

Home Product Center Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month period ended 31 March 2017

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, Bangkhen, Amphoe Muang, Nonthaburi.

As at 31 March 2017 and 31 December 2016, the Company and its subsidiaries have a total of 95 branches (The Company only: 82 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 2016) "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 interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2016, with there being no changes in the structure of shareholding in subsidiaries during the period except increasing of share capital of the subsidiaries the increase in investments in subsidiaries as described in Note 6.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 2016.

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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended 31 March		periods ended 31 March		
	2017	2016	2017	2016	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	16,228	6,931	Actual cost plus margin
Rental and service income	-	-	64,395	58,630	Baht 2 million and Baht 18 million per month
Management service income	-	-	30,088	24,753	Actual cost and contact price
Service income	-	-	15,017	7,450	Actual cost
Interest income	-	-	41,044	31,827	4.50% - 4.75% per annum
Service expense	-	-	84,659	91,084	Actual cost and contact price
Other expenses	-	-	4,837	3,476	Actual cost
Interest expenses	-	-	432	393	1.75% per annum
<u>Transactions with related companies</u>					
Sales income	7,037	15,857	7,037	15,857	Market price
Rental and service income	3,845	4,405	3,845	4,405	Contact price
Interest income	4,255	3,083	4,255	3,083	0.75% - 2.50% per annum (2016: 0.75% - 1.60% per annum)
Rental and service expenses	6,473	4,954	6,473	4,954	Percentage of revenue but not less than a minimum rate

As at 31 March 2017 and 31 December 2016, the Company and its subsidiaries 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	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Deposits with financial institution				
Related company ⁽¹⁾	1,945,118	2,728,457	1,924,006	2,689,413
Trade and other receivables				
Subsidiaries	-	-	194,580	146,163
Related company ⁽¹⁾	1,102	2,479	934	2,479
Related company ⁽²⁾	4,916	5,951	4,916	5,576
Total	6,018	8,430	200,430	154,218
Short-term loans to related parties				
Subsidiaries	-	-	3,454,082	4,014,082

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Trade and other payables				
Subsidiaries	-	-	19,594	42,291
Related company ⁽¹⁾	1,654	1,689	1,654	1,689
Total	1,654	1,689	21,248	43,980
Short-term loans from related party				
Subsidiary	-	-	100,000	100,000

Relationship with the related companies

(1) has common major shareholders

(2) the major shareholders

Short-term loans to related parties

As at 31 March 2017, the Company has granted unsecured loans of Baht 3,454 million (31 December 2016: Baht 4,014 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:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2017
	Balance as at 1 January 2017	During the period		
		Increase	Decrease	
Short-term loans to related parties				
Mega Home Center Company Limited	3,837,000	570,000	(1,130,000)	3,277,000
Home Product Center (Malaysia) Sdn. Bhd.	177,082	-	-	177,082
Total	4,014,082	570,000	(1,130,000)	3,454,082

Short-term loans from related party

As at 31 March 2017 and 31 December 2016, the Company has received unsecured loans of Baht 100 million from Market Village Company Limited, the Company's 100% owned subsidiary, on which interest is payable on a monthly basis at a rate of 1.75% per annum. The loan is repayable at call. There is no movement in the balance of the loan during the period.

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		For the three-month	
	periods ended 31 March		periods ended 31 March	
	2017	2016	2017	2016
Short-term benefits	59,531	45,440	50,375	38,360
Post-employment benefits	830	830	590	590
Total	60,361	46,270	50,965	38,950

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Trade accounts receivable	80,375	337,926	79,266	337,001
Other receivables	1,328,353	1,547,092	1,166,849	1,376,731
Income receivables	1,811	10,462	159,115	124,056
Total trade and other receivables	1,410,539	1,895,480	1,405,230	1,837,788

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Trade accounts receivable	64,257	137,032	65,487	141,903
Credit card and coupon receivable	18,866	203,642	16,527	197,846
Total	83,123	340,674	82,014	339,749
Less: Allowance for doubtful debts	(2,748)	(2,748)	(2,748)	(2,748)
Total trade accounts receivable - net	80,375	337,926	79,266	337,001

The outstanding balances of trade accounts receivable as at 31 March 2017 and 31 December 2016 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade receivables</u>				
Not yet due	74,595	334,297	70,352	327,886
Past due				
Up to 3 months	6,262	5,205	9,478	10,802
3 - 6 months	1,265	103	1,185	-
6 - 12 months	2	25	-	17
Over 12 months	999	1,044	999	1,044
Total	83,123	340,674	82,014	339,749
Less: Allowance for doubtful debts	(2,748)	(2,748)	(2,748)	(2,748)
Total trade receivables - net	80,375	337,926	79,266	337,001

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 March 2017 and 31 December 2016 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Age of receivables				
Not yet due	718,940	853,604	655,464	780,529
Past due				
Up to 3 months	562,747	655,704	496,639	588,489
3 - 6 months	17,732	19,717	12,597	7,567
6 - 12 months	23,008	16,437	6,878	6,517
Over 12 months	32,921	28,625	21,239	19,597
Total	1,355,348	1,574,087	1,192,817	1,402,699
Less: Allowance for doubtful debts	(26,995)	(26,995)	(25,968)	(25,968)
Total other receivables - net	1,328,353	1,547,092	1,166,849	1,376,731

4. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Inventories	13,374,603	12,276,527	10,902,056	10,071,245
Less: Reduce cost to net realisable value	(430,058)	(410,656)	(404,720)	(390,623)
Net	12,944,545	11,865,871	10,497,336	9,680,622
Less: Inventories - repaid its cost when sold	(1,969,151)	(1,709,121)	(1,635,589)	(1,411,055)
Purchase discount	(503,205)	(485,205)	(434,605)	(422,605)
Total inventories - net	10,472,189	9,671,545	8,427,142	7,846,962

(Unaudited but reviewed)

5. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Prepaid expenses	130,368	128,632	103,009	107,902
Suspend input value added tax	37,097	36,483	33,882	32,158
Others	27,738	25,090	14,871	11,443
Total other current assets	195,203	190,205	151,762	151,503

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 three-month periods ended	
	31 March 2017	31 December 2016	31 March 2017 (Percent)	31 December 2016 (Percent)	31 March 2017	31 December 2016	31 March 2017	31 March 2016
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	-
Home Product Center (Malaysia) Sdn. Bhd.	251,179	251,179	100.00	100.00	251,179	251,179	-	-
Mega Home Center Company Limited	1,500,000	1,000,000	99.99	99.99	1,500,000	1,000,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
					1,758,679	1,258,679	-	-

During the period, the significant changes in investments in subsidiaries are as follows.

Home Product Center (Malaysia) Sdn. Bhd.

On 31 March 2017, Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary, passed a resolution to enter into debt restructuring program by converting its principal of short-term loans from the Company amounting Baht 177 million and related accrued interest at Baht 9 million, totaling Baht 186 million (MYR 24 million) in exchange with the subsidiary's ordinary shares at the same amount ("the transaction"). Upon the completion of the transaction, the registered capital of the subsidiary will be increased from Baht 251 million (MYR 25 million) to Baht 437 million (MYR 49 million). Currently, the transaction is still in the regulatory process of the subsidiary. However, the Company's proportionate holding in the equity of the subsidiary did not change from the transaction.

Mega Home Center Company Limited

On 31 January 2017, Mega Home Center Company Limited, the Company's 100% owned subsidiary, passed a resolution to increase its registered capital, which raised from the previous registered capital of Baht 1,000 million to Baht 1,500 million, and to call-up the subscriptions from shareholders. The Company made payment for the subscription on the same date. As a result, the Company's proportionate holding in the equity of such subsidiary did not change.

7. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	3,046,951	3,889,930
Acquisitions - at cost	3,236	3,236
Disposals and written-off - net book value	(119)	(119)
Depreciation	(55,313)	(55,313)
Net book value as at 31 March 2017	<u>2,994,755</u>	<u>3,837,734</u>

8. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	29,539,712	24,201,255
Acquisitions - at cost	159,725	142,345
Disposals and written-off - net book value	(605)	(595)
Depreciation	(677,795)	(563,436)
Reversal of allowance for impairment of assets	4,320	4,320
Translation adjustment	(5,215)	-
Net book value as at 31 March 2017	<u>29,020,142</u>	<u>23,783,889</u>

9. Computer software

Movements of the computer software account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	426,036	391,851
Acquisitions - at cost	6,088	6,009
Amortisation	(10,731)	(9,434)
Translation adjustment	(14)	-
Net book value as at 31 March 2017	<u>421,379</u>	<u>388,426</u>

10. Leasehold rights

Movements of the leasehold right account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	2,517,422	2,222,110
Acquisitions - at cost	38,000	-
Amortisation	(21,766)	(19,888)
Net book value as at 31 March 2017	<u>2,533,656</u>	<u>2,202,222</u>

11. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Bill of exchange - Baht	-	1.65	-	1,500,000	-	1,500,000
Bill of exchange - MYR	3.65	3.65	22,031	7,405	-	-
Total short-term loans from financial institutions			<u>22,031</u>	<u>1,507,405</u>	<u>-</u>	<u>1,500,000</u>

(Unaudited but reviewed)

As at 31 March 2017, the Company had overdraft lines from banks totaling Baht 275 million (31 December 2016: Baht 275 million), and other credit facilities amounting to Baht 13,639 million (31 December 2016: Baht 12,927 million).

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Trade accounts payable	12,159,586	11,894,819	10,174,655	10,038,528
Other payables	422,237	551,006	352,078	469,616
Other payables for purchase of assets	92,141	329,947	79,361	233,350
Accrued expenses	916,773	1,255,805	844,583	1,125,174
Total trade and other payables	<u>13,590,737</u>	<u>14,031,577</u>	<u>11,450,677</u>	<u>11,866,668</u>

13. Long-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated financial		Separate financial	
	(% per annum)		statements		statements	
	31	31	31	31	31	31
	March	December	March	December	March	December
	2017	2016	2017	2016	2017	2016
Long-term loans - Baht	3.59 - 3.71	3.59 - 3.71	1,100,000	1,100,000	1,100,000	1,100,000
Long-term loans - MYR	COF + 1.10*	-	99,493	-	-	-
Total long-term loans			1,199,493	1,100,000	1,100,000	1,100,000
Less: Current portion of long-term loans			(700,000)	(700,000)	(700,000)	(700,000)
Long-term loans - net of current portion			<u>499,493</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

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

- a) Long-term loans in Baht are unsecured long-term credit facilities from a financial institution, comprising three loans agreements. Payment of interest is scheduled on a quarterly basis and payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal drawdown. Full repayment is to be made within 10 installments or within 60 months after first principal draw down. 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.

- b) Long-term loans in MYR are loan facilities from an overseas financial institution of Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary. Payment of interest and principal is scheduled on a monthly basis. Full repayment is to be made within seven years after first principal drawdown. The first installment of the principal is to commence on the 25th month from the first principal drawdown. The loans are secured by a 100% corporate guarantee provided by the Company, together with the requirement to maintain the Company's shareholding directly or indirectly, of the subsidiary at not less than 51%. The loan agreements contain covenants as specified in the agreements that, among other things, require the subsidiary 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)	
					31 March 2017	31 December 2016	31 March 2017	31 December 2016
No.	Interest rate per annum	Age	Repayment	Maturity				
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	7 March 2017	-	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
No. 1/2016	Fixed rate 2.10%	3 years	At maturity	5 August 2019	2,700,000	2,700,000	2,700,000	2,700,000
No. 2/2016	Fixed rate 2.25%	3 years	At maturity	14 October 2019	3,000,000	3,000,000	3,000,000	3,000,000
Total					<u>13,250,000</u>	<u>14,250,000</u>	13,250,000	14,250,000
Less: Current portion of debentures							<u>(4,050,000)</u>	<u>(4,050,000)</u>
Debentures - net of current portion							<u>9,200,000</u>	<u>10,200,000</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. 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 periods ended 31 March 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	253,194	234,015	251,394	229,212
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,057)	(7,628)	(2,469)	(11,087)
Income tax expenses reported in the statement of comprehensive income	249,137	226,387	248,925	218,125

16. Earnings per share

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2017	2016	2017	2016
Profit for the period (Thousand Baht)	1,046,227	866,181	1,044,968	845,034
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)	0.08	0.07	0.08	0.06

17. 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 ended 31 March	
	2017	2016
Sales income from external customers		
Thailand	14,132	13,524
Malaysia	139	108
Total	<u>14,271</u>	<u>13,632</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	As at	
	31 March 2017	31 December 2016
Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	34,923	35,459
Malaysia	193	207
Total	35,116	35,666

Major customers

For the three-month periods ended 31 March 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

18. Commitments and contingent liabilities

18.1 Capital commitment

The Company and its subsidiaries had capital commitments with several companies relating to the construction of retail stores. The obligations of construction are subject to the retail stores expansion and construction plan of each period determined by the management.

18.2 Operating lease commitments - as a lessee

a) The Company and its subsidiaries have entered into land lease agreements. The terms of the agreements are generally between 15 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Payable:				
In up to 1 year	115	113	107	104
In over 1 and up to 5 years	509	506	471	467
In over 5 years	3,021	3,057	2,681	2,714

- 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		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Payable:				
In up to 1 year	121	118	106	100
In over 1 and up to 5 years	500	502	416	401
In over 5 years	834	813	834	813

18.3 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.

18.4 Long-term lease agreements - as a lessor

As at 31 March 2017 and 31 December 2016, the Company has entered into 8 agreements with 4 companies to lease and/or sub-lease parts of its premises in 7 branches for the periods between 18 to 30 years, with a total of rental received in advance amounting Baht 651 million. The terms of the agreements are ended in the year 2033 to the year 2039. The Company recognised this income systematically on a straight-line basis over the lease periods which are the useful lives of the leaseholds.

As at 31 March 2017, the outstanding balance of rental received in advance, net of recognised rental income was Baht 400 million (31 December 2016: Baht 406 million).

18.5 Guarantees

- a) As at 31 March 2017, there were outstanding bank guarantees of Baht 193 million issued by banks on benefit of the Company and its subsidiaries in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise (31 December 2016: Baht 189 million) (The Company only: Baht 180 million, 31 December 2016: Baht 177 million). The bank guarantee of Baht 12 million issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 March 2017, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 2 million and CNY 3 million (31 December 2016: USD 2 million and CNY 2 million).

18.6 Litigation

- b) As at March 2017, the Company has legal cases for a total claimed amount of Baht 1 million (31 December 2016: Baht 2 million) which are currently being considered by the Court. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.
- b) In April 2015, the local officials who are responsible for one of the branches of the Company were sued in Administrative Court by local entrepreneurs regarding issuance of license to local businesses. In such case, the Company has filed an interpleader action and became a party in the lawsuit in order to preserve the Company's right. The Company submitted statement to the court that the use of the land by the Company was neither against nor violated the ministerial regulations governing central city planning, building control law, city planning law, and other related laws. However, the legal department of the Company viewed that the Company has proceeded according to the law and believes that the outcome of the case would be in the favour of the Company. The case is currently under the consideration of the Administrative Court.

18.7 Foreign exchange contracts

As at 31 March 2017 and 31 December 2016 foreign exchange contracts outstanding are summarised below

Consolidated and Separate financial statements					
As at 31 March 2017					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	10	-	34.83 - 36.03	-	July - September 2017
Consolidated and Separate financial statements					
As at 31 December 2016					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	35.92 - 36.03	-	Within July 2017

19. Events after the reporting period

On 5 April 2017, the Annual General Meeting of the Company's shareholders passed the following resolutions.

- To approve allocations of the Company's legal reserve and the payment of dividend from the operation result of July 2016 to December 2016 of the separate financial statement:
 - Allocated as the statutory reserve in the amount of Baht 117 million which is equivalent to 5% of the net profit from July 2016 to December 2016.
 - Paid dividend 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 3 May 2017.

As the Board of Director Meeting of the Company held on 30 August 2016 has the resolution to approve interim dividend payment to the shareholders as cash at Baht 0.12 per share. The interim dividend was paid on 28 September 2016. As a result, total dividend per share for the year 2015 is Baht 0.27 per share.

- To approve the cancellation of long-term debentures for the portion that has not been issued and offered for sale, which was approved according to the resolution of the Annual General Shareholders' Meeting of year 2013. Then, to approve the issuance and sale of long-term debentures in the amount of not exceeding Baht 30,000 million.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 24 April 2017.