

# **Home Product Center Public Company Limited and its subsidiary**

## **Notes to consolidated financial statements**

**For the years ended 31 December 2009 and 2008**

### **1. Corporate 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 Plc. and Quality Houses Plc., 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 and renovation of buildings and residences, and provision for related services, together with space rental. Its registered address is 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi. As at 31 December 2009, the Company has a total of 35 branches operating in Bangkok and other provinces (2008: 33 branches).

### **2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, 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 the Company ("the Company") and the following subsidiary ("the subsidiary"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2009	2008	2009	2008	2009	2008
			Percent	Percent	Percent	Percent	Percent	Percent
Market Village Company								
Limited	Space rental	Thailand	99.99	99.99	0.40	0.47	1.20	1.16

- b) Subsidiary is fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- e) Investment in the subsidiary as recorded in the Company's books of account is eliminated against the equity of the subsidiary.
- f) Minority interest represents the portion of net income or loss and net assets of the subsidiary that is not held by the Company and is presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

- 2.3 The separate financial statements, which present investment in subsidiary presented under the cost method, have been prepared solely for the benefit of the public.

### 3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and No. 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

#### 3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007)

Impairment of Assets

TFRS 5 (revised 2007)

Non-current Assets Held for Sale

and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that Accounting Treatment Guidance for Business Combination under Common Control is not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007), TFRS 5 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current year.

#### 3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 is not relevant to the business of the Company, while TAS 24 (revised 2007) and TAS 40 will not have any significant impact on the financial statements for the year in which it is initially applied.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

###### *Rental income*

Rental income under operating leases is recognised over the lease period.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **4.4 Inventories**

Inventories are valued at the lower of cost (moving average cost method) and net realisable value.

Volume incentives received from the supplier are accounted for as a reduction of inventory purchases and recognised in income statements when the related inventory is sold.

### **4.5 Investment**

Investment in subsidiary is accounted for in the separated financial statements using the cost method.

### **4.6 Property, plant and equipment/Depreciation**

Land is stated at cost, buildings and equipment are stated at cost less accumulated depreciation, and less allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings	-	20	years
Buildings on lease land and building improvement	-	lease periods but not over useful lives	
Computer equipment	-	3 - 10	years
Furniture, fixtures and office equipment	-	5 - 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land and land improvement, and assets under installation and under construction.

#### **4.7 Intangible assets**

Intangible assets are measured at cost. Following initial recognition, 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 the income statement.

#### **4.8 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### **4.9 Long-term leases**

##### **Finance leases**

Leases of equipment and motor vehicles which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The equipment and motor vehicles acquired under finance leases is depreciated over the useful life of the asset.

##### **Operating leases**

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating

leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### **4.10 Foreign currencies**

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 balance sheet date.

Gains and losses on exchange are included in determining income.

#### **4.11 Impairment of assets**

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and other 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 the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company 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 the income statement.

#### **4.12 Employee benefits**

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### **4.13 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.14 Income tax**

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

#### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding 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 damaged goods**

In determining an allowance for damaged goods due to loss or deterioration, the management needs to exercise judgment in making estimates based upon the condition of goods and the duration such goods have remained in stock.

#### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.



### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Marketing promotion expenses**

Marketing promotion expenses arise in respect of advertising and promotional activities, including various sales promotion activities that are undertaken when the Company has already sold merchandise but still has obligations to customers to make payment related to such sales promotion in the future. Certain transactions are estimates based on experience and comparison with various information available in the related market. However, the use of different estimates and assumptions could affect the amounts of marketing promotion expenses and adjustments to this expense may therefore be required in the future.

## **6. Trade accounts receivable**

	Consolidated financial statements		(Unit: Baht)	
			Separate financial statements	
	2009	2008	2009	2008
Trade accounts receivable	72,845,585	110,092,951	68,174,079	105,430,492
Check returned receivable	4,788,722	16,474,985	4,788,722	16,474,985
Credit card and coupon receivable	65,549,071	34,058,484	65,502,199	34,005,459
Total	143,183,378	160,626,420	138,465,000	155,910,936
Less: Allowance for doubtful accounts	(14,398,348)	(25,643,406)	(14,398,348)	(25,643,406)
Trade accounts receivable - net	<u>128,785,030</u>	<u>134,983,014</u>	<u>124,066,652</u>	<u>130,267,530</u>

The outstanding balances of trade accounts receivable as at 31 December 2009 and 2008 are aged as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Age of receivables</b>				
Not yet due	126,264,984	127,421,935	123,871,466	125,318,455
Past due:				
Upto 6 months	11,801,713	16,664,851	9,520,286	14,052,847
6 - 12 months	43,433	14,724	-	14,724
Over 12 months	5,073,248	16,524,910	5,073,248	16,524,910
Total	143,183,378	160,626,420	138,465,000	155,910,936
Less: Allowance for doubtful accounts	(14,398,348)	(25,643,406)	(14,398,348)	(25,643,406)
Trade accounts receivable - net	128,785,030	134,983,014	124,066,652	130,267,530

## 7. Inventories

	(Unit: Baht)	
	Consolidated and	
	separate financial statements	
	2009	2008
Inventories	3,613,453,916	3,342,685,675
Less: Allowance for stock obsolescence	(112,301,165)	(82,484,623)
Net	3,501,152,751	3,260,201,052
Less: Inventories - repaid its cost when sold	(495,509,317)	(437,617,125)
Purchase discount	(100,505,401)	(94,505,401)
Inventories - net	2,905,138,033	2,728,078,526

## 8. Investment in subsidiary

(Unit: Baht)

	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received	
							during the year	
	2009	2008	2009	2008	2009	2008	2009	2008
			(Percent)	(Percent)				
<b><u>Subsidiary</u></b>								
Market Village								
Company Limited	5,000,000	5,000,000	99.99	99.99	4,999,300	4,999,300	-	-

## 9. Related party transactions

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

(Unit: Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<b><u>Transactions with subsidiary company</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,318,764	1,457,373	Market price
Rental and service income	-	-	138,894,845	118,957,492	Baht 10.9 - 11.7 million per month for 2009 and Baht 9.5 - 11.0 million per month for 2008
Other income	-	-	24,293,934	22,742,904	Percentage of core revenue
Service income	-	-	7,558,230	6,872,228	Actual cost
Interest expenses	-	-	1,538,610	1,732,260	1.50 - 4.00 percent per annum (2008: 3.40 - 4.25 percent per annum)
<b><u>Transactions with related companies</u></b>					
Sales of goods	4,371,699	11,331,640	4,371,699	11,331,640	Market price
Interest income	1,809,526	1,647,215	1,809,526	1,647,215	0.75 - 2.85 percent per annum (2008: 0.75 - 3.00 percent per annum)
Purchases of goods	1,410,774	5,328,940	1,410,774	5,328,940	Market price
Rental and service expenses	17,918,221	18,575,202	17,918,221	18,575,202	Percentage of sales

As at 31 December 2009 and 2008, the Company had the outstanding balances with related parties which had been included in the following accounts:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Bill of exchanges and deposits with financial institution (included in cash and cash equivalents)</b>				
Land and Houses Retail Bank Plc. <sup>(1)</sup>	677,976,592	435,139,799	677,976,592	435,139,799
<b>Trade accounts receivable</b>				
Land and Houses Plc. and subsidiaries <sup>(2)</sup>	432,460	2,261,237	432,460	2,261,237
Quality Houses Plc. and subsidiaries <sup>(2)</sup>	141,868	66,457	141,868	66,457
Market Village Co., Ltd. (eliminated from the consolidated financial statements)	-	-	81,800	177,860
<b>Total</b>	<b>574,328</b>	<b>2,327,694</b>	<b>656,128</b>	<b>2,505,554</b>
<b>Other receivables</b>				
Quality Construction Products Plc. and subsidiaries <sup>(1)</sup>	3,210	6,420	3,210	6,420
Market Village Co., Ltd. (eliminated from the consolidated financial statements)	-	-	2,254,534	6,928,250
<b>Total</b>	<b>3,210</b>	<b>6,420</b>	<b>2,257,744</b>	<b>6,934,670</b>
<b>Rental guarantee deposits</b>				
Quality Houses Property and Loans Funds <sup>(1)</sup>	3,000,000	3,000,000	3,000,000	3,000,000
<b>Trade accounts payable</b>				
Quality Construction Products Plc. and subsidiaries <sup>(1)</sup>	161,918	2,263,542	161,918	2,263,542
<b>Short-term loans from related party</b>				
Market Village Co., Ltd. (eliminated from the consolidated financial statements)	-	-	70,000,000	60,000,000
<b>Other payables</b>				
Quality Houses Property and Loans Funds <sup>(1)</sup>	1,302,452	1,307,185	1,302,452	1,307,185
Relationship with the related companies				

<sup>(1)</sup> has common shareholders

<sup>(2)</sup> the major shareholders

During the year 2009, movements in the balances of short-term loans from related party were as follows:

	As at 1 January 2008	During the year		(Unit: Baht) As at 31 December 2009
		Increase	Decrease	
<u>Subsidiary</u>				
Market Village Co., Ltd.	60,000,000	25,000,000	(15,000,000)	70,000,000

### **Short-term loans from related party**

The Company has received unsecured loans of Baht 70 million (2008: Baht 60 million) from subsidiary, on which interest is payable on a monthly basis at a rate of 1.50 - 4.00 percent per annum (2008: 3.40 - 4.25 percent per annum). The loans are repayable at call.

### **Directors and management's remuneration**

During the year 2009, the Company and its subsidiary paid salaries, bonus, meeting allowance and gratuities to their directors and management totaling Baht 16.44 million (2008: Baht 12.55 million).

In addition, during the year 2008 the Company has allocated 5,750,000 warrants to the directors who are the management of the Company and subsidiary without charge. The details of the warrants are presented in Note 18 to the financial statements.

## **10. Property, plant and equipment**

	(Unit: Baht)						
	Consolidated financial statements						
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
As at 31 December 2008	2,380,384,994	6,263,902,855	280,186,063	1,809,035,498	38,274,660	391,700,955	11,163,485,025
Additions	-	63,993,299	18,057,547	128,879,413	6,050,673	657,291,412	874,272,344
Disposals	-	(3,852,465)	(5,967,045)	(14,349,329)	(2,546,298)	(487,078)	(27,202,215)
Transfers in (out)	-	876,562,247	14,783,657	57,856,894	185,000	(949,387,798)	-
As at 31 December 2009	2,380,384,994	7,200,605,936	307,060,222	1,981,422,476	41,964,035	99,117,491	12,010,555,154

(Unit: Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Accumulated depreciation:</b>							
As at 31 December 2008	-	1,210,292,257	214,757,057	1,039,743,980	21,980,944	-	2,486,774,238
Depreciation for the year	-	407,280,686	43,938,557	298,082,167	7,017,706	-	756,319,116
Depreciation on disposals	-	(907,404)	(5,869,498)	(11,980,785)	(1,907,991)	-	(20,665,678)
As at 31 December 2009	-	1,616,665,539	252,826,116	1,325,845,362	27,090,659	-	3,222,427,676
<b>Allowance for impairment loss:</b>							
As at 31 December 2008	13,000,000	50,540,000	-	-	-	-	63,540,000
Increase during the year	-	14,000,000	-	-	-	-	14,000,000
As at 31 December 2009	13,000,000	64,540,000	-	-	-	-	77,540,000
<b>Net book value:</b>							
31 December 2008	2,367,384,994	5,003,070,598	65,429,006	769,291,518	16,293,716	391,700,955	8,613,170,787
31 December 2009	2,367,384,994	5,519,400,397	54,234,106	655,577,114	14,873,376	99,117,491	8,710,587,478
<b>Depreciation for the year</b>							
2008 (Baht 641.7 million included in selling expenses, and the balance in administrative expenses)							684,135,731
2009 (Baht 714.4 million included in selling expenses, and the balance in administrative expenses)							756,319,116

(Unit: Baht)

Separate financial statements							
	Land and land improvement	Buildings and improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
As at 31 December 2008	2,380,384,994	6,263,257,138	279,966,861	1,790,258,063	37,677,614	391,700,955	11,143,245,625
Additions	-	63,993,299	18,029,467	127,900,878	6,050,673	657,291,412	873,265,729
Disposals	-	(3,852,465)	(5,967,045)	(14,133,945)	(2,546,297)	(487,078)	(26,986,830)
Transfers in (out)	-	876,562,247	14,783,657	57,856,894	185,000	(949,387,798)	-
As at 31 December 2009	2,380,384,994	7,199,960,219	306,812,940	1,961,881,890	41,366,990	99,117,491	11,989,524,524
<b>Accumulated depreciation:</b>							
As at 31 December 2008	-	1,210,201,097	214,669,696	1,030,788,369	21,632,695	-	2,477,291,857
Depreciation for the year	-	407,216,115	43,875,669	294,190,303	6,898,297	-	752,180,384
Depreciation on disposals	-	(907,404)	(5,869,497)	(11,832,886)	(1,907,991)	-	(20,517,778)
As at 31 December 2009	-	1,616,509,808	252,675,868	1,313,145,786	26,623,001	-	3,208,954,463
<b>Allowance for impairment loss:</b>							
As at 31 December 2008	13,000,000	50,540,000	-	-	-	-	63,540,000
Increase during the year	-	14,000,000	-	-	-	-	14,000,000
As at 31 December 2009	13,000,000	64,540,000	-	-	-	-	77,540,000
<b>Net book value:</b>							
31 December 2008	2,367,384,994	5,002,516,041	65,297,165	759,469,694	16,044,919	391,700,955	8,602,413,768
31 December 2009	2,367,384,994	5,518,910,411	54,137,072	648,736,104	14,743,989	99,117,491	8,703,030,061
<b>Depreciation for the year</b>							
2008 (Baht 641.7 million included in selling expenses, and the balance in administrative expenses)							680,222,463
2009 (Baht 714.4 million included in selling expenses, and the balance in administrative expenses)							752,180,384

As at 31 December 2009, the Company had vehicles and equipment under finance lease agreements with net book values amounting to Baht 15.4 million (2008: Baht 34.0 million).

As at 31 December 2009, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 512.6 million (2008: Baht 440.2 million) (The separate financial statements: Baht 512.6 million, 2008: Baht 440.2 million).

As at 31 December 2009, the Company has mortgaged buildings and leasehold rights (Note 12) with net book value of Baht 625.4 million (2008: Baht 576.5 million) to secure credit facilities from banks, as described in Notes 13 and 16.

## 11. Computer software

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
31 December 2008	210,806,288	210,796,832
Acquisitions during the year	23,846,186	23,846,186
31 December 2009	234,652,474	234,643,018
<b>Accumulated amortisation</b>		
31 December 2008	80,644,038	80,641,258
Amortisation for the year	18,892,537	18,891,591
31 December 2009	99,536,575	99,532,849
<b>Allowance for impairment loss</b>		
31 December 2008	-	-
Increase during the year	43,000,000	43,000,000
31 December 2009	43,000,000	43,000,000
<b>Net book value</b>		
31 December 2008	130,162,250	130,155,574
31 December 2009	92,115,899	92,110,169

## 12. Leasehold rights

	(Unit: Baht)
	Consolidated and Separate financial statements
<b>Cost</b>	
31 December 2008	861,451,458
Acquisitions during the year	9,347,368
31 December 2009	870,798,826
<b>Accumulated amortisation</b>	
31 December 2008	138,487,799
Amortisation for the year	29,311,529
31 December 2009	167,799,328
<b>Net book value</b>	
31 December 2008	722,963,659
31 December 2009	702,999,498

## 13. Bank overdrafts and short-term loans from financial institutions

	(Unit: Baht)	
	Consolidated and separate financial statements	
	2009	2008
Short-term loans from financial institutions	-	124,823,805

As at 31 December 2009, the Company had short-term loans from financial institution in the form of promissory notes. The loans carry interest at rate of 4.00% per annum and are not secured. The loans are repayable at call.

As at 31 December 2009 and 2008, the Company had overdraft lines from banks totaling Baht 155 million and Baht 130 million, respectively, and other credit facilities amounting to Baht 3,929 million and Baht 4,677 million, respectively, some of which are secured by leasehold rights and construction (Notes 10 and 12).



#### 14. Liabilities under financial lease agreements

(Unit: Baht)

	Consolidated and separate financial statements			
	Portion due		Portion due	
	within one year		over one year	
	2009	2008	2009	2008
Liabilities under financial lease agreements	3,996,042	9,951,132	5,995,160	5,847,324
Less: Deferred interest expense	(456,590)	(655,411)	(359,566)	(376,946)
Net	<u>3,539,452</u>	<u>9,295,721</u>	<u>5,635,594</u>	<u>5,470,378</u>

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 to 5 years.

As at 31 December 2009, Future minimum lease payments required under the finance lease agreements were as follows:-

	(Unit: Million Baht)		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4.00	6.00	10.00
Deferred interest expenses	<u>(0.46)</u>	<u>(0.36)</u>	<u>(0.82)</u>
Present value of future minimum lease payments	<u>3.54</u>	<u>5.64</u>	<u>9.18</u>

## 15. Debentures

	Consolidated and separate financial statements			
	Number of debentures (Unit)		Amount (Baht)	
	2009	2008	2009	2008
Unsecured Debentures # 1/2005				
Series 2	-	500,000	-	500,000,000
Unsecured debentures				
#1/2008	500,000	500,000	260,000,000	420,000,000
#2/2008	630,000	630,000	630,000,000	630,000,000
#1/2009	300,000	-	300,000,000	-
Total	<u>1,430,000</u>	<u>1,630,000</u>	1,190,000,000	1,550,000,000
Less: Current portion			(160,000,000)	(660,000,000)
Debentures - net of current portion			<u>1,030,000,000</u>	<u>890,000,000</u>

Details of the Company's debentures are as follows:

- The Unsubordinated and Unsecured Debentures of Home Product Center Plc.  
No. 1/2005 Series 2 Due 2009

Name of debentures	" The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2005 Series 2 Due 2009 "
Amounts	Baht 500 million
Term	4 years, starting from date of issuance
Issue date	17 March 2005
Interest rate	5.40 percent per annum
Interest payment schedule	Quarterly in March, June, September and December
Principal repayment	On the redemption date of 17 March 2009
Covenants	Maintenance of debt to equity ratios and restrictions on dividend payment

The unsecured debentures of Baht 500 million matured on 17 March 2009; the Company has, therefore, already paid in full to the debentures holders.

2. The Principal paid by installment of the Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2008 Due 2011

Name of debentures	"The Principal paid by installment Debentures of Home Product Center Plc. No. 1/2008 Due 2011"
Amount	Baht 500 million
Term	3 years, starting from date of issuance
Issue date	2 May 2008
Interest rate	4.00% per annum
Interest payment schedule	Quarterly in February, May, August and November
Principal repayment	12 quarterly payments totaling Baht 40 million each (the last of Baht 60 million), starting 2 August 2008 and with the last payment due on 2 May 2011
Covenants	Maintenance of debt to equity ratios

During the current year, the Company repaid the principal of debentures amounting to Baht 40 million per each installment, totaling Baht 160 million, as stipulated in the terms of repayment of the above debentures, to the debenture holders.

3. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No.2/2008 Due 2011.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 2/2008 due 2011"
Amount	Baht 630 million
Term	3 years, starting from date of issuance
Issue date	21 November 2008
Interest rate	5.50% per annum
Interest payment schedule	Quarterly in November, February, May and August
Principal repayment	On the redemption date of 21 November 2011
Covenants	Maintenance of debt to equity ratios and restrictions on dividend payment

On 8 April 2009, the Annual General Meeting of the shareholders of the Company passed resolution approving the cancellation of debentures which previously approved for issuance and has not yet been offered at the amount of Baht 1,870 million, and the issuance and offering of debt instruments, details are as follows:-

- The issuance and offering of bills of exchange and/or short-term debentures of which the maturity date shall not exceed 270 days from the date of issuance, in the amount of not exceeding Baht 2,000 million.
- The issuance and offering of long-term debentures of which the maturity date shall not exceed 10 years from the date of issuance, in the amount of not exceeding Baht 4,000 million.

4. On 1 October 2009, the Company issued Baht 300 million of the Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2009 due 2012, to be sold by private placement, in accordance with a resolution of the Annual General Meeting of the Company held on 8 April 2009. Details are as follows: -

Name of debentures	“The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2009 due 2012”
Amount	Baht 300 million
Term	3 years, starting from date of issuance
Issued date	1 October 2009
Interest rate	4.00% per annum
Interest payment schedule	Quarterly in January, April, July and October, starting from 1 January 2010 and with the last payment due on 2 October 2012
Principal repayment	On the redemption date of 2 October 2012
Covenants	Maintenance of debt to equity ratios and restrictions on dividend payment

## 16. Long-term loans

Details of the Company's long-term loans are as follows: -

(Unit: Baht)

Consolidated and separate financial statements					
No.	Principal	Outstanding balances		Terms of payment (per month)	Interest Rate
		2009	2008		
1	1,500,000,000	675,000,000	975,000,000	Baht 25.00 million	*
2	845,000,000	305,320,000	-	Baht 15.52 million	**
	Total	980,320,000	975,000,000		
	Less: Current portion	(486,240,000)	(300,000,000)		
	Long-term loans - net				
	of current portion	494,080,000	675,000,000		

\* : At 4.15% - 4.25% per annum and from June 2010 onwards at MLR

\*\* : At MLR minus an agreed margin

1. The Company has pledged its assets and leasehold rights to secure loans (facility #1) (Note 10 and 12).
2. On 8 June 2007, the Company entered into a Baht 2,000 million loan agreement with a commercial bank (facility #2). The loans will be repaid within 78 monthly installments of not less than Baht 33 million each, and are subject to interest at the MLR minus the agreed margin. The loans are secured by a negative pledge over some of the Company's assets and certain leasehold rights.

On 28 July 2008, the Company and the bank jointly amended the loan agreement to decrease the facility from Baht 2,000 million to Baht 845 million. On 5 February 2009, the Company and the bank jointly amended certain conditions of use of loan facilities, including the term of repayment. The term of loan repayment had been changed from monthly payment in the amount of not less than Baht 33.00 million, within 61 months to monthly payment in the amount of not less than Baht 15.52 million, within 48 months. In September 2009, the Company has utilised the long-term loan facility in full (2008: the unutilised portion of the facility amounted to Baht 745 million).

In October 2009, the Company made an early repayment for a portion of loan principal amounting to Baht 300 million.

3. The Company has to comply with certain covenants stipulated in the loan agreements such as the maintenance of debt to equity ratio.

## 17. Share capital

As discussed in Note 18, during the current year, the holders of the warrants of the Company exercised the warrants as follows:

2009	Warrants	Ordinary shares	Exercise price	Amount
	(Unit)	(Shares)	(Baht/share)	(Baht)
ESOP-W2	9,700	17,682	1.000	17,682
ESOP-W3	5,352,901	5,525,360	1.000	5,525,360
ESOP-W4				
- The first quarter	1,786	1,786	3.980	7,108
- The second quarter	2,366,215	2,406,419	3.912	9,413,912
- The third quarter	5,061,028	5,147,037	3.912	20,135,209
- The fourth quarter	2,694,046	5,204,893	2.059	10,716,875
	10,123,075	12,760,135		40,273,104
Total	15,485,676	18,303,177		45,816,146

As discussed in the above matter, as a result of the increase in the number of ordinary shares, the paid-up share capital and premium on ordinary shares are as follows:

	Number of ordinary shares	Paid-up share capital	Premium on ordinary shares
	(Thousand shares)	(Thousand Baht)	(Thousand Baht)
<u>Registered share capital</u>			
At the beginning of the year	1,986,468.1		
Increase in registered share capital to support the payment of a stock dividend and exercising of the rights of the warrants	1,807,745.8		
At the end of the year	3,794,213.9		
<u>Issued and paid-up share capital</u>			
At the beginning of the year	1,933,610.6	1,933,610.6	566,804.4
Increase in capital from exercising of the rights of the warrants	18,303.2	18,303.2	27,513.0
Increase in capital from a payment of stock dividend	1,752,012.4	1,752,012.4	-

On 8 April 2009, the Annual General Meeting of the shareholders of the Company passed resolution approving for the increase in registered capital of Baht 14.7 million, from the previous registered capital of Baht 1,986.5 million to Baht 2,001.2 million by issuance of additional 14.7 million ordinary shares, at a par value of 1 Baht each, to support the exercising of the rights of the warrants allotted to employees of the Company (ESOP-W4).

On 29 September 2009, the Extraordinary General Meeting of the shareholders of the Company approved the following resolutions: -

1. The allocations of the Company's retained earnings and the interim dividend payment are as follows: -

- Allocation of 5% of net income of January 2009 through June 2009 amounting to Baht 25.0 million to the statutory reserve.
- Payment of a stock dividend comprising 1,752 million shares with a par value of Baht 1 each, or a total of Baht 1,752.0 million, to the Company's shareholders. The rate of payment is 9 dividend shares for every 10 existing shares, or Baht 0.90 per share. Any existing shareholdings, after such allocation, with less than 10 shares are to receive a cash dividend of Baht 0.9 per share.
- Payment of a cash dividend of Baht 0.10 per share, or not exceeding in a total of Baht 194.7 million. Total dividend shall be paid at the rate of Baht 1 per share.

The Company has already paid the stock dividend and the cash dividend on 27 October 2009.

2. An approval of a Baht 1,793.0 million increase in registered capital, from Baht 2,001.2 million to Baht 3,794.2 million, by issuing an additional 1,793.0 million ordinary shares with a par value of Baht 1 each. The meeting approved the following allocations of the shares:

- 1,752.0 million shares allocated to support the payment of a stock dividend.
- 41.0 million shares reserved for the exercise of the warrants allotted to employees of the Company (ESOP-W4), of which the conversion rights will be adjusted when the stock dividend is paid.

In October 2009, the Company allocated 1,752 million ordinary shares for stock dividend payment. It registered the increase in its paid-up share capital to Baht 3,698.7 million with the Ministry of Commerce on 20 October 2009. In addition, the Company filed an application with the Stock Exchange of Thailand (SET) to register the additional 1,752 million shares as listed securities. The SET approved the trading of the additional shares through the stock market to be effective from 27 October 2009.

The Company registered the increase in its paid up share capital to Baht 3,703.9 million with the Ministry of Commerce on 25 December 2009.

## 18. Warrants

Details of the warrants of the Company which were issued without charge, are as follows: -

Type of warrant	Issue to	Issuance date of warrant	Number of warrants issued (Units)	Period of warrant	Exercise price per share	Exercise ratio per 1 warrant
ESOP-W2	Directors and employees of the Company	28 February 2006	7,000,000	3 years	Baht 1.00	1 ordinary shares
ESOP-W3	Directors and employees of the Company	2 April 2007	15,000,000	3 years	Baht 1.00	1 ordinary shares
ESOP-W4	Directors and employees of the Company and its subsidiary	23 May 2008	50,000,000	5 years	Baht 3.98	1 ordinary shares

During 2008, the Company had issued ESOP-W4 to the Company's and subsidiary's employees. The issue of ESOP-W4 has affected the exercise of ESOP-W2 and ESOP-W3 as follows:

Type of warrant	Exercise price per share	Exercise price per 1 warrant
ESOP-W2	Baht 1.00	1.823 ordinary shares
ESOP-W3	Baht 1.00	1.007 ordinary shares

According to the resolution of the Annual General Meeting of Shareholders dated on 8 April 2009, that approve the Company to pay dividend at the rate of more than 55% of net profit after tax in 2008. As a result the Company needs to adjust the rights of the warrants allotted to employees of the Company (ESOP-W3 and ESOP-W4) in accordance with prospectus for the offering of warrants in respect of the condition to adjust the rights of warrants and the changes in prices as follows:



Type of warrant	Exercise price per share	Exercise price per 1 warrant
ESOP-W3	Baht 1.000	1.030 ordinary shares
ESOP-W4	Baht 3.912	1.017 ordinary shares

The adjusted exercise prices and exercise ratios of ESOP-W3 and ESOP-W4 shall become effective since 16 April 2009.

According to the Extraordinary General Meeting of the shareholders of the Company, held on 29 September 2009, as discussed in Note 17, the Company has to pay the interim dividend to the shareholders in the amount of 1,752.0 million ordinary shares. The payment of such stock dividend has been made on 27 October 2009. As a result, the Company needs to adjust the right of the warrants allotted to the employees of the Company (ESOP-W3 and ESOP-W4) in accordance with the prospectus for the offering of warrants in respect of the condition to adjust the right of warrants and the changes in prices.

Type of warrant	Exercise price per share	Exercise price per 1 warrant
ESOP-W3	1.000	1.957
ESOP-W4	2.059	1.932

The adjusted exercise prices and exercise ratios of ESOP-W3 and ESOP-W4 shall become effective from 12 October 2009.

During the year, the movements of warrants of the Company are as follows: -

(Unit: Unit)

Type of warrant	Number of warrants outstanding as at 31 December 2008	Number of warrants exercised during the year	Number of warrants expired during the year	Number of warrants outstanding as at 31 December 2009
ESOP-W2	18,200	(9,700)	(8,500)	-
ESOP-W3	5,933,832	(5,352,901)	-	580,931
ESOP-W4	46,271,700	(10,123,075)	-	36,148,625

## 19. 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 percent of its net income, until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 20. Expenses by nature

Significant expenses by nature are as follow:

			(Unit: Million Baht)	
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Employee remuneration	1,437	1,272	1,437	1,272
Premises expenses	820	789	820	741
Depreciation and amortisation	805	728	800	724
Sales promotion and operation support expenses	784	1,156	758	1,143
Financial costs	114	134	114	136
Income tax	558	392	557	390
Changes in finished goods	(265)	(285)	(265)	(285)

## 21. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend of 1,752.0 million shares on 20 October 2009, as discussed in Note 17. The number of ordinary shares of the prior year has been adjusted as if the stock dividend had been issued at the beginning of the earliest period reported.

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend, as discussed in the above paragraph, plus the weighted average number of ordinary shares that would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
For the year ended 31 December						
Net income (Baht)		Weighted average number of ordinary shares (shares)		Earnings per share (Baht)		
2009	2008	2009	2008	2009	2008	
			(Restated)		(Restated)	
<b>Basic earnings per share</b>						
Net income attributable to equity holders						
of the parent	1,142,857,430	959,418,953	3,692,219,841	3,681,877,964	0.31	0.26
Effect of dilutive potential ordinary shares		-	48,733,170	10,697,835		
	-					
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders						
assuming the conversion of warrants to ordinary shares	1,142,857,430	959,418,953	3,740,953,011	3,692,575,799	0.31	0.26
Separate financial statements						
For the year ended 31 December						
Net income (Baht)		Weighted average number of ordinary shares (shares)		Earnings per share (Baht)		
2009	2008	2009	2008	2009	2008	
			(Restated)		(Restated)	
<b>Basic earnings per share</b>						
Net income attributable to equity holders						
of the parent	1,138,194,610	953,946,185	3,692,219,841	3,681,877,964	0.31	0.26
Effect of dilutive potential ordinary shares	-	-	48,733,170	10,697,835		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders						
assuming the conversion of warrants to ordinary shares	1,138,194,610	953,946,185	3,740,953,011	3,692,575,799	0.30	0.26

## 22. Financial information by segment

The majority of the operations of the Company and subsidiary involve the business segments of trading of a complete range of goods and materials for construction, addition, refurbishment and renovation of buildings and residences, and provision of related services, together with space rental (as having revenue and assets less than 10 percent of total revenue and total assets of all segments) and are carried on in a single geographic area, Thailand. As a result, all revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned trading industry and geographic area.

## 23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by American International Assurance Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2009, the Company contributed Baht 30.24 million (2008: Baht 23.98 million) to the fund.

## 24. Dividend paid

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
Interim dividend for 2009	Extraordinary General Meeting of the shareholders on 29 September 2009	<u>194.67</u>	<u>0.10</u>	27 October 2009
Interim stock dividend for 2009	Extraordinary General Meeting of the shareholders on 29 September 2009	<u>1,752.00</u>	<u>0.90</u>	27 October 2009
Final dividend for 2008	Annual General Meeting of the shareholders on 8 April 2009	<u>676.78</u>	<u>0.35</u>	28 April 2009
Final dividend for 2007	Annual General Meeting of the shareholders on 9 April 2008	<u>346.49</u>	<u>0.18</u>	8 May 2008

## 25. Commitments and contingent liabilities

25.1 As at 31 December 2009 and 2008, the Company has commitments totaling Baht 66.65 million and Baht 75.90 million, respectively, to commercial banks in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise.

25.2 As at 31 December 2009, the Company has commitments under letters of credit opened with two commercial banks, amounting to USD 3.53 million (2008: USD 1.99 million).

## 26. Commitments under long-term lease agreements

### 26.1 Long-term lease agreements - as lease

- a) The Company has entered into 11 land lease agreements. The terms of the agreements are generally between 26 to 30 years and they are non cancelable, except with the consent of the counterparties.

As at 31 December 2009, future minimum lease payments required under these operating leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
1 year	43.5
2 to 5 years	188.0
Thereafter	922.7
	<hr/>
	1,154.2

- b) The Company has entered into 17 lease agreements to lease commercial space. The terms of the agreements are generally between 17 to 30 years and they are not cancelable, except with the consent of the counterparties.

As at 31 December 2009, future minimum lease payments required under these operating leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
1 year	82.5
2 to 5 years	353.5
Thereafter	1,331.2
	<hr/>
	1,767.2

### 26.2 Long-term lease agreements - as leaser

The Company has entered into seven agreements with two companies to lease and sub-lease parts of premises in 5 branches for periods of 29-30 years, with a total of rental received in advance amounting to Baht 640.49 million. The terms of the agreements are until 2033 - 2036. The Company recognises this income systematically on a straight-line basis over the useful lives of the leaseholds.

The outstanding balance of rental received in advance, net of recognised rental income, as of 31 December 2009 was Baht 521.1 million (2008: Baht 542.8 million).

## **27. Financial instruments**

### **27.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, other receivables, short-term loans, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company is exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations, of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and others receivable as stated in the balance sheet.

#### ***Interest rate risk***

The Company's exposure to interest rate risk relates primarily to its deposits with financial institutions, short-term loans, debentures and long-term loans. However, since the Company's financial assets and some of its financial liabilities bear floating interest rates and some of financial liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2009, 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							
	Fixed interest rates				Total	Interest rate	
	Within	Over	Floating	Non- interest			
	1 year	1-5 years	interest rate	bearing			
	(Baht)						(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	675,000,000	-	59,593,753	111,737,076	846,330,829	0.50 - 1.00	
<u>Financial liabilities</u>							
Debentures	160,000,000	1,030,000,000	-	-	1,190,000,000	4.00 - 5.50	
Long-term loans	125,000,000	-	855,320,000	-	980,320,000	4.32 - 5.27	
	285,000,000	1,030,000,000	855,320,000	-	2,170,320,000		
Separate financial statements							
	Fixed interest rates				Total	Interest rate	
	Within	Over	Floating	Non- interest			
	1 year	1-5 years	interest rate	bearing			
	(Baht)						(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	675,000,000	-	38,217,786	111,159,162	824,376,948	0.50 - 1.00	
<u>Financial liabilities</u>							
Short-term loans from							
related party	70,000,000	-	-	-	70,000,000	1.50 - 4.00	
Debentures	160,000,000	1,030,000,000	-	-	1,190,000,000	4.00 - 5.50	
Long-term loans	125,000,000	-	855,320,000	-	980,320,000	4.32 - 5.27	
	355,000,000	1,030,000,000	855,320,000	-	2,240,320,000		

### ***Foreign currency risk***

The Company's exposure to foreign currency risk arises mainly from good purchase transactions that are denominated in foreign currencies. The Company has not entered into forward exchange contracts to hedge this risk.

The balances of financial liabilities denominated in foreign currencies as at 31 December 2009 are summarised below.

<u>Foreign currency</u>	<u>Financial liabilities</u>	<u>Average exchange rate as at 31 December 2009</u>
	(Dollar)	(Baht per dollar)
USD	505,416	33.5168

## **27.2 Fair values of financial instruments**

Since some of the Company's financial assets and liabilities are short-term in nature and loans bear interest at rates close to market rate or floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

## **28. Capital management**

The primary objectives of the Company and its subsidiary capital management are to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

As at 31 December 2009, total debt to equity ratios in the consolidated financial statements and the separate financial statements are 1.63.

## **29. Subsequent event**

- 29.1 On 8 January 2010, the Company issued Baht 700 million of the Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2010 due 2013, to be sold by institutional investor and/or major investor, in accordance with a resolution of the Annual General Meeting of the Company held on 8 April 2009. Details are as follows: -



Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2010 due 2013"
Amount	Baht 700 million
Term	3 years, starting from date of issuance
Issued date	8 January 2010
Interest rate	3.65% per annum
Interest payment schedule	Quarterly in January, April, July and October, starting from 8 April 2010 and with the last payment due on 8 January 2013
Principal repayment	On the redemption date of 8 January 2013
Covenants	Maintenance of debt to equity ratios and restrictions on dividend payment

29.2 The Company's Board of Directors Meeting, held on 18 February 2010, passed a resolution approving the payment of a cash dividend of Baht 0.212 per share to the ordinary shareholders, from the 2009 operating results, Baht 0.052 per share of which was paid as an interim cash dividend with the remaining of Baht 0.16 per share shall be paid. The dividend payment will be proposed to approve by the Annual General Meeting of the Company's shareholders.

### 30. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follow:

	(Unit: Baht)	
	Consolidated financial statements	
	<u>Reclassified</u>	<u>Previously reported</u>
Accrued expenses	317,074,342	380,940,852
Other current liabilities	172,159,971	108,293,461
	(Unit: Baht)	
	Separate financial statements	
	<u>Reclassified</u>	<u>Previously reported</u>
Accrued expenses	301,203,104	365,069,614

Other current liabilities	170,512,521	106,646,011
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### **31. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2010.