

Home Product Center Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2020

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 31 December 2020, the Group has a total of 115 branches (2019: 113 branches) (The Company only: 97 branches, 2019: 95 branches).

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group had a temporary closure of branches in The Greater Bangkok and some provinces since 22 March 2020 until 16 May 2020 including partial of all branches in Malaysia since 18 March 2020 until 3 May 2020 as a preventive measure over the pandemic of COVID-19 virus of the Government. 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.

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, 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”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020	2019
			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 management 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, 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 has adopted the revised (revised 2019) and new 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. 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:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

These standards do not have any significant impact on the Group's financial statements.

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.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures for accounting alternatives relating to not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, and impairment of assets.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, the Group has decided to discontinue application of all temporary relief measures for accounting alternatives with no significant impact on the Group's financial statements.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of 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 management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Cumulative effect of change in accounting policy due to the adoption of new financial reporting standards

As described in Note 3 a), during the current year, the Group has adopted financial reporting standard related to financial instruments and TFRS 16. The cumulative effect of initially applying TFRS 16 is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated. The Group has elected to apply TFRS 16 to the leases previously classified as operating leases by recognition right-of-use assets as lease-by-lease basis. The carrying amount of the right-of-use assets at if the Standard had been applied since the commence date of the lease, but discounted using the lessee's incremental borrowing rate as at 1 January 2020.

The impacts of change in accounting policy on the statements of financial position at the beginning of 2020 due to the adoption of this standard is presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2019	The impacts of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Current asset			
Other current assets	176,118	(33,571)	142,547
Non-current assets			
Investment properties	2,425,151	727,275	3,152,426
Property, buildings and equipment	29,636,758	(15,028)	29,621,730
Right-of-use assets	-	6,154,033	6,154,033
Leasehold rights	3,169,422	(3,169,422)	-
Deferred tax assets	218,983	193,021	412,004

(Unit: Thousand Baht)

Consolidated financial statements

	The impacts of		
	31 December 2019	TFRS 16	1 January 2020
Liabilities and shareholders' equity			
Current liability			
Current portion of lease liabilities	3,474	281,980	285,454
Non-current liabilities			
Lease liabilities - net of current portion	12,156	4,383,802	4,395,958
Other non-current liabilities	694,379	(152,924)	541,455
Shareholders' equity			
Retained earnings - unappropriated	6,085,859	(656,550)	5,429,309

(Unit: Thousand Baht)

Separate financial statements

	The impacts of		
	31 December 2019	TFRS 16	1 January 2020
Statement of financial position			
Assets			
Current asset			
Other current assets	148,254	(33,571)	114,683
Non-current assets			
Investment properties	3,268,131	966,767	4,234,898
Property, buildings and equipment	24,859,117	(15,028)	24,844,089
Right-of-use assets	-	5,100,829	5,100,829
Leasehold rights	2,745,597	(2,745,597)	-
Deferred tax assets	193,604	183,748	377,352
Liabilities and shareholders' equity			
Current liability			
Current portion of lease liabilities	3,474	242,948	246,422
Non-current liabilities			
Lease liabilities - net of current portion	12,156	3,982,162	3,994,318
Other non-current liabilities	635,284	(133,511)	501,773
Shareholders' equity			
Retained earnings - unappropriated	5,530,862	(634,451)	4,896,411

4.1 Financial instruments

As at 1 January 2020, the Group has not determined on what any financial assets at fair value through profit or loss or at fair value through other comprehensive income and no what any financial liabilities at fair value through profit or loss.

4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease measured payments, discounted using the Group's incremental borrowing rate of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively before the date of initial application.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Operating lease commitments as at 31 December 2019	6,384,231	5,695,841
Less: Short-term leases and leases of low-value assets	(11,606)	(9,929)
Add: Reverse of straight-line basis adjustment	152,924	133,511
Less: Others	(17,097)	(11,601)
Less: Deferred interest expenses	(1,842,670)	(1,582,712)
Increase in lease liabilities due to TFRS 16 adoption	4,665,782	4,225,110
Liabilities under finance lease agreements as at 31 December 2019	15,630	15,630
Lease liabilities as at 1 January 2020	4,681,412	4,240,740
Incremental borrowing rate (percent per annum)	2.42 - 4.20	2.42 - 3.30
Comprise of:		
Current lease liabilities	285,454	246,422
Non-current lease liabilities	4,395,958	3,994,318
	4,681,412	4,240,740

5. Significant accounting policies

5.1 Revenue and expense 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.

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.

Finance income

Finance income is interest income on debt instruments measured at amortised cost and recognised on an accrual basis using the effective interest method. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends

Dividends are recognised when the right to receive the dividends is established.

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

5.2 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.

5.3 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.

5.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separated financial statements using the cost method, net of allowance for impairment loss (if any).

5.5 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 - 48 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 year when the asset is derecognised.

5.6 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 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.

5.7 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.

5.8 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.

5.9 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land and land improvement	-	2 - 31	years
Buildings	-	2 - 22	years
Motor vehicles	-	2 - 5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets which are classified as investment properties are presented as part of investment properties in the statement of financial position.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of property, buildings and 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 long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, buildings and 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.

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.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.10 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.

5.11 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.

5.12 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, buildings and equipment, right-of-use assets, investment properties and other intangible assets 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 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.

5.13 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 detail of the program are as described in Note 23. 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.

5.14 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.

5.15 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 it recognises 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.

5.16 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

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 experience and analysis of debt aging.

5.17 Derivative

The Group uses derivative, forward currency contracts, to reduce its foreign currency risks.

Derivative is initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivative is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative.

Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5.18 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.

6. 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 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

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease classification - The Group as lessor

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Investment properties, property, buildings and equipment and right-of-use assets/ Depreciation/Impairment

In determining depreciation of investment properties, buildings and equipment and right-of-use assets, the management is required to make estimates of the useful lives and salvage values of the Group's investment properties, building and equipment and right-of-use assets and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review investment properties, property, buildings and equipment and right-of-use assets 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.

Allowance for impairment of investment in subsidiaries

In determining allowance for impairment of a investment in subsidiaries, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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.

Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

7. 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		Separate		Pricing policy
	financial statements		financial statements		
2020	2019	2020	2019		
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	310,015	227,616	Cost plus margin
Rental and service income	-	-	44,224	42,301	Baht 3.7 million per month (2019: Baht 3.4 million per month)
Management service income	-	-	33,712	35,734	Actual cost and contract price
Service income	-	-	138,556	128,723	Actual cost and contract price
Interest income	-	-	64,818	85,392	3% per annum
Dividend income	-	-	14,999	-	As declared
Sales of assets	-	-	434	-	Cost plus margin
Service expense	-	-	376,949	422,178	Actual cost and contract price
Other expenses	-	-	9,619	27,245	Actual cost
Interest expenses	-	-	-	180	1.75 % per annum
Purchases of assets	-	-	19	4,719	Cost plus margin
<u>Transactions with related companies</u>					
Sales income	47,371	79,287	43,258	60,703	Market price
Rental and service income	16,419	21,480	14,365	18,706	Contract price
Other income	47,714	38,167	45,007	35,648	Contract price
Interest income	14,995	49,783	14,577	49,335	0.15% - 1.00% per annum (2019: 0.25% - 1.60% per annum)
Rental and service expenses	33,439	70,205	30,789	67,555	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	397,634	239,051	380,130	215,296	As mutually agreed upon comparing market price
Purchases of leasehold rights	-	172,672	-	115,072	Contract price

As at 31 December 2020 and 2019, 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	
	2020	2019	2020	2019
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽²⁾	<u>2,654,251</u>	<u>2,278,106</u>	<u>2,613,547</u>	<u>2,197,373</u>
<u>Trade and other receivables</u>				
Subsidiaries	-	-	127,920	78,230
Related companies ⁽¹⁾	5,799	4,376	5,799	4,351
Related companies ⁽²⁾	1,462	1,951	1,454	1,951
Related companies ⁽³⁾	783	6,000	660	2,607
Related companies ⁽⁴⁾	11,063	7,781	10,419	7,351
Total	<u>19,107</u>	<u>20,108</u>	<u>146,252</u>	<u>94,490</u>
<u>Short-term loans to related party</u>				
Subsidiary	<u>-</u>	<u>-</u>	<u>1,770,000</u>	<u>2,530,000</u>
<u>Rental guarantee deposits</u>				
Related company ⁽²⁾	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
<u>Trade and other payables</u>				
Subsidiaries	-	-	48,176	95,572
Related company ⁽²⁾	1,878	1,902	1,878	1,902
Related company ⁽³⁾	1,359	6,828	1,359	6,828
Related companies ⁽⁴⁾	85,607	65,552	81,137	61,114
Total	<u>88,844</u>	<u>74,282</u>	<u>132,550</u>	<u>165,416</u>

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 31 December 2020, the Company has granted unsecured loans of Baht 1,770 million (2019: Baht 2,530 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 2020
	Balance as at 1 January 2020	During the year		
		Increase	Decrease	
Short-term loans to related party				
Mega Home Center Company Limited	2,530,000	3,310,000	(4,070,000)	1,770,000

Directors and management's benefits

During the year ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term benefits	198,867	189,315	179,159	171,798
Post-employment benefits	4,406	7,041	3,801	6,263
Total	203,273	196,356	182,960	178,061

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	140,981	163,503	107,885	126,518
Bank deposits	541,710	536,476	357,526	319,850
Fixed deposits	2,600,000	2,160,000	2,600,000	2,160,000
Total	3,282,691	2,859,979	3,065,411	2,606,368

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.05% - 1.00% per annum (2019: between 0.125% - 1.65% per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade accounts receivable	220,724	216,347	283,853	204,022
Other receivables	1,542,407	1,685,282	1,438,524	1,570,139
Income receivables	6,252	10,775	6,150	10,411
Total trade and other receivables	<u>1,769,383</u>	<u>1,912,404</u>	<u>1,728,527</u>	<u>1,784,572</u>

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade accounts receivable	76,249	105,178	147,631	97,058
Credit card and coupon receivable	144,475	111,169	136,222	106,964
Total trade accounts receivable	<u>220,724</u>	<u>216,347</u>	<u>283,853</u>	<u>204,022</u>

The outstanding balances of trade accounts receivable as at 31 December 2020 and 2019 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Aged on the basis of due dates				
Not yet due	197,031	187,350	188,320	154,960
Past due				
Up to 3 months	21,396	26,987	57,846	38,616
3 - 6 months	1,637	1,324	32,742	10,080
6 - 12 months	9	44	4,635	56
Over 12 months	651	642	310	310
Total trade receivables	<u>220,724</u>	<u>216,347</u>	<u>283,853</u>	<u>204,022</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 31 December 2020 and 2019 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Aged on the basis of due dates				
Not yet due	796,981	854,132	743,041	792,821
Past due				
Up to 3 months	722,433	825,525	676,158	773,849
3 - 6 months	22,890	7,666	21,246	6,164
6 - 12 months	6,268	6,196	5,004	5,382
Over 12 months	8,992	6,979	5,867	4,774
Total	1,557,564	1,700,498	1,451,316	1,582,990
Less: Allowance for expected credit losses				
(2019: allowance for doubtful debts)	(15,157)	(15,216)	(12,792)	(12,851)
Total other receivables - net	<u>1,542,407</u>	<u>1,685,282</u>	<u>1,438,524</u>	<u>1,570,139</u>

10. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Inventories	13,008,465	13,108,707	10,582,686	10,802,145
Less: Reduce cost to net realisable value	(593,804)	(572,740)	(553,004)	(540,163)
Net	12,414,661	12,535,967	10,029,682	10,261,982
Less: Inventories - repaid its cost				
when sold	(1,559,180)	(1,627,768)	(1,214,490)	(1,251,553)
Purchase discount	(510,921)	(486,936)	(451,385)	(425,905)
Inventories - net	<u>10,344,560</u>	<u>10,421,263</u>	<u>8,363,807</u>	<u>8,584,524</u>

During the current year, the Group reduced cost of inventories by Baht 103 million (2019: Baht 122 million) (The Company only: Baht 81 million, 2019: Baht 98 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 82 million (2019: Baht 95 million) (The Company only: Baht 68 million, 2019: Baht 69 million), and reduced the amount of inventories recognised as expenses during the year.

11. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Prepaid expenses	71,213	95,003	45,871	71,736
Suspend input value added tax	27,703	65,771	25,476	63,362
Others	10,357	15,344	6,542	13,156
Total other current assets	109,273	176,118	77,889	148,254

12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the period	
	2020	2019	2020	2019	2020	2019	2020	2019
			(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	-	-
Total					2,024,343	2,024,343	14,999	-
Less: Allowance for impairment of investment					(78,697)	(115,519)		
Investments in subsidiaries - net					1,945,646	1,908,824		

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% interests, 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 totaling Baht 38.8 million for the investment on 14 January 2021.

13. Investment properties

The net book value of investment properties as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statement				
	Land and land improvement	Buildings and equipment	Right-of-use assets for rent	Assets under installation and under construction	Total
As at 31 December 2020					
Cost	150,000	5,042,473	885,887	3,255	6,081,615
Less: Accumulated depreciation	-	(2,065,644)	(135,918)	-	(2,201,562)
Net book value	150,000	2,976,829	749,969	3,255	3,880,053
As at 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	150,000	2,253,061	-	22,090	2,425,151

(Unit: Thousand Baht)

	Separate financial statement				
	Land and land improvement	Buildings and equipment	Right-of-use assets for rent	Assets under installation and under construction	Total
As at 31 December 2020					
Cost	992,980	5,042,473	1,164,580	3,255	7,203,288
Less: Accumulated depreciation	-	(2,065,643)	(184,967)	-	(2,250,610)
Net book value	992,980	2,976,830	979,613	3,255	4,952,678
As at 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	992,980	2,253,061	-	22,090	3,268,131

A reconciliation of the net book value of investment properties for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	2,425,151	2,612,073	3,268,131	3,455,053
Adjustments of right-of-use assets due to TFRS 16 adoption	352,161	-	427,648	-
Transfer from leasehold rights - net book value	375,114	-	539,119	-
Adjustments of right-of-use assets at beginning of year (Note 4)	727,275	-	966,767	-
Additions	946,896	41,830	946,896	41,830
Disposals and written-off - net book value	(29)	(788)	(29)	(788)
Depreciation	(219,240)	(227,964)	(229,087)	(227,964)
Net book value at end of year	<u>3,880,053</u>	<u>2,425,151</u>	<u>4,952,678</u>	<u>3,268,131</u>

The fair value of the investment properties as at 31 December 2020 and 2019 stated below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Fair value of land, buildings and right-of-use assets for rent	6,963	5,847	7,475	6,690
Lease liabilities	472	-	567	-
	<u>7,435</u>	<u>5,847</u>	<u>8,042</u>	<u>6,690</u>

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.

14. 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:							
As at 1 January 2019	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
Transfer to right-of-use assets	-	-	-	-	(19,408)	-	(19,408)
As at 1 January 2020	9,055,646	30,595,123	1,233,783	8,101,506	6,860	567,280	49,560,198
Additions	-	88,663	356,987	242,797	400	986,606	1,675,453
Transfer from right-of-use assets	-	-	-	-	413	-	413
Disposals and written-off	-	(20,118)	(9,967)	(98,105)	(1,010)	-	(129,200)
Transfers in (out)	-	1,201,729	13,911	288,300	-	(1,503,940)	-
Translation adjustment	-	3,921	262	3,550	-	(22)	7,711
As at 31 December 2020	9,055,646	31,869,318	1,594,976	8,538,048	6,663	49,924	51,114,575
Accumulated depreciation:							
As at 1 January 2019	-	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)
As at 31 December 2019	-	12,354,657	672,814	6,895,506	9,771	-	19,932,748
Transfer to right-of-use assets	-	-	-	-	(4,380)	-	(4,380)
As at 1 January 2020	-	12,354,657	672,814	6,895,506	5,391	-	19,928,368
Depreciation for the year	-	1,763,076	170,125	557,004	711	-	2,490,916
Transfer from right-of-use assets	-	-	-	-	172	-	172
Depreciation on disposals and written-off	-	(18,062)	(3,374)	(91,995)	(753)	-	(114,184)
Translation adjustment	-	581	194	1,773	-	-	2,548
As at 31 December 2020	-	14,100,252	839,759	7,362,288	5,521	-	22,307,820
Allowance for impairment loss:							
As at 1 January 2019	11,430	13,700	-	-	-	-	25,130
Decrease during the year	(2,030)	(13,000)	-	-	-	-	(15,030)
As at 31 December 2019	9,400	700	-	-	-	-	10,100
Increase during the year	-	37,654	19,000	-	-	-	56,654
Decrease during the year	-	(700)	-	-	-	-	(700)
Translation adjustment	-	(456)	-	-	-	-	(456)
31 December 2020	9,400	37,198	19,000	-	-	-	65,598
Net book value:							
As at 31 December 2019	9,046,246	18,239,766	560,969	1,206,000	16,497	567,280	29,636,758
As at 1 January 2020	9,046,246	18,239,766	560,969	1,206,000	1,469	567,280	29,621,730
As at 31 December 2020	9,046,246	17,731,868	736,217	1,175,760	1,142	49,924	28,741,157
Depreciation for the year							
2019 (Baht 2,457 million included in selling expenses, and the balance in administrative expenses)							2,510,028
2020 (Baht 2,352 million included in selling expenses, and the balance in administrative expenses)							2,490,916

(Unit: Thousand Baht)

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:							
As at 1 January 2019	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)	-
As at 31 December 2019	8,063,166	25,784,553	1,173,691	6,924,894	25,490	556,951	42,528,745
Transfer to right-of-use assets	-	-	-	-	(19,408)	-	(19,408)
As at 1 January 2020	8,063,166	25,784,553	1,173,691	6,924,894	6,082	556,951	42,509,337
Additions	-	85,402	351,179	234,376	100	974,255	1,645,312
Transfer from right-of-use assets	-	-	-	-	413	-	413
Disposals and written-off	-	(19,497)	(9,859)	(89,262)	(1,010)	-	(119,628)
Transfers in (out)	-	1,200,045	13,911	275,392	-	(1,489,348)	-
As at 31 December 2020	8,063,166	27,050,503	1,528,922	7,345,400	5,585	41,858	44,035,434
Accumulated depreciation:							
As at 1 January 2019	-	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)
As at 31 December 2019	-	11,108,513	616,723	5,925,299	8,993	-	17,659,528
Transfer to right-of-use assets	-	-	-	-	(4,380)	-	(4,380)
As at 1 January 2020	-	11,108,513	616,723	5,925,299	4,613	-	17,655,148
Depreciation for the year	-	1,489,383	166,540	440,876	710	-	2,097,509
Transfer from right-of-use assets	-	-	-	-	172	-	172
Depreciation on disposals and written-off	-	(17,732)	(3,268)	(83,321)	(753)	-	(105,074)
As at 31 December 2020	-	12,580,164	779,995	6,282,854	4,742	-	19,647,755
Allowance for impairment loss:							
As at 1 January 2019	11,430	13,700	-	-	-	-	25,130
Decrease during the year	(2,030)	(13,000)	-	-	-	-	(15,030)
As at 31 December 2019	9,400	700	-	-	-	-	10,100
Increase during the year	-	16,000	19,000	-	-	-	35,000
Decrease during the year	-	(700)	-	-	-	-	(700)
As at 31 December 2020	9,400	16,000	19,000	-	-	-	44,400
Net book value:							
As at 31 December 2019	8,053,766	14,675,340	556,968	999,595	16,497	556,951	24,859,117
As at 1 January 2020	8,053,766	14,675,340	556,968	999,595	1,469	556,951	24,844,089
As at 31 December 2020	8,053,766	14,454,339	729,927	1,062,546	843	41,858	24,343,279
Depreciation for the year							
2019 (Baht 2,022 million included in selling expenses, and the balance in administrative expenses)							2,073,468
2020 (Baht 1,716 million included in selling expenses, and the balance in administrative expenses)							2,097,509

As at 31 December 2019, the Group had vehicles under finance lease agreements with net book values amounting to Baht 15 million.

As at 31 December 2020, 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 9,024 million (2019: Baht 7,675 million) (The Company only: Baht 8,206 million, 2019: Baht 7,018 million).

15. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
As at 1 January 2019	848,384	796,737
Acquisitions during the year	78,548	78,384
Written-off	(7,280)	(7,280)
Translation adjustment	(76)	-
As at 31 December 2019	919,576	867,841
Acquisitions during the year	101,022	101,022
Translation adjustment	20	-
As at 31 December 2020	1,020,618	968,863
Accumulated amortisation		
As at 1 January 2019	365,353	337,876
Amortisation for the year	78,929	73,812
Amortisation on written-off	(702)	(702)
Translation adjustment	(34)	-
As at 31 December 2019	443,546	410,986
Amortisation for the year	88,195	83,065
Translation adjustment	7	-
As at 31 December 2020	531,748	494,051
Net book value		
As at 31 December 2019	476,030	456,855
As at 31 December 2020	488,870	474,812

16. Leasehold rights

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Cost		
As at 1 January 2019	3,711,348	3,300,637
Increase during the year	321,369	263,769
Written-off	(666)	(666)
As at 31 December 2019	4,032,051	3,563,740
Accumulated amortisation		
As at 1 January 2019	738,091	708,159
Amortisation for the year	125,090	110,536
Amortisation on written-off	(552)	(552)
As at 31 December 2019	862,629	818,143
Net book value		
As at 31 December 2019	3,169,422	2,745,597
Transfer to investment properties	(375,114)	(539,119)
Transfer to right-of-use assets	(2,794,308)	(2,206,478)
As at 31 December 2020	-	-

17. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2020	2019	2020	2019	2020	2019
Bill of exchange - Baht	0.90	-	1,000,000	-	1,000,000	-
Bill of exchange - Foreign currency	3.07 - 3.42	3.91 - 4.78	248,714	280,742	-	-
Total short-term loans from financial institutions			1,248,714	280,742	1,000,000	-

As at 31 December 2020, the Group had overdraft lines from banks totaling Baht 315 million and MYR 0.5 million (2019: Baht 305 million and MYR 0.50 million) (The Company only: Baht 285 million 2019: Baht 275 million) and other credit facilities totaling Baht 19,964 million, USD 55 million and MYR 66 million (2019: Baht 14,240 million, USD 54 million and MYR 61 million) (The Company only: Baht 19,426 million and USD 55 million 2019: Baht 14,003 million and USD 54 million).

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade accounts payable	11,280,098	11,715,766	9,874,371	10,222,159
Other payables	634,353	578,798	586,134	584,576
Other payables for purchase of assets	233,909	602,157	228,157	588,354
Accrued expenses	901,949	1,172,360	826,536	1,078,707
Total trade and other payables	13,050,309	14,069,081	11,515,198	12,473,796

19. Leases

19.1 The Group as a lessee

The Group has lease contracts for various items of property, buildings, and equipment used in its operations. Leases generally have lease terms between 2 - 31 years.

a) Right-of-use assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land and land improvement	Buildings	Motor vehicles	Total
Cost				
As at 31 December 2019	-	-	-	-
Adjustments of right-of-use assets due to TFRS 16 adoption	1,833,580	1,511,117	-	3,344,697
Transfer from property, buildings and equipment	-	-	19,408	19,408
Transfer from leasehold rights	3,546,185	-	-	3,546,185
As at 1 January 2020	5,379,765	1,511,117	19,408	6,910,290
Acquisitions	356,899	-	1,657	358,556
Transfer to property, buildings and equipment	-	-	(413)	(413)
Translation adjustment	-	721	-	721
As at 31 December 2020	5,736,664	1,511,838	20,652	7,269,154
Accumulated amortisation				
As at 31 December 2019	-	-	-	-
Transfer from property, buildings and equipment	-	-	4,380	4,380
Transfer from leasehold rights	751,877	-	-	751,877
As at 1 January 2020	751,877	-	4,380	756,257
Amortisation for the year	206,780	172,929	3,676	383,385
Transfer to property, buildings and equipment	-	-	(172)	(172)
Difference from rental reduction	2,026	16,397	-	18,423
Translation adjustment	-	(725)	-	(725)
As at 31 December 2020	960,683	188,601	7,884	1,157,168
Net book value				
As at 1 January 2020	4,627,888	1,511,117	15,028	6,154,033
As at 31 December 2020	4,775,981	1,323,237	12,768	6,111,986

(Unit: Thousand Baht)

	Separate financial statements			
	Land and land improvement	Buildings	Motor vehicles	Total
Cost				
As at 31 December 2019	-	-	-	-
Adjustments of right-of-use assets				
due to TFRS 16 adoption	1,411,174	1,468,149	-	2,879,323
Transfer from property, buildings and equipment	-	-	19,408	19,408
Transfer from leasehold rights	2,874,668	-	-	2,874,668
As at 1 January 2020	4,285,842	1,468,149	19,408	5,773,399
Acquisitions	356,899	-	1,657	358,556
Transfer to property, buildings and equipment	-	-	(413)	(413)
As at 31 December 2020	4,642,741	1,468,149	20,652	6,131,542
Accumulated amortisation				
As at 31 December 2019	-	-	-	-
Transfer from property, buildings and equipment	-	-	4,380	4,380
Transfer from leasehold rights	668,190	-	-	668,190
As at 1 January 2020	668,190	-	4,380	672,570
Amortisation for the year	169,371	138,504	3,675	311,550
Transfer to property, buildings and equipment	-	-	(172)	(172)
Difference from rental reduction	2,026	16,397	-	18,423
As at 31 December 2020	839,587	154,901	7,883	1,002,371
Net book value				
As at 1 January 2020	3,617,652	1,468,149	15,028	5,100,829
As at 31 December 2020	3,803,154	1,313,248	12,769	5,129,171

The movements of right-of-use assets exclude the right-of-use assets which are classified as investment property which is presented in Note 13.

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	6,519,580	17,105	5,870,650	17,105
Less: Deferred interest expenses	(1,896,956)	(1,475)	(1,649,826)	(1,475)
Total	4,622,624	15,630	4,220,824	15,630
Less: Portion due within one year	(249,328)	(3,474)	(240,863)	(3,474)
Lease liabilities - net of current portion	4,373,296	12,156	3,979,961	12,156

A maturity analysis of lease payments is disclosed in Note 35.2 under the liquidity risk.

The movements of lease liabilities for year 2020 are presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2020	15,630	15,630
Adjustments due to TFRS 16 adoption	4,665,782	4,225,110
Additions	406,538	406,538
Increase from amortisation of deferred interest in the year	130,659	117,821
Payments	(572,224)	(520,261)
Difference from rental reduction	(24,014)	(24,014)
Translation adjustment	253	-
As at 31 December 2020	4,622,624	4,220,824

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	519,303	496,517
Interest expense on lease liabilities	130,659	117,821
Expense relating to short-term leases	21,187	21,187
Expense relating to leases of low-value assets	24,777	20,841
Expense relating to variable lease payments	58,906	58,906

The Group has lease contracts for building space that contains variable payments based on sales. The lease term is 1 - 22 years.

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 677 million (the Company only: Baht 621 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 213 million (the Company only: Baht 213 million). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 33.2 c).

19.2 Group as a lessor

The Group has entered into operating leases for its investment properties portfolio consisting of property, buildings, and right-of-use assets of lease land (see Note 13) of the lease terms are between 3 to 30 years.

The Group has future minimum rentals receivable under non-cancellable operating leases of investment properties as at 31 December 2020 and 2019 as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Within 1 year	78,833	82,845	112,917	121,419
Over 1 and up to 5 years	333,635	365,075	363,555	416,537
Over 5 years	893,955	1,100,474	863,955	1,100,474
Total	1,306,423	1,548,394	1,340,427	1,638,430

During 2020 the Group has sub-lease income amounting to Baht 59 Million (2019: Baht 59 million) (The Company only: Baht 103 million and 2019: Baht 102 million).

20. Long-term loan

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements	
	2020	2019	2020	2019
	Long-term loan - MYR	COF + 1.10*	COF + 1.10*	75,167
Less: Current portion of long-term loan			(75,167)	(20,207)
Long-term loan - 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 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2020	84,195
Less: Repayment	(10,236)
Translation adjustment	1,208
Balance as at 31 December 2020	75,167

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 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.

21. Debentures

No.	Interest/discount rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Units)		Amount (Thousand Baht)	
					2020	2019	2020	2019
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	27 April 2020	-	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
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*	-
No. 2/2020	1.85%	2 years 11 months 28 days	At maturity	12 October 2023	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	-
Total					<u>12,320,000</u>	<u>13,170,000</u>	<u>12,320,000</u>	<u>13,170,000</u>
Less: Deferred interest							(264,413)	(162,336)
Debenture - net							<u>12,055,587</u>	<u>13,007,664</u>
Less: Current portion of debentures							<u>(4,000,000)</u>	<u>(6,000,000)</u>
Debentures - net of current portion							<u><u>8,055,587</u></u>	<u><u>7,007,664</u></u>

* Zero Coupon Bond

Movements in debentures account during the period ended 31 December 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2020	13,170,000
Add: Issuance of debentures during the year	5,150,000
Less: Redemption of debentures during the year	(6,000,000)
Balance as at 31 December 2020	<u><u>12,320,000</u></u>

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

22. 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	
	2020	2019	2020	2019
Provision for long-term employee benefits				
at beginning of year	528,170	340,113	480,430	308,086
Included in profit or loss:				
Current service cost	49,572	70,674	43,361	64,214
Interest cost	7,922	9,972	7,231	9,067
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	(11,612)	(1,148)	(9,265)	(946)
Provision for long-term employee benefits				
at end of year	574,052	528,170	521,757	480,430

As at 31 December 2020, the Group expects to pay Baht 22 million of long-term employee benefits during the next year (2019: Baht 24 million) (The Company only: Baht 21 million, 2019: Baht 20 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 9 years (2019: 9 years) (The Company only: 9 years 2019: 9 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Discount rate	1.5%	1.5%	1.5%	1.5%
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 2020 and 2019 are summarised below:

(Unit: Million Baht)

Discount rate	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
31 December 2020	(35)	11	(31)	11
31 December 2019	(22)	24	(20)	21

(Unit: Million Baht)

Salary increase rate	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
31 December 2020	45	(64)	41	(58)
31 December 2019	51	(46)	47	(42)

(Unit: Million Baht)

Turnover rate (depending on age)	Consolidated		Separate	
	financial statements		financial statements	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
31 December 2020	(36)	55	(32)	48
31 December 2019	(36)	43	(32)	37

23. The Employee Joint Investment Program (EJIP)

The significant details of the Employee Joint Investment Program (EJIP) are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited and DC Service Center 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 2020, the Group contributed Baht 36 million to the program (2019: Baht 34 million) (The Company only: Baht 35 million 2019: Baht 32 million).

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

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

25. Revenue from contracts with customers

25.1 Disaggregated revenue information

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Type of goods or service:				
Sale of goods related to houses and residences	57,862,707	62,594,414	50,315,988	54,472,577
Renovation and improvement services	206,284	199,203	206,284	199,203
Installation maintenance and other service	277,778	252,613	249,286	216,298
Total revenue from contracts with customers	58,346,769	63,046,230	50,771,558	54,888,078
Timing of revenue recognition:				
Revenue recognised at a point in time	58,140,485	62,847,027	50,565,274	54,688,875
Revenue recognised over time	206,284	199,203	206,284	199,203
Total revenue from contracts with customers	58,346,769	63,046,230	50,771,558	54,888,078

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	
	2020	2019	2020	2019
Revenue from external customers	58,299,399	62,966,943	50,418,285	54,599,758
Revenue from related parties	367,004	334,683	353,273	288,320
	58,666,403	63,301,626	50,771,558	54,888,078
Adjustments and eliminations	(319,634)	(255,396)	-	-
Total revenue from contracts with customers	58,346,769	63,046,230	50,771,558	54,888,078

25.2 Revenue recognised in relation to contract balances

In 2020, amounts of Baht 955 million (2019: Baht 967 million) (The Company only: Baht 889 million 2019: Baht 930 million) that were included in advances received from customers at the beginning of the year were recognised as revenue.

26. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries and wages and other employee benefits	4,524	4,740	4,069	4,244
Premises expenses	1,198	1,998	1,062	1,752
Depreciation and amortisation	3,182	2,942	2,721	2,486
Sales promotion and operation support expenses	2,495	2,629	2,319	2,451
Financial cost	459	405	432	387
Tax expenses and fees	1,013	1,560	949	1,484
Changes in finished goods	56	(203)	208	(307)

27. Finance cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest expense of loan and debentures	328,128	404,574	314,364	386,480
Interest expense on lease liabilities	130,659	891	117,821	891
Total	458,787	405,465	432,185	387,371

28. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	1,236,873	1,444,147	1,156,953	1,383,842
Adjustment in respect of income tax of previous year	(8,033)	(5,931)	(8,030)	(5,930)
Deferred tax:				
Relating to origination and reversal of temporary differences	(193,487)	(11,235)	(177,351)	(10,922)
Income tax expenses reported in profit or loss	1,035,353	1,426,981	971,572	1,366,990

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
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	
	2020	2019	2020	2019
Accounting profit before tax	6,190,054	7,603,571	5,759,852	7,053,980
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,238,011	1,520,714	1,151,970	1,410,796
Adjustment in respect of income tax of previous year	(8,033)	(5,931)	(8,030)	(5,930)
Unused tax loss which has not recognised as deferred tax assets	-	8,269	-	-
Effects of:				
Change in value of investment accounted for the equity method	-	908	-	-
Revenues that are granted income tax exemption	-	-	(3,000)	-
Non-deductible expenses	12,786	25,361	9,392	46,904
Additional expense deductions allowed	(173,395)	(122,820)	(144,744)	(85,279)
Others	(34,016)	480	(34,016)	499
Total	(194,625)	(96,071)	(172,368)	(37,876)
Income tax expenses reported in profit or loss	1,035,353	1,426,981	971,572	1,366,990

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for expected credit losses (2019: allowance for doubtful debts)	3,032	3,043	2,558	2,570
Purchase discount	102,184	97,387	90,277	85,181
Allowance for asset impairment	8,880	2,020	8,880	2,020
Lease	235,429	-	226,058	-
Provision for long-term employee benefits	114,810	105,634	104,352	96,086
Deferred purchase discount	8,568	7,878	8,368	7,747
Provision	132,588	3,020	114,210	-
Total	605,491	218,983	554,703	193,604

As at 31 December 2020, the Group has deductible temporary differences totaling Baht 594 million (2019: Baht 617 million) (The Company only: Baht 553 million, 2019: Baht 540 million). No deferred tax assets have been recognised on these amounts as the Group believes that the temporary differences may not be utilised.

29. 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	
	2020	2019	2020	2019
Profit for the year (Thousand Baht)	5,154,702	6,176,590	4,788,280	5,686,990
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)	0.39	0.47	0.36	0.43

30. 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)

	2020	2019
Sales income from external customers		
Thailand	57,128	61,714
Malaysia	1,171	1,253
Total	<u>58,299</u>	<u>62,967</u>
Non-current assets (other than deferred tax assets)		
Thailand	39,443	35,875
Malaysia	214	265
Total	<u>39,657</u>	<u>36,140</u>

Major customers

For the years 2020 and 2019, the Group has no major customer with revenue of 10% or more of an entity's revenues.

31. 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 2020, the Group contributed Baht 101 million (2019: Baht 92 million) to the fund (The Company only: Baht 90 million, 2019: Baht 82 million).

32. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2018	Annual General Meeting of the shareholders on 9 April 2019	2,630	0.20
Interim dividends from operating results from January 2019 to June 2019	Board of Directors' Meeting of the Company on 27 August 2019	<u>2,235</u>	0.17
Total		<u>4,865</u>	
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	<u>1,315</u>	0.10
Total		<u>4,076</u>	

33. Commitments and contingent liabilities

33.1 Capital commitment

As at 31 December 2020, 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.

33.2 Operating lease commitments - as a lessee

- a) The Group has entered into land lease agreements. The terms of the agreements are generally between 15 to 38 years and they are non-cancelable, except with the consent of the counterparties.

As at 31 December 2019, the Group has future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	31 December 2019	
	Consolidated	Separate
	financial statements	financial statements
Payable:		
In up to 1 year	180	158
In over 1 and up to 5 years	627	541
In over 5 years	3,226	2,696

As at 31 December 2020, the Group had no obligations under land lease agreements as a result of the adoption of the TFRS 16 as at 1 January 2020. The Group recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, as described in Note 4.

- b) As at 31 December 2020, the Group has entered into lease agreements to rental equipment and service agreements (2019: lease commercial space, rental equipment and service agreements). The terms of the agreements are generally 5 years (2019: 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	
	2020	2019	2020	2019
Payable:				
In up to 1 year	3	284	2	246
In over 1 and up to 5 years	5	792	5	779
In over 5 years	-	1,275	-	1,275

As at 31 December 2020, the Group had no obligations under lease agreements for commercial spaces and related service agreements as a result of the adoption of the TFRS 16 as at 1 January 2020. The Group recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, as described in Note 4.

- c) As at 31 December 2020, the Group has future lease payments required under these non-cancellable leases contracts that have not yet commenced as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Within 1 year	3,158	3,158
Over 1 and up to 5 years	83,485	83,485
Over 5 years	118,409	118,409
Total	<u>205,052</u>	<u>205,052</u>

33.3 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.

33.4 Long-term lease agreements - as a lessor

As at 31 December 2020, the Company has entered into 8 agreements (2019: 8 agreement) with 4 companies (2019: 4 companies) to lease and/or sub-lease parts of its premises in 7 branches for the periods between 14 to 30 years (2019: 18 to 30 years), with a total of rental received in advance amounting Baht 609 million (2019: 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 2020, the outstanding balance of rental received in advance, net of recognised rental income was Baht 298 million (2019: Baht 337 million).

33.5 Guarantees

- a) As at 31 December 2020, the Group has outstanding bank guarantees of Baht 150 million and MYR 1 million (2019: Baht 153 million and MYR 1 million) (The Company only: Baht 127 million, 2019: Baht 129 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 (2019: Baht 23 million and MYR 1 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2020, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 0.37 million and CNY 5 million (2019: USD 1 million and CNY 3 million).
- c) As at 31 December 2020, the Company secured credit facilities of its subsidiaries of Baht 580 million and MYR 114 million (2019: Baht 280 million and MYR 114 million) to financial institutions.

33.6 Litigation

- a) As at 31 December 2020, the Company has legal cases for a total claimed amount of Baht 3 million (2019: Baht 2 million) which are currently being considered by the Court. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.

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.

34. Fair value hierarchy

As at 31 December 2020 and 2019, 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 2020			
	Level 1	Level 2	Level 3	Total
Liability measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Asset for which fair value are disclosed				
Investment properties	-	-	7,435	7,435
Liability for which fair value are disclosed				
Debentures	-	12,238	-	12,238

(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
Liability for which fair value are disclosed				
Debentures	-	13,120	-	13,120

(Unit: Million Baht)

	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
Asset for which fair value are disclosed				
Investment properties	-	-	8,042	8,042
Liability for which fair value are disclosed				
Debentures	-	12,238	-	12,238

(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

35. Financial instruments

35.1 Derivatives

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Derivative liability				
Derivative liability not designated as hedging instruments				
Foreign exchange forward contracts	1	-	1	-
Total derivative liability	1	-	1	-

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 6 months.

35.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, short-term loans, long-term loans and long-term debenture. 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 accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. Letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There is a type of market risk, currency risk. The Group enters into a derivative, foreign exchange forward contracts to reduce the foreign currency risk arising on the import of goods.

Foreign currency risk

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

As at 31 December 2020 and 2019, 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
CNY	-	-	8	4	4.60	4.30

As at 31 December 2020 and 2019, foreign exchange 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
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	1	-	30.93 - 31.32	-	Within May 2021

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its debentures and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The Group manages its interest rate risk by having a portfolio of fixed rate loans and borrowings more than variable rate. The Group's policy is to maintain borrowings at fixed rates of interest of not less than 50%.

As at 31 December 2020 and 2019, 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 2020							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	interest rate 1 - 5 years	More than 5 ½				
(Million Baht)							
Financial assets							
Cash and cash equivalents	2,600	-	-	243	440	3,283	0.05 - 1.00
Trade and other receivables	-	-	-	-	1,769	1,769	-
	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>2,209</u>	<u>5,052</u>	
Financial liabilities							
Short-term loans from financial institutions	1,249	-	-	-	-	1,249	0.90 - 3.42
Trade and other payables	-	-	-	-	13,050	13,050	-
Lease liabilities	249	772	3,602	-	-	4,623	2.42 - 5.35
Long-term loans	-	-	-	75	-	75	COF + 1.10
Debentures	4,000	8,056	-	-	-	12,056	1.65 - 3.00
	<u>5,498</u>	<u>8,828</u>	<u>3,602</u>	<u>75</u>	<u>13,050</u>	<u>31,053</u>	

Consolidated 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				
(Million Baht)						
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	3.91 - 4.78
Trade and other payables	-	-	-	14,069	14,069	-
Lease liabilities	4	12	-	-	16	4.85 - 7.21
Long-term loans	-	-	84	-	84	COF + 1.10
Debentures	6,000	7,008	-	-	13,008	1.85 - 3.00
	<u>6,285</u>	<u>7,020</u>	<u>84</u>	<u>14,069</u>	<u>27,458</u>	

Separate financial statements							
As at 31 December 2020							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	interest rate 1 - 5 years	More than 5 1				
(Million Baht)							
Financial assets							
Cash and cash equivalents	2,600	-	-	108	357	3,065	0.05 - 1.00
Trade and other receivables	-	-	-	-	1,729	1,729	-
Short-term loans to related party	1,770	-	-	-	-	1,770	3.00
	<u>4,370</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>2,086</u>	<u>6,564</u>	
Financial liabilities							
Short-term loans from financial institutions	1,000	-	-	-	-	1,000	0.90
Trade and other payables	-	-	-	-	11,516	11,516	-
Lease liabilities	241	750	3,230	-	-	4,221	2.42 - 5.35
Debentures	4,000	8,056	-	-	-	12,056	1.65 - 3.00
	<u>5,241</u>	<u>8,806</u>	<u>3,230</u>	<u>-</u>	<u>11,516</u>	<u>28,793</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				
(Million Baht)						
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>4,690</u>	<u>-</u>	<u>38</u>	<u>2,193</u>	<u>6,921</u>	
Financial liabilities						
Trade and other payables	-	-	-	12,474	12,474	-
Lease liabilities	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>	

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of trade payable, bank loans, debenture and lease contracts. Approximately 52% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 44%) (the Company only: 44%, 2019: 46%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded that the Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	1,250	-	-	-	1,250
Trade and other payables	-	13,050	-	-	13,050
Lease liabilities	-	390	1,287	4,843	6,520
Long-term loans	-	80	-	-	80
Debentures	-	4,088	8,379	-	12,467
Total non-derivatives	1,250	17,608	9,666	4,843	33,367
Derivative					
Derivative liability: net settled	-	1	-	-	1
Total derivative	-	1	-	-	1

(Unit: Million Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	1,000	-	-	-	1,000
Trade and other payables	-	11,516	-	-	11,516
Lease liabilities	-	369	1,211	4,291	5,871
Debentures	-	4,088	8,379	-	12,467
Total non-derivatives	1,000	15,973	9,590	4,291	30,854
Derivative					
Derivative liability: net settled	-	1	-	-	1
Total derivative	-	1	-	-	1

35.3 Fair values 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 as at 31 December 2020	
	Carrying value	Fair value
Financial liability		
Debentures	12,056	12,238

	(Unit: Million Baht)	
	Consolidated and separate financial statements as at 31 December 2019	
	Carrying value	Fair value
Financial liability		
Debentures	13,008	13,120

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- 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.
- The carrying amounts at loans to and loans from carrying interest at rates approximating the market rate, in the statements of financial position approximates their fair value.
- The fair value of fixed rate debentures is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- The fair value of derivatives has been determined 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 and yield curves of the respective currencies. The Group considers to counterparty credit risk when determining the fair value of derivatives

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

35.4 Offsetting of financial instruments

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements or similar agreements but not offset, as at 31 December 2020.

(Unit: Thousand Baht)

	Consolidate financial statements							
	Effects of offsetting in the statement of financial position			Gross amounts		Net amounts in the statement of financial position	Collateral received or pledged	Net amounts
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position	not offset in the statement of financial position				
As at 31 December 2020								
Trade and other receivables	-	-	-	1,769,383	1,769,383	(267,019)	1,502,364	
Trade and other payables	12,007,837	(727,739)	11,280,098	1,770,211	13,050,309	(322,919)	12,727,390	

(Unit: Thousand Baht)

	Separate financial statements							
	Effects of offsetting in the statement of financial position			Gross amounts		Net amounts in the statement of financial position	Collateral received or pledged	Net amounts
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position	not offset in the statement of financial position				
As at 31 December 2020								
Trade and other receivables	-	-	-	1,728,527	1,728,527	(263,643)	1,464,884	
Trade and other payables	10,531,794	(657,423)	9,874,371	1,640,827	11,515,198	(295,642)	11,219,556	

Gross amounts not offset in the statement of financial position reflect amounts subject to conditional offsetting arrangements.

36. 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.

37. Events after the reporting period

- a) On 12 January 2021, the Company issued unsubordinated and unsecured debentures for a maturity period of 3 years. The number of units offered was 1 million units with a par value of Baht 1,000 each for a total of Baht 1,000 million with interest at discount rate of 1.50% 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 maturity date is 12 January 2024.
- b) On 9 February 2021, the Company issued unsubordinated and unsecured debentures for a maturity period of 3 years. The number of units offered was 1 million units with a par value of Baht 1,000 each for a total of Baht 1,000 million with interest at discount rate of 1.40% 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 maturity date is 9 February 2024.
- c) On 23 February 2021, 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 2020 to December 2020. The dividend will be paid by cash at the rate of Baht 0.20 per share or in the total amount not exceeding Baht 2,630.24 million. The payment of cash dividend shall be made within 6 May 2021. As the Company's Board of Directors Meeting held on 25 August 2020 has the resolution to approve interim dividend payment for the operating result for the period as from January 2020 to June 2020 to the shareholders as cash dividend of Baht 0.10 per share. The interim dividend was paid on 23 September 2020. As a result, total dividend per share for the year 2020 is Baht 0.30 per share.

38. Reclassification

The group reclassified certain accounts in the financial statement as at 31 December 2019 to conform to the current year's classification. The reclassifications had no effect to previously reported profit or shareholders' equity.

The group has reclassified certain accounts are as follows:

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial statement		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Statement of comprehensive income</u>				
Other income	2,120,408	2,170,564	2,079,498	2,214,367
Cost of sales and service	46,824,911	46,714,949	40,442,923	40,442,923
Cost of rental	645,068	584,200	637,061	554,520
Selling, distribution and service expenses	9,923,922	10,213,232	8,821,988	8,901,820
Administrative expenses	2,003,163	1,884,683	1,938,564	1,941,273
Finance income	50,156	-	134,869	-

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2021.