



Annual Report 2015

Home Product Center Plc.

Good Shopping Experience



Good Shopping Experience

HomePro

Toutus





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Good Staff



Professional



Service Mind



Our core values

**are knowledgeable workforce
and service-mindedness**

We always place great emphasis on competency development and being Happy Workplace for employees.



Knowledge and Competency Development

We are of the view that employee training and development are critical activities in ensuring quality of the workforce across the organization in order to support for business growth.



Employees' Happy Workplace

The Company conducts employee satisfaction survey annually, welcoming feedback and opinions on various issues for future improvement.

Good Product



The key rationale of product selection

is to deliver the best to our customers

We always select diverse assortment of products that are of high quality and value for money in order to satisfy customers' everyday needs.



Private Brand



Certified Products



High Quality

High-Quality Products

It is the Company's policy in conducting products inspection to ensure that they meet legal standards and have the environmental concern as well as to facilitate customers by providing exchange or maintenance services at any HomePro branches all over Thailand.

Product Innovation

We work closely in collaborations with our product development partners, always pay attention to customers' lifestyles such as UV-protected curtain, LED candles, mobile toilet for the elderly, etc.



Good Privilege



More than 2.6 million

Home Card members

Special privileges are entitled to our customers to enhance shopping experience and values in every purchase, as well as to deliver more privileges from any spending via HomePro Visa Platinum credit card.



Reward Points



Discount Benefits



Home Card Membership

Cardholders are entitled to discounts. Purchase amount will be accumulated in points which can be used to redeem cash vouchers or obtain workshop participation privilege and several other benefits.



Home Pro Visa Platinum Credit Card

Another level with HomePro Visa Platinum credit card, truly satisfying home and lifestyle pleasure, customers are exclusively awarded special privileges in purchasing products and services at every HomePro branch all over Thailand.

Good Service



+700 Professional Teams



Delivery Service

Fully-Integrated Services

all over Thailand

The Company has continuously been developing the new 'Home Service', i.e. 'Lady Service' for female customers or the elderly living by themselves, and delivery service equipped with the GPS tracking system.





Home Service

We have more than 700 technicians ready to assist valued customers with 3D design, installation, decoration, repairment, inspection and maintenance to meet customers' needs in all dimensions.



Delivery Service

In order to facilitate customers, we provide delivery service to various destinations all over Thailand, subject to the Company's terms and conditions.

Good Channel

- ✓ HomePro Application
- ✓ Line Official Account : HomePro
- ✓ FB : HomePro Thailand
- ✓ IG : HOMEPROTHAILAND



Multi Channels

for Our Valued Customers

Customers can conveniently acknowledge their special privileges from HomePro Application through social media, shop online via Direct To Shop and have all the queries & answer or get updated of special offers via our Call Center at +66 2832 6000.





HomePro Application

Your shopping assistant that is easy to use and convenient. Special privileges can also be redeemed via this application.



Line Official Account : HomePro

Receive news, updates and special privileges delivered directly to your mobile phone and get a chance to win the award via LINE chat with our Chocky Bear.



Online Shop

This is another channel where you can find all sorts of home products of more than 30,000 items. Customers can take advantage of discounts and promotions all year round, from anywhere, 24/7. Delivery, installation and quality assurance services are available at

www.directtoshop.com



HomePro

HomePro is the leading home improvement retailer in Thailand.



76 Stores



In 2015, the Company opened 5 new stores of HomePro established in Sukhothai, Samuthsongkham, Phetchaburi, Phatthalung and Chonburi (Amata).

7 Stores



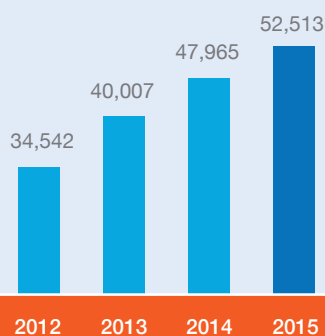
In 2015, the Company opened 3 new stores of Mega Home established in Kabinburi, Minburi, and Aranyaprathet.

1 Store in Malaysia

The store began its operation in November 2014 at IOI City Mall in Putrajaya.

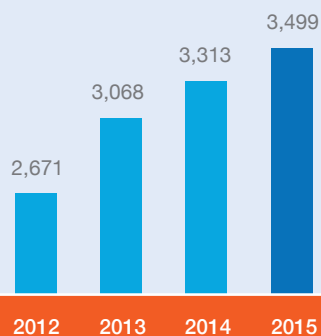
Sales

↑ **9.5%**



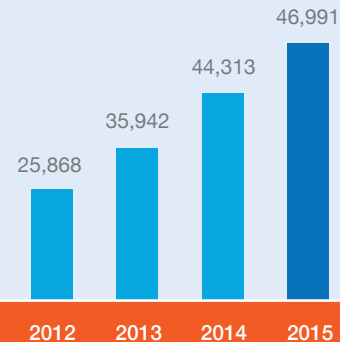
Net Profit

↑ **5.6%**



Total Asset

↑ **6.0%**



Product Range



The core of product selection is its determination to bring the best products to customers; therefore, completeness, quality, and worthiness are at the heart of our products.

Home Service



Home improvement service was designed by HomePro from our true understanding of customer needs. Our professional technicians, who have knowledge in their jobs, will provide the service and help customers accurately manage budget and time.

Our Associates



10,500 persons

We're getting competent, capabilities, and service-minded associates as well as provide continuous trainings and developments so that they are able to catch up with different customer demand.

No. of New Stores

5 HomePro Stores
3 Mega Home Stores



■ Mega Home ■ HomePro ■ HomePro (Malaysia)

Home Card and Mega Home Card



+2.6
million members

Privileges provide to our valued customers. Cardholders will get a discount for purchasing products or services and every purchase made with the card will accumulate points to redeem a cash equivalent for the next purchase. Besides that, the customers also get other privileges.



Message from the Board of Directors

Dear Shareholders,

Thailand's economy was relatively weak in 2015. The recovery was quite slow due to the falling agricultural prices as well as the high level of household debt resulting in the limitation of purchasing power. The expansion of private investment was also relatively slow. However, the government attempted to stimulate the economy and built up the confidence by launching various measures such as the faster reimbursement process for public sector to invest in infrastructure, the promotion of tourism, the reduction of interest rates by the Monetary Policy Committee, the loan to village funds, the measure to stimulate SMEs, the measure to promote housing loans, the reduction of property transfer fees, and "Shopping for the Nation" shopping campaign to stimulate consumer spending from which the Company gained benefits as well.

Business Expansion

Under the economic pressure, the Company remained continue operating as planned by opening 5 new HomePro branches i.e. Sukhothai, Samutsongkhram, Phetchaburi, Phatthalung, and Chonburi (Amata), and 3 new Mega Home branches i.e. Kabinburi, Minburi, and Aranyaprathet. Therefore, by the end of the year, there were 76 HomePro branches, 7 Mega Home branches and another one HomePro branch in Malaysia. Performance of HomePro stores mainly reached the targets; for Mega Home business, its performance was satisfied and made better results than expected; for HomePro business in Malaysia, its performance was still not yet reached plan since the Company is the first Home Center in Malaysia, we must continuously study on home-related product market and customer behavior in order to improve product range assortments to meet customer demand as well as to be a prototype branch for expansion in the following years.

For the future objectives, the Company aims to expand more branches in both Bangkok and potential areas in upcountry as well as in neighboring countries. The Company also has the plan to improve existing branches to be more modern with pleasant atmosphere as well as to study on new product categories and new services to create value and meet the further customer demand. Additionally, the Company continues to focus on store-operational efficiency and energy-saving along with the use of environmental friendly technology.

Operating Performance

For the 2015 operating performance, the Company and its subsidiaries had the total revenue of Baht 56,243 million, increasing by 9.8% from the previous year. This was the results of the increasing revenue from new branches of HomePro business, the revenue of Mega Home business from both new and existing branches, the increasing areas and rental rate of Market Village business. Further the use of Lean Management of internal working processes and activities caused the overall expenses decreased. Consequently, the net profit increased to Baht 3,499 million or up by 5.6% from the previous year. Apart from the business expansion, the Company still continues selecting and developing products and services to enhance options for customers as well as enlarging privileges to HomeCard members in which 2.6 million members constantly continued their purchases.

Management for Sustainability

Simultaneously to the business operations, the Company acts upon the good corporate governance practices including fair trade operations, anti-corruption, respect on human rights, fair treatment of employees, consumer responsibility, conserve the environment as well as community and social developments. Therefore, the Company was rated and received the national and international awards, for instance receiving a full score of 100 from the Thai Investors Association for the assessment on the quality of shareholders' meeting, rating of the level of "Excellence: 5 stars" from the Thai Institute of Directors Association (IOD) for the Corporate Governance Report, being selected as 1 of 100 listed companies having the outstanding in Environmental, Social, and Governance (ESG) performance from Thaipat Institute, being listed in MSCI index and upgraded the rating from BBB to A from Morgan Stanley Capital International, as well as receiving "Best Company Performance" award in the SET Awards 2015, the "Best Company Performance" awards were given to the listed companies that have excellent performance considered from operating results, good corporate governance and regulatory compliance of the Stock Exchange of Thailand (SET) in financial statement disclosure and their quality hosted by SET and Money & Banking Magazine.

For the year 2015, it was another year for the Company to put a lot of efforts and operate under social and economic pressures. On behalf of the Board of Directors, we would like to thank to our shareholders, customers, and suppliers who always trusted and supported the Company. In addition, many thanks to corporation of more than 10,500 employees of the Company and its subsidiaries for their hard work and dedication to achieve the Company's goal. All in all, the Company still would like to affirm to operate the business under the corporate governance involving all stakeholders' benefits to help all sectors steadily and sustainably grow together.



(Mr. Anant Asavabhokhin)

Chairman



(Mr. Khunawut Thumpomkul)

Managing Director

Nomination and Remuneration Committee's Report

Dear Shareholders,

The Nomination and Remuneration Committee has duly performed its duties as assigned by the Board of Directors, and as specified in the charter of the Nomination and Remuneration Committee, in determining the recruitment procedures and criteria for selecting the Director and Managing Director positions, as well as the nomination of potential candidates for the Director position. The Committee is also in charge of; regulating the remuneration procedures and criteria, and other benefits entitled to the Board of Directors and committee members; considering and proposing the annual remuneration policies and other benefits for the Managing Director, in accordance with the scope of duties, responsibilities and performance criteria based on different indicators; and lastly allocating budgets for salary increase, bonus, welfare and other benefits for employees working for the Company and its subsidiaries.

In the year 2015, there have been 3 meetings organized by the Nomination and Remuneration Committee. Key matters were discussed and recorded in the meeting minutes, with opinion and suggestions being proposed to the Board of Directors as follows:

1. Execute the recruitment and selection activities for the positions of Company Directors and committee members in replacement of those whose term of office has come to an end. The consideration was based upon the appropriate qualifications of the individuals as specified in the Securities and Exchange Commission and the Stock Exchange of Thailand regulations. The successful candidates must not possess characteristics prohibited by law, with considerations to competencies, experiences, knowledge and skills that will be of advantages to the Company. Besides, the Company also granted opportunities to individual shareholders to nominate qualified candidates for the Director position, from September 19, 2014 until January 16, 2015, in order to propose to the Board of Directors and the Annual General Shareholders Meeting 2015 respectively. However, no nominations were made.
2. Consider the remuneration procedures and criteria for the directors and sub-committee members.
3. Evaluate the Managing Director's performance, with regards to the set target in order to determine appropriate remuneration.
4. Consider and allocate budgets for salary increase, annual bonus, welfare and other benefits for employees working for the Company and its subsidiaries to ensure that they are in line with the Company's operating performance and remain competitive in the market and the overall retail business.
5. Consider the revision of the charter of the Nomination and Remuneration Committee. There had been no revisions proposed for the year 2015 since the current version is still complete and appropriate.

The Nomination and Remuneration Committee has duly performed its duties in accordance with good governance principle by concerning the maximum Company's and all stakeholders' benefits.



(Mr. Rutt Phanijphand)

Chairman of the Nomination and Remuneration Committee

Audit Committee's Report

Dear Shareholders,

The Audit Committee of the Company consists of 3 independent directors who have abilities, qualifications and independence according to the regulations of the Stock Exchange of Thailand by having Mr. Boonsom Lerdhirunwong, as a chairman, Mr. Thaveevat Tatiyamaneeikul and Mr. Chanin Roonsamrarn, as directors.

For the year 2015, the Audit Committee has performed the duty according to the scope of responsibilities as stipulated in the charter of the Audit Committee and according to the assignment from the Board of Directors. There were 12 meetings, and the external auditor was invited to attend for the agenda which was relevant. Details of meeting attendance by the Audit Committee are as follows:

Name - Surname	Attendance / Number of meeting in 2015
Mr. Boonsom Lerdhirunwong	12 / 12
Mr. Thaveevat Tatiyamaneeikul	12 / 12
Mr. Chanin Roonsamrarn	12 / 12

The Audit Committee has the duty and responsibilities according to the charter of the Audit Committee and according to the assignment from the Board of Directors, which include the review for the Company in order to have the accurate and sufficient financial statements, have efficient internal control system and corporate governance, have the compliance with relevant laws and regulations, have monitored the transaction which may have conflict of interest in order to be in compliance with the relevant rules and regulations and to earn the utmost benefits to the Company, as well as the selection and proposing the opinion for appointment of the external auditor. Key performance of the Audit Committee can be summarized as follows:

Essence of the Work Performed in year 2015:

1. Having considered and reviewed the Company's quarterly and annual financial statements before such were disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission, which such was made in the agenda of the review of the Company's financial statements.
2. Having considered the selection and nomination of the external auditor and determination of the audit fee to propose to the Board of Directors for the request for approval from the shareholders' meeting.
3. Having convened with the external auditor for 4 times for considering the guidelines of performance and the scope of auditing as well as the results and recommendation in order to ensure that the financial statement audit has been made completely and appropriately according to the auditing standards which covers the key performance and risks that may affect the proceeding of the Company. Such meetings with the auditor had no attendance of the management.
4. Having convened with the Internal Audit Department for the operation and scope of proceeding, the review of audit plan in order to ensure that the internal audit has been made completely and appropriately according to the internal audit standards. For the year 2015, the internal auditors were made to evaluate the sufficiency and efficiency of the internal control system of the Company and its subsidiaries. In general, and there was an acknowledgement of the report on the result of the audit and following up of the improvement and correction according to the recommendations in order to enhance more effectiveness and efficiency to the internal control system, as well as enhance the Company to solve problems in timely manner.

5. Having reviewed the performance to be in compliance with the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business proceeding of the Company.
6. Having considered the disclosure of information, related transactions and the transaction which may have conflicts of interest.
7. Having made the evaluation of the sufficiency and appropriateness of the internal control system which covers the matter of organization and environment, risk management, the operation control of the management, information and communication technology, and tracking system.
8. The Audit Committee has reviewed and self-evaluated for the year compared to the good guidelines and charter which such result was effectively implemented and in compliance with the stated charter.

The Audit Committee has the following opinion in 2015:

1. The Company's financial statements are reliable, accurate and complete according to the Generally Accepted Accounting Principle and have sufficiently and timely disclosed material information.
2. The Company has sufficient, effective and efficient internal control system, system of operational control, and the tracking system.
3. The Company has not performed any act in violation to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.
4. The entering into the related transaction or the transaction which may has conflicts of interest have been made in accordance with the law, the rules of the Stock Exchange of Thailand, with appropriate reason for the utmost benefits for the Company, and have no indication or other observations to imply any abnormal circumstance.
5. The appointed external auditor has abilities, experiences for the work, independence and has no relation or transaction which may cause conflicts of interest with the Company. This can be ensured that the audits were made completely and appropriately according to the accounting standard and also were efficient and transparent.
6. The Audit Committee has reviewed the independency, annual plan and scope of internal audit department as well as considered the result of internal audit and evaluated performance of the head of internal audit. The Audit Committee opines that internal audit of the Company were made independently, sufficiently, and efficiently.
7. The Audit Committee has performed the duty independently, completely and accurately, according to the stated charter of the Audit Committee with good cooperation from every party concerned.



Mr. Boonsom Lerdhirunwong

Chairman of the Audit Committee

Risk Management Committee's Report

Dear Shareholders,

The Company recognized the importance of risk management in terms of building confidence in goal achievement for stakeholders and possible loss prevention or reduction. The Board of Directors had approved to form the Risk Management Committee with duties and responsibilities of risk management policy, business risk assessment, risk management plan as well as the regular monitoring and reporting results to the Board of Directors. The Risk Management Committee consisted of 7 persons in total including the Managing Director and Senior Vice President as the risk owners. In 2015, the meetings were held 4 times, and the operational approaches of the Risk Management Committee were as follows:

1. To consider risks or major risk events that could affect the Company's operations and to assess and prioritize risks in accordance with their importance as well as to consider the adequacy of Mitigation Plan to reduce or manage risks to be at the acceptable level.
2. To follow up and review the Company's risks and risk management plans for the year 2015 under the framework of risk management policy to ensure that the Company had the systematic risk management that would not significantly affect the Company's operations.
3. To report the performance of Risk Management Committee to the Board of Directors every quarter.

In order to manage risks, the Company focused on the 4 major risks including (1) strategic risk, (2) operational risk (3) compliance risk, and (4) financial risk. The implementation could be summarized as follows.

Strategic Risk

The strategic risk included economic and political risks, maintaining the Company's competitiveness, and business expansions in order to maintain the leadership of the Company in the Home Center business. The Company had the integrated risk management for the analysis of risk factors as well as using Key Risk Indicators to indicate the status of each risk type and establishing the concrete roadmap.

For the foreign investment risk, the Company realized the differences of market and competition conditions that could result in the business risk. Hence, the Company had been working on the Project Feasibility Study as well as other potential risk factors in countries that were the targets for investments. This would help the Company aware of foreign investments and be on the basis of sustainable growth.

Operational Risk

The operational risk included the risk of maintaining and recruiting talented personnel. The Company provided employees the welfares, benefits, working satisfaction, knowledge and skill developments, and career path support in all levels with the objective of motivating and developing skills of all employees effectively and efficiently.

In addition, the Company involved the risk management in other operational practices such as to sufficiently supply products by the pre-ordering plan, to monitor the safety of the environment by appointing the team for loss prevention as well as to manage a risk relating to Information and Communication Technology system by creating an emergency plan called the Disaster Recovery Plan to support when the system was broken down. Furthermore, the Company monitored and reviewed the Crisis Management Plan by creating the simulation of emergency situations and modifying the plan to be more active and supportive for each situation in accordance with the Business Continuity Management.

Compliance Risk

The compliance risk included the risk of legal restrictions. Base on the policy of sustainable business expansions, there have been both domestic and international branch expansions. The Company was aware of and prepared for such risk by the team of legal experts in order to study on legal restrictions, and follow up and analyze effects that could have impacts on the Company growth. The compliance risk was responsible by all related parties including the Board of Directors, executives, and employees, who engage in and responsible for monitoring, controlling, and supervising the operations to comply with related laws and regulations.

Financial Risk

Financial risk included the risk of sufficient financing for the Company to be able to maintain its potential in business operations, branch expansions, and liquidity level for business expansions. Therefore, the Company managed such risk by having the appropriate capital structure. The Company would maintain the low interest-bearing debts to equity ratio and use the proper financial instruments for funding which would be the factor that could help increase the Company's flexibility in financing to be sufficient with the future business expansions.

From the above implementation, the Risk Management Committee has performed in accordance with duties assigned by the Board of Directors. Moreover, it could be ensured that such risk management was effective due to the acceptable risk level from the risk assessment for the year 2015, and there was no risk that had a significant impact to the Company.



Mr. Khunawut Thumpomkul

Chairman of the Risk Management Committee

Board of Directors





Board of Directors

1

Mr. Anant Asavabhokhin (65 years old)

Chairman

Appointed as the Chairman on 29 May 2001

Direct shareholding : 0.15%

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Master of Business Administration (MBA), Thammasart University
- Master of Industrial Engineering, Illinois Institute of Technology, USA
- Bachelor of Civil Engineering, Chulalongkorn University

Training

Thai Institute of Directors Association

2004 Directors Certification Program (DCP)

The brief working experience during the past 5 years

Director of 4 listed companies

2001 - Present	Chairman Home Product Center Plc. (Retail)
2009 - Present	Chairman LH Financial Group Plc. (Holding Company)
1985 - Present	Chairman and Chairman of the Executive Directors Land and Houses Plc. (Property Development)
1983 - Present	Director Quality Houses Plc. (Property Development)

Director of 15 non-listed companies

2005 - Present	Chairman Land and Houses Bank Plc. (Commercial Bank)
2005 - Present	Director L&H Property Co.,Ltd. (Holding Company)

2005 - Present	Director L&H Sathorn Co.,Ltd. (Property Development)
2004 - Present	Chairman LH Real Estate Co.,Ltd. (Property Development)
2004 - Present	Director LH Asset Co.,Ltd. (Property Development)
2002 - Present	Director Land and Houses Property Fund2 Co.,Ltd. (Fund Management)
2000 - Present	Director Land and Houses Property Fund1 Co.,Ltd. (Fund Management)
2000 - Present	Director Asia Asset Advisory Co.,Ltd. (Engineering Advisory)
1995 - Present	Director QH International Co.,Ltd. (Property Leasing)
1993 - Present	Director Siam Thani Real Estate Co.,Ltd. (Property Development)
1991 - Present	Director Boonchai Holding Co.,Ltd. (Property Development)
1990 - Present	Director Siam Thani Property Co.,Ltd. (Property Development)
1988 - Present	Director Atlantic Real Estate Co.,Ltd. (Property Development)
1986 - Present	Director Pacific Real Estate Co.,Ltd. (Property Development)
1980 - Present	Director Plaza Hotel Co.,Ltd. (Hotel)

2

Mr. Manit Udomkunnatum (70 years old)

Director and Chairman of Executive Directors

Appointed as the Director on 29 May 2001

Appointed as the Chairman of Executive Directors
on 21 June 2007

2001 – Present	Chairman of Executive Directors USI Holding Co., Ltd. (Leasing Space)
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2001 – Present	Director Fashion People Co., Ltd. (Clothing Distributor)
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Direct shareholding : 2.59%

Spouse and minor child shareholding : 0.0003%

Family relationship with management : None

Education : Secondary School

Training

Thai Institute of Directors Association

2004 Directors Accreditation Program (DAP)

The brief working experience during the past 5 years

Director of 1 listed companies

2001 - Present	Director and Chairman of Executive Directors Home Product Center Plc. (Retail)
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Director of 10 non-listed companies

2007 – Present	Director and Chairman of Executive Directors Elysian Development Co., Ltd. (Property Development)
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2006 – Present	Director and Chairman of Executive Directors Shanghai Inn Co., Ltd. (Hotel)
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2003 – Present	Director Koh Maphrao Island Co., Ltd. (Hotel)
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2001 – Present	Director RLP Co., Ltd. (Leasing Space)
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Mr. Rutt Phanijphand (68 years old)**Director, Executive Director and Chairman of the Nomination and Remuneration Committee**

Appointed as the Director on 20 December 2001

Appointed as the Executive Director on 21 June 2007

Appointed as the Chairman of the Nomination and Remuneration Committee on 29 March 2007

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Master of Science in Business Administration, Fort Hays Kansas State University, USA
- Bachelor of Science, Kasetsart University

Training

Thai Institute of Directors Association

- 2010 Financial Institutions Governance Program (FGP)
- 2005 Directors Certification Program (DCP)
- 2003 Directors Accreditation Program (DAP)

The brief working experience during the past 5 years**Director of 3 listed companies**

2009 – Present	Executive Director and Chairman of the Nomination and Remuneration Committee
2001 – Present	Director Home Product Center Plc. (Retail)
2014 – Present	Audit Committee
2005 – Present	Independent Director and Chairman of Remuneration Committee Banpu Plc. (Energy)
2009 – Present	Chairman of Executive Directors LH Financial Group Plc. (Holding Company)
2001 – 2014	Director, President and Managing Director Quality Houses Plc. (Property Development)

Director of 3 non-listed companies

2013 – Present	Chairman Land and Houses Securities Plc. (Securities Trading)
2010 – Present	Chairman Land and Houses Asset Management (Asset Management)
2005 – Present	Director and Chairman of Executive Directors Land and Houses Bank Plc. (Commercial Bank)

Mr. Boonsom Lerdhirunwong (62 years old)

Independent Director and Chairman of Audit Committee

Appointed as the Independent Director and Chairman of Audit Committee on 1 October 2014

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Ph.D. of Civil Engineer, INSA Toulouse, France
- Master of Civil Engineer, Chulalongkorn University
- Bachelor of Civil Engineer, Chulalongkorn University

Training

Thai Institute of Directors Association

- 2014 Role of Chairman Program (RCP)
- 2014 National Director Conference (NCD)
- 2013 Successful Formulation & Execution of Strategy (SFE)
- 2012 Directors Certification Program (DCP)
- Financial Statement for Directors (FSD)
- Audit Committee Program (ACP)
- Monitoring Fraud Risk Management (MFM)
- Monitoring of the Quality of Financial Reporting (MFR)
- Monitoring the Internal Audit Function (MIA)
- Monitoring the System of Internal Control and Risk (MIR)
- Collective Action against Corruption (C-Conference)

Others

- 2014 Corporate Governance: Effectiveness and Accountability in the Boardroom, Kellogg School of Management, Northwestern University
- 2013 Certificate in Top Executives in the Energy Education Program (Class of 3rd)
- 2006 Diploma, the Joint State-Private Sector Course National Defence College (Class of 19th)

The brief working experience during the past 5 years

Director of 2 listed companies

2014 – Present	Independent Director and Chairman of Audit Committee Home Product Center Plc. (Retail)
2015 – Present	Chairman and Independent Director Quality Houses Plc. (Property Development)
2012 – 2014	Director and Audit Committee PTT Plc. (Energy and Utilities)

Director of 2 non-listed company

2015 – Present	Chairman Thailand Institute of Nuclear Technology (Public Organization)
2010 – Present	Director and Chairman of Executive Directors of Building and Infrastructure Committee The Thai Red Cross Society (Charitable Organization)
2008 – 2013	Dean – Faculty of Engineering Chulalongkorn University (Educational Institution)
2013 – 2014	Chairman State Railway of Thailand

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Mr. Thaveevat Tatiyamaneekul (70 years old)**Independent Director and Audit Committee**

Appointed as the Independent Director and Audit Committee on 29 May 2001

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education : Primary School

Training

Thai Institute of Directors Association
2004 Directors Accreditation Program (DAP)

The brief working experience during the past 5 years**Director of 1 listed companies**

2001 – Present	Independent Director and Audit Committee Home Product Center Plc. (Retail)
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Director of 2 non-listed companies

2013 – Present	Director Manee-pin Co.,Ltd. (Holding Company)
1989 – Present	Director Star Fashion (2008) Co.,Ltd. (Garment and Fashion Product Distributor)

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Mr. Chanin Roonsamrarn (68 years old)**Independent Director, Audit Committee and Nomination and Remuneration Committee**

Appointed as the Independent Director and Audit Committee on 3 October 2005

Appointed as the Nomination and Remuneration Committee on 29 March 2007

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Master of Business Administration (MBA),
Fort Hays State University, USA

Training

Thai Institute of Directors Association

- 2006 DCP Refresher
- 2005 Audit Committee Program (ACP)
- 2002 Directors Certification Program (DCP)
- 2001 Role of Chairman Program (RCM)

The brief working experience during the past 5 years**Director of 2 listed companies**

2007 – Present	Nomination and Remuneration Committee
2005 – Present	Independent Director and Audit Committee Home Product Center Plc. (Retail)
1986 – Present	Independent Director and Audit Committee Thai Reinsurance Plc. (Insurance)
2003 – 2013	Audit Committee and Chairman of Risk Management Committee Samaggi Insurance Plc. (Insurance)

Director of 1 non-listed company

2010 – Present	Chairman of Executive Directors SBL Leasing Co.,Ltd. (Leasing)
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Mr. Naporn Sunthornchitcharoen (57 years old)**Director, Executive Director and Nomination and Remuneration committee**

Appointed as the Director on 29 May 2001

Appointed as the Executive Director on 21 June 2007

Appointed as the Nomination and Remuneration committee on 1 June 2015

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Master of Business Administration (MBA), Thammasart University
- Bachelor of Civil Engineering, Chiangmai University

Training

Thai Institute of Directors Association

- 2005 Directors Certification Program (DCP)
- 2004 Directors Accreditation Program (DAP)
- 2001 Financial Institutions Governance Program (FGP)

Other

- 2006 Diploma, the National Defence College Course (Year 2006)

The brief working experience during the past 5 years**Director of 4 listed companies**

2015 – Present	Nomination and Remuneration committee
2007 – Present	Executive Director
2001 – Present	Director Home Product Center Plc. (Retail)
2013 – Present	Director, Executive Director and Managing Director Land and Houses Plc. (Property Development)
2010 - Present	Director, Executive Director and Nomination and Remuneration Committee LH Financial Group Plc. (Holding Company)
1994 – Present	Director Quality Construction Products (Construction materials Manufacturers and distributor)
2002 – 2013	Director, Executive Director and Senior Vice President Land and Houses Plc. (Property Development)
1994 – 2010	Director Bangkok Chain Hospital Plc. (Hospital)

Director of 17 non-listed companies

2013 – Present	Director Land and Houses Securities Plc. (Securities Trading)
2012 – Present	Director Land and Houses USA, INC
2005 – Present	Director, Executive Director and Nomination and Remuneration Committee Land and Houses Bank Plc. (Commercial Bank)
2005 – Present	Director Phuket Future Plan Co.,Ltd. (Property Development)
2005 – Present	Director Double Tree Co.,Ltd. (Property Development)
2004 – Present	Director LH Real Estate Co.,Ltd. (Property Development)
2004 – Present	Director LH Asset Co.,Ltd. (Property Development)
2002 – Present	Director Land and Houses Property Fund 2 Co.,Ltd. (Fund Management)
2001 – Present	Director Mueng Mai Guthrie Plc. Co.,Ltd. (Natural Rubber Production)
2000 – Present	Director Land and Houses Property Fund 1 Co.,Ltd. (Fund Management)
1995 – Present	Director Land and Houses North East Co.,Ltd. (Property Development)
1995 – Present	Director Land and Houses North Co.,Ltd. (Property Development)
1995 – Present	Director LH Mueng Mai Co.,Ltd. (Property Development)
1993 – Present	Director Siam Thani Real Estate Co.,Ltd. (Property Development)
1991 – Present	Director Siam Thani Property Co.,Ltd. (Property Development)
1988 – Present	Director Atlantic Real Estate Co.,Ltd. (Property Development)
1986 – Present	Director Pacific Real Estate Co.,Ltd. (Property Development)

Mr. Chadchart Sittipunt (49 years old)

Director

Appointed as the Director on 1 June 2015

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Ph.D. in Civil Engineering, University of Illinois, USA
- Master of Business Administration (MBA), Chulalongkorn University
- Master of Civil Engineering (Structural), Massachusetts Institute of Technology, USA
- Bachelor of Civil Engineering, Chulalongkorn University

Training

Thai Institute of Directors Association

2006 Directors Certification Program (DCP)
Finance for Non-Finance Directors (FND)

Director of non-listed company : None

2012 – 2014	Minister of Transport
2012	Deputy Minister of Transport
2005 – 2012	Assistant Rector Property Management Office Chulalongkorn University (Educational Institution)
2004 – 2011	Academic Director- Faculty of Engineer Chulalongkorn University (Educational Institution)

The brief working experience during the past 5 years

Director of 2 listed companies

2015 – Present	Director Home Product Center Plc. (Retail)
2015 – Present	Director, President, Managing Director and Chairman of Risk Committee Quality Houses Plc. (Property Development)
Aug – Dec 2014	Director, Independent Director, Audit Committee and Nomination, Remuneration Committee and Chairman of Risk Committee
2008 – 2012	Director, Independent Director, Audit Committee and Nomination and Remuneration Committee Land and Houses Plc.(Property Development)

Mr. Khunawut Thumpomkul (58 years old)

Director, Executive Director and Managing Director

Appointed as the Director and Managing Director on 29 May 2001

Appointed as the Executive Director on 21 June 2007

Direct shareholding : 1.08%

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Master of Business Administration (MBA), NIDA
- Bachelor Degree, Ramkhamhaeng University

Training

Thai Institute of Directors Association

2001 Directors Certification Program (DCP)

The brief working experience during the past 5 years

Director of 2 listed companies

2007 – Present	Executive Director
2001 – Present	Director and Managing Director Home Product Center Plc. (Retail)
2013 – Present	Director and Executive Director LH Financial Group Plc. (Holding Company)

Director of 5 non-listed companies

2013 – Present	Chairman DC Service Center Co.,Ltd. (Distribution Center)
2012 – Present	Director and Executive Director Land and Houses Bank Plc. (Commercial Bank)
2012 – Present	Chairman Mega Home Center Co.,Ltd. (Retail)
2010 – Present	Chairman Home Product Center (Malaysia) Sdn. Bhd. (Retail)
2005 – Present	Chairman Market Village Co.,Ltd. (Tenant Management)

Ms. Suwanna Buddhaprasart (60 years old)**Director**

Appointed as the Director on 2 July 2003

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Master of Business Administration (MBA), Chulalongkorn University
- Bachelor of Commerce and Accountancy, Chulalongkorn University

Training

Thai Institute of Directors Association

- 2011 Financial Institutions Governance Program (FGP)
- 2007 Directors Certification Program (DCP)
- 2004 Directors Accreditation Program (DAP)

The brief working experience during the past 5 years**Director of 3 listed companies**

2003 – Present	Director Home Product Center Plc. (Retail)
2010 – Present	Director LH Financial Group Plc. (Holding Company)
2000 – Present	Director, Risk Management Committee, CG Committee, Senior Vice President and Company Secretary Quality Houses Plc. (Property Development)

Director of 10 non-listed companies

2013 – Present	Director Property Host Co., Ltd. (Interior)
2013 – Present	Director Casa Ville (Cholburi 2010) Co., Ltd. (Property Development)
2012 – Present	Director Center Point Hospitality Co., Ltd. (Property Leasing)
2012 – Present	Director L&H Hotel Management Co., Ltd. (Hotel)
2010 – Present	Director QHouse Precast Co., Ltd. (Interior)
2008 – Present	Director L&H Management Co., Ltd. (Hotel)
2003 – Present	Director Casa Ville Co., Ltd. (Property Development)
2003 – Present	Director QH Management Co., Ltd. (Service)
2000 – Present	Director QH International Co., Ltd. (Property Leasing)
2000 – Present	Director The Confidence Co., Ltd. (Property Development)
2013 – 2014	Director
2005 – 2012	Director and Nomination and Remuneration Land and Houses Bank Plc. (Commercial Bank)

Mr. Pornwut Sarasin (56 years old)**Independent Director**

Appointed as the Independent Director on 1 October 2015

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Master of Business Administration (MBA), Pepperdine University, USA
- Bachelor of Business Administration, Boston University, USA

Training

Thai Institute of Directors Association

2005 Directors Accreditation Program (DAP)

The brief working experience during the past 5 years**Director of 4 listed companies**

2015 – Present	Independent Director Home Product Center Plc. (Retail)
2015 – Present	Director Crown Seal Plc. (Packaging)
2009 – Present	Director AP (Thailand) Plc. (Property Development)
1994 – Present	Director and Chairman of Audit Committee Charoong Thai Wire & Cable Plc. (Cable Manufacturers and Distributor)

Director of 13 non-listed companies

2014 – Present	Director Krungthep Thanakom Co.,Ltd. (Logistic)
2014 – Present	Director Bangkokglass Plc. (Packaging Manufacturers and Distributor)
2013 – Present	Chairman Thai Namthip Co.,Ltd. (Drinking manufacturers and Distributor)
2000 – Present	Director Honda Automobile (Thailand) Co.,Ltd. (Automobile manufacturers)
1998 – Present	Director Denso (Thailand) Co.,Ltd. (Electronic Manufacturers)
1993 – Present	Director Thai Asia Pacific Brewery Co., Ltd. (Drinking manufacturers and Distributor)
1986 – Present	Director Isuzu Motors (Thailand) Co., Ltd. (Automobile manufacturers)
1986 – Present	Director Thai-MC Co., Ltd. (Whole sale-Chemical)
1986 – Present	Director Tri Petch Isuzu Co., Ltd. (Automobile Distributor)
1986 – Present	Director Tri Petch Isuzu Leasing Co., Ltd. (Automobile Leasing)

Mr. Achawin Asavabhokin (40 years old)

Director

Appointed as the Director on 10 April 2014

Direct shareholding : None

Spouse and minor child shareholding : None

Family relationship with management : None

Education

- Bachelor of Economics, University of Pennsylvania, USA
- Bachelor of Engineering, University of Pennsylvania, USA

Training

Thai Institute of Directors Association
2014 Directors Certification Program (DCP)

The brief working experience during the past 5 years

Director of 1 listed companies

2014 – Present	Director Home Product Center Plc. (Retail)
2011 – Present	Senior Vice President SCB Asset Management (Asset Management)

Director of non-listed company : None

Management Team

Mr. Weerapun Ungsumalee (53 years old)

Senior Vice President - Operation

Direct Shareholding : 0.05%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- Master of Industrial Engineering, Asian Institute of Technology

Experience during the past 5 years

2005 - Present	Senior Vice President Home Product Center Plc.
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Ms. Jarusopha Thumkathikanon (56 years old)

Senior Vice President - Merchandising : Soft Line

Direct Shareholding : 0.08%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- Bachelor of Economics,
The University of The Thai Chamber of Commerce

Experience during the past 5 years

2003 - Present	Senior Vice President Home Product Center Plc.
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Ms. Sannipa Swangpuen (46 years old)

Senior Vice President - Merchandising: Hard Line

Direct Shareholding : 0.0001%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- Master of Accounting, Griffith University, USA

Experience during the past 5 years

2014 - Present	Senior Vice President Home Product Center Plc.
1997 - 2013	Senior Manager Ek-Chai Distribution System Co., Ltd.

Mr. Kasem Pinmontearntong (57 years old)

Senior Vice President - Operation

Direct Shareholding : 0.0014%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- Bachelor of Business Administration,
Ramkhamhaeng University

Experience during the past 5 years

2013 - Present	Senior Vice President
2001 - 2013	District Manager Home Product Center Plc.

Ms. Siriwan Paimsethasin (57 years old)

Senior Vice President - Merchandising : Home Electric Product

Direct Shareholding : 0.03%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- Diploma in Business Computing,
Dhonburi Rajabhat University

Experience during the past 5 years

2011 - Present	Senior Vice President
2007 - 2011	Vice President - Appliance Products Home Product Center Plc.

Ms. Ittaporn Srisukwattana (51 years old)

Senior Vice President - Merchandising : Textile and Furniture

Direct Shareholding : 0.0032%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- MBA, Assumption University

Experience during the past 5 years

Jan 15 - Present	Senior Vice President
2010 - 2014	Vice President Home Product Center Plc.

Ms. Tharathip Trimankhong (55 years old)

Senior Vice President - International Merchandising and Direct Sourcing

Direct Shareholding : 0.27%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- Lower secondary school

Experience during the past 5 years

2000 - Dec 15 **Senior Vice President**
Home Product Center Plc.

Note : Ms. Tharathip Trimankhong retired on December 31, 2015 and was appointed as a purchasing consultant on January 1, 2016.

Ms. Apiradee Thavilap (44 years old)

Senior Vice President - Non-Trade Procurement, Commercial Support and merchandising ceramic and sanitary ware

Direct Shareholding : 0.0003%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- MBA, Colorado State University, USA

Experience during the past 5 years

2014 - Present **Senior Vice President**
Home Product Center Plc.
2012 - 2013 **Head of Commercial Support**
Ek-Chai Distribution System Co., Ltd.

Ms. Thanomsri Rujirekeserikul (48 years old)

Senior Vice President - International Merchandising and Direct Sourcing

Direct Shareholding : 0.0001%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- Master of Management, Mahidol University

Experience during the past 5 years

Sep 15 - Present **Senior Vice President**
Home Product Center Plc.
2008 - 2015 **Senior Manager**
Ek-Chai Distribution System Co., Ltd.

Mr. Nat Jarlitchana (55 years old)

Senior Vice President - Marketing

Direct Shareholding : 0.07%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- MBA, Kasetsart University

Experience during the past 5 years

2006 - Present **Senior Vice President**
Home Product Center Plc.

Mr. Chaithuth Karunyasopon (57 years old)

Senior Vice President - Distribution Center

Direct Shareholding : 0.02%

Shareholding by spouse and minor child : 0.001%

Highest Level of Education / Training

- Bachelor of Finance, Ramkhamhaeng University

Experience during the past 5 years

2007 - Present **Senior Vice President**
Home Product Center Plc.

Mr. Anuchar Jitjaturunt (52 years old)

Senior Vice President - International Business

Direct Shareholding : 0.11%

Shareholding by spouse and minor child : None

Highest Level of Education / Training

- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Experience during the past 5 years

2002 - Present **Senior Vice President**
Home Product Center Plc.

Ms. Pornsook Damrongsiri (50 years old)

Senior Vice President - Supply Chain Management

Direct Shareholding : 0.0004%**Shareholding by spouse and minor child :** None**Highest Level of Education / Training**

- MS-CIS, Colorado State University, USA

Experience during the past 5 years

2013 - Present	Senior Vice President Home Product Center Plc.
2007 - 2013	Senior Manager Ek-Chai Distribution System Co., Ltd.

Mr. Nitat Aroontippaitoon (50 years old)

Senior Vice President - Human Resource and Loss Prevention

Direct Shareholding : 0.04%**Shareholding by spouse and minor child :** None**Highest Level of Education / Training**

- MBA, National Institute of Development Administration

Experience during the past 5 years

2010 - Present	Senior Vice President
2005 - 2010	Vice President - Internal Audit Home Product Center Plc.

Ms. Wannee Juntamongkol (51 years old)

Senior Vice President - Accounting and Finance and Company Secretary

Direct Shareholding : 0.07%**Shareholding by spouse and minor child :** None**Highest Level of Education / Training**

- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

- Training

- 2008 Laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) Program for the Company Secretary by Faculty of Law of Chulalongkorn University
- 2005 Company Secretary Program, Institute of Directors Association (IOD)

Experience during the past 5 years

2008 - Present	Company Secretary
2005 - Present	Senior Vice President Home Product Center Plc.

Mr. Vathunya Visuthikosol (51 years old)

Senior Vice President - Business Development

Direct Shareholding : 0.07%**Shareholding by spouse and minor child :** None**Highest Level of Education / Training**

- MBA Georgia State University, USA.

Experience during the past 5 years

2002 - Present	Senior Vice President Home Product Center Plc.
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Ms. Sudapa Chamod (42 years old)

Senior Vice President - Information and Communication Technology

Direct Shareholding : 0.0006%**Shareholding by spouse and minor child :** None**Highest Level of Education / Training**

- MBA, Asian Institute of Technology

Experience during the past 5 years

2012 - Present	Senior Vice President Home Product Center Plc.
1999 - 2012	Senior Manager Accenture Solutions Co.,Ltd.

Financial Information

Unit: MB

Item	Consolidated Financial Statements			Separate Financial Statements		
	2015	2014	2013	2015	2014	2013
Total Assets	46,991.04	44,312.82	35,941.68	45,383.94	43,299.37	34,870.21
Total Liabilities	30,088.41	28,611.19	23,225.30	28,290.20	27,484.11	22,136.99
Equity	16,902.63	15,701.63	12,716.38	17,093.74	15,815.26	12,733.23
Sales Income	52,512.72	47,964.75	40,006.64	48,060.49	45,239.88	39,828.91
Total Revenues	56,243.17	51,208.59	42,725.23	51,607.59	48,291.06	42,416.75
Net profit	3,498.81	3,313.33	3,068.48	3,525.33	3,386.74	3,119.93
EPS (Baht)	0.27	0.25	0.23	0.27	0.26	0.24
Dividend per share (Baht)*	0.25	0.278889	0.3441	0.25	0.278889	0.3441
Paid-up Capital (Million Shares)	13,151.20	12,329.32	9,589.55	13,151.20	12,329.32	9,589.55

Remark : Dividend for 2015 amounted to 0.25 Baht/share paying from the first 6 months operation of 0.10 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2015, and from the last 6 months operation of another 0.15 Baht/share, according to the Board of Directors' Meeting No. 2/2016 approved to propose to the Annual General Meeting of Shareholders 2016.

Financial Ratio

Item	Consolidated Financial Statements			Separate Financial Statements		
	2015	2014	2013	2015	2014	2013
Liquidity Ratio						
Current ratio (time)	0.69	0.76	0.64	0.79	0.83	0.68
Profitability Ratio						
Gross Profit (%)	25.73	26.04	26.65	26.18	26.43	26.61
Profit from Operation (%)	9.45	9.63	10.33	10.32	10.37	10.52
Net Profit (%)	6.22	6.47	7.18	6.83	7.01	7.36
Return on Equity (%)	21.46	23.32	27.10	21.43	23.73	27.58
Operating Efficiency Ratio						
Return on Assets (%)	7.66	8.26	9.93	7.95	8.67	10.29
Financial Analysis Ratio						
Total Debts to Equity ratio (time)	1.78	1.82	1.83	1.66	1.74	1.74
Interest coverage ratio (time)	15.75	13.59	23.31	14.67	14.58	22.80

Vision

To be the leader of home center business in Thailand and South East Asia.

Mission



1. We will offer the value in terms of products, services, and prices to our customers, to be the first on customer's mind.
-



4. We will manage professionally according to the good governance, and to build good relationship with society and community.
-



2. We will collaborate with our business alliance to improve efficiency which leads to increasing of mutual benefits.
-



5. We will seek new business opportunity for the future and to create reasonably incremental value for associated parties.
-



3. We will give the importance and to develop personnel to have working efficiency and responsibility to customers, as well as to have contentment, enjoyment and commitment in their work with HomePro.

Business Objectives



In accordance with the vision to be the leader of home center business in Thailand and South East Asia as One Stop Shopping, the Company therefore continuously plans to expand its network to take business opportunities to accommodate the growing demands in the market. The expansion emphasizes on covering strategic bordering areas of Asean Economic Community (AEC) and growth potential provinces. The Company plans to further open new outlets with the next milestone of 100 stores within 2020 in both Bangkok and upcountry. These strategies including development of service and selection process to add the variety of products. At the end of the year 2015, the Company had a total of 76 Homepro stores in 46 provinces nationwide.

To be the leader of home center business in Thailand and South East Asia as One Stop Shopping, besides the original format of “Homepro”, the Company also executed its proactive strategy by opening the center for wholesale

and retail under the name of “Mega Home” in order to accommodate the demands in building material and household products market to serve contractors and project owners. At the end of the year 2015, the Company had a total of 7 Mega Home stores and plans to further open new outlets with the next milestone of 15-20 stores within 2020.

In order to step up to be a business leader and to support the Asian Economic Community, the Company has expanded our “HomePro” business internationally in the fourth quarter of year 2014. The first store is located at IOI City Mall, Kuala Lumpur, Malaysia. In 2015, the Company has yet satisfied with the result. However, we planned to continually adjust our product range and service to meet the requirement of Malaysian customer as practical as we can and such will be considered as a platform for the expansion of our business in the future. For the expansion in Malaysia, the Company has targeted to expand 5 - 10 stores within the year 2020.

General Information

Information of Home Product Center Public Company Limited

Location	96/27 Moo 9 Tambon Bangkhen, Amphoe Muang, Nonthaburi 11000
Telephone	+66 (0) 2832 1000
Facsimile	+66 (0) 2832 1400
Website	www.homepro.co.th
Type of Business	Selling goods and providing complete range of services relating to construction, addition, refurbishment, improvement of buildings, houses, and residence places as One Stop Shopping.
Registration No.	0107544000043
Registered Capital	Common stock 13,151,315,446 shares (1 Baht per share)
Paid-up Capital	Common stock 13,151,198,025 shares
Exchange Market	Stock Exchange of Thailand
Ticker Symbol	HMPRO

Information of company in which Home Product Center Plc. holds shares from 10 percent up

<table> <tr> <td>Name</td><td>Market Village Co., Ltd</td></tr> <tr> <td>Location</td><td>234/1 Petchkasem Rd., Tambon Hua Hin, Amphoe Hua Hin, Prachaub Kirikhan 77110</td></tr> <tr> <td>Telephone</td><td>+66 (0) 3261 8888</td></tr> <tr> <td>Facsimile</td><td>+66 (0) 3261 8800</td></tr> <tr> <td>Type of Business</td><td>Management of leasing space together with provision of facilities services</td></tr> <tr> <td>Registered Shares</td><td>50,000 ordinary shares at par value of Baht 100</td></tr> <tr> <td>Shareholding</td><td>49,993 shares (99.99%)</td></tr> </table>	Name	Market Village Co., Ltd	Location	234/1 Petchkasem Rd., Tambon Hua Hin, Amphoe Hua Hin, Prachaub Kirikhan 77110	Telephone	+66 (0) 3261 8888	Facsimile	+66 (0) 3261 8800	Type of Business	Management of leasing space together with provision of facilities services	Registered Shares	50,000 ordinary shares at par value of Baht 100	Shareholding	49,993 shares (99.99%)	<table> <tr> <td>Name</td><td>Mega Home Center Co., Ltd.</td></tr> <tr> <td>Location</td><td>49 Moo 5, Tambon Khlong Nueng, Amphoe Khlong Luang, Pathumthani 12120</td></tr> <tr> <td>Telephone</td><td>+66 (0) 2516 0099</td></tr> <tr> <td>Facsimile</td><td>+66 (0) 2516 0098</td></tr> <tr> <td>Type of Business</td><td>Retailing and wholesaling of construction and home improvement products</td></tr> <tr> <td>Registered Shares</td><td>10,000,000 ordinary shares at par value of Baht 100</td></tr> <tr> <td>Shareholding</td><td>9,999,998 shares (99.99%)</td></tr> </table>	Name	Mega Home Center Co., Ltd.	Location	49 Moo 5, Tambon Khlong Nueng, Amphoe Khlong Luang, Pathumthani 12120	Telephone	+66 (0) 2516 0099	Facsimile	+66 (0) 2516 0098	Type of Business	Retailing and wholesaling of construction and home improvement products	Registered Shares	10,000,000 ordinary shares at par value of Baht 100	Shareholding	9,999,998 shares (99.99%)
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Facsimile	+66 (0) 3261 8800																												
Type of Business	Management of leasing space together with provision of facilities services																												
Registered Shares	50,000 ordinary shares at par value of Baht 100																												
Shareholding	49,993 shares (99.99%)																												
Name	Mega Home Center Co., Ltd.																												
Location	49 Moo 5, Tambon Khlong Nueng, Amphoe Khlong Luang, Pathumthani 12120																												
Telephone	+66 (0) 2516 0099																												
Facsimile	+66 (0) 2516 0098																												
Type of Business	Retailing and wholesaling of construction and home improvement products																												
Registered Shares	10,000,000 ordinary shares at par value of Baht 100																												
Shareholding	9,999,998 shares (99.99%)																												
<table> <tr> <td>Name</td><td>Home Product Center (Malaysia) SDN. BHD.</td></tr> <tr> <td>Location</td><td>Unit 5F-1A, 5th Floor, Tower 1 @PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan</td></tr> <tr> <td>Type of Business</td><td>Retailing of home improvement products with full service support</td></tr> <tr> <td>Registered Shares</td><td>25,000,000 ordinary shares at par value of 1 Malaysia Ringgit</td></tr> <tr> <td>Shareholding</td><td>25,000,000 shares (100%)</td></tr> </table>	Name	Home Product Center (Malaysia) SDN. BHD.	Location	Unit 5F-1A, 5 th Floor, Tower 1 @PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Type of Business	Retailing of home improvement products with full service support	Registered Shares	25,000,000 ordinary shares at par value of 1 Malaysia Ringgit	Shareholding	25,000,000 shares (100%)	<table> <tr> <td>Name</td><td>DC Services Center Co., Ltd.</td></tr> <tr> <td>Location</td><td>100 Moo 2 Tambon Lamsai, Amphoe Wungnoy, Ayutthaya 13170</td></tr> <tr> <td>Type of Business</td><td>Warehousing and Distribution</td></tr> <tr> <td>Registered Shares</td><td>500,000 ordinary shares at par value of Baht 10</td></tr> <tr> <td>Shareholding</td><td>499,997 shares (99.99%)</td></tr> </table>	Name	DC Services Center Co., Ltd.	Location	100 Moo 2 Tambon Lamsai, Amphoe Wungnoy, Ayutthaya 13170	Type of Business	Warehousing and Distribution	Registered Shares	500,000 ordinary shares at par value of Baht 10	Shareholding	499,997 shares (99.99%)								
Name	Home Product Center (Malaysia) SDN. BHD.																												
Location	Unit 5F-1A, 5 th Floor, Tower 1 @PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan																												
Type of Business	Retailing of home improvement products with full service support																												
Registered Shares	25,000,000 ordinary shares at par value of 1 Malaysia Ringgit																												
Shareholding	25,000,000 shares (100%)																												
Name	DC Services Center Co., Ltd.																												
Location	100 Moo 2 Tambon Lamsai, Amphoe Wungnoy, Ayutthaya 13170																												
Type of Business	Warehousing and Distribution																												
Registered Shares	500,000 ordinary shares at par value of Baht 10																												
Shareholding	499,997 shares (99.99%)																												

HomePro's Branches Information

1. Rangsit 100 Phaholyothin Rd., Thunyaburi, Pathumthanee 12110	20. Hua Hin 234/1 Petchkasem Rd., Hua-Hin, Prachuabkhirikhan 77110
2. Rattanathibet 6/1 Moo 6, Saothonghin, Bangyai, Nonthaburi 11140	21. Samui 1/7 Moo 6, Bophut, Kho Samui, Suratthani 84320
3. Fashion Island 587, 589 Ramindra Rd., Khannayao, Bangkok 10230	22. Phitsanulok 959 Moo 10, Aranyik, Muang, Phitsanulok 65000
4. Future Mart 295 Rama 3 Rd., Bangkholeam, Bangkok 10120	23. Khonkaen 177/98 Moo 17, Naimuang, Muang, Khonkaen 40000
5. Paradise Park 61 Srinakarin Rd., Nongbon, Prawet, Bangkok 10250	24. Udonthani 89/20 Moo 9, Markkang, Muang, Udonthani 41000
6. The Mall Bangkae 275 Moo 1, Petchkasem Rd., North Bangkae, Bangkae, Bangkok 10160	25. Suratthani 86 Moo 3, Wat Pradu, Muang, Surat thani 84000
7. Ratchadaphisek 125 Ratchadaphisek Rd., Dindaeng, Bangkok 10400	26. Petchkasem 224 Petchkasem Rd., Nongkhangplu , Nong Kham , Bangkok 10160
8. Ploenchit 55 Wave Place Building, Wireless Rd., Pathumwan, Bangkok 10330	27. Chonburi 15/16 Moo 3, Huykapi, Muang, Chonburi 20000
9. Phuket 104 Moo 5, Rasada, Muang, Phuket 83000	28. Ekamai-Ramindra 41 Praditmanutham Rd., Latphrao, Bangkok 10230
10. Chiangmai 94 Moo 4 Nong Pa Kruang, Muang, Chiangmai 50000	29. Rayong 560 Sukhumvit Rd., Noenphra, Muang, Rayong 21000
11. Ramkhamhaeng 647/19 Ramkhamhaeng (Sukhaphibal 3) Rd., Huamak, Bangkok, Bangkok 10240	30. Ayutthaya 80 Moo 2, Bangrod, Bangpain, Ayutthaya 13160
12. Rama II 45/581 Moo 6, Samaedam, Bangkhunthien, Bangkok 10150	31. Chiangmai – Hangdong 433/4-5 Moo 7, Mae-Hiya, Muang, Chiangmai 50100
13. Prachachuen 96/27 Moo 9, Bangkhen, Muang, Nonthaburi 11000	32. Krabi 349 Moo 11, Krabinoy, Muang, Krabi 81000
14. Latphrao 669 Latphrao Rd., Chompol, Chatuchak, Bangkok 10900	33. Phuket – Chalong 61/10 Moo 10, Chalong, Muang, Phuket 83130
15. Pattaya 333 Moo 9, Nongprue, Banglamung, Chonburi 20150	34. Khao Yai 288 Moo 11, Nong Nam Daeng, Pakchong, Nakhonratchasima 30130
16. Chaengwatthana 113 Moo 5, Pakkret, Pakkret, Nonthaburi 11120	35. Nakhonpathom 752/3 Petchkasem Rd., Huai-Charakhe, Muang, Nakhonpathom 73000
17. Had Yai 677 Petchkasem Rd., Had Yai, Had Yai, Songkhla 90110	36. Nakhonratchasima 384 Mittraphap Rd., Muang, Nakhonratchasima 30000
18. Ratchapruk 82 Moo 2, Bang Khun Kong, Bang Kruai, Nonthaburi 11130	37. Lumlukka 99 Moo 6, Buengkhamphroi, Lumlukka, Pathumthanee 12150
19. Suvarnabhumi 99/28 Moo 1, Rachatawa, Bangplee, Samutprakarn 10540	38. Sukhaphiban 3 101 Ramkhamheng Rd., Minburi, Bangkok 10510

39. Nakhonsithammarat 89 Nakhon-Pakpanang Rd., Muang, Nakhonsithammarat 80000	58. Phutthamonthon Sai 5 198 Moo 1, Bang Toei, Sam Phran, Nakhon Pathom 73210
40. Chachoengsao 187/9 Namuang , Muang, Chachoengsao 24000	59. Saraburi 24/3 Moo 2, Takut, Muang, Saraburi 18000
41. Roi-et 116 Moo 3, Dong Lan, Muang, Roi-et 45000	60. Phetchabun 151 Moo 1, Chon Phrai, Muang, Phetchabun 67000
42. Suphanburi 133 Malai Maen Rd., Ruayai, Muang, Suphanburi 72000	61. Chaiyaphum 164 Moo 7, Nongnasang, Muang, Chaiyaphum 36000
43. Lopburi 85 Moo 6, Thasala, Muang, Lopburi 15000	62. Chiangrai 157 Moo 2, Tasai, Muang, Chiangrai 57000
44. Sakonnakhon 689/1 ,That Choeng Chum, Muang, Sakonnakhon 47000	63. Loei 117 Moo 9, Na An, Muang, Loei 42000
45. Trang 196 Moo 4, Ban Kaun, Muang, Trang 92000	64. Lampang 224 Highway-Lampang-Ngaw, Prabart, Muang, Lampng 52000
46. Mega Bangna 39 Moo 6, Bangkaew, Bangplee, Samutprakan 10540	65. Prachuapkhirikhan 57 Petchkasem Rd., Prachuapkhirikhan, Muang, Prachuapkhirikhan 77000
47. Buriram 499 Moo 9, Isan, Muang, Buriram 31000	66. Surin 188 Moo 6, Nok Mueng, Muang, Surin 32000
48. Hat Yai (Kanchanavanich) 33/40 Moo 5, Khohong , Hat Yai, Songkla 90110	67. Chiangmai-Sansai 49 Moo 4, Sansai Noi, Sansa, Chiangmai 50210
49. Nakhonsawan 119/2 Moo 7, Bangmoung, Muang, Nakhonsawan 60000	68. Hua-Talae 233 Moo 1, Nong Blua Sala, Nakhonratchasima 30000
50. Mahachai 68/98 Moo 8, Thasai , Muang, Samutsakhon 74000	69. Sriracha 99/123 Moo 10, Nong Kham, Sriracha, Chonburi 20110
51. Ubonratchathani 284 Moo 7, Chaeramae, Muang, Ubonratchathani 34000	70. Phuket-Talang 18 Moo 1, Si Sunthon, Talang, Phuket 83110
52. Ratchaburi 208 Moo 13, Chedi Hak, Muang, Ratchaburi 70000	71. North Pattaya 384/40 Moo 6, Na Kluea, Bang Lamung, Chonburi 20150
53. Chanthaburi 21/18 Moo 11, Plubpla, Muang, Chanthaburi 22000	72. Sukhothai 33 Moo 12, Ban-Kluay, Muang, Sukhothai 64000
54. Chumphon 63 Moo 11, Wang Phai, Muang, Chumphon 86000	73. Samutsongkhram 2/25 Moo 1, Bangkaew, Muang, Samutsongkhram 75000
55. Prachinburi 44/1 Moo 4, Bang Boribun, Muang, Prachinburi 25000	74. Phetchaburi 526 Moo 6, Banmo, Muang, Phetchaburi 76000
56. Kanchanaburi 15 Moo 1, Thalor, Tha Muang, Kanchanaburi 71000	75. Phatthalung 219 Moo 1, Kaojiak, Muang, Phatthalung 93000
57. Phrae 171 Moo 7, Pa Maet, Muang, Phrae 54000	76. Chonburi - Amata 108 Moo 12, Napa, Muang, Chonburi 20000

Mega Home's Branches Information

1. Rangsit 49 Moo 5, Khlong Nueng, Khlong Luang, Pathum Thani 12120	5. Kabinburi 61 Moo 8 Muang Kao, Kabinburi, Prachinburi 25240
2. Mae Sod 1108 Moo 1, Tasailuad, Mae Sod, Tak 63110	6. Minburi 81 Suwintawong Rd., Minburi, Bangkok 10510
3. Nong Khai 999 Moo 5, Meechai, Muang, Nong Khai 43000	7. Arunyapraphet 52 Moo 7, Bangmainongsai, Arunyapraphet, Srakaew 27120
4. Bor Win 333/143 Moo 3, Bowin, Sriracha, Chonburi 20230	

HomePro Malaysia's Branch Information

IOI City Mall

AT-2, Level LG, IOI City Mall, IOI Resort, 62502 Wilayah, Persekutuan Putrajaya, Malaysia

Information

Auditor	EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Rd., Klongtoey, Bangkok 10110 Tel. +66 (0) 2265 0777 Fax. +66 (0) 2264 0789-90
Legal Counsel	Wissen & Co Ltd. 8 th Floor Office # 3801, BB Building, 54 Sukhumvit 21 (Asoke) Rd., Klongtoey-Nua, Wattana, Bangkok 10110 Tel. +66 (0) 2259 2627 Fax. +66 (0) 2259 2630
Credit Rating and Debtenture Rating Company	TRIS Rating Co., Ltd. 24 th Floor, Silom Complex Building, 191 Silom Road, Silom Sub-District, Bangrak, Bangkok 10500 Tel. +66 (0) 2231 3011 Fax. +66 (0) 2231 3012
Share Registrar	Thailand Securities Depository Co., Ltd. 1 st Floor Stock Exchange of Thailand Building, 93 Ratchadaphisek Rd., Dindaeng, Dindaeng, Bangkok 10400 Tel. +66 (0) 2009 9999 Fax. +66 (0) 2009 9001

Information (Cont'd)

Bond Registrar

The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2013

The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2014

The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2014

The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 3/2014

The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 4/2014

The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2015

CIMB Thai Bank Plc.

44 Langsuan Rd., Lumpini, Patumwan, Bangkok 10330

Tel. +66 (0) 2626 7503-4 Fax. +66 (0) 2626 7542

The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 5/2014

Bank of Ayudhya Plc.

1222 Rama III Rd., Bang Phong Pang, Yannawa, Bangkok 10120

Tel. +66 (0) 2296 3582 Fax. +66 (0) 2626 7542

The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2015

Siam Commercial Bank Plc.

9 Ratchadapisek Rd., Jatujak, Bangkok 10900

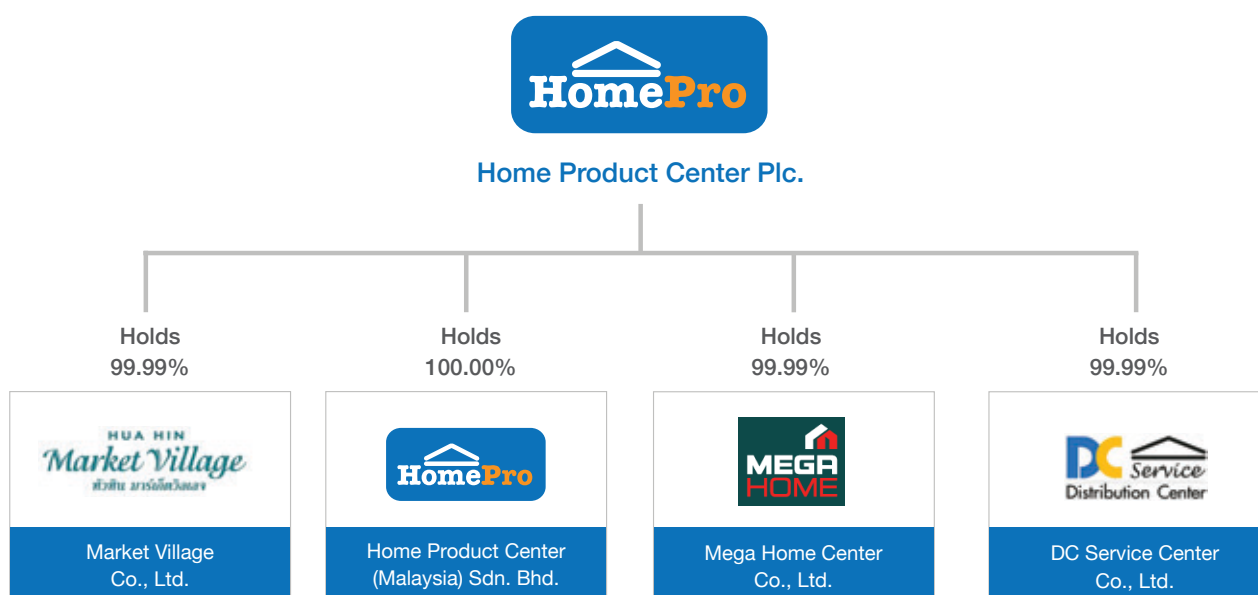
Tel. +66 (0) 2256 2323-7 Fax. +66 (0) 2937 7783

Nature of Business



The Structure of Business Group

As of December 31, 2015



Home Product Center Company Limited was established on June 27, 1995 being a joint venture between Land and Houses Public Company Limited and Quality Houses Public Company Limited. Accordingly, the Company has been transformed to a public company since May 29, 2001 with the initial registered capital of Baht 150 million and listed on the Stock Exchange of Thailand since October 30, 2001.

As of December 31, 2015, the Company had 76 stores in HomePro format (Five new stores were opened in 2015 i.e. Sukhothai, Samutsongkhram, Phetchaburi, Phattalung and Chonburi (Amata), 7 stores in Mega Home format (Three new stores were opened in 2015 i.e. Kabinburi, Minburi and Arunyaprathet) and 1 stores in HomePro format in Malaysia

Nature of Business of the Company

The Company was established with objective to operate a retail business in home improvement segment by selling goods and providing complete range of services relating to construction, addition, refurbishment, renovation, improvement of buildings, houses, and residential places through One Stop Shopping Home Center under the trade name of “HomePro” which is the Company’s trademark. Presently, the Company has the nature of business as follows:

1. Home Improvement Retailing

1.1 Product Category : 2 groups of merchandise categories as follows:

Hard Line	Soft Line
Home improvement, Bathroom and Sanitaryware, Kitchenware, Home appliances, Electrical equipment and Lighting	Bedding, Furniture and Household decorative goods

1.2 Services relating to retail business

Due to most of the Company’s products having instruction details and working process which customers need to understand, the Company has provided various kinds of related services by giving consultation and useful information for customers to make decision to select the products that mostly match the usage objectives. In addition, the Company has provided “Home Services” that includes 3D system design and HomeCare consisting of:

1. Installation Service provides services on installation, relocation and solving household problems.
2. Maintenance Service provides checking and cleaning of electrical appliances.
3. Home Improvement Service provides home renovation and furnishing.

Furthermore, HomePro also provides services of technician and contractor selection and placement service, products exchange service, as well as arranging DIY demonstration (Do It Yourself) and workshop for customers etc.

2. Space Rental Service for Retail Tenants

The Company has arranged for its rental space in some branches to provide the service for retail tenant shops. At the same time, the Company has developed the format of its branches so called “Market Village” which operates the business in the form of full service shopping center. Inside the project, in addition to HomePro’s branch, there are areas of shopping center in which most of tenants consist of supermarkets, restaurants, banks, bookstores, and IT shops etc.

As of December 31, 2015, the Company had a total of 4 branches in the format of Market Village: Suvannabhumi branch, Hua Hin branch, Phuket (Chalong) branch and Ratchapruk branch.

Nature of Business of Subsidiaries

1. Market Village Co., Ltd.

was incorporated, on May 26, 2005 with objectives to manage rental space and to provide utilities services to tenants. In the first quarter of 2006, it commenced operation on the “Hua-Hin Market Village” project which is located at Petchkasem Road, Amphoe Hua-Hin, Prachaubkirikhan.

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

was incorporated on July 28, 2011 with objective to operate a retail business in home improvement segment in Malaysia. The Company operates the first branches in IOI City Mall, Kuala Lumpur.

3. Mega Home Center Co., Ltd.

was incorporated on July 4, 2012 with objective to operate a retail and wholesale business in construction and home improvement products. At the end of 2015, the Company operates 7 branches.

4. DC Service Center Co., Ltd.

was incorporated on September 4, 2013 with objective to operate warehousing and distribution of goods.

Revenue Structure

Revenue of the Company and its subsidiaries consist of sales revenue and other income. Total structure of revenue can be classified as follows:

Unit: MB

Item	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
1. Revenue from retailing						
- Hard Line	39,108.8	69.5	36,965.9	72.2	32,162.4	75.3
- Soft Line	8,580.8	15.3	7,956.3	15.5	6,992.0	16.4
2. Revenue from project sales ¹	343.2	0.6	407.6	0.8	674.5	1.6
3. Revenue from subsidiaries	4,480.7	8.0	2,635.0	5.2	177.7	0.4
Total Revenue from Sales	52,512.7	93.4	47,964.8	93.7	40,006.6	93.7
4. Other income ²	3,730.5	6.6	3,243.8	6.3	2,718.6	6.3
Total	56,243.2	100.0	51,208.6	100.0	42,725.2	100.0

Remarks : 1 Revenue from project sales cannot be categorized per product lines.
2 Other income includes revenue from rental of space, in-store promotion fee etc.

Supply of Products

The Company sources products by:

1. Purchase order:

The Company makes the purchase order of products categorized by product lines from both domestic and overseas manufacturer or sales agent, in which the Company mainly emphasizes on quality and variety of products.

2. Make to order:

The Company orders manufacturing of Private Brand from both domestic and overseas manufacturer. The Company will initially select the manufacturer by considering factors including being certified of manufacturing standard, reputation, quality of service and types of harmonized operation. Moreover, the Company also visits the factory from time to time and inspects products in order to ensure the overall quality.

Currently, the Company sources products from more than 1,150 manufacturers and sales agents in which offers an opportunity to introduce their products. Selection process is under performance evaluation of Vendor's Service Level in 4 aspects: Production Capacity, Product Quality, Quality of Service, and Quality of Logistics. Over the years, manufacturers and sales have support and well coordinated with the Company in advertising, public relation, sales promotion, business planning and support new stores opening.

Market and Competitive Condition

The Company has classified other operators who sell goods in similar nature as follows:

1. Operators of Home Center

1.1 HomeWorks

HomeWorks is a retail business unit of home products by Central Retail Corporation Group. At the end of 2015, there are 7 branches in operation.

1.2 Thai Watsadu

Thai Watsadu is a retail business unit of construction materials by Central Retail Corporation Group. It operates in form of warehouse store to sell construction materials, home improvement goods and equipments. At the end of 2015, there are 41 branches in operation.

1.3 Global House

Global House operates the business of selling products in the form of warehouse store. Products include construction materials, decorative goods, tools, equipments to be used for construction, addition, decoration of house and garden. It is managed by the Siam Global House Plc. At the end of 2015, there are 38 branches in operation.

1.4 Do Home

Do Home operates the business of selling products in the form of warehouse store. Products include construction materials, tools, and equipments to be used for construction. It is managed by Ubonwatsadu Co., Ltd. At the end of 2015, there are 8 branches in operation.

In the past few years, the real estate market seems to be continually expanding so that the demand for home improvement products, including the transition of urban society was growth in both Bangkok and Upcountry. Moreover, private investments have increased modestly to engage in Asean Economic Community building efforts which influence commercial real estate markets in all over the country.

The Company believes that this business still has plenty of potential and market opportunities and that the increase of such business operators will help stimulate consumers' familiarity and more rapidly change their behavior to purchase products from Modern Trade home centers.

2. Specialty Stores

Retail businesses who focus on selling specific goods which may indirectly compete with the Company in some product categories as follows:

- Ceramic, Sanitaryware, and Kitchenware stores i.e. Boonthavorn, Grand Home Mart
- Furniture and Home decoration stores i.e. Index Living Mall, IKEA
- Retail stores that sell only construction materials i.e. Cement Thai Home Mart
- Other Specialty Stores

3. Operators of Large Retail Business in the Group of Hypermarket

These businesses mainly aim at selling of consumer goods and edible products, not home products. While some groups of products sold may overlap, their main customer targets are different.

Risk Factors



The Company recognized the importance of risk management with the continuous operational approaches so that risks in all areas could be controlled and managed to the acceptable level. In 2015, the Company continued implementing in accordance with the risk management policy along with the international standard of business operations. Four major risks including strategic risk, operational risk, financial risk, and compliance risk were all focused. The details can be summarized as follows:

1. Strategic Risks

The risk relating to the operational policy of the Company, economy, investments, and competition.

1.1 Economic Fluctuation

In 2015, Thailand's economy was relative weak. The recovery was quite slow even there had more positive impacts such as the decrease of oil prices, the implementation of the government to stimulate the economy, the reduction of interest rates by the Monetary Policy Committee. However, due to low agricultural prices and high level of household debts, the purchasing power remain weak and confidence of

consumers as well as investments of private sectors decreased. Only the tourism industry could be recovered.

As the Company considered the risks above, the investment policy of branch expansion was formed to reduce the risk that the operations would not meet the target. Moreover, the internal working processes and activities supporting the Lean Management were also be focused to minimize the overall costs.

1.2 Domestic Investments

As of December 31, 2015, there were totally 76 branches operated under "HomePro" covering 46 provinces throughout the country. Five of those were new branches in 2015, established in Sukhothai, Samutsongkhram, Phetchaburi, Phatthalung, and Chonburi (Amata). For "MegaHome" business, there were 7 branches in total in which 3 of them were new branches in 2015, established in Kabinburi, Minburi and Aranyaprathet.

As the Company has planned to continuously expand its branches, there could be risks relating to the operations of new branches, which would not be as targeted and

could impact the overall performance of the Company. The Company then managed such risks by analyzing the return on investment before making an investment decision. Moreover, the operational plan and annual budget were set up to control operations of branches as well as monitoring their performances and progress every month for the Company to be able to plan for the risk management and solve problems that might occur in a timely manner.

1.3 Foreign Investments

In order to become a business leader and be ready for the Asean Economic Community, the Company had begun to invest abroad with its first branch in Malaysia. This was determined by the availability in many aspects such as the purchasing power of consumers, lifestyles, transportation system, and infrastructure. The Company launched its first store at IOI City Mall shopping center in Kuala Lumpur in late 2014 with the official opening in January 2015.

The Company still planned to invest in abroad to enhance the current business and increase opportunities for long-term growth. The Company managed risks relating to foreign investments by studying and analyzing on the market, laws, taxes, regulations on foreign investment promotion, the governmental policy, and other factors in order to assess impacts and likelihood that the risk could arise in which they would help the consideration of investment plans. Moreover, the Company arranged the system and internal team to monitor performances and develop the Company's capabilities and personnel's abilities.

1.4 Competition

In recent years, the business relating to home products had been continuously expanding due to the change in consumer behavior to purchase products from Modern Trade and have the urban lifestyle as well as the expansion of real estate sector in all regions. As a result, each player in this business had accelerated its branch expansion to cover the market's demand. However, business relating to home products has different target groups which can be divided into home owners group who has purchasing power and professionals and contractors group. At present, the Company focuses mainly on home owners group who has high purchasing power.

The Company managed risks by differentiating and focusing on varieties of integrated goods and services

such as "Home Service" to provide services of installation, inspection, appliance cleaning, renovation, home decoration, 3D design etc. Additionally, the Company enhanced its efficiency of internal management to increase employee's potential, and competitive advantage in Economies of Scale.

1.5 Risk of Shareholders' Rights and Investments

Land and Houses Public Company Limited was the major and only shareholder holding shares more than 25 percent. As of September 10, 2015, it held 3,975,878,432 of the Company's shares, accounting for 30.23 percent of paid-up capital leading to its controlling power to control votes in the shareholder meetings except a resolution prescribed by laws or the Articles of Association that it shall be passed by the votes not less than three-fourths of the total number of votes of shareholders who attend and are entitled to the voting right at the Meeting

Nevertheless, the Company was required to operate in accordance with the Code of Conduct and good corporate governance as well as legal requirements to protect the rights of shareholders and stakeholders and control the Company's operations to be transparent and verifiable.

2. Operational Risk

The risk relating to the operation system, the readiness of informational system, and personnel.

2.1 Personnel Loss

"Personnel" was considered as a key factor of business operations of the Company including since the processes of recruitment, and understanding the nature of business, scope of work and responsibilities of staffs in all levels. For employees in the operational level, prior to start working, they would be provided the basic training of retail business, knowledge of product details and information system usage, and working procedures. For employees in management level, the proper management training programs would be provided to develop their capabilities.

In a highly competitive business environment, the Company could have the risk of loss of skilled personnel to the competitors or other retail businesses. Therefore, the Company attempted to reduce such risk by developing abilities and skills of employees along with promoting all

level for the mutual benefits. Furthermore, the Company paid attention to employees and provided them the welfares, and arranged various projects to build their happiness and stability as well as created good relationship between employees and the Company such as:

- Creating the good working atmosphere and culture focusing on innovation
- “Suk Jai Klai Baan” (happy home town) project to offer opportunities for employees to relocate to work at branches in or nearby their hometown
- Employee Joint Investment Program (EJIP)
- Scholarships for bachelor’s degree and masters degree
- Sucession Planning for key positions
- Management trainee programs

2.2 Efficiency of Information System

The Company involved the information system in the information mangement. The system would link to the program from the point of sale, and the data retrieved from such program would be used for the analysis of the operating results. However, the risk could arise when there was a problem of such program or data leakage.

As there were risks relating to the information system such as the risk to access the data by people without authorization, the risk of errors of data and information system completeness, and the risk of inconsistent usage of data and system, the Company managed by setting up authorization to access different data and information system for different levels and responsibilities of employees, setting up the password, increasing the verification of data before transmitting into the system, setting up the Disaster Recovery Plan (DRP) to support when the system was broken down with the rehearsal annually, setting up the plan to verify the working system along with staff who would monitor and solve when problems occurred.

2.3 Product Loss

The product loss is one of the top risks for retail business in which it would be mainly due to frauds by customers and employees, the loss during transportation process, and the failure of internal management system.

To be able to manage the risk mentioned above, the Company had the “Loss Prevention” team to oversee the plan and prevent the loss of Company’s products. The team also worked with related internal teams to determine the operating procedure and the defensive measure to maintain the risk at the lowest level.

2.4 Inventory Management

As of December 31, 2015, 2014, and 2013, the Company had the net inventory of Baht 8,364.76 million, Baht 8,030.82 million, and Baht 6,505.64 million, respectively. The increase of inventory was caused by the adjustment to align with sale volumes and the increase of branches. The average inventory turnover was at 77 days, 75 days, and 74 days, respectively.

Nevertheless, the Company would attempt to increase its inventory turnover in terms of the service improvement of salespersons, promotion campaigns, product layouts and interior design of stores, adding new product items in order to increase numbers of customers, sales volumes, and efficiency of inventory management.

In addition, the Company had the distribution center located on the land owned by the Company. As of December 31, 2015, there were over 136,000 sq.m. of the total storage, and the Company also had the plan to expand the storage areas to efficiently support the management of inventory and the future expansion of branches.

2.5 Procurement

The risk relating to product volumes and prices was the major risk for retail business. Therefore, the Company sourced and purchased products domestically and internationally, but most of them were from domestic manufacturers and agents. The Company would plan to purchase products in advance in order to have sufficient products to sell at all time and had the specific team to do the product survey and select the certified manufaturers that could develop the product quality and contantly have the product replacement.

Moreover, the Company had the policy regarding sourcing and purchasing products from many selected manufacturers and agents to redeuce the risk that might occur when

relying on only one supplier and balance the long-term volumes and bargaining power for prices.

3. Financial Risk

The consideration of sourcing for the proper sources of funds for the business operation, foreign exchange rates, and investments of the Company.

3.1 Account Receivables

The Company divided its customers into 2 groups, retail customers and contractors/project owners. Retail customers were the ones whose sales basically based on cash. Meanwhile, contractors/project owners were the ones whose sales were in large volumes and based on the credit term, and the main customers were retail customers. In 2015, the proportion of sales in cash was 99.3 percent of the total sales while it was 99.1 and 98.3 percent for the year 2014 and 2013, respectively. For sales in credit term, the Company would consider only projects with good financial positions by investigating their operating results and financial positions; otherwise, contractors must have the guarantee for debt repayment.

As of December 31, 2015, 2014 and 2013, the Company had account receivables of Baht 302.72 million, Baht 262.55 million and Baht 329.66 million, respectively. They were mainly trade receivables from sales of projects and sales through credit card. Moreover, there was the allowance for doubtful accounts at the amount of Baht 2.64 million increasing from Baht 1.34 million in year 2014 and 2013. However, the management had assessed the term of repayment and financial positions of each individual debtor; hence, the allowance for doubtful accounts would be proper and adequate.

For other receivables, as of December 31, 2015, most of them were from sales promotions, and space leasing and related services, amounting to Baht 1,375.85 million, and Baht 13.32 million for the allowance for doubtful accounts.

3.2 Loans Covenant / Bond Issuance

The change in interest rate also had an impact on business operations relying on external funds. In the previous year, the trend of interest rate and inflation were low so that the Company's financial risk was still relatively low as well.

Moreover, the management had the mechanism for the financial management by analyzing and considering the cost of investment through various funding instruments such as cash flows, loans from banks, and bond issuance. This would help the Company to balance the cost of investment for the investment structure of each asset type and to comply with the Company's policy.

As of December 31, 2015, the Company had the long-term debt amounting to Baht 1,800 million from domestic financial institutions and outstanding bonds amounting to Baht 12,550 million which were due in 2016 to 2019. The Company had committed to the bond holders in order to maintain financial debt to equity (D/E) ratio not exceeding 1.75 times for bonds issued before 2013 and 2.5 times for bonds issued since the beginning of 2013. Moreover, the Company's D/E ratio was 0.85 times as of December 31, 2015.

3.3 Foreign Exchange

The Company and its subsidiaries could be impacted by changes in exchange rates from purchasing products from abroad. Investing in other countries could also be affected in terms of the translation of financial statements and investments in foreign currencies.

However, to purchase products from abroad, the Company and its subsidiaries used the tool of hedging with the forward contracts to manage such risk.

4. Compliance Risk

The consideration of domestic and international legal restrictions of business

4.1 Town and Country Planning Act

The Town and Country Planning Act has the objectives to be the guidance on the national development and to support the city expansion in the future. If there shall be modification of the town planning in the future, the Company will not be affected from this Act, as the Company had put its investment to cover areas in major cities of almost all provinces. On the other hand, it is being seen as a restriction on business expansion of competitor.

4.2 The Trade Competition Act

In 2006, the Trade Competition Commission has adopted its resolution on the Guideline for Unfair Trade Practices in the Wholesale/Retail Business, by virtue of the Trade Competition Act B.E. 2542 into 8 ways as follows:

1. Unfair price fixing.
2. Unfair request for economic benefit.
3. Unfair returning of goods.
4. Unfair use of agreement of sell on consignment.
5. Coercion to Purchase or to pay for service fee.
6. Unfair use of personnel of manufacturer/vendor.
7. Refusing to accept products by order/customized made as its own private brand, or of House Brand.
8. Other unfair practices.

Such 8 clauses of Guideline for unfair trade practices have affected the modern retail business. However, in order to perform the business in conjunction with the above announcement, the Company has agreed with its business partner in amending the agreement to be more specific and clearer.

4.3 Industrial Products Standards Act, B.E. 2511 (1968)

Regarding the free flow of trade in the ASEAN community, it would increase imported products so that the government needed to set the measure to control and prevent danger to consumers from such imported products. One of the measures was the Decree setting the standard of imported products. For some products that could prior be imported without passing through the permission process of products standards, they then must be passed through such permission, so that would affect the Company in terms of inconvenience regarding the higher restrictions on imported products.

The Company recognized the importance of product standard, so responsible employees must be trained to understand and have product knowledge. There were also employees responsible for investigating products produced in the country and imported from other countries to comply with the standard required by law as well as regular monitoring and investigating products for sales.

Shareholding Structure

On the closing date as of September 10, 2015, the Company had registered capital in the total of 13,151,315,446 shares and paid-up capital in the total of 13,151,198,025 shares. The top ten shareholders consist of:

Rank	Name of natural person / Juristic Person	No. of Shares	% of Total Paid-Up Shares
1.	Land and Houses Plc.	3,975,878,432	30.23
2.	Quality Houses Plc.	2,613,023,098	19.87
3.	Mr. Niti Osathanuklor	621,415,762	4.73
4.	Mr. Manit Udomkunnatum	340,991,997	2.59
5.	AIA Company Limited-DI-LIFE	315,183,380	2.40
6.	Mr. Joon Wanavit	289,731,264	2.20
7.	Social Security Office	276,759,812	2.10
8.	Thai NVDR Co., Ltd.	246,257,507	1.87
9.	CHASE NOMINEES LIMITED	209,008,208	1.59
10.	Sarasin Co., Ltd.	167,557,971	1.27

Remark : As of September 10, 2015, free float rates of the Company was at 43.78% and holding by institutions was at 20.05%

Foreign Limit

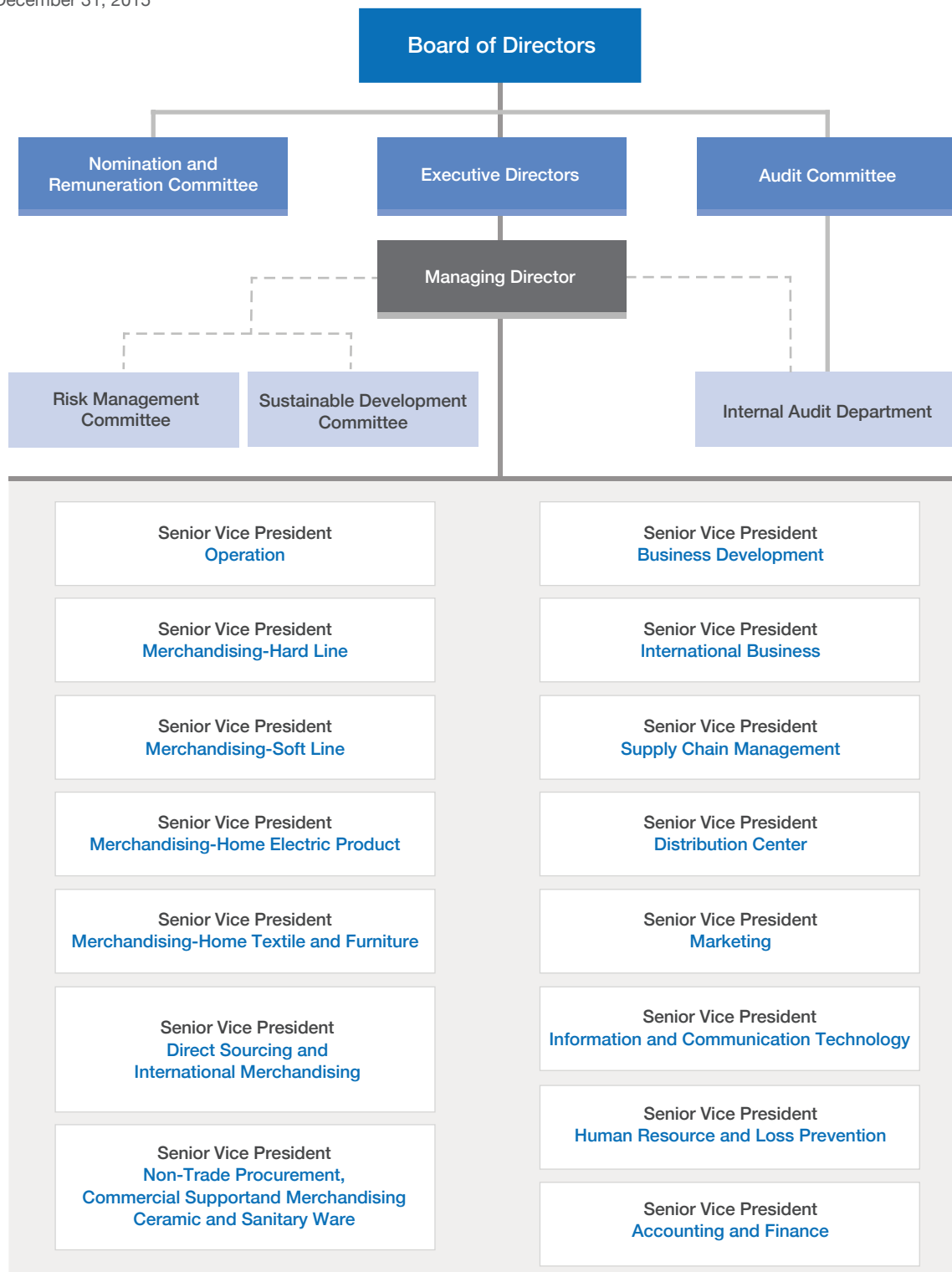
Foreign shareholders are capable to hold shares and appear their names on the Company's asset registration of totaling not exceeding 30% of the issued shares and paid up. As of December 30, 2015, the shares of the Company held by foreigner were at 8.10%.

Directors who are representative of the group of major shareholders as of December 31, 2015

	Name - Surname		Representative of Shareholders	Position in HomePro
1.	Mr. Anant	Asavabhokhin	Land and Houses Plc.	Chairman
2.	Mr. Naporn	Sunthornchitcharoen	Land and Houses Plc.	Director
3.	Mr. Achawin	Asavabhokin	Land and Houses Plc.	Director
4.	Ms. Suwanna	Buddhaprasart	Quality Houses Plc.	Director
5.	Mr. Chadchart	Sittipunt	Quality Houses Plc.	Director

Organizational Chart

As of December 31, 2015



Management



The structure of Company's management consists of the Board of Directors, Sub-Committees, and Executive Directors. There are 3 sets of the Sub-Committees i.e. Executive Director, Audit Committee, and Nomination and Remuneration Committee, having details as follows:

1. Board of Directors

Structure of the Board of Directors

As of December 31, 2015, the Board of Directors consists of 12 persons including:

- 1 Director who is the management : Managing Director
- 11 Directors who are not the management (92% of the Board of Directors)

The Structure of the Company's Board of Directors has a system of checks and balances by means of:

- There are 4 Independent Directors accounted for one-third of board members, and being independent from the management and major shareholders.

- Audit Committee consists of 3 Directors which all are Independent Directors who have substantial knowledge, experiences and skill to review the Financial Statements and to perform other duty as Audit Committee.
- Having clearly separated its roles and responsibilities from those of management.
- Over the past 2 years, all directors have never been the employee, shareholder or partner of EY Office Limited which is the external audit firm of the Company and its subsidiaries.

List of the Board of Directors

Name – Surname		Position
1. Mr. Anant	Asavabhokhin	Chairman
2. Mr. Rutt	Phanijphand	Director, Executive Director and Chairman of the Nomination and Remuneration Committee
3. Mr. Chadchart ¹	Sittipunt	Director
4. Mr. Achawin	Asavabhokin	Director
5. Ms. Suwanna	Buddhaprasart	Director
6. Mr. Manit	Udomkunnatum	Director and Chairman of the Executive Director
7. Mr. Naporn ²	Sunthornchitcharoen	Director, and Executive Director and Nomination and Remuneration Committee
8. Mr. Khunawut	Thumpomkul	Director, Executive Director and Managing Director
9. Mr. Pornwut ³	Sarasin	Independent Director
10. Mr. Boonsom	Lerdhirunwong	Independent Director and Chairman of the Audit Committee
11. Mr. Thaveevat	Tatiyamaneeikul	Independent Director and Audit Committee
12. Mr. Chanin	Roonsamrarn	Independent Director, Audit Committee and Nomination and Remuneration Committee

Remarks : 1 Mr. Chadchart Sittipunt was appointed to be the Director, replacement for Mr.Joompol Meesook, as a resolution of Board of Directors' meeting No.5/2015, effective on June 1, 2015.

2 Mr. Naporn Sunthornchitcharoen was appointed to be the Nomination and Remuneration Committee, replacement for Mr. Joompol Meesook, as a resolution of Board of Directors' meeting No.5/2015, effective on June 1, 2015.

3 Mr. Pornwut Sarasin was appointed to be the Independent Director, replacement for Mr. Pong Sarasin, as a resolution of Board of Directors' meeting No.9/2015, effective on October 1, 2015.

Authorized Signatory Directors on the Company

1. Mr. Anant Asavabhokhin
2. Mr. Manit Udomkunnatum
3. Mr. Chadchart Sittipunt
4. Mr. Naporn Sunthornchitcharoen
5. Ms. Suwanna Buddhaprasart
6. Mr. Khunawut Thumpomkul

Two of the sixth authorized signatory Directors are to co-sign with the Company's stamp.

Roles and Responsibilities of the Board of Directors

The Board of Directors has clearly separated powers and responsibilities of the Company and its subsidiaries in terms of approving powers and management powers according to types of transaction in order to decentralize the responsibility in making decision and command as assigned and for the Company's management and employees to use such as guideline. In this regard, the Director's approving power will include yearly plan, yearly budget of each section and dividend payment policy. The details of which are as follows:

1. The Board of Directors has powers and responsibilities to manage the Company's business, the Company's objectives and the Company's Articles of Association together with resolution of the shareholder's meeting to be in accordance with the laws with honesty and due care in order to protect the Company's interest.
2. The Board of Directors shall set out the Company's vision, policy and operating direction and shall supervise the management team to effectively and efficiently implement such policy as specified in order to maximize the highest value for the Company and its shareholders.
3. The Board of Directors has its power to appoint a number of Directors to act as a sub-committee which comprises of Executive Directors, Nomination and Remuneration Committee, Audit Committee and other sub-committees depending on situation and suitability by having numbers as specified by the Board of Directors in order to perform their tasks as assigned.
4. The Board of Directors may appoint any director(s) or person(s) to perform any action under the Board of Directors' control or may authorize such person to have his power as the Board of Directors deemed

appropriate. However, in any reasonable time, the Board of Directors may revoke, withdraw, change or amend the said power.

5. The Board of Directors shall consider and approve the operating target and shall evaluate the performance of sub-committee, Chairman of sub-committee, specific-purpose committee and Managing Director.
6. The Board of Directors shall hold the meeting at least once in every 3 months.
7. The Director shall not carry out his business in the same nature as and being in competition with the Company's business or be a partner in ordinary partnership or be an unlimited liability partner in limited partnership or be a Director of private company or other companies having the same nature as and being in competition with the Company's business, either for his/her own benefit or others, unless such has been notified to the shareholder's meeting prior to the resolution of his/her appointment.
8. To make a decision for high value investment which is not the Company's normal course of business, the Board of Directors shall comply with the laws and regulations of the Securities and Exchange Committee (SEC) and the Stock Exchange of Thailand (SET).
9. The Board of Directors shall manage and govern the Company's operation with morality and shall supervise in order to avoid the conflict of interest among the Company's stakeholders.
10. The Director shall immediately notify the Company if he/she becomes an interested person, either directly or indirectly, in any contract or holds share(s) or debenture(s) in the Company or its subsidiaries.
11. In case any Director becomes an interested person in any matter, such Director shall have no right to vote in such matter.
12. The Board of Directors shall arrange the appropriate assessment process for internal control and internal audit for its efficient and effective.
13. The Board of Directors shall inclusively set out the risk management guideline and supervise the executives to have their efficient and effective system and process in risk management.
14. In case of the meeting having equality of votes, the Chairman shall have a casting vote.

Roles and Responsibilities of Chairman

1. Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance.
2. Ensure effective communication with shareholders, host governments and other relevant constituencies and that the views of these groups are understood by the Board.
3. Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making.
4. Ensure that all Board committees are properly established, composed, operated and build an effective and complementary Board.
5. Ensure comprehensive induction programs for new directors and updates for all directors as and when necessary.
6. Support the Managing Director in the development of strategy and, more broadly, to support and advise the Managing Director.
7. Promote effective relationships and communications between non-executive directors and members of the Executive Directors.

Independent Director

"Independent Director" means the director, who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly.

As at December 31, 2015, there were 4 Independent Directors of the Company which consists of:

- | | |
|------------------|---------------|
| 1. Mr. Boonsom | Lerdhirunwong |
| 2. Mr. Thaveevat | Tatiamaneekul |
| 3. Mr. Chanin | Roonsamrarn |
| 4. Mr. Pornwut | Sarasin |

The qualifications of the Independent Director are as follows:

1. Hold share less than 1% of paid-up capital of the Company, affiliates company, joint company, associated company, including the shares held by the related person.
2. Being independent either directly or indirectly of both financial and management of the Company or joint company or the management or major shareholders of

the Company, and having no benefit or interest in such manner within 2 years before being appointed as the Independent Director, unless the Board of Director has carefully considered and see that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion.

3. Must not be the Director who has been appointed as the representative to maintain the interest of the Director of the Company, major shareholders, or shareholders who are related to the major shareholders of the Company.
4. Must not participate in management and must not be employee, staff or consultant who receives regular salary in the Company, affiliate company, joint company, company or major shareholder of the Company.
5. Must not be related person or relatives of the executive or major shareholders of the Company.
6. Capable to perform his duty and express opinion or report result of duty performing as assigned by the Board of Directors, freely and not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.
7. No other character that causes the inability to give opinion to operation of the Company independently.

Terms of the Director of the Company

According to every Annual General Meeting of Shareholders, the Directors shall retire from the position of one-third; the Directors who have been longest in position shall retire. A retiring director is eligible for re-election, and beside the retirement, the Directors may leave from his position when:

1. Resignation
2. Death
3. Lacking of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535
4. The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535
5. Dismissal ordered by the Court

2. Sub-Committees

Sub – committees consist of 3 sets of directors : Executive Directors, Audit Committee, and Nomination and Remuneration Committee. Details are as follows:

2.1 Executive Directors

Name – Surname		Position
1. Mr. Manit	Udomkunnatum	Chairman of the Executive Directors
2. Mr. Naporn	Sunthornchitcharoen	Executive Director
3. Mr. Khunawut	Thumpomkul	Executive Director
4. Mr. Rutt	Phanijphand	Executive Director

Remark : Mr.Suppachai Boonyavichit, Vice President – Finance, is a secretary of the Executive Directors.

Roles and Responsibilities

1. To consider and screen the issue required primary decision marking prior to be proposed for the Board of Directors' approval.
2. To consider investment, branches expansion, annual budget allocation and propose the strategies plan to the Board of Directors.

Terms of holding office

1. Executive Directors shall retire when
 - 1.1 Completion of term
 - 1.2 Leaving from being the Director of the Company
 - 1.3 Resignation
 - 1.4 Death
 - 1.5 The Board of Director has resolution to leave from the position.
2. In case of resigning, the resignation letter shall be submitted to the Chairman of the Company not less than 30 days in advance, which shall be approved by the Board of Director.
3. In case of any vacancy other than by rotation, the Board of Directors shall appoint person who is qualified to be Executive Director, in order to fill up number of directors as stipulated in the regulations by the Board of Directors.

2.2 Audit Committee

Name - Surname		Position
1. Mr. Boonsom	Lerdhirunwong	Chairman of the Audit Committee
2. Mr. Thaveevat	Tatiyamaneekul	Audit Committee
3. Mr. Chanin	Roonsamrarn	Audit Committee

Remark : Mr. Aryuratas Chai-anan, Vice President – Internal Audit is a secretary of the Audit Committee.

Roles and Responsibilities

1. Review financial transactions of the Company to be correct and complete according to the Generally Accepted Accounting Principle Standard with sufficient disclosure.
2. Review internal control and internal audit system of the Company in order to make it sufficiency, propriety, efficiency, and effectiveness.
3. Review the Company operations to be in compliance with good corporate governance policy and have appropriate, effective and efficient business ethics.
4. Review the Company operations to be in compliance with the laws regarding securities and Stock Exchange, regulations of the Stock Exchange of Thailand, or laws applicable to business of the Company.
5. Consider the related transactions or transactions that may have conflict of interest and make them to be in compliance with relevant laws and regulations.
6. Review the Company operations to have proper, effective and efficient risk management system.
7. Jointly review and consider with the auditor on the financial report, remarks and suggestions.
8. Consider, select, nominate a person, who is independent, to be in charge as an auditor of the Company, as well as to consider dismissal of the auditor and propose a remuneration of the auditor to the Board of Directors of the Company.
9. Consider the independence of internal audit department, and consider for the appointment, relocation and termination of employment, and consider annual performance of the chief of internal audit.
10. Supervise an operation of internal audit department, both in policy and working process, by considering for approval a charter of internal audit office.
11. Consider for approval an annual internal audit plan, as well as to consider the scope of audit and audit plan of internal audit department and the auditor of the Company, in order to have supportive relations.
12. Coordinate for common understanding among Audit Committee, Management Section, Internal Auditor Department and External Auditor, and also follow up to ensure that the Management Section has sufficient, effective and timely proceeded according to the suggestion.
13. Jointly review and consider with the internal audit department regarding the result of audit, remark and recommendation.
14. Review and amend the charter of Audit Committee once a year regularly or as necessary in order to make it up to date and appropriate with the organizational environment, as well as propose to the Board of Directors for approval.
15. Conduct examination on the matters notified by the external auditor. In case the auditor finds a suspicious behavior that the director, manager or person who is responsible for the operation of the Company may have committed an offence as stipulated in the Securities and Stock Exchange Act (No. 4th) B.E. 2551, and report the result of preliminary examination to the Office of the Securities Exchange Commission and auditor of the Company within 30 days from the date of receiving notification from the auditor.
16. Implement other matters as stipulated by law or as assigned by the Board of Directors as per the approval of the Audit Committee.
17. Prepare the Audit Committee's report by disclosing in the Company's annual report, which such report must be signed by the Chairman of the Audit Committee and must consist of information at least the following:
 - 17.1 Opinion on the accuracy, completeness, reliability of the financial report of the Company according to the Generally Accepted Accounting Principle and to disclose an importance information sufficiently and on time.
 - 17.2 Opinion on the sufficiency of internal control system of the Company.
 - 17.3 Opinion on practices complied with the law of Securities and Stock Exchange and regulations of the Stock Exchange or law relating to business of the Company.
 - 17.4 Opinion on transactions that may have conflict of interest
 - 17.5 Opinion on the suitability of the external auditor.
 - 17.6 Number of the Audit Committee's meeting, and the number of meeting participations of each Audit Committee.
 - 17.7 Overall opinion or remarks that the Audit Committee have received from their performance under the charter.
 - 17.8 Other matters that the shareholders and general investors should be informed, under the scope of duty and responsibility assigned by the Board of Directors of the Company.

Terms of Holding Office

1. Taking position for 3 years of each time, including additional appointment and removal from Audit Committee.
2. In case retire from position, such person may be re-appointed.
3. Audit Committee shall leave from the position when:
 - 3.1 Completion of term
 - 3.2 Leave from being a director of the Company
 - 3.3 Resignation
 - 3.4 Death
 - 3.5 Lacking of qualification to be an Audit Committee under this regulations or by the rules of the Stock Exchange of Thailand.
 - 3.6 The Board of Director has resolution to remove from the position.
4. In case of resigning, the resignation letter shall be submitted to the Chairman of the Company not less than 30 days in advance, the approval shall be made by Board of Directors who shall then send copy of resignation letter to the Stock of Exchange of Thailand.
5. In case of any vacancy other than by rotation, the Board of Director shall appoint person who is qualified to be an Audit Committee in order to fill up the number of Audit Committee as stipulated in regulations. Persons who will be appointed as the Audit Committee shall be in position only for the time period remaining of the former Audit Committee, and shall inform the Stock of Exchange of Thailand.

2.3 Nomination and Remuneration Committee

Name - Surname		Position
1. Mr. Rutt	Phanijphand	Chairman of the Nomination and Remuneration Committee
2. Mr. Chanin	Roonsamrarn	Nomination and Remuneration Committee
3. Mr. Naporn ¹	Sunthornchitcharoen	Nomination and Remuneration Committee

Remarks : 1 Mr. Naporn Sunthornchitcharoen was appointed to be the Nomination and Remuneration Committee, replacement for Mr. Joompol Meesook, as a resolution of Board of Directors' meeting No.5/2015, effective on June 1, 2015.

2 Mr. Nitat Aroontippaitoon, Senior Vice President - Human Resource and Loss Prevention, is a secretary of the Nomination and Remuneration Committee.

Roles and Responsibilities

1. Select persons who deserve to be nominated as the new Directors, or select of Managing Director.
2. Determine the procedures and regulations on selection of Directors or Managing Director to ensure the transparency.
3. Set up the procedures and criterions of paying which have been fair and proper remuneration and other benefits to the Board of Directors and sub-committee appointed by the Board of Directors, and then propose to the Shareholders meeting for approval.
4. Consider and guide on determining remuneration and other benefits concerning duty and responsibility of the Managing Director including consider the criterions and evaluation of operation of the Managing Director in order to determine annual remuneration from the annual operation and performance.
5. Review the structure of criterions of remuneration on items 3 and 4 to fit with duty, responsibility, and operation result of the Company to be in line with market condition.
6. Consider salary budget, annual merit increase and annual reward, welfare, structure and various procedures criteria in relation to staff remuneration including other benefits of personnel of the Company and its subsidiary.
7. Prepare operation report presenting to the Board of Directors at least once a year. Set up policy of overall Employee Stock Option Plan as proposed by the Managing Director.
8. Perform other duties as assigned by the Board of Directors.

Terms of Holding Office

1. Nomination and Remuneration Committee shall leave from the position when
 - 1.1 Completion of term
 - 1.2 Leave from being a Director of the Company
 - 1.3 Resignation
 - 1.4 Death
 - 1.5 The Board of Director has resolution to remove from position.
2. In case of the resigning, the resignation letter shall be submitted to the Chairman of the Company of not less than 30 days in advance, approved by the Board of Directors.

3. In case of any vacancy other than by rotation, the Board of Director shall appoint person who is qualified to be the Nomination and Remuneration Committee, in order to fill up the number as stipulated in the regulations by the Board of Directors.

3. Risk Management Committee

comprises Managing Director and representatives from the Company's major departments or specific department (Risk Owner) as follows:

- (1) Accounting and Finance
- (2) Operation
- (3) Supply Chain Management
- (4) Merchandising
- (5) Human Resource and Loss Prevention
- (6) Information and Communication Technology (ICT)
- (7) Internal Audit Department serves as a secretary of the Risk Management Committee

Roles and Responsibilities

1. To draft the policy and risk management framework and prepare risk management system manual to seek endorsement from the Board of Directors.
2. To consider and provide advice to determine acceptable risk level (Risk Appetite) of the Company.
3. To assess the risk of the Company, to define procedures to eliminate risk and to draft Company-wide risk management procedures.
4. To report significant risks, including status of risks and the progress in dealing with such risks to the Board of Directors at least once per quarter.
5. To provide support to ensure that risk management procedures will be successfully implemented, to provide preventive measures to reduce risk to an acceptable level and to promote continuous improvement of business workflows and risk management procedures.
6. To monitor performance to ensure that business operation follows the Company's guidelines with sufficient and appropriate risk control mechanism.
7. To review risk management policy at least annually to ensure that risk management procedures are up-to-date and appropriately cover overall business operation.

4. Selection of Directors and Managing Director

Selection of Directors

The Company appointed the Nomination and Remuneration Committee, which consists of 1 Independent Director from totaling of 3 persons, to determine selection of appropriate person in accordance with the Company policy to be nominated as the Director or sub-committees, by considering persons who have knowledge, capability and experience that the Company is still lacking. This includes the Board Diversity as required by the Company such as the appropriate of the number of persons, structure, and director's skill, and must not have the prohibited qualification under the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations.

Nomination and Remuneration Committee emphasizes on transparent selection of new Director by considering from existing Director lists, nominated from shareholder, and registered member from Thai Institute of Directors (IOD). Upon approval, the Board of Directors will propose to Shareholders' Meeting based upon sufficiency and transparency.

Criteria of vote to appoint the Company's Director in the Shareholders Meeting:

1. Each Shareholder has the vote equivalent to one vote per one share held.
2. Each Shareholder shall use all of his/her voting rights under item 1 to elect one person or more persons as the Director, but is not capable to share his/her varied voting rights to any person.
3. A person, who receives highest votes gradually order would be elected as director subject to the number of Directors allowed to be elected in such meeting. In the event of persons who have been elected in the lower order have received equal votes but there will be over the number of allowed or elected Directors in such election, the Chairman of such Meeting shall have a casting vote.

In 2015, there were 4 Directors who are retired by rotation as follows: 1. Mr. Naporn Sunthornchitcharoen, 2. Mr. Rutt Phanijphand, 3. Mr. Mani Udomkunnatum, and 4. Mr. Boonsom Lerdhirunwong. However, the Nomination and Remuneration Committee, having considered in accordance with the criteria of selection, viewed that all 4 directors have the qualifications required according to the Public Limited Company Act B.E. 2535 and also have knowledges, abilities, and experiences in business skills relating to the Company's operation. In this regard, such matter has been proposed through the resolution of the Board of Directors of the Company in order to be presented as an agenda in the Annual General Meeting of Shareholders of 2015 in which the meeting, then, has approved to re-appoint the said directors to their office for another term.

Selection of Managing Director

For selecting Managing Director, the Nomination and Remuneration Committee has the duty to preliminary determine selection of appropriate person who have knowledge, capability and experience as required by the Company, including has abilities to manage business to achieve the company's objectives and goal as stipulated by the Board of Directors. The appropriate person would be then proposed to appoint by the Board of Directors.

Roles and Responsibilities of Managing Director

As resolved in the Board of Directors Meeting no. 7/2544 on 21st June 2001 and the Board of Directors Meeting no. 9/2544 on August 16, 2001, the Managing Director who has authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manage the Company according to the framework or budget approved by the Board of Directors, and maintain the best interest of the Company and shareholders. Authorization of the Directors also covers other matters as follows:

1. Daily operation and, management of the Company.
2. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors, however, not including the loan and guarantee.

3. Filling the post, appointing, removing, relocating, promoting, reducing or cutting salary or wages, disciplinary punishment to the staff and employees, and order the staff and employee to leave from position according to the regulations as stipulated by the Board of Directors.
4. Other operation as assigned by the Board of Directors, by having following authorities:
 - Having authority to administrate under the objectives, regulations, policy, rules, order, and resolution of the Board of Directors meeting and the resolution of the Shareholders Meeting.
 - Having authority to operate and enter into juristic act, agreement, order or any letter for contacting with the government authority, State Enterprise, and other person, including authorities to act as necessary and proper in order to succeed on the above mentioned acts.
 - Having authority to appoint other person to be proxy to act on specific work, which must be under the rules, regulations, or order that the Board of Directors or as imposed by the Company.

However, the Managing Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

5. Remuneration for the Directors and the Executives

The Nomination and Remuneration Committee has a duty on proposing the Board of Directors to set the criteria for evaluating the performance of the Directors, Executives, and Managing Director.

Remuneration for the Directors

(1) Cash Remuneration

Basis of remuneration for the Directors are remuneration for giving advice on any matters to operating team of the Company and fees for the meeting, which the Company normally has the Board of Directors Meeting once a month, and the Meeting of sub-committees, i.e. Audit Committee Meeting, Executive Committee Meeting, Nomination and Remuneration Committee Meeting.

The Nomination and Remuneration Committee and the Company's board of directors have considered to specify the remuneration for directors by relying on the Company's overall operating results, the payment of dividends to shareholders, obligations and responsibilities of each committee. For the criteria of remuneration payment, the Company will base on the same criteria as used for the payment of the director's remuneration of the Company which operates in the same industry and receives approval from shareholders.

On April 9, 2015, Annual General Meeting of Shareholders 2015 has a resolution to grant the annual remuneration not exceeding Baht 12,000,000 and pension in 2014 to the Directors not exceeding Baht 27,000,000. Details of remuneration payment in 2015 are as follows:

Monthly Remuneration

Chairman	Baht 80,000/ person/ month
Director	Baht 40,000/ person/ month

Remuneration for Meeting

Chairman	Baht 30,000/ person/ time
Director	Baht 20,000/ person/ time

Details of Board of Directors' remuneration in 2015 are as follows:

Name – Surname		Meeting Allowances				Pension	Total (Baht)
		Board of Directors	Executive Directors	Audit Committee	Nomination and Remuneration Committee		
1. Mr. Anant	Asavabhokhin	1,320,000				4,153,847	5,473,847
2. Mr. Naporn	Sunthornchitcharoen ¹	700,000	200,000		20,000	2,076,923	2,996,923
3. Mr. Rutt	Phanijphand	720,000	220,000		90,000	2,076,923	3,106,923
4. Ms. Suwanna	Buddhaprasart	720,000				2,076,923	2,796,923
5. Mr. Manit	Udomkunnatum	720,000	300,000			2,076,923	3,096,923
6. Mr. Khunawut	Thumpomkul ²	720,000	220,000			2,076,923	3,016,923
7. Mr. Archawin	Asavabhokin	700,000				2,076,923	2,776,923
8. Mr. Boonsom	Lerdhirunwong	720,000		360,000		2,076,923	3,156,923
9. Mr. Thaveevat	Tatiyamaneekul	720,000		240,000		2,076,923	3,036,923
10. Mr. Chanin	Roonsamrarn	720,000		240,000	60,000	2,076,923	3,096,923
11. Mr. Chadchart	Sittipunt ³	420,000					420,000
12. Mr. Pornwut	Sarasin ⁴	180,000					180,000
Directors who resigned during 2015							
1. Mr. Joampol	Meesook ⁵	240,000				2,076,923	2,316,923
2. Mr. Pong	Sarasin ⁶	380,000				2,076,923	2,456,923
Total		8,980,000	940,000	840,000	170,000	27,000,000	37,930,000

Remarks : 1 Appointed to be the Nomination and Remuneration Director as the Board's resolution, effective on June 1, 2015.

2 Holding the position of Directors and Managing Director, received compensation as the meeting allowance and Director's fee, salary and bonus. However, salary and bonus were included in the remuneration of the Executives.

3 Appointed to be Director and Independent Director as the Board's resolution, effective on June 1, 2015.

4 Appointed to be Director and Independent Director as the Board's resolution, effective on October 1, 2015.

5 Resigned from the Director, effective on May 1, 201, and resigned from the Nomination and Remuneration Director, effective on April 30, 2015.

6 Resigned from the Director and Independent Director, effective on September 1, 2015.

(2) Other Remuneration

The Company has given other benefits to the Directors only the welfares benefit for buying goods with discount, which the given discount are as specified in the Articles of Association of the Company having been approved by the shareholders meeting, and that such welfares benefit was given by the Company at the rate not higher than the rate the Company gives to general VIP customers which is fixed at the highest rate not more than 10%.

Remuneration for the Executives

(1) Cash Remuneration

The Company has criteria on the making of payment of the remuneration to the Executives by considering from knowledge, capability, experience, and previous performance, and by comparing with other companies in the same industry.

Remuneration of Executives for the year 2015 and 2014 consisted of salary, bonus, and other remunerations for the total amount of Baht 89.29 million and Baht 87.06 million respectively.

(2) Other Remuneration

Since July 1, 2013, the Company has launched Employee Joint Investment Program (EJIP) by the eligible and participated managements and employees will receive monthly contribution for buying the Company's stock starting from July 1, 2013 to June 30, 2018 as further details in topic 8 on page 67 (EJIP).

Remuneration for Managing Director

The Company has the Nomination and Remuneration Committee to propose opinion to the Board of Directors of the Company in consideration of setting the annual Key Performance Indicators (KPI) to be used in evaluation of work performance of the Managing Director, such KPI shall be in accordance with the goal of the Company for both short term and long term with an objective to create motivation and sense of participation in the ownership of the Company. The compensation and remuneration for Managing Director are as follows:

Short term : Payment of rewards in the form of salary and bonus based on the performance.

Long term : Employee Joint Investment Program (EJIP) starting from July 1, 2013 to June 30, 2018 as detail in topic 8 on page 67 (EJIP).

6. Company Secretary

On March 20, 2008, the Board of Directors has resolution to appoint Ms. Wannee Juntamongkol as the Company Secretary in order to comply with the "Securities and Stock Exchange Act (4th Issue) B.E. 2551". The Company has already notified the name and place to retain documents of the Company to the Securities and Exchange Commission on August 26, 2008. The information of the Company Secretary can be found more on page 37.

Authority of Secretary of the Company

1. Facilitate for activities of the Board of Directors.
2. Follow up and coordinate with relevant person in order to be in compliance with the resolution of the Board of Directors and that of shareholder meeting, and closely report the result of such operation.
3. Arrange schedules of the Board of Directors meeting and sub-committees meetings, including conducting the Board of Directors meeting and shareholder meeting
4. Arrange and maintain documents as follows:
 - Director registration.
 - Notice calling for the Board of Directors Meeting, Minutes of the Board of Directors Meeting, and the Annual Report of the Company.
 - Notice calling for the Shareholders Meeting and Minutes of the Shareholders Meeting.
5. Maintain the report on interests which have been reported by the Directors or Executives.
6. Coordinate with relevant organization such as the Securities and Exchange Commission, and ensure that all information relevant to the company is disclosed, accurately and transparently.
7. Giving legal advices and related regulations and the principles of Good Corporate Governance to the Board of Directors in accordance with the law.
8. Manage other matters as stipulated by the Capital Market Supervisory Board.
9. Conduct the Board Orientation Program and provide suggestion as required by new director.
10. Perform other duties as assigned by the Board of Directors.

7. Personnel

Details of numbers of employee during year 2013 - 2015 are as follows:

Number of Employees	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
Employees of the Company			
- Head Office	1,108	1,265	1,333
- Branches	7,052	7,494	6,971
Employees of subsidiaries	1,353	1,753	2,198
Total (employees)	9,513	10,512	10,502
Salaries, wages and other employee benefits (million Baht)	3,105	3,705	4,010

Remark : The information of permanent employees only.

8. The Employee Joint Investment Program (EJIP)

The Company's Board of Directors meeting held on April 30, 2013 passed a resolution approving the Employee Joint Investment Program (EJIP). The details of the program are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	July 1, 2013 to June 30, 2018, with a total duration of 5 years.
Eligible employees under EJIP	Employees at Division Manager or above or equivalent level on the voluntary basis. Directors and advisors of the Company are excluded from this program.
EJIP arrangement	<p>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.</p> <p>The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.</p>
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	<p>During the 1st year - 3rd year is the silent period.</p> <p>After the 3rd year, employee can sell 25% of shares accumulated</p> <p>After the 4th year, employee can sell 50% of shares accumulated</p> <p>After the 5th year, employee can sell all shares</p>
EJIP program manager	Phillip Securities Public Company Limited

On June 11, 2013, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

Details of Directors and Management who are Authorized to Control Subsidiaries

Name – Surname		Home Product Center Plc.	Subsidiaries			
			Market Village Co., Ltd.	Home Product Center (Malaysia) SDN. BHD.	Mega Home Center Co., Ltd.	DC Services Center Co., Ltd.
1. Mr. Anant	Asavabhokhin	Chairman				
2. Mr. Rutt	Phaniphand	Director				
3. Mr. Chadchart	Sittipunt	Director				
4. Mr. Achawin	Asavabhokin	Director				
5. Ms. Suwanna	Buddhaprasart	Director				
6. Mr. Manit	Udomkunnatum	Director				
7. Mr. Naporn	Sunthornchitcharoen	Director				
8. Mr. Khunawut	Thumpomkul	Director and Managing Director	Chairman	Chairman	Chairman	Chairman
9. Mr. Pornwut	Sarasin	Independent Director				
10. Mr. Boonsom	Lerdhirunwong	Independent Director				
11. Mr. Thaveevat	Tatiyamaneekul	Independent Director				
12. Mr. Chanin	Roonsamram	Independent Director				
13. Mr. Weerapun	Ungsumalee	Senior Vice President				Director
14. Mr. Kasem	Pinmontearntong	Senior Vice President				
15. Ms. Jarusopha	Thumkathikanon	Senior Vice President				
16. Ms. Sannipa	Swangpuen	Senior Vice President				
17. Ms. Siriwan	Paimsethasin	Senior Vice President				
18. Ms. Tharathip	Trimankhong	Senior Vice President				
19. Ms. Ittaporn	Srisukwattana	Senior Vice President				
20. Ms. Thanomsri	Rujirekeserikul	Senior Vice President				
21. Ms. Apiradee	Thavilap	Senior Vice President				Director & MD
22. Mr. Chaiyuth	Karunyasoapon	Senior Vice President				
23. Ms. Pornsook	Damrongiri	Senior Vice President				
24. Mr. Vathunyuu	Visuthikosol	Senior Vice President	Director & MD		Director	
25. Mr. Anuchar	Jitjaturunt	Senior Vice President		Director & MD	Director & MD	
26. Mr. Nat	Jaritchana	Senior Vice President	Director			
27. Ms. Sudapa	Chamod	Senior Vice President				
28. Mr. Nitat	Aroontippattoon	Senior Vice President			Director	Director
29. Ms. Wannee	Juntamongkol	Senior Vice President	Director	Director	Director	Director

Details of the changes in the Company's share holding by the Directors in 2015

No.	Name - Surname	Position	No. of Shares as at Jan 1, 2015	Changes in No. of Shares	No. of Shares as at Dec 31, 2015	Shareholding (%)
1.	Mr. Anant Asavabhokhin	Chairman	18,676,633	1,245,108	19,921,741	0.15
	Spouse and minor children		-	-	-	-
2.	Mr. Rutt Phanijphand	Director, Executive Director, and Chairman of the Nomination and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
3.	Mr. Chadchart Sittipunt	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
4.	Mr. Achawin Asavabhokin	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
5.	Ms. Suwanna Buddhaprasart	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
6.	Mr. Manit Udomkunnatum	Director and Chairman of the Executive Director	319,679,998	21,311,999	340,991,997	2.59
	Spouse and minor children		-	41,066	41,066	0.0003
7.	Mr. Naporn Sunthornchitcharoen	Director, Executive Director and Nomination, and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
8.	Mr. Khunawut Thumpomkul	Director, Executive Director and Managing Director	132,912,434	8,963,879	141,876,313	1.08
	Spouse and minor children		-	-	-	-
9.	Mr. Pornwut Sarasin	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
10.	Mr. Boonsom Lerdhirunwong	Independent Director and Chairman of the Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
11.	Mr. Thaveevat Tatiyamaneeekul	Independent Director and Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
12.	Mr. Chanin Roonsamrarn	Independent Director, Audit Committee, and Nomination and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-

Note : The increase in number of shares is due mainly to stock dividend received.

Details of the changes in the Company's share holding by the Management in 2015

No.	Name - Surname	Position	No. of Shares as at Jan 1, 2015	Changes in No. of Shares	No. of Shares as at Dec 31, 2015	Shareholding (%)
1.	Mr. Weerapun Ungsumalee	Senior Vice President	6,027,009	308,587	6,335,596	0.05
	Spouse and minor children		-	-	-	-
2.	Mr. Kasem Pinmontearntong	Senior Vice President	162,964	15,911	178,875	0.0014
	Spouse and minor children		-	-	-	-
3.	Ms. Jarusopha Thumkathikanon	Senior Vice President	9,862,173	664,559	10,526,732	0.08
	Spouse and minor children		-	-	-	-
4.	Ms. Sannipa Swangpuen	Senior Vice President	13,002	6,128	19,130	0.0001
	Spouse and minor children		-	-	-	-
5.	Ms. Siriwan Paimsethasin	Senior Vice President	3,407,707	231,810	3,639,517	0.03
	Spouse and minor children		-	-	-	-
6.	Ms. Tharathip Trimankhong	Senior Vice President	32,713,192	2,187,940	34,901,132	0.27
	Spouse and minor children		-	-	-	-
7.	Ms. Apiradee Thavilap	Senior Vice President	-	42,782	42,782	0.0003
	Spouse and minor children		-	-	-	-
8.	Mr. Chaiyuth Karunyasopon	Senior Vice President	3,037,760	(464,994)	2,572,766	0.02
	Spouse and minor children		126,000	8,400	134,400	0.001
9.	Ms. Pornsook Damrongsiri	Senior Vice President	41,888	7,441	49,329	0.0004
	Spouse and minor children		-	-	-	-
10.	Mr. Vathunyu Visuthikosol	Senior Vice President	9,190,013	619,687	9,809,700	0.07
	Spouse and minor children		-	-	-	-
11.	Mr. Anuchar Jitjaturunt	Senior Vice President	13,747,313	335,796	14,083,109	0.11
	Spouse and minor children		-	-	-	-
12.	Mr. Nat Jarlitchana	Senior Vice President	9,248,146	(475,231)	8,772,915	0.07
	Spouse and minor children		-	-	-	-
13.	Ms. Sudapa Chamod	Senior Vice President	69,293	9,503	78,796	0.0006
	Spouse and minor children		-	-	-	-
14.	Mr. Nitat Aroontippaatoon	Senior Vice President	5,100,163	345,068	5,445,231	0.04
	Spouse and minor children		-	-	-	-
15.	Ms. Wannee Juntamongkol	Senior Vice President	9,074,271	653,147	9,727,418	0.07
	Spouse and minor children		-	-	-	-
16.	Ms. Ittapor Srisukwattana	Senior Vice President	393,000	29,766	422,766	0.0032
	Spouse and minor children		-	-	-	-
17.	Ms. Thanomsri Rujirekeserikul	Senior Vice President	-	8,694	8,694	0.0001
	Spouse and minor children		-	-	-	-

Note : The increase in number of shares is due mainly to stock dividend received and shares from Employee Joint Investment Program (EJIP)



Corporate Governance

The Board of Directors realizes the importance of corporate governance and believes that the good corporate governance is the crucial factor for business operation, in order to efficiently and effectively manage the business to have stability, continuous growth and fairness to all stakeholders. From such reasons, the Board of Directors stipulates the corporate governance Policy, having content covering the important principle on the rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and Board responsibility, in order to be guideline for managing business to achieve the Company's objectives and goal that have been set according to business policy sticking to correctness and transparency. The policy of corporate governance of the Company is disclosed at <http://hmpro.listedcompany.com/>

The aforementioned policies on the principles of good corporate governance for the listed company 2012 have been updated for completeness, clarity and coherence as directed by the Stock Exchange of Thailand, the regulations of the Thai Institute of Directors (IOD), and the international criteria in region level such as ASEAN CG Scorecard.

Throughout the entire year of 2015, the Company has complied with the good corporate governance except the following:

- (1) The Chairman is not Independent Director due to the nature of the business that we need to resort to the knowledge and skill of the expert who possesses thorough long experience in Retail Business. However, the management of the Board of Director rests upon the Good Governance Policy stipulated by the Stock Exchange of Thailand.
- (2) The Company has two Independent Directors who have assumed this position for longer than 9 years, Mr. Thaveevatt Tatiyamaneeekul and Mr.Chanin Roonsamrarn. These Independent Directors are well-skilled, knowledgeable and have first-hand experience in Retail Business. Throughout the past while, they have been providing valuable advice both in the capacity of Independent Directors and in the capacity of Audit Committee. Especially, Mr. Chanin Roonsamrarn. is knowledgeable and specializes in both Finance and Accounting. The details of the assuming of the position of Independent Directors are as elaborated below:

Name - Surname		Date of Appointment as an Independent Director	Number of Service Years (Date of Appointment – Dec 31, 2015)
1. Mr. Pornwut	Sarasin	Oct 1, 2015	3 months
2. Mr. Boonsom	Lerdhirunwong	Oct 1, 2014	1 year 3 months
3. Mr. Chanin	Roonsamrarn	Oct 3, 2005	10 years 3 months
4. Mr. Thaveevatt	Tatiyamaneeekul	May 29, 2001	14 years 7 months

1. Rights of Shareholders

The Board of Directors is well aware of and has always emphasized on sustaining the rights of all shareholders in exercising each and every one's basic rights, such as the right to participate in the shareholder meeting, the right in casting votes to appoint or remove any particular director, the right in casting votes to appoint the external auditor and determine the remuneration for the auditor, the right to vote in different important matters, the right to freely express one's opinions in the shareholders' meeting, the right to acquire repurchased stocks, the right to be fairly approved of dividend payment, and the right to obtain adequate company's information in a timely and fair manner. In the previous year, the Company has ensured that shareholders' rights have been properly enhanced as details below:

- Clearly reveal the shareholding structure to assure shareholders that the Company has a transparent and accountable operation, without any complicated shareholding patterns; no co-shareholders, cross-ownership or pyramid ownership within the group of companies.
- Disseminate the information and details on the exercising of rights in several aspects via the vehicles of the Stock Exchange of Thailand and the Company's website, with consideration to equality in access to information, the duration and convenience in exercising rights, without any particular actions to limit the access to the source of company information or obstruct communication among shareholders.

- Actively protect shareholders' rights by constantly holding meetings. The Annual General Meeting of Shareholders 2015 was held on Thursday April 9, 2015 at Grand Ball Room, 1st floor, Mandarin Hotel, 662, Rama 4 Road, Bangrak Sub-district, Bangrak, Bangkok. Details are as follows:

Before the Meeting

- Prior to the meeting, shareholders were involved in proposing the meeting agendas and the names of individuals to get nominated to be the directors since September 19, 2014 to January 16, 2015, as well as submit questions to the Company Secretary ahead of the meeting day. Guidelines on meeting agenda and director candidate proposal were posted on the Company's website. Nevertheless, proposals for neither the meeting agenda nor director candidates were made for the Annual General Meeting of Shareholders 2015.
- Kept shareholders informed of the meeting date well ahead of time for full participation. Communication on the matter was made through the Stock Exchange of Thailand's channels and the Company's website on February 24, 2015, which was also the day that the Board of Directors agreed upon the meeting date.
- Posted the meeting notice, both in Thai and English, on the Company's website since March 9, 2015; 31 days before the meeting and distributed to shareholders 14 days prior to the meeting. This provided shareholders with enough time to examine the information.
- Facilitated shareholders who could not attend the meeting by themselves, such as individual shareholders and institutional investors, by sending the proxy Form A, B, and C together with the meeting notice. These forms can also be downloaded from the Company's website. Moreover, the Company is in possession of a list of independent directors' names and backgrounds that shareholders could appoint to be the proxy. In the Annual General Meeting of Shareholders 2015, Mr. Chanin Roonsamrarn, an Independent Director, was appointed as proxy in casting votes on behalf of the shareholders.

On the Meeting Day

- Facilitated the shareholders and institutional investors by picking the appropriate and easily accessible venue to accommodate the participants, with the map attached. Staff members were arranged at the reception to provide information and inspect the documents at the point of registration. In addition, shareholders could register their attendance roughly 2 hours ahead of the meeting time using the bar code system for accurate and convenient processing. Besides, revenue stamps were prepared for shareholders wishing to assign proxies to attend the meeting on their behalf.
- Regulated the voting rights in the meeting to be in accordance with the number of shares held; one share is equivalent to one vote.
- Before the meeting commenced, the Chairman of the Board informed the participating shareholders of their rights according to the Company's rules and regulations, meeting proceedings, guidelines on casting votes as well as the opportunity for shareholders to ask questions and fairly express opinions in the meeting.
- The bar code system was used to count votes and clearly display the results in each and every agenda. The voting cards were used in the process of casting votes, whereby the ballots were prepared and separated by agendas, allowing shareholders to cast their votes as they see appropriate.
- Arranged an independent, external inspector, who performed a legal consulting role, to monitor the meeting and ensure that the meeting was transparent and complied with the laws and the Company's regulations.
- Encouraged the appointment of a particular shareholder as the representative and the witness in the vote counting process in every agenda.
- The Chairman of the Board allocated enough time for the meeting and appropriately conducted the meeting with absolute transparency according to the agenda specified in the meeting notice. For the record, there

have not been any occasions where documents containing essential information were distributed to the shareholders right in the meeting without prior notice, as well as the inclusion of addition agendas in the meeting without prior notice, which can be unfair to shareholders who did not attend the meeting.

- Shareholders were allowed to join in the meeting even the meeting had already commenced but they could only vote in the agendas that had not been voted.
- Shareholders were encouraged to express their opinions and ask questions. The Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, Managing Director, top executives and the external auditor were also present to answer shareholders' questions.

After the Meeting

- Submitted the meeting's resolutions and accompanying details i.e. the number of votes in each agenda to the Stock Exchange of Thailand and posted on the Company's website on the day of the meeting so that absent shareholders can immediately get hold of the information.
- Shareholders can view the video recording of the meeting via the webcast posted on the Company's website.
- Prepare the meeting minute, in Thai and English, and distribute via the Stock Exchange of Thailand's channels and the Company's website within 14 days after the meeting and also submit a copy to the Stock Exchange of Thailand by the indicated due date.

In the year 2015, the Company has been evaluated 100 full marks on the assessment of the shareholders' meeting arrangement for 7 consecutive years, under the AGM Quality Assessment program, hosted by the Thai Investors Association, in collaboration with the Securities and Exchange Commission (SEC) and the Thai Listed Companies Association. Main criteria are inclusive of different meeting arrangement processes, from the time prior to the meeting, the day of the meeting and after the meeting.

2. Equitable Treatment of Shareholders

The Company places great emphasis on fair and equal treatment towards every single shareholder; major shareholders, individual shareholders, institutional investors or foreign shareholders. There are regulating guidelines as follows:

- (1) Regularly disseminate the information to shareholders via channels supported by the Stock Exchange of Thailand and the Company's website, as well as arrange a channel that shareholders can directly request for any information or make inquiries via the Board of Directors', Independent Directors' and the Investor Relations' email addresses.
- (2) Devise internal rules and regulations on the manipulation of information within the organization in coherence with the stock-related laws. Constant revisits are encouraged in order to promote fairness and equality towards all relevant stakeholders, as follows:
 - Inform the rules, regulations and policies related to the use of internal information to the Directors, executives and employees on a regular basis to ensure that those rules, regulations and policies are well aware of and obliged by everyone.
 - The Company's stock transactions are forbidden prior to the time that the financial statements are disclosed to the public. The Company Secretary Office will inform the Directors and executives of the said silent period.
 - The Directors and executives' shareholding information is accurately and completely disclosed in the annual report, as regulated by the Securities and Exchange Commission. Furthermore, the Board of Directors has put in place the protocols in following up with business ethics compliance on the use of internal information. Directors and executives are advised to submit a copy of report recording any changes in their shareholding information to the Company Secretary Office in order to report to the Board of Directors every time changes occur. The Company Secretary Office will consolidate the information and report to the Board of Directors' meeting as well as submit the documents to the Securities and Exchange Commission and the Stock Exchange of Thailand.

3. Roles of Stakeholders

Policies on Treatment towards Different Groups of Stakeholders

The Company places high significance on all stakeholders, holding on to everyone's mutual and sustainable benefits as the key. Policies and roles imposed upon stakeholders are clearly written down in "Business Ethics Manual", with details as follows:

Shareholders:	Perform one's duties with utmost honesty. Make any decisions to proceed with care and fairness for the sake of shareholders' interests as a whole. Regularly and accurately present reports, operating performance, financial information and any other reports, while fairly keeping shareholders informed of the Company's situation and tendencies, on the basis of possibilities and reasons.
Employees:	Treat employees with fairness, in terms of opportunities, remuneration, promotions, transfers and potential development. Respect every person's individuality and human dignity. Maintain the work environment to be in good and safe conditions for employees' physical well-being and properties, as well as leave the channels for filing complaints open in case there are any unfair treatment as opposed to the system and processes being put in place.
Customers:	Deliver good-quality products and services that meet clients' expectations in reasonable prices. Provide adequate, accurate and timely information to match with clients' organizational contexts. Strictly abide by any conditions towards clients and deal with clients with politeness and effectiveness. Arrange appropriate channels for clients to file complaints regarding quality, quantity and safety of products and services, as well as provide advices on how to use the Company's products and services.
Suppliers:	Treat suppliers with equality and always bear in mind mutual interests. Develop and maintain healthy relationships with suppliers and nurture trusts between both parties. The Company has laid out clear regulations on the procurement process and strictly forbid the request for, receipt of or payment of any interests that are deemed dishonest towards suppliers.
Creditor:	Strictly comply with any conditions required by creditors. Effectively utilize loans for the right purposes and never spend money on activities that can cause damages to the Company. Monitor the payback of loans and interests to creditors by the due date and completely observe loan conditions according to the agreement. In case of failure to comply with such conditions, the Company will keep creditors informed ahead of time in order to mutually find solutions.
Competitors:	Operate the business under the rules of fair competition and never attempt to seek confidential information of competitors via any dishonest or inappropriate means and never attempt to damage competitors' reputation by making untrue allegations.
Society, Communities and Environment:	Operate the business that contributes to the benefits of the economy, society and environment. Place focus on preserving customs and traditions of the locality where the Company's units operate. The Company is firmly determined to behave as a good citizen and comply with the rules of law and relevant regulations. In support of such policies, the Company will constantly be holding activities that are beneficial to the public, while at the same time intensively and continuously cultivate a sense of responsibility for employees in all levels towards the society, community and environment in order to sustain as the key element of the corporate culture.

Remark : Details on the Company's roles towards stakeholders are available in the "Sustainable Development Report".

Policies and Guidelines on Intellectual Property

The Company has imposed regulations to all staff members to perform duties under the rules regarding rights in intellectual property, be it trademark or any other intellectual properties identified by law, for instance, the use of licensed computer programs, whereby all programs must pass the qualifications and be installed by the Information and Communication Technology (ICT) Department only. Also, employees are advised to thoroughly check prior to making use of any information to determine whether or not it violates others' Intellectual Properties etc.

Moreover, employees are equipped with knowledge and understanding with regards to legal regulations and potential damage caused by violation of Intellectual Property rights.

Policies and Guidelines on Legal Compliance and Human Rights Principle

Complying with the rules of law is the significant foundation of the Company's business operations. This is inclusive of domestic law, international law, customs, traditions and cultures that are relevant to the operations. The focus is on the enhancement of standard practice to be above what is regulated by law.

The Company supports the protection of human rights and ensures that the Company's business is not involved in any infringements of human rights, e.g. forced labor and child labor. Emphasis is also on fair treatment towards all groups of stakeholders on the basis of human dignity, regardless of origins, race, gender, age, skin color, religion, physical condition, status, and nobility. The Company has also put in place an internal monitoring system regarding human rights protection that is up to the international standard in order to protect all stakeholders from possible damages from violation of human rights caused by the Company's business operations, in which case compensations will be considered and not to be lower than the rate determined by law.

Policies and Guidelines on Anti-Corruption

The Company expresses its intention on anti-corruption by giving the ethics and integrity to be one of the Company's cultures and cultivating all employees to adoption this practice. In this regard, the Company stated its position on the "Collective Action Coalition" on anti-corruption practices since September 2, 2014, a collaboration jointly undertaken by the Thai Institute of Directors Association (IOD), Thai Chamber of Commerce, Foreign Chambers of Commerce, Thai Listed Companies Association, and Thai Bankers' Association.

In the year 2015, Thaipat Institute has conducted an assessment of the Company's performance on sustainable operations in anti-corruption measures. The assessment was based on the information disclosed by the Company to the public, in both Form 56-1 format, annual report and other reports; resulting in the Company's improved score from the Level 2 (Declared) to Level 3 (Established). This

demonstrates the Company's intensive policies in conducting risk assessment (denial on bribery to government officials, no involvement in and resistance of those who get involved) of the business to identify potential risks of involvement in corruption of the Company and its subsidiaries, constant communication and training for employees to educate them the policies and practices on anti-corruption and close attention to the policy implementation and review of the policies' validity by the Board of Directors at least once a year.

Moreover, the Company has also imposed policies on giving and receiving gifts, as follows:

1. Executives and employees are forbidden from requesting or receiving any benefits from suppliers, contractors, delivery authorities, consultants or any parties the Company deals with.
2. Executives and employees should avoid giving or receiving gifts from suppliers or any parties the Company deals with.
3. Executives and employees should avoid giving or receiving reception in the manner exceeding normal nature from any parties the Company deals with.
4. Executives and employees should avoid giving or receiving any travel-related gifts from suppliers.

The Company has imposed that risk management is everyone's accountability, from Directors, executives and employees. Any risks related to corruption and dishonesty has been taken into account in the process of risk assessment and they are then properly managed through the utilization of different tools such as the Conflict of Interest Report.

Whistleblowing Policy

The Company has assigned Human Resource and Internal Audit departments as a complaint handling center to receive complaint in relation to violation of laws or ethics and the code of business ethics. The Company's employees, suppliers, customers, shareholders and stakeholders are able to report or file complaint to the Company so that appropriate investigation can be conducted.

In case of suspecting or seeing any action that may not in accordance with law, regulation, and business ethics including the petition for right violation, stakeholders can inquire or complain by sending the evidence details to the related person or department through channels as follows:

Board of Directors:

In case requiring for notifying or communicating in relation to operation of the Company, by such information will be sent to the Managing Director at
http://hmpro-th.listedcompany.com/contact_board.html

Audit Committee:

In case requiring for filing complaint in relation to violation of laws or ethics, accounting issues, internal controlling etc. Such information shall be sent to the Internal Audit Department of the Company in order to be compiled and proposed to the Audit Committee for further consideration at http://hmpro-th.listedcompany.com/contact_audit.html

Complaints Notification Unit, Human Resources Department:

In case requiring for staff to make complaints or notify any offending acts at md@homepro.co.th

For the communication channels with other stakeholders have been disclosed on “Sustainable Development Report”

The identity of the whistleblower will remain anonymous from the Managing Director and Senior Vice President in charge of that business unit only by having the Management gather complaints and propose to the Audit Committee and Risk Management Committee for further consideration. In 2015, there was no such complaint is received of wrong doing so far.

4. Disclosure and Transparency

The Board of Directors views that disclosure of accurate, complete, transparent and timely information is of utmost importance to investors and related parties, for both financial statements and other critical information that has impact on the Company’s stock price. Disclosure of information can be made via the Stock Exchange of Thailand’s channels and the Company’s website in order for investors and all stakeholders in Thailand and overseas to get hold of reliable and adequate information for their decision making.

Investor Relations Department

The Company has a dedicated Investor Relations Department to fully take charge of providing information and collecting opinions from shareholders, analysts and investors on a regular basis, as well as presenting

operating performance and comments from shareholders, analysts and investors to the Board of Directors at least 4 times annually. The Company expects that the Investor Relations Department serves as an important medium in providing information, giving clarification, answering questions and collecting and exchanging comments or concerns with shareholders, investors, securities analysts and interested individuals. In this regard, the Head of Investor Relations is Mr. Rakpong Aroonwatdhana. The Company information can be requested via 3 channels as follows:

1. Telephone : +66 2832 1416
2. Fax : +66 2832 1066
3. Email : ir@homepro.co.th

Moreover, the Company has shared important information in order to reach out to target audience in an accurate, complete, timely and fair manner via 3 main channels:

1. The annual information disclosure report (Form 56-1) and the annual report (Form 56-2), detailing key topics such as overall business operations, risk factors, shareholding structure, management, related transactions, corporate governance etc. These two reports will be distributed within the indicated due date in order for investors to be timely informed of the operating results in the previous year.
2. The Management Discussion and Analysis (MD&A), published quarterly and annually, detailing the operational and financial performance, as well as the analysis and explanation of reasons for changes with consideration to factors affecting change in the business performance.
3. The Company’s website under the Investor Relations section. This is in order to facilitate investors and interested individuals to study the Company’s information, which is regularly updated. The information displayed on the website is available both in Thai and English, comprising of the nature of business operations, historical and updated financial statements, press releases, shareholding structure, organization chart, structure of business groups, Directors’ and executives’ information, information on Investor Relations, the Company’s regulations and annual reports which are all downloadable.

Analysts Meeting

The Company normally arranges a session for analysts, investors and interested shareholders to announce the operating results including publishing of Investor Releases on a quarterly basis.

Investors Meeting and Company Visits

Throughout the year 2015, the Company has allowed opportunities for analysts, shareholders and institutional investors in Thailand and overseas to meet with the executives via different arrays of activities on a continuous basis, as a way of sharing information, operating performance, strategic plan, growth directions, a summary of key events throughout the year, as well as answering questions. The following are activities that took place in the past year:

1. Hosting roadshows which were divided into:
 - 7 overseas roadshows : 3 times in Singapore, 2 times in Hong Kong, 1 time in Malaysia and 1 time in Europe
 - 7 domestic roadshows
2. Hosting 74 company visits to enable analysts, individual investors, and institutional investors both domestic and international, to meet with executives via prior appointments to acquire Company information.
3. Hosting 13 site visits via prior appointments for investors and securities analysts.
4. Holding 14 conference calls with investors.
5. Joining 2 Opportunity Days hosted by the Stock Exchange of Thailand.

Press Conference and Media Relationship

In 2015, the Company arranged one press announcement on the annual business results in 2014 and direction to operate business in 2015. There were press releases provided to the media and informing of business progress as well as other marketing events throughout the year.

5. The Board of Directors' Key Responsibilities

Apart from the roles and responsibilities and authorities of the Board of Directors specified on page 58, the following are additional roles of the Board of Directors:

- **Determination of policies and business directions:** The Board of Directors is involved in determining the Company's vision, policies, goals, business plan and

budgets which are revisited every year. The group is also collectively accountable for monitoring the management team to operate the business according to plan and budget effectively and efficiently.

- **Good corporate governance:** The Board of Directors encourages Directors, executives and all employees to abide by the principle of good corporate governance and the Company's business ethics manual for standardized, transparent, and effective business operations.
- **Internal control and audit:** The Board of Directors is well aware of the significance of internal control and audit systems. The Company has an effective internal control system in place and is coherent with the level of risk that the Company is able to accommodate. The Audit Committee has been assigned to conduct any examinations and follow up with the results regularly in order to build confidence to executives, investors and other stakeholders.
- **Risk management:** The Board of Directors is responsible for monitoring any potential risks that can possibly affect the business. The Risk Management Committee has been appointed to take charge of regulating and supporting effective risk management, as well as considering any potential risks and defining execution plan, following up, and constantly improving such plan to minimize risks to be in the acceptable level.
- **Avoidance of conflict of interest:** The Board of Directors will determine the tool to ensure that the Company effectively and transparently operates the business, for the best interests of shareholders, by way of avoiding chances of conflict of interest in business operations. However, in case any Directors or executives are one of the stakeholders in any matters, they must be completely disclosed of.

The Company has appointed the Audit Committee which is formed entirely of Independent Directors in order to verify accuracy of information disclosure and ensure reliability of financial statements. The Committee is also responsible for regulating good governance and internal control, with its roles and responsibilities of the Audit Committee detailed under the topic "Management".

In case of unusual transactions, the Board of Directors is supposed to consider such transactions, with Independent Directors' presence in the meeting.

The Company has the Nomination and Remuneration Committee to determine the procedures and criteria in the

recruitment of the Company's Directors and determining remuneration or any other benefits that are fair and reasonable, and propose to the shareholders' meeting for approval.

Chairman of the Board and Managing Director's Roles

The Chairman of the Board and the Managing Director are not the same person, so that roles are clearly separated and balance of power remains in all aspects of operations

Even though the Chairman of the Board is the representative of the shareholder who is not the Independent Director, the Nomination and Remuneration Committee's resolution according to mutual agreement among the Board of Directors is that this particular structure is appropriate for the Company's business operations and has also served as the key strength that accelerates success and growth up until present. Since the Chairman of the Board is knowledgeable and full of experiences and expertise in many fields; housing, real estate and retail, he has consistently been capable of performing duties with consideration to benefits of all groups of stakeholders.

The Chairman of the Board is supposed to assume duties and responsibilities as a director under the Board of Directors' charter, abide by the Code of Conduct and corporate governance policies to serve as a role model for Directors, executives and employees. In this regard, the Chairman of the Board also takes the role of the chairman of the Board of Directors' meeting and shareholders' meeting, monitoring effective proceeding of the meeting, and allowing opportunities for Directors and shareholders to express their constructive opinions independently.

The Managing Director is responsible for effectively managing and administering the Company as part of executing the strategic plans, vision and mission being formulated. The scope of authority has been specified under the law, objectives, the Company's regulations, as well as resolutions from the Board of Directors' meeting and shareholders' meeting.

More information regarding the Chairman of the Board and the Managing Director's scope of authority can be found in the topic "Management", on page 58 and 64, respectively.

The Board Orientation

The Company has policy to organize orientation to every newly appointed Director in order to acknowledge the roles, duty, and responsibility, including giving knowledge, understanding of business and operating in every part of the Company, which is to prepare the readiness to perform duty of the Directors. By presenting information that will assist newly appointed Directors in performing their roles such as Directors' Handbook, Company's Good Corporate Governance and Business Code of Conduct Handbook, Company's Articles of Association, capital and shareholding structures, annual report, Form 56-1, business performance, laws and best practices guidelines, training programs for directors as well as other information related to the business operation in order to create better understanding about the Company and its operation to newly appointed Directors.

In 2015, the Company has arranged the Board Orientation for 2 new directors which are Mr. Chadchart Sittipunt, Director, on June 19, 2015 and Mr. Pornwut Sarasin, Independent Director, on October 16, 2015.

Training Programs for the Board of Directors

The Board of Directors facilitates and promotes Directors to attend training courses and seminars in order to accumulate knowledge that will benefit the Company. The Board of Directors assigned the Company Secretary to collaborate and notify Directors of upcoming training courses and seminars as training schedule.

In 2015, there is no director attending the training program organized by the Thai Institute of Directors Association (IOD) since, both of new directors nominating in 2015, Mr.Chadchart Sittipunt was completed training on DCP program in 2006 and Mr.Pornwut Sarasin was completed training on DAP program in 2005.

The Board of Directors' Meeting

The Board of Directors and Executive Directors shall have regular meeting every month and may have special extra meeting as necessary. In order to conduct Board of Directors' meeting and vote in the meeting, the Company requires a quorum of one-half of directors to participate. The schedule of Board of Director meeting and the

sub-committee's meeting for the whole year are defined in advance, and there shall be sending of the notice calling for meeting with agenda of the meeting at least 5 working days in advance for the Directors to be prepared.

During meetings, the Chairman sufficiently allocates times in explaining on important issues, encourages every Director to express opinion creatively and independently as well as uses discretion carefully. In addition, the Company Secretary will regular join the meeting and take a meeting minute.

The Directors, who has conflict of interest in any issue, shall be absent and have no right to vote on that issue.

Meeting documents, meeting minutes as well as related information and documents shall be completely kept in the safe place and recorded into the electronic files along with the original copies.

In addition, Non-Management Directors, Independent Directors and Audit Committee can conduct meetings among themselves as appropriate to discuss issues related to the management of the Company without involvement of the Company executives.

The Board of Directors shall consider regularly on any change in law, regulation, and important principles such as industrial data and the movement of good corporate governance guideline so that the performance as the Board is in accordance and updated with the law, regulation, and good principles and guidelines.

In 2015, the Company had 12 times of Board of Directors Meeting. The meeting of sub-committee are 11 times of Executive Directors meeting, 12 times of Audit Committee meeting, and 3 times of Nomination and Remuneration Committee's meeting. Details of meeting attendance the Board of Directors' meeting and other sub-committees' meeting are as follows:

			No. of Attendance / No. of All Meetings (times)			
Name – Surname			Board of Directors	Executive Directors	Audit Committee	Nomination and Remuneration Committee
1	Mr. Anant	Asavabhokhin	12 / 12			
2	Mr. Naporn	Sunthornchitcharoen ¹	11 / 12	10 / 11		1 / 1
3	Mr. Rutt	Phanijphand	12 / 12	11 / 11		3 / 3
4	Ms. Suwanna	Buddhaprasart	12 / 12			
5	Mr. Manit	Udomkunnatum	12 / 12	10 / 11		
6	Mr. Khunawut	Thumpomkul	12 / 12	11 / 11		
7	Mr. Achawin	Asavabhokin	11 / 12			
8	Mr. Boonsom	Lerdhirunwong	12 / 12		12 / 12	
9	Mr. Thaveevat	Tatiyamaneeekul	12 / 12		12 / 12	
10	Mr. Chanin	Roonsamrarn	12 / 12		12 / 12	3 / 3
11	Mr. Chadchart	Sittipunt ²	7 / 7			
12	Mr. Pornwut	Sarasin ³	3 / 3			
Directors who resigned during 2015						
1	Mr. Joampol	Meesook ⁴	4 / 4			1 / 1
2	Mr. Pong	Sarasin ⁵	3 / 8			

Remarks : 1 Appointed to be the nomination and remuneration committee as a resolution of the Board of Directors' Meeting which was effective on June1, 2015.

2 Appointed to be the director as a resolution of the Board of Directors' Meeting which was effective on June 1, 2015.

3 Appointed to be the director and independent director as a resolution of the Board of Directors' Meeting, effective on October 1, 2015.

4 Resigned from the director which was effective on May 1, 2015, and resigned from the nomination and remuneration committee which was effective on April 30, 2015.

5 Resigned from the independent director which was effective on September 1, 2015.

Procedures and Criteria for the Board of Directors' Performance Evaluation

The Board of Directors' performance evaluation is categorized into the following:

- **Performance Evaluation for the Board of Directors as a group:** The Company has assigned the Nomination and Remuneration Committee as the champion in determining the criteria for performance evaluation for the Board of Directors as a group on an annual basis in order to make decisions on remuneration and pensions. The consideration is normally based upon the Company's growth in profitability, dividend payment, market capitalization and the meeting attendance record. The objective of the annual performance evaluation is to enhance the Board of Directors' effectiveness and to figure out ways to improve evaluation criteria for the next evaluation period.
- **Performance evaluation for sub-committee :** In the year 2015, the performance evaluation of the Audit Committee was categorized into 2 main parts: (1) the appropriateness of the structure and elements of the Audit Committee (2) the Audit Committee's performance in the past year.

Criteria of Performance Appraisals and Remuneration Policy for Managing Director

The Company has the Nomination and Remuneration Committee to propose opinion to the Board of Directors in consideration of setting the annual Key Performance Indicators (KPI) to be used in evaluation of work performance of the Managing Director, such KPI shall be in accordance with the goal of the Company for both short term and long term with an objective to create motivation and sense of participation in the ownership of the Company. The compensation and remuneration for Managing Director are as follows:

Short term : Payment of rewards in the form of salary and bonus based on the performance.

Long term : Employee Joint Investment Program (EJIP) starting from July 1, 2013 to June 30, 2018 as further details in topic 8 on page 67 (EJIP).

Executive Succession Planning

The Company is well aware of the importance of continuously effective running of business, hence we formulate the succession plan to recruit the qualified personnel to develop his/her potential in order to succeed

the important position for business operation. The qualified personnel may succeed the position immediately or within 1-2 years with the operation procedures as follow:

1. Determine the important position as the Key Position for the sake of the operation of the Company's business.
2. Determine the criteria to select the successor by considering the knowledge, skills, competency, experience, potential and vision for management.
3. Consider to select the successor having the qualifications that meet the requirement and evaluate the readiness of the selected candidates in terms of strengths and weaknesses and area of improvement.
4. Formulate the Individual Development Plan to develop the competency for each individual selected in order to equip them with skills to assume the position to be succeeded.
5. Evaluate and review the annual succession plan to attain an approval from the Board of Directors.

Governance on Subsidiaries

The Board of Directors appointed the Company's executives to be Directors of the subsidiaries. The Directors' responsibilities are to ensure the maximum benefits of such subsidiaries, to supervise the subsidiaries to comply the rules regarding related party transactions, asset acquisition and disposition, and other major transactions, to ensure that such subsidiaries apply the same disclosure policy and practices to the aforementioned transactions as the Company, and to supervise such subsidiaries to appropriately retain information and record accounting transactions in order to facilitate the Company in the reviewing and gathering of subsidiaries' financial statements to be consolidated with the financial statements of the group in an appropriate timeframe.

Compliance Unit

According to the notification of Capital Market Supervisory Board regarding to Establishing Compliance Unit of Business Operator which is applicable to person licensed to undertake the following businesses : (1) securities brokerage, (2) securities dealing, (3) securities underwriting, (4) mutual fund management, (5) private fund management, (6) being derivatives broker, (7) being derivatives dealer and (8) being derivatives fund manager. The notification stipulated that business operator shall arrange to have

compliance unit having duty to monitor business operator's compliance with good governance.

The Company does not have a dedicated Compliance Unit, but instead assigns each department and division to manage on its own, for examples, compliance on different licenses, legal compliance, and compliance related to the Stock Exchange of Thailand and the Securities and Exchange Commission will be taken care of by the Legal Department; compliance on the standard operations of branches will be the responsibilities of Branch Operations Division; and there is also the Internal Audit Department that will supervise each department's operations to ensure standardized practices as a whole.

Internal Audit Department

In order to promote the procedures of good governance, the Company has formed an internal audit to review and followed up the result of work performing to the Management, by performing its work independently, and reporting the result of the operation to the Audit Committee directly and regularly.

Moreover, the auditor who passes a consideration from the Audit Committee shall be proposed to nominate in order to effectively access the internal control in accounting. The resolution of shareholders' meeting of 2014 approved to appoint Miss Sumana Punpongsanon, the auditor with certified license no.5872 of EY office limited to be the Company's and its subsidiaries' auditor for 2015. In this regard, the auditor has no direct and indirect benefit or interest including not being a debtor, creditor, executives, major shareholder or persons relating to said person. The auditor is independent and has acceptable qualification as well as the Securities and Exchange Commission.

Supervision on the Use of Internal Information

The Board of Directors has regulated policies governing the use of internal information and the transaction of the Company's stocks, in order to promote equality and fairness towards all shareholders and to prevent directors or executives to inappropriately purchase or sell their shares and dishonestly seek benefits for oneself or others.

- **Control of Internal Information:** Directors, executives and all staff members must never utilize the Company's critical internal information that has not been disclosed to the public for their own and others' benefits and must strictly abide by the confidentiality policy regulated by the Company.

- **Possession of the Company's Shares:** Directors, executives and staff members are allowed to invest in the Company's shares. However, in order to prevent possible conflicts of interest, directors, executives and employees, as well as their spouses or children not having yet become sui juris are prohibited from purchasing, selling, transferring or getting transferred the Company's shares during the one-month period before the financial statement is disclosed to the general public. In this regard, if any executives or employees violate such regulations on the use of internal information, it is considered a disciplinary offense and the person can be subject to legal punishment.
- **Possession of the Company's Shares Report:** The Company Secretary Office is responsible for compiling the information on the shares possessed by directors and executives, as well as their spouses and children not having yet become sui juris to the Board of Directors' meeting. This is to be dedicated as one of the agendas in the meeting on a monthly basis. Moreover, it has been regulated that the directors and top executives are required to report to the Company Secretary Office regarding their share transactions at least one day prior to making any transactions.

Management of Conflicts of Interest

It is the Company's policy to operate the business with honesty, openness, transparency and equality. Directors, executives and all staff members are not allowed to do any businesses that are considered to be the Company's opponents, and are advised to avoid making transactions related to oneself, individuals or juristic persons that are prone to conflicts of interest with the Company. The Board of Directors is accountable for ensuring strict compliance to the criteria, procedures and disclosure of any inter-related transactions as regulated by laws or the Corporate Governance Office.

In case the so-called inter-related transactions are necessary or unavoidable, such transactions have to be according to the general criteria of commerce as approved by the Board of Directors on a transparent and equal basis. This is to be regarded as a transaction made with the outsider and the Company's utmost benefits must be considered at all times. Stakeholders must not get involved in considering the transactions in which they have conflicts of interest. On the other hand, in case the inter-related transactions which are not in accordance with the general criteria of commerce approved by the Board of Directors, and might

possibly generate conflicts of interest, such cases must be investigated and commented by the Audit Committee, prior to proposing to the Board of Directors or shareholders for approval.

- **Report of inter-related transactions:** Directors and executives are required to fill out the inter-related transactions declaration form throughout the course of the accounting period ending December 31 every year in order to demonstrate transparency and cautiousness in doing any transactions. The Company Secretary Office will hand out this declaration form and put together all the information.
- **Disclosure of directors, executives and related parties' conflicts of interest:** The report is due to be prepared within 30 days after the date of assumption of duties and to be reported annually as of December 31. For cases taking place during the year, directors, executives or any related parties having to make transactions, either directly or indirectly, with the Company or its affiliates, must declare such activities to the Company of the type of contract being made, name of the partner of the contract and any interests eligible to the directors or executives, in order to ensure transparency in making such transactions.
- **Report of Conflicts of interest :** Directors and executives are required to report their own and related parties' interests in case such interests are related to the Company's management and administration according to the criteria, conditions and procedures regulated by the Securities and Exchange Commission. The Company Secretary Office will compile the information and submit a copy of this conflict of interest report to the Chairman of the Board, which is to be reviewed within 7 days after receipt of the report.
- **Disclosure of strategic shareholder information:** The Company is responsible for preparing the share allocation report on shares held on a free float basis, or shareholders who are not involved in directing or managing the Company (Strategic Shareholder). So the proportion of free float shares is considered a significant factor determining the Company's liquidity of share transactions and this benefits all shareholders and investors as a whole in a way that they can conveniently purchase or sell their shares. Reasonable price is also another appealing factor for those who are interested in investing in the Company.

However, in the year 2015, the Company had not received any complaints with regards to acts of violation conducted

by directors or executives in using the internal information for inappropriate purposes.

Code of Conduct

The Company places great emphasis on operating the business with morality, taking business ethics as a way of practice and a good guiding principle for directors, executives and all staff members to abide by, in order to encourage effectiveness and transparency. This will in turn build trust and acceptance in the Company's transparent operations, as well as create values to all stakeholders equally in the long run. The Board of Directors has initiated the "Code of Conduct" as part of the Company's "Good Corporate Governance" principles, which can be downloaded from the Company's website.

The Code of Conduct is comprised of policies and ways of practice in 6 different perspectives that reflect the Company's values in business operations. Directors, executives and staff members are expected to adhere to and abide by the following topics:

1. Principles of business operations
2. Conflicts of interest and confidentiality
3. Responsibility towards the Company and its assets
4. Treatment towards stakeholders
5. Supervision on business ethics compliance
6. Receipt of complaints regarding corporate governance and business ethics

This manual has been distributed to all directors, executives and employees to refer to and abide by and it is assumed that it is everyone's accountability to acknowledge, understand and strictly comply with the policies and protocols regulated in the manual. Moreover, the Company has published this manual on the website under the good governance topic for shareholders, investors and interested individuals' convenient access.

The Company has consistently been placing great significance on equipping knowledge and understanding on good governance and business ethics. The Board of Directors has been working to ensure that communication on such matter is sufficient to encourage compliance of such policies, as seen from the incorporation of the good governance topic and business ethics as one of the orientation agendas for directors and staff members. In the year 2015, there had been 2 orientation sessions for directors and 24 sessions for staff members.

Risk Management and Internal Control



Risk Management

The Company always places great emphasis on potential risks that might affect business operations. In response to such concern, the Risk Management Committee has been appointed in order to determine directions in risk management to maintain the degree of risks in the level that the Company can accommodate. The Risk Management Committee members are comprised of the Managing Director as the Chairman of the Committee, and Senior Vice President from 6 different workgroups having relevance to the Company's vital risks as Directors of the Committee. The Committee is in charge of the following:

1. Formulate the Organization Risk Management Policy by making it consistent with the universally accepted business operation guideline by aiming to manage 4 aspects: strategic Risk, Operation Risk, Compliance Risk and Financial Risk.
2. Consider the vital risks at organizational level, analyze and evaluate the risk to assess the Corporate Risk Profile as well as Key Risk Indicator to be employed as pre-caution so as to ensure that the risks are handled effectively.
3. Track and review the risks in quarterly basis to ensure that mechanisms implemented is coherent and can keep pace with the evolving business operation condition as well as supervise and ensure that the risks are managed to maintain it in the acceptable level.
4. Report the Risk Management Construal Result to the Board of Director of the Company every quarter.

Internal Control

In the Board of Directors meeting 1/2016 on January 26, 2016, the issue of adequacy in the internal control system was considered and discussed, with the presence of the Audit Committee and executives from 5 areas of operations. It has been agreed that the Company's internal control system is sufficient and the summary from the meeting are as follows:

1. Control Environment

The Company has clear organization chart and has specified scope of authority, responsibility of each department in writing, having specified clear measureable target of business operation, which the setting of the target and work plan the management and each executive of each field of work have jointly considered and set the business target and the strategy of operation by using the result of operation in the past years, internal and external factors as the basic information. It is then ensured to be properly and shall be able to achieve the target.

The Company has emphasized on employees' potential. Every year the Company has concrete plan of training and development of employees' skill, knowledge and competency. This is to enhance the employees to perform in accordance to targets and KPIs and the Company also has evaluation system to promote employees to be at higher level, provide welfare on fringe benefits to retain the employees to work in the long term.

For our policy, operating regulation, and Code of Conduct, the Company has specified such in the business ethics manual, which shall be revised from time to time as appropriate, for directors, executives, and employees in all departments to use as a guideline for operation. The business ethics manual has been shared through the Intranet system for thorough communication to employees in all levels. This is also one of the topics covered in the new staff orientation session. In the year 2015, the Company has reviewed this manual in order to improve the content to be appropriate for the changing situation. However, it was concluded that the key points of each policy are still valid and coherent with the current business operations.

2. Risk Assessment

The Risk Management Committee is responsible for considering and following up with potential risk factors or incidents that might affect the business operations and goals on a quarterly basis, in order to ensure that every aspect of business execution is running on track, leaving the smoothness of business operations intact. Also, considerations on risk factors or situations that might affect the business on a situational basis are duly made, as a result of the changing business environment. Both internal and external information are utilized in the consideration process, in order to achieve accurate outcomes.

Regarding risks of corruption, the Risk Management Committee normally utilizes the information from the Loss Prevention Unit, Internal Audit Department, and relevant departments that regularly conduct investigations of risk-prone activities. The related external information is also utilized to assess the chance of dishonesty or corruption.

3. Control Activities

The Company has devised policies, work regulations, and determined level of authorization, duties, financial authorized limit for executive management in each level. The responsibilities regarding the approval, recording accounting transactions and information, storage and maintenance of assets are clearly separated and documented in writing, in order to facilitate sufficient and effective inspection and control. All the control activities mentioned earlier are subject to be appropriately adjusted according to the changing working conditions.

Apart from control activities of potential corruption risks, the Company has also designated the Loss Prevention Unit, Internal Audit Department and staff members in all levels to help monitor the situation and inform the Company via channels specified in the business ethics manual.

With regards to control of information, the Company has devised a clear Access Control policy to prevent access of information attempted by irrelevant parties. For the continuity of utilizing the information system in business

operations, the Company has ensured backups of essential information for the business at the information recovery center and has put in place the Disaster Recovery Plan: DRP in case of emergency. The DRP is rehearsed every year in order to control the information risks to be in the acceptable level.

4. Information and Communication System

Internal Communication: The Company has regulated policies and channels for communication across the organization in order to sufficiently and effectively control the operations, as follows:

- The Board of Directors and the Audit Committee are eligible to access the source of information deemed necessary for work operations, call for verification of reports on-demand through the support of the committee's secretary, as well as follow up with or require any information from the accounting auditor and internal auditor freely.
- It has been regulated that the Audit Committee meeting agendas are to be reported to the Board of Directors every month in order to get them informed of issues arising from work operations and internal control system in activities being examined.
- The Audit Committee has reviewed the Company's annual and quarter financial statements with the management and external auditors.
- The Audit Committee is to attend the quarterly meeting with the accounting auditor, without the Company's executives' attendance.
- Besides, the Company has arranged channels for submitting clues of wrongful behaviors conducted by employees, executives and directors and has enforced the Whistle Blowing Policy as a measure to protect employees filing complaints or providing information on violation of laws, regulations and the Company's Code of Conduct.

External Communication: The Company has the Investor Relations Department to take charge of communicating with and providing information to shareholders, analysts, investors and other related external parties. On the other hand, any information or comments from the outside towards the Company will be communicated internally for the benefits of work improvement in all areas of operations in the future.

Distribution of Meeting Invitation Letter and the Board of Directors Meeting Agendas: The Company usually prepares and distributes the meeting invitation letter, together with details of each agenda to the Board of Directors and Committees in order for them to review no less than 5 days before the meeting. The meeting minute, containing necessary details to examine the directors' performance, is also recorded.

Information Required for Financial Accounting: The Board of Directors assigns the Audit Committee to inspect and consider the appropriateness of the accounting policy, recording accounting transactions and accounting estimation in order for the financial statements to be accurate and comply with the Generally Accepted Accounting Principles. In this regard, documents supporting transactions are properly stored and the Company has hired Recall Enterprise (Thailand) Limited, a professional with expertise and system in document management to handle these documents.

5. Monitoring

The Company regularly follows up with and evaluates the operating results in all areas of business activities in order to ensure that the internal control system or control activities being regulated are obliged and coherent with the ever-changing situations, as follows:

- Arrangement of meetings to share the operating performance, arising issues and potential obstacles in order to keep the management and directors informed of the progress, determine solutions and provide useful advices.
- Review of directions and operational goals conducted by the Board of Directors every 6 months in order to match with the context and the business environment.
- The Executive Committee's meeting to evaluate the operating results, review potential issues and challenges in order to outline solutions in a timely manner.
- The Risk Management Committee's consideration and review of risk factors, degree of risks and tendency of risk incidents in the quarterly meeting.
- The Company regularly conducts and audit by internal control system to ensure the compliance with

the policy. There are two levels of internal control and compliance policies; namely (1) self-inspection between inter- related departments according to the good internal compliance; and (2) there are inspection and evaluation processes responsible by internal audit department. The internal auditor must report directly to the Board of Directors or the Audit Committee so that the internal auditors can perform their duties independently and accurately.

Apart from this, the Company's auditor, Mrs. Sumana Punpongsanon, the auditor with certified license no. 5872 of EY Office Limited, as the external auditor of the Company for the year end on December 31, 2015 has given her comment on the assessment of the efficiency of the internal control of the Company's accounting that no significant weak points were found in the internal audit system on the accounting.

Head of Internal Audit

On January 9, 2014, the Audit Committee meeting no.1/2014 has a resolution to appoint Mr. Aryuratas Chai-anan, Vice President – Internal Audit to be the Internal Audit Manager since he has the experience in internal audit of the company for 12 years and in the same business of the company totaling 15 years. Passed the Certified Professional Internal Audit of Thailand (CPIAT) and has been trained in related courses of the internal audit such as, Audit Standard Information Technology Auditing, Risk Management etc., including he has an understanding of the operations of the Company. As a result, it is appropriate to appoint him to perform such duties.

The Audit Committee is responsible for approving the appointment, removal, and transfer of the Internal Audit Manager.

Head of Internal Audit's Profile

Mr. Aryuratas Chai-anan (48 years old)

Vice President – Internal Audit

Relationship with the management : None

Education :

- Bachelor of Accounting, University of the Thai Chamber of Commerce

Training :

- 2015 COBIT 5 for enterprise framework and CG forum "Risk oversight: High priority roles of the board"
- 2014 Going From 'Good' to 'Great'
- 2013 Certified Professional Internal Auditor of Thailand (CPIAT)
- 2012 Mini Master of Business Administration - NIDA
- 2011 Internal Auditing for the certified internal auditor
- 2010 Risk Management - Action
- 2006 Skill for new Auditor-In-charge
- 2005 Operation Audit
- 2003 Internal Audit Standards vol. 2
- 1998 Internal Audit Standards vol. 1 and Information System Auditing vol. 1

Work Experiences:

2010 – Present	Audit Committee's Secretary
2014 – Present	Vice President – Internal Audit
2003 – 2014	Assist Vice President – Internal Audit (Home Product Center Plc.)
2000 – 2003	Inventory Management Consultant (Karat Sanitary Ware Plc.)
1997 – 2000	Head of Internal Audit (Siam City Cement Plc.)

Dividend Policy

Dividend Policy of Home Product Center Public Company Limited

The Company has the policy to pay dividend to shareholders not less than 40% of the net profit of each year. However, the consideration for dividend payment will take other factors into account such as result of operation and financial status of the Company, Liquidity, Expansion of Business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

Dividend payment during 2013 – 2015 is as follows:

Period	2013 ⁽¹⁾	2014 ⁽²⁾	2015 ⁽³⁾
Stock dividend payment rate (amount of existing share : stock dividend)	(6 : 1) , (7 : 1) (Interim) , (Final)	(8 : 1) , (15 : 1) (Interim) , (Final)	-
Stock dividend rate per share (before dilution)	0.3096	0.191670	-
Cash dividend per share (unit : Baht/ share)	0.0345	0.087219	0.25
Total dividend payment (unit : Baht/ share)	0.3441	0.278889	0.25
Dividend payout ratio	97.62%	95.91%	n/a

Remarks :

- 1 Dividend for 2013 amounted to 0.3441 Baht/share paying from the first 6 months operation of 0.1853 Baht/share (consisting of cash dividend of 0.0186 Baht/share and stock dividend at the rate of 6 existing shares per 1 stock dividend or equivalent to 0.1667 Baht/share), according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2013, and paying from the last 6 months operation of another 0.1588 Baht/share (consisting of cash dividend of 0.0159 Baht/share and stock dividend at the rate of 7 existing shares per 1 stock dividend or equivalent to 0.1429 Baht/share) according to the resolution of the Annual General Meeting of Shareholders 2014.
- 2 Dividend for 2014 amounted to 0.278889 Baht/share paying from the first 6 months operation of 0.138889 Baht/share (consisting of cash dividend of 0.013889 Baht/share and stock dividend at the rate of 8 existing shares per 1 stock dividend or equivalent to 0.125 Baht/share), according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2014, and from the last 6 months operation of another 0.14 Baht/share (consisting of cash dividend of 0.07333 Baht/share and stock dividend at the rate of 15 existing shares per 1 stock dividend or equivalent to 0.06667 Baht/share) according to the resolution of the Annual General Meeting of Shareholders 2015.
- 3 Dividend for 2015 amounted to 0.25 Baht/share paying from the first 6 months operation of 0.10 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2015, and the last 6 months operation of another 0.15 Baht/share, according to the Board of Directors' Meeting No. 2/2016 approved to propose to the Annual General Meeting of Shareholders 2016.

Dividend Policy of Subsidiaries

The subsidiary companies had yet determined the dividend payment policy. However, it will consider paying dividends in case of having net profit from operation and enough cash flow after statutory reserve as stipulated by law.

Related Transaction

In 2015, the Company and its subsidiaries had major business transactions with related parties (related by means of having common shareholding or co-directors), which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Furthermore, the Company has no related transaction neither by way of financial support nor guarantee other than in subsidiaries of the Company.

As of December 31, 2015 and 2014, the Company had outstanding balance with the related transaction, which can be summarized as follows:

Name of Company / Nature of Relationship	Transaction	Amount (Thousand Baht)		Audit Committee and Management's opinion
		Dec 31, 15	Dec 31, 14	
1. Land and Houses Plc.				
- Being a major shareholder of the Company by holding 30.23% of total paid-up capital, as of Sep 10, 2015.	Sales income	55,074	51,581	Such value was the appropriate selling price as it was the same as the market price which the Company sells to the other manufacturers or sellers.
	Accounts receivable	11,317	7,195	
- With 2 co-directors				
1. Mr. Anant Asavabhokhin				
2. Mr. Naporn Sunthornchitcharoen				
2. Quality Houses Plc.				
- Being a major shareholder of the Company by holding 19.87% of total paid-up capital, as of Sep 10, 2015.	Sales income	483	373	Such value was the appropriate selling price as it was the same as the market price which the Company sells to the other manufacturers or sellers.
	Accounts receivable	20	30	
- 4 co-directors:				
1. Mr. Boonsom Lerthirunwong				
2. Mr. Chadchart Sittipunt				
3. Mr. Anant Asavabhokhin				
4. Ms. Suwanna Buddhaprasart				
3. Land and Houses Bank Plc.				
- With 2 co-shareholders:	Interest income	21,151	4,702	- The Company received the interest with the same rate as other bank's customers, such rate was a normal rate of other banks and financial institutions.
1. Land and Houses Plc.	Deposit with financial institution	1,943,121	1,955,128	
2. Quality Houses Plc.				
- With 5 co-directors:	Rental and service income	14,941	11,956	- Rental and service income from leasing spaces, the Company charges at a normal rate similar to other tenants.
1. Mr. Anant Asavabhokhin				
2. Mr. Naporn Sunthornchitcharoen				
3. Mr. Khunawut Thumpomkul				
4. Mr. Rutt Phanijphand				
5. Ms. Suwanna Buddhaprasart				

Name of Company / Nature of Relationship	Transaction	Amount (Thousand Baht)		Audit Committee and Management’s opinion
		Dec 31, 15	Dec 31, 14	
4. Quality Houses Leasehold Property Fund				
- With 2 co-shareholders	Other receivables	646	3,215	Such value was generated from the transactions of rent and services fee for the space in the Wave Place building. In addition, such price was calculated from the appropriate rate.
1. Quality Houses Plc.	Rental and service expenses	21,370	22,488	
2. Land and Houses Plc.	Other payables	1,632	1,580	
	Rental guarantee deposit	3,000	3,000	

Necessity and Appropriate Reason of Transaction

The connected transaction made was necessary and reasonable to create the highest benefit to the Company. The Audit committee concluded that such was in accordance with business and the general ordinary course of received and paid consideration by and from the Company was fair.

Measure/Procedure of Approval of Connected Transaction

The connected transaction being made at present and expectedly in the future, e.g. sales of goods to Land and Houses Plc. and Quality Houses Plc., renting space in the Wave Place building of Quality Houses Leasehold Property Fund, leasing space and deposit transaction with Land and Houses Bank Plc.

For the sale of goods transaction, the Company determined the price according to the market price which was the price that buyer could buy them from other manufacturers or sellers. Generally, the specification and price of goods would be determined earlier. For the purchase of goods transactions, the Company purchased them at the market price which it could purchase from other manufacturers or sellers. The Audit Committee considered the connected transactions and concluded that the Company received and paid remuneration in the fair price according to the general ordinary course of business.

Policy or Tendency of Inter-Transaction

The Company has policy to specify the trade conditions for entering into intercompany transaction to be as normal business operation. Price of products to be sold shall be prescribed at the level that can be competed to other vendors.

As for Inter-transaction that may be occurred in the future, the Board of Directors shall comply with the laws on Securities and Stock Exchange, and Regulations, Announcement, Order, or Regulations of Stock Exchange of Thailand, and including compliance with the regulations on disclosure of information of connected transaction and acquiring or disposing of material assets of the Company or the subsidiary.

However, if there will be intercompany transactions of the Company or its subsidiary occurred to person or stakeholder who may have conflict of benefit, or may have conflict of interest in the future, the Company shall have the Audit Committee give the opinion on necessity and appropriateness for such transactions. In case the Audit Committee is not skillful in considering the intercompany transactions that may be occurred, the Company shall arrange for an Independent expert or auditor of the Company to give opinion on such intercompany transactions in order to bring such information to support for the decision making of the Board of Directors or shareholders as the case may be. However, the Company shall disclose intercompany transactions in the note of the financial statement audited by the Auditor of the Company.

Sustainable Development Report

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Report of the Sustainable Development Committee

Dear Stakeholders,

Home Product Center PCL's Board of Directors had regulated the policies directing the Company to operate the business under the Code of Conduct and good corporate governance policies, together with the principle of sustainable development. The Sustainable Development Committee will be closely monitoring the endeavors and ensuring that messages are thoroughly communicated across the organization. The following are key highlights and activities for the year 2015:

1. Revise the Company's Code of Conduct and good corporate governance policies to be more complete, up-to-date and in relation to the principles of good corporate governance regulated by the Stock Exchange of Thailand for the listed company 2012, Thai Institute of Directors, as well as the international criteria in region level e.g. ASEAN CG Scorecard.
2. Adjust the Sustainable Development Committee's organization chart in order to encourage a comprehensive operation of the Committee; the implementation of sustainable development policy and planning in particular.
3. Review the roles and responsibilities of the Committee members in order to ensure that they are in accordance with the additional requirements and scope of operations.
4. Review the execution plan to go in line with the alliance program directed by the Thai private sector in anti-corruption efforts, e.g. the provision of anti-corruption protocols, self-assessment on anti-corruption measures, training on the management of conflict of interests and anti-corruption, etc. Clear communication has constantly been reinforced towards the directors, executives and staff members in all levels.
5. Provide advices on corporate governance program, emphasizing on strictly following the execution plan and policies in a well-disciplined manner.
6. Provide advices on the sustainability development project and demonstration of social responsibility, as well as following up on the progress of the project and several activities, ensuring that consistency is completely sustained; in the fields of energy management, environment, management of stakeholders, and also several community projects such as Restroom for Children project, Bilateral Scholarship, Young Entrepreneur project, and several others, with the focus on constant inspection, follow-up and operational improvement in order to strengthen and develop the communities in the long run.
7. Participate in the progress on sustainability development program and disclosure of information, as well as the market conditions and the shifting global trends as a result of environmental and societal changes, and Environment Social Governance (ESG), under the Sustainable Development Committee's close attention and follow-up.

Sustainable Development Committee

About This Report

Report Guidelines

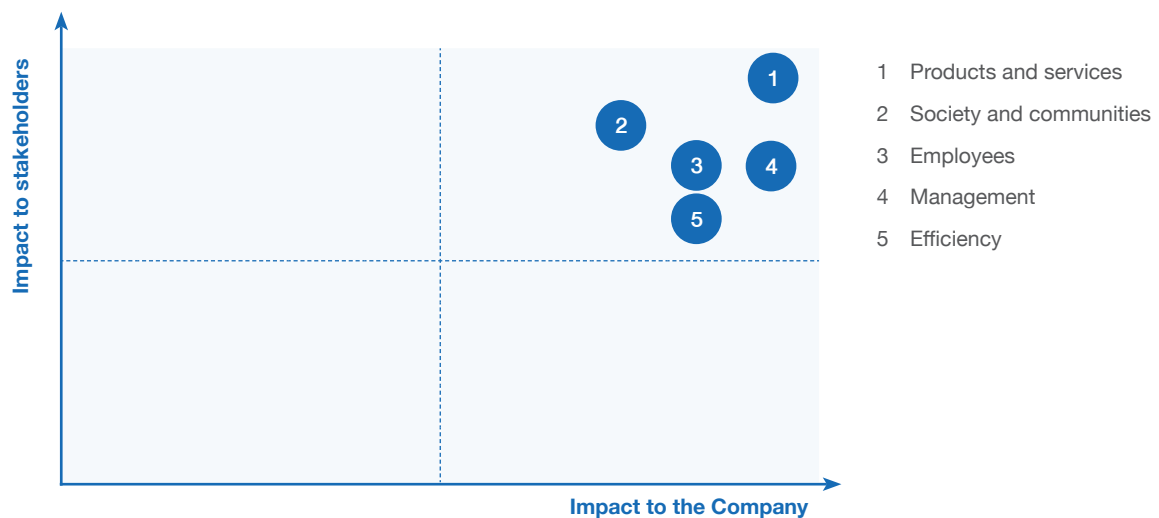
This report has been written for the third year with an objective to report the sustainable development performance of Home Product Center Public Company Limited in the aspects of economy, social and environment. It covers the periods from January 1, 2015 to December 31, 2015 in accordance with the index of Global Reporting Initiatives (GRI) Version 4.0 in which the selected indicators must relate to the Company's business operations and interests of stakeholders.

The scope of this report covers the overall policies, procedures, and activities associating with sustainability of economy, social and environment of Home Product Center Public Company Limited and its subsidiaries.

Report Content Selection

To select issues that were important to the Company and align with interests of stakeholders, the selection process was as following steps:

1. Identify the issues that were important to the Company regarding business strategies, risks, challenges, and activities along with expectations and interests of stakeholders of corporate which cover governance, economy, social and environment, which could be summarized into 5 main aspects as follows:
 - Products and services (environmental-friendly products, innovative products, services)
 - Efficiency (energy management, waste management, transportation)
 - Employees (recruitment, knowledge development, welfares and benefits, safety)
 - Society and communities (activities for society and communities)
 - Management (branch expansions, suppliers selections, anti-corruption)
2. Prioritize the issues according to their importance measured by the risk assessment of the Company and interests of stakeholders.



3. Present the results to the Sustainable Development Committee in order to review and approve related contents and present to the annual report and website of the Company.

Stakeholder Engagement

The Company determined stakeholders by considering activities in the value chain, which were primary activities and support activities as the following diagram:



Primary activities included product orders/manufactures, product distribution to branches across the country, as well as product sales and services providing. Supporting activities included the development of technology in terms of product management, knowledge improvement of employees, increase of distribution channels, service development, and internal management development. The integrated additional values from all activities would be transferred in terms of the quality of products and services, reduction in lead time for operations, higher convenience for customers, reduction in social and environmental impacts and reduction of wastes and expenses of the Company.

From the above activities, the Company divided stakeholders into 6 groups including (1) suppliers, (2) employees, (3) shareholders, (4) creditors, (5) customers, and (6) society and communities. Moreover, interests and concerns of stakeholders were included in sustainable plans and issues as well as communication and action plans to stakeholders in both official and unofficial ways for the whole year of 2015 as follows:

Stakeholders	Expectations	Approaches	Communication
(1) Suppliers	<ul style="list-style-type: none"> - Fair trades - Higher volume of product orders 	<ul style="list-style-type: none"> - Fair treats - Clear purchasing process - Knowledge sharing and improvement - Implementation complying to trading regulations and conditions - Free and fair competition focusing on manufacturing standards - Operations with ethics 	<ul style="list-style-type: none"> - Policies and ethics for business operations and regulations of business partnership - Visits and evaluations - Training programs for suppliers - Vendor day - Contact via the management - Website : www.homepro.co.th
(2) Employees	<ul style="list-style-type: none"> - Fair compensations - Actions under labor ethics - Safety of life and belongings - Knowledge improvement and career path - Work-life-balance 	<ul style="list-style-type: none"> - Activities promoting employee engagement - Work stability and opportunities - Fair compensations including competitive welfares in the good ranges - Pleasant and safe working environment - Training programs relating to responsibilities 	<ul style="list-style-type: none"> - Information providing - Satisfaction survey - Team meetings - Complaint center, the human resource department - Direct complaint to the management - Email : md@homepro.co.th
(3) Shareholders	<ul style="list-style-type: none"> - Improvement in business performance - Good corporate governance - Data transparency - Equal rights treatment 	<ul style="list-style-type: none"> - Report disclosure and transparent information providing - Business operations under the corporate governance - Constant long-term returns - Benefits maximization to shareholders 	<ul style="list-style-type: none"> - Annual reports - Annual General Meetings - Contact via the Investor Relation at 0 2831 1000 - Email : ir@homepro.co.th - Website : http://hmpo-th.listedcompany.com/
(4) Creditors	<ul style="list-style-type: none"> - Debt repayments as scheduled - Actions upon defined conditions 	<ul style="list-style-type: none"> - Debt repayment as scheduled and as required in conditions - Maintaining the debt-to-equity ratio as required in conditions of bond issuance and bank loans 	<ul style="list-style-type: none"> - Contact via the management - Website : www.homepro.co.th - Contact to the Finance Department at 0 2832 1000
(5) Customers	<ul style="list-style-type: none"> - Social and environmental friendly products - Fair prices - Product quality and safety - After-sales services 	<ul style="list-style-type: none"> - Sales promotions - Sales of products complying with standards as advertised - Equality of services - Pre- and after-sales services - Listening and responding to all complaints 	<ul style="list-style-type: none"> - Customer satisfaction surveys - Comment box in all branches - Call Center at 2831 6000 - Customer service - Website : www.homepro.co.th
(6) Society and community			
- Community	<ul style="list-style-type: none"> - Business operations with responsibilities - Community development - Economic improvement of community 	<ul style="list-style-type: none"> - Maintaining the ecosystem in the branches areas - Listening to all opinions and comments - Career supports in the local community - Organizing cultural activities together 	<ul style="list-style-type: none"> - Meeting with the community before starting the construction - Contact via branch managers after the construction - Website : www.homepro.co.th
- Public Sector	<ul style="list-style-type: none"> - Compliance to the laws and regulations - Participation in public activities 	<ul style="list-style-type: none"> - Compliance to the laws and regulations - Coordination and participation in activities of public sectors 	<ul style="list-style-type: none"> - Contact via the management and Government Relations Department - Website : www.homepro.co.th

Sustainable Development Committee

In 2015, the Company has adjusted duties and responsibilities of Corporate Social Responsibility Committee by adding Mr. Chaiyuth Karunyasopon, Senior Vice President – Distribution Center and changing the name to the Sustainable Development Committee consisting of the management level across the value chain to jointly define and review policies, strategies, operational plans, and regulations. Moreover, the Committee would monitor the performance regarding the related sustainable development and balance between business operations, environment, and living standards of society and community by the participation of all stakeholders. The Committee was as follows:

- | | | | |
|----|--------------|-----------------|--|
| 1. | Mr. Nat | Jarlitchana | Senior Vice President - Marketing |
| 2. | Mr. Weerapun | Ungsumalee | Senior Vice President - Operation |
| 3. | Mr. Vathunyu | Visuthikosol | Senior Vice President - Business Development |
| 4. | Ms. Siriwan | Paimsethasin | Senior Vice President - Merchandising |
| 5. | Mr. Nitat | Aroontippaitoon | Senior Vice President - Human Resource and Loss Prevention |
| 6. | Ms. Wannee | Juntamongkol | Senior Vice President - Accounting and Finance |
| 7. | Mr. Chaiyuth | Karunyasopon | Senior Vice President - Distribution Center |
| 8. | Ms. Orapin | Sirijitgasame | Vice President - Corporate Communication |
| 9. | Mr. Nopadon | Phiwkliang | Vice President - Organization Development |

2015 Sustainability Performance and Plan

	Work Plan	Performance in 2015	Next Plan
Products and Services			
Customer Satisfaction	Increase customer satisfaction score	Customer satisfaction increased from 94.29% to 94.44%.	Maintain product standard and quality of services including increases of product and services assortment
Operational Efficiency			
Energy	Reduction energy consumption 20% within 5 years (2014 – 2019)	Energy consumption per area decreased by 17.03% from base year (2014).	Create energy conservation awareness in all level of employees
Employees			
Employee Training	Provide training and development programs to support the Company's expansion	Employee knowledge increased from 96.00% to 96.89%.	Provide training and potential development programs to create career advancement and to build leaders for the organization's success
Health and Safety	Prevent accidents and reduce accident rate	Accident rate per store decreased from 0.20 times to 0.16 times.	Promote safety habits and arrange Safety Week events

	Work Plan	Performance in 2015	Next Plan
Society and Communities			
CSR Activities	Acceptance from surrounding communities	Implemented as planned	Increase numbers of toilets and target group expansion
	– Kids’ toilets project	– Established additional toilets for 13 schools totaling 181 toilets	– Expand the project to elders’ toilets
	– Dual Vocational Scholarship	– Provided 258 scholarships in Diploma degree and 100 scholarships in Bachelor degree	– Increase more educational institutions to participate in the vocational scholarship program
Management			
Business Expansion	100 HomePro stores	76 HomePro stores	Continuously expand the branches domestically and internationally to cover target customers in Home Improvement business
	15 - 20 Mega Home stores	7 Mega Home stores	
	5 - 10 HomePro stores in Malaysia	1 HomePro stores in Malaysia	
	(within 2020)	As of December 31, 2015	

Products and Services

The objective of product selection was to provide the best products to customers with the main focus of product quality and values. The Company aims for the varieties of products such as LED light bulbs, water-saving sanitary wares, and other new innovative products to respond to the change in customers’ needs. In addition, the Company recognized the service demand so that technicians in 3D design, installment, decoration, inspection, and maintenance would be sourced for customers to be able to control their budgets and times.

The Company and its suppliers jointly selected and promoted environmental-friendly and energy-saving products with the international standards as well as innovations to meet the needs to customers with environmental concerns. The products were as follows.

Environmental-Friendly Products

Solar Cell

A Solar cell could change sunlight into electricity in which such electricity would be the direct current that could directly and immediately be used. The Company and SPCG Public Company Limited (SPCG) jointly developed the electricity production from sunlight or

“SPR Solar Roof”. It was the electricity solar panels on a roof to self-produce clean electricity during the daytime in which it would help households reduce their electricity bills.

LED Light Bulb

An LED light bulb was a high efficient light bulb with various outstanding features such as long-lasting use, vibration resistant, no mercury element, and environmental-friendly. In 2015, the Company sold up to 3.1 million units across the country.

Water-Saving Sanitary Ware (Green Label)



The Company selected sanitary wares and taps with the new green label (TGL-5-R3-11) verified by Thailand Environment Institute in which such products

must pass through the selection process focusing on water-saving concern of each time using. Coating color, coating solution, and packaging must not contain any heavy metals such as mercury and cadmium. Moreover, a seat of sanitary ware contained a mixture of reusable waste that could help reduce the use of resource up to 25 percent

Air Purifier – Allergy Friendly Product Award



The Company selected air purifier products certified by Allergy Friendly Product Award that would be beneficial to customers who had allergies without any chemical toxin.

Tile and Color – Carbon Reduction Label



Tiles and color products on shelf in HomePro were verified with Carbon Reduction Label by Thailand Environment Institute. It was the label indicating the reduction in the level of greenhouse gas emission per product unit from production process due to the usage of electricity, fossil fuels, wastes, wastewater and air pollution from Life Cycle Assessment (LCA).

UV Protection Curtain – Smart Fabric Standard



The label of smart fabric for UV protection curtain was prepared by Thailand Textile Institute (THTI) with 2 standards of UV protection assessment and basic quality of textile assessment. The assessment included the assessment of dangerous chemicals, the change in size after washing, the durability of color after washing, etc.

Bedding and Home Textiles



The Company selects health-promoting bedding products that are manufactured in an environmentally -friendly process, placing high importance on the selection of manufacturers that avoid using Chlorine in the bleaching process and Formaldehyde in the finishing process. To handpick the manufacturers, the Company applies Oeko-Tex standard 100, a standard used in the testing of harmful substance in fabric and clothes certified by The Austrian Textile Research Institute and The German Hohenstein Research Institute to enhance customers' confidence in product safety.

Inverter Air-Conditioner

To use an inverter air-conditioner could save electricity 20-30 percent because the compressor system would constantly operate by increasing and decreasing the working cycle without any pause. Thus, it could maintain the temperature as well as the use of R32 chemical solution, the refrigerant that did not neither damage the ozone nor emit a greenhouse gas, which was 3 times better than other solutions and environmental friendly. In the last 3 years (2013 – 2015), the Company's sales of inverter air-conditioners constantly increased more than 45.72 percent in average.

Bio-Degradable Trash Bag

A bio-degradable trash bag could be degradable within 1 – 2 years without any burning. The chemical substance helping trash bag to be able to degrade and did not contain neither carcinogen nor toxic that could damage lives and environment. Furthermore, a bio-degradable trash bag was durable and capable for both dry and wet wastes as well as had a strawberry odor.

In addition to the aforementioned product categories, the Company also has other environmental-friendly products available at HomePro stores and has plan to expand more of these categories to enhance the customers' quality of life.

Product Innovations

LED Candle

An LED candle was the environmental innovation that the Company together with its partners invented by using an LED light bulb instead of a real candle. An LED candle worked as the real candle. It even had the scent. This would help reduce carbon dioxide (CO₂) emitted by smoke of candle and prevent a fire hazard so that customers would feel safer by using an LED candle.

Bathroom for Elders

A bathroom was another room that could easily cause an accident to elders. The Company then

developed a bathroom for elders to be more safety and proper by selecting instruments for safety such as a flush toilet with the larger size of 16-18 inches to support the weight and sitting posture. Moreover, to be more convenient, other instruments for safety would be installed such as anti-slip carpet, showering chair both movable and built-in, rail, adjustable-level hanging shower, shower closet that can be opened from both sides and wheelchair entrance as well as mobile sanitary ware which is convenient and safety for elders.

Service Excellence

Most of the Company's products had detailed instructions and procedures that must be communicated with customers. Thus, the Company provided relevant services to customers such as consulting service to help them choose the most suitable products to their purposes. The Company also provided "Home Service" including 3D Design and the 3 main service groups of installation service, maintenance service, and home improvement service. Nevertheless, the Company would help provide technicians and contractors, provide convenience to customers through product ex-change, return, fix in any branches no matter what branch customers purchase and the Company also has delivery service across country without any charge if delivery point are near to HomePro branch in the radius of 30 kilometer, DIY (Do It Yourself) workshop, and other relevant workshops regarding the home care purpose of customers.

Lady Service

Currently, there were large numbers of elders and ladies staying alone, so the Company recognized the importance of security and risks. The lady service was then adopted by providing female technicians who would be trained for services of installation and maintenance in which in 2015, there were female technicians for the lady service of 9 teams supporting services of 21 branches in Bangkok metropolitan region.

Tracking Service

The tracking service helped control the service quality provided to customers in terms of delivery

and installation (by setting up the tracking center to track delivery trucks and installation teams with GPS) and home service (by using the program for quality check via a tablet that could help monitor a technical team in real time).

Responsibilities to Customers

Customer Service

Each product type of the Company was designed to suit with each purpose of household use, and these products met the manufacturing standards of environmental concern. Therefore, they had high quality and durability as well as standards regarding pre- and after-sales services. The Service Excellence given to customers was as follows.

1. Pre-Sales Service

- Provide professional and reliable suggestions on products and services to ensure that customers would receive suitable products with the most benefits
- Provide 3D Design for customers who would like to modify their bathrooms, kitchens, or tiles by professionals who would propose designs to meet the demand and benefits of customers. The 3D Design would help them visualize before making their decisions as well as provide customers the technicians who would also be monitored to complete tasks as scheduled.

2. After-Sales Service

- Deliver and install electrical appliances and kitchen equipment to customers in accordance with the terms of the Company in which staff could inform and appoint with customers on the right date of purchase. Such services of delivery and installation were offered in all branches across the country. Customers could purchase products from any branch, and the delivery and installation would be from the closest branch to their destinations.

- Provide the maintenance service. The Company would coordinate and send products back to the manufacturers as well as monitor the maintenance process for the convenience of customers.
- Ex-change and refund products in which customers could change and refund products in all branches within 14 days and under the defined conditions.
- Provide the Home Service which was the after-sales service of 3 main service groups including (1) Installation Service, (2) Maintenance Service, and (3) Home Improvement Service. Customers would be given such services from professional technicians in each particular product based on their budgets and time.

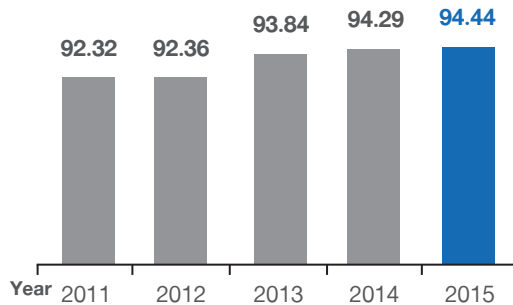
Customer Information Security

The Company recognized the importance of privacy and protection of personal information of customers so that all customers' information would be kept confidentially and stored in the database with the different level of authorization to access, save, and edit such information. If customers would like to request or correct their information and to use their privileges upon member cards, they must show their ownership by presenting their identification cards for the investigating process before the accession.

Equality of Service

All customers would be equally provided services at the same standards from the Company as well as its staff in accordance with the Service Excellence Principle. This concept focused on standardized services in all branches to all levels, genders, and ages of customers without any discrimination. Such services included the queue management, service reservation, free drinking water, wheelchairs for disabled people and elders, etc.

After the Home Service providing, customers would be asked to do the evaluation on services regarding their satisfaction which had continuously increased from 2011 to 2015 as the following details.

Customer Satisfaction (%)

In 2015, the satisfaction level was at 94.44%, increasing from 94.29% in the previous year, mainly from the service quality and performance of technical teams.

Responsible Communication and Customers' information Security

The Company focused on responsible marketing communication and privacy of customers' information particularly promoting through PR activities or online communication. The Company respected customers' privacy and gave them a choice to unsubscribe news and data as well as maintained the information accuracy.

In 2015, the Company found no case of misconduct and violation relating to marketing communication. There was also no complaint significantly relating to the violation of customers' privacy.

Responsible Procurement

The Company's business had various product procurement processes which were also related to many suppliers. Thus, the Company needs to set the standardization of supplier selection which can see more information on this issue on page xx. In addition, the Company also recognizes on product safety in which it distributes to consumers so that having safety standard of product and supplier evaluation as follows:

Traceability Investigation and Safety Standard of Product

The Company focused on safety of products sold to customers in which the purchasing division will work closely with distributors or manufacturers to

investigate and certify such safety because the Company recognized the importance of product quality and safety regarding customers' health. In addition, training programs on product safety and placement were provided to staff in the operational level.

The Company sold quality products that were legally certified without the violation of intellectual property, rights, or patents. Those products also needed to be certified in terms of safety from related authorities such as Thai Industrial Standards Institute (TISI), Office of the Consumer Protection Board (OCPB), Food and Drug Administration (FDA) and Hazardous Substances Used in Household and Public Health, products of the Label No.5, and International Electro Technical Commission (Electrics Standard). Moreover, if there was a defect on a product, it could be refunded within 14 days.

In 2015, there was no product and service that did not meet the standards of safety and hygienic conditions.

Quality Evaluation and Investigation of Suppliers

With the objective to maintain the product safety, the Company then had a clear evaluation on suppliers. New partners must be investigated and pass criteria of quality and safety standards, and existing partners must be regularly audited and assessed. If there was any problem, the Company together with partners would properly resolve such problem. The criteria for evaluation were as follows.

1. Ability to produce
2. Ability to control Quality
3. Risk Management
4. Product Audit
5. Warehouse Management

Operational Efficiency

As carbon dioxide (CO₂) was one of greenhouse gases causing the global warming potential, the Company was aware of such issues for energy management, especially in energy consuming activities such as electricity consumption and transportation that affect carbon emission. Hence, the Company has developed and improved its environmental performance in which it would not only help reduce the impact on environment but also the costs reduction leading to the higher efficiency of the Company.

Energy Management and Water Usage

According to the focus on energy management, the Company has planned for energy saving since the process of layout design for branches, material selection for construction to be light in weight in order to save amount of concrete, sensor system to automatically turn-on and turn-off lights in parking areas, Intelligent Car Park system in Market Village, and setting up the water treatment within each branch.

Even though the operations have been started, the Company has still been focusing on resource conservation through the reused system, energy saving, and efficient waste management. The Company has been installing energy-saving equipment such as LED light bulbs in each branch and reusing water from the water treatment to water plants as well as reusing materials such as packaging both wood, paper boxes and plastic bags. Moreover, DC Center Limited Company, the subsidiary, has made its own clean ice for the usage within the distribution center in order to decrease wastes and carbon dioxide during the transportation.

In addition, no illegal environmental activity was found in 2015.

Energy Consumption Reduction

The Company recognized the importance of environment along with economy and society in accordance with the internal management in terms of cost reduction, especially in energy costs. The Company then set up the instruction in energy consumption for all related parties as well as frequently monitored the environmental impact by forming the team to formulate a plan, monitor, and evaluate the effectiveness of environment-related operational processes in the following areas.

In 2015, the Company adopted power-saving techniques into many branches leading to the decrease in overall power consumption. Meanwhile, the Company has compared the index of Specific Energy Consumption (SEC) in 2015 which decreased over previous year by 63 GWh/Sq.m. or 17.03%

Year	No. of Branches Included in the Calculation	Electricity Consumption (GWh)	Electricity Used per Unit Area (kWh/Sq.m.)
2013	51	127	394
2014	63	155	370
2015	72	159	307

Measures for the Reduction of Electricity Consumption	No. of Branches	Amount of Reduced Electricity (kWh)	Amount of Reduced Ton CO ₂
Set up deodorized equipment instead of air conditioners in 24 existing branches and 4 new branches	28	196,000	113,935
Set up water fog equipment in air cool chillers to reduce the power consumption and increase the efficiency of the chillers	11	3,300,000	1,918,290
Adjust the temperature of air cool chillers to suit with operations at 49F	52	774,606	450,278
Reduce numbers of fluorescent lamps in stores and offices	32	1,612,000	937,056
Install LED light bulbs instead of fluorescent T5 light bulbs in new branches	4	63,500	36,913

Remark : Ton CO₂ / kWh = 0.5813, according to the information from Thailand Greenhouse Gas Management Organization (Public Organization)

Increase of Business Opportunity to Support Environmental Change

The Company has signed the contract for space rental to install solar panels with Thai Solar Energy Public Company Limited (TSE) and Siam Commercial Bank in order to develop the project of solar power production by installing solar panels on HomePro stores' rooftops. This would lead HomePro to be the largest commercial solar rooftop in Thailand, accounting for 11 projects with 1 MW per project so 11 MW in total. This project was started since 2014 to supply electricity to Electricity Provincial Electricity Authority with the intention to increase the business opportunities as environment changed. This also complied with the governmental policy supporting and promoting to use the renewable energy and reduce imported fuels. As at the end of 2015, there were totally 11 involving branches including in Nakhon Si Thammarat, Nakhon Sawan, Chumphon, Khao Yai, Lopburi, Ekkamai-Ramindra, Ratchapruk, Surat Thani, Ubon Ratchathani, Phrae, Hat Yai (Kanchanavanich) with the average power production capacity of 100,000 units/branch/month

Energy-Saving Model Branch

HomePro Lam Luk Ka was Thailand's first retail home product and decoration center that was certified for the registration of carbon footprint and carbon label from Thailand Greenhouse Gas Management Organization (Public Organization) in September 2015. HomePro Lam Luk Ka released the greenhouse gas form Scope 1 and Scope 2 at the equivalent amount of 1,728 ton CO₂ eq. each year, accounting to 0.20 ton CO₂ eq. per year per sq.m. It also arranged energy-saving activities to support the reduction of carbon dioxide such as using LED light bulbs, installing heat insulation, using translucent roofs, setting up the VSD system to control the cooling system, and building carbon neutral; therefore, it led HomePro Lam Luk Ka to be the first carbon-free retail home product and decoration center in Thailand.



Details of GHG Emission by HomePro Lam Luk Ka are as follows:

GHG Emission	Amount (Ton CO ₂)
Scope 1	15.18
Scope 2	1,712.57
Scope 3	78.85

Water Resource Management

Sources of water used for the Company's operations were from tap water, groundwater, and recycle water in which it was mainly used in branches, offices, rental stores, cleaning parking areas, and watering plants.

Additionally, the Company has been trying to reduce the water consumption by assigning the maintenance division to check water pipes, meters, and other equipment every month. The Company also installed water-saving sanitary wares, faucets, and bidet showers as well as changed faucets to be with the sensor system and set the proper time for each time water flowing. Moreover, the Company chose water from natural sources such as artesian wells for watering plants (with the grant of the government).

Waste Management

Water Treatment

Water used in all systems must be treated and measured with the standard of Ministry of Natural Resources and Environment before releasing to public drain pipes, and some would be recycled and used in watering plants.

For new branches, the Company replaced the original water treatment system of Conventional Activated Sludge (CAS) by Membrane Bioreactor (MBR). To compare water pumps, MBR's pumps were 35% smaller and could reduce the treatment time for one-thirds. Furthermore, MBR could block large-size bacteria, and the system could be easily enlarged without removing the existing system as well as could help reduce the investment cost up to 0.8 million THB per project.

Waste Treatment

The Company had the waste sorting process by dividing wastes into 3 groups including (1) recycled waste, (2) wet waste, and (3) chemical waste.

To manage recycled wastes such as paper, plastic, and glasses, the Company would offer an auction every 6 months or 1 year in according to the change of waste prices. For wet wastes, they would be separated and stored in the particular room with air conditioning to maintain the temperature in order to control smells and the growth of bacteria, and they would finally be collected by the municipal authorities every day. For chemical wastes such as light bulbs or lubricants, the Company would also separate and return to contracted vendor for the proper toxic waste disposal.

Ecosystem Management

As the Company has planned to continuously expand more branches, the designing division of Business Development Department was assigned to study and maintain the ecosystem in the surrounding areas of branch construction to match with building designs. The ecosystem that was maintained included large trees in which the designing division together with experts would relocate and nurse those trees to the proper area temporary, and they would later be taken back to the proper area around the store.

Efficient Transportation

The Company puts the effort to reduce carbon dioxide emission from fuel combustion with the concept of Green Transport and Supply Chain. This concept engaged in

technology that could help decrease environmental impacts and help efficiently manage logistics as well as reduce the use of fuel and carbon dioxide emission.

Elements of Green Transport and Supply Chain concept were as follows.

1. Product delivery with the concept of Full Truck Load by setting up the weighting platform and the controlling system of the proper product volume per each time delivering
2. Consolidation of product deliveries by planning delivery routes and schedules to be able to deliver products to many customers in the same or close areas in one time
3. Reduction of back haul by taking products from manufacturers to warehouses or branches instead of taking empty trucks back in which the Company could decrease fuel usage up to 356,917 liters in total

Green Warehouse

DC Service Center Company Limited in Lam Sai, Wang Noi District, Ayutthaya, was established in 2004 in the area over 136,000 sq.m. to manage warehouses and logistics for the Company. Currently, there were 850 employees in which most of them were local employees.

With the objective to achieve the highest operating standards, DC Service Center Company Limited invested in the warehouse construction and internal systems with both local and international standards such as modern equipment, regular training for employees, design for flooding prevention, automatic inventory replenishment, inventory management to extend the product life, and the reduction of product loss. In addition, the Company has the environmental management complying with the ISO50001 standard, the standard of energy management for the efficient use of energy as well as the greenhouse gas emission, the cause of global warming.

In 2015, DC Center Company Limited was chosen by the Ministry of Energy to participate in "The Development of Energy Management System Standard: ISO50001 for the control building". It started to operate in

accordance with such standard that was certified by the Ministry of Energy and had the supporting plans to acquire ISO50001:2011 standard in 2016.

Furthermore, the inventory management division of the Company would work closely to DC Service Center Company Limited to manage the operations along with regulations. Both parties agreed that such coordination would result in the exchange of industrial knowledge and the best operations, the reduction in carbon dioxide emission from the transportation system, and the increase of effectiveness in the process of product supply regarding the punctuality and sufficiency.

Reduction in the Use of Wrapping Film

The Company has reduced the use of wrapping film by replacing labor with machinery since 2013. In 2015, the Company would like to further decrease so that it started to use pieces of wrapping clothes to hold products before passing them to the film-wrapping machine.

Environmental Management of Subsidiaries

Market Village Company Limited

Providing areas for rent and utilities to tenants were its business. There constantly was the environmental management including the building design to match with the surrounding environment, planting trees, and maintaining the outside surrounding atmosphere with the cooling system. There were also the energy-saving control and environment protection as follows.

- Set turn-on and turn-off times for air conditioning system and avoid starting such system during the peak time (at 9 AM and 10 PM) due to the higher electricity price.
- Set up the Chiller Plant Management System to manage the automatic air conditioning system for the efficient use and cost saving.
- Install films inside building areas where were sunny spots to decrease the work load on air conditioners.

- Set up the water treatment system by treating and measuring quality of used water in accordance with the standard of Ministry of Natural Resources and Environment before releasing to public pipes.
- Install the intelligent car park to help find parking lots that could also help customers save energy.
- Preventive maintenance measures, machinery efficiency assessment, re-commissioning test, and adaptation of other new environment-friendly techniques.
- Other measures such as installation of automatic escalators and adjustment of the air-conditioning system.

Mega Home Center Company Limited

Mega Home operated the integrated retail and wholesale of home related products. It started the environmental responsibility by choosing the Evaporative cooling system (EVAP) of air conditioning system relying on evaporation that could help produce cool air. When the hot weather was through the cooling pad, water would extract heat for changing liquid into vapor. The temperature of air from the cooling pad would then be low, and when it was included in the design of ventilation, fresh and cool air would be released. Finally, the Company would be able to save its investment as well as electricity usage more than using air conditioners.

Other Campaigns for the Efficient Use of Resources

- Provide knowledge and training to employees regarding environment as well as internally promote energy saving procedures in office via PR boards, intranet through HomePro Go Green and HomePro We Green projects



- Encourage the reuse of material such as 2-side use of paper
- Turn-off air conditioners and lights when no one uses a room for awhile
- Change switches to be an on-off system, and employees would be responsible for their own desks
- Arrange energy-saving activities such as “HomePro Fun Walk” for employees to walk rather than taking an elevator



- Set the temperature in the office no less than 24 degrees Celsius
- Car Pool
- Encourage to reduce the use of plastic glasses together with the beverage shops to offer discounts in case of bringing ones' own glasses
- Arrange the water-saving campaign against drought

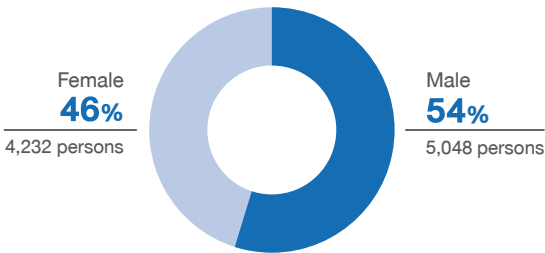
Such project might not give the result in exact numbers of energy usage or cost saving but would build the habit and awareness of employees in their daily and future behavior which would further be carried on to their families and society.

Employees

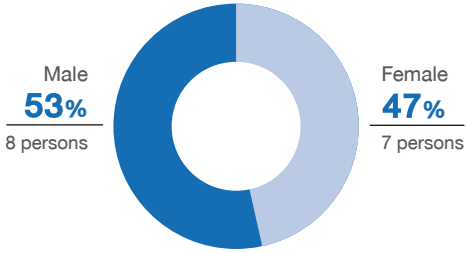
The Company believed that employees were the most valuable resources and factors driving the strategy of the organization to achieve the goal. Therefore, the Company focused on the importance of care and development of all employees due to human rights without the discrimination of gender, age, skin color, and other characteristics.

The employee profiles categorized by character are as follows:

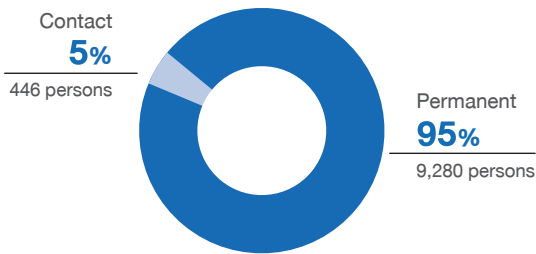
Employees by Gender



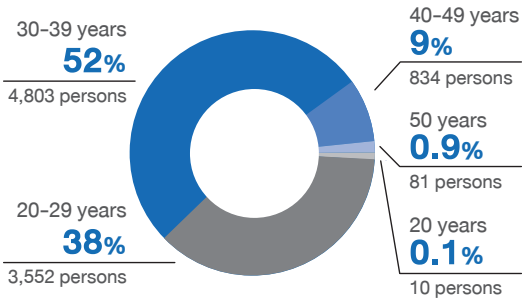
Management by Gender



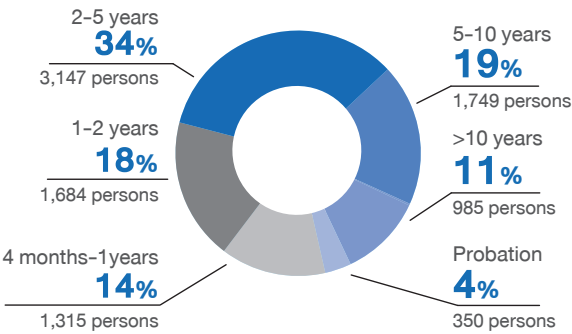
Employees by Type of Employment



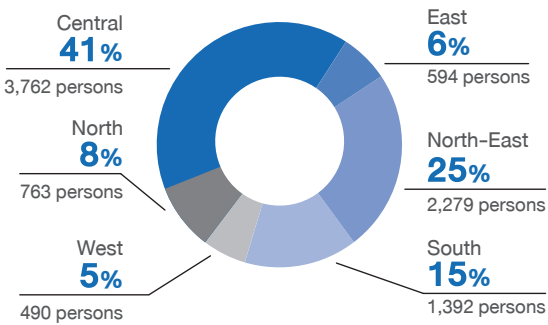
Employees by Age



Employees by Year of Service



Employees by Region



Quality Employee Recruitment

The Company recognized and respected human rights with equal treats to customers, full-time employees, part-time employees, suppliers, and stakeholders without any discrimination. The Company also provided equal working opportunities without the discrimination of gender, religion, skin color, race, origin, disability as well as accepted the differences of idea, societies, environmental conditions, traditions, norm and cultures in each location where the branch are operated.

The Company respected human rights in workers' welfares, no child labors and distinctive determination of working hours, overtime (OT) and holidays in accordance with the Labor Law. The Company also legally hired foreign workers with the international standard for human rights. Additionally, the Company and its subsidiaries promoted non-discrimination in gender even for the management. It also focused on performance, experience, and the evaluation for job promotion must be considered by the Committee.

Consequently, the Company recognized the important of human resource development, educational support as well as staff recruitment from the proper location in accordance with the specified recruitment process in order to facilitate the employment under the reasonable time frame and the target achievement. There were also various systematic recruitment processes to select talented and good employees such as;

- Personality Test to evaluate the personality matching each position. Supervisor Test would also be required for the management level and above to evaluate the supervising skill.
- Competency-based Interview started to be used to ensure that the Company would hire personnel as targeted.
- Management Trainee campaign to select the new generation of management.

"Suk jai Klai Baan" (Happy Home Town) Project

"Suk jai Klai Baan" (Happy Home Town) Project offered opportunities for employees to relocate to work in or nearby their hometown in order to support the happiness of employees. Currently, there have already been 847 employees engaging in this project.

Year	Number of Employee (Person)
2012	254
2013	228
2014	264
2015	101
Total	847

Disability Employment

The Company had the policy of non-discrimination in employment by hiring disabled people in accordance with the law of disability employment and supporting disabled people to work in the same positions as normal people such as sales, maintenance, call center, logistics, and administration. Information of disability employment in 2012-2015 is as follows:

Year	Disable Employee (Person)
2012	83
2013	91
2014	101
2015	96
Total	371

Increase of Capabilities in Knowledge and Skills

The Company focused on the constant training and development for employees in all levels to support the business growth and encourage the management and employees to fully perform their capabilities. The Company has founded the particular training center to educate and enhance employees' working capabilities by specialized teams. The Company would then monitor the performance after the training. Such employee training and development could be divided into the following 4 categories.

1. Corporate Fundamental Training (23 courses) in all areas such as safety, team or psychological development, and other areas supporting the international business expansion including English course.
2. Function Training (82 courses) to ensure knowledge and skills of employees to be able to work in their responsible functions.

3. Competency-based Development (8 courses) to enhance capabilities of employees to be able to work in more detailed functions.
4. Leader/Talent Group Development (4 courses)

Apart from classroom training, there were also other learning segments such as:

- Coaching and mentoring through on-the-job training (OJT) with real working practices in which each branch manager could share knowledge, best practices, and information to new employees.
- Encouraging employees in the management level and above to be trainers which would not only help the improvement of themselves but also other people. This could also be the internal transfer of their tacit knowledge to explicit knowledge through the preparation of learning media and documents.

- Technological investment of conference rooms for immediate training from the training center which could help save time for employees who had to travel to the learning center.

In order to monitor and evaluate the development of employees, the Company set the 3-level mentor and evaluation systems as follows:

1. Efficiency such as the efficient training, training satisfaction, and lecturers' skills.
2. Effectiveness such as the increase of knowledge and change in behavior by the Knowledge Survey Check of each branch at least once a year.
3. Impacts on business such as the increase of sales and customer satisfaction in which the Company has monitored the results from sales values or customers satisfaction after training.

Details of Training and Development of Employees are as follows:

Training and Development	2013	2014	2015
Training and Development Investments (million THB)	5.57	8.89	6.09
Training Statistics			
Classroom (no. of participants)	26,736	21,953	13,523 ⁽²⁾
e-Learning (no. of participants) only some branches	4,909	6,033	- ⁽³⁾
OJT ⁽¹⁾ (no. of participants) – only new branches	1,178	823	1,633
Classroom (no. of hours)	217,120	183,823	106,818
e-Learning (no. of hours) – only some branches	16,411	21,906	- ⁽³⁾
OJT (no. of hours) – only new branches	354,578	207,396	508,640
Average Training Hours per Participant			
Top management level	55.57	31.59	40.06
Middle management level	51.56	50.34	31.13
Lower management level	91.01	38.75	37.26
Operational level	103.92	49.93	100.55
Average Training Hours per Participant per Year	75.52	45.04	69.06
Knowledge of Branch Staff (After Training)	96.20%	96.00%	96.89%

Remarks : 1 OJT (On-the-Job Training) was the in-store training by supervisors.

2 No. of employees participating in classroom training decreased due to the change in training model in 2015 to be the in-store training by supervisors to create the coaching session in each branch as well as training through VDO Conference via Lync leading to time- and cost-saving for staff to travel to the training center.

3 In 2015, e-Learning training was cancelled and replaced by In-Store training.

Career Path

Career path management was a tool for systematic employee development. There was also the assessment on core competencies in core divisions that mainly drove the business such as operational, purchasing, and inventory management. The talent group was also developed by considering knowledge, skills, and other components such as knowledge and performance, capability, working experience, years of services and personality. This was also one of the management systems that could lead to the clear development path and potential growth of the Company. Moreover, this would encourage employees for self-improvement and build good engagement with the organization.

In accordance with employee development plan and business operational direction, the Company also provided scholarships for bachelor's degree and master's degree as well as Mini MBA training program for the talent group.

Apart from the employee development through training, the Company has developed the plan of career path for individual career growth along with the business expansion both locally and internationally. The Individual Career Development Plan of each employee would be directed by their supervisors including;

- Individual Career Plan – the projection of short-term and long-term career growth of employees considered by current competencies comparing to the expectation for a higher position.
- Individual Development Plan (IDP) – the determination of employees' skills that should be developed with the procedures defined in the Individual Career Path Plan such as in-store training, on-the-job training, coaching, and Project Assignment Project.

Employees would be monitored on their IDP and receive feedbacks from their supervisors every 6 months. It would be in terms of development progress and discussion between employees and then supervisors to continuously develop capabilities for the future career growth. The capability

assessment would be the same in all levels and positions for employees to freely rotate to related positions in the future, and it was divided into 3 areas including performance indicator index, management capability, and core value of organization.

The result of capability assessment would be included in the consideration along with the annual performance assessment and presented to the management for the promotion, talent group management, and creation of successor, which was one of development plans for the development of leaders and the growth of organization.

Benefits and Employee Relation Activities

The Company annually surveys the employee satisfaction and brings the results to develop the working environment. In 2015, the Company has implemented policy and activities under the objective of "Happy to Work" including Happy Home, Teamwork, Think Good Do Great, and Stay Healthy as in which the following operational plans.

- Provide welfares above the labor market level including cost of living, fuel cost, provident fund, phone bill allowance, health insurance, accident insurance, uniform, maternity clothes, allowance for purchasing products in staff prices, emergency financial support, patient visiting basket, and financial support for marriage and funeral for both employees and relatives.
- Involve technology in Human Resource Management System (HRMS) in which employees could manage by themselves for checking working profile, taking leave as well as welfare disbursement. The system would help reduce the approval process so that employees could efficiently manage their time attendance with accurate and prompt payment compensation, and this was the result of openness for employees' feedbacks to improve the system.
- Respect employees' rights without prohibition to establish or participate in the labor union. Moreover, the Company was open for giving advice to employees in all aspects of both working and personal issues. The discussion could be done individually or as a group with human resource team, supervisors, representatives, or complaint channels for the human resource division to develop all areas in such that employees could receive the guideline and participate to solve when the issues arises. However, there has

been no labor union with the organization, and none of the Company's employees has participated in any labor union.

- Arrange activities to build strengths to employees and enhance relationships within the organization. Activities would also be modified to be more suitable with each division such as staff party of head office and branches across the country, sports day, and outing activity.
- Plan to improve the workplace to be more modern and cozy in order to accommodate the increase of employees such as canteen that was controlled regarding hygienic and cleanness of food, drinking water, plates, and containers. There was a policy to offer food at the subsidized price, providing indoor garden to feel relax, and fitness room that was open daily from 06.15 – 22.00 hrs. as well as multi-purpose room for seminar and other activities.
- Allow employees to gather and form clubs as preferred and volunteered such as sports club (football, badminton, table tennis, and fitness).

From the mentioned performance result, the employee satisfaction survey for the year 2015 increased from 86.4% to 87.4%.

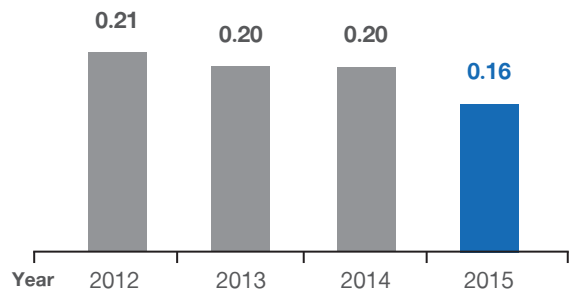


Safety and Health

Safety and health of employees were important so that the Company focused and managed the proper environment in the workplace. The Company selected the toxic-free equipment to prevent pollution and chemicals during the operation process for health safety in short and long terms such as Back Support belts for staff lifting tiles and heavy materials and ventilators for Back Stock areas. Furthermore, the Company constantly measured the working environment such as the brightness measurement of light.

Besides, the safety policy in the workplace was responsible by the particular team to train, provide knowledge, monitor, and give advice to employees regarding the working environment as well as to evaluate risks arising from equipment, to promote activities relating to safety of work, and to monitor the result. In the previous year, the Company could reduce accidents as follows.

Accidental Rate (times/store)



In 2015, the Company participated and received award from the Zero Accident Campaign with the Department of Labor Protection and Welfare. The information of award received is as follows:

Award Type	Number of Award
Primary level (the accumulated working hours of employees less than 1,000,000 hours)	23 branches
Bronze level (the accumulated working hours of employees from 1,000,000 to 2,999,999 hours)	4 branches

In addition, the Company participated in the Workplace Safety Project in Honor of HRH Princess Maha Chakri Sirindhorn with the objective of safety awareness in the workplace to protect health and safety of employees while working. This also increased the standard of safety, health, and working environment as well as be beneficial to the development of Thailand's economy and society. Moreover, it was to honor HRH Princess Maha Chakri Sirindhorn for her 60th birthday. The information of award received is as follows:

Region	Number of branch receiving award
Greater Bangkok	14 branches
Upcountry	37 branches
Total	51 branches



Apart from safety at work, employees' health, and customers' safety, the Company also focused on emergency prevention such as fire by assigning the emergency team in each branch. In 2015, there was the competition of Emergency Response Team (ERT) to ensure that ERT was well-prepared in both skills and physical fitness, and all employees must also be trained and practice the annual fire drill to recognized their roles and duties in real situation.

Furthermore, the Company extended the policy of safety to cover major suppliers in the supply chain in which one of them was a contractor who played the main role in construction projects. For instance, regulations upon safety would be specified in a contract that a contractor working with the Company must strictly follow the safety checklist and provide a security guard at a construction site as well as hire an external consultant certified by the standard of ISO 9001 for the additional investigation apart from the weekly investigation by the project manager of

the Company. Moreover, safety would also be provided to contract workers of a subcontractor to be aware of human rights such as no child labor, legal foreign workers with work permits, and no compensation exploitation. Additionally, contractor must provide facilities for workers such as toilet, bathroom, washing room, canteen, store, childcare room, accommodation, and safety training. All contractor must also provide life insurance to their workers in case of death while working, additional to what is defined by the law.

Society and Community

To be the leader of home center business in Thailand and Southeast Asia, the Company intended to expand more branches and business with the commitment to improve and develop living standards of society and communities as well as to build values through activities and campaigns. Therefore, the Company's operations must not harm the community to gain trust from surrounding communities. In the previous year, the Company's performance regarding the aspect of society and community was as follows.

Bilateral Scholarship Program

The retail business was the fundamental trading and could be used in the business management of both small and large scales. In the past, there has been no institution in Thailand providing this specific area but mostly learnt from real practices.

As Thailand's retail business has been expanding, the Company recognized the importance of knowledge development in retail business and would like to encourage the development of personnel to support such expansion. The Company has signed the memorandum of agreement with the Office of the Vocational Education Commission (OVEC) to jointly develop and manage vocational education and training in commerce, majoring in retail business.

This project was the cooperation in organizing vocational education on bilateral system as well as offer opportunities for students to study in the field of commerce, majoring in retail business with the knowledge, skills, and experiences from real practices. This cooperation would improve capabilities of students and allow them to have their own professions. Trained teachers and students would be able to enhance their working skills

regarding business and services in real practices which would encourage them to love and foresee their future professional growth. OVEC would arrange 2 programs including High vocational Certificate Level (High Voc. Cert.) and 1-year internship.

Educational institutions participating in this project would be the key factor for the project accomplishment as they and the Company would jointly arrange proper courses to enhance students' technical knowledge. The Company would then be confident that students (new employees) would have knowledge relevant to the requirements of the Company. This project was the cooperation of many parties so that it could be one of the important integrated educational systems of Thailand that could increase capabilities of students in both theoretical and practical areas under the supervision of the Company's Education Service Centre.

In 2015, there were students participating in vocational education on bilateral system since 2013 as 2nd generation graduated and received certificate of "Bilateral Scholarship Program" as well as were hired to be employees of HomePro for 66 students in 16 branches across the country.

Scholarship details in the previous year are as follows.

High vocational Certificate Level (High Voc. Cert.)

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2012	1	6	64	1,843,200
2013	2	10	123	3,542,400
2014	3	11	183	5,472,000
2015	4	10	258	7,430,400
Total		37	628	18,288,800

Bachelor's Degree

In 2015, the Company increased scholarships on bachelor's degree as follows

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2015	1	2	100	1,360,000



Pong Mol, 22 years old
Alumni under Bilateral
Scholarship program

"I am from Chiang Rai province, and my family is quite poor. While studying at Suksasongkroh Bangkruai Welfare School, Nonthaburi, I had to find the part-time job during holidays to help my family. I thought I would not have any chance to continue my study after high school. Until I have the hope again when HomePro introduced the bilateral scholarship program that would provide both financial support to study and jobs while studying, so I decided to apply immediately. Hence, I chose to work for part time at Rattanathibeth branch and study at Don Muang Technical College. At the store, the supervisor always gave me advice while working as well as good team. After I graduated, I received diploma from both HomePro and the college and was hired full time to work at HomePro. I am very proud and happy for such opportunity and put all my efforts for work in order to repay in what HomePro has given me. To all juniors who are lack of opportunity, you must grab it once it comes. Lastly, I would like to thank HomePro for what I currently have."

Kids' Toilet Project

Currently, plenty of primary schools in Thailand were lack of bathrooms with sanitary standards as well as knowledge on how to use properly. According to the commitment of increasing and supporting hygienic conditions of students, the Company organized the campaign of “Kids' Toilet” together with the Department of Health of Ministry of Public Health, the Office of the Basic Education Commission of Ministry of Education, and business partners such as Parazzo Group (Thailand) Company Limited (Parazzo door manufacturer and distributor) and Beger Company Limited (Beger color manufacturer and distributor). They had examined and improved toilets to be clean, sufficient, and safe to meet the national standard of Healthy Accessibility and Safety (HAS).

The Company has allocated the budget in each year for bathroom improvement in provincial schools, especially in the province that the Company opened a store. In addition, this project is partly supported by customers who buy products at HomePro. A part of revenues from customer's shopping would be donated to support the “Kids' Toilet Project” in which the Company and business partners as well as Ministry of Public Health had examined and improved toilets in each school to meet the standard of HAS since December 2006 until the end of 2015. The Company has given 2,317 toilets to 172 schools in 45 provinces upon the campaign. Besides, the Company encouraged in the sustainable maintenance of toilet condition with the HAS standard in order to create happiness and pleasant learning atmosphere to students for their future creation of innovations to society.

Performance of the project since 2006 to Dec 31, 2015

Year	Number of province	Number of school	Number of toilets
2006	1	3	20
2007	6	20	215
2008	3	11	131
2009	4	18	210
2010	5	11	219
2011	5	17	200
2012	7	20	314
2013	10	35	494

Year	Number of province	Number of school	Number of toilets
2014	7	24	333
2015	5	13	181
Total	45	172	2,317



Pattida Pholpa

4th Grade Student

Napamanorot School, Napa, Muang, Chonburi

“As the representative of Napamanorot School, I would like to thank HomePro for refurbishing our toilets that were prior out of order and dirty to be nice and clean. Moreover, we do not have to make a long queue in toilets anymore. We are very happy to use toilets that are clean and nice. In addition, staff from the Provincial Public Health Office came to teach us how to use toilets properly. I hope that there would be more projects like this, and we promise for the proper use and maintenance of toilets.”

“Tao Kae Noi” (Young Entrepreneur) Project

The Company would provide support to small contractors that were lack of financial supports and fundamental business facilities under the project of “Tao Kae Noi”. The Company distributed home services to external contractors in which technicians would be trained to acknowledge working policies, instructions, and procedures to provide services to customers within the same standards.

In 2015, the Company had developed more than 700 technician teams engaging in the project in order to have multi-skills. For instance, a painter could also paint an Epoxy floor, install a ceiling, and install a rain gutter. The training for such technicians were as follows:

- Home appliance installation course for 40 batches (400 technicians).
- In-building electric wiring course for 4 batches (80 technicians).
- Home appliance maintenance course for 10 batches (200 technicians).
- Air conditioner installation course for 20 batches (200 technicians).
- Ceiling repairment course for 4 batches (80 technicians).



Anchalee Siirungroj (Kai)
Tao Kae Noi Project and one of the lady
service team

"Formerly, there was uncertainty in my career, but to participate in Tao Kae Noi project of HomePro, jobs have been continuously provided as well as training regarding technical knowledge. It has been almost 10 years since I join with HomePro that customers have accepted our quality. Prior to this project, I could say that I have nothing, neither home nor car, but I now can afford in what I want. Even though there are more jobs to be responsible for, I am very happy to be at this point with my 7 qualified teams and increasing revenues every year."

Other Social Activities

Old TV exchange for New

Currently, the advanced technology led electronic products to be outdated model more quickly, especially a television that changed from the analog system to digital system. As a result, customers' behavior changed upon the change in technology so that a television has become an electronic waste with negative impacts on quality of life and environment. The Company then focused on the prevention of environment by launching the campaign of "Old Tv for New". The objective of this campaign was to encourage customers and other people to donate their used televisions that still had good quality for the discounts when purchasing new televisions at HomePro. The Company donated those used televisions to local schools where were in need. This campaign did not only reduce electronic wastes but also helped people who were in need.

In 2015, there were 761 used televisions donated by customers, and the Company sent them to the World Vision Foundation of Thailand to pass to 167 schools, 25 child development centers, 2 professional development centers, 10 learning centers, 39 poor families, and 6 churches.



Give & Get Project, Old Curtain Exchange for New

The Company and PASAYA jointly organized the project of "Give & Get, Old Curtain for New" by letting customers participate in sharing to the society and decreasing wastes from curtains. The Company set up the points where customers could bring and donate their used curtains. The Company has donated more than 10,000 curtains to Baan Nokkamin Foundation. This was not only the social sharing but also the reduction of wastes that could cause the environmental problem.

Wash for Merit

The Company and Electrolux (Thailand) Company Limited jointly organized “Wash for Merit Project” for customers to donate their clothes which would be washed before donating. In 2015, it was the 6th time for this project by putting donation boxes at HomePro. The Company has donated more than 3,000 pieces after washing to more than 100 kindergarten and primary school students at Bankudtakien School in Mueang District, Nakhon Nayok.

Religious Activities

The Company continuously organized religious activities by encouraging the management and employees to participate in religious activities on buddhist days. In 2015, the Company hosted Kathina ceremony as follows:

Temple	Province/ Region	Donated amount (Baht)
Lam Phak Chi	Bangkok/ Central	5,097,052
Mae Kham Nong Bua	Chiang Rai/ North	1,299,840
Total		6,396,892

Blood Donation Project

Currently, there was insufficient reserved blood at Thai Red Cross Society. Thus, the Company would like to support this social need by organizing the Blood Donation Project for employees who would like to donate blood 4 times per year every year to help patients who were in need in the future. The amount of blood donated during 2013 – 2015 was as follows.

Year	Donated Amount (Units)			Donated Amount (Milliliters)
	Head Office	Branches	Total	
2012	354	-	354	123,900
2013	438	2,454	2,892	1,156,800
2014	397	2,637	3,034	1,365,300
2015	398	3,627	4,025	1,811,250

Furthermore, the Company organized the religious activity of offering robes ceremony to Buddhist priests at monastery in other Regions as follows:

Temple	Province/ Region	Donated amount (Baht)
Sathang Yai	Phthalung/ South	181,000
Ban Kluay	Nakhon Ratchasima/ Northeast	271,299
Map Tong	Rayong/ East	183,999
Total		636,298

Activities Supporting Local Occupations within Community

Each expanding branches, the Company focused on community where branches were set up so that the construction and operation must not have negative impacts on occupations of local people. The Company also supported those communities by hiring local people and local contractors and supporting local products such as the campaign “Wan Waan Yang Waan Yoo” and local community markets of blue-flag products, plants, local food and local handicraft.

Management

The sustainable development of the Company has been driven by all stakeholders in the value chain. In order to maintain as the leader in Home Center business, the Company had the proficient and efficient operational management along with services under good corporate governance by the Board, the management, and employees.

Branch and Business Opportunity Expansions

HomePro Business

Retailer of home products and integrated home services including construction, expansion, decoration, renovation, and maintenance with more than 40,000 product items

Operation Plan

Thailand : 100 branches within the year 2020

Malaysia : 5 – 10 branches within the year 2020

Progress up to 2015

Thailand : 76 branches at present over 46 provinces with 5 new branches in 2015 in Suhothai, Samut Songkhram, Phetchaburi, Patthalung, and Chonburi (Amata)

Malaysia : 1 branch at present at IOI City Mall Shopping Center

Mega Home Business

Retailer and wholesaler of building material center with more than 80,000 product items for the entire home construction processes including structure, systems, decoration, and home appliances with high standards and reasonable prices for technicians, resellers as well as house owners.

Operational Plan 15 – 20 branches within the year 2020

Progress up to 2015 7 branches at present over 7 provinces with 3 new branches in 2015 in Kabin Buri, Min Buri, and Aranyaprathet

Suppliers Selection

The Company viewed suppliers as important partners who will grow together. The Company equally supported and offered business opportunities to mid-scale suppliers or SMEs based on the mutual benefits. The Company also had the policy to help ease the cost burden of costs to suppliers or entrepreneurs in many areas such as;

Procurement : The Company offered opportunities for partners to present products without pricing pressure. There were selection and evaluation processes in 4 areas of production capacity, product quality, service quality, and delivery capability. The Company also had the product ordering plan at least 3 months in advance for partners to plan their productions in which this could viewed as the mutual benefits.

Commercial : In 2015, there were 76 branches in total which could facilitate suppliers or entrepreneurs in terms of higher distributions, product delivery, quality services as well as knowledge development of suppliers representatives (Product Consultant).

Service : The Company had its own distribution center to support product distribution nationwide to help reduce the costs of transportation and distribution as well as increase convenience and modernism. There was also the Vendor Relationship Management (VRM) system to support the information system where suppliers can also check their own information.

Suppliers Selection Criteria

The Company focused on the importance of vendor selection with the standardized and fair selection processes and equal treats. The Company considered having partners that are well-known, good governance, ethical, and professional as well as focus on welfares of their employees in accordance with standards for the mutual benefits and future growth.

For the business operations, the Company complied with the Trade Competition Act by the Trade Competition Commission for the guidelines of trade practices between retailers and manufacturers/distributors under the Trade Competition Act B.E. 2542 (1999). The Company and suppliers jointly amended contracts to be more detailed and transparent in which the Company viewed suppliers as business partners. The criteria are as follows.

1. Reliable financial record and potential to grow with the Company in the long term.
2. Manufacture or distribute products with required and verifiable quality.
3. Support in promotional campaigns and provide after-sales services.

The Company also operated under the Intellectual Property Law by not selling pirated products so that the Company would check, and if products were not pirated products, they would be legally registered.

Branch Construction

In 2015, there were totally 76 branches across the country, and the Company had the plan to continuously increase more branches. To construct a building, the Company would transparently operate with the following criteria for suppliers selection.

1. Hire architectural, interior, and system designers in which designers would define specification of raw materials, and suppliers would then present to the Company and designers to jointly decide the specification of those new materials.
2. The Company would select a contractor based on the working profile and at least 2 times of biddings. The Committee was also assigned to select a contractor or materials with fairness and transparency. Due to the continuous expansion of branches, once a contractor was selected, it could be used as the reference for other branch expansion as well.
3. For the quality checking process, a site engineer must check all materials, equipment, and procedures to comply with the design.
4. When a project ends, a contractor would be evaluated for the next project.

Anti-Corruption

The Company defined approaches regarding corporate governance as well as risk prevention from anti-corruption as follows.

1. The management and employees must acknowledge the Company's guidelines of good corporate governance. Such guidelines would be posted through intranet, official website of the Company, and through public relation campaigns to encourage the management and employees to acknowledge and comply with.
2. The internal audit department was assigned for the internal control, risk management, corporate governance, and recommendations. The annual auditing plan must be approved by the Audit Committee and reported significant results to the Committee on a monthly basis.
3. The Risk Management and Internal Control Committee were assigned to constantly monitor and assess the risk of corruption as well as report the result to the Committee.
4. If there was any significant impact on the financial position and the Company's performance as well as activities that were illegal and violating ethics, the Audit Committee would report to the Board of Directors to define the prevention and penalties.

The further information can be found in "Policies and Guidelines on Anti-Corruption" on page 76.

GRI Indicator		Description	Reference Location
Strategy and Analysis Organizational Profile	G4-1	Message from the Board of Directors	Annual Report pg. 15
	G4-2	Key impact, risk and opportunities	Annual Report pgs. 50-54
	G4-3	Name of the organization	Home Product Center Plc.
	G4-4	Primary brands, products and services	Annual Report pgs. 46-48
	G4-5	Location of the organization's headquarters	Annual Report pg. 41
	G4-6	Number of countries where the organization operates	Annual Report pg. 41
	G4-7	Nature of ownership and legal form	Annual Report pg. 41
	G4-8	Market served	Annual Report pgs. 12-13
	G4-9	Scale of the organization	Annual Report pgs. 12-13
	G4-10	Total workforce by region and gender	Annual Report pg. 107
	G4-11	Collective bargaining agreements	-
	G4-12	Organization's supply chain	Annual Report pg. 94
	G4-13	Organizational changes during the reporting period	Annual Report pgs. 12-13
	G4-14	If/How the precautionary approach or principle is addressed by the organization	-
	G4-15	External charters, principles or other initiatives	-
	G4-16	Membership associations	Investment Analyst Association, Thai Institute of Directors Association, Retail Association etc.
Material Aspect and Boundaries	G4-17	Entities included in financial statement	Annual Report pgs. 131-180
	G4-18	Process for defining report boundaries and content	Annual Report pg. 93
	G4-19	List all the material aspects identified	Annual Report pgs. 93-94
	G4-20	If/How the aspect is material within the organization	Annual Report pgs. 93-94
	G4-21	If/How the aspect is material outside the organization	Annual Report pgs. 93-94
	G4-22	Explanation of the effect of any restatements	Annual Report pgs. 122-123
	G4-23	Significant changes from previous reporting periods in the Score and Aspect Boundaries	-
Stakeholder Engagement Report Profile	G4-24	List of stakeholder groups	Annual Report pgs. 94-95
	G4-25	Basis for identification and selection of stakeholders	Annual Report pgs. 94-95
	G4-26	Approach to stakeholder engagement	Annual Report pgs. 94-95
	G4-27	Key topics and concerns raised through stakeholder engagement	Annual Report pg. 93
	G4-28	Reporting period	Jan 1 – Dec 31, 2015
	G4-29	Date of most recent previous report	Annual Report 2014 (Dec 31, 2014)
	G4-30	Reporting cycle	Annual Report
	G4-31	Contact point	ir@homepro.co.th

GRI Indicator		Description	Reference Location
Report Profile Governance	G4-32	"In accordance" option, GRI index	Annual Report pg. 93
	G4-34	Governance structure of the organization	Annual Report pg. 56
	G4-35	Process for delegating authority for sustainability topics from the BOD to senior executives and other employees	Annual Report pg. 92
	G4-36	Executive-level positions with responsibility for sustainability topics	Annual Report pg. 96
	G4-37	Process for consultation between stakeholders and the highest governance body on sustainability topics.	Annual Report pgs. 76-77
	G4-38	Composition of the BOD and its committees	Annual Report pgs. 57-63
	G4-39	Whether the Chairman is also an executive office	Annual Report pg. 79
	G4-40	Nomination and selection processes for the BOD and its committees	Annual Report pgs. 63-64
	G4-41	Process for the BOD to ensure conflicts of interest are avoided and managed	Annual Report pg. 78
	G4-42	The BOD and senior executives' roles in the organization's mission statements, strategies, policies, and goals related to sustainability impacts	Annual Report pg. 78
	G4-43	Measures taken to develop and enhance the BOD's knowledge of sustainability topics	Annual Report pg. 79
	G4-46	The BOD's role in reviewing risk management processes	Annual Report pgs. 20-21
	G4-47	Frequency of the BOD's review of sustainability impacts, risks and opportunities	Annual Report pgs. 20-21
	G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report	Managing Director
	G4-51	Remuneration policies for the BOD and senior executives	Annual Report pgs. 64-66
Ethics & Integrity	G4-52	Process for determining remuneration	Annual Report pgs. 64-66
	G4-53	Stakeholders' views on remuneration	Annual Report pgs. 64-66
	G4-56	Codes of conduct	Annual Report pg. 83
	G4-57	Mechanisms for seeking advice on ethical and lawful behavior	Annual Report pgs. 76-77
Economic	G4-58	Mechanisms for reporting concerns about unethical and unlawful behavior	Annual Report pgs. 76-77
	G4-DMA	Impacts that make this aspect material	Annual Report pg. 101
	G4-EC1	Economic value generated	Annual Report pgs. 12-13
	G4-EC7	Development and impact of infrastructure investments and services supported	Annual Report pgs. 112-116
	G4-EC8	Indirect economic impacts	Annual Report pgs. 112-116

GRI Indicator	Description	Reference Location
Environmental	Impacts that make this aspect material	Annual Report pg. 102
	Energy consumption within organization	Annual Report pg. 102
	Energy intensity	Annual Report pg. 102
	Reduction of energy consumption	Annual Report pg. 102
	Reduction of energy through products	Annual Report pg. 97-99
	Affected water use	Annual Report pgs. 103-104
	Habitats protected	Annual Report pg. 104
	Direct Greenhouse Gas (GHG) emissions (scope 1)	Annual Report pg. 103
	Indirect Greenhouse Gas (GHG) emissions (scope 2)	Annual Report pg. 103
	Indirect Greenhouse Gas (GHG) emissions (scope 3)	Annual Report pg. 103
	Greenhouse Gas (GHG) emissions intensity	Annual Report pg. 103
	Reduction of Greenhouse Gas (GHG) emissions	Annual Report pg. 103
	Waste by type and disposal method	Annual Report pg. 104
	Mitigation of environmental impacts of products and services	Annual Report pgs. 97-99
	Environmental impacts of transporting products	Annual Report pgs. 104-105
Social	Impacts that make this aspect material	Annual Report pg. 112
	Total number of new employee hires by region	Annual Report pg. 107
	Benefits provided to full-time employees	Annual Report pgs. 110-111
	Type of injury and rates of injury	Annual Report pgs. 111-112
	Average hours of training per employee	Annual Report pgs. 108-109
	Programs for skills management and lifelong learning	Annual Report pgs. 108-109
	Percentage of employees receiving regular performance and career development review	Annual Report pg. 110
	Communication and training on anti-corruption policies and procedures	Annual Report pg. 118
	Results of surveys measuring customer satisfaction	Annual Report pg. 101

Management Discussion and Analysis

1. Overview

The overall Thai economy in 2015 remained soft and under pressure from low farm prices and high household debt, which led to weak purchasing power particularly in upcountry. However, for customers in Bangkok the economy seems to have had less impact, and their purchasing power remained resilient, as evidenced by positive same store sales growth in the greater Bangkok area. In the first half year, the Government attempts to launch measures to stimulate the economy such as providing support to the agricultural sector through various mechanisms, launching stimulus packages i.e. tourism tax; however, recovery of economic activities were slower than the expectation. In the second half year, additional measures were launched, particularly in the fourth quarter; the consumer confidence index was lifted by additional stimulus measures launched by the government. These measures included low funding costs for mortgage loans, reductions in registration fees and mortgage fees, and tax incentives to boost year end shopping under the project “Shopping for the Nation”. The Company benefited from this stimulus package.

Despite this low growth economy, the Company has continued expansion of its branches as the planned strategy by opening 5 new HomePro branches (Sukhothai, Samutsongkhram, Phetchaburi, Phatthalung and Chonburi (Amata)) and 3 new Mega Home branches (Kabinburi, Minburi and Aranyaprathet). Therefore, by the end of the year, there were 76 HomePro branches, 7 Mega Home branches and one HomePro branch in Malaysia. The aforementioned expansion are still on plan of opening 100 HomePro branches, 15-20 Mega Home branches, and 5-10 HomePro branches in Malaysia within 2020. The performance of HomePro stores has mainly met targets; for the Mega Home business, performance has been satisfactory and achieved better results than expected; performance for the HomePro business in Malaysia is still not yet reached plan since the Company is the first Home Center in Malaysia, we must continue to study the home-related product market and customer behavior in order to improve product range assortment; this will enable us to meet customer demand as well as to be a prototype branch for expansion in the following years.

Furthermore, the Company has continued to focus on operational efficiency improvement, especially costs and expenses. This involves driving operating productivity at branch operations, working capital management and capital allocation, as well as supply chain management and process improvement. This results in the Company being able to achieve growth in both sales and profitability. As the Company aims for sustainable growth for the long term, the Company plans to expand more branches in both Bangkok and potential areas upcountry, as well as in neighboring countries. The Company also intends to improve existing branches to be more modern with a pleasant atmosphere. In addition, the Company will undertake a study on product categories and new services to create additional value and meet further customer demand, with the commitment to provide both value and service to the customer.

2. New financial reporting standards

2.1 Financial reporting standards that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, some of these standards involve changes to key principles, which are summarized below:

1. TAS 19 (revised 2014) Employee Benefits
2. TFRS 10 Consolidated Financial Statements
3. TFRS 11 Joint Arrangements
4. TFRS 12 Disclosure of Interests in Other Entities
5. TFRS 13 Fair Value Measurement

The more details of financial reporting standards above are reported in Notes of financial statements for the year 2015.

2.2 Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company and its subsidiaries' management believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

3. Operating Results and Profitability

For the 2015 operating performance, the Company and its subsidiaries had the total revenue of Baht 56,243.17 million, increasing by 9.83% from the previous year. This was the results of the increasing revenue from new branches of HomePro business, the revenue of Mega Home business from both new and existing branches, the increasing areas and rental rate of Market Village business. Further the use of Lean Management of internal working processes and activities caused the overall expenses decreased. Consequently, the net profit increased to Baht 3,498.81 million or up by 5.60% from the previous year.

3.1 Sales Income

Item	Unit : Million Baht					
	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
1. Revenue from retailing of HomePro						
- Hard Line ¹	39,108.8	74.5	36,965.9	77.1	32,162.4	80.4
- Soft Line ²	8,580.0	16.3	7,956.3	16.6	6,992.0	17.5
2. Revenue from project sales of HomePro ³	343.2	0.7	407.6	0.8	674.5	1.7
3. Revenue from subsidiaries	4,480.7	8.5	2,635.0	5.5	177.7	0.4
Total revenue from sales	52,512.7	100.0	47,964.8	100.0	40,006.6	100.0

Remarks :

- 1 Hard Line categories include home improvement, bathroom and sanitary ware, kitchen, home appliances, electrical equipment and lighting.
- 2 Soft Line categories include bedding, furniture and household decorative goods.
- 3 Revenue from project sales is from the purchase of project owners which cannot be categorized per product line.

In 2015, the Company and its subsidiaries generated sales income of Baht 52,512.72 million, increased from the previous year by Baht 4,547.97 million or 9.48%. The increase was driven by Home Pro business in both Thailand and Malaysia as well as Mega Home business which its sales increased from the previous year.

Revenue from retailing of HomePro business which can be categorized into Hard Line and Soft Line increases from the previous year by Baht 2,142.9 million and Baht 623.7 million respectively due to the additional stores opened in 2015. However, same store sales growth was slightly negative as a consequence of weak of the consumption in upcountry and the cannibalization effect in which the Company believes that it is normally happened for retail business when expanding the branch closer to the existing branch and it will be eliminated within 1-2 years.

3.2 Other Income

In 2015, the Company and its subsidiaries generated other income of Baht 3,730.45 million, increased from the previous year by Baht 486.61 million or 15%. The proportion of other income as percent to sales was at 7.10%. The details of increase are as follows:

- Rental and service income increased by Baht 286.42 million or 24.05% from the improvement and area expansion of more than 20,000 sq.m. of Suvarnabhumi Market Village as well as increase in the rental space of HomePro branch expansion in 2015.
- Other income increased by Baht 200.20 million or 9.75% from advertising fee, support fee of promotional activities from suppliers, service fee related to sales of goods.

3.3 Cost of Sales and Gross Profit Margin

In 2015, the Company and its subsidiaries had the cost of sales of Baht 38,999.73 million, increased from the previous year by Baht 3,526.85 million or 9.94%, which was the result of the increase of sales.

The Company had gross profit of Baht 13,512.99 million, increased from the previous year of Baht 1,021.12 million. The gross profit margin as percent to sales was 25.73%, decreased from the year 2014 of 26.04% due to the change of product-mix in HomePro business and blended with lower gross margin structure of Mega Home business.

3.4 Selling and Administrative Expenses (SG&A)

In 2015, the Company and its subsidiaries had selling and administrative expenses amounted to Baht 12,282.96 million, increased from the previous year by Baht 1,164.25 million or 10.47%. This SG&A represents 23.39% to sales which marginally increased from the year 2014 of 23.18%. The details of expenses in each group are as follows:

- Selling expenses of Baht 10,647.81 million, being expenses for branches, operation and distribution unit, increased by Baht 1,022.44 million. This increase is mainly from salaries, consumable expenses, cost of transportation, marketing expenses, depreciation and operational cost of Mega Home business as well as that of the new business in Malaysia.
- Administrative expenses of Baht 1,612.11 million, increased by Baht 179.15 million, mostly being expenses of Head Office.
- Other expenses amounted to Baht 23.05 million, decreased from the previous year by Baht 37.34 million.

3.5 Finance Cost

Finance cost for the year 2015 was to Baht 543.68 million, an increase of Baht 77.67 million or 16.67% over previous year, as a result of debentures and long term debt issuance in quarter 1 and 3 to serve the business expansion. However, the Company has analyzed and considered funding cost based on various funding sources such as internal cash flow, bank loan or issuance of corporate bonds in order to achieve optimal cost of funds that comply with the Company's policy.

3.6 Net Profit

For the result of operation in 2015, the Company and its subsidiaries had net profit of Baht 3,498.81 million, increased from the previous year by Baht 185.48 million or 5.60%.

The percentage of net profit to sales was 6.66% decreasing from 6.91% in the previous year. The main reason was due to the investment in new business units both Mega Home and Home Pro in Malaysia which have lower profitability margin than Home Pro business during the start-up period. However, the aforementioned of new investment is to create the opportunity for the Company to go in the long run. In addition, in 2015, the performance of Mega Home business was improved and had satisfied results.

3.7 Return on Equity

The return on equity as of December 31, 2015 was 21.46%, decreasing from the previous year of 23.32%. The result was mainly from the decrease in net profitability margin and the increase in capital to accommodate stock dividend in May 2015 at the ratio of 15 existing shares per 1 dividend share, total increasing by 821,882,579 shares or 6.67%. The Company paid stock dividend in order to provide the shareholder return and increase the stock liquidity for share trading in the Stock Exchange, also to retain cash liquidity for the Company's expansion.

4. Asset Management

Comparing financial status as at December 31, 2015 and December 31, 2014.

As at December 31, 2015, the Company and its subsidiaries had total assets of Baht 46,991.04 million, increased the previous year by Baht 2,678.22 million or 6.04%. The growth of asset value was due to the change of significant transactions as follows:

- Cash and cash equivalents increased by Baht 263.30 million which was from the increase in bank deposit received from issuance of debenture during the year and outstanding cash from operation at branches at the year-end date.
- Account receivable increased by Baht 40.17 million, and other receivables increased by Baht 43.85 million, which was from the support fee of promotional activities, rental and service income. That was the result of the increase in the space and rental income of retail in HomePro and Market Village. However, the Company analyzed an account receivable aging. As at December 31, 2015, the Company had trade and other receivables aging more than 12 months of Baht 23.77 million, and the allowance for doubtful bad debts of Baht 15.97 million.
- Net inventory increased by Baht 333.94 million, which was a result of the increase in number of new branches of HomePro, Mega Home and HomePro in Malaysia. The Company manages its inventory using a computer system which helps to track and compare aging inventory to the Company's threshold to prevent outdated or deteriorated inventory. The Company also has an inventory physical counting plan, which will be monitored by a designated team.
- Net property, plant and equipment, net software and net leasehold rights totaling increased by Baht 1,599.68 million or 5.60%, which was from the investment in new store expansion in 2015 and 2016.
- Investment properties increased by Baht 453.67 million or 16.41% from the expansion of rental spaces at Suvarnabhumi Market Village.

5. Liquidity and Capital Sufficiency

Summary of cash flow statement as of December 31, 2015 compared to the same period of 2014 is as follows:

Unit: Million Baht

Transactions	Consolidated Financial Statement		Separate Financial Statement	
	2015	2014	2015	2014
Cash from operating activities	6,892.81	4,912.80	6,354.27	5,390.26
Cash from investing activities	(4,885.84)	(7,060.91)	(4,422.91)	(7,675.88)
Cash from financing activities	(1,717.74)	8,784.73	(1,721.51)	3,779.79
Transaction adjustments	(25.92)	(8.96)	-	-
Net increase (decrease) in cash	263.30	1,627.30	209.86	1,494.18

As of December 31, 2015, the Company and its subsidiaries' cash and cash equivalents were Baht 2,698.06 million, net increased from December 31, 2014 by Baht 263.30 million, which derived from the following activities:

- Net cash from operating activities of Baht 6,892.81 million which was derived from the profit from operating activities before changes in operating assets and liabilities of Baht 7,849.59 million, and working capital increased from changes in operating assets and liabilities e.g. trade and other receivables increased by Baht 89.28 million, inventories increased by Baht 474.60 million, trade and other payables increased by Baht 692.80 million, advances received from customers increased by Baht 257.04 million, other current liabilities increased by Baht 23.34 million, and interest and corporate income tax payment for the total of Baht 1,440.20 million.
- Net cash used for investing activities totaled Baht 4,885.84 million which such amount was the investment in land, construction and assets for the expansion of branches in 2015 and 2016 for the total of Baht 4,739.77 million, and the computer software for the total of Baht 146.08 million.

- Net cash used for financing activities totaled Baht 1,717.74 million which such amount was the repayment of long-term loan and debentures by Baht 700 million and Baht 2,300 million respectively as well as dividend payment amounted to 2,218.67 million. In this regard, the Company funded those activities by issuing new debentures in the first and third quarter for the total of Baht 3,500 million.

5.1 Liquidity Ratio

As of December 31, 2015, the Company and its subsidiaries had current assets in the total of Baht 13,367.21 million and current liabilities in the total of Baht 19,474.35 million. In this regard, such amount can be calculated into liquidity ratio of 0.69 times which was decreased from the previous year's ratio of 0.76 times. However, the Company has the source of short-term financing for keeping adequate liquidity by Bank overdrafts and short-term loans, and international trade finance facilities.

5.2 Capital Structure

The capital structure of the Company as of December 31, 2015 mainly consisted of the Company's unsecured long-term credit facilities from a financial institution, and unsubordinated and unsecured debentures. The Company had the total debt (including account payable) of Baht 30,088.41 million. In this regard, if such amount is calculated as the total amount of financial Debt to Equity ratio, it will be equivalent to 1.78 which is closed with the previous year of 1.82.

According to the terms and conditions or requirements stipulated to duties of bond issuers, the issuers shall maintain Financial Debt to Equity Ratio of not over 1.75 times for the bond issued before 2013. For the newly issued debentures from 2013 onwards, the Company requires that ratio of interest bearing debt to shareholders' equity must not exceed 2.5 times. However, the Company is able to maintain its strong balance sheet by keeping the financial debt to equity ratio lower than requirement. In 2015, the Company had the financial debt amounted to Baht 14,377.11 million by recording the financial debt to equity ratio at 0.85 times. The Company's financial debt to equity ratio during 2013 – 2015 are as follows:

	2015	2014	2013
Financial Debt to Equity ratio	0.85	0.88	0.77

5.3 Shareholders' equity

As of December 31, 2015, shareholders' equity was Baht 16,902.63 million, increased from the previous year by Baht 1,201.00 million or up by 7.65% which the increase was from following transactions:

- The issued and paid-up ordinary share was increased by Baht 821.88 million due to the payment of stock dividend in May 2015
- Retained earnings was increased by Baht 424.21 million by dividing into the appropriated retained earnings for statutory reserve of Baht 176.7 million and the unappropriated retained earnings of Baht 247.51 million.

5.4 Capital Expenditure

In 2015, the Company had Net Capital Expenditure of Baht 4,885.84 million. Within this amount, Baht 4,739.77 million was used mainly for the purpose of building construction, land purchase, payment for land leasehold rights, for new branches opened in 2015 onwards both "HomePro", "Mega Home" and "HomePro in Malaysia", modernize of existing branches to have more selling space and expand the rental space in Market Village. Also, Baht 146.08 million was used in the purchase of software. Sources of fund include cash flow from operation, loans from financial institutions, and debentures.

5.5 Ability to source funding Loan and repayment ability

At present, the Company raises both short-term and long-term fund by entering into credit agreements with financial institutions and by issuance of debentures, which are rated by TRIS annually and at the time of issuance, which the Company has the covenant to maintain the net debt to equity ratio not more than 1.75 for the debentures issued before 2013 and 2.5 for the debentures issued after 2013 onwards.

As at 5 October 2015, TRIS rating affirmed the Company's credit rating at "A+" with "stable" outlook.

6. Contractual Obligation

As of December 31, 2015, total liabilities of the Company and its subsidiaries were Baht 30,088.41 million increased from the previous year by Baht 1,477.22 million or 5.16%, which was from the change of the following crucial transactions:

- Accounts Payable increased by Baht 1,203.10 million which was from the increase products order according to sales growth and increase in number of new stores.
- Long-term loans - net of current portion decreased by Baht 700 million which such amount was the principle repayment to financial institutions. However, current portion which will be due of Baht 700 million, the Company has a plan to repay with fund from operation and external sources such as debenture issuance or bank loan.
- Net debenture increased by Baht 1,200 million from the issuance of the unsubordinated and unsecured debentures No. 1/2015 and 2/2015 for Baht 1,000 million and Baht 2,500 million respectively. Uses of fund included branches expansion and repayment of due debentures of Baht 2,300 million in 2015. In addition, in 2016, the Company has a plan to refinance its current portion of debenture amounted to Baht 4,000 million by issuing the new debenture in 2016.

The long-term loans and debentures have been disclosed on Note 19 and 21 respectively to the notes of financial statements.

7. Factors or events that may affect HomePro's financial status or performance in the future

Thailand's economic outlook in 2016 is expected to grow slightly mainly from government stimulus, especially in infrastructure investment projects, e.g. the Bangkok Mass transit, double-track railway project, Motorway extension project, which is expected to boost the private sector to expand their investment. In addition, the measures to accelerate the private sector investment, e.g. SMEs financial support program and tax incentive, will help enhancing an overall investment environment. For consumption, its overall trend is positive as a result of better sentiment and additional spending stimulus, yet low agricultural income is a negative factor as well as the weak of export sector, which still has risks from a slowdown in China's economy and uncertainty in oil prices and commodity prices.

However, the Company has prepared its annual plan and monthly tracked its performance through management reports; therefore, it can adjust its operations or determine mitigation plans to respond to events quickly. In addition, the Company has prepared Risk Management Plan, in which a risk appetite associated with each risk factor is determined. This can be used as a guideline to manage problems, should they occur.

8. Management Discussion and Analysis (MD&A) and Outlook

Based on the problematic issues taken place in the year 2015, the decreased price of agricultural products as well as the import value that keep decreasing from the past year, the investment and consumption in private sector hence slows down. It is also forecasted that the impact may be prolonged until the first half of the year 2016.

However, there are many long-term investment plans formulated by the governmental authority, be it the acceleration of the construction of several routes of Mass transit train project in Bangkok and its vicinity as well as the double-rail train linking the major capital cities along the border area – which will be utilized as the Special Economic Zone (SEZ) to support the formal launch of Asean Economic Community or AEC, the aforementioned projects may result in the expansion of the city to support the said investment plans.

Pursuant to all above stated, we may see that even if, in the short term, there may be some effects on the retardant growth or the slowdown of economy, there are still long-term constituents formed by the government sector and business factors that may render the opportunities to the Company in many facets. The examples are exemplified below:

- The change of lifestyle and the expansion of urbanization that will increase in the future.
- The change of the consumer behavior – it is expected that they will shop more for Modern Trade Store.
- The supply of Home Improvement market in Thailand where the Company is accommodated comparing to that of the developed countries, is still low, hence being more the opportunities to expand.
- Becoming part of Asean Economic Community (AEC) increases more market opportunities.

From the abovementioned points, the Company still has a view on expanding stores around the country continuously both for HomePro (to support the house owners who reside in city area) and Mega Home (to support the expansion of construction sector which is foreseen to enlarge in the future) in order to prepare for the growth of the Company in the long run.

For HomePro business in Malaysia, its performance was not still on plan since the Company needs to improve its operation and procedure to match with differences of customers' behavior. This could be counted as important factors of learning in order to use as a guideline for opening oversea business in the future both HomePro business and Mega Home business.

In this regard, the Company still adheres to the vision of becoming the leader of Home Center Business in Thailand and Southeast Asian region. We are confident that, from our action plan and operation, we can achieve our vision and goal."

9. Audit Fee

According to the minutes of the Annual General Shareholders' Meeting in 2015, which resolved to appoint the Auditors of EY Office Limited as the Company's and its subsidiaries' auditor of 2015, with the audit fee of Baht 3,200,000 and other fee, i.e. fee for being witness for destruction of damaged goods at approximately Baht 100,000. Moreover, there may be additional audit fee from the increase of new branch or registration of new company at not exceeding Baht 1,000,000.

The actual audit fee for 2014 and 2015 included audit fee for the Company and its subsidiaries, and other services fee as follows:

Transactions	2015	2014
Audit Fee	3,384,676	3,475,388
Other Services (the fee for observing inventory destruction)	100,000	100,000
Transactions	3,484,676	3,575,388



Report of Board of Directors' Responsibilities in the Financial Statements

Dear Shareholders,

The Company consolidated financial statements of Home Product Center Public Company Limited and its subsidiaries have been prepared in conformity with the requirements of the Public Company Act B.E. 2535 (1992), the Securities and Exchange Act B.E. 2535 (1992), the Announcement of the Department of Commercial Registration dated September 14, 2001, and the accounting standards prescribed by the Federation of Accounting Professions.

The Board of Directors had an opinion that the Company's overall internal control system is at satisfactory level, sufficient to maintain the assets and to protect from fraud, and is responsible for the financial report of the Company and its subsidiaries in order to ensure that it showed the actual results of operation, financial status, and cash flows. There have been proper recording of accurate and complete accounting information. Preparing of the financial reports has been considered of selecting appropriate accounting policy and regularly in compliance with the General Accepted Accounting Principle standards, and there has been disclosed on sufficient significant information in the supplementary to the financial statements.



(Mr. Anant Asavabhokhin)

Chairman



(Mr. Khunawut Thumpomkul)

Managing Director

Independent Auditor's Report

To the Shareholders of Home Product Center Public Company Limited

I have audited the accompanying consolidated financial statements of Home Product Center Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Home Product Center Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

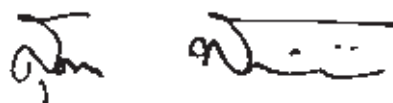
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Home Product Center Public Company Limited and its subsidiaries and of Home Product Center Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 23 February 2016

Statement of Financial Position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Assets					
Current assets					
Cash and cash equivalents	7	2,698,062,771	2,434,763,379	2,391,213,347	2,181,356,782
Trade and other receivables	8	1,704,101,361	1,620,156,733	1,583,790,301	1,567,497,711
Short-term loans to related parties	6	-	-	2,793,561,500	1,869,374,000
Inventories	9	8,364,757,754	8,030,815,876	7,082,564,354	7,025,531,806
Value added tax receivable		341,103,718	392,375,137	68,894,127	183,190,566
Other current assets	10	259,188,165	312,599,745	199,580,463	265,329,897
Total current assets		13,367,213,769	12,790,710,870	14,119,604,092	13,092,280,762
Non-current assets					
Investments in subsidiaries	11	-	-	1,258,678,088	1,258,678,088
Investment properties	12	3,218,237,904	2,764,571,869	4,024,163,329	3,340,263,794
Property, plant and equipment	13	27,655,131,878	26,351,908,598	23,549,180,597	23,428,936,773
Computer software	14	352,132,621	246,256,330	312,952,054	202,246,048
Leasehold rights	15	2,157,905,312	1,967,320,615	1,933,313,328	1,823,405,690
Property foreclosed		3,229,639	3,229,639	3,229,639	3,229,639
Rental guarantee deposits		53,258,350	53,279,810	52,553,350	52,574,810
Deferred tax assets	26	135,386,433	118,289,801	118,893,734	93,455,315
Other non-current assets		48,539,222	17,251,243	11,370,536	4,295,382
Total non-current assets		33,623,821,359	31,522,107,905	31,264,334,655	30,207,085,539
Total assets		46,991,035,128	44,312,818,775	45,383,938,747	43,299,366,301

Statement of Financial Position (Cont.)

As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	17	12,773,312,636	12,075,365,147	11,176,958,259	11,092,889,038
Current portion of liabilities under finance lease agreements	18	17,744,698	10,448,636	7,150,951	4,103,001
Short-term loan from related party	6	-	-	90,000,000	90,000,000
Current portion of long-term loans	19	700,000,000	700,000,000	700,000,000	700,000,000
Current portion of debentures	21	4,000,000,000	2,300,000,000	4,000,000,000	2,300,000,000
Income tax payable		380,181,939	364,566,980	380,181,939	364,566,980
Value added tax payable		1,594,463	5,484,643	-	-
Advances received from customers		1,018,944,922	761,902,078	982,188,295	740,033,806
Other current liabilities		582,569,895	558,794,362	542,786,366	530,837,296
Total current liabilities		19,474,348,553	16,776,561,846	17,879,265,810	15,822,430,121
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	18	9,364,050	15,730,561	1,409,239	7,292,294
Long-term loans - net of current portion	19	1,100,000,000	1,800,000,000	1,100,000,000	1,800,000,000
Debentures - net of current portion	21	8,550,000,000	9,050,000,000	8,550,000,000	9,050,000,000
Provision for long-term employee benefits	20	165,053,409	106,761,135	148,472,947	101,004,260
Rental received in advance - net of current portion		396,268,066	404,034,556	396,268,066	404,034,556
Other non-current liabilities		393,371,978	458,097,056	214,779,317	299,345,462
Total non-current liabilities		10,614,057,503	11,834,623,308	10,410,929,569	11,661,676,572
Total liabilities		30,088,406,056	28,611,185,154	28,290,195,379	27,484,106,693

Statement of Financial Position (Cont.)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Shareholders' equity					
Share capital	22				
Registered share capital					
13,151,315,446 ordinary shares of Baht 1 each					
(2014: 12,329,396,991 ordinary shares of Baht 1 each)		13,151,315,446	12,329,396,991	13,151,315,446	12,329,396,991
Issued and fully paid-up					
13,151,198,025 ordinary shares of Baht 1 each					
(2014: 12,329,315,446 ordinary shares of Baht 1 each)		13,151,198,025	12,329,315,446	13,151,198,025	12,329,315,446
Share premium	22	646,323,076	646,323,076	646,323,076	646,323,076
Retained earnings					
Appropriated	24				
Statutory reserve - The Company		1,052,880,000	876,180,000	1,052,880,000	876,180,000
Statutory reserve - Subsidiaries		1,000,000	1,000,000	-	-
Unappropriated		2,120,204,357	1,872,691,349	2,243,342,267	1,963,441,086
Other components of shareholders' equity		(68,984,115)	(23,886,379)	-	-
Equity attributable to owners of the Company		16,902,621,343	15,701,623,492	17,093,743,368	15,815,259,608
Non-controlling interests of the subsidiaries		7,729	10,129	-	-
Total shareholders' equity		16,902,629,072	15,701,633,621	17,093,743,368	15,815,259,608
Total liabilities and shareholders' equity		46,991,035,128	44,312,818,775	45,383,938,747	43,299,366,301

Statement of Comprehensive Income

for the year ended 31 december 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit or loss:					
Revenues					
Sales income		52,512,720,072	47,964,748,720	48,060,490,391	45,239,883,150
Rental and service income		1,477,234,811	1,190,817,576	1,241,855,276	983,544,545
Other income		2,253,219,052	2,053,022,932	2,305,246,010	2,067,633,658
Total revenues		56,243,173,935	51,208,589,228	51,607,591,677	48,291,061,353
Expenses					
Cost of sales		38,999,730,076	35,472,881,516	35,477,375,578	33,283,348,396
Selling and service expenses		10,647,805,210	9,625,363,716	9,728,899,821	8,982,735,405
Administrative expenses		1,612,107,108	1,432,959,324	1,419,994,534	1,278,296,256
Other expenses		23,046,943	60,388,124	19,145,167	55,891,165
Total expenses		51,282,689,337	46,591,592,680	46,645,415,100	43,600,271,222
Profit before finance cost and income tax expenses		4,960,484,598	4,616,996,548	4,962,176,577	4,690,790,131
Finance cost		(543,681,249)	(466,015,519)	(544,514,312)	(466,003,339)
Profit before income tax expenses		4,416,803,349	4,150,981,029	4,417,662,265	4,224,786,792
Income tax expenses	26	(917,995,235)	(837,646,944)	(892,327,624)	(838,045,623)
Profit for the year		3,498,808,114	3,313,334,085	3,525,334,641	3,386,741,169
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>					
Exchange differences on translation of financial statements in foreign currency		(45,097,736)	(23,376,580)	-	-
		(45,097,736)	(23,376,580)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>					
Actuarial loss	20	(42,008,886)	-	(34,678,829)	-
Less: Income tax effect	26	8,401,777	-	6,935,766	-
		(33,607,109)	-	(27,743,063)	-
Other comprehensive income for the year		(78,704,845)	(23,376,580)	(27,743,063)	-
Total comprehensive income for the year		3,420,103,269	3,289,957,505	3,497,591,578	3,386,741,169

Statement of Comprehensive Income (Cont.)

for the year ended 31 december 2015

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014 (Restated)
Profit attributable to:				
Equity holders of the Company	3,498,810,514	3,313,328,487	3,525,334,641	3,386,741,169
Non-controlling interests of the subsidiaries	(2,400)	5,598		
	<u>3,498,808,114</u>	<u>3,313,334,085</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	3,420,105,669	3,289,951,907	3,497,591,578	3,386,741,169
Non-controlling interests of the subsidiaries	(2,400)	5,598		
	<u>3,420,103,269</u>	<u>3,289,957,505</u>		
Earnings per share				
27				
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>0.27</u>	<u>0.25</u>	<u>0.27</u>	<u>0.26</u>

Cash Flow Statement

for the year ended 31 december 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before tax	4,416,803,349	4,150,981,029	4,417,662,265	4,224,786,792
Adjustments to reconcile profit before tax to net cash provided by (paid for) operating activities				
Depreciation and amortisation	2,720,703,271	2,264,495,995	2,440,400,944	2,063,494,247
Decrease of inventories to net realisable value	140,661,717	25,561,893	125,588,245	16,230,644
Loss from sales of assets and written-off	17,414,276	54,707,770	17,412,042	53,136,995
Allowance for doubtful accounts	5,338,864	-	5,338,864	-
Reversal of allowance for impairment of assets	(8,417,781)	(51,871,000)	(8,417,781)	(51,871,000)
Provision for long-term employee benefits	22,812,988	15,238,422	19,319,458	13,318,176
Unrealised exchange (gain) loss	(2,969,777)	1,097,501	(340,420)	(445,269)
Dividend income from subsidiary	-	-	(59,997,600)	(1,249,995)
Interest expenses	537,242,240	458,361,162	538,251,241	458,772,617
Profit from operating activities before changes in operating assets and liabilities	7,849,589,147	6,918,572,772	7,495,217,258	6,776,173,207
Decrease (increase) in operating assets				
Trade and other receivables	(89,283,492)	(209,373,245)	(21,631,454)	(158,376,143)
Inventories	(474,603,595)	(1,550,738,992)	(182,620,793)	(1,066,176,790)
Value added tax receivable	51,271,419	(214,324,196)	114,296,439	(72,140,886)
Other current assets	53,411,580	6,290,859	65,749,434	(7,694,543)
Other non-current assets	(31,266,519)	(649,767)	(7,053,694)	1,147,740
Increase (decrease) in operating liabilities				
Trade and other payables	692,797,806	966,361,875	76,290,180	957,037,188
Advances received from customers	257,042,844	52,483,213	242,154,489	37,980,692
Value added tax payable	(3,890,180)	4,879,123	-	-
Other current liabilities	23,342,158	188,920,604	11,515,695	177,989,047
Rental received in advance	(7,766,490)	(30,577,606)	(7,766,490)	(30,577,606)
Provision for long-term employee benefits	(6,529,600)	(352,100)	(6,529,600)	(352,100)
Other non-current liabilities	18,893,139	19,924,500	-	-
Cash flows from operating activities	8,333,008,217	6,151,417,040	7,779,621,464	6,615,009,806
Cash paid for interest expenses	(529,122,780)	(407,170,770)	(530,131,780)	(407,582,225)
Cash paid for corporate income tax	(911,075,130)	(831,443,843)	(895,215,318)	(817,164,311)
Net cash flows from operating activities	6,892,810,307	4,912,802,427	6,354,274,366	5,390,263,270

Cash Flow Statement (Cont.)

for the year ended 31 december 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Investments in subsidiaries	-	-	-	(722,629,065)
Dividend income from subsidiary	-	-	59,997,600	1,249,995
Short-term loan to related parties	-	-	(924,187,500)	(1,215,374,000)
Acquisitions of computer software	(146,075,183)	(38,855,252)	(145,715,890)	(33,232,765)
Acquisitions of leasehold rights	(262,710,382)	(496,295,734)	(179,589,704)	(420,820,990)
Acquisitions of property, plant and equipment	(3,794,493,592)	(5,501,924,168)	(2,549,895,399)	(4,268,146,174)
Decrease in construction retention	(83,618,217)	(10,330,852)	(84,566,145)	(2,377,397)
Acquisitions of investment properties	(603,733,047)	(1,020,536,333)	(603,733,047)	(1,020,536,333)
Proceeds from sales of equipment	4,646,025	6,992,197	4,638,817	5,946,593
Proceeds from sales of investment properties' equipment	143,015	41,268	143,015	41,268
Net cash flows used in investing activities	(4,885,841,381)	(7,060,908,874)	(4,422,908,253)	(7,675,878,868)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	-	(1,360,000,000)	-	(1,360,000,000)
Increase (decrease) in liabilities under finance				
lease agreements	929,551	(909,649)	(2,835,105)	(5,488,379)
Increase in long-term loans	-	1,000,000,000	-	1,000,000,000
Repayment of long-term loans	(700,000,000)	(600,000,000)	(700,000,000)	(600,000,000)
Increase in debentures	3,500,000,000	5,050,000,000	3,500,000,000	5,050,000,000
Repayment of debentures	(2,300,000,000)	-	(2,300,000,000)	-
Dividend paid	(2,218,674,443)	(304,716,770)	(2,218,674,443)	(304,716,770)
Net cash flows from (used in) financing activities	(1,717,744,892)	3,784,373,581	(1,721,509,548)	3,779,794,851
Translation adjustments	(25,924,642)	(8,963,120)	-	-
Net increase in cash and cash equivalents	263,299,392	1,627,304,014	209,856,565	1,494,179,253
Cash and cash equivalents at beginning of year	2,434,763,379	807,459,365	2,181,356,782	687,177,529
Cash and cash equivalents at end of year (Note 7)	2,698,062,771	2,434,763,379	2,391,213,347	2,181,356,782

Supplemental cash flows information:

Non-cash items consist of

Purchases of equipment for which no cash has been paid	-	-	-	20,885,604
Dividend payable	433,375	-	433,375	-
Stock dividend	821,882,579	2,739,764,458	821,882,579	2,739,764,458
Actuarial loss	42,008,886	-	34,678,829	-

Statement of Changes in Shareholders' Equity

for the year ended 31 december 2015

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company											Total equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Unappropriated	Exchange differences on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries			
				Appropriated - The Company	Subsidiaries	1,000,000							
Balance as at 1 January 2014		9,589,550,988	646,323,076	706,780,000	1,000,000	1,773,234,995	(509,799)	12,716,379,260	4,531	12,716,383,791			
<u>Change during the year</u>													
Profit for the year		-	-	-	-	3,313,328,487	-	3,313,328,487	5,598	3,313,334,085			
Other comprehensive income for the year		-	-	-	-	-	(23,376,580)	(23,376,580)	-	(23,376,580)			
Total comprehensive income for the year		-	-	-	-	3,313,328,487	(23,376,580)	3,289,951,907	5,598	3,289,957,505			
Converted warrants to share capital		-	-	-	-	-	-	-	-	-			
Stock dividend	30	2,739,764,458	-	-	-	(2,739,764,458)	-	-	-	-			
Dividend paid	30	-	-	-	-	(304,707,675)	-	(304,707,675)	-	(304,707,675)			
Unappropriated retained earnings transferred to statutory reserve	24	-	-	169,400,000	-	(169,400,000)	-	-	-	-			
Balance as at 31 December 2014		12,329,315,446	646,323,076	876,180,000	1,000,000	1,872,691,349	(23,886,379)	15,701,623,492	10,129	15,701,633,621			
Balance as at 1 January 2015		12,329,315,446	646,323,076	876,180,000	1,000,000	1,872,691,349	(23,886,379)	15,701,623,492	10,129	15,701,633,621			
<u>Change during the year</u>													
Profit for the year		-	-	-	-	3,498,810,514	-	3,498,810,514	(2,400)	3,498,808,114			
Other comprehensive income for the year		-	-	-	-	(33,607,109)	(45,097,736)	(78,704,845)	-	(78,704,845)			
Total comprehensive income for the year		-	-	-	-	3,465,203,405	(45,097,736)	3,420,105,669	(2,400)	3,420,103,269			
Stock dividend	22, 30	821,882,579	-	-	-	(821,882,579)	-	-	-	-			
Dividend paid	30	-	-	-	-	(2,219,107,818)	-	(2,219,107,818)	-	(2,219,107,818)			
Unappropriated retained earnings transferred to statutory reserve	24	-	-	176,700,000	-	(176,700,000)	-	-	-	-			
Balance as at 31 December 2015		13,151,198,025	646,323,076	1,052,880,000	1,000,000	2,120,204,357	(68,984,115)	16,902,621,343	7,729	16,902,629,072			

Statement of Changes in Shareholders' Equity

for the year ended 31 december 2015

(Unit: Baht)

	Note	Separate financial statements					Total shareholders' equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Unappropriated	
				Appropriated - statutory reserve			
Balance as at 1 January 2014		9,589,550,988	646,323,076	706,780,000	1,790,572,050	12,733,226,114	
<u>Change during the year</u>							
Profit for the year		-	-	-	3,386,741,169	3,386,741,169	
Other comprehensive income for the year		-	-	-	-	-	
Total comprehensive income for the year		-	-	-	-	-	
Stock dividend	30	2,739,764,458	-	-	3,386,741,169	3,386,741,169	
Dividend paid	30	-	-	-	(2,739,764,458)	-	
Unappropriated retained earnings transferred to statutory reserve	24	-	-	-	(304,707,675)	(304,707,675)	
Balance as at 31 December 2014		12,329,315,446	646,323,076	169,400,000	1,963,441,086	15,815,259,608	
Balance as at 1 January 2015		12,329,315,446	646,323,076	876,180,000	1,963,441,086	15,815,259,608	
<u>Change during the year</u>							
Profit for the year		-	-	-	3,525,334,641	3,525,334,641	
Other comprehensive income for the year		-	-	-	(27,743,063)	(27,743,063)	
Total comprehensive income for the year		-	-	-	3,497,591,578	3,497,591,578	
Stock dividend	22, 30	821,882,579	-	-	(821,882,579)	-	
Dividend paid	30	-	-	-	(2,219,107,818)	(2,219,107,818)	
Unappropriated retained earnings transferred to statutory reserve	24	-	-	-	(176,700,000)	-	
Balance as at 31 December 2015		13,151,198,025	646,323,076	1,052,880,000	2,243,342,267	17,093,743,368	

Note to Consolidated Financial Statements

for the year ended 31 december 2015

1. General information

Home Product Center Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Public Company Limited and Quality Houses Public Company Limited, which were incorporated in Thailand. The Company is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail business, together with space rental and provide utilities service. Its registered address is at 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi.

As at 31 December 2015, the Company and its subsidiaries have a total of 84 branches (2014: 76 branches) (The Company only: 76 branches, 2014: 71 branches).

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Home Product Center Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015	2014
			Percent	Percent
Market Village Co., Ltd.	Management of leasing space together with provision of facilities services	Thailand	99.99	99.99
Home Product Center (Malaysia) Sdn. Bhd.	Retailing of home improvement products as One Stop Shopping	Malaysia	100.00	100.00
Mega Home Center Co., Ltd.	Retailing and wholesaling of construction and home improvement products	Thailand	99.99	99.99
DC Service Center Co., Ltd.	Warehousing and distribution service	Thailand	99.99	99.99

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company is translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have 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

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company and its subsidiaries' management believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Significant accounting policies**4.1 Revenue recognition*****Sale 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.

Sales of goods - Customer loyalty programmes

The Company and its subsidiaries operate a loyalty programme which allows customers to accumulate points when they purchase products in the Company and its subsidiaries' retail stores. The points can then be redeemed for discounted goods 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 Company and its subsidiaries fulfill their obligations to supply awards.

Rental income

Rental income is recognised proportionately over the term of lease period.

Rendering of services

Service revenue is recognised when services have been rendered.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

Volume incentives received from the supplier are accounted for as a reduction of the value of inventories and recognised in profit or loss when the related inventories are sold.

4.5 Investments

Investments in subsidiaries are accounted for in the separated financial statements using the cost method.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated economic useful lives of 5 - 37 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

During the year 2014, the Company changed the estimated economic useful lives of some of building and building improvement which are represented as investment properties from 30 years to 37 years. The management of the Company and its subsidiaries believe that the new estimated useful live is more appropriate because they correspond to the expected future economic benefit from using such assets.

The change in the estimated useful lives of investment properties was recognised prospectively and so no adjustment was made to the financial statements for the year 2013. The management of the Company and its subsidiaries evaluate such change will not have any significant impact on the financial statements in the year 2014.

4.7 Property, plant and equipment/Depreciation

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

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

Buildings	- 20 - 30 years
Buildings on lease land and building improvement	- useful lives but not over lease periods
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 assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the profit or loss when the asset is derecognised.

4.8 Borrowing costs

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

4.9 Intangible assets

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

Intangible assets (computer software) with finite lives are amortised on a systematic basis over the economic useful life (5 years and 10 years) and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

4.10 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). The Company and its subsidiaries amortise leasehold rights on a straight-line basis over the leasehold period.

The amortisation expense is charged to profit or loss.

4.11 Related party transactions

Related parties comprise 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 associated companies and 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.

4.12 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, 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 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 and its subsidiaries 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 Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

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

Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP). The program is monthly contributed by eligible employees and by the Company to EJIP participant. The details of the program are as described in Note 23 to the financial statements. The Company's contributions are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat 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 post-employment benefits are recognised immediately in other comprehensive income.

4.16 Provisions

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

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce 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 Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply 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 Company and its subsidiaries measure 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 observable 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 Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Leases

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

Allowance for damaged goods

In determining an allowance for damaged goods due to loss or deterioration, the management needs to exercise judgement 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 judgement 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 recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Investment properties/Depreciation

In determining depreciation of investment properties, the management is required to make estimates of the useful lives and salvage values of the Company and its subsidiaries' investment properties and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review investment properties 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.

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 and its subsidiaries' 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2015	2014	2015	2014	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	30,353	32,084	Actual cost plus margin
Rental and service income	-	-	233,638	227,204	Baht 2 million and Baht 18 million per month (2014: Baht 2 million and Baht 18 million per month)
Management service income	-	-	40,252	36,526	Actual cost and contact price
Dividend received	-	-	59,998	1,250	As declared
Service income	-	-	13,837	12,085	Actual cost
Service expense	-	-	789,666	807,766	Actual cost and contact price
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Other expenses	-	-	-	3,183	Actual cost
Interest income	-	-	100,292	74,272	4.50% - 4.75% per annum (2014: 4.50% - 4.75% per annum)
Interest expenses	-	-	1,784	2,113	1.75% - 2.25% per annum (2014: 2.25% - 2.75% per annum)
<u>Transactions with related companies</u>					
Sales income	55,557	51,954	55,557	51,954	Market price
Rental and service income	14,941	11,956	14,941	11,956	Contact price
Interest income	21,151	4,702	21,151	4,702	0.75 - 2.40% per annum (2014: 0.75 - 2.25% per annum)
Rental and service expenses	21,370	22,488	21,370	22,488	Percentage of revenue but not less than a minimum rate

As at 31 December 2015 and 2014, the Company had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deposits with financial institution				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	1,943,121	1,955,128	1,887,379	1,929,232
Trade and other receivables				
Subsidiaries	-	-	8,149	57,984
Related company ⁽¹⁾	646	3,215	646	3,215
Related company ⁽²⁾	11,337	7,225	11,337	7,225
Total	11,983	10,440	20,132	68,424
Short-term loans to related parties				
Subsidiaries	-	-	2,793,562	1,869,374
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade and other payables				
Subsidiaries	-	-	123,738	116,394
Related company ⁽¹⁾	1,632	1,580	1,632	1,580
Total	1,632	1,580	125,370	117,974
Short-term loan from related party				
Subsidiary	-	-	90,000	90,000

Relationship with the related companies

⁽¹⁾ has common major shareholders

⁽²⁾ the major shareholders

Short-term loans to related parties

As at 31 December 2015, the Company has granted unsecured loans of Baht 2,794 million (2014: Baht 1,869 million) to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% - 4.75% per annum (2014: 4.50% - 4.75% 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	During the year		Balance as at
	1 January 2015	Increase	Decrease	31 December 2015
Short-term loans to related parties				
Mega Home Center Company Limited	1,847,000	2,243,000	(1,482,000)	2,608,000
Home Product Center (Malaysia) Sdn. Bhd.	22,374	165,788	(2,600)	185,562
Total	1,869,374	2,408,788	(1,484,600)	2,793,562

Short-term loan from related party

As at 31 December 2015, the Company has received unsecured loan of Baht 90 million (2014: Baht 90 million) from its subsidiary on which interest is payable on a monthly basis at a rate of 1.75% per annum (2014: 2.25% per annum). The loan is repayable at call. Movement in the balance of the loan during the year was as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2015	Increase	Decrease	31 December 2015
Short-term loan from related party				
Market Village Company Limited	90,000	-	-	90,000

Directors and management's benefits

During the year ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term benefits	142,360	130,943	130,850	116,183
Post-employment benefits	3,993	2,360	3,107	1,752
Total	146,353	133,303	133,957	117,935

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	202,329	165,282	170,146	149,312
Bank deposits	625,734	369,481	351,067	132,045
Fixed deposits	1,870,000	1,900,000	1,870,000	1,900,000
Total	2,698,063	2,434,763	2,391,213	2,181,357

As at 31 December 2015, bank deposits in saving accounts and fixed deposits carried interests between 0.37% - 3.40% per annum (2014: between 0.50% and 2.25% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade accounts receivable	302,719	262,554	299,741	256,437
Other receivables	1,375,851	1,332,001	1,264,269	1,291,009
Income receivables	25,531	25,602	19,780	20,052
Total trade and other receivables	1,704,101	1,620,157	1,583,790	1,567,498

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade accounts receivable	106,351	125,315	103,737	121,122
Cheque returned receivable	210	450	210	450
Credit card and coupon receivable	198,800	138,131	198,436	136,207
Total	305,361	263,896	302,383	257,779
Less: Allowance for doubtful debts	(2,642)	(1,342)	(2,642)	(1,342)
Total trade accounts receivable - net	302,719	262,554	299,741	256,437

The outstanding balances of trade accounts receivable as at 31 December 2015 and 2014 are aged as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade receivables				
Not yet due	286,790	248,988	284,574	247,228
Past due				
Up to 3 months	11,473	10,903	10,709	6,546
3 - 6 months	4,522	703	4,522	703
6 - 12 months	6	2,907	6	2,907
Over 12 months	2,570	395	2,572	395
Total	305,361	263,896	302,383	257,779
Less: Allowance for doubtful debts	(2,642)	(1,342)	(2,642)	(1,342)
Total trade receivables - net	302,719	262,554	299,741	256,437

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 2015 and 2014 are aged as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Age of receivables				
Not yet due	766,123	662,226	710,525	676,995
Past due				
Up to 3 months	564,243	633,502	521,789	590,428
3 - 6 months	20,743	22,744	13,207	16,517
6 - 12 months	16,871	10,824	14,426	5,188
Over 12 months	21,195	4,680	17,336	3,856
Total	1,389,175	1,333,976	1,277,283	1,292,984
Less: Allowance for doubtful debts	(13,324)	(1,975)	(13,014)	(1,975)
Total other receivables - net	1,375,851	1,332,001	1,264,269	1,291,009

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Inventories	10,540,513	9,844,866	9,025,015	8,711,764
Less: Reduce cost to net realisable value	(341,053)	(272,585)	(327,707)	(266,622)
Net	10,199,460	9,572,281	8,697,308	8,445,142
Less: Inventories - repaid its cost when sold	(1,410,497)	(1,193,260)	(1,232,139)	(1,097,005)
Purchase discount	(424,205)	(348,205)	(382,605)	(322,605)
Inventories - net	8,364,758	8,030,816	7,082,564	7,025,532

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 141 million (The Company only: Baht 126 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 72 million (The Company only: Baht 65 million), and reduced the amount of inventories recognised as expenses during the year.

10. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Prepaid expenses	117,009	61,315	108,537	56,566
Suspend input value added tax	81,081	112,426	66,969	106,199
Others	61,098	138,859	24,074	102,565
Total other current assets	259,188	312,600	199,580	265,330

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
			(Percent)	(Percent)				
Market Village Co., Ltd.	5,000	5,000	99.99	99.99	4,999	4,999	59,998	-
Home Product Center (Malaysia)								
Sdn. Bhd.	251,179	251,179	100.00	100.00	251,179	251,179	-	-
Mega Home Center Co., Ltd.	1,000,000	1,000,000	99.99	99.99	1,000,000	1,000,000	-	-
DC Service Center Co., Ltd.	2,500	2,500	99.99	99.99	2,500	2,500	-	1,250
					1,258,678	1,258,678	59,998	1,250

12. Investment properties

The net book value of investment properties as at 31 December 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land and land improvement	Office building for rent	Assets under installation and under construction	Total
31 December 2015				
Cost	150,000	3,069,093	790,209	4,009,302
Less: Accumulated depreciation	-	(791,064)	-	(791,064)
Net book value	150,000	2,278,029	790,209	3,218,238
31 December 2014				
Cost	150,000	1,450,058	1,806,409	3,406,467
Less: Accumulated depreciation	-	(641,895)	-	(641,895)
Net book value	150,000	808,163	1,806,409	2,764,572

(Unit: Thousand Baht)

	Separate financial statements			
	Land and land improvement	Office building for rent	Assets under installation and under construction	Total
31 December 2015				
Cost	955,925	3,069,093	790,209	4,815,227
Less: Accumulated depreciation	-	(791,064)	-	(791,064)
Net book value	955,925	2,278,029	790,209	4,024,163
31 December 2014				
Cost	725,692	1,450,058	1,806,409	3,982,159
Less: Accumulated depreciation	-	(641,895)	-	(641,895)
Net book value	725,692	808,163	1,806,409	3,340,264

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	2,764,572	1,552,260	3,340,264	1,552,260
Acquisition of assets	603,733	1,020,536	603,733	1,020,536
Transfer from property, plant and equipment - at cost	-	250,020	230,233	825,712
Disposals and written-off - net book value	(440)	(418)	(440)	(418)
Depreciation charged	(149,627)	(57,826)	(149,627)	(57,826)
Net book value at end of year	3,218,238	2,764,572	4,024,163	3,340,264

The fair value of the investment properties as at 31 December 2015 and 2014 stated below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Land and building for rent	5,002	2,925	5,002	2,925
Lands for rent	-	-	806	576

The fair value has been determined using the following approach:

- As at 31 December 2015 and 2014, lands for rent have been determined based on acquisition cost. The management believes that there is no material difference between the book value and its fair value.
- As at 31 December 2015, land and building for rent have been determined by an accredited independent valuer using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.
- As at 31 December 2014, land and building for rent have been determined by an accredited independent valuer using the market approach with adjustments to reflect changes in location and condition for land, and using the depreciated replacement cost approach for building.

13. Property, plant and equipment

(Unit: Thousand 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
Cost:							
1 January 2014	7,516,658	10,451,484	434,423	4,660,839	72,425	6,657,199	29,793,028
Additions	250,994	251,063	61,163	592,445	6,164	4,340,095	5,501,924
Disposals and written-off	-	(115,577)	(26,698)	(142,338)	(2,268)	(1,639)	(288,520)
Transfer to investment properties	-	-	-	-	-	(250,020)	(250,020)
Transfers in (out)	7,172	5,726,211	2,313	426,738	-	(6,162,434)	-
Translation adjustment	-	(3,158)	(445)	(419)	-	(10,819)	(14,841)
31 December 2014	7,774,824	16,310,023	470,756	5,537,265	76,321	4,572,382	34,741,571
Additions	346,742	303,864	37,737	318,152	5,351	2,782,646	3,794,492
Disposals and written-off	(2,000)	(63,544)	(4,011)	(195,445)	(5,185)	-	(270,185)
Transfers in (out)	5,696	4,215,512	1,255	611,341	-	(4,833,804)	-
Translation adjustment	-	(7,633)	(687)	(5,427)	-	(7,667)	(21,414)
31 December 2015	8,125,262	20,758,222	505,050	6,265,886	76,487	2,513,557	38,244,464
Accumulated depreciation:							
1 January 2014	-	3,512,390	343,056	2,595,102	29,648	-	6,480,196
Depreciation for the year	-	1,219,187	58,547	821,373	13,743	-	2,112,850
Depreciation on disposals and written-off	-	(68,106)	(26,640)	(132,099)	(2,042)	-	(228,887)
Translation adjustment	-	(160)	(63)	(241)	-	-	(464)
31 December 2014	-	4,663,311	374,900	3,284,135	41,349	-	8,363,695
Depreciation for the year	-	1,406,562	59,979	978,140	14,124	-	2,458,805
Depreciation on disposals and written-off	-	(49,631)	(3,974)	(189,905)	(4,912)	-	(248,422)
Translation adjustment	-	(692)	(229)	(1,374)	-	-	(2,295)
31 December 2015	-	6,019,550	430,676	4,070,996	50,561	-	10,571,783
Allowance for impairment loss:							
1 January 2014	9,430	68,408	-	-	-	-	77,838
Increase during the year	-	5,000	-	-	-	-	5,000
Decrease during the year	-	(56,871)	-	-	-	-	(56,871)
31 December 2014	9,430	16,537	-	-	-	-	25,967
Increase during the year	-	18,881	-	-	-	-	18,881
Decrease during the year	-	(27,299)	-	-	-	-	(27,299)
31 December 2015	9,430	8,119	-	-	-	-	17,549
Net book value:							
31 December 2014	7,765,394	11,630,175	95,856	2,253,130	34,972	4,572,382	26,351,909
31 December 2015	8,115,832	14,730,553	74,374	2,194,890	25,926	2,513,557	27,655,132
Depreciation for the year							
2014 (Baht 1,967 million included in selling expenses, and the balance in administrative expenses)							2,112,850
2015 (Baht 2,430 million included in selling expenses, and the balance in administrative expenses)							2,458,805

(Unit: Thousand 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
Cost:							
1 January 2014	7,516,658	10,313,526	424,564	4,538,285	71,647	5,545,630	28,410,310
Additions	250,994	184,764	49,453	437,152	6,164	3,360,504	4,289,031
Disposals and written-off	-	(114,627)	(26,676)	(142,032)	(2,268)	-	(285,603)
Transfer to investment properties	(575,692)	-	-	-	-	(250,020)	(825,712)
Transfers in (out)	7,172	5,526,602	2,070	389,207	-	(5,925,051)	-
31 December 2014	7,199,132	15,910,265	449,411	5,222,612	75,543	2,731,063	31,588,026
Additions	215,879	140,976	30,738	198,826	5,351	1,958,126	2,549,896
Disposals and written-off	(2,000)	(63,544)	(4,011)	(194,711)	(5,185)	-	(269,451)
Transfer to investment properties	(230,233)	-	-	-	-	-	(230,233)
Transfers in (out)	5,696	2,173,505	10	348,855	-	(2,528,066)	-
31 December 2015	7,188,474	18,161,202	476,148	5,575,582	75,709	2,161,123	33,638,238
Accumulated depreciation:							
1 January 2014	-	3,503,782	341,781	2,568,066	29,447	-	6,443,076
Depreciation for the year	-	1,117,187	52,685	735,173	13,588	-	1,918,633
Depreciation on disposals and written-off	-	(68,034)	(26,619)	(131,892)	(2,041)	-	(228,586)
31 December 2014	-	4,552,935	367,847	3,171,347	40,994	-	8,133,123
Depreciation for the year	-	1,270,706	51,674	849,734	13,969	-	2,186,083
Depreciation on disposals and written-off	-	(49,470)	(4,003)	(189,311)	(4,913)	-	(247,697)
31 December 2015	-	5,774,171	415,518	3,831,770	50,050	-	10,071,509
Allowance for impairment loss:							
1 January 2014	9,430	68,408	-	-	-	-	77,838
Increase during the year	-	5,000	-	-	-	-	5,000
Decrease during the year	-	(56,871)	-	-	-	-	(56,871)
31 December 2014	9,430	16,537	-	-	-	-	25,967
Increase during the year	-	18,881	-	-	-	-	18,881
Decrease during the year	-	(27,299)	-	-	-	-	(27,299)
31 December 2015	9,430	8,119	-	-	-	-	17,549
Net book value:							
31 December 2014	7,189,702	11,340,793	81,564	2,051,265	34,549	2,731,063	23,428,936
31 December 2015	7,179,044	12,378,912	60,630	1,743,812	25,659	2,161,123	23,549,180
Depreciation for the year							
2014 (Baht 1,785 million included in selling expenses, and the balance in administrative expenses)							1,918,633
2015 (Baht 2,124 million included in selling expenses, and the balance in administrative expenses)							2,186,083

As at 31 December 2015, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 27 million (2014: Baht 27 million) (The Company only: Baht 9 million, 2014: Baht 10 million).

As at 31 December 2015, certain plant 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 2,412 million (2014: Baht 1,893 million) (The Company only: Baht 2,394 million, 2014: Baht 1,876 million).

14. Computer software

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2014	352,546	307,302
Acquisitions during the year	38,855	33,232
Disposals and written-off	(2)	(2)
Translation adjustment	(40)	-
31 December 2014	391,359	340,532
Acquisitions during the year	146,075	145,716
Translation adjustment	(62)	-
31 December 2015	537,372	486,248
Accumulated amortisation		
1 January 2014	110,974	109,379
Amortisation for the year	34,134	28,909
Amortisation on written-off	(2)	(2)
Translation adjustment	(3)	-
31 December 2014	145,103	138,286
Amortisation for the year	40,146	35,010
Translation adjustment	(10)	-
31 December 2015	185,239	173,296
Net book value		
31 December 2014	246,256	202,246
31 December 2015	352,133	312,952

15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2014	1,863,941	1,793,941
Acquisitions during the year	496,296	420,821
Written-off during the year	(4,812)	(4,812)
31 December 2014	2,355,425	2,209,950
Acquisitions during the year	262,710	179,589
31 December 2015	2,618,135	2,389,539
Accumulated amortisation		
1 January 2014	331,541	331,541
Amortisation for the year	59,686	58,126
Amortisation on written-off	(3,123)	(3,123)
31 December 2014	388,104	386,544
Amortisation for the year	72,126	69,682
31 December 2015	460,230	456,226
Net book value		
31 December 2014	1,967,321	1,823,406
31 December 2015	2,157,905	1,933,313

16. Bank overdrafts and short-term loans from financial institutions

As at 31 December 2015, the Company had overdraft lines from banks and other credit facilities totaling Baht 305 million and Baht 11,176 million, respectively (2014: Baht 305 million and Baht 6,507 million, respectively).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade accounts payable	10,859,894	9,656,790	9,528,026	8,853,575
Other payables	485,170	498,643	423,453	449,441
Other payables for purchase of assets	418,056	949,888	305,322	930,557
Accrued expenses	1,010,193	970,044	920,155	859,316
Total trade and other payables	12,773,313	12,075,365	11,176,958	11,092,889

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements			
	Portion due within one year		Portion due over one year	
	2015	2014	2015	2014
Liabilities under financial lease agreements	18,641	12,380	9,791	16,493
Less: Deferred interest expense	(896)	(1,931)	(427)	(763)
Net	17,745	10,449	9,364	15,730

(Unit: Thousand Baht)

	Separate financial statements			
	Portion due within one year		Portion due over one year	
	2015	2014	2015	2014
Liabilities under financial lease agreements	7,332	4,725	1,486	7,446
Less: Deferred interest expense	(181)	(622)	(77)	(154)
Net	7,151	4,103	1,409	7,292

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

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2015		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	18,641	9,791	28,432
Deferred interest expenses	(896)	(427)	(1,323)
Present value of future minimum lease payments	17,745	9,364	27,109

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2014		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	12,380	16,493	28,873
Deferred interest expenses	(1,931)	(763)	(2,694)
Present value of future minimum lease payments	10,449	15,730	26,179

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2015		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	7,332	1,486	8,818
Deferred interest expenses	(181)	(77)	(258)
Present value of future minimum lease payments	7,151	1,409	8,560

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2014		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,725	7,446	12,171
Deferred interest expenses	(622)	(154)	(776)
Present value of future minimum lease payments	4,103	7,292	11,395

19. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated and separate financial statements	
			2015	2014
1	3.70	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	600,000	900,000
2	3.71	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	500,000	700,000
3	3.59	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	700,000	900,000
Total			1,800,000	2,500,000
Less: Current portion of long-term loans			(700,000)	(700,000)
Long-term loans - net of current portion			1,100,000	1,800,000

The Company has received unsecured long-term credit facilities from a financial institution. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio according to the agreements.

20. 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 financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Provision for long-term employee benefits at				
beginning of year	106,761	91,875	101,004	88,038
Included in profit or loss:				
Current service cost	18,201	11,276	15,391	9,864
Interest cost	4,612	3,962	3,928	3,454
Included in other comprehensive income:				
Demographic assumptions changes	(19,750)	-	(16,304)	-
Financial assumptions changes	9,913	-	8,184	-
Experience adjustments	51,845	-	42,799	-
Actuarial (gain) loss	42,008	-	34,679	-
Benefits paid during the year	(6,529)	(352)	(6,529)	(352)
Provision for long-term employee benefits at				
end of year	<u>165,053</u>	<u>106,761</u>	<u>148,473</u>	<u>101,004</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Selling and administrative expenses	22,813	15,238	19,319	13,318

The Company and its subsidiaries expect to pay Baht 19 million of long-term employee benefits during the next year (2014: Baht 17 million) (The company only: Baht 19 million, 2014: Baht 16 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2014: 12 years) (The Company only: 12 years, 2014: 12 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Discount rate	3.1%	4.0%	3.1%	4.0%
Salary increase rate	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%
Turnover rate (depending on age)	0 - 50%	0 - 50%	0 - 50%	0 - 50%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

(Unit: million Baht)

	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(6)	7	(6)	6

(Unit: million Baht)

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate	15	(13)	14	(12)

(Unit: million Baht)

	Consolidated financial statements		Separate financial statements	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate (depending on age)	(13)	15	(14)	12

21. Debentures

					Consolidated and separate financial statements			
					Number of debenture		Amount	
					(Shares)		(Thousand Baht)	
No.	Interest rate per annum	Age	Repayment	Maturity	2015	2014	2015	2014
Unsubordinated and unsecured debentures								
No. 1/2011	Fixed rate 4.60%	4 years	At maturity	15 September 2015	-	1,000,000	-	1,000,000
No. 1/2012	Fixed rate 3.85%	3 years	At maturity	14 September 2015	-	1,300,000	-	1,300,000
No. 1/2013	Fixed rate 4.05%	3 years	At maturity	18 September 2016	4,000,000	4,000,000	4,000,000	4,000,000
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	7 March 2017	1,000,000	1,000,000	1,000,000	1,000,000
No. 2/2014	Fixed rate 3.53%	3 years	At maturity	25 July 2017	530,000	530,000	530,000	530,000
No. 3/2014	Fixed rate 3.53%	3 years	At maturity	8 August 2017	520,000	520,000	520,000	520,000
No. 4/2014	Fixed rate 3.54%	3 years	At maturity	1 September 2017	2,000,000	2,000,000	2,000,000	2,000,000
No. 5/2014	Fixed rate 3.47%	5 years	At maturity	26 December 2019	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2015	Fixed rate 3.05%	3 years	At maturity	24 February 2018	1,000,000	-	1,000,000	-
No. 2/2015	Fixed rate 2.25%	3 years	At maturity	15 September 2018	2,500,000	-	2,500,000	-
Total					12,550,000	11,350,000	12,550,000	11,350,000
Less: Current portion of debentures							(4,000,000)	(2,300,000)
Net							8,550,000	9,050,000

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

22. Share capital

Movements in the number of ordinary shares, the paid-up share capital and premium on ordinary shares are as follows:

	Number of ordinary shares (Thousand Shares)	Paid-up share capital (Thousand Baht)	Premium on ordinary shares (Thousand Baht)
<u>Registered share capital</u>			
At the beginning of the year	12,329,397		
Increase during the year	822,000		
Decrease during the year	(82)		
At the end of the year	13,151,315		
<u>Issued and paid-up share capital</u>			
At the beginning of the year	12,329,315	12,329,315	646,323
Increase in capital from payment of stock dividends	821,883	821,883	-
At the end of the year	13,151,198	13,151,198	646,323

On 9 April 2015, the Annual General Meeting of the Company's shareholders passed the resolutions in relation to the Company's share capital as follows:

1. To decrease the registered capital of the Company from Baht 12,329,396,991 to Baht 12,329,315,446 by cancelling the registered ordinary shares remaining after the stock dividend allocation of 81,545 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Extraordinary General Shareholders Meeting no. 1/2557.
2. Paid dividend by the Company's ordinary shares in the ratio of 15 existing shares per 1 dividend share, not exceeding 822 million shares, or in the total amount not exceeding Baht 822 million or shall be converted as dividend payment at Baht 0.06667 per share. In case that any shareholder holds the indivisible share remaining after such allocation, the dividend shall be paid by cash in the amount of Baht 0.06667 per share.
3. To increase the registered capital from the previous registered capital of Baht 12,329,315,446 to be the new registered capital of Baht 13,151,315,446 by issuing an additional 822,000,000 ordinary shares at the par value of Baht 1 each to support the payment of a stock dividend.

On 7 May 2015, the Company reports to the Stock Exchange of Thailand (SET) the number of 821,882,579 ordinary shares actually allocated to the stock dividend.

23. The Employee Joint Investment Program (EJIP)

The Company's Board of Directors meeting held on 30 April 2013 passed a resolution approving the Employee Joint Investment Program (EJIP). The details of the program are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	1 July 2013 to 30 June 2018, 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 excluded 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 1st year - 3rd year, employee cannot sell any shares After the 3rd year, employee can sell 25% of shares accumulated After the 4th year, employee can sell 50% of shares accumulated After the 5th year, employee can sell all shares
EJIP program manager	Phillip Securities Public Company Limited

On 11 June 2013, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2015, the Company contributed Baht 24 million to the program (2014: Baht 23 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.

During the year 2015, the Company has set aside statutory reserve at Baht 177 million (2014: Baht 169 million).

25. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Salaries and wages and other				
employee benefits	4,010	3,705	3,634	3,449
Premises expenses	1,494	1,677	1,583	1,593
Depreciation and amortisation	2,721	2,264	2,440	2,063
Sales promotion and operation				
support expenses	3,109	2,956	2,935	2,835
Financial costs	544	466	544	466
Tax expenses and fees	1,027	969	1,002	934
Changes in finished goods	627	1,622	252	1,089

26. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	926,483	874,428	910,589	860,139
Adjustment in respect of income tax of				
previous year	207	(5,014)	241	(5,005)
Relating to origination and reversal of				
temporary differences	(8,695)	(31,767)	(18,503)	(17,088)
Income tax expenses reported in the				
 statement of comprehensive income	<u>917,995</u>	<u>837,647</u>	<u>892,327</u>	<u>838,046</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax on actuarial loss	<u>8,402</u>	<u>-</u>	<u>6,936</u>	<u>-</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit before tax	4,416,803	4,150,975	4,417,662	4,224,787
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by				
income tax rate	883,361	830,195	883,532	844,957
Adjustment in respect of income tax of				
previous year	207	(5,014)	241	(5,005)
Effects of:				
Income not subject to tax	-	-	(12,000)	(250)
Non-deductible expenses	27,676	5,691	25,352	4,072
Additional expense deductions allowed	(6,456)	(5,216)	(4,931)	(5,114)
Unused tax loss	16,510	12,691	-	-
Others	(3,303)	(700)	133	(614)
Total	34,427	12,466	8,554	(1,906)
Income tax expenses reported in the statement of comprehensive income	917,995	837,647	892,327	838,046

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Allowance for doubtful accounts	3,131	663	3,131	663
Allowance for diminution in value of				
inventories	85,241	70,041	76,921	64,921
Allowance for asset impairment	3,510	5,193	3,510	5,193
Provision for long-term employee benefits	29,295	26,038	27,445	24,887
Deferred purchase discount	5,722	2,556	5,707	2,547
Actuarial loss	3,645	-	2,180	-
Unused tax loss	4,842	18,555	-	-
Total	135,386	123,046	118,894	98,211
Deferred tax liabilities				
Actuarial gain	-	4,756	-	4,756
Total	-	4,756	-	4,756
Deferred tax assets - net	135,386	118,290	118,894	93,455

As at 31 December 2015 the Company and its subsidiaries have deductible temporary differences totaling Baht 335 million (2014: Baht 270 million) (The Company only: Baht 326 million, 2014: Baht 265 million). No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe that the temporary differences may not be utilised.

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the stock dividends of 822 million shares on 7 May 2015, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit for the year (Thousand Baht)	3,498,811	3,313,328	3,525,335	3,386,741
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)	0.27	0.25	0.27	0.26

28. Segment information

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

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

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

Geographic information

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

(Unit: Million Baht)

	2015	2014
Sales income from external customers		
Thailand	52,048	47,908
Malaysia	465	57
Total	52,513	47,965
Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	33,334	31,213
Malaysia	154	191
Total	33,488	31,404

Major customers

For the years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

29. Provident fund

The Company and its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and its subsidiaries, 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 2015, the Company and its subsidiaries contributed Baht 71 million (2014: Baht 65 million) to the fund. The Company only: Baht 64 million (2014: Baht 59 million).

30. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2013	Annual General Meeting of the shareholders on 10 April 2014	152	0.0159
Stock dividends for 2013	Annual General Meeting of the shareholders on 10 April 2014	1,370	0.1429
Interim dividends for 2014	Extraordinary General Meeting of the shareholders on 15 October 2014	152	0.0139
Stock interim dividends for 2014	Extraordinary General Meeting of the shareholders on 15 October 2014	1,370	0.1250
Total for 2014		3,044	

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	904	0.0733
Stock dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	822	0.0667
Interim dividends for 2015	Board of Director Meeting of the Company on 25 August 2015	1,315	0.1000
Total for 2015		<u>3,041</u>	

31. Commitments and contingent liabilities

31.1 Operating lease commitments

- a) The Company and its subsidiaries have entered into land lease agreements. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Payable:				
In up to 1 year	97	88	92	86
In over 1 and up to 5 years	434	398	412	379
In over 5 years	2,331	2,197	2,119	2,013

- b) The Company and its subsidiaries have entered into lease agreements to lease commercial space. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Payable:				
In up to 1 year	114	114	100	98
In over 1 and up to 5 years	407	426	402	404
In over 5 years	902	1,001	902	1,001

31.2 Long-term service commitments

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 service fee at a percentage of the subsidiary's actual cost as stipulated in the agreement.

31.3 Long-term lease agreements - as leaser

As at 31 December 2015, the Company has entered into 7 agreements (2014: 7 agreements) with 3 companies (2014: 2 companies) to lease and sub-lease parts of premises in 6 branches (2014: 5 branches) for periods of 18 - 30 years, with a total of rental received in advance amounting to Baht 642 million (2014: Baht 627 million). The terms of the agreements are until 2033 - 2036. The Company recognises this income systematically on a straight-line basis over the lease period which is the useful lives of the leaseholds.

As at 31 December 2015, the outstanding balance of rental received in advance, net of recognised rental income was Baht 418 million (2014: Baht 425 million).

31.4 Guarantees

- a) As at 31 December 2015, there were outstanding bank guarantees of Baht 167 million issued by banks on benefit of the Company and its subsidiary in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise (2014: Baht 171 million) (The Company only: Baht 160 million, 2014: Baht 159 million). Bank guarantee of Baht 7 million (2014: Baht 12 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2015, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 3 million and CNY 3 million (2014: USD 2 million).

31.5 Litigation

- a) In February 2011, the Company had lawsuit relating to the sale and purchase agreement which the Company had stopped payment to the vendor in the amount of Baht 14 million due to defective products. However, the Company had set aside a liability (account payable) totaling Baht 14 million in the financial statements. In January 2016, the Court finally ordered the Company to make payment to the vendor in the amount of Baht 14 million plus interest at the rate of 7.5% per annum, due to the fact that the vendors has deducted product price for the Company which deemed as an adequate remedy to the damage. The Company has already made such payment plus interest to the vendor.
- b) As at 31 December 2015, the Company has other cases for a total claimed amount of Baht 0.8 million (2014: Baht 3 million) which are currently being considered by the Court. The Court of First Instance gave a judgement in favor of the Company, in which such cases are currently being considered by the Court of Appeals. 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.
- c) In April 2015, the local officials who are responsible for one of the branches of the Company were sued in Administrative Court by local entrepreneurs regarding issuance of license to local businesses. In such case, the Company has filed an interpleader action and became a party in the lawsuit in order to preserve the Company's right. The Company submitted statement to the court that the use of the land by the Company was neither against nor violated the ministerial regulations governing central city planning, building control law, city planning law, and other related laws. However, the legal department of the Company viewed that the Company has proceeded according to the law and believes that the outcome of the case would be in the favour of the Company. The case is currently under the consideration of the Administrative Court.

32. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	5,002	5,002
Favourable foreign exchange forward contracts	-	-	2	2
Liabilities for which fair value are disclosed				
Debentures	-	12,788	-	12,788

(Unit: Million Baht)

Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	5,808	5,808
Favourable foreign exchange forward contracts	-	-	1	1
Liabilities for which fair value are disclosed				
Debentures	-	12,788	-	12,788

33. Financial instruments

33.1 Financial risk management

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

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to its deposits with financial institutions, loans and debentures. However, since the Company and its subsidiaries' financial assets bear floating interest rates and financial liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate, are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	1,870	-	231	597	2,698	0.37 - 3.40
Trade and other receivables	-	-	-	1,722	1,722	-
	<u>1,870</u>	<u>-</u>	<u>231</u>	<u>2,319</u>	<u>4,420</u>	
Financial liabilities						
Trade and other payables	-	-	-	12,773	12,773	-
Long-term loans	700	1,100	-	-	1,800	3.59 - 3.71
Debentures	4,000	8,550	-	-	12,550	2.25 - 4.60
	<u>4,700</u>	<u>9,650</u>	<u>-</u>	<u>12,773</u>	<u>27,123</u>	

Consolidated financial statements						
As at 31 December 2014						
	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	1,900	-	210	325	2,435	0.50 - 2.25
Trade and other receivables	-	-	-	1,620	1,620	-
	<u>1,900</u>	<u>-</u>	<u>210</u>	<u>1,945</u>	<u>4,055</u>	
Financial liabilities						
Trade and other payables	-	-	-	12,075	12,075	-
Long-term loans	700	1,800	-	-	2,500	3.59 - 3.71
Debentures	2,300	9,050	-	-	11,350	3.47 - 4.60
	<u>3,000</u>	<u>10,850</u>	<u>-</u>	<u>12,075</u>	<u>25,925</u>	

Separate financial statements

As at 31 December 2015

	Fixed interest rates					
	Within	Over	Floating	Non- interest		
	1 year	1 - 5 years	interest rate	bearing	Total	Interest rate
			(Million Baht)			(% p.a.)
Financial assets						
Cash and cash equivalents	1,870	-	28	493	2,391	0.37 - 1.00
Trade and other receivables	-	-	-	1,602	1,602	-
Short-term loan to related parties	2,794	-	-	-	2,794	4.50 - 4.75
	4,664	-	28	2,095	6,787	
Financial liabilities						
Trade and other payables	-	-	-	11,177	11,177	-
Short-term loan from related party	90	-	-	-	90	1.75 - 2.25
Long-term loan	700	1,100	-	-	1,800	3.59 - 3.71
Debentures	4,000	8,550	-	-	12,550	2.25 - 4.60
	4,790	9,650	-	11,177	25,617	

Separate financial statements

As at 31 December 2014

	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	1,900	-	27	254	2,181	0.50 - 2.25
Trade and other receivables	-	-	-	1,567	1,567	-
Short-term loan to related party	1,869	-	-	-	1,869	4.50 - 4.75
	<u>3,769</u>	<u>-</u>	<u>27</u>	<u>1,821</u>	<u>5,617</u>	
Financial liabilities						
Trade and other payables	-	-	-	11,093	11,093	-
Short-term loan from related party	90	-	-	-	90	2.25 - 2.75
Long-term loan	700	1,800	-	-	2,500	3.59 - 3.71
Debentures	2,300	9,050	-	-	11,350	3.47 - 4.60
	<u>3,090</u>	<u>10,850</u>	<u>-</u>	<u>11,093</u>	<u>25,033</u>	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies.

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

Consolidated financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	-	1	36.04	33.11
CNY	-	-	4	-	5.53	5.35
MYR	1	1	12	18	8.42	9.40

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	-	1	36.04	35.11
CNY	-	-	4	-	5.53	5.35

Foreign exchange contracts outstanding are summarised below

Consolidated financial statements

As at 31 December 2015

Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	7	-	34.33 - 35.97	-	Within May 2016
CNY	52	-	5.51 - 5.57	-	Within April 2016

Separate financial statements

As at 31 December 2015

Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	6	-	34.33 - 35.97	-	Within May 2016
CNY	52	-	5.51 - 5.57	-	Within April 2016

Consolidated and separate financial statements

As at 31 December 2014

Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	33.05 - 33.20	-	Within June 2015

33.2 Fair values of financial instruments

As at 31 December 2015, the estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	2,698	2,698	2,391	2,391
Trade and other receivables	1,722	1,722	1,602	1,602
Short-term loans to related parties	-	-	2,794	2,794
Favourable foreign exchange forward contracts	-	2	-	1
Financial liabilities				
Trade and other payables	12,773	12,773	11,177	11,177
Short-term loans from related parties	-	-	90	90
Long-term loans	1,800	1,800	1,800	1,800
Debentures	12,550	12,788	12,550	12,788

The methods and assumptions used by the Company and its subsidiaries 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.
- For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- For fixed rate debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2015, 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 debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 2.50:1 (2014: 1.75:1).

35. Events after the reporting period

On 23 February 2016, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from operating results of July 2015 to December 2015. The dividend will be paid by cash at the rate of Baht 0.15 per share or in the total amount not exceeding Baht 1,973 million. The payment of cash dividend shall be made within 29 April 2016.

As the Company's Board of Directors Meeting held on 25 August 2015 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.10 per share. The interim dividend was paid on 22 September 2015. As a result, total dividend per share for the year 2015 is Baht 0.25 per share.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2016.

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Ekamai-Ramindra	0 2933 5000
Fashion Island	0 2947 6365
Future Mart	0 2689 0844
Latphrao	0 2983 7444
Lumlukka	0 2997 4800
Mega Bangna	0 2186 8811
Paradise Park	0 2746 0377
Petchkasem	0 2444 4699
Phuththamonthon	0 2444 5566
Ploenchit	0 2655 3400
Prachachuen	0 2955 5888
Rama II	0 2895 6555
Ramkhamhaeng	0 2735 4999
Rangsit	0 2958 5699
Ratchadaphisek	0 2641 2900
Ratchapruk	0 2423 3222
Rattanaibet	0 2921 2400
Sukhaphiban 3	0 2976 9114
Suvarnabhumi	0 2325 1200
The Mall Bangkai	0 2454 9299

Central :

Ayutthaya	0 3524 9499
Lopburi	0 3661 4100
Saraburi	0 3622 4444

North-East :

Buriram	0 4469 0755
Chaiyaphum	0 4405 1800
Khao Yai	0 4432 8799
Khonkaen	0 4336 5365
Korat - Hua Thale	0 4492 0500
Loei	0 4284 5800
Nakhonratchasima	0 4428 2550
Roi-et	0 4352 4988
Sakonkakhon	0 4273 0090
Surin	0 4451 9988
Ubonratchathani	0 4534 4700
Udonthani	0 4230 9000

East :

Chachoengsao	0 3881 2600
Chanthaburi	0 3941 9000
Chonburi	0 3878 5111
Chonburi - Amata	0 3304 5800
North - Pattaya	0 3819 0300
Pattaya	0 3836 0422
Prachinburi	0 3748 2222
Rayong	0 3880 9333
Sriracha	0 3811 0111

North :

Chiangmai	0 5385 1229
Chiangmai - Hangdong	0 5344 7939
Chiangmai - Sansai	0 5335 2456
Chiangrai	0 5360 4444
Lampang	0 5481 1499
Nakhonsawan	0 5637 1300
Phetchabun	0 5671 9555
Phitsanulok	0 5528 9009
Phrae	0 5453 2222
Sukhothai	0 5561 6600

West :

Hua Hin	0 3252 6000
Kanchanaburi	0 3460 2700
Mahachai	0 3446 9688
Nakhonpathom	0 3421 3200
Petchburi	0 3247 4599
Prachuapkhirkhan	0 3265 2123
Ratchaburi	0 3232 0999
Samutsongkhram	0 3477 0900
Suphanburi	0 3554 3777

South :

Chumphon	0 7765 8900
Had Yai	0 7446 9055
Had Yai-Kanchanavanich	0 7421 0999
Krabi	0 7581 0499
Nakhonsitamarat	0 7532 4740
Phatthalung	0 7482 2118
Phuket	0 7625 5181
Phuket - Chalong	0 7660 2399
Phuket - Thalang	0 7639 0400
Samui	0 7723 1900
Suratthani	0 7791 2474
Trang	0 7522 4466



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Aranyaprathet	0 3764 0111
Bor Win	0 3811 0900
Kabinburi	0 3748 0222

North-East :

Nong Khai	0 4299 0499
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North :

Mae Sod	0 5550 6955
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