

Home Product Center Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2016

1. General information

1.1 Corporate information

Home Product Center Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses 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, Nonthaburi.

As at 30 June 2016, the Company and its subsidiaries have a total of 86 branches (31 December 2015: 84 branches) (The Company only: 77 branches, 31 December 2015: 76 branches).

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Home Product Center Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015, with there being no changes in the structure of shareholding in subsidiaries during the period.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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 and its subsidiaries' financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

2. Related party transactions

During the periods, 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 those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month periods		For the three-month periods		
	ended 30 June		ended 30 June		
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	8,557	10,969	Actual cost plus margin
Rental and service income	-	-	60,342	58,409	Baht 2 million and Baht 18 million per month
Management service income	-	-	25,176	10,070	Actual cost and contact price
Dividend received	-	-	-	-	As declared
Service income	-	-	15,932	208	Actual cost
Interest income	-	-	34,632	23,731	4.50%-4.75% per annum
Service expense	-	-	90,898	197,582	Actual cost and contact price

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		Pricing policy
	2016	2015	2016	2015	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Other expenses	-	-	4,361	-	Actual cost
Interest expenses	-	-	392	472	1.75% per annum (2015: 1.80% - 2.25% per annum)
Transactions with related companies					
Sales income	15,093	12,935	15,093	12,935	Market price
Rental and service income	5,075	2,849	5,075	2,849	Contact price
Interest income	2,670	8,447	2,670	8,447	0.75% - 1.00% per annum (2015: 0.75% - 2.40% per annum)
Rental and service expenses	6,566	6,611	6,566	6,611	Percentage of revenue but not less than a minimum rate

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the six-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policy
	2016	2015	2016	2015	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Sales income	-	-	15,488	19,299	Actual cost plus margin
Rental and service income	-	-	118,972	116,819	Baht 2 million and Baht 18 million per month
Management service income	-	-	49,929	20,012	Actual cost and contact price
Dividend received	-	-	-	59,998	As declared
Service income	-	-	23,382	411	Actual cost
Interest income	-	-	66,459	44,611	4.50% - 4.75% per annum
Service expense	-	-	181,982	389,312	Actual cost and contact price
Other expenses	-	-	7,837	-	Actual cost
Interest expenses	-	-	785	971	1.75% per annum (2015: 1.80% - 2.25% per annum)
Transactions with related companies					
Sales income	30,950	23,565	30,950	23,565	Market price
Rental and service income	9,480	7,338	9,480	7,338	Contact price
Interest income	5,753	14,476	5,753	14,476	0.75% - 1.00% per annum (2015: 0.75% - 2.40% per annum)
Rental and service expenses	11,520	11,515	11,520	11,515	Percentage of revenue but not less than a minimum rate

As at 30 June 2016 and 31 December 2015, the Company had the outstanding balances with related parties which had been included in the following accounts in the statement of financial position:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Bill of exchanges and deposits with financial institution				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	1,472,622	1,943,121	1,472,622	1,887,379
Trade and other receivables				
Subsidiaries	-	-	80,796	8,149
Related company ⁽¹⁾	1,367	646	1,367	646
Related company ⁽²⁾	10,168	11,337	9,947	11,337
Total	11,535	11,983	92,110	20,132
Short-term loans to related parties				
Subsidiaries	-	-	3,115,082	2,793,562
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Trade and other payables				
Subsidiaries	-	-	38,745	123,738
Related company ⁽¹⁾	1,303	1,632	1,303	1,632
Total	1,303	1,632	40,048	125,370
Short-term loans 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 30 June 2016, the Company has granted unsecured loans of Baht 3,115 million (31 December 2015: Baht 2,794 million) to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% - 4.75% per annum. The loans are repayable at call. Movements in the balance of the loans during the period were as follow:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the period		Balance as at
	1 January 2016	Increase	Decrease	30 June 2016
Short-term loans to related parties				
Mega Home Center Company Limited	2,608,000	715,000	(385,000)	2,938,000
Home Product Center (Malaysia) Sdn. Bhd.	185,562	-	(8,480)	177,082
Total	2,793,562	715,000	(393,480)	3,115,082

Short-term loan from related party

As at 30 June 2016 and 31 December 2015, the Company has received unsecured loan of Baht 90 million from its subsidiary on which interest is payable on a monthly basis at a rate of 1.75% per annum. The loan is repayable at call. Movement in the balance of the loan during the period was as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the period		Balance as at
	1 January 2016	Increase	Decrease	30 June 2016
Short-term loan from related party				
Market Village Company Limited	90,000	-	-	90,000
Total	90,000	-	-	90,000

Directors and management's benefits

The Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2016	2015	2016	2015
Short-term benefits	54,070	49,040	51,580	46,690
Post-employment benefits	830	999	591	777
Total	54,900	50,039	52,171	47,467

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Short-term benefits	99,510	91,480	89,940	85,120
Post-employment benefits	1,660	1,997	1,181	1,554
Total	101,170	93,477	91,121	86,674

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Trade accounts receivable	129,602	302,719	130,919	299,741
Other receivables	1,172,364	1,375,851	1,037,493	1,264,269
Income receivables	14,282	25,531	74,892	19,780
Total trade and other receivables	1,316,248	1,704,101	1,243,304	1,583,790

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Trade accounts receivable	79,946	106,351	82,769	103,737
Cheque returned receivable	110	210	110	210
Credit card and coupon receivable	52,188	198,800	50,682	198,436
Total	132,244	305,361	133,561	302,383
Less: Allowance for doubtful accounts	(2,642)	(2,642)	(2,642)	(2,642)
Total trade accounts receivable - net	129,602	302,719	130,919	299,741

The outstanding balances of trade accounts receivable as at 30 June 2016 and 31 December 2015 are aged as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Trade receivables				
Not yet due	123,535	286,790	122,562	284,574
Past due				
Up to 3 months	6,491	11,473	9,316	10,709
3 - 6 months	-	4,522	140	4,522
6 - 12 months	675	6	-	6
Over 12 months	1,543	2,570	1,543	2,572
Total	132,244	305,361	133,561	302,383
Less: Allowance for doubtful debts	(2,642)	(2,642)	(2,642)	(2,642)
Total trade receivables - net	129,602	302,719	130,919	299,741

Other receivables

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 30 June 2016 and 31 December 2015 are aged as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Age of receivables				
Not yet due	572,243	766,123	523,688	710,525
Past due				
Up to 3 months	557,233	564,243	492,785	521,789
3 - 6 months	19,510	20,743	11,073	13,207
6 - 12 months	19,534	16,871	9,079	14,426
Over 12 months	24,168	21,195	20,882	17,336
Total	1,192,688	1,389,175	1,057,507	1,277,283
Less: Allowance for doubtful debts	(20,324)	(13,324)	(20,014)	(13,014)
Total other receivables - net	1,172,364	1,375,851	1,037,493	1,264,269

4. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Inventories	11,888,558	10,540,513	10,077,819	9,025,015
Less: Reduce cost to net realisable value	(383,903)	(341,053)	(365,280)	(327,707)
Net	11,504,655	10,199,460	9,712,539	8,697,308
Less: Inventories - repaid its cost when sold	(1,814,260)	(1,410,497)	(1,584,683)	(1,232,139)
Purchase discount	(466,205)	(424,205)	(412,605)	(382,605)
Inventories - net	9,224,190	8,364,758	7,715,251	7,082,564

5. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Prepaid expenses	124,035	117,009	114,086	108,537
Suspend input value added tax	63,122	81,081	43,181	66,969
Others	36,489	61,098	20,058	24,074
Total other current assets	223,646	259,188	177,325	199,580

6. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the six-month period ended	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	100.00	99.99	5,000	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 Company Limited	1,000,000	1,000,000	99.99	99.99	1,000,000	1,000,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
					1,258,679	1,258,678	-	59,998

7. Investment properties

Movements of the investment properties account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	3,218,238	4,024,163
Acquisitions - at cost	68,235	68,235
Disposals and written-off - net book value	(106)	(106)
Depreciation	(211,917)	(211,917)
Net book value as at 30 June 2016	<u>3,074,450</u>	<u>3,880,375</u>

8. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	27,655,132	23,549,180
Acquisitions - at cost	1,539,184	950,766
Disposals and written-off - net book value	(6,176)	(6,120)
Depreciation	(1,157,903)	(981,479)
Allowance for impairment of assets	(36,601)	(36,601)
Translation adjustment	5,880	-
Net book value as at 30 June 2016	<u>27,999,516</u>	<u>23,475,746</u>

9. Computer software

Movements of the computer software account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	352,133	312,952
Acquisitions - at cost	39,271	39,128
Amortisation	(20,655)	(18,111)
Translation adjustment	16	-
Net book value as at 30 June 2016	<u>370,765</u>	<u>333,969</u>

10. Leasehold rights

Movements of the leasehold right account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	2,157,905	1,933,313
Acquisitions - at cost	348,029	272,275
Amortisation	(39,306)	(36,895)
Net book value as at 30 June 2016	<u>2,466,628</u>	<u>2,168,693</u>

11. Bank overdrafts and short-term loans from financial institutions

As at 30 June 2016, the Company had overdraft lines from banks totaling Baht 275 million (31 December 2015: Baht 305 million), and other credit facilities amounting to Baht 11,079 million (31 December 2015: Baht 11,176 million).

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Trade accounts payable	11,740,483	10,859,894	10,141,618	9,528,026
Other payables	487,502	485,170	425,971	423,453
Other payables for purchase of assets	453,652	418,056	276,256	305,322
Accrued expenses	1,060,852	999,476	995,993	920,157
Total trade and other payables	<u>13,742,489</u>	<u>12,762,596</u>	<u>11,839,838</u>	<u>11,176,958</u>

13. Long-term loans

(Unit: Thousand Baht)

			Consolidated and separate financial statements	
			30 June 2016	31 December 2015
Loan	Interest rate (%) per annum	Repayment schedule		
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.	450,000	600,000
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.	400,000	500,000
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.	600,000	700,000
Total			1,450,000	1,800,000
Less: Current portion of long-term loans			(700,000)	(700,000)
Long-term loans - net of current portion			750,000	1,100,000

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.

14. Debentures

Consolidated and separate financial statements								
					Number of debenture (Shares)		Amount (Thousand Baht)	
					30	31	30	31
					June	December	June	December
No.	Interest rate per annum	Age	Repayment	Maturity	2016	2015	2016	2015
<u>Unsubordinated and unsecured debentures</u>								
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	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	2,500,000	2,500,000
Total					<u>12,550,000</u>	<u>12,550,000</u>	<u>12,550,000</u>	<u>12,550,000</u>
Less: Current portion of debentures							(5,000,000)	(4,000,000)
Net							<u>7,550,000</u>	<u>8,550,000</u>

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

15. Share capital

On 7 April 2016, the Annual General Meeting of the Company's shareholders passed the resolution to decrease the registered capital of the Company from Baht 13,151,315,446 to Baht 13,151,198,025 by cancelling the registered ordinary shares remaining after the stock dividend allocation of 117,421 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Annual General Meeting for the year 2015.

16. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	262,701	221,154	251,699	217,094
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,065)	(2,510)	(2,985)	(3,204)
Income tax expenses reported in the statements of comprehensive income	<u>258,636</u>	<u>218,644</u>	<u>248,714</u>	<u>213,890</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	496,716	420,650	480,911	412,978
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,693)	(18,044)	(14,072)	(15,569)
Income tax expenses reported in the statements of comprehensive income	<u>485,023</u>	<u>402,606</u>	<u>466,839</u>	<u>397,409</u>

17. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the period (Thousand Baht)	990,670	820,180	965,638	825,360
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Bahtshare)	0.08	0.06	0.07	0.06

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the period (Thousand Baht)	1,856,851	1,553,857	1,810,672	1,628,516
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Bahtshare)	0.14	0.12	0.14	0.12

18. Dividend paid

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	0.07333
Stock dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	822	0.06667
Total		<u>1,726</u>	
Final dividends for 2015	Annual General Meeting of the shareholders on 7 April 2016	1,973	0.15
Total		<u>1,973</u>	

19. 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)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Sales income from external customers				
Thailand	14,495	13,150	28,019	25,308
Malaysia	131	105	239	227
Total	<u>14,626</u>	<u>13,255</u>	<u>28,258</u>	<u>25,535</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	As at	
	30 June	31 December
	2016	2015
Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	33,894	33,334
Malaysia	149	154
Total	34,043	33,488

Major customers

For the three-month and six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

20. Commitments and contingent liabilities

20.1 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		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Payable:				
In up to 1 year	104	97	97	92
In over 1 and up to 5 years	494	434	457	412
In over 5 years	2,843	2,331	2,494	2,119

- 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	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Payable:				
In up to 1 year	112	114	98	100
In over 1 and up to 5 years	407	407	401	402
In over 5 years	860	902	860	902

20.2 Long-term service commitments

- a) The Company has entered into the inventory management services agreement with a subsidiary. Under the conditions of the agreement, the Company is to pay the monthly service fee at a percentage of the subsidiary's actual cost, as stipulated in the agreement.
- b) The Company has entered into the agreement with a subsidiary to provide administrative services and inventory management services. Under the conditions of the agreement, the Company shall receive monthly service fee at a percentage of the actual sales and a percentage of the actual cost, as stipulated in the agreement.

20.3 Long-term lease agreements

As at 30 June 2016, the Company has entered into 8 agreements (31 December 2015: 7 agreements) with 4 companies (31 December 2015: 3 companies) to lease and sub-lease parts of premises in 7 branches (31 December 2015: 6 branches) for periods of 18 - 30 years, with a total of rental received in advance amounting to Baht 651 million (31 December 2015: Baht 642 million). The terms of the agreements are until the year 2033 - 2039. 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 30 June 2016, the outstanding balance of rental received in advance, net of recognised rental income was Baht 417 million (31 December 2015: Baht 418 million).

20.4 Guarantees

- a) As at 30 June 2016, there were outstanding bank guarantees of Baht 170 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 (31 December 2015: Baht 167 million) (The Company only: Baht 161 million, 31 December 2015: Baht 160 million). Bank guarantees of Baht 9 million issued in the name of subsidiary was guaranteed by the Company (31 December 2015: Baht 7 million).
- b) As at 30 June 2016, the Company had commitments under letters of credit for purchase of imported goods opened with commercial bank, amounting to USD 2.5 million and CNY 1.5 million (31 December 2015: USD 3 million and CNY 3 million) (The Company only: USD 2.3 million and CNY 1.5 million, 31 December 2015: USD 3 million and CNY 3 million).

20.5 Litigations

- a) As at 30 June 2016, the Company has cases for a total claimed amount of Baht 2.6 million (31 December 2015: Baht 0.8 million) which are currently being considered by the Court. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.
- b) In April 2015, the local officials who are responsible for one of the branches of the Company were sued in Administrative Court by local entrepreneurs regarding issuance of license to local businesses. In such case, the Company has filed an interpleader action and became a party in the lawsuit in order to preserve the Company's right. The Company submitted statement to the court that the use of the land by the Company was neither against nor violated the ministerial regulations governing central city planning, building control law, city planning law, and other related laws. However, the legal department of the Company viewed that the Company has proceeded according to the law and believes that the outcome of the case would be in the favour of the Company. The case is currently under the consideration of the Administrative Court.

20.6 Foreign exchange contracts

As at 30 June 2016 and 31 December 2015 foreign exchange contracts outstanding are summarised below

Consolidated financial statements					
As at 30 June 2016					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	4.42	-	35.34 - 35.96	-	Within November 2016
Separate financial statements					
As at 30 June 2016					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	4.42	-	35.34 - 35.96	-	Within November 2016
Consolidated financial statements					
As at 31 December 2015					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	7.45	-	34.33 - 35.97	-	Within May 2016
CNY	52.15	-	5.51 - 5.57	-	Within April 2016
Separate financial statements					
As at 31 December 2015					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	6.45	-	34.33 - 35.97	-	Within May 2016
CNY	52.15	-	5.51 - 5.57	-	Within April 2016

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 25 July 2016.