	-	-
Total revenue from contracts with customers	44,376,889	43,434,057	38,618,233	37,733,060

17. 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 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	periods ended		periods ended	
	30 September		30 September	
	2021	2020	2021	2020
Current income tax:				
Interim corporate income tax charge	237,107	306,479	215,290	286,883
Deferred tax:				
Relating to origination and reversal of temporary differences	(25,060)	(5,370)	(22,619)	(4,252)
Income tax expenses reported in profit or loss	212,047	301,109	192,671	282,631

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month		For the nine-month	
	periods ended		periods ended	
	30 September		30 September	
	2021	2020	2021	2020
Current income tax:				
Interim corporate income tax charge	878,886	811,028	787,661	759,193
Adjustment in respect of income tax of previous year	(25,072)	(8,033)	(20,461)	(8,030)
Deferred tax:				
Relating to origination and reversal of temporary differences	(176)	(12,726)	(6,760)	(10,283)
Income tax expenses reported in profit or loss	853,638	790,269	760,440	740,880

18. 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		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	periods ended 30 September		periods ended 30 September	
	2021	2020	2021	2020
Profit for the period (Thousand Baht)	870,414	1,400,518	817,154	1,273,327
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)	0.07	0.11	0.06	0.10

(Unaudited but reviewed)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Profit for the period (Thousand Baht)	3,665,472	3,609,717	3,314,281	3,293,137
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)	0.28	0.27	0.25	0.25

19. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends from operating results from July 2019 to December 2019	Board of Directors' Meeting of the Company on 9 April 2020 and proposed to the Annual General Meeting of the shareholders for acknowledgment on 10 July 2020	2,761	0.21
Interim dividends from operating results from January 2020 to June 2020	Board of Directors' Meeting of the Company on 25 August 2020	1,315	0.10
Total		4,076	
Interim dividend from operating results from July 2020 to December 2020	The Annual General Meeting of the shareholders on 8 April 2021	2,630	0.20
Interim dividend from operating results from January 2021 to June 2021	Board of Directors' Meeting of the Company on 31 August 2021	1,578	0.12
Total		4,208	

20. 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 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 and total assets 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

Income from external customers is based on locations of the Company and its subsidiaries which are summarised as follows.

(Unit: Million Baht)				
	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2021	2020	2021	2020
Income from external customers				
Thailand	12,996	14,720	43,654	42,528
Malaysia	161	335	683	871
Total	13,157	15,055	44,337	43,399

(Unit: Million Baht)		
	As at	
	30 September	31 December
	2021	2020
Non-current assets (other than deferred tax assets)		
Thailand	38,565	39,443
Malaysia	312	214
Vietnam	2	-
Total	38,879	39,657

Major customers

For the three-month and nine-month periods ended 30 September 2021 and 2020, the Group has no major customer with revenue of 10% or more of an entity's revenues.

21. Commitments and contingent liabilities

21.1 Capital commitment

As at 30 September 2021, 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.

21.2 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.

21.3 Long-term lease agreements - as a lessor

As at 30 September 2021, the Company has entered into 6 agreements (31 December 2020: 8 agreements) with 4 companies (31 December 2020: 4 companies) to lease and/or sub-lease parts of its premises in 5 branches (31 December 2020: 7 branches) for the periods between 14 to 30 years, with a total of rental received in advance amounting Baht 578 million (31 December 2020: 609 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 2021, the outstanding balance of rental received in advance, net of recognised rental income was Baht 270 million (31 December 2020: Baht 298 million).

21.4 Guarantees

- a) As at 30 September 2021, the Group has outstanding bank guarantees of Baht 161 million and MYR 1 million (31 December 2020: Baht 150 million and MYR 1 million) (The Company only: Baht 132 million 31 December 2020: Baht 127 million) issued by banks on behalf of the Group 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 29 million and MYR 1 million (31 December 2020: Baht 23 million and MYR 1 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 30 September 2021, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 1.2 million and CNY 2.7 million (31 December 2020: USD 0.4 million and CNY 5.4 million).
- c) As at 30 September 2021, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 103 million (31 December 2020: Baht 580 million and MYR 114 million) to financial institutions.

21.5 Litigation

- a) As at 30 September 2021, the Group has legal cases for a total claimed amount of Baht 5.0 million (31 December 2020: Baht 2.6 million) (The Company only: Baht 2.6 million 31 December 2020: Baht 0.2 million) which are currently being considered by the Court. The legal department of the Group believes that the outcome of these cases will not have significant effect to the Group. As such, the Group 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. The Administrative Court decided to dismiss the case on 25 March 2021. The plaintiff has not submitted an appeal within time frame. Therefore, the case is final.

21.6 Forward contracts

As at 31 December 2020, forward contracts outstanding are summarised below.

Consolidated and Separate financial statements					
As at 31 December 2020					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought (Baht per 1 foreign currency unit)	Sold	
USD	1	-	30.93 - 31.32	-	Within May 2021

As at 30 September 2021, the Group has no forward contracts.

22. Financial Instrument

22.1 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value except debentures are not expected to be materially different from the amounts presented in the statements of financial position. The estimated fair value of debentures, in comparison with the related amount carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	30 September 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability				
Debentures	12,083	12,211	12,056	12,238

22.2 Fair value hierarchy

As at 31 December 2020, the Group had the liability that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Liability measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1

As at 30 September 2021, the Group has no liability measured at fair value.

During the current period, the Group has not changed the methods and assumptions used to estimate the fair value of financial instruments and there were no transfers within the fair value hierarchy.

23. Events after the reporting period

On 1 October 2021, the Company issued unsubordinated and unsecured debentures for a maturity period of 3 years. The number of units offered was 2 million units with a par value of Baht 1,000 each for a total of Baht 2,000 million with interest at discount rate of 1.07% per annum and no interest payments are made over the life of debentures, issuing to institutional investors to be used as the Company's working capital. The debenture is maturity on 1 October 2024.

24. Approval of interim financial information

This interim financial information was authorised for issue by the Company's authorised directors on 25 October 2021.